

Federated Hermes Sustainable Global Equity Fund – April 2023

LWM FUND SPOTLIGHT FEDERATED HERMES SUSTAINABLE GLOBAL EQUITY FUND

INVESTMENT OBJECTIVE

The investment objectives of the Fund are to: (i) achieve capital growth over a rolling five year period; and (ii) have a reduced environmental footprint compared to the Benchmark.

INCEPTION DATE	26 th May 2015
FUND FACTSHEET	https://www.trustnet.com/factsheets/O/lj7j/federated-hermes-sustainable-global-equity/

MANAGEMENT

Manager Name	Start Date
Martin Todd	28 th June 2021

RATIO DATA (1-year)

Alpha	Beta	Max Drawdown	Max Gain	Max Loss	Negative Periods	Positive Periods	Tracking Error
2.78	0.98	-12.55	12.08	-8.47	23	29	8.97

OTHER DATA

Benchmark	MSCI ACWI
Fund Size	£40.11 million
Fees	0.45%

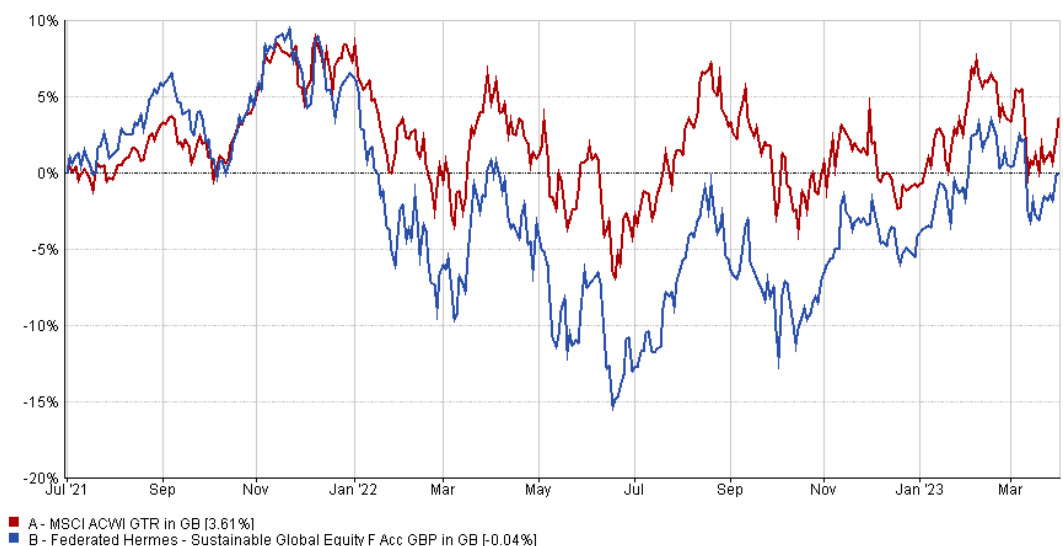
BULL POINTS (PRO)	BEAR POINTS (CONS)
<ul style="list-style-type: none">Looking to do something different.High active share class.Article 9 fund with exclusions.Best ideas from across the teams.Hermes has a history of stewardship and engagement.	<ul style="list-style-type: none">Relatively new strategy.Mixed performance.Crowded market.

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FUND PERFORMANCE

Performance from 1st July 2021 – 31st March 2023

Pricing Spread: Bid-Bid • Data Frequency: Daily • Currency: Pounds Sterling



01/07/2021 - 31/03/2023 Data from FE fundinfo2023

Cumulative Performance (GBP)

	3 Months	6 Months	1 Year	3 Years	5 Years
Fund	1.17%	10.82%	3.99%		
Sector	0.59%	5.79%	1.81%	39.15%	51.38%
Relative to Sector	0.58%	4.75%	2.14%		
Rank in Sector	154 / 350	28 / 340	84 / 314		
Fund Quartile	2	1	2	N/A	N/A

Performance by Calendar Year in (GBP)

	YTD	2022	2021	2020	2019
Fund	5.03%	-9.90%			
Sector	4.56%	-11.63%	17.35%	17.14%	21.53%
Relative to Sector	0.45%	1.96%			
Rank in Sector	161 / 349	119 / 299			
Fund Quartile	2	2	N/A	N/A	N/A

Discrete Annual Performance to Last Quarter End (GBP)

	0-12m	12m-24m	24m-36m	36m-48m	48m-60m
Fund	-0.80%				
Sector	-1.93%	7.35%	40.45%	-5.08%	9.04%
Relative to Sector	1.15%				
Rank in Sector	120 / 307				
Fund Quartile	2	N/A	N/A	N/A	N/A

Fund Price Movement (GBP)

12 Month High	1.04 (Pounds Sterling)	12 Month Low	0.85 (Pounds Sterling)
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Annualised Ratios Over 12 Months

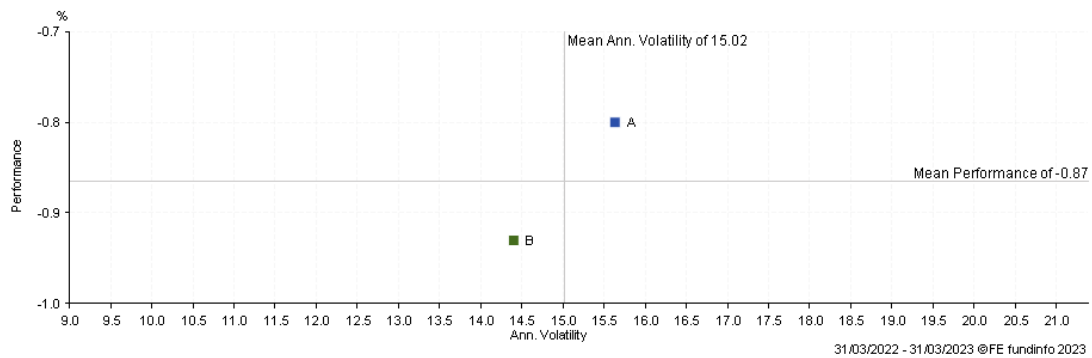
	Alpha	Beta	Sharpe	r ²	Volatility
Fund	3.42	0.78	-0.01	0.88	15.63
Fund Quartile	1	4	1	3	1

Please note that past performance is not a reliable indicator of future returns, and the value of your investments can fall as well as rise. The total return reflects performance without sales charges or the effects of taxation but is adjusted to reflect all on-going fund expenses and assumes reinvestment of dividends and capital gains. If adjusted for sales charges and the effects of taxation, the performance quoted would be reduced.

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VOLATILITY

Pricing Spread: Bid-Bid • Currency: Pounds Sterling

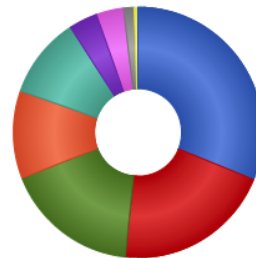


Key	Name	Performance	Annualised Volatility
A	Federated Hermes - Sustainable Global Equity F Acc GBP in GB	-0.80	15.63
B	MSCI ACWI GTR in GB	-0.93	14.40

SECTOR WEIGHTINGS

Sector Weightings as at March 31, 2023

Rank	Change	Name	%
1	►	TELECOM, MEDIA & TECHNOLOGY	31.13
2	►	INDUSTRIALS	20.51
3	►	HEALTH CARE	17.40
4	►	CONSUMER PRODUCTS	11.36
5	►	FINANCIALS	10.48
6	►	BASIC MATERIALS	3.70
7	►	MONEY MARKET	3.57
8	►	REAL ESTATE	1.36
9	►	UTILITIES	0.49

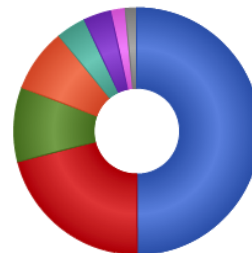


▼ Faller ▲ Riser ► No Change ■ New Entry

REGION WEIGHTINGS

Region Weightings as at March 31, 2023

Rank	Change	Name	%
1	►	NORTH AMERICA	49.95
2	►	EUROPE EX UK	21.05
3	►	PACIFIC BASIN	9.75
4	►	UK	8.32
5	►	AMERICAS	3.91
6	►	MONEY MARKET	3.57
7	►	ASIA PACIFIC	1.94
8	►	JAPAN	1.50



▼ Faller ▲ Riser ► No Change ■ New Entry

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TOP TEN HOLDINGS

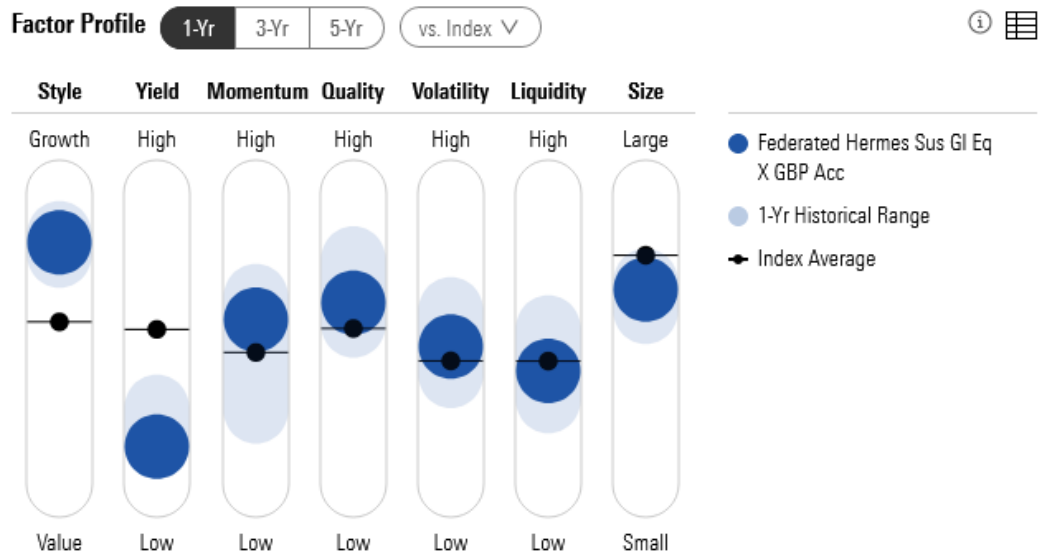
Top 10 Holdings as at February 28, 2023

Rank	Change	Name	%
1	▶	MICROSOFT CORP	5.91
2	▶	MASTERCARD INCORPORATED	4.22
3	▶	NOVO NORDISK A/S	4.20
4	■	NVIDIA CORP	3.54
5	▼	THERMO FISHER SCIENTIFIC INC.	3.49
6	▶	DEERE & CO	3.42
7	▼	COSTCO WHOLESALE CORP	3.28
8	▼	PTC INC	3.13
9	■	RELX PLC	3.10
10	■	WEX INC	3.09
Top 10 total percentage weighting			37.38



▼ Faller ▲ Riser ▶ No Change ■ New Entry

FACTOR PROFILE



Investment as of 31 Jan 2023 | Index: Morningstar Gbl TME GR USD as of 28 Feb 2023

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STYLE MEASURES (MARKET CAP)

Style Measures

Measures

Market Cap

Avg Market Cap

67.70 Bil

Category Avg Market Cap

142.93 Bil

Index Avg Market Cap

97.55 Bil

Size	Investment %	Cat. Average %	Index %
Giant	45.86	55.96	47.12
Large	29.01	18.13	36.55
Mid	22.17	17.00	16.10
Small	0.80	1.38	0.15
Micro	0.00	0.09	0.00

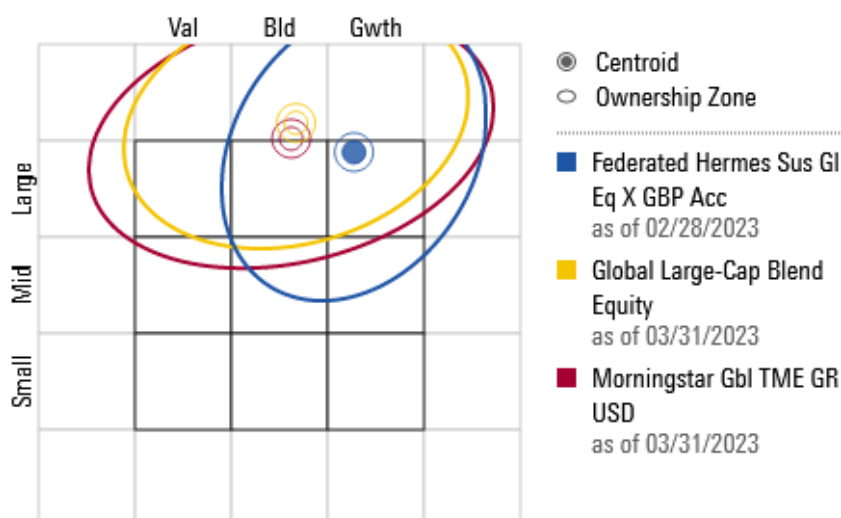
USD | Investment as of 28 Feb 2023 | Category: Global Large-Cap Blend Equity as of 31 Mar 2023 | Index: Morningstar Gbl TME GR USD as of 31 Mar 2023 | Data is based on the long position of the equity holdings.

Stock Style

Map

Weight

Historical

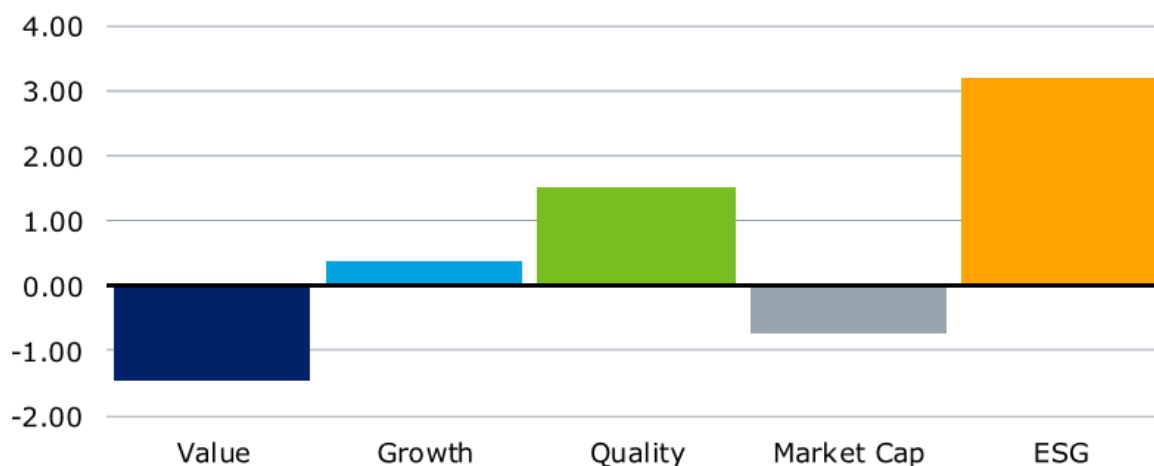


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LWM FUND ANALYSIS

This is a relatively new fund, described as a lockdown baby. The aim is to develop something that looks and feels different to other sustainable strategies. The strategy style is towards quality growth.

Fund style tilt³



It does seem that the price they are paying for quality is high and although some of the style measures are good, others aren't. This might be why the fund has had mixed performance since launch.

Style Measures

Measures

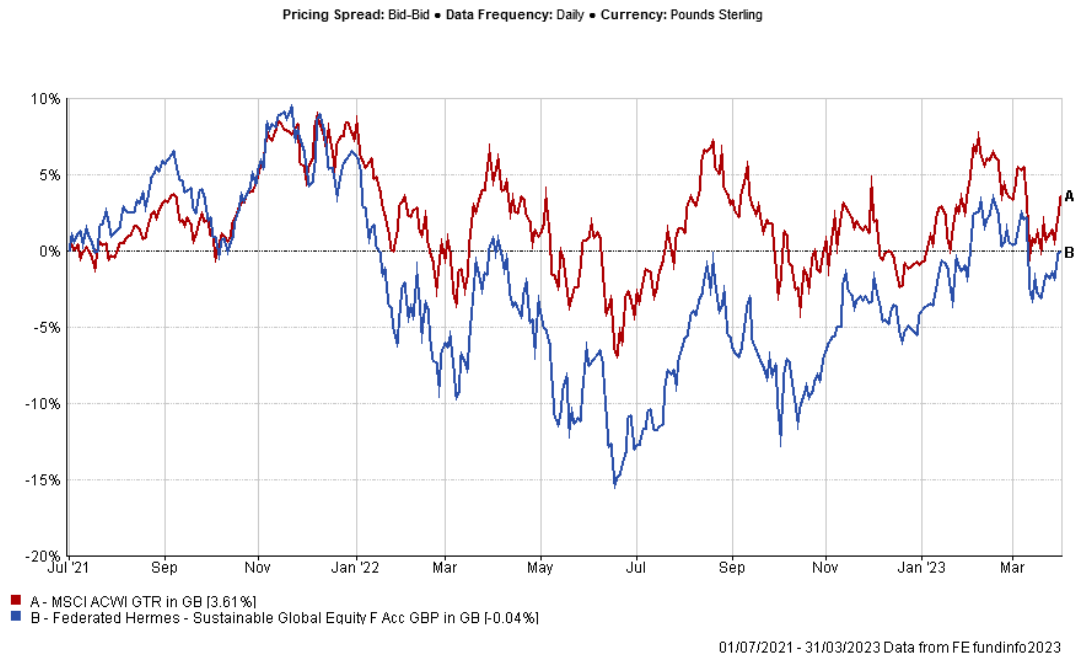
Market Cap

Value & Growth Measures	Investment	Cat. Average	Index
Price/Earnings	20.29	16.36	15.70
Price/Book	4.23	2.59	2.29
Price/Sales	2.31	1.69	1.56
Price/Cash Flow	12.87	9.85	8.66
Dividend Yield %	1.68	2.31	2.59
Long-Term Earnings %	11.80	10.36	10.92
Historical Earnings %	14.98	16.12	17.55
Sales Growth %	4.90	10.15	10.95
Cash-Flow Growth %	-1.99	4.81	8.53
Book-Value Growth %	7.21	7.38	6.58

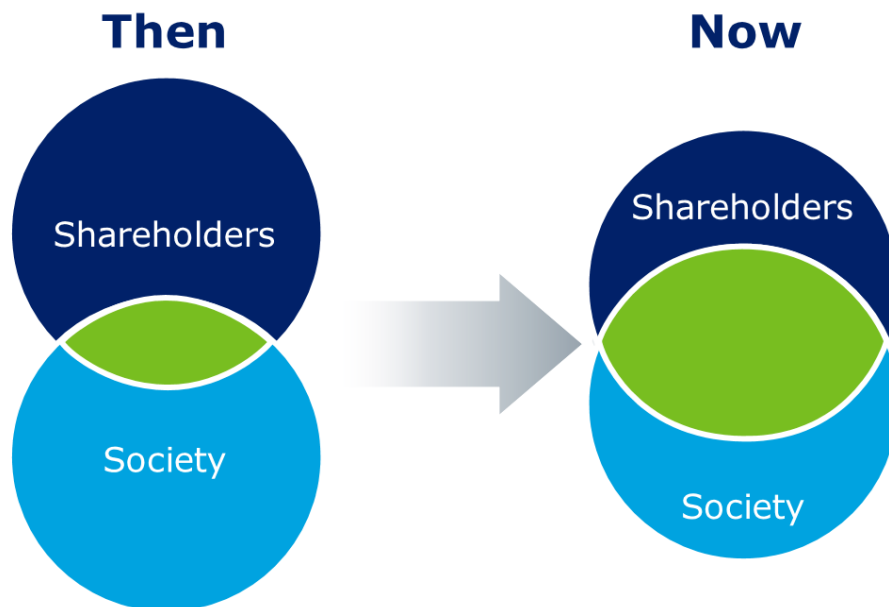
Investment as of 28 Feb 2023 | Category: Global Large-Cap Blend Equity as of 31 Mar 2023 | Index: Morningstar Gbl TME GR USD as of 31 Mar 2023 | Data is based on the long position of the equity holdings.

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The chart below shows the performance since launch:



The strategy is an article 9 fund, and the exclusions include fossil fuels, nuclear power, weapons, tobacco, alcohol, gambling, and adult entertainment. They believe that sustainability is a societal necessity and corporate imperative.



This is more of a holistic look. It is not just about the products but also about businesses that are adapting to change. So this is a blend between impact and sustainability, which is where they see this as different.

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Due to the heritage of sustainability at Hermes, they can leverage ideas from across the teams to effectively develop a best ideas strategy of between 30 and 50 names.

For example, Epiroc, who are a leading supplier of equipment to underground mining with products that are reducing emissions, improving safety, and increasing efficiency, came from the European team. ASE Technology is a leading Taiwanese IC packager, and this came from the Asian Team.

One area we discussed was social inclusion. Some of the financial inclusion holdings include Grupo Financiero Banorte and Bank Rakyat. Bank Rakyat are growing organically in an under-penetrated market as well through acquisition, and Grupo have a digital strategy that is driving a significant shift to formal financial services.

Mastercard is capitalising on the cash to cashless transition and works with businesses in countries such as Kenya. Prudential is now 100% focused on Asia and Africa.

They are mindful of downside risks and therefore this has a great focus on quality. This is defined as those businesses with lower levels of debt, have pricing power and are in control of their future.

They want this to look and feel different to other strategies and so investors get a blend between two i.e., pure impact and sustainability. The fund will lag when there is a roaring economy or when value is in favour. However, they argue that over a 3-to-5-year period, the focus on quality and protecting the downside means that the journey from a to b will be smoother than others.

In summary, this offering is coming from a business that has a history within stewardship and engagement. This is therefore a natural progression for them. It has a quality tilt, and it seems that the price they are paying is higher than the market. If you are paying a premium it does add risk, especially as they are also trying to protect on the downside.

The performance since launch has been mixed. It is important to note that its active share is just over 90%, meaning that it is different to the benchmark. In theory when markets settle this should do well. In a competitive space we would want to see the performance come through.

The source of information in this note has been provided by Hermes and is correct as of April 2023. These are notes from meeting the fund manager or representative and should not be seen as a recommendation to purchase any fund mentioned. Any reference to shares is not a recommendation to buy or sell. Should you wish to make a decision based on these notes we cannot take responsibility for this, and you should carry out your own research before making a decision. We would also recommend that you receive advice before following up on any decision.

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