

Morgan Stanley Global Brands Fund – June 2023

LWM FUND SPOTLIGHT MORGAN STANLEY GLOBAL BRANDS FUND

INVESTMENT OBJECTIVE

The objective of the Fund is to provide long-term capital appreciation through investment primarily in equity securities issued world-wide.

INCEPTION DATE

3rd February 2003

FUND FACTSHEET

<https://www.trustnet.com/factsheets/o/m525/morgan-stanley-global-brands>

MANAGEMENT

Manager Name

Start Date

Bruno Paulson

22nd June 2009

Marcus Watson

22nd June 2009

Vladimir Demine

22nd June 2009

RATIO DATA (3-years)

Alpha	Beta	Max Drawdown	Max Gain	Max Loss	Negative Periods	Positive Periods	Tracking Error
0.16	0.90	-13.30	11.18	-8.56	66	90	6.80

OTHER DATA

Benchmark	MSCI ACWI
Fund Size	£1,187.7 million
Fees	0.90%

BULL POINTS (PRO)

- Strong long term track record.
- Simple strategy focused on high quality companies.
- Long term holders.
- Low levels of volatility.

BEAR POINTS (CONS)

- Mixed recent performance.

Morgan Stanley Global Brands Fund – June 2023

FUND PERFORMANCE

Performance from 3rd February 2003 – 31st May 2023

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



Cumulative Performance (GBP)

	3 Months	6 Months	1 Year	3 Years	5 Years
Fund	0.18%	2.24%	2.35%	22.29%	63.75%
Sector	-0.42%	4.85%	3.75%	23.59%	38.23%
Relative to Sector	0.60%	-2.49%	-1.35%	-1.05%	18.46%
Rank in Sector	159 / 364	280 / 361	218 / 354	155 / 281	16 / 241
Fund Quartile	2	4	3	3	1

Performance by Calendar Year in (GBP)

	YTD	2022	2021	2020	2019
Fund	2.40%	-7.41%	24.00%	9.18%	25.39%
Sector	5.43%	-11.37%	16.90%	13.80%	21.20%
Relative to Sector	-2.87%	4.46%	6.08%	-4.06%	3.46%
Rank in Sector	289 / 363	96 / 334	38 / 301	167 / 266	53 / 247
Fund Quartile	4	2	1	3	1

Discrete Annual Performance to Last Quarter End (GBP)

	0-12m	12m-24m	24m-36m	36m-48m	48m-60m
Fund	0.14%	16.25%	17.95%	4.67%	22.88%
Sector	-3.55%	7.74%	38.23%	-5.60%	8.27%
Relative to Sector	3.82%	7.89%	-14.68%	10.88%	13.49%
Rank in Sector	61 / 346	28 / 309	268 / 276	17 / 253	4 / 236
Fund Quartile	1	1	4	1	1

Fund Price Movement (GBP)

12 Month High	142.92 (Pounds Sterling)	12 Month Low	123.88 (Pounds Sterling)
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Annualised Ratios Over 36 Months

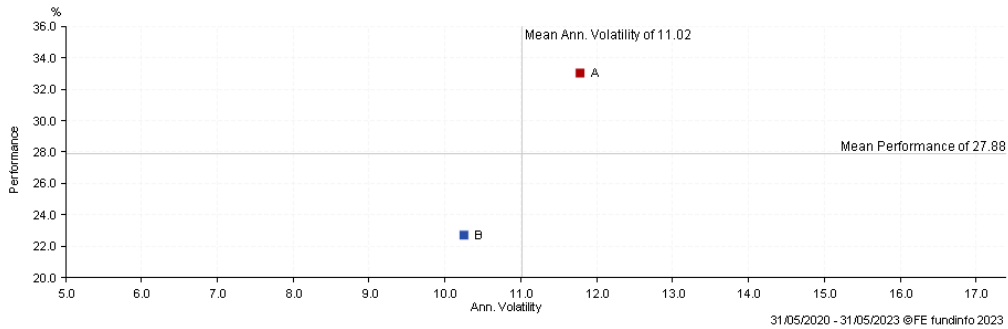
	Alpha	Beta	Sharpe	r ²	Volatility
Fund	1.18	0.75	0.35	0.65	10.25
Fund Quartile	2	4	3	4	1

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.

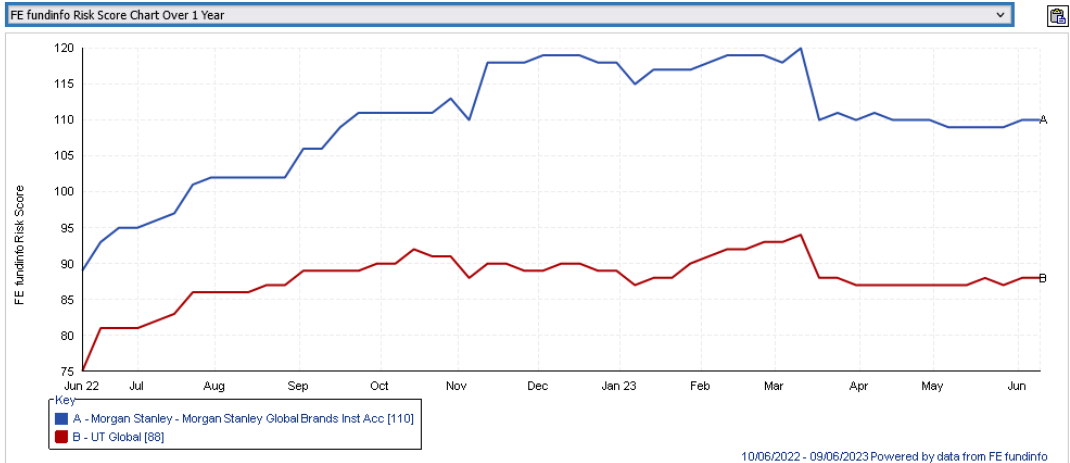
Morgan Stanley Global Brands Fund – June 2023

VOLATILITY / RISK SCORE

Pricing Spread: Bid-Bid • Currency: Pounds Sterling



Key	Name	Performance	Annualised Volatility
■ A	MSCI ACWI TR in GB	33.02	11.78
■ B	Morgan Stanley - Global Brands Inst Acc in GB	22.73	10.25



MARKET CAP

Style Measures

Measures **Market Cap**

Avg Market Cap	Category Avg Market Cap	Index Avg Market Cap	
118.19 Bil	148.49 Bil	104.87 Bil	
Size	Investment %	Cat. Average %	Index %
Giant	39.19	81.75	45.79
Large	49.30	29.32	36.97
Mid	9.43	24.32	16.88
Small	0.00	2.12	0.25
Micro	0.00	0.09	0.00

GBP | Investment as of 30 Apr 2023 | Category: Global Large-Cap Blend Equity as of 30 Apr 2023 | Index: Morningstar Gbl TME GR USD as of 31 May 2023 | Data is based on the long position of the equity holdings.

Morgan Stanley Global Brands Fund – June 2023

STYLE MEASURES

Value & Growth Measures	Investment	Cat. Average	Index
Price/Earnings	23.18	17.17	15.89
Price/Book	4.94	2.77	2.31
Price/Sales	4.24	1.75	1.57
Price/Cash Flow	17.93	10.38	9.30
Dividend Yield %	1.72	2.23	2.59
Long-Term Earnings %	9.96	10.23	10.22
Historical Earnings %	9.17	14.68	16.36
Sales Growth %	9.14	10.24	10.96
Cash-Flow Growth %	0.71	5.94	8.61
Book-Value Growth %	9.09	6.77	6.57

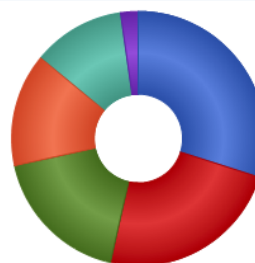
Investment as of 30 Apr 2023 | Category: Global Large-Cap Blend Equity as of 30 Apr 2023 | Index: Morningstar Gbl TME GR USD as of 31 May 2023 | Data is based on the long position of the equity holdings.

SECTOR WEIGHTING

Sector Weightings as at April 30, 2023

Rank	Change	Name	%
1	►	CONSUMER PRODUCTS	29.92
2	►	TELECOM, MEDIA & TECHNOLOGY	23.63
3	►	HEALTH CARE	18.03
4	►	FINANCIALS	14.38
5	►	INDUSTRIALS	11.80
6	►	MONEY MARKET	2.24

▼ Faller ▲ Riser ► No Change ■ New Entry



GEOGRAPHIC WEIGHTING

Exposure

Sector

Region

Country

vs. Category ▼

Country	Investment %	Category %
United States	72.58	62.94
United Kingdom	9.50	5.95
France	7.98	4.30
Germany	6.28	2.74
Netherlands	2.98	2.21
Italy	0.68	0.52

Morgan Stanley Global Brands Fund – June 2023

HOLDINGS

Top 10 Holdings as at April 30, 2023

Rank	Change	Name	%	Sector Ranking*
1	▶	MICROSOFT CORP	9.31	n/a
2	▶	PHILIP MORRIS INTERNATIONAL INC.	6.81	n/a
3	▶	RECKITT BENCKISER GROUP PLC	6.21	n/a
4	▶	SAP SE	6.08	n/a
5	▶	VISA INC.	5.58	n/a
6	▲	ACCENTURE PLC	4.59	n/a
7	▼	DANAHER CORPORATION	4.55	n/a
8	▶	THERMO FISHER SCIENTIFIC INC.	4.25	n/a
9	▶	INTERCONTINENTAL EXCHANGE INC	3.80	n/a
10	▶	ABBOTT LABORATORIES	3.62	n/a
Total			54.80	

* This is the holding ranking within the fund sector composite portfolio (calculated from all available concurrent full portfolios of funds within the sector).



LWM FUND ANALYSIS

The slide below really sums up what the team is looking to achieve through this strategy.

The Key to Compounding Wealth

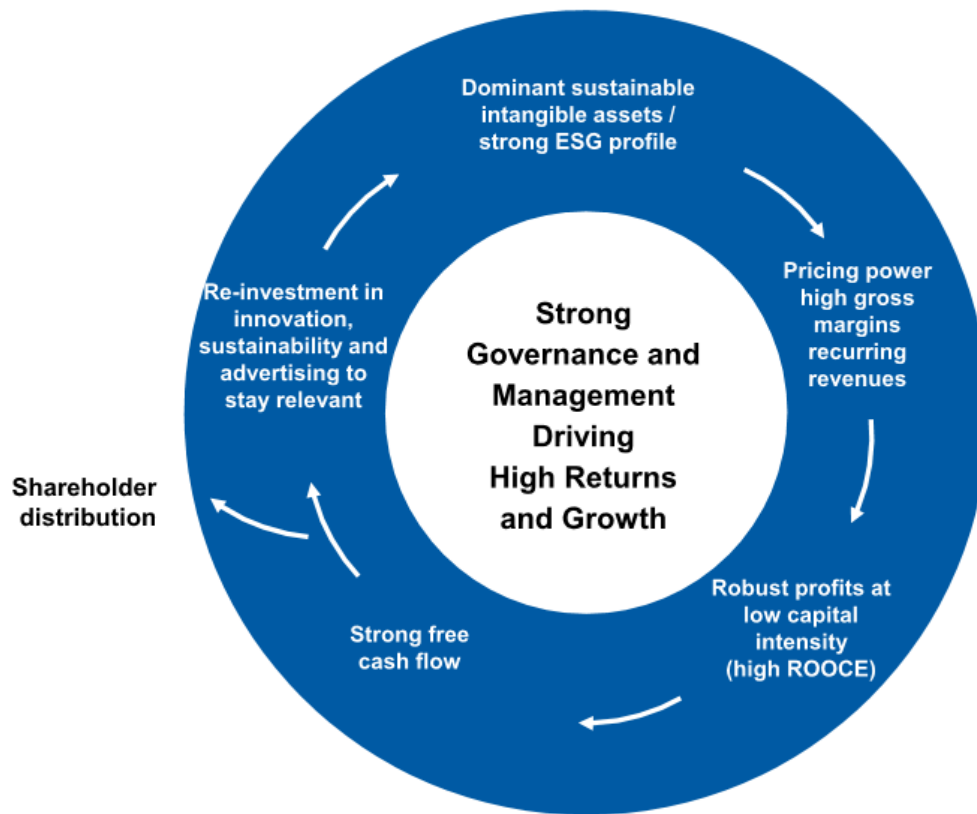
RULE 1: DON'T LOSE MONEY RULE 2: DON'T FORGET RULE 1

– Benjamin Graham



Fundamentally, the strategy is searching for the very best companies in the world. They are looking to hold these for the long-term and therefore enabling returns to compound over time.

This is a “sleep easy” strategy where investors should feel comfortable that they are holding high quality companies and management. Equally they want to purchase shares at the right price.



There will not be a large change in holdings over the year.

Portfolio Turnover
Q1 : 7.21%

Major Transactions: January 01, 2023 to March 31, 2023

INITIAL PURCHASES	ADDITIONS	REDUCTIONS	FINAL SALES
Aon	Pernod Ricard	Baxter Int'l	Estee Lauder
CDW	Microsoft ¹	Microsoft ¹	Fidelity National Information Services
Arthur J Gallagher		Visa	
		LVMH	
		Nike	

For example, with Nike they have reduced the position to reflect supply chain issues. They added to Microsoft but as the price went up they reduced the exposure on valuation risk. CDW is a new holding which provides services and software to small and mid-cap businesses in the US.

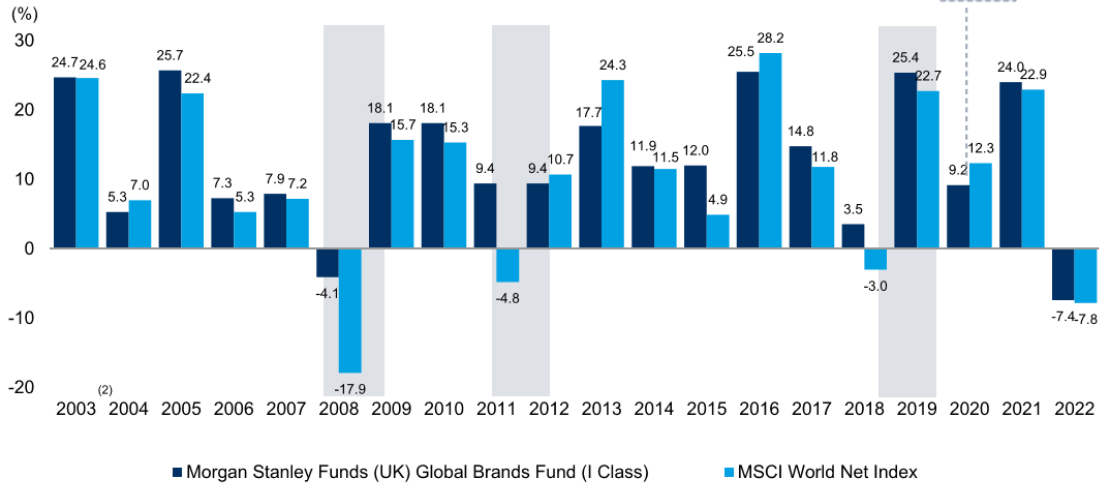
We discussed China. They prefer to have indirect exposure through high quality firms as they can't get the same levels of diversification and governance across not only China, but also emerging markets.

The other aspect to protecting and growing assets is the downside risk. If they select the right companies, then in down markets this should outperform. When the markets are exuberant this tends to underperform but the argument is that over time this will deliver the longer term returns. They compare the style to the tortoise and the hare.

Reduced Downside Participation When it Matters

MS Funds (UK), Global Brands Fund – GBP (%)

Calendar Year Performance Returns ⁽¹⁾



Source: Morgan Stanley Investment Management

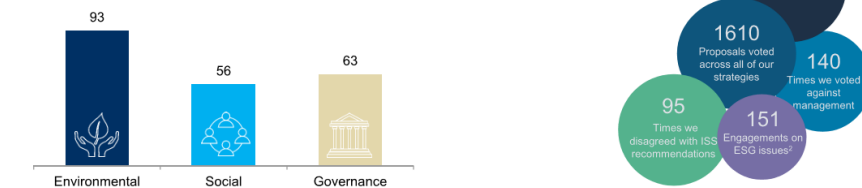
1. Past performance is not a reliable indicator of future results. Returns may increase or decrease as a result of currency fluctuations. All performance data is calculated NAV to NAV, net of fees, and does not take account of commissions and costs incurred on the issue and redemption of units. The value of the investments and the income from them can go down as well as up and an investor may not get back the amount invested. There are additional risks involved with this type of investment. Performance returns reflect the average annual rates of return. Periods less than 1 year are not annualised. Performance returns are compared to the MSCI World Net Index and are considered to be a relevant comparison to the portfolio. Comparisons of performance assume the reinvestment of all dividends and income. Applications for shares in any sub-funds of the Morgan Stanley Funds (UK) should not be made without first consulting the current Prospectus, Simplified Prospectus, Annual Report and Semi-Annual Report or other documents available in your local jurisdiction which are available free of charge from Morgan Stanley Investment Management Limited. Shares in the Morgan Stanley Fund (UK) Global Brands Fund are not for distribution in the United States or to U.S. persons other than in accordance with the laws of the United States. The inception date of the Morgan Stanley Fund (UK) Global Brands is February 3, 2003.
2. Period from February 3, 2003 to December 31, 2003.

As part of the mandate to grow and protect assets, they are active in engagement with companies. They argue that due to their size and the long-term nature of their holding investments, this helps them to engage. They also believe that engagement should not be for engagement's sake. An example they used was on how one company conducted clinical trails to push for a more diversified group of people.

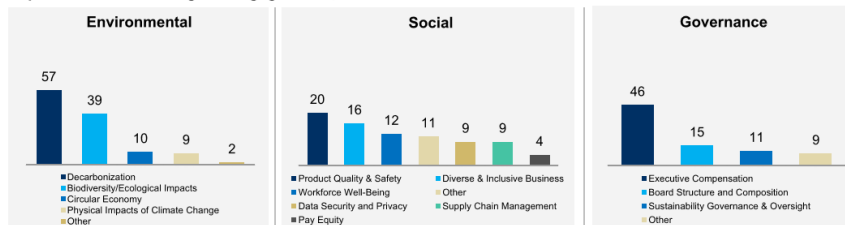
We Engage Directly And Often With Companies

Engagement is Our Edge

Number of engagements on ESG-related topics, in 2022¹



Topics addressed during our engagements, in 2022¹



Source: Morgan Stanley Investment Management. Data shown is December 31, 2022. Reflects data at the time of publication. Updated semi-annually.

1. Total count of ESG topics is higher than total number of ESG engagements as more than one topic may be discussed in a meeting.
2. The International Equity Team defines an engagement as an interaction with senior management or nonexecutive board members.

Morgan Stanley Global Brands Fund – June 2023

Some specific examples of companies they have engaged with include:

L’Oreal – Biodiversity, living wage and ESG reporting

RELX – executive pay

SAP – Diversity, equity and inclusion and ESG opportunities

In summary, this is a strategy that focuses on high quality companies which should, over time, deliver outperformance. There will be periods of underperformance but the key is that the team look to grow returns over time and therefore the outperformance comes over the long term. In periods of stock market volatility, this looks to protect on the downside and this really should help investors. The fund is also high conviction with a small number of stocks so they can really understand the companies they hold and engage appropriately.

The source of information in this note has been provided by Morgan Stanley and is correct as of June 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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