JOHCM Global Select

Strategy overview

- The strategy aims to generate long-term total returns through active management of a concentrated portfolio of listed global equities securities.
- Fund managers Christopher Lees and Nudgem Richyal have a growth at a reasonable price (GARP) philosophy and aim for consistency of returns by exploiting multiple market anomalies/ inefficiencies.
- They believe that they increase the probability of finding attractive stocks by looking where traditional growth investors do not look: stocks early in the growth life-cycle, off the beaten track, or in out of favour areas of the stock market that are recovering.
- This strategy has a Irish domiciled fund which is classified as Article 8 under the SFDR. Please click here for further details.
- Benchmark: MSCI AC World Index.
- The strategy is managed on an 'unconstrained basis' with no restrictions in terms of regional or sector allocation versus its Benchmark

USD

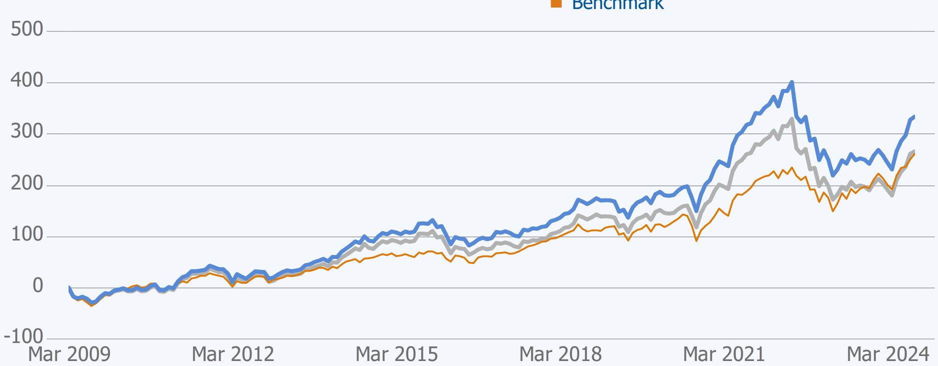
Strategy details

Strategy size	USD 3.51bn
Launch date	30 September 2008
Benchmark	MSCI AC World NR
Available as	Irish UCITS, Mutual Fund, Delaware Statutory Trust

Total strategy assets updated quarterly and shown as at 31 March 2024.

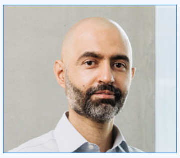
Performance highlights

Return since launch (%)



Portfolio managers

Christopher Lees
Senior Fund Manager
Chris has managed the strategy since launch. He joined JOHCM in 2008 and has 34 years of industry experience.



Nudgem Richyal
Senior Fund Manager
Nudgem has managed the strategy since launch. He joined JOHCM in 2008 and has 24 years of industry experience.

Return history

	1m	3m	1yr	3yr	5yr	10yr	SL	Annualised
Gross	1.46	12.37	23.10	1.02	9.96	8.51	333.77	9.93
Net	1.41	12.19	22.28	0.24	9.03	7.49	265.34	8.72
Benchmark	3.14	8.20	23.22	6.96	10.92	8.66	260.93	8.63

Past performance is no guarantee of future performance.

The value of an investment and the income from it can fall as well as rise as a result of market and currency fluctuations and you may not get back the amount originally invested. Investing in companies in emerging markets involves higher risk than investing in established economies or securities markets. Emerging Markets may have less stable legal and political systems, which could affect the safe-keeping or value of assets. Investments may include shares in small-cap companies and these tend to be traded less frequently and in lower volumes than larger companies making them potentially less liquid and more volatile.

Source: JOHCM/MSCI Barra/Bloomberg. Gross and net composite performance, net income reinvested. Composite performance is based on the A GBP primary share class converted into USD. 3, 5 and 10 year and since launch performance is annualised. The composite was created on the 30 September 2008. Benchmark: MSCI AC World NR. Statistics calculated using weekly returns.

Statistics

Annualised since launch			
Active share (%)	87.02	Correlation	0.92
Strategy volatility (%)	17.51	Tracking error (%)	7.09
Benchmark volatility (%)	16.50	Information ratio	0.17
Alpha	1.65	Sharpe ratio	0.50
R squared	0.84		

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Strategy analysis (%)

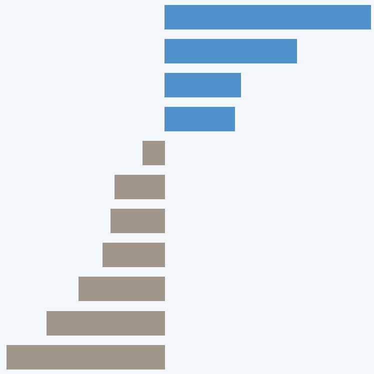
Data as at 31 March 2024

Top 10 holdings

Equities	Absolute	Relative
Microsoft	3.3	-0.8
SK hynix	2.9	2.8
CRH	2.9	2.8
Amazon	2.8	0.4
Alphabet	2.7	0.4
Broadcom	2.7	1.9
Compass	2.7	2.6
Nu Holdings	2.6	2.6
Zealand Pharma	2.6	2.6
Tenaris	2.6	2.6
Total	27.8	

Sector breakdown

	Absolute	Relative
Information Technology	32.2	8.6
Health Care	16.7	5.5
Materials	7.4	3.2
Financials	19.0	2.9
Consumer Discretionary	10.1	-0.8
Energy	2.6	-2.0
Real Estate	0.0	-2.1
Utilities	0.0	-2.5
Industrials	7.3	-3.5
Communication Services	2.7	-4.8
Consumer Staples	0.0	-6.4
Cash	2.0	2.0



Active bets

Top 5	Relative
SK hynix	2.8
CRH	2.8
Nu Holdings	2.6
Compass	2.6
Zealand Pharma	2.6

Bottom 5	Relative
Apple	-3.5
Nvidia	-3.1
Meta	-1.5
Taiwan Semiconductor	-0.8
Microsoft	-0.8

Regional breakdown

	Absolute	Relative
Emerging Latin America	6.9	6.0
Japan	9.7	4.1
Emerging Asia	7.5	-0.3
Pacific ex Japan	2.0	-0.5
United Kingdom	2.7	-0.7
Emerging Europe & Middle East	0.0	-1.2
Europe ex UK	10.4	-1.7
North America	58.9	-7.7
Cash	2.0	2.0

Market cap breakdown

	Absolute	Relative
Large (>USD 10bn)	84.4	-11.0
Mid (USD 1 - 10bn)	13.7	9.1
Cash	2.0	2.0

Large = >USD 10bn, Mid = USD 1bn to USD 10bn, Small = <USD 1bn

Attribution (%)

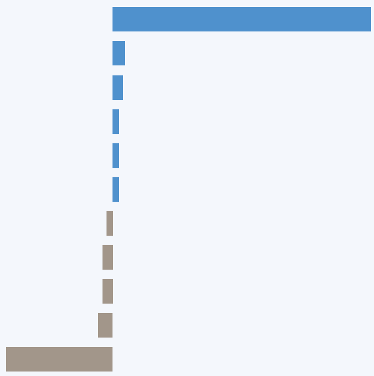
Data from 1 January 2024 to 31 March 2024

Stock attribution

Top contributors	Relative return
Viking Therapeutics	4.66
Zealand Pharma	1.58
Apple	0.87
Nu Holdings	0.82
Eli Lilly and Company	0.49
Top detractors	
Nvidia	-1.40
B3	-0.74
AP Memory	-0.73
GXO Logistics	-0.64
Dynatrace	-0.61

Sector attribution*

	Relative return
Health Care	7.17
Consumer Staples	0.38
Materials	0.34
Real Estate	0.23
Utilities	0.18
Energy	0.07
Industrials	-0.06
Consumer Discretionary	-0.21
Communication Services	-0.24
Financials	-0.35
Information Technology	-2.88



*Excludes cash

Source: JOHCM/MSCI Barra/Bloomberg. Benchmark: MSCI AC World NR. Please note that due to rounding breakdowns may not add to 100.00%. All Attribution figures are as at end of day and are calculated on a gross basis. Stock holdings are subject to change at any time and are not recommendations to buy or sell any security. A list of all holdings during the period, corresponding performance contributions and attributions, and the calculation methodology is available upon request. Data based on a representative account.

Fund manager's commentary

- The portfolio outperformed its benchmark index this quarter, in part driven by mid-cap performance
- We are positioned for 2024 probably being a vice versa of 2023 in several ways, with better performance from 2023's laggards
- After the significant rally in Q1 2024, we would not be surprised by a momentum reversal or a shallow correction in Q2 2024

Q1 performance	%
Gross	12.37
Net	12.19
MSCI AC World NR	8.20

The portfolio outperformed its benchmark index this quarter, making it top decile in the Lipper peer group over the last 6 months and 1st quartile over one year*. This was partly a result of some of the changes we made to the portfolio and partly due to better performance from our mid-caps relative to the mega-caps we do not own. We expect this new trend to continue.

Q1 winners included *Viking, Zealand, Nu Holdings, Eli Lilly and CRH* all due to positive news -we took profits and trimmed them back to model weight. **Q1 losers** included *GXO Logistics, B3, AP Memory, Globant and Dynatrace,* all due to disappointing news. We sold *GXO Logistics* due to deteriorating earnings outlook; the rest are currently under review.

Year-to-date transactions and themes:

1. Weed out the losers quicker: sold Adobe, Danone, GXO and United Health as their earnings outlook and price momentum deteriorated.
2. New bull market in Japan: bought NEC and Recruit as their earnings outlook and price momentum improved.
3. New bull market in small-mid cap biotechnology: bought next-generation anti-obesity company Viking Therapeutics with positive drug results.
4. Obesity drug success is bad news for the consumer staples sector (ie less snacking): consumer staples is our biggest underweight relative to the index.
5. European companies with majority US revenues relisting in US creates significant value: holdings CRH and Linde continue to outperform since they moved their listing from Europe to US last year.
6. Emerging Markets growth stocks (avoid the value traps): Holdings Mercadolibre and Nu Holdings (Latin American digital retail and finance).
7. Growth stocks in the financial sector are working again now the rate shock is over: holdings TPG and Ares(US private equity/debt).
8. Broadening bull market into mid-caps away from mega-caps: we increased our exposure to mid-caps, and will probably continue in this direction.
9. Our momentum stocks, such as semiconductors & anti-obesity are due a pause after a big run: we trimmed our biggest winners back to model weight.
10. What's next? Lead indicators are improving, the global industrial/manufacturing recession looks like it is ending. We expect a broadening bull market with better performance from more cyclical stocks/sectors/regions.

We are positioned for 2024 probably being a vice versa of 2023 in several ways, with better performance from 2023's laggards such as small and mid-caps, select emerging markets, and Japanese equities as earnings recover in these areas.

Our scenario analysis and outlook is 80% bullish and 20% bearish:

Scenario 1 = 10% probability US Magnificent Seven leadership continues. The Magnificent 7 is now down to the Magnificent 4, as *Tesla* and *Apple* earnings disappointed, and *Alphabet* (*Google)* earnings are now being questioned.

Scenario 2 = 70% probability of broadening bull market. Inflation & interest rates stabilising, and China (the world's second largest economy) stabilising are catalysts for this positive outcome.

Scenario 3 = 20% probability of bear market or zig-zag. Resurgent inflation and interest rates rising, or geopolitics/Middle-East escalating, are catalysts for this negative outcome.

After the significant rally in Q1 2024, we would not be surprised by a momentum reversal or a shallow correction in Q2 2024. The momentum signals we've seen recently suggest that small and mid-caps will see strong gains and outperform over the next 6 to 12 months. However, just because small and mid-caps look poised to outperform doesn't mean there isn't a place for some mega-caps with positive earnings revisions in the portfolio, particularly those exposed to the mega-trends of AI and obesity drugs.

Our top-down scorecard shows several important changes. The technology sector has become significantly overvalued but still has good fundamentals and trend. We expect other cyclical sectors' fundamentals and trend to improve next. The success of the new anti-obesity drugs is becoming bad news for both the health care and consumer staples sectors (i.e. less comorbidities and less food & beverage consumption).

*Source: Lipper

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