



Stewart Investors
Sustainable Funds Group

Why sustainable investing makes sense

Institutional Money - KONGRESS 2019

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RISK FACTORS

This presentation is a financial promotion for the Stewart Investors Asia Pacific Leaders Fund intended for professional clients only in the EEA and professional investors elsewhere where lawful.

Investing involves certain risks including:

- **The value of investments and any income from them may go down as well as up and are not guaranteed. Investors may get back significantly less than the original amount invested.**
- **Emerging market risk:** emerging markets may not provide the same level of investor protection as a developed market; they may involve a higher risk than investing in developed markets.
- **Currency risk:** the Fund invests in assets which are denominated in other currencies; changes in exchange rates will affect the value of the Fund.

Reference to specific securities is included for the purpose of illustration only and should not be construed as a recommendation to buy or sell. Reference to the names of any company are merely to explain the investment strategy and should not be construed as investment advice or a recommendation to invest in any of those companies.

For a full description of the terms of investment and the risks please see the Prospectus and Key Information Document.

All information included in this presentation has been sourced by Stewart Investors and is displayed as at 31 December 2018 unless otherwise specified and to the best of our knowledge is an accurate reflection as at this date.

If you are in any doubt as to the suitability of our funds for your investment needs, please seek investment advice.

About Stewart Investors

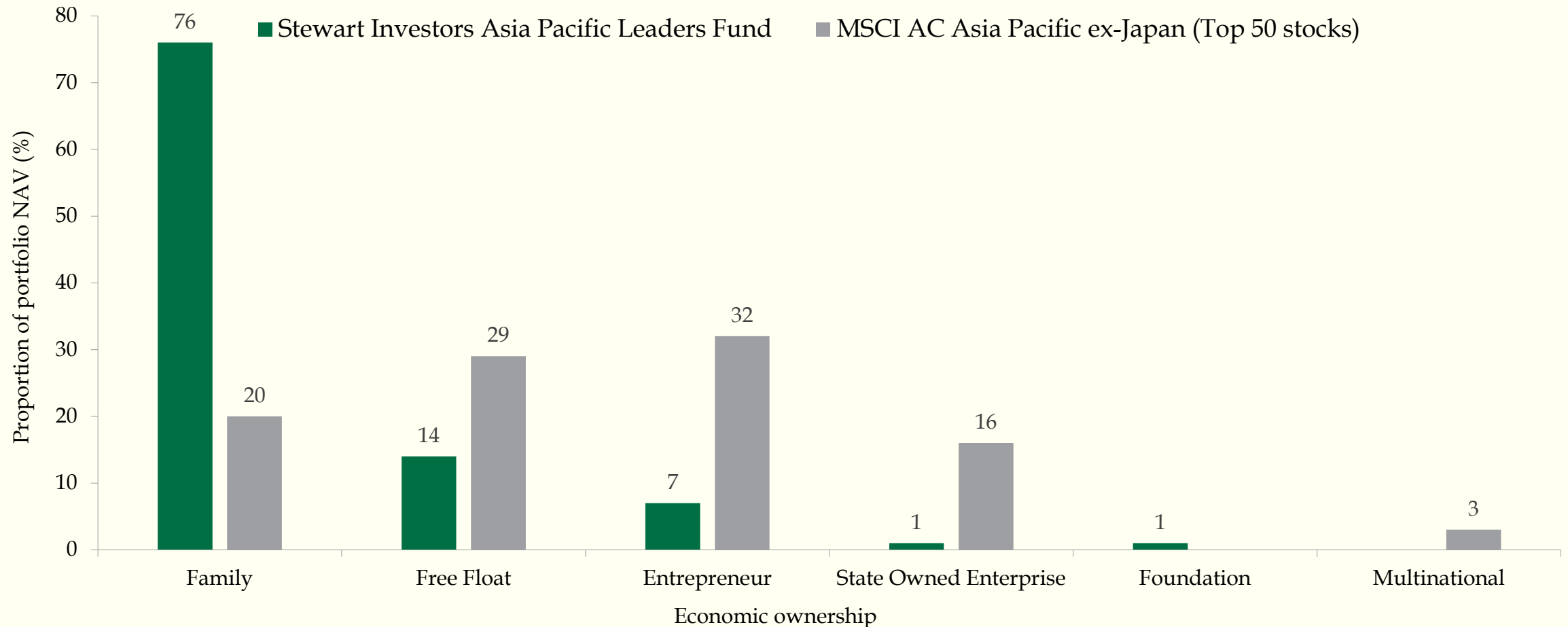
- Long-only equity specialist, established in 1988
- Based in Edinburgh, London, Singapore and Sydney
- Dedicated sustainability funds since 2005
- Focus on sustainable development as a key driver of investment performance

Investment philosophy

Since 1988 we have had an approach founded on:

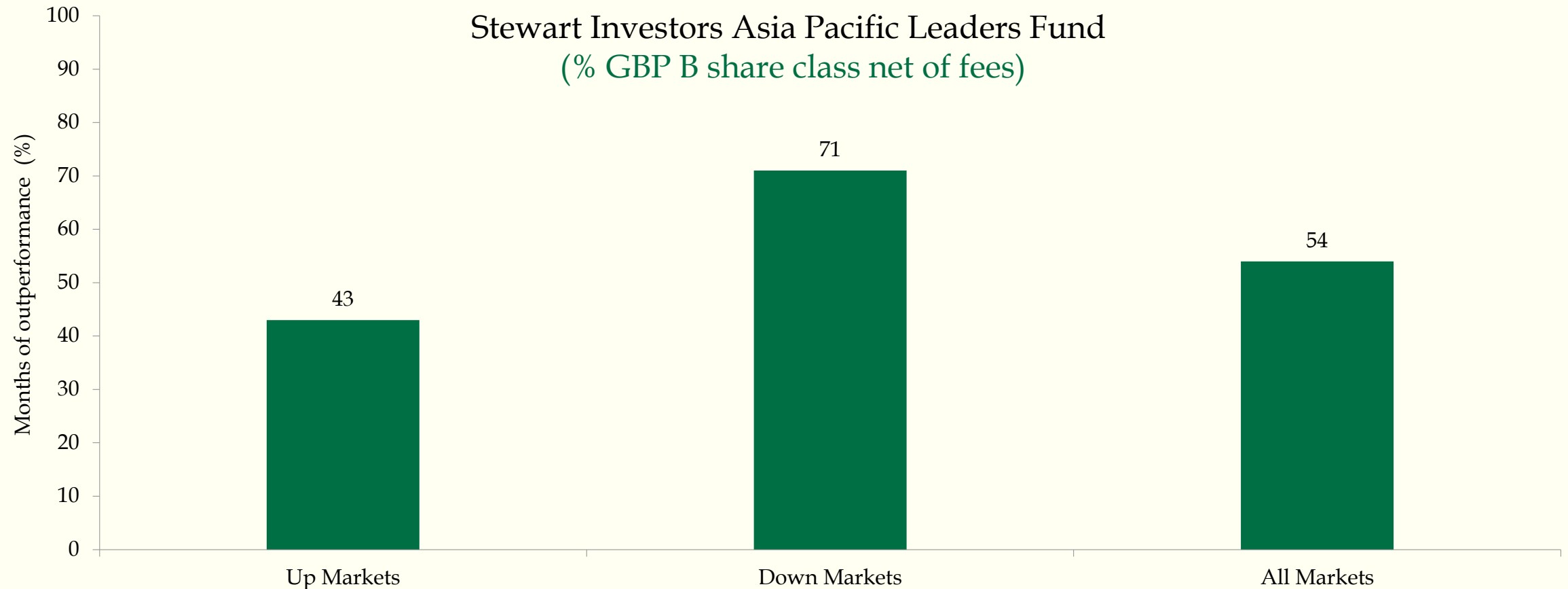
- Long-term investment horizon
- Quality companies
- Stewardship
- Absolute return mindset
- Bottom-up
- Sustainable and predictable growth
- Valuation discipline

Stewardship – economic ownership



Source: Stewart Investors. Data shown is for the Stewart Investors Asia Pacific Leaders Fund (ICVC). MSCI AC Asia Pacific ex-Japan Index Top 50 used for comparison purposes only and does not necessarily reflect the profile of holdings in the fund. Slide shows economic stewardship classified by shareholder group as defined by Stewart Investors based on the most influential investor in any given company. All data as at 31 December 2018. Numbers may not add to 100 due to rounding. Data excludes cash and has been rebased to 100.

Investment style perspective

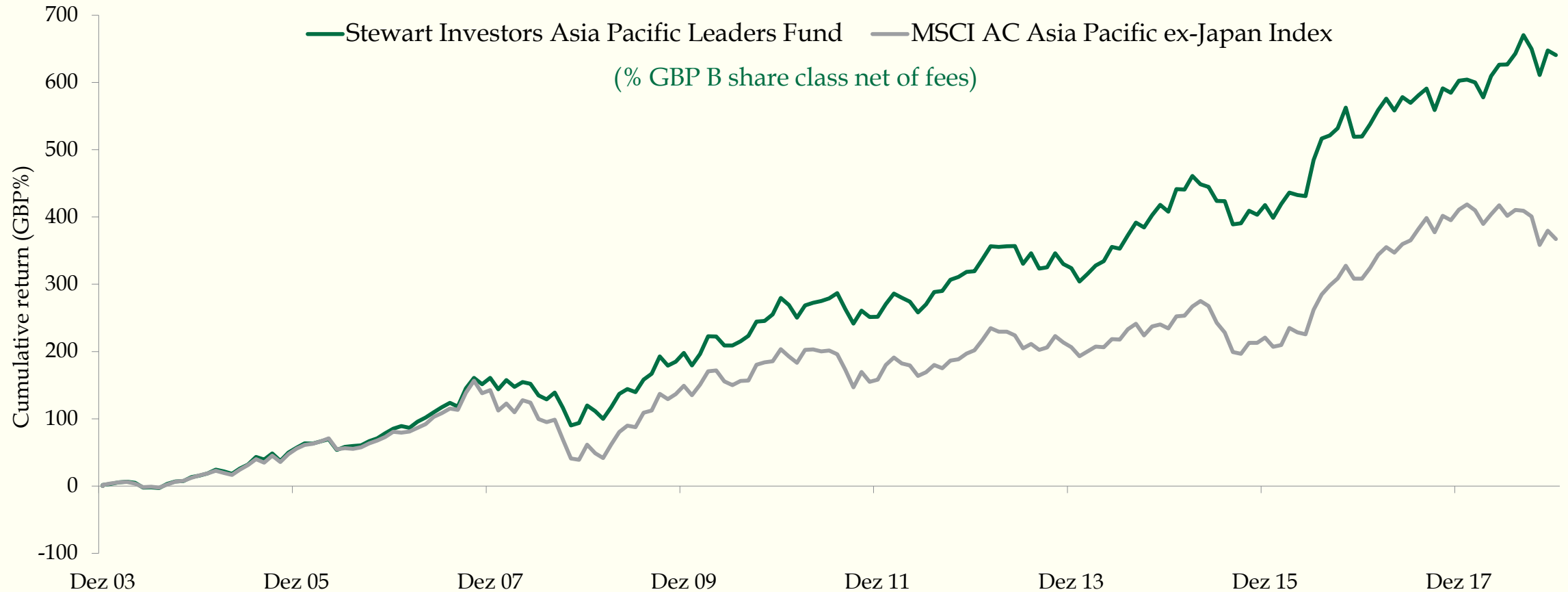


These figures refer to the past. Past performance is not a reliable indicator of future results.

For investors based in countries with currencies other than GBP, the return may increase or decrease as a result of currency fluctuations.

Source for fund: Lipper IM/Stewart Investors. Performance data is calculated on a net basis by deducting fees incurred at fund level (e.g. the management and administration fee) and other costs charged to the fund (e.g. transaction and custody costs), save that it does not take account of initial charges or switching fees (if any). Income reinvested is included on a net of tax basis. Source for benchmark: FactSet, income reinvested net of tax. Outperformance shown versus the MSCI AC Asia Pacific ex-Japan Index. Chart data calculated since inception of the GBP B share class on 1 December 2003 to 31 December 2018. For full fund performance tables please refer to the performance review slide.

Long-term cumulative performance



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Performance review – Class B shares % GBP net of fees

Discrete annual performance	12 months to 31-Dec-14	12 months to 31-Dec-15	12 months to 31-Dec-16	12 months to 31-Dec-17	12 months to 31-Dec-18
Stewart Investors Asia Pacific Leaders Fund	19.8	1.9	19.6	13.4	5.4
MSCI AC Asia Pacific ex-Japan Index	9.2	-4.1	27.3	25.1	-8.6

Cumulative performance as at 31 December 2018	Since launch	10 years	5 years	3 years	1 year	6 months	3 months
Stewart Investors Asia Pacific Leaders Fund	640.7	237.2	74.8	43.1	5.4	1.9	-1.2
MSCI AC Asia Pacific ex-Japan Index	367.1	189.2	52.5	45.7	-8.6	-6.9	-6.7

Annualised performance as at 31 December 2018	Since launch	10 years	5 years	3 years
Stewart Investors Asia Pacific Leaders Fund	14.2	12.9	11.8	12.7
MSCI AC Asia Pacific ex-Japan Index	10.8	11.2	8.8	13.4

These figures refer to the past. Past performance is not a reliable indicator of future results.

For investors based in countries with currencies other than GBP, the return may increase or decrease as a result of currency fluctuations.

Source for fund: Lipper IM/Stewart Investors. Performance data is calculated on a net basis by deducting fees incurred at fund level (e.g. the management and administration fee) and other costs charged to the fund (e.g. transaction and custody costs), save that it does not take account of initial charges or switching fees (if any). Income reinvested is included on a net of tax basis. Source for benchmark: FactSet, income reinvested net of tax. Since launch performance calculated from 1 December 2003.

Performance review – Class B shares % EUR net of fees

Discrete annual performance	12 months to 31-Dec-14	12 months to 31-Dec-15	12 months to 31-Dec-16	12 months to 31-Dec-17	12 months to 31-Dec-18
Stewart Investors Asia Pacific Leaders Fund	28.2	8.0	2.5	9.7	4.3
MSCI AC Asia Pacific ex-Japan Index	17.1	1.0	9.9	20.3	-9.6

Cumulative performance as at 31 December 2018	Since launch	5 years	3 years	1 year	6 months	3 months
Stewart Investors Asia Pacific Leaders Fund	123.0	62.4	17.3	4.3	0.7	-2.2
MSCI AC Asia Pacific ex-Japan Index	66.8	41.4	19.6	-9.6	-8.3	-7.4

Annualised performance as at 31 December 2018	Since launch	5 years	3 years
Stewart Investors Asia Pacific Leaders Fund	9.7	10.2	5.4
MSCI AC Asia Pacific ex-Japan Index	6.1	7.2	6.2

These figures refer to the past. Past performance is not a reliable indicator of future results.

For investors based in countries with currencies other than EUR, the return may increase or decrease as a result of currency fluctuations.

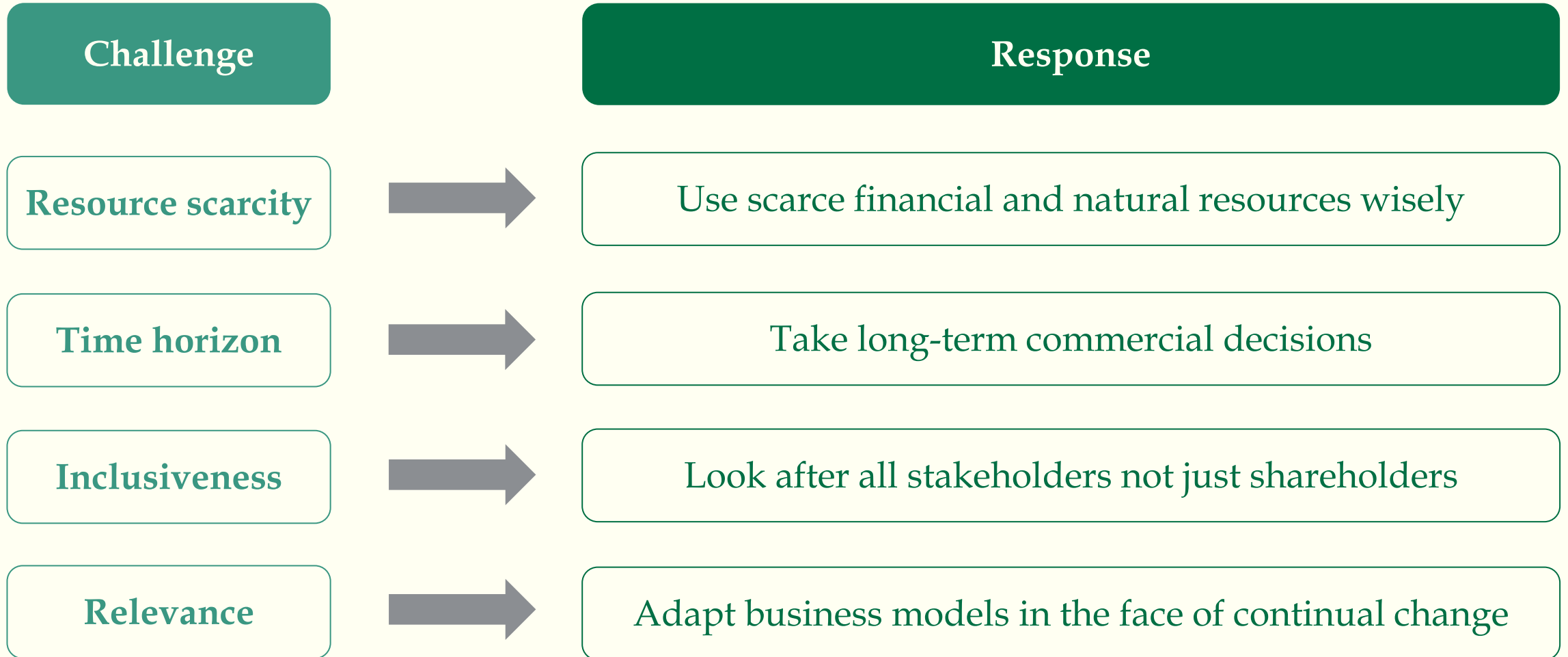
Source for fund: Lipper IM/Stewart Investors. Performance data is calculated on a net basis by deducting fees incurred at fund level (e.g. the management and administration fee) and other costs charged to the fund (e.g. transaction and custody costs), save that it does not take account of initial charges or switching fees (if any). Income reinvested is included on a net of tax basis. Source for benchmark: FactSet, income reinvested net of tax. Since launch performance calculated from 4 May 2010.

How we think about sustainability investing

Investing in high quality companies that are well positioned to meet the challenges of sustainable development generates the best possible risk-adjusted returns for clients

“Sustainable development is the kind of development that meets the needs of the present without compromising the ability of future generations to meet their own needs”

Good sustainability companies



What do we mean by quality

Quality of management

- Competence
- Integrity
- Humility

Quality of franchise

- Necessary and responsible
- Sustainable profitability
- Growth opportunities

Quality of financials

- Safe balance sheet
- Resilient cash flows
- Conservative accounting

What do we struggle to own

- Complex ownership structures
- Limited social utility
- Fashions and fads
- Too good to be true
- Opaque and obscure accounts
- Political links

Company profile: Marico



Classification: Sustainable goods and services

Market capitalisation: US\$6.6 billion

Business: Indian listed maker of coconut hair and skin care products, healthy foods, edible oils and laundry products.



Company profile: Vitasoy



Classification: Sustainable goods and services

Market capitalisation: US\$4.2 billion

Business: Manufacturer of plant based beverages.



Why and how we engage

We engage because we invest for the long-term – the two things are inseparable

Engagement allows us to address quality and sustainability risks and opportunities

We establish rapport and earn the right to engage with management

Recent engagement:

CSL

Remuneration

Brambles

Remuneration and board quality

Vitasoy

Product portfolio

OCBC Bank

Integrating ESG into their lending practices

Ayala Corporation

Exposure to fossil fuel and currency of debt

Dairy Farm International

Board quality

Engagement: plastic packaging

- India - c.5.6 million mt of plastic waste generated annually
- July 2018 - Mumbai forum held in conjunction with the Institute for Sustainable Futures, World Resources Institute and XYNTEO
- Senior management from 11 large consumer companies participated – Beiersdorf, Colgate-Palmolive, Dabur, Emami, Godrej Consumer Products, Hindustan Unilever, Jyothy Laboratories, Marico, Nestlé, Tata Chemicals and Tata Global Beverages
- Likely next steps - include setting up an industry body to collaborate on industry targets

Top ten holdings

Company	Trust (%)	Index* (%)	Country	Sector
Tata Consultancy Services	5.8	0.5	India	Information Technology
Unicharm	5.6	–	Japan	Consumer Staples
Mahindra & Mahindra	4.9	0.2	India	Consumer Discretionary
CSL	4.8	1.2	Australia	Health Care
Tech Mahindra	4.7	0.1	India	Information Technology
President Chain Store	3.8	0.1	Taiwan	Consumer Staples
OCBC Bank	3.8	0.5	Singapore	Financials
Delta Electronics	3.2	0.2	Taiwan	Information Technology
HDFC	2.8	0.9	India	Financials
CK Hutchison Holdings	2.8	0.5	Hong Kong	Industrials
	42.1	4.1		

Stock contribution: Five years

What hurt (bottom ten)

Company	Country	Sector	Absolute contribution (bps)
Li & Fung *	Hong Kong	Consumer Discretionary	-155
Ezion Holdings *	Singapore	Energy	-116
Woodside Petroleum *	Australia	Energy	-84
Giant Manufacturing *	Taiwan	Consumer Discretionary	-57
Axiata *	Malaysia	Communication Services	-52
Vodafone Idea *	India	Communication Services	-52
Cipla	India	Health Care	-44
Want Want *	China	Consumer Staples	-27
China Resources Beer *	China	Consumer Staples	-23
Hang Lung Properties *	Hong Kong	Real Estate	-23

* Company not held at end of period.

These figures refer to the past. Past performance is not a reliable indicator of future results.

For investors based in countries with currencies other than GBP, the contribution may increase or decrease as a result of currency fluctuations.

Source: Stewart Investors. Data calculated in GBP for the Stewart Investors Asia Pacific Leaders Fund (ICVC). Contributions are calculated at the investee company level before the deduction of any fees incurred at fund level (e.g. the management and administration fee) but after the deduction of transactional costs. Contribution data is calculated from the full portfolio and includes cash for the five years ending 31 December 2018. Any stocks held/listed in non-index countries have economic activity >50% from Asia Pacific economies.

Stock contribution: Five years

What helped (top ten)

Company	Country	Sector	Absolute contribution (bps)
Taiwan Semiconductor	Taiwan	Information Technology	795
CSL	Australia	Health Care	789
Tata Consultancy Services	India	Information Technology	520
Kotak Mahindra Bank	India	Financials	514
Unicharm	Japan	Consumer Staples	437
HDFC	India	Financials	424
Newcrest *	Australia	Materials	398
OCBC Bank	Singapore	Financials	396
Hong Kong & China Gas	Hong Kong	Utilities	339
Mahindra & Mahindra	India	Consumer Discretionary	303

* Company not held at end of period.

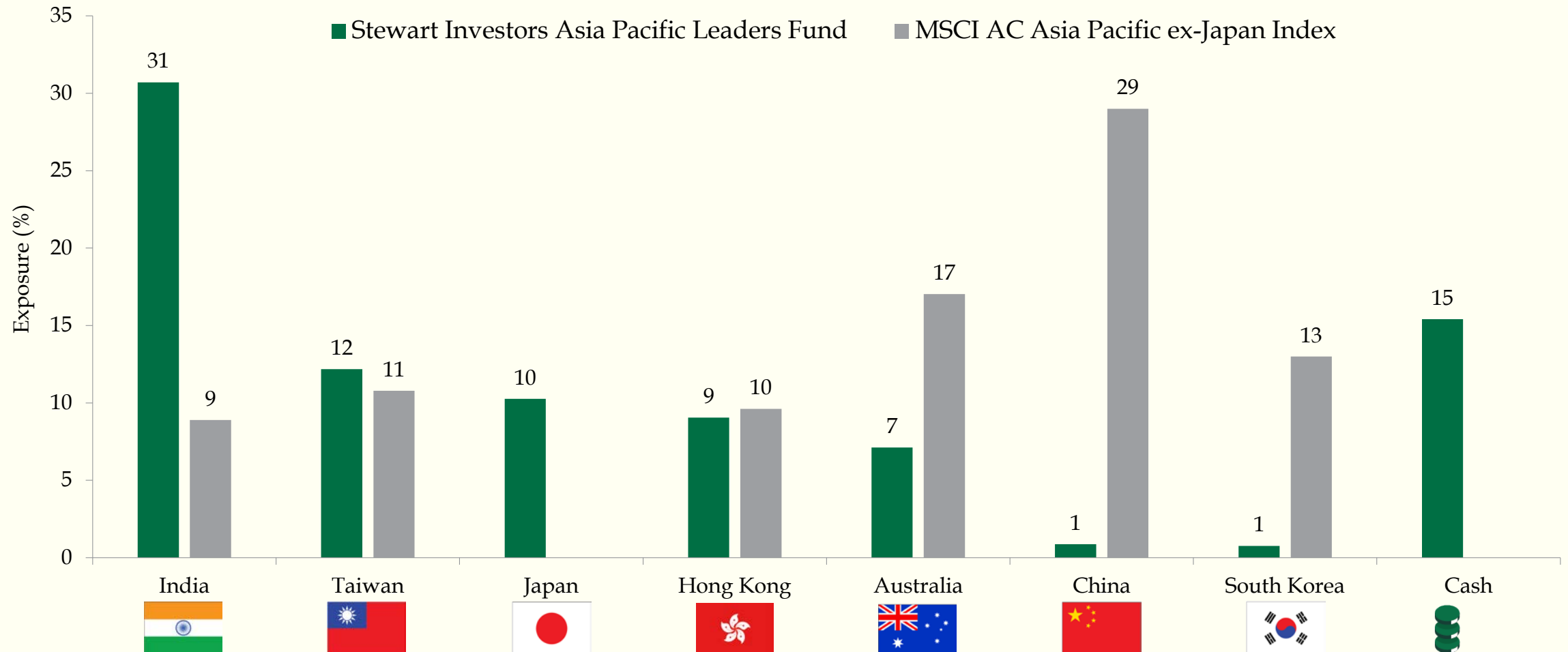
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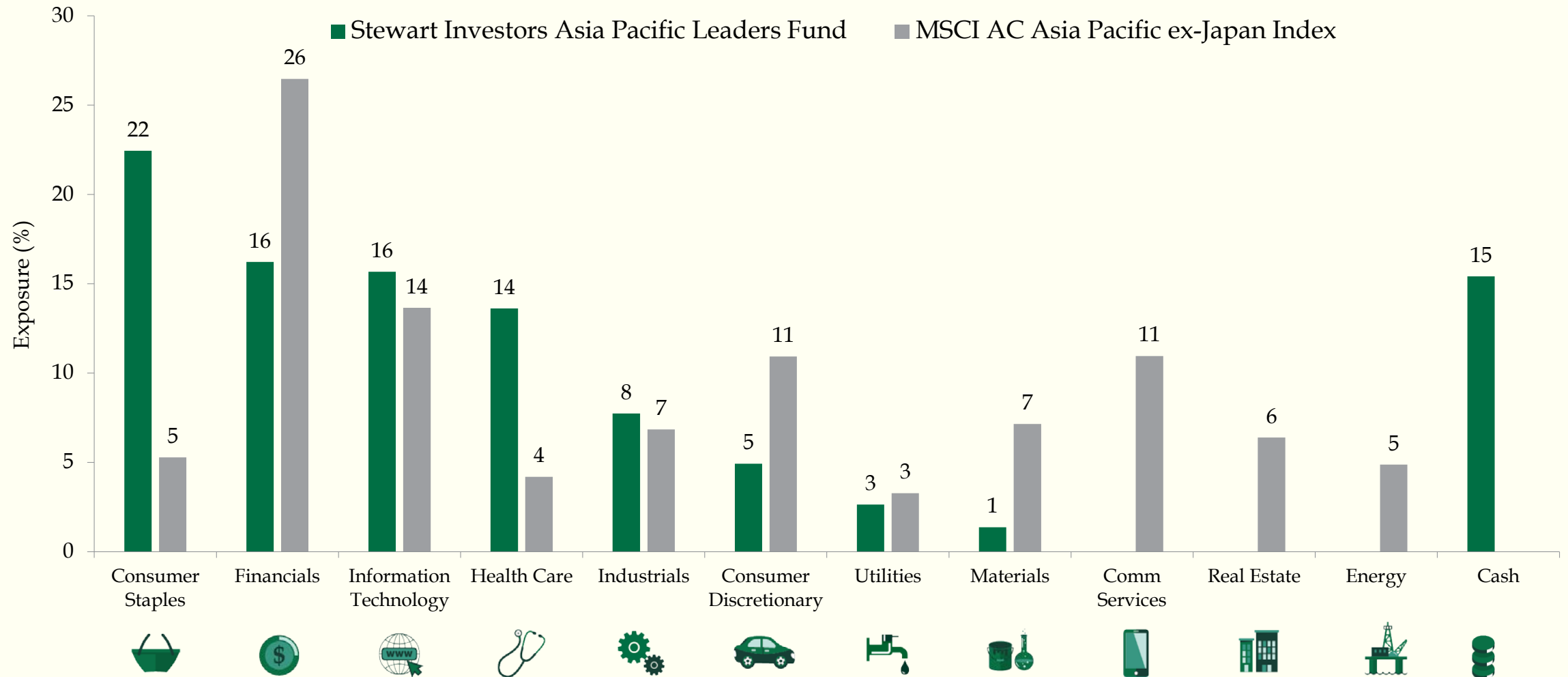
Additional information

Country exposure



Source: Stewart Investors as at 31 December 2018. Data shown reflects countries with a weighting greater than 5% for the Stewart Investors Asia Pacific Leaders Fund (ICVC) and/or the MSCI AC Asia Pacific ex-Japan Index. Any stocks held/listed in non-index countries have economic activity >50% from Asia Pacific economies. Source for flags: Getty Images. A full country breakdown is available on request.

Sector exposure



Important information

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