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advisercentre research

CT Global Focus

Opinion

- This Recommended fund is managed by a seasoned growth investor, Dave Dudding, who has built an impressive track record in European equities before expanding into global equities. This fund is a mirror of an offshore vehicle that was launched in 2013.
- The firm has a network of inter-connected investment teams and the manager thrives upon the value of this shared knowledge.
- The managers are passionate about the opportunities offered by a global palette of stocks. They apply their tried-and-tested approach consistently and with conviction, always considering the long-run sustainability of a company's competitive position.

Characteristics and Utility

- The focus is on larger-cap stocks in growth-orientated industries. Sectors such as energy and materials, as well as regulated industries such as telecoms and utilities, are typically under-represented.
- Furthermore, the portfolio is concentrated and the managers pay limited heed to the benchmark. Therefore, fund's risk and return profile may differ meaningfully from the index and peers.
- The managers' focus upon relatively steady or compounding growth within larger-caps should mitigate some of the volatility associated with growth-styled strategies.
- It is suitable as a long-term global equity holding for those seeking a focused, large-cap and relatively unconstrained growth strategy. Investors who are concerned about risk/return versus the benchmark should consider blending the fund with an offsetting proposition.

Risk Commentary

The fund's KIID Synthetic Risk and Reward Indicator (SRRI) is 6. This is a regulatory measurement that is, where possible, calculated from the volatility of its weekly performance over a five-year period. A score of 6 means the fund's historic volatility is between 15% and 25%.

The fund's risk score is in keeping with the majority of funds in the sector. The concentrated nature of the approach means the fund's risk and return profile may differ meaningfully from the index and peers. That said, the managers' focus upon relatively steady or compounding growth within larger-caps should mitigate some of the volatility associated with growth-styled strategies. Different share classes could have differing SRRI scores.

LOWER RISK (Typically lower rewards) **HIGHER RISK** (Typically higher rewards)

1	2	3	4	5	**6**	7

Key Fund Facts

Inception Date:	17 April 2018
Manager(s) Since:	David Dudding (Apr 18), Alex Lee (Jul 23)
Fund Domicile:	United Kingdom
Base Currency:	£ Sterling
Fund Benchmark:	MSCI ACWI
IA Sector:	Global

A lower cost, "Launch Share Class" is available to advisers, subject to conditions – please contact the firm for details.

Formal documentation, including the fund prospectus and the KIID, should be sought directly from the asset manager. A link to the asset manager's website can be found on the relevant fund page at theadvisercentre.co.uk. An asset manager adviser factsheet is also provided there.

Fund Snapshot

This concentrated global equity fund is managed with a distinctive growth style and focused on larger-cap companies with strong and sustainable competitive positions. Preferred stocks demonstrate relatively steady or compounding growth characteristics. Within its sector, the fund features in our 'Larger-Cap, Growth' category.

Investment Team

The fund is co-managed by David Dudding and Alex Lee both members of the global equity team, led by Neil Robson. Mr Dudding joined the firm in 1999 and is deputy manager on the European Select strategy. Mr Lee joined the company in 2016 as a portfolio manager on the Japan equity desk and moved to the Global Equites team in 2018. He is lead manager on a number of segregated Japan equity mandates. The team's portfolio managers cover defined sectors, working collegiately with the regional teams in London and other locations.

Investment Philosophy

The team believes that companies with sustainable competitive advantages, reflected in high or rising returns on capital and the ability to compound earnings over time, make for superior long-term investments. Opportunities stem from their premise that the market tends to assume that high returns will revert to normal levels, with the result that companies with genuinely durable economic moats are often undervalued.

Investment Process

The first step in the process is to filter global stocks (with market capitalisations above $2bn) to identify those with high returns and sustainable earnings growth. For each potential idea, the team focuses on a company's competitive advantages and whether these are supported by a favourable industry structure, which they assess using the Porter's Five Forces framework. Cross-fertilisation of ideas between different teams is important, with the global equity team acting as a channel for ideas. Meetings with a company's management team and understanding its competitors, suppliers and the sector overall is at the heart of their work. Although the approach is primarily bottom-up, a series of macro-economic and thematic meetings provide context and highlight areas of potential opportunity.

Thereafter, promising ideas undergo more rigorous research and are debated at a weekly stock review meeting. They determine a view of the company's ability to sustain its competitive advantages over the long term, its susceptibility to disruption from industry changes and the valuation upside. The final stock selection and portfolio construction decisions rest with the lead manager. Position sizes primarily reflect conviction levels based upon quality, risk and valuation, together with liquidity.

Portfolio Construction and Risk Controls

The portfolio is relatively concentrated, with 30 to 50 holdings, and is typically fully invested. At the stock level, a +5% active weight versus the benchmark is permitted. There are no other constraints in the form of benchmark-relative positions. Regional exposure is a residual of the stock selection, although the manager is conscious of sensible global diversification. A portfolio meeting takes place weekly to discuss portfolio characteristics, risk analytics and market strategy. Risk reports are produced each day and regular formal reviews take place, involving the team head and the CIO.