



GLOBAL EQUITY INCOME FUND

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Investment Philosophy

We believe there is a vital distinction between **investment** and **speculation**, even when markets blur this line. Investment is like a farmer who buys good land because he has studied the soil, drainage, rainfall history, and crop yields, then only pays a price that makes sense relative to the harvest he can *reasonably expect* over many seasons. Speculation is bidding an ever-higher price for the same field simply because the neighbour's plot just sold for more, without ever checking whether the land can grow anything at all. *We invest in businesses; we do not speculate on prices.*

Our philosophy is supported by *four guiding principles*: think **long-term**, keep things **simple**, **price** matters and protect **integrity**.

We think **long-term** because great businesses compound value over decades, not quarters. We keep things **simple** because complexity is often the hiding place for risk and can be a catalyst for errors. Remembering that **price** matters ensures we never lose sight of the farmer's discipline - paying only what we can *reasonably expect* future harvests to justify. And we protect **integrity**, ours and that of our clients, because trust patiently built over years can be lost in a moment, and without it nothing else endures.

Investment Objective

To provide income and capital growth, *prioritising income*, over a minimum of five years, after all costs and charges have been taken.

Investment Policy

The Fund invests *at least 80%* of its assets in equities from around the world, including emerging markets, and spreads its investments across different countries, industry sectors, and company sizes with no specific limits. It may hold up to 20% in cash and cash equivalents, while the remaining portion supports the minimum 80% exposure to global equities. Our definition of global equities includes UK equities.

Investment Process

We seek companies that we can *reasonably expect* to exhibit high returns on invested capital long into the future. High returning companies that reinvest into their businesses at high rates of return can harness the power of financial compounding. We prefer companies that have either a strong track record of high returns or companies where returns have faltered, and management are taking the necessary steps to revive the efficiency of the business. We use third-party financial software, with a database of over 16,000 global stocks, to screen for companies matching our target profile.

Once identified, we undertake proprietary fundamental analysis – a fact finding deep-dive into the company and the markets in which they operate – to understand how the business operates and on what basis it competes. We divide this analysis into two parts: qualitative and quantitative.

Qualitative analysis includes an assessment of business model, market structure, market position, management, pricing power and competitive advantage, amongst other factors. Quantitative analysis involves scrutiny of financial statements and the construction of discounted cash flow (DCF) models, where necessary, to consider our understanding of value.

The investment team debates the findings and considers if the current market price ultimately offers a compelling long-term investment opportunity based on reasonable expectations about the future.

This is a continual, iterative process.