J O Hambro Capital Management Group

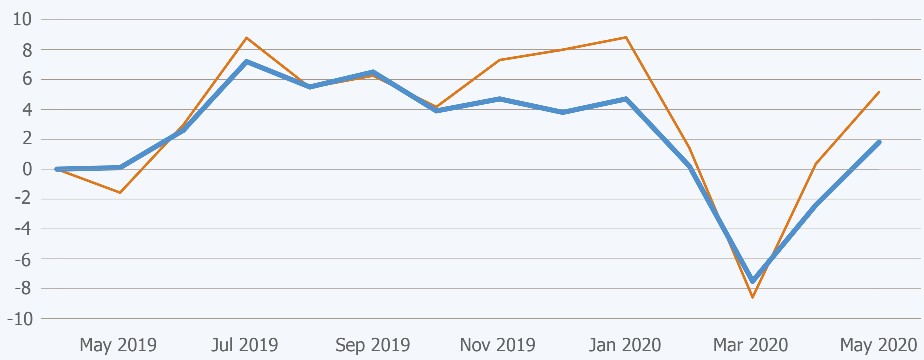
JOHCM Global Opportunities Fund

Fund overview

- Objective: to generate long-term capital and income growth through active management of a concentrated portfolio of global equities listed on developed and emerging stock markets
- A high conviction, benchmark-unconstrained stock picking fund
- The fund managers believe that stock markets consistently underestimate the value created by well-managed companies in growth niches that reinvest wisely to create sustainable, compounding returns

Performance highlights

Return since launch (%)



Return history

	1m	3m	1yr	3yr	5yr	10yr	SL	Annualised*
A Acc GBP	4.30	1.60	1.70	-	-	-	1.80	1.67
Benchmark	4.79	3.69	6.84	-	-	-	5.17	4.80

Discrete 12 month performance to

	31.05.2020	31.05.2019	31.05.2018	31.05.2017	31.05.2016
A Acc GBP	1.70	-	-	-	-

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. The Fund's investment 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. The annual management charge is deducted from the capital of the Fund. This will increase the income from the Fund but may constrain or erode potential for capital growth. We recommend that you read the Prospectus and Key Investor Information Document available from the address overleaf or from our website.

Source: JOHCM/MSCI Barra/Bloomberg, NAV of Share Class A in GBP, net income reinvested. The A Acc GBP was launched on 3 May 2019. Benchmark: MSCI AC World NR (12pm adjusted). Performance of other share classes may vary and is available on request.

*Annualised since launch. **Sector quartile ranking: IA Global, and Lipper Global Equity Global domiciled in the UK, offshore Ireland, or offshore Luxembourg.

A Acc GBP
ISIN: GB00BJ5JMC04

Fund details

Fund size	GBP 30.57m
Strategy size	GBP 2.94bn
Launch date	3 May 2019
Benchmark	MSCI AC World NR (12pm adjusted)
No. of holdings	35
Domicile	UK
Fund structure	UCITS
Tax status	UK reporting status
Denominations	GBP
Valuation point	12pm Dublin time
XD date	31-Dec
Pay date	28-Feb

Total strategy assets updated quarterly and shown as at 31 March 2020.

Fund managers

Ben Leyland
Senior Fund Manager
Ben has managed the Fund since launch. He joined JOHCM in 2006 and has 18 years of industry experience.

Robert Lancastle
Senior Fund Manager
Robert has worked on the Fund since launch. He joined JOHCM in 2012 and has 11 years of industry experience.

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Portfolio analysis (%)

Data as at 31 May 2020

Top 20 holdings

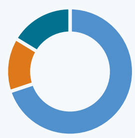
	Absolute
Enel	5.3
Oracle	5.2
Philip Morris International	4.9
Sanofi	4.4
Exelon	3.9
Safran	3.6
Raytheon Technologies	3.5
Thales	3.3
Unilever	3.1
ITC	3.1
Galp Energia	3.0
Sugi	3.0
Wärtsilä	2.7
Atmos Energy	2.5
NTT	2.4
Rio Tinto	2.3
Continental	2.3
Nokian Tyres	2.2
PSEG	2.2
TJX Companies	2.0
Total	64.9

Sector breakdown

	Absolute
Industrials	19.0
Utilities	15.9
Consumer Staples	15.8
Consumer Discretionary	9.7
Communication Services	5.8
Health Care	5.8
Information Technology	5.2
Energy	3.0
Materials	2.3
Financials	1.3
Cash	16.3

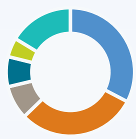
Market cap breakdown

	Absolute
Large (>USD 10bn)	69.9
Mid (USD 1 - 10bn)	13.8
Small (<USD 1bn)	0.0
Cash	16.3



Regional breakdown

	Absolute
Europe ex UK	32.7
North America	30.1
Japan	8.5
United Kingdom	7.6
Other	4.8
Cash	16.3



Attribution & contribution (%)

Stock contributors

Top contributors	Absolute
Enel	0.70
Tractor Supply Company	0.45
Rio Tinto	0.40
Continental	0.38
Sugi	0.30
Top detractors	
Compass	-0.22
China Mobile	-0.19
KDDI	-0.05
St. James's Place	-0.05
M&T Bank	-0.03

Sector contribution*

	Absolute
Industrials	1.12
Utilities	1.10
Consumer Discretionary	1.10
Consumer Staples	1.00
Materials	0.40
Information Technology	0.35
Health Care	0.28
Energy	0.25
Financials	-0.08
Communication Services	-0.12

*Excludes cash

Source: JOHCM/MSCI Barra/Bloomberg. Benchmark: MSCI AC World NR (12pm adjusted). Please note that due to rounding breakdowns may not add to 100.00%. All Contribution figures are as at end of day and are calculated on a gross basis.

Fund manager's commentary

- Across the board, perceived winners from the Covid-19 crisis trade on very high multiples of earnings or cash flows.
- By contrast, perceived losers trade on very low multiples; there is a high degree of uncertainty about their future earnings profile and therefore about their intrinsic value.
- With the debate as ever focused on either end of the see-saw, there are some interesting areas to explore in the middle.

We are strong believers in the futility of forecasting. We don't have a crystal ball. There is plenty being written about what the "post-Covid world" will look like but ultimately it is all guesswork at this stage. There will undoubtedly be some changes which with hindsight we will be able to attribute to the current experience, but we also have sympathy with the idea that many behaviours and habits are deeply ingrained, mutually reinforcing, and very hard to break.

There is also plenty being written about the narrowness of market leadership and in particular the dominance of six US tech stocks (Amazon, Apple, Alphabet, Facebook, Netflix, Microsoft) in driving the performance of both the S&P and MSCI AC World indices. Whilst undoubtedly true, we think it is part of a broader trend. It is misleading to imply that by avoiding these six stocks you will avoid a crowded trade. Across the board, perceived winners from the crisis trade on very high multiples of earnings or cash flows. There are plenty of these in the technology sector but plenty also in the healthcare sector, and certain other subsectors like industrial automation (set to benefit from re-shoring of production as globalisation retreats), derivative exchanges (beneficiaries of rising volatility) or insurance brokers (beneficiaries of a hardening premium cycle as a result of Covid-related claims). Within the retail sector there is a widening gap between 'winners' and 'losers' based mostly on the proportion of their sales which are online, or the proportion of their store base which has remained open. As a general comment, there is perhaps more certainty about their prospects for future earnings growth but we can't see a path to making good returns from investing in their shares at current prices. In our language they trade at (or above) the top of a relatively narrow valuation envelope. Maybe returns will be better than those on treasuries yielding less than 1%, but that is hardly a high bar.

By contrast, perceived losers trade on very low multiples. There is a high degree of uncertainty about their future earnings profile and therefore about their intrinsic value. Most of these lack the franchise quality or balance sheet strength for us to consider them as investible, and thus are likely to fail the Covid test. But there is a very small number of leading franchises that we believe can, and which are attractive investments as we stand today. Having rallied quite hard in recent weeks they no longer trade on ex-growth multiples of severely impaired earnings, so they do carry some downside if the worst does happen, but at the same time there are plenty of plausible scenarios in which they look very cheap, and in most cases they are taking the appropriate steps to manage costs and preserve liquidity to ensure they can survive in the short term and thrive in the long term.

At the same time, with the debate as ever focused on either end of the see-saw, there are some interesting areas to explore in the middle. Regulated utilities in particular look cheap to us, particularly those with multi-year growth stories driven by the ongoing evolution of the generation fleet. Emerging-market-facing staples, certain Asian telcos, and defence companies also merit attention. None are sexy but all are still decent value having been left behind in the rally.

Performance over 1 month	%
Fund - A Acc GBP	4.30
Benchmark	4.79

Statistics

As this Fund was launched less than three years ago, risk measures cannot be deemed statistically significant.

Fund awards & ratings

MORNINGSTAR ★★★★★

Regulatory documents

English language KIIDs can be found on our website at www.johcm.com

Foreign language versions are available on request by calling +44 (0) 20 7747 5646

Share class details (Further details on additional share classes are available on request)

	ISIN	SEDOL	Bloomberg	WKN	Initial charge	Annual charge	Ongoing charge	Minimum investment*
A Acc GBP	GB00BJ5JMC04	BJ5JMC0	JOHGOAA LN	-	Up to 5%	0.90%	0.99%	£1,000
A GBP Hedged	GB00BKDV8G18	BKDV8G1	-	-	Up to 5%	0.90%	0.99%	£1,000
A Dis GBP	GB00BJ5JMD11	BJ5JMD1	JOHGOAD LN	-	Up to 5%	0.90%	0.99%	£1,000
X Acc GBP	GB00BJ5JMF35	BJ5JMF3	JOHGOXA LN	-	Up to 5%	0.625%	0.75%	£100,000,000
X Dis GBP	GB00BJ5JMG42	BJ5JMG4	JOHGOXD LN	-	Up to 5%	0.625%	0.75%	£100,000,000

Ongoing Charge is as at 29 May 2020.
*Other currency equivalents apply.

Important information

This document is for professional investors only. It should not be circulated to or relied upon by retail investors.

Sources for all data: JOHCM/MSCI Barra/Bloomberg (unless otherwise stated).

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