



**STIRLING HOUSE  
FINANCIAL SERVICES**

# Quarterly Update

HC Stirling House Dynamic Fund

31st December 2018

## Investment Objective

To achieve long term capital growth.

## Investment Policy

The Fund will seek to achieve its investment objective by gaining exposure predominantly to global equities with some exposure to money market instruments, fixed interest securities, cash and near cash. The investment manager may allocate the Fund towards particular investment themes, geographic areas and sectors. The Fund may be expected to have a relatively high degree of volatility.

It is anticipated that the Fund may be almost wholly invested through collective investment schemes. As the Fund grows in size, it is intended that the Fund will invest less in collective investment schemes and instead invest to a greater extent or wholly directly (where permitted) into the asset classes set out above.

The Fund may also invest directly or indirectly in other transferable securities and collective investment schemes which may have exposure to alternatives such as commodities, loans, hedge funds, private equity and property.

Fund Performance can also be viewed online at [www.TrustNet.com](http://www.TrustNet.com)  
Search HC Stirling House Dynamic

This factsheet has been issued by Stirling House Financial Services Ltd who are authorised and regulated by the Financial Conduct Authority under the firm reference 413234.

### Notes

For further details before making an investment please ask your Financial Adviser for the full Prospectus or KIID, or contact Host Capital Limited directly, or see the Host Capital Limited website.

\* Under normal circumstances this charge will be waived, contact Stirling House Financial Services Ltd for further clarification.

\*\*This figure was calculated as of 30/06/2018 for the A ACC share class and includes the annual management fees and the fund administration charges.

## Performance Commentary

Global equities plummeted in Q4, with the MSCI All countries World Index down 12.8% over the period. The US Fed drained liquidity in a period when risk appetite had been high, then spooked markets by issuing poor forward guidance. This was significant as US equities had been the main driver of returns. Weaker Chinese growth and a decline in business confidence also provided headwinds. Government bonds had a better quarter as investors looked to reduce risk given. Within fixed income, corporate bond credit spreads generally widened.

Stock selection helped avoid some of the worst falls. Technology stocks suffered most from the shift in sentiment and in September, we

reduced exposure in US disruptive growth companies such as Activision Blizzard and Amazon, which fell sharply.

More positively, emerging market holdings provided some respite. Brazilian aircraft manufacturer, Embraer, benefited from increased confidence surrounding the election of Jair Bolsonaro. This also lifted Brown Advisory Latin America, which by the end of October had increased its Brazilian exposure to 50%.

Transactions of note included the sale of Glencore PLC on governance concerns. We increased holdings in Swedish company Investor AB and AB Foods following the reported recovery in margins at Primark and 10% increase in dividend.

Source: Sarasin & Partners LLP, 31 December 2018

## Fund Facts

<b>Fund Structure</b>	NURS (Non-UCITS Retail Fund)
<b>Fund Launch Date</b>	18 February 2013
<b>Fund Currency</b>	GBP
<b>Registered for Sale</b>	Authorised in the UK by the FCA
<b>Initial Charges*</b>	5%
<b>Ongoing Charge**</b>	1.82%
<b>Fund Dealing</b>	Daily
<b>Cut-Off Point</b>	12 noon on a Dealing Day
<b>Pricing Frequency</b>	Daily
<b>Target Return Benchmark</b>	RPI +4.5%
<b>IMA Sector</b>	Unclassified Sector

<b>Launch Price</b>	£1.00
<b>Minimum Investment</b>	£5,000
<b>Annual Management Fee</b>	0.70%
<b>Codes</b>	<b>Acc Class</b>
<b>SEDOL</b>	B99R189
<b>ISIN</b>	GB00B99R1898

## Investment Manager

Sarasin & Partners LLP is a London-based asset management group that manages investments on behalf of charities, institutions, intermediaries, pension funds and private clients, from the UK and around the world. The group employs 207 people and manages approximately £12.4 billion\*.

Sarasin & Partners is known both as a market leader in thematic investment and for long-term income and dividend management across multi-asset and equity mandates. Consistent with a longer-term approach is a commitment to “stewardship” principles, embedding environmental, social and governance considerations into the investment process.

Sarasin & Partners is 60% owned by Bank J. Safra Sarasin Ltd and 40% owned by its London-based partners.

J. Safra Sarasin Group is one of the largest private banking groups in Switzerland. As at the end of December 2016 it managed total client assets of approximately CHF 149 billion and employed around 2,140 staff.

\*Source: Sarasin & Partners LLP, 31 December 2018

## Stirling House

Stirling House Financial Services Limited was established in 2003 as an independently owned firm specialising in the provision of face-to-face financial advice.

We have a proven track record in providing investment advice and with our close partnership with Sarasin have the ability to offer bespoke fund management solutions.

Our funds have been specifically designed to be managed within predefined risk constraints whilst giving investors exposure to a range of investments managed globally. This provides you with all the economies of scale and gives you access to professional fund management and expertise, allowing us to offer our Clients the opportunity of aiming to obtain consistent, superior investment performance over the long term.

The Stirling House Funds are collective investment schemes authorised and regulated in the UK by the Financial Conduct Authority. This provides the reassurance that these Funds are being managed to the highest standards as one would expect as a Client of Stirling House.

## Fund Outlook *from Sarasin & Partners*

Given the denouement of QE, we expect volatility to continue. The stimulus from US tax cuts and increased public spending is likely to evaporate and the outcome of US/China trade tensions could be a help or hindrance.

The Q4 rally in core government bonds demonstrates that they still have a role in limiting volatility. Nevertheless, bonds are likely to be an impediment to long-term returns whilst income is insufficient to compensate for capital loss.

Equities drive long-term returns and we believe the outlook remains fair for good quality companies operating in the right areas of the global economy. Our analysts are finding many genuine thematic growth opportunities that stand out in a slower growth world.

Many of the disruptive growth companies held in the portfolio that suffered in the market sell off are now available at valuations close to many older economy investments.

Although the US Federal Reserve has persisted in tightening monetary policy, we believe it can now be patient with inflation relatively quiescent. However, we remain wary of US wage growth running ahead of expectations. We maintain our investment strategy of being underweight bonds and neutral global equities but there will be refinements, periodically holding cash to exploit the investment opportunities that come with greater market volatility.



David Palmer  
Fund Manager



SARASIN  
& PARTNERS

## Top 10 Key Holdings

SARASIN RESPONSIBLE CORPORATE BOND-I INC  
SPDR S&P 500 UCITS ETF DIST  
NB UNCORRELATED STRAT-I5GBPA

JPMORGAN CHASE & CO  
ECOLAB INC  
FIDELITY INDEX JAPAN-P ACC  
INVESTOR AB-B SHS

MASTERCARD INC-A  
ROYAL DUTCH SHELL PLC-B SHS  
CME GROUP INC

Source: Sarasin & Partners LLP, 31 December 2018

## Geographic Equity Allocation

The following chart shows how the investments in the fund are proportioned over various geographic regions:



- Emerging Markets 9.23%
- Europe ex UK 21.38%
- Japan 5.73%
- North America 49.44%
- Pacific Basin ex Japan 3.25%
- UK 10.97%
- Middle East & Africa 0.00%

## Asset Allocation

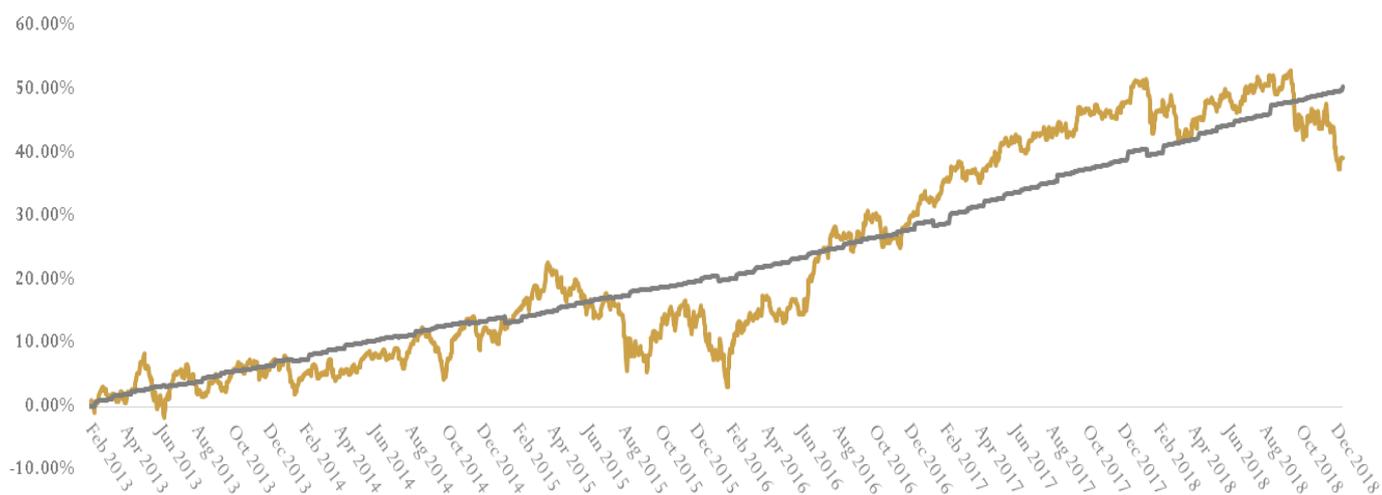
The following chart shows how the investments in the fund are proportioned over various asset classes:



- Government 5.89%
- Corporation 4.41%
- Total Equity 77.46%
- Total Alternatives 8.00%
- Cash 4.24%
- Property 0.00%

Source: Sarasin & Partners LLP, 31 December 2018

## HC Stirling House Dynamic Fund



– HC Stirling House Dynamic      –UK RPI +4.5%

Data from 18 Feb 2013 to 31 December 2018

Performance	01/01/2014 to 31/12/2014	01/01/2015 to 31/12/2015	01/01/2016 to 31/12/2016	01/01/2017 to 31/12/2017	01/01/2018 to 31/12/2018	19/02/2013 to 31/12/2018
HC Stirling House Dynamic	4.11%	3.06%	13.18%	13.59%	-6.02%	39.16%
RPI +4.5%	6.19%	5.75%	7.12%	8.80%	7.31%	50.41%

*Please remember that past performance is not a guide to future performance*

Source: Morningstar,  
31 December 2018

### Fund Distributor / Sponsor

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## Important Information

**P**ast performance should not be seen as a guide to future performance. The value of the investments of the Fund and the income from them can fall as well as rise, it may be affected by exchange rate variations and you may not get back the amount originally invested. All details in this factsheet are provided for information purposes only and should not be misinterpreted as investment advice. This document is not an offer or recommendation to buy or sell shares in the fund. You should not act or rely on this document but should seek independent advice and verification in relation to its contents. Stirling House Financial Services Limited accepts no liability or responsibility whatsoever for any consequential loss of any kind arising out of the use of this document or any part of its contents.

The outlook expressed in this fact sheet represents the views of the Fund Manager at the time of preparation and are subject to change. They are not necessarily the views of Stirling House Financial Services Limited or of Host Capital Limited (FCA N°429093) . The asset allocations detailed within the factsheet are correct as at 31 December 2018 and are subject to change, whilst operating within the objectives of the Fund. The Fund Manager has the power to use derivatives but it is intended that these will only be used for the purpose of efficient portfolio management and not for investment purposes. Quoted yields are indicative, they do not take into account any fees or taxation and cannot be guaranteed.

This document does not explain all the risks involved in investing in the fund and therefore you should ensure that you read the Prospectus and the Key Investor Information Document (KIID) which contains further information including the applicable risk warnings.