



**STIRLING HOUSE  
FINANCIAL SERVICES**

# Quarterly Update

HC Stirling House Balanced Fund

31st March 2019

## Investment Objective

To provide a balance of income and capital growth over the medium to long term.

## Investment Policy

The Fund will seek to achieve its investment objective by gaining exposure generally to money market instruments, fixed interest securities, cash and near cash, with some exposure to global equities.

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.

The Fund may make use of derivatives for efficient portfolio management.

Fund Performance can also be viewed online at [www.TrustNet.com](http://www.TrustNet.com)

Search: HC Stirling House Balanced

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

Sentiment recovered in Q1 2019 as fears of monetary tightening in the West, slowing Chinese Growth and a worsening China-US trade conflict abated. Perhaps most significantly Fed Chairman Jerome Powell, highlighted the need to be 'patient' in assessing future rate hikes, contradicting his more hawkish December comments which spooked markets. Forecasts for US rate rises this year dropped from two to zero and combined with dovish tones in Europe supported near universal rallies in markets. US 10-year bond yields dipped below 2.5%, and global equities retraced losses incurred in December. The funds posted strong absolute and relative returns over the quarter Technology benefited whilst traditionally defensive sectors lagged.

For instance, Mastercard had a strong start to the year after issuing encouraging commentary on their outlook and strong underlying operating metrics, alleviating concerns of slowing growth in the payments sector. A similar story is true of the funds other technology holdings, such as data centre provider Equinix and Google parent Alphabet which both performed strongly.

In contradistinction, ME Group (operator of exchanges in listed derivatives) gave back some gains from last year on lower market volatility – we had taken some profits in January.

A number of alternative holdings, which rely on higher levels of leverage, were sold and the proceeds reinvested into favoured equities.

Source: Sarasin & Partners LLP, 31 March 2019

## 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>	1.77%
<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 +3%
<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>SEDOL</b>	B99R167
<b>ISIN</b>	GB00B99R1674

<b>Acc Class</b>	<b>Inc Class</b>
	£1.00
	£5,000
	0.70%
<b>Acc Class</b>	<b>Inc Class</b>
	B99R178
	GB00B99R1781

## 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 211 people and manages approximately £13.3 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 March 2019

## 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*

Despite this market recovery, the global economy is cooling with growth set to remain sluggish in H1 2019 as the US nears full employment and Europe’s manufacturing sector languishes on weaker Chinese trade. However, there are indications that these trends may be weakening rather than intensifying. Further policy stimulus in China is likely to revive global trade. Consumer spending continues to fuel growth, supported by rising real wages and a tight labour market. Gentler rhetoric from central banks and lukewarm inflation forecasts suggest that it is unlikely that we will see tightening in the near future, supporting markets.

Political risks persist with Brexit, the China-US trade war and European elections causing uncertainty over the global economy. These risks are modest at present, but escalation would likely destabilize markets and lead to increased volatility, without necessarily causing long-term harm.

The risk of a Trump policy shock seems somewhat contained as he attempts to gain favour leading up to the 2020 presidential election.

Overall, the risk of near term global recession has reduced and growth seems more likely to pick up later this year. This should lead to a supportive environment for equities but subject to periods of volatility as policy makers encounter and respond to exogenous shocks. Whilst fixed income receives support from accommodative monetary policy, bonds are likely to be an impediment to total returns whilst income is insufficient to compensate for capital loss. We still expect to add most value from equities and hold the view that the outlook remains fair for good quality companies operating in the right areas of the global economy despite the challenges of a slower growth world.



**David Palmer**  
Fund Manager



**SARASIN**  
& **PARTNERS**

## Top 10 Key Holdings

UK TSY GILT 4.25% 07/03/36 GBP  
 UK TSY GILT 2.75% 07/09/24 GBP  
 UK TSY GILT 4.75% 07/12/30 GBP  
 UK TSY GILT 3.25% 22/01/44 GBP

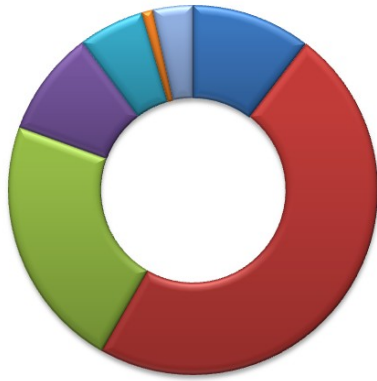
UK TSY GILT 4.75% 07/03/20 GBP  
 UK TSY GILT 4.00% 07/03/22 GBP  
 UK TSY GILT 3.75% 22/07/52 GBP  
 NB UNCORRELATED STRAT-I5GBPA

FIDELITY INDEX JAPAN-P ACC  
 SARASIN RESPONSIBLE CORPORATE  
 BOND-I INC

Source: Sarasin & Partners LLP, 31 March 2019

## Geographic Equity Allocation

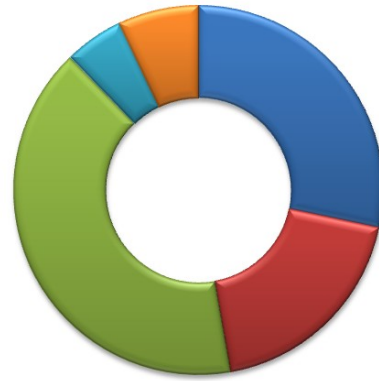
The following chart shows how the investments in the fund are proportioned over various geographic regions:



- UK 10.46%
- North America 47.80%
- Europe ex-UK 22.27%
- Emerging Markets 9.25%
- Japan 5.74%
- Multi-Regional 0.98%
- Pacific Basin ex-Japan 3.50%

## Asset Allocation

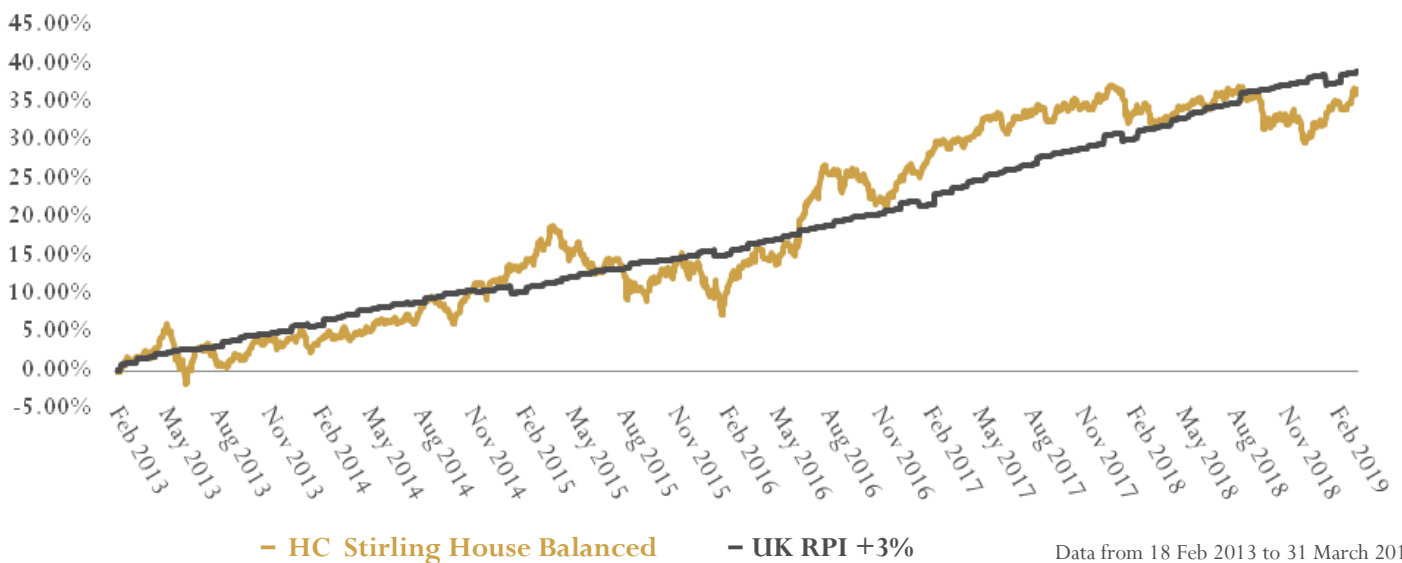
The following chart shows how the investments in the fund are proportioned over various asset classes:



- Government 28.27%
- Corporation 18.95%
- Total Equity 40.53%
- Total Alternatives 5.18%
- Cash 7.07%

Source: Sarasin & Partners LLP, 31 March 2019

## HC Stirling House Balanced Fund



Data from 18 Feb 2013 to 31 March 2019

Performance	31/03/2014 to 31/03/2015	31/03/2015 to 31/03/2016	31/03/2016 to 31/03/2017	31/03/2017 to 31/03/2018	31/03/2018 to 31/03/2019	19/02/2013 to 31/03/2019
HC Stirling House Balanced	11.51%	-1.74%	13.67%	1.91%	3.20%	36.47%
UK RPI +3.0%	4.18%	4.78%	6.69%	6.81%	5.52%	38.95%

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

Source: Morningstar,  
31 March 2019

### Fund Distributor / Sponsor

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Administration Centre  
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WR14 9DD

### Authorised Corporate Director / AIFMD

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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 March 2019 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.