

# MI Charles Stanley Equity Fund

## Investment objective and policy

The investment objective of the MI Charles Stanley Equity Fund is to generate capital growth from a portfolio consisting predominantly of companies which form the FTSE 350 Index. There may be occasions when we choose to hold collective investment schemes and a high level of bonds, government securities, cash and money market instruments.

Investors with a long-term time horizon who can accept that their investment will be subject to fluctuations in share price may wish to consider this fund.

## Latest commentary

The fund reported a total return of 1.0% in August compared to 2.4% for the FTSE 350 and 3.1% for the peers in the IA UK All Companies sector. (Source: Financial Express Analytics as at 31st August 2020, pounds sterling, bid - to-bid, net of ongoing charges and fees, net income re-invested).

Equities have rallied significantly since the March sell-off thanks to government and central bank measures and hopes that a Covid-19 vaccine will be developed soon. Expectations are that earnings will not recover to pre-pandemic levels before 2021, and as such, some caution may be necessary in the near term. However, ahead of the US presidential election in November, authorities there are doing everything they can to support the stock market.

We continued to invest any inflows into existing holdings. These included Prudential, Smith & Nephew, Experian, National Grid, Intermediate Capital, Istock and Auto Trader. Regarding the news flow, insurer Prudential's first-half results met previously lowered City expectations and management announced plans to exit its US business to focus on higher-growth opportunities in Asia and Africa. Its Asian business remains well positioned to benefit from structural growth drivers in the region (e.g. rapidly increasing median incomes and demographic transition towards an ageing populace). Brick maker Istock's first-half results came in a bit below previously downgraded City expectations and management once again opted not to provide an outlook for the full year, after guidance was initially pulled in March due to the pandemic. Near-term uncertainty persists. However, in our opinion, the UK government's drive to build more houses (e.g. Help-to-Buy scheme, Stamp Duty Holiday), combined with a general shortage of domestic supply of bricks (e.g. high barriers to entry), provide a supportive backdrop in the medium term. Auto Trader rallied to recover losses seen in the March market sell off with hits on its website having jumped markedly. More sales of used cars are now expected to take place online as the Covid-19 pandemic changes consumer behaviour. Its new and used car website dominates the UK market, with a share five times that of the next player, Gumtree.

The risk-on sentiment continued throughout August with most cyclical sectors posting positive total returns. The sectors that contributed the most were Industrials, Global Technology and Consumer Discretionary with 3.7%, 9.9% and 3.4% total returns respectively. The defensive sectors that negatively contributed were Consumer Staples, Utilities and Health Care with total returns of -5.0%, -4.5% and -2.0% respectively.

At the holding level, the Allianz Technology Trust which provides exposure to global technology companies contributed the most to the performance with a total return of 9.9%. It was followed by Avon Rubber, with a total return of 16.1% and Compass with 12.0%. Protection maker Avon won a 10 year contract from NATO and a dual source contract from the US department of Defence to supply replacement filters for its masks. Caterer Compass' Q3 update was broadly in line with previously-cut City expectations and management once again refrained from giving full-year guidance. The road to full re-opening is likely to be protracted but, in the long term, it should benefit from its industry-leading position, diversified business model (by regions and end markets) and the shift to outsourcing of catering services.

The detractors to the overall return were Diageo and Avast, with respective total returns of -11.5% and -6.0%. Spirits maker Diageo reported annual results that were mixed and management once again declined to give detailed forward guidance, after it was initially withdrawn in April due to the coronavirus pandemic. Diageo should continue to benefit from its portfolio of leading brands that are available in more than 180 countries. Cyber-security company Avast's interim results met City expectations and management nudged up full-year guidance. Avast remains well positioned to benefit from stronger digitisation trends with the largest user base of any digital-security company (435 million users) although pandemic-related tailwinds for news installations are fading which led to profit taking.

## Performance

Share Class	Aug 19 - Aug 20	Aug 18 - Aug 19	Aug 17 - Aug 18	Aug 16 - Aug 17	Aug 15 - Aug 16	3 Years	5 Years	10 Years	Since Inception
MI Charles Stanley Equity	1.3	5.7	5.5	8.9	10.8	13.0	36.3	121.1	160.4
IA UK All Companies	-8.8	-3.2	6.5	13.8	8.9	-5.9	16.5	90.3	88.9
FTSE 350 Index	-13.0	0.6	4.7	14.1	11.8	-8.4	16.9	76.0	85.4
Quartile	1	1	3	4	2	1	1	-	-

Source: Financial Express Analytics at 31/08/20 Total Return, Sterling, bid-to-bid, net of ongoing charges and fees, net income reinvested. Returns are based on the B share class and have been extended, at FE's discretion, to give a sense of a longer track record of the fund as a whole. B shares launched 10th December 2012. A shares launched 13th March 2006. Past performance is not a reliable indicator of future results.

All data as at 31<sup>st</sup> August 2020

## Portfolio facts

Launch Date	Fund Type	Denomination
13-Mar-06	UCITS OEIC	Sterling
Fund size	Domicile	ISA/SIPP Eligible
£ 13.52 M	UK	Yes

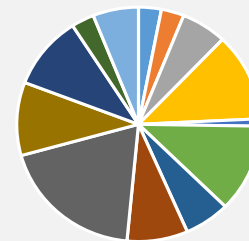
### Investment Manager

Charles Stanley & Co. Limited

### Authorised Corporate Director

Maitland Institutional Services Limited

## Asset allocation – GICS Sectors



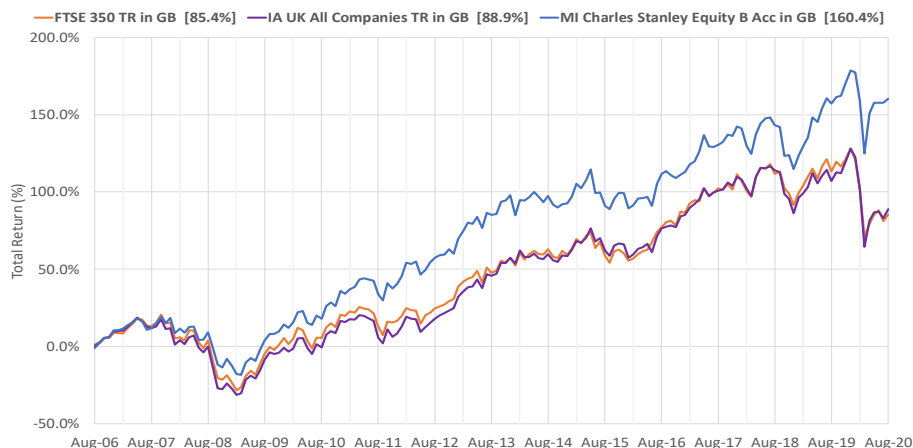
■ Cash	3%
■ Communication Services	3%
■ Consumer Discretionary	6%
■ Consumer Staples	12%
■ Energy	1%
■ Financials	12%
■ Funds	6%
■ Health Care	8%
■ Industrials	19%
■ Information Technology	10%
■ Materials	10%
■ Real Estate	3%
■ Utilities	6%

## Top ten holdings

Top ten holdings	%
Allianz Technology Trust	5.8
Reckitt Benckiser	4.8
AstraZeneca	4.8
Rentokil Initial	4.6
Unilever	3.8
Croda International	3.7
Avast	3.6
Intermediate Capital Group	3.5
Halma	3.5
Segro	3.4

Figures subject to rounding

### Performance Since Inception - 13/03/2006



Source: Financial Express Analytics at 31/08/20. Past performance is not a reliable indicator of future results.

### Fund Managers

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### Deputy Fund Manager

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### Share class details

Share Class	Initial Charges %	Ongoing Charges %	Share Price (p)	Yield %	ISIN	Sedol
B Inc	0.00	0.95	133.6	1.0	GB00B93Q5805	B93Q580
B Acc	0.00	0.95	159.6	0.9	GB00B93NZH07	B93NZH0
A Inc	0.00	0.20	195.7	1.3	GB00B09CC449	B09CC44
A Acc	0.00	0.20	257.9	1.3	GB00B09DHH53	B09DHH5

The yield reflects distributions made over the past twelve months as at the date shown on this factsheet. Yields are not guaranteed and may vary in the future.

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For full details about how to invest, the administration of your investment and further information about the risks, please read the Prospectus, Key Investor Information Document (KIID) and Supplementary Information Document (SID), which can be obtained from Maitland’s website at [www.maitlandgroup.com](http://www.maitlandgroup.com)

#### Important Information

**The value of investments, and any income derived from them, can fall as well as rise and may be affected by exchange rate variations. Investors may get back less than invested.**

The fund may invest more than 35% in securities issued by any one or more of the governments listed in the fund prospectus. Such exposure may be combined with the use of derivatives in pursuit of the fund objective. It is not currently envisaged that the fund’s exposure to such securities may exceed 35%. The information contained in this Financial Promotion does not constitute advice or a personal recommendation, nor does it constitute an invitation to purchase shares. Investments should be made on the basis of the Prospectus, Key Investor Information Document (KIID), and Supplementary Information Document (SID) available from Maitland Institutional Services Limited on request. We recommend that you seek advice concerning suitability from a regulated financial adviser. Maitland Institutional Services Limited is the Authorised Corporate Director of the Charles Stanley Investment Funds and is authorised and regulated by the Financial Conduct Authority, Registered in England No. 6252939. Registered Office: Hamilton Centre, Rodney Way, Chelmsford, Essex, CM1 3BY, United Kingdom.

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