

Latitude Global Fund



Investment Objective

The Latitude Global Fund follows a focussed, style agnostic approach to equity investment. By combining fundamental internal research with disciplined portfolio construction, we aim to achieve strong returns throughout market cycles.

June Commentary

Value investing is dead. Long live value investing.

Historically, value investors could rely on a reasonably efficient mean reversion around a stock's intrinsic value. However, given the exodus of capital from "value" funds, there are insufficient buyers to drive prices back to their fair price. In other words, the spring of opportunity which existed for so many decades has dried up, for now, and value realisation will come in different forms, not just changes in perception.

The businesses themselves must generate *value growth* for their share holders, and this can be done in two principal ways.

The first is *operational performance* improvements. A good example of this is **Sony**. After a decade of difficulties in their electronics business they successfully reinvested their internally generated cash flow into structurally growing businesses such as music, film and video gaming. The stock is up 600% since 2013 and still trades on around 12x PE (22).

Other examples include the **US banks**, where a decade after the financial crisis they have dramatically reduced costs, increased their capital and liquidity, and de-risked their business models.

The second is through *capital return*, specifically buybacks but also dividends. If shares trade cheaply, returning free cash flow through a dividend offers a higher return on capital to investors than when shares are expensive. Moreover, buying back your stock with surplus free cash flow, when it is trading below intrinsic value, can be a fantastically

accretive activity. Assuming all capital requirements for internal projects are met first, excess capital deployed into shares of a business with high underlying returns on capital drives a long-term compounding effect, where higher cash flow is shared amongst fewer share holders.

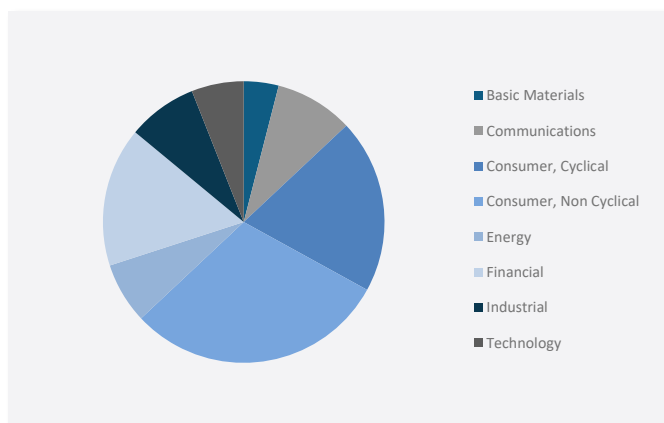
AutoZone is a great example of this, where net income has risen 150% over the past decade, and share count has fallen -55%, driving a 450% increase in EPS and, likewise, the share price. The **US banks** are about to increase capital returns too after a temporary restriction from the Fed, and this could add 5-8% per year to the long-term growth of the business value.

All our value stocks offer at least one of these two routes to redemption, and as a group they have generated strong returns since launch despite the heavy bias towards "growth" stocks over that period.

Finally, there are examples of "old fashioned" value investing at work too within the bargain hunting private equity market. Many of the sectors where we consider ourselves owning "value stocks" have seen serious bid speculation this year already including infrastructure, UK supermarkets, music and energy assets. We would hope not to be forced sellers of our shares to private equity, although their interest may help highlight the opportunities available.

While luxury goods and trophy assets may be in vogue at present, buying attractive assets for attractive prices will never go out of fashion.

Sector Allocation



Top Ten Holdings

Advance Auto Parts	5.8%
Texas Instruments	5.6%
Coca-Cola	5.4%
Autozone	5.1%
Alphabet	4.8%
Diageo	4.7%
Sony	4.6%
Heineken	4.6%
Dollar Tree	4.5%
Facebook	4.4%
Total Top 10	49.4%

Net Performance¹

%	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2020									0.4%	-3.5%	11.1%	1.6%	9.4%
2021	-3.4%	3.4%	6.3%	4.2%	-0.6%	2.8%							13.0%

¹ All data shown as at 30 June 2021. Performance shown is representative of the GBP Acc P share class and is net of fees. The September 2020 data in the table reflects the performance since the launch date of the fund (23rd September 2020). Past performance is not a guide to future performance and may not be repeated, the value of an investment may go down as well as up and you may not get back the total value of your investment.

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Key Fund Information

Fund Manager	Freddie Lait
Launch Date	23rd September 2020
Strategy Assets	£48m
Firm Assets	£241m
Legal Structure	Irish Domiciled UCITS V Fund - ICAV
Regulator	Central Bank of Ireland
Base Currency	Sterling
Regional Exposure	Global
Management Fee	0.75% per annum (Institutional Classes) 1% per annum (Primary Classes)
Performance Fee	0%
Dividends	Semi-annual
Dealing	Daily, 2pm Dublin cut off
Administrator	SEI Investments – Global Fund Services
Custodian	SEI Investments Trustee and Custodial Services (Ireland)
Auditors	PwC (Ireland)
Primary Platforms <i>(Full list available upon request)</i>	Hargreaves Lansdown, Interactive Investor, AJ Bell
Contact Details	patrick.valentine@latitudeim.com +44 (0)207 087 9278

If you do not already receive our factsheet, and would like to, please [click here](#)

If you would like to invest directly through any of the platforms below please click the logo



Latitude Global Fund



Share Classes and Identifiers

Share Class	Class	Minimum	Management Fee	TER*	ISIN	SEDOL
GBP Accumulation	I	£1m	0.75%	1.03%	IE00BMT7RM66	BMT7RM6
GBP Income	I	£1m	0.75%	1.03%	IE00BMT7RL59	BMT7RL5
USD Accumulation	I	\$1m	0.75%	1.03%	IE00BNGJKV20	BNGJKV2
GBP Accumulation	P	No Min.	1.00%	1.28%	IE00BMT7RH14	BMT7RH1
GBP Income	P	No Min.	1.00%	1.28%	IE00BMT7RG07	BMT7RG0
EUR Accumulation	P	No Min.	1.00%	1.28%	IE00BMT7JW07	BMT7JW0

Important Information

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Representative and Paying Agent in Switzerland: The representative and paying agent in Switzerland is Waystone Fund Services (Switzerland) SA, Avenue Villamont 17, 1005 Lausanne, Switzerland. Place where the relevant documents may be obtained: The Prospectus, the key investor information documents, the instrument of incorporation as well as the annual and half-yearly reports may be obtained free of charge from the representative in Switzerland. Place of Performance And Jurisdiction: Both the place of performance and the place of jurisdiction for Shares in the Fund offered or distributed in or from Switzerland shall be the seat of the Swiss representative. In Switzerland, the distribution of the Fund is restricted to Qualified Investors only.

For Hong Kong investors: You are advised to exercise caution in relation to the offer. If you are in any doubt about any of the contents of this document, you should obtain independent professional advice. This document and its contents have not been reviewed by any regulatory authority in Hong Kong.

Latitude Global Fund data source - Latitude Investment Management LLP and external published sources.