

# Latitude Global Fund

**LATITUDE**  
INVESTMENT MANAGEMENT

## Investment Objective

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

## February Commentary

Investing is a simple decision to swap a certain amount of cash today for an *uncertain* amount in the future.

The challenge for analysts is to estimate the path and scale of future cash flows, and to maximise future cash returns.

When armed with these estimates, the problem is compounded by not knowing the *real* value of these in the future, after the effects of inflation.

There is actually a further wrinkle, in that your hurdle rate is not just inflation, or indeed what academics call the *cost of equity* or *required return*, it is your opportunity cost. When should you choose stock A over stock B?

Financial metrics, such as PE ratios and growth rates can help guide investors to make better decisions but only in as much as they give clarity on future cash flows from a business. In isolation they can be highly deceptive. Businesses which are “cheap” or “growing fast” are by no means destined to become great investments.

At the heart of our portfolio construction process is a relative valuation framework, which considers valuation, growth and uncertainty. Our ambition is to optimise long-term intrinsic value

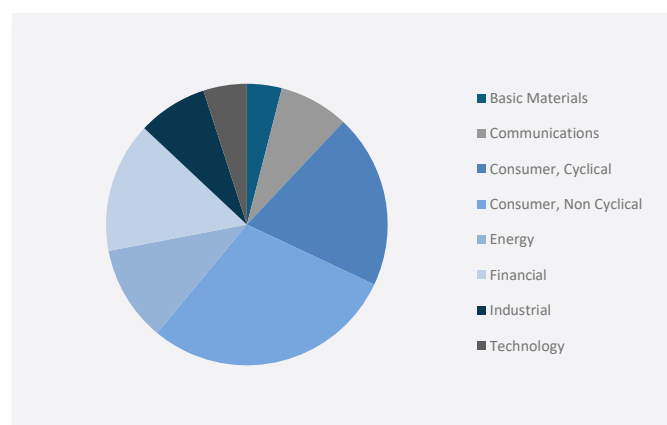
growth for our clients, at the lowest possible price, in as diversified a manner as possible.

Consider our investments in the Energy sector (**BP**, **Lundin** and **Equinor**). The transition from hydrocarbons to renewable energy has two primary effects on the sector: lowering supply and shrinking the required capital expenditure (capex) for new production. For the past twenty years oil and gas majors spent 100% of operating cash flow on capex, but this number is expected to be about 50% in the future.

We expect structurally higher oil and gas prices to coincide with high levels of capital returns over the next decade. At a 15% free cash flow yield the stocks are amongst the cheapest in the portfolio. They can fund a 5% dividend from this free cash flow and are embarking on meaningful share buybacks to enhance the underlying growth in net income. Even at \$70 oil prices intrinsic value per share could grow at 10-15% per year.

While inflation remains one of the primary risks to investor’s capital, owning businesses which benefit from higher prices offers very valuable diversification when you need it most. These stocks continue to fit our criteria: enhancing valuation, growth and diversification within the portfolio.

## Sector Allocation



## Top Ten Holdings

Coca-Cola	5.9%
Dollar Tree	5.9%
Alphabet	5.1%
AutoZone	4.8%
Diageo	4.7%
Sony	4.6%
Texas Instruments	4.6%
Novo Nordisk	4.5%
BP	4.4%
Tesco	4.3%
<b>Total Top 10</b>	<b>48.8%</b>

## Net Performance<sup>1</sup>

%	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%	0.9%	2.2%	1.5%	3.0%	1.3%	3.6%	27.8%
2022	-1.6%	-3.3%											-4.9%

<sup>1</sup> All data shown as at 28 February 2022. 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
Fund Assets	£25m
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 and Depositary	SEI Investments – Depositary & Custodian Services (Ireland) Limited
Auditors	PwC (Ireland)
Primary Platforms (Full list available upon request)	Hargreaves Lansdown, Interactive Investor, Novia, AJ Bell
Contact Details	<a href="mailto:patrick.valentine@latitudeim.com">patrick.valentine@latitudeim.com</a> +44 (0)20 7087 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



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## 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.

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