

Active risk management:
Our focus on stability in an
Uncertain World

James Knoedler and
Cristina Dyer
Evenlode Investment
September 2024





- UK-based asset manager founded in 2009
- Single investment philosophy focused on investment in **quality** companies
- \$7.4bn AUM in three strategies
- Employee owned, via an Employee Ownership Trust
- Certified **B Corporation** status



Three investment strategies

UK Income [Dividend]

Launched: 2009, AUM \$4.3bn
≥80% in UK listed companies
and generates income

SOFT CLOSED

Global Income [Dividend]

Launched: 2017, AUM: \$2.5bn
Invests globally
and generates income

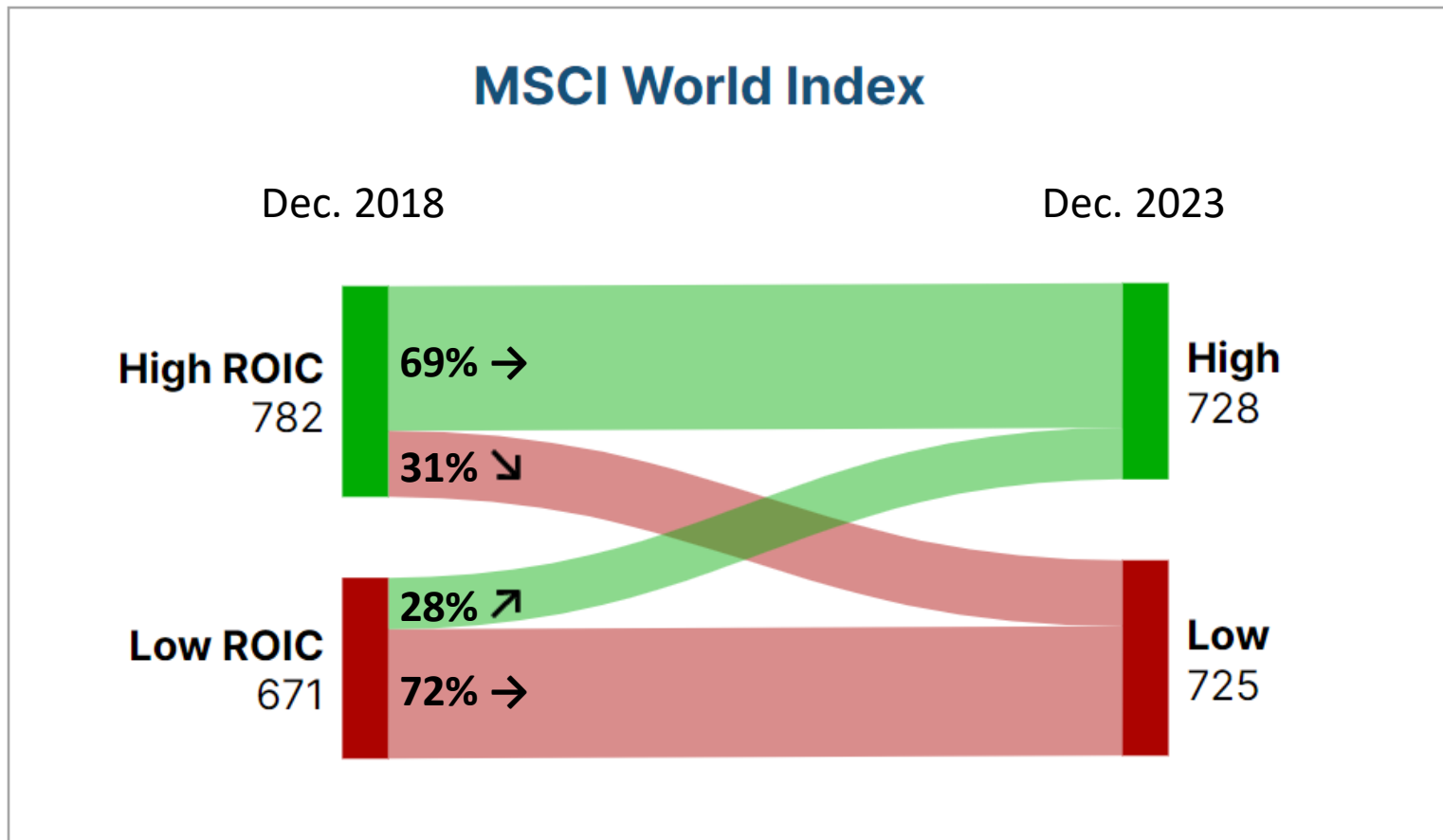
Global Equity [Capital]

Launched: 2020, AUM \$632m
Invests globally

A single investment philosophy

“Invest in high quality,
cash generative companies
at sensible valuations”

Quality and risk management



	Annualised shareholder return ¹
69% →	+14%
31% ↓	+3%
28% ↗	+15%
72% →	+5%

2023 ROIC	Annualised shareholder return ¹
High	+14%
Low	+5%

¹Since launch performance 15 July 2020 (EGE launch date) to 31 December 2023.
 Source: FactSet, MSCI. Historic ROIC as of 31 December 2018. Historic total shareholder return of December 2018. MSCI World Index constituents from 31 December 2018 to 31 December 2023. Excludes the returns of companies that exited the index over the measured timeframe. High ROIC = >7%; Low ROIC = <7%. Past Performance is not a guide to future performance

The things we focus on to provide stability in an uncertain world





















The things we focus on to provide stability in an uncertain world



Firm alignment: People



An investment team with diverse backgrounds

	Hugh Yarrow		Ben Peters		Chris Elliott		James Knodler		Chris Moore
	Philosophy & Maths/ Finance		Physics PhD		Software Engineering		English/Finance		Accounting/Finance
	Sawan Wadhwa		Bethan Rose		Rebekah Nash		Lily Postlethwaite		Tom Weller
	Stewardship/Finance		Economics		Theology		Linguistics		Materials Science PhD
	Phoebe Greenwold		Rob Strachan		Charlotte Lamb		Cristina Dyer		Leon Cyril
	Accounting/Economics		Chemistry		Accounting/Finance		Immunology PhD		Classics
	Ben Armitage		Gurinder Samra		Sam Ratcliffe				
	Materials Science PhD		Engineering		Investment Apprentice				
							Portfolio Manager	Stewardship	
							Innovation	Analyst	



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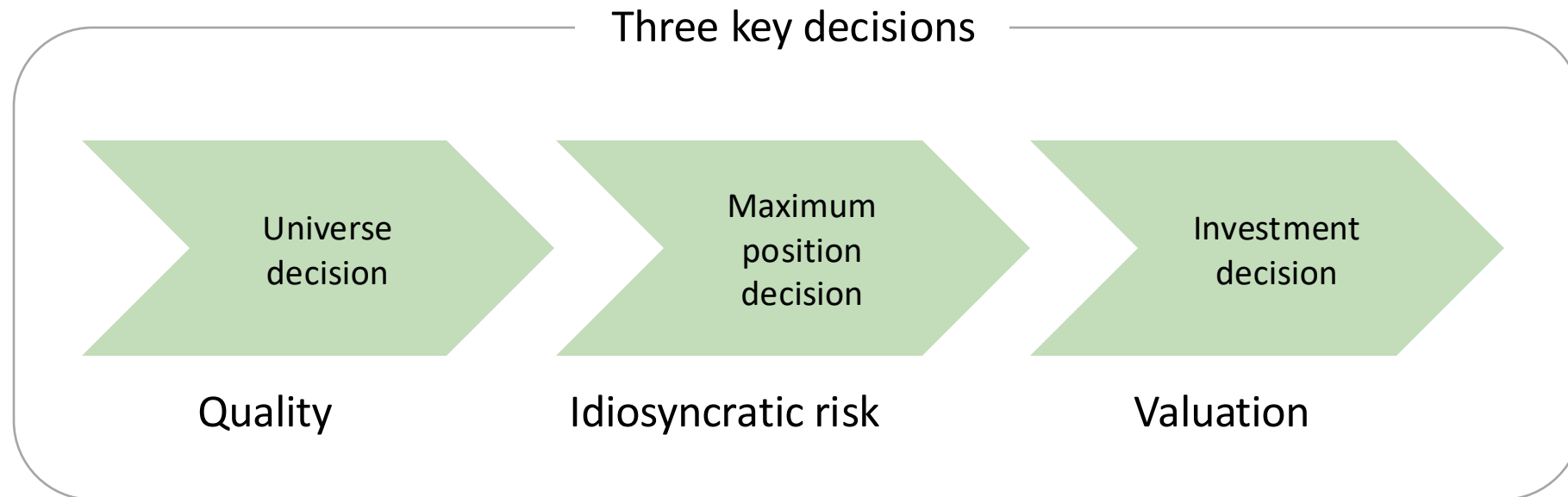
A shared repository for all internal investment research



Tools to model risk and aid investment decisions



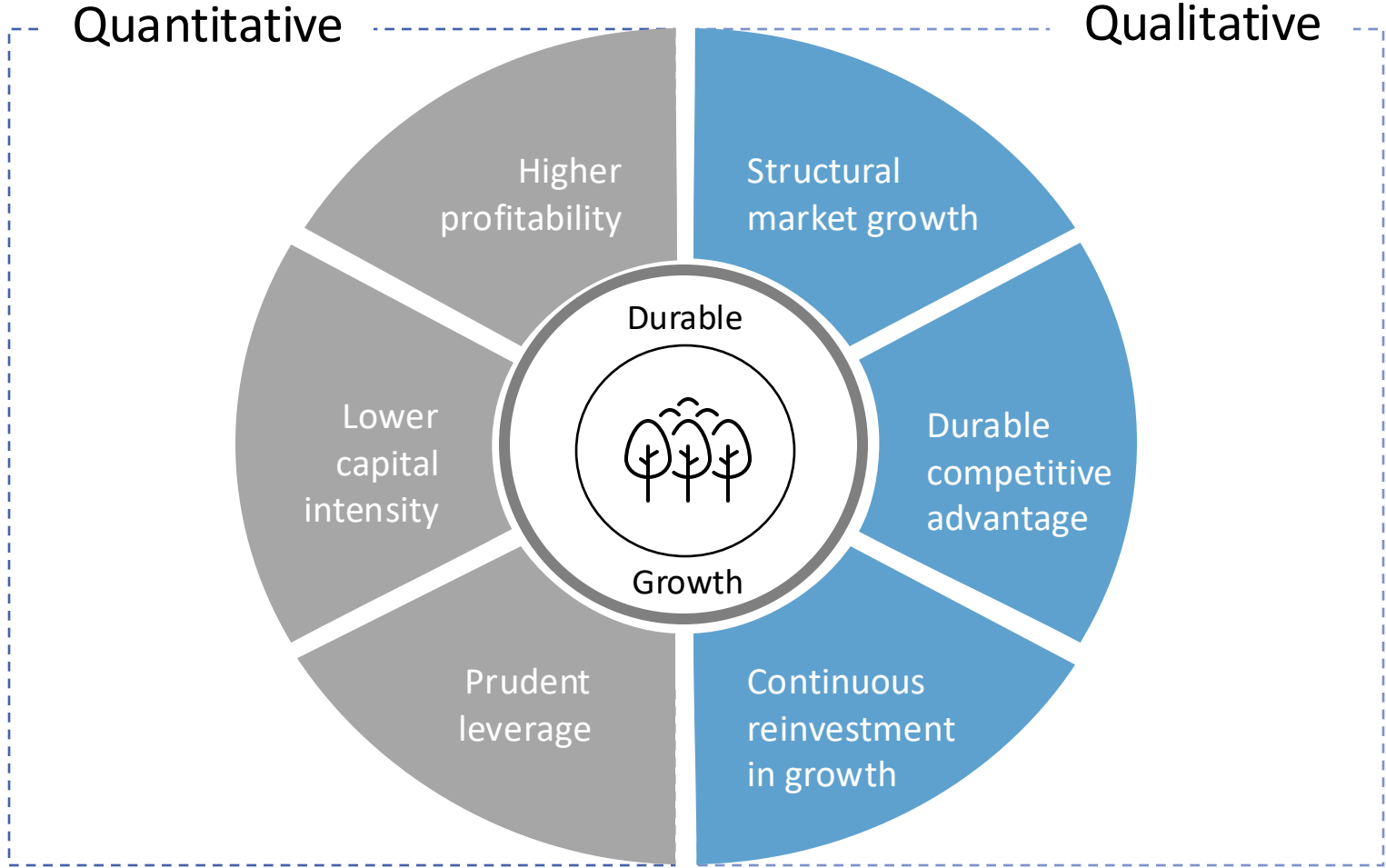
Tracking of stewardship and engagement actions



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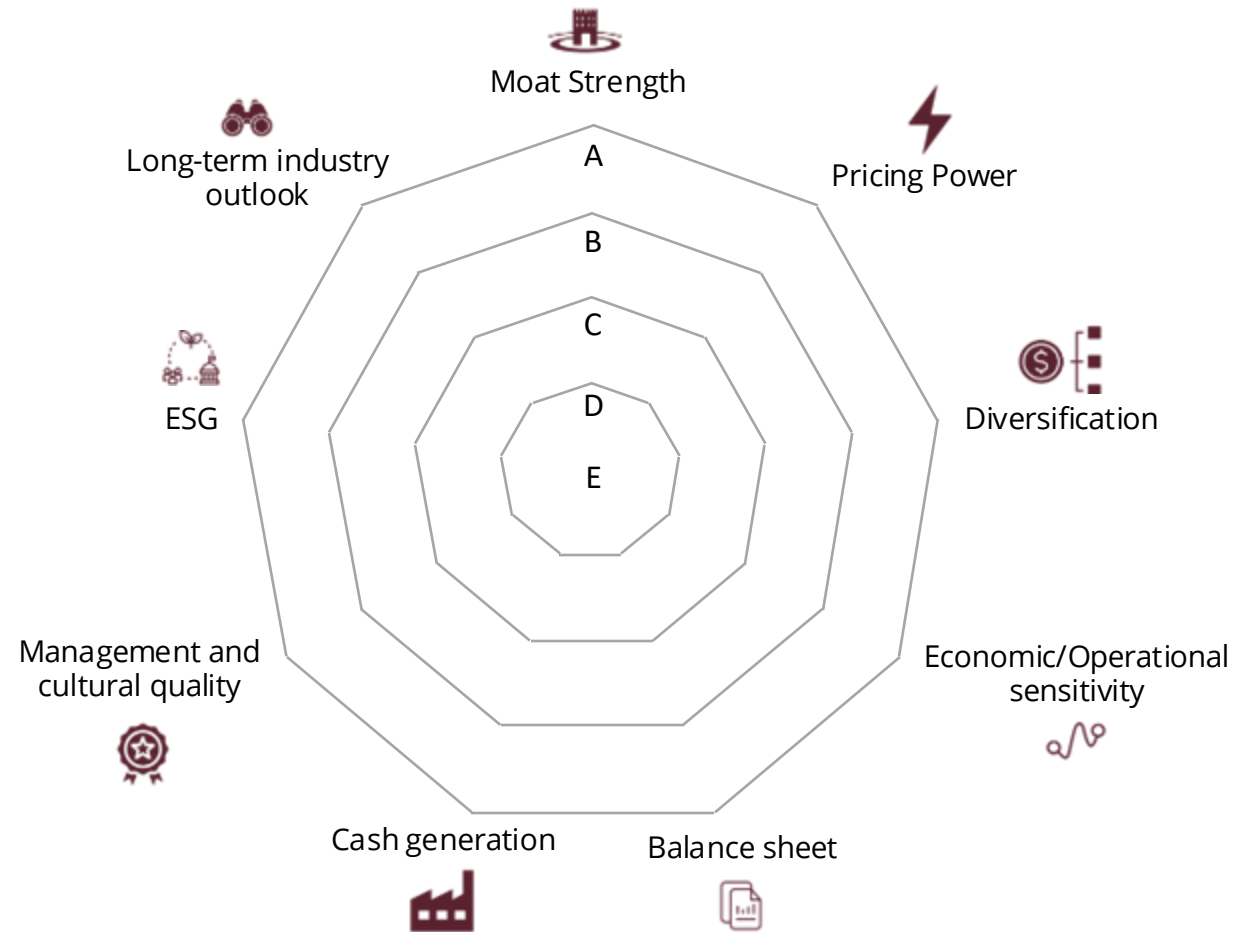


Characteristics of quality companies



Fundamental risk

All companies have idiosyncratic risks



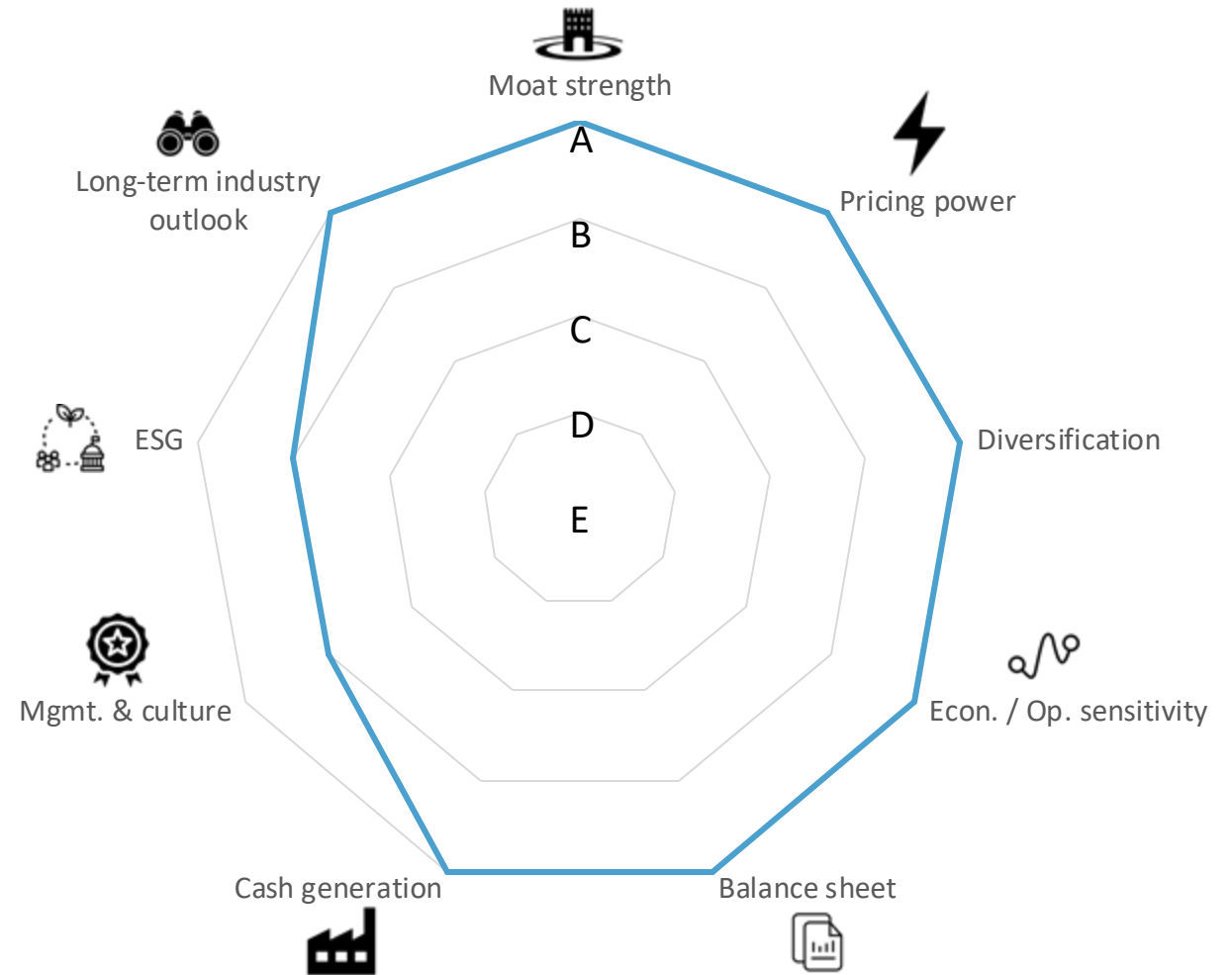
Fundamental risk

Idiosyncratic risk drives position size limits



L'ORÉAL

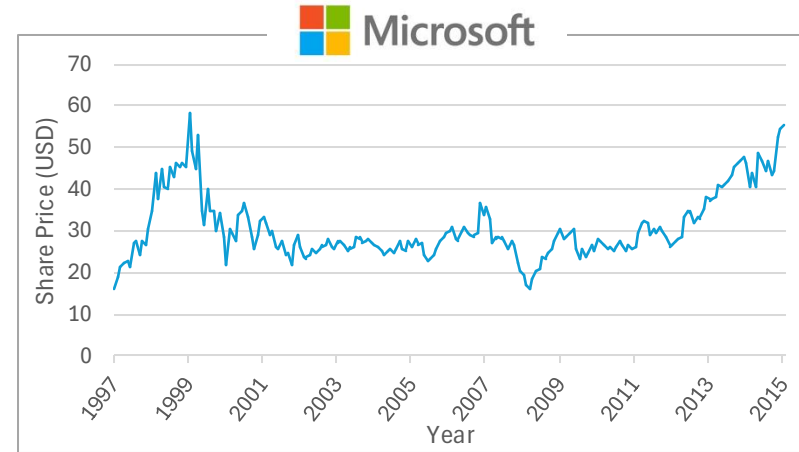
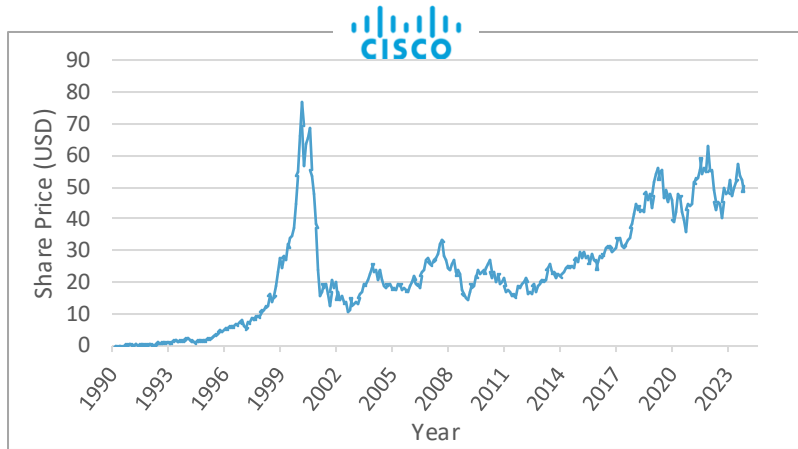
Risk factors	Score
Moat strength	A
Pricing power	A
Long-term industry outlook	A
Economic/Operational sensitivity	A
Diversification	A
Balance sheet	A
Cash generation	A
Mgmt. and cultural quality	B
ESG	B
Liquidity	A



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Investment outcomes are price-sensitive

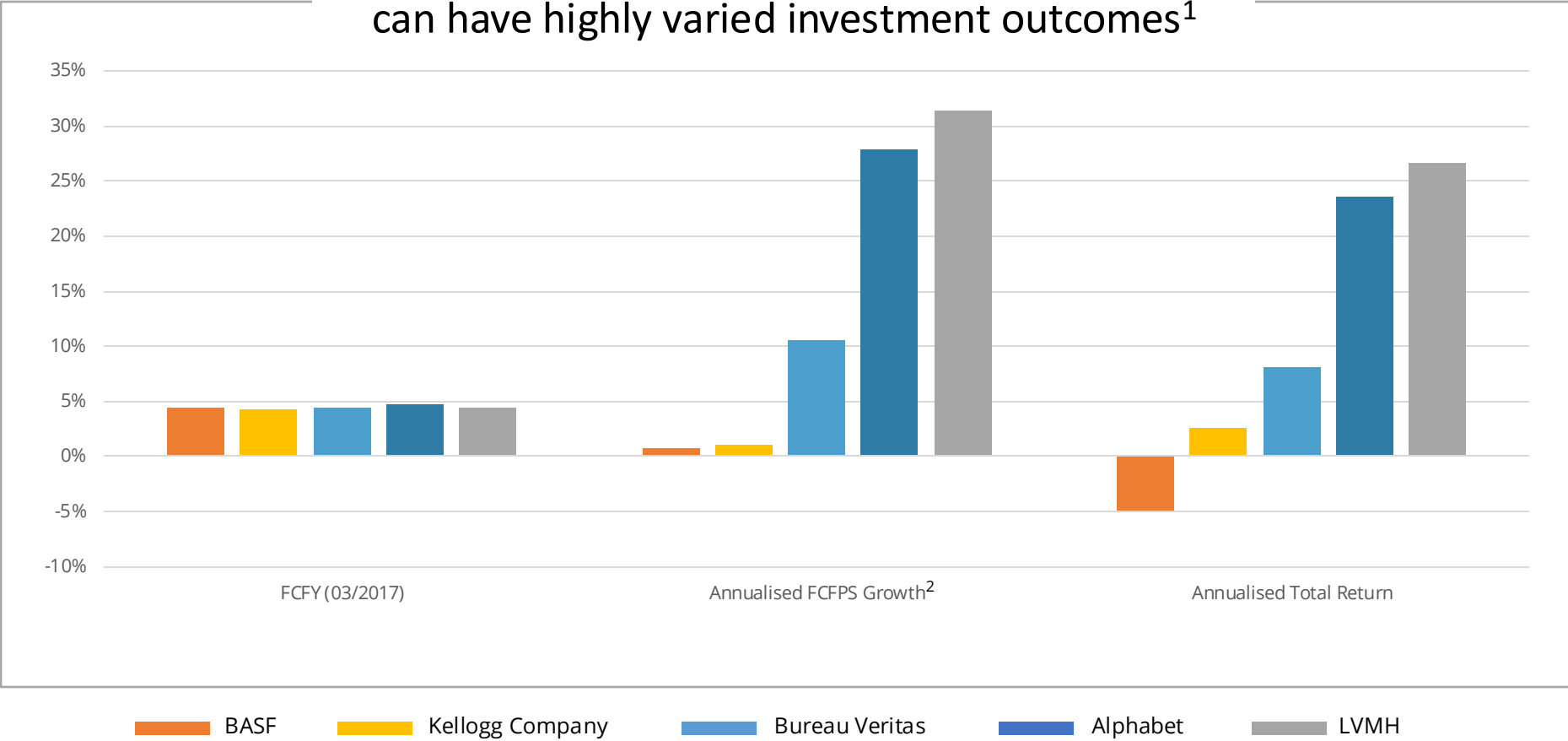


Past performance is not a guide to future performance.
Source: Bloomberg, Cisco price data from 28 February 1990 to 29 December 2023, Microsoft price data from 31 December 1997 to 31 December 2015, Walmart price data from 30 September 1997 to 31 December 2015, Amazon price data from 31 December 1997 to 29 December 2023.

Valuation reflects judgement on business durability



Companies on similar forward multiples can have highly varied investment outcomes¹

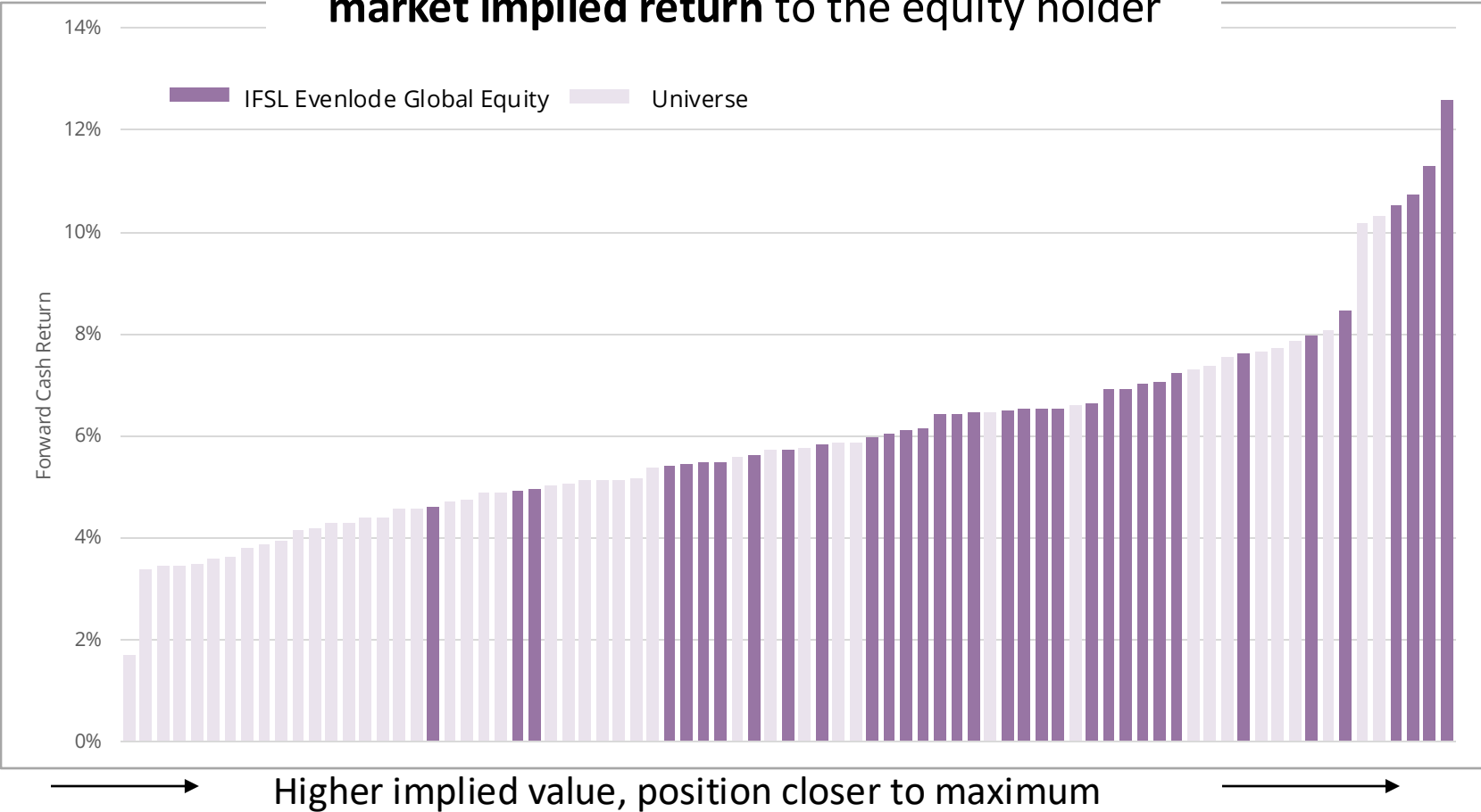


Source: ¹FactSet, Evenlode; FCFY as of March 2017; Growth and returns for the period March 2017 to March 2022. ²Visible Alpha, Evenlode; Free Cash Flow Yield estimates based on analyst consensus for calendar year 2022.



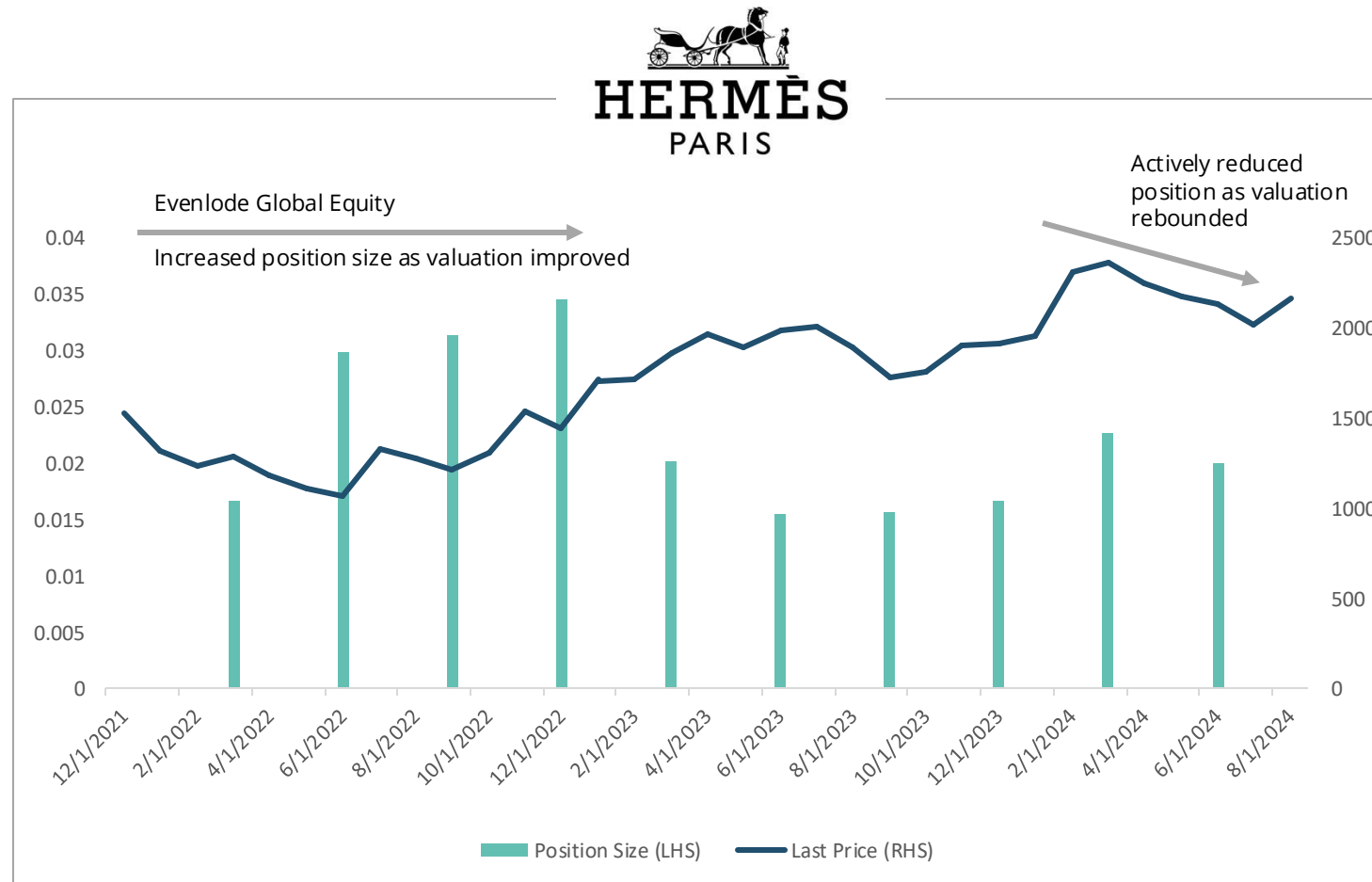
Systematic view of valuation opportunity

Our valuation measure is the **market implied return to the equity holder**



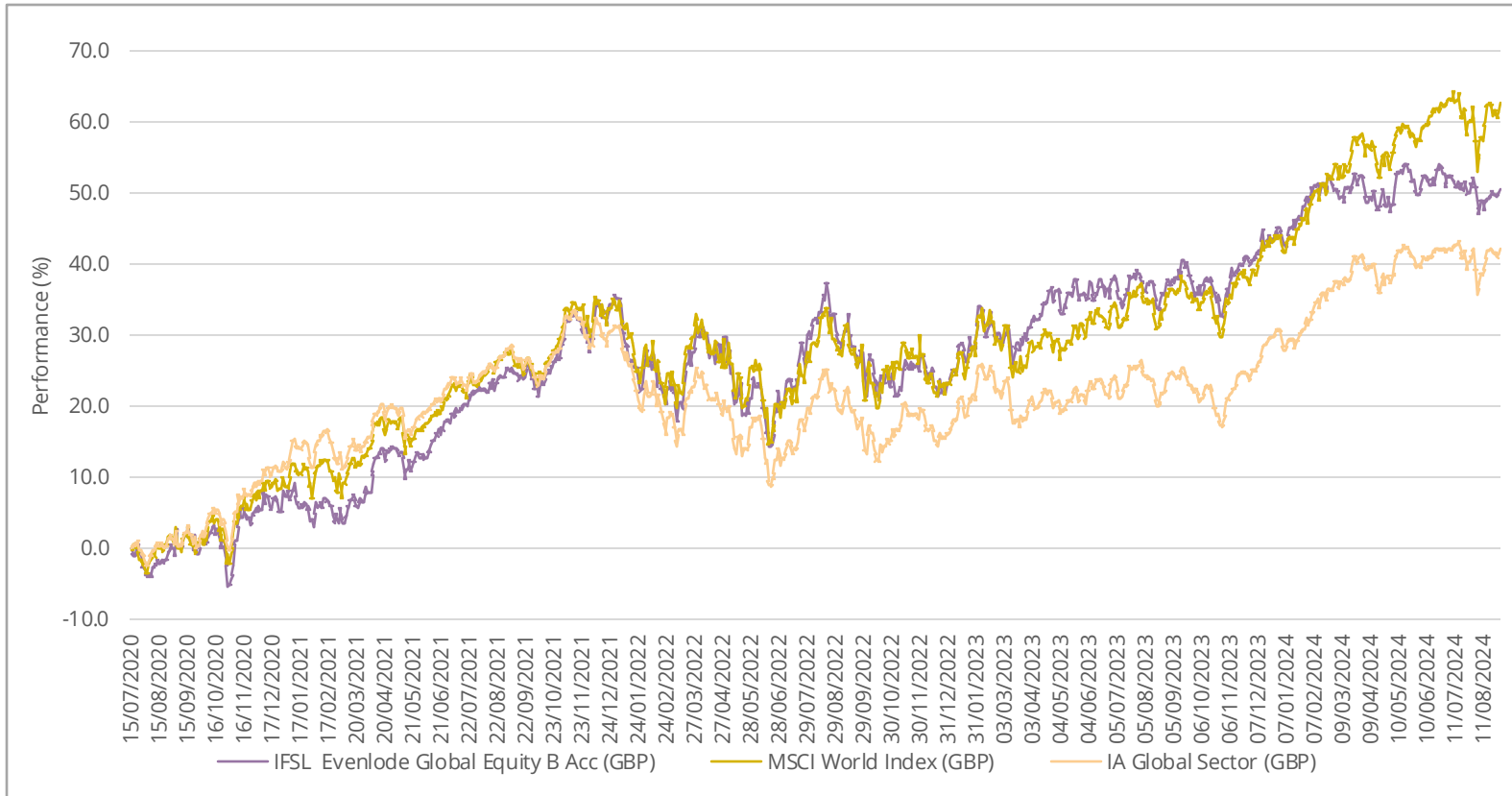
Valuation management: The nudge

Portfolio construction



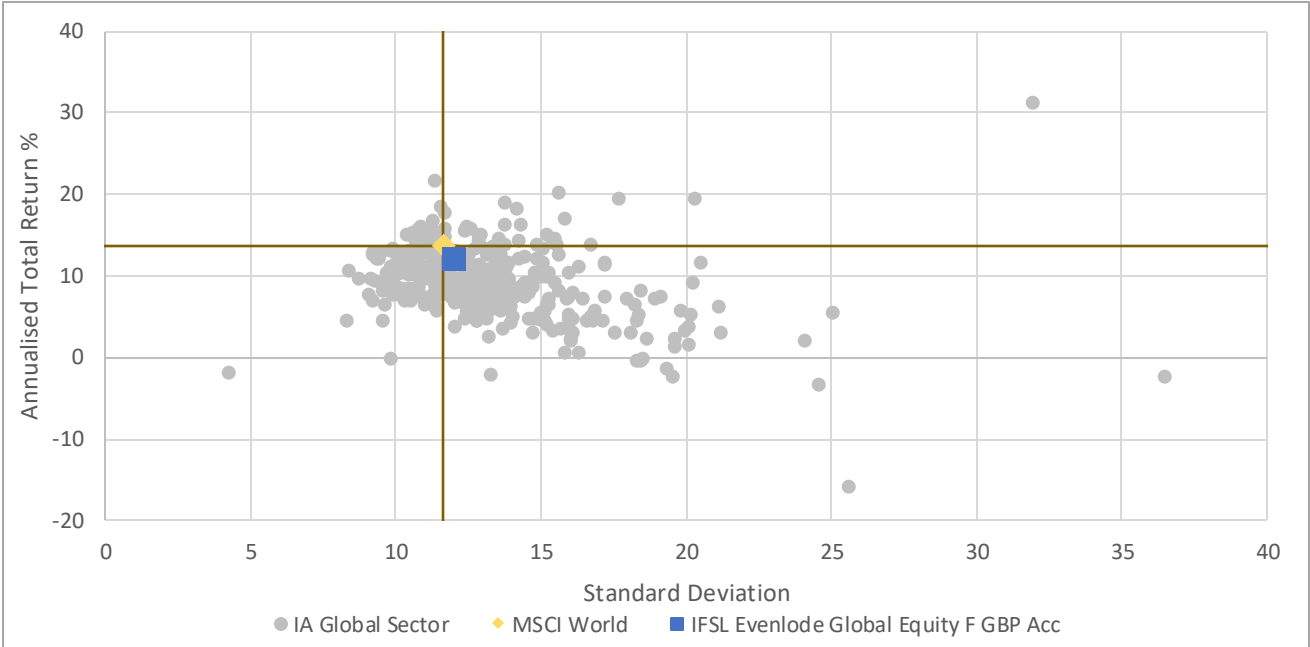
Position size in the Evenlode Global Equity portfolio.
Source: FactSet, Evenlode, 31 Dec 2021 to 31 July 2024.

IFSL Evenlode Global Equity Performance vs index and sector since July 2020 launch



Source: Morningstar. Since launch performance 15 July 2020 to 30 August 2024. Past performance is not a guide to future performance.

Volatility as an output



	Ann. Return (%)	Ann. Std Dev (%)
IFSL Evenlode Global Equity (GBP)	12.0	12.0
MSCI World Index (GBP)	13.7	11.6
M* Global Large-Cap Growth Equity (GBP)	7.5	12.4

Past performance is not a guide to future performance.
 Annualised monthly returns in GBP.
 Source: Morningstar, 1 August 2020 to 31 August 2024,



Valuation

Avoiding overpaying
and value traps



Business

Align firm structure with
firm mission

Fundamental

Exclusive focus on durability and
resilience



Professional investors

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The Evenlode Investment Funds are subject to normal stock market fluctuations and other risks inherent in such investments. The value of your investment and the income derived from it can go down as well as up, and you may not get back the money you invested. You should therefore regard your investment as medium-to-long term.

Evenlode believes that delivering real, durable returns over the long term can be best achieved by integrating environmental, social and governance (ESG) factors into the risk management framework as this ensures that all long-term risks are monitored and managed on an ongoing basis. In addition to reviewing ESG factors when making investment decisions, Evenlode engages with portfolio companies on a range of ESG issues (for example greenhouse gas emission reduction). However, please note that the funds do not have a sustainability objective.

As a concentrated portfolio of typically between 30-50 investments, Evenlode Global Opportunities may carry more stock-specific risk than a fund spread over a larger number of stocks. The fund has the ability to invest

derivatives for the purposes of efficient portfolio management, which may restrict gains in a rising market

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Investments in overseas equities will be affected by changes in exchange rates, which could cause the value of your investment to increase or diminish. Every effort is taken to ensure the accuracy of the data used in this document but no warranties are given. As concentrated portfolios of typically between 30-50 investments, Evenlode Global Opportunities may carry more stock-specific risk than a fund spread over a larger number of stocks. The funds have the ability to invest in derivatives for the purposes of efficient portfolio management, which may restrict gains in a rising market.

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