



INVESTMENT REPORT

FOURTH QUARTER 2018

C WORLDWIDE GLOBAL EQUITIES

FOR WHOLESALE INVESTORS ONLY



BNP PARIBAS
ASSET MANAGEMENT



Global Equities – Expectations

The trade war between the USA and China and globally tightened monetary policies had a negative impact on equity markets in 2018. This resulted in P/E ratios of some 15-20% cheaper today than they were a year ago. Corrections typically end when central banks end their hiking cycles. The first half of 2019 may bring an end to US interest rate hikes, and, as yet, we see no indications of a recession in 2019. Returns in the equity markets are created on a small number of trading days, and given the difficulty of knowing when those days are, we recommend a patient and risk-balanced approach in the current environment.

One of the distinct global trends right now is the growing economic and political power of China. It creates growth opportunities, but also friction; in particular vis-à-vis the USA, the world's only current superpower. The USA has low import tariffs, but is in the process of raising them, especially for China, the future military superpower and a major US trading partner.

When the world's superpowers wage battle on the economic front, it will inevitably impact macroeconomic growth. It is much like driving a car with the handbrake on – it will slow your progress. This is especially the case in an environment where the all-important US interest rates are hiked and central banks no longer support the fixed income markets through massive asset purchases, as illustrated in figure 1.

” When the world’s superpowers wage battle on the economic front, it will inevitably impact macroeconomic growth. It is much like driving a car with the handbrake on – it will slow your progress.

Figure 1

Central bank policies influencing equity markets



The trade war and tightened monetary policies dominated developments in 2018 and will continue to weigh on market conditions in 2019. Equity markets suffered a particular blow in the fourth quarter of 2018, as global sell-offs shaved approximately 11% off prices as measured in Danish kroner. On the other hand, that means equity markets are now some 15-20% cheaper in P/E terms, because corporate earnings remain on a positive trend, especially in the USA. In other words, investors can now pay 15-20% less per dollar earned than they did only a year ago.

” Tightened monetary policies dominated developments in 2018 but investors can now pay 15-20% less per dollar earned than they did only a year ago.

Since 1984, we have seen six major equity market corrections that were not followed by an economic recession, including in 2018. Such corrections typically end when central banks end their hiking cycles. In 2019, we will probably see a year of additional rate hikes and policy retrenchment, but it is also not unlikely that we will see an end to the hiking cycle in the USA. At the same time, US real interest rates have only just moved back into positive territory, even with the many rate increases. That means corporations will still have good incentives to make investments as growth rates are higher than financing rates. Overall, we do not believe there will be a recession in 2019.

” Corrections typically end when central banks end their hiking cycles.

Clarification on these fronts would be supportive of growing investor optimism. In this context, it is relevant to emphasise one of the main points of our recent article “Global Equities – Buy, Sell or Hold”, as we are experiencing a significant concentration effect with a large proportion of returns in the equity market being created on very few trading days. Given the difficulty of predicting precisely which trading days will be positive days, we recommend a long-term and risk-balanced investment approach in order to make sure one has exposure on the few days when markets appreciate strongly. With the outlook for more volatile markets in 2019, the year will have more of both the good days and of days with not so good return performances. In other words, it is the long-term optimist who triumphs in the equity market, and the winner will be the patient investor.

The large flows into index funds is one of the biggest changes in equity market history. After a long bull run, many investors have now decided to have equity exposure through passive investments. Index funds replicate an equity market by buying the shares in the market in given proportions with no consideration for any fundamental or ethical factors. We believe that in-depth research and active stock-picking is fundamental for the markets to work. It is also our experience that investors receive the best returns by choosing skilled and experienced advisers and asset managers investing for the long term in carefully selected companies with strong, competitive positions. Attractive companies should be viewed with the goal of growing bigger and becoming a more profitable business over a 20, 30 or even 40-year horizon, rather than focusing on the upcoming quarters. In other words, attractive companies have a more durable and long-lasting business model.

A volatile equity environment also contains more opportunities for the active investor to take exposure to unique companies. This is the foundation upon which we have been building for more than 30 years, and it is also the foundation we will continue to build on in 2019.

Global Equities – Buy, Sell or Hold?

By Bo Knudsen, Managing Director and Portfolio Manager, C WorldWide Asset Management.

Today, almost 10 years after the financial crisis, we are in the later stage of a rising equity market. The increased turbulence makes many investors ask: Buy, sell, or hold? We would like to provide a perspective on the current volatility in a historical context and we advocate for a long-term investment horizon instead of a short-term and more news-driven investment approach.

A long investment horizon is key

If an investor or the financial advisor have established that the investor has the financial capacity to own equities, it is important to remember that the possibility of profiting from long-term returns is better with a long-term investment horizon and a constant exposure to the market.

Figure 1

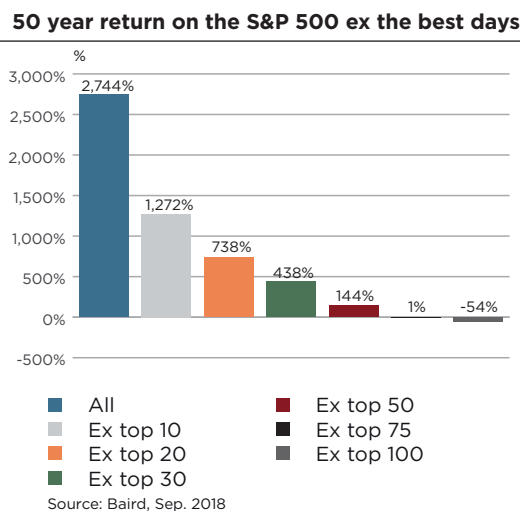


Figure 1 illustrates how much an investor in the US equity market would have gained by being invested continuously over the last 50 years – approximately 10,000 trading days on the exchange – compared to the return, if one were not invested for the best 10, 20, 30, 50, 75, and 100 days, respectively. As illustrated, the return is down by 50% without the 10 best days and completely gone without the 75 best days (which is less than 1% of all trading days). But who knows ahead of time which days these will be? Times of

turbulence often collide with macro-economic uncertainty. And if you had avoided the worst 10 days over the last 50 years, returns would have been almost tripled. But again – how to know which days these will be? To reiterate, the possibility of profiting from long-term returns is better with a long-term perspective and by holding an equity position over many years.

” The return is down by 50% without the best 10 days and completely gone without the best 75 days. But who knows ahead of time what dates to consider?

When should one buy and sell?

Equity investment naturally depends on individual factors. A simple and efficient strategy is to buy consistently and systematically at predefined periods. This takes away the drama of the process.

Alternatively, one could take a more opportunistic approach and adjust exposure up and down over time. In this difficult discipline that has humiliated many experts over time, it is possible to study the equity market history before buying or selling.

Equity market history

Although history rarely repeats itself, it often rhymes. Waiting for the famous 10% correction and then buying afterwards may be a humiliating and frustrating experience like “Waiting for Godot” as a spectator to a long-term upswing. 10% corrections rarely happen in bull markets – where there are more good days than bad days in the market – which is exactly the time you wish to be exposed to equities.

Past performance is not a reliable indicator of future performance.

All opinions constitute the judgment of the document's author at the time specified and may be subject to change without notice.

For wholesale investors only.

“ A simple and efficient strategy is to buy consistently and systematically at predefined periods. This takes away the drama of the process.

Large equity market declines often take place in relation to economic downturns, especially when a decline in the US economy strikes hard. The combination of higher interest rates and the so-called inverse yield curve (when the short interest rate is higher than the long bond rate) in the US has proven a very important indicator. In the present environment, interest rates are still low and although the yield curve is significantly flatter than earlier, it still positive. This speaks for a continued constructive investment environment.

Similar historic situations like today, where we are late in the cycle with higher interest rates, are often related with large market fluctuations, but also with possible continued gains. One extreme example is the situation in the late 1990's.

Throughout the 1990's, equity markets soared. Southeast Asian tiger economies also saw large foreign investments and solid growth, but also heavy borrowing. Problems in the property sector combined with a high dollar debt load, led to Thailand having to let go of the peg to the US dollar in 1997, just as several other countries saw a devaluation of their currencies. This caused a long-term global domino effect. In August 1998, the political crisis and low oil prices put Russia in a position unable to repay its debt. The renowned hedge fund company Long-Term Capital Management L.P. (LTCM), driven by Nobel Prize-winning economists, had more than USD 140 billion worth of investment assets through leveraged positions. Unfortunately, the company had highly leveraged illiquid positions in Russia and LTCM lost 15% in just one day. The greatest fears were that 50 counterparties, which had lent money to LTCM, would also run into trouble. This forced the US Federal Reserve Bank and a series of other major banks to invest in LTCM to avoid short-term forced selling that could create further big problems for not only the financial system but for the entire global economy.

The heavy turbulence was followed by one of the strongest rallies in the history of equity markets with the broad US market rising 47% and NASDAQ rising 170% in just 18 months – from October 1998 to March 2000.

A need for tactical risk balancing to analyse

The equity market history is fascinating to explore and although history rarely repeats itself, it often rhymes. In response to being in the late stage of a long-term upswing, throughout 2018, we have made ongoing risk balancing decisions to prepare the portfolios for more volatile environments. In the global portfolio, we have added exposure to the more stable growth companies and reduced the exposure to cyclical companies, including banks and the most highly valued companies.

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With this tactical risk balancing, we as long-term investors are ensuring a continued important exposure to attractive and structural growth themes, while reducing risk in light of a more short-term and unpredictable environment. Although we are late in the economic cycle, some companies still have very good long-term growth opportunities. This is our most important focus and the inherent value of active asset management.

Tailwinds for Nutritional Quality

By Portfolio Manager, Lars Wincentzen, C WorldWide Asset Management.

Nutrition or more specifically malnutrition is a major global challenge. Governments and consumers are increasingly demanding more healthy food products and require more accountability from the food and beverage manufacturers in terms of the nutritional content and the marketing of their products. The changing consumer behaviour is visible in the sales numbers, as new and more healthy products are growing 4-8% annually, where the less healthy products are stalling, and products like cereals are actually falling. Thus, it is not just an ethical, but also a commercial advantage for companies to focus on products with high nutritional value. This new paradigm will create new winners and many companies might not succeed in transforming.

A new index for nutritional value

An independent foundation supported by the Bill and Melinda Gates Foundation developed in 2013 the Global Access to Nutrition Index (ATNI). This index assesses and ranks the world's largest food and beverage companies on their commitment and practices to address the global nutritional crisis. The foundation sees the industry as an important partner for improving the overall global public health and hopes to influence consumers' lifestyles and buying behaviour by putting pressure on the industry to increase the nutritional value of the products and making them more accessible and cheaper for consumers. The foundation has just released data for 2018, which was the third year of publication. The data provides useful insights for among others the active equity investors to benchmark companies within the food and beverage industry.

Several factors create tailwinds for higher food quality

Broadly defined, malnutrition is either due to a lack of nutrients in the diet or by an excessive amount of primarily fat, salt and sugar in the diet – often leading to obesity and diabetes. Malnutrition, caused by the lack of nutritional content, is most common in the developing countries, but also prevalent in the western world driven by the proliferation of fast food and pre-prepared meals.

However, four important trends are reversing this development:

1. **Regulatory**, many governments are introducing policies, regulations and taxes aimed at reducing consumer exposure to less healthy food.
2. **Reputational**, consumer awareness of the need for good nutrition is increasing, and thus is becoming a brand and reputational issue for companies.
3. **Legally**, companies are starting to face lawsuits for making inappropriate health claims and inappropriate labelling.
4. **Demand-driven**, consumers are increasingly opting for healthier foods with "healthy" categories growing +5-10% annually, which is ahead of categories perceived to be less healthy (where some are experiencing negative growth).

The multinationals have awakened

These changes create a huge opportunity for companies that understand and reposition their products portfolio to deliver a higher health value. Analysis based on ATNI data from 2018 shows that the food and beverage industry generally is moving in the right direction. However, there is a clear picture of the European companies being ahead of their US competitors with Unilever, Nestlé and Danone taking the top three spots. As an example, we have previously described how Nestlé successfully has removed the core of the sugar crystalline thereby removing 30-40% of the calories from sugar without affecting the taste. The company is now pursuing the same with salt.

In the US, the two prominent beverage companies, Coca Cola and Pepsi Co understand these trends, and are investing in improving the nutritional profile of their products by reducing sugars, sodium and saturated fat, and building new portfolios of nutritious products in different beverage categories like juices and water. Another consumer trend is the shift from volume to value, where people still seem to snack and indulge, but yet in smaller amounts. This trend will not grow sales, because of the smaller



amounts, but it will grow their margins, because the smaller quantities will be sold at higher prices.

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The large multinational food and beverage companies have historically been challenged with a highly centralized new product development and marketing process. This has provided innovative start-up companies with a head start to benefit from these new consumer trends at the expense of the multinationals. However, as the multinationals recognize the new consumer paradigm and the loss of market shares, they have responded by increasing R&D budgets and simplifying the products development procedures and allowing a more local-driven branding and marketing process. This provides them with a new opportunity to participate in the high growth health-related product categories. Also, we see the multinationals actively acquiring new products, thereby leveraging their scale production and distribution.

Winners and dinosaurs

We live in a world of constant change, and we see the nutritional trend as a new paradigm, which is supported by structural tailwinds from changed consumer behaviour and the current regulatory regime. The multinationals have been slow to adapt, but now they are awakening. This creates investment opportunities for those who get-it, where others risk becoming dinosaurs in a landscape they used to dominate.

Europe's Lost Decade and its Banks

By Morten Springborg, Global Thematic Specialist, C WorldWide Asset Management.

Executive summary

The underperformance of European equities over the last decade has been massive. We believe this is attributable to both the composition of equity markets with Europe having a deficiency in large cap growth companies as well as the severe underperformance of its banks. European banks have underperformed because of strict regulatory pressures, the introduction of extreme monetary policies in order to defend the Euro as well as demographic aging reducing loan demand and thus the earnings power of banks. We see few, if any, reasons why this will change in the foreseeable future, and continue to focus our attention in Europe on the continents high quality global brand owners that are true compounders.

The underperformance of European equities over the last decade has been staggering. Occasionally strategists and other financial commentators have called for this performance to reverse, but time has shown that such recommendations are difficult to get right, to say the least. To date, reversion to the mean has been elusive. European equities are still trading lower than before the Great Financial Crisis (GFC). Since markets peaked in 2007 MSCI Europe has fallen approx. 10% while MSCI US has increased 128% – showed in figure 1 below. Over this period Europe has only had few short periods of outperformance. It certainly has been a lost decade for the average investor in European large cap equities.

Figure 1



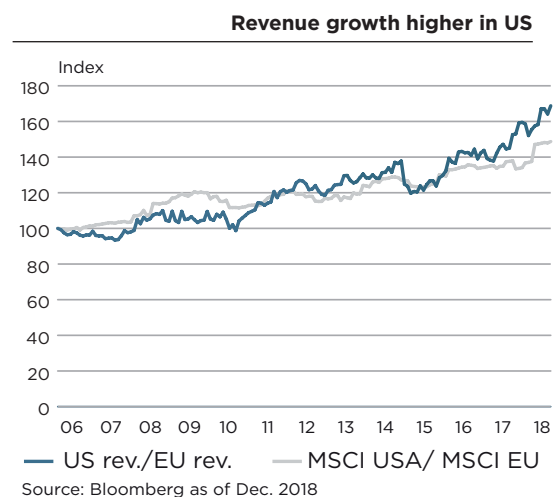
We believe the drivers of the lost decade in European Equities are low revenue growth and Europe's troubled banks.

Revenue growth has been the driver of relative performance

It sounds too simple to be true – but simply buying high revenue growth over low revenue growth has generated outperformance over the last 10 years.

Figure 2 below shows that the relative performance of US equities vs European equities is almost entirely determined by relative revenue growth (US trailing 12mo revs divided by European). If the US grows its revenues faster than Europe, it outperforms. The correlation is 94%.

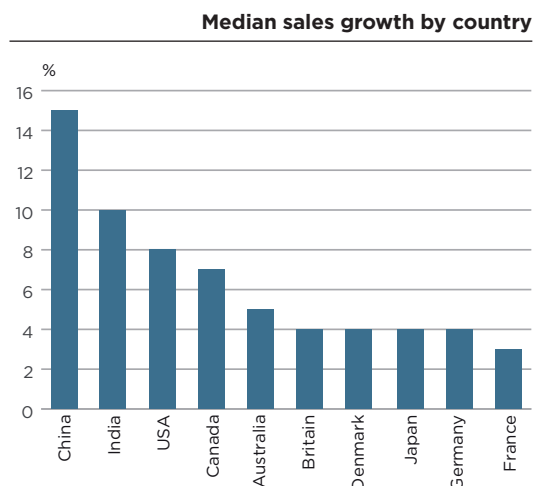
Figure 2



If revenue growth is the key driver of relative performance, the US and certain Emerging Markets remain good bets. Figure 3 on the next page shows median sales growth by country. The US is at 8%. Most European countries are significantly lower.

” To date reversion to the mean has been elusive.

Figure 3



Source: Baird as of Dec. 2018, 12 mth. historical (end Nov. 18)

Why is this relationship so strong? Simply because for long-term share price appreciation the most important driver is earnings (or more specifically cash flow) growth, which is impossible to generate on a long-term basis without good revenue growth. European companies are generally exposed to slower growing end-markets than the average US company, and therefore on average they underperform in the long-term.

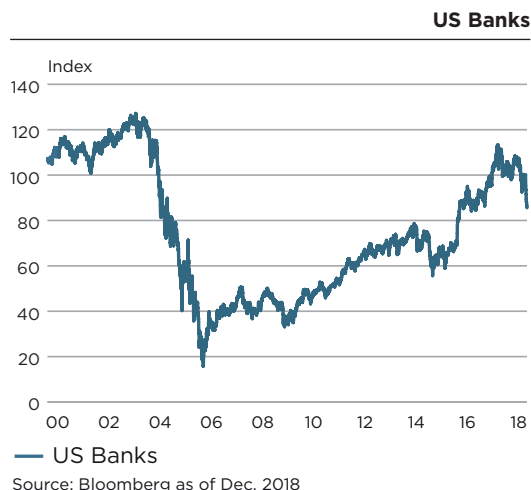
Banks have been drivers of underperformance in Europe

At a sectorial level, the most important reason for Europe's underperformance is clearly the significant underperformance of banks in Europe. As showed in the next two figures, the Eurozone banks have fallen 80% since the peak before the GFC and are barely higher today than where they traded at the bottom of the Great Financial Crisis in 2009. Conversely, US banks are "only" down 30% over the same period, but still up 70% from the bottom in 2009.

Figure 4



Figure 5



The main reason for this difference in performance is that the US managed to fix its banking system early on with the TARP program in 2009, while fixing European banks was left unresolved for many years. This was because the complexities of a troubled monetary union in Europe continuously pushed out addressing the real issues of hidden losses on systemic important banks' balance sheets across the Eurozone.

The historic underperformance of banks over the last decade is clearly attributable to both very weak Return on Assets (RoA) and declining leverage, the amount of loans relative to equity capital. The weak RoAs have been largely driven by elevated loan losses, while the declining leverage from around 30 times total assets to equity to 18 times today has been driven by regulators forcing banks to strengthen their balance sheets by issuing more equity capital.

Structural impediments for European banks

Despite European banks being very oversold today, we see at least two structural reasons for continued scepticism when it comes to a fundamental turn around in the earnings power of European banks.

Ill constructed monetary union

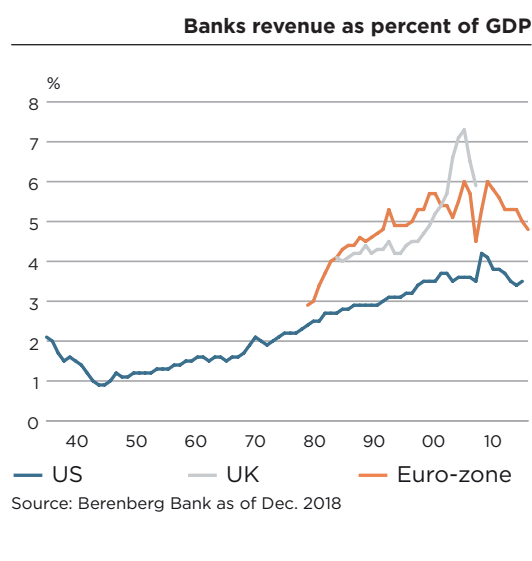
To state the obvious, European banks are the casualties of an ill constructed monetary union (as well as their own follies). In order to defend the common currency, the European Central Bank has followed a policy of extremely low or even negative interest rates as well as quantitative easing (QE), which has reduced net interest margins and therefore the profitability of the banks. Before (if ever) the Euro project is sufficiently strengthened via the addition of a fiscal union, it is highly unlikely that European banks will be able to increase their earnings base in any significant way and to contribute positively to the long term performance of equities in Europe.

Demographic headwinds

Another fundamental problem for Europe is demographics. It is very likely that the GFC coincided with a seismic shift in the composition of our populations. In many ways Europe is beginning to look like Japan, with a time lag of perhaps 15 years – which means that Europe is in the midst of a Japanese Crisis today. An ageing society is a society that consumes less and demands less credit compared to younger societies. We have most likely come to the end of a 60-70 year credit expansion and are now in what has been termed a “balance sheet recession”, where no matter how low interest rates go, the private sector refuses to

take on more credit until people have reduced indebtedness to acceptable levels for themselves. This is bad news for the banking sector, since revenues will take a double hit both from net interest margin compression because of structurally low interest rates as well as from weak loan growth. This will be a complete reversal of the last 60-70 years’ development, as shown in the chart below. Banking revenues have been growing as a share of the economy since WW2, and we are (also with the active help of politicians) now in the process of downsizing the banking sector to a much-reduced share of the economy. How long this will take no one knows, but the secular shift is ongoing.

Figure 6



Decomposing the last decade’s equity returns

The contribution of banks to the underperformance of European equities is confirmed by looking at individual stocks’ performance over this more than 11-year period. As can be seen in figure 7 – 7 out of the 10 worst stocks in Europe were financials. In the US, it was 6 out of 10. But in order to judge the future performance it might be interesting to look at the characteristics of the companies which have outperformed over this period.

Figure 7

Best and worst stocks' contribution to index return			
Europe	Contribution to Return	USA	Contribution to Return
Oct. 31 2007 to Nov. 30 2018		Oct. 31 2007 to Nov. 30 2018	
10 Best Stocks		10 Best Stocks	
Nestle S.A.	2,7	Apple Inc.	12,1
Roche Holding Ltd.	1,4	Amazon.com, Inc.	4,9
Novo Nordisk A/S Class B	1,3	Microsoft Corporation	3,4
Anheuser-Busch InBev SA/NV	1,3	Alphabet Inc. Class A	2,9
Novartis AG	1,1	Home Depot, Inc.	2,7
AstraZeneca PLC	1,1	Visa Inc. Class A	2,3
British American Tobacco p.l.c.	1,0	Johnson & Johnson	2,2
SAP SE	1,0	JP Morgan Chase & Co.	2,2
Diageo plc	0,9	Philip Morris International Inc.	2,2
ASML Holding NV	0,9	Oracle	1,9
10 Worst Stocks		10 Worst Stocks	
Societe Generale S.A. Class A	-1,0	Exelon Corporation	-0,7
UBS AG	-1,0	ConocoPhillips	-0,7
Deutsche Bank AG	-1,0	HP Inc.	-1,0
ArcelorMittal SA	-1,0	Federal National Mortgage Assn.	-1,1
Lloyds Banking Group plc	-1,1	Merrill Lynch & Co. Inc.	-1,5
HBOS Plc	-1,1	Wachovia Corp.	-1,5
UniCredit S. p. A.	-1,7	American International Group, Inc.	-2,6
E. ON SE	-2,0	Bank of America Corp.	-3,6
Nokia Oyj	-2,1	General Electric Company	-4,8
Royal Bank of Scotland Group plc	-2,4	Citigroup Inc.	-4,8

Source: C WorldWide as of Nov. 2018

The outperformers in Europe have been stable growth companies in household products (4 companies), pharmaceutical companies (4 companies) as well as 2 technology companies. In the US the outperforming companies were technology (6 companies) but also companies exposed to the US domestic economy like JP Morgan and Home Depot. All outperforming European companies were multinationals operating in global markets, the insight being that Europe in itself is not capable of generating any significant demand but is a cyclical derivative of the

world economy. Companies exposed to the European economy have generally not done well, while the US economy is capable of generating domestic demand to drive outperformance in stock markets. Furthermore, US outperforming companies tends to be much younger than similar European companies. 7 of the 10 outperforming European companies have been around for more than 100 years, while in the US it is only 3 companies. Half of the outperforming companies in the US, Apple, Home Depot, Alphabet, Amazon and Microsoft are only 20-40 years old. Younger companies tend to be more dynamic, have higher growth rates

as well as having larger total addressable markets, somehow also explaining why the outperformance of US companies has been much stronger than the outperformance of the European stars.

Lessons from History

Given the uncertainties about the European economy due to demographics and potential fragmentation of the monetary union we believe it is prudent to avoid companies dependent upon European domestic demand and to focus attention in Europe on the continent's high-quality global brand owners that are true compounders. These companies will continue to be critical components of our Stable Growth allocation in portfolios.

**” Investors are being rewarded
for investing in companies with
sustainable high revenue growth.**

The old continent truly is an old continent. New company formation and creative destruction is very low due to demographics and extremely low interest rates. In a world with generally low inflation and interest rates due to technological acceleration, demographics, etc., investors are being rewarded for investing in companies with high sustainable revenue growth. Investing in companies which sustainably outgrow the average company has been a viable strategy for out-performance and will continue to be our focus for the future.

Being totally dependent on European domestic demand one should generally avoid investing in European banks. Banks have very little, if any, pricing power and tend to be extremely cyclical, and therefore are not candidates to be owned over the business cycle, but only “rented” for brief periods – if you can get the timing right. Furthermore, the GFC radically changed the demand for credit at a time when demographics is adding downward pressure on demand for banking services. This in contrast to Emerging Market banks, where there are secular growth opportunities in many markets.





C WorldWide Global Equities

Overview

The combination of a US equity market sell-off and surging corporate earnings made 2018 an unusual year. The result was lower valuations with the cyclical sectors taking the brunt of the blow. Europe and Asia were hit even harder than the US market due to slumping economic growth, political uncertainty surrounding Brexit and the effects of the trade conflict between the USA and China. The sell-offs may be interpreted as a sign that investors are now pencilling in a severe slowdown in economic growth and a greater probability of a recession in 2019/2020. The strategy's net asset value declined by 8.3% in the fourth quarter, while the MSCI AC World index was down 10.3%. Strong returns in HDFC and a number of defensive stocks such as Coca-Cola and Procter & Gamble (P&G), meant that the strategy fell by slightly less than the market. As a result, our relatively defensive strategy contributed to reducing the slight underperformance in 2018. For 2018 overall, the strategy gained 1.7%, while the MSCI AC World index gained 0.6%. Visa, Amazon and Thermo Fisher all delivered highly satisfactory returns, but they were more than offset by lower prices of British American Tobacco (BAT), Philip Morris and Bayer, among others. We continue to believe that BAT (increasing tobacco regulation) and Bayer (facing litigation claims in the USA) will both make it through the current difficult period.

Current investment strategy

The US economy still appears solid with a broad-based recovery, while lower oil prices will benefit emerging markets and lessen fears of surging interest rates in the USA. As a result, we remain moderately positive on equity market prospects for 2019, but major corrections are likely at this late stage of the recovery. Stable growth companies with solid cash flows and balance sheets, a category we increased by about 10 percentage points in 2018 (adding Coca-Cola, Unilever, P&G and most recently American Towers), now make up almost 50% of the portfolio, whereas we reduced our exposure to cyclical companies. "Digital Society" remains our largest investment theme at 19%, while "Emerging Markets" and "Energy" each make up 8%.

Portfolio changes

We reduced our exposure to the financial sector during the quarter by selling **Citigroup**. Banks are cyclical businesses, and they involve greater risk in the late stage of a macroeconomic recovery due in part to the risk of rising losses and bad debt provisions. We added **American Tower**, the world's largest owner/operator of communication masts for mobile traffic. Demand for the company's products is driven by the 30-40% annual growth in consumption of mobile data.

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There is no guarantee that the investment objective will be achieved.

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C Worldwide Global Equities Composite

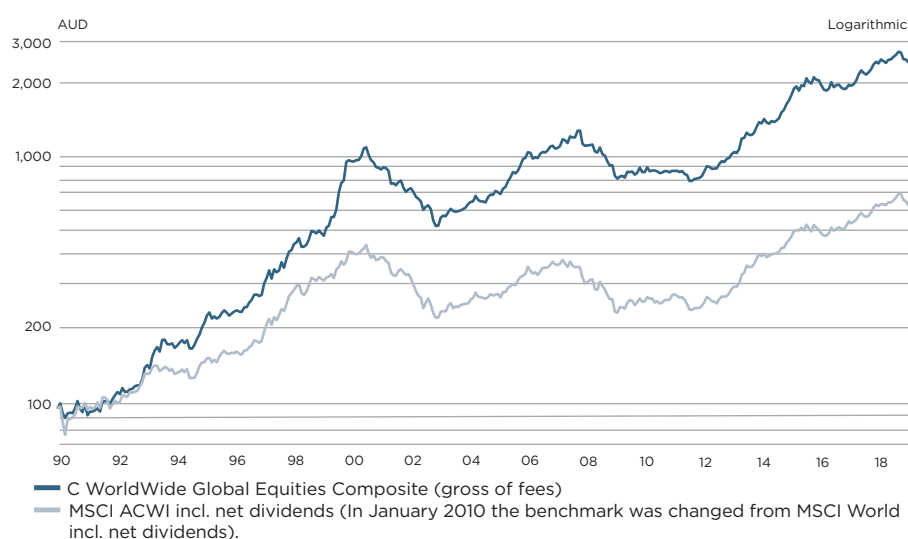
Gross of Fees

Key figures	31-Dec-18	30-Sep-18	More information	
AUM. m AUD	8,882	10,067	Launch date:	29-Jun-90
			Read more:	cworldwide.com/cwcomposite

Annualised return in %*	1 year	3 years	5 years	10 years	Lifetime
Return on Portfolio (%)	1.7	5.9	11.7	10.0	11.8
Return on Benchmark (%)**	0.6	7.8	9.4	9.0	6.8
Active return (arithmetic)	1.0	-1.9	2.3	1.0	5.0

Annualised risk	3 years	5 years	10 years	Lifetime
SD Portfolio (%)	10.4	11.0	10.6	13.9
SD Benchmark (%)**	9.1	9.4	10.2	12.7

Investment Performance Graph (Indexed)*



Investment philosophy

The investment objective of the strategy is to achieve long-term capital growth exceeding the return of the market with a moderate risk profile as measured by standard deviation. The aim is to have a portfolio standard deviation level at or below that of the market.

Our experience in managing focused portfolios has taught us that a concentrated portfolio of 25 to 30 high conviction stock picks ensures a sufficiently high risk diversification. The strategy endeavours to understand and capitalise on the trends of the future. Most importantly though is to be optimally prepared for the future with a robust portfolio of unique stock picks.

The strategy invests in equities listed on global stock exchanges and has no geographic or sector restrictions.

C Worldwide Global Equities Model Portfolio

	US & Canada	UK	Continental Europe	Pacific	Emerging Markets	Total	Benchmark**
Energy	ExxonMobil	Shell				7.5	6.2
Materials	Ecolab	CRH				5.3	5.0
Industrials			Atlas Copco Legrand Siemens			5.8	10.3
Consumer Discretionary	Amazon Home Depot			Sony	Naspers	13.5	10.4
Consumer Staples	Coca-Cola Procter & Gamble	BAT	Nestlé Unilever			13.9	8.4
Health Care	Thermo Fisher		Bayer Novo Nordisk			9.1	12.1
Financials	First Republic Bank Wells Fargo			AIA Group Ping An Insurance	HDFC	20.8	17.2
Information Technology	Alphabet Facebook Visa			Keyence		19.5	14.8
Communication Services						0.0	9.0
Utilities						0.0	3.4
Real Estate	American Tower			Sun Hung Kai		4.4	3.2
Total	47.8	9.2	16.6	16.8	9.6	100.0	100.0
Benchmark**	57.6	5.3	13.9	14.1	9.1	100.0	-

* See the last page in this publication for remarks to performance.

** MSCI All Country World Index incl. net. dividends.

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Remarks to performance: All figures are based on past performance. Past performance is not a reliable indicator of future performance.

The currency is AUD. The return may increase or decrease as a result of currency fluctuations.

Gross and net figures are based on a GIPS composite and the full GIPS report is available upon request.

The gross figures are gross of investment management fee and performance fee, if any.

Other fees, incurred by the investor, such as custodian fee and transaction costs, are not included in the gross figures. The net figures are based on the actual performance including costs of all portfolios.

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