



### Investment Objective

The investment objective of EP Global Opportunities Trust plc is to provide shareholders with an attractive real long-term total return by investing globally in undervalued securities.

The portfolio is managed without reference to the composition of any stockmarket index.

### Market Commentary

- Our view, expressed last quarter, is that asset markets are fully valued on almost all historic metrics unless one believes that interest rate suppression is now a permanently embedded feature of the global economy
- We also previously noted the massive expansion of public and private debt which has been in train since the Global Financial Crisis and accelerated by Covid-19 related measures
- The combination of these two factors makes asset market valuations precarious. This explains some of the gyrations that we have witnessed in the past 3 to 6 months. The most prominent has been the increased questioning of the sustainability of low bond yields which has served to begin to undermine the pricing of 'growth' equities, where low interest rates are required to support valuations
- The absolute level of valuations has continued to remain high with a rotation into more cyclical areas justified largely on the benefits of fiscal expansion and virus recovery. This is likely to be threatened as markets question ever expanding fiscal deficits
- Our defensive positioning has suppressed returns. We see little headroom in absolute valuations and will therefore continue with the current portfolio structure
- We expect that investment opportunities will arise and the portfolio will reduce its defensive orientation when this occurs

### Portfolio Review

- The level of share price movement in technology companies pushed valuations to levels where prudence clearly demanded that a number of our holdings were either reduced or sold
- Taiwan Semiconductor Manufacturing Company, the leading semiconductor fabrication company based in Taiwan was reduced
- Murata Manufacturing, the Japanese electronic components manufacturer, was sold
- Similarly, the battery manufacturer, Samsung SDI, had reached valuation levels which were no longer underpinned by earnings growth and the holding was sold
- China Mobile was also sold, partly as a result of incoming US regulations on the ownership of certain Chinese companies
- As a result of these transactions, the main geographical exposure reductions occurred in Asia
- While a number of positions were topped up, no new purchases were made in the quarter. As a result, cash rose to almost 20%



## Performance Commentary

- The Net Asset Value (NAV) per share increased by 0.5% over the quarter. The portfolio is managed without reference to any index
- Cyclical sectors, especially Financials, Energy and Materials were the strongest performing areas
- Banks are the epitome of cyclicity given the operating leverage in their business models. Additionally, dividends are selectively going to be resumed in 2021 and this supported ING, the best performing stock over the quarter
- Antofagasta continued to perform as copper prices rose through the quarter driven by optimism about demand recovering and supply remaining tight
- The portfolio retains a more defensive structure and this suppressed returns, even although Health Care stocks such as Novartis posted reasonable full year results
- Credicorp was the weakest stock as Peru suffered from a renewed wave of Covid-19 cases and uncertainty related to the upcoming Presidential election

## Discrete Performance

	31 Mar 20 31 Mar 21	31 Mar 19 31 Mar 20	31 Mar 18 31 Mar 19	31 Mar 17 31 Mar 18	31 Mar 16 31 Mar 17
Share Price	24.2	-21.5	8.3	0.3	30.6
Net Asset Value (NAV) per share	14.9	-13.6	3.5	4.2	32.4

### Past performance is no guide to future performance

Share Price total returns are sourced from Refinitiv Datastream/Bloomberg. Share price returns are calculated on a closing mid price basis. NAV returns, including current period income, are sourced from Edinburgh Partners. All dividends are reinvested at the ex-dividend date.

Further information on the Company can be found within the latest factsheet and KID.

## Risk Warnings

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