



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

- At the end of the previous quarter, we expressed the view that whilst we did not see markets as being 'cheap' there was the potential for significant rallies in share prices. Since then equity markets have moved substantially higher, rivalling historic bull market moves
- During the period, when share prices fell we were able to reshape the portfolio and buy a number of stocks which we believed had the combination of strong balance sheets and better growth prospects
- However, the market subsequently rallied, meaning that share prices moved ahead of our targets and only some of the trades were completed
- Given equity markets' role in anticipating future growth, the global economy and financial markets do not move in lockstep; however, the combination of full valuations prior to the recent rally and a poor economic outlook suggests that this market strength is down more to investor sentiment and the actions of central banks rather than being sustainably driven by future profits growth
- We are highly sceptical of the sustainability of recent equity market moves and believe the correct approach is to remain with a defensively positioned portfolio, ready to take advantage of future setbacks

Portfolio Review

- The main changes in geographic exposure were increases in South Korea and Taiwan, both of which reflected purchases of Technology stocks where the market setback allowed new stocks to be added
- In France and Hong Kong, the exposures declined with the respective sales of BNP Paribas and Swire Pacific
- In Japan, the fall in share prices allowed the build-up of the position in Daiwa House Industry to be completed
- The largest increase in exposure came in the Information Technology Sector where price weakness allowed the portfolio to purchase both Samsung Electronics and Taiwan Semiconductor Manufacturing Company (TSMC)
- This added to the top-up we were able to make in Samsung SDI, the battery manufacturing company, in the previous quarter
- The switch from the Energy sector company Royal Dutch Shell to the copper miner Antofagasta in the Materials sector was completed during the quarter
- While the Financials sector exposure remained little changed, there were disposals of BNP Paribas and BBVA, with a corresponding purchase of Credicorp of Peru and an increased position in ING
- As a result of the above transactions, cash and other net assets fell from 20.9% to 13.9%. As mentioned already, not all the planned transactions were completed due to rising equity markets. Should share prices come back into range, then further cash will be invested



Performance Commentary

- The FTSE All-World Index was up 19.7% over the quarter, with North America producing the strongest returns
- Against the backdrop of the defensive positioning of the portfolio and sharply rising markets, portfolio performance lagged relative to the market
- We believe that this will be reversed when equity markets begin to adjust to the gloomy profits outlook rather than the current focus on central bank prompting
- Oil stocks continued to be impacted by the fallout with significant re-evaluations of their exploration and production portfolios
- Health Care stocks have continued to benefit the portfolio as market interest in the sector held up against the pandemic backdrop

Discrete Performance

	30 Jun 19 30 Jun 20	30 Jun 18 30 Jun 19	30 Jun 17 30 Jun 18	30 Jun 16 30 Jun 17	30 Jun 15 30 Jun 16
Share Price	-10.0	1.8	0.7	29.8	1.8
Net Asset Value (NAV) per share	-6.6	-0.9	6.8	27.4	5.7
FTSE All-World Index	5.7	10.1	9.4	23.0	14.0

Past performance is no guide to future performance

Share Price and FTSE All-World Index total returns are sourced from Refinitiv Datastream. 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. The FTSE All-World Index figures are included for reference purposes only.

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

Risk Warnings

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