



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

- Markets are becoming increasingly reactive to short term news flow with little reference to existing high valuations
- Central banks continue to provide support, which is of no surprise to the markets, and raises the possibility that we are nearing the limits of their policy powers
- Markets are becoming more volatile suggesting the liquidity-driven rally is losing momentum. Year-to-date equity issuance is at a record high
- Risks continue to build as we head into Q4 with a potentially chaotic and disputed US election, ongoing Brexit negotiations and rising Covid-19 cases across Europe
- We remain highly sceptical on 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

- During the quarter an investment was made in a basket of Japanese stocks characterised by their domestic focus, and therefore the relative stability of their business models, as well as their strong balance sheets and attractive valuations. Corporate governance in Japan is poorer than in other developed markets, with boards having only a small minority of independent directors being the norm. However, since the Corporate Governance and Stewardship Codes were published, governance in Japan is slowly improving and, in particular, a fresh look is being taken at capital allocation. This basket of stocks seeks to benefit from this potential as well as that of the underlying businesses
- Small reductions in Pharmaceutical sector holdings, Novartis and Roche, resulted in a decrease in the exposure to Switzerland
- The position in Samsung SDI was significantly reduced following a strong run and resulted in a fall in exposure to South Korea
- While there was no overall significant change in exposure to the Information Technology sector, this masked the activity of the purchase of Murata Manufacturing, funded by the previously mentioned reduction in the Samsung SDI holding
- Consumer Staples sector exposure was increased with the purchase of protein nutrition specialist company Glanbia
- We continue to hold high cash balances while we wait for investment opportunities with the appropriate risk/reward profile



Performance Commentary

- Against the backdrop of the defensive positioning of the portfolio and the sharply rising markets, the performance of the portfolio relative to the market lagged. We are confident that this will be reversed when the markets begin to adjust to the future outlook rather than central bank prompting
- The FTSE All-World Index was up 3.4% over the quarter but there was significant geographic differentiation with Asia and the US leading the way while Europe and the UK lagged
- We continue to believe that, whilst we do not see markets as being 'cheap' there is the potential for further rallies.
- In the portfolio, Telecoms were the greatest negative detractor. Underperformance was driven by perceived lower longer-term growth profile and some short-term disappointments in earnings/dividends
- Technology Hardware stocks have continued to benefit the portfolio in absolute terms as market interest in the sector continues to hold up against the pandemic background. Interest in electric vehicles and battery-related stocks benefitted our holdings in Samsung SDI, while the fallout from a US competitor in process manufacturing allowed TSMC to consolidate gains

Discrete Performance

	30 Sep 19 30 Sep 20	30 Sep 18 30 Sep 19	30 Sep 17 30 Sep 18	30 Sep 16 30 Sep 17	30 Sep 15 30 Sep 16
Share Price	-12.9	-2.5	7.0	15.2	26.9
Net Asset Value (NAV) per share	-10.4	-2.0	5.7	19.2	28.2
FTSE All-World Index	5.7	7.8	13.4	15.5	31.3

Past performance is no guide to future performance

Share Price and FTSE All-World Index 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. 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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ENQUIRIES

Contact: Robert Coulter

T: +44 (0) 131 270 3800

F: +44 (0) 131 270 3801

E: rcoulter@edpam.com

W: www.epgot.com

27-31 Melville Street

Edinburgh EH3 7JF

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