

Manager Announcement

July 2017

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Maj Invest Brings Bottom-Up, Multi-Factor Focus to SGMF Global Equity Fund

Fondsmaeglerselskabet Maj Invest A/S (“Maj Invest”) has been added to the SGMF Global Equity Fund (the Fund) as at 26 July 2017.

Addition of Maj Invest

What They Do

Maj Invest’s investment team believes in buying quality companies at reasonable prices—whether by targeting depressed valuations, underappreciated profit generators, or a combination—and that the market is predominantly efficient, but that pockets of inefficiency arise when companies experience temporary headwinds. The team adheres to a conservative value-oriented philosophy that emphasises stability.

How They Do It

Most of the team’s initial investment ideas are generated by a quantitative screen that is run on a weekly basis, evaluating approximately 6,000 companies according to quality, value and momentum. The screen narrows the universe of investable companies to between 80 and 100, which are then further researched.

The team tends to avoid countries or industries that have high downside risks whilst qualitative analysis helps the team avoid errors of omission. All companies must pass quality and profitability tests to be considered for the final portfolio, which is composed of 25 to 35 high-conviction, undervalued stocks.

Sell discipline is driven by valuation rather than momentum, and Maj uses a proprietary risk-management tool for both portfolio construction as well as ongoing risk monitoring.

About Maj Invest

Founded in 2005 and headquartered in Copenhagen, Denmark, Maj Invest is the asset-management arm of the Maj Invest Group. Its history dates back to the founding of the Danish government-sponsored entity LD Pensions in 1980. As at 31 December 2016, it had \$8.4 billion in assets under management.

Why We Chose Them

- **Investment philosophy:** We believe that Maj Invest understands the importance of the constant trade-off between price paid and holdings quality, which results in a more dynamic implementation than pure stability and a more conservative implementation than pure value.
- **Portfolio manager experience:** Kurt Kara has a deep understanding of market dynamics acquired through market research, experience and passion. He has navigated the strategy through multiple market cycles during his twelve-year tenure at Maj Invest.
- **Investment Process:** Maj Invest’s process is fundamental and inherently bottom-up, combining quantitative analysis and qualitative considerations in a balanced fashion. We believe this gives Maj an edge in reducing behavioural biases.

Glossary of Financial Terms:

- **Bottom-up:** Bottom-up managers focus on individual stock selection instead of the overall economic environment.
- **Fundamental:** Fundamental analysis is based on analyst research and judgement.
- **Qualitative:** Qualitative refers to security analysis based on analyst research and subjective views.
- **Quantitative:** Quantitative analysis is based on computer-driven models.

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