

Investment strategy highlights

BankInvest Equity Income Strategy is a bottom-up stock picking strategy. The ambition is to achieve a competitive total return with focus on 1) risks, 2) cash flow/dividends, and 3) share price appreciation.

Over the long term, dividend paying stocks have outperformed and shown lower risk than the market. This is well-documented.

Investment philosophy

1) Certainty principle: The most certain aspect of investing is uncertainty. Hence, Risk is the first pillar of the investment philosophy.

2) Cash flow/dividend focus: Focus on both generation of cash flow and use of cash flow. Dividends are paid by cash flows. Focusing on companies with high and stable cash conversions.

3) No conviction: No conviction bets, equal weight.

4) Strategic focus: Focus on "Need to have" over "Nice to have" products and services. The resilience of the former becomes obvious in times of economic uncertainty.

5) Ambition: Avoiding "losers", rather than picking "winners".

About the strategy

Inception with current management team	12 May, 2011
Total strategy AuM (EURm)	966
Benchmark	MSCI World HDY

Portfolio characteristics

Characteristics	Portfolio	Benchmark
# securities	51	295
Dividend yield	2.9%	3.7%
P/E ratio, 12m forward	14.5x	12.7x
Active share	70%	
ESG rating, MSCI	AAA	

Risk, 3 year (36m)	Portfolio	Benchmark
Standard deviation	14.3%	13.7%
Sharpe ratio	0.9	0.8
Beta (vs BM)	1.0	
Tracking error	3.6%	
Information ratio	0.8	

Sector exposures

Sector	Portfolio	Benchmark	+/-
Health Care	24.4%	21.0%	3.3%
Information Technology	12.0%	9.0%	3.0%
Real Estate	1.9%	0.6%	1.3%
Financials	14.4%	13.3%	1.2%
Communication Services	6.2%	5.5%	0.7%
Utilities	6.0%	6.5%	-0.5%
Materials	6.0%	6.8%	-0.8%
Consumer Discretionary	5.3%	6.4%	-1.1%
Energy	0.0%	1.1%	-1.1%
Industrials	9.0%	11.0%	-2.0%
Consumer Staples*	14.2%	18.4%	-4.3%

*Notes: Tobacco accounts for ~3pp of the underweight

Top 10 holdings relative

Security	Weight	+/-
Deutsche Telekom	2.3%	2.3%
Anthem	2.2%	2.2%
AstraZeneca	2.2%	2.2%
Willis Towers Watson	2.2%	2.2%
UnitedHealth	2.2%	2.2%
LyondellBasell	2.3%	2.1%
Royal Bank of Canada	2.1%	2.1%
ABM	2.1%	2.1%
TFI International	2.0%	2.0%
Microsoft	2.0%	2.0%
Top 10 active share		21.4%

Cumulative performance (*)

Returns in EUR	1m	YTD	1 year	3 years	5 years	10 years	----- Since Launch -----	
							Cumulative	Annualised
Portfolio	-0.7%	1.4%	17.8%	46.7%	67.9%	244.6%	277.8%	12.8%
MSCI World HDY	-0.5%	3.9%	16.1%	35.8%	46.1%	169.5%	183.9%	9.9%
Excess return	-0.2%	-2.5%	1.7%	10.8%	21.8%	75.0%	93.9%	2.9%

Annual performance (*)

Returns in EUR	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Portfolio	6.1%	14.2%	16.6%	18.6%	11.9%	13.9%	7.9%	-0.6%	24.9%	-1.7%	32.5%
MSCI World HDY	3.6%	10.5%	16.6%	16.7%	7.8%	12.6%	3.8%	-2.9%	25.4%	-8.3%	24.6%
Excess return	2.5%	3.7%	0.0%	1.9%	4.1%	1.4%	4.1%	2.3%	-0.6%	6.6%	7.9%

Portfolio construction

- Approx. 50 stocks with 1.5-2.5% in each stock (equally weighted).
- All sectors in developed markets (excl. fossil fuels and tobacco).
- The portfolio is more-or-less sector neutral (to reduce "macro risk").

Portfolio managers

Manager	Years of experience
Michael Clemens <i>Chief Portfolio Manager</i>	>30
Kresten Johnsen <i>Senior Portfolio Manager</i>	>10
Aleksander Edemann <i>Analyst</i>	5

Source: Bloomberg, BankInvest, 31.05.2022. *Notes: Gross return before fees.

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