

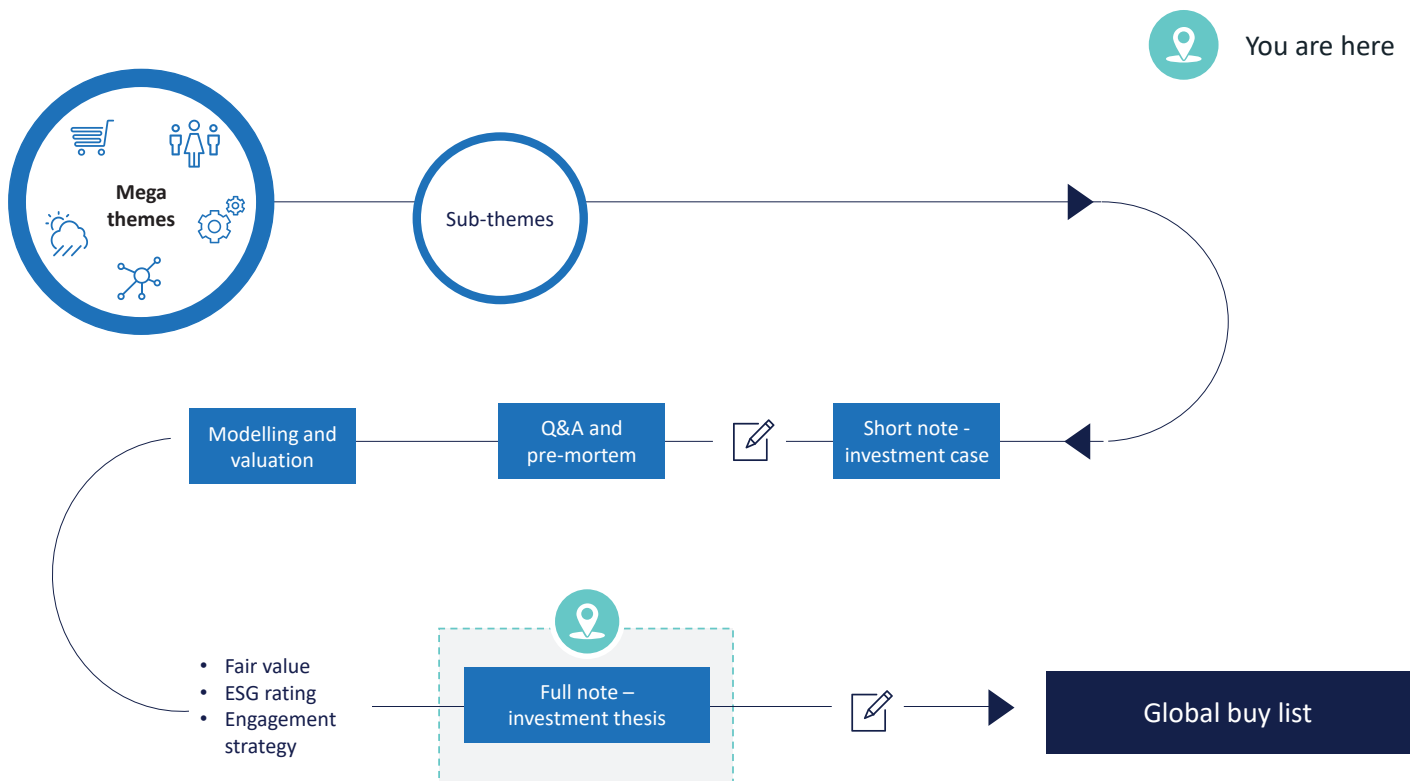
# Narrowing the Universe: thematic investment in practice

Giles Money



## Stock selection

Research process



# What to do with a new buy list stock?

Considerations for a position size

## Company expectations?

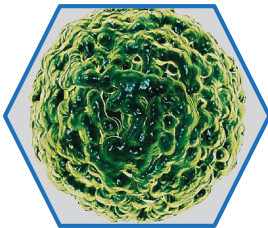


## How is it correlated?



# Idiosyncratic risk?

**Norovirus**  
(SALES MISS EXPECTATIONS)



**Corona virus can't dock**  
(LIQUIDITY)



**Ports ban heavy sulphur**  
(CAPEX AND IMPAIRMENT)



**Captain salutes an Island and sinks the ship**  
(BAD MANAGEMENT)



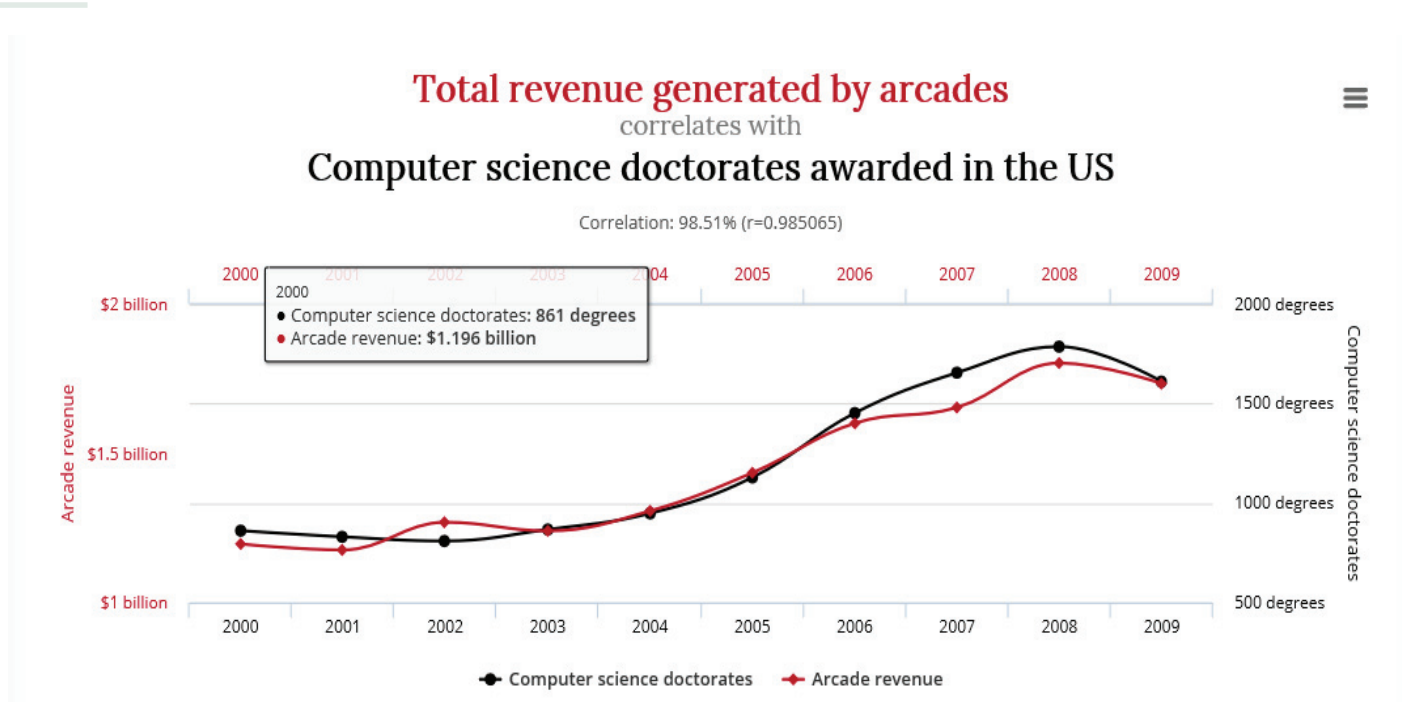
**Pirates**  
(ASSET SEQUESTRATION)



**Ship gets too old**  
(STRANDED ASSET)

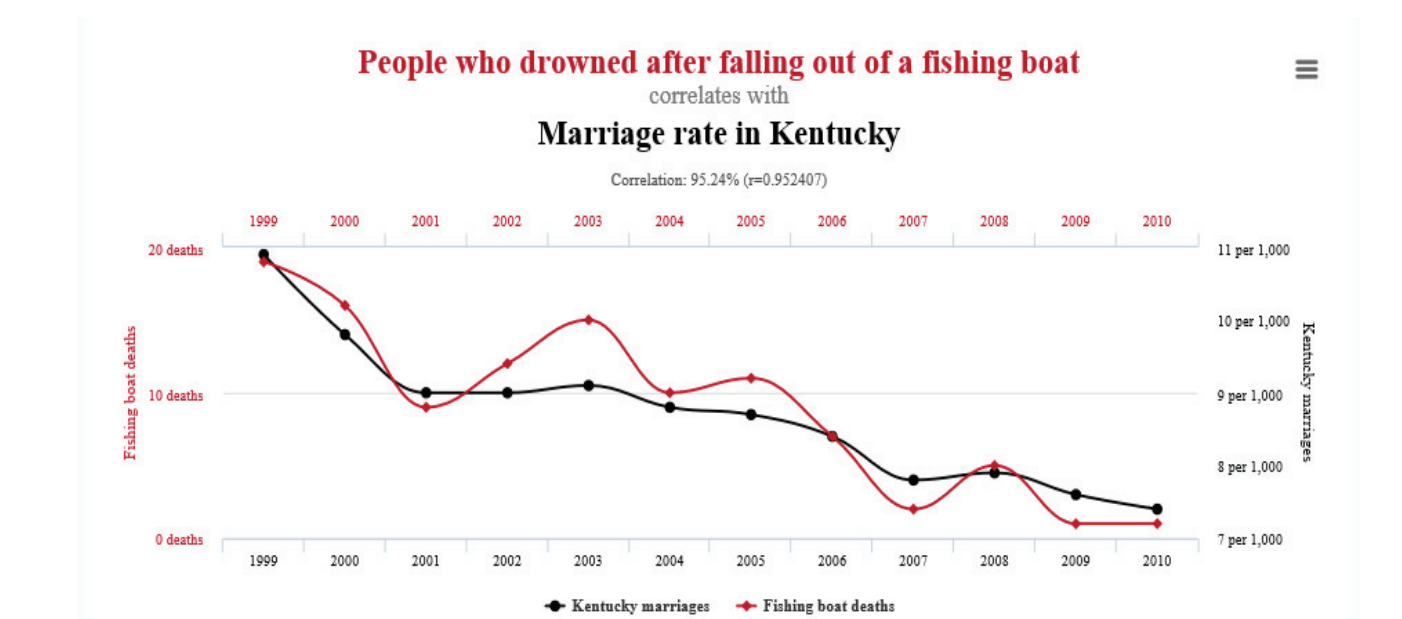


# Some correlations make sense



Source: U.S Census Bureau and National Science Foundation

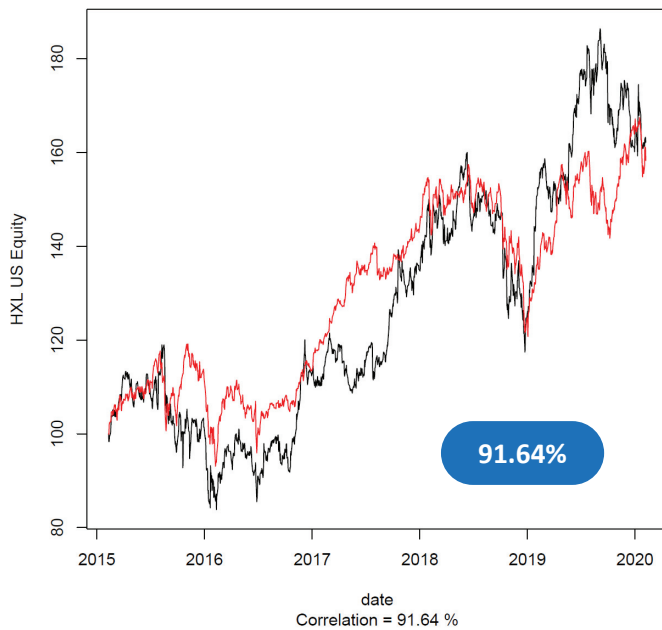
# Some correlations don't...Science or Art



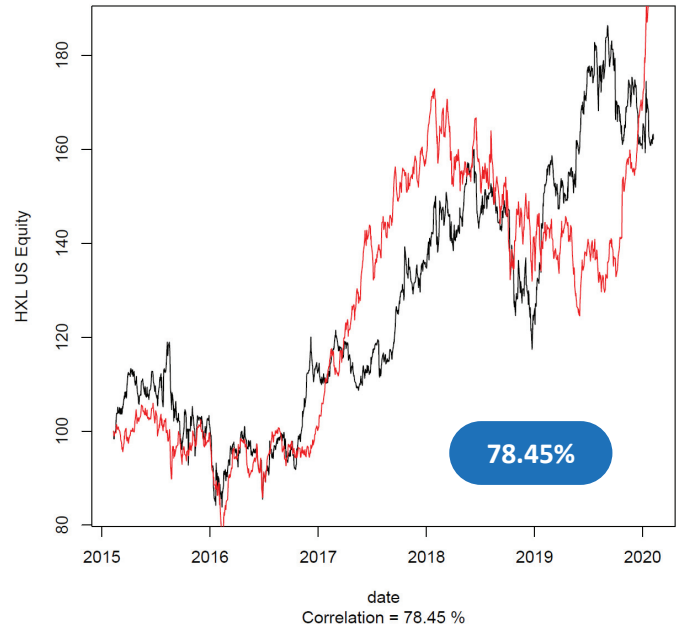
Source: U.S Census Bureau and National Science Foundation

# Hexcel is a travel stock not a low carbon transport stock

## HXL US Equity vs travel



## HXL US Equity vs low carb transport



# Taking 100 stocks to 40

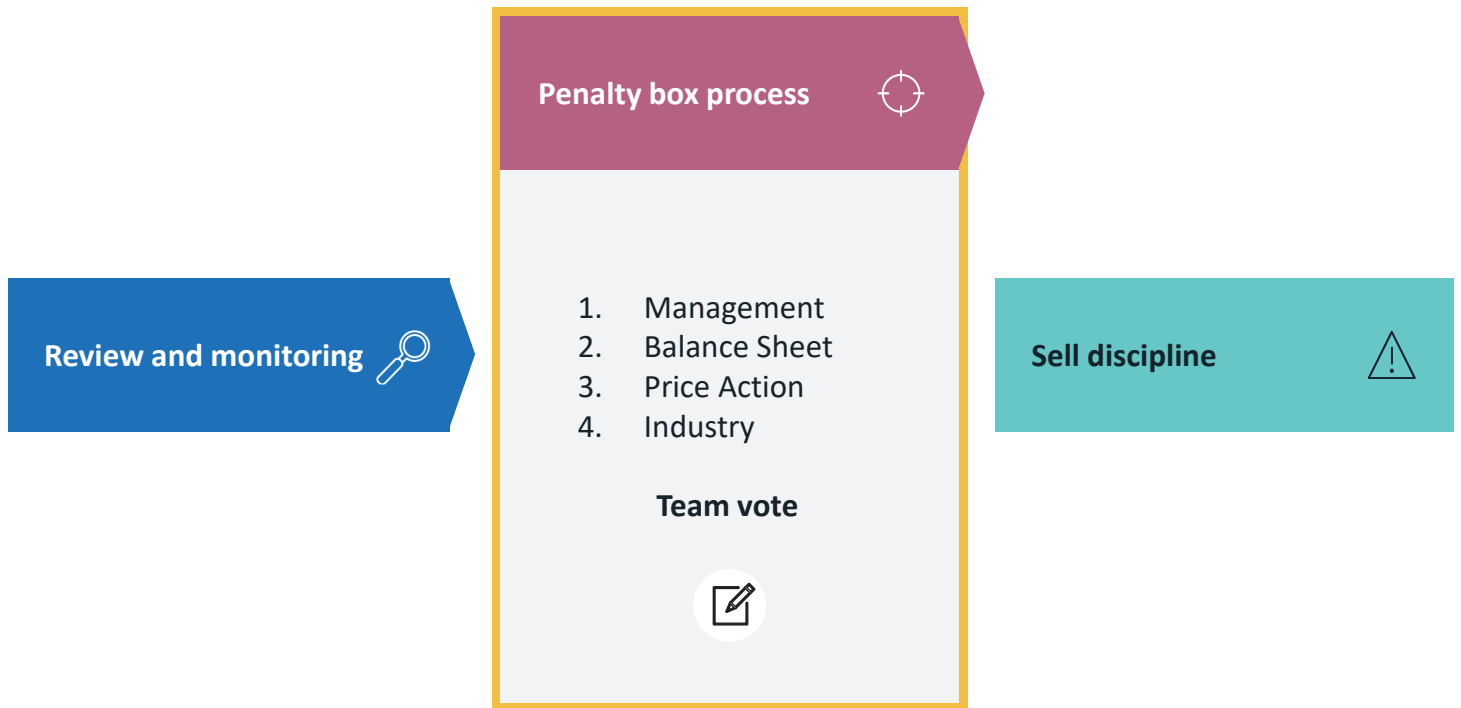
## Thematic Responsible Global Equity breakdown

### Investment Themes

Digitalisation 31%	Automation 10%	Ageing 19%	Evolving Consumption 24%	Climate Change 17%	Corporate Characteristics
Activision Blizzard Alphabet Amazon ASML Holding Mastercard ServiceNow	-	AIA Amgen Shionogi & Co	Associated British Foods	Hexcel Corp Novozymes Orsted Umicore	<b>Disruptive Growth</b> 35%
Moody's Corp	-	CSL Fresenius Medical	Colgate-Palmolive Costco EssilorLuxottica Givaudan Unilever	Air Liquide Ecolab NextEra Energy	<b>Defensive Franchise</b> 28%
Accenture Booking Holdings London Stock Exchange SVB Financial Group	CME Group Deere & Co Kubota Corp Schneider Electric	First Republic Bank Home Depot Prudential Plc	Creditcorp DS Smith Samsonite Shimano	Daikin Industries	<b>Cyclical Franchise</b> 25%
Charter Communications Equinix	-	Service Corp	-	Weyerhaeuser	<b>Cash Harvest</b> 9%
-	-	-	Aramark	-	<b>Special Situation</b> 3%

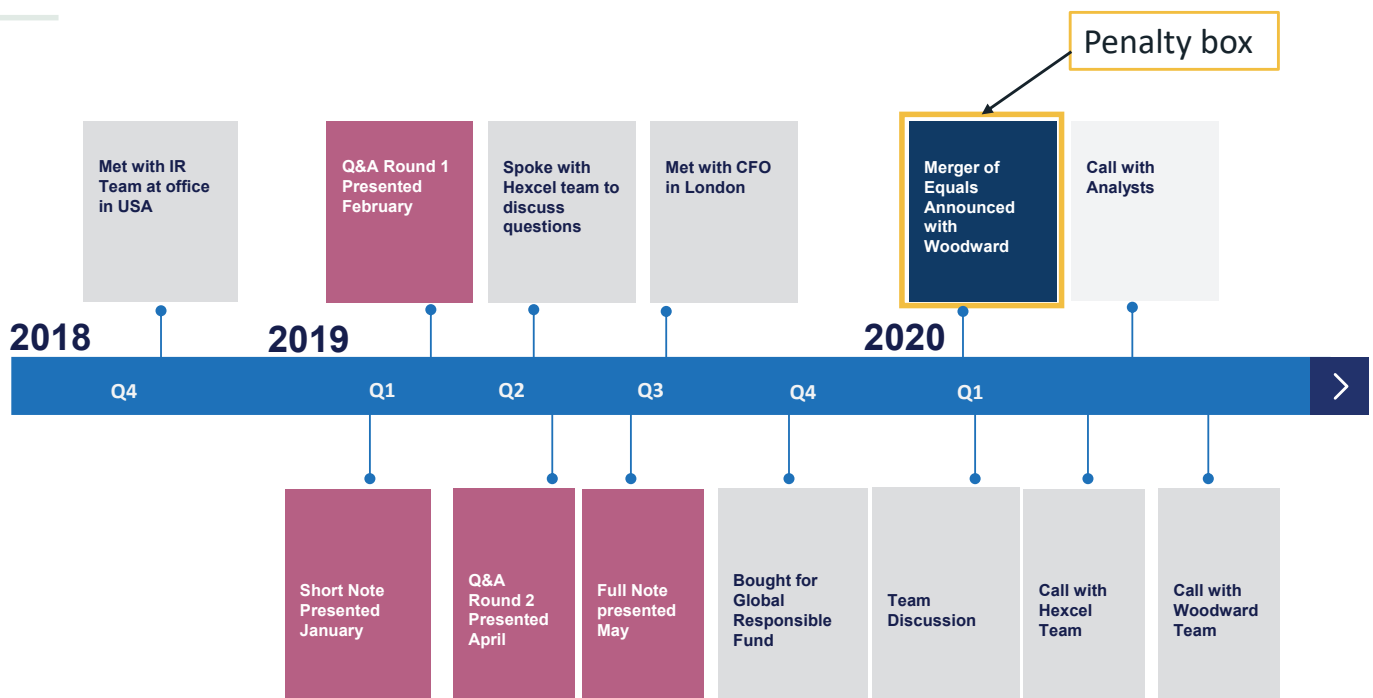
Source: Sarasin & Partners LLP. As of 31.12.2019. Allocations shown are for illustrative purposes only, may change without notice and do not take into account the financial situation or circumstances of any individual investor.

# What happens once we own it?



# Investment and Engagement

Hexcel



# Competition for Capital



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