



COURTIERS

ASSET MANAGEMENT LIMITED



*Investment Process*

**Courtiers Equity Funds**

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The Courtiers Equity Funds are primarily focused on producing long-term growth and income for investors.



**The Courtiers UK Equity Income Fund:** will invest in shares of companies incorporated, domiciled or having the predominant part of their business in the UK. The Fund may also invest in other transferable securities such as units/shares in investment funds, global shares, investments issued by banks or governments that are a short term loan to the issuer by the buyer, warrants, cash and near cash and deposits. Derivatives (investments whose value is linked to another underlying investment such as shares or performance of a stock exchange) may be used to reduce risk or cost and/or to generate extra income and growth.



**The Courtiers Global (ex-UK) Equity Income Fund:** will invest in shares of companies incorporated, domiciled or having the predominant part of their business outside of the UK. The Fund may also invest in other transferable securities such as units/shares in investment funds, UK company shares, investments issued by banks or governments that are a short term loan to the issuer by the buyer, warrants, cash and near cash and deposits. Derivatives (investments whose value is linked to another underlying investment such as shares or performance of a stock exchange) may be used to reduce risk or cost and/or to generate extra income and growth.

Both of the funds have a quantitative approach to company selection, which results in a value tilt. The funds use the same investment process with geographic exposure being the main differences between them. The Global fund will not invest in UK listed equities to ensure there is never an overlap of holdings.

**Each fund employs an equally weighted approach.** There is a disciplined process in place to ensure the equal weightings are maintained whilst the team is mindful of excess trading costs. Both funds have a value tilt through all market cycles.

The funds were launched on 30 November 2015. The funds are managed on a co-manager basis. Gary Reynolds, CFA, has co-managed the funds since inception. Jacob Reynolds, CFA, was appointed co-manager in March 2021.

# Investment Team

The people committed and responsible for managing Courtiers Funds which involves asset allocation, investment analysis, investment decisions, trading, rebalancing, risk management and managing liquidity.



**Gary Reynolds CFA**  
Chief Investment Officer



**Jacob Reynolds CFA**  
Head of Asset Management



**James Timpson CFA**  
Fund Manager, Multi-Asset Funds



**Nigel Breakell**  
Fund Manager



**Matthew Parker CFA**  
Senior Analyst



**Sam Keen**  
Investment Analyst



**Charlotte Brockington**  
Trainee Analyst

# Fund Objectives



The funds seek to achieve a long-term total return comprised of income and capital growth. The objectives of each fund are detailed fully in the prospectus.

While the funds do not have a specific benchmark, the relevant Investment Association (IA) sector can be considered a peer group for performance comparison purposes.

Fund Name	IA Sector
Courtiers UK Equity Income Fund	UK Equity Income
Courtiers Global (ex-UK) Equity Income Fund	Global Equity Income

There are specific yield requirements for the funds to remain within the abovementioned IA Sectors. The relevant equity limits for the funds are detailed within the prospectus.

# Security Selection

Security selection for the funds begins with a screening of the relevant investment universe, in conjunction with Courtiers' Proprietary Quantitative Equity Selection Model (QESM).

The QESM will rank stocks, based on a starting index universe, relative to their region as well as sector:



## INITIAL SCREEN

- Consideration of fundamental ratios across all major global markets to assist with core equity index allocation decisions.
- Internal macroeconomic analysis alongside specialist third-party research providers will be used where appropriate.



## FACTOR SCREEN

- Stocks analysed based on their value and yield characteristics.
- Non-dividend paying companies are excluded.



## RANK

- Companies will be shortlisted and ranked based on a combination of their yield and quality score.

# Security Selection



The resulting output from the QESM will be reviewed by the Investment Team.

Any shortlisted stock will then undergo a qualitative sector analyst review. The sector analyst will consider the following areas:



- Financial Strength
- Volatility & Liquidity
- Business History
- ESG Factors
- Future Prospects
- Current News Flows

REJECT

NO REASON TO REJECT

The sector analyst will either 'Reject' a stock or find 'No Reason to Reject' the stock.

If a stock is deemed 'No Reason to Reject', the position will be implemented into the fund.

# *Fund Construction*



**The fund will typically hold between 30 and 40 stocks, with each position implemented into the fund on an equal weighted basis.**

There are no targets or limits with regard to sectors or geographies.

The fund is rebalanced if a position exceeds 4% of the fund, with the proceeds being used to top up the lowest weighted stocks.

# Monitoring

**The Investment Team meets formally on a weekly basis to review the current fund composition.**

Ad-hoc and informal meetings are also carried out where deemed appropriate.

There are no targets or limits with regard to sectors or geographies.

The fund is rebalanced if a position exceeds 4% of the fund, with the proceeds being used to top up the lowest weighted stocks.

The QESM is run weekly and securities within the fund are also monitored in the following ways:



- Value Scores
- Momentum Scores
- Yield Scores
- ESG Factors
- Factor Exposure
- Current News Flows
- Stress Testing
- Concentration Analysis
- Equal Weighting
- Clustering Analysis

Any security flagged in relation to each area will be discussed within the Investment Team and a subsequent analyst review may be carried out.

For a full overview of each area please refer to the appendix.



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## *Charges*



**Fund performance is always quoted net of the ongoing charges.**

The latest charges are detailed on the Key Investor Information Document and on the most recent fund factsheet.

## *Performance*



**Returns to the most recent month end are available on the most recent fund factsheet.**

The factsheets for each of the funds can be found on the Courtiers website.

# Appendix

## Fund Monitoring

The list below is not exhaustive. Additional monitoring methods may be considered and used for reviewing the securities within the funds.

### Clustering Analysis

Assessing a cluster of securities with similar returns in different sectors. This can be useful for assessing systemic risk.

### Concentration Analysis

Concentration looks at market competition within an industry. The less companies within an industry, the greater market share a single company has and the higher the concentration of an industry.

Concentration analysis is carried out in conjunction with the Herfindahl-Hirschman Index (HHI) which assess the size of firms in relation to overall industry size.

### Current News Flows

Current news flows impacting companies within the funds will be reviewed. If these appear to be material this may result in a stock review.

### Equal Weighting

All positions are implemented in the funds on an equally weighted basis. This maintains the sell discipline of the fund.

If a position exceeds 4% of the fund it will be trimmed, with the proceeds used to top up the lowest weighted stocks.

## ESG Factors

This is the consideration of Environmental, Social and Governance (ESG) factors of individual securities. ESG factors are reviewed in conjunction with an independent third-party provider. Please refer to the 'ESG Factors in Courtiers Funds' document for further information. This can be found on the Courtiers website.

## Factor Exposure

This compares the current fund weights and dividend yields to the relevant starting index.

## Momentum Scores

Momentum assesses the velocity (speed) at which price changes of securities occur, as opposed to the actual share price change. A security with a lower momentum score is preferred for the funds.

## Stress Testing

Assesses the potential effects of events on a stock as well as their financial impact.

## Value Scores

This will combine a range of financial ratios inclusive such as Earnings-to-Price to provide an overall value score for an underlying security. A security with a higher value score is preferred for the funds.

## Yield Scores

This will review the dividends paid by a security. The yields for all the underlying securities will be amalgamated to provide a fund level yield. This will be compared to the yield of the relevant index.

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## **Important Information**

The value of your investments and any income you take from them may fall as well as rise and is not guaranteed. You might get back less than you invest. Please remember that past performance is not a reliable indicator of future returns. The investments are intended as long-term investments. Further details of the risks associated with investing in Courtiers Funds can be found in the Key Investor Information Document or Prospectus, copies of which are available on request or at [www.courtiers.co.uk](http://www.courtiers.co.uk).

## **Disclaimer**

This communication is for information purposes only; it should not be relied upon in making an investment. The views expressed by individuals and the business are based on market conditions at the date of issue and subject to change without notice. Reference to any investment does not constitute advice or a recommendation to buy or sell securities. Should you need advice or if you are interested in any of Courtiers Asset Management Limited's range of funds please seek advice from a financial adviser.

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