J. STERN & CO.

World Stars Global Equity Fund
Q1 2021

Quarterly Investment Commentary

28th April 2021

Dear Investors,

The Next Trade

We are at a turning point following the devastating impact of the pandemic on our economies and lives. Governments and central banks have taken significant steps to support economies and livelihoods that have been affected by the measures to close down economies and protect our populations. Vaccines are being implemented and are having a positive impact despite the issues around changing variants and potential side effects.

The United States is on track to administer 200 million doses by President Biden's 100th day in office. According to the AARP (American Association of Retired Persons), 80% of over 65-year-olds in the US are already vaccinated and at the current pace the US is on a trajectory to achieve 80% vaccination of its population by mid-July, an important threshold for herd immunity. The US has proved its ability to innovate and produce at scale and the discourse is already shifting to what the government will do with the billions of excess vaccine doses that will be produced through this year. Given the issues in Europe and elsewhere it is striking that once again the New World may come to the rescue of the Old.

During the first quarter, the companies we are invested in have reported strong results and vigorous demand for their products and services. Our long-term perspective and our fundamental approach is why we are optimistic about the global economy and about the prospects for our investments. We trade very little and for fundamental reasons only, so each trade matters.

For us market volatility and sector rotation are opportunities. Last year we bought 'value' as in 'value/growth' - industrial, consumer and healthcare companies that had been impacted by the short-term impact of the pandemic and that had the promise of significant rebounds in their revenues and earnings. This year we have bought 'growth' that has been left behind by the sector rotation. Market short-termism has allowed us to buy a position in Salesforce, the leading software platform that we had been looking to buy for many years but held off until now because of its valuation, at a much cheaper price than before.

We invest in quality and value for the long term so for us the next trade is always the same as the last one: to buy companies with strong and sustainable competitive positions, in good and growing markets, with managements with a record of value creation and balance sheets so strong as to whether any adversity, including the present challenges. As we write, the sector rotation appears to have reversed and many of our less cyclical and higher growth companies are performing strongly.

The year to come will continue to be challenging and we have to hope that the vaccine rollout will be effective in reaching people and addressing the issues of variants and side effects as our analysis indicates so that economies can open up throughout the year. We are confident in the quality and value of the companies that we have invested in and will continue to focus on the fundamentals to take advantage of opportunities as they arise.

J. Stern & Co. LLP 4 Carlton Gardens, London SW1Y 5AA, United Kingdom
Telephone +44 (0)20 3478 1800 Fax +44 (0)20 3478 1799 Email info@jsternco.com Website www.jsternco.com
Authorised and regulated by the Financial Conduct Authority
VAT 143 78 49 85 Partnership Nr. OC 378306 LEI 2549003TLEXYJIFA3O32

Performance

After a very strong CY2020, with a 19.4% gain in USD, 290bps ahead of the MSCI World Index, our World Stars Global Equity fund had a slower first quarter at +1.9%. This included a 3.6% cumulative gain in February and March. Within global equities, the first quarter was characterized by a sharp sector rotation towards 'value' stocks, which in the US equity market have outperformed 'growth' by c. 20%. This was a significant factor behind the under-performance of our fund against the index, as the World Stars is focused only in high quality, long-term growth companies.

	Mar-21	Q1 2020	YTD	1 Yr.	3 Years		5 Years		Since Inception	
					Cumulative	Annualised	Cumulative	Annualised	Cumulative	Annualised
Fund (USD)	2.7%	**1.6%**	1.6%	41.9%	42.5%	**12.5%**	100.8%	**14.9%**	158.5%	**11.8%**
MSCI World (USD)	3.4%	**5.0%**	5.0%	54.8%	45.8%	**13.4%**	92.1%	**13.9%**	162.0%	**12.0%**

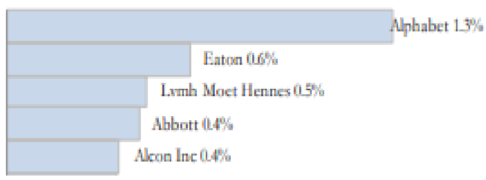
Source: SS&C Technologies, Bloomberg, J Stern & Co. As at 31/03/2021. Performance is that of the World Stars Global Equity Fund, A1 USD Share class, launched on 08 April 2019. Prior to launch date performance was that of the World Stars strategy, based on total return (with dividends reinvested) and net of 1% fees per annum, deducted quarterly in arrears. Past performance is not a reliable indicator of future results; the value of any investment can fall as well as rise; and returns may increase or decrease as a result of currency fluctuations. Inception of the strategy 1/10/12.

The global equity market is being driven by increased conviction in a strong global cyclical recovery with estimated 5% p.a. GDP growth in 2021 and 2022. The combination of accelerating vaccine programmes with high efficacy and continued large-scale government support is stimulating a substantial rise in consumer confidence and business activity.

Meanwhile our own companies have reported consistently strong trading results through Q1 2021, with a substantial majority producing earnings ahead of consensus estimates. This robust trading performance, whether in revenues, profits or cash flows, underlines the quality of our stocks and supports the view that many have strengthened their business model during the pandemic.

Top Five Contributors

Our top five stocks were spread across the four broad sectors through which we categorise our portfolio – digital transformation, consumer, healthcare & life sciences, and industrials & infrastructure. Each company is on a post-Covid growth or recovery trajectory of varying speed and scale.



Alphabet rose a further 18% in the quarter after a 31% gain in CY2020. It continued to report on exceptional progress in its Q4 2020 results, with revenues growing 23% YoY and EPS of $22.30, far above street estimates of $15.70. In the core Google search and advertising business Q4 operating margins increased to 28% (20% Q4 2019). The crisis has strengthened Alphabet's competitive position in online services, with the growth in E-commerce generating higher demand for online advertising. This generates huge cash flows which are partly invested in newer growth businesses including Google Play, YouTube, and Cloud services. We believe the shares remain a highly attractive long-term investment even after their strong recent gains.

Eaton's Q4 results were ahead of expectations with EPS of $1.28, 4% above consensus, strong cost control with only a 40bps fall in the operating margin to 17.4%, and a slower organic sales decline at -5% compared to -9% in Q3. The company highlighted an underlying improvement in trading in Electrical Americas and Electrical Global, and noted a 12% and 14% respective increase in the order backlogs of both businesses. During the last year Eaton has been working aggressively to optimise its portfolio and strengthen its growth prospects. It has sold its Lighting and Hydraulics businesses for a combined $4.7bn and recently invested $4.5bn in Tripp Lite and Cobham Mission Systems alongside smaller acquisitions such as HuanYu High Tech.

LVMH's Q4 results showed a marked improvement in several important areas. Total organic revenues declined by 3% in Q4, after -7% in Q3 and a total of -21% for Q1-Q3 2020. Operating profits from recurring operations fell 28% for FY2020, but rose by 7% in H2. The recovery was led by the US and Asia, and more broadly with a sharp increase in online sales as the stores remained closed. By brand and product area, the strongest trends were in Louis Vuitton, Christian Dior, cognac, and champagne. During the quarter LVMH completed the acquisition of Tiffany at a slightly reduced price of $15.8bn. This strategic purchase strengthens its position in the fast-growing global jewellery market and in the US luxury goods market.

Abbott Laboratories reported outstanding Q4 2020 results with organic sales up 28%, including 300 million Covid tests and $2.4bn of additional revenue, and 43% organic sales growth in its Freestyle Libre glucose monitoring system. The new EPS guidance for 2021 was 13% above the 2021 consensus and 8% higher than the previous consensus for 2022. In addition to its vibrant diagnostics and diabetic franchises, Abbot has a strong position in nutrition led by Ensure and Glucerna, and a robust pipeline of potential new products across the business. Whilst the demand for Covid-testing will progressively fade, we are optimistic about the company's long-term growth prospects.

Alcon's business returned to modest revenue growth of 2% in Q4 2020 after a 17% decline in H1 and 1% fall in Q3. It was a difficult year overall with a sharp fall in the operating margin to 11.7% (17.2%) but clear signs of recovery in demand through Q4. Both divisions of Surgical and Vision Care returned to growth. The investment case for Alcon remains very robust based on its leading global position in eye care, in surgical equipment and devices, and in cataract treatment where it has an estimated 50% market share. It also has a strong track record in innovation. This growth platform is supported by a number of demographic megatrends including an aging population, myopia caused by digital devices and the growth in middle-income consumers in emerging markets.

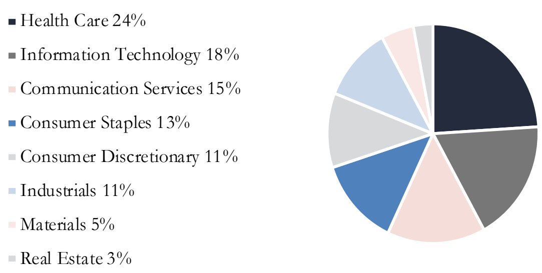
Source: Bloomberg, SS&C Technologies, J. Stern & Co. As at 31/03/21.

Portfolio Composition

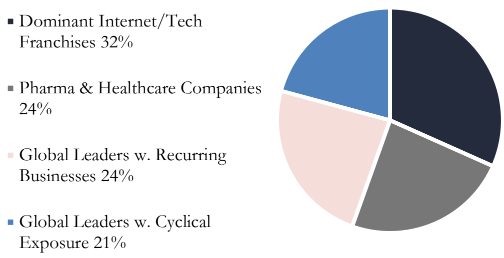
In overall terms the composition of the fund has not changed materially during the quarter, whether measured by geography or by industry. Our industrial and consumer stocks have benefited from improved market sentiment as vaccination rollout continues and economies reopen, such as LVMH and Diageo. In healthcare & life sciences several of our holdings are benefitting from Covid testing tailwinds, as well as from the steady return of elective surgery. Our holdings in branded consumer & luxury goods and industrials will enjoy a significant boost from the recovery in consumer spending, industrial capex, infrastructure investment and (eventually) travel volumes.

We have added a new holding in *Salesforce*, using cash from inflows and modest trimming. Salesforce is a leading enterprise software business targeted at front office applications. The company has delivered revenue growth of 20% CAGR and has an 18% market share in an industry forecast to expand 75% by 2025. This broadens our exposure to the huge growth potential in on-line services and cloud technology. It is a classic World Stars industry with a long runway of growth, high recurring revenues, high incremental margins and low capital intensity.

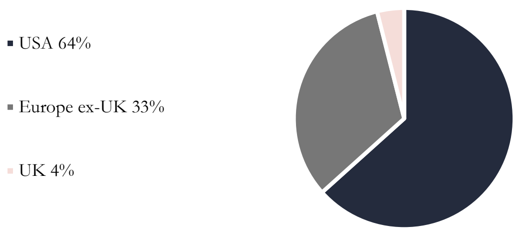
GICS Sector Allocation



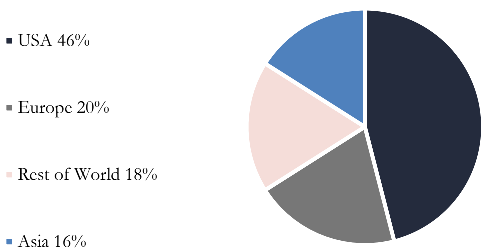
J. Stern & Co. Allocation



Geographic Exposure by Listing



Geographic Mix of Sales



Source: Bloomberg/SS&C Technologies. As at 31/03/21

Outlook

We remain confident in the ability of our global equity fund to deliver further significant value as the global economy recovers. Our focus on large and mega-cap companies with leading positions in attractive industries and a broad global spread of revenues, is a strong platform on which to drive growth in revenues, profits and cash flows. The current rotation towards 'value' stocks provides a significant opportunity for investors seeking long-term 'growth'.

We are encouraged by the unprecedented level of government support and we anticipate a substantial rise in infrastructure and corporate investment. We do not fear a rise in inflation to more 'normal' levels as companies with a strong competitive position and business franchise can typically thrive in such an environment.

Yours faithfully,

Christopher Rossbach

Katerina Kosmopoulou, CFA

Monthly Performance, % Total Return, USD

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	YTD	MSCI World	Excess return
2012	-	-	-	-	-	-	-	-	-	-1.8	+4.2	+0.4	+2.8	+2.0	+0.8
2013	+3.3	+5.4	+0.8	+1.4	-1.1	-2.8	+3.3	-2.9	+6.2	+4.2	+1.7	+1.9	+23.1	+27.3	-4.2
2014	-5.7	+6.5	-0.5	+1.8	+1.9	+1.9	-4.6	+2.6	-3.1	-0.8	+2.2	-2.8	-1.3	+5.5	-6.8
2015	-0.4	+5.3	-2.8	+2.8	+1.6	-4.2	+2.7	-7.8	-4.3	+10.0	+0.9	-1.3	+1.4	-0.3	+1.7
2016	-5.7	+0.4	+7.1	+1.2	+0.7	+1.8	+2.5	-0.4	+2.4	-3.7	-2.1	+1.5	+5.0	+8.1	-3.1
2017	+4.7	+3.1	+3.5	+3.4	+4.4	-1.6	+2.5	+0.4	+1.1	+4.4	+0.3	+1.8	+31.8	+23.0	+8.8
2018	+8.1	-3.3	-0.9	+0.3	+2.7	+0.5	+3.0	+0.4	+1.1	-9.3	-0.4	-6.5	-5.2	-8.2	+3.0
2019	+5.8	+1.9	+4.2	+3.2	-4.5	+6.1	+1.1	+0.4	-0.4	+2.5	+2.3	+3.1	+28.5	+28.4	+0.1
2020	+0.4	-6.9	-8.5	+10.8	+4.4	+1.9	+6.5	+5.6	-3.6	-2.5	+8.4	+3.4	+19.4	+16.5	+2.9
2021	-2.0	+0.9	+2.7	-	-	-	-	-	-	-	-	-	+1.6	+5.0	-3.5

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Fund Information

Investment Manager	J. Stern & Co. LLP
Portfolio Manager	Christopher Rossbach
Deputy Portfolio Manager	Katerina Kosmopoulou, CFA
Launch Date	08 April 2019
Vehicle	Alpha UCITS SICAV, Luxembourg
Management Company	Waystone Management Company (Lux) SA
Administrator & Depository	RBC Investor Services
Auditor	Deloitte Audit S.à.r.l.
Reference Currency	USD
NAV	Calculated daily on the following business day
Dealing	Every business day at 3pm

Share Class	A	B	L	A5/A6
Minimum Investment	1,000,000	5,000	25,000,000	1,000,000
Management Fee	0.90%	1.20%	0.75%	0.65%
Target OCF*	1.10%	1.40%	0.95%	0.89%
Eligibility	All	Retail	Institutional	Charity
Currencies	USD &, unhedged or hedged, EUR, CHF, & GBP			USD & GBP
Accumulation / Distribution	Accumulation & Distribution available to all			
Alternative fee structure	Reduced annual fee with performance fee available on request			
Dealing Cut-off	3pm in Luxembourg on the business day before the dealing day			

*Subject to discussions with J. Stern & Co., accumulation and distribution share classes can be made available in all currencies displayed above. The base currency of the Fund is USD. Minimum investment is stated in currency of share class. Target OCF is the Investment Manager's target for the OCF for the USD share class.

Important Information

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