J. STERN & CO.

World Stars Global Equity Fund
Q2 2022

Quarterly Investment Commentary

29th July 2022

Dear Investors,

Win/ win opportunity

In the closing days of the quarter and particularly in July, stock markets have rebounded significantly from their recent lows. Although the 'mood' of many commentators is dominated by the current uncertainties and market volatility, we believe that the global economy and markets are working steadily through an inflexion point. But as the global economy recovers from the impact of Covid, underinvestment in public and private infrastructure and disruptions and bottlenecks from the pandemic have led to a surge in inflation. Central banks, led by the US Federal Reserve, have tightened policy and raised interest rates in response. Will they lose control of inflation, get it right and adjust their policies in time, or will they overshoot?

The renowned economist Nouriel Roubini has just said it is delusional to think we can avoid a severe recession and a severe debt and financial crisis. The market has gone for boom and bust at the same time: it has sold off 'growth' stocks over 'value' stocks because of rising interest rates and stocks in general because of a fear of recession and collapse. We do not think we are delusional but we did say earlier this year that we were lunatics because we believe that 'everything may be OK' in the words of one of our favourite Matt cartoons. We cannot all be right.

The post-pandemic transition is difficult to predict and we have to be careful not to draw the wrong short-term conclusions. To us, company fundamentals matter most. We invest in companies that have quality and value for the long-term, and we look closely at what is happening to sales, earnings and cash flows of the companies we invest in.

During most of the second quarter of 2022 the market has been in something of a 'vacuum' with a paucity of reported results subsequent to the Q1 results season in which companies typically provided an update on trading only through to April. More recently there has been a sustained flurry of financial reporting covering Q2 and also indications around trading conditions in July. For the 23 of our companies which have now reported on Q2, some 80% have issued unchanged forward guidance or disclosed positive information on trading which would justify increased earnings estimates in constant currencies for 2022. Within the industries in which we invest, the trading and outlook statements have been notably robust from companies focused on medium to high-end consumers, from industrial stocks, in payments and in selected digital companies.

Our focus on the fundamentals of the global economy and of the companies we invest in leads us to believe that that a 'Goldilocks' economy is more likely than not. It is certainly what governments and central banks are trying to achieve. The market sell-off this year and the low valuations of the high-quality companies we invest in, lead us to think that investors face a win/win opportunity.

If Nouriel Roubini is right and the lunatics are delusional, then the last thing you want to own is low-quality companies which are cyclical, have high fixed costs, are capital intensive or have other problems. Instead, you want to own quality companies with sustainable competitive advantages and powerful positions in attractive long-term growth industries. We believe that in both scenarios, quality companies which offer resilience, pricing power and long-term growth prospects will provide investors with the best chance of generating real value over time.

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Performance

In a challenging macro-economic and market environment our World Stars Global Equity Fund declined by 16.9% in Q2, broadly in line with the MSCI World. In overall terms it has been the worst start to a calendar year for equity markets since 1970. This has followed a five year period 2017-21 in which our Fund delivered 18.1% CAGR in USD and the MSCI World 15.6% CAGR. Valuations have compressed significantly and there has been a marked rotation towards 'value', energy and cyclicals, and away from quality long-term growth stocks such as we hold in the Fund.

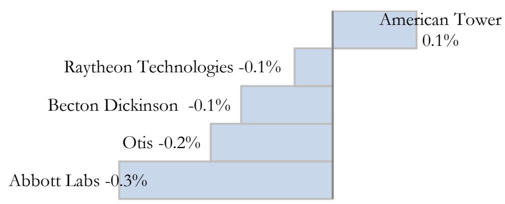
				Cumulative				Annualised		
	Jun-22	Q2 2022	YTD	1 Yr.	3 Year	5 Year	Since Inception	3 Year	5 Year	Since Inception
Portfolio	**-7.3**	**-16.9**	**-23.7**	**-19.0**	**+19.1**	**+47.2**	**+132.4**	**+6.0**	**+8.0**	**+9.0**
MSCI World	*-8.6*	*-16.1*	*-20.3*	*-14.0*	*+24.3*	*+48.4*	*+143.2*	*+7.5*	*+8.2*	*+9.5*

Source: SS&C Technologies, Bloomberg, J Stern & Co. As at 30/06/22. 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 01/10/12.

The major macro issues have been headline inflation of 8-9% in many major economies; concerns over the ability of central banks to deliver a soft landing; and the question of whether the current economic slowdown will be a short-lived technical recession after 5.7% global GDP growth in 2021, or a more prolonged downturn. In recent weeks there has been significant fall in the price of oil and other commodities such as oil and wheat, but inflationary pressures remain strong in some labour markets and as a result of widespread disruption to global supply chains.

Top Five Contributors

Healthcare and Industrials made up four of the top five contributors during the quarter, with *American Tower* an outlier within digital transformation. *Raytheon Technologies* continues to perform robustly in anticipation of higher defence spending, while. *Becton Dickinson* has generated encouraging results boosted by ongoing Covid-19 revenues.



Aa the No 1 global owner and operator of cellular towers, American Tower is a key beneficiary of powerful secular trends in mobile data growth, with leading positions in the USA, India, Brazil and Mexico. Its Q1 revenues grew 23% YoY to $2.66bn, with an EBITDA margin of 61%, and with AFFOPS of $2.63 ahead of street estimates of $2.55. The business saw strength internationally, with tenant billings growing 18% in Europe and 8% in Africa, and it reported on a record pace of new site construction activity. Growth is being driven by a mix of 5G ramp-up and 4G densification. The company raised its full year revenue guidance by $75m. Overall, the business remains a solid performer with further opportunities for growth ahead.

Raytheon's Q1 results were characterized by a progressive recovery in commercial aviation and a significant rise in operating margins to 10.5% (8.3%). Sales grew by 4% including Collins +11% and Pratt & Whitney +13%. A feature of both aerospace businesses was a 39% and 37% respective increase in commercial aftermarket revenues. Supply constraints were evident in Missile & Defense, with revenues -7%, but the order backlog rose to $29bn. Raytheon is at the heart of next-generation warfare requirements including missiles, missile defense systems, cyber security and command & control systems. The business is well-positioned to exploit the ongoing recovery in commercial aerospace and the prospect of higher defense spending in many countries.

Becton Dickinson's Q2 revenues of $5.01bn were comfortably ahead of the $4.85bn anticipated by the market, with all three divisions beating or meeting consensus. Base revenues, excluding Covid, rose by 10% following 8% in Q1. The management are now executing better on margins and revenues and have a target to raise the EBIT margin by 400 bps over 2021-25, including 200bps in 2022. In June the company announced the $1.5bn acquisition of Parata Systems, which provides automation and workflow solutions for pharmacies. Its US-based franchise is a good fit with Becton's existing business in this high-growth market. The deal is expected to close in Q1 CY2023 and it is immediately accretive to margins and EPS.

Otis delivered another solid set of results in Q1. Service revenues rose 5.8% with better pricing and a 30bps increase in the operating margin to 22.9%. New Equipment sales were flat at -0.5% reflecting the impact of lockdowns in the important Chinese market and tough comps in the US. Margins fell by 70bps to 6.8% with higher commodity costs and price competition in China. However, Otis continued to gain global market share (+100bps) in new equipment and orders rose by 9%. Full year guidance on revenues and EPS was unchanged, but this now includes a higher FX impact and a 2% loss of annual revenues from Russia.

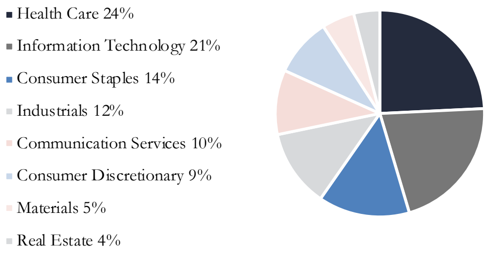
Abbott Laboratories reported strong Q1 results with 17% organic growth in revenues, 8% ahead of market expectations. Covid testing revenues remained at a high level and more than offset the shortfall from a voluntary recall of certain infant formula products. Global procedural volumes continue to recover and revenues in the Medical Devices division are now 7% above pre-pandemic levels. The management reiterated their full year EPS guidance of $4.70 despite the product recall, higher inflation and an increased impact from FX. This underlines the strength of Abbot's competitive position and its underlying growth momentum. The company has a strong balance sheet and is likely to pursue add-on acquisitions which should add value for shareholders.

Source: Bloomberg, SS&C Technologies, J. Stern & Co. As at 30/06/22.

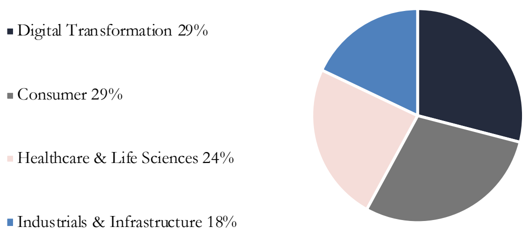
Portfolio Composition

During the quarter the number of holdings rose from 28 to 29 as a result of the spin-off of Embecta from Becton Dickinson. Embecta is one of the largest pure-play diabetes management companies and the two separated entities should both benefit from greater focus in their core businesses. Aside from this development, the portfolio remained largely unchanged across sector and geographic allocations. However, we remain vigilant during the current market volatility, with a close eye on our existing holdings and those on the Approved List but not held in the Fund.

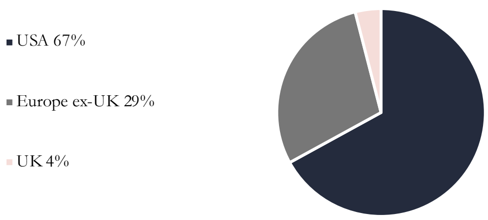
GICS Sector Allocation



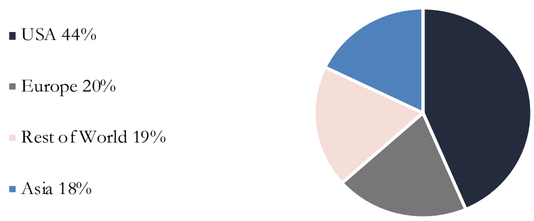
J. Stern & Co. Allocation



Geographic Exposure by Listing



Geographic Exposure of Sales



Source: Bloomberg/SS&C Technologies. As at 30/06/22

Update on ESG

In March 2022 our firm was listed as a signatory to the FRC's 2020 Stewardship Code, which is centred on 12 core principles and places significantly higher requirements on signatories than the previous 2012 version. It is focused on a firm's ability to evidence stewardship activities and their outcomes whilst putting ESG research and principles at the heart of the investment process.

J. Stern & Co. is also a signatory to the UN PRI; a Member of the SASB Alliance; and strategically aligned to the UN's 17 Sustainable Development Goals and its ten Global Compact principles. Our World Stars fund is classified as an 'Article 8 Fund' under the EU's SFDR framework. The carbon intensity of the World Stars fund is 79% below the MSCI World Index.

Outlook

The macro-economic picture remains generally uncertain but varied. For example, the US position is more robust, helped by its self-sufficiency in energy, but China and Europe are much weaker. In recent weeks some commodity prices have retraced from their highs in H1 2022, including oil (now back below $90 from ~$125), copper and wheat, which is a clear positive. The Q2 results season is proving to be an important staging point for the outlook on company earnings. We have seen good progress from most of our companies, albeit with outlook statements of varying confidence and caution. Meanwhile, valuations have fallen markedly, including for our stocks, which have the ability to deliver continued growth in earnings and cash flow in the current environment.

Yours faithfully,

Christopher Rossbach | *Katerina Kosmopoulou, CFA*

J. STERN & CO.

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	+7.0	+1.4	+2.3	+3.2	+2.0	-5.3	+4.8	-2.1	+3.9	+19.7	+22.3	-2.6
2022	-6.6	-3.8	+2.2	-8.6	-2.0	-7.3	-	-	-	-	-	-	-23.7	-20.3	-3.4

Source: SS&C Technologies, Bloomberg, J Stern & Co. As at 30/06/22. 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.

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