

# Reasons to consider the Glacier Global Stock Feeder Fund

The Glacier Global Stock Feeder Fund turned in a strong performance for Q1 of this year, beating the MSCI World Index. In this article, we unpack some of the reasons behind this performance.

## Global market backdrop and the return of value

The market has seen a resurgence in value-orientated sectors of the market over the last six months. Looking at returns over that time period, financials have returned 40%, energy 54%, and utilities 10%. Looking at the growth sector, IT has returned 14%, consumer discretionary 20% and communication services 23%.

Considering the valuation of the overall stock market, the MSCI World Growth Index is trading at 30.7x earnings and the MSCI World Value Index is trading at a lower level of 15.5 x earnings. The stock market is somewhat differentiated. Many areas are still relatively inexpensive relative to growth sectors and their long-term history.

There was a large correction as the pandemic hit and energy, financials and travel stocks were hit hardest. In contrast, technology, discretionary, and communication stocks held out the best.

The market is naturally worried about the lasting effects of COVID-19. On 7 November 2020, Pfizer announced that its vaccination was approved and available to be used. This was one of the major catalysts for the resurgence of value as it gave everyone a way out of this crisis.

## Portfolio themes

The portfolio is overweight both energy and financials. These are two of the sectors that were hardest hit during the crisis, but the portfolio managers continued to invest into both these sectors.

Energy – 2020 saw a serious reduction in the demand for energy. This year the portfolio manager is expecting to see some of this demand come back, although not fully. The demand shock, and lower oil price, led to the reduction in share prices and valuations. They added selectively to the

portfolio in that time period. Their exposure in this sector is diversified, for example between energy equipment and services, and oil & gas consumables.

Financials – The Fund currently has 26.6% invested in diversified financials. The manager remains overweight to financials relative to the broader market, largely due to the price anomalies it believes to be present. Again, the company has a diversified position across various financial services companies – including banks, consumer finance and insurance - in Europe, UK, USA and emerging markets.

Financials was one of the biggest contributors to performance during Q1 and also over the past year - driven by expectations of a cyclical rebound in earnings as economies re-open.

### Positioning of the Fund

The Fund is sensibly diversified across 80 holdings. The universe includes companies with a market capitalisation of \$5bn and more. The portfolio is overweight financials, healthcare, communication services, energy and materials. On a geographic basis, it's overweight developed markets in Europe and the UK and underweight the US and Japan.

### Performance

Since the market (and value) rally in November 2020, the US has been driving the market. The Fund has still managed to beat the MSCI World Index despite being underweight the US, due to its stock selection in the US.

The portfolio turnover for the quarter was quite high, given that the manager typically tends to buy and hold. Their investment horizon is three to five years and they typically hold companies for even longer than that. The high activity over the quarter was due to the crisis and the volatility that came with it.

The fund manager acknowledges that the past 10 years has been a difficult time for value investing but that has changed. Over the past year, the Fund is up 70.61% versus the MSCI which was up 54.03%. Year-to-date the Fund is up 11.37% versus 4.92% for the MSCI World (in USD).

### About the Glacier Global Stock Feeder Fund

The Glacier Global Stock Feeder Fund gives investors access to a global asset manager, without having to externalise capital.

Glacier Management Company, a registered manager of collective investments, partnered with San Francisco-based asset manager Dodge & Cox, to bring investors the opportunity to invest in rands in an actively managed global equity portfolio through the Glacier Global Stock Feeder Fund (the Fund).

The Fund is rand-denominated and invests directly into the Dodge & Cox Worldwide Global Stock Fund (USD class) (the underlying fund), using Glacier's offshore capacity. The Fund also provides a hedge against a weakening rand.

Click [here](#) for more information.

NB. This document should be read in conjunction with the [Minimum Disclosure Document](#) (MDD) where the schedule of fees is provided.

Glacier Financial Solutions (Pty) Ltd and Sanlam Life Insurance Ltd are licensed financial services providers

Glacier Management Company (RF) (Pty) Ltd is a registered and approved Manager in Collective Investment Schemes

\*A feeder fund is a portfolio that invests in a single portfolio of collective investment schemes, which levies its own charges, and which could result in a higher fee structure for the feeder fund.

**This document is intended for use by clients, alongside their financial intermediaries.** The information in this document is provided for information purposes only and should not be construed as the rendering of advice to clients. Although we have taken reasonable steps to ensure the accuracy of the information, neither Sanlam nor any of its subsidiaries accept any liability whatsoever for any direct, indirect or consequential loss arising from the use of, or reliance in any manner on the information provided in this document. For professional advice, please speak to your financial intermediary.

Glacier Financial Solutions (Pty) Ltd.

A member of the Sanlam Group  
Private Bag X5 | Tyger Valley 7536 | Email [client.services@glacier.co.za](mailto:client.services@glacier.co.za) | Tel +27 21 917 9002 / 0860 452 364 | Fax +27 21 947 9210 |  
Web [www.glacier.co.za](http://www.glacier.co.za) | Reg No 1999/025360/07

Licensed Financial Services Provider | Glacier Financial Solutions (Pty) Ltd. is also a Licensed Discretionary Financial Services Provider FSP 770, trading as Glacier Invest | Sanlam Multi-Manager International (Pty) Ltd. | A member of the Sanlam Group

Private Bag X8 | Tyger Valley 7536 | Tel +27 21 950 2600 | Fax +27 21 950 2126 | Web [www.smmi.com](http://www.smmi.com) \*|\*Reg No 2002/030939/07  
Licensed Discretionary Financial Services Provider, acting as Juristic Representative under the Glacier Financial Solutions FSP 770  
Glacier International is a division of Sanlam Life Insurance Limited  
Sanlam Life Insurance Ltd. | Email [life@sanlam.co.za](mailto:life@sanlam.co.za) | Tel + 27 21 916 5000 / 0860 726 526 | Fax +27 21 947 9440  
Reg No 1998/021121/06 | Licensed Financial Services Provider