

# EDGEWOOD L SELECT - US SELECT GROWTH

Luxembourg  
31 August 2023



## INVESTMENT APPROACH

The Fund aims to offer shareholders a portfolio of equities considered to be stable, of high quality and demonstrating global growth prospects. The Fund may use US common stocks (securities issued by companies whose registered office is located in the United States or whose main economic activities are based in the United States or which hold, as holding companies, prominent participations in companies based in the United States) which shall at all times represent at least 2/3 of the Fund's total assets. The Fund shall invest principally in securities that are undervalued in relation to their potential, in order to generate profits. Derivatives shall be used solely for the purpose of hedging. The Fund applies the strictest selection criteria in order to ensure that only businesses of quality are chosen. These criteria are, among others, market share, unit growth, barriers to entry to the market that the business can impose on the sector in question, a track record of growth and profitability, production costs in comparison to the relevant business sector, government regulations, use of debt and quality of management. The S&P 500 Total Return Index is used for performance comparison purposes only. The Fund is actively managed and although a significant part of the investments of the Fund could be components of the benchmark, the Investment Manager is free to choose how the Fund is managed without any restriction and the Fund's portfolio may therefore deviate significantly from the abovementioned benchmark.

There is no guarantee that the investment objective will be reached.

## MONTHLY COMMENTARY

Powering positive financial market sentiment has been resilience of the U.S. economy. 2023 started with investors convinced we would be in recession now. That has not happened yet. According to the Labor Department, 3.1 million jobs were created in the past year through August 30, averaging 258,000 per month. Last month came in at 187,000, but reaccelerated from 105,000 in June and 157,000 in July.<sup>1</sup>

The dissonance between boom and gloom is due to U.S. and global manufacturing being in a rut. In August, the U.S. Manufacturing PMI (Purchasing Managers Index) came in at 47.6%<sup>2</sup>; below 50 indicates recession territory. It has been below for 10 consecutive months.

We have a strong U.S. consumer, but weak manufacturing sector. The difference is bloated inventory levels. Over-ordering in 2021 and 2022 to compensate for the lack of manufacturing during the COVID shut-down led to the jump in Business inventories of +28% from end of 2020 to end of 2022, to \$2.5 trillion.<sup>3</sup> A supply chain survey done this year showed 42% of supply managers believed warehouse inventories will return to normal in 2024 or later<sup>4</sup>, continuing a drag on manufacturing.

August saw the end of second quarter reporting season. A handful of portfolio companies reported stronger than expected and raised guidance while others saw mixed results. For example, speaking of inventories, Estée Lauder\* had a big jump in its Asia travel retail inventory crimping revenues. Management noted a "rebalancing of inventory" due to lower than anticipated retail sales in Hainan due to a delayed post-COVID transition in China. This should pass once we get in to 2024 with sales rebounding.

We'll report again end of September.

*\*Edgewood's commentary on specific securities is for informational purposes only and is intended to show how we believe macroeconomic inventory trends have impacted the fund's portfolio. Eight portfolio companies in total reported earnings during the month of August. For information about the whole portfolio, please contact kmcbride@edgewood.com.*

<sup>1</sup> <https://www.bls.gov/news.release/pdf/empisit.pdf>

<sup>2</sup> <https://www.prnewswire.com/news-releases/manufacturing-pmi-at-47-6-august-2023-manufacturing-ism-report-on-business-301915209.html>

<sup>3</sup> [https://ycharts.com/indicators/us\\_total\\_business\\_inventories](https://ycharts.com/indicators/us_total_business_inventories)

<sup>4</sup> <https://www.cnbc.com/2023/04/05/as-economy-weakens-inflations-inventory-gluts-are-here-to-stay.html>

Edgewood Management LLC was appointed the investment manager of the US Select Growth Fund in March 2007. No recommendation is made, positive or otherwise, regarding individual securities mentioned. Past performance does not guarantee future results. The specific securities identified and described do not represent all of the securities purchased, sold or recommended for advisory clients, and the reader should not assume that investments in the securities identified and discussed were or will be profitable. Allocation/Holdings/Securities are subject to change over time without any prior notice to the investor.

## RISK FACTORS

The investment strategy focuses on U.S. equity markets which represents a significant degree of risk because of the volatility of these markets. On a scale from 1-7, the fund's synthetic risk and reward profile is a **6**, as reflected in the Key Information document. This means that the purchase of the Fund's shares is connected to high risk of market price fluctuations. The indicator does not take into account the following:

- This Fund does not benefit from any capital protection or guarantee.
- The value of the equities and equity-related securities can be affected by daily stock movements. Other factors that may impact the value of the Fund's investments include significant corporate events, company earnings, political events and economic news
- Investors may see the value of their investment fall as well as rise on a daily basis and may get back less than originally invested.
- The fund's exposure to growth stocks may result in periods of high short-term volatility.
- Derivative risks: When using derivatives, the use of leverage may increase the risk of potential losses or increase return potential.

**Before making any investment decision, investors should read the risks sections of the Prospectus and KIDS.**

## FUND PROFILE

Fund Name	Edgewood L Select
Sub-Fund Name	US Select Growth
Total Fund Assets	\$3.9 Billion
Fund Type	Luxembourg UCITS
Investment Strategy	Large Cap Growth Equity
Investment Manager	Edgewood Management LLC
Fund Launch Date	February 1997
Weighted Average Market Cap	\$382 Billion
Median Market Cap	\$124 Billion
Number of Holdings	23

## SHARE CLASS FACTS

Share Class Name	I USD Z
Per share as of 31 August 2023	\$370.66
ISIN	LU0952587862
Ticker	COMWIUZ
Ongoing Charges*	1.05%
Management Fee	1.00% Class I (Institutional)
Share Class Launch Date	August 2013
Entry fee	Up to 3.00%
Exit Fee	0%
Performance Fee	None

Countries for Registration:

**EU/EEA:** Austria, Finland, France, Germany, Italy, Liechtenstein, Luxembourg, Netherlands, Norway, Spain, Sweden.

**United Kingdom.**

**Switzerland:** registered with FINMA.

**Singapore:** restricted scheme

**In Singapore, this document is part of the information Memorandum and does not constitute Advertising to the public.**

*\*The Ongoing Charges figure is based on the last year's expenses, for the year ending 31 December 2022 and this figure may vary from year to year. It includes management fees, but excludes transaction costs including third party brokerage fees and bank charges on securities transactions. When all or part of the costs are in another currency than yours, the costs may increase as a result of currency and exchange rate fluctuations.*

## SECTOR DIVERSIFICATION

Financials	18.4 %
Business Services	16.9 %
Medical Technology	15.2 %
Consumer Discretionary	15.1 %
Information Technology	12.9 %
Media & Advertising	6.6 %
Semiconductor Manufacturing	4.1 %
Health Care	3.5 %
Consumer Staples	3.3 %
Cash	2.1 %
Wireless	1.9 %

*Sectors defined by Edgewood's Investment Committee.*

## CONTACT

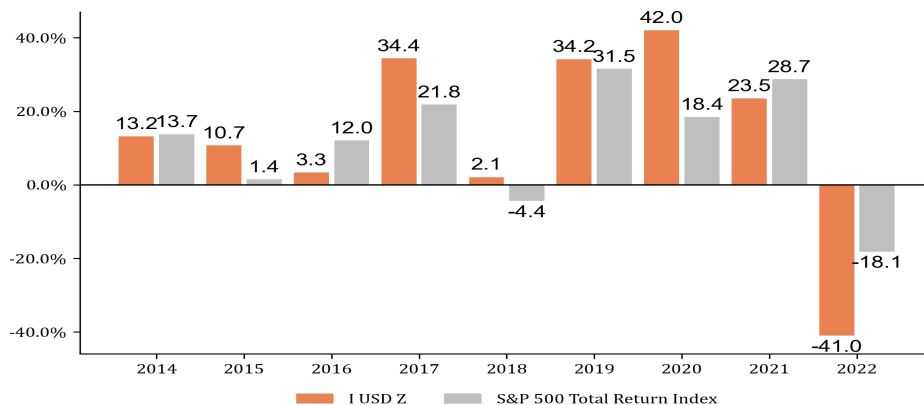
TRANSFER AGENT:

**TA.IS.Dealing@jpmorgan.com**

T: +352.46.26.8.5633 / F: +352.46.26.8.5432

INFO/PRICES: **EdgewoodLSelectfund.com**

Marketing communication in the EU/EEA countries of registration For institutional investors only Not for Retail Not for US Person Please refer to the Disclosure.

**PAST PERFORMANCES****MARKET CAP**

\$125+	58.5 %
\$75-\$125	19.9 %
\$40-\$75	13.1 %
\$20-\$40	6.4 %
Less than \$20	0.0 %

For the equity portion of the portfolio.

**FIVE LARGEST HOLDINGS**

Intuit Incorporated
Microsoft Corporation
Netflix Incorporated
NVIDIA Corporation
Visa Incorporated

Holdings shown in alphabetical order.

**ANNUAL/ANNUALIZED PERFORMANCE**

	I USD Z	S&P 500
1 Month	-1.5%	-1.6%
Year-To-Date	29.9%	18.7%
1 Year	24.4%	15.9%
3 Years*	1.2%	10.5%
5 Years*	8.5%	11.1%
2022	-41.0%	-18.1%
2021	23.5%	28.7%
2020	42.0%	18.4%
2019	34.2%	31.5%
2018	2.1%	-4.4%
Since Inception*	13.9%	12.2%

S&P 500 (Total Return) performance produced by Standard & Poor's. Fund performance produced by Bloomberg. Past performance does not guarantee future results. Performance figures reflect the percentage change in the share class's daily NAV which is net of the fund's expenses including investment management fees; it excludes transaction costs including third party brokerage fees and bank charges on transactions and other charges which may have a negative impact on performance. The return may increase or decrease as a result of currency fluctuations as the share class is in USD. The S&P 500 Total Return Index is used for performance comparison purposes only. The Fund is however actively managed and the investment manager is free to choose how the Fund is managed without any restriction and the Fund's portfolio may therefore deviate significantly from the abovementioned benchmark.

\*Annualized returns

**DISCLOSURE****IMPORTANT INFORMATION**

This document is related to Edgewood L Select, a UCITS organized as an investment company with variable capital (Société d'investissement à capital variable, "SICAV") under the laws of Luxembourg and to its sub-fund, altogether referred as the "Fund".

**In Europe**

**This document is a marketing communication** in the EU/EEA countries where the Fund is registered. The document presenting an institutional class is intended only for professional investors as per the Directive 2014/65/EU on markets in financial instruments (MIFID) and is not intended for retail investors. The issuer of the marketing communication is Edgewood L Select.

Before making any investment decision, investors should carefully read the prospectus, more specifically its section on risk factors, the Key Information Document ("KID"), and all other relevant documentation before investing in the Fund. The latest prospectus (available in English), the KIDs (available in one of the official language of your country), the Articles of Incorporation of the Fund as well as the annual and semi-annual reports are available free of charge on the Fund's website (<http://edgewoodselectfund.com/literature>).

**Facilities Agent in EU/EEA countries (if the Fund is registered for distribution):** Carne Global Fund Managers (Luxembourg) S.A. located at 3, rue Jean Piret, L-2350, Luxembourg.

**A summary of your investor's rights** (including your rights for individual and collective action for litigation) at EU level and in your country is available in English / an authorised language at <http://edgewoodselectfund.com/literature>. The management company of the Fund, Carne Global Fund Managers (Luxembourg) S.A., has the right to terminate the arrangements made for the marketing of the Sub-Fund in a country of distribution.

**Not available in the United States or to US Person**

The Fund is only available for investment by non-US citizens who are not residents of the US. The Fund is not offered for sale or sold in the US, its territories, or possessions. The Fund is not registered for sale to the public in all jurisdictions. The Fund is not available to investors in all jurisdictions and is not available in the United States or to U.S. citizens.

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**The performance data presented should not be taken as any guarantee or other assurance as to future results.** Performance results are calculated net of the Fund's expenses including investment management fees and exclude transaction costs such as any entry and exit fees / any third-party brokerage fees that will have a negative impact on performance. Performance results reflect the reinvestment of dividends and other earnings.

Holdings are available upon request. Holdings are for informational purposes only and do not constitute a recommendation to buy, hold or sell securities. No recommendation is made, positive or otherwise, regarding individual securities mentioned. Holdings shown were current as of the date indicated on this piece.

Sources: Edgewood L Select, unless otherwise stated.

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