

Signet Global Leaders Fund

January 2024



SIGNET

Signet Global Leaders Fund

Key facts

Fund features

- Global exposure to structurally high-quality companies at attractive valuations.
- Fundamentals-driven process with sectoral preferences and high active share.
- Ability to vary net exposure and downside risk by using cash and derivatives

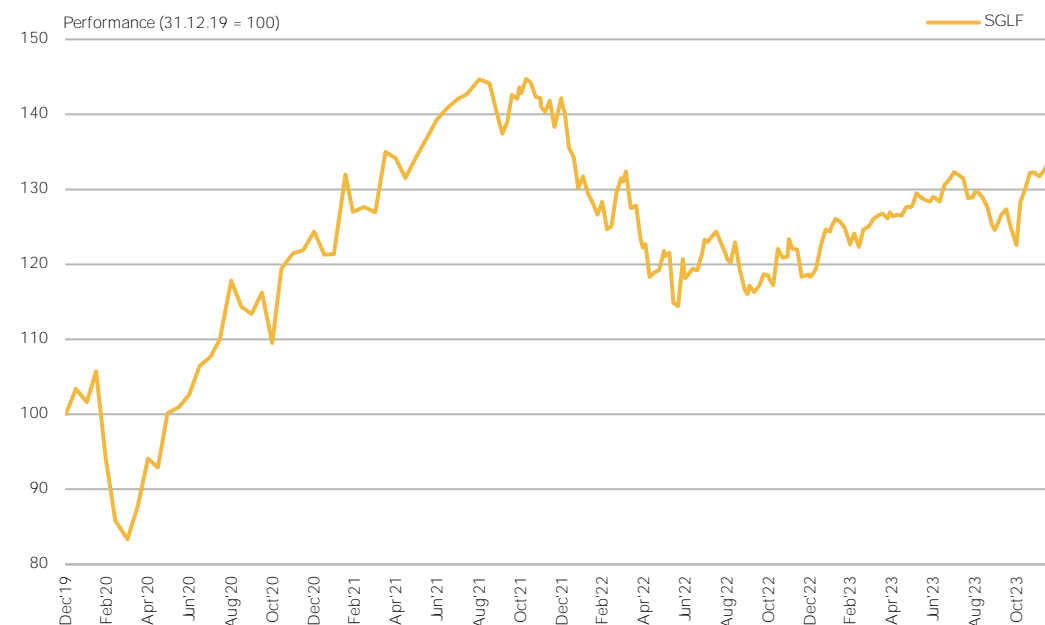
Investment principles

- The Fund deploys fundamental bottom-up approach to equity investing and targets securities of companies that satisfy various qualitative and quantitative criteria, whose characteristics include:
 - competitively-advantaged market positions in cyclically-resilient industries,
 - growing and predictable revenue and earnings,
 - durable profit margins with pricing power,
 - experienced and appropriately-compensated management teams.
- The Fund considers the following verticals to be its investment focus: cloud software and infrastructure, professional financial services, healthcare services, payments and industrials.

Selected metrics*

Reference period	31.12.2019—31.12.2023
NAV, end of period, USD	77 452 703
Absolute Return, %	34.1
Annualized Return, %	7.3
Return Volatility, %	15.1
Sharpe Ratio, x	0.4
Maximum Drawdown, %	-21.2

Performance index*



Class A monthly performance** (%)

Yr	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	FY
'19											0.7	1.0	1.7
'20	-0.1	-7.3	-11.5	12.9	6.5	2.5	4.9	9.4	-3.8	-3.4	10.9	2.4	22.3
'21	-2.4	4.6	-0.1	5.7	0.6	4.3	2.3	2.2	-4.6	4.0	-2.3	0.1	14.8
'22	-7.7	-2.9	2.3	-7.3	-1.0	-2.9	4.3	-2.2	-4.0	2.0	4.0	-4.2	-18.6
'23	5.5	-1.9	2.2	1.1	0.8	1.0	3.1	-2.6	-4.5	-1.7	8.6	1.9	13.7

Class B monthly performance (%)

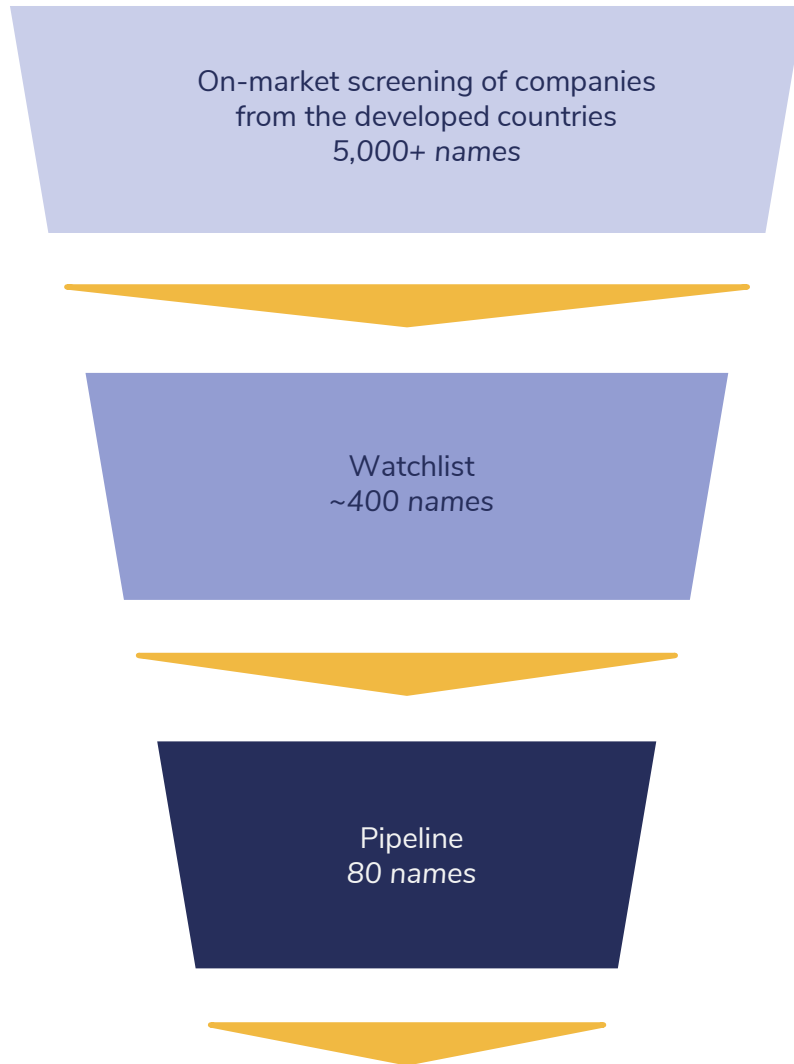
Yr	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	FY
'21			0.0	4.6	0.5	3.5	1.9	1.8	-3.7	3.4	-1.8	0.2	10.6
'22	-6.2	-2.3	1.9	-6.5	-0.9	-2.8	4.4	-2.1	-3.9	2.1	4.1	-4.1	-15.8
'23	5.6	-1.9	2.3	1.2	0.7	0.9	2.6	-2.0	-3.9	-1.6	7.7	1.6	13.3

* SGLF data is NAV weighted NAV per share of Class A and Class B. ** Synthetic performance for Class A starting from June 2022 based on gross returns of Signet Global Leaders Fund and 1% management fees. End of month NAV numbers are confirmed by the administrator. Interim daily NAV proxies are calculated by the investment manager.

Investment process

Systematic quantitative screening and detailed fundamental analysis

Investment funnel overview



Quantitative screening

- Meet quantitative criteria today, or
- Likely to meet these criteria soon
- ROIC vs. growth framework

Fundamental analysis

- Business characteristics assessment
- Fundamental business valuation
- Capital structure analysis

Portfolio Optimization

- Attractive risk / reward profile
- Focus on downside protection

Investment Portfolio of 20—30 positions

Investment process

Bottom-up qualitative approach and detailed quantitative analysis

Fundamental analysis building blocks

Business characteristics assessment

- Structurally profitable business model which is not under risk of losing competitive position within the next 5 years.
- Market leading positions which are hard to undermine.
- Ability to at least sustain margins, ideally improve (i.e. use pricing power).
- High score from the Porter's 5 Forces analysis:
 - competition in the industry,
 - potential of new entrants into the industry,
 - power of suppliers,
 - power of customers,
 - threat of substitute products.
- Good management with substantial industrial experience.
- Highly cash generative / low capital-intensive business model.
- Compounding, non-cyclical business model.
- Understandable, market standard management compensation policy.

Valuation

- Minimum ROIC metric of 15%, minimum expected EPS growth for the next 5 years of at least 5% per annum.
- Proprietary operating models with DCF valuation.
- P/E, P/Free Cash Flow to shareholders (FCF), EV/EBITDA, EBITDA to Operating Cash Flow conversion ratio, Shareholder Returns Rate (net dividend yield and buybacks), Shareholder Returns Rate as % of FCF.
- Multiples evolution over time (P/E and EV/EBITDA over 5, 7 and 10 years).

Red flags in investment process

- Misrepresentation of numbers — adjustments that are not reasonable, e.g. if management adjust for share-based compensation expenses we add it back to expenses for our multiples calculation.
- Large transformative acquisitions which are not clear for us from strategic stand point and are done at high valuation level.
- Anything that looks unethical or irrational.
- Poor cash conversion.

Investment “Do Not” principles

- No investments in emerging markets.
- No investments in businesses we do not understand (including their revenue drivers).
- No investments in non-growing businesses, no matter how cheap they look from valuation stand point.
- No investments in small companies — minimal market cap \$5bn.
- No investments in banks and commodity producers.
- Do not sell excellent businesses trading at fair price unless we have clearly better alternatives.

Terms and setup

Legal name	Signet Global Leaders Fund
Investment Manager	Signet Capital Management
ISIN	
Class A	IE00BJN6RP14
Class B	IE00BMG4G237
Class C	IE000JABAAQ3
Bloomberg	
Class A	SEFAUSD
Class B	SEFBUSD
Class C	SEFCUSD
Management fee	
Class A	1.0% p.a. (monthly)
Class B	0.0% p.a. (monthly)
Class C	1.5% p.a. (monthly)
Performance fee	
Class A	0%
Class B	20% (high water mark, annually)
Class C	0%
Liquidity (All classes)	Weekly
Notice (All classes)	3 days
Legal form	UCITS V (Ireland)
Launch date	24 October 2019
Minimum investment	
Class A	1 000 000 USD
Class B	100 000 USD
Class C	50 000 USD
Currencies	USD, EUR, GBP, CHF

Depository	Sparkasse, European Depositary Bank
Administrator	SS&C
Auditor	Deloitte
Legal counsels	McCann FitzGerald
Brokers	Interactive Brokers, Jefferies, Oppenheimer
Risk monitoring	MSCI powered

Management team



Anatoly Fedorov
Head of Equities

- Anatoly has more than 12 years of experience in financial industry. He joined Signet in 2018.
- Anatoly manages Signet Global Leaders Fund and has experience working with Equity Long Short and Merger Arbitrage strategies.
- Prior to joining Signet in 2018, he worked at JPMorgan in EMEA Diversified Industrials Practice on large scale equity raise and M&A transactions.
- Prior to JPMorgan, he was an Equity Research Analyst at Genesis Investment Management, covering Emerging Markets.
- Anatoly holds a bachelor and master degrees in economics from Moscow State University as well as master degree in economics from New Economic School



Mike Miroshnichenko, PhD, CQF
Chief Investment Officer

- Mike has more than 19 years experience in capital markets. He joined Signet in 2016.
- Prior to that, he was Head of Fixed Income, Currencies and Commodities at Renaissance Asset Managers / Kazimir Partners, where he was managing the hedge fund strategies
- Between 2009 and 2012 Mike was Head of Capital Markets at RESO Insurance.
- In 2005—2008 he was a fixed income and currency trader at Morgan Stanley.
- Mike holds a bachelor and masters degree in economics from Moscow State University, where he also received a PhD. He also holds a Certificate in Quantitative Finance.

Disclaimer and risk factors

Disclaimer

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Risk factors

- Equity Risk. Investing in equity shares means taking a stake in the performance of that company, participating in the profits it generates by way of dividends and any increase in its value by way of a rise in its share price. However, such equity shares may also depreciate in value and lead to substantial losses of up to the total amount invested should an underlying company file for bankruptcy.
- Currency Risk. The Fund may have multiple non-US Dollar currency exposures and such exposures will be unhedged. These non-USD currencies may depreciate against the US Dollar and lead to losses.
- For a more detailed explanation of risks, please refer to the "Risk Factors" section of the Private Placement Memorandum.



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