



## Investment Handbook

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## Welcome to Ravenscroft

Ravenscroft Investment Management offers investment funds and portfolio management services with a transparent and jargon-free investment process.

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### Investment for everyone

We offer investment solutions for all types of people; from those with no investment experience right up to qualified investment professionals; from individuals and families to complex trusts and corporations.

Our aim is to understand your individual investment needs and ensure that these needs are met.

### Why invest?

Investing sensibly for the long term can achieve a range of outcomes; from simply growing the value of your money to providing supplemental income.

Investing can also protect the value of your savings against inflation and can be used to help you plan for future costs such as your retirement, children's education or a deposit for a house.

### Our team

At the core of our business is a stable team who have been investing together for more than a decade.

The team's interests are aligned with investors and shareholders through holdings in our company's stock and also through our investment funds.

### Investing with Ravenscroft

Investing can be simple and our investment offerings have been designed to reflect this. All strategies are cost-effective and contributions and withdrawals are flexible and stress-free.

Regular reporting, online access and a friendly voice at the end of the telephone mean that you are always kept in the loop regarding how your investments are performing. We welcome all types of clients and are very happy to discuss any specific requirements that you may have.

### Our process

We invest into global themes that will benefit from long-term changes in demography, globalisation and technological developments.

We focus on value; we aim to buy great assets at cheap valuations to increase the potential upside. We do not try to second guess political or economic outcomes.

We do not invest into complex hedge fund strategies with long lock-in periods - all investments are liquid and transparent.

### Investing sustainably for the future

Environmental, social and governance issues are increasingly at the forefront of investors' minds.

As long-term investors seeking high quality and well run businesses, such concerns have always been a key part of our process, as poor practices in these areas are a risk to long-term returns. Beyond that, there are cases where investment opportunities align with actively supporting sustainability through themes such as the efficient use of global resources. Where such opportunities arise you will find them within the portfolios we construct.

Financial promotion: the value of your investment may go down as well as up, you may get back less than what you invested.



# Identifying irrefutable trends

At Ravenscroft, it is our contention that irrefutable trends are undeniable and unyielding forces that are shaping our societies, cities and the very world around us.

They are not passing trends or fads, but ongoing phenomena supported by strong independent evidence. You don't need to be a fortune teller to understand these trends because they are simple, observable and are happening right in front of us.

Here are three game-changing irrefutable trends and how we aim to profit from them.

## Increasing wealth

No matter which way you cut it, there's never been a better time to be alive. Improvements in nutritional science and healthcare have driven life expectancy across the globe to new highs and, as a result, our population is growing.

There are more of us than ever - and we're richer too! As a result, our consumption is growing voraciously as people aspire to improve their lives.



## Changing demographics

Across the globe, people are flocking from rural areas to cities in a phenomenon known as urbanisation. Over 80% of the UK population now lives in urban areas, often initially drawn there by jobs or superior resources.

This mass exodus has been facilitated by improvements in technology, which have significantly reduced labour demands in rural industries like farming. By 2050, up to 68% of the world's population could live in urban environments, compared to 55% today.

We aren't only multiplying, we're living longer.

According to the UN, in 2017, one in eight people worldwide was aged 60 years or over. By 2050, older people are projected to account for one in eight people globally, making it the largest in human history.

We're now better at curing illness than ever before and this, combined with reducing birth rates in wealthy countries, means that right now a higher percentage of us are enjoying our golden years than ever before.

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## Technological innovation

**In 1965, Professor Gordon Moore wrote about the rapidly expanding processing power in computers, which doubled roughly every two years. Now dubbed Moore's Law, his conclusion is often used to explain the rapid computing advances we've made in recent years.**

Of course, rapid progress has not been confined to computing. Robots are replacing entire workforces. Marketers quantify us, trawling through data to identify likely customers. Manufacturers are developing smart materials that react uniquely to specific stimuli - including electric and magnetic fields, stress, moisture and temperature. Medical innovation can now even help blind people to see again.

And with the advent of driverless cars, even our roads aren't safe from technological disruption.



## What are investment themes?

At Ravenscroft, we don't believe anyone can predict the future. Instead of trying to forecast the next big thing, we prefer to invest in tangible themes that are shaping our world.

**Irrefutable trends appeal to us because they are already in motion. Our investment themes then, are a way to capture the powerful returns potential of these transformational forces.**

Some investment themes look to exploit a number of trends, while others are closely linked to one or two.

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## Global Brands

**This theme aims to harness the growing population by investing in consumer staples and consumer discretionary companies.**

The former represent predictable sales of small-ticket items you use every day, like toothpaste, while the latter accounts for luxury purchases like designer handbags.

The emergence of a burgeoning and consumption-hungry middle class in Asia and parts of Africa is acting as a particularly strong tailwind for these industries as the newly wealthy seek western brands as status symbols.

## Emerging Economies

**Urbanisation is a costly and complicated process. Truckloads of raw materials must be poured into a developing city every day, while the resident population may not have enough skilled workers to keep up with production.**

This theme covers both the companies that help build our cities and those that serve the growing populations.



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## Healthcare

**As the population grows and ages, healthcare demand is rising. We invest in a myriad of companies that aim to profit from these shifting demographics.**

In order to gain diverse exposure to healthcare, we own a combination of pharmaceutical companies that benefit from blockbuster breakthroughs and manufacturers that specialise in prosthetics and surgical tools.

## Technology & Innovation

**With perhaps the most wide-reaching mandate of all, the technology and innovation theme is very exciting.**

When evaluating investments, we not only demand a track record of innovation and disruption, but demand clear evidence of the potential to do so again in the future.

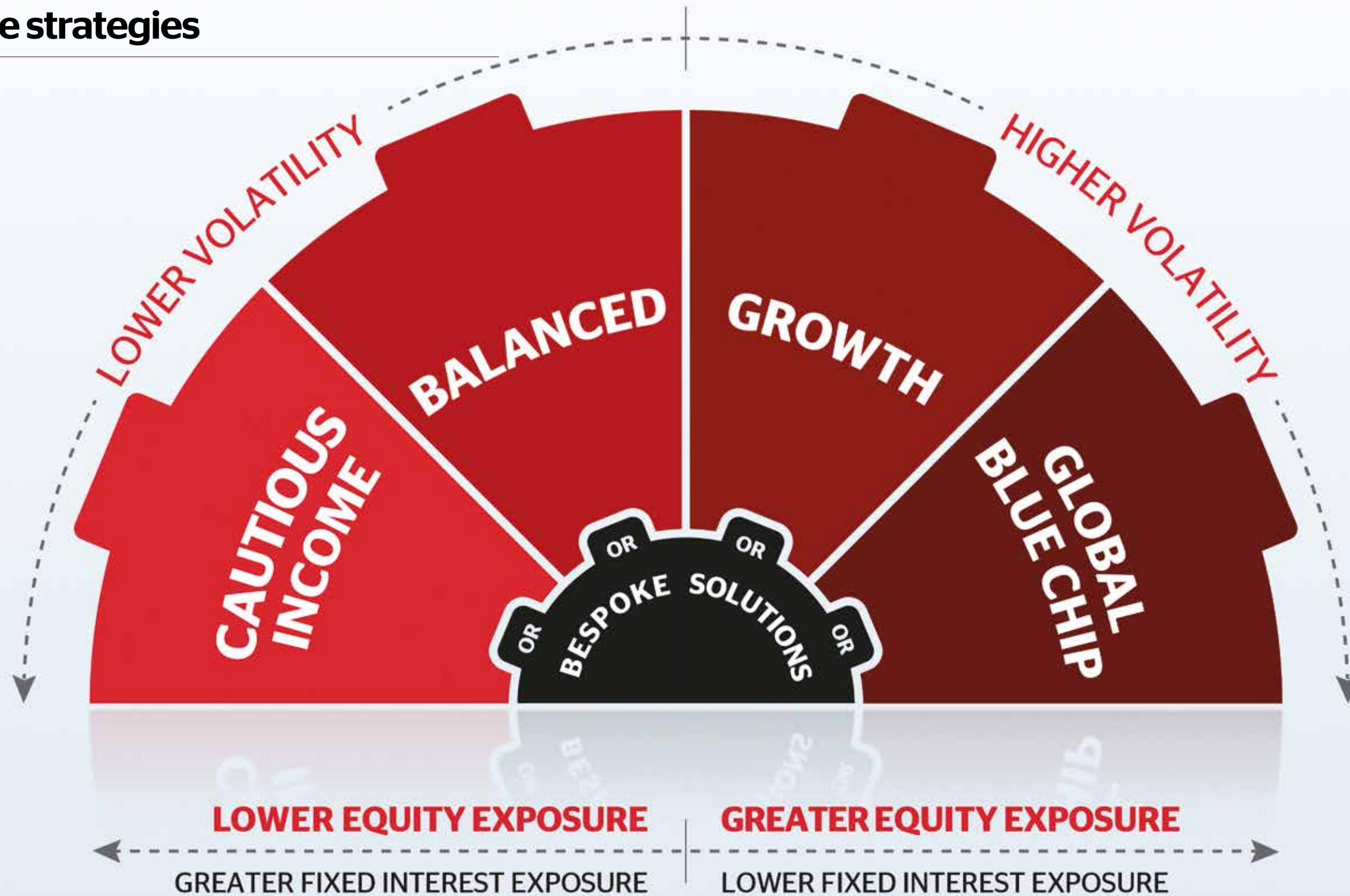
We seek to buy industry leaders across the technology space, from the likes of blue chip service providers to dominant mobile phone manufacturers selling to the emergent Asian middle class.



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## Our core strategies



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# Our core strategies

Core strategies can be accessed via our investment funds or portfolio management service.



## Lower risk

### Cautious Income

Aims to increase value by predominantly allocating capital to fixed income investments. The cautious strategy can also invest into global blue chip equities with strong cash flow and progressive dividend policies.

The maximum equity weighting that this strategy can have is 35% and this can be lower dependent on valuations. The cash generated can be re-invested to provide capital growth or taken as an income stream.



## Medium risk

### Balanced

Aims to provide capital appreciation through a balance of fixed income and global and thematic equities.

The maximum equity weighting that this strategy can have is 60% and this can be lower dependent on valuations.



## Higher risk

### Growth

Aims to provide long-term capital appreciation by investing predominantly into global equities. Over the long term, the portfolio should provide the greatest returns but it will mean accepting a greater level of volatility due the higher equity exposure.

The maximum equity weighting that this strategy can have is 85% and this can be lower dependent on valuations.



## Higher risk

### Global Blue Chip

Invests into approximately 25-30 global blue chips that are in line with our long-term investment themes. The aim is to invest into such companies at an attractive valuation and hold them for the long term.

The cash generated can be re-invested to provide capital growth or taken as an income stream.

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## Sources

- + **UK urban population:** <https://data.worldbank.org>
- + **Global urbanisation trends:** <https://www.un.org/development/desa/publications/2018-revision-of-world-urbanization-prospects.html>
- + **Ageing populations:** [http://www.un.org/en/development/desa/population/publications/pdf/ageing/WPA2017\\_Highlights.pdf](http://www.un.org/en/development/desa/population/publications/pdf/ageing/WPA2017_Highlights.pdf)
- + **Moore's Law:** <https://www.intel.com/content/www/us/en/silicon-innovations/moores-law-technology.html>

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