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DECALIA launches a « Dividend Growth » global equity fund

The Geneva-based asset management company DECALIA Asset Management expands its range of strategies with the launch of *DECALIA Dividend Growth*, a fund invested in global equities offering better prospects for dividend growth. Tested for more than 3 years in the form of a dynamic certificate, this investment concept has confirmed the superior results obtained historically by this type of strategy, with a clear outperformance compared to the market as a whole and lower volatility.

Actively managed by Damien Weyermann assisted by a team of analysts, *DECALIA Dividend Growth* is a "long-only" fund investing worldwide in large-cap stocks offering not only good prospects for dividend growth, but also quality and yield superior to the market as a whole. The portfolio is invested on an equally weighted basis, with low regional and sector allocation bias relative to its reference index (MSCI World High Dividend TR). The new fund, which is a sub-fund of the Luxembourg UCITS SICAV DECALIA, is currently reserved for qualified investors but will soon be registered in Switzerland and several European countries.

Damien Weyermann, CFA, has 19 years of experience in the financial field as an analyst and portfolio manager. He joined DECALIA in 2016.

Why invest in dividend stocks ?

Interest rates are likely to remain low for several years to come and investors will therefore find it difficult to achieve satisfactory returns in fixed income investments. Conversely, over 85% of global stock dividend are higher yields than their local bond yields. In Switzerland, for example, the current average yield on SPI shares is over 3%, while the average yield on Swiss bonds is less than 0%.

In addition to offering a better yield than fixed income, high dividend stocks have also significantly outperformed the equity market over time, with a cumulative performance of +208% between the end of 2000 and the end of 2019, compared with +178% for the global World equity index¹. In addition to being generally cheaper², these stocks also tend to be less volatile than the market as a whole³. Finally, they have the advantage of having an attractive asymmetric risk profile for the investor, as they provide protection against market downturns while offering upside participation.

An "all-terrain" approach that avoids the usual pitfalls

Some so-called "high dividend" strategies focus solely on companies paying the highest dividend, which can have two major drawbacks. Firstly, the risk of selecting companies with fragile balance sheets that cannot sustain such dividends over time. Second, a disproportionate exposure to a number of sectors that have historically provided higher yields, such as utilities, oil companies or telecommunications.

To avoid these biases and build a more resilient portfolio, the hybrid approach developed by DECALIA favours high quality stocks whose dividends are not only sustainable over the long term but also have good growth prospects. Thus, in addition to having to meet quantitative criteria specific to the strategy, the companies eligible for the portfolio must also meet traditional qualitative analysis requirements.

Damien Weyermann said: *"By combining the best of different dividend investment styles and adding a layer of traditional financial analysis, our dynamic approach offers a well-diversified resilient portfolio with a particularly attractive asymmetric risk profile."*

Rodolfo De Benedetti, Partner and Head of Product Strategy explained: *"The strategy developed by Damien Weyermann was first validated in the form of a dynamic certificate. Since its launch three years ago, it has proven its worth, outperforming not only high-dividend equities but also the market in general. It is now available to a wider public in the form of a UCITS fund"*.

Xavier Guillon, Partner and Head of DECALIA Funds, added: *"With its 'all-terrain' strategy, this new fund in our range is a core holding for any portfolio, adapted to very varied and challenging market conditions."*

¹ Results from 31.12.2000 to 31.12.2019 for the MSCI World High Dividend TR and the MSCI World TR indices.

² Source : Factset. P/E ratio 12M Forward of 13.3x for the MSCI World index vs. 16.5x for the MSCI World High Dividend index.

³ Source : Factset. Annualised volatility over 5 years of 8.9% for the MSCI World High Dividend TR index vs. 10.5% for MSCI World TR.

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About DECALIA Asset Management

Established in Geneva in 2014, the DECALIA Group is a private and institutional investment management company. With more than 45 employees and assets under management that stand at CHF 3.9 billion, DECALIA has expanded rapidly, in particular thanks to its active-management experience built up over the last 30 years by its founders. The strategies developed by DECALIA focus on four investment themes deemed promising in the long term: banking disintermediation, quest for yield, new consumption trends and market inefficiencies.

Geared to practical solutions, DECALIA is devoted entirely to generating for its clients a higher risk-adjusted performance, while ensuring the highest level of service. The fundamental values that shape its DNA and underpin its action are dedication, innovation and team spirit. Its investment philosophy is based on several fundamental principles: stringent risk management, capital preservation, an active management style and selection of the best talent.

DECALIA is regulated by FINMA through a collective investment manager's license (LPCC).

In addition to its Geneva headquarters, DECALIA has offices in Zurich and Milan through DECALIA Asset Management SIM SpA.

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