

## Strong growth

The businesses you own through Sifter Global Fund are steadily growing; Stock prices have reflected the increased strength of these underlying businesses. During the last 12 months, Sifter Global Fund's price increased by 16.5% and the year-to-date price was 9.5% higher. Since inception (2003), Sifter Fund has contributed an 8.7% annualized return after all fees.

### Sifter's investment process in a nutshell

Below, we share some crucial elements of the Sifter investment strategy which we have applied for over 15 years.

Sifter equity analysis is based on quantitative and qualitative research. While we don't claim this approach works for everyone, it has been beneficial for us and for Sifter's investors since 2003.

1. **Don't waste time pondering macroeconomics.** Peter Lynch (who achieved a 15-20% annual return in 20 years) said: 15 minutes talking general economy are 15 minutes wasted. Though it's fun and sometimes valuable, our investment decisions don't rely upon it.
2. **It's all about ranking quality businesses.** We rely on Sifter's elimination and ranking process.
3. **Our equity universe is global:** We don't think we're best able to judge which country or sector happens to be the cheapest or most expensive at any given time. Our Stocksifter process takes care of that when it ranks the businesses. If a business is number one overall, it must also be in the number one sector.
4. **We are always fully invested.** At Sifter, we don't attempt market timing. In other words, we don't try to guess future stock prices. We are always fully invested. Sifter is invested in businesses with sustainable business models and growing earnings.
5. **We don't talk about stock price movements.** We're only interested in company fundamentals and the anticipated yields that a business can contribute to Sifter's portfolio. Prices follow fundamentals. Changes in fundamentals are a lot easier to predict than share price movements. Therefore, our focus is on forecasting lasting changes in fundamentals.
6. **Sector and country rotation are total nonsense.** A company's objective long-term value does not rotate. Rather, prices may rotate to give good opportunities to buy or sell. That's all.
7. **Sifter Global fund is only an intermediary that buys companies for its investors.** Sifter's investors own a collection of the underlying businesses. Therefore, the earnings of the underlying businesses also rightfully belong to Sifter's investors. The daily NAV (Net asset value) of the Sifter fund only tells the investor how much he would get if he sold his Sifter Fund share that day. It does not reflect the combined value of the businesses in the cylinder.
8. **Earnings are meaningful:** The value of the underlying businesses relates to their capacity to generate money (i.e. their profits). If the fund's NAV goes down by, say, 20%, it is not a problem if the companies' combined capacity to generate money remains intact. If it does, sooner or later prices will rebound.
9. **We don't rely on currency hedging:** Over the years, we have experimented with currency hedging. We concluded that the benefits do not outweigh the costs – the currency hedges did not improve the return we produced for our investors.
10. **Timing is a game of luck:** We don't time. In other words, we do not believe we are good at guessing what stock prices will be next month or next year. Timing is like a slot machine in the casino; the house always wins in the end. We stay fully invested instead.
11. **Technical analysis:** We don't believe in technical analysis, so we don't do it. Technical analysis may provide alternative points of view when discussing investment opportunities, but it's not useful for making investment decisions.

12. **We see ourselves as a long-term shareholder:** Since owning a share of stock equates to owning part of a business, we always invest in companies for the long-term, with a 5-year horizon.

### ...So, what we do.

We are attracted by strong earnings models and the prices they can be bought for. When we find a company of interest with strong historical financials and a low valuation, we strive to understand whether the earnings model of the company will remain superior in the future. When the earnings model of a company is strong, it has pricing power and is better able to resist competitive pressure. When we invest in such a company, we are not buying into an estimate of the stock price next week or next month; instead we are buying into the future returns of the company.

Learn more from ["The investor Manual"](#)

### Welcome to investing

25 years ago, Sifter was established to manage the assets of one family, specializing in equities globally. Since then, the company has grown to be a professionally managed global equity fund with its own proprietary equity research. It has investors all over Europe. A typical Sifter investor is a family or family office. They value our research driven investment process, capital preservation characteristics and favorable returns. The founding family has a significant co-investment in Sifter Fund.

We thank our investors and hope you are satisfied with the Fund's performance. Also, we welcome new investors who share values with us: long-term investment, buy and hold strategy and investing in high quality businesses globally.

We are looking forward to the next 15-years, to make Sifter an even better equity investment for you.

**Santeri Korpinen**

CEO, Sifter Capital

A handwritten signature in black ink, appearing to read 'Santeri Korpinen', written in a cursive style.