

Fund manager(s)



John Surplice
Fund Manager



James Rutland
Fund Manager



Martin Walker
Fund Manager

Investment Risks

For complete information on risks, refer to the legal documents.
The value of investments and any income will fluctuate (this may partly be the result of exchange-rate fluctuations) and investors may not get back the full amount invested.

Monthly Report September 2024 (covering August)

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Summary of fund objective

The Fund is actively managed. The Fund aims to provide long-term capital growth by investing in a portfolio of equity or equity related instruments of European companies with an emphasis on larger companies. The investment concerns the acquisition of units in a fund and not in a given underlying asset.

Fund Performance

At a sector level, stock selection within energy proved most fruitful, while utilities and communication services were also positive. Conversely, it was exposure to industrials which proved the biggest drag, followed by consumer discretionary. After recent underperformance on the back of poor operational and financial newsflow, Finnish energy name Neste was a strong performer as a broker upgraded the stock citing an inflection point in the Renewable Products segment. SBM Offshore, also within the energy sector, was also a strong performer after the firm raised revenue guidance and raised its share buyback program. Merck, Sanofi and AstraZeneca were good performers within healthcare, while French utility Engie reported a strong guidance upgrade according to analysts. Underweight exposure to ASML was also of benefit to relative returns. Conversely, shares in Danish industrial holding Vestas delivered relative weakness for the fund. The wind turbine manufacturer issued a profit warning during August as costs rise and cause a squeeze in margins. Other industrials exposures which weighed included building materials firm Kingspan and courier services firm DHL Group, both caught up in the market moves lower at the start of the month. STMicro and Soitec were softer within the technology space while UK miner Anglo American was also relatively weak over August.

Fund Positioning

We remain well diversified across a broad range of sectors and continue to believe in the long-term market-wide themes such as decarbonisation, digitalisation and the improvement of the efficiency and security of supply. For cyclical exposure, we are selectively invested in areas where valuations still suggest a recessionary scenario and the opportunity ahead has been overlooked by the markets such as in chemicals, and areas of basic materials such as paper and packaging. Within technology, we believe the opportunity is particularly interesting in the analogue space and expect the semiconductor cycle here to turn in the second half of the year so have exposure selectively. Consumer discretionary is more difficult given valuations and also the risk of a weaker Chinese consumer but again we have selectively built positions in names where there is an idiosyncratic transition thesis, and the valuation looks attractive. We also have some selective exposure to autos which are cheap and returning significant capital to shareholders. We remain positive on the banks which are broadly exercising large buybacks but we are also now invested in those which we believe have good sustainability of earnings even in a world where interest rates normalise. To provide some defensive balance to the portfolio, we also have significant exposure to utilities where we again believe in the sustainability of earnings (despite the power price backdrop), pharmaceuticals (where there is the combination of returning capital and R&D), telecoms as well as food retail. The team's over-arching approach is one of a balanced portfolio where each individual holding has the potential for tangible, positive change and a supportive valuation.

Outlook

European equity markets have made good upward progress so far this year, despite the recent growth scare inducing some market volatility. However, the concentrated nature of those returns gives us plenty of reason for optimism as we look forward to the second half of the year. The momentum in some of the mega-cap names we have seen so far this year has been the very antithesis of our investment approach – we are looking for companies that are undergoing positive change that have been overlooked by the market. Looking at the current macroeconomic picture in more detail, PMI data is turning a corner, and we believe this will drive earnings. We see a pickup in real wage growth which is supportive of consumption and therefore another tailwind (when consumers spend, so corporates gain confidence and invest). Furthermore, inventory levels appear to have bottomed and so de-stocking has come to an end – another important change in the macroeconomic backdrop. With all of this, GDP estimates look well-supported if not potentially at risk to the upside. This is all at odds with the US economy where PMIs and GDP is slowing, and the consumer is squeezed. Relatively speaking, and for the first time in a long time, the economic gap between the US and Europe appears to be narrowing and it is this directional change that makes us believe that the valuation gap between the two is too wide. We believe that we are at the beginning of a new economic cycle in Europe and that suggests some very interesting opportunities for investors.

Fund Facts

Z-share ISIN	LU1625225310
Bloomberg	INVPEZA LX
Domicile	Luxembourg
AuM	1.38bn EUR
Launch Date	02 Jan 1991
Reference Index**	MSCI Europe Index (Net Total Return)

Fund Managers*** John Surplice, James Rutland and Martin Walker

** The benchmark index is shown for performance comparison purposes only. The fund does not track the index.

*** John Surplice since July 2003, James Rutland since December 2023 and Martin Walker since July 2024

Fund Characteristics

(Annualised Data)

	3Y	5Y
Alpha (statistical)	0.66	-1.03
Batting Average	55.56	58.33
Gain/Loss Ratio	1.52	1.59
Information Ratio	0.08	0.02
Sharpe Ratio	0.38	0.44
Tracking Error	6.22	6.97

Awards & Gradings



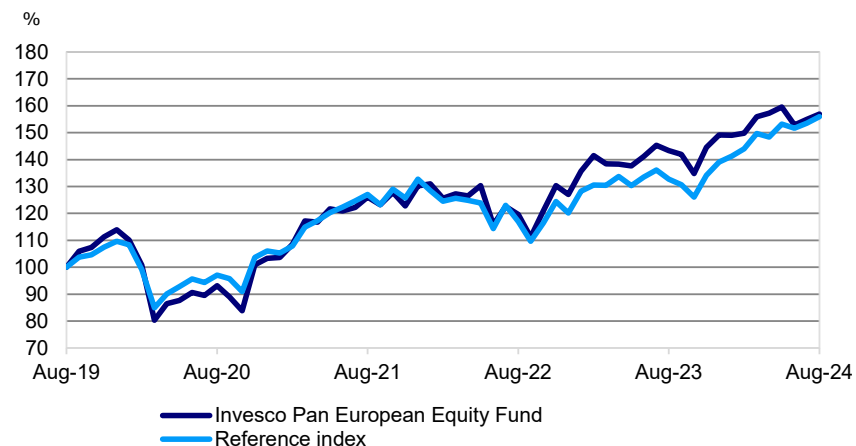
Morningstar Rating 31.08.24

Any reference to a ranking, a rating or an award provides no guarantee for future performance results and is not constant over time.

Past performance does not predict future returns.

Performance (EUR) ¹

5 Year Active Return



Cumulative	YTQ	YTD	1M	1Y	3Y	5Y
Fund (Z-shares)	2.53	5.27	1.32	9.46	24.51	56.94
Reference Index	9.05	12.11	1.61	17.46	22.75	55.96
Active return	-6.52	-6.84	-0.29	-8.00	1.76	0.98

Calendar Year	2019	2020	2021	2022	2023
Fund (Z-shares)	18.88	-9.26	26.04	-2.48	17.37
Reference Index	26.05	-3.32	25.13	-9.49	15.83

Rolling 12 Months	31.08.14	31.08.15	31.08.16	31.08.17	31.08.18
	31.08.15	31.08.16	31.08.17	31.08.18	31.08.19
Fund (Z-shares)	8.64	-10.95	14.65	5.63	-10.07
Reference Index	7.61	-2.55	11.88	4.86	2.45
Peer Group	8.04	-5.34	13.79	2.19	-4.47

	31.08.19	31.08.20	31.08.21	31.08.22	31.08.23
	31.08.20	31.08.21	31.08.22	31.08.23	31.08.24
Fund (Z-shares)	-6.89	35.38	-5.12	19.89	9.46
Reference Index	-2.92	30.88	-7.93	13.50	17.46
Peer Group	-7.62	31.92	-8.84	14.91	14.88

Source fund/sector: Morningstar as of 31 August 2024

Source index: RIMES as at 31 August 2024, on a total return basis in EUR

Peer Group: Morningstar Category EAA Fund Europe Large-Cap Value Equity

¹Fund returns are inclusive of gross income re-invested and net of the ongoing charge and portfolio transaction costs, cumulative, in fund currency. The figures do not reflect the entry charge payable by individual investors. Returns may increase or decrease as a result of currency fluctuations.

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