

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 November 2024 (covering October)

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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, technology, energy and financials proved detractors while all other sectors delivered positive attribution over the month. Consumer staples and industrials were among the most positive for relative performance. At a stock level, our underweight exposure to ASML was a key positive for relative returns as the Dutch chip-maker issued a profit warning. Smurfit Westrock shares performed well after the packaging company issued a good set of Q3 results and positive guidance for the year ahead leading to a broker upgrade. Elsewhere, shares in aircraft manufacturer Airbus rose as cost-cutting measures were well received by the market, Daimler Truck was up as analysts were more positive on prospects for the sector and banking names CaixaBank and Unicredit were both relatively strong on robust earnings. Conversely, despite the underweight to ASML, it was technology exposure which proved the key drag on relative performance over the month. Cap Gemini, Soitec and BE Semiconductor all delivered double-digit falls as the technology sector was the weakest performer over October. Elsewhere, Danish wind-turbine maker Vestas was weak after third quarter order intake failed to impress analysts, while Finnish paper firm UPM-Kymmene declined after lowering its outlook due to weaker than expected end markets.

Fund Positioning

Whilst the short-term outlook is undoubtedly important, where inflation/growth settles over the medium term is even more important. We believe things have changed meaningfully from the no inflation/subdued growth picture which was prominent in the post GFC period. Europe needs to continue to invest in digitalisation, decarbonisation and near-shoring in order to remain competitive in the ever-changing global economy, and given the current geopolitical landscape, defence will remain a key focus too. All of this should be beneficial for growth, supporting inflation and so necessitating moderate interest rates – potentially a more 'normal' backdrop and one which is favourable for fundamental stock picking. As far as positioning is concerned, we are trying to find the right balance to weather shorter-term volatilities, whilst being well placed to take advantage of longer-term opportunities. Today, we remain exposed to some defensives including telecoms and utilities, but also with exposure to cyclicals where we believe the future opportunity is undervalued by the market. This can be in the form of selected materials or industrials where names are trading on depressed earnings and multiples. We also retain exposure to energy names where capital discipline and shareholder returns are much improved and more reliable, as well as in sustainable aviation fuel. Pharmaceuticals is also an area we like where we believe R&D potential is undervalued, while financials are another area of exposure which – like energy – are now well capitalised and generating strong sustainable earnings and shareholder returns.

Outlook

Markets like certainty, however this year has been anything but that. Much of the year has been dominated by the outlook for inflation and what that means for rates and growth, both in the US and Europe. Markets have had to recalibrate their thinking on inflation, which has taken longer than anticipated to come down and consequently delayed rate cuts. With inflation now lower, we are seeing rate cuts in developed markets and attention is returning to the economic outlook: Is the worst over? Can a hard landing be avoided? Or is the sluggish macroeconomic data (e.g. PMIs) telling us to be more cautious? We do not believe we are heading into recession. We feel it is important to remember the significant dual impacts the European economy has faced recently – a manufacturing recession and the "cost of living" crisis. We believe we are at the bottom/past the worst - inventory levels look to have bottomed and should be helped by interest rate cuts. As for households, they have significant savings and, now with inflation lower, are benefiting from real wage increases which means that consumption should improve from here. As a result, we feel that a gradual economic recovery is the most likely outcome. With the rate-cutting cycle already underway, and with more to come, the very tight monetary conditions should continue to loosen, and we are already seeing an improvement in the supply and demand of credit. This should support domestic demand, something which we have not seen for some time. Meanwhile, further fiscal response in China would also be supportive for European exporters.

Fund Facts

Z-share ISIN	LU1625225310
Bloomberg	INVPEZA LX
Domicile	Luxembourg
AuM	1.25bn 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)	0.70	-1.17
Batting Average	55.56	56.67
Gain/Loss Ratio	1.41	1.45
Information Ratio	0.09	-0.05
Sharpe Ratio	0.25	0.31
Tracking Error	6.18	6.90

Awards & Gradings



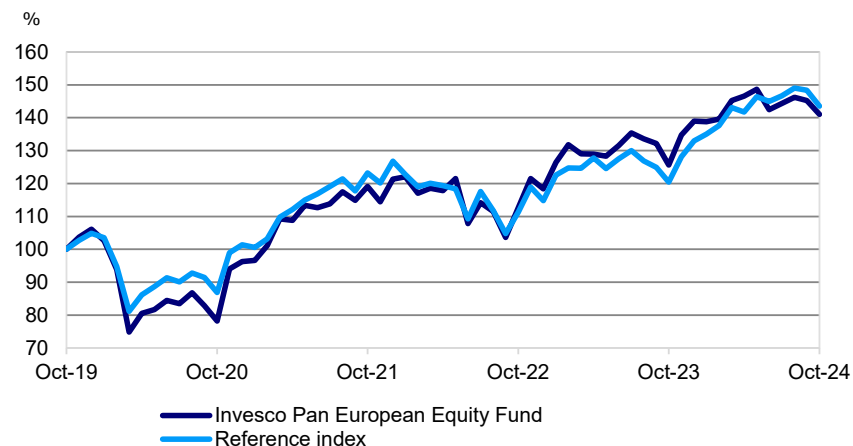
Morningstar Rating 31.10.24

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)	4.55	1.52	-2.90	12.30	18.45	41.02
Reference Index	11.62	7.98	-3.26	19.20	16.48	43.54
Active return	-7.07	-6.46	0.36	-6.90	1.97	-2.52

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	31.10.14	31.10.15	31.10.16	31.10.17	31.10.18
	31.10.15	31.10.16	31.10.17	31.10.18	31.10.19
Fund (Z-shares)	13.88	-12.59	21.87	-6.72	2.57
Reference Index	13.19	-6.76	19.52	-5.76	12.63
Peer Group	12.96	-6.58	19.28	-8.63	7.01

	31.10.19	31.10.20	31.10.21	31.10.22	31.10.23
	31.10.20	31.10.21	31.10.22	31.10.23	31.10.24
Fund (Z-shares)	-21.86	52.37	-5.39	11.49	12.30
Reference Index	-13.13	41.86	-9.71	8.22	19.20
Peer Group	-19.50	45.07	-9.87	8.65	18.66

Source fund/sector: Morningstar as of 31 October 2024

Source index: RIMES as at 31 October 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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