

Fund manager(s)



**Oliver Collin**  
Fund Manager



**Steve Smith**  
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 June 2024 (covering May)

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### Summary of fund objective

The Fund is actively managed. The objective of the Fund is to outperform the MSCI EMU Index-NR (EUR) in the long term. The Fund seeks to achieve its objective through an active allocation to Euro Zone equities. The investment concerns the acquisition of units in a fund and not in a given underlying asset.

### Fund Performance

Despite posting good absolute returns, the fund was slightly behind the MSCI EMU Index over May. Stock selection within sectors including industrials and energy delivered weaker relative returns, while consumer discretionary, utilities and technology exposures assisted relative returns over the month. At the stock level, Ryanair shares were weaker on the back of comments from the CEO suggesting ticket fares would be lower than previously expected, while shares in Finnish refiner Neste were hit after the company posted a big downward revision of its renewable products sales margin guidance. Cap Gemini shares underperformed initially on the back of US peer Salesforce giving a weak outlook, followed by broker downgrades citing a delayed recovery in demand for IT services companies. Elsewhere, weaker oil prices weighed on TotalEnergies, disappointing earnings continued to weigh on Stellantis, and German pharmaceutical name Evotec saw its share price decline after full year results showed weak guidance. Not owning luxury name LVMH was the biggest relative positive during May. Infineon shares climbed after the chipmaker signalled a cyclical trough in demand for semiconductors used in autos, news which also took Soitec shares higher in the same sector, while shares in German healthcare name Merck were buoyed by expectation-beating earnings. Teleperformance surged after the French call centre operator reported stronger-than-expected organic sales growth in the first quarter, while utilities names EDP and Veolia both rallied after posting earnings numbers ahead of expectations.

### Fund Positioning

In terms of positioning, we remain well diversified across a broad range of sectors and continue to believe in the market-wide themes such as decarbonisation, digitalisation, improving the efficiency and security of supply. These structural tailwinds that were not present during the last cycle require a great deal of capital investment and will continue to support employment levels, wages and the wider economy. Weaker power prices have hindered utilities holdings so far this year, however we believe they are well-positioned to deliver sustainable earnings despite the power price backdrop. Within financials, we retain exposure to both banks - where share buybacks are now widespread and names we own include leading franchises with strong capital positions on single-digit PE's - and also insurance companies where sustainable earnings and good dividends remain prevalent. We retain exposure to more cyclical areas too, as here stocks appear to have a recessionary scenario already priced in. As far as technology exposure is concerned, we are obviously extremely aware of the growth in the semi-conductor industry, and we expect the cycle to turn later in 2024. We do have selected exposure to this theme via names where there are interesting internal improvement stories too. The focus within semiconductors thus far has solely rested on those companies who have perceived exposure to AI, while we think the market is missing an opportunity within analogue names which trade at a steep discount now. Elsewhere, we maintain balance within our portfolio by having some defensive exposures in areas such as telecoms, pharmaceuticals, food retail and utilities. Finally, long duration assets, which benefitted in a low inflation/low interest rate environment, appear more challenged in a regime of higher inflation and higher rates. As such, we maintain an underweight position in those long duration areas of the market which, in our opinion, still feel expensive.

### Outlook

European equity markets during the early part of 2024 witnessed momentum and concentration to such a large extent, that we believe many exciting opportunities are presenting themselves. 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. Narrow leadership in the markets is rarely a healthy sign as eventually this will crack and, as investors reconnect with the reality of interest rate cuts being pushed out further into 2024 and with an increasing number of indicators suggesting that economies may be bottoming, it is quite possible that this could be to the benefit of more cyclical areas where we believe there is meaningful opportunity for positive change and where valuations are at extreme lows. The share price performance and re-rated valuations of the highly concentrated group of names which have led the market higher so far this year feels extremely stretched and increasingly dislocated from fundamentals - we have trimmed positions and taken some profits in positions exposed to this momentum. On the other hand, there are many other areas where we see improving fundamentals in the medium/long-term that are looking extremely attractive in terms of both earnings prospects and valuation, and so where we see considerable share price upside - we have tactically increased positions in-line with this conviction. In conclusion, we expect the market focus to broaden out as equity markets reconnect with fundamentals and therefore remain extremely optimistic around the prospects for our portfolio.

## Fund Facts

Z-share ISIN	LU1240329547
Bloomberg	INVZACE LX
Domicile	Luxembourg
AuM	672.71m EUR
Launch Date	06 Dec 1996
Reference Index**	MSCI EMU Index (Net Total Return)

Fund Managers\*\*\* Oliver Collin and Steve Smith

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

\*\*\* Steve Smith since December 2020 and Oliver Collin since December 2016

## Fund Characteristics

(Annualised Data)

	3Y	5Y
Alpha (statistical)	2.36	-0.07
Batting Average	44.44	46.67
Gain/Loss Ratio	1.64	1.61
Information Ratio	0.22	0.06
Sharpe Ratio	0.48	0.45
Tracking Error	6.52	7.15

## Awards & Gradings



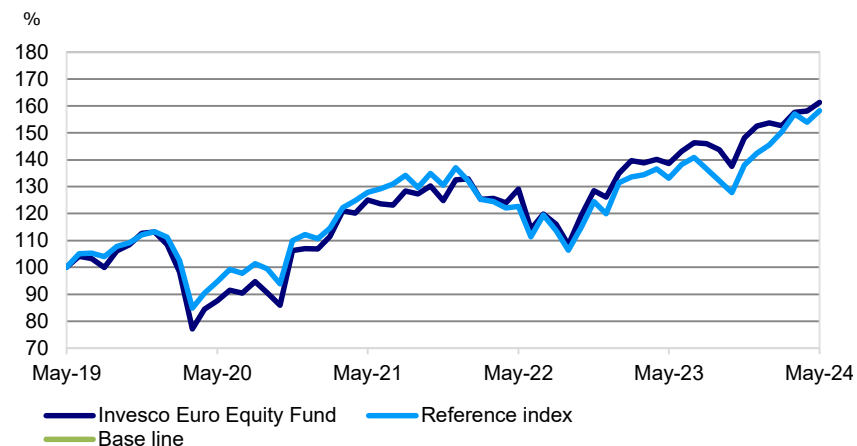
Morningstar Rating 31.05.24

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) <sup>1, 2</sup>

### 5 Year Active Return



Cumulative	YTD	YTD	1M	1Y	3Y	5Y
Fund (Z-shares)	5.79	3.40	2.01	16.34	28.95	61.33
Reference Index	11.08	10.25	2.72	18.79	23.67	58.19
Active return	-5.29	-6.85	-0.71	-2.45	5.28	3.14

Calendar Year	2019	2020	2021	2022	2023
Fund (Z-shares)	19.29	-5.47	23.91	-4.74	20.84
Reference Index	25.47	-1.02	22.16	-12.47	18.78

Rolling 12 Months	31.05.14	31.05.15	31.05.16	31.05.17	31.05.18
	31.05.15	31.05.16	31.05.17	31.05.18	31.05.19
Fund (Z-shares)	16.24	-12.05	22.03	-0.33	-8.26
Reference Index	15.06	-9.79	20.36	1.58	-3.77
Peer Group	14.87	-9.47	18.46	0.75	-5.13

	31.05.19	31.05.20	31.05.21	31.05.22	31.05.23
	31.05.20	31.05.21	31.05.22	31.05.23	31.05.24
Fund (Z-shares)	-12.47	42.93	3.20	7.40	16.34
Reference Index	-5.35	35.15	-4.08	8.53	18.79
Peer Group	-5.50	32.45	-3.66	6.33	16.79

Source fund/sector: Morningstar as of 31 May 2024

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

Peer Group: Morningstar Category EAA Fund Eurozone Large-Cap Equity

<sup>1</sup>Fund 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.

<sup>2</sup>The Original Fund Launch date shown herein is different from the fund launch date shown in the KIID. Prior to 2 October 2015, the fund was a French-domiciled SICAV launched on 6 December 1996, named Invesco Actions Euro. On 2 October 2015, the fund was merged into this Luxembourg-domiciled SICAV.

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