

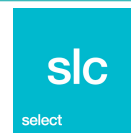
Exane Equity Select Europe Fund

(share A, Euro)

Long equity

Universe: European Equity Fund

ISIN code: LU0719864208 | Inception date: 30th December 2011



Fund manager : Eric Lauri

Fund description

Our European equity long-only fund, Exane Equity Select Europe fund, has chosen alpha generation through intra-sector stock-picking as its sole performance driver. The fund's objective is to outperform its benchmark, the MSCI Europe index with net dividends reinvested, as regularly as possible.

Key points this month

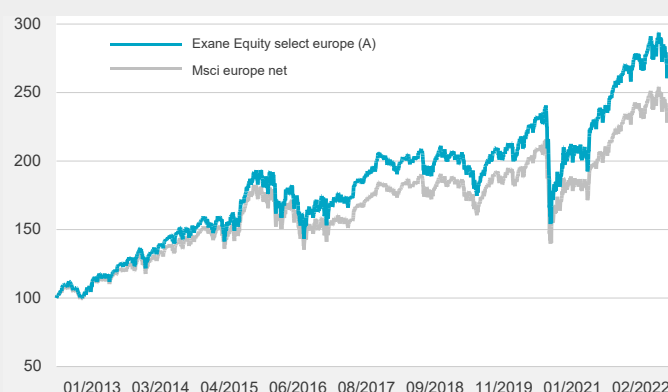
- ▶ Select underperformed its benchmark, in a turbulent market agitated by the geopolitical crisis.
- ▶ The fund delivered a strong performance in the commodities sector.
- ▶ We underperformed however among industrials and construction stocks.

Key figures

- ▶ Monthly performance: **-4.56%** / MSCI Europe : **-3.01%**
- ▶ 2022: **-7.43%** / MSCI Europe : **-6.12%**
- ▶ Nav (€): **26 745,8**
- ▶ Net assets (Mio€): **1178**

Performance

	12 months	3 years	5 years	Since inception
Cumulative				
exane Equity Select Europe (A)	13.75%	33.93%	41.76%	167.46%
MSCI Europe net	15.43%	29.44%	37.65%	135.27%
Annualized				
exane Equity Select Europe (A)	13.75%	10.2%	7.2%	10.2%
MSCI Europe net	15.43%	9.0%	6.6%	8.8%



The investment objective is to outperform, over the recommended investment horizon, its benchmark indicator the MSCI Europe calculated with net dividends reinvested.

Risks

	12 months	Since inception
Volatility	11.2%	16.7%
Tracking-error	2.1%	2.8%
Information ratio	-0,79	0,50

Fund managers commentary

The European equity market fell by almost 3% in February, as it had done in January, but for very different reasons. Stress triggered by the geopolitical crisis weighed heavily on cyclical stocks, which were impacted by the sharp rise in energy prices and the sudden risk of an economic slowdown. Against this backdrop, our sector hit ratio was only 40%. The disappointing performance was exacerbated by significant asymmetry in the ratio of gains vs losses per sector, despite relatively reassuring earnings releases from some of our portfolio holdings.

ESG report

The return of war in Europe triggered some unprecedentedly rapid shifts in positioning. For example, Germany operated a U-turn on defence issues and also in terms of climate transition, with energy independence now becoming an absolute priority. These changes will have major consequences on ESG scrutiny applied to sectors and issuers. We will continue to be guided, more than ever, by our in-house analysis and ongoing dialogue with companies. The fund's ESG risk rating at the end of the month was 20.1, which is slightly better than the benchmark index, at 20.4.

Main positive contributors:

- Rio Tinto and Anglo American are our two positions in the commodities sector. As the sector index also includes steel and paper producers, our picks represent an implicit long commodities vs steel and paper trade. This implicit positioning is highly advantageous in the context of the current geopolitical crisis. Anglo American also published robust earnings, including bullish outlook in its platinum and iron ore divisions.
- In the financial services sector, the fund was buoyed by healthy earnings figures from UBS. We took partial profits on the back of the strong results, following a sharp rally in the stock. The fund also benefitted from our position in the Private Equity stock Partners, which outperformed the market after collapsing at the start of the year, when it was hit by interest rate-driven stock rotation.
- Lastly, in the food retail sector we benefitted from further M&A interest in Carrefour and reassuring results from the group. The company highlighted its strategy and its capacity to defend its margins, despite costs inflation.

Main negative contributors:

- The fund was weighed down by our positions among industrial and construction stocks. The timing of our investments in Andritz, Vinci and Holcim, which we bought at the start of the month, was relatively poor. Meanwhile, Schneider and Saint-Gobain failed to outperform their benchmark, despite publishing robust earnings.
- In the consumer sector, the alpha generated by excellent results from most of our holdings, including Nestlé, Relx, Richemont, LVMH and Pandora, was wiped-out by disappointing earnings from Campari and by Carlsberg's sensitivity to eastern Europe.
- Lastly, we underperformed among tech stocks, with Ericsson negatively impacted by relatively threatening allegations by the US Department of Justice of misconduct in Iraq.

Key portfolio changes this month:

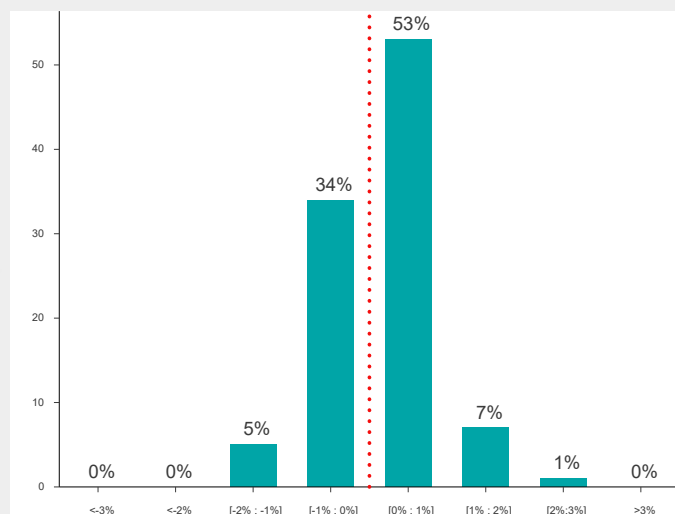
- In the consumer sector, we sold our Campari holding after the group published results which failed to justify the high share price. We reinvested the funds in Eurofins, which came under heavy pressure with the Covid crisis exit at the start of the year, but which we believe will continue to grow profitably.
- Among industrials, we sold Spie and invested in Vinci, which should benefit from inflation in its franchise division. We also rolled out of Schneider and into Siemens.
- In the healthcare sector, we took profits in Alcon, after the group published strong earnings.
- We also took profits in E.On among utilities.
- Lastly, we closed-out our exposure to Cellnex and Adevia.

We also adapted the portfolio's sector breakdown more closely towards the sector specialist knowhow within the team. We split the industrials sector (13%) into two segments, which are now managed by two different fund managers. Industrials are now divided into capital goods & aerospace (5%) on the one hand, and electric & construction material (8%) on the other. We also separated food retailing from the combined telecom/media/retail segment.

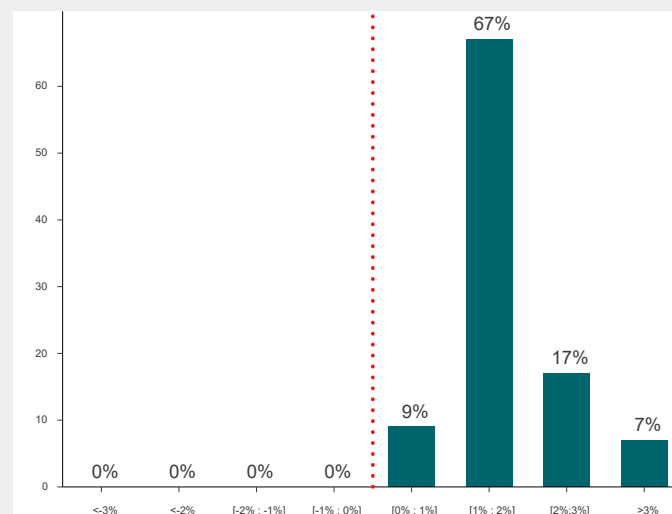
Risks and exposure

The percentage of holdings differing from the benchmark index this month (active share) is 69.36%

Monthly relative return distribution



5 year rolling relative return distribution



Fund exposure (in % of net assets)

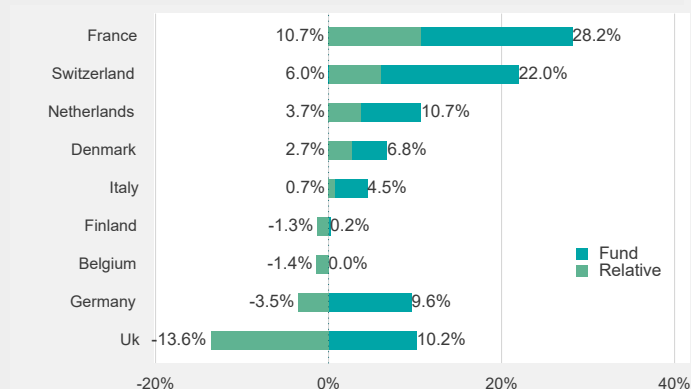
	capital weighted	Beta
Fund	100.2%	103.6%
Top 10 values	36.9%	-

Market capitalization (bn €)

	1,5-5	5-20	>20
Fund	1.0%	17.5%	81.7%
Relative	0.5%	-3.0%	2.7%

Top exposure by country

(net in %, looking through index products)



Main positions by specialized universe

	Stocks	Fund
Insurance & real estate	VONOVIA SE	1.4%
Automobile	STELLANTIS NV	1.4%
Banks and diversified financials	INTESA SANPAOLO	2.5%
Chemicals	BASF SE	1.7%
Consumer*	NESTLE SA-REG	6.3%
Construction	HOLCIM LTD	1.7%
Energy	BP PLC	2.9%
Capital goods	SIEMENS AG-REG	2.3%
Basic resources	RIO TINTO PLC	2.2%
Healthcare	ROCHE HOLDING AG-GE	5.7%
Utilities	ENGIE	2.3%
Technology	ASML HOLDING NV	3.9%
Telecoms	DEUTSCHE TELEKOM AG-REG	0.8%

* Including commercial & professional services

Main overweights

Stocks	Relative
Nestle Sa-reg	Consumer* 2.7%
Roche Holding Ag-ge	Healthcare 3.0%
Sanofi	Healthcare 3.1%
Lonza Group Ag-reg	Healthcare 2.8%
Relx Nv	Consumer* 2.4%
Repsol Sa	Energy 2.2%

For more information: www.exane-am.com

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