

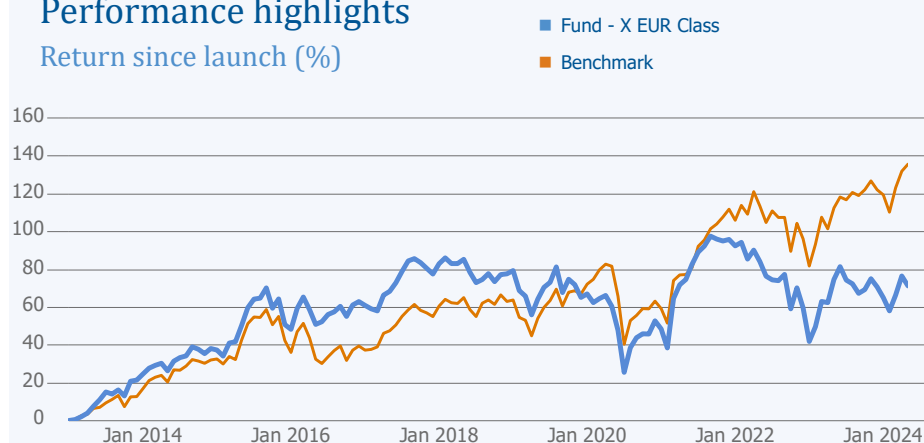
# JOHCM European Select Values Fund

## Fund overview

- The Fund aims to generate long-term capital growth through active management of a portfolio of listed European equities
- Senior Fund Manager Robrecht Wouters has a highly selective, value-oriented investment style which focuses on undervalued pan-European companies that generate high returns on capital. His stock-picking approach is unconstrained by benchmark weightings and combines traditional 'value' investing (focusing on attractive valuations) and 'quality' characteristics, such as high return on capital employed
- Benchmark: MSCI Europe Index
- The use of the Index does not limit the investment decisions of the fund manager therefore the shareholdings of the Fund may differ significantly from those of the Index
- Please see the [Prospectus/KIID/KID](#) for further information. Please ensure you read and understand these documents before making an investment and wherever possible obtain professional advice

## Performance highlights

Return since launch (%)



## Return history

	1m	3m	1yr	3yr	5yr	10yr	SL	Annualised*
X EUR Class	-2.96	8.36	-1.93	-1.94	4.27	35.59	71.24	4.86
Benchmark	1.60	12.07	10.91	32.94	52.98	95.73	135.64	7.85
Quartile**	4	4	4	4	4	4	1	-

## Discrete 12 month performance to end of January

	01.24	01.23	01.22	01.21	01.20	01.19	01.18	01.17	01.16	01.15
X EUR Class	-1.93	-5.14	5.42	8.85	-2.32	-11.37	10.06	11.60	0.33	19.05

### Past performance is no guarantee of future performance.

The value of an investment and the income from it can fall as well as rise as a result of market and currency fluctuations and you may not get back the amount originally invested. For further information on risks please refer to the Fund's KIID/KID and/or the Prospectus.

\*Annualised since launch. \*\*Refers to the fund's ranking in a peer group of funds made up from all funds classified as Europe including UK by either the Investment Association (IA) or Lipper Global. Funds included may be domiciled in the UK, Ireland, or Luxembourg. Lipper ranking is from A GBP Class.

NAV of Share Class X in EUR, net income reinvested, net of fees. The X EUR Class was launched on 1 October 2012.\*\*\*Benchmark: MSCI Europe NR Index (12pm adjusted). During the period 7 May 2003 to 31 December 2012 the Fund was benchmarked against the FTSE Eurofirst 300 TR Index. For the period 1 January 2013 to present the Fund is benchmarked against the MSCI Europe NR Index (12pm adjusted). Performance of other share classes may vary and is available on request.

Share class: X EUR Class

ISIN: IE00B4K14L92

## Fund details

Fund size	EUR 250.92m
Strategy size	EUR 272.61m
Launch date	7 May 2003
Benchmark***	MSCI Europe NR Index (12pm adjusted)
No. of holdings	38
Domicile	Ireland
Fund structure	UCITS
Tax status	UK reporting status
Denominations	GBP, EUR
Valuation point	12pm Dublin time

Total strategy assets updated quarterly and shown as at 31 December 2023.

## Fund managers



### Robrecht Wouters

Senior Fund Manager

Robrecht has managed the Fund since mid-2008. He joined JOHCM in 2003 and has 34 years of industry experience.



### Luis Fañanas

Fund Manager

Luis has worked on the Fund since he joined JOHCM in 2015 and has 28 years of industry experience.

## Contact details

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## Portfolio analysis (%)

Data as at 31 January 2024

## Top 10 holdings

	Absolute	Relative
United Internet	5.6	5.6
Grifols	5.3	5.3
Oracle	5.3	5.3
Danone	5.1	4.7
Liberty Global	4.5	4.5
Heineken	4.2	4.1
Corbion	3.8	3.8
Thyssen Krupp	3.4	3.4
Imerys	3.0	3.0
Oerlikon	3.0	3.0
<b>Total</b>	<b>43.2</b>	

## Sector breakdown

	Absolute	Relative
Consumer Staples	22.3	10.8
Communication Services	12.1	8.9
Materials	11.7	4.9
Information Technology	12.6	4.7
Energy	8.4	2.9
Consumer Discretionary	11.1	0.4
Real Estate	0.0	-0.9
Utilities	1.5	-2.6
Industrials	11.7	-4.2
Health Care	6.8	-8.8
Financials	0.0	-17.9
Cash	1.8	1.8

## Country breakdown

	Absolute	Relative
Germany	25.5	12.5
Switzerland	12.4	-2.8
Netherlands	11.5	3.9
France	11.0	-7.4
United Kingdom	7.0	-15.1
Spain	5.3	1.3
Finland	4.3	2.7
Belgium	4.1	2.6
Italy	3.0	-1.0
Other	14.1	1.6
Cash	1.8	1.8

## Market cap breakdown

	Absolute	Relative
Large (>EUR 5bn)	48.5	-51.0
Mid (EUR 2 - 5bn)	24.9	24.4
Small (<EUR 2bn)	25.0	25.0
Cash	1.8	1.8

## Attribution &amp; contribution (%)

## Sector attribution\*

	Relative return
Communication Services	0.45
Utilities	0.13
Financials	0.09
Real Estate	0.03
Energy	0.02
Industrials	-0.02
Consumer Staples	-0.22
Materials	-0.23
Information Technology	-0.62
Consumer Discretionary	-1.07
Health Care	-3.13

\*Excludes cash

Please note that due to rounding breakdowns may not add to 100.00%. All Attribution figures are as at end of day and are calculated on a gross basis. Other includes: Norway, Portugal, Austria, Denmark, Ireland, Sweden and non-benchmark countries. Please note cash figure includes a put option of 0.22%.



## Fund manager's commentary

- European equities started strong in 2024, with large caps favoured over small caps, posing a challenge for the fund
- The fund's performance suffered, primarily due to Grifols' sharp decline, triggered by a short seller report
- Concerns over Bayer's litigation provisions and equity value led us to sell, while overall portfolio activity remained limited in January

European equities started 2024 strong, with the MSCI Europe Composite returning 1.60% (in euro terms) in January. Leading indicators confirm that the European economy, which bottomed in the second half of last year, continued a path of modest relative improvements. After steep declines in Q4 last year, bond yields bounced back. The January market rally favoured large caps, while European small caps actually declined (MSCI Europe Small Caps returned -0.86%), a headwind for the fund.

The fund performed poorly, returning -2.87% in euro terms, but the most significant headwind was Spanish pharmaceutical group Grifols, the fund's largest investment, whose share price declined by -34% over the month.

Grifols experienced a significant sell-off triggered by a short seller report, leading to a sharp decline of 34% in its shares over the month (and reaching as low as 45.8% at one point). The market's panic reaction follows the mantra 'where there is smoke, there is fire'. We analysed and disagree with the short seller's main thesis (financial leverage is understated because of incorrect interpretation of minority accounting), not only because wrong data were assumed in the analysis (even if they were disclosed and reported in the past in Grifols' annual reports) but also because of the interpretation of that information. In any case, the two Grifols' subsidiaries in which there are minority shareholders represent an immaterial 3% of Group EBITDA. To us, no new information has been revealed in this report and our view of Grifols' value did not change. Hence, we added moderately to the position when position weighting dropped below 5%. Grifols' slump caused a -234bps (in euro terms) drag to the fund's January performance. However, this setback is not permanent, and the losses will likely be regained over time as market confidence rebuilds.

Recent court case setbacks in the US, not only in glyphosate (the main litigation risks that Bayer has provided for) but also an expanding list of PCB cases, have raised concerns about the adequacy of Bayer's remaining litigation provisions (EUR7.5bn) and, consequently, Bayer's equity value. Whilst from a net present value perspective (the value of Bayer's Pharma, Agrochemical and Consumer divisions less financial debts and the uncertain cash-outs for future litigation), there is a large margin of safety for the equity value, our conviction on the concrete value of Bayer is tested. Also, if we underestimate future litigation payouts, operationally, this can affect the group's net free cash flow for years to come (we estimate EUR4-5bn of free cash flow pa ex-litigation payments on a market cap of EUR31bn) and limit the company's strategic flexibility and choices. We decided to step aside (awaiting clarification) and sell.

Aside from this decision, portfolio activity was limited in January. At +138%, the fund's upside to intrinsic value is significant and mirrors the market's polarised valuation extremes.

Performance over 1 month	%
Fund - X EUR Class	-2.96
Benchmark	1.60

## Statistics

	Annualised since launch
Active share* (%)	95.67
Fund volatility (%)	16.83
Benchmark volatility (%)	16.81
Alpha	-1.93
R squared	0.82
Correlation	0.90
Tracking error (%)	7.25
Information ratio	-0.41
Sharpe ratio	0.26

Data calculated weekly.

\*The proportion of stock holdings in a fund's composition is different from the composition found in its benchmark. The greater the difference between the composition of the fund and its benchmark, the greater the active share.

## Country registration

### X EUR

Austria	✓
Denmark	✓
Finland	✓
France	✓
Germany	✓
Ireland	✓
Jersey	✓
Luxembourg	✓
Netherlands	✓
Norway	✓
Singapore	✓
Spain	✓
Sweden	✓
Switzerland	✓
UK	✓

### Regulatory documents

English language KIIDs can be found on our website at [www.johcm.com](http://www.johcm.com)

Foreign language versions are available on request by calling +44 (0) 20 7747 5646

## Share class details (Further details on additional share classes are available on request)

	ISIN	SEDOL	Bloomberg	WKN	Initial charge	Annual charge	Ongoing charge	Minimum investment*
X EUR Class	IE00B4K14L92	B4K14L9	JOHESXE ID	-	Up to 5%	1.50%	1.56%	£TBC

**Performance fee:** A performance fee of 15% is payable on the excess if the NAV outperforms the Index Adjusted NAV (as defined in the Fund supplement) on an annual basis. The calculation is performed daily. Any underperformance is carried forward.  
Ongoing Charge is as at 31 December 2023.

\*Other currency equivalents apply.

## Important information

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This is a marketing communication. Please refer to the fund prospectus and to the KIID / KID before making any final investment decisions.

These documents are available in English at [www.johcm.com](http://www.johcm.com), and available from PISEL, or (for UK investors) JOHCM, at the addresses set out above.

Information on the rights of investors can be found [here](#)

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Past performance is no guarantee of future performance. The value of an investment and the income from it can fall as well as rise as a result of market and currency fluctuations and you may not get back the amount originally invested.

Investments may include shares in small cap companies and these tend to be traded less frequently and in lower volumes than larger companies making them potentially less liquid and more volatile.

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