

# Exane Equity Select Europe Fund

(share T, Euro)

Long equity

Universe: European Equity Fund

ISIN code: LU1929509963 | Inception date: 15th April 2019



REPUBLIQUE FRANCAISE



Fund management team : Eric Lauri et Richard Pandevant

## 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

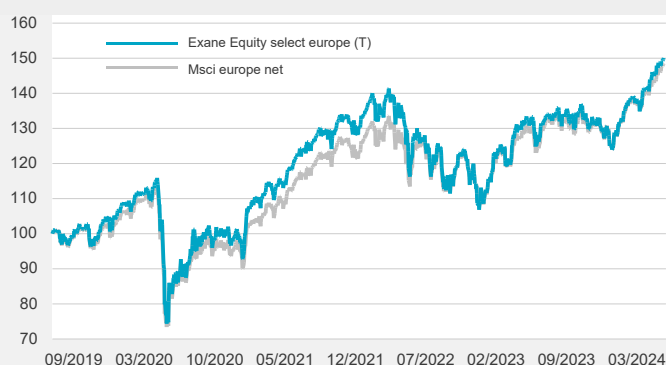
- ▶ The Select Europe fund underperformed its benchmark in March, but still outperformed by 21bps during Q1 2024.
- ▶ The sector hit ratio over the quarter was also highly satisfactory (64%) with 9 out of 14 sectors outperforming.
- ▶ The automotive and financial services sectors contributed positively during the month, along with tech stocks, but failed to fully offset the relative underperformances recorded among industrials, consumer stocks and utilities.

## Key figures

- ▶ Monthly performance: **3.58%** / MSCI Europe : **3.91%**
- ▶ 2024: **7.91%** / MSCI Europe : **7.60%**
- ▶ Nav (€): **15 007,6**
- ▶ Net assets (Mio€): **594**

## Performance

	12 months	3 years	5 years	Since inception
<b>Cumulative</b>				
exane Equity Select Europe (T)	14.17%	24.53%	-	50.08%
MSCI Europe Net	14.75%	30.27%	-	48.54%
<b>Annualized</b>				
exane Equity Select Europe (T)	14.17%	7.6%	-	8.5%
MSCI Europe Net	14.75%	9.2%	-	8.3%



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

Source : Exane Asset Management. Past performances are by no means a guarantee of future performance. Net of fees performances. All investments may generate losses or gains.

## Risks

	12 months	Since inception
Volatility	11.9%	19.0%
Tracking-error	2.1%	2.8%
Information ratio	-0,28	0,08

## Fund managers commentary

### Performance analysis

The bullish trend among equity markets since the start of the year continued during March, returning a strong performance over the first quarter.

The Select Europe fund underperformed its benchmark by 38 bps in March, but still delivered a slight year-to-date outperformance.

We further reduced the number of securities in the portfolio and continued gradually increasing the fund's active share.

### ESG review

Specialist ESG analysts appear to be converging towards a greater emphasis on controversy prevention. While the required paths towards energy transition are constantly proving to be less naively predictable than may have been assumed a few years ago, almost every week the markets prove the financial materiality of deep controversies. In-depth analysis of corporate conduct regarding social and governance issues is therefore resuming the key importance it has always had, both implicitly and explicitly, within the fundamental analysis of a stock's quality.

Changes to the portfolio during March were extremely favourable to the fund's ESG profile, which is now significantly better than the benchmark, with an ESG risk score of 19.1, vs 19.8 for the MSCI Europe index.

### Main positive contributors:

- In the healthcare sector, where we are progressively redeploying active share, our Lonza position contributed positively. The stock outperformed for several reasons. The management confirmed guidance for 2024, while a draft law in the US will weigh heavily on one of the group's main Chinese competitors. Meanwhile, at the end of March, Lonza bought one of Roche's largest biological treatment production sites, located in California.
- In the automotive sector, our position in Stellantis delivered strong gains for the fund once again.
- Lastly, among banks, the portfolio was boosted by our positions in Commerzbank and Banco Santander. With Commerzbank lagging behind other interest-rate sensitive plays, the market rediscovered some of the stock's virtues, notably in terms of capital returns. Investor interest in Banco Santander also logically picked up, as it is one of the few European banks delivering EPS growth over the next two years.

### Main negative contributors:

- In the consumer sector, Jeronimo Martins underperformed. The stock has been significantly derated due to the gap between food inflation, which has now peaked, and wage inflation, which usually lags by about one year on average. The scissors effect of sales prices, combined with payroll costs, is therefore currently at the worst point in the cycle for the stock. Also, the company's entry into the hard discount segment, particularly in Colombia, requires years of investments without any short-term returns, before generating strong gains once the competition has been squeezed.
- Among banks, Nordea contributed negatively, as the stock has a more defensive profile in the context of a very strong performance by the banking sector during the month.
- Lastly, in the utilities sector, EDP weighed on the fund's performance. We believe the stock was penalised by its specialist renewable energy profile, although we perceive it more as an integrated utilities company, which is therefore much less impacted by lower electricity prices.

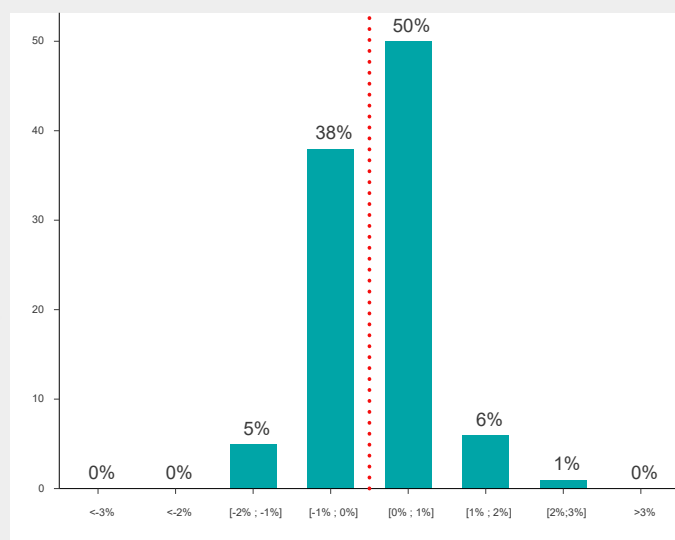
### Key portfolio changes on the month:

- In the consumer sector, we invested in Haleon. We consider the products portfolio to have very low dependency on the cycle. This market segment is also highly fragmented, which leaves room for profitable synergy deals. Lastly, the stock had been driven lower by equity sales by GSK and Pfizer, the group's two original shareholders.
- Among tech stocks, we rapidly exited our recent investment in Amadeus, in order to refocus the sector portfolio.
- In the energy sector, we liquidated our BP position and invested in Neste, originally a refining group, but which is moving increasingly into bio-fuels.
- Among banks, we sold Barclays, as we believe that consensus is over-optimistic. We also sold BNP after the stock rallied and we instead initiated a more opportunistic investment in Société Générale, on the back of persistent spinoff rumours and as the stock is almost the most deeply discounted play in the sector.
- In the financial services sector, we sold LSE and invested in Julius Baer and Deutsche Boerse.
- Lastly, in the chemicals sector, we sold Air Liquide, also with a view to refocusing the portfolio.

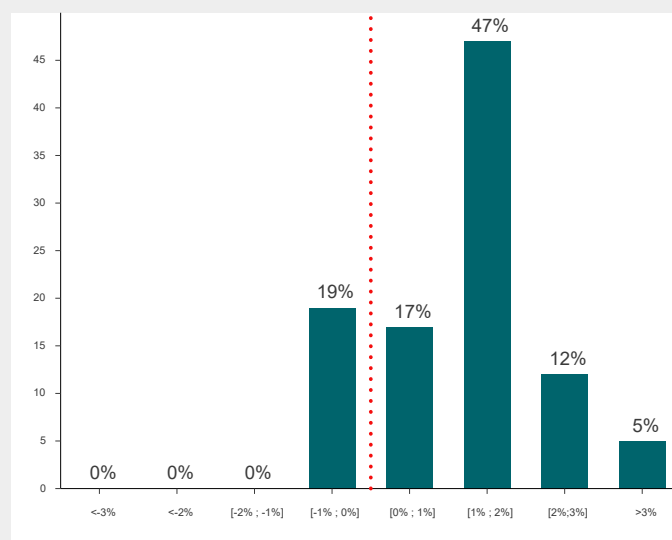
## Risks and exposure

The percentage of holdings differing from the benchmark index this month (active share) is 59.42%

### Monthly relative return distribution\*



### 5 year rolling relative return distribution\*



\*The presented performances are those of the A-share, the oldest share of the fund.

Source : Exane Asset Management. Past performances are by no means a guarantee of future performance.

### Fund exposure (in % of net assets)

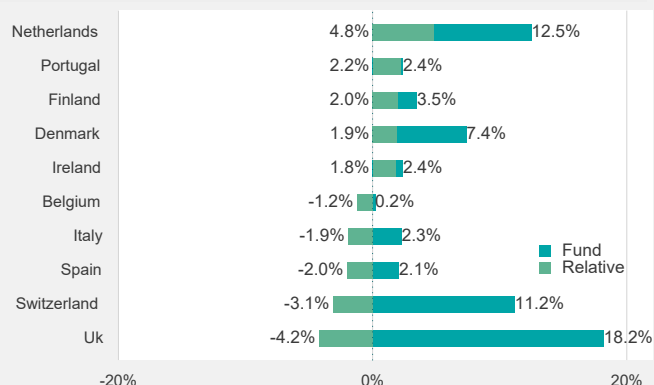
	capital weighted	Beta
Fund	99.5%	99.2%
Top 10 values	37.7%	-
Top 40 values		-

### Market capitalization (bn €)

	1,5-5	5-20	>20
Fund	0.7%	20.4%	78.4%
Relative	0.1%	3.5%	-4.1%

### Top exposure by country

(net in %, looking through index products)



### Main positions by specialized universe

Stocks	Fund
Insurance & real estate	PRUDENTIAL PLC 1.7%
Automobile	STELLANTIS NV 2.5%
Banks and diversified financials	HSBC HOLDINGS PLC 2.8%
Chemicals	NOVONESIS 1.3%
Consumer*	LVMH MOET HENNESSY LOUIS VUI 3.7%
Construction	CRH PLC 1.4%
Energy	SHELL PLC-NEW COMMON STOCK 4.4%
Capital goods	SAFRAN SA 3.0%
Basic resources	
Healthcare	NOVO NORDISK A/S-B 1.7%
Utilities	ENEL SPA 2.3%
Technology	ASML HOLDING NV 5.0%
Telecoms	DEUTSCHE TELEKOM COMMON STOCK 2.2%

\* Including commercial & professional services

### Main overweights

Stocks	Relative
Shell Plc-new Common Stock	Energy 2.5%
Safran Sa	Capital goods 2.3%
Assa Abloy Ab-b	Capital goods 2.2%
Beiersdorf Ag	Consumer* 2.3%
Relx Nv	Consumer* 2.3%
Kone Oyj-b	Capital goods 2.1%

For more information: [www.exane-am.com](http://www.exane-am.com)

warning: Net of fees performances. Past performances are by no means a guarantee of future performance. All investments may generate losses or gains. The present informative document does not constitute the full Open-ended investment fund prospectus and must not be considered as a commercial offer, an investment solicitation or support for investment advice. Any subscription to the Mutual fund can only be carried out on the basis of the full prospectus and based on the review of the KIID. Investors are invited to refer to the risk factors section of the prospectus. Exane equity select europe fund is registered in Luxembourg and does benefit from a European passport in France, Germany, Belgium, Italy and Switzerland. In particular, this Mutual funds cannot be offered or sold, directly or indirectly, in the United States in the profit or for one US PERSON, according to the definition of the "regulation S".