

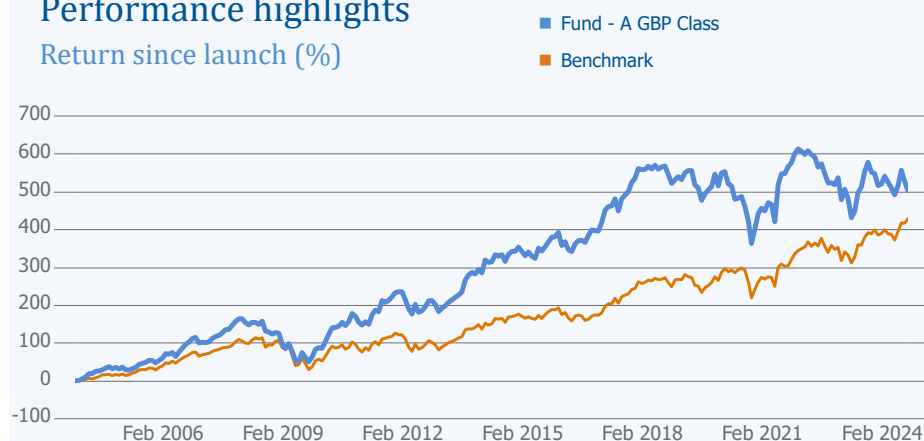
# JOHCM European Select Values Fund

## 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*
A GBP Class	-4.02	-2.14	-11.15	-9.58	-0.38	38.62	502.29	9.00
Benchmark	2.26	6.84	7.56	30.96	50.12	96.44	428.67	8.32
Quartile**	4	4	4	4	4	4	1	-

## Discrete 12 month performance to end of February

	02.24	02.23	02.22	02.21	02.20	02.19	02.18	02.17	02.16	02.15
A GBP Class	-11.15	8.76	-6.43	26.85	-13.15	-6.41	7.65	23.87	3.70	7.52

### 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.

NAV of Share Class A in GBP, net income reinvested, net of fees. The A GBP Class was launched on 7 May 2003.\*\*\*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: A GBP Class

ISIN: IE0032904223

## Fund details

Fund size	GBP 200.74m
Strategy size	GBP 236.22m
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 29 February 2024

## Top 10 holdings

	Absolute	Relative
Oracle	5.7	5.7
United Internet	5.5	5.5
Danone	4.8	4.4
Liberty Global	4.3	4.3
Grifols	4.2	4.1
Heineken	4.1	4.0
Corbion	4.0	4.0
Oerlikon	3.6	3.6
Thyssen Krupp	3.2	3.2
Imerys	3.1	3.1
<b>Total</b>	<b>42.5</b>	

## Sector breakdown

	Absolute	Relative
Consumer Staples	21.9	11.0
Communication Services	12.0	9.0
Materials	12.1	5.4
Information Technology	12.9	4.7
Energy	8.8	3.6
Consumer Discretionary	10.9	-0.5
Real Estate	0.0	-0.8
Utilities	1.5	-2.3
Industrials	13.9	-2.7
Health Care	5.5	-9.9
Financials	0.0	-17.9
Cash	0.5	0.5

## Country breakdown

	Absolute	Relative
Germany	26.0	12.7
Switzerland	13.0	-1.8
Netherlands	12.0	4.2
France	10.6	-8.1
United Kingdom	7.6	-13.6
Finland	4.5	3.0
Spain	4.2	0.3
Belgium	3.9	2.5
Italy	3.2	-0.9
Other	14.5	1.2
Cash	0.5	0.5

## Market cap breakdown

	Absolute	Relative
Large (>EUR 5bn)	44.6	-54.9
Mid (EUR 2 - 5bn)	25.1	24.7
Small (<EUR 2bn)	29.9	29.9
Cash	0.5	0.5

## Attribution &amp; contribution (%)

## Sector attribution\*

	Relative return
Industrials	0.42
Utilities	0.18
Real Estate	0.08
Financials	-0.04
Energy	-0.07
Materials	-0.84
Communication Services	-0.91
Consumer Staples	-1.12
Information Technology	-1.43
Consumer Discretionary	-1.63
Health Care	-1.65

\*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 performed well in February, but the fund suffered due to stock-specific issues with Grifols and AMS-Osram
- While small and midcaps continue to underperform, the fund identified very positive developments such as buybacks, splits and significant insider buying activity in certain holdings
- We remain confident in the fund's long-term investment strategy, highlighting a +149% weighted average upside potential

European equities continued their good start to the year and returned 2.04% (in euro terms) in February. Leading indicators (such as the Eurozone composite PMI) suggest that Europe's growth weakness has passed through. The MSCI Europe index returned 4.17% year-to-date, but this strength is concentrated in the liquid, large-cap names. European small caps are down by 0.33% year-to-date.

This doesn't help the fund, which performed poorly, returning -4.25%. However, the main headwinds were stock-specific setbacks with Spanish pharma group Grifols (again) and Swiss optical semiconductor group AMS-Osram.

Grifols declined 25% during February. The 2023 results and 2024 outlook, released on the very last day of the month, were in line or marginally above expectations, but miscommunication regarding free cashflow during the earnings call created a sell-off panic. After market close (and month-end), a company press release clarified free cash flow guidance for 2024 to 2027. These numbers, released for the first time, are fully in line with our expectations and the basis of our rational valuation case: Grifols will generate around €500m free cash flow in 2024 (before expansion capex and restructuring charges) and around €700-850m pa in the period 2025-27 (€2.0-2.5bn cumulative). After the previously announced disposal of the Chinese stake (for €1.7bn) combined with the cash flow of the business, there is no question about the ability of the company to reduce financial leverage. After the January short seller report, the market is hyper nervous about the stock. Grifols' extreme stock volatility is consuming and cost the fund performance this month. While the market may be resting and stressful, focusing on the underlying fundamentals is crucial rather than getting caught up in the noise. We slightly added to the position. Meanwhile, at the time of writing, insiders (i.e. management) are buying shares as well, in significant amounts.

In a total surprise (we only met management a few weeks before), AMS-Osram announced that it would halt its cornerstone €1bn growth project in MicroLeds after a key customers' sudden, unexpected withdrawal (thought to be Apple). The stock fell by 34%. MicroLEDs were a key long-term growth lever for AMS-Osram post-2026 and with this upset – even if we did not explicitly value the full potential value of MicroLeds – the base investment case in AMS-Osram fundamentally changes. After the price correction, AMS-Osram traded on a low FCF cash flow multiple, but that was because of savings in cost for future growth and a bad omen in technology. Because of these changing fundamentals, we took the loss and sold the stock.

Small and midcaps have been a substantial drag to the fund's performance in recent years as a polarised market doesn't seem to care about valuation despite an attractive valuation gap in favour of small and midcaps. Valuation anomalies can persist for a long time and it is often not obvious to see what can trigger normalisation. However, we own companies that 'use' this anomaly to buy back their stock and reward the long-term investors. In February, some of our companies announced a split or demerger (Oerlikon and Liberty Global) that would expose and ultimately break the valuation deadlock. In addition, we also observe, for the first time in a long, very aggressive buying activity by key insiders in several of our underperforming names after February share price declines, such as Thyssenkrupp, Ceconomy (interestingly, smaller UK-listed peer Currys is currently a takeover target) and Elior. In these cases, there is also new management on board (within the last 12 months) with a very proactive focus (already quite visible) on improving operations, capital allocation and value creation.

These companies and managers see what we see: ridiculous valuations. We are highly confident of the value of our investments, with the weighted average upside of our investments currently standing at +149%.

Performance over 1 month	%
Fund - A GBP Class	-4.02
Benchmark	2.26

## Statistics

	Annualised since launch
Active share* (%)	95.61
Fund volatility (%)	15.77
Benchmark volatility (%)	16.13
Alpha	1.67
R squared	0.83
Correlation	0.91
Tracking error (%)	6.66
Information ratio	0.10
Sharpe ratio	0.50

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

	A GBP	B GBP	A EUR	B EUR
Austria	✓	✓	✓	✓
Belgium	✗	✗	✓	✓
Denmark	✓	✓	✓	✓
Finland	✓	✓	✓	✓
France	✓	✓	✓	✓
Germany	✓	✓	✓	✓
Ireland	✓	✓	✓	✓
Italy	✗	✗	✓	✓
Jersey	✓	✓	✓	✓
Liechtenstein	✗	✗	✓	✓
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*
A GBP Class	IE0032904223	3290422	JOHESSI ID	A0BLYV	Up to 5%	0.75%	0.82%	£1,000
B GBP Class	IE0032904009	3290400	JOHESVS ID	A0BLYT	Up to 5%	1.249%	1.31%	£1,000

**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

### Professional investors only.

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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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The investment promoted concerns the acquisition of shares in a fund and not the underlying assets.

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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