

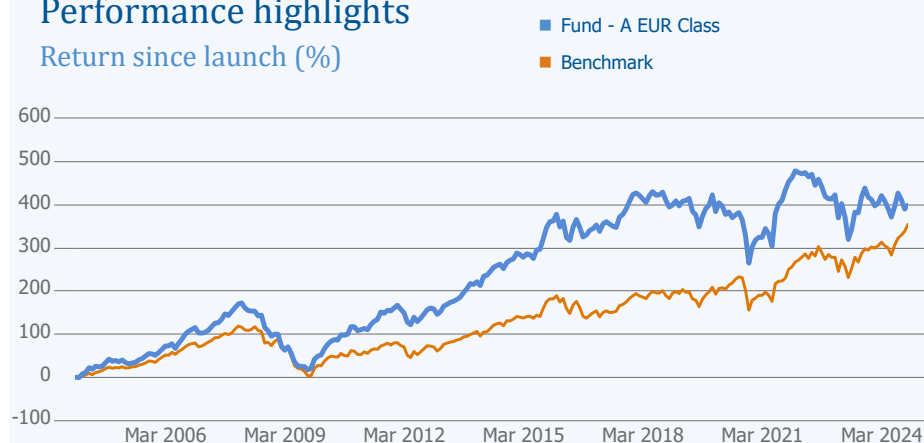
JOHCM European Select Values Fund

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 EUR Class	1.87	-5.26	-3.57	-9.77	0.07	34.39	398.74	7.99
Benchmark	3.75	7.56	15.06	29.80	52.58	97.03	354.31	7.51
Quartile**	4	4	4	4	4	4	1	-

Discrete 12 month performance to end of March

	03.24	03.23	03.22	03.21	03.20	03.19	03.18	03.17	03.16	03.15
A EUR Class	-3.57	0.73	-7.11	51.76	-26.93	0.83	-2.54	15.25	-4.40	24.05

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 A in EUR, net income reinvested, net of fees. The A EUR 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 EUR Class

ISIN: IE0032904330

Fund details

Fund size	EUR 138.06m
Strategy size	EUR 272.61m
Launch date	7 May 2003
Benchmark***	MSCI Europe NR Index (12pm adjusted)
No. of holdings	37
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.

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Portfolio analysis (%)

Data as at 31 March 2024

Top 10 holdings

	Absolute	Relative
Grifols	5.9	5.9
Oracle	5.9	5.9
United Internet	4.7	4.7
Thyssen Krupp	4.5	4.5
Liberty Global	4.1	4.1
Danone	4.0	3.6
Corbion	4.0	4.0
Elior	3.7	3.7
Oerlikon	3.7	3.7
Heineken	3.6	3.5
Total	44.1	

Sector breakdown

	Absolute	Relative
Consumer Staples	19.8	9.1
Communication Services	11.5	8.5
Materials	14.9	7.9
Energy	9.3	3.9
Information Technology	11.3	3.3
Consumer Discretionary	10.9	-0.3
Real Estate	0.0	-0.8
Industrials	12.9	-3.5
Utilities	0.0	-3.8
Health Care	8.2	-7.2
Financials	0.0	-18.4
Cash	1.3	1.3

Country breakdown

	Absolute	Relative
Germany	26.1	12.8
Netherlands	11.4	3.6
Switzerland	11.2	-3.2
France	10.8	-7.8
United Kingdom	8.3	-13.5
Spain	5.9	1.9
Finland	4.6	3.1
Belgium	4.0	2.6
Norway	1.9	1.0
Other	14.4	-1.7
Cash	1.3	1.3

Market cap breakdown

	Absolute	Relative
Large (>EUR 5bn)	46.6	-52.8
Mid (EUR 2 - 5bn)	22.2	21.7
Small (<EUR 2bn)	30.0	30.0
Cash	1.3	1.3

Attribution & contribution (%)

Sector attribution*

	Relative return
Health Care	0.80
Materials	0.59
Information Technology	0.50
Energy	0.18
Consumer Staples	0.10
Utilities	0.02
Real Estate	-0.04
Industrials	-0.10
Consumer Discretionary	-0.43
Financials	-0.65
Communication Services	-0.87

*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: Italy, Portugal, Austria, Denmark, Ireland, Sweden and non-benchmark countries. Please note cash figure includes a put option of 0.22%.



Fund manager's commentary

- The start-of-the-year rally in European equities accelerated in March, with the MSCI Europe returning 3.75%, outpacing the fund's return of 1.87%, despite a strong contribution from Oracle
- The fund invested in Fuchs Petrolub, a German family-controlled lubricant producer, which focuses on 'high tech', niche lubricant markets and has a well-diversified customer base
- The current market rally is aggressive but narrow, with an historically high valuation gap between 'quality' and 'classic value', and an unprecedented valuation discount between EU small caps versus large caps

The start-of-the-year rally in European equities, triggered by slowing inflation and stabilising to improving economic conditions, accelerated in March, and the MSCI Europe returned 3.75%. The Fund was unable to keep pace and returned just 1.87%. Apart from a strong contribution of fund heavy-weight Oracle (stock 12% in the month on good results), no stock-specific events or performances stood out.

We invested in German family-controlled lubricant producer Fuchs Petrolub (market cap €5.4bn). The company produces industrial and automotive lubricants and greases and generated €3.5bn of sales in 2023. Fuchs is a global top-10 player and the largest independent lubricant player: the large competitors are part of integrated oil majors. Fuchs focuses on 'high tech', niche lubricant markets for application-specific and tailor-made solutions. It sells over 10,000 lubricant specialities to over 100k customers. Just over half (56%) of sales are for industrial applications (fluids for metal forming, cutting and grinding, anti-corrosion), and the rest (44%) is for automotive applications (of which 50% are light vehicles (cars)). A well-diversified customer base (by industry and geography) reduces cyclicality (e.g. in 2020, sales declined by only -7.5%), and Fuchs' focus on innovation and niches drives market share gains, growth, and healthy profit margins and returns. In 2023, Fuchs's EBITA reached €429mn (or 12.2% EBITA margin) and these earnings are achieved on €1.5bn of tangible capital, implying pre-tax tangible ROCE of more than 28%. The assets are well invested - Fuchs completed a major €600m geographic expansion program in 2020, just when global demand stalled - which implies significant spare (earnings) capacity: management targets €500mn EBIT in 2025. As implied by its high tangible ROCE, Fuchs is very cash-generative. The company is in a net cash, which adds optionality. Yet, despite its high quality, the ordinary shares (which the family controls) trade on less than 12x 2023 reported free cash flow. Markets worry about the market trend towards electric vehicles, with Fuch's 22% sales exposure to the internal combustion engine (ICE) car market. The market ignores, however, that electric cars require new, high-value-added battery cooling and transmission fluids, which can allow 'liquids engineers' such as Fuchs to grow sales content per vehicle (vs ICE). This net opportunity of e-mobility will become clear over time and revalue this quality company to its true intrinsic value, which we estimate to be €8bn (i.e. +48%). To make room for high-return Fuchs Petrolub, we sold regulated-return utility Enel.

This year's market rally so far has been aggressive but merely contained to a narrow 'large-cap growth club'. For four years now, valuation seems not to matter. And value polarisations are extending into new dimensions. Firstly, a historic high valuation gap between 'quality' and 'classic value' was established in 2019, when EU short and long-term interest rates turned negative, and this valuation gap persists even though today, interest rates are firmly back in positive territory and rising. New, in the last few quarters, has been the built up of unprecedented valuation discount between EU small caps versus large caps. Markets are on record highs, but these two anomalies explain why bottom-up stock pickers like us can find a portfolio of stocks that offer historic valuation upside! With a weighted average upside of +151%, the Fund's upside is almost on par with historical milestones of March 2009 and March 2020.

Performance over 1 month	%
Fund - A EUR Class	1.87
Benchmark	3.75

Statistics

	Annualised since launch
Active share* (%)	96.21
Fund volatility (%)	16.03
Benchmark volatility (%)	16.72
Alpha	1.35
R squared	0.84
Correlation	0.91
Tracking error (%)	6.75
Information ratio	0.07
Sharpe ratio	0.43

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

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 EUR Class	IE0032904330	3290433	JOHESEI ID	A0BLYW	Up to 5%	0.75%	0.84%	£1,000
B EUR Class	IE0032904116	3290411	JOHESVE ID	A0BLYU	Up to 5%	1.249%	1.34%	£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 March 2024.

*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, 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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