

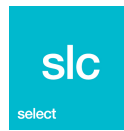
# Exane Equity Select Europe Fund

(share A, Euro)

Long equity

Universe: European Equity Fund

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



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

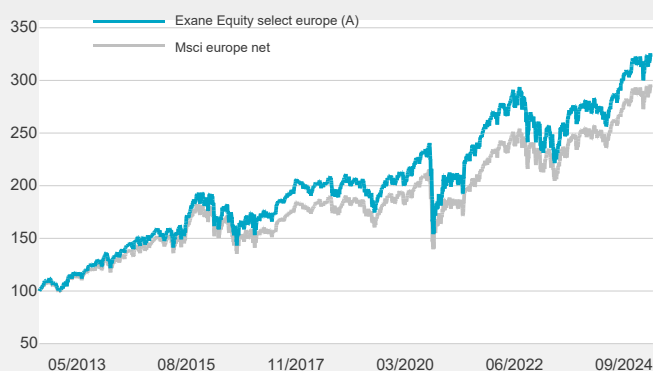
- ▶ The Exane Equity Select Europe fund broadly tracked its benchmark index during September, marginally outperforming on the month.
- ▶ The sector hit ratio was relatively poor, with only 40% of sectors outperforming. The fund nonetheless outperformed overall, driven by favourable asymmetry between average positive and negative sector contributions (+12bps / -7bps)..
- ▶ During September, the fund outperformed among industrials and in the food & beverage sector. On the other hand, we underperformed among energy stocks.

## Key figures

- ▶ Monthly performance: **-0.37%** / MSCI Europe : **-0.43%**
- ▶ 2024: **12.18%** / MSCI Europe : **11.62%**
- ▶ Nav (€): **32 242,0**
- ▶ Net assets (Mio€): **628**

## Performance

	12 months	3 years	5 years	Since inception
<b>Cumulative</b>				
exane Equity Select Europe (A)	19.78%	20.11%	48.05%	222.42%
MSCI Europe Net	18.80%	26.01%	49.65%	193.24%
<b>Annualized</b>				
exane Equity Select Europe (A)	19.78%	6.3%	8.2%	9.6%
MSCI Europe Net	18.80%	8.0%	8.4%	8.8%



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	12.0%	16.5%
Tracking-error	2.0%	2.8%
Information ratio	0,49	0,30

## Fund managers commentary

### Performance analysis

Uncertainty continues to loom over the markets. Firstly, current geopolitical issues pose major risks, particularly on energy prices. Secondly, China is sending out contradicting signals, triggering high volatility in certain sectors. This has logically impacted luxury goods, but other sectors have also become volatile, given China's growing weight in most industries. Lastly, heightened vigilance is required regarding price targets, as some stocks are trading on highly demanding multiples, whereas the slow pace of growth maintains hope for further interest-rate cuts.

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### ESG review

The UK decommissioned its last coal-fired power station during the month, making it the first G7 power to fully exclude coal from its energy mix. This was a particularly strong symbol coming from the country which affirmed its global leadership during the industrial revolution. Another highly symbolic decision was announced by Ferrari, which is closing-down a gas-fuelled plant earlier than expected and doubling its solar production. These tangible events, which hit harder than any high-profile speeches or convoluted regulations, pave the way towards energy transition, which will reshuffle the cards across all sectors. At the end of the month, the fund's ESG score was in-line with the MSCI Europe benchmark index.

### Main positive contributors:

- The fund outperformed significantly among industrials, driven by Kone and also boosted by our zero weighting in Airbus. The Kone capital markets day vindicated our hopes, as the management confirmed the group's low exposure to China, which represents only 15% of profits. The group has also completed its transformation into a business services company, with this division now representing 60% of sales and 98% of profits. Meanwhile, doubts continued to loom over Airbus' capacity to achieve its new delivery targets.
- In our food & beverage sector, we are significantly underweight in Nestlé, which underperformed the sector index. After a profit warning and the CEO's resignation in August, investors were further disappointed by cautious guidance from the group during September.
- In the healthcare sector, Sanofi outperformed on the back of several positive factors. These included clear sales outlook visibility until at least 2030, with new launches potentially expected to surpass expectations, while the product pipeline was also boosted by some initial promising successes, combined with favourable valuation asymmetry.
- Lastly, among banks, our performance was buoyed by our position in BBVA. We reinvested in the stock which proved profitable, believing that the group was lagging behind Santander and the rest of the sector.

### Main negative contributors:

- In the energy sector, our position in Neste weighed on the fund's performance. After a sharp rally over the summer, the stock fell during September following a profit warning concerning diesel fuel prices in the US. We believe that the stock harbours considerable upside however, despite the risk of a dividend cut, which is already priced-into the market in our opinion.
- In the automotive sector, we were penalised by our position in Stellantis. September was a particularly turbulent month for the industry, with profit warnings from several groups including Volkswagen, which also announced plans to close two production units in Germany for the first time in decades, and from BMW, officially due to a product recall attributable to faulty brakes, and from Forvia. The arrival of Chinese manufacturers in the premium segment is heavily impacting European groups, which have already been weakened by uncertainty over the pace of electric vehicle rollout, and this factor is also having a negative knock-on effect on equipment suppliers. Stellantis, which appears to be less negatively positioned for the long term than the sector average, nonetheless issued a profit warning concerning its US business and once again demonstrated its lack of tact in communicating with investors.

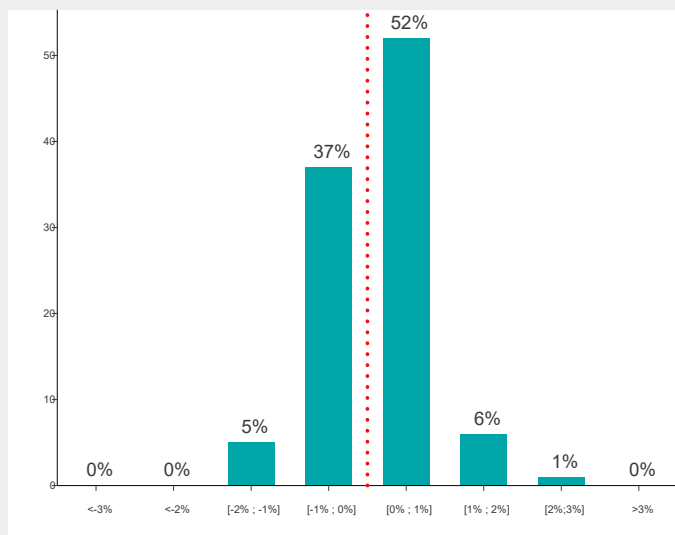
### Key portfolio changes during the month:

- In the building materials and infrastructures sector, we sold Vinci (vigilance over exposure to France) to invest in Getlink.
- Among energy stocks, we switched out of BP and into Shell.
- In the chemicals sector, we sold Evonik, to invest in Air Liquide.
- We continued deploying funds into the healthcare sector, mainly through Sandoz and Qiagen.
- In the beverages segment, we sold our holding in Heineken, to invest in ABInbev.
- Among tech stocks, we capitulated in STMicroelectronics and invested in SAP.
- In the banking sector, we sold Banco Santander, to invest in BBVA, which contributed positively to the fund's performance (see above).
- Lastly, in the financial services sector, we liquidated our position in Deutsche Boerse after the summer rally, to invest in LSE which appears to be poised for a rerating.

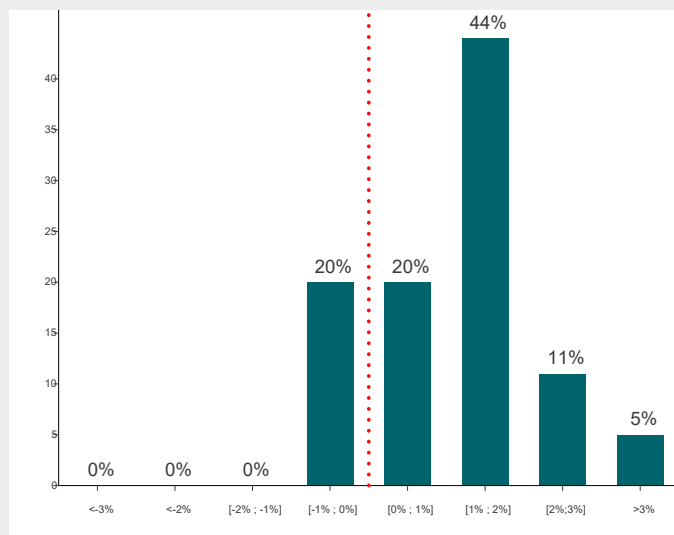
## Risks and exposure

The percentage of holdings differing from the benchmark index this month (active share) is 60.59%

Monthly relative return distribution



5 year rolling relative return distribution



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

Fund exposure (in % of net assets)

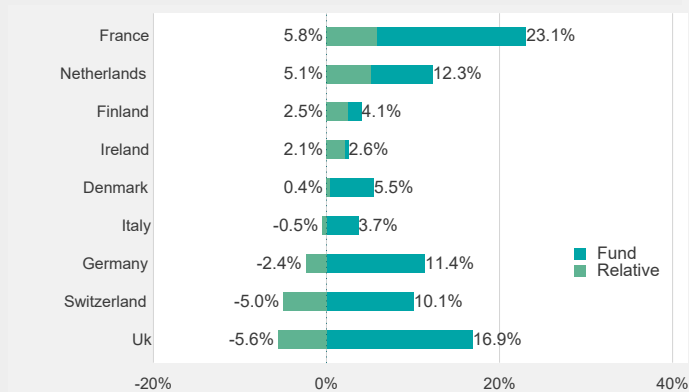
	capital weighted	Beta
Fund	100.6%	105.9%
Top 10 values	32.5%	-

Market capitalization (bn €)

	1,5-5	5-20	>20
Fund	3.5%	12.9%	84.2%
Relative	3.4%	-3.7%	0.9%

Top exposure by country

(net in %, looking through index products)



Main positions by specialized universe

Universe	Stocks	Fund
Insurance & real estate	AXA SA	1.7%
Automobile	STELLANTIS NV	0.7%
Banks and diversified financials	BNP PARIBAS	2.5%
Chemicals	AIR LIQUIDE SA	2.2%
Consumer*	DANONE	2.9%
Construction		
Energy	SHELL PLC-NEW COMMON STOCK	3.8%
Capital goods	SIEMENS AG-REG	3.0%
Healthcare	NOVO NORDISK A/S-B	3.4%
Utilities	ENEL SPA	3.2%
Technology	ASML HOLDING NV	4.5%
Telecoms	DEUTSCHE TELEKOM COMMON STOCK	2.2%

\* Including commercial & professional services

Main overweights

Stocks	Universe	Relative
Enel Spa	Utilities	2.7%
Danone	Consumer*	2.5%
Assa Abloy Ab-b	Capital goods	2.5%
Kone Oyj-b	Capital goods	2.5%
Unilever Nv	Consumer*	2.5%
Nordea Bank Ab	Banks	2.0%

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

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