

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

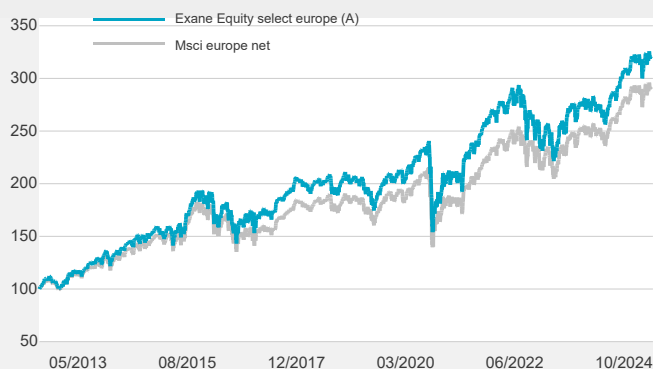
- ▶ The Exane Equity Select Europe fund outperformed the MSCI Europe index by 0.8% in October. The fund's year-to-date outperformance compared to its benchmark has now increased to +1.5%.
- ▶ The sector hit ratio was excellent, with 71% of sectors outperforming, combined with highly favourable asymmetry between average positive and negative sector contributions (+10bps / -4bps).
- ▶ In October, the fund outperformed in the food & beverages sector and among telecoms/media stocks and in healthcare and banks. On the other hand, we underperformed among industrials.

Key figures

- ▶ Monthly performance: **-2.41%** / MSCI Europe : **-3.26%**
- ▶ 2024: **9.48%** / MSCI Europe : **7.98%**
- ▶ Nav (€): **31 464,1**
- ▶ Net assets (Mio€): **614**

Performance

	12 months	3 years	5 years	Since inception
Cumulative				
exane Equity Select Europe (A)	21.52%	12.12%	42.98%	214.64%
MSCI Europe Net	19.19%	16.48%	43.54%	183.68%
Annualized				
exane Equity Select Europe (A)	21.52%	3.9%	7.4%	9.3%
MSCI Europe Net	19.19%	5.2%	7.5%	8.5%



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	11.6%	16.4%
Tracking-error	1.9%	2.7%
Information ratio	1,21	0,32

Fund managers commentary

Performance analysis

With the market falling by around 3% in October, the fund recorded a highly satisfactory relative performance of +0.8%, due to a high sector hit ratio (71%) and strongly favourable asymmetry between average positive and negative sector contributions (+10bps / -4bps).

ESG review

With the election of Donald Trump in the US, combined with regulatory lassitude in Europe, we believe that ESG must now focus more than ever on its key mission. This entails improving awareness of all of the risks faced by companies, in a world where taking up the real physical challenges and radically transforming will differentiate between winners and losers. We are therefore continuing to do so increasingly pragmatically, sector by sector. Changes to the portfolio during the month improved the fund's ESG risk score, to 18.4 at the end of October vs 18.7 for the MSCI Europe index.

Main positive contributors:

- In the food & beverages sector, all of the fund's picks outperformed, particularly Danone. Despite its low-key profile, the stock has continued to deliver a highly satisfactory volume + product mix combination. We also benefitted from our zero weighting in L'Oréal, which is still struggling to convince investors.
- In the luxury goods sector, we benefitted from a zero weighting in LVMH, which fell by almost 10%. The whole sector came under pressure, with several disappointing releases and amid ongoing fears over China.
- In the industrial sector, our position in Alstom contributed strongly. The group has booked several lucrative contracts ahead of its half-yearly results and also has a strong rerating potential in our opinion.
- Among tech stocks, we benefitted from our position in SAP, which beat forecasts and raised its guidance, in an otherwise turbulent sector.
- Lastly, in the healthcare sector, our position in Sandoz delivered profits, as the stock gained more than 10% during the month, despite already posting a strong year-to-date performance. We believe that the bullish trend is attributable to the group's successful commercial rollout of new promising product launches, confirmed by the Q3 earnings release on 30 October.

Main negative contributors:

- In the industrial sector, our position in Kone weighed on the fund's performance. Although we believe the group to be fully committed to transitioning towards a more business service-orientated model, it has been unable to avoid disappointment regarding the stimulus plan announced by China.
- Among tech stocks, we were impacted by ASML which narrowed its sales forecast range, lowering it to 30-35 billion vs 30-40 billion previously.
- Lastly, our Neste position in the energy sector underperformed. The new CEO has so far made few comments. However, we note that KKR is buying a stake in ENI's biofuel business, paying almost double the multiples Neste is trading on.

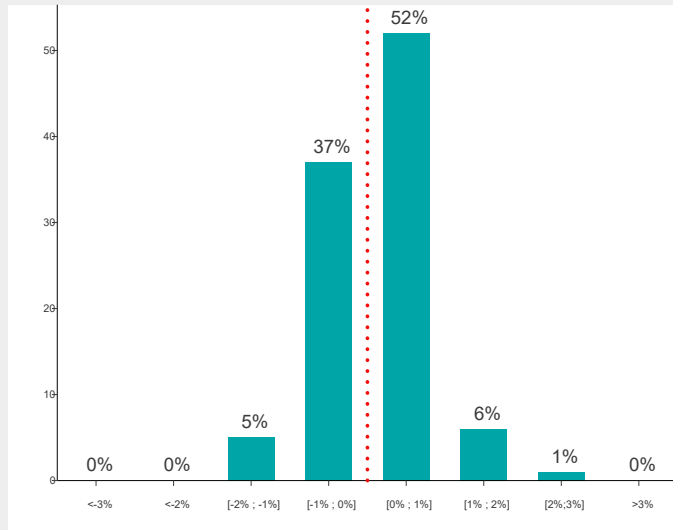
Key portfolio changes during the month:

- Among medias & telecoms, we sold our position in Prosus after a rally in China, as Tencent is the group's main asset. We used the funds raised to refocus our picks within the sector.
- In the chemicals sector, we sold Akzo Nobel to invest in DSM.
- In the building materials & infrastructures sector, we sold Sacyr following a relatively negative announcement regarding the group's main asset in Italy and replaced the holding with CRH, which increases our exposure to the business in the US.
- Among consumer stocks, we sold our position in Unilever and used the proceeds to reduce our underweight in Nestlé. Unilever's top line was disappointing, particularly when restated for the ice cream division, which is expected to exit the business scope by the end of 2025.

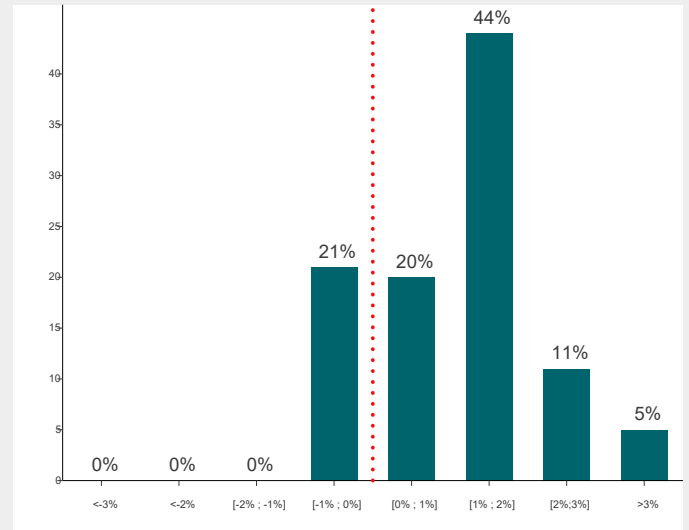
Risks and exposure

The percentage of holdings differing from the benchmark index this month (active share) is 59.23%

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)

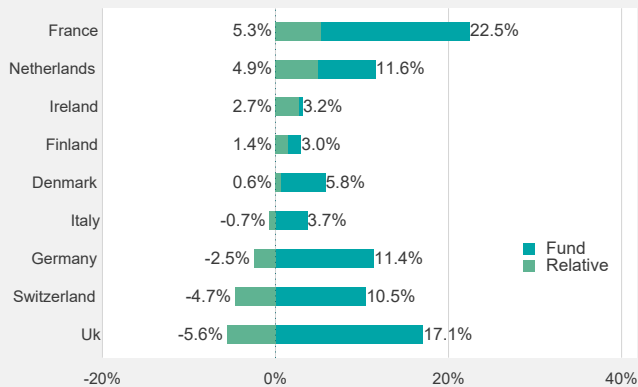
	capital weighted	Beta
Fund	99.1%	105.1%
Top 10 values	31.1%	-

Market capitalization (bn €)

	1,5-5	5-20	>20
Fund	3.3%	13.6%	82.2%
Relative	3.0%	-3.0%	-0.9%

Top exposure by country

(net in %, looking through index products)



Main positions by specialized universe

Universe	Stocks	Fund
Insurance & real estate	TRYG A/S	1.5%
Automobile	STELLANTIS NV	0.7%
Banks and diversified financials	BANCO SANTANDER SA	2.6%
Chemicals	AIR LIQUIDE SA	2.1%
Consumer*	DANONE	2.6%
Construction	CRH PLC	0.6%
Energy	SHELL PLC-NEW COMMON STOCK	4.0%
Capital goods	SIEMENS AG-REG	2.7%
Healthcare	NOVO NORDISK A/S-B	3.3%
Utilities	ENEL SPA	3.2%
Technology	ASML HOLDING NV	3.6%
Telecoms	PUBLICIS GROUPE	2.6%

* Including commercial & professional services

Main overweights

Stocks	Universe	Relative
Shell Plc-new Common Stock	Energy	2.1%
Enel Spa	Utilities	2.6%
Publicis Groupe		2.4%
Danone	Consumer*	2.1%
Nordea Bank Ab	Banks	2.6%
Assa Abloy Ab-b	Capital goods	2.0%

For more information: 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".