

# Exane Equity Select Europe Fund

(share B, Euro)

Long equity

Universe: European Equity Fund

ISIN code: LU0719899097 | Inception date: 28th September 2012



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

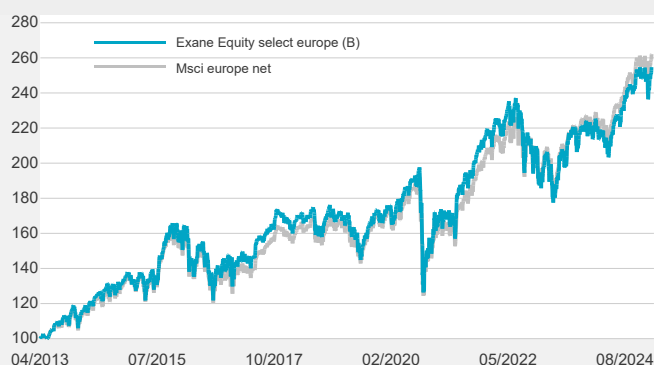
- ▶ The Exane Equity Select Europe fund outperformed its benchmark index slightly during August.
- ▶ The sector hit ratio was excellent, with 66% of sectors outperforming, but nonetheless reflecting marginally unfavourable asymmetry between average positive and negative sector contributions (+5bps / -8bps).
- ▶ During August, the fund outperformed among industrials and in the energy sector. On the other hand, we underperformed among tech stocks.

## Key figures

- ▶ Monthly performance: **1.65%** / MSCI Europe : **1.61%**
- ▶ 2024: **11.88%** / MSCI Europe : **12.11%**
- ▶ Nav (€): **254,8**
- ▶ Net assets (Mio€): **641**

## Performance

	12 months	3 years	5 years	Since inception
<b>Cumulative</b>				
exane Equity Select Europe (B)	17.01%	14.08%	48.02%	154.78%
MSCI Europe Net	17.46%	22.75%	55.96%	162.22%
<b>Annualized</b>				
exane Equity Select Europe (B)	17.01%	4.5%	8.2%	8.2%
MSCI Europe Net	17.46%	7.1%	9.3%	8.4%



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	11.5%	16.6%
Tracking-error	2.0%	2.7%
Information ratio	-0,23	-0,10

## Fund managers commentary

### Analyse de la performance

Equity markets focussed primarily on US jobs data and disinflation during the month. European markets closed slightly higher, but with volatility increasing sharply. The Exane Equity Select Europe fund outperformed its benchmark index slightly during August. The sector hit ratio was excellent, with 66% of sectors outperforming, but nonetheless reflecting marginally unfavourable asymmetry between average positive and negative sector contributions (+5bps / -8bps). During August, the fund outperformed among industrials and in the energy sector. On the other hand, we underperformed among tech stocks.

### ESG review

Recent newsflow regarding renewable energy schemes was relatively positive. The UK has approved a record number of projects, while the largest off-shore wind turbine was installed during the month in the Hainan province in China, and the rollout of solar modules is accelerating in Algeria. Last but not least, the largest renewable energy project in the world has recently been validated in Australia. Although energy transition is far from linear and certainly not a smooth process, the long-term objectives remain valid, as they are indispensable. At the end of the month, the fund's ESG score was in-line with the MSCI Europe benchmark index.

### Main positive contributors :

- In the energy sector, our position in Neste made a very strong contribution to the fund's outperformance. The stock rallied sharply, despite the group publishing relatively lacklustre results. The rally was driven by broadly positive newsflow regarding renewable energy projects.
- In the food & beverages sector, almost all of our picks outperformed, including Coca-Cola Europacific Partners, Danone and Reckitt Benckiser. Heineken was the only exception, probably due to over-bullish market positioning among brewers compared to liquors. The fund was also buoyed by our underweight in L'Oréal, as the stock underperformed during the month.
- Lastly, among industrials, our positions in Kone and Assa Abloy also boosted the fund's performance. Kone provides a useful defensive profile within the portfolio. The new CEO is expected to set out the group's objectives at the forthcoming capital markets day. We believe that the stock is more than a pure "China play". The group also benefits from two key growth drivers. Firstly, it provides services to a customer base which is expanding constantly. Secondly, the existing facilities that it services worldwide are undergoing constant modernisation. Assa Abloy also confirmed its defensive profile and its roadmap towards restoring margins to historic levels, following the HHI acquisition. The group is also involved in further acquisitions, which will enable it to deliver satisfactory growth.

### Main negative contributors :

- Among insurance stocks, our position in ASR Nederland weighed on the fund's performance. We believe that the stock was oversold following the publication of broadly satisfactory results.
- In the automotive sector, our positions in Stellantis and Forvia underperformed, while we were also penalised in relative terms by our zero weighting in Ferrari. Forvia was impacted by equipment suppliers adapting their guidance to the IHS/ S&P downgrade. Most are now forecasting a slight downturn in global production in 2024, although Forvia nonetheless maintained its targets. Ferrari posted strong gains due to its positioning as a luxury stock with relatively low exposure to China.

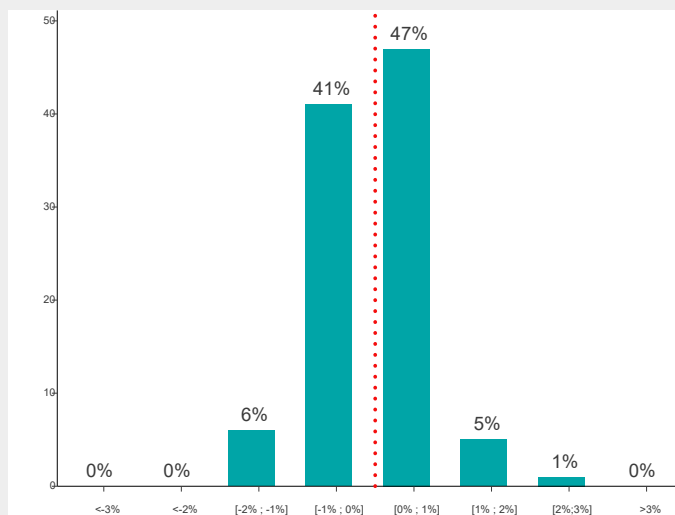
### Key portfolio changes during the month :

- In the insurance sector, we liquidated our holding in ASR Nederland and invested instead in Direct Line Insurance, as the appointment of a new CEO and the announcement of measures aiming to improve margins appear to be positive catalysts.
- Among building materials stocks, we sold Ferrovial and reinvested in Vinci. Ferrovial recovered slightly after publishing disappointing results, probably in response to lower interest rates.
- In banks, we sold Société Générale and BKC to invest in BNP Paribas. This switch refocused our picks within the sector.
- In the financial services sector, we sold London Stock Exchange and invested in Deutsche Boerse.
- Lastly, among healthcare stocks we top-sliced our position in Novo Nordisk, in order to restore neutral sector positioning vs the index, and we initiated a position in Ipsen instead.

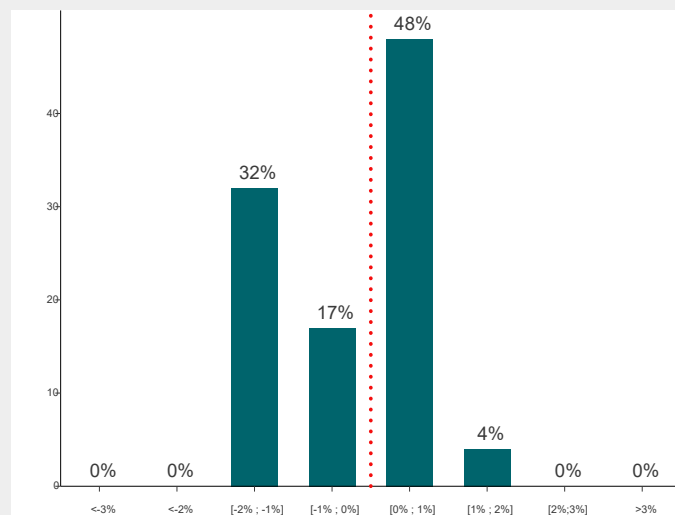
## Risks and exposure

The percentage of holdings differing from the benchmark index this month (active share) is 57.94%

Monthly relative return distribution



5 year rolling relative return distribution



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Fund exposure (in % of net assets)

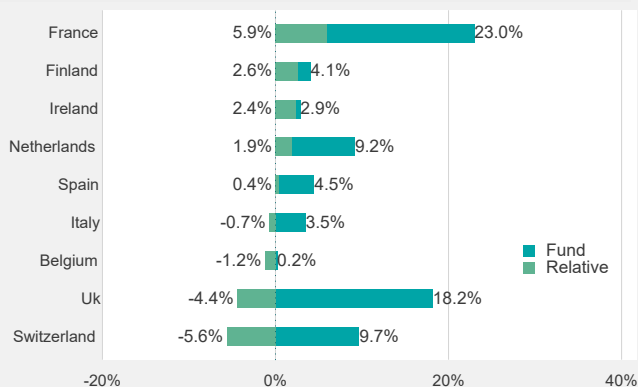
	capital weighted	Beta
Fund	99.6%	102.4%
Top 10 values	31.5%	-

Market capitalization (bn €)

	<1,5	1,5-5	5-20	>20
Fund	0.0%	3.3%	11.9%	84.4%
Relative	0.0%	3.1%	-4.4%	0.9%

Top exposure by country

(net in %, looking through index products)



Main positions by specialized universe

	Stocks	Fund
Insurance & real estate	AXA SA	1.7%
Automobile	STELLANTIS NV	0.8%
Banks and diversified financials	BANCO SANTANDER SA	2.6%
Chemicals	AIR LIQUIDE SA	1.8%
Consumer*	DANONE	2.8%
Construction		
Energy	SHELL PLC-NEW COMMON STOCK	2.0%
Capital goods	SIEMENS AG-REG	2.9%
Basic resources		
Healthcare	NOVO NORDISK A/S-B	3.1%
Utilities	ENEL SPA	3.1%
Technology	ASML HOLDING NV	4.3%
Telecoms	DEUTSCHE TELEKOM COMMON STOCK	2.2%

\* Including commercial & professional services

Main overweights

Stocks	Relative
Enel Spa	Utilities 2.5%
Danone	Consumer* 2.4%
Assa Abloy Ab-b	Capital goods 2.4%
Kone Oyj-b	Capital goods 2.3%
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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