

# JOHCM Continental European Fund

## Fund overview

- Objective: to generate long-term capital growth through active management of a portfolio of European (excluding UK) equities
- Senior Fund Manager Paul Wild employs a pragmatic investment process that combines top-down economic and sector views with bottom-up stock picking
- A core investment style with a focus on European large and mid-cap stocks

### A GBP Class

ISIN: IE0033009121

## Fund details

Fund size	GBP 1.02bn
Launch date	5 November 2001
Benchmark***	MSCI Europe ex UK NR Index (12pm adjusted)
No. of holdings	56
Domicile	Ireland
Fund structure	UCITS
Tax status	UK reporting status
Denominations	GBP, EUR, USD
Valuation point	12pm Dublin time

## Fund managers



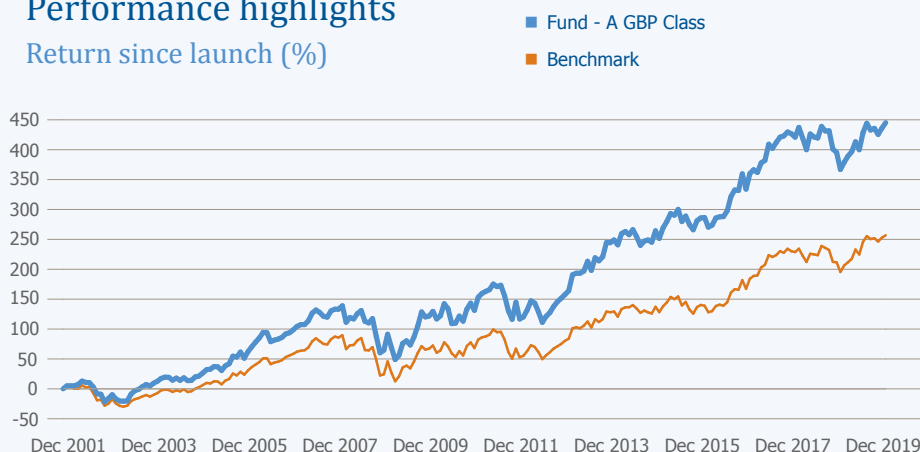
**Paul Wild**  
Senior Fund Manager  
Paul has managed the Fund since 2007. He joined JOHCM in 2003 and has 22 years of industry experience.



**Nico Jackson**  
Senior Analyst  
Nico joined JOHCM in August 2019 and has 16 years' industry experience.

## Performance highlights

### Return since launch (%)



## Return history

	1m	3m	1yr	3yr	5yr	10yr	SL	Annualised*
A GBP Class	1.72	1.77	16.76	18.51	55.04	137.49	445.20	9.79
Benchmark	1.16	1.41	20.76	25.60	56.28	106.98	256.87	7.25
Quartile**	2	2	4	3	2	1	1	-

## Discrete 12 month performance to

	31.12.2019	31.12.2018	31.12.2017	31.12.2016	31.12.2015
A GBP Class	16.76	-10.36	13.24	19.01	9.92

### 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. The Fund's investment 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. We recommend that you read the Prospectus and Key Investor Information Document available from the address overleaf or from our website.

\*Annualised since launch. \*\*Sector quartile ranking: IA Europe ex UK, and Lipper Global Equity Europe ex UK domiciled in the UK, offshore Ireland, or offshore Luxembourg.

Source: JOHCM/MSCI Barra/FTSE International/Bloomberg, NAV of Share Class A in GBP, net income reinvested, net of fees. The A GBP Class was launched on 7 May 2003. During the period 5 November 2001 to 7 May 2003 the performance record is based on the pre-existing share class that had a higher management fee. \*\*\*Benchmark: MSCI Europe ex UK 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 ex UK NR Index (12pm adjusted). Performance of other share classes may vary and is available on request.

## Contact details

OEIC Dealing & Investing  
**0845 450 1970 / 1972**  
 +44 (0) 20 7747 5646  
 (international calls)  
 Fax  
**+353 1613 1132**  
 Email info@johcm.co.uk



## Portfolio analysis (%)

Data as at 31 December 2019

### Top 10 holdings

	Absolute	Relative
Novartis	4.6	1.7
AXA	4.3	3.5
Sanofi	4.2	2.6
UniCredit	3.7	3.3
Société Générale	3.6	3.2
SAP	3.5	1.6
Deutsche Post	3.5	3.0
Ericsson	3.5	3.1
Siemens	3.1	1.6
Arkema	2.9	2.8
<b>Total</b>	<b>36.9</b>	

### Sector breakdown

	Absolute	Relative
Information Technology	13.0	5.3
Industrials	18.7	3.4
Utilities	6.1	1.4
Energy	5.0	1.1
Communication Services	4.6	0.5
Financials	17.2	0.0
Health Care	14.2	-0.6
Materials	5.9	-0.9
Real Estate	0.0	-1.5
Consumer Discretionary	8.3	-2.9
Consumer Staples	6.0	-6.9
Cash	1.1	1.1

### Country breakdown

	Absolute	Relative
France	42.6	18.1
Germany	15.9	-2.7
Switzerland	9.3	-10.7
Italy	6.3	1.3
Sweden	4.4	-1.4
Austria	4.2	3.7
Netherlands	4.0	-4.5
Belgium	2.8	0.7
Norway	2.6	1.3
Other	6.7	-7.0
Cash	1.1	1.1

### Market cap breakdown

	Absolute	Relative
Large (>EUR 5bn)	92.8	-2.3
Mid (EUR 2 - 5bn)	4.9	0.0
Small (<EUR 2bn)	1.2	1.2
Cash	1.1	1.1

## Attribution & contribution (%)

### Stock attribution

Top contributors	Relative return
Société Générale	0.23
BAWAG Group	0.19
Euronav	0.13
Kering	0.12
Alstom	0.10
Top detractors	
Ericsson	-0.23
SAP	-0.07
Neste	-0.07
HeidelbergCement	-0.07
Saras	-0.06

### Sector attribution\*

	Relative return
Financials	0.37
Communication Services	0.27
Health Care	0.17
Consumer Staples	0.15
Consumer Discretionary	0.11
Utilities	0.06
Real Estate	0.00
Energy	-0.07
Industrials	-0.08
Materials	-0.15
Information Technology	-0.20

\*Excludes cash

Source: JOHCM/MSCI Barra/FTSE International/Bloomberg. Benchmark: MSCI Europe ex UK NR Index (12pm adjusted). 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: Spain, Ireland, Portugal, Finland and Denmark.



## Fund manager's commentary

- December saw another positive month of index returns to cap a particularly strong year for equity markets.
- Stock selection helped the Fund to outperform in December, although it was a poor year for the Fund overall.
- Recent signs leave us more positive on our outlook, given the gradual return of the importance of valuation sensitivity amid signs of some normalisation in the economic outlook.

## Investment background

December posted another positive month of returns to cap a particularly strong year for equity markets empowered by a significant re-rating despite disappointing earnings growth. The first phase of the China-US trade agreement was confirmed thus delaying new tariffs on just under US\$160bn of Chinese exports and reducing the rate on US\$120bn from 15% to 7.5%. This was warmly received by the markets, and the deal is expected to be signed by mid-January. In the UK, the comprehensive Conservative election victory removed headline risk to Continental European markets, but post-Brexit trade negotiations still lie ahead, with the prime minister ruling out any extension to the 11-month transition period that ends 31 December 2020. The diminution in risk enabled some alleviation in bond markets where yield curves saw some steepening; 10-year government bond yields climbed 14bps in the US and 17bps in Germany.

Christine Lagarde held her first ECB press conference in December. ECB staff forecasts are now for inflation and GDP growth of 1.1% in 2020. She flagged the strategic review would be completed by the end of the year. The Federal Reserve, after three successive interest rate cuts, unanimously decided to leave rates unchanged. The European composite PMI remained at 50.6 in November, whilst the IFO and ZEW surveys exceeded expectations. Oil prices were strong after OPEC announced it would cut by 500k barrels per day and Saudi Arabia announced it will voluntarily cut supply by 400k bpd below its official OPEC output target.

## Fund review

The Fund outperformed in December, predominantly due to stock selection. Within financials, we saw strong performances from Societe Generale and BAWAG, with the likes of Kering, Alstom and ST Microelectronics also performing well. The only detractor of any note was Ericsson, but for no particular reason and market share data gives confidence to the outlook for next year.

December concluded what has been a poor year for the Fund. Although the Fund was very modestly up in the second half of 2019, we failed to recover from a very weak first half of the year. Recent signs leave us more positive on our outlook, given the gradual return of the importance of valuation sensitivity amid signs of some normalisation in the economic outlook. We enter 2020 with markets close to the valuation highs of the current cycle at a time when risk-free rates are nudging higher. As ever, the market's earnings outlook for 2020 is optimistic. As we see it, the opportunities ahead revolve around rotation and finding reasonably valued late cycle beneficiaries.

Performance over 1 month	%
Fund - A GBP Class	1.72
Benchmark	1.16

## Statistics

	Annualised since launch
Active share* (%)	68.87
Fund volatility (%)	16.97
Benchmark volatility (%)	17.13
Alpha	1.97
R squared	0.96
Correlation	0.98
Tracking error (%)	3.34
Information ratio	0.56
Sharpe ratio	0.58

Source: JOHCM/MSCI Barra/FTSE International/Bloomberg (calculated weekly). 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 ex UK NR Index (12pm adjusted).

## Fund awards & ratings



Morningstar Overall Ratings and Morningstar Analyst Ratings are as at 30/11/2019. Copyright © 2007-2019 Morningstar UK Limited. All Rights Reserved. The information contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. Past performance is no guarantee of future results.

## Country registration

	A GBP	A GBP H	B GBP	A EUR	B EUR	A USD H	B USD H
Austria	✓	X	✓	✓	✓	✓	✓
France	✓	X	✓	✓	✓	✓	✓
Germany	✓	X	✓	✓	✓	✓	✓
Ireland	✓	X	✓	✓	✓	✓	✓
Luxembourg	✓	X	✓	✓	✓	✓	✓
Malta	X	X	✓	X	✓	X	✓
Netherlands	✓	X	✓	✓	✓	✓	✓
Singapore	✓	✓	✓	✓	✓	✓	✓
Spain	✓	X	✓	✓	✓	✓	✓
Sweden	✓	X	✓	✓	✓	✓	✓
Switzerland	✓	✓	✓	✓	✓	✓	✓
UK	✓	✓	✓	✓	✓	✓	✓

### Swiss representative and paying agent

Copies of the fund's current prospectus, key investor information document (KIID) and financial statements can be obtained free of charge from the Swiss Representative and Paying Agent, RBC Investor Services Bank S.A., Esch-sur-Alzette, Zurich Branch, Bleicherweg 7, 8027 Zurich.

## 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	IE0033009121	3300912	JHCMUSI ID	A0BLYM	Up to 5%	0.75%	0.82%	£1,000
A GBP H Class	IE00BSJCJ493	BSJCJ49	JHCEAGH ID	A12FYF	Up to 5%	0.75%	0.82%	£1,000
B GBP Class	IE0031005436	3100543	JHCMUER ID	768893	Up to 5%	1.25%	1.32%	£1,000

**Performance fee:** 15% on excess if Fund outperforms benchmark, calculated daily. Any underperformance carried forward.

Ongoing Charge is as at 31 December 2019.

\*Other currency equivalents apply.

## Important information

**This document is for professional investors only. It should not be circulated to or relied upon by retail investors.**

Source: FTSE International Limited ("FTSE") © FTSE 2019. The Industry Classification Benchmark ("ICB") and all rights in it are owned by and vest in FTSE and/or its licensors. "FTSE®" is a trade mark of the London Stock Exchange Group companies and is used by FTSE International Limited under licence. Neither FTSE, nor its licensors accept any liability for any errors or omissions in the ICB. No further distribution of ICB is permitted without FTSE's express written consent.

Sources for all data: JOHCM/FTSE International/Bloomberg (unless otherwise stated).

Issued and approved in the UK by J O Hambro Capital Management Limited ("JOHCM") which is authorised and regulated by the Financial Conduct Authority. Registered office: Level 3, 1 St James's Market, London SW1Y 4AH.

The information in this document does not constitute, or form part of, any offer to sell or issue, or any solicitation of an offer to purchase or subscribe for Funds described in this document; nor shall this document, or any part of it, or the fact of its distribution form the basis of, or be relied on, in connection with any contract.

Telephone calls to and from JOHCM may be recorded. Information on how JOHCM handles personal data which it receives can be found in the JOHCM Privacy Statement on its website: [www.johcm.com](http://www.johcm.com). The registered mark J O Hambro® is owned by Barnham Broom Holdings Limited and is used under licence. JOHCM® is a registered trademark of J O Hambro Capital Management Limited.