

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 refer to the Prospectus/KID for further information

Share class: A GBP Class

ISIN: IE0032904223

Fund details

Fund size	GBP 83.81m
Strategy size	GBP 87.75m
Launch date	7 May 2003
Benchmark***	MSCI Europe NR Index (12pm adjusted)
No. of holdings	35
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 30 June 2024.

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.

Performance highlights

Return since launch (%)



Return history

	1m	3m	1yr	3yr	5yr	10yr	SL	Annualised*
A GBP Class	1.14	3.47	1.04	-7.29	-0.79	50.43	547.96	9.19
Benchmark	0.54	1.64	11.17	22.27	39.94	109.39	455.31	8.40
Quartile**	2	1	4	4	4	4	1	-

Discrete 12 month performance to end of July

	07.24	07.23	07.22	07.21	07.20	07.19	07.18	07.17	07.16	07.15
A GBP Class	1.04	5.74	-13.22	27.22	-15.89	0.49	-1.40	19.65	17.77	8.60

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 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.

NAV of Share Class A in GBP, net income reinvested, net of fees. The A GBP 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.

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Portfolio analysis (%)

Data as at 31 July 2024

Top 10 holdings

	Absolute	Relative
Grifols	7.0	6.9
Oracle	5.7	5.7
Oerlikon	4.9	4.9
Elior	4.6	4.6
Danone	4.4	4.0
United Internet	4.4	4.4
Liberty Global	4.3	4.3
Corbion	4.2	4.2
Harbour Energy	4.0	4.0
Thyssen Krupp	3.6	3.6
Total	47.1	

Sector breakdown

	Absolute	Relative
Consumer Staples	19.3	8.7
Communication Services	11.7	8.6
Materials	14.1	7.9
Information Technology	11.9	4.1
Energy	8.9	3.5
Consumer Discretionary	11.6	1.7
Real Estate	0.0	-0.9
Utilities	0.0	-4.0
Industrials	12.2	-4.4
Health Care	8.8	-7.8
Financials	0.0	-18.8
Cash	1.5	1.5

Country breakdown

	Absolute	Relative
Germany	26.4	13.3
France	11.9	-5.2
Switzerland	10.3	-4.8
United Kingdom	10.0	-13.1
Netherlands	9.4	1.8
Spain	7.0	2.9
Italy	4.1	-0.1
Finland	3.6	2.0
Norway	2.1	1.2
Other	13.7	0.5
Cash	1.5	1.5

Market cap breakdown

	Absolute	Relative
Large (>EUR 5bn)	46.6	-53.0
Mid (EUR 2 - 5bn)	21.0	20.6
Small (<EUR 2bn)	31.0	31.0
Cash	1.5	1.5

Attribution & contribution (%)

Sector attribution*

	Relative return
Health Care	1.03
Consumer Discretionary	0.98
Communication Services	0.51
Information Technology	0.07
Real Estate	-0.02
Industrials	-0.07
Energy	-0.11
Utilities	-0.20
Consumer Staples	-0.37
Materials	-0.38
Financials	-0.47

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



Fund manager's commentary

- Despite economic uncertainties and an indecisive French election, European equities rose by 0.85% in July, with the Fund outperforming at a return of 1.43%
- The Fund's performance was boosted by strong showings from Grifols and Elior, offset partially by a decline in ThyssenKrupp's performance
- Portfolio activity in July was limited, with a notable transaction being the sale of International Petroleum Corp and consolidation of proceeds in Harbour Energy

Weakening economic indicators (on both sides of the Atlantic) and an undecided election outcome in France raised uncertainty in July. However, European equities moved slightly higher, +0.85%, on rising hopes of declining interest rates. European small caps in general performed strongly. The Fund outperformed, returning +1.43%.

The Fund benefitted from strong performances of Spanish Pharma group Grifols (+14%) and French caterer Elior (+14.4%), partially offset by German steel and engineering group ThyssenKrupp (-13%).

Grifols, a stock in the news all the time this year - be it mainly for the wrong reasons - rallied on the announcement that the family owner is discussing with private equity for a joint 'go-private'. The company also reported half-year results confirming the operational turnaround, the fundamental growth story, the deleverage case, and - in our view - the deep value. Post 2024, a transition year, Grifols trades on less than 6x underlying equity free cash flow. No wonder private equity is interested; they see this key metric, too. The risk is that they will get Grifols on the cheap. Elior bounced back from last month's French pre-election sell-off as France's hung parliament situation calms fears of escalating costs (increased minimum wages proposed by one of the electoral parties). ThyssenKrupp reduced its earnings and cash flow guidance, but the size of the reduction (€100-200m) was modest and encouraging, given the economic context. At the end of March, the typical season low of the year, ThyssenKrupp's net cash stood at €3.3bn (and €4.1bn excl. fin leases) compared to a market cap of €2.2bn.

At the end of July, the weighted average upside of the Fund's investments stood at +156%. This high number reflects the persistent valuation disparities in the market's 'value' and small cap parts. Observing these valuation anomalies, the Fund exploits these valuation opportunities, and its exposure to small and midcaps has gradually increased. Today, our small and mid-cap exposure is back to levels similar to 2008/2009. We walk the talk. The Fund's explicit intrinsic value calculation might appear extreme, but it is the outcome of a bottom-up, stock-by-stock absolute valuation approach whereby a consistent fundamental valuation methodology (cost of equity totals 4% risk-free plus 5% risk premium for a 'beta one' business) is applied across all stocks, also those that we do not own (yet or anymore) but that we monitor, out of interest, or just as a cross-check of our own sanity.

Portfolio activity was limited in July. Part of an 'oil basket' of extremely undervalued small-cap oil producers that we established in Q1 2022, we sold International Petroleum Corp (IPC) after the stock doubled over this period. We consolidated the proceeds in our existing holding in Harbour Energy, which will soon (Q4 2024) complete the Wintershall acquisition. On completion, Harbour Energy will become a large cap and one of the world's largest independent oil/gas producers with a significantly more diversified geographic exposure, a very low production cost base (US\$11/barrel of oil equivalent) and extended reserve life. With the transaction, Harbour reduces its risk profile and lowers its valuation, trading on just 2x equity free cash flow (after all capex and on oil price at current levels).

Performance over 1 month	%
Fund - A GBP Class	1.14
Benchmark	0.54

Statistics

	Annualised since launch
Active share* (%)	96.71
Fund volatility (%)	15.73
Benchmark volatility (%)	16.02
Alpha	1.68
R squared	0.83
Correlation	0.91
Tracking error (%)	6.75
Information ratio	0.12
Sharpe ratio	0.51

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	x	x	✓	✓
Denmark	✓	✓	✓	✓
Finland	✓	✓	✓	✓
France	✓	✓	✓	✓
Germany	✓	✓	✓	✓
Ireland	✓	✓	✓	✓
Italy	x	x	✓	✓
Jersey	✓	✓	✓	✓
Liechtenstein	x	x	✓	✓
Luxembourg	✓	✓	✓	✓
Netherlands	✓	✓	✓	✓
Norway	✓	✓	✓	✓
Singapore	✓	✓	✓	✓
Spain	✓	✓	✓	✓
Sweden	✓	✓	✓	✓
Switzerland	✓	✓	✓	✓
UK	✓	✓	✓	✓

Swiss representative and paying agent

Copies of the fund's current prospectus, key investor information document (KID) and financial statements can be obtained free of charge from the Swiss Representative, 1741 Fund Solutions Ltd., Burggraben 16, 9000 St. Gallen, Switzerland.

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	IE0032904223	3290422	JOHESSI ID	A0BLYV	Up to 5%	0.75%	0.82%	£1,000
B GBP Class	IE0032904009	3290400	JOHESVS ID	A0BLYT	Up to 5%	1.249%	1.31%	£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 July 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 JOHCM, or (for UK investors) JOHCM, at the addresses set out above.

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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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