

Fund manager(s)



Oliver Collin
Fund Manager



Steve Smith
Fund Manager

Investment Risks

For complete information on risks, refer to the legal documents.

The value of investments and any income will fluctuate (this may partly be the result of exchange-rate fluctuations) and investors may not get back the full amount invested.

Monthly Report August 2024 (covering July)

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Summary of fund objective

The Fund is actively managed. The objective of the Fund is to outperform the MSCI EMU Index-NR (EUR) in the long term. The Fund seeks to achieve its objective through an active allocation to Euro Zone equities. The investment concerns the acquisition of units in a fund and not in a given underlying asset.

Fund Performance

At a sector level, being underweight technology along with good stock selection within financials and health care proved most favourable, followed by energy and communications services. The most notable detractors were industrials and materials. Avoiding index heavyweight name ASML (which has traded meaningfully lower on the back of weakness in the sector) proved the biggest individual positive over the month. Furthermore, the avoidance of LVMH was of benefit as the consumer discretionary name declined in July as China weakness proved a key drag in a poor set of results for the luxury goods maker. Roche (positive study on its experimental weight loss pill) and Merck (increased full-year guidance) both performed well within the healthcare space while banking names Unicredit and CaixaBank once again delivered strong performance having reported resilient Q2 results, and FincoBank moved higher on takeover speculation. Finally, French call centre operator Teleperformance was buoyed by good growth in Q2 while energy name Neste delivered double-digit gains citing an improving biofuels market. Conversely, STMicro shares declined after the chip-maker reduced its full-year outlook citing lower demand for chips used in cars, while Infineon shares were also lower on similar news. BE Semiconductor shares also slumped after the company reported a miss in guidance despite orders meeting expectations. Stellantis shares suffered a double-digit decline on the back of poor H1 sales, materials name UPM-Kymmene shares slid on a weak Q2 report and brewing firm Heineken fell on disappointing H1 results.

Fund Positioning

We remain well diversified across a broad range of sectors and continue to believe in the long-term market-wide themes such as decarbonisation, digitalisation and the improvement of the efficiency and security of supply. For cyclical exposure, we are selectively invested in areas where valuations still suggest a recessionary scenario and the opportunity ahead has been overlooked by the markets such as in chemicals, and areas of basic materials such as paper and packaging. Within technology, we believe the opportunity is particularly interesting in the analogue space and expect the semiconductor cycle here to turn in the second half of the year so have exposure selectively. Consumer discretionary is more difficult given valuations and also the risk of a weaker Chinese consumer but again we have selectively built positions in names where there is an idiosyncratic transition thesis, and the valuation looks attractive. We also have some selective exposure to autos which are cheap and returning significant capital to shareholders. We remain positive on the banks which are broadly exercising large buybacks but we are also now invested in those which we believe have good sustainability of earnings even in a world where interest rates normalise. To provide some defensive balance to the portfolio, we also have significant exposure to utilities where we again believe in the sustainability of earnings (despite the power price backdrop), pharmaceuticals (where there is the combination of returning capital and R&D), telecoms as well as food retail. The team's over-arching approach is one of a balanced portfolio where each individual holding has the potential for tangible, positive change and a supportive valuation.

Outlook

European equity markets have made good upward progress so far this year, despite the recent French politics induced volatility. However, this positive market performance has been driven by a highly concentrated basket of mega cap stocks, themselves spurred on by momentum. We believe that an improving macroeconomic backdrop and normalising interest rates will support a broadening out of the market performance which is also why we are optimistic for our fundamental stock-picking approach as we go into the second half of 2024 - investing in companies that are undergoing positive change that have been overlooked by the markets. Looking at the current macroeconomic picture in more detail, PMI data is turning a corner, and we believe this will drive earnings. We see a pickup in real wage growth which is supportive of consumption and therefore another tailwind (when consumers spend, so corporates gain confidence and invest). Furthermore, inventory levels appear to have bottomed and so de-stocking has come to an end - another important change in the macroeconomic backdrop. With all of this, GDP estimates look well-supported if not potentially at risk to the upside. This is all at odds with the US economy where PMIs and GDP is slowing, and the consumer is squeezed. Relatively speaking, and for the first time in a long time, the economic gap between the US and Europe appears to be narrowing and it is this directional change that makes us believe that the valuation gap between the two is too wide. We believe that we are at the beginning of a new economic cycle in Europe and that suggests some very interesting opportunities for investors.

Fund Facts

Z-share ISIN	LU1240329547
Bloomberg	INVZACE LX
Domicile	Luxembourg
AuM	527.66m EUR
Launch Date	06 Dec 1996
Reference Index**	MSCI EMU Index (Net Total Return)

Fund Managers*** Oliver Collin and Steve Smith

** The benchmark index is shown for performance comparison purposes only. The fund does not track the index.

*** Steve Smith since December 2020 and Oliver Collin since December 2016

Fund Characteristics

(Annualised Data)

	3Y	5Y
Alpha (statistical)	3.51	0.45
Batting Average	47.22	48.33
Gain/Loss Ratio	1.62	1.55
Information Ratio	0.45	0.11
Sharpe Ratio	0.46	0.38
Tracking Error	6.28	7.12

Awards & Gradings



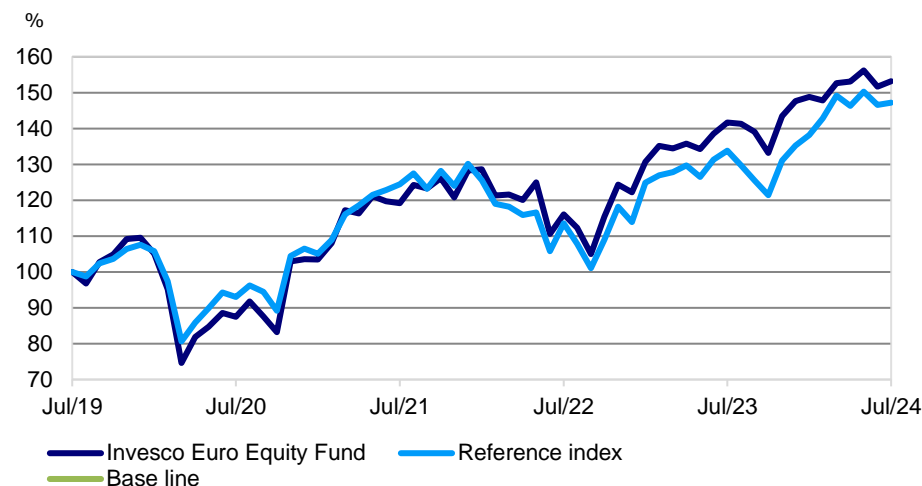
Morningstar Rating 31.07.24

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Past performance does not predict future returns.

Performance (EUR) ^{1, 2}

5 Year Active Return



Cumulative	YTD	YTQ	1M	1Y	3Y	5Y
Fund (Z-shares)	3.76	2.74	0.99	8.15	28.53	53.22
Reference Index	8.78	8.33	0.42	9.97	18.29	47.18
Active return	-5.02	-5.59	0.57	-1.82	10.24	6.04

Calendar Year	2019	2020	2021	2022	2023
Fund (Z-shares)	19.29	-5.47	23.91	-4.74	20.84
Reference Index	25.47	-1.02	22.16	-12.47	18.78

Rolling 12 Months	31.07.14	31.07.15	31.07.16	31.07.17	31.07.18	31.07.19
	31.07.15	31.07.16	31.07.17	31.07.18	31.07.19	31.07.19
Fund (Z-shares)	24.26	-17.56	27.12	2.33	-7.57	
Reference Index	20.75	-11.39	19.14	6.53	-1.24	
Peer Group	20.14	-11.34	18.36	4.70	-2.32	

	31.07.19	31.07.20	31.07.21	31.07.22	31.07.23
	31.07.20	31.07.21	31.07.22	31.07.23	31.07.24
Fund (Z-shares)	-12.51	36.25	-2.66	22.10	8.15
Reference Index	-7.01	33.81	-8.72	17.84	9.97
Peer Group	-6.45	30.86	-8.26	14.34	9.08

Source fund/sector: Morningstar as of 31 July 2024

Source index: RIMES as at 31 July 2024, on a total return basis in EUR

Peer Group: Morningstar Category EAA Fund Eurozone Large-Cap Equity

¹Fund returns are inclusive of gross income re-invested and net of the ongoing charge and portfolio transaction costs, cumulative, in fund currency. The figures do not reflect the entry charge payable by individual investors. Returns may increase or decrease as a result of currency fluctuations.

²The Original Fund Launch date shown herein is different from the fund launch date shown in the KIID. Prior to 2 October 2015, the fund was a French-domiciled SICAV launched on 6 December 1996, named Invesco Actions Euro. On 2 October 2015, the fund was merged into this Luxembourg-domiciled SICAV.

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