

OTHER STOCKS ARE AVAILABLE

Market breadth showed signs of improvement

Markets once again saw a positive return in the month, with MSCI World returning 0.79%. However, underlying the positive return was a significant rotation within the market, as the few mega-caps that have held sway for over 12 months experienced a sell-off and parts of the market that have struggled showed good performance. Notably, small cap stocks outperformed the broader markets. The MSCI European small cap returned 4.26% compared to the MSCI Europe index return of 1.17%, whilst in the U.S. the MSCI USA small cap return of 6.65% beat the MSCI USA return of 0.26%.

The catalyst for the market rotation in the month was a rising expectation, both in Europe and the U.S., for interest rates cuts through the end of 2024, leading to an improving economy that could benefit a wider range of companies.

Geographically there was little to choose between equity markets in each of the major regions. However, during the month, the Japanese Yen had a significant rally as expectations grew for a rate increase from the Bank of Japan. The MSCI Japan index declined by 1.04%, in local currency terms, but rose by 4.79% in Euro terms.

Markets generally overlooked the political events of the month, which began with no clear winner in the French National Assembly elections and the Labour Party in the UK winning a significant majority. An assassination attempt on Republican candidate Donald Trump was followed by President Joe Biden withdrawing from the Presidential contest, with President Biden backing his Vice President, Kamala Harris.

Value recovered but small caps drove ahead

The Portfolio returned 4.72% in the month, well ahead of the MSCI World Index return of 0.79%. The value style was a major contributor to performance in the month as value significantly outperformed growth. Additionally, the funds modest small cap tilt also benefitted performance. The MSCI World Value index returned 3.77% in the month with the funds style, most significantly its tilt to smaller cap stocks contributing positively to outperformance against the Value index. Stock selection was not a significant contributor to performance in the month against either the MSCI World or MSCI World Value indices.

Most market sectors had positive returns in the month, with only Information Technology and Communication Services experiencing declines. The strongest sectors included Real Estate and Utilities as well as Financials and Industrials.

In aggregate stock selection did not have a significant impact on the portfolio return, against either the MSCI World or MSCI World Value indices. However, the portfolio did benefit from some individual strong performers. U.S. industrial and consumer power tool manufacturer Stanley Black & Decker was a strong performer in the month as the company gave a stronger than expected guidance for its business in the second half of 2024. German healthcare company Fresenius also performed well in the month as the company reported stronger than expected earnings for the prior quarter. The U.S. bank, Citizens Financial Group, was a strong performer in the month as the market raised expectations rose for the company's earnings this year.

See performance and fund data

[Click here >](#)

Strategy

Ethical Global Value invests in global equities from developed markets, cf. the fund's prospectus. Stocks are selected using the value strategy, meaning that through careful fundamental analysis, the team strives to identify companies that trade at healthy discounts relative to intrinsic value. A risk-aware approach to the portfolio construction ensures a well-diversified portfolio and broad exposure across sectors and regions. Ethix SRI Advisors performs an unbiased screening to ensure that only ethically sound companies are included in the portfolio.

This material does not constitute individual investment advice and cannot form the basis for a decision to buy or sell (or an omission thereof) of investment certificates. The material has been prepared for information purposes only and investors are encouraged to seek necessary professional advice before buying or selling investment certificates. Sparinvest does not undertake any responsibility for the advice given and actions taken or not taken in respect of this material. The mentioned sub-fund is part of Sparinvest SICAV, a Luxembourg-based, open-ended investment company. Investors are urged to read the prospectus, the key investor information document and the current annual / semi-annual report of Sparinvest SICAV prior to investing. The documents are available at sparinvest.lu. There are always risks involved when investing and it is stressed that past performance or past return cannot be considered as a guarantee for future performance or return. Investors may not get back the full amount invested. Sparinvest makes reservations for possible typing errors, calculation errors and any other errors in the material.