Fund report, April 2025
European Value
Equities

Sparinvest

# ARE YOU FEELING LIBERATED YET?

### Trump tariffs roiled global financial markets

Markets experienced sharp declines in the wake of U.S. President Donald Trump's announcement that he would place tariffs of varying levels on almost all trading partners of the U.S. The **minimum** tariff was set at 10%, however tariffs were calculated for each individual country using an approach best described as novel. Hardest hit initially were Cambodia (46% tariff rate), Vietnam (46%) and China (34%, on top of the existing 20% tariff). In the days following the tariff announcement, markets experienced significant declines, with global equities, U.S. treasuries and the U.S. Dollar all under pressure.

After telling markets that there would be no softening of the tariffs, President Trump duly began the process of softening the tariffs. By April 9th, after pressure both publicly and privately from business leaders in the U.S., as well as increasing signs of distress in the Treasury markets, President Trump announced a 90 day pause on any tariffs over 10% except for China. China, which had responded with tariffs on U.S. goods ended with a tariff of over 100%. The rest of April was occupied with a steady series of exemptions for individual products, sectors or markets, with equity markets rallying in response to each rollback.

The MSCI World Index ended the month with a decline of 4.13%. The U.S. market was the weakest major market as expectations grew for significant economic weakness deriving from the tariffs. European markets, after initial volatility, were more measured, with the MSCI Europe ending the month with a decline of 0.82%. Yields on long dated treasuries rose in the month and the dollar weakened, although both markets recovered partially from their mid-month lows.

### Rising economic fears drove a search for safety

The Portfolio declined by 0.56%, which was less of a decline than the 0.82% drop in the MSCI Europe Index. Stock selection was the main driver for the modest outperformance. The MSCI Europe Value Index declined by 1.11% in the month, due to the weakness of the value style. The outperformance of the fund relative to the MSCI Europe Value Index was due to some positive stock selection as well as some sector allocation from an Energy underweight.

Energy was the weakest performing sector, as the price of oil plummeted as fears over the strength of the global economy grew. Consumer Discretionary stocks also underperformed as tariff fears seemed to weigh on luxury goods stocks in particular. Utilities, Real Estate and Consumer Staples, typically considered defensive sectors, were the best performing in the month.

Despite declining markets and elevated volatility, the portfolio had a number of holdings that performed well during the month. French food and nutrition company Danone was a strong performer in the month as it reported earnings ahead of market expectations.
Austrian industrial group Andritz was another top contributor. Its shares gained 10% on the last day of the month after reporting its first quarter results where the order intake was up 20%. Another strong contributor German Potash producer K+S gained more than 20% in value as 2025 guidance adjusted upwards due to the continued sound potash market development.

See performance and fund data Click here >

**Strategy**
European Value invests in European equities, 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 countries.