

## Ethical Global Value

EQUITY

# Still headwind for value

## The French election drove the market

**Markets** In the month of April, macroeconomic figures were generally decelerating a tad. This, admittedly, happened from very lofty levels. The curve steepness for government bonds flattened, which should be seen as an indication that the market is expecting a lower probability for a successful implementation of president Trump's fiscal policies.

The first round of the French presidential election was held at 23<sup>rd</sup> of April. Emmanuel Macron and Marine Le Pen won and are now headed for the second and last round to be held on the 7<sup>th</sup> of May. At the release of the result, the book-maker odds for a Marine Le Pen final victory declined to around 11%. The market thereby postponed one of the biggest risks against EU stability to the next French election.

The Euro rallied as a result of the French election and French stocks (CAC40) immediately surged 4% higher after the release of the result. In April, the MSCI World (EUR) gave a return of -0.28%. The return was negative due to the strength of the EUR, which gained 2.3% during the month. The volatility index (VIX) fell to the lowest level in months and is now trading below 11.

## Europe drove the return

**The Portfolio** The fund yielded a negative return of 1.38% in April while the benchmark has fallen by 0.33% - a relative loss of 1.05%.

Last month's developments continued with strong positive returns in European stock markets, where the worst political risk seems to have been driven over right now, and we saw further confirmation that earnings are on the rise. American stock indices, such as Nasdaq and S & P500, continued the positive trend and ended the month at historically high levels, while the return was negative due to falling dollar rates for euro investors. Trump's proposal for tax reform was largely instrumental in supporting the market.

The fund's loss relative to the benchmark was due to its style and sector exposure again, which has been the main theme this year. This month's relative difference has been driven primarily by our US stocks, and especially our overweight of financial stocks. Combined with a negative contribution from the stock selection from financial stocks, such as the US companies Regions Financial and Discover Financial Service.

This month we sold Hochtief, a German contractor company that entered the portfolio for approx. 13 years ago and has yielded an average annual return of approx.. 20%.

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 Adviors performs an unbiased screening to ensure that only ethically sound companies are included in the portfolio.