

European Value

EQUITY

Europe can!

Political risk and increase in euro

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 23rd of April. Emmanuel Macron and Marine Le Pen won and are now headed for the second and last round to be held on the 7th of May. At the release of the result, the bookmaker 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 main return driver

The Portfolio The fund gave a return of 1.55% in April, compared to a rise of 1.7% in the benchmark. Year-to-date, the fund has increased by 7.6%, and lagged the benchmark by 0.2 %.

Last month's developments continued with strong positive returns in the European stock markets, where the worst political risk seems to have passed. We saw a further confirmation of rising earnings levels in the companies, reflecting the main index in Germany (DAX), which ended the month at a historically high level.

The fund's return was driven by exposure to industry and style. The sectors that contributed most to returns were industrial companies with good returns, and the good development of consumer companies more than offset our underweight. At the other end, underweight in health care reduced and our financial stocks made it less well relative to the benchmark. It was generally our asset selection, which reduced the return on benchmark. Overall, however, it became a very strong month, measured on return.

In April, we sold Hochtief, a German contractor company.

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.

For further information we refer to the prospectus, the key investor information document and the current annual / semi-annual report of Sparinvest SICAV which can be obtained free of charge at the offices of Sparinvest or of appointed distributors together with the initial statutes of the funds and any subsequent changes to such statutes. Investments are only made on the basis of these documents. Past performance is no guarantee for future returns. Investors may not get back the full amount invested. Investments may be subject to foreign exchange risks. The indicated performance is calculated Net Asset Value to Net Asset Value in the fund's base currency, without consideration of subscription fees.