

## Ethical Global Value

EQUITY

# Value and small cap underperformed

## Strong macroeconomic figures

**Markets** Also in the month of March, macroeconomic figures were continuing their improving streak. In many cases, we saw the highest or strongest numbers for consumer confidence since the financial crisis. The same was the case for indicators covering business confidence, even though stock returns were lower than previous months.

MSCI World (EUR) ended the month almost unchanged, which was primarily caused by a strengthened euro. The volatility index (VIX) was kept rather low throughout the month, which is beginning to indicate some complacency among equity investors.

Long-term interest rates increased in the beginning of the month, but they almost fell back to the starting point at the end of the month. The same goes for EUR/USD, which ended the month slightly higher due to "dovish" tones from the FED, which led to a weakening of the USD.

Opinion polls and bookmaker-odds on the French presidential election indicate an about 22% likelihood that Marine Le Pen will be the next president. If that would happen, the euro would most likely drop.

## Slightly below benchmark

**The Portfolio** The fund generated a positive return of 0.14% in March, while the benchmark MSCI World index gained

0.41%. YTD, the fund is up 3.10% - 1.80% after the benchmark.

European markets extended the strong performance from February, fueled by a combination of earnings growth and economic data and outperformed the US market from mid-month. This was when we passed an obstacle in terms of the Dutch election, in which voters rejected the populist candidate and concerns about the French political situation eased a bit. The political situation also continues to an important theme in the US, where Trump's failure to replace Obamacare has made investors question the ability to deliver on his political agenda.

The fund's lag compared to its benchmark is explained mainly by style and sector allocation. Value and small cap stocks underperformed, and at the sector level, higher global bond yields helped boost the performance of financial stocks in the first half of the month, but then utilities had a strong comeback as bond yields fell back. Our overweight in financials in particular ended up becoming a large detractor. Stock selection was slightly positive with the biggest contributor chipmaker Micron gaining 23% in March driven by better than expected results.

Towards the end of the month, Prime Minister Theresa May triggered Article 50 and Britain is now officially in the process of leaving the EU. Other than that uncertainty, investors are awaiting the upcoming French election where the outcome can have a large market impact.

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.