

## European Value

EQUITY

# Extended the strong performance

## 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.

## Below benchmark – up on the year

**The Portfolio** The fund generated a positive return of 2.58% in March, while the benchmark MSCI Europe index gained 3.21%. YTD, the fund is up 5.82% - 0.03% ahead of 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 fund's slight lag compared to its benchmark in March is explained mainly by country and sector allocation. We have somewhat lower exposure to Spain and France – both strong performers in March. 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 on concerns of Trump's ability to deliver on the political agenda. Meanwhile, our overweight in materials was the biggest detractor, dragged down by our overweight within metals and mining. Stock selection was a minor positive, with German Fraport being the biggest contributor.

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

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.