

## Ethical Global Value

## EQUITY

# Markets flat on solid backdrop

## Strong economic momentum

**Markets** During November, the euro rallied almost two percent vs. the U.S. dollar. The rally was caused by a continued bout of strong Eurozone macroeconomic figures that also continued to surprise analysts. Retail sales, GDP-growth and PMI-figures were all quite strong in November.

The figures from the U.S. economy were also quite strong. While Japanese figures were slightly more mixed, the machine tool orders growth is now running at 50 percent year on year, which is a good indication of the global optimism in the industrial sectors and regarding corporate investments.

The MSCI World (EUR) return was flat in November, but this was primarily caused by the euro strength, as virtually all other regions saw strong equity markets in local currency terms.

Despite strong macroeconomic figures in both the Eurozone and the U.S., long interest rates have been almost unchanged throughout the month, which is due to the still persistently low inflation figures. Another reason might be sabre rattling in North Korea, which again tested its missile capabilities.

## Selection drove outperformance

**The Portfolio** After two consecutive months of solid gains global stock markets (MSCI World Index) took a pause in November. The fund was up 1.08 percent outperforming its benchmark by 1.27 percent.

In the U.S., corporate earnings are still strong and efforts to reform the US tax code and reduce taxes seemed to help lift the domestic stock markets. In spite of the mixed economic figures, Japanese markets also did well. While economic momentum in Europe seems to be robust, political uncertainty resurfaced, as the formation of a coalition government in Germany failed. While Brexit negotiations show signs of progress, Angela Merkel's new challenges along with uncertainty about next year's Italian election, an increasingly unpopular Macron in France and a complicated situation in Catalonia seemed to make up a list of political worries that weighed on European stock markets in November. The fund's geographic exposure relative to its benchmark (underweight outperforming U.S. stocks – overweight underperforming European markets) was a minor detractor to performance.

With limited sector dispersion and no meaningful style impact, the fund's outperformance was due to strong stock selection. Among the top contributors were long tested U.S. retailers GAP and American Eagle Outfitters – both up more than 20 percent. The beaten down U.S. retailers reported better than expected results and overall strong consumer sentiment along with hopes for a tax reform lifted the shares. Our international food retailer Ahold Delhaize gained 11 percent on the back of decent Q3 results and the announcement of a two billion-share buy-back plan.

See performance and fund data [Click here >](#)

Return is calculated gross of fees and excluding swing.

### 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.

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.