ELEVA CAPITAL

Art 8.

# ELEVA Absolute Return Europe - Class R

30/09/2024
Monthly report

## Investment objective and approach

- Aiming to achieve an absolute return over the medium term through capital growth
- Investing primarily in European equities and equity related securities on both a long and short basis
- Differentiated and disciplined bottom up investment philosophy complemented by a macroeconomic overlay to support sector positioning
- Flexible net exposure between -10 and +50% driven by fundamental idea generation and market volatility
- Recommended investment horizon : ≥ 5 years

## Key figures

| | |
|---|---|
| Net Asset Value | 155.06 € |
| Total Fund Assets | 3 928 388 745 € |

## Risk Indicator

LOWER RISK — HIGHER RISK

| 1 | **2** | 3 | 4 | 5 | 6 | 7 |
|---|---|---|---|---|---|---|

## Fund characteristics

**Manager:** Eric Bendahan
**Legal structure:** Luxembourg SICAV - UCITS
**Fund launch date:** 30/12/2015
**Share class launch date:** 30/12/2015
**ISIN Code:** LU1331973468
**Bloomberg Ticker:** ELEARER LX
**Classification:** European Long/Short Equity
**Reference currency:** EUR
**Distribution policy:** Accumulation
**Valuation frequency:** Daily

## Administrative information

**Custodian:** HSBC Continental Europe, Luxembourg
**Fund admin:** HSBC Continental Europe, Luxembourg
**Management company:** ELEVA Capital SAS
**Subscription / redemption cutoff:** 12:00 CET
**Subscription / redemption settlement:** T+2

## Fees

**Subscription fees:** Up to 3%
**Redemption fees:** 0%
**Management fees:** 1%
**Performance fees:** 20% of any excess return the NAV achieves over the High Water Mark

## Contact

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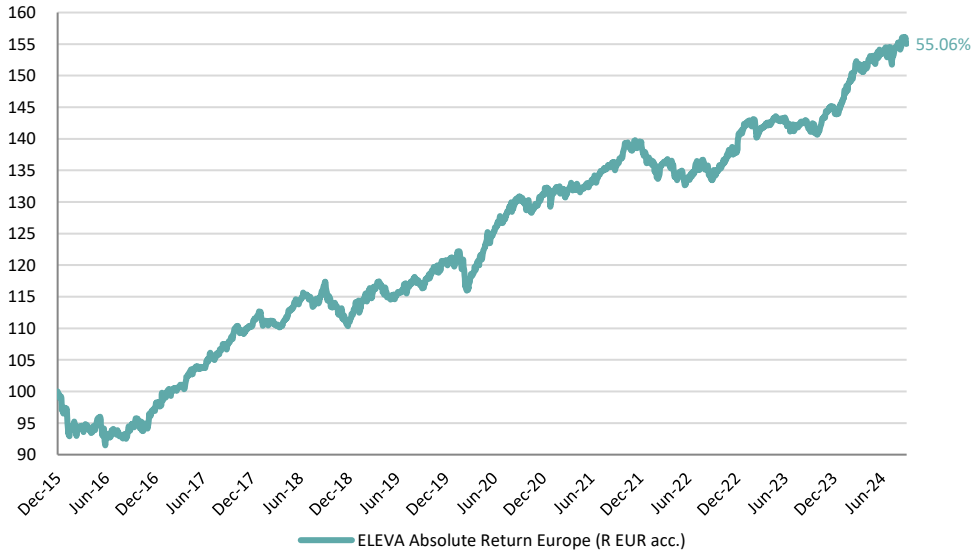
axel.plichon@elevacapital.com

This document should be read in conjunction with the prospectus and relevant KIDs which are available on our website www.elevacapital.com.
Past performance is no guarantee of future results. The UCITS Fund does not benefit from any guarantee or protection, so the initial invested capital may not be fully repaid.

## Performance

*Sources: ELEVA Capital*




## Calendar year performance

| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | Year |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 2024 | 0.57% | 2.10% | 1.81% | -0.22% | 0.54% | 0.97% | 0.55% | 0.39% | -0.05% | | | | 6.84% |
| 2023 | 3.19% | 0.26% | -0.68% | 0.56% | 0.56% | 0.12% | -0.78% | 0.13% | -0.50% | -0.73% | 2.32% | 0.81% | 5.30% |
| 2022 | -2.18% | -1.07% | 1.02% | 0.13% | -1.57% | -0.51% | 1.73% | -0.60% | -1.15% | 1.22% | 2.06% | -0.20% | -1.20% |
| 2021 | -0.92% | 1.39% | -0.31% | 0.49% | 0.20% | 0.58% | 1.04% | 0.81% | 0.04% | 1.86% | 0.10% | 0.98% | 6.42% |
| 2020 | -0.65% | -0.37% | -1.42% | 2.41% | 2.41% | 1.69% | 0.96% | 2.22% | 0.54% | -1.15% | 0.33% | 1.51% | 8.72% |
| 2019 | 2.66% | 0.77% | 0.37% | 1.30% | -1.53% | 0.30% | 1.23% | 0.83% | -0.54% | 0.64% | 1.71% | 0.53% | 8.52% |
| 2018 | 1.92% | -1.23% | -0.39% | 0.53% | 1.96% | 1.04% | 0.26% | -0.24% | 1.76% | -2.24% | -1.09% | -1.41% | 0.78% |
| 2017 | 1.79% | 0.64% | 1.43% | 1.64% | 1.41% | 0.02% | 1.81% | 0.67% | 0.77% | 2.41% | -0.45% | 0.85% | 13.74% |
| 2016 | -2.70% | -2.22% | -0.24% | -0.81% | 2.03% | -2.51% | 0.26% | -0.95% | 1.67% | 1.14% | -0.65% | 2.41% | -2.72% |

## Monthly Comment

Poor economic momentum in the Eurozone, but also in the US and China weighed on European equities that finished down this month. This was somewhat counterbalanced by the reinforcement of an easing bias by the ECB, the Fed and finally the PBOC. China specifically announced more forcefully the need to stimulate growth, creating an impressive rally in Chinese equities.
ELEVA Absolute Return Europe was down 0.05% this month.

The long book had a positive impact on performance and outperformed the move in relevant indices. Industrials, consumer discretionary and utilities were the main drivers of performance. Conversely, the performance of long book was penalised by health care, information technology and energy.
**DSV** rallied strongly as it announced the acquisition of DB Schenker at an acceptable price, in our view. The company has an extremely good track record of extracting synergies from its targets. **Flutter Entertainment** rose after a well-received investor day indicating an increased addressable market size and highlighting the multiple growth avenues for the company. Family-owned elevator group **Kone** also shared some robust targets at their Capital Markets Day, and benefited from the increased appetite for China focused names. However, **ASML** continued to underperform, still affected by the Intel capex cuts and by confusing signals on the semiconductor end markets, also affecting **Besi Semiconductor**. **Novo Nordisk** lost ground after a disappointing Phase IIa release for an oral drug and from a lack of visibility on the timing for their supply increases.
The short book had a negative impact on performance, with index hedges generating performance but single name shorts costing. Energy was the best sector contributor of short book performance. Nevertheless, it was not enough to compensate for the fall in industrials, communication services, consumer staples and financials.

Economic growth was uneven in 2023, with low growth in Europe and in China balanced by an acceleration in the US and good developments elsewhere. Falling inflation expectations reduce the risks of a Central Bank mistake. Macro surprises had improved but have now lost momentum in the recent months. Patience is needed to see if the interest rate cuts will have an impact on lead indicators. In that environment, we believe that corporates will still be able to grow at a moderate pace. Value on the long book decreased from 41.1% to 39.3% but cyclicals increased from 43.8% to 45.2%. Net exposure decreased from 31.9% to 29.1% but gross exposure increased from 152.5% to 155.1%.

Since inception, ELEVA Absolute Return Europe was up 55.06%.

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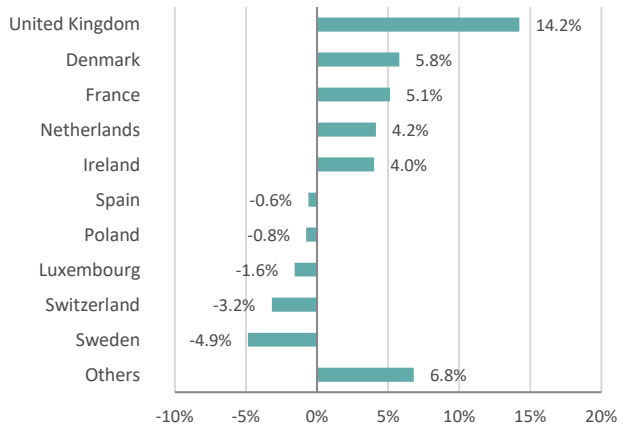
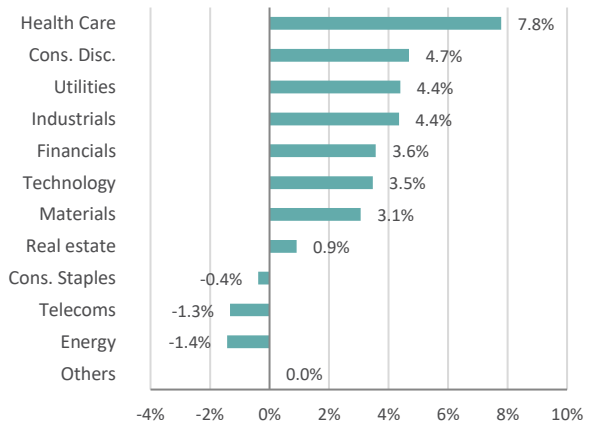
## Portfolio analysis

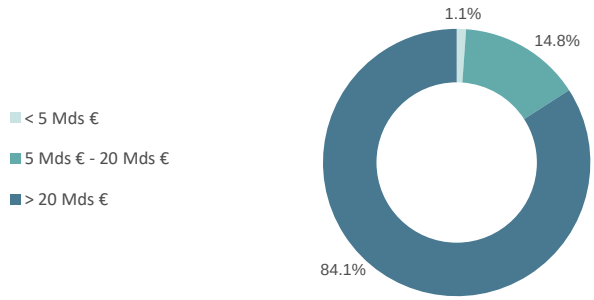
### Geographic breakdown (Net %)




### Sector breakdown (Net %)




### Market Capitalisation (Long Book)




### Risk measures

| Indicator | Value |
|---|---|
| Equity Long Exposure | 92.08% |
| Equity Short Exposure | 62.98% |
| Equity Net Exposure | 29.10% |
| Equity Gross Exposure | 155.08% |
| Volatility (since inception) | 4.45% |
| Sharpe ratio (since inception) | 1.1 |
| Sortino Ratio (since inception) | 1.4 |

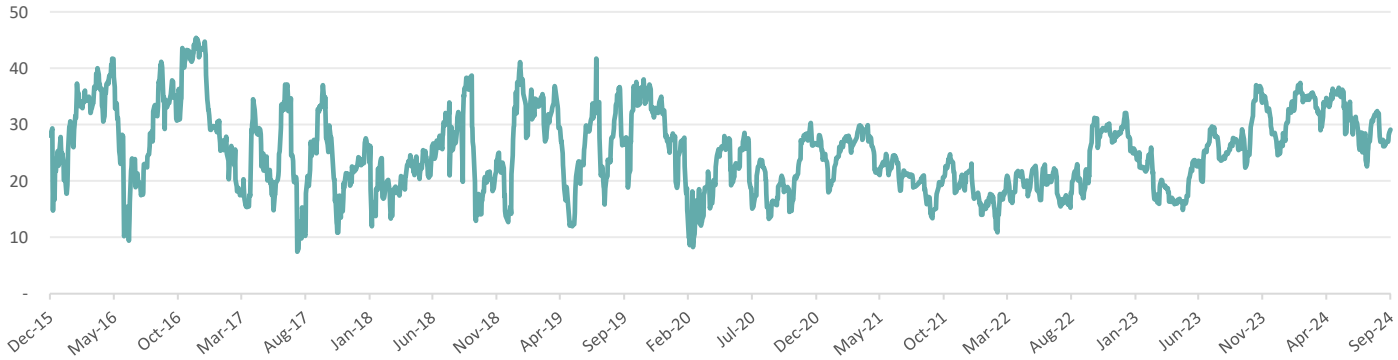
### Top 5 Long Holdings

| Company | Weight (%) |
|---|---|
| NOVO NORDISK A/S-B | 3.92% |
| ASML HOLDING NV | 3.64% |
| INTESA SANPAOLO | 2.54% |
| SANOFI | 2.52% |
| NATWEST GROUP PLC | 2.49% |

### Top 5 Short Holdings

| Indexes and Companies | Weight (%) |
|---|---|
| EUX STOXX EUROPE 600 DEC24 | 40.82% |
| STOXX EUROPE 600 BANKS | 1.04% |
| FINANCIALS COMPANY | 0.98% |
| FINANCIALS COMPANY | 0.91% |
| FINANCIALS COMPANY | 0.88% |

### Net Exposure




### Additional data

| Share class | Launch date | ISIN | Bloomberg Ticker | Distribution policy | NAV |
|---|---|---|---|---|---|
| R (EUR) dis. | 26/04/2018 | LU1716219503 | ELARRED LX | Distribution | 137.30 |
| R (GBP) acc. Hdg | 08/03/2018 | LU1331973542 | ELARRGA LX | Accumulation | 146.62 |
| R (USD) acc. Hdg | 07/02/2018 | LU1331973625 | ELEARUS LX | Accumulation | 146.79 |

# ELEVA Absolute Return Europe - Class R

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## ESG data Long Book

### Investment process

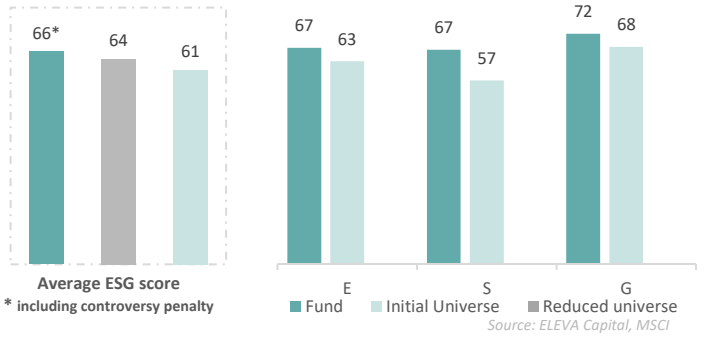
| Steps | nb of companies |
|---|---|
| Initial universe (financial criterias and existence of an ESG score) | 821 |
| 1. Universe post Exclusions* | 810 |
| 2. Universe reduced by 20% of issuers with the lowest ESG score | 645 |
| Initial universe reduction related to exclusions and ESG selection | 21% |
| 3. Portfolio post fundamental research** | 54 |

* Tobacco / Nuclear weapons / Controversial weapons / Violation of the UN Global Compact or ILO conventions or UN guiding principles on Business and Human Rights or OECD guidelines for Multinational Enterprises / Coal (threshold defined by ELEVA's coal policy)

** Fundamental analysis, ESG analysis (ELEVA Capital methodology) & valuation

*Source: ELEVA Capital*

### Average scores of the three pillars with their initial universe




*Source: ELEVA Capital, MSCI*

### The three best ESG ratings of the sub-fund

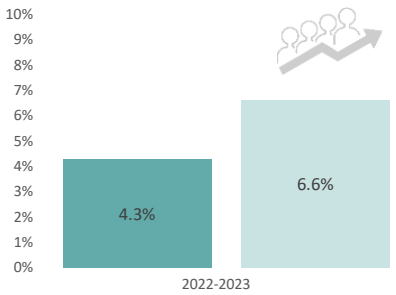
| Name | Sector | Country | ESG Score |
|---|---|---|---|
| ASML HOLDING NV | Technology | Netherlands | 83 |
| NATIONAL GRID PLC | Utilities | United Kingdom | 80 |
| SCHNEIDER ELECTRIC SE | Industrials | France | 80 |

### The three worst ESG ratings of the sub-fund

| Name | Sector | Country | ESG Score |
|---|---|---|---|
| SHELL PLC | Energy | United Kingdom | 42 |
| ROLLS-ROYCE HOLDINGS PLC | Industrials | United Kingdom | 53 |
| NEXT PLC | Cons. Disc. | United Kingdom | 53 |

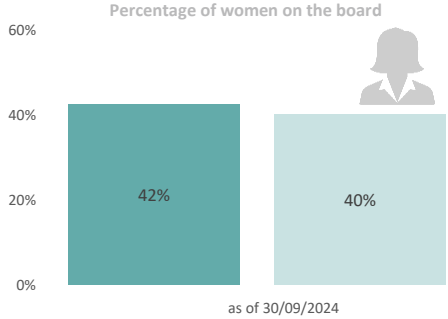
### ESG Performances

Growth in the number of employees



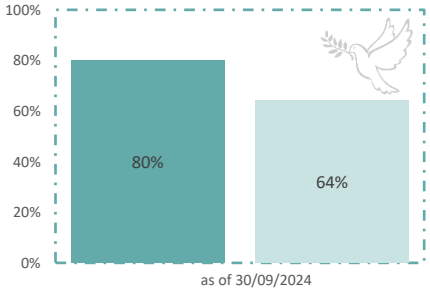

*Source: ELEVA Capital*

Percentage of women on the board



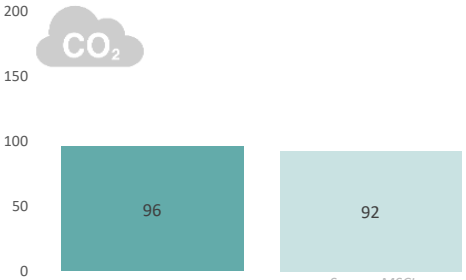

*Source: MSCI, ELEVA Capital*

Signatories of the United Nations Global Compact



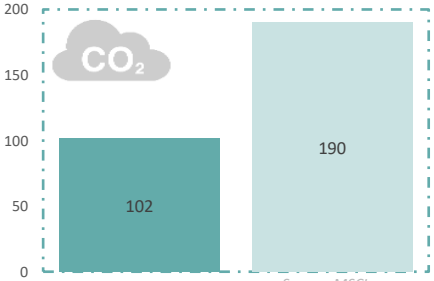

*Source: Global compact*

Average carbon intensity
(in tons of $CO_2$ equivalent per million € of sales)




*Source: MSCI*

Carbon footprint
(in tons of $CO_2$ equivalent per million € invested)




*Source: MSCI*

Binding ESG KPI
Fund
Global universe

### Coverage rate of ESG indicators

| | Growth in the number of employees | % women on the board | % Signatories of the United Nations Global Compact | Carbon intensity | Scope 1 et 2 CO2 emissions |
|---|---|---|---|---|---|
| Fund | 95% | 98% | 95% | 98% | 98% |
| Initial universe | 90% | 98% | 98% | 98% | 98% |

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