



# ROCE Fund - August 2024

04 September 2024  
rocecapital.com

## Investment objectives

- o Long only fund that invests in European equities with a superior return on capital employed (ROCE) at attractive valuations.
- o Bottom-up, research-intensive stock picking approach.
- o Main objective is to seek a performance that exceeds that of its benchmark, MSCI EUROPE Net Total Return (dividends reinvested) over the recommended investment period of at least 5 years.
- o Past performance is not a guarantee of future results.

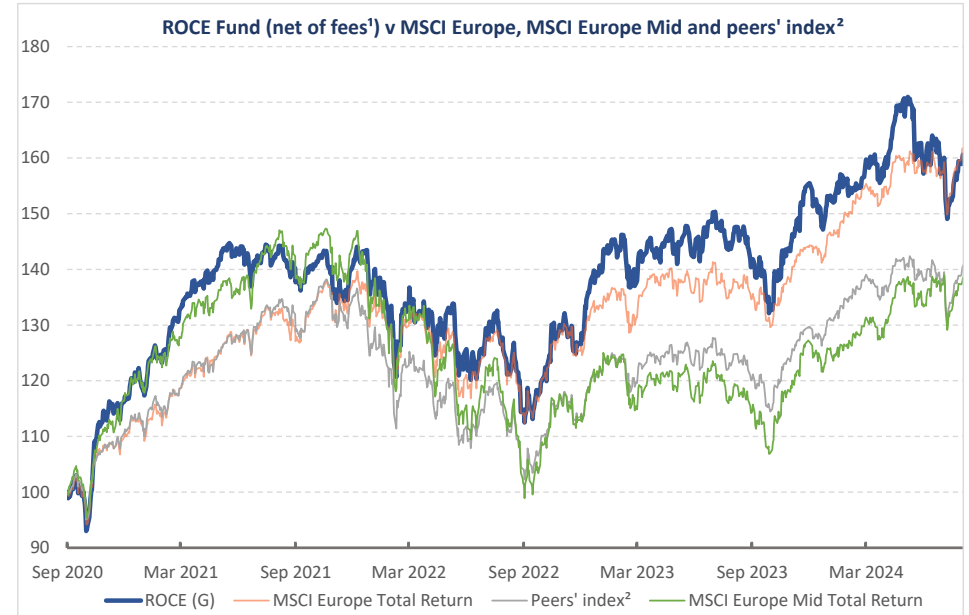
## Yearly performance v benchmarks and peers<sup>2</sup>

Year	2020*	2021	2022	2023	2024		Since inception
					Aug	YTD	
<b>ROCE Fund (G)<sup>1</sup></b>	<b>17%</b>	<b>21%</b>	<b>(10%)</b>	<b>22%</b>	<b>0.3%</b>	<b>3%</b>	<b>61%</b>
MSCI Europe Total Return	10%	25%	(9%)	16%	1.6%	12%	62%
Outperformance/(under)	7%	(4%)	(1%)	6%	(1.3%)	(9%)	(1%)
MSCI Europe Mid Total Return	17%	24%	(23%)	13%	(0.3%)	9%	39%
Outperformance/(under)	(1%)	(3%)	12%	9%	0.7%	(6%)	22%
Peers' index <sup>2</sup>	11%	22%	(16%)	15%	0.7%	8%	40%
Outperformance <sup>2</sup> /(under)	6%	(0%)	6%	7%	(0.4%)	(5%)	20%
<b>% peers beaten<sup>2</sup></b>	<b>84%</b>	<b>47%</b>	<b>73%</b>	<b>97%</b>	<b>27%</b>	<b>15%</b>	<b>82%</b>

\* 2020 includes performance from inception date (September 28th, 2020) until December 31st, 2020.

Note: Chart on the right illustrates performance of ROCE Fund (class G net of fees) v its benchmark (MSCI Europe Net Total Return)

## Performance since inception v benchmark and peers



## Monthly performance (net of fees) v MSCI Europe Total Return

Year		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year	Inception
2020	ROCE Fund (G) <sup>1</sup>									(0.4%)	(5.6%)	20.1%	3.4%	16.6%	
	MSCI Europe Total Return									(0.7%)	(5.0%)	14.0%	2.4%	10.0%	
	Outperformance/(under)										0.3%	(0.6%)	6.1%	1.0%	6.6%
2021	ROCE Fund (G) <sup>1</sup>	0.6%	5.0%	8.3%	3.0%	3.2%	0.7%	(0.7%)	0.9%	(3.0%)	1.5%	(4.3%)	5.1%	21.3%	
	MSCI Europe Total Return	(0.7%)	2.5%	6.5%	2.1%	2.6%	1.7%	1.9%	2.0%	(3.0%)	4.7%	(2.5%)	5.5%	25.1%	
	Outperformance/(under)	1.3%	2.5%	1.8%	0.9%	0.6%	(1.0%)	(2.6%)	(1.1%)	0.0%	(3.1%)	(1.8%)	(0.5%)	(3.8%)	
2022	ROCE Fund (G) <sup>1</sup>	(2.3%)	(3.4%)	(0.4%)	(0.1%)	0.0%	(8.3%)	6.2%	(4.8%)	(7.7%)	6.3%	7.9%	(2.4%)	(10.0%)	
	MSCI Europe Total Return	(3.2%)	(3.0%)	0.8%	(0.6%)	(0.8%)	(7.7%)	7.6%	(4.9%)	(6.3%)	6.2%	6.9%	(3.5%)	(9.5%)	
	Outperformance/(under)	0.9%	(0.4%)	(1.2%)	0.5%	0.8%	(0.5%)	(1.4%)	0.1%	(1.4%)	0.1%	1.0%	1.1%	(0.5%)	
2023	ROCE Fund (G) <sup>1</sup>	9.6%	2.9%	(0.4%)	0.6%	(2.0%)	3.2%	3.4%	(1.9%)	(3.9%)	(5.8%)	8.6%	7.2%	22.1%	
	MSCI Europe Total Return	6.8%	1.8%	(0.1%)	2.5%	(2.5%)	2.4%	2.0%	(2.4%)	(1.6%)	(3.6%)	6.4%	3.7%	15.8%	
	Outperformance/(under)	2.8%	1.1%	(0.3%)	(1.9%)	0.5%	0.8%	1.4%	0.6%	(2.3%)	(2.2%)	2.2%	3.5%	6.3%	
2024	ROCE Fund (G) <sup>1</sup>	(1.5%)	(0.0%)	4.3%	(0.9%)	7.6%	(7.6%)	1.8%	0.3%					3.3%	60.6%
	MSCI Europe Total Return	1.6%	1.9%	3.9%	(0.9%)	3.3%	(1.0%)	1.2%	1.6%					12.1%	61.8%
	Outperformance/(under)	(3.0%)	(1.9%)	0.3%	(0.0%)	4.3%	(6.7%)	0.7%	(1.3%)					(8.8%)	(1.2%)

## Monthly comment

**ROCE Fund was up 0.3% in August 2024**, underperforming its benchmark, MSCI Europe, up 1.6% over the same period. Since inception, ROCE Fund is up 61%, net of fees.

The month of August was a rollercoaster for equity markets. MSCI Europe initially declined by 7% during the first week of the month on US recession concerns. However, these fears were quickly alleviated by the Federal Reserve's clear indication that rate cuts should be expected in the short term, leading to a full market recovery in the later part of August. In this context, ROCE Fund underperformed MSCI Europe by 1.3% but managed to outperform MSCI Europe Mid by 0.7%. We were again penalized by our mid-cap bias.

Our top performer in August was **Academedia**, the Swedish school operator and our largest position, which increased by 22%. Academedia has been substantially undervalued for several years without valid reasons. Its latest quarterly results marked the second consecutive earnings beat, finally triggering a re-rating towards historical average valuation multiples. Although we slightly trimmed our position on strength, we continue to see substantial upside in this name, which remains our largest holding.

**Ambea**, the Swedish provider of care services, was our second-largest contributor, up 17% in August on excellent results. Ambea is now up 75% year-to-date, and we have further trimmed our position on strength. It is no longer in our top 5 but remains in our top 10.

Our main detractor was **Forvia**, the automotive equipment supplier, which fell by 15% in August following slightly lower-than-expected auto sales data. This week, we met with the company's CEO and CFO and remain invested in this stock, believing that its share price is significantly undervalued with a FCF yield of 40%, while market concerns about the company's balance sheet seem overdone to us. Forvia benefits from a strong competitive positioning in China, which remains the most dynamic region for the automotive market over the next decade. We believe the company should return to its historical margin levels. Moreover, its asset disposal program following the merger with Hella continues to be well executed and should bring the company to a leverage level below 1.5x by the end of 2025, in line with its peers.

We also initiated a position in **4imprint**, the promotional merchandise company, which was weak in August despite good results. The company offers an attractive valuation at 16x forward PE, given its excellent profile with a ROCE above 100%, mid-single-digit organic growth, and a net cash balance sheet.

Our portfolio remains appealing, with a valuation of only 11x PE, representing a 22% discount compared to MSCI Europe, and it boasts a superior ROCE of 21%.

## Fund characteristics

AUMs:	€100m	Legal structure:	French SICAV – UCITS V
Currency:	EUR	Fund launch date:	28 September 2020
NAV (G share) as of 30 Aug 2024:	€1,605.9	Benchmark:	MSCI EUROPE Net Total Return
Number of positions:	51	Custodian/Valuation:	CIC/CMAM
Average weight:	1.9%	Auditor:	Mazars
Weight's standard deviation:	0.8%	Liquidity:	Daily before 12pm
Median market cap:	€3,355m	Management fee:	0.70% (G), 0.85% (H), 1.00% (I)
ISIN: FR0013518958 (G), FR0013518974 (H), FR0013519022 (I)		Performance fee:	10% above M7EU with HWM

## ESG accreditations & characteristics

- Inclusive and rigorous ESG policy.
- Article 8 SFDR.
- 10% of performance fees redistributed to childhood cancer research.
- Signatory of principles for responsible investing.
- Portfolio carbon intensity of 64 TCO<sub>2</sub>v 129 for our benchmark.



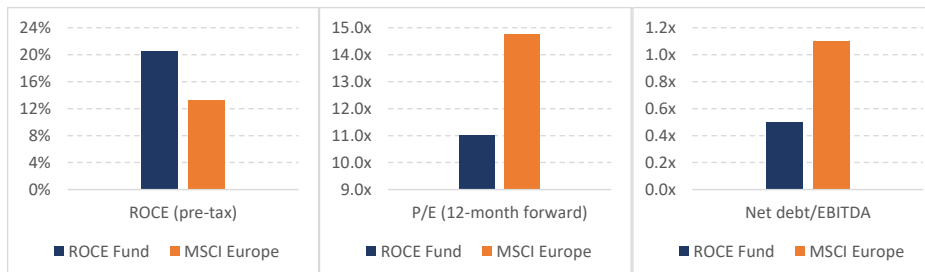
Source: ROCE Capital, Bloomberg, CGP Conseils. Note: Carbon intensity excluding Vicat

<sup>1</sup> Share class G net of management and performance fees.

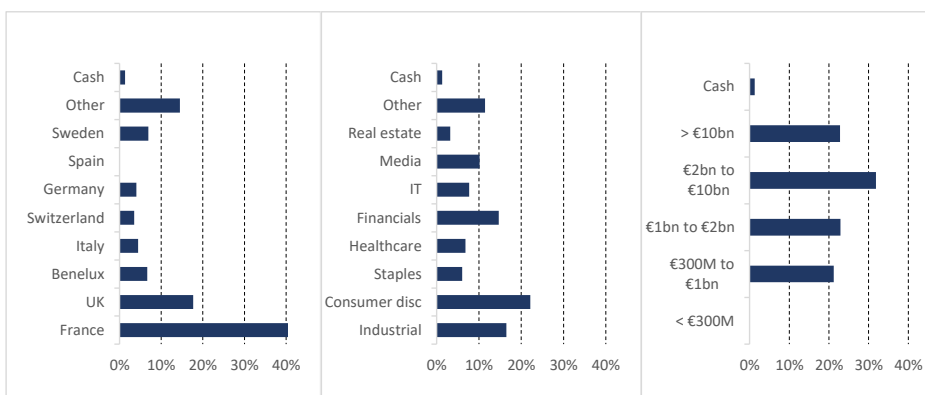
<sup>2</sup> Peers' index defined by the average of 95 long only funds invested in European equities.

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## Portfolio key financial metrics



## Portfolio breakdowns by country, sector (GICS) and market cap



## Top 5 positions

Company name	Weight	Market cap	Country	Sector	ROCE	P/E
ACADEMEDIA AB	4.2%	€586m	SWEDEN	Consumer Staples	15%	8x
TRIGANO SA	3.9%	€1,974m	FRANCE	Consumer Discretionary	30%	5x
WATCHES OF SWITZERLAND	3.3%	€1,131m	BRITAIN	Consumer Discretionary	31%	9x
NEXITY	3.2%	€517m	FRANCE	Real Estate	12%	NA
BAWAG GROUP AG	3.2%	€5,333m	AUSTRIA	Financials	21%	8x

Note: Data above (top 5 positions, portfolio breakdowns and key financial metrics) as of date of this report.

Key financial metrics based on median data for ROCE Fund and average data for MSCI Europe.

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Lower potential yield | Higher potential yield

This UCITS is classified in category 4 due to its exposure to international equity markets that may experience significant fluctuations. Indeed, the net asset value may be subject to variations induced by the maturity of the securities, the portfolio's sensitivity and the volatility of the equity market.