

LWM FUND SPOTLIGHT
FP CARMIGNAC EUROPEAN LEADERS FUND

INVESTMENT OBJECTIVE

The Biotech Growth Trust seeks capital appreciation through investment in the worldwide biotechnology industry. In order to achieve its investment objective, the Company invests in a diversified portfolio of shares and related securities in biotechnology companies on a worldwide basis. Performance is measured against the NASDAQ Biotechnology Index (sterling adjusted).

INCEPTION DATE

15th May 2019

FUND FACTSHEET

<https://www.trustnet.com/factsheets/O/Q9ZT/fp-carmignac-european-leaders-b-acc>

MANAGEMENT

Manager Name

Mark Denham

Start Date

15th May 2019

RATIO DATA (3-years)

Alpha	Beta	Max Drawdown	Max Gain	Max Loss	Negative Periods	Positive Periods	Tracking Error
-0.64	1.06	-26.01	23.29	-16.12	69	87	7.05

OTHER DATA

Benchmark	MSCI Europe Excluding UK
Fund Size	£102 m
Fees (B Share Class)	0.55%

BULL POINTS (PRO)

- Focus on structural change in Europe.
- High quality growth companies across sectors and niche markets.
- Strong risk management process.
- Process and style adopted from previous fund management house.

BEAR POINTS (CONS)

- After initial start performance has lagged competitors.
- Currently a value focused market which means this strategy will struggle.

FP Carmignac European Leaders Fund – April 2023

FUND PERFORMANCE

Performance from 15th May 2015 – 31st March 2023.

Pricing Spread: Bid-Bid • Data Frequency: Daily • Currency: Pounds Sterling



15/05/2019 - 31/03/2023 Data from FEfundinfo2023

Cumulative Performance (GBX)

	3 Months	6 Months	1 Year	3 Years	5 Years
Fund	2.96%	19.78%	7.52%	50.16%	
Sector	2.97%	21.06%	9.01%	51.08%	37.88%
Relative to Sector	-0.01%	-1.06%	-1.37%	-0.61%	
Rank in Sector *	66 / 107	80 / 105	71 / 104	53 / 88	
Fund Quartile *	3	4	3	3	N/A

Performance by Calendar Year in (GBX)

	YTD	2022	2021	2020	2019
Fund	7.86%	-14.51%	14.28%	27.54%	
Sector	8.27%	-9.56%	15.74%	10.74%	20.55%
Relative to Sector	-0.38%	-5.48%	-1.27%	15.17%	
Rank in Sector *	70 / 107	77 / 99	66 / 91	8 / 88	
Fund Quartile *	3	4	3	1	N/A

Discrete Annual Performance to Last Quarter End (GBX)

	0-12m	12m-24m	24m-36m	36m-48m	48m-60m
Fund	3.47%	2.83%	41.26%		
Sector	5.14%	4.35%	39.64%	-8.80%	-1.48%
Relative to Sector	-1.59%	-1.46%	1.16%		
Rank in Sector *	70 / 104	73 / 91	30 / 88		
Fund Quartile *	3	4	2	N/A	N/A

Fund Price Movement (GBX)

12 Month High	162.06 (Pence)	12 Month Low	129.93 (Pence)
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Annualised Ratios Over 36 Months

	Alpha	Beta	Sharpe	r ²	Volatility
Fund	-0.86	1.04	0.60	0.83	18.47
Fund Quartile *	3	2	3	4	3

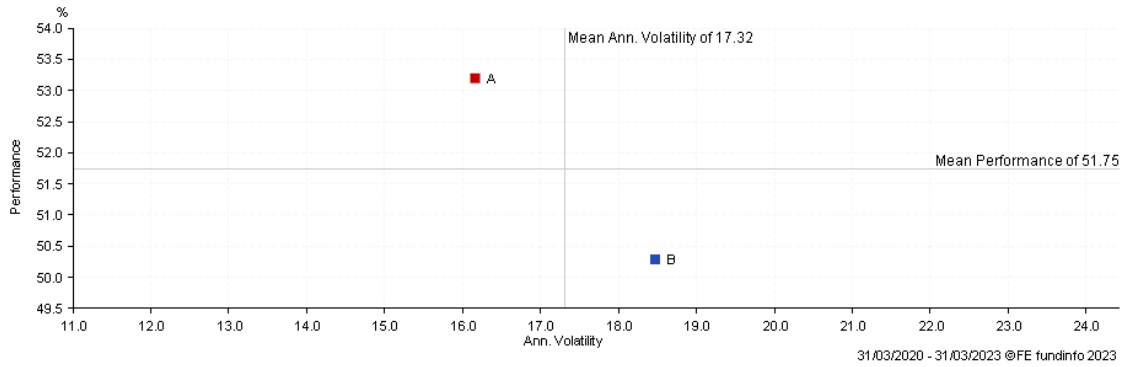
*Ranks & quartiles shown are for the primary share class, FP Carmignac European Leaders A Acc

Please note that past performance is not a reliable indicator of future returns, and the value of your investments can fall as well as rise. The total return reflects performance without sales charges or the effects of taxation but is adjusted to reflect all on-going fund expenses and assumes reinvestment of dividends and capital gains. If adjusted for sales charges and the effects of taxation, the performance quoted would be reduced.

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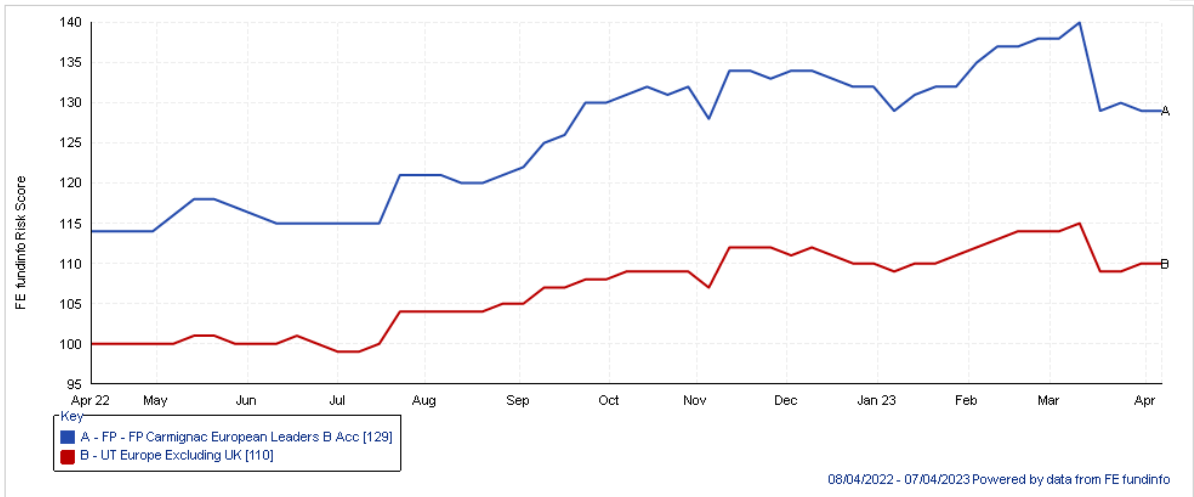
VOLATILITY / RISK SCORE

Pricing Spread: Bid-Bid • Currency: Pounds Sterling



Key	Name	Performance	Annualised Volatility
■ A	UT Europe Excluding UK TR in GB	53.20	16.16
■ B	FP - Carmignac European Leaders B Acc in GB	50.29	18.47

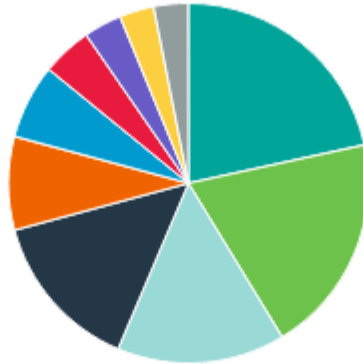
FE fundinfo Risk Score Chart Over 1 Year



REGION WEIGHTINGS

Asset Class Breakdown

(28.02.2023)



Rank	Asset	%
1	France Equities	21.60
2	Denmark Equities	19.70
3	Switzerland Equities	15.10
4	Germany Equities	14.40
5	Netherlands Equities	8.40
6	Sweden Equities	6.70
7	Cash, Cash Equivalents and Derivatives Operations	4.50
8	Belgium Equities	3.40
9	Ireland Equities	3.10
10	Others	3.10

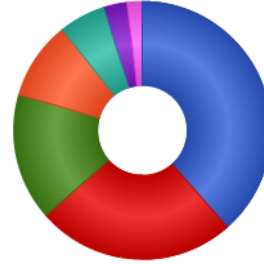
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SECTOR WEIGHTING

Sector Weightings as at February 28, 2023

Rank	Change	Name	%
1	▶	HEALTH CARE	38.50
2	▶	TELECOM, MEDIA & TECHNOLOGY	25.00
3	▶	INDUSTRIALS	16.00
4	▶	CONSUMER PRODUCTS	9.80
5	▶	FINANCIALS	5.80
6	▶	UTILITIES	3.00
7	▶	BASIC MATERIALS	1.90

▼ Faller ▲ Riser ▶ No Change ■ New Entry



HOLDINGS

Top 10 Holdings as at February 28, 2023

Rank	Change	Name	%	Sector Ranking*
1	▶	NOVO NORDISK A/S	8.80	n/a
2	▶	SAP SE	6.70	n/a
3	▲	LONZA GROUP AG	6.10	n/a
4	▼	ASML HOLDING N.V.	5.50	n/a
5	▶	L'OREAL	5.20	n/a
6	▶	SCHNEIDER ELECTRIC SE	5.10	n/a
7	▶	ALCON AG	4.50	n/a
8	▲	ASSA ABLOY AB	4.20	n/a
9	▶	PUMA SE	4.00	n/a
10	▼	ARGENX SE	3.40	n/a
Total			53.50	

* This is the holding ranking within the fund sector composite portfolio (calculated from all available concurrent full portfolios of funds within the sector).

▼ Faller ▲ Riser ▶ No Change ■ New Entry



FP Carmignac European Leaders Fund – April 2023

LWM FUND ANALYSIS

This was our first introduction to the strategy. The fund manager is looking to outperform the MSCI Europe ex UK index over a rolling five year period. The fund was launched in 2019, although he ran a similar strategy and process at his previous firm.

Pricing Spread: Bid-Bid • Data Frequency: Daily • Currency: Pounds Sterling

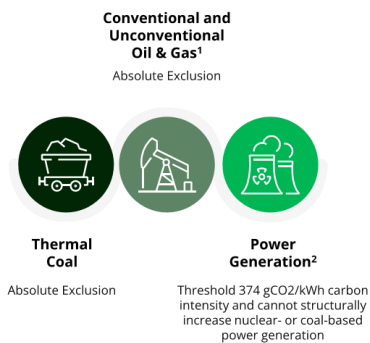


15/05/2019 - 31/03/2023 Data from FE fundinfo2023

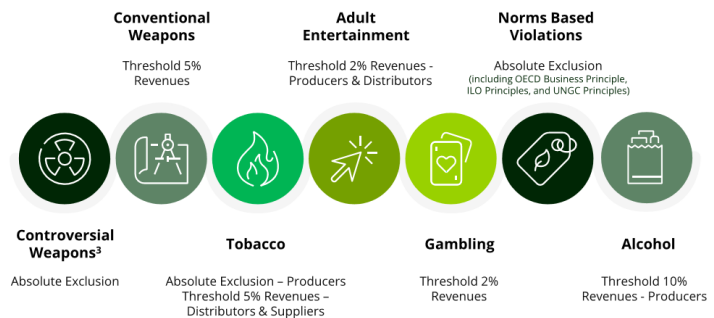
The strategy focuses on quality growth companies across sectors and niche markets with a socially responsible objective.

The fund does operate an exclusionary policy which makes this different to many other European strategies.

Energy exclusions

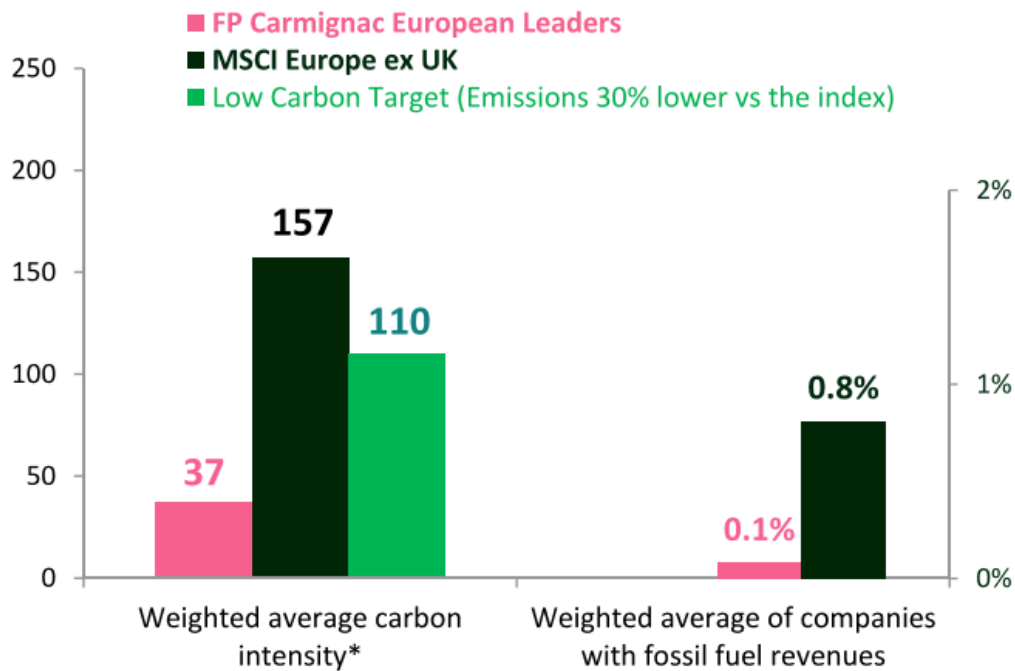


Ethical exclusions



This perhaps can be demonstrated through its carbon footprint which is significantly below the sector.

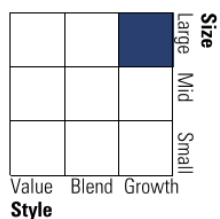
Carbon footprint as of 31/12/2021



The process looks across four areas – screening out exclusions, financial screening focusing on profitability and re-investment, bottom up analysis looking at drivers of return, forecasts and valuation and then risk management and sizing positions to minimise downside risks.

There are around 1200 stocks they can invest in; the screen process reduces this universe to around 350 stocks. From this the two fundamental screens of quality are high long term profitability and reinvesting in the future.

Morningstar Equity Style Box™



	% Equity
Giant	32.36
Large	49.46
Medium	14.34
Small	3.85
Micro	0.00
Avg Mkt Cap	36625 GBP

Risk management considers ongoing monitoring, position sizing and sell discipline. The typical number of holdings is between 35 and 40 holdings and currently they have around 33 holdings.

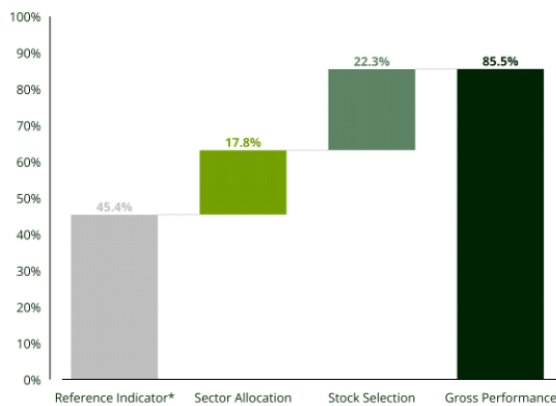
They are different to the benchmark at around 83.3% and most companies have low levels of debt. The strategy is more skewed towards large and mega-cap names which reflects the desire to manage the risk.

This active management reflects how both sector and stock selection has delivered performance above the benchmark.

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Mark Denham's tenure gross performance and alpha generation

Fund vs reference indicator*



Sector	Exposure mean	Excess contribution (alpha)
Health Care	21.67%	14.82%
Cons. Discr.	18.09%	5.41%
Industrials	17.14%	5.63%
Technology	14.98%	10.77%
Financials	10.33%	-1.01%
Cons. Staples	3.99%	-2.86%
Utilities	2.91%	3.50%
Telecom	2.36%	1.94%
Energy	2.08%	-0.19%
Basic Materials	0.19%	-3.15%
Real Estate	0.00%	0.25%
Others**	6.26%	4.98%

Mark Denham's tenure 17/11/2016 – to date. *Reference indicator: Stoxx 600 (Reinvested net dividends). From 01/01/2013 the equity index reference indicators are calculated net dividends reinvested. **Others includes liquidity and derivatives. Portfolio composition may vary over time. Past performance is not necessarily indicative of future performance. The return may increase or decrease as a result of currency fluctuations. Source: Carmignac, Dec 2022

The fund is tapping into trends within Europe:

DIGITISATION

CLIMATE AND SUSTAINABILITY

BIOTECH

INDUSTRIAL DIVERSITY

HEALTHCARE

Logos shown: SAP, adyen, Vestas, Nordnet, Orsted, argenx, ZEAL & ZEALAND PHARMA, Merus, Kingspan, Schneider Electric, ASSA ABLOY, novo nordisk, Lonza, Alcon, straumann.

Portfolio composition may vary over time. The trademarks and logos do not imply any affiliation with or endorsement by the respective entities. Source: Carmignac, Dec 2022

During 2022 the manager reduced exposure to re-opening holdings and healthcare and names which had reached their target price. They added Straumann, Genmab, Alcon, Lonza, Sartorius, Hermes, and Cap Gemini.

In a highly competitive sector, our concern would be around the performance compared to other strategies.

If we consider the valuations and growth rates this is perhaps skewed more towards quality growth. The top strategies in Europe recently have had a value bias. Although valuation plays a part in the strategy there are sectors that have done well that this fund has no exposure to. The key areas are fossil fuels and natural resources. This also has a relatively low exposure to financials which is another area that or has done well.

FP Carmignac European Leaders Fund – April 2023

Valuations and Growth Rates

31/03/2023

	Fund	Category	Benchmark
Price / Earnings	26.42	14.17	13.65
Price/Book	3.99	1.97	1.89
Price/Sales	3.29	1.25	1.19
Price/Cash Flow	17.43	7.41	7.17
Dividend-Yield Factor	1.36	3.16	3.31
Long-Term Projected Earnings Growth	11.83	11.30	12.61
Historical Earnings Growth	14.60	16.08	19.64
Sales Growth	14.76	10.38	11.03
Cash-Flow Growth	0.73	9.77	11.08
Book-Value Growth	10.94	7.05	7.87

In 2020 when quality and growth did well, this fund performed strongly, but as value as a style has done well this strategy has struggled.

Customise Columns	2023 ↑↓	2022 ↑↓	2021 ↑↓	2020 ↑↓
FP Carmignac European Leaders B Acc in GB	7.86	-14.51	14.28	27.54
Index MSCI Europe ex UK TR in GB	9.94	-7.62	16.73	7.49
Sector UT Europe Excluding UK TR in GB	8.27	-9.56	15.74	10.74

If we look at the manager and reflect on his

performance at Aviva, we can see over the long term he has performed strongly. The question is whether he is paying too much for quality and whether this will hamper performance in the future.

Annualised total return over 14.6 years		+12.4%			
Cumulative performance (% growth)					
	1 year	3 years	5 years	7 years	10 years
Mark Denham	-2.0	40.3	47.5	69.8	119.9
Peer Group Composite	-0.4	45.4	33.0	47.7	80.3
Over / Under	-1.6	-5.1	14.5	22.1	39.6

The counter to that is that this is investing in structural change. Europe is at the forefront of much of that change globally and although there has been a sell-off and value has done well, the question is whether this is sustainable.

Europe is one of the only regions where companies are actively penalised for not

making changes that will improve the environment. There is also significant investment over several years which should deliver a sustainable recovery.

Mark has demonstrated his ability over 14 years to deliver strong returns over different environments. In rising markets he has outperformed 4 years out of 7, and in falling markets 2 out of 3. Clearly in value driven markets he will underperform but the argument he would put forward is that with this fund you are investing in long term structural changes which will be around for many years to come.

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In summary, performance since launch has been mixed and this is likely due to the manager style. He does appear to pay more for the valuations of companies, but he is investing in companies at the forefront of structural change. These companies are in the main large and mega cap so are both profitable and have low levels of debt. They are also leaders within their field. As the market starts to normalise then the focus on quality will come to forefront and this strategy has the potential to benefit from that.

The source of information in this note has been provided by Carmignac and is correct as of April 2023. These are notes from meeting the fund manager or representative and should not be seen as a recommendation to purchase any fund mentioned. Any reference to shares is not a recommendation to buy or sell. Should you wish to make a decision based on these notes we cannot take responsibility for this, and you should carry out your own research before making a decision. We would also recommend that you receive advice before following up on any decision.

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