



**Lead Manager**  
David Walton

**Supported by**  
Tom Livesey &  
Steve Robertson

**Date**  
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Capital is at risk.  
Please read full risk  
warning at the end  
of this document.

Monthly Commentary: November 2024

## European Special Situations

- ▀ Multi-cap investment strategy, with a bias to smaller companies
- ▀ Invests in undervalued, well-managed companies with above-market growth potential
- ▀ Award-winning performance track record

### Performance

Markets declined in October after a weak start to third-quarter earnings season in Europe and the US. The MSCI Europe ex-UK index returns for the month were -1.94% (standard), -2.94% (small cap), -1.50% (micro cap) and the fund returned -2.52% (all figures net returns in GBP).

The best performers for the fund over the month were Swedish mobile telecom network software vendor **Enea** (benefiting from turnaround in telecom network and security products), Italian professional acoustic parts supplier **B&C Speakers** (no specific news), German DIY toolmaker **Einhell** (improvement in sales growth as company increases market share), Finnish telecom equipment vendor **Nokia** (seeing better order trends) and Finnish manufacturing outsourcer **Scanfil** (showing resilience in a difficult market).

The worst performers were carbon graphite products producer **Mersen** (weaker demand from semiconductor and solar sectors), Swedish truck and bus part manufacturer **VBG Group** (slowing truck and leisure vehicle markets), market research group **Ipsos** (weaker sales in the US), Swiss chip designer **u-blox** (slower demand from automotive and industrial customers) and Spanish facilities management company **Global Dominion** (higher financial expenses and delays in closing sales of renewable energy projects).

### Portfolio Activity

In terms of trading, we used share price weakness to add to holdings in **Mersen** (the group has a diversified customer base and a strong competitive position, while the share price valuation is low), German rail products provider **Vossloh** (trading well and remains attractively valued) and French employee benefits scheme administrator **Pluxee** (we think the share price has been overly penalised by concerns around regulatory fee caps). We continued to take profits in Danish pharmaceutical company **Novo Nordisk**.

### Investment Outlook

Weak demand from China caused a number of profit warnings from larger companies (for example, in the luxury and semiconductor sectors) in third-quarter results. The smaller company sector also saw a number of downgrades, as weaker economic growth in Europe (especially Germany) impacted demand. We are taking advantage of low valuations in some cases (as described above). This is on the basis that companies such as Mersen and Vossloh are benefiting from multi-year growth drivers (the switch to electric vehicles and greater investment in rail networks respectively) that are unlikely to be reversed by the current economic slowdown.

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## Risk Warnings

Capital is at risk. The value and income from investments can go down as well as up and are not guaranteed. An investor may get back significantly less than they invest. Past performance is not a reliable indicator of current or future performance and should not be the sole factor considered when selecting funds. Our funds invest for the long-term and may not be appropriate for investors who plan to take money out within five years. The Fund will be exposed to stock markets and market conditions can change rapidly. Prices can move irrationally and be affected unpredictably by diverse factors, including political and economic events. The Fund will be exposed to smaller companies which are typically riskier than larger, more established companies. Difficulty in trading may arise, resulting in a negative impact on your investment. Shares in smaller companies may be harder to sell at a desired price and/or in a timely manner, especially in difficult market conditions. The Fund invests in other currencies. Changes in exchange rates will therefore affect the value of your investment. In certain market conditions some assets may be less predictable than usual. This may make it harder to sell at a desired price and/or in a timely manner. In extreme market conditions redemptions in the underlying funds or the Fund itself may be deferred or suspended.

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Marlborough House, 59 Chorley New Road, Bolton, BL1 4QP

Intermediary Support. 0808 145 2502

Email. [service@marlboroughgroup.com](mailto:service@marlboroughgroup.com)

Website. [marlboroughgroup.com](http://marlboroughgroup.com)

