



RWC Continental European Equity Fund

31st July 2019

Fund Aim

To provide capital return and income to investors by investing primarily in Continental European equity securities

Fund AUM	€68.4m
Team AUM	€130.7m
Firm AUM	€15,045.8m

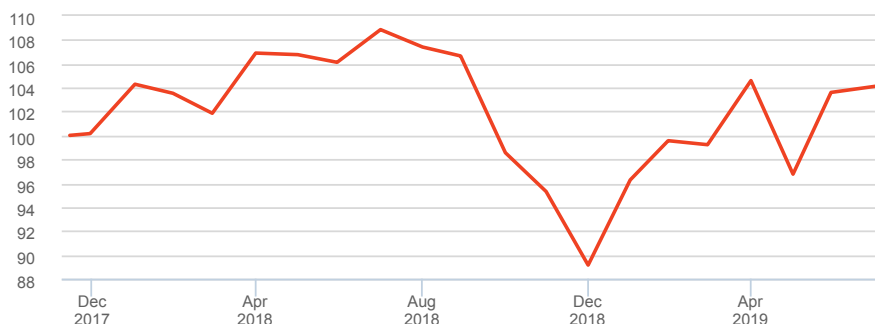
Fund Details

Managers	Graham Clapp Russell Champion
Launch Date	14th December 2017
Structure	UCITS IV Lux SICAV
Domicile	Luxembourg
Share Classes	EUR, GBP
Minimum Investment	
Share Class B	10,000,000
Share Class R	25,000
Share Class S	100,000,000
Annual Management Charge	
Share Class B	0.80%
Share Class R	0.80%
Share Class S	0.60%
Distribution Frequency	Semi-Annual
XD Dates	28 Jun, 31 Dec
Pay Dates	11 Jul, 14 Jan
Dealing - Subscriptions	Daily
Dealing - Redemptions	Daily
Dealing Cut Off	13:00 CET
Administrator	Brown Brothers Harriman
Auditor	PricewaterhouseCoopers (LUX)

Fund Codes

Share Class	ISIN	Sedol	Bloomberg
B EUR	LU1697531488	BF8F669	RWCEBEC LX
B GBP	LU1697531561	BF8F6R0	RWCEBGC LX
R GBP	LU1697531728	BF8F744	RWCERGC LX
S EUR Dist.	LU1966011980	BJVM698	RWCESED LX

Cumulative Performance - Class B EUR



Cumulative Performance (%)

	NAV per Share	1M	3M	YTD	1Y	SI
B EUR	104.12	0.50	-0.45	16.80	-4.35	4.12
MSCI Europe ex UK TR		0.25	0.32	17.62	2.11	4.12

Discrete Monthly Performance - Class B EUR (%)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2019	8.00	3.42	-0.34	5.41	-7.49	7.07	0.50	-	-	-	-	-	16.80
2018	4.13	-0.73	-1.62	4.95	-0.12	-0.60	2.58	-1.34	-0.70	-7.59	-3.30	-6.47	-10.99
2017	-	-	-	-	-	-	-	-	-	-	-	0.15	0.15

Commentary

The MSCI Europe Ex-UK index was relatively flat in July, up 0.3%, despite continued downgrades to earnings expectations as we enter first half reporting season. A deteriorating outlook for global growth was offset by indications of more accommodative monetary policy from major central banks, that culminated in the Federal Reserve cutting the Federal Funds Target Rate for the first time since December 2008. The fund outperformed modestly, up 0.5%, driven by stock picking, with positive sector allocations of overweight Technology and underweight Financials being offset by an underweight position in the Consumer Staples sector, which outperformed.

Grifols continued its strong performance, up 13% in July. The company has made a number of strategic investments in recent years to drive the long term success of the business. This includes expanding its plasma collection network, which has weighed on margins of the business in the short term. These headwinds are beginning to abate and strong organic growth is now being delivered with improving profitability. This became clear in its Q2 results, which showed a sequential adjusted EBITDA margin improvement of c190bp versus Q1. We expect Grifols to show margin improvement ahead of consensus and if albumin clinical studies in Alzheimer's are successful the stock could materially outperform.

Oil Services company CGG rose 21%, despite a negative oil price movement during the month. After a severe downturn, the seismic industry is now starting to show a recovery. The participants have rationalised capacity and with improving demand industry utilisation and contract pricing is picking up. The company has transformed its business model into a more asset light model, disposing of its acquisition vessels, which should allow the business to become less cyclical and more cash generative. We expect the company to continue to participate in a recovery of the offshore market, as well as from a replacement cycle from its Sercel equipment business.

Hexagon was written up as a top contributor last month, unfortunately this month that performance reversed as the stock fell -10%. Weaker demand in China caused a slowdown in its regional electronics business. The company announced restructuring to counteract the revenue weakness. Hexagon has been a good long-term performer with a diversified portfolio of technology businesses, we believe the shares will recover as trade talks between the US and China conclude.

Kering fell 10% in July, with the company reporting Q2 results where organic growth at key brand Gucci slowed to 12.7%, slightly below market expectations. Given the recent brand momentum the company has very tough comparators in 2019, operating income at Gucci had increased threefold from 2015 to 2018. Despite this minor like-for-like slowdown, we still believe Kering remains attractively valued in the context of the wider luxury sector. The share price is implying a major slowdown which we think is unlikely given sustained momentum in Gucci and the turnaround opportunity at a smaller brand. We increased our position following the results.

Please note Firm AUM includes emulation account values from the previous month-end.

Past performance is not a guide to the future. The price of investments and the income from them may fall as well as rise and investors may not get back the full amount invested.

Total Fund returns are calculated on a NAV-NAV basis net income reinvested and are shown net of all fees.

Source: RWC

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Exposure Summary (%)

Equities	97.5
Cash	2.5

Top Ten Long Positions (%)

Novo Nordisk A/S Class B	3.9
EssilorLuxottica SA	3.3
Kone Oyj Class B	3.3
Kerry Group Plc Class A	3.2
Erste Group Bank AG	3.1
Safran S.A.	3.0
Grifols S.A. Class A	2.9
Alten SA	2.9
Sonova Holding AG	2.9
Pernod Ricard SA	2.8

Security Breakdown

Total No. of Securities Held	45
Top Ten Positions*	31.3

Market Cap Breakdown (% of NAV)

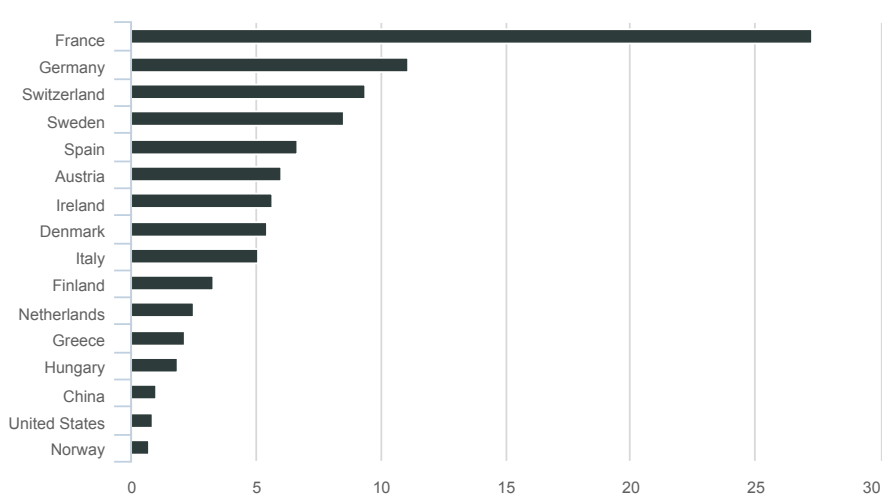
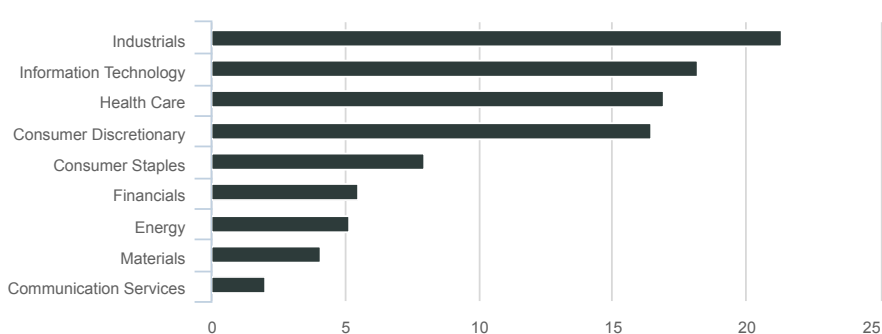
> \$25bn	30.0
\$10bn - \$25bn	28.4
\$1bn - \$10bn	40.1
< \$1bn	1.6

Statistical Analysis

	Fund
Active Share	88.3

Additional Share Class NAV & Performance

Share Class	NAV	1 Month (%)	YTD (%)
B EUR	104.12	0.50	16.80
B GBP	107.93	2.13	18.33
R GBP	103.06	2.12	18.27
S EUR Dist.	103.70	0.52	5.01

Geographic Breakdown (%)

Sector Breakdown (%)


The S EUR DIST Share class launched on 29/03/2019.

The information above may differ from figures published elsewhere due to differences in the standard deviation calculation methodology used. The above figures are quoted based upon the population methodology.

*Percentage of NAV.

Source: MDO, Factset (using GICS Sector Classifications via MSCI).

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