

SOLID FUTURE DYNAMIC FUND

SHARE CLASS A

Factsheet as at 30th June 2024

Month end NAV as at 25th June 2024



Investment Objective and Policy

The Fund aims to deliver a return over and above that of the MSCI All Country World Index in Euro. To achieve the fund's investment objective, the Investment Manager shall invest in a flexibly managed and diversified portfolio of equities and ETFs, across a wide spectrum of industries and sectors. The Investment Manager may invest in these asset classes either directly or indirectly through UCITS Funds and/ or eligible non UCITS Funds. The Fund is actively managed and does not seek to replicate the MSCI All Country World Index. Therefore the Fund is not managed by reference to any benchmark index.

Sustainability

The Fund is classified under Article 6 of the SFDR meaning that the investments underlying this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Key Facts

Asset Class	Balanced
Fund Launch Date	25-Oct-2011
Share Class Launch Date	25-Oct-2011
Fund Base Currency	EUR
Share Class Currency	EUR
Fund Size (AUM)	42.3 EUR
Benchmark	MSCI ACWI FP Equity
Fund Type	UCITS
ISIN	MT7000003679
Bloomberg Ticker	SFUDYNA MV
Distribution Type	Accumulating
Minimum Initial Investment	2,500 EUR
Month end NAV	252.27 EUR

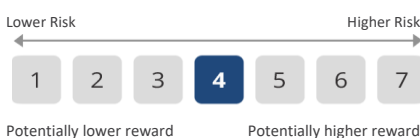
Charges

Total Ongoing Charges	3.23%
Entry Charge	0.75%
Exit Charge	Y ₁ 5.00%
	Y ₂ 4.00%
	Y ₃ 3.00%
	After Nil

Currency fluctuations may increase/decrease costs.

Risk and Reward Profile

This section should be read in conjunction with the KIID



Asset Allocation *

Equities	86.2
ETF	8.5
Fund	4.3
Cash	1.0

Currency Allocation *

EUR	21.8
USD	75.8
GBP	2.5

* Without adopting a look-through approach

Country Allocation **

	%	Benchmark Deviation
North America	69.6	2.2
Europe ex UK	13.8	2.2
Emerging/Frontier Markets ex China	10.2	2.7
Japan	3.7	-1.4
Asia Pacific ex Japan	1.7	-0.3
UK	0.9	-2.4

Top 10 Holdings

Alphabet Inc	5.8
Bank of America Corp	5.0
Amazon Inc	4.8
Uber Technologies Inc	4.8
Walt Disney Co	4.6
Samsung Electronics Co Ltd	4.6
Pfizer Inc	4.3
BSF - European Opp	4.3
Taiwan Semiconductor	4.2
Microsoft Corp	3.9

% of Top 10 Holdings 46.3

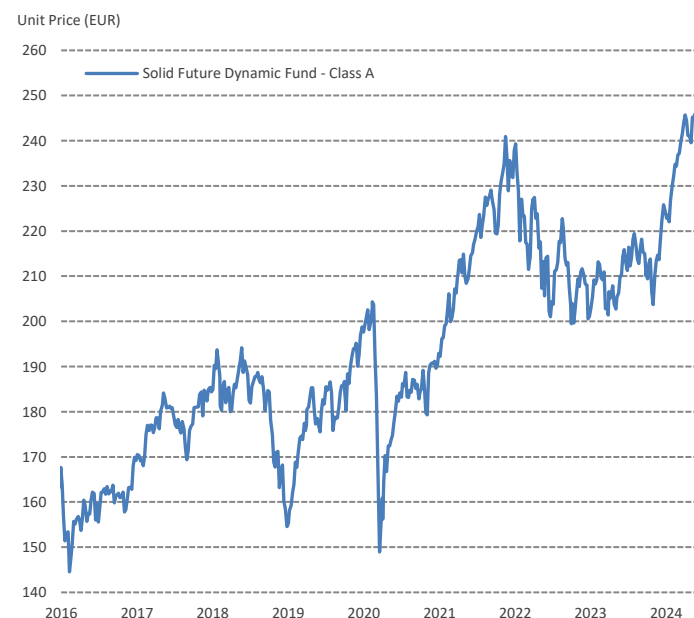
Sector Allocation **

	%	Benchmark Deviation
Technology	28.9	3.0
Financials	15.5	-0.4
Communications	14.1	5.5
Consumer Discretionary	13.9	4.1
Health Care	9.9	-0.9
Industrials	8.3	-1.0
Consumer Staples	3.5	-2.9
Basic Materials	2.3	-2.1
Energy	1.7	-2.7
Real Estate	1.0	-1.0
Utilities	0.1	-2.4
Other	0.8	0.8

** Including exposure to CIS, adopting a look-through approach. 'Benchmark Deviation' refers to overweight/underweight exposure vs Benchmark

Historical Performance to Date

Past performance does not predict future returns



Performance History ^{1,2}

	Cum.	Ann.
YTD	12.34	
1-month	3.35	
3-month	3.40	
6-month	12.34	
9-month	20.12	
1-year	19.39	19.39
3-year	14.70	4.70
5-year	38.83	6.77
2023		11.67
2022		-15.44
2021		23.26
2020		-2.37
2019		27.85
2018		-16.15
2017		8.93

¹ Returns quoted net of TER. Entry and exit charges may reduce returns for investors.

² The Annualised rate is an indication of the average growth of the Fund over one year. The value of the investment and the income yield derived from the investment, if any, may go down as well as up and past performance is not necessarily indicative of future performance, nor a reliable guide to future performance. Currency fluctuations may affect the value of investments and any derived income.

Introduction

While the global macroeconomic landscape provided little reasons to cheer in June, financial markets continued looking resilient, as particularly some geographical equity markets defied gravity. As leading macroeconomic data points focused on the tedious battle to bring inflation within long-term averages are displaying the side-effect of subsiding economic growth, market participants remain indifferent to the real street economic travails enjoying one after another market all-time high. In spite of international financial institutions voicing concern regarding potential long-term inflationary trends determined by de-globalization and climate change, markets remain cautiously optimistic, as updates regarding projected global GDP growth hover around 3%, a modest decrease from last year. Even the US economy, despite its strong market performance, is expected to decelerate on a background of still elevated interest rates. Beyond that, solely ongoing geopolitical uncertainties and upcoming global elections seem to make markets move as the year wears on. While European elections posted a better than expected outcome as political blocks on the centre seems to have kept control of the European Parliament, snap elections in France took European markets by surprise. While the upcoming UK elections look like a non-event, all eyes are slowly turning toward the big event this year, the US elections. They are currently looking more at the candidates' profiles, than their intended economic policies, maybe because irrespective of who's going to reside at the White House or which party will control the Congress, markets are expecting to see more of the same. The only notable difference at this point might be another corporate-friendly tax break under a Republican win scenario, even under a deteriorating fiscal balance and increasing national debt for the largest world nominal economy. The only certainty so far is that markets have exceeded yet again pundits' expectations, while volatility remains a distant memory. We will find eventually if this market is for real or not.

From the monetary front, FED officials left interest rates unchanged during their monthly meeting and projected only one interest rate cut before the end of the year, as their main concern remains avoiding a premature end of the current tightening cycle. It was mainly the interest rates path projections that surprised markets, as estimates released by FOMC members in March were pointing to three interest rate cuts this year. During his conference, FED Chair Powell was clear as regards their conservative approach after months of zigzagging inflation. In Europe, the ECB finally operated a 0.25% interest rate cut as expected, a first since 2019. However, uncertainty remains as regards its actions going forward. Markets now expect another two interest rate cuts by year-end, from at least five in January. While the bank is seen revising up its growth and inflation projections slightly, this should not derail its expectations that inflation will return to target in late 2025.

The hottest sectors on equity markets, namely technology and communications, went into overdrive in June as both mantras which dominated the financial community lately (read AI and Magnificent 7) dominated returns once again. IT was notable that we have seen an improved breath compared to last month, which offers some hope that such positive performance might be sustainable over the short term. However, the same high expectations regarding future earnings generation power remains the main driver for the AI investment theme, while market analysts do see the gap in earnings growth between this particular theme and the rest of the market closing in in the coming quarters. This would warrant at least theoretically also a rebalancing between performances achieved, and thus recommending some sort of sector rebalancing at this stage. Current market momentum makes such action close to impossible for short-term-focused market participants, but in a fast-changing market one should not forget that every investment idea has a lifespan shorter than usual. As the next earnings season is almost upon us, one should be prepared for all scenarios.

Market Environment and Performance

In June the Euro area economy moved closer to stabilization, as Purchasing Managers' Index (PMI) indicators showed, although growth somewhat cooled to a three-month low. Services slowed (reading of 52.8 versus the previous month reading of 53.2) while manufacturing shrank at a faster pace (reading of 45.8 versus a previous month reading of 47.3). Overall, the softening of demand, the rate of job creation and a cooling of price pressures, all contributed to curbing the rise in activity levels. Headline inflation eased to 2.5% from 2.6% in May, while core rate excluding volatile food and energy prices remained steady at 2.9%.

The US economy started to show signs of improvement, as both the manufacturing (reading 51.6 v 51.3) and service (reading 54.8 v 54.8) sectors noted modest growth. New orders climbed for the second month in a row, while employment levels rose for the first time in three months. The latest inflation release showed a modest slowing, as headline inflation fell for a third straight month to 3% in June 2024, the lowest since June 2023, compared to 3.3% in May and below forecasts of 3.1%. Core inflation too eased to a three-year low at 3.3%.

In June equity markets posted the most sector-unbalanced monthly performance in a long time as the continuation of the rally toward new all-time highs has been carried out almost exclusively by the technology and communications (read Alphabet and Meta Platforms) sectors. Briefly, the same AI hype seen last month has rejuvenated the performance differential gap growing evermore wider between the Big Tech names and the rest of the market. Like last month, also geographies continued diverging due to the local indexes technology weightings, while the Chinese market rally from last months has fizzled out. The S&P 500 index gained 4.75% with all sectors achieving a positive return except consumer staples. European markets were negatively impacted by the snap French elections result expectations as the EuroStoxx50 and the DAX lost 1.80% and 1.42% respectively.

Fund Performance

In the month of June, the Solid Future Dynamic Fund registered a 3.35 per cent gain, outperforming its hedged comparable benchmark by 156bps. The Fund' allocation has been adjusted, as the Manager repositioned it to better respond to the recent market developments. New conviction names Adyen, Vinci SA and Airbnb have been added based on strong business models and balance sheets compounded by very attractive entry points compared to our in-house valuations. As well, we have reinitiated a position in the WisdomTree Artificial Intelligence ETF on expectations that the current momentum in the said investment-theme shall continue in the following quarters. The DHL Group, Banco Santander, BNP Paribas and Lowe's Corp holdings have been liquidated as in all cases there is limited upside potential in our view and decided to monetize accrued gains, while also looking to avoid a potential headwind coming from the upcoming French elections. Finally, the iShares US Property Yield UCITS ETF holding was trimmed as a protracted higher interest rates environment has diminished the potential upside seen in this particular sector. Cash levels have been slightly increased.

Market and Investment Outlook

Going forward, the Manager believes that although recent leading macro data points are revealing a global economy cooling off, the economic landscape remains rather benevolent, although more nuanced than in the recent past. While the trend of gradual decreasing in inflationary pressures is becoming apparent, some question marks have been raised as regards its sustainability as of late. Main cause of concern in this regard is the political platforms that the fast approaching US elections are bringing forward, whereby additional public spending in any form could give central bankers worldwide new headaches. As well, a less healthy labour market combined with a consumer already exhausted after years of having to absorb the highest inflation in a generation does warrant a cautious approach going forward. Following another unexpected leg up in market, the Manager is again somewhat sceptical as regards equity markets return potential for the remainder of the year, thus maintaining a prudent approach going forward. The Fund continues to have a diversified allocation with a focus on quality companies and business models benefitting from secular growth trends agnostic to particular macroeconomic developments. While still maintaining a slight overweight approach towards technology in general and its AI-theme in particular, the focus is on any signs of the recent rally in this space unravelling. Cash levels are slowly increased in order to adjust the Fund' positioning to any clear negative market developments.

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