

# GALILEE INNOVATION EUROPE

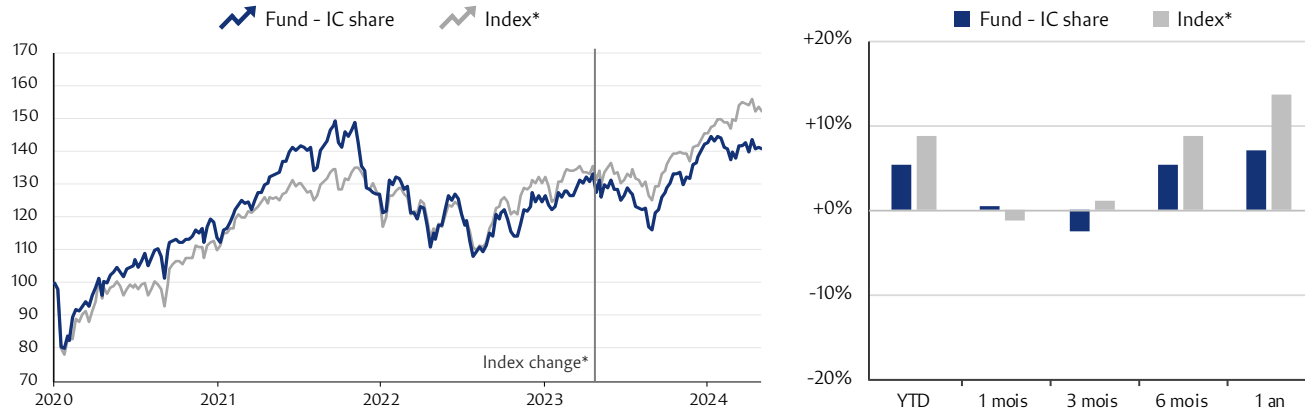
EUROPEAN GROWTH EQUITIES | MULTI-THEMATICS | SFDR 8

Objective

**Galilee Innovation Europe** equity fund follows a stock-picking strategy by investing in listed European large and midcap companies. In addition to growth and quality criteria, the selection of companies is based on the analysis of five innovation drivers reinforcing competitive advantages and barriers to entry. Eligible for the French PEA, the fund is invested at least at 75% in European equities. The management process integrates ESG criteria within the meaning of Article 8 of the SFDR regulation.

## > CUMULATIVE PERFORMANCE (%)

As of 28/06/2024	NAV	1 month	3 months	6 months	YTD	1 year	2 years	3 years	5 years
Fund - IC EUR	1 306,01	+0,4%	-2,5%	+5,3%	+5,3%	+7,2%	+24,0%	+6,9%	-
Fund - RC EUR	194,70	+0,3%	-2,7%	+4,8%	+4,8%	+6,1%	+21,6%	+3,9%	+34,2%
Index*		-1,2%	+1,1%	+8,9%	+8,9%	+13,7%	+32,5%	+22,2%	+50,2%



\*As of 01/07/2023, the fund's benchmark index is the STOXX Europe 600 NR (previously EuroStoxx 50 NR until 30/06/2023).

## > CALENDAR YEAR AND MONTHLY PERFORMANCE (%)

	Year IC	Year RC	Jan.	Feb.	Mar.	April	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.
2019	-	+25,5%	+6,1%	+2,1%	+3,3%	+3,2%	-2,1%	+5,4%	+0,4%	-0,2%	-0,9%	+1,2%	+4,4%	+0,4%
2020	+6,1%	+6,8%	-0,2%	-5,5%	-13,3%	+6,6%	+6,2%	+1,4%	+1,9%	+4,4%	+0,3%	-5,1%	+11,0%	+1,1%
2021	+30,2%	+29,3%	-1,6%	+1,5%	+4,7%	+4,2%	+1,9%	+3,4%	+4,2%	+3,0%	-4,8%	+6,3%	-0,5%	+4,2%
2022	-23,3%	-24,1%	-11,9%	-2,0%	+2,8%	-2,5%	-4,7%	-8,1%	+11,8%	-7,6%	-6,6%	+4,8%	+4,4%	-5,2%
2023	+17,1%	+16,0%	+7,0%	+2,0%	+2,2%	-0,7%	+2,1%	+1,3%	+0,2%	-2,1%	-4,8%	-4,4%	+8,7%	+4,3%
2024	+5,3%	+4,8%	+2,4%	+3,3%	+1,8%	-4,3%	+1,4%	+0,3%						

Past performance and volatilities do not predict future performance and volatilities and are not constant over time. This document constitutes neither an offer to sell nor investment advice. It is intended to provide summary information on the characteristics of the fund and its investment strategy. Before making any investment decision, it is advisable to refer to the regulatory documents of the UCITS fund. Marketing material.

# MONTHLY REPORTING

FINANCIERE GALILEE

June 2024

## SRI RISK/RETURN PROFILE



## > GENERAL INFORMATION

ISIN - IC share class	FR0013482759
Bloomberg code	FGINOV1 FP
NAV	1 306,01 €
Management fees	1,00%
Inception date	24/02/2020
ISIN - RC share class	FR0007075585
Bloomberg code	FGALAPI FP
NAV	194,70 €
Management fees	2,00%
Modification date	22/05/2017
Index*	STOXX Europe 600 NR
Subscription fees	2% max
Redemption fees	None
Ongoing charges (IC / RC)	1,10% / 2,10%
Performance fees	20% of the performance net of any fees above the index, performance positive or negative.

## > RISK INDICATORS

	1 year	3 years	5 years
Volatility	13,5%	17,6%	17,0%
Volatility (index)	10,7%	14,0%	15,7%
Beta	1,05	1,06	0,98
Sharpe ratio	0,24	0,06	0,39
Tracking error	5,8%	7,9%	8,2%
Max drawdown	-11,9%	-28,7%	-32,8%



**GALILEE**  
Asset Management

## > PORTFOLIO MANAGERS COMMENTS



**Damien Ledda**  
Portfolio Manager  
CIO



**Roni Michaly**  
Co-Portfolio Manager  
CEO

In June, our European equities fund **Galilee Innovation Europe** (a selection of growth and quality companies according to 5 innovation vectors) showed an increase of +0.4% for the IC share, compared to a decline of -1.2% for the STOXX Europe 600 NR index.

The fund outperformed over the past month by posting a slightly positive performance in a context of political tensions in France and the United Kingdom, impacting European stock markets which closed in negative territory. In terms of contribution to the fund's performance, the technology sector (9 companies currently in the portfolio) stood out, notably thanks to the strong performance of major leaders **ASML** and **SAP**. The British group **Halma**, which entered the portfolio during the year 2024 at a valuation we considered attractive, is an industrial company specializing in the marketing of safety, environmental analysis, and health solutions. The group reported good quarterly results, particularly with dynamic organic growth of around 8%, while management also follows a strong external growth strategy by regularly integrating smaller targeted companies. IT consulting and integration players (notably in cybersecurity and AI) also stood out this month, with **Accenture** potentially having hit the bottom of its activity, and the Italian company **Reply** continuing to demonstrate its managerial expertise with a convincing performance this year.

**L'Oréal** showed the weakest contribution to the portfolio this month (-0.35%). The company's CEO, Nicolas Hieronimus, indicated that he now expects the global beauty market to grow between +4.5% and +5% this year due to the weakness of the Chinese market, compared to a more optimistic forecast of +5% earlier in 2024. French political issues also contributed to the decline in the stock along with the entire domestic equity market. A new position was (re)initiated in **Nemetschek**, the European leader in specialized software for architecture, engineering, and industry. For several years, the company has shown impressive profitability levels (an average ROE of 29.5% between 2019 and 2023) while continuing to develop and gain market share. In early 2024, results were equally positive with a revenue growth of +17% for the first quarter compared to Q1 2023, and the transition to their new subscription-based business model is progressing rapidly. The company recently announced the acquisition of GoCanvas, a leading provider of collaboration software for field workers that digitizes traditional processes. The acquisition seems promising to us to complement the group's offering, enhancing the digitization of the sector.

In terms of portfolio allocation by theme, the fund is primarily exposed to the "**Silver Economy**" theme at 19.7%, and to innovative companies related to the "**Robotics and AI**" theme at 15.6% of the assets. Finally, the "**Luxury and Lifestyle**" theme completes this podium (8.7% of the assets). The fund is invested in a selection of 30 stocks from our "Innovation Europe" investment universe, comprising 250 European companies.

## > ACTIVE MANAGEMENT METRICS

Profile	Number of equity holdings	30
	Weight of top 10 holdings	48,6%
	Equity exposure rate	96,8%
	Cash	3,2%
	Active share	82,1%
Market cap	Average market cap	€91,1 bn
	Large caps (> €10 bn)	89,5%
	Mid caps (€2-10 bn)	7,3%
	Small caps (< €2 bn)	0,0%

## > MONTHLY CONTRIBUTIONS

	Best on period	Contrib.	Weight
▲	ASML HOLDING NV	+0,78%	7,5%
▲	SAP SE	+0,64%	4,8%
▲	NOVO NORDISK A/S	+0,51%	6,4%
	Worst on period	Contrib.	Weight
▼	KINGSPAN GROUP PLC	-0,25%	2,4%
▼	SARTORIUS STEDIM BIO.	-0,29%	1,7%
▼	L'OREAL	-0,35%	3,6%

## > MAIN CHANGES TO HOLDINGS

In / Increased (+)	
NEMETSCHKE SE	Info. Technology
Out / Decreased (-)	
ASML HOLDING NV (-)	Info. Technology
NOVO NORDISK A/S (-)	Health Care

## > TOP 10 HOLDINGS (%)






Our proprietary **Innovation Scorecard** model assigns each evaluated company a score from 1 to 10, representative of its innovation capacity. More than 30 qualitative and quantitative criteria are grouped into the following innovation drivers: Products, Processes, R&D Intensity, Digital and Marketing. The innovation scores of the main companies in the fund, ranked by portfolio weight, are indicated below for informational purposes.

Company name	Thematic	Innovation	Score	Weight
1 ASML HOLDING NV	Robotics and IA	Processes	9,1	7,5%
2 NOVO NORDISK A/S-B	Silver Economy	R&D Intensity	9,2	6,4%
3 SAP SE	Cloud and IoT	Products/Services	8,8	5,2%
4 ASTRAZENECA PLC	Silver Economy	R&D Intensity	9,1	5,2%
5 ACCENTURE PLC-CL A	Cybersecurity	Digital	8,0	4,8%
6 AIR LIQUIDE SA	Clean Energies	Processes	6,8	4,6%
7 AMADEUS IT GROUP SA	Travel and Leisure	R&D Intensity	8,5	4,0%
8 SCHNEIDER ELECTRIC SE	Clean Energies	Products/Services	8,6	3,8%
9 ESSILORLUXOTTICA	Silver Economy	Products/Services	8,9	3,6%
10 L'OREAL	Luxury and Lifestyle	Marketing	7,5	3,5%

## > INVESTMENTS BREAKDOWN (%)

France	25,4%	Info. Technology	30,0%	EUR	65,7%
Germany	15,4%	Health Care	25,5%	SEK	10,0%
Italy	11,1%	Cons. Discretionary	12,7%	CHF	7,3%
Britain	7,8%	Industrials	12,6%	DKK	6,4%
Netherlands	7,5%	Materials	9,7%	USD	4,8%
Switzerland	7,3%	Cons. Staples	3,5%	GBP	2,6%
Ireland	7,1%	Energy	2,8%		
Denmark	6,4%				
Sweden	4,8%				
Spain	4,0%				
Cash and other	3,2%	Cash and other	3,2%	Cash and other	3,2%

## > THEMATIC BREAKDOWN

 Silver Economy	19,7%
 Robotics and IA	15,6%
 Luxury and Lifestyle	8,7%
 Clean Energies	8,4%
 Infrastructure	8,3%

## > INNOVATION DRIVERS

 Products/Services	24,6%
 Processes	22,3%
 R&D Intensity	32,4%
 Digital	10,7%
 Marketing	6,9%

## > FUND CHARACTERISTICS

Custodian	CIC Market Solutions
Type of share	Accumulation
Valuation frequency	Daily
Currency / French PEA	Euro / Yes
SFDR classification	Article 8
P/E forward 12m	27,1x
PEG	1,8x
Net debt/EBITDA	0,3x
Return on invested capital	24,7%
Sales growth (3Y-CAGR)	+9,5%
EPS growth (3Y-CAGR)	+15,1%

## > ANALYSIS METHODOLOGY: OUR ESG APPROACH

Galilee Innovation Europe fund integrates ESG (Environmental, Social and Governance) criteria into its management process using a "Best-in-Universe" approach. To this end, the management team relies on ratings provided by recognized external service providers. The ESG analysis is based on the companies' exposure to extra-financial risks as well as the quality of their risk management. Each company is thus rated on an absolute scale from 0 (low ESG risk) to 100 (high ESG risk).

The ESG quality of the portfolio is measured by a weighted average risk score that is lower than that of its investment universe, adjusted by 20% of the highest ESG risk ratings. The management team takes into account the ESG risk of companies in order to better understand the financial and societal implications of extra-financial topics, and thus select companies with full knowledge of the facts. The goal is to improve the ESG rating of the fund compared to that of its investment universe. The purpose of our approach is to ensure the fund's investments are made in a responsible and sustainable manner.

## > ESG RISK ASSESSMENT (0 : low risk – 100 : high risk)



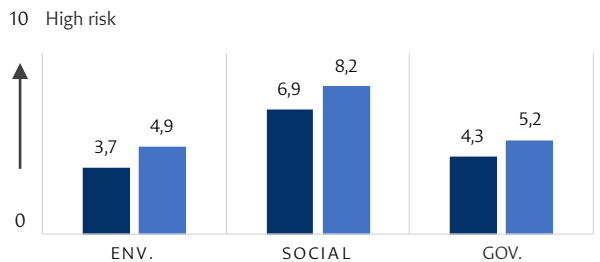
Fund coverage rate: 100% - Universe coverage rate: 100%  
 Filtered universe: initial universe less 20% of highest ESG risk companies.  
 Initial universe: investment universe dedicated to European companies only.

## > MAIN RATINGS OF THE PORTFOLIO HOLDINGS (Scale from 0 to 100)

### LOWEST ESG RISK

Company	Sector	Risk
MONCLER SPA	Cons. Discretionary	8,4
SCHNEIDER ELECTRIC SE	Industrials	8,6
ACCENTURE PLC-CL A	Info. Technology	8,7
ASML HOLDING NV	Info. Technology	8,7

## > ESG PILLARS



### HIGHEST ESG RISK

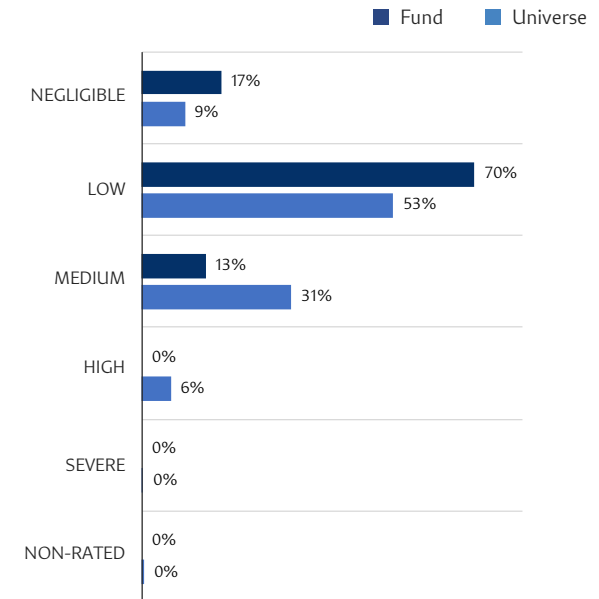
Company	Sector	Risk
BIOMERIEUX	Health Care	24,6
FERRARI NV	Cons. Discretionary	23,9
NOVO NORDISK A/S-B	Health Care	22,7
ASTRAZENECA PLC	Health Care	21,1

## > ASSESSMENT OF CONTROVERSIES

Scale from 0 to 5. Companies subject to level 5 controversy are excluded from the investment universe.

Portfolio breakdown		Number	In %
Level 0	Negligible	9	30%
Level 1	Low	5	17%
Level 2	Medium	12	40%
Level 3	Significant	4	13%
Level 4	High	0	0%
Level 5	Severe	0	0%

## > ESG RISK BREAKDOWN (% of holdings)

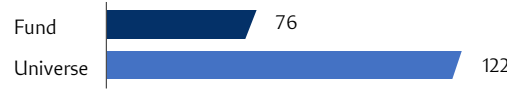


## > CARBON FOOTPRINT (t GHG/M€ invested)



Fund coverage rate: 100%  
 Universe coverage rate: 97%  
 Direct and indirect carbon emissions from scope 1 and 2.

## > CARBON INTENSITY (t GHG/M€ sales)

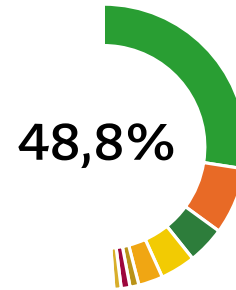


Fund coverage rate: 100%  
 Universe coverage rate: 98%  
 Direct and indirect carbon emissions from scope 1 and 2.

## > UNITED NATIONS SDG EXPOSURE (% of sales)

The fund evaluates the alignment of the activities of the invested companies the **UN Sustainable Development Goals (SDGs)**.

The percentage of revenue contributions to the SDGs of each company is weighted by its weight in the portfolio. A company can be involved in several SDGs (see glossary below). Alignment with the SDGs is indicated for information purposes as part of this reporting.



1	0,0%	No poverty	10	0,0%	Reduced inequalities
2	0,0%	Zero hunger	11	2,8%	Sustainable cities and communities
3	27,5%	Good health and well-being	12	1,0%	Responsible consumption and production
4	0,0%	Quality education	13	4,2%	Climate action
5	0,0%	Gender equality	14	0,0%	Life below water
6	0,8%	Clean water and sanitation	15	0,0%	Life on land
7	4,0%	Affordable and clean energy	16	0,0%	Peace, justice and strong institutions
8	1,0%	Decent work and economic growth	17	0,0%	Partnerships for the goals
9	7,6%	Industry, innovation and infrastructure		51,2%	No exposure

## > KEY INDICATORS

	Fund	Universe
<b>R&amp;D expenditures/sales</b>	<b>8,9%</b>	<b>4,8%</b>
Coverage rate	90%	39%
<b>Independent directors on the board</b>	<b>63,9%</b>	<b>65,9%</b>
Coverage rate	93%	91%
<b>Gender diversity on the board</b>	<b>42,3%</b>	<b>38,0%</b>
Coverage rate	97%	96%
<b>Workforce average annual growth</b>	<b>6,8%</b>	<b>4,1%</b>
Coverage rate (3-year historical)	100%	91%
<b>Signatory to the UN Global Compact</b>	<b>76,7%</b>	<b>56,6%</b>
Coverage rate	87%	67%
<b>Certified environmental policy</b>	<b>93,3%</b>	<b>79,1%</b>
Coverage rate	93%	81%

## > PARTNERSHIP



**Galilee Innovation Europe** fund supports the organization **1% for the Planet** which works to resolve environmental problems. Through this partnership, the fund supports structures of general interest which act in the field of environmental protection by donating them 1% of the fund's annual revenue.

Extra-financial data from Sustainalytics®, Galilee Asset Management as of 28/06/2024. Marketing material.  
 Past performance and volatility are not indicative of future performance and volatility and are not constant over time.  
 The information relating to the companies mentioned in this document is intended simply to inform subscribers about investments made by the fund.

## OUR VISION OF INNOVATION

Our proprietary **Innovation Scorecard** model assigns a score from 1 to 10 to each company evaluated by the management team, representing its innovation capacity. More than 30 qualitative and quantitative criteria are grouped across the following drivers of innovation: Products/Services, Processes, R&D Intensity, Digital and Marketing.

### > THE 5 DRIVERS OF INNOVATION



#### PRODUCTS/SERVICES

Stemming from incremental or disruptive innovations, new products and services boost organic growth and promote market share gains.



#### PROCESSES

Automation and industrial robotics are vectors of productivity gains and make it possible to optimize many manufacturing processes.



#### R&D INTENSITY

Research & Development spending contributes to erecting high barriers to entry as well as developing new growth drivers.



#### DIGITAL

Digital is a major vector of innovation thanks, in particular, to the digitization of traditional activities and the growing power of artificial intelligence.



#### MARKETING

Marketing innovation helps support the launch of new products, improve the customer experience and offer highly customizable services.

### > INNOVATION SCORECARD, OUR DEDICATED MODEL

