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**Benjamin Moore**  
Fund Manager  
Since: 01/04/2019

### Fund Information

**You are investing in a fund that is actively managed in reference to the benchmark below. Please refer to the Prospectus and KIID/KID for the Fund objective.**

**Fund Benchmark:** FTSE World Europe ex UK Index

**Inception Date:** 18/01/2012

**Fund Currency:** EUR

**Fund Domicile:** Luxembourg

**SFDR:** Article 8\*

## FUND COMMENTARY – JUNE 2025

### CT (Lux) European Select

#### Summary

- European equity markets declined in June.
- The fund performed broadly in line with its benchmark index on a gross basis.
- Top relative contributors included ASM International and the zero weight in Nestlé.
- Detractors included Inditex and the lack of exposure to Airbus.

#### Market Background

European equities dipped in June as concerns about the impact of US trade tariffs and conflict in the Middle East triggered profit-taking. A stronger euro weighed on sentiment towards exporters. The fund's benchmark returned -1.1% for the month in euros.

Early in June, equities rose in anticipation of easing monetary policy in the eurozone and further fiscal stimulus in Germany. Expectations for a rate cut mounted as the preliminary eurozone inflation data for May was below the European Central Bank's (ECB) 2% target for the first time since September 2024. The ECB cut rates by 25 basis points two days later, though Christine Lagarde struck an unexpectedly hawkish tone, suggesting rate cuts had 'nearly concluded'. Meanwhile, Germany announced tax breaks to stimulate the economy.

Risk appetite later dwindled as oil prices rallied after Israel and Iran traded fire. Fears that Iran could block the Strait of Hormuz wobbled equity markets. However, the oil price later stabilised following US intervention in a long-range attack on Iran's nuclear capabilities and a subsequent ceasefire agreement between Iran and Israel. This sparked a relief rally, but European equities were held back by concerns about US tariffs scheduled for 9 July. More positively, towards month-end, the US and China reached a deal to reduce tariffs and export controls and normalise trade in rare earth minerals.

Eurostat's final estimate of first-quarter (Q1) GDP growth for the eurozone was revised up to 0.6%, twice the previous estimate, due to growth in Ireland and Germany. The preliminary estimate of June's composite eurozone purchasing managers' index (PMI) remained unchanged, with growth close to stalling; however, the final version in early July showed a better picture as the services PMI edged into growth territory.

Within the fund's benchmark, energy was the best-performing sector, followed by utilities and real estate. Consumer staples, consumer discretionary and communication services fared worst. By country, Turkey, Greece and the Czech Republic were the top performers, while Denmark, Sweden and Belgium were weakest.

#### Performance

On a gross basis, the fund performed broadly in line with its benchmark index. Stock selection was favourable, and country positioning was broadly neutral. Sector

\*The Fund promotes environmental or social characteristics and is categorised as Article 8 under the EU Regulation 2019/2088 on sustainability-related disclosures in the financial services sector (SFDR). (Please refer to [www.columbiathreadneedle.co.uk](http://www.columbiathreadneedle.co.uk) for further disclosures. The decision to invest in the promoted fund should take into account all the characteristics or objectives of the promoted fund as described in its prospectus.)

positioning detracted, especially the overweight in consumer discretionary and zero weights in energy and utilities.

Top relative contributors included semiconductor manufacturing equipment supplier ASM International. The shares were supported by renewed optimism about AI-driven chip demand and increased expectations for US interest-rate cuts. The lack of exposure to Nestlé was also beneficial. The shares underperformed amid concerns that foreign exchange volatility could weigh on earnings.

Detractors included Inditex. While the clothing company reported year-on-year increases in revenue and earnings for Q1, the results missed forecasts due to unfavourable foreign exchange effects. The company reiterated its full-year margin guidance. The zero weighting in Airbus detracted too; the shares rose after the firm confirmed its 2025 guidance and pledged to increase its dividend.

## Activity

We opened positions in AXA and Pandora. AXA is a global composite insurer with high exposure to growth through its non-life and health insurance divisions. The position will help us diversify our insurance exposure. The business is defensive, and the stock has an attractive valuation and is highly rated by our research team. Jeweller Pandora benefits from its scale, which gives the company a cost advantage in branded jewellery. Sales momentum in the US is strong, and the market remains underpenetrated. The company also has a strong market position in Europe and Australia. Q1 results highlighted an improvement in margins and strong guidance.

We sold out of luxury carmaker Ferrari. Following a period of resilient share-price performance, the stock is now very expensive. We also wanted to reduce our exposure to the luxury goods sector.

## Outlook

Inflation, interest rates, growth and tariffs continue to dominate markets. Tariffs could restrict global growth, but Trump's volatile dealmaking makes this unpredictable. A solution to the Ukraine war seems no closer, with US support uncertain and Putin's belligerence on the increase. This means higher defence expenditure in Europe is likely in order to support Ukraine and bolster defences for others. Germany is relaxing the debt brake on infrastructure and defence, which could potentially encourage other European governments to increase capital expenditure.

In the US, the Republican majority in Congress, combined with use of presidential decrees, is enabling Trump to push through controversial policies on immigration, taxation, energy prices, trade tariffs and global conflict. All of these have an element of unpredictability as Trump deal-makes to cement his legacy. Negotiations regarding tariffs continue.

European stocks are still trading at a substantial discount to US peers, and the risk premium in Europe is more attractive too. Europe is not only attractive on valuation grounds; inflation has proved to be less sticky, and, as a result, there is now wider dispersion in rate-cut expectations, with Europe better placed than the US. Falling interest rates stand to benefit the longer-term, high-quality business models we own. The European consumer is in a stronger position too, with more excess savings than US counterparts. The first half of 2025 may show slow growth, but the second half should be better. Trump's proposed tariffs have caused some short-term turmoil in markets, but they have brought a lower oil price, which reduces costs and inflationary pressures in Europe – supporting the case for lower interest rates both in absolute terms and relative to the US.

Despite the softness in the European economy, many of the businesses we own are global leaders, generating profits worldwide. As such, they are less exposed to the domestic European economy. Longer term, the NextGenerationEU plan, the use of AI to boost productivity and increased capital expenditure may reinvigorate European growth. Banks and European corporates have strong balance sheets, which supports capital expenditure and renewed lending.

As always, there are risks – notably geopolitical tensions, tariffs, a weak economic outlook and a fragmented European marketplace – but there are still a number of reasons to invest in Europe.

In European equities, there are reasons to remain optimistic. Earnings have been resilient, and, over the longer term, share prices tend to follow earnings. Good companies continue to grow, and we are still seeing opportunities in the current market. In managing this high-conviction fund, our focus is on stock selection. We seek to identify high-quality companies with the pricing power to sustain strong returns.

## 12M Rolling Period Return in (EUR) - as at 30 June 2025

Past performance does not predict future returns and future returns are not guaranteed.

	06/24- 06/25	06/23- 06/24	06/22- 06/23	06/21- 06/22	06/20- 06/21	06/19- 06/20	06/18- 06/19	06/17- 06/18	06/16- 06/17	06/15- 06/16
Fund (Gross) %	0.95	15.50	26.93	-18.99	30.81	7.16	9.97	6.07	14.72	-3.97
Index (Gross) %	8.76	14.81	20.02	-10.33	30.07	-1.02	6.67	1.79	22.14	-9.60

Source: Columbia Threadneedle Investments as at 30/06/2025. Gross of fee fund returns are time-weighted rates of return net of commissions transactions costs and non-reclaimable taxes on dividends interest and capital gains using pricing of investments which is either the last traded price or a bid basis. Cash flows are factored as of the end of the day and exclude entry and exit charges. Index returns include capital gains and assume reinvestment of any income. The index does not include fees or charges and you cannot invest directly in it. The return of your investment may change as a result of currency fluctuations if your investment is made in a currency other than that used in the past performance calculation.

For detailed information on Fund Changes please see Significant Events - Threadneedle (Lux) Funds PDF available on [www.columbiathreadneedle.com/en/changes](http://www.columbiathreadneedle.com/en/changes)

## Key Risks

The value of investments can fall as well as rise and investors might not get back the sum originally invested.

Where investments are in assets that are denominated in multiple currencies, or currencies other than your own, changes in exchange rates may affect the value of the investments.

The Fund has a concentrated portfolio (holds a limited number of investments and/or has a restricted investment universe) and if one or more of these investments declines or is otherwise affected, it may have a pronounced effect on the Fund's value.

The Fund may invest in derivatives (complex instruments linked to the rise and fall of the value of other assets) with the aim of reducing risk or minimising the cost of transactions. Such derivative transactions may benefit or negatively affect the performance of the Fund. The Manager does not intend that such use of derivatives will affect the overall risk profile of the Fund.

An investment style bias can impact a Fund's performance relative to its benchmark in a positive or negative way. No investment style performs well in all market conditions. When one style is in favour another may be out of favour. Such conditions may persist for short or long periods. A Fund exhibits a growth style bias relative to its benchmark if the majority of the Fund invests in companies with above average growth rates, or good growth potential (based on indicators such as earnings and sales growth) relative to its benchmark. However, there is no guarantee that such companies will continue to show such characteristics in the future. A Fund's investment style may also change over time.

The Fund applies a range of measures as part of its consideration of ESG factors, including the exclusion of investments involved in certain industries and/or activities. This reduces the investable universe, and may impact the performance of the Fund positively or negatively relative to a benchmark or other funds without such restrictions.

The fund typically carries a risk of high volatility due to its portfolio composition or the portfolio management techniques used. This means that the fund's value is likely to fall and rise more frequently and this could be more pronounced than with other funds.

The risks currently identified as applying to the Fund are set out in the "Risk Factors" section of the prospectus.

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The Fund is a sub-fund of Columbia Threadneedle (Lux) I, a Luxembourg domiciled investment company with variable capital ("SICAV"), managed by Threadneedle Management Luxembourg S.A..

The SICAV's current Prospectus, the Key Investor Information Document (KIID)/Key Information Document (KID) and the summary of investor rights are available in English and/ or in local languages (where applicable) from the Management Company Threadneedle Management Luxembourg S.A., International Financial Data Services (Luxembourg) S.A., your financial advisor and/or on our website [www.columbiathreadneedle.com](http://www.columbiathreadneedle.com). Threadneedle Management Luxembourg S.A. may decide to terminate the arrangements made for the marketing of the SICAV.

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