Oriflex BP Regeling
Oriflex Europa
Stichting Pensioenfonds Atos Origin
Tweede Kwartaal 2025

BLACKROCK

Omvang fonds

Waarde begin van de periode	€ 2,203,560
Waarde eind van de periode	€ 2,310,756

Rendement

%	Kwartaal	Jaar tot op heden	3-Jaars Ann.	5-Jaars Ann.	10-Jaars Ann.
Fonds	8.42%	1.21%	12.40%	9.91%	5.97%
Benchmark	3.28%	8.58%	13.06%	11.52%	6.63%

Investment Review

The fund outperformed its benchmark over the quarter.

We started the quarter with a bang, as “Liberation Day” threatened higher-than-anticipated US tariffs on European goods, as well as on countries key to many of Europe’s consumer goods value chain. Double digit European equity declines were widespread in the days following, led by YTD winners such as banks and areas within industrials, including defence. The risk-off trade was, however, short lived. By the end of Q2, the market was back to pre-Liberation Day levels as the worst-case tariff scenario was taken off the table by a 90-day pause and positive progress on negotiations with China and the UK.

Earnings and conference season refocused a degree of attention back on fundamentals and earnings over the period. Market leadership remained unusually narrow, however, concentrated in the few sectors seeing earnings upgrades: aerospace and defence, insurance and European banks. Near-term earnings revisions have gravitated towards downgrades, particularly in consumer goods, areas of industrial production, and where the currency headwinds of a weaker US-dollar are apparent. The same has been true in global equity markets. While pockets of weakness exist, global growth continues to grind ahead as spending on both sides of the Atlantic remains healthy and hard data readings are admittedly unexciting, yet still positive at the margin.

Attribution

The Fund returned +6.2% in Q2’25 (EUR, primary share class, net of fees), outperforming the MSCI Europe Index’s +2.5% return (EUR).

Holdings in aerospace companies, MTU and Safran, were amongst the top contributors as the firms communicated bullish messages regarding civil aero aftermarket trends at the Paris Air Show. Shares in MTU performed particularly well as the company raised 2025 guidance reflecting their stronger organic growth prospects, particularly in their Spare Parts division.

The portfolio's holdings in banks - Commerzbank, AIB, UniCredit and NatWest - all contributed positively. Momentum in the shares continued as Q1'25 earnings results remained robust, despite rates being cut. In particular, net interest income (NII) showed resilience and there was no deterioration in asset quality. We continue to hold a high conviction in the banks in the medium term as valuations remain well below historical averages on a capital adjusted basis, despite the rerating so far this year.

Shares in ASMi and BE Semiconductor rose as semiconductor companies benefitted from improved sentiment around the AI theme. BE Semiconductor also released encouraging long-term targets for revenue, gross profit and operating margin. Whilst the company is not yet seeing any reacceleration in end market activity, we believe they are well placed for the next semiconductor cycle, especially due to their strong focus on gross margin expansion driven by a mix of new hybrid bonding and thermo-compression bonding tools and further cost efficiencies.

Kongsberg was a driver of outperformance as defence companies benefitted from news flow coming from the 2025 NATO Summit which exceeded market expectations. NATO allies have agreed to spend 5% of GDP on defence, and related infrastructure and security, by 2035, equalling a $371bn incremental spend on core defence over the next 10 years if the target is met. This has further underpinned our belief that the defence industry is well set to outperform the market on a multiple year basis. Although shares have re-rated significantly since the start of the year, we believe they are not yet close to pricing in the real outer-years’ impact of the fiscal stimulus to come.

Software company, Nemetschek, contributed to active returns after reporting solid Q1'25 results. Nemetschek has been able to consistently exceed earnings expectations since mid-2024 and this has continued with a 2% beat in revenue. This was driven by the Subscriptions and SaaS part of the business which is now close to 70% of group revenues and continues to increase.

A weakening US dollar negatively impacted dollar earners over the quarter. This was a driver of Linde’s declining share price, as well as pressures from weak gas volumes. US exposure was also a headwind for London Stock Exchange, which saw a decrease in profitability due to dollar moves. There has also been a broader rotation to Continental Exchanges which has disadvantaged LSE.

CVC and Partners Group provided negative attribution as the uncertain economic environment continues to disadvantage the ability for private equity firms to complete exits and crystalise performance fees. As uncertainty and volatility seems set to remain in the market over the near term, we have continued to reduce our exposure to private equity firms in the fund.

A holding in Thales dragged after a period of strong performance. The management team noted caution around expectations for French defense spending as the precarious state of the national budget means immediate capital availability may be limited. This does not impact our long-term investment thesis as the company still offers an attractive double-digit earnings growth prospect with a strong backlog to underpin revenue growth in the medium term.

The portfolio’s more defensive businesses, such as Zurich, trailed the market’s risk-on rally.

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Portfolio positioning and changes

We have increased our exposure to the European defence industry over the quarter, reflecting our high conviction over the medium to long term. As part of this, we initiated new positions in Thales, Rolls Royce and Saab. Thales is one of the highest quality names in the industry and the company is set to benefit from European rearmament and French budget increases. There is a particular need in Europe for investment in ammunition, electronics and air defence which suits the products and services offered by Thales. Rolls Royce should benefit from the Strategic Defence Review announced during the quarter, which aims to raise defence spending in the UK to 2.5% of GDP by 2027 and 3% of GDP by 2034. Saab is differentiated by their short cycle defense exposure through their Dynamics division including ground-based equipment and munitions, in addition to their long-cycle programs related to aeronautics and surveillance

A new position was also started in Dutch bank ABN Amro where there is a potential for a turnaround led by the new CEO, who has shown her focus on drawing a line underneath idiosyncratic issues surrounding risk weighted asset add-ons and costs in the bank.

A new position was also initiated in Galderma, a Swiss pharmaceuticals company specialising in injectable aesthetics. Their differentiated products mean they are taking market share from competitors, despite the backdrop of weaker consumer spending. This has resulted in a path for double digit revenue growth with the potential for some margin improvement. A position in UCB was initiated as fears of tariffs caused an oversized multiple de-rating, providing an attractive entry point in shares of a company still offering an attractive growth profile. Management have been clear in communicating that the tariff impact would be 'manageable' and the market's perception of manufacturing outside of the US is incorrect.

The Fund's allocation to private equity was reduced significantly over the quarter as the environment for deployment, exits and performance fee crystallisation has become more challenging since the start of the year. Due to this we exited a position in CVC and significantly reduced a position in Partners Group.

In June, Holcim completed a spin-off of their US business, Amrize. One-for-one Amrize shares were awarded to existing Holcim shareholders. We sold our position in Amrize due to the Fund's existing exposure to the US cement market through CRH.

A position in Atlas Copco was trimmed where there is a lack of visibility in end market recovery. We also trimmed a position in Novo Nordisk as the announcement of a CEO change adds further uncertainty to the investment thesis.

At the end of the quarter, our bottom-up convictions resulted in the fund's largest overweight positioning to Industrials, Information Technology, and Consumer Discretionary. The biggest underweight positioning was in Consumer Staples, Healthcare and Utilities.

Outlook

As we approach the end of the 90-day pause on tariffs, we are still seeing significant levels of uncertainty, although the bottom-up picture of both consumers and corporates remains resilient. To navigate these periods, we continue to ask ourselves what the picture looks like for earnings and cashflows 12-18 months from now. Coming away from Q1 earnings and conference season, where our team met with several company management teams, we are encouraged by notes of green shoots in European activity and improved sentiment. As trade talks continue, we still see room for pragmatism to prevail and we see potential in Europe's renaissance moment, introducing potential for change with lasting impact to corporate earnings. From here, we will be monitoring closely the upcoming Q2 earnings season for any changes in corporate guidance and for underwriting the durability of some of the trends we have seen laid out so far into the year.

We believe with some of the significant changes going on in the market, such as fiscal policy change, that the European equity strength can continue although given the geopolitical backdrop this is unlikely to be a straight path. We would expect the shape of market drivers to change in time, with earnings becoming a larger determinant of returns. As levels of uncertainty eventually decrease, we see the potential for the earnings cycle to turn leading to a broader European market rally. We believe the portfolio is well positioned for that increased breadth, notwithstanding shorter-term drivers of volatility.

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