

# CBL US Leaders Equity Fund



Class R Acc USD

Class R Acc EUR (hedged)

February 2024

## Investment Objective

ULEF investments are concentrated on equities with a long-term growth perspective. The Fund seeks to invest in a diversified portfolio of technically attractive US stocks with desirable fundamental characteristics, including robust earnings growth, strong financial position and profitability.

## Investment Process

- Bottom-up individual stock selection
- Regular portfolio rebalancing
- Daily market monitoring
- Monthly result evaluation
- Industry diversification

## Fund Overview

Management Company	CBL Asset Management
Fund Managers	Andrejs Pilka Edgars Lao, CFA
Custodian bank	Citadele banka
Inception Date	06/01/2021
Fund Size	USD 21.2 mln
Management Fee	1.4% p.a.
Front Load Fee	0%*
Issue/redemption	Daily
Distribution Status	Accumulative
Legal Status	UCITS IV, Latvia

\*CBL Asset Management does not charge any entry fees, but the person selling you the Fund may apply their own fees. In case of buying the Fund units outside of Citadele group, please check the pricelist beforehand.

	Class R Acc USD	Class R Acc EUR (H)
ISIN	LV0000401032	LV0000400992
Bloomberg Code	CBULERA LR	CBULERH LR
Base Currency	USD	EUR
Share Class Size	12.4 mln	8.1 mln

## Performance History



## Total Return by Period

	YTD	1M	3M	6M	1Y	2Y	3Y	5Y	SI	2023	2022	2021
Class R Acc USD	10.4%	5.5%	17.0%	17.5%	32.6%	11.1%	10.3%	-	10.2%	26.7%	-24.5%	28.6%
Class R Acc EUR (hedged)	10.3%	5.5%	16.5%	16.4%	29.7%	7.6%	7.5%	-	7.8%	23.5%	-27.5%	28.2%

## Top 10 Holdings

	Weight
NVIDIA Corp	4.9%
Broadcom Inc	4.0%
Arista Networks Inc	3.7%
Eli Lilly & Co	3.1%
Meta Platforms Inc	3.1%
Microsoft Corp	3.1%
Lam Research Corp	3.1%
KLA Corp	3.1%
WW Grainger Inc	2.8%
Gartner Inc	2.7%
<b>Total</b>	<b>33.7%</b>

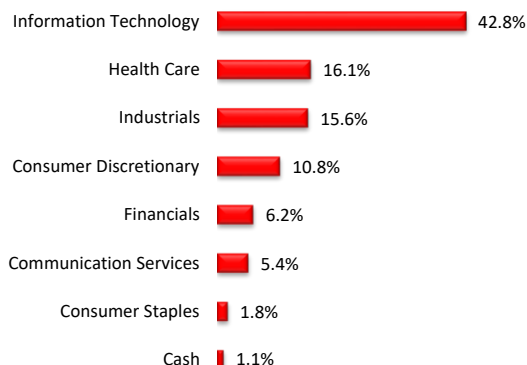
## Portfolio Statistics

Number of Holdings	40
Average Security Weight	2.5%
Median P/E	29.7
Median P/B	15.4
Weighted Average Dividend Yield	0.8%

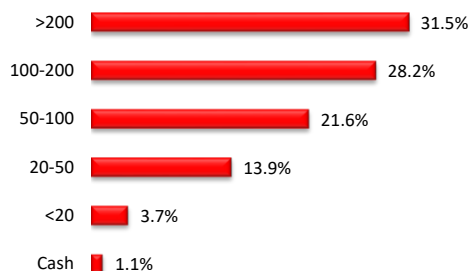
## Performance Statistics (3Y)

	R Acc USD	R Acc EUR (H)
Volatility (St. Dev., %)	18.9%	19.2%
Sharpe Ratio	0.6	0.5
Sortino Ratio	0.8	0.6
Value-at-Risk (30d / 95%)	9.1%	9.8%

## Sector Breakdown



## Market Capitalization Breakdown, bn USD



## Events of the Month

- In February global stock markets continued to grow, with most of indices renewing their all-time high. The US maintained its leadership, the main index S&P 500 jumped 5.3% over the month. European equities also moved higher, with region's broad market index Stoxx Europe 600 rising 2%. After weak start of the year Emerging market equities started to recover climbing up on average about 4.6%.
- February initially brought a negative surprise on the inflation front. US January core inflation rose 0.4% at a monthly pace, which was above forecasts of the economists and more than 0.3% in the previous month. This raised concerns among investors, as persistent inflation could potentially delay the FRS from initiating interest rate cuts. In Eurozone on the other hand inflation declined 0.4% at a monthly pace, as falling commodity prices continue to contribute to moderating CPI rate. Annual inflation rate stands currently at 3.1% in US and 2.8% in Eurozone, which still exhibits a substantial decline from a year ago.
- The predominant emphasis of investors last month was centered around the quarterly earnings reports. In US majority of companies have reported their financial results. In Q4 last year US corporations delivered average annual earnings growth of more than 7%. Most industries show robust earnings growth, with communication services and consumer discretionary showing advances of more than 20% and 30% accordingly. More importantly, the vast majority of US corporations have beat analysts estimates, which was a major supporting factor for US equity prices last month.
- In Europe currently about 75% of companies have published their reports. The results are much more modest compared to the US. Only slightly more than half of the European companies were able to exceed analysts' forecasts, with majority of sectors showing double digit earnings decline. On the bright side the sectors where our CBL European Leaders Equity Fund has the largest exposure showed robust results, namely consumer discretionary and technology sector companies delivered double digit profit growth for the whole year 2023, also beating analysts' estimates.
- The Fund increased by 5.5% in February, outpacing broad market result.

## Contributors and Detractors

- + In February, the largest positive contribution to the Fund's results came from technology and industrial sector. Among individual securities, the Fund's positions in Nvidia (+29%), Meta Platforms (+24%) and Applied materials (+23%) were among the most successful investments last month.
- All sectors in the Fund finished the month in the green zone and only few individual securities delivered negative return.

## Outlook and Strategy

We continue to believe that monetary policy easing and companies' earnings will be the main drivers for global equity markets in the near term. Although we may see some volatility in monthly inflation readings, we think that inflation will continue to moderate over next few quarters, which will gradually lead to central banks responding with lowering interest rates. Lower interest rates should provide support to equities. However, more importantly we think that earnings forecasts should start improving, especially in such sectors as technology, where the Fund has the largest exposure. We believe that rising earnings will be the main driver of continuing uptrend in global equity markets.

## Portfolio Positioning

- In February we adjusted the portfolio structure by rotating positions in consumer sector, reducing selectively our technology sector exposure and strengthening our position in industrials.

## Contact Information

CBL Asset Management  
Republikas Laukums 2a  
Riga LV-1010

Tel: (371) 67010810

asset@cbl.lv

<http://www.cblam.lv/en>

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