



ValuAnalysis launches the ValuFocus Fund, a Luxembourg UCITS targeting returns significantly above the broad equity market

- Proprietary research philosophy and framework designed to identify market-beating stocks
- Christophe Bernard joins CROCI[®] architect Pascal Costantini to lead team of seasoned stock pickers

London, 3 February 2020 – ValuAnalysis is pleased to announce the launch of the ValuFocus Fund, an actively managed fund which targets returns of two to three percentage points above global equity markets. Through its proprietary research, ValuAnalysis identifies stocks which create sustainable value for shareholders. Out of this universe, the ValuFocus Fund invests in those stocks whose competitive advantage is under-appreciated by the market. The fund is being launched with \$10m of seed capital from the founders.

The investment team is led by Pascal Costantini and Christophe Bernard, who between them have 60 years combined equity research and portfolio management experience. At Deutsche Bank, Pascal led the CROCI[®] (Cash Returns on Invested Capital) Valuation Group, which developed a unique equity research cash flow model. During Pascal's tenure, the CROCI[®]-driven investment indices reached in excess of \$10bn of assets under management.

This cash flow model, where accounting data is transformed into relevant economic numbers, has been further developed by breaking down a company's market value into its three components: Replacement Value, Franchise Value and Growth Value. This process enables the managers to identify companies whose competitive advantage is under-appreciated by market participants.

The strategy rules out companies with excessive or hidden leverage, whose economic rent is structurally below the cost of capital, or which have recently made a large acquisition. By carrying out such exclusions, ValuAnalysis strongly believes it reduces the risk of incurring severe, permanent capital loss. Sectors such as energy and natural resources, where Replacement Value cannot be easily determined, are also excluded, positioning the portfolio with a favourable CO₂ emission footprint. By virtue of the team's approach, the ValuFocus strategy tends to favour stocks which rank well against ESG criteria. Furthermore, ValuAnalysis rules out investments in companies which exhibit a poor ESG score; such companies are particularly vulnerable to regulatory and reputational risk.

Pascal Costantini, the Head of Research and Co-Portfolio Manager has 32 years' equity markets experience where he has adapted and re-engineered economic value-added models used by industry consultants into stock market valuation models. Pascal was previously Head Sector Strategy, Quantitative Equity Research and led the CROCI[®] Valuation Group at Deutsche Bank until 2009.

Christophe Bernard, Co-Portfolio Manager, has 28 years' experience in the asset management industry, managing portfolios of German, European and Global Equity Portfolios, with a record for generating consistent excess return over respective benchmarks. Christophe was an early adopter of the CROCI[®] methodology while at Deutsche Bank, prior to holding CIO positions at Vontobel and UBP.

Joakim Darras and Diarmid Ogilvy, who worked with Pascal Costantini at Deutsche Bank to develop CROCI[®], are also founders and Managing Partners of the firm. Joakim has 25 years' experience in the institutional investment arena, including as head of equity structuring at Deutsche Bank, where he



designed the CROCI[®] investable indices with Pascal. Diarmid has 26 years' experience in the investment arena and worked with Pascal as a founding member of the CROCI[®] Valuation Group.

Pascal Costantini, Managing Partner, Head of Research and Co-Portfolio Manager said: *“Accounting rules were never designed to support investment decisions. We have developed a proprietary approach that transforms accounting data into relevant economic numbers and breaks down the economic sources of value in a business. Our research process is time-consuming and laborious, but we believe this is the only way to assess the true economic value of a company. We are thrilled to have the opportunity to demonstrate how stock selection can be implemented in this way, built on decades of experience in equity research analysis.”*

Christophe Bernard, Managing Partner and Co-Portfolio Manager said: *“I am truly pleased that we can now introduce the ValuFocus Fund to the wider market. We’ve seen this proprietary approach deliver significant excess return over time. We believe it can set us apart in an environment where both quantitative and active fundamental managers have struggled to meet investors’ expectations.”*

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About ValuAnalysis

Authorised and regulated by the Financial Conduct Authority, ValuAnalysis is an independent investment boutique focusing on equities and specialising in valuation. The firm has developed a proprietary research model which identifies companies whose competitive advantage is underappreciated by market participants.

The Partners have over twenty-five years of experience using, adapting and re-engineering the 'economic value-added' models used by industry consultants into stock market valuation models. These models replicate the thought process of an entrepreneur taking real investment decisions: what capital to commit where, at which cost, and for what return. Applied to the stock market, these tools provide invaluable insight about a firm's sustainable competitive advantage and the level of its economic rent.

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