



# The EdenTree Sustainable European Equity Fund

## Discover the European Value Opportunity



### Fund Overview

The EdenTree Sustainable European Equity Fund aims to achieve long-term capital growth over five years or more with an income through a diversified portfolio of European (ex-UK) companies. The Fund seeks to invest at least 80% in companies the manager classifies as sustainable, which are making a positive contribution to both people and planet.

### Investment Focus:

Europe ex UK equity fund

### Investment Objective:

Aims to achieve long-term capital growth over five years or more with an income through a diversified portfolio of European (ex-UK) companies

### Fund Style:

Value and contrarian

### Approach:

Bottom-up stock picking, seeking attractive valuation relative to fundamentals

### Portfolio Construction:

A diversified portfolio of 40-60 sustainable companies

### Benchmark comparator:

MSCI Europe excluding UK

**Europe is home to many of the world's leading sustainable companies – offering investors access to powerful long-term growth trends, including renewable energy, the circular economy and the development of the green grid. European companies are also pioneering the technologies and equipment needed to decarbonise the economy, providing further sustainable investment opportunities.**

### The EdenTree Sustainable European Equity Fund

seeks to harness these trends. The Fund aims to invest in sustainable companies that are undervalued and offer attractive earnings and cash-flow growth. The Fund, which launched in 1999, has been managed by Chris Hiorns since 2007.

### Europe's sustainable landscape: the case for strategic investment

With its comprehensive regulations, cultural commitment and its emphasis on corporate responsibility, Europe is at the forefront of sustainable investing. Regulations such as the European Green Deal, which aims to make Europe the first climate-neutral continent by 2050, demonstrate the region's commitment to environmental sustainability and its leadership in setting ambitious climate goals.

Europe's markets are home to world-leading companies in various sectors, with strong dividends and robust corporate governance. Political developments and economic uncertainties can create opportunities for value investors to purchase high-quality companies at attractive prices. This combination of diverse market opportunities, undervalued stocks and high dividends make Europe an attractive destination for value investors seeking to uncover overlooked opportunities and achieve long-term growth.



### Value and sustainability: our investment process

The investment process of The EdenTree Sustainable European Equity Fund combines bottom-up stock-picking with a commitment to sustainable investing. Each potential investment undergoes rigorous fundamental analysis within a value-oriented framework as well as being evaluated using our sustainability assessment, the EdenTree Standard.

The Fund's emphasis on value means that it takes an inherently contrarian stance, focusing on stocks that are out of favour. The Fund seeks to avoid companies that are 'value traps' and also companies trading at excessive valuations, which can arise during bouts of market speculation. The Fund achieves this by investing in companies that are trading at attractive valuations yet still maintain strong market positions, enabling them to grow over time.

### The Fund's holdings fall into three main categories: income accumulators, contrarian plays and value with hidden growth.

- **Income accumulators** are well-established businesses with relatively stable earnings and strong cash flows that are distributed to shareholders via dividends. The Fund looks for companies with a long history of sustainably delivering cash flows back to shareholders.
- **Contrarian plays** are companies that are trading at low valuations and are out of favour with the rest of the market. Over the short term, these companies may have depressed cash flows affected by short-term market or structural factors. Over the long term, however, these factors are expected to reverse.
- **Value with hidden growth** companies are those that haven't always generated high levels of growth but are in mature industries where potential growth opportunities have been overlooked by the wider market.

### Balance your portfolio with value-driven diversification

The EdenTree Sustainable European Equity Fund's focus on value differentiates it from its competitors, which typically have a growth bias. This means that the Fund offers potential diversification benefits for sustainable investors and their clients, who may be over-exposed to growth and looking to create more balanced portfolios. At the same time, the Fund seeks to offer strong investment returns aligned with positive environmental and societal change.

### The value opportunity

In low interest rate environments, such as the environment seen between 2020-2022, growth companies tend to outperform value companies. However, with more recent high inflation and subsequently higher interest rates, we have seen a market rotation back to value stocks. Through the Fund's investment process, we aim to seek out companies that aren't simply undervalued but those we believe to be poised to perform well and grow cash flows over the long term.



The Fund's approach rests on the belief that the best way to generate long-term returns is to invest in companies that can grow their cash flows over time – and are trading at attractive valuations.

The outcome is a diversified portfolio of 40-60 sustainable companies, which trade in aggregate at a significant discount relative to the benchmark and have historically generated strong yields.

The level of income is not fixed and may change in the future.



## The EdenTree Team

Chris Hiorns, EdenTree's Head of European Equities, has managed the Fund since 2007. Chris has over 25 years of experience investing across asset classes. Beginning his career as a fund manager during the dot-com bubble (where US equity valuations of internet-based companies rapidly rose only to fall in the early 2000s), Chris's scepticism of the excessive valuations at this time solidified his stance as a value-oriented, fundamentals-focused investor. Chris is assisted by David Osfield, who joined as co-manager of the fund in September 2016, and Lauren Smith, who joined as Associate Fund Manager in July 2024.

Our experienced fund managers work collaboratively with our sustainable investment analysts to identify high-quality businesses contributing to positive, long-term structural change. The EdenTree Standard is our framework for assessing how sustainable a company is. At its core is the concept that sustainability is synonymous with value-creation for people and planet.



**Chris Hiorns**

Head of European Equities

Chris Hiorns is EdenTree's Head of European Equities. He has over 25 years' experience investing across asset classes and joined EdenTree in 1996. He has managed the EdenTree Sustainable European Equity Fund since 2007. Chris holds an MSc. in Economics from University College London and is a CFA Charterholder.



**David Osfield**

Fund Manager

David joined EdenTree in 2016 and leads management of the EdenTree Sustainable Global Equity Fund. He began his career at Alliance Trust in 2002, where he focused on global, Asian and European equities, latterly working with the Sustainable Futures Team. David has been a CFA Charterholder since 2007 and has a 1st class BA (Hons) in Business Finance from Durham University.



**Lauren Smith**

Associate Fund Manager

Lauren is Associate Fund Manager in EdenTree's European Equity Team. Lauren joined from Rathbones where she was a Global Equity Analyst, providing sector and company analysis across the consumer discretionary and mining sectors. Prior to this, Lauren held roles as Associate at BlackRock and European Equities Analyst at British Airways Pensions, having graduated from Nottingham University with a BA (Hons) in Russian Studies, Russian Language and Literature. Lauren is a CFA Charterholder and also holds the CFA Certificate in ESG Investing.

## About Us

**EdenTree is an active investment management house dedicated to sustainable and impact investing – it's all we do. We have a 35+ year track record in this space, having launched our first ethical fund in 1988.**

Our Sustainable Investment Team, made up of our fund managers and sustainability analysts, is united by four core beliefs that guide everything we do. **We invest for a better tomorrow**, acting as long-term, active investors who focus on businesses making a positive contribution to people and the planet. **We invest in quality**, combining rigorous investment and sustainability analysis to tilt our focus towards resilient and responsible companies. **We invest at sustainable valuations**, always considering the long-term value an investment can deliver for our clients. **And we engage for change**, maintaining an active programme of engagement and voting to ensure businesses are operating responsibly.

Our commitment to excellence in sustainable investing is portrayed by our award wins, reflecting our leadership in

sustainable finance and our inclusive culture. In 2025, we were awarded Best Ethical Investment Provider at the Investment Life & Pensions Moneyfacts Awards for the 17th year running. We also celebrated winning Best Sustainable Fund Launch at the Sustainable Investment Awards 2025 for our Global Sustainable Government Bond Fund. In addition, we were Highly Commended for Investment Group of the Year for Diversity and Inclusion at the Women in Investment Awards 2025.



EdenTree is based in the heart of the City of London, but our team serves the professional investor community across the entirety of the UK, with dedicated regional sales managers providing exceptional levels of client support.

EdenTree is part of the Benefact Group – a charity owned, international family of specialist financial services companies that give all available profits to charity and good causes.



For more information on the The EdenTree Sustainable European Equity Fund, please contact your EdenTree relationship manager, or get in touch with us at:

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The value of an investment and the income from it may go down as well as up and the investor may not get back the amount invested.

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