

SPIVA France Focus

Mid-Year 2024 Highlights

Contributor

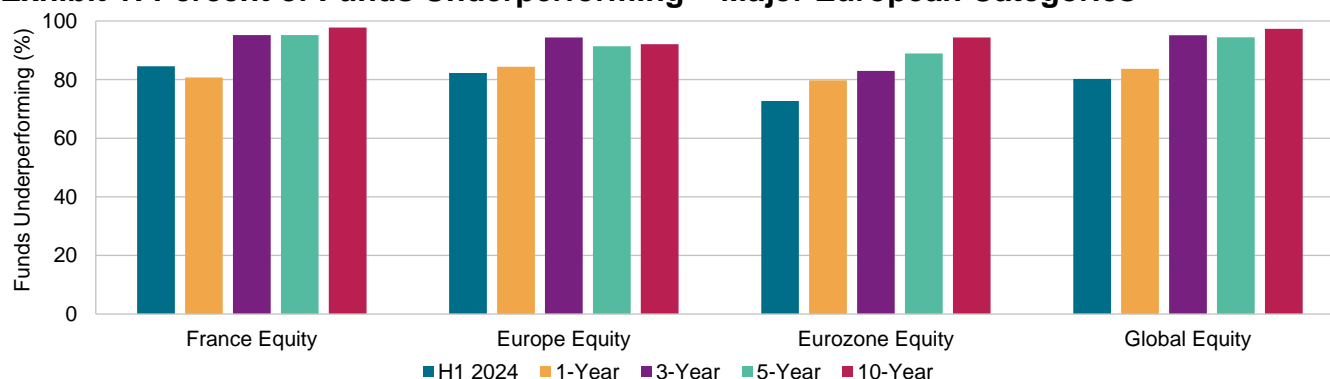
Florence Chapman
Quantitative Associate
Index Investment Strategy
florence.chapman@spglobal.com

As highlighted in the [SPIVA® Global Scorecard](#), the first half of 2024 proved to be a challenging market environment for active managers across developed equities. Within Europe, 80.2% of Global Equity funds failed to beat the [S&P World Index](#)—partially driven by the challenge of outperforming the U.S. component, a trend evidenced by the 75.0% underperformance rate of European-domiciled U.S. equity focused funds against the [S&P 500®](#)'s total return of 18.8%.

There were also challenging headwinds more locally, with 82.3% of Europe Equity and 72.7% of Eurozone Equity funds underperforming the [S&P Europe 350®](#) and [S&P Eurozone BMI](#), respectively. Active managers in the France Equity category fared particularly poorly, posting an asset-weighted average return of -1.0% versus the [S&P France BMI](#)'s total return of 1.7%, and an underperformance rate of 84.5%. While still disappointing, this result was marginally better than expected compared to the category's 89.5% underperformance rate over 2023.¹

Over H1 2024, European active bond managers successfully leveraged generally favorable tailwinds from drivers of credit, liquidity and term (given the benefit of reaching for shorter durations in the presence of an inverted yield curve). In all three EUR-denominated fixed income categories reported, managers posted majority *outperformance* rates of 66.5%, 64.8% and 73.1% for Government, Corporate and High Yield Bond categories, respectively.

Exhibit 1: Percent of Funds Underperforming – Major European Categories



Source: S&P Dow Jones Indices LLC, Morningstar. Data as of June 30, 2024. The S&P World Index (EUR) was launched Oct. 16, 2024. All data prior to such date is back-tested hypothetical data. Past performance is no guarantee of future results. Chart is provided for illustrative purposes and reflects hypothetical historical performance. Please see the Performance Disclosure at the end of this document for more information regarding the inherent limitations associated with back-test performance.

¹ [“SPIVA Europe Year-End 2023 Scorecard”](#), S&P Dow Jones Indices, April 2024.

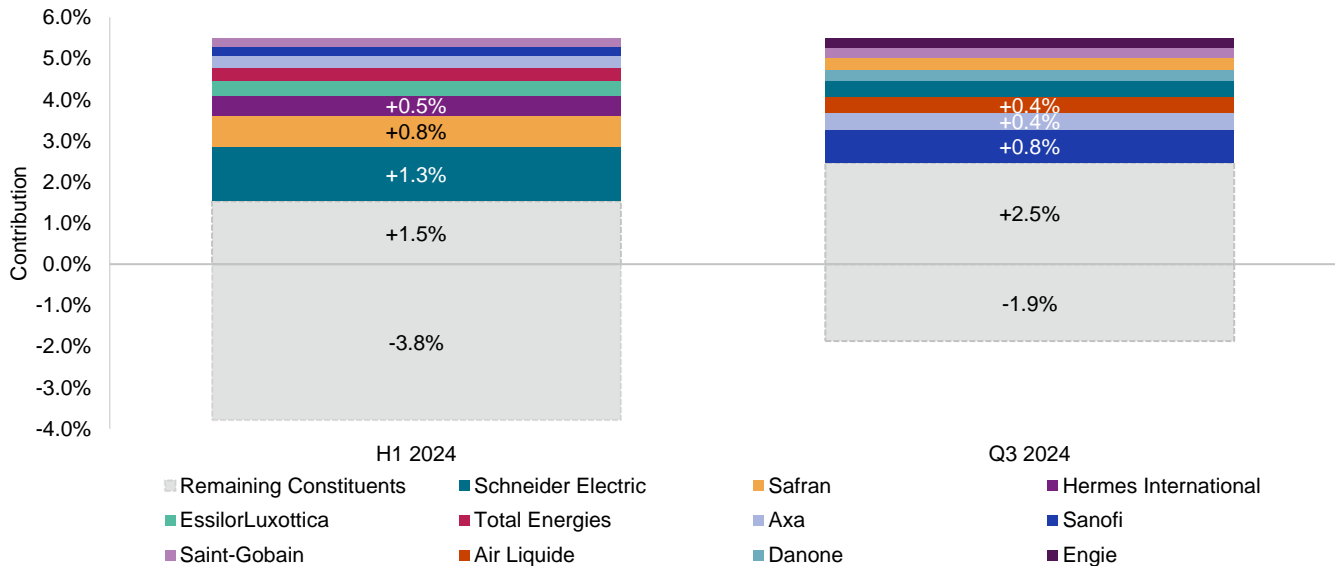
Market Context: H1 2024 and Beyond

In the first half of 2024, European equity markets showed that the widely discussed trend of mega-cap dominance was not unique to U.S. equities. Outperformance of the largest names led to increased concentration in most major markets, including France, where the market capitalization tilt ratio of the S&P France BMI increased by 0.19 versus the end of 2023.²

European Equities started the year generally slow compared to global markets and lost further steam heading into the second half of the year, with the S&P Europe 350 and S&P Eurozone BMI up 9.8% and 8.2% in H1 2024, versus 2.4% and 3.2% in Q3 2024, respectively. In contrast, the S&P France BMI’s modest 1.7% total return over H1 2024 increased to 3.6% in Q3 2024, driven largely by names in the Industrials and Health Care sectors.

Over the first six months of 2024, the S&P France BMI’s performance was buoyed by eight names, which collectively contributed 72% of the positive component of the index’s total return (see Exhibit 2). Despite this, challenging headwinds were felt elsewhere and most of the index’s constituents detracted from its total return. This included some of the largest names, such as L’Oreal, Airbus and LVMH, which contributed -26.1%, -17.1% and -6.5% of the index’s return, respectively. The odds for active managers of France Equity funds appeared to have improved over Q3 2024, with less than 35% of the benchmark’s constituents detracting from its performance. Notably, however, the index’s largest weight, LVMH, continued to perform poorly and provided the largest negative contribution of all constituents (-11.3% of the index’s return) and a significant portion of the collective -17.9% provided by the Consumer Discretionary sector—where many names failed to escape the recent “luxury slump.”³

Exhibit 2: Historical Contribution to S&P France BMI’s Total Return



Source: S&P Dow Jones Indices LLC. Data as of Sept. 30, 2024. Past performance is no guarantee of future results. Chart is provided for illustrative purposes.

² Examined in the [SPIVA Global Mid-Year 2024 Scorecard](#).

³ [“Hermes isn’t just surviving the luxury slump – it’s thriving”](#), Business Insider, October 2024.

Report 1: H1 2024 Statistics – Major European Categories

Fund Category	Comparison Index	% Under-performing (H1 2024)	Comparison Index Return (%)	Bottom Quartile Return	Asset Weighted Avg. Return (%)	Median Return	Top Quartile Return	Sample Size	Survivorship (%)
EUR-Denominated Equity Funds									
France Equity	S&P France BMI	84.54	1.67	-6.15	-0.99	-2.17	1.09	194	96.91
Europe Equity	S&P Europe 350	82.27	9.80	3.90	7.26	6.63	9.04	987	98.38
Eurozone Equity	S&P Eurozone BMI	72.69	8.20	3.00	6.46	6.25	8.45	509	97.45
U.S. Equity	S&P 500	75.00	18.83	9.10	16.85	15.51	18.91	428	97.66
Global Equity	S&P World Index	80.21	15.70	8.09	13.67	11.68	14.86	1612	98.64
EUR-Denominated Fixed Income									
Government Bond	iBoxx EUR Sovereigns	33.54	-2.13	-2.24	-1.84	-1.85	-1.21	164	97.56
Corporate Bond	iBoxx EUR Corporates	35.24	0.44	0.26	0.80	0.63	1.07	349	97.99
High Yield Bond	iBoxx EUR Liquid High Yield Index	26.92	2.03	1.95	2.71	2.63	3.21	182	99.45
USD-Denominated Fixed Income									
Government Bond	iBoxx Global Government United States	61.11	-0.41	-0.96	-0.29	-0.67	-0.05	18	100.00
Corporate Bond	iBoxx USD Corporates	40.00	-0.05	-0.21	0.41	0.33	0.80	60	98.33
High Yield Bond	iBoxx \$ Liquid High Yield Index	36.78	2.28	1.97	2.72	2.56	2.96	87	98.85
Global Bond	Bloomberg Global Aggregate	49.38	-3.17	-4.04	-1.99	-3.08	-0.18	81	100.00
Global Corporate Bond	Bloomberg Global Aggregate Corporate	19.35	-0.92	-0.86	0.30	-0.40	0.69	31	100.00

Source: S&P Dow Jones Indices LLC, Morningstar, Bloomberg. Data as of June 30, 2024. Past performance is no guarantee of future results. Table is provided for illustrative purposes. Comparison index total returns in the relevant fund category currency were used.

Report 2: Fund Underperformance Rates – Major European Categories

Fund Category	Comparison Index	YTD (%)	1-Year (%)	3-Year (%)	5-Year (%)	10-Year (%)
EUR-Denominated Equity Funds						
France Equity	S&P France BMI	84.54	80.71	95.19	95.19	97.75
Europe Equity	S&P Europe 350	82.27	84.41	94.36	91.36	92.07
Eurozone Equity	S&P Eurozone BMI	72.69	79.73	82.97	88.93	94.36
U.S. Equity	S&P 500	75.00	73.99	96.19	93.31	96.58
Global Equity	S&P World Index	80.21	83.70	95.15	94.41	97.34
EUR-Denominated Fixed Income						
Government Bond	iBoxx EUR Sovereigns	33.54	43.45	48.17	60.59	90.00
Corporate Bond	iBoxx EUR Corporates	35.24	44.13	47.56	53.82	81.74
High Yield Bond	iBoxx EUR Liquid High Yield Index	26.92	38.67	72.97	72.09	73.97
USD-Denominated Fixed Income						
Government Bond	iBoxx Global Government United States	61.11	57.14	73.91	84.00	95.24
Corporate Bond	iBoxx USD Corporates	40.00	44.07	61.67	67.21	78.38
High Yield Bond	iBoxx \$ Liquid High Yield Index	36.78	61.90	61.36	63.53	84.38
Global Bond	Bloomberg Global Aggregate	49.38	44.05	65.48	65.06	82.89
Global Corporate Bond	Bloomberg Global Aggregate Corporate	19.35	40.63	66.67	64.00	68.42

Source: S&P Dow Jones Indices LLC, Morningstar, Bloomberg. Data as of June 30, 2024. The S&P World Index (EUR) was launched Oct. 16, 2024. All data prior to such date is back-tested hypothetical performance. Past performance is no guarantee of future results. Table is provided for illustrative purposes and reflects hypothetical historical performance. Please see the Performance Disclosure at the end of this document for more information regarding the inherent limitations associated with back-tested performance.

Appendix: A Unique Scorecard for the Active Versus Passive Debate

For over two decades, S&P Dow Jones Indices' [SPIVA Scorecards](#) have compared the performance of actively managed funds to appropriate benchmarks. Initially covering just U.S.-domiciled funds, our scorecards now cover funds operating in markets from Australia to Chile. They are rooted in the following fundamental principles:

- **Survivorship Bias Correction:** Many funds might be liquidated or merged during a period of study. However, for someone making an investment decision at the beginning of the period, these funds are part of the opportunity set. Unlike other commonly available comparison reports, SPIVA Scorecards account for the entire opportunity set—not just the survivors—thereby eliminating survivorship bias.
- **Apples-to-Apples Comparison:** Fund returns are often compared to popular benchmarks such as the S&P 500, regardless of size or style classification. SPIVA Scorecards avoid this pitfall by measuring a fund's returns against the returns of a benchmark appropriate for that particular investment category.
- **More than Just Underperformance Rates:** As well as the most quoted statistics of percentage underperformance rates, SPIVA Scorecards also include additional data on average fund returns, quartile ranges, survivorship rates and other factors—including the market context—to offer a robust perspective on active performance.
- **Data Cleaning:** SPIVA Scorecards avoid double-counting multiple share classes in all count-based calculations, using only the share class with greater assets. Since this is meant to be a scorecard for active managers, it excludes index funds, leveraged and inverse funds and other index-linked products.

Further information on the scorecard's methodology, including the fund categorizations and details of each reported statistic, as well as more data on fund performances around the world, may be found below:

[SPIVA Global Mid-Year 2024 Scorecard](#)

[Learn More about SPIVA](#)

[SPIVA Around the World: Equity](#)

[SPIVA Around the World: Fixed Income](#)

[SPIVA Scorecards: An Overview](#)

[SPIVA on Indexology® Blog](#)

Performance Disclosure/Back-Tested Data

The S&P World Index (EUR) was launched October 16, 2024. All information presented prior to an index's Launch Date is hypothetical (back-tested), not actual performance. The back-test calculations are based on the same methodology that was in effect on the index Launch Date. However, when creating back-tested history for periods of market anomalies or other periods that do not reflect the general current market environment, index methodology rules may be relaxed to capture a large enough universe of securities to simulate the target market the index is designed to measure or strategy the index is designed to capture. For example, market capitalization and liquidity thresholds may be reduced. Complete index methodology details are available at www.spglobal.com/spdji. Past performance of the Index is not an indication of future results. Back-tested performance reflects application of an index methodology and selection of index constituents with the benefit of hindsight and knowledge of factors that may have positively affected its performance, cannot account for all financial risk that may affect results and may be considered to reflect survivor/look ahead bias. Actual returns may differ significantly from, and be lower than, back-tested returns. Past performance is not an indication or guarantee of future results. Please refer to the methodology for the Index for more details about the index, including the manner in which it is rebalanced, the timing of such rebalancing, criteria for additions and deletions, as well as all index calculations. Back-tested performance is for use with institutions only; not for use with retail investors.

S&P Dow Jones Indices defines various dates to assist our clients in providing transparency. The First Value Date is the first day for which there is a calculated value (either live or back-tested) for a given index. The Base Date is the date at which the index is set to a fixed value for calculation purposes. The Launch Date designates the date when the values of an index are first considered live: index values provided for any date or time period prior to the index's Launch Date are considered back-tested. S&P Dow Jones Indices defines the Launch Date as the date by which the values of an index are known to have been released to the public, for example via the company's public website or its data feed to external parties. For Dow Jones-branded indices introduced prior to May 31, 2013, the Launch Date (which prior to May 31, 2013, was termed "Date of introduction") is set at a date upon which no further changes were permitted to be made to the index methodology, but that may have been prior to the Index's public release date.

Typically, when S&P DJI creates back-tested index data, S&P DJI uses actual historical constituent-level data (e.g., historical price, market capitalization, and corporate action data) in its calculations. As ESG investing is still in early stages of development, certain datapoints used to calculate S&P DJI's ESG indices may not be available for the entire desired period of back-tested history. The same data availability issue could be true for other indices as well. In cases when actual data is not available for all relevant historical periods, S&P DJI may employ a process of using "Backward Data Assumption" (or pulling back) of ESG data for the calculation of back-tested historical performance. "Backward Data Assumption" is a process that applies the earliest actual live data point available for an index constituent company to all prior historical instances in the index performance. For example, Backward Data Assumption inherently assumes that companies currently not involved in a specific business activity (also known as "product involvement") were never involved historically and similarly also assumes that companies currently involved in a specific business activity were involved historically too. The Backward Data Assumption allows the hypothetical back-test to be extended over more historical years than would be feasible using only actual data. For more information on "Backward Data Assumption" please refer to the [FAQ](#). The methodology and factsheets of any index that employs backward assumption in the back-tested history will explicitly state so. The methodology will include an Appendix with a table setting forth the specific data points and relevant time period for which backward projected data was used.

Index returns shown do not represent the results of actual trading of investable assets/securities. S&P Dow Jones Indices maintains the index and calculates the index levels and performance shown or discussed but does not manage actual assets. Index returns do not reflect payment of any sales charges or fees an investor may pay to purchase the securities underlying the Index or investment funds that are intended to track the performance of the Index. The imposition of these fees and charges would cause actual and back-tested performance of the securities/fund to be lower than the Index performance shown. As a simple example, if an index returned 10% on a US \$100,000 investment for a 12-month period (or US \$10,000) and an actual asset-based fee of 1.5% was imposed at the end of the period on the investment plus accrued interest (or US \$1,650), the net return would be 8.35% (or US \$8,350) for the year. Over a three-year period, an annual 1.5% fee taken at year end with an assumed 10% return per year would result in a cumulative gross return of 33.10%, a total fee of US \$5,375, and a cumulative net return of 27.2% (or US \$27,200).

General Disclaimer

© 2024 S&P Dow Jones Indices. All rights reserved. S&P, S&P 500, SPX, SPY, The 500, US500, US 30, S&P 100, S&P COMPOSITE 1500, S&P 400, S&P MIDCAP 400, S&P 600, S&P SMALLCAP 600, S&P GIVI, GLOBAL TITANS, DIVIDEND ARISTOCRATS, DIVIDEND MONARCHS, BUYBACK ARISTOCRATS, SELECT SECTOR, S&P MAESTRO, S&P PRISM, S&P STRIDE, GICS, SPIVA, SPDR, INDEXOLOGY, iTraxx, iBoxx, ABX, ADBI, CDX, CMBX, LCDX, MBX, MCDX, PRIMEX, TABX, HHPI, IRXX, I-SYND, SOVX, CRITS, CRITR are registered trademarks of S&P Global, Inc. ("S&P Global") or its affiliates. DOW JONES, DJIA, THE DOW and DOW JONES INDUSTRIAL AVERAGE are trademarks of Dow Jones Trademark Holdings LLC ("Dow Jones"). These trademarks together with others have been licensed to S&P Dow Jones Indices LLC. Redistribution or reproduction in whole or in part are prohibited without written permission of S&P Dow Jones Indices LLC. This document does not constitute an offer of services in jurisdictions where S&P Dow Jones Indices LLC, S&P Global, Dow Jones or their respective affiliates (collectively "S&P Dow Jones Indices") do not have the necessary licenses. Except for certain custom index calculation services, all information provided by S&P Dow Jones Indices is impersonal and not tailored to the needs of any person, entity or group of persons. S&P Dow Jones Indices receives compensation in connection with licensing its indices to third parties and providing custom calculation services. Past performance of an index is not an indication or guarantee of future results.

It is not possible to invest directly in an index. Exposure to an asset class represented by an index may be available through investable instruments based on that index. S&P Dow Jones Indices does not sponsor, endorse, sell, promote or manage any investment fund or other investment vehicle that is offered by third parties and that seeks to provide an investment return based on the performance of any index. S&P Dow Jones Indices makes no assurance that investment products based on the index will accurately track index performance or provide positive investment returns. Index performance does not reflect trading costs, management fees or expenses. S&P Dow Jones Indices makes no representation regarding the advisability of investing in any such investment fund or other investment vehicle. A decision to invest in any such investment fund or other investment vehicle should not be made in reliance on any of the statements set forth in this document. S&P Dow Jones Indices is not an investment adviser, commodity trading advisor, commodity pool operator, broker dealer, fiduciary, promoter" (as defined in the Investment Company Act of 1940, as amended), "expert" as enumerated within 15 U.S.C. § 77k(a) or tax advisor. Inclusion of a security, commodity, crypto currency or other asset within an index is not a recommendation by S&P Dow Jones Indices to buy, sell, or hold such security, commodity, crypto currency or other asset, nor is it considered to be investment advice or commodity trading advice.

Closing prices for S&P Dow Jones Indices' US benchmark indices are calculated by S&P Dow Jones Indices based on the closing price of the individual constituents of the index as set by their primary exchange. Closing prices are received by S&P Dow Jones Indices from one of its third party vendors and verified by comparing them with prices from an alternative vendor. The vendors receive the closing price from the primary exchanges. Real-time intraday prices are calculated similarly without a second verification

These materials have been prepared solely for informational purposes based upon information generally available to the public and from sources believed to be reliable. No content contained in these materials (including index data, ratings, credit-related analyses and data, research, valuations, model, software or other application or output therefrom) or any part thereof ("Content") may be modified, reverse-engineered, reproduced or distributed in any form or by any means, or stored in a database or retrieval system, without the prior written permission of S&P Dow Jones Indices. The Content shall not be used for any unlawful or unauthorized purposes. S&P Dow Jones Indices and its third-party data providers and licensors (collectively "S&P Dow Jones Indices Parties") do not guarantee the accuracy, completeness, timeliness or availability of the Content. S&P Dow Jones Indices Parties are not responsible for any errors or omissions, regardless of the cause, for the results obtained from the use of the Content. THE CONTENT IS PROVIDED ON AN "AS IS" BASIS. S&P DOW JONES INDICES PARTIES DISCLAIM ANY AND ALL EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE, FREEDOM FROM BUGS, SOFTWARE ERRORS OR DEFECTS, THAT THE CONTENT'S FUNCTIONING WILL BE UNINTERRUPTED OR THAT THE CONTENT WILL OPERATE WITH ANY SOFTWARE OR HARDWARE CONFIGURATION. In no event shall S&P Dow Jones Indices Parties be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including, without limitation, lost income or lost profits and opportunity costs) in connection with any use of the Content even if advised of the possibility of such damages.

S&P Global keeps certain activities of its various divisions and business units separate from each other in order to preserve the independence and objectivity of their respective activities. As a result, certain divisions and business units of S&P Global may have information that is not available to other business units. S&P Global has established policies and procedures to maintain the confidentiality of certain non-public information received in connection with each analytical process.

In addition, S&P Dow Jones Indices provides a wide range of services to, or relating to, many organizations, including issuers of securities, investment advisers, broker-dealers, investment banks, other financial institutions and financial intermediaries, and accordingly may receive fees or other economic benefits from those organizations, including organizations whose securities or services they may recommend, rate, include in model portfolios, evaluate or otherwise address.

The Global Industry Classification Standard (GICS®) was developed by and is the exclusive property and a trademark of S&P and MSCI. Neither MSCI, S&P nor any other party involved in making or compiling any GICS classifications makes any express or implied warranties or representations with respect to such standard or classification (or the results to be obtained by the use thereof), and all such parties hereby expressly disclaim all warranties of originality, accuracy, completeness, merchantability or fitness for a particular purpose with respect to any of such standard or classification. Without limiting any of the foregoing, in no event shall MSCI, S&P, any of their affiliates or any third party involved in making or compiling any GICS classifications have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages.