

SEXTANT GRAND LARGE



Sextant Grand Large is a flexible, diversified fund that invests mainly in equities for capital preservation. Management policy is based on three principles:

- 1) Net exposure to equities is 0-100%, depending on market valuations,
- 2) The shares acquired are the team's most defensive ideas,
- 3) The fund invests opportunistically in other asset classes, notably in bonds where valuations offer an adequate safety margin.

Sextant Grand Large rose 2.1% in the first quarter, versus +7% for its benchmark. The fund underperformed due to low exposure to equities, the correction of Q4 18 having been followed by a sharp rebound in early 2019. Valuation indicators have returned to very high levels while some signals, such as an inverted yield curve, suggest that the market is close to a cyclical peak.

Asset allocation and net exposure to equities vary in response to cyclically-adjusted market valuations. The more expensive a market becomes, the less the fund is exposed and vice-versa, irrespective of any macroeconomic or stock-market scenario.

At the end of Q1, net exposure to equities was down slightly at 27.5%, versus 32.4% at the end of December. Gross exposure was 36.2% and hedging that accounted for 8.8% of funds (the latter is capped at 20%). The rest of the fund comprised bonds (13.4%) and broadly-defined liquidities including arbitrage deals and money-market products (50.4%). This comfortable cushion of liquidity will allow the fund to raise exposure to equities should stock markets fall.

For equity investments, Sextant Grand Large chooses from the team's full range of ideas. From these, we select the stocks that we think have the best quality-price profile and the least long-term downside potential on a fundamental basis. We therefore favour companies that offer an attractive valuation, notably in view of their balance sheet (net cash, WCR etc) and ones that have a fairly predictable activity. We also look for good diversification in terms of regions, size and sectors.

Positive contributors to the fund's first-quarter performance included **Alibaba**. China's biggest internet retailer has a dominant position in

e-commerce thanks to Taobao and Tmall, which are enjoying durable profit growth in excess of 20% per annum. In our view, the company is more attractive than other global internet leaders thanks to its commission rates, which are currently very low compared to those of Ebay and Amazon.

Alibaba is also the leader in China for cloud – a sector that lags far behind the US – via Alicloud, which has 48% market share. This activity is currently loss-making due to the investments required to foster strong growth, but we think it could soon be profitable as was the case for Amazon, and investors appear to have overlooked this potential.

Iliad was one of the main negative contributors to the fund's first-quarter performance. The company has lost mobile subscribers due to stiffer competition, and its new Freebox Delta has been less successful than expected.

We have initiated a position in **Groupe Guillin**, Europe's leading producer of thermoformed plastic packaging. Regulatory risks arising from a ban on some plastic containers look exaggerated to us.

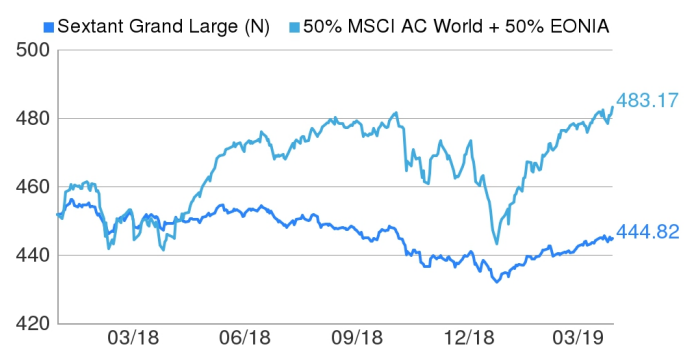
Bonds and other asset classes: the current portfolio generates a yield net of forex hedging of 5.6% for sensitivity of 1.9, which we think is acceptable for moderate risk. Bond markets currently offer very low risk premiums, and this is true for both "risk-free" sovereigns and credit margins.

The **Solocal 2022** bond put the largest dent in the fund's first-quarter performance, due to a sharp fall in its digital sales in Q4 2018. However, this relative disappointment should be viewed in the light of a July-2018 retrenchment plan that saw over 20% of the workforce leave the company, including nearly one-third of sales representatives. We believe that the company has sufficient liquidity to meet the cost of the plan in 2019.

In an environment of negative short-term rates, most of our cash holdings are invested in money market instruments issued by companies that we know well. We thus obtain a yield that is close to zero for an acceptable level of risk.

Performances

	Sextant Grand Large (N)	50% MSCI AC World + 50% EONIA
1 month	0.6%	1.3%
3 months	2.3%	7.0%
6 months	-0.7%	0.7%
1 year	-1.0%	8.3%

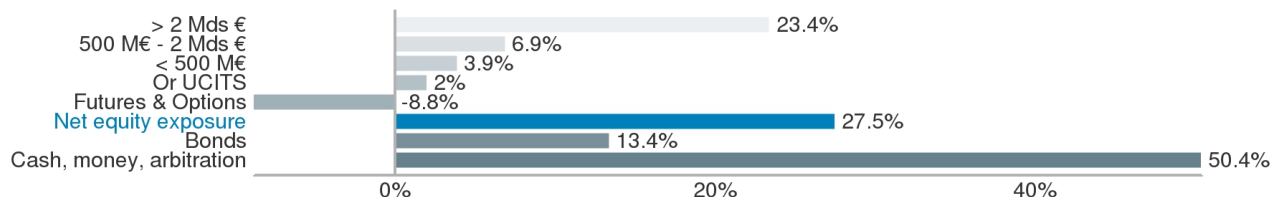


	2018	2019
Sextant Grand Large (N)	-3.7%	2.3%
50% MSCI AC World + 50% EONIA	0.0%	7.0%

Since 2 May 2018, for reflecting better the fund's international dimension, we have decided to change the benchmark index : 50% MSCI World +50% Eonia (previously 50% MSCI CAC 40 +50% Eonia).



Exposition



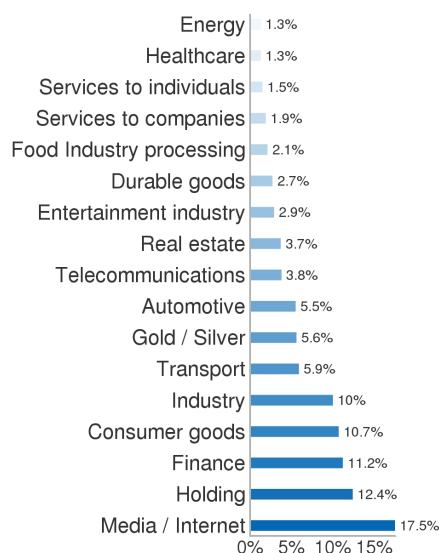
Indicators

1 year volatility	Fund : 2.9%
	Benchmark : 6.7%
Number of lines	86
Average cap. of equities	23 017 M€
Median cap. of equities	4 767 M€

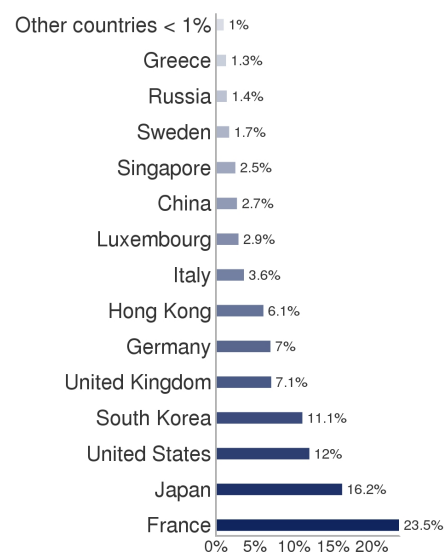
Bonds Indicators

	Fixed income part	Total assets
Gross yield	6.0%	0.8%
Yield after cost of forex hedging	5.6%	0.7%
Spread (basis point)	578	77
Residual duration (years)	2.6	0.3
Interest-rate sensitivity	1.9	0.3

Distribution by sector *



Geographical distribution *



Main holdings

Name	Sector	Country	Net asset %	Contribution to quarterly performance
Berkshire A	Holding	United States	3.1%	1 bps
Rocket Internet	Media / Internet	Germany	2.0%	21 bps
Hyundai Mobis	Automotive	South Korea	2.0%	22 bps
Toyota Industries	Industry	Japan	2.0%	21 bps
Iliad	Telecommunications	France	1.4%	-52 bps

Bonds Allocations

Bonds	Percentage
o/w sovereign	0.0%
o/w corporate	6.9%
o/w financials	3.0%
o/w convertibles	3.5%

Main contributions to performance

Name	Contrib.	Name	Contrib.
Alibaba ADR	36 bps	Iliad	-52 bps
LG Household pref	28 bps	Solocal 03-2022	-14 bps
Hyundai Mobis	22 bps	Whirlpool pref	-1 bps
Rocket Internet	21 bps	Exel Industries	-1 bps
Toyota Industries	21 bps	Groupe Guillin	-1 bps

Main characteristics

Legal form	UCITS / French mutual fund
Share category	Unit N
ISIN code	FR0013306404
Bloomberg code	
AMF classification	N/A
Benchmark	50% MSCI AC World + 50% EONIA
NAV / Net assets	444.82 € / 2 270.92 M€
Share NAV period	Daily based on prices at market close
Risk profile	1 2 3 4 5 6 7

Scale from 1 (lowest risk) to 7 (highest risk); category-1 risk does not mean a risk-free investment. This indicator may change over time.

Launch date	Fund : 11/07/2003 Unit : 29/12/2017
Recom. invest. duration	Over 5 years
Centralis.-Settlem. /Delivery	D at 10 AM / D + 2
Custodian	CACEIS Bank
Transfert agent	CACEIS Bank
Tax provisions	- -
Entry charge	5.0% including tax maximum
Exit charge	1.0% including tax maximum
Fixed management fee	1.0% including tax
Performance fee	15% including taxes of the performance exceeding 5% per calendar year

Source: Amiral Gestion at 29/03/2019

* of net assets invested

Notice

This commercial document aims to present the characteristics of the fund on a simplified basis. For further information, you may refer to the key information document for investors and to the prospectus, which are legal documents available on the management company's internet site or by request to the management company. The performances shown are not a reliable guide to future performance. Performance may vary over time.

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