

SEXTANT AUTOUR DU MONDE



Sextant Autour du Monde is a global, pure stock-picking fund that invests in both emerging markets and developed countries. In the third quarter, the value of the fund's assets rose 1.3% versus 4.2% for its benchmark index.

While the impact of the Sino-US trade war on the health of the world economy continues to rattle the financial markets, the major central banks remain very accommodative, especially the European and Japanese ones. Tension between South Korea and Japan and the demonstrations in Hong-Kong are aggravating uncertainty in a region that has been the world economy's growth locomotive for several years. In spite of this turbulence, our confidence in Asia remains intact, as illustrated by the fact that over 50% of the fund's capital is invested in the region.

The fund's management team went to Canada on an exploratory trip this summer. They visited about 20 companies, and met local investors and analysts. The country's fundamentals are sound and proximity to the US offers many opportunities. We visited many family-owned, entrepreneurial companies where management has often been with the company for over 10 years and frequently holds a sizeable share of the capital. We observed a recurring development pattern: a leading company in a fairly fragmented sector implements a very profitable acquisitions/integration strategy. Lastly, note that long distances (Canada is 18x bigger than France) and very low population density (37 million inhabitants) entails severe logistical constraints. Building a network of distributors or outlets in the country is costly and difficult, so players who already occupy the space enjoy a competitive advantage – especially in online sales. Lastly, this trip brought to light several investment ideas and allowed us to add some quality names to our list of companies followed.

The value of our European investments, which account for over one quarter of the fund's assets, increased a robust 6.5% in Q3, bringing the YTD performance to +16%. This was mainly thanks to a steep rise in the share price of **HelloFresh** (+130% so far this year). The world leader for home meal-kits has reported reassuring results for several quarters, with growth exceeding market expectations. Most significantly, a profitability threshold has already been reached in both major regions.

Our investments in Japanese companies generally performed well in Q3. **Hoshizaki**

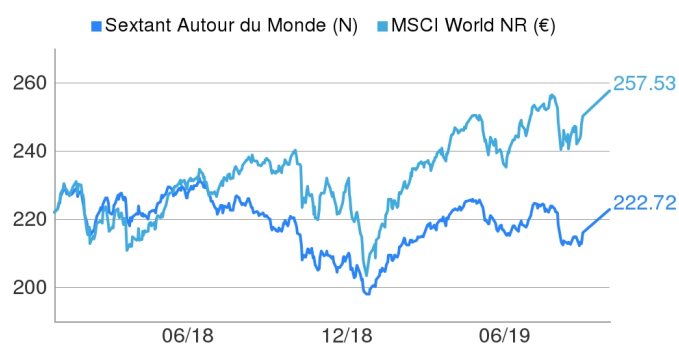
, the leading supplier of restaurant refrigerators and ice machines, posted a positive performance, the company having notably attracted the attention of other fundamental investors after its recent setback (isolated accounting irregularities at a subsidiary in late-2018). What's more, **Hoshizaki** is working on new products that it plans to launch in several key markets. More globally, the situation in Japan continues to improve, especially concerning returns to shareholders, with share buybacks up more than 100% on last year. This trend appears to be gaining momentum thanks to the balance sheets of Japanese companies, with more than half having net cash holdings which is significantly higher than in Europe and the US. We think it is important to stress this point at a time when there is rising concern that the end of the cycle is upon us.

Saregama was one of the main negative contributors to the Q3 performance. The company is one of the leading music labels in India, and also has a fast-growing consumer electronics activity. Saregama markets a pre-configured portable radio with music from its own catalogue and this product is highly popular in India. However, growth of the consumer electronics activity disappointed in the most recent quarterly results. Low consumer spending in the country was largely responsible for the poor performance. Moreover, Saregama invested heavily in promotions, aggravating the decrease in profitability. Sales and earnings may recover in the forthcoming festival season, which is usually when revenues peak.

JNBY Design, a Chinese company that sells designer clothes, saw its share price fall 25% in Q3. However, JNBY recorded solid growth of sales and earnings (+17% and +18% respectively for the year to 30 June), but the market was disappointed by the new target for just 100-120 net openings of stores in the current year, versus at least 200 initially. Loyalty to the brand remains strong, with members of the loyalty scheme accounting for over 70% of total revenues. We are keeping JNBY in the portfolio as the stock is trading at 7-8x earnings excluding excess cash and the dividend yield is a generous 7%.

Performances

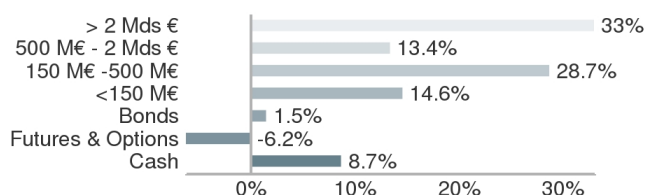
	Sextant Autour du Monde (N)	MSCI World NR (€)
1 month	3.1%	2.9%
3 months	1.5%	4.2%
6 months	0.6%	6.6%
1 year	1.0%	8.0%



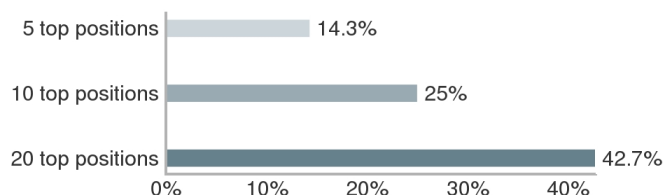
	2018	2019
Sextant Autour du Monde (N)	-9.7%	11.1%
MSCI World NR (€)	-4.9%	22.0%



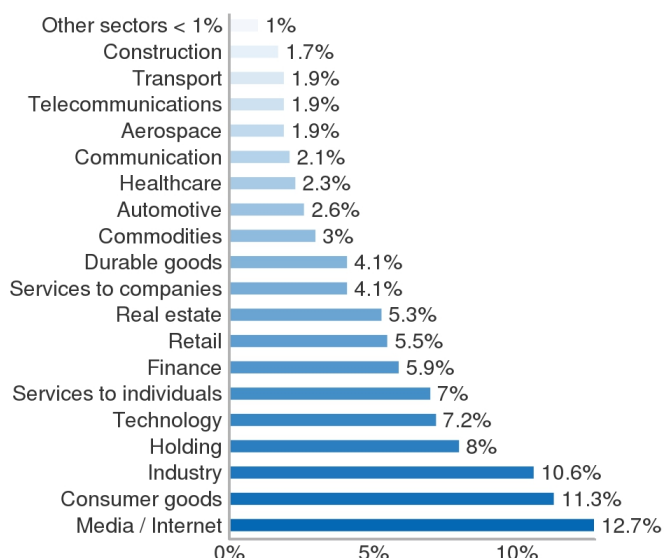
Distribution by capitalisation size



Weight of the main holdings



Distribution of holdings by sector (equity portfolio)



Geographical distribution of holdings (equity portfolio)



Main holdings

Name	Sector	Country	Net asset %	Contrib. to quarterly performance
Tang Palace	Services to individuals	Hong Kong	3.2%	-6 bps
Ezelfare	Services to companies	South Korea	3.1%	24 bps
Clear media	Media / Internet	Hong Kong	2.9%	-31 bps
Hoshizaki	Consumer goods	Japan	2.7%	27 bps
Proship	Technology	Japan	2.4%	5 bps

Indicators

1 year volatility	Fund : 9.2%
	Benchmark : 15.4%
Number of lines	80
Average cap. of equities	16 251 M€
Median cap. of equities	557 M€

Main contributions to performance

Name	Contrib.	Name	Contrib.
HelloFresh	86 bps	Saregama	-35 bps
Easyjet	29 bps	JNBY Design	-34 bps
Hoshizaki	27 bps	Clear media	-31 bps
CA Nord de France	25 bps	Iktinos Hellas	-26 bps
GP Investments	25 bps	Mail.RU ADR	-26 bps

Main characteristics

Legal form	UCITS / French mutual fund
Share category	Unit N
ISIN code	FR0013306420
Bloomberg code	
AMF classification	"International Equities" UCITS
Benchmark	MSCI World NR (€)
NAV / Net assets	222.72 € / 115.26 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 : 08/07/2005
	Unit : 29/12/2017
Recom. invest. duration	Over 5 years
Centralis.-Settlem. /Delivery	D - 1 at 4 PM / 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	1.20% including tax

Performance fee

15%, including taxes of the common fund's positive performance beyond its performance index per calendar year

Source: Amiral Gestion at 30/09/2019

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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