

### SEXTANT PME



The country of origin of the mutual fund is France. The mutual fund can only be distributed, either in or from Switzerland, to qualified investors, strictly in the sense stipulated by Article 10 al 3, 3bis, and 3rd LPCC. Our representative is ARM Swiss Representatives SA, Route de Cité-Ouest 2, 1196 Gland, Switzerland and our payment service agent in Switzerland is Caceis Bank—Route de Signy 35— CH-1260 Nyon. The place of execution for the acquired parts by Swiss investors, or from Switzerland is the headquarters of the aforementioned representative in Zurich. The prospectus, Key Investor Information Document (KIID), fund regulation, as well as the annual and half-yearly reports can be obtained upon request from our representative in Switzerland.

Sextant PME's asset value rose 10.3% in the final quarter of 2019 as small caps rebounded (CAC Small 8.5%). The trade agreement signed by the US and China, and some signs of renewed risk appetite bolstered the segment which had previously been hit by uncertainties. Note too an upturn by manufacturing indices, which has traditionally augured well for the segment.

In spite of this significant rebound, the underperformance of small caps relative to large caps has set a new record: over the past two years, the CAC Small has fallen 16 points while the CAC 40 has risen 11%! The CAC Small has never before trailed the CAC 40 by as much as it did from March 2018 to October 2019. So the recent improvement is very modest.

Note that the underperformance was most pronounced for the very small caps – especially those with market cap below one billion euros, the eligibility criterion for PME-PEA equity savings plans – as the difference was considerable for stocks above that threshold within the same index. The lag, therefore, is largely due to the micro caps, which experienced significant outflows of funds and lower valuations. In 2019, Sextant PME rose 13.7% versus 17.2% for the CAC Small.

In full-year 2019, the countries that made the highest positive contributions to the performance were Sweden (where all the fund's holdings performed well: **Swedol** and **Beijer Ref** – which have now been divested – **Instalco**, **Addlife**, **Addtech**, **Know IT** and **Semcon**) and Germany (where the top contributors were **Hellofresh** and **GFT Technologies**, both of which staged smart recoveries; on the other hand, **Aumann** and **Westwing** made negative contributions, although to a much lesser degree).

Like other financial asset classes bolstered by the low interest-rate environment, large cap indices are setting new records. On the other hand, less liquid small caps are trading in line with their long-term averages. What's more, we note a polarisation of the market and of valuations between star companies (growth/visibility) and the rest of the market (companies that are cyclical or perceived as such, companies that have experienced setbacks etc).

In view of the valuation gaps, changes of status can entail a rapid and very significant change of valuation. For example **HelloFresh**, whose share price was as low as 6 euros at end 2018, saw its status change radically once it had demonstrated the long-term viability of its economic model thanks to a good second quarter. The share price thus tripled in 2019, as the market reclassified HelloFresh as a growth story. We have greatly reduced our holding of the stock, which was the top contributor to the fund's

performance in Q4 and in 2019.

At the other end of the spectrum, high-quality but cyclical plays such as **Akwel** and **Jacquet Metal Service**, which the fund acquired in late 2018 following sharp falls, continue to trade close to their all-time lows and have still to recover. The small caps segment appears therefore to offer many very attractive opportunities for investors capable of looking beyond near-term trends and fashions.

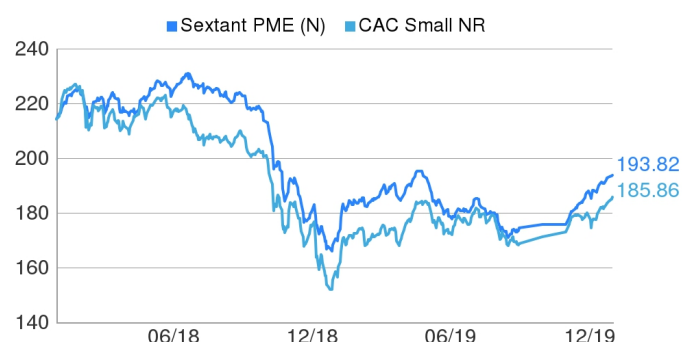
**Bufab** was one of the main contributors to the Q4 performance. This Swedish company is a distributor of small components (screws, nuts, bolts, pins etc) that are required almost everywhere, but are often considered insignificant. In industry, they are called c-parts: small components whose value added is low, but for which extensive references, volumes, lots etc make sourcing and management complicated and time-consuming for an equipment manufacturer.

**Bufab** manages the whole supply logistics chain for its clients, and also controls the quality of production (the catalogue contains 100K references) at roughly 2,500 suppliers. The company has grown strongly in its domestic market, but experienced some setbacks outside Sweden. The appointment of a new CEO has led to a recovery across international markets. In late 2015, the group began a series of acquisitions targeting international assets to step up this development, which has been value accretive. In view of the group's quality, we see plenty of scope for both organic and external growth in these markets, which remain highly fragmented.

**Reno de Medici's** share price rebounded sharply in October, thanks to renewed interest in Italian small caps. This Italian cardboard manufacturer demonstrated impressive resilience in 2019 despite a slowing European economy. The company, which is much better managed than a few years ago thanks to a new captain on board, continues to reap the rewards of an internal efficiency plan, notably by fostering cooperation between the group's various plants. The integration of Spanish company Barcelona Cartonboard, although dilutive for earnings in the near term, is in line with the plan and should, in our opinion, leverage future earnings. A strong balance sheet suggests that we can expect the acquisitions drive to continue. We took advantage of the strong rally (+50% from the low water mark) to lighten our position, which explains its exit from our Top 5.

### Performances

	Sextant PME (N)	CAC Small NR
1 month	3.1%	3.8%
3 months	10.3%	8.5%
6 months	6.6%	4.3%
1 year	13.7%	17.2%
2 years	-9.5%	-13.2%



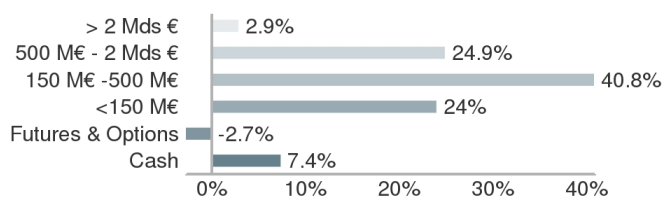
	2018	2019
Sextant PME (N)	-20.5%	13.7%
CAC Small NR	-26.0%	17.2%

Since January 1st 2014, the index of reference is the CAC Small reinvested net dividends index.

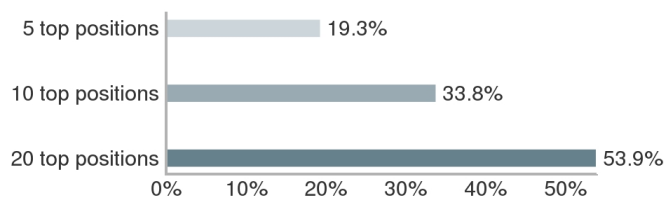
**Past performance is not necessarily indicative of future performance. Commissions and charges from the subscription or redemption of shares were not taken into account for this calculation.**



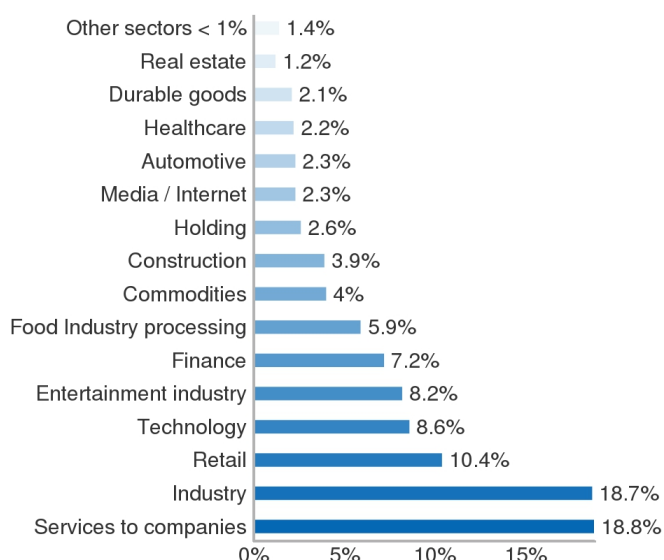
## Distribution by capitalisation size



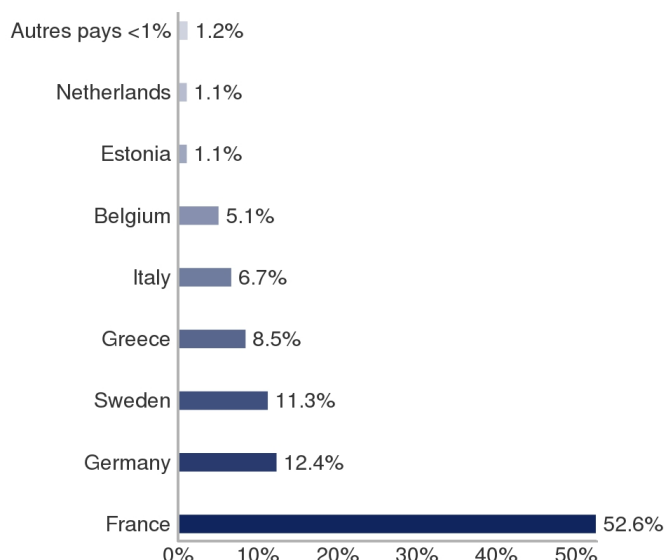
## Weight of the main holdings



## Distribution of holdings by sector (equity portfolio)



## Geographical distribution of holdings (equity portfolio)



## Main holdings

Name	Sector	Country	Net asset %	Contrib. to quarterly performance
Picanol	Industry	Belgium	4.7%	48 bps
Groupe Guillin	Food Industry processing	France	4.1%	-53 bps
Voyageurs du Monde	Entertainment industry	France	3.6%	40 bps
Wavestone	Services to companies	France	3.5%	22 bps
Fourlis	Retail	Greece	3.4%	22 bps

## Indicators

1 year volatility	Fund : 13.4% Benchmark : 13.2%
Number of lines	72
Average cap. of equities	458 M€
Median cap. of equities	382 M€

## Main contributions to performance

Name	Contrib.	Name	Contrib.
HelloFresh	102 bps	Groupe Guillin	-53 bps
Bufab AB	79 bps	Westwing	-27 bps
Reno de Medici	64 bps	Focus Home Interactive	-13 bps
Instalco	61 bps	Ringmetall	-11 bps
Home24	55 bps	M2I	-8 bps

## Main characteristics

Legal form	UCITS / French mutual fund
Share category	Unit N
ISIN code	FR0013306370
Bloomberg code	
AMF classification	"European Equities" UCITS
Benchmark	CAC Small NR
Unit NAV / Net assets Fund	193.82 € / 87.70 M€
Share NAV period	Daily based on prices at market close
Risk profile	1 2 3 4 <b>5</b> 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 : 17/12/2007 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, Route de Signy 35 – CH-1260 Nyon
Tax provisions	Eligible for PEA (French personal eq. savings plan) Eligible for PEA-PME (French personal eq. savings plan)
Entry charge	5.0% including tax maximum
Exit charge	1.0% including tax maximum
Fixed management fee	1.30% including tax maximum
Performance fee	15%, including taxes of the common fund's positive performance beyond its performance index per calendar year

Source: Amiral Gestion at 31/12/2019

## 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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