

SEXTANT GRAND LARGE



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

- 1) Net exposure to equities is between 0% to 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 when their valuations are so low there is limited risk.

Sextant Grand Large slipped back 0.7% in Q3, compared with a 2.4% rise for its benchmark index. As in Q2, the fund suffered from low exposure to the equity market and from a strong performance by the US market to which it has limited exposure. Economic indicators – especially the US ones – are at all-time highs, which we believe foreshadows a downturn in the market that began in early October.

Asset allocation

Net exposure to equities is variable, depending on cyclically-adjusted market valuations. The more expensive a market, the lower the fund's exposure and vice-versa, irrespective of any macroeconomic or stock-market scenario. At the end of Q3, net exposure to the equity market was unchanged at 26.5% due to equity-market valuations that remain very high, notably in the US. Exposure breaks down into gross exposure of 30.3% and hedging which represents 3.8% of the fund (hedging does not exceed 20%).

As we explained last quarter, the level of hedging is currently minimal as we are currently close to the end of the cyclical upturn, but the defensive stocks that we select for the fund generally tend to underperform the more cyclical issues, which are smaller or more indebted. The rest of the fund comprises bonds (13.5%) and broadly-defined liquidity, including arbitrage deals and money market products (56.2%). This generous cushion of liquidity will allow us to raise our exposure to equities if the current correction in share prices continues.

Equities

For Sextant Grand Large, we look at all of ideas put forward by our analysts, and then select the stocks whose quality/price ratio seems to offer the least long-term downside potential on a fundamental basis. We therefore prefer issues that offer both low valuation, notably with regard to the balance sheet (net cash holdings, WCR etc) and a reasonably predictable business activity. We also look for good diversification in terms of region, size and sector. New investments in Q3 included **Saipem**, an oil-services company that specialises

in installing undersea oilfields, management of land construction projects and land and sea drilling platforms. We believe that recent oil-price trends are reflected in the share price and all three of Saipem's activities are in cyclical troughs.

The positive contributors of Q3 included **Berkshire Hathaway** and **Motor Oil**. **Berkshire Hathaway** is a typical example of a defensive company that we like at the peak of the cycle, because it has over \$110 billion in cash that can easily be redeployed when a market downturn creates buying opportunities. The stock, which is still trading at low multiples relative to the US market despite excellent capital allocation, has benefited from initial share buybacks.

Motor Oil, a Greek refiner that is among the best in Europe, notably thanks to an ideal geographic positioning on the Middle East oil-company route, benefited from buoyant refining margins in the second quarter, following a first quarter shaped by impressive resilience. The company also offers very defensive earnings with strong competitive advantages, a net cash situation and excellent cash generation that allow shareholders to enjoy a generous, recurring dividend.

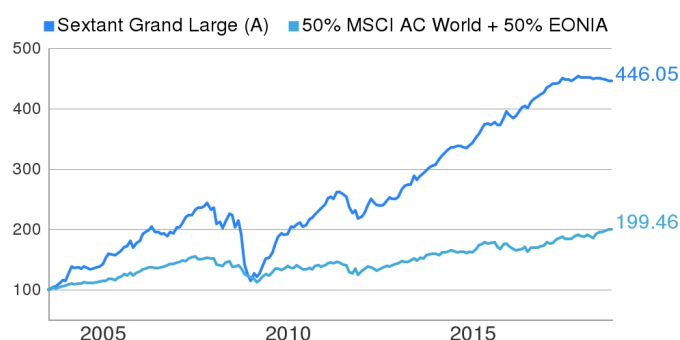
The negative contributors of Q3 included **Criteo** and **Iliad**. We remain confident on **Iliad**, as we explained last quarter. However, we have sold all of our position in **Criteo** following a brutal slowdown in expected growth for which the company has not supplied a satisfactory explanation. Following a prospecting tour in Japan, we divested our position in **Sekisui** due to disappointments regarding capital allocation and the operating outlook.

Bonds and other asset classes

In the bond compartment, we continue to avoid the interest-rate risk as much as possible. The current portfolio offers a yield net of forex hedging of 5.7% for sensitivity of 2.3, which we think is balanced in the current environment. The bond market still offers few opportunities despite wider spreads on 'risk-free' sovereign debt (notably in the US), as well as credit margins. The fund nevertheless strengthened its position in the Casino 4.87% perpetual, as doubts about the debt of the holding company, Rallye, created an attractive entry point. Coverage of Casino's debt by group assets and the necessary distinction with Rallye's debt reassured us, and the bond contributed positively to the fund's Q3 performance. Against a backdrop of negative short-term rates, part of our cash holdings are invested in the money market, in corporate treasury bills with which we are familiar, and whose yield largely offsets negative rates for an acceptable level of risk.

Performances

	Sextant Grand Large (A)	50% MSCI AC World + 50% EONIA
1 month	0.1%	0.1%
3 months	-0.7%	2.4%
6 months	-0.6%	7.6%
1 year	-0.7%	6.2%
3 years	19.2%	19.6%
5 years	49.7%	28.0%
10 years	146.6%	49.8%

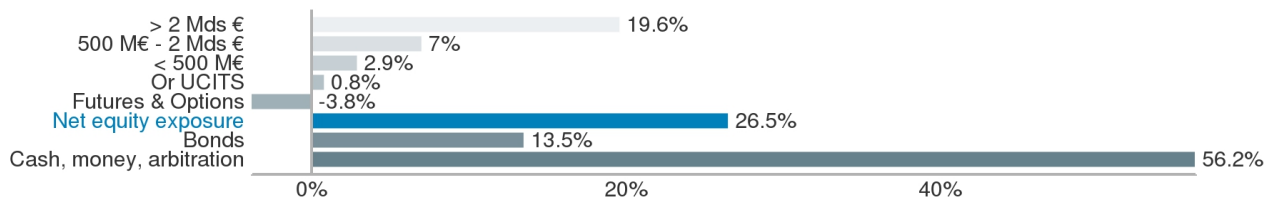


	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Sextant Grand Large (A)	-49.2%	61.7%	24.1%	-8.4%	15.2%	21.0%	11.7%	13.6%	11.2%	3.9%	-1.2%
50% MSCI AC World + 50% EONIA	-19.6%	14.3%	0.7%	-6.1%	9.7%	10.4%	1.2%	5.9%	4.2%	5.6%	6.2%

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



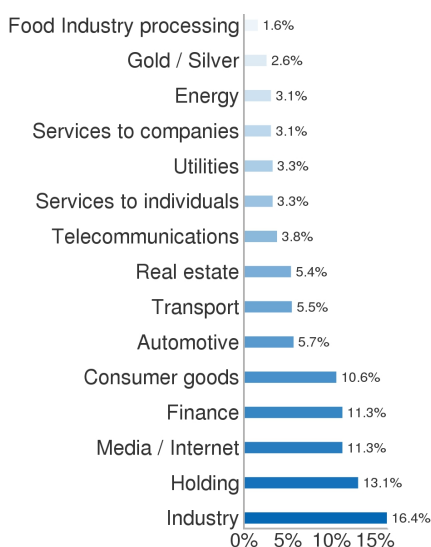
Indicators

3-years volatility	Fund : 4.0%
	Benchmark : 7.7%
Number of lines	82
Average cap. of equities	14 541 M€
Median cap. of equities	1 308 M€

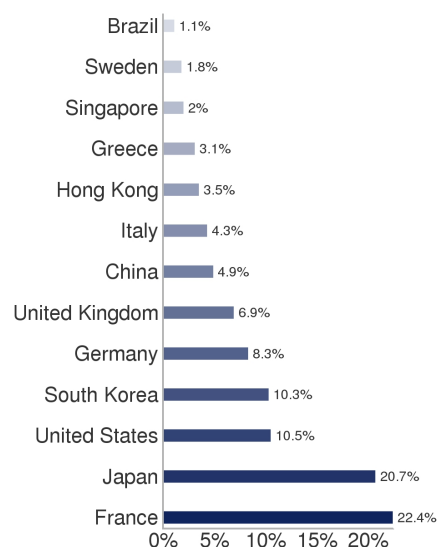
Bonds Indicators

	Fixed income part	Total assets
Gross yield	6.5%	0.7%
Yield after cost of forex hedging	5.7%	0.8%
Spread (basis point)	510	69
Residual duration (years)	2.8	0.4
Interest-rate sensitivity	2.3	0.3

Distribution by sector *



Geographical distribution *



Main holdings

Name	Sector	Country	Net asset %	Contribution to quarterly performance
Berkshire Hathaway CL A	Holding	United States	2.9%	31 bps
Toyota Industries Corp	Industry	Japan	2.6%	18 bps
Hyundai Mobis	Automotive	South Korea	1.7%	15 bps
LG Household & Healthcare pref	Consumer goods	South Korea	1.4%	14 bps
Casino Guichard-Perrachon TSSDI	Retail	France	1.3%	-7 bps

Bonds Allocations

Bonds	Percentage
o/w sovereign	0.0%
o/w corporate	7.7%
o/w financials	2.9%
o/w convertibles	3.0%

Main contributions to performance

Name	Contrib.	Name	Contrib.
Berkshire Hathaway CL A	31 bps	Criteo	-21 bps
Motor Oil	22 bps	Vipshop	-19 bps
Toyota Industries Corp	18 bps	Iliad	-19 bps
Hyundai Mobis	15 bps	Tocqueville Gold-N	-16 bps
LG Household & Healthcare pref	14 bps	Easyjet	-16 bps

Main characteristics

Legal form	UCITS / French mutual fund
Share category	Unit A all subscribers
ISIN code	FR0010286013
Bloomberg code	AMSEGLA FP
AMF classification	N/A
Benchmark	50% MSCI AC World + 50% EONIA
NAV / Net assets	446.05 € / 2 373.19 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 : 11/07/2003
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	2.00% including tax maximum
Exit charge	1.00% including tax maximum
Fixed management fee	1.70% including tax
Performance fee	15% including taxes of the performance exceeding 5% per calendar year

Source: Amiral Gestion at 28/09/2018

* 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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