

### SEXTANT EUROPE



European stock markets consolidated their first-quarter gains, rising 3% in the second quarter. Since the beginning of the year, European equities are up 16%. Although leading indicators are pointing to a global slowdown, the rising probability of interest-rate cuts both in the US and Europe have acted as powerful stimulants for equity markets. The latter are showing a strong dichotomy, with growth stocks continuing to outperform the « value » segment. Markets remain highly focused on short-term momentum and - for the moment at least - are taking little interest in undervalued issues that have limited potential for positive newsflow in the near term.

This context is not favourable for our management style, and the fund rose only 0.9% in the second quarter versus +3% for its benchmark, the CAC All Tradable. The main negative contributor to the performance was **Easyjet** (-15% in Q2), which is currently facing a price war in Europe. The airline's financial situation is very sound, with almost no debt and asset value of its airplanes (£12 per share) currently 25-30% above the share price. Given the difficulties of some rivals (Lufthansa with Eurowing, for example), the competitive situation should eventually normalise, but it is difficult to say when.

Second-line positions such as **Sanofi** (-4%) or **BMW** (-7%) put another dent in the fund's performance. **BMW** provides is a good example of how « value » stocks are lagging behind at present. The German auto manufacturer has a strong balance sheet (net cash of 17 billion euros), but heavy investments to respond to the challenges facing its sector (electrification, CO<sub>2</sub>, autonomous vehicles) are weighing on earnings. The stock trades at under 7x 2019e EPS.

Recent positive contributors include **Iliad** (+13%), **LVMH** (+15%) and **Rocket Internet** (+13%). **Iliad**'s share price has normalised after a very bad run since early 2018. Admittedly, market share is disappointing in France, both in fixed and mobile. The launch of the new box in December 2018 disappointed, and development costs in Italy have exceeded expectations due to investments in 5G. Nevertheless, with the French business valued at 10x earnings by the market, it is possible we have already seen the low for the valuation. The fund's position in **LVMH** may seem surprising, but we acquired it in Q4 of last year when the market was worried about the

macroeconomic and political risks facing China. Our analysis was that China would be a powerful long-term growth driver for luxury goods, and that **LVMH** should benefit from rising barriers to entry in this sector. However, there is good reason to have doubts following a 50% rise in the share price this year, which illustrates the flip side of our observation on the success of momentum/growth strategies.

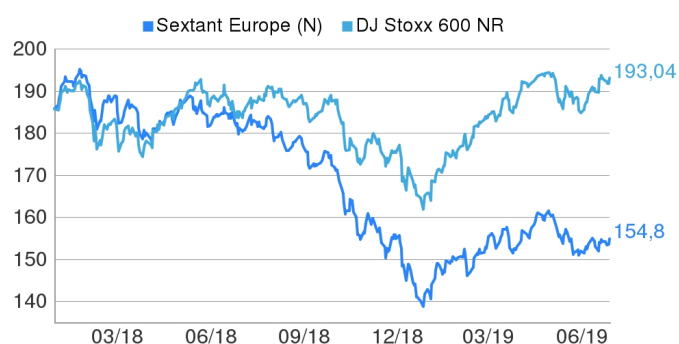
In terms of changes to the portfolio, we divested our position in **Whitbread** and strengthened our positions in **Hunter Douglas** and **Cap Gemini** to about 3% of assets. We acquired **Whitbread** in October 2018 because the stock seemed very defensive, with cash and property assets worth over 75% of market capitalisation. Moreover, we believed that a major share buyback could provide significant support for the stock. The share price has indeed risen strongly and we sold after news of the buyback, and also because prospects for budget hotels looked fragile to us.

**Hunter Douglas** (2018 sales: €3.6bn; 2018 net profit: €264m) is a Dutch company that is the world's leading maker of bespoke blinds, with market share of 40-50% in Europe and the US. The company has enjoyed steady growth in recent years, and has traditionally allocated cash wisely between dividends, buybacks and targeted acquisitions. The stock's 2019 price/earnings ratio is currently estimated at 8x, with a 12% cash flow available.

**Cap Gemini** looks an interesting investment to play the digital transformation of companies. The company is enjoying sustained organic growth (>5% per annum) and has spurred this growth with carefully selected acquisitions. In this respect, the recent project to acquire **Altran**, a specialist in outsourced R&D, looks a wise decision to us. At the financial level, we also like the **Altran** deal as the company would add raise EPS by about 13% without weakening the balance sheet. We consider the valuation of the new group still relatively low, with a 7% cash flow available.

### Performances

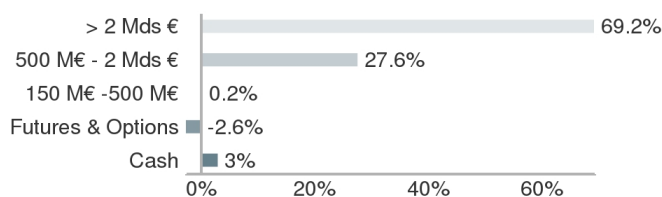
	Sextant Europe (N)	DJ Stoxx 600 NR
1 month	1.9%	4.5%
3 months	1.2%	3.0%
6 months	8.3%	16.5%
1 year	-14.6%	4.3%



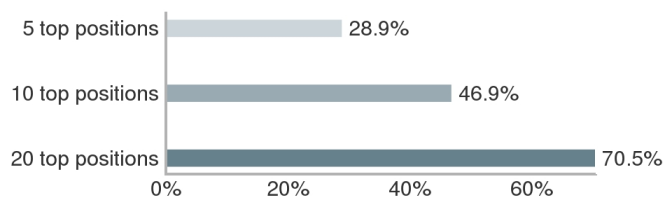
	2018	2019
Sextant Europe (N)	-23,1%	8,3%
DJ Stoxx 600 NR	-10,8%	16,5%



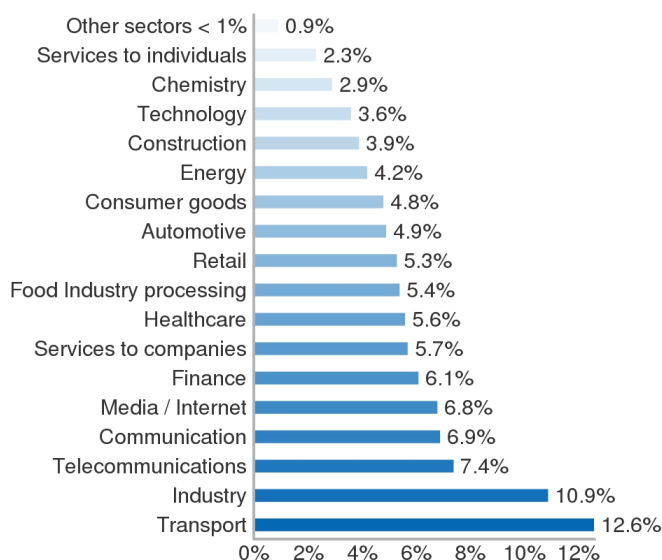
## Distribution by capitalisation size



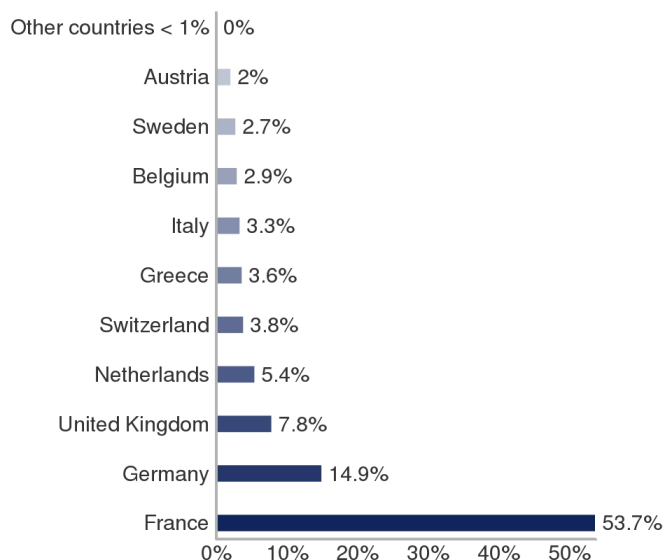
## Weight of the main holdings



## Distribution of holdings by sector (equity portfolio)



## Geographical distribution of holdings (equity portfolio)



## Main holdings

Name	Sector	Country	Net asset %	Contrib. to quarterly performance
Iliad	Telecommunications	France	7.2%	82 bps
Vivendi	Communication	France	6.7%	-16 bps
Easyjet	Transport	United Kingdom	5.5%	-92 bps
HelloFresh	Retail	Germany	5.1%	-2 bps
Rocket Internet	Media / Internet	Germany	4.4%	46 bps

### Indicators

<b>1 year volatility</b>	Fund : 15,1% Benchmark : 12,4%
<b>Number of lines</b>	41
<b>Average cap. of equities</b>	17 721 M€
<b>Median cap. of equities</b>	3 955 M€

### Main contributions to performance

Name	Contrib.	Name	Contrib.
Iliad	82 bps	Easyjet	-92 bps
Rocket Internet	46 bps	SRP Groupe	-53 bps
Motor Oil	45 bps	Boiron	-21 bps
Amundi	43 bps	Vivendi	-16 bps
Nestlé	39 bps	Wavestone	-16 bps

## Main characteristics

<b>Legal form</b>	UCITS / French mutual fund
<b>Share category</b>	Unit N
<b>ISIN code</b>	FR0013306412
<b>Bloomberg code</b>	
<b>AMF classification</b>	"European Union Equities" UCITS
<b>Benchmark</b>	DJ Stoxx 600 NR
<b>NAV / Net assets</b>	154,80 € / 23,328 M€
<b>Share NAV period</b>	Daily based on prices at market close
<b>Risk profile</b>	1 2 3 4 5 <b>6</b> 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.

<b>Launch date</b>	Fund : 29/06/2011 Unit : 29/12/2017
<b>Recom. invest. duration</b>	Over 5 years
<b>Centralis.-Settlem. /Delivery</b>	D at 10 AM / D + 2
<b>Custodian</b>	CACEIS Bank
<b>Transfert agent</b>	CACEIS Bank
<b>Tax provisions</b>	Eligible PEA (French personal eq. savings plan)
<b>Entry charge</b>	5,0% including tax maximum
<b>Exit charge</b>	1,0% including tax maximum
<b>Fixed management fee</b>	1,20% including tax

### Performance fee

15%, incl. taxes of the common fund's perf. beyond the perf. of the DJ STOXX 600 (reinvested dividends) index, on the condition that its performance is positive

Source: Amiral Gestion at 28/06/2019

### 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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