

SEXTANT EUROPE



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.

The fund's asset value rose 11.6% in Q4, versus 6.1% for the benchmark (Stoxx 600 NR). In full-year 2019, asset value rose 24.5% versus 26.8% for the Stoxx 600 NR.

Equity markets remained upbeat in late 2019, bolstered by hopes of an end to the Sino-US trade war, and by the British general election which gave the Conservatives a stable majority and a likely path to an orderly exit from the EU. The financial environment remains shaped by very low interest rates, even negative rates in some countries (Switzerland, Germany). This situation continues to provides very strong support to equity markets, and delays a cyclical downturn in economic growth and prolongs the relentless rise in financial asset prices since 2010.

In this environment, our problem is still to find assets that are solid enough to resist a possible cyclical downturn, but which are not overpriced despite the inflationary impact of low interest rates on multiples of high-quality companies. As we wrote three months ago « as the end of the economic cycle draws near, flows naturally turn towards defensive plays ». What is new, however, is that these issues performed well in the cyclical upswing, largely thanks to lower interest rates. On the other hand, the market seems to be avoiding « value » situations, as a downturn in the cycle would have a significantly greater negative impact on earnings in many cases. »

The outperformance of Q4 was mainly thanks to rallies by four stocks that are major positions of Sextant Europe, and about which the market had strong doubts since the beginning of 2019:

Iliad (+35%) rallied when founder and majority shareholder Xavier Niel announced that he is willing to acquire 20% of the capital (45% of the float) at €120 per share. Furthermore, Q3 results reflected a more stable business as the recent price war in France seems to be losing momentum.

Delivery Hero (+70%) responded particularly well to news that it would acquire Korea's leading food-delivery company, Woowa. Korea was the group's main problem, and this acquisition will transform it into an ultra-dominant player in this highly profitable market. We divested our position towards the year-end as the valuation had risen and there was a possibility that local competition authorities would question the acquisition.

Q3 results from **HelloFresh** (+36%) confirmed the good Q2 results, as the group posted its first operating profit on sales up 45%. At the recent investor day, management was very confident that it could expand the market for meal kits and consolidate its leadership position on both sides of the Atlantic.

Full-year results from **Easyjet** (+23%) confirmed that overcapacity is being absorbed on intra-European routes. This is part attributable to the bankruptcy of travel agent Thomas Cook, and partly to difficulties with the

Boeing 737 Max which forced Ryanair to reduce its offering. These two developments should offset lower in fares and entail upward revisions to earnings estimates. The share price has risen more than 60% from its low of 2019 and is now trading at a c.25% premium to the value of its fleet, net of debt. We trimmed our position late in the year.

Adjustments to the portfolio included the acquisition of a stake in **Ceconomy** (3.5% of the fund) and Interpump (1.2%).

German company **Ceconomy** is the largest distributor of brown and white goods in Europe, on sales of €21.5 billion, operating profit of €400 million and leadership positions in Germany, Spain, Italy, Austria and Switzerland. Since the spin-off by Metro in July 2017, the stock has performed very badly. The price has fallen from a high of €13 to under €4, mainly due to a series of profit warnings, two changes of CEO and disagreements with the minority shareholder (27% of the capital) about the operating structure. We believe that the 2018/19 earnings publication provided signs that the business is stabilising. Problems in some regions have been resolved (divestment of Russia and Greece) and the internet activity is starting to make a real contribution to sales. The financial structure is very sound, with net cash of €830 million and 24% of FnacDarty and 15% of Russia's MVideo. Overall, **Ceconomy's** cash and listed assets are worth €2.6 per share (versus c.€5 when we first invested), and the stock is trading at around 5x operating profit.

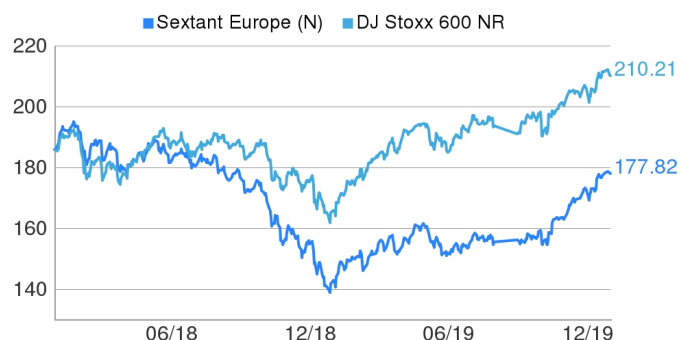
Interpump is an Italian company that specialises in high-pressure pumps (35% of sales and 40% of the global market) and hydraulic pumps. Interpump is actively acquiring small- and medium-sized companies, usually on attractive terms (6x EBIT post synergies). In addition to its high-quality product, this strategy is the main appeal of the stock, which trades on 17x 2020e earnings.

We also significantly increased our position in **Rocket Internet**, from 3.5% of the fund to 8% following the recent fall in the share price. We consider the stock very defensive at the current price (€21.5) as it trades roughly in line with net cash, while other assets (about €10 per share) include 21% of Traveloka (the leading travel platform in south-east Asia) and several dozen stakes in internet start-ups.

The main divestments were **Delivery Hero** and **Easyjet**. As we explained above, in both cases we took advantage of significant increases in share prices over the past six months.

Performances

	Sextant Europe (N)	DJ Stoxx 600 NR
1 month	3.0%	2.1%
3 months	11.6%	6.1%
6 months	14.9%	8.9%
1 year	24.5%	26.8%
2 years	-4.3%	13.2%

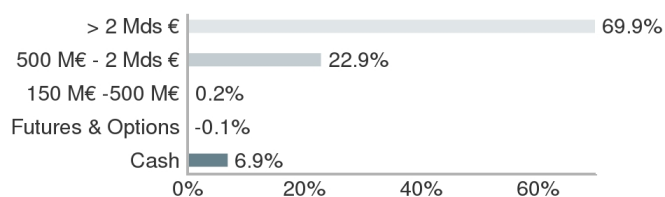


	2018	2019
Sextant Europe (N)	-23.1%	24.5%
DJ Stoxx 600 NR	-10.8%	26.8%

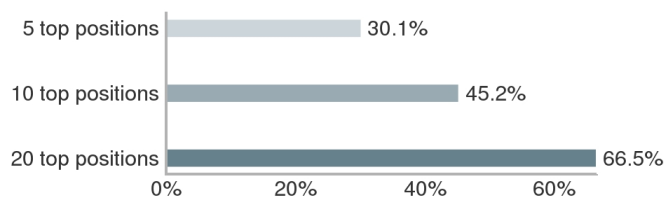
Past performance is not necessarily indicative of future performance. Commissions and charges from the subscription or redemption of shares were not taken into account for this calculation.



Distribution by capitalisation size



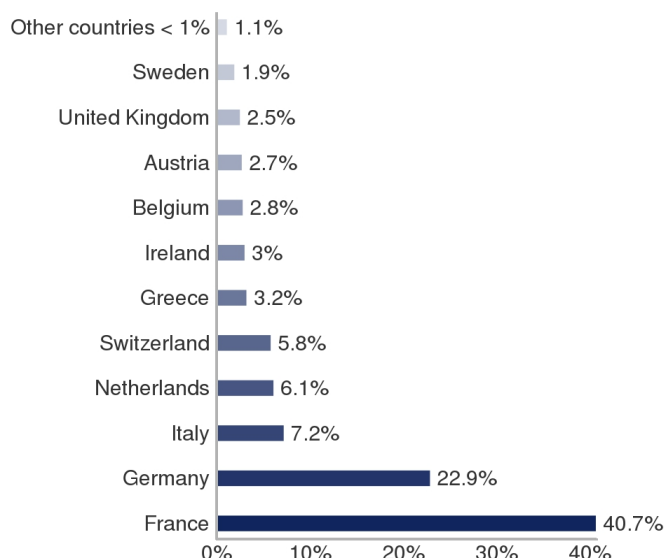
Weight of the main holdings



Distribution of holdings by sector (equity portfolio)



Geographical distribution of holdings (equity portfolio)



Main holdings

Name	Sector	Country	Net asset %	Contrib. to quarterly performance
Iliad	Telecommunications	France	8.3%	222 bps
Rocket Internet	Media / Internet	Germany	8.3%	-26 bps
Vivendi	Communication	France	6.0%	15 bps
HelloFresh	Retail	Germany	3.8%	176 bps
Ceconomy	Retail	Germany	3.6%	4 bps

Indicators

1 year volatility	Fund : 12.0%
	Benchmark : 10.6%
Number of lines	45
Average cap. of equities	25 122 M€
Median cap. of equities	3 699 M€

Main contributions to performance

Name	Contrib.	Name	Contrib.
Delivery Hero	261 bps	Rocket Internet	-26 bps
Iliad	222 bps	Nestlé	-11 bps
HelloFresh	176 bps	Hunter Douglas NV	-11 bps
Easyjet	126 bps	SMCP	-7 bps
Indutrade	52 bps	Financière Odet	-6 bps

Main characteristics

Legal form	UCITS / French mutual fund
Share category	Unit N
ISIN code	FR0013306412
Bloomberg code	
AMF classification	"European Union Equities" UCITS
Benchmark	DJ Stoxx 600 NR
Unit NAV / Net assets Fund	177.82 € / 25.59 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 : 29/06/2011 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 PEA (French personal eq. savings plan)
Entry charge	5.0% including tax maximum
Exit charge	1.0% including tax maximum
Fixed management fee	1.20% including tax maximum

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 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.

Amiral Gestion - 103 rue de Grenelle - 75007 Paris - T. +33 (0)1 47 20 78 18 - F. +33 (0)1 40 74 35 64 - www.amiralgestion.com

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