

SEXTANT EUROPE



Sextant Europe's asset value rose 2.7% in Q3, in line with its benchmark the Stoxx 600 NR (+2.6%). So far this year the fund is up 10.7%, versus +19.5% for the Stoxx 600 NR. Generally, equity markets remain very resilient despite economic fundamentals that have tended to deteriorate, especially in the UK and Germany.

Monetary policies remain very accommodative and central banks have stated publicly that these policies may become even more accommodative if necessary. It is difficult to predict the outcome of the monetary experiment we are witnessing, but we will have to become accustomed to living in a negative interest-rate world.

This situation complicates our task, as increasingly low interest rates tend to favour investment strategies that focus on growth stocks, rather than those that seek value plays. As we near the end of the economic cycle, investors are showing a normal tendency to switch to defensive stocks. What is new, however, is that these stocks performed well during the cyclical upswing, mainly thanks to lower interest rates. On the other hand, the market has tended to avoid "value" situations, as a cyclical downturn would have a significantly negative impact on the results of many such companies.

For the portfolio, much of our work consists of seeking defensive stocks at attractive prices.

We have raised the weighting of the pharmaceuticals sector to 6.5% by acquiring a position in Swiss company **Roche** (2% of the portfolio). **Roche** is the world's largest biotech company and has an extremely efficient R&D activity. The market is rightly concerned about competition from biosimilars for the group's three main anti-cancer drugs, but **Roche** recently launched four products that look set to become leaders in very different therapeutic areas (multiple sclerosis, haemophilia and cancer) and these may offset the threat. The stock trades at 13x 2019E and the yield is a generous 4%.

We have returned to food retailer **Ahold**, as we think that the current valuation (PE of 12x and FCF yield of 8%) reflects exaggerated fears about the threat from Amazon in the US market (65% of Ahold's profits). Although Amazon acquired the Whole Foods chain in 2017, the latter has made little progress in the meantime. For its part, **Ahold** has devised a more

structured internet strategy and has launched an investment plan to strengthen its most profitable US asset, Stop & Shop.

Lastly, we have added Irish hotels company, **Dalata**, to the portfolio. The latter has a strong position in Ireland, with 25% of the hotel capacity in Dublin. It also has large property holdings and the stock trades at a c.20% discount to real-estate assets net of debt. The market is thus attributing a negative value to Dalata's hotel operations, even though profitability is satisfactory. Future expansion will focus on the UK, but will be « asset light ». That should limit the risk attached to this diversification, which has already enjoyed some success.

We financed these acquisitions by reducing our holdings of some « value » stocks that we felt offered little near-term potential (**Ipsos**, **Derichebourg**), and by lowering our exposure to the luxury sector (**LVMH**, **Burberry**) which has performed well since the beginning of the year.

In terms of performance, the fund benefited from an impressive rally by **Hellofresh** (+65%) and a nice upswing by **Easyjet** (+21%). The market gave a warm welcome to Hellofresh's Q2 results, which showed that the company is ahead of schedule on its market plan, and should post positive EBITDA sooner than expected. We think that the meal-kits segment may become a food-retail category in its own right, and Hellofresh is best placed to benefit in both Europe and the US.

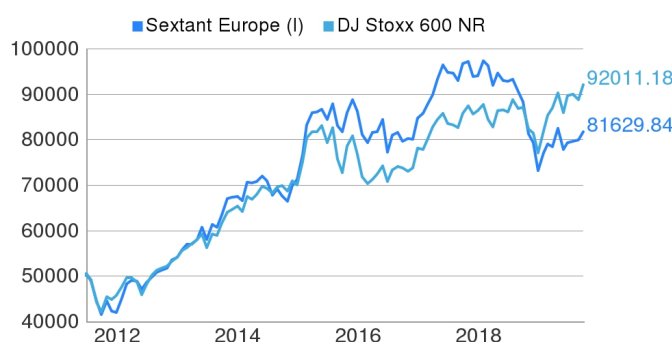
Concerning **Easyjet**, the valuation has become more rational, and the stock now trades at a 5% discount to asset value versus a 25% discount three months ago.

There were no serious setbacks in Q3 apart from **Iliad** (-13%), but many of the fund's « value » positions underperformed. Concerning **Iliad**, Q2 results disappointed again with further client defections in France in both fixed and mobile, and higher losses in Italy. In France, the consolidation scenario appears less likely to materialise, notably since SFR successfully secured refinancing for its debt. The stock's valuation looks very severe to us, although we can understand the market's near-term fatigue.

Performances

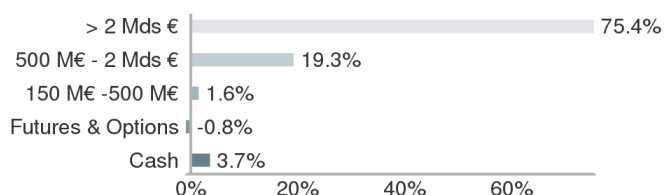
	Sextant Europe (I)	DJ Stoxx 600 NR	
1 month	2.1%	3.7%	
3 months	2.9%	2.6%	
6 months	4.2%	5.7%	
1 year	-7.5%	5.7%	
3 years	2.6%	24.7%	
5 years	20.8%	31.7%	

	2012	2013	2014	2015	2016	2017	2018	2019
Sextant Europe (I)	29.0%	24.6%	5.6%	21.1%	-1.9%	11.0%	-22.1%	11.5%
DJ Stoxx 600 NR	18.2%	20.8%	7.2%	9.6%	1.7%	10.6%	-10.8%	19.5%

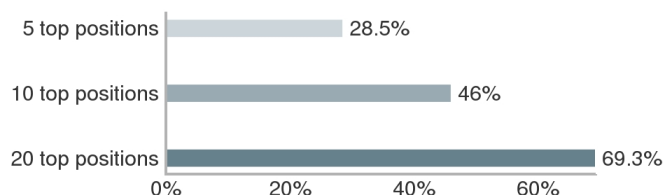




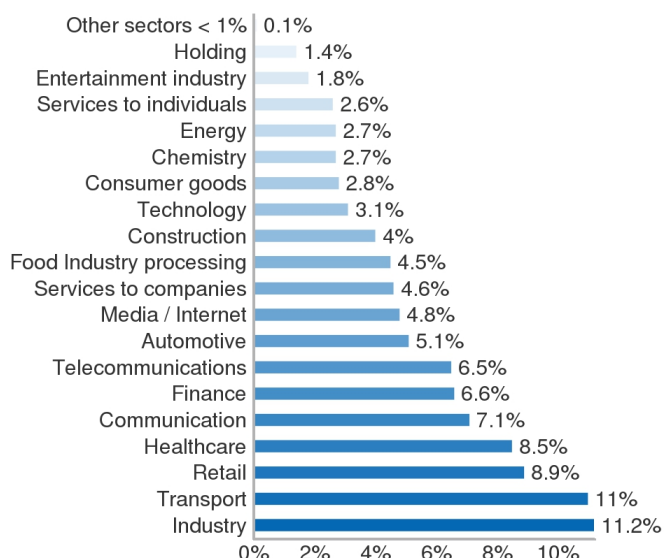
Distribution by capitalisation size



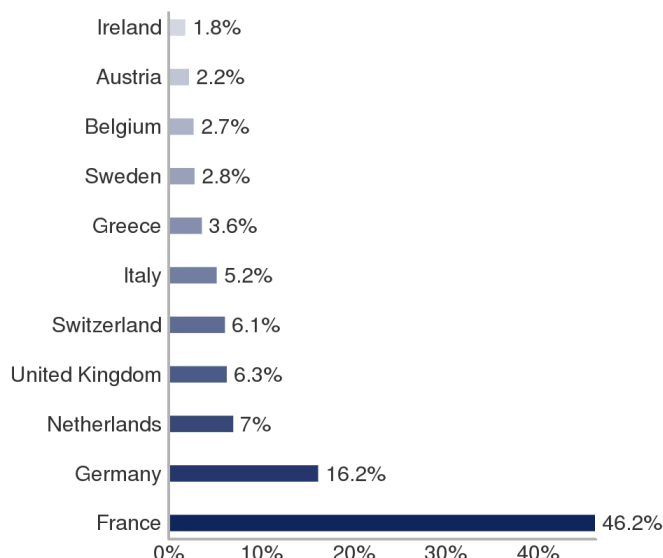
Weight of the main holdings



Distribution of holdings by sector (equity portfolio)



Geographical distribution of holdings (equity portfolio)



Main holdings

Name	Sector	Country	Net asset %	Contrib. to quarterly performance
Vivendi	Communication	France	6.8%	29 bps
Iliad	Telecommunications	France	6.3%	-91 bps
HelloFresh	Retail	Germany	5.7%	252 bps
Easyjet	Transport	United Kingdom	5.3%	112 bps
Rocket Internet	Media / Internet	Germany	4.5%	-27 bps

Indicators

3 years volatility	Fund : 12.6%
	Benchmark : 11.3%
Number of lines	45
Average cap. of equities	23 796 M€
Median cap. of equities	11 183 M€

Main contributions to performance

Name	Contrib.	Name	Contrib.
HelloFresh	252 bps	Iliad	-91 bps
Easyjet	112 bps	Tarkett	-39 bps
Sanofi Aventis	44 bps	ForFarmers	-28 bps
Nestlé	34 bps	Rocket Internet	-27 bps
Vivendi	29 bps	Maisons du Monde	-26 bps

Main characteristics

Legal form	UCITS / French mutual fund
Share category	Unit I institutional investors
ISIN code	FR0011050889
Bloomberg code	AGSEURI FP
AMF classification	"European Union Equities" UCITS
Benchmark	DJ Stoxx 600 NR
NAV / Net assets	81 629.84 € / 23.26 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 : 29/06/2011 Unit : 29/06/2011
Recom. invest. duration	Over 5 years
Centralis.-Settlem. /Delivery	D at 10 AM / D + 2
Custodian	CACEIS Bank
Transfert agent	CACEIS Bank
Tax provisions	Eligible PEA (French personal eq. savings plan)
Entry charge	5.00% including tax maximum
Exit charge	0.00% including tax maximum
Fixed management fee	1.00% 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 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.

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

Asset management company authorised by the Financial Markets Authority under the number GP-04000038 / Insurance broker company registered with ORIAS under the number 12065490 / Simplified joint-stock company with capital of €629 983 - RCS Paris 445 224 090 - VAT: FR 33 445 224 090