

### SEXTANT EUROPE



Market trends remain difficult to predict, while disappointing the bulls and frustrating the bears. As readers likely noted in our previous reports, we lean towards the bear camp and are somewhat puzzled by the market's ability to absorb the positive newsflow while overlooking the risks.

Even Mr Trump's opponents have to admit that he is never boring. It was already difficult to navigate between the many possible consequences of a monetary policy that has no precedent, the caprices European politics (e.g. alliance between the extremist Northern League party and 5-Star movement in Italy, recent British government reshuffle over the Brexit question etc.), or very violent technological disruption. But now we must contend with the impact of Mr Trump's trade war, when he is not busy redrawing the defence budgets of NATO countries. A proponent of an inward-looking US, his decisions concerning the commercial penalties that his trading partners must pay seem to depend on nothing more than his humour. The stocks of German car manufacturers are still recovering...

In spite of all that, the markets remain undaunted. We would understand better if valuations were at the levels of 2012-13, but that is far from the case. Indeed, on the basis of our preferred fundamental yardstick, European markets are trading at a 15% premium to their historical average, and the gap rises to 80% for the US market – a level rarely seen in the past. However, we note some nervousness on individual situations. And reactions can be extremely violent, as we saw repeatedly with some companies – usually small or mid caps – such as Nexans, Econocom, Pandora and ICAP.

The asset value of the fund rose only 0.6% in Q2, versus +4% for the Stoxx 600 NR. This poor showing wiped out the positive relative performance of Q1. We ended the first half down 1.8%, compared to a 0.3% slippage for the benchmark index. Sextant Europe did not participate in the market upswing, which was only partly due to the cautious stance that we chose to adopt (notably a near-10% average cash position for the quarter). Our portfolio experienced several setbacks that weighed on the performance.

· **ILIAD** tumbled another 20% in response to news of a fall in the number of fixed-line subscribers in Q1. We still expect the company to benefit from investments in fibre in the years ahead and the stock has several aces that have been overlooked by the market valuation (consolidation in France, entry into Italy, and a lower tax rate). These factors have prompted us to raise our exposure to the stock significantly, and it is now the portfolio's second-largest position.

· **Heidelberger Druckmaschinen** (HDD), a recent addition to the portfolio, fell

23% following publication of quarterly results which contained no solid evidence of the margin recovery expected in the medium term. We recommend patience, as the company is over the most difficult part of its restructuring, and concentration in the market for printing machines favours a margin recovery by the sector.

· Lastly, **Bolloré** (-10%) suffered when its CEO was investigated for some African dealings (although the group's transport activity is recovering strongly and **Vivendi** is preparing to monetise its stake in Universal Music) and **BMW** (-12%) was hit by Mr Trump's threats.

On the other hand, the portfolio's performance was bolstered by stocks such as **Criteo** (+30%), **Sixt** (+11%) and **Rocket Internet** (+10%). **Criteo** is at last emerging from its stock-market purgatory thanks to publication of very good quarterly results and the return of its founder to the role of CEO. The market appears to be showing renewed interest in the fundamentals of a company that is one of the least expensive internet players in Europe. Not only is Criteo profitable, but the unique nature of its ad retargeting offering makes it an ideal partner for leading brands. **Sixt** has announced another upward revision of its earnings forecasts, and the stock is increasingly considered an e-mobility play rather than a car rental company. Lastly, **Rocket Internet** continued its good run of the first quarter: its listed shareholdings (Delivery Hero, HelloFresh) are performing very well and the IPO of furnishings website **Home24** went well. This highlighted the stock's low valuation, with a significant part of capitalisation covered by cash holdings.

In terms of changes to the portfolio, **ILIAD** and **HelloFresh** have moved into our top 5 at the expense of **Bolloré** and **EasyJet** (we reduced our holding of the airline following a good performance by the stock). We have already discussed **ILIAD** and we believe that the current share price is a rare opportunity to acquire the stock. Concerning HelloFresh, we think that this company's home delivery of « meal kits » has created a new segment in the food market that corresponds to the requirements of western consumers, short of time but long on practicality. Barriers to entry are higher than we thought previously (notably due to failure of food retailers to enter the segment), which has prompted us to raise our weighting of the stock.

On the other hand, we divested several small positions (e.g. **Europcar**, **Eutelsat**), even though their valuations were not very high, but their strategies do not look solid enough in a market that is quick to punish disappointments severely. In a word, we have to be more demanding about valuations than in the past, and not in a hurry to sell issues that are gradually achieving the « growth stock » label.

### Performances

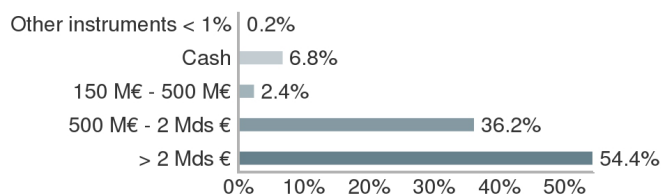
	Sextant Europe (A)	DJ Stoxx 600 NR
<b>1 month</b>	-0.2%	-0.6%
<b>3 months</b>	0.6%	4.0%
<b>6 months</b>	-1.8%	-0.3%
<b>1 year</b>	-3.0%	2.9%
<b>3 years</b>	8.2%	8.3%
<b>5 years</b>	57.5%	52.8%

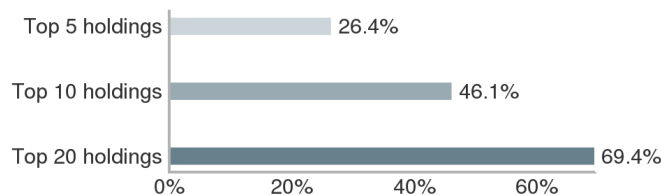
	2011	2012	2013	2014	2015	2016	2017	2018
<b>Sextant Europe (A)</b>	-16.0%	28.9%	24.6%	5.5%	21.0%	-2.1%	10.3%	-1.8%
<b>DJ Stoxx 600 NR</b>	-8.5%	18.2%	20.8%	7.2%	9.6%	1.7%	10.6%	-0.3%



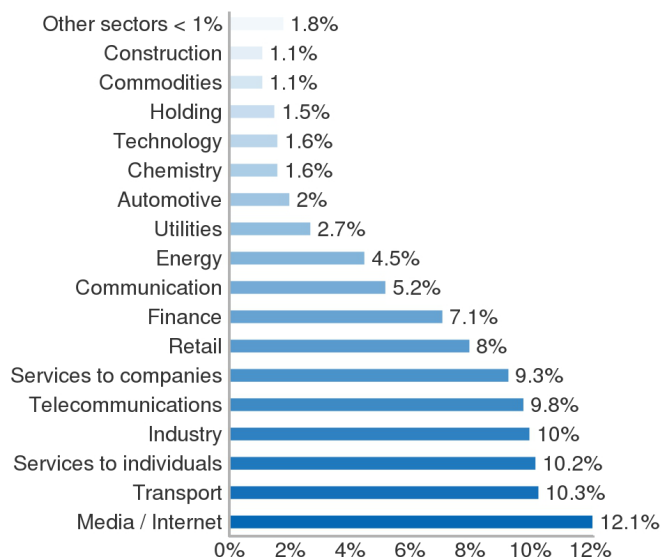
## Distribution by capitalisation size



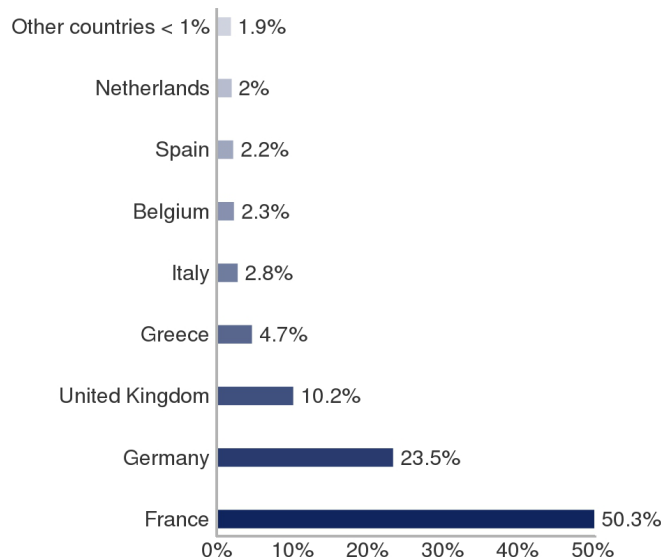
## Weight of the main holdings



## Distribution of holdings by sector



## Geographical distribution of holdings



## Main holdings

Name	Sector	Country	Net asset %	Contrib. to quarterly performance
Sixt pref.	Services to individuals	Germany	6.1%	78 bps
Iliad	Telecommunications	France	5.5%	-65 bps
Criteo	Media / Internet	France	5.2%	128 bps
Vivendi	Communication	France	4.9%	10 bps
HelloFresh	Retail	Germany	4.7%	16 bps

## Indicators

3-years volatility	Fund : 13.1 % Benchmark : 14.6%
Number of lines	42
Average cap. of equities	5 846 M€
Median cap. of equities	2 232 M€

## Main contributions to performance

Name	Contrib.	Name	Contrib.
Criteo	128 bps	Heidelberger Druck	-79 bps
Sixt pref.	78 bps	Iliad	-65 bps
Rocket Internet	41 bps	Société Générale	-32 bps
Wavestone	32 bps	Derichebourg	-29 bps
Dignity	27 bps	Showroomprivé	-26 bps

## Main characteristics

Legal form	UCITS / French mutual fund
Share category	Unit A all subscribers
ISIN code	FR0011050863
Bloomberg code	AGSEURA FP
AMF classification	"European Union Equities" UCITS
Benchmark	DJ Stoxx 600 NR
NAV / Net assets	182.89 € / 31.14 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	2.00% including tax maximum
Exit charge	1.00% including tax maximum
Fixed management fee	2.00% 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 29/06/2018

## 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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