

The investment objective of the PHILEAS EQUITY EUROPE is to outperform, on an equity horizon, its benchmark, the MSCI Europe net return index. The fund invests in European Union equities through discretionary stock picking.

ISIN: FR0012749927

Launch date: 15 October 2015

Structure: «European Union equities» fund - French FCP

Management team: Ludovic LABAL / Cyril BERTRAND

Benchmark: MSCI Europe NR

Custodian: CACEIS BANK

Administrator: CACEIS FA

Auditor: MAZARS

Fund dealing: daily

Eligible for French equity savings plan: yes

NAV: 128.35€

AUM: 9.19 M€

Management fees: 1.20% incl.taxes

Performance fees: 15% incl.taxes above MSCI Europe NR

Currency: EURO

Performance review

In December, PHILEAS EQUITY EUROPE rose by 1.76% as its benchmark, MSCI Europe net return, rose by 2.06%.

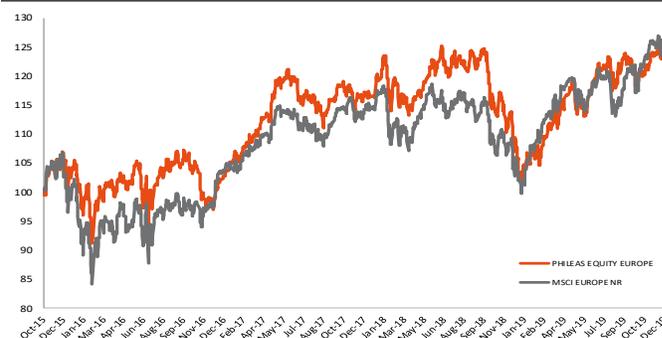
In 2019, the fund gained 22.55% versus 26.05% for the MSCI Europe, taking annualised performance since inception to 6.10% versus 6.21% for the index. Defensive portfolio positioning in January and September/October explains most of the lag. We are starting 2020 with a great deal more balance between the growth, value, and defensive styles.

- Services/IT were the best performance contributors for the year in 2019. Worldline contributed 243 bps and Ingenico 209 bps. The payments services sector is an attractive option for investors. Growth is vigorous and non-cyclical in nature, buoyed by the rise in electronic payments at the expense of cheques and cash. There is a strong case for industry consolidation given significant potential synergies (savings in the region of 30% of the target's cost base). Furthermore, outsourcing contracts with banking groups are likely to be on the increase, providing further growth opportunities for the sector's specialist operators in the same vein as Worldline's strategic partnership with Commerzbank. We expect 2020 to be rich in opportunities.

- In the Consumer sector, EssilorLuxottica and Puma were the standout names for 2019. The sports brand's growth story is ongoing, powered by double-digit organic growth exceeding 10% and significant potential for improving operating margins. We continue to hold this name as 2020 gets underway.

- Telecom delivered the most disappointing performances with losses by Iliad and Masmovil. We believe that both names harbour strong upward share price potential. Iliad's profitability outlook for its Italian subsidiary is set to be a significant catalyst. We believe the negative consensus for the French operator is overdone: initial losses are only to be expected given that the mobile network is still being rolled out.

Performance since inception



Performance (%)

	YTD	1 month	6 months	1 year	Annualized performance*
PHILEAS EQUITY EUROPE	22.55%	1.76%	5.96%	22.55%	6.10%
MSCI EUROPE NR	26.05%	2.06%	8.43%	26.05%	6.21%

* I share launched as of 10/15/2015

Top holdings

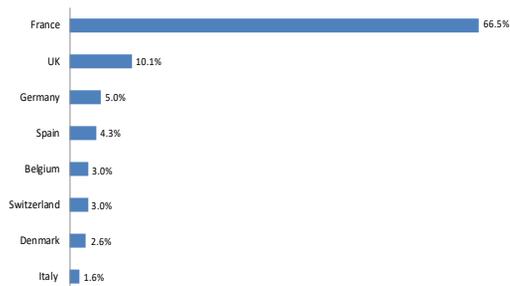
Holdings	%
Thales	6.7%
Bureau Veritas	5.7%
Cap Gemini	4.7%
Ingenico	4.7%
Spie	4.6%
Number of holdings	31
Investment rate	95.97%

Risk indicators - 1-year data

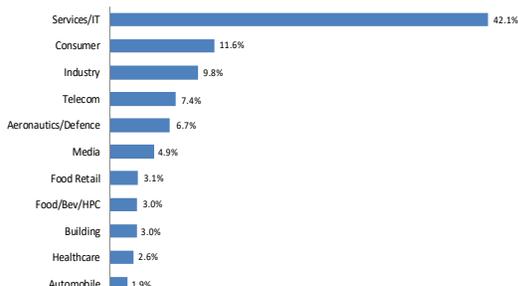
Volatility of the fund	11.98%
Volatility of the benchmark	11.34%
Tracking error	6.65%
Beta	0.88
Information ratio	-0.40
Sharpe ratio	1.91

Source : Bloomberg

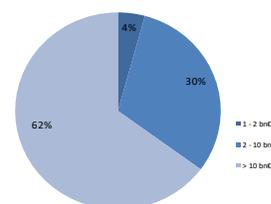
Portfolio exposure by country



Portfolio exposure by sector



Portfolio exposure by market cap



Source: Phileas Asset Management, unless otherwise noted

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