

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: 121.03€

AUM: 8.71 M€

Management fees: 1.20% incl.taxes

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

Currency: EURO

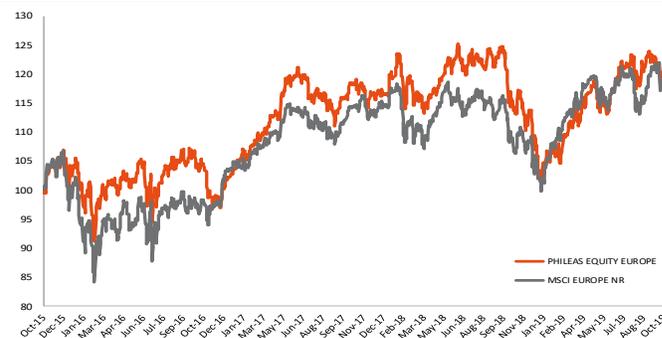
Performance review

In October, PHILEAS EQUITY EUROPE fell back by 0.68% as its benchmark, MSCI Europe net return, rose by 0.85%.

- In Services/IT, Worldline suffered from equity placements by both Atos and Six. The share price fall is purely technical and unrelated to the company's fundamentals, as evidenced by its quarterly earnings report. We took advantage of the dip to add to our position. Sodexo also underperformed the market in the wake of cautious comments by analysts ahead of its third-quarter numbers which, when released at the start of November, proved very reassuring and confirmed our position. Finally, with management at Applus cautious over growth in its Energy & Industry division due to weak investment in the oil and gas sector, we decided to sell our holding.
- In Food/Beverages/HPC, we were surprised by a downward revision in organic growth forecasts for Danone. With the expected improvement in 2020 growth now largely jeopardised, we sold our position.
- In Defence/Aeronautics, performance was hit by falls in Thales. Operating margin targets for the company disappointed the market, especially in its Defence and Security division. We would have liked to see the synergies from its acquisition of Gemalto resulting in a more ambitious plan, a key factor in a prospective re-rating. We decided to close out our holding and avoided further share price falls when the 2019 profit warning was announced. Thales is currently trading at attractive levels, but the risk for disappointing 2020 growth is very real.
- In the Consumer sector, Burberry underperformed for no apparent reason other than a stronger pound. We believe the market has correctly priced-in fears of a third quarter affected by falling sales in Hong Kong. Positive trends driven by collections from new designer Riccardo Tisci should enable the stock to confirm its recovery story.

In spite of Ingenico's strong run, we are retaining our position in the stock. The new management team (CEO and CFO) is implementing a very convincing transformation. The company's new 'Fit for Growth' cost reduction plan will enable it to raise its 2020 operating margin following two years of contraction, and its payments terminals business looks to be stabilising. Separating (both legally and operationally) its payments terminals and services businesses clears the way for closer business links with other actors in what is a consolidating market. We believe conditions are ripe for further progress in the share price.

Performance since inception



Performance (%)

	YTD	1 month	6 months	1 year	Annualized performance*
PHILEAS EQUITY EUROPE	15.56%	-0.68%	2.25%	4.82%	4.82%
MSCI EUROPE NR	20.26%	0.85%	2.69%	12.63%	5.24%

* I share launched as of 10/15/2015

Top holdings

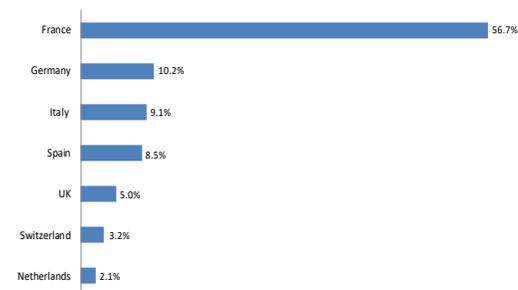
Holdings	%
Wordline	6.1%
Bureau Veritas	5.9%
Masmovil	5.4%
Burberry	5.0%
Edenred	5.0%
Number of holdings	25
Investment rate	94.83%

Risk indicators - 1-year data

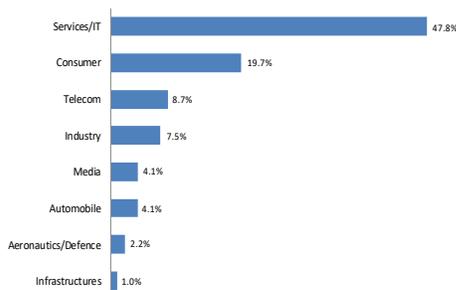
Volatility of the fund	13.21%
Volatility of the benchmark	12.57%
Tracking error	6.87%
Beta	0.89
Information ratio	-0.98
Sharpe ratio	0.39

Source : Bloomberg

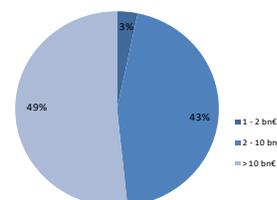
Portfolio exposure by country



Portfolio exposure by sector



Portfolio exposure by market cap



Source: Phileas Asset Management, unless otherwise noted

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