

The investment objective of the PHILEAS L/S EUROPE Fund is to generate absolute performance, over the recommended 2-years investment horizon, decorrelated from equity markets (Stoxx 600 index), with lower volatility. The Fund invests in long and short equity positions, through discretionary stock picking mainly in Europe.

ISIN: FR0011335355
Launch date: 12 October 2012
Structure: UCITS V - French FCP
Management team: Ludovic LABAL / Cyril BERTRAND
Benchmark: EONIA

Custodian: CACEIS BANK
Administrator: CACEIS FA
Auditor: MAZARS
Fund dealing: daily
Dividend policy: accumulation

NAV: 122.60€
AUM: 90 ME
Management fees: 1.20% incl.taxes
Performance fees: 20% incl.taxes above EONIA + 100 bps
Currency: GBP

Performance review

In June, PHILEAS L/S EUROPE fell back by 0.72%, recording losses of 4.88% on the long portfolio and gains of 4.16% on the short portfolio as markets fell back by 8.15% (Stoxx 600).

May European markets fell sharply in June, with the Stoxx 600 down some 8%. Fund performance slipped 0.86%. The first half of the month was dominated by the same themes as since the start of the year, namely higher inflation (which ticked up again in May), and monetary tightening (the Fed raised rates by 75 bps and the ECB announced the start of monetary policy normalisation across Europe). As a result, long rates rose once again, and quality stock multiples continued to fall. In the second half of the month, investor attention shifted to the economic consequences of monetary tightening, as both European and US PMI index readings came in below expectations. Long-term interest rates retraced much of the progress made earlier in the month, defensive stocks regained ground, and cyclical stocks were severely punished.

The main negative contributors this month :

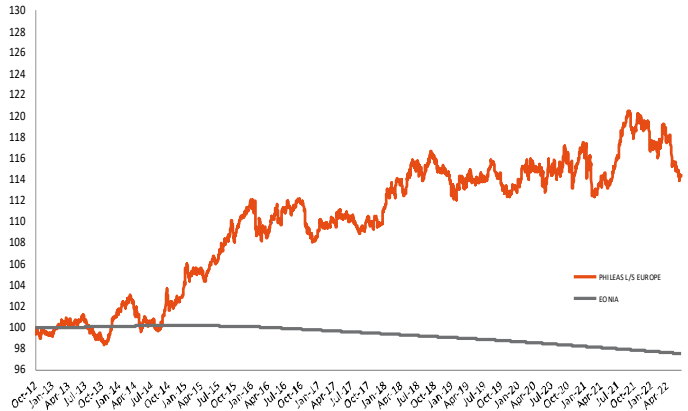
- Construction (-51 bps) and Industrials (-65 bps), which suffered from declines in stocks exposed to residential and non-residential investment markets: Saint-Gobain, Kingspan, Schneider, Nexans, and Legrand all fell sharply. We closed out our Legrand position during the month. While the next quarter is expected to be positive, we fear that the residential cycle has reached a peak, making the outlook for 2023 more uncertain than is reflected by what we believe is an insufficiently defensive valuation level. We are keeping our other positions as their multiples already appear to be implicitly pricing in a significant business slowdown (Saint-Gobain's 2022 price-to-earnings ratio stands at 7). The judicious positioning of most of these portfolio stocks on the energy transition provides a modest cyclical buffer effect and, more importantly, a source of medium-term growth at very low valuation levels.

The main positive contributors this month :

- Infrastructure (+17 bps) enjoyed a boost from our real estate hedge positions. Refinancing costs in the sector have risen sharply in recent months, putting pressure on financial structures that are poorly adapted to a slowdown in rental demand.
- In Healthcare (+14 bps), our hedge positions also proved effective. In June we took profit on several short positions, including Amplifon, Sonova and Straumann, at our target levels and following significant deratings since the start of the year.

In Services, where overall monthly performance came in flat, we carried out several arbitrage trades. We took advantage of a volatile month to position ourselves on two stocks that had each come through severe deratings: Wolters Kluwer and Dassault Systèmes. Wolters Kluwer has a very defensive business model with good prospects for faster growth and over 50% of its sales are now based on cloud and software offerings. Dassault Systèmes, the global leader in 3D software, is expected to benefit from the expansion of its addressable markets to new verticals and from the faster take-up of its 3DX platform. These purchases were partially funded by scaling back on Edenred following its good run in both absolute and relative terms.

Performance since inception



Source: Phileas Asset Management

Performance (%)

	YTD	1 month	1 year	3 years	Annualized performance*
PHILEAS L/S EUROPE	-4.12%	-0.72%	-0.47%	0.08%	1.40%
EONIA	-0.25%	-0.04%	-0.49%	-1.39%	-0.25%

* I GBP share launched as of 10/12/2012

Risk indicators - 1-year data

	Beta	Volatility	Sharpe ratio	Maximum drawdown	Calmar ratio *
PHILEAS L/S EUROPE	0.04	3.91%	-0.25	-5.41%	0.07

* Calmar ratio computed over the last 3 years

Source: Bloomberg

Historical monthly returns*

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2012										-0.52%	+0.15%	-0.41%	-0.77%
2013	+0.61%	+0.14%	+0.56%	-0.44%	+0.18%	+0.74%	-1.13%	-0.52%	-0.35%	-0.51%	+0.85%	+1.73%	+1.84%
2014	+1.16%	+0.09%	-0.01%	-1.19%	-0.45%	-0.41%	-0.15%	-0.20%	+1.96%	+0.53%	+0.26%	+0.24%	+1.79%
2015	+2.16%	+0.41%	-0.13%	-0.94%	+1.44%	+0.25%	+1.50%	+0.45%	+0.98%	+0.19%	+0.98%	+0.74%	+8.32%
2016	-0.16%	-1.31%	-0.76%	+1.01%	+1.09%	-0.14%	+0.72%	-0.60%	+0.69%	-0.79%	-2.11%	-0.49%	-2.81%
2017	+1.45%	-0.07%	+0.27%	+0.40%	-0.16%	-0.21%	-0.04%	-0.92%	+0.41%	+0.53%	+0.41%	-0.50%	+1.54%
2018	+2.69%	+0.24%	+0.66%	-1.25%	+2.19%	+0.46%	-0.48%	+0.39%	+0.83%	-0.95%	+0.08%	-0.46%	+4.43%
2019	-1.97%	+1.15%	-0.43%	+1.21%	-0.56%	+0.33%	-0.26%	+1.32%	-1.10%	-1.15%	-0.12%	+0.32%	-1.32%
2020	+0.63%	+1.27%	-0.54%	-0.01%	-0.13%	+1.19%	-0.46%	-0.51%	+1.77%	-1.58%	+0.00%	+1.58%	+3.19%
2021	-2.15%	-1.60%	+0.81%	+0.77%	-0.52%	+1.19%	+2.28%	+1.59%	-0.50%	+0.55%	-0.05%	-0.10%	+2.21%
2022	-1.59%	+0.03%	+0.77%	-0.21%	-2.44%	-0.72%							-4.12%

* I GBP share class historical monthly returns

Portfolio exposure

	%
Gross exposure	112.6%
Net exposure	0.4%
Net beta-adjusted exposure	3.5%

Source: Phileas Asset Management, unless otherwise noted

Portfolio exposure by instrument

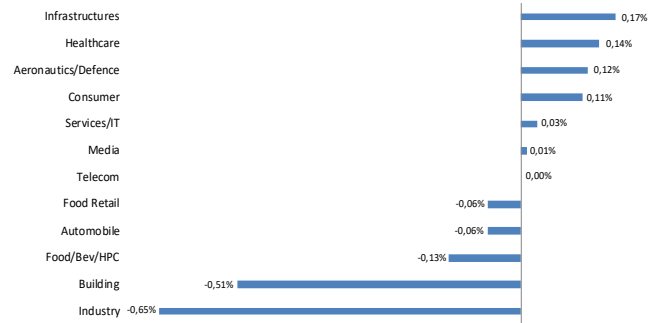
	%	N° of positions
Long equity	56.5%	38
Short equity	47.3%	81
Short indices	8.8%	2

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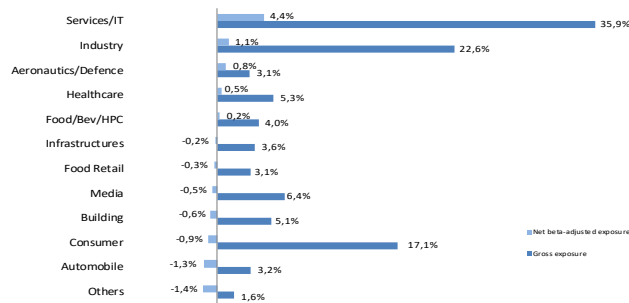
Top holdings

Long	%	Short	%
LVMH	2.9%	Food Retail	1.2%
Wolters Kluwer	2.6%	Germany	1.0%
Spie	2.4%	Consumer	1.0%
Schneider Electric	2.3%	Germany	1.0%
Teleperformance	2.3%	France	1.0%
		Services/IT	1.0%
		Germany	1.0%

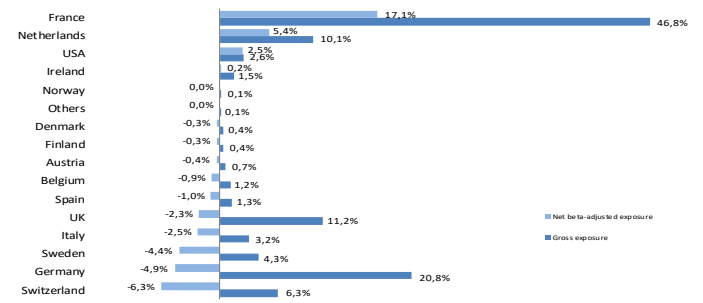
Gross performance contributors by sector - 1 month



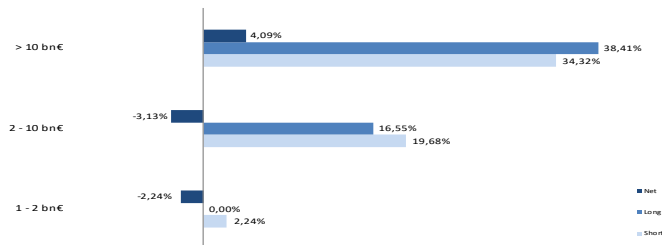
Portfolio exposure by sector



Portfolio exposure by country



Portfolio exposure by market cap



Performance analysis

Number of positive months	61
Number of negative months	56
% positive months	52%
Best month	+4.47%
Worst month	-2.44%

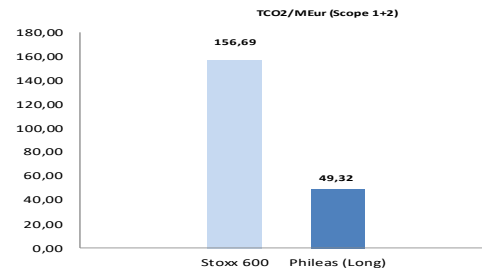
ESG notation - Net exposure

	-2	-1	0	+1	+2
Decarbonization	-0.3%	-2.2%	-7.1%	6.2%	3.8%
Human Capital	0.0%	-1.2%	-5.4%	5.5%	1.3%
Governance	-0.8%	-0.9%	0.0%	0.0%	2.0%

Style Factors - Net exposure

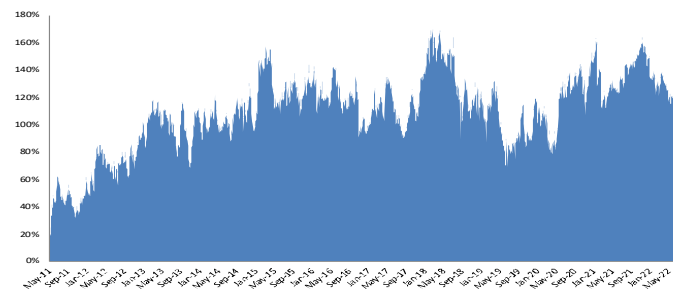
Quality	4.7%
Value	0.4%
N/A	-4.7%

Carbon Intensity

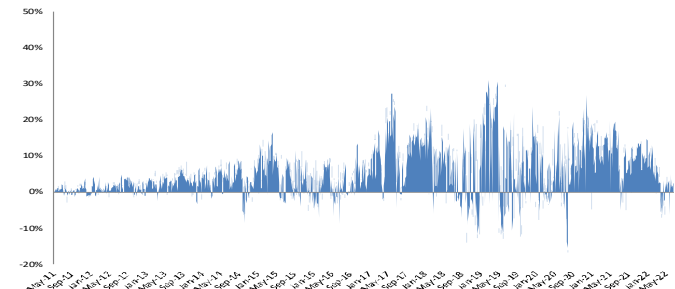


Source: Trucost

Gross exposure



Net beta-adjusted exposure



Source: Phileas Asset Management, unless otherwise noted

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