PHILEAS L/S EUROPE - I share

29 July 2022

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: FR0011023910
Launch date: 11 April 2011
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: 120.36€
AUM: 108 M€
Management fees: 1.20% incl.taxes
Performance fees: 20% incl.taxes above EONIA + 100 bps
Currency: EURO

Performance review

In July, PHILEAS L/S EUROPE rose by 2.52%, recording gains of 5.54% on the long portfolio and losses of 3.02% on the short portfolio as market rose by 7.64% (Stoxx 600).

The main positive contributors this month :

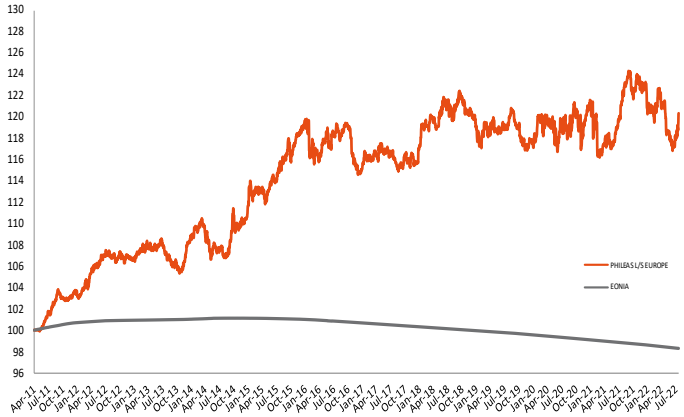
- In Services/IT (+126 bps), we benefitted from a turnaround in several quality stocks that had undergone significant derating amid rising interest rates since the start of the year. Dassault Systèmes, Adyen, and Wolters Kluwer outperformed the market. In addition, half-year results from most of our portfolio companies served to confirm our projections, particularly in IT Services. Capgemini, Alten, and Sopra exceeded revenue growth expectations. Digital transformation among major companies is likely to remain a central theme in the years ahead.
- In Industrials (+75 bps), performance was driven by our long positions in Schneider, Nexans, Croda, and Rational. Schneider and Nexans published excellent results. Against an increasingly challenging macroeconomic backdrop, both companies will be buoyed by the energy transition. The electrification of infrastructure will provide a significant growth driver that should be reflected in their operating performances.
- In Healthcare (+61 bps), Sartorius and Danaher performed particularly well. During the first half of 2022, Sartorius demonstrated just how robust its growth trends are. Our hedge positions were also effective, in particular due to the Fresenius Medical Care profit warning.

The main negative contributors this month :

- In Food Retail (-24 bps), we decided to sell most of our positions, namely Hellofresh on the long side and our Just Eat and Delivery Hero hedges. Limited visibility for these significant beneficiaries of the Covid-19 restrictions coupled with highly volatile share prices deprive us of the confidence level required to manage these positions.

Spie's second-quarter results are a step in the right direction. The company posted a satisfactory organic growth rate of 4% and full-year forecasts have also been raised. Like Nexans and Schneider, Spie is well positioned for the energy transition megatrend. We concur with Spie's management that future growth will exceed the company's historical level of 1–2% and in this case, the company's current valuation is too low.

Performance since inception



Source: Phileas Asset Management

Performance (%)

	YTD	1 month	1 year	3 years	Annualized
PHILEAS L/S EUROPE	-2.26%	2.52%	-0.98%	1.07%	1.65%
EONIA	-0.33%	-0.04%	-0.53%	-1.44%	-0.15%

** I share launched as of 04/11/2011*

Risk indicators - 1-year data

	Beta	Volatility	Sharpe ratio	Maximum drawdown	Calmar ratio *
PHILEAS L/S EUROPE	0.05	4.09%	-0.11	-6.00%	-0.09

** 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
2011				+0.01%	+0.32%	+0.83%	+0.72%	+1.07%	+0.09%	-0.27%	+0.41%	+0.50%	+3.73%
2012	-0.47%	+0.72%	+0.95%	+0.73%	+0.68%	+0.46%	+0.15%	+0.04%	-0.33%	+0.07%	+0.12%	-0.39%	+2.75%
2013	+0.58%	+0.17%	+0.58%	-0.48%	+0.16%	+0.71%	-1.22%	-0.53%	-0.35%	-0.55%	+0.85%	+1.79%	+1.67%
2014	+1.16%	+0.09%	-0.01%	-1.24%	-0.47%	-0.40%	-0.18%	-0.13%	+2.29%	+0.47%	+0.22%	+0.23%	+2.01%
2015	+2.21%	+0.38%	-0.16%	-0.98%	+1.43%	+0.23%	+1.46%	+0.37%	+0.90%	+0.17%	+0.97%	+0.52%	+7.78%
2016	-0.17%	-1.35%	-0.81%	+0.95%	+1.01%	-0.16%	+0.73%	-0.77%	+0.73%	-0.99%	-2.26%	-0.53%	-3.65%
2017	+1.36%	-0.13%	+0.24%	+0.33%	-0.23%	-0.24%	-0.08%	-0.96%	+0.38%	+0.48%	+0.36%	-0.56%	+0.92%
2018	+2.92%	-0.03%	+0.62%	-0.89%	+1.73%	+0.37%	-0.55%	+0.33%	+0.77%	-1.02%	+0.01%	-0.53%	+3.74%
2019	-2.08%	+1.11%	-0.52%	+1.11%	-0.62%	+0.49%	-0.35%	+1.25%	-1.19%	-1.23%	-0.21%	+0.22%	-2.07%
2020	+0.56%	+1.54%	-0.68%	-0.29%	-0.25%	+0.52%	+0.52%	-0.70%	+1.62%	+1.48%	-0.05%	+1.45%	+2.74%
2021	-2.18%	-1.58%	+0.79%	+0.73%	-0.55%	+1.15%	+2.23%	+1.55%	-0.51%	+0.52%	-0.09%	-0.13%	+1.83%
2022	-1.64%	-0.03%	+0.66%	-0.28%	-2.56%	-0.86%	2.52%						-2.27%

Portfolio exposure

	%
Gross exposure	117.98%
Net exposure	3.45%
Net beta-adjusted exposure	6.52%

Source: Phileas Asset Management, unless otherwise noted

Portfolio exposure by instrument

	%	N° of positions
Long equity	60.71%	35
Short equity	48.9%	83
Short indices	8.4%	2

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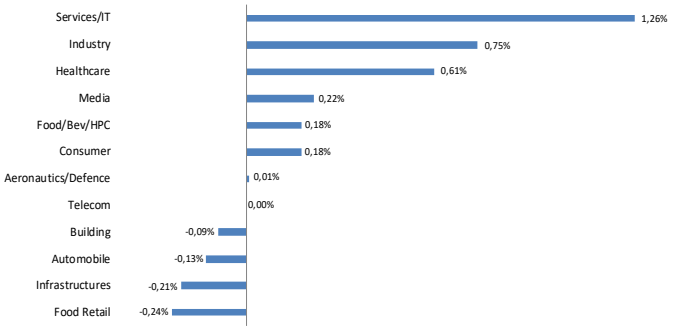
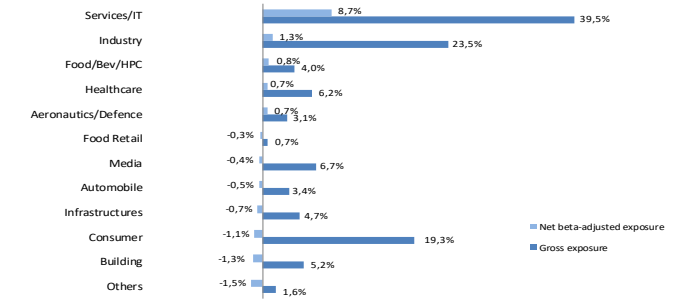
Top holdings

Long	%	Short	%
LVMH	3.2%	Consommation Allemagne	1.0%
Schneider	2.6%	Consommation Allemagne	1.0%
Capgemini	2.6%	Services/IT Allemagne	1.0%
Spie	2.6%	Consommation Suède	0.9%
Teleperformance	2.6%	Services/IT France	0.9%

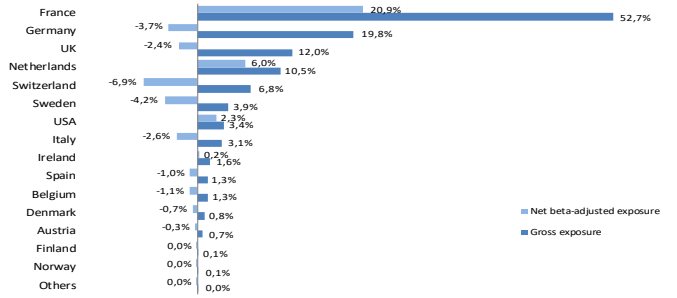
Gross performance contributors by sector - 1 month



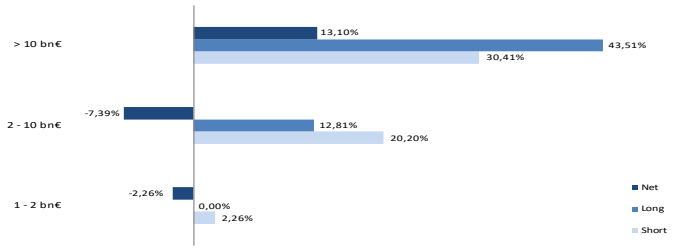
Portfolio exposure by sector



Portfolio exposure by country



Portfolio exposure by market cap



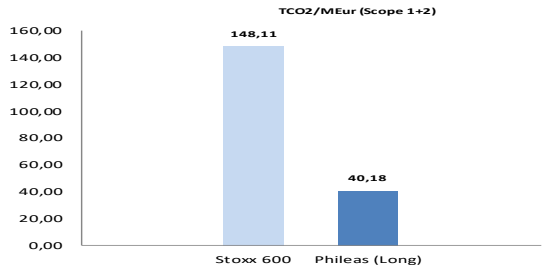
Performance analysis

Number of positive months	76
Number of negative months	60
% positive months	56%
Best month	+2.92%
Worst month	-2.56%

ESG notation - Net exposure

	-2	-1	0	+1	+2
Decarbonization	-0.1%	-2.1%	-4.3%	6.3%	3.7%
Human Capital	0.0%	-1.5%	-4.2%	7.6%	1.6%
Governance	-0.8%	-1.5%	2.5%	1.3%	1.9%

Carbon Intensity

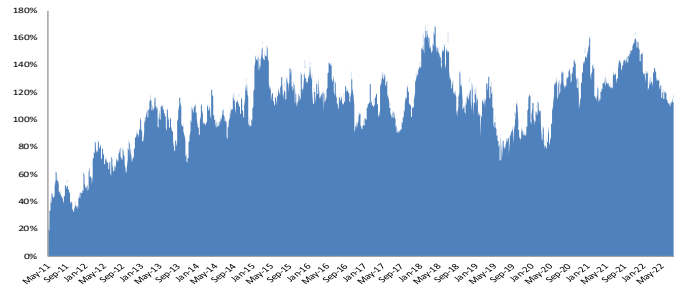


Source: Trucost

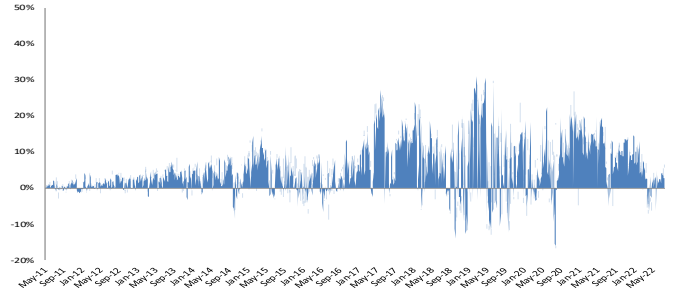
Style Factors - Net exposure

Quality	6.1%
Value	0.3%
N/A	-3.0%

Gross exposure



Net beta-adjusted exposure



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