

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: 141.05€

AUM: 7.71 M€

Management fees: 1.20% incl.taxes

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

Currency: EURO

### Performance review

2022 proved to be a complicated year for our strategy. The main driver of underperformance was our portfolio structure. Our overexposure to quality stocks largely penalized us in a year marked by a very strong outperformance of the value segment. This deep rotation in favor of Value and away from Quality was mainly triggered by the context of rising inflation and interest rates. Quality stocks logically have higher than average valuation multiples (structurally higher than average growth prospects and lower cyclicality). Given their longer duration, these stocks suffer disproportionately in phases of rising interest rates. The fund's performance was strongly impacted by the unprecedented depth of the rotation, particularly on growth stocks. Incidentally, our structural underweight to commodities and financials was a major drag on relative performance.

Among the best contributions to performance in 2022 were the fine performances of Edenred, MTU, Spie and Publicis. The weakest performances came from S4Capital, Puma, Teleperformance and Kingspan. We are no longer shareholders in the first two stocks (disappointment with S4Capital's operating performance and a change in management at Puma). However, we maintained our positions in Teleperformance and Kingspan.

At the beginning of 2023, we deem that the inherent quality valuation premium of the companies in our portfolio has been overly reduced. After a year mostly driven by macro considerations, this should pave the way for a market where companies' performance is back at the driver's seat. In this context, our portfolio structure should allow us to benefit from the superior financial productivity and resilience of our companies.

For the month of December, the fund declined by 3.44% while the MSCI Europe declined by 3.51%.

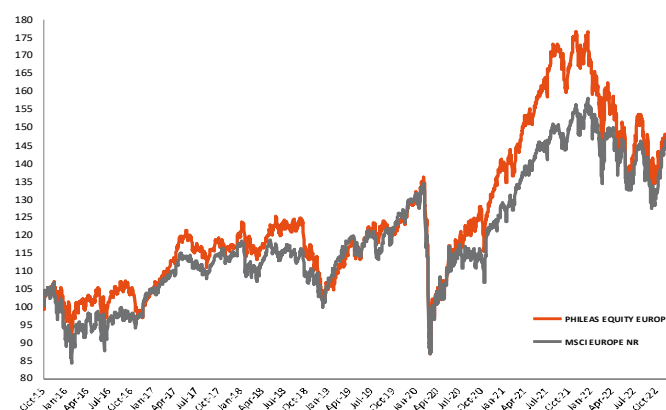
In December, sector allocation was negative due to our underweight in financials. Stock selection was slightly positive.

We benefited from the rebound of Teleperformance and the good performance of Spie. Spie's positive performance over 2022 reflects the company's improving fundamentals. Well positioned in markets benefiting from the energy transition, Spie should experience accelerating growth over the next few years while its valuation multiple remains reasonable. Teleperformance's share price has recovered from its sharp fall in November, which we believe was overdone given the lack of materiality of the ESG controversy that penalized the stock.

MTU is a fairly recent portfolio position (November 2022). The stock's performance in December was driven by the continued normalization of air traffic. In this sense, China's abandonment of the zero Covid policy is good news for air traffic, which should continue its post-pandemic catch-up in 2023.

Capgemini suffered from Accenture's half-hearted publication, which showed a slight slowdown in order intake. This slightly less buoyant situation does not call into question the structural need for companies to carry on with their digital transition, a secular trend that is far from exhausted. With a PER of 14x and a free cash flow yield of 7%, Capgemini remains a compelling investment proposition, in our view.

### Performance since inception



### Performance (%)

	YTD	1 month	1 year	3 years	Annualized performance*
PHILEAS EQUITY EUROPE	-19.51%	-3.44%	-19.51%	9.89%	4.88%
MSCI EUROPE NR	-9.49%	-3.51%	-9.49%	9.48%	4.89%

\* I share launched as of 10/15/2015

### Top holdings

Holdings	%
SPIE	4,95%
CAP GEMINI	4,80%
LVMH	4,69%
PUBLICIS GRP	4,65%
SOPRA STERIA	4,46%
Number of holdings	32
Investment rate	94.50%

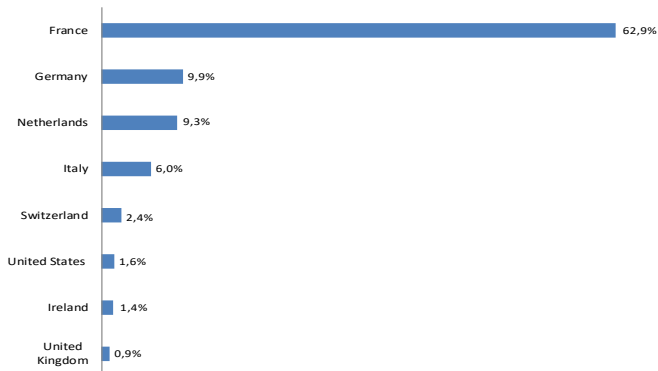
### Risk indicators - 1-year data

Volatility of the fund	22.06%
Volatility of the benchmark	18.80%
Tracking error	8.23%
Beta	1.09
Information ratio	-1.23
Sharpe ratio	-0.81

Source : Bloomberg

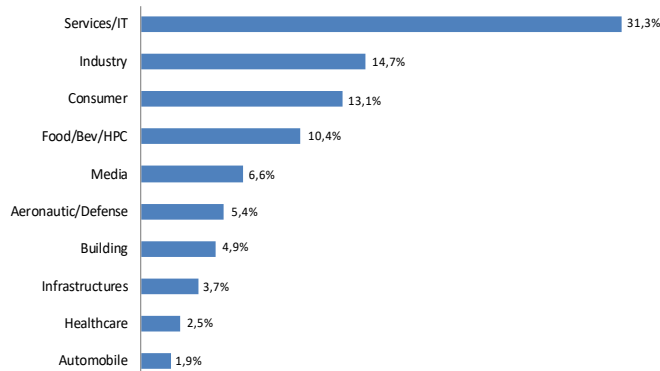
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**Portfolio exposure by country**



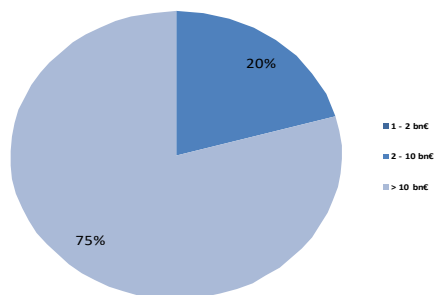
Source : Phileas

**Portfolio exposure by sector**



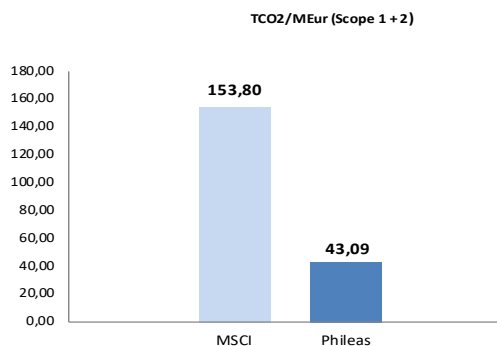
Source : Phileas

**Portfolio exposure by market cap**



Source : Bloomberg

**Carbon intensity**



Source : Trucost

**ESG notation—Net exposure**

	-2	-1	0	+1	+2
<b>Decarbonization</b>	0.0%	3.7%	65.0%	14.7%	8.8%
<b>Human Capital</b>	0.0%	2.3%	66.0%	22.0%	1.9%
<b>Governance</b>	1.9%	5.9%	72.4%	8.1%	3.8%

Source : Phileas

**Style factors - Net exposure**

<b>Quality</b>	44.7%
<b>Value</b>	23.9%
<b>N/A</b>	27.5%

Source : Phileas