PHILEAS EQUITY EUROPE - I share

31 March 2023

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: 160.26€
AUM: 8.69 M€
Management fees: 1.20% incl.taxes
Performance fees: 15% incl.taxes above MSCI Europe NR
Currency: EURO

Performance review

For the month of february, the fund increased by 1.55% while the MSCI Europe rose by 0.07%.

The fund's outperformance in March came from sector allocation while stock selection was a slight drag. Our structural underweight to financials and energy was a positive. The setbacks at SVB and Credit Suisse have logically weighed on the banking sector after a strong start to the year. Beyond arguably mixed impacts on banks, the rapid rise in interest rates after a decade of easy money is creating the conditions for a slowdown in the credit cycle, the effect of which is already being felt in residential construction. The broader impact on the economy remains to be seen. We believe that our portfolio structure, which focuses on quality stocks with strong fundamentals, healthy balance sheets and reasonable valuation levels after the 2022 derating is well suited to this uncertain environment.

For the month, the best contributor to performance was Adidas. With the arrival of Bjorn Gulden at the helm, we believe that the prospects for the company's turnaround are very promising over the next 18-24 months. Bjorn Gulden's first public communication de-risked short-term expectations and showed strong medium-term ambition. At the current price, the market is far from valuing the return to more normative earnings levels.

Luxury goods stocks have continued to perform well amid positive newsflow on the Chinese reopening. After a relatively soft January and February, activity seems to have picked up strongly in March. This will provide a solid growth driver for the rest of the year, with a fairly easy basis of comparison in the region. LVMH and Moncler are set to be prime beneficiaries of this trend.

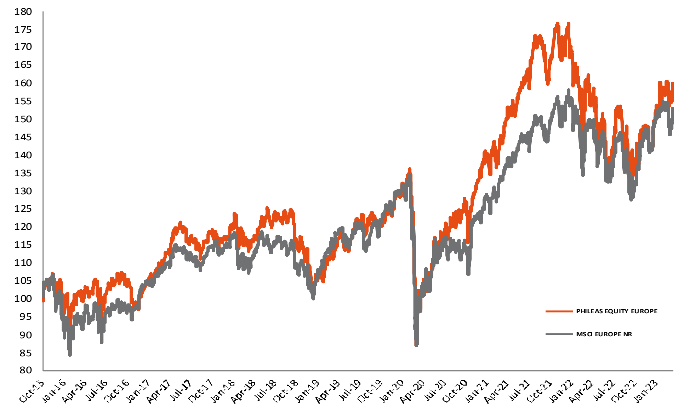
Among our Services holdings, our positions in IT services (Capgemini and Alten) experienced profit taking after their good annual publication. We decided to sell our position in Teleperformance. Whilst the recent ESG controversy has been successfully cleared, we sense the debate is set to move towards the potentially upcoming customer experience automation triggered by language platforms such as OpenAI. So far, chat bots have not been a problem for call center players. On the contrary, they have used them as productivity drivers. We do not yet have all the elements that will allow us to gauge the impact of OpenAI on the industry (i.e. to what extent will the machine replace the human being? what will be the deflationary effect on the call center model?). In the meantime, it seems to us, however, that these unanswered questions are likely to fuel a derating. We remain cautious and prefer to stand on the sideline.

We initiated two new positions during the month: Hugo Boss and Sodexo.

Hugo Boss benefits from the impetus of a new management team with a convincing track record at Tommy Hilfiger. The strategy of systematically reinvesting margin gains in marketing and product innovation is paying off. Market positioning remains mixed. We expect the company to raise its medium-term guidance at the next investor day in June.

Sodexo's absolute and relative valuation levels (vs. Compass) have compressed too far in our view. Sophie Bellon's takeover of the group's management was initially poorly perceived by the market, which saw it as a questionable decision in terms of governance. However, it seems to us that the primary motivation for this change is the turnaround of the company's commercial performance, a key condition for a lasting rerating.

Performance since inception



Performance (%)

	YTD	1 month	1 year	3 years	Annualized performance*
PHILEAS EQUITY EUROPE	13.61%	1.55%	1.37%	60.35%	6.52%
MSCI EUROPE NR	8.60%	-0.07%	3.82%	53.61%	5.88%

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

Top holdings

Holdings	**%**
LVMH	5.12%
SPIE	4.78%
AIR LIQUIDE	4.05%
WOLTERS	4.05%
MONCLER	3.90%
Number of holdings	36
Investment rate	98.94%

Risk indicators - 1-year data

Volatility of the fund	19.50%
Volatility of the benchmark	16.35%
Tracking error	7.95%
Beta	1.08
Information ratio	-0.22
Sharpe ratio	0.11

Source : Bloomberg

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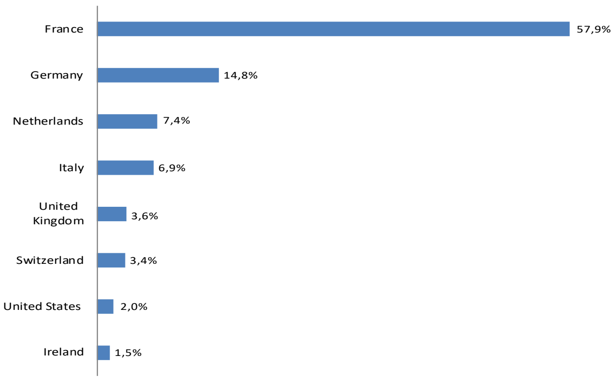
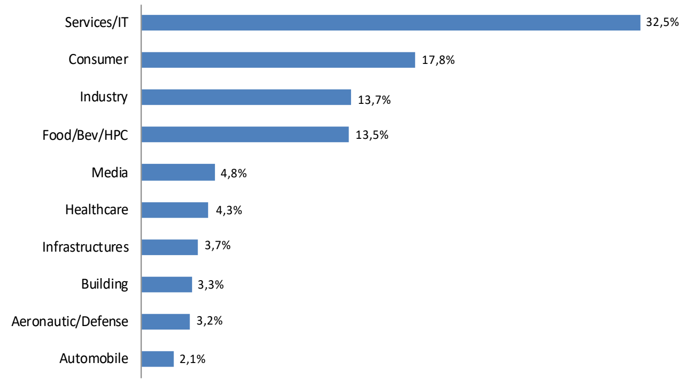
Portfolio exposure by country



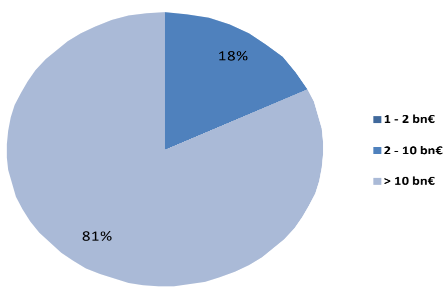
Source : Phileas

Portfolio exposure by sector



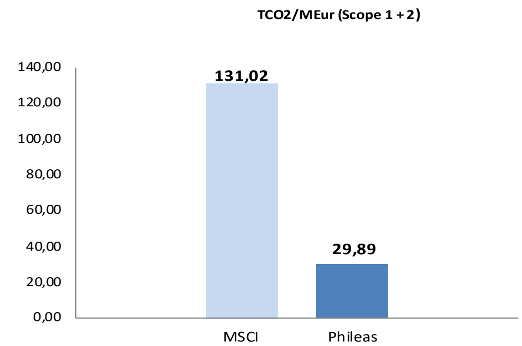
Source : Phileas

Portfolio exposure by market cap



Source : Bloomberg

Carbon intensity



Source: Trucost

ESG notation—Net exposure

	-2	-1	0	+1	+2
Decarbonization	0.0%	3.7%	70.7%	15.1%	6.3%
Human Capital	0.0%	0.0%	62.4%	30.7%	2.7%
Governance	2.1%	9.3%	70.3%	10.0%	4.0%

Source : Phileas

Style factors - Net exposure

Quality	65.3%
Value	20.9%
N/A	12.7%

Source : Phileas

Source: Phileas Asset Management, unless noted otherwise