

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: 116.62€

AUM: 9.6 M€

Management fees: 1.20% TTC

Performance fees: 15% TTC above MSCI Europe NR

Currency: EURO

Performance review

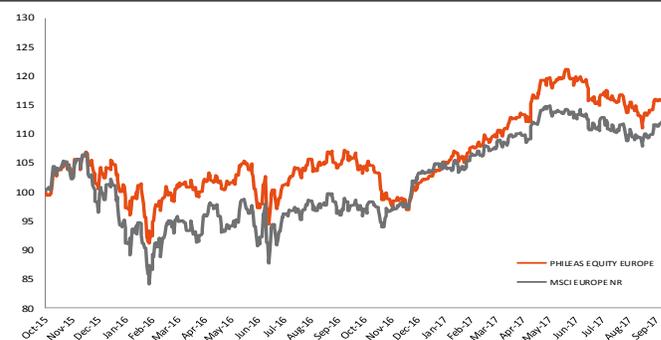
In September, PHILEAS EQUITY EUROPE rose 3.27% as its benchmark, MSCI Europe net return, rose 3.88%.

- In Media, TF1 and Vivendi were the main contributors to performance in the sector. TF1 benefitted from reassuring feedback on advertising trends in France. In addition, the new Macron government seems to be more inclined than its predecessors to change the tight regulatory framework that hampers growth in TV broadcasting (banned sectors, investment obligations). The prospect of an UMG IPO is buoying Vivendi's valuation.
- In Food Retail, we benefitted from Ahold's bounce from a very low valuation level.
- In Services/IT, several lagging stocks such as SGS, Adecco or Accor have caught up, outperforming the market.
- In the Consumer sector, Puma fell during the month, on the back of rumours that Kering could sell. We are maintaining a positive stance.

IT services firms are undergoing a paradigm shift, the effects of which are synonymous with fresh opportunities. In the past, IT services firms spoke exclusively to their client's IT managers. They provided IT support enabling businesses to run smoothly at the administrative, back office and accounting levels. Fast forward to now, and business digitalisation involves the sales, marketing and production divisions. With few front offices likely to escape the digital revolution, IT services firms are seeing the size of their markets increase. Against this backdrop, we are optimistic for the growth prospects of names such as Capgemini and Atos, whose valuations are still reasonable.

In the Consumer sub-portfolio, we took several arbitrage opportunities. We returned to Husqvarna following its summer consolidation. The company is still successfully activating its various growth levers for its two main brands, Husqvarna and Gardena, namely an improved product mix (automatic sprinkling systems, robot mowers), new distribution channels, and globalisation. In the Luxury sector, we took our profits on Kering after an excellent run to finalise our switch to Richemont. Although Gucci's exceptional momentum will likely be confirmed in the two quarters ahead, the bar seems high for 2018 and valuation has become stretched. Meanwhile, Richemont is set to benefit from the recovery in the watchmaking and jewellery segment, which has been hit hard by the downturn in Chinese demand in the past two years.

Performance since inception



Performance (%)

	YTD	1 month	6 months	1 year	Annualized performance*
PHILEAS EQUITY EUROPE	13.45%	3.27%	3.26%	10.12%	8.16%
MSCI EUROPE NR	9.55%	3.88%	3.39%	16.25%	6.74%

* I share launched as of 10/15/2015

Top holdings

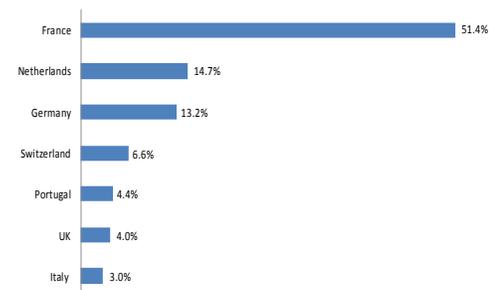
Holdings	%
Edenred	6.0%
Iliad	6.0%
Adidas	5.8%
Ahold	5.5%
Worldline	5.2%
Number of holdings	26
Investment rate	97.18%

Risk indicators - 1-year data

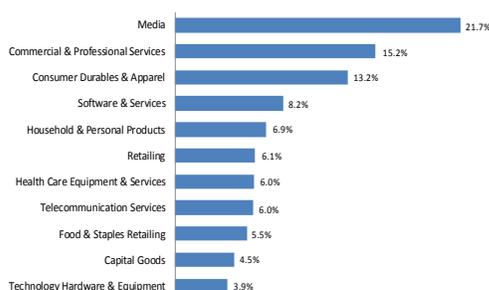
Volatility of the fund	9.70%
Volatility of the benchmark	9.14%
Tracking error	5.50%
Beta	0.86
Information ratio	-1.11
Sharpe ratio	1.07

Source : Bloomberg

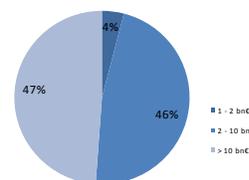
Portfolio exposure by country



Portfolio exposure by sector*



Portfolio exposure by market cap



Source: Phileas Asset Management, unless otherwise noted

*MSCI classification

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