

The investment objective of the PHILEAS L/S EUROPE Fund is to generate absolute performance, over the recommended 2-year 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 : 115.53€  
AUM: 181 M€  
Management fee: 1.20% TTC  
Performance fee : 20% TTC above EONIA + 100 bps  
Currency: EURO

**Performance review**

In September, PHILEAS L/S EUROPE rose 0.38%, recording gains of 1.53% on the long portfolio and losses of 1.15% on the short portfolio as markets rose 3.81% (Stoxx 600).

The main positive contributors this month :

- In Media (+34 bps), 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 (+18 bps), we benefitted from Ahold's bounce from a very low valuation level. Our Colruyt hedge also contributed positively. Colruyt remains a good quality name but its very high level of operating leverage is a drag on potential profit growth.
- In Services/IT (+15 bps), several lagging stocks such as SGS, Adecco or Accor have caught up, outperforming the short portfolio.

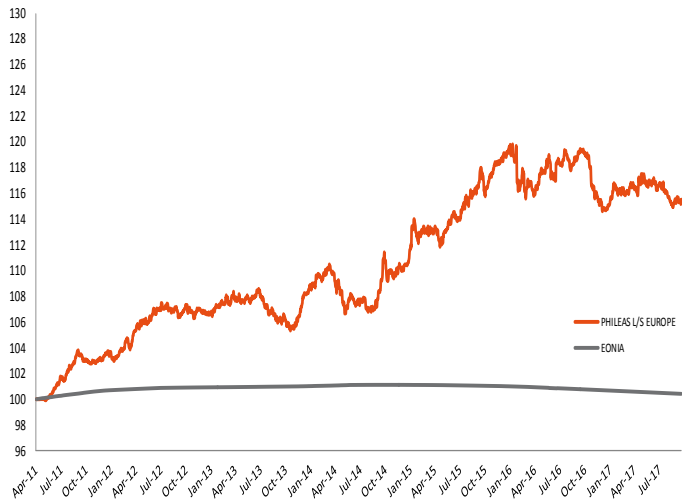
The main negative contributors this month :

- In the Consumer sector (-21 bps), the short leg of the portfolio suffered from the rise of Yoox and Marks & Spencer. We closed out our position in Yoox and replaced Marks & Spencer with Next. 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**



Source: Phileas Asset Management

**Performance (%)**

	YTD	1 month	1 year	3 years	Annualized performance*
<b>PHILEAS L/S EUROPE</b>	0.64%	0.38%	-3.13%	5.49%	2.25%
<b>EONIA</b>	-0.26%	-0.02%	-0.35%	-0.69%	0.06%

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

**Risk indicators - 1-year data**

	Beta	Volatility	Sharpe ratio	Maximum drawdown	Calmar ratio *
<b>PHILEAS L/S EUROPE</b>	0.08	2.69%	-1.03	-4.03%	0.41

\* 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
<b>2011</b>				+0.01%	+0.32%	+0.83%	+0.72%	+1.07%	+0.09%	-0.27%	+0.41%	+0.50%	+3.73%
<b>2012</b>	-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%
<b>2013</b>	+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%
<b>2014</b>	+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%
<b>2015</b>	+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%
<b>2016</b>	-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%
<b>2017</b>	+1.36%	-0.13%	+0.24%	+0.33%	-0.23%	-0.24%	-0.08%	-0.96%	+0.38%				+0.64%

**Portfolio exposure**

	%
<b>Gross exposure</b>	107.1%
<b>Net exposure</b>	10.7%
<b>Net beta-adjusted exposure</b>	15.0%

Source: Phileas Asset Management, unless otherwise noted

**Portfolio exposure by instrument**

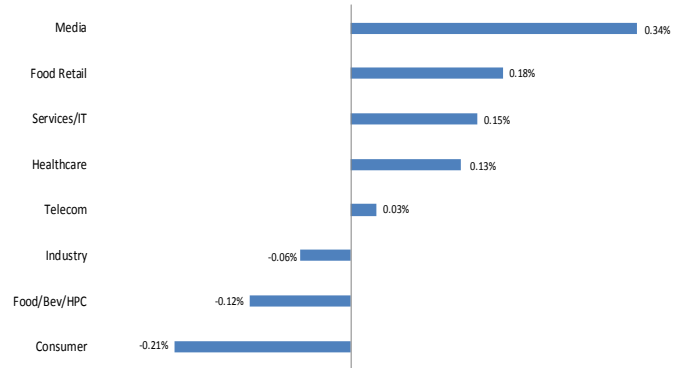
	%	N° of positions
<b>Long equity</b>	58.9%	29
<b>Short equity</b>	48.2%	63
<b>Short indices</b>	0.0%	0

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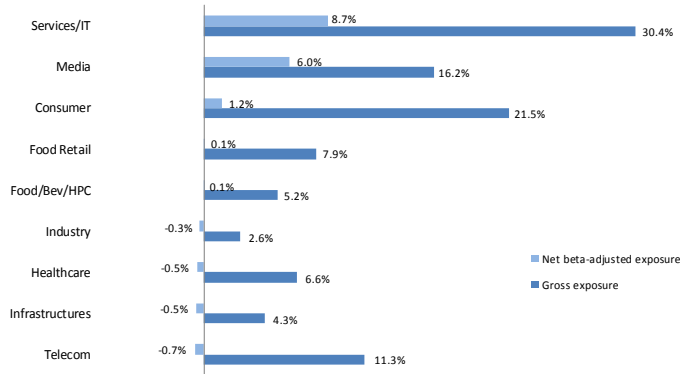
**Top holdings**

Long	%	Short	%
SGS	3.8%	Telecom	1.6%
Edenred	3.5%	France	1.5%
Iliad	3.3%	Services/IT	1.4%
Ahold	3.2%	Switzerland	1.3%
Vivendi	3.1%	Media	1.2%
		France	1.2%
		Food/Bev/HPC	1.2%
		Services/IT	1.2%
		Germany	1.2%

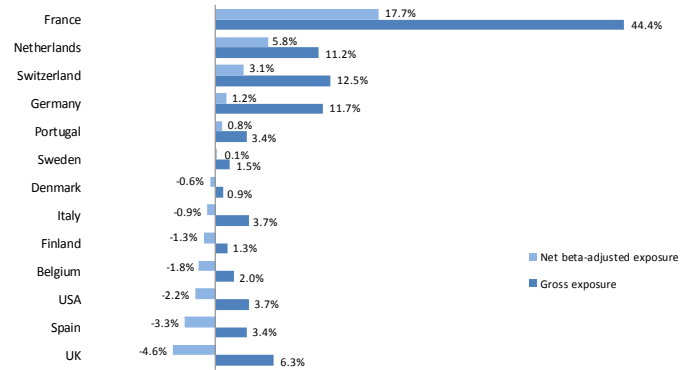
**Gross performance contributors by sector - 1 month**



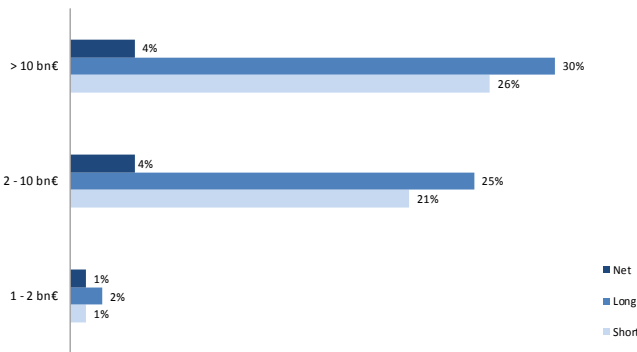
**Portfolio exposure by sector**



**Portfolio exposure by country**



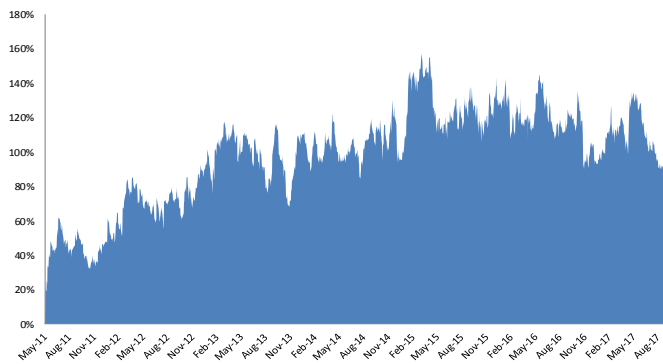
**Portfolio exposure by market cap**



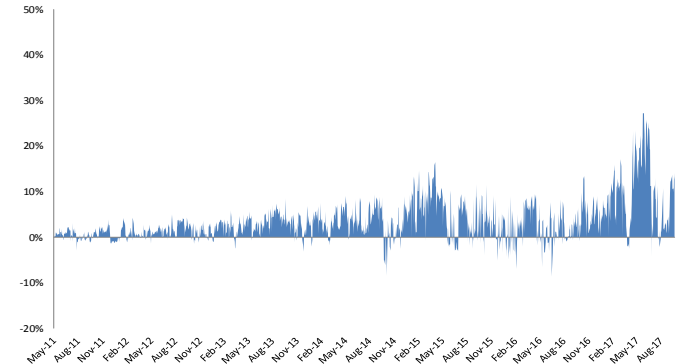
**Performance analysis**

Number of positive months	48
Number of negative months	30
% positive months	61%
Best month	+2.29%
Worst month	-2.26%

**Gross exposure**



**Net beta-adjusted exposure**



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