

SEXTANT EUROPE



Your fund gained 4.4% in Q3 2020, versus 0.6% for the benchmark, the Stoxx600 NR index. Since the beginning of the year, the fund has fallen by -14.4% against -11.6% for the benchmark index.

The market stabilised following a very strong run in Q2 (+13.5%), versus when government and central bank support to counter the health crisis propped up the economy. The crisis should nevertheless hurt Europe's companies, as their earnings are expected to fall about 30% in 2020. The pace of recovery is highly uncertain, especially as there is a risk of a strong second wave of the pandemic this autumn in Europe and the US, and we do not know when a vaccination programme will begin. In terms of contributions to the portfolio's performance, Q3 was memorable for very strong rallies by **Ceconomy** and **Econocom**.

Ceconomy (+36% and a 285bp contribution) surprised positively again, causing forecasts for operating profit to be raised in July. The company skilfully managed the transfer of sales from physical stores to internet in April-July (same-store sales fell only 7.5%, thanks to a 145% increase in internet sales which accounted for 35% of quarterly revenues). Moreover, the company recently stated that July-September sales exceeded expectations, and that operating profit for the period should therefore be significantly higher than the forecast advanced in July.

Econocom (+43% and a 136bp contribution) was bolstered by a company statement in July saying that this year's operating profit should be at least equal to that of 2019. Moreover, the debt reduction programme is advancing at a satisfactory pace, mainly thanks to divestments and an improvement in working capital requirements. Net debt/EBITDA was 1.8x at end June and the company aims to eliminate all debt eventually.

The only major negative contributor to performance was **Hyve** (-35% and a -99bp contribution). Ongoing cancellations of trade fairs due to the health crisis remain a handicap for the stock. However, the company has enough cash to hold out for two years, even if all trade fairs are cancelled. Note that this is not the case at present, as such events are taking place in China and Russia (35% of revenues). The stock is currently trading on 6x normalised earnings and the company focuses on the leading trade fairs of each sector,

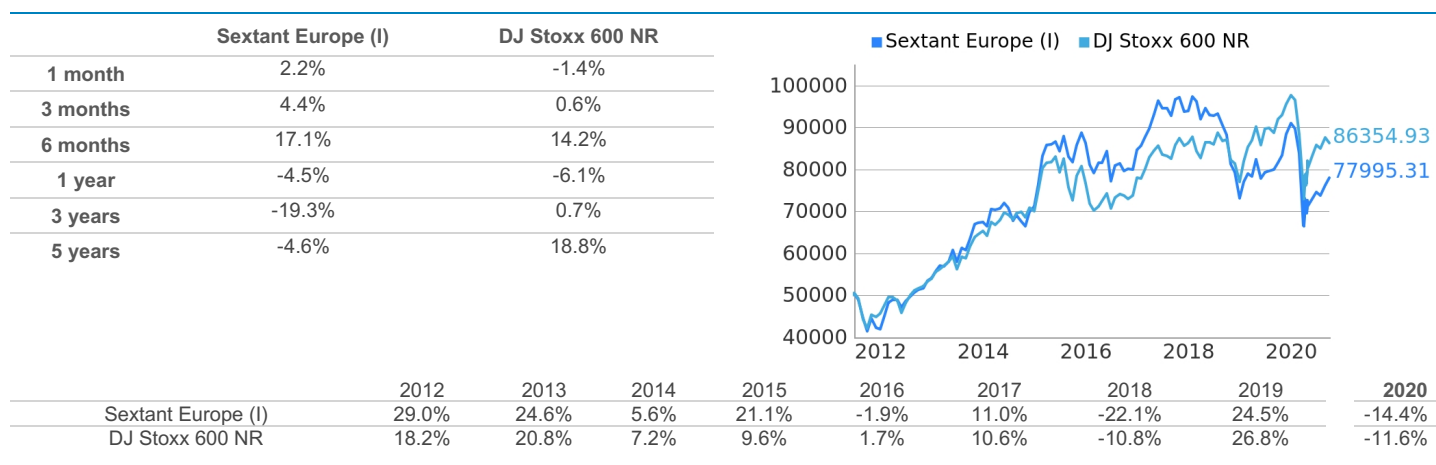
which should be a strength when activity returns to normal. In terms of adjustments, we added **S&T** and **Tessenderlo** to the portfolio and divested our positions in **Rubis** and **Lagardère**.

S&T (c4% of the portfolio) is an Austrian company that specialises in the internet of things (IOT). The company's expertise resides in the real-time connectivity of a fleet of machines (respirators, assembly robots, trains etc). The publication of an independent research note criticising certain aspects of the company's accounting has caused the share price to fall 20%. That looked a good entry point for a company that we have followed closely for several years and whose plan to double in size by 2023 looks credible. We believe that S&T has provided a satisfactory response to the recent criticism.

Tessenderlo (c2.5% of the portfolio) is a Belgian company whose main activities are sulphur fertilizers and rendering. The company estimated in May that the pandemic would not prevent its earnings from rising this year. The market did not react to this news and we added the stock to the portfolio ahead of the interim earnings publication in late August. Operating profit surged 47%, spurred by higher margins in rendering on sales of high value-added specialty products. Company press releases, which are generally cautious, suggest that this is just one phase of earnings growth. Following the recent rise in the share price, the stock trades on about 10x 2020 earnings estimates.

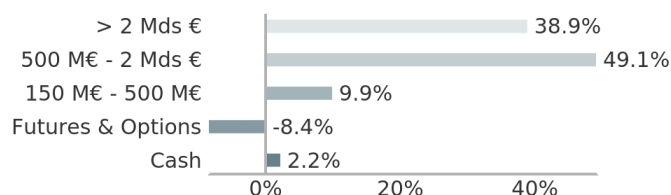
The divestment of our position in **Rubis** was mainly motivated by ESG considerations, following a possible controversy around the Ceyhan oil terminal in Turkey. As for Lagardère, early in Q3 we noted that the company's assets seemed undervalued by the market following the pandemic and we believed that the diverging interests of some parties concerned (Vivendi and Arnault Group) could lead to a stock-market rally. We sold our position when the share price rose as these parties raised their holdings, and the stock contributed 69bps to the portfolio's Q3 performance.

Performances

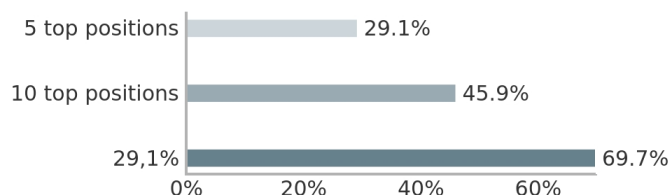




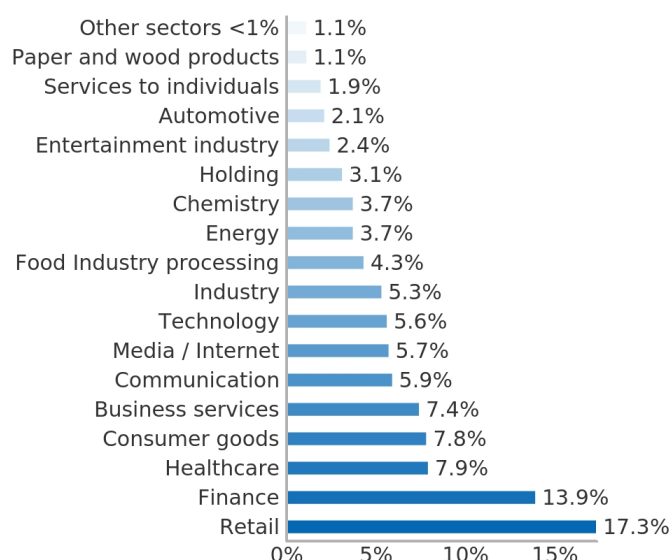
Distribution by capitalisation size



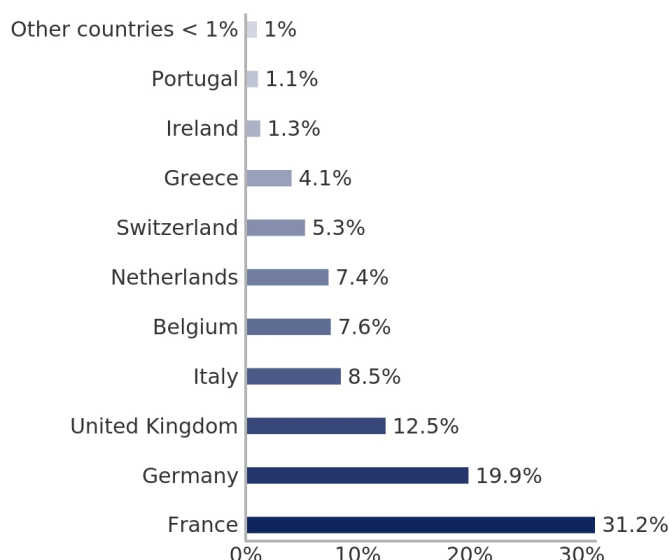
Weight of the main holdings



Distribution of holdings by sector (equity portfolio)



Geographical distribution of holdings (equity portfolio)



Main holdings

Name	Sector	Country	Net asset %	Contrib. to quarterly performance
Ceconomy	Retail	Germany	9.6%	285 bps
Tod's	Consumer goods	Italy	5.5%	-13 bps
Sanofi	Healthcare	France	4.9%	-26 bps
Ahold	Retail	Netherlands	4.6%	24 bps
Funding Circle	Finance	United Kingdom	4.5%	36 bps

Indicators

3 years volatility	Fund : 19.9% Benchmark a posteriori : 19.3%
Number of lines	48
Average cap. of equities	17 769 M€
Median cap. of equities	1 514 M€

Main contributions to performance

Name	Contrib.	Name	Contrib.
Ceconomy	285 bps	HYVE group	-99 bps
Econocom	136 bps	Société Générale	-37 bps
Home24	76 bps	Motor Oil	-32 bps
Lagardere	69 bps	Jupiter	-29 bps
Tessengerlo	63 bps	Sanofi	-26 bps

Main characteristics

Legal form	UCITS / French mutual fund
Share category	Unit I institutional investors
ISIN code	FR0011050889
Bloomberg code	AGSEUR FP
AMF classification	"European Union Equities" UCITS
Benchmark a posteriori	DJ Stoxx 600 NR
Unit NAV / Net assets Fund	77 995.31 € / 17.71 M€
Share NAV period	Daily based on prices at market close
Risk profile	1 2 3 4 5 6 7

Scale from 1 (lowest risk) to 7 (highest risk); category-1 risk does not mean a risk-free investment. This indicator may change over time.

Launch date	Fund : 29/06/2011 Unit : 29/06/2011
Recommended investment duration	Over 5 years
Centralis.-Settlement./Delivery	D at 10 AM / D + 2
Custodian	CACEIS Bank
Transfert agent	CACEIS Bank
Tax provisions	Eligible PEA (French personal eq. savings plan)
Entry charge	5.00% including tax maximum
Exit charge	0.00% including tax maximum
Fixed management fee	1.00% including tax maximum

Performance fee

15%, incl. taxes of the common fund's perf. beyond the perf. of the DJ STOXX 600 (reinvested dividends) index, on the condition that its performance is positive
Source: Amiral Gestion at 30/09/2020

Notice

This commercial document aims to present the characteristics of the fund on a simplified basis. For further information, you may refer to the key information document for investors and to the prospectus, which are legal documents available on the management company's internet site or by request to the management company. The performances shown are not a reliable guide to future performance. Performance may vary over time.

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