

SEXTANT PME



In Q3, Sextant PME's asset value rose 13.0%, thus outperforming the benchmark by almost 9pts. Since the beginning of this year, French small caps have fared better than large ones, the CAC Small having fallen 14% versus -20% for the CAC 40. This outperformance, although modest, is commendable against a backdrop of turbulent markets. Unlike in the two preceding crises, small caps have generally resisted better than large ones. The market index, which has weak positions in this segment, has not seen panic selling. Note that flows caused small caps to lag far behind large caps over the two preceding years.

Logically, the fund's performance was driven by companies that benefited from the crisis (online furniture sales, video games, DIY sales, food packaging), while cyclical stocks weighed on the performance. Cyclical are now trading at multiples that were last seen during the euro zone crisis or the crisis of 2008.

Westwing and **Home24** were again the top contributors to performance. These online furniture and decoration retailers continued to enjoy strong demand thanks to social distancing, and they raised their earnings estimates for the rest of the year again in Q3 (twice in the case of Westwing). The second wave of the pandemic, which is devastating so many businesses, suggests that **Westwing** and **Home24** can expect a very strong Q4, and Christmas is the most important period for both groups. At this stage, impressive rebounds by the stocks from the lows of March have corrected the severe pessimism that prevailed before the change of fortune arising from the pandemic. Both stocks are still trading at sales multiples that are below the sector norm.

Our perseverance with the **Mr Bricolage** stock is bearing fruit. Having been a significant negative contributor last year, the stock was one of the main positive contributors in Q3. The group reached an important strategic milestone earlier this year when it refocused on its network services activity, at the expense of integrated stores which have a long history of incurring heavy losses. The company's economic model is now completely focused on the franchise, with a profile of high profit and cash generation. Another new development: although sales have been sinking for several years, the network of stores has expanded significantly over the past six months (despite the closure of some directly-operated units). This is a new growth driver for the company's activity, but also proof of the network's new appeal. On a more topical note, clients have had more time for DIY during the lockdown. They have also demonstrated a new willingness to improve and invest in home comforts, and we believe that the post-summer period has suggested that this trend may last. We have seen similar trends in other countries of Europe and in other sectors. With the stock trading at less than 7x net earnings for the current year and capacity to generate significant cash in the coming years, we have confidence in our position.

Video games editor **Focus Home** was again one of the main

contributors to the fund's performance in Q3. The company's key shareholder recently sold his stake for 40 euros per share. The purchaser is a media-sector industrialist who founded Newen, an audio-visual content producer that was sold to TF1 a few years ago. The deal did not involve a takeover bid because the stock is listed on Euronext Growth and the block divested was less than 50% of the capital. That was preferable, in our opinion, because our investment still has very bright prospects. The video games sector is now the world's biggest media business. Contrary to audio-visual production, for example, there are little or no competition issues arising from sharing the local market by US and European players, because content is native worldwide. European actors even have an advantage, as their production costs are generally lower. The company's new key shareholder has an impressive track record in content creation, and we think he aims to implement a development strategy that we consider coherent and very well suited to Focus Home's strengths.

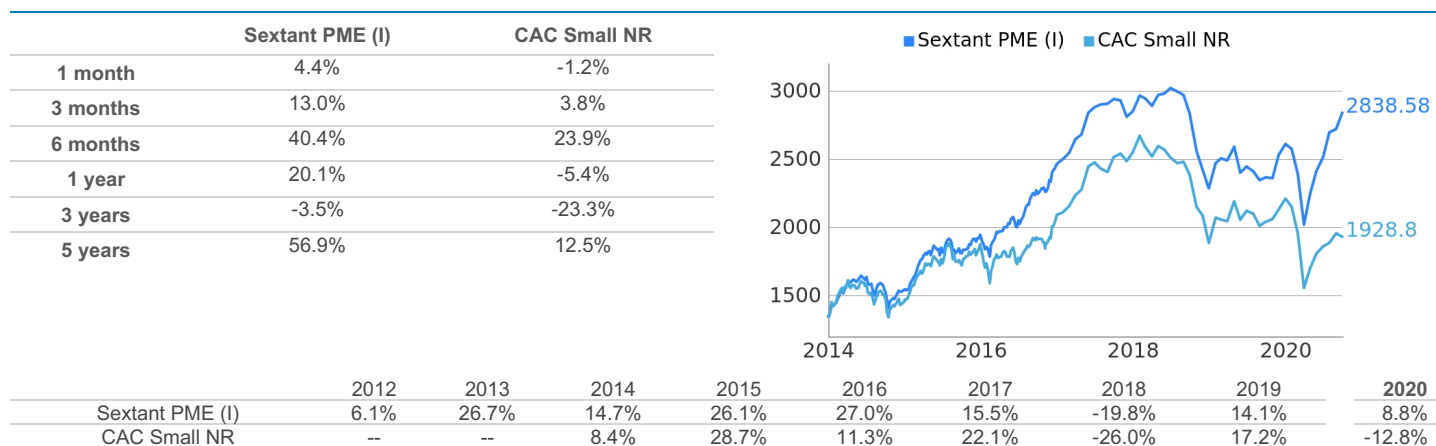
Reno de Medici continued to rebound and is now close to its all-time highs. The Italian producer of cardboard made from recycled fibres logically reported good second-quarter earnings, bolstered by strong demand for food products. Coupled with major productivity gains over the past three years, the company generated more profit in Q2 than in full-year 2017! At the heart of the circular economy, the company is increasingly close to producers wishing to switch to packaging made from recycled fibres. Moreover, Reno de Medici continues to its consolidation in the European market.

Negative contributors included two cyclical groups: **Jacquet Metals** and **Iktinos**.

Jacquet Metals (-28% in Q3) continues to suffer from slack industrial activity in Europe. The stock's valuation is now close to the value of the group's inventory, a level not seen since 2012. However, **Jacquet Metals** is the European leader in its sector and is more competitive than its rivals. Although profits are always low in cyclical troughs, cash generation is very high as the need for inventory is lower. Capital allocation is very rational and value creative: regular acquisitions of fragile competitors with a view to recovery, payment of generous dividends during good times, and a share buyback in 2020 when economic activity and share prices low.

Iktinos, a Greek marble producer, has been hit by the global slump in construction, but also the fact that its international – notably Chinese – clients cannot travel to examine the quality of the blocks of marble extracted from its quarries. Although volumes have fallen, prices remain high and the company is profitable. Moreover, **Iktinos** has wind turbines that generate a regular flow of cash, bolstering the group's economic resilience in these difficult times. The share price fell 22% in Q3 and is down 55% this year.

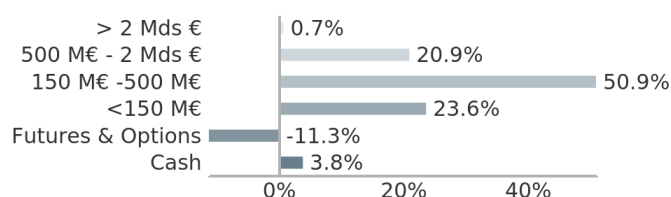
Performances



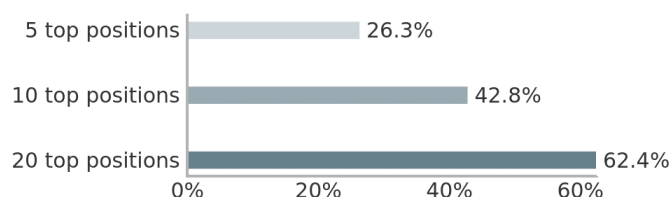
Since January 1st 2014, the index of reference is the CAC Small reinvested net dividends index.



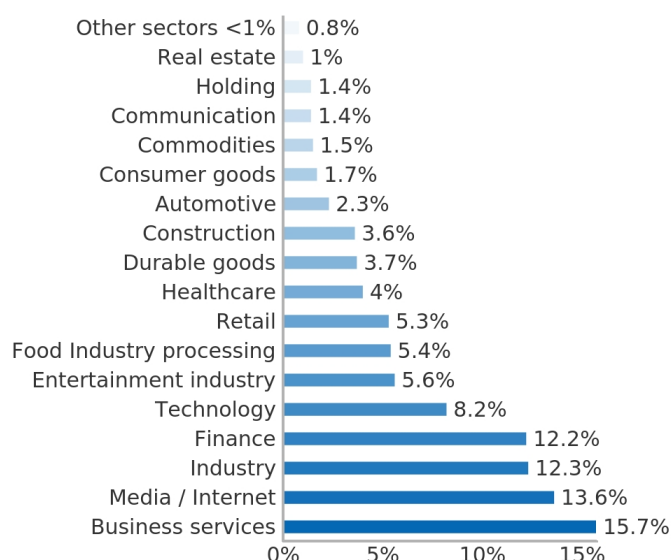
Distribution by capitalisation size



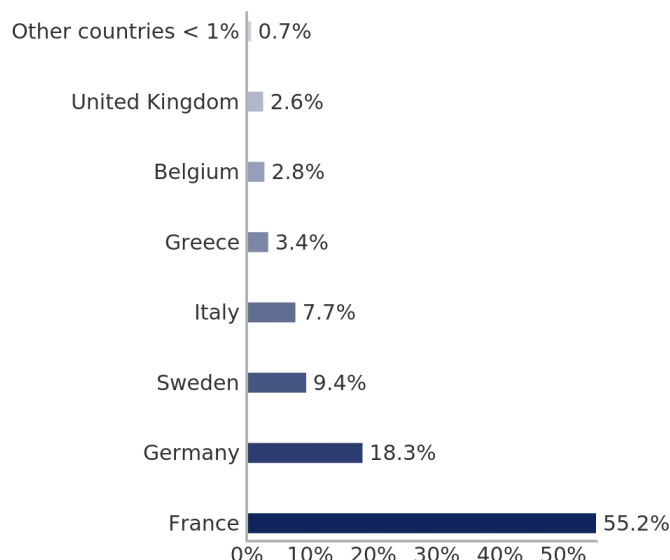
Weight of the main holdings



Distribution of holdings by sector (equity portfolio)



Geographical distribution of holdings (equity portfolio)



Main holdings

Name	Sector	Country	Net asset %	Contrib. to quarterly performance
Home24	Media / Internet	Germany	6.5%	365 bps
Westwing	Media / Internet	Germany	6.1%	486 bps
Viel & Cie	Finance	France	4.9%	38 bps
Groupe Guillin	Food Industry processing	France	4.6%	-39 bps
Focus Home Interactive	Entertainment industry	France	4.2%	122 bps

Indicators

3 years volatility	Fund : 16.5% Benchmark a posteriori : 21.0%
Number of lines	63
Average cap. of equities	435 M€
Median cap. of equities	359 M€

Main contributions to performance

Name	Contrib.	Name	Contrib.
Westwing	486 bps	Jacquet Metal	-50 bps
Home24	365 bps	Iktinos Hellas	-49 bps
Focus Home Interactive	122 bps	Groupe Guillin	-39 bps
Mr Bricolage	110 bps	S&T AG	-38 bps
Reno de Medici	97 bps	Fourlis	-23 bps

Main characteristics

Legal form	UCITS / French mutual fund
Share category	Unit I institutional investors
ISIN code	FR0011171412
Bloomberg code	AMSPPOI FP
AMF classification	"European Equities" UCITS
Benchmark a posteriori	CAC Small NR
Unit NAV / Net assets Fund	2 838.58 € / 80.84 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 : 17/12/2007 Unit : 30/12/2011
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 for PEA (French personal eq. savings plan) Eligible for PEA-PME (French personal eq. savings plan)
Entry charge	10.00% including tax maximum
Exit charge	1.00% including tax maximum
Fixed management fee	1% including tax maximum
Performance fee	15%, including taxes of the common fund's positive performance beyond its performance index per calendar year

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.

Amiral Gestion - 103 rue de Grenelle - 75007 Paris - T. +33 (0)1 47 20 78 18 - F. +33 (0)1 40 74 35 64 - www.amiralgestion.com

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