GARI EUROPEAN EQUITY - CLASS SB (EUR)

GLOBAL EQUITY

MONTHLY COMMENTARY

Recession on everybody's mind

June was another tough month for equities as:

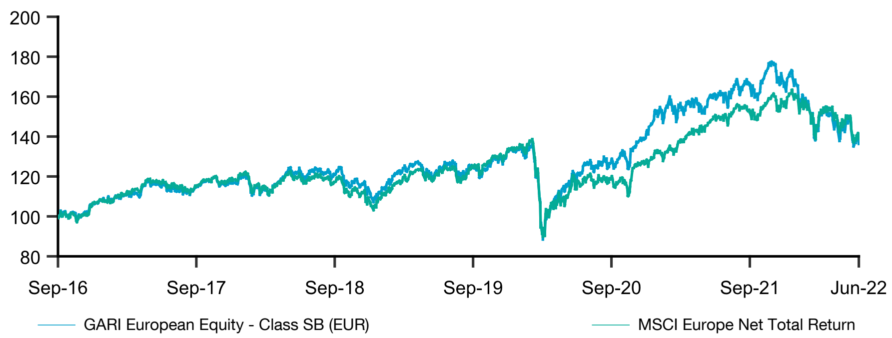
1.Commodity prices impacting corporates and households.
2.Higher interest rates having a negative impact and raising risks of debt issue for the weaker countries.
3.Russian gas issue: the main question this month related to escalating risks that European countries would lack power in the coming winter.

In such environment, the MSCI Europe was down just shy of 8%. Gari had almost identical performance, helped by its quality bias (the best factor in June), while it suffered due to its small-cap exposure. Indeed, investors tend to cut small-cap positions due to uncertainties on liquidity. However, we are starting to see some investors coming back to stocks that have an energy exposure and that might 1) help alleviate the short-term power uncertainties and 2) could benefit in the medium term from the massive investment plans at the EU and national level.

CHARACTERISTICS

Legal Structure :	SICAV
Inception Date of the Fund :	July 22, 2016
Inception Date of the Class :	September 15, 2016
Share Class Currency :	EUR
Management Company :	LYXOR ASSET MANAGEMENT S.A.S.
Custodian :	SOCIETE GENERALE LUXEMBOURG
ISIN Code :	LU1445747618
Min. Initial Subscription :	30000000
Min. Subsequent Subscription :	Néant
Entry/Exit Fees :	0/0
Lyxor Asset Management Fee :	0.45%
Performance Fee :	
Liquidity :	Daily
Subscription/ Redemption Notice :	Before 12:00 PM (Luxembourg Time)

PERFORMANCE SINCE INCEPTION



FIGURES RELATING TO PAST PERFORMANCE REFER TO PAST PERIODS AND ARE NOT A RELIABLE INDICATOR OF FUTURE RESULTS

KEY POINTS

Total Fund Assets (M EUR) :	92.09
Annualized Rate of Return* :	5.49%

All performances are based on official NAVs, net of fees.
*Since inception

RISK INDICATOR

1 2 3 4 **6** 5 7

- +

Risks / Rewards

PERFORMANCE

	MTD	3 Months	6 Months	YTD	1 Year	3 Years	Since inception
GARI European Equity - Class S	-7.66%	-10.56%	-20.70%	-20.70%	-15.23%	9.38%	36.28%
MSCI Europe Net Total Return	-7.72%	-9.00%	-13.99%	-13.99%	-6.54%	13.02%	38.78%

RISK ANALYSIS

	Since inception	
	Class *	Index **
Volatility	17.09%	16.63%
Sharpe ratio	0.36	0.39
Maximum DrawDown	-35.10%	-35.25%
Beta	0.95	-
Fund Alpha	0.11%	-

** GARI European Equity - Class SB (EUR)*
*** MSCI Europe Net Total Return*

HISTORICAL MONTHLY RETURNS

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2022	-7.46%	-4.63%	0.45%	-3.18%	0.04%	-7.66%							-20.70%
2021	0.35%	3.19%	2.72%	0.32%	1.50%	1.43%	0.71%	2.45%	-2.84%	7.17%	-3.24%	2.83%	17.44%
2020	-2.50%	-7.41%	-14.84%	9.35%	4.67%	4.89%	-0.04%	4.21%	-0.34%	-2.52%	12.05%	5.51%	10.42%
2019	5.87%	4.48%	1.81%	1.86%	-5.39%	4.52%	0.64%	-1.51%	0.68%	0.57%	3.23%	2.68%	20.66%
2018	1.92%	-3.68%	-0.95%	5.13%	1.59%	-0.91%	3.14%	-1.34%	1.70%	-5.23%	-0.82%	-5.79%	-5.70%
2017	0.33%	2.09%	2.41%	2.89%	0.65%	-2.75%	-0.23%	-0.12%	3.84%	2.35%	-2.53%	0.10%	9.16%
2016									2.18%	-0.59%	0.79%	4.22%	6.70%

Figures relating to past performance refer to past periods and are not a reliable indicator of future results

TOP 10 HOLDINGS

	Weighting	MTD Perf.*
Total Sa	5.00%	-8.16%
Asml Holding Nv	4.27%	-14.95%
Exor Nv	3.93%	-12.90%
Nhoa	3.39%	-17.64%
Astrazeneca Plc	3.38%	2.01%
Mercedes-Benz Group	3.23%	-16.59%
Thales Sa	3.08%	2.28%
Sanofi	3.07%	-3.06%
Kering	2.96%	-3.85%
Pernod-Ricard Sa	2.81%	-3.95%

*Performance are calculated in portfolio currency

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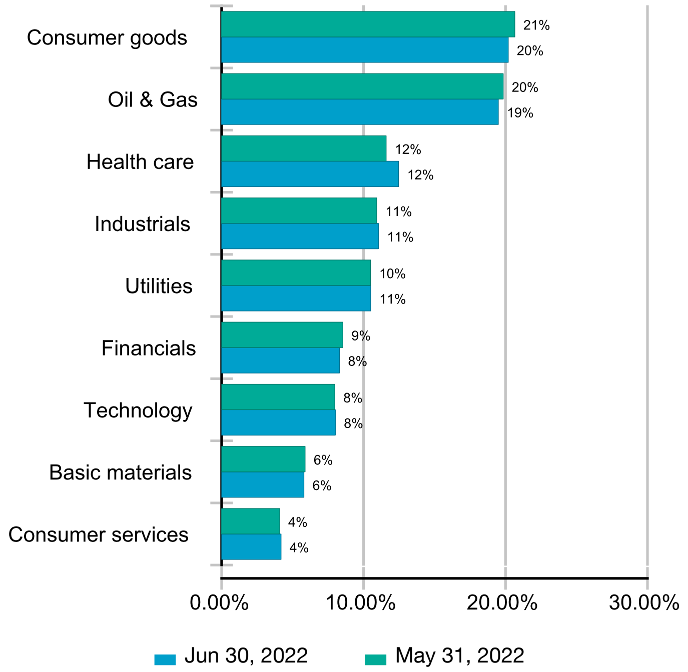
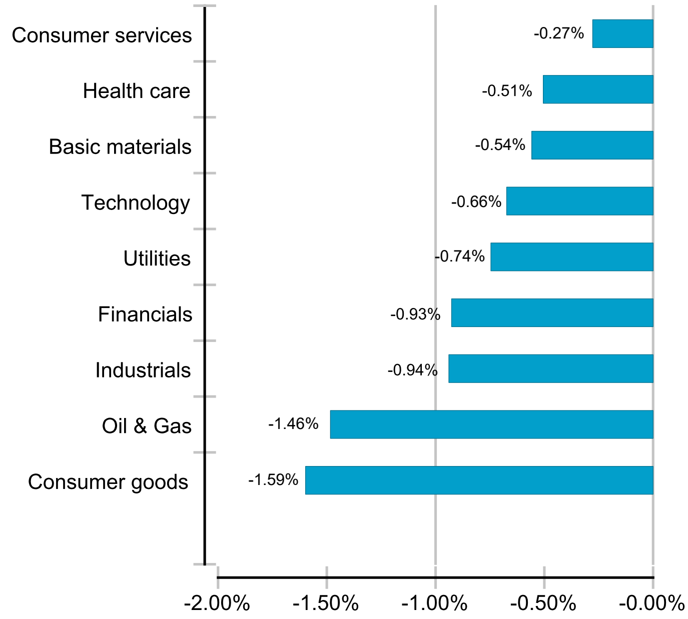
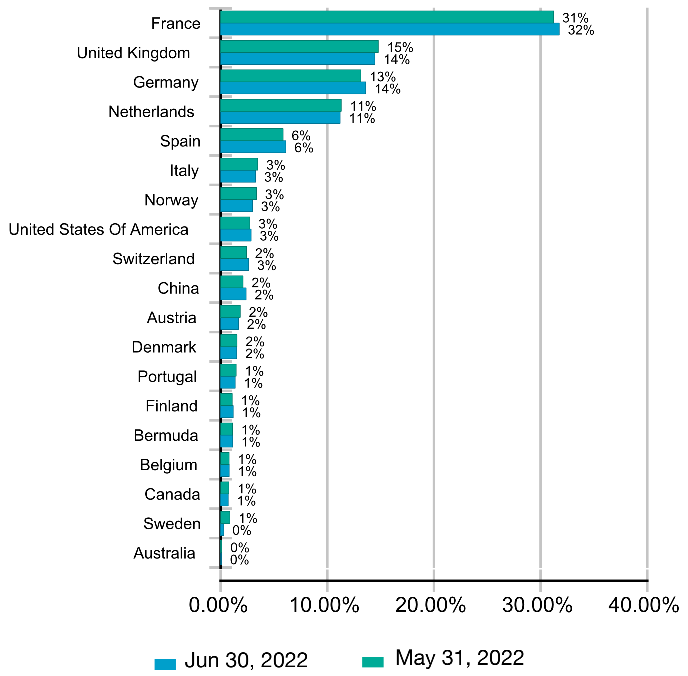
SECTOR ALLOCATION



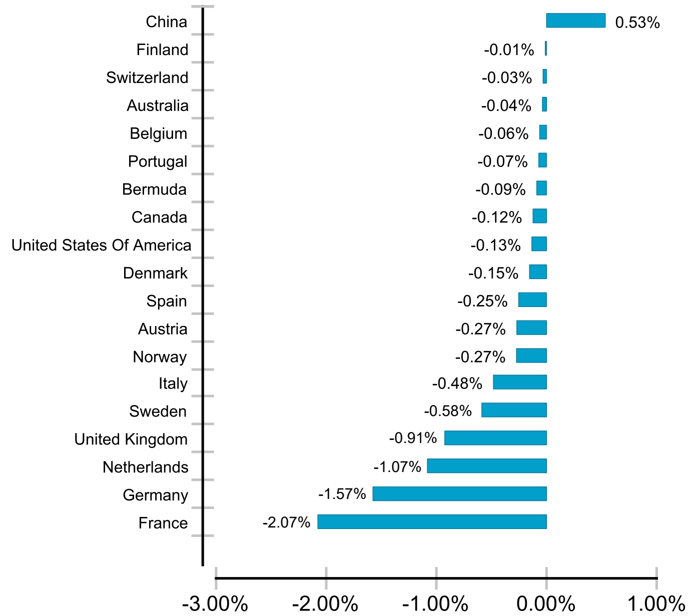
MONTHLY CONTRIBUTION BY SECTOR



GEOGRAPHICAL BREAKDOWN



MONTHLY CONTRIBUTION BY GEOGRAPHICAL ZONE



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MONTHLY COMMENTARY

Continue to be more defensive and focus on Free Cash Flows for the current quarter…

In this weak environment, we continue to strengthen our position on defensive stocks like Sanofi and Astra Zeneca. If one breaks down the value of a stock between its earnings per share and valuation multiple (PE to make it simple), the risks appear very modest:

1.EPS risks are very low thanks to strong pipeline (especially true for Astra Zeneca).
2.Multiples are already low and are not highly exposed to the rise in interest rates (Sanofi trades on 12 times 2022 earnings).

We also believe that it is time to increase the weighting on sectors strongly exposed to China as it alleviates the lockdowns and might launch more supportive measures for its economy. There are attractive entry points for the luxury names for instance. Given the fall in their share price (sometimes around 30%) and their limited exposure to China (around 20%), one might argue that the markets now assume that their China sales fall to zero and will never recover!

In the second half of the year, as companies' earnings are likely to suffer, we should see growth stocks back in favour. Indeed, what is scarce becomes expensive and we should pay higher multiples for companies that can manage to grow even in an economic downturn. That should be ideal for green energy stocks which will be in favour as they are:
1.Needed to ensure the green transition.
2.Absolutely required to limit the recession that might come due to power shortages.
3.Possibly the recipients of subsidies from governments as they will be willing to create national champions and avoid losing on critical technologies.

Our favourite sub-sectors are:

1.The solar sector: solar has become the cheapest source of electricity (albeit unstable and biased towards the summer). It will increasingly be paired with a) energy storage to continue providing electricity even when the night comes and b) hydrogen production to ensure long-term storage in order to balance seasonal demand and supply. Solaria is one of the best-positioned stocks.
2.Energy storage: as it could be a very efficient way to avoid power shortages. We are seeing a torrid growth on this area both for large scale projects and home related applications (Nhoa and Alfen in Europe).
3.EV charging: the network is growing at a rapid pace to follow the very strong growth of EV market. Top picks are Zaptec, Nhoa, Fastned, Alfen, etc.
4.Energy management: companies like Siemens, Schneider, Legrand, etc. have many products that allow sharp savings with very quick paybacks.

IMPORTANT INFORMATION FOR INVESTORS

Regarding the benchmark index mentioned in this document: Parties entering into transactions (such as a derivative or financing transaction) or investing in financial instruments that use a benchmark index are exposed to the risk that: (1) such benchmark index may be subject to methodological or other changes which could affect the value of the relevant transaction; or (2) (i) may become not compliant with applicable laws and regulations (such as the European Benchmark Regulation), (ii) may cease to be published, or (iii) the supervisor or administrator of any such benchmark may make a statement that the relevant benchmark is no longer representative, and as a consequence the relevant benchmark may be replaced by another benchmark which may have an adverse and material impact on the economics of the relevant transactions. You should conduct your own independent investigation and analysis of the potential consequences of any relevant risks such as those mentioned above, particularly in light of the ongoing industry initiatives related to the development of alternative reference rates and the update of the relevant market standard documentation.