

### SEXTANT GRAND LARGE



Sextant Grand Large seeks to achieve annual growth in excess of 5% net of management fees over the recommended investment period, by means of discretionary asset allocation and stock and bond picking. Management policy is based on three principles:

- 1) Net exposure to equities ranges from 0% to 100% of net assets, depending on market valuations;
- 2) The shares acquired are the team's most defensive ideas;
- 3) The fund invests opportunistically in other asset classes, notably in bonds (0% to 100% of net assets) when valuations offer an adequate safety margin.

Sextant Grand Large's asset value inched up 0.3% over the quarter, versus 1.8% for its benchmark. Since the beginning of this year, the fund's value has slipped back -7.1% versus -0.7% for the benchmark. This underperformance stemmed mainly from the high weighting of US markets in our benchmark: the main US markets have risen since the beginning of this year, unlike the main European indices. However, as valuations are significantly lower than the rest of the world, we continue to favour Europe and Asia.

#### Asset allocation

Net exposure to equities varies in response to cyclically-adjusted market valuations. The more expensive a market becomes, the lower the fund's exposure and vice versa, irrespective of any macroeconomic or stock-market scenario. At the end of September, net exposure to equities was 35.3% compared to 32.2% at end June. The breakdown was as follows: gross exposure to equities 50% and hedging equal to 14.7% of the fund. Hedging, which should never exceed 20%, is currently very high because we have many equity investment ideas, especially in Europe and Asia, that look very attractive to us, while the main indices are relatively highly valued - particularly in the US. The rest of the fund comprises bonds (17.5%) and cash in a broad sense of the term, including arbitrage deals and money market products (32.5%).

#### Equity holdings

For Sextant Grand Large, we select from the team's full range of ideas those whose quality/price profile implies the least long-term downside potential on a fundamental basis. We prefer stocks that offer both low multiples in light of the balance sheet (net cash holdings, WCR etc) and a relatively predictable business activity. We also look for good diversification in terms of geographies, size and sectors.

**Novagold** was the main contributor to the fund's performance in

Q3, rising 32% compared to +25% for the gold price. This comes after the stock's 62% outperformance versus gold and +38% versus the GDXJ (junior gold mines EFT) over the past 12 months. The outperformance of Q3 stemmed from two factors. Firstly, we believe that **Novagold** is the highest-quality vehicle to benefit from leverage to the gold price, thanks to a 50% stake in the Donlin mine in Alaska which aims to become the world's largest gold mine. **Novagold** also has a highly-experienced management team a large part of whose personal wealth is invested in the company. Secondly, the company has successfully defended itself against a malicious short seller who spread undocumented slander early this summer. Berkshire Hathaway's subsequent investment in Barrick Gold (co-owner of the Donlin mine) raised Novogold's credibility in the eyes of investors.

Major adjustments to the portfolio include renewed investments in **Roche** and **Sanofi**, two highly defensive pharmaceutical groups which seem particularly appropriate in the current market environment.

We have also initiated a position in **Tessenderlo**, a chemicals and food specialist. The company has been largely unaffected by the current health crisis and the profitability of its collagen and gelatine activity has risen over the past half-year mainly thanks to new, high-margin products. Management has acquired a significant quantity of shares.

#### Bonds and other asset classes

On bonds, we remain cautious with a relatively marginal 17.5% of funds invested, as we feel there is a scarcity of paper with an acceptable credit margin profile relative to issuer quality and available maturities. The portfolio currently yields 5.9% net of forex hedging for sensitivity of 2.2, which we consider satisfactory in the current environment of low risk returns.

As holders of the **Solocal 2022** bond, we have actively sought a solution that would allow a lasting recovery at the company, by means of a capital increase guaranteed by the bonds. This solution was accepted by the AGM in late July and should allow the company to halve its net debt and still have enough cash to protect jobs and pursue its activities. We have thus converted some of our bonds into shares without a discount. **Solocal's** bonds were trading at a significant discount prior to the transaction, so the solution is neutral or slightly positive for the fund.

### Performances

	Sextant Grand Large (N)	50% MSCI AC World + 50% EONIA
1 month	0.0%	-0.7%
3 months	0.3%	1.8%
6 months	5.2%	10.0%
1 year	-5.2%	2.1%
2 years	-5.1%	6.2%

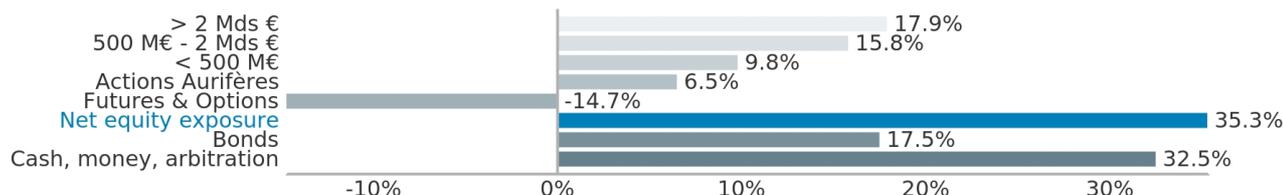


	2018	2019	2020
Sextant Grand Large (N)	-3.7%	5.3%	-7.1%
50% MSCI AC World + 50% EONIA	0.0%	13.6%	-0.7%

Since 2 May 2018, for reflecting better the fund's international dimension, we have decided to change the benchmark index : 50% MSCI World +50% Eonia (previously 50% MSCI CAC 40 +50% Eonia).



## Exposition



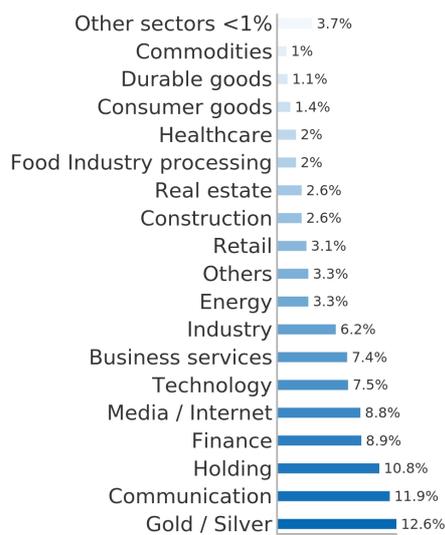
## Indicators

1 year volatility	Fund : 10.3%
	Benchmark a posteriori : 12.2%
Number of lines	102
Average cap. of equities	22 207 M€
Median cap. of equities	1 113 M€

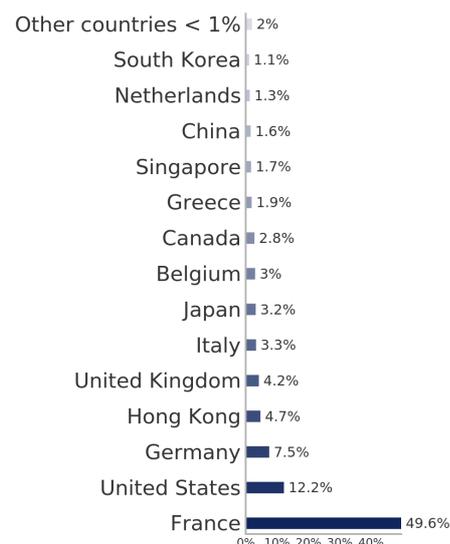
## Bonds Indicators

	Fixed income part	Total assets
Gross yield	6.0%	1.0%
Yield after cost of forex hedging	5.9%	1.0%
Spread (basis point)	633	111
Residual duration (years)	2.8	0.5
Interest-rate sensitivity	2.2	0.4

## Distribution of holdings by sector (equity portfolio)



## Geographical distribution of holdings (equity portfolio)



## Main holdings

Name	Sector	Country	Net asset %	Contrib. to quarterly performance
Vivendi	Communication	France	4.3%	20 bps
Berkshire A	Holding	United States	2.6%	36 bps
Ixios Gold F	Gold / Silver	France	2.4%	12 bps
Novagold	Gold / Silver	United States	2.2%	51 bps
Alibaba - HK	Media / Internet	Hong Kong	2.0%	46 bps

## Bonds Allocations

<b>Bonds</b>	<b>17.5%</b>
o/w sovereign	0.0%
o/w corporate	11.7%
o/w financials	2.2%
o/w convertibles	3.5%

## Main contributions to performance

Name	Contrib.	Name	Contrib.
Novagold	51 bps	Casino TSSDI 2049	-36 bps
Alibaba - HK	46 bps	HYVE group	-27 bps
Berkshire A	36 bps	Jacquet Metal	-18 bps
Ceconomy	30 bps	Saipem	-16 bps
Bolloré	28 bps	Motor Oil	-14 bps

## Main characteristics

Legal form	UCITS / French mutual fund
Share category	Unit N
ISIN code	FR0013306404
Bloomberg code	
AMF classification	N/A
Benchmark a posteriori	50% MSCI AC World + 50% EONIA
Unit NAV / Net assets Fund	425.26 € / 1 355.07 M€
Share NAV period	Daily based on prices at market close
Risk profile	1 2 3 <b>4</b> 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 : 11/07/2003
	Unit : 29/12/2017
Recommended investment duration	Over 5 years
Centralis.-Settlem. /Delivery	D at 10 AM / D + 2
Custodian	CACEIS Bank
Transfert agent	CACEIS Bank
Tax provisions	- -
Entry charge	5.0% including tax maximum
Exit charge	1.0% including tax maximum
Fixed management fee	1.0% including tax maximum
Performance fee	15% including taxes of the performance exceeding 5% per calendar year

Source: Amiral Gestion at 30/09/2020

\* of net assets invested in equities

## 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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