

MIDAS - Eurozone Equities I - Acc

Monthly summary report | as at 30 June 2018

Investment Objective

The Fund's objective is to provide long-term capital growth and to outperform the Euro Stoxx Net Return EUR Index. The Fund is actively managed and invests primarily in companies of countries which are part of the Eurozone.

Latest Update

NAV per share	101.02
2018 year-to-date return as at 30 June 2018	-0.08%

Performance

	1M	3M	YTD	SI
Midas Eurozone Equities	-1.92%	3.46%	-0.08%	1.02%
Performance Indicator*	-0.82%	2.53%	-0.30%	-0.20%

* Euro Stoxx Net Return EUR (Bloomberg Code: SXXT <Index>)

Fund key facts

Inception date	15 November 2017
ISIN code	LU1715158744
Asset class	Equities
Total fund assets	48.6 million
Base currency	EUR
Legal status	Luxembourg UCITS
Management Fee	0.80%
Custodian	Crédit Suisse Lux
Liquidity	Daily
Settlement Date	Trade Date + 2 Days
French PEA	Eligible

Monthly comments

After the February to April soft patch, we saw somewhat better oriented macroeconomic numbers hitting the tapes last month. Those reassuring numbers were to no avail however, as “Trumponomics” as well as a less accommodative monetary stance by the Federal Reserve dominated financial markets. The United States are trying to put some protectionist measures into place by increasing duties levied on a number of imported goods on the one hand and by protecting strategically important assets against foreign (read “Chinese”) interference on the other hand.

By far the worst region to be invested in were the emerging markets. Emerging currencies, bonds and equities all suffered from rising refinancing rates, multiple country specific issues (eg Argentine, Turkey, Brazil, Iran,...) and US protectionism. The MSCI Emerging Markets Equity Index dropped 4.6%, as heavyweight China bore the brunt of Mr President Trump’s protectionist measures.

The fund underperformed its performance indicator, impacted by **1&1 Drillisch**, and to a lesser extent by **Siltronic** and **Valeo**.

Drillisch’s stock price has been penalized following worries about intensifying competition which could put pressure in the short term. However we think that, given the segment concerned (i.e the low end of the mobile market), the financial impact should be mitigated and remain convinced by the growth prospects of the company.

The semiconductor segment has had an enormous run over the past few years. It doesn’t seem that the end of the business cycle has been reached yet. While we still see some upside on the long run, implementation of tariffs triggered market anxiety about chipmakers and the supply chain such as **Siltronic**.

The automotive sector has been particularly targeted by escalating trade tensions. While the fund exposure to this segment is mainly via its supply chain (**Valeo** and **Brembo**), we have no direct investments in manufacturers and hence benefited from our smaller exposure to the sector.

Elis, **Saras** and **Eurofins** contributed positively to the fund performance.

Eurofins’ Management recently raised its guidance, easing some concerns over organic growth prospects.

Saras continued the rebound from February’s lows. As the US has reinitiated sanctions on Iran, **Saras** was considered to be at risk for they would have to shift some oil sourcing. This potential shift would come with modifications to its installations and thus bring along an increase in costs and lower output volumes. Management has played down those risks recently.

After its acquisition of Berendsen last year, sentiment turned negative on **Elis**, which is best in class in a defensive sector where market share is important. Investors’ were mainly negative on the ailing UK business it had acquired through Berendsen. However, management has clearly confirmed that the UK turnaround is ahead of schedule.

Characteristics

	Fund	Index
Number of Holdings	40	298
Top 10 Weight	32.6%	19.3%
Avg Mkt Cap (bn €)	26.2	58.1
Med Mkt Cap (bn €)	11.2	12.6
Index overlap	19.0%	100%
Net equity exposure	99.7%	100%

Risk Profile

1	2	3	4	5	6	7
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Sectorial Allocation

	Index
Consumer Discretionary	16.3%
Consumer Staples	9.5%
Energy	4.6%
Financials	17.8%
Health Care	7.0%
Information Technology	12.3%
Industrials	14.5%
Materials	6.7%
Telecommunication...	4.4%
Utilities	2.3%
Real Estate	3.0%

Geographical Allocation

	Index
France	34.2%
Germany	21.1%
Spain	4.5%
Netherlands	17.4%
Italy	9.1%
Belgium	0.0%
Ireland	5.1%
Luxembourg	6.9%
Finland	0.0%
Other	1.3%

Top 10 Positions

	Fund	Index
BASIC FIT NV	3.7%	0.0%
WIRECARD AG	3.5%	0.4%
AIRBUS GROUP NV	3.5%	1.4%
TKH GROUP NV	3.4%	0.0%
ASML HOLDING NV	3.4%	1.7%
ROTHSCHILD & CO	3.1%	0.0%
COVESTRO AG	3.1%	0.3%
GRAND CITY PROPERTIES	3.0%	0.0%
STROEER SE & CO KGAA	3.0%	0.0%
KERRY GROUP PLC	3.0%	0.3%

Top 10 overweight

	Fund	Index
BASIC FIT NV	3.7%	0.0%
TKH GROUP NV	3.4%	0.0%
WIRECARD AG	3.5%	0.4%
ROTHSCHILD & CO	3.1%	0.0%
GRAND CITY PROPERTIES	3.0%	0.0%
STROEER SE & CO KGAA	3.0%	0.0%
INTERPUMP GROUP SPA	2.9%	0.0%
COVESTRO AG	3.1%	0.3%
KERRY GROUP PLC	3.0%	0.3%
IPSEN	2.7%	0.1%

Asset Allocation

Equities	98.4%
Equity ETFs	0.0%
Equity Futures	1.3%
Cash & Money Market	1.6%

Capitalization breakdown

Large Cap (>10b EUR)	Fund: 55.1%	Index: 89.3%
Mid Cap (>3b EUR <10b EUR)	Fund: 18.0%	Index: 10.3%
Small Cap (<3b EUR)	Fund: 25.2%	Index: 0.2%

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