

MIDAS - Eurozone Equities I - Acc

Monthly summary report | as at 31 December 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	81.95
2018 year-to-date return as at 31 December 2018	-18.94%

Performance

	1M	3M	6M	YTD	SI
Midas Eurozone Equities	-7.12%	-18.43%	-18.88%	-18.94%	-18.05%
Performance Indicator*	-5.76%	-12.96%	-12.47%	-12.72%	-12.64%

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

Fund key facts

Inception date	15 November 2017
ISIN code	LU1715158744
Asset class	Equities
Total fund assets	25.4 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

In a fitting ending to a tumultuous year, December was down. Markets suffered from trade war impact on the Global economy and potential effects on companies. Moreover, inflationary pressures receded with commodity prices declining, leading central banks to turn less hawkish. As a consequence, government bonds and defensive stocks outperformed with investors jumping into safe havens.

In December the fund lost 7.12%, behind its performance indicator. A positive contributor was our exposure to luxury brand stocks, i.e. **Kering** and **LVMH** which have bounced back (+7.2% and 2.2% respectively). On the other hand, the fund has been penalized by our underweight position in Utilities, which has proven to be quite a shelter over the month. Main detractors of performance were **Covestro**, **Eurofins** and **Credit Agricole**.

Given this macroeconomic/geopolitical context we decided to keep on reducing the risk profile of the portfolio. To do so we reduced our overweight in small cap in favour of large capitalisations stocks (now representing 2/3 of the fund) while implementing some sector rotation.

We decreased our exposure to financials sector, mainly by selling **Rothschild** after its strong outperformance (+3.3% total return in 2018 versus -30.6% for the EURO STOXX Banks). Given growing concerns about semiconductors segment we have decided to take some cards off the table and decrease the fund's IT exposure.

Characteristics

	Fund	Index
Number of Holdings	39	305
Top 10 Weight	33.9%	21.6%
Avg Mkt Cap (bn €)	37.4	48.8
Med Mkt Cap (bn €)	19.3	9.5
Index overlap	23.8%	100%
Net equity exposure	99.4%	100%

At the same time we increased our exposure to defensives and added new positions (**Sanofi** and **Beiersdorf**) in Health Care and Consumer Staples.

Sanofi develops and manufactures prescription and over-the-counter drugs and vaccines. The company's pharmaceutical division is focused on diabetes, cardiovascular, and multiple sclerosis products, among others. Its biggest revenue generators include insulin brand Lantus and blood thinners Plavix and Lovenox. Dupixent (dermatology) performance was very strong and should benefit from a new indication in asthma, approved recently. Sustainable earnings growth, driven by new products, its specialty care unit Genzyme, diversification and cost containment, should drive a further rerating (Sanofi 2019E PE of 13x).

Risk Profile

1	2	3	4	5	6	7
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Beiersdorf is a leading provider of high-quality skin care products, Nivea being by far and large its main brand. We see Beiersdorf as a defensive play in a structurally growing (projections of 3% growth per year) Personal consumption market, with a prudent management (low dilutive M&A risk) and potential to increase margins going further.

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Sectorial Allocation

	Index
Consumer Discretionary	12.1%
Consumer Staples	12.9%
Energy	7.7%
Financials	16.9%
Health Care	11.5%
Information Technology	9.5%
Industrials	12.4%
Materials	6.2%
Communication Services	6.5%
Utilities	0.0%
Real Estate	3.5%

Geographical Allocation

	Index
France	40.0%
Germany	13.2%
Spain	5.8%
Netherlands	18.8%
Italy	6.6%
Belgium	1.4%
Ireland	5.4%
Luxembourg	8.1%
Finland	0.0%
Other	0.1%

Top 10 Positions

	Fund	Index
BASIC FIT NV	3.8%	0.0%
GRAND CITY PROPERTIES	3.5%	0.0%
DANONE	3.5%	1.1%
ORANGE	3.5%	0.8%
AIRBUS GROUP NV	3.3%	1.3%
KERRY GROUP PLC	3.3%	0.4%
TOTAL SA	3.3%	3.3%
WIRECARD AG	3.2%	0.4%
AXA SA	3.2%	1.0%
SAFRAN SA	3.2%	1.0%

Top 10 overweight

	Fund	Index
BASIC FIT NV	3.8%	0.0%
GRAND CITY PROPERTIES	3.5%	0.0%
GRIFOLS SA	3.2%	0.0%
1&1 DRILLISCH AG	3.1%	0.1%
KERRY GROUP PLC	3.3%	0.4%
IPSEN	3.0%	0.1%
BEIERSDORF AG	3.1%	0.2%
WIRECARD AG	3.2%	0.4%
ABN AMRO GROUP NV-GDR W/I	3.0%	0.3%
ORANGE	3.5%	0.8%

Asset Allocation

Equities	99.4%
Equity ETFs	0.0%
Equity Futures	0.0%
Cash & Money Market	0.7%

Capitalization breakdown

	Fund	Index
Large Cap (>10b EUR)	66.6%	84.4%
Mid Cap (>3b EUR <10b EUR)	16.2%	14.7%
Small Cap (<3b EUR)	16.4%	0.9%

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