

Global Equities SRI - I - Acc

Monthly summary report | as at 30 June 2020



Investment Objective

The fund seeks to achieve capital appreciation over the medium to long term by investing in a portfolio of global equity securities (or related instruments). The fund is actively managed and focuses on companies that should benefit from structural trends identified by the fund's manager.

Latest Update

NAV per share	94,36
2020 year-to-date return as at 30 June 2020	-4,86%

Performance

	1M	3M	6M	YTD	SI
Global Equities SRI	-0,54%	11,34%	-4,86%	-4,86%	-5,64%

Fund key facts

Inception date*	15 November 2017
ISIN code	LU1715158744
Asset class	Equities
Total fund assets	28,9 million
Base currency	EUR
Legal status	Luxembourg UCITS
Management Fee	0,83%
Custodian	Crédit Suisse Lux
Liquidity	Daily
Settlement Date	Trade Date + 2 Days

Monthly comments

The Fund lagged the MSCI World in June, notably because of its lack of exposure to value and cyclical stocks. Both in Europe and in the US, cyclical sectors rebounded sharply as developed economies reopened their economies. In Europe, Banking stocks were among the best performing. Yet their performance since the beginning of the year still stands at -35% (Euro Stoxx Banks Index).

By far, the Fund's best performing stock was its most recent add: **Cloudflare** (+21%). Work-from-Anywhere (WFA) is accelerating digital transformation, increasing internet traffic and driving demand for Cloudflare solutions. It offers security, performance optimization and reliability in a single integrated platform. Only 3% of its ~3M users are paying customers, presenting a significant opportunity to convert free users to paying customers. Mgt confirmed that shifting its workforce to remote access (COVID-19 consequence) has not impaired go-to-market efforts, and sales teams continue to close deals.

Last month we invested in the US network infrastructure and storage company **Marvell Technologies**. Over the last several years, Marvell has transitioned from a supplier of stand-alone semiconductor components to a supplier of fully integrated platform solutions, which include multiple IP blocks integrated in hardware along with a strong software stack of analog, digital and mixed-signal technologies. In addition, the company has shifted its investment priorities away from consumer markets (eg. personal computers) and towards infrastructure markets (data center, enterprise, service provider networking), which tend to be characterized by long product cycles, deep customer relationships, and often sole-sourced design wins. We see Marvell as one of the best ways to play the upcoming 5G rollout, as it is currently the only merchant provider of 5G chips in base stations (Radio Access Networks). We see their current market position potentially driving additional customer wins (Samsung Electronics, Nokia, Ericson, and ZTE already clients) as the rollout occurs. Marvell has little direct exposure to the Chinese company Huawei Technologies, the world's largest telecommunications equipment manufacturer, which the US is trying to freeze out of 5G. This pressure on Huawei will most likely lead to Samsung Electronics gaining market share (benefiting Marvell).

We also added **L3Harris Technologies**, a \$37bn US defense contractor, to the portfolio. In a tight budget environment, Department of Defense (DoD) priorities will be to improve its military agility in a world where Cyber and Space are new areas of tension. L3Harris business mix is exposed to those needs of flexibility. Moreover, L3Harris is the result of a merger of equals since June 2019. Sales synergies are expected as the portfolios of the two former companies were complementary. Cost synergies are also on the agenda as former L3 Technologies was a sub-optimal roll-out of divisions acquired without proper integration. Bottom line, we believe that the company can generate a 5%/7% topline organic growth (higher than peers) with improving EBITDA margin (on top of already higher margins than peers). Since the merger, management already is ahead of its objectives, which support future consensus upward revisions.

Characteristics

Characteristics	Fund
Number of Holdings	34
Top 10 Weight	36,5%
Avg Mkt Cap (bn)	309,3
Med Mkt Cap (bn)	73,9
Net equity exposure	99,5%

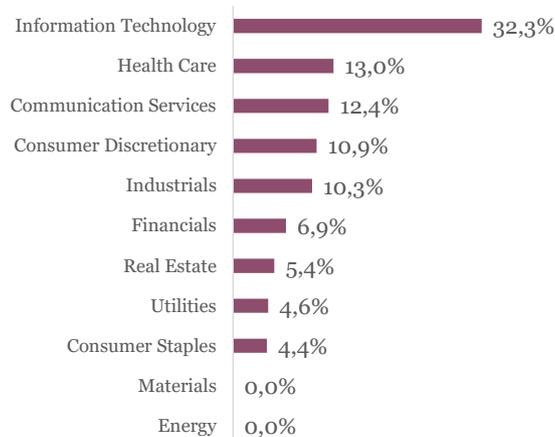
Risk Profile

1	2	3	4	5	6	7
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Sectorial Allocation



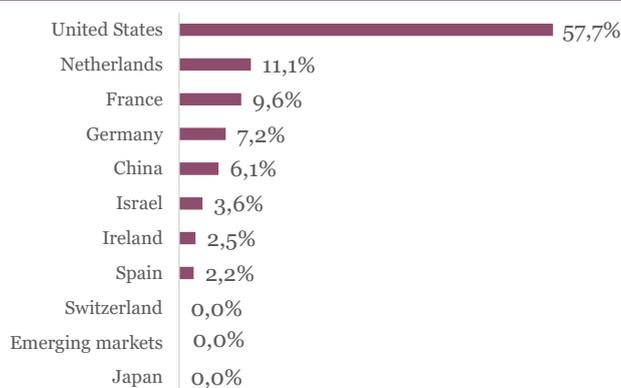
Thematics exposure



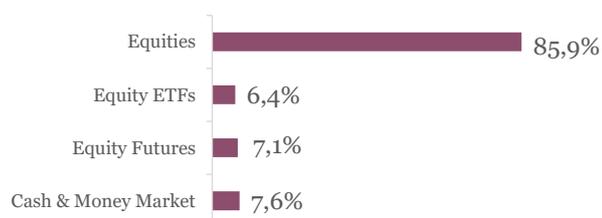
Top 10 Positions

AMAZON.COM INC	5,0%
ALTICE NV -A	4,5%
ALIBABA GROUP HOLDING-SP ADR	4,2%
MICROSOFT CORP	3,7%
MEDTRONIC PLC	3,4%
NVIDIA	3,2%
APPLE INC	3,2%
ALPHABET INC-CL A	3,1%
CHECK POINT SOFTWARE TECH	3,1%
BROADCOM INC	3,1%

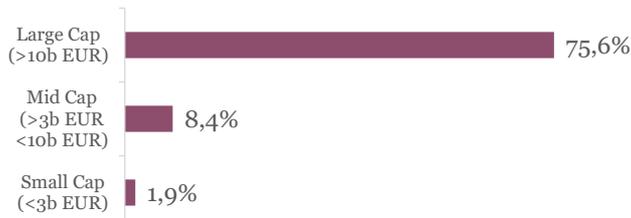
Geographical Allocation



Asset Allocation



Capitalization breakdown



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The LuxFLAG ESG Label is valid for the period ending on 31/12/2020. Investors must not rely on LuxFLAG or the LuxFLAG Label with regard to investor protection issues and LuxFLAG cannot incur any liability related to financial performance or default of Global Equities SRI.

*On the 1st of January 2020, the Fund's name has changed from Midas SICAV Eurozone Equities SRI Fund into Global Equities SRI Fund.