

MIDAS - Eurozone Equities I - Acc

Monthly summary report | as at 28 February 2019



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		Performance	1M	3M	6M	YTD	SI
NAV per share	88.99	Midas Eurozone Equities	2.96%	0.86%	-13.37%	8.59%	-11.01%
2019 year-to-date return as at 28 February 2019	8.59%	Performance Indicator*	4.05%	4.19%	-3.99%	10.56%	-3.41%

* 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	27.0 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

Equity markets have continued to rise in February albeit at a slower pace. Positive US-China trade news helped lift global equity markets, with European stocks outperforming (+4.05%). The first of March milestone in US/China trade talks, that should have seen an increase from 10 to 25% of tariffs imposed by US authorities upon \$200m of Chinese goods, has been erased to grant some time for negotiations. This was a clear sign that the latter were progressing in the right direction and was the main source of relief for financial markets and for sectors relying on Chinese Consumer such as luxury.

In this risk-on environment, cyclicals as a whole rebounded, with Materials and Financials (+7.7% for European banks) at the forefront, while defensives sectors such as Real Estate and Utilities underperformed. Among our cyclical stocks **Airbus** stood out, rising more than 13% (+35% ytd) on the back of enhanced delivery visibility and improved execution. It has succeeded in beating 2018 targets on deliveries and on financial metrics, proving once again that the company is very resilient. Investors were also reassured as Airbus also managed to appoint a solid management team to replace its CEO and CFO.

Among our Consumer Staples exposure there were discrepancies: **Heineken** being one of the best performers and **Beiersdorf** being one of the worst. **Heineken** performed well at the beginning of the month, which accelerated after a good earnings release (+13% in February). Its 2019 guidance for mid-single-digit organic operating profit growth could well become the new normal. This seems feasible assuming 4-5% top-line growth, premiumisation and continued efficiencies. **Beiersdorf's** share price has been penalized by the announcement of its new C.A.R.E program. It aims to accelerate its deployment on skin care, the transition to digital, increase the group's degree of competitiveness, and develop in areas where the group has little presence. Its objective to focus on Skin care makes absolute sense to us but the immediate impact is on the margin, falling from 15.4% in 2018 to 14.5% in 2019.

We have added **Ubisoft** to the fund as the stock has derated amid concerns about Fortnite's, and more broadly Free-to-Play's, success and its impact on leading studios. Arguably, the success of Fortnite is driving some audience away from other franchises. Still, the data shows that despite the impact of Fortnite, demand for premium video games remains strong. We believe that video games are a "must-own" sector, as they offer a unique investment proposition in a highly concentrated industry. It is the biggest and one of the fastest-growing segments in the entertainment industry, benefiting from a growing and increasingly engaged community of hard-core gamers.

After the strong year-to-date rally, we have increased our exposure to the health care segment with the addition of **Orpea**. We believe that concerns on raising rates, reforms in France and Germany, are overpriced. Thus, we seized the opportunity to buy Orpea at attractive multiples. Supported by resilient structural growth engines, favourable financing conditions and a rich development plan, we expect Orpea's model to further create value.

Characteristics	Fund	Index
Number of Holdings	40	307
Top 10 Weight	33.9%	21.0%
Avg Mkt Cap (bn €)	47.5	54.3
Med Mkt Cap (bn €)	26.5	10.9
Index overlap	26.7%	100%
Net equity exposure	99.9%	100%

Risk Profile



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Sectorial Allocation

	Index
Consumer Discretionary	12.3%
Consumer Staples	9.5%
Energy	6.3%
Financials	18.0%
Health Care	7.6%
Information Technology	8.6%
Industrials	15.1%
Materials	9.1%
Communication Services	5.4%
Utilities	5.7%
Real Estate	2.4%

Geographical Allocation

	Index
France	33.4%
Germany	26.3%
Spain	9.2%
Netherlands	8.8%
Italy	6.5%
Belgium	3.4%
Ireland	1.8%
Luxembourg	0.9%
Finland	3.7%
Other	6.1%

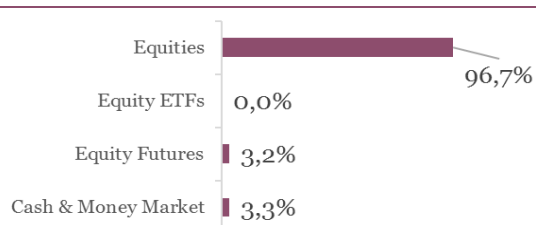
Top 10 Positions

	Fund	Index
AIRBUS GROUP NV	3.6%	1.6%
TOTAL SA	3.6%	3.3%
AXA SA	3.6%	1.1%
SAFRAN SA	3.5%	1.1%
ASML HOLDING NV	3.4%	1.7%
GRAND CITY PROPERTIES	3.3%	0.0%
BASIC FIT NV	3.3%	0.0%
KERRY GROUP PLC	3.3%	0.3%
LVMH	3.3%	2.0%
ORANGE	3.1%	0.7%

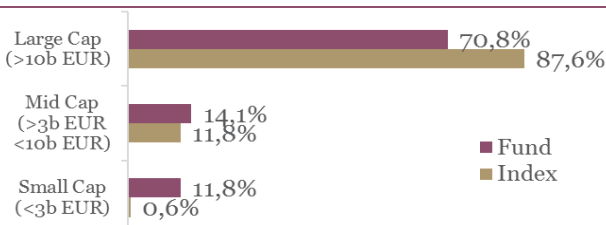
Top 10 overweight

	Fund	Index
GRAND CITY PROPERTIES	3.3%	0.0%
BASIC FIT NV	3.3%	0.0%
GRIFOLS SA	3.0%	0.0%
IPSEN	3.1%	0.1%
KERRY GROUP PLC	3.3%	0.3%
ABN AMRO GROUP NV-GDR W/I	2.9%	0.2%
EUROFINS SCIENTIFIC	2.7%	0.1%
AXA SA	3.6%	1.1%
ORANGE	3.1%	0.7%
SAFRAN SA	3.5%	1.1%

Asset Allocation



Capitalization breakdown



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