# MIDAS - Eurozone Equities I - Acc

Monthly summary report | as at 31 March 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

| | |
|---|---|
| NAV per share | 90,92 |
| 2019 year-to-date return | 10,95% |

as at 31 March 2019

## Performance

| | 1M | 6M | YTD | 1Y | SI |
|---|---|---|---|---|---|
| Midas Eurozone Equities | 2,17% | -9,50% | 10,95% | -6,88% | -9,08% |
| Performance Indicator* | 1,39% | -2,43% | 12,09% | 0,60% | -2,07% |

* 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 | 27,1 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 |

## Characteristics

| | Fund | Index |
|---|---|---|
| Number of Holdings | 42 | 307 |
| Top 10 Weight | 34,2% | 21,3% |
| Avg Mkt Cap (bn €) | 48,7 | 55,4 |
| Med Mkt Cap (bn €) | 20,1 | 11,0 |
| Index overlap | 72,4% | 100% |
| Net equity exposure | 100,1% | 100% |

## Risk Profile

1 2 3 4 5 **6** 7

## Monthly comments

While global economy is showing tentative signs of stabilisation, Central Banks are not reassured. Indeed, the Federal Reserve is now expecting a mere 0.25% rate hike at the 2020 horizon, versus three rate hikes this year only one month ago. The ECB also acted by pre-announcing plans for a new Long Term Refinancing Operations (LTRO) and postponing rate hikes for the foreseeable future.

Financials, and banks at the forefront, were the worst performing sector in this falling interest rate environment. After a good year-to-date performance, we have reduced our exposure to this segment. Instead, we increased our exposure to the IT sector, with the addition of an IT Services and a software company, respectively **Altran** and **SAP.**

**Altran** is the largest R&D provider, with recognized expertise across different segments such as aerospace, automotive, defense, energy, finance, life sciences, railway and telecommunications. Despite market scepticism and issues around Aricent's acquisition in 2018, we think the new company is now well on track to deliver organic growth and to further improve margins. Altran ex-Aricent has been performing very well (improving situation in Germany) and Aricent has recently posted several positive signals (higher than expected margins) allowing the combined company to generate higher FCF and to deleverage more rapidly than expected. We believe we saw the inflexion point and seized the opportunity to add Altran to the portfolio given its attractive valuation versus peers. **SAP** is the largest European software vendor. SAP's priority for 2019-20 is unchanged: accelerate top-line growth thanks to its cloud business with a margin increase to follow. Recurring revenue should continue to rise steadily from 65% of total sales in 2018 to 80% targeted by 2023 thanks to the fast-growing Cloud business (CAGR 2018-23 c.+30%). With a strong installed base of customers, high visibility of revenues, a solid balance sheet, we believe SAP remains a beacon of growth and stability.

**Ubisoft** was the best performer, gaining +25% in March amid a regain of confidence in the strength of developers' franchises despite the Fortnite's success. First sales figures of The Division 2 suggest that the game is being well received by gamers, with a stronger start than its predecessor. Ubisoft stock price also benefited from Google's major move: it unveiled its cloud-based gaming service, called Stadia. Stadia offers instant gaming (no download) and cross-play of high-quality games across all platforms including Smart TVs, tablets, smartphones, PCs, laptops. We believe this service is a strong positive for developers like Ubisoft: 1) it lowers barriers to entry for gaming (no need for expensive hardware) and broadens the total addressable audience from about 200m consoles/PC gaming owners to billions of owners of connected devices; 2) it is a first step toward a console-free world and a fully digital video games world, which is strongly beneficial for developers' profitability and earnings/FCF seasonality.

**Beiersdorf** also contributed positively to the performance. It fully recovered (+13.7% in March) from the lows of February, which we considered as overdone, after the company had announced a new program impacting the margin on the short term.

MIDAS WEALTH MANAGEMENT

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## Sectorial Allocation

| | Fund | Index |
|---|---|---|
| Consumer Discretionary | 13,3% | 12,3% |
| Consumer Staples | 14,0% | 9,9% |
| Energy | 8,4% | 6,3% |
| Financials | 15,1% | 17,4% |
| Health Care | 13,7% | 7,5% |
| Information Technology | 7,3% | 8,8% |
| Industrials | 12,9% | 15,0% |
| Materials | 5,6% | 9,1% |
| Communication Services | 5,1% | 5,4% |
| Utilities | 0,0% | 5,8% |
| Real Estate | 5,2% | 2,5% |

## Geographical Allocation

| | Fund | Index |
|---|---|---|
| France | 50,1% | 33,6% |
| Germany | 6,7% | 26,0% |
| Spain | 5,3% | 9,2% |
| Netherlands | 17,3% | 8,8% |
| Italy | 5,5% | 6,6% |
| Belgium | 0,0% | 3,5% |
| Ireland | 5,0% | 1,8% |
| Luxembourg | 7,8% | 0,8% |
| Finland | 0,0% | 3,6% |
| Other | 2,4% | 6,1% |

## Top 10 Positions

| | Fund | Index |
|---|---|---|
| TOTAL SA | 3,6% | 3,2% |
| SAFRAN SA | 3,6% | 1,1% |
| ASML HOLDING NV | 3,5% | 1,7% |
| LVMH | 3,5% | 2,1% |
| AIRBUS GROUP NV | 3,5% | 1,6% |
| BASIC FIT NV | 3,5% | 0,0% |
| GRAND CITY PROPERTIES | 3,4% | 0,0% |
| GRIFOLS SA | 3,3% | 0,0% |
| KERRY GROUP PLC | 3,2% | 0,4% |
| IPSEN | 3,1% | 0,1% |

## Top 10 overweight

| | Fund | Index |
|---|---|---|
| BASIC FIT NV | 3,5% | 0,0% |
| GRAND CITY PROPERTIES | 3,4% | 0,0% |
| GRIFOLS SA | 3,3% | 0,0% |
| IPSEN | 3,1% | 0,1% |
| KERRY GROUP PLC | 3,2% | 0,4% |
| EUROFINS SCIENTIFIC | 2,7% | 0,1% |
| SAFRAN SA | 3,6% | 1,1% |
| HEINEKEN NV | 3,0% | 0,5% |
| BEIERSDORF AG | 2,6% | 0,2% |
| ABN AMRO GROUP NV-GDR W/I | 2,6% | 0,2% |

## Asset Allocation

| | |
|---|---|
| Equities | 98,2% |
| Equity ETFs | 0,0% |
| Equity Futures | 1,9% |
| Cash & Money Market | 1,8% |

## Capitalization breakdown

| | Fund | Index |
|---|---|---|
| Large Cap (>10b EUR) | 68,9% | 87,2% |
| Mid Cap (>3b EUR <10b EUR) | 15,3% | 12,1% |
| Small Cap (<3b EUR) | 14,0% | 0,8% |