

**GENERAL INFORMATIONS**

Custodian	Société Générale
Cut off	Subscriptions/redemptions
ISIN Code (A share)	FR0013280211
ISIN Code(I share)	FR0013280237
Valuation	Daily
Management fees A share	1,50% of Net assets
Management fees I share	0,80% of Net assets
Performance fees (High Water Mark)	12% including tax of the annual perf over 5%
Entry fees	2% maximum
Exit fees (UCITS acquired)	None
NAV (A share)	<b>197,25€</b>
NAV (I share)	<b>13 542,63€</b>
Inception date (A share)	29-sep-17
Inception date (I share)	29-sep-17
Net assets	<b>59,06 M€</b>



3 years values (Quantalys data)	Gay-Lussac Europe Flex
Volatility	7,31%
Max Drawdown	-16,54%
Beta	0,54
Sharpe Ratio	1,75

	1M	2021	2020	2019	2018	Inception*
<b>A Share</b>	2,2%	<b>13,2%</b>	11,0%	12,1%	-6,8%	<b>31,5%</b>
<b>I Share</b>	2,3%	<b>14,2%</b>	11,5%	12,9%	-6,1%	<b>35,4%</b>

\* Since the launch of the Fund on 29/09/2017

\*\* Benchmark index: 50% EONIA (EONCALP7 Index) + 16.66% Stoxx 600 TR + 16.66% CAC Mid&Small TR + 16.66% MSCI EMU Microcaps TR

**EXTRA FINANCIAL PORTFOLIO ANALYSIS**

	Gay-Lussac Europe Flex (/10)	Benchmark Index (/10)
Grade average <b>E*</b>	6,49	6,31
Grade average <b>S*</b>	6,22	5,33
Grade average <b>G*</b>	6,52	5,69
Grade average <b>ESG**</b>	7,04	6,87

\* proportion of the fund's investments for which non-financial data are available and used to complement fundamental analysis.

\*\* MSCI coverage rate: 56% / Internal coverage rate: 44% / Total coverage rate: 100%.

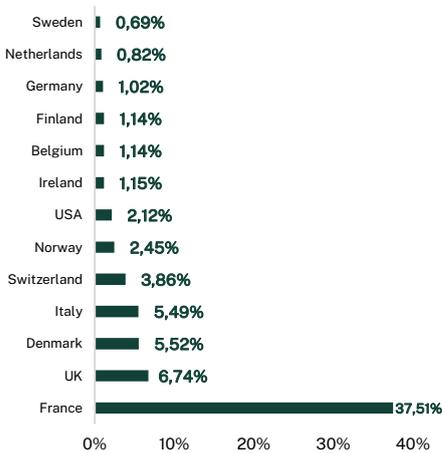


Gay-Lussac Gestion is a signatory of the **United Nations Principles for Responsible Investment (UN-PRI)** since 2020.

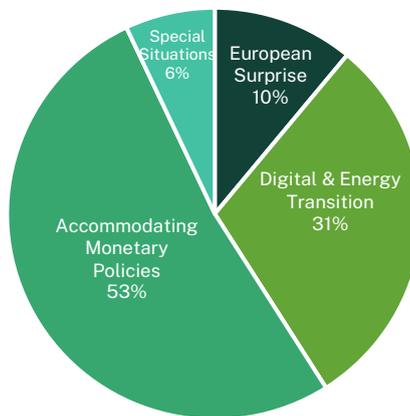


Gay-Lussac Gestion is a supporter of the **Task Force on Climate-related Financial Disclosures (TCFD)** since 2021.

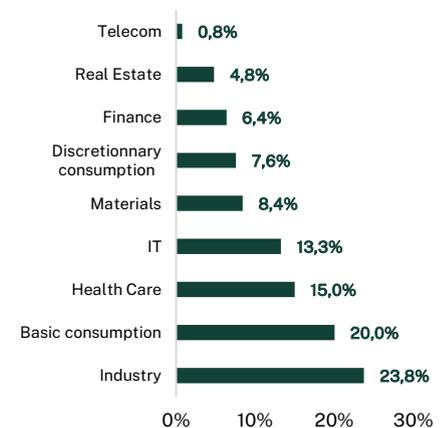
**COUNTRY BREAKDOWN**  
(on the invested share)



**BREAKDOWN BY INVESTMENT THEME**



**INDUSTRY BREAKDOWN** (on the invested share)



**INVESTMENT PROCESS**

- Two defensive criteria, **Low Volatility** and **Low Beta** and one performance criterion, **Momentum** to quantitatively filter the investment universe.
- Selection of 3 to 4 major structural and/or cyclical themes by a quarterly Macroeconomic Committee bringing together economists, strategists, fund managers and financial analysts.
- Definition of the investable universe through the selection of stocks in line with the themes selected and validated by the fundamental analysis of the companies.
- Construction and follow-up of the portfolio in risk budget.

**INVESTMENT OBJECTIVE**

To obtain, over an investment horizon of **at least 5 years an annualised performance over 5% net of current charges**. This objective is pursued through investments mainly in Equity markets of EU and OCDE. The stocks are selected in accordance with the investment themes defined by the quarterly Macroeconomic Committee.

**MANAGEMENT TEAM**

Louis de FELS	Daphné PARANT
Hugo VOILLAUME, CFA	Paul EDON
Guillaume BUHOURS	Thibaut MAISSIN

**RISK EXPOSURE**



## Macroeconomic review

October has been marked by a return to positive territory for all markets, with a slight outperformance of US equities compared to Europe CAC 40 TR +4,76%, S&P500 +6,91%, STOXX 600 TR +4,67%.

In Europe, the resurgence of the epidemic threatens to jeopardize the economic recovery, particularly in Eastern Europe. Leading indicators point to a slowdown in economic activity in the fourth quarter, consequence of inflationary pressures and tensions on the supply chain. Inflation in the euro zone has reached a new high since 2008. Driven by electricity and gas prices, rolling 12-months inflation stood at 4,1% versus 3,7% expected, while core inflation came in at 2,1% (+20bps). Christine Lagarde acknowledged that prices could remain high for longer than expected, but that inflation is expected to fall back below 2% in the mid-term, meaning a policy rate hike would not be necessary for the time being. Not willing to repeat previous mistakes, the ECB should remain cautious in reducing its monetary support, and thus should continue to support the economic recovery. Despite a reduction of the PEPP, the ECB is maintaining a high level of asset purchases in recent weeks, with about 30,3bn€ and 31,8bn€ in the last two weeks.

In the United States, after a sharp slowdown in the third quarter, economic activity seems to be back on the right track in October. Leading activity indicators remain at a high level. Service PMI came out at 58,2 in October, against 55,3 expected and the manufacturing PMI stood at 59,2. However, approval of the two fiscal stimulus bills remains necessary to support consumption, engine of economic growth for the US. The total envelope was again revised downward to \$1,75bn from \$3,50bn initially proposed by Joe Biden. According to the latter, these new measures would already have the approval of the Democratic representatives of both houses of Congress, making it possible to find a common ground in the near future. Although the situation in the energy market is a tad less problematic in the US than in Europe, tensions in the employment market are more prevalent. The much anticipated job creation figures came out below expectations (+194K vs. +500K expected) and the NFIB and JOLTS surveys underlined that hiring difficulties remain. In this context, the Federal Reserve will have to wait for a normalization of the labor market, and a return to full employment before raising its policy rates. Members of the FOMC remain divided on the degree of persistence of inflation but the majority stands ready to react in the event that it proves being more persistent than expected. Consequently, the sharp rise in long-term sovereign rates slowed at the end of October and the US 10-year treasury ended the month at 1,552%, after breaking through the 1,70% threshold earlier in the month.

### KEY RATIOS

Gross Equity Exposure	69,65%
Futures & Options	-15,78%
Net Equity Exposure	53,87%
Bonds	2,31%
Arbitrage / Takeover bid	9,66%
Liquidities, money market	18,38%
Monthly performance - <b>A Share</b>	2,20%
Monthly performance - <b>I Share</b>	2,32%
Number of lines	52
Median PER 2021	24,58
Median EV/Sales 2021	3,30
Median EV/EBIT 2021	20,95

### TOP FIVE POSITIONS

Name	% net asset
NESTLE SA-REG	3,86%
DIAGEO PLC	3,02%
NOVO NORDISK A/S-B	2,89%
AIR LIQUIDE SA	2,69%
GERARD PERRIER ELECTRIC	2,53%

### BREAKDOWN BY MARKET CAPS

Name	% net asset
More than 4 Mds €	39,43%
From 500 M€ to 4 Mds €	41,26%
Less than 500 M€	19,31%
Average Capitalisation (M€)	37 377
Median Capitalisation (M€)	1 598

## Management review

During the month of October, we judged it necessary to increase our weightings on some of our strong convictions such as **Argan**, **Pattern** and **Air Liquide**. **Argan** is still experiencing good growth momentum in the country and is currently trading in line with its estimated 2022 net asset value (NAV), while at the same time several comparable logistics companies are trading at a 70% premium to their 2022 NAV. **Pattern**, which has already reported well and highlighted that the recovery should accelerate in the second half of the year, has announced that it is taking a majority stake in IDEE consulting. This is a major player in luxury leather for fashion, and is integrated across the entire value chain. **Air Liquide** reassured the market on its ability to achieve its 2021 targets by reporting a third quarter slightly above expectations. On the sell side, we closed our position in **Bastide Groupe** after the company reported results below consensus expectations while still being very cautious about its ability to sustainably raise margin levels over the coming years. We arbitrated our position in **Unilever** in favour of **Nestlé**, a company with a better ability to offset cost increases. Finally, we have reduced our exposure to **North Media** in line with our risk budgeting process.