Gay-Lussac Europe Flex
December 2021

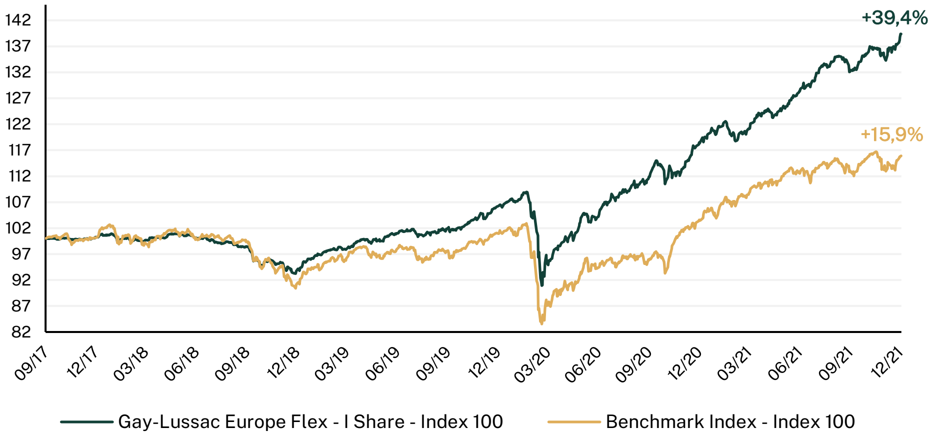
GAY-LUSSAC GESTION

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)	**202,70€**
NAV (I share)	**13 937,72€**
Inception date (A share)	29-sep-17
Inception date (I share)	29-sep-17
Net assets	**65,25 M€**

3 years values (Bloomberg data)	Gay-Lussac Europe Flex
Volatility	7,42%
Max Drawdown	-16,54%
Beta	0,49
Sharpe Ratio	1,79

Performances and statistics on the 31 december 2021



	1M	2021	2020	2019	2018	Inception*
A Share	3,1%	**16,3%**	11,0%	12,1%	-6,8%	**35,1%**
I Share	3,2%	**17,6%**	11,5%	12,9%	-6,1%	**39,4%**

* 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

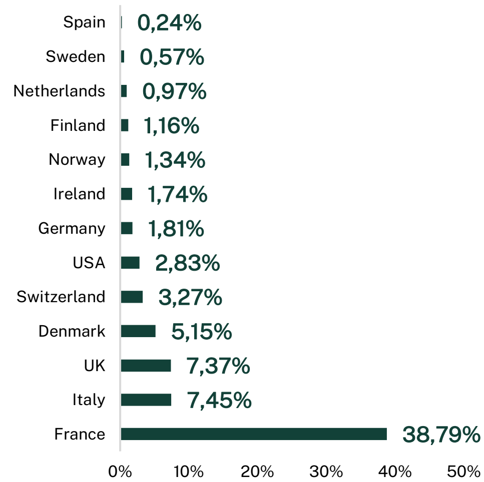
	Gay-Lussac Europe Flex (/10)	Benchmark Index (/10)
Grade average **E***	6,10	6,30
Grade average **S***	6,18	5,39
Grade average **G***	6,37	5,73
Grade average **ESG****	7,02	6,86

* proportion of the fund's investments for which non-financial data are available and used to complement fondamental analysis.
** MSCI coverage rate: 58% / Internal coverage rate: 41% / Total coverage rate: 98%.

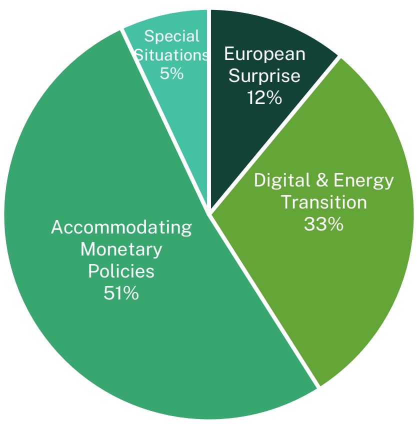
PRI Principles for Responsible Investment — **Gay-Lussac Gestion** is a signatory of the **United Nations Principles for Responsible Investment (UN-PRI) since 2020.**

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

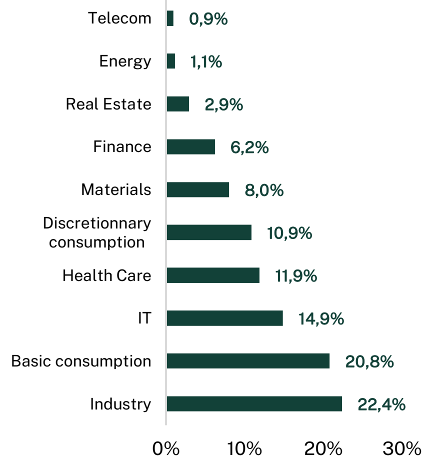
COUNTRY BREAKDOWN
(on the invested share)



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 throught 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


Hugo VOILLAUME, CFA


Guillaume BUHOURS


Daphné PARANT


Paul EDON


Thibaut MAISSIN

RISK EXPOSURE

Low risk Performance Potentially lower — 1 — 2 — 3 — **4** — 5 — 6 — 7 — High risk Performance Potentially higher

Macroeconomic review

Despite the rapid spread of the Omicron variant and faster than expected monetary policy tightening, global indices performed very well in December, with European indices outperforming: CAC 40 TR 6.46%, S&P500 TR 4.45%, STOXX 600 TR 5.42%.

In Europe, COVID-related issues returned to the forefront in December. Although the Omicron variant is spreading, it seems to be much less dangerous than its Delta counterpart. Nevertheless, the surge in infections observed in December is pushing companies into more troublesome situations, which could sustain the imbalance between supply and demand and thus, a slowdown in economic growth. On the other hand, the ECB must deal with sustainable inflationary pressures. A reduction in monetary support now seems inevitable. Nevertheless, the caution that has characterized the ECB this year is still in order and fiscal stimulus measures at the European level should limit short-term tensions. The surge in energy prices continues to be a concern, in a scenario of reduced state aid. Only a restoration of supply would allow for a lasting stabilization of a situation that remains strongly linked to political discussions between the United States and Russia on the Ukrainian front. On the monetary policy side, the ECB has confirmed the end of the PEPP in March 2022, but also an increase in the traditional APP from €20 million to €40 million initially, followed by a gradual reduction from the third quarter of 2022. The objective remains the same for the ECB: reducing the asset purchase programs before a first increase in key rates, which, in accordance with Christine Lagarde's speech in November, should not take place in 2022.

In the United States, the first published economic indicators suggest that the Omicron variant has not had as much of an impact on the US economy as anticipated. The University of Michigan's consumer confidence survey has been revised significantly upwards from the initial estimates of early December. Nevertheless, the U.S. economy will remain in a vulnerable position until the vaccine campaigns accelerate and the new stimulus package is voted. Indeed, the vote on the "Build Back Better" package, to which the bipartisan infrastructure bill is attached, is now blocked by one man, Senator Joe Manchin. The bill can only pass the Senate if all 50 Democratic senators vote in favor for it, knowing that no Republican will. Despite Joe Biden's reassuring speeches, the political and administrative delays could very well slow down economic growth and the rise in long-term interest rates in the United States. Caught between higher than initially expected inflation and a reassuring labor market, the FED seems to have prioritized the fight against inflation, deciding to accelerate its reduction of asset purchases by $30 billion per month, compared to $15 billion per month previously. The FED also announced three rate hikes per year in 2022 and 2023, a much more aggressive schedule than anticipated by the September dot-plots. This announcement did not create risk aversion in December. Despite a rise in rates over the last two days of the month, US sovereign rates remained broadly stable (10-year rate at 1.5%).

KEY RATIOS

Gross Equity Exposure	72,68%
Futures & Options	-16,10%
Net Equity Exposure	56,58%
Bonds	2,09%
Arbitrage / Takeover bid	10,05%
Liquidities, money market	15,18%
Monthly performance - A Share	3,12%
Monthly performance - I Share	3,18%
Number of lines	57
Median PER 2021	25,36
Median EV/Sales 2021	2,78
Median EV/EBIT 2021	19,85

TOP FIVE POSITIONS

Name	% net asset
DIAGEO PLC	3,72%
NESTLE SA-REG	3,02%
BERKSHIRE HATHAWAY INC-CL B	2,83%
NOVO NORDISK A/S-B	2,73%
GERARD PERRIER ELECTRIC	2,61%

BREAKDOWN BY MARKET CAPS

Name	% net asset
More than 4 Mds €	40,11%
From 500 M€ to 4 Mds €	41,51%
Less than 500 M€	18,39%
Average Capitalisation (M€)	46 708
Median Capitalisation (M€)	2 068

Management review

Regarding purchasing, we highlighted the “Food & Beverages” theme this month with investments in **Pernod Ricard** and **Diageo**. The French player continues to profit from its positioning in spirits in Asia with strong growth in this regional market, particularly in cognac. The British company is benefiting from the acceleration of tequila consumption in North America, which is increasingly growing, at the detriment of vodka. The defensive positioning of these two players also offer a significant advantage. We have also strengthened our position in **Sword Group**. The French company specializing in IT consulting and software publishing, which continues to outperform the objectives of its 2024 strategic plan, with an organic growth of 23% in the third quarter versus 13% targeted. Sword is also benefiting from the catch-up effect on its Software division due to its sales model by licenses.

On the disposal side, we sold our **Maxcyte** and **Biomérieux** positions. **Maxcyte** is specialized in the supply of equipment for cell therapy, in particular electroporation. The stock suffers from the ending of the development of a drug produced for one of its main customers. The French player, expert in the development and marketing of instruments and reagents for in vitro diagnostics, **Biomérieux**, realized a very good stock market performance. Indeed, he group has benefited from the rise in sales expectations for COVID-19 tests following the explosion of Omicron variant contamination in Western Europe.