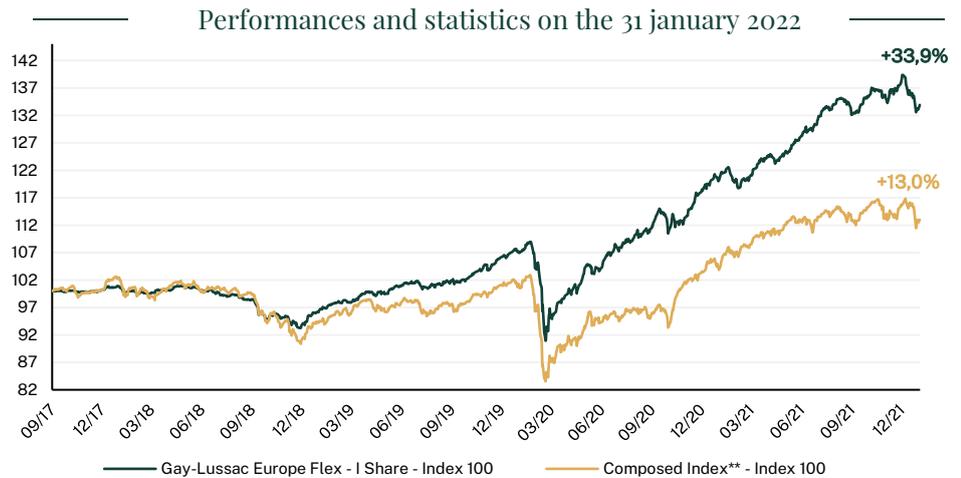


**GENERAL INFORMATIONS**

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>194,64€</b>
NAV (I share)	<b>13 391,54€</b>
Inception date (A share)	29-sep-17
Inception date (I share)	29-sep-17
Net assets	<b>66,76 M€</b>

3 years values (Bloomberg data)	Gay-Lussac Europe Flex
Volatility	7,52%
Max Drawdown	-16,54%
Beta	0,49
Sharpe Ratio	1,79



	1M	2021	2020	2019	2018	Inception*
<b>A Share</b>	-4,0%	<b>16,3%</b>	11,0%	12,1%	-6,8%	<b>29,8%</b>
<b>I Share</b>	-3,9%	<b>17,6%</b>	11,5%	12,9%	-6,1%	<b>33,9%</b>

\* Since the launch of the Fund on 29/09/2017  
\*\* Composed index representing the risk profile of the Gay-Lussac Europe Flex strategy

**EXTRA FINANCIAL PORTFOLIO ANALYSIS**

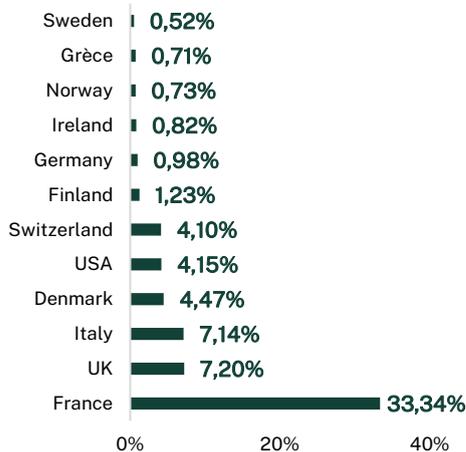
	Gay-Lussac Europe Flex (/10)	Benchmark Index (/10)
Grade average <b>E*</b>	6,23	6,60
Grade average <b>S*</b>	6,13	5,41
Grade average <b>G*</b>	6,32	5,98
Grade average <b>ESG**</b>	6,85	7,36

\* proportion of the fund's investments for which non-financial data are available and used to complement fundamental analysis.  
\*\* MSCI coverage rate: 50% / Internal coverage rate: 47% / Total coverage rate: 97%.

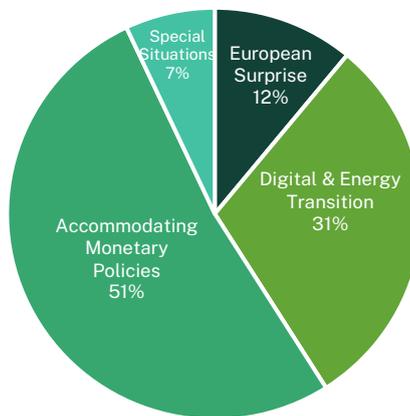
**PRI** Principles for Responsible Investment  
Gay-Lussac Gestion is a signatory of the **United Nations Principles for Responsible Investment (UN-PRI)** since 2020.

**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.

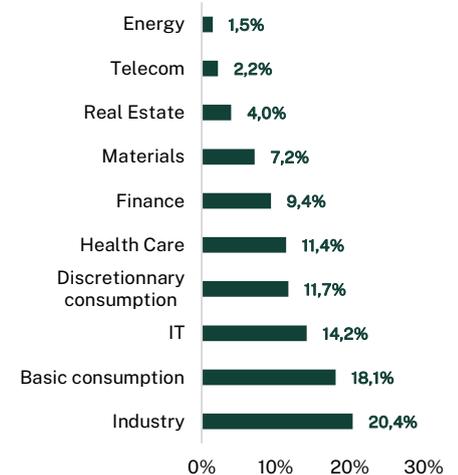
**COUNTRY BREAKDOWN**  
(on the invested share)



**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 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
	Arthur BERNASCONI

**RISK EXPOSURE**



## Macroeconomic review

January was marked by the return of risk aversion on the markets, particularly towards "growth" stocks after the FED's paradigm shift. Main indices were down for the month: S&P 500 -5.17%, CAC 40 -2.04%, STOXX 600 -3.81%.

European economic growth has returned to its pre-crisis level (+5.2%), driven by positive dynamics in France (+7%) and Spain. In Germany, the situation is a bit more complex, with deceleration of inflation remaining on a weaker pace (+4.9%) than expected (+4.4%). On the political front, the results of the Italian and Portuguese elections gave us some stability. In Italy, President Sergio Mattarella was re-elected President, allowing Mario Draghi to remain at the head of the government despite disagreements within the coalition. The next major political event will be the French presidential election in April. It is at the monetary level that the discussions were animated in January. The ECB's central scenario remains the same as at the end of 2021: no rate hike before 2023, provided that inflation stabilizes at the 2% target in the medium term. However, this is not the opinion of investors. Indeed, according to swap contracts, the market is expecting a 25 basis point rate hike by the end of 2022, which is a slightly more aggressive scenario than the ECB's message. The market seems to be wondering about the difference in reactions between the ECB and the FED. However, it is important to understand that the difference in monetary policies between the ECB and the FED is primarily due to the disproportionality of gas prices in European inflation, while US inflation is more structural. Tightening monetary policy in response to the energy shock would be reminiscent of the bitter experience of the ECB in 2011. Faced with this exogenous shock, the ECB has no control and discussions remain open between Moscow and Washington. For us, the geopolitical issue will remain a factor of uncertainty until we can be convinced that the conflict will not degenerate.

In the United States, the publication of GDP growth for the fourth quarter of 2021 clearly demonstrated the vigorous rebound of American growth (+6.9%). U.S. growth continues to rest on solid foundations, as evidenced by a notable increase in household consumption and business investment. The labor market remains well oriented, a point that is helping to encourage the FED to accelerate the increase in its key rates. Nevertheless, recent indicators point to less vigorous activity at the beginning of 2022, marked by the return of COVID cases, persistent inflation and a smaller fiscal stimulus. On this point, the statistics to be released on the labor market and inflation in the coming weeks should provide more clarity regarding the pace of the Fed's exit. FOMC members continued to tighten their stance, to which the market reacted, now expecting 5 rate hikes of 25bps in 2022 compared to 3 at the beginning of the month. Nevertheless, the risk aversion at the end of the month came from the speech of some FOMC members who envisaged a reduction of the FED's balance sheet rather quickly, potentially as early as this summer. While waiting for more clarity, the members of the FED continue their balancing act in order to "test" the markets' reaction to the various tools at the disposal of the central bank. Against this backdrop, the US 10-year yield rose sharply by c.18% in January, ending the month at 1.78%.

### KEY RATIOS

Gross Equity Exposure	65,40%
Futures & Options	-17,69%
Net Equity Exposure	47,71%
Bonds	3,00%
Arbitrage / Takeover bid	10,86%
Liquidities, money market	20,75%
Monthly performance - <b>A Share</b>	-3,98%
Monthly performance - <b>I Share</b>	-3,92%
Number of lines	54
Median PER 2021	20,42
Median EV/Sales 2021	1,86
Median EV/EBIT 2021	15,51

### TOP FIVE POSITIONS

Name	% net asset
DIAGEO PLC	3,38%
BERKSHIRE HATHAWAY INC-CL B	2,94%
PERNOD RICARD SA	2,83%
SALCEF SPA	2,52%
NESTLE SA-REG	2,40%

### BREAKDOWN BY MARKET CAPS

Name	% net asset
More than 4 Mds €	38,07%
From 500 M€ to 4 Mds €	39,43%
Less than 500 M€	21,60%
Average Capitalisation (M€)	41 038
Median Capitalisation (M€)	1 214

## Management review

In the context of rising long rates and sector rotation, we have reduced the duration and average valuation of our portfolio in line with our company philosophy. The portfolio's average PER 2022E was reduced from 5pts in just one month to 20.4x. In fact, we have reduced our position in certain companies with high valuations even though we maintain a strong conviction in them. As an example, we have decreased our positions in growth values such as Teleperformance or Cellnex, despite excellent development prospects respectively in specialised services and in the consolidation of the European telecommunications tower market. We have also closed positions of two companies: The first one is the leader in semiconductor lithographic machines, ASML and the second corresponds to the luxury car manufacturer, Ferrari.

For 2022 we are putting forward our new investment themes with several line reinforcements: i) undervalued quality companies like Abitare, an Italian developer in the residential sector, ii) decorrelated values such as Boiron, a French laboratory specialized in homeopathic medicine; iii) pricing power with Sword Group, French software company; and iv) assets benefiting from stimulus plans in the likes of Salcef, the Italian rail maintenance leader. With reasonable valuations, these securities have a resilient or even attractive profile in this context of rising rates.