



INVESTMENT OBJECTIVE

The management objective is to seek a higher performance than that on the CAC 40 index over the recommended investment duration (5 years), dividends reinvested. To be able to achieve the management objective, the UCITS investment strategy is based on discretionary management via a stock-picking policy, which does not aim to duplicate the benchmark indicator.

PORTFOLIO MANAGERS COMMENTS

The economic recovery in the euro area is being borne out month after month and the overall performance should come to 2% for 2018, or even slightly beyond. France posted growth of 0.5% in the second quarter, staging a repeat performance of the two previous quarters. These sound economic conditions are undoubtedly good for corporate earnings. However, the euro's strong surge against the dollar and other currencies is now affecting earnings growth. Earnings estimates on the CAC 40 have regularly been upgraded for almost a year but have now started to deteriorate over the past two months.

The second half of the year started with a modest monthly performance for both the fund and its benchmark, with +10.52% YTD for Centifolia and +6.75% for the CAC40 NR. Over the month, we added Carmila to our portfolio. This company owns shopping malls beside Carrefour hypermarkets, and offers estimated yield of 6%, and looks set to display earnings growth of more than 10% over the next three years. It also helps provide a better view of the Carrefour stock, where we have increased our holding and could offer a more attractive outlook under the impetus of the new CEO who has moved from Fnac Darty. Conversely, the fund took advantage of the sound performance from Fnac Darty to cut back its stake. We also took some profits on Sopra and Vallourec and note our increased stakes in Lagardère and Nokia after their solid earnings reports. In view of a more hesitant market, Centifolia increased its cash position to more than 3% of assets.

The markets remain very sensitive to statements from central banks, and the normalization or expected normalization in their balance sheets could lead to some jitters from investors. However, the European markets, especially in France, currently offer better prospects than before and are still seeing a valuation lag as compared to other developed markets.

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PER (Price Earnings Ratio) is the ratio of market capitalisation to net earnings. It is a way of estimating how expensive a share is.
 Net debt is gross financial debt adjusted for the cash pile
 ND/EBITDA is the ratio between net debt and gross operating profit. It helps estimate a stock's financial leverage.
 EV/EBITDA is the ratio between enterprise value (market capitalisation + net debt) and gross operating profit. It helps estimate how expensive a share is.

DATA AS OF 07/31/2017

	Fund	Index*
YTD performance	10.52%	6.75%
Performance 2016	4.64%	7.67%
5 years annualized performance	13.16%	11.79%
1 year volatility	12.08%	12.82%
3 years volatility	15.98%	18.08%
5 years volatility	15.34%	16.71%

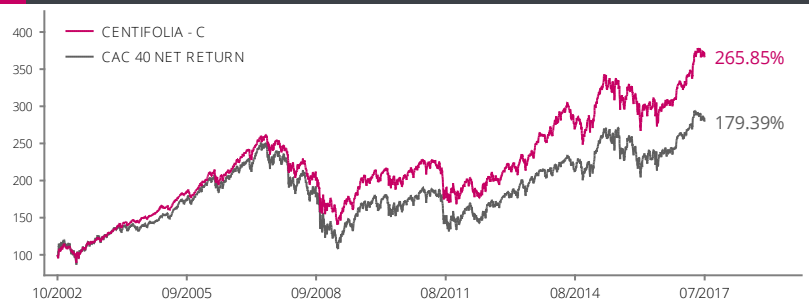
*CAC 40 NET RETURN

Past performance is not a guarantee of future performance

MAIN CHARACTERISTICS AS OF 31/07/2017

NAV	€365.85	Net assets	€1,830 M
Net yield 2016	3%	ND/EBITDA 2016	1.6 x
Estimated PER 2017	15.3 x	EV/EBITDA 2017	6.2 x

PERFORMANCE SINCE 10/04/2002



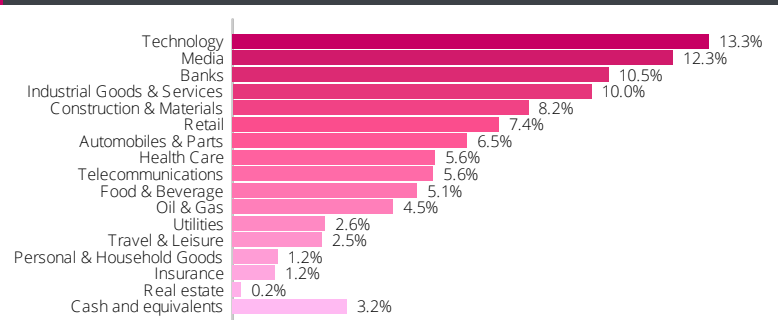
MAIN HOLDINGS

SANOFI	5.64%
ORANGE	5.59%
VINCI	4.94%
STMICROELECTRONICS	4.77%
GROUPE FNAC	4.74%

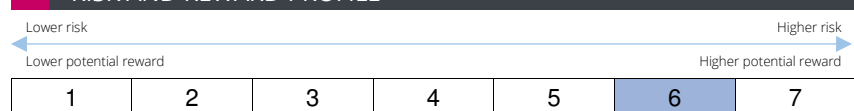
MAIN COUNTRIES

FRANCE	93.4%
FINLAND	3.4%

BREAKDOWN BY SECTOR



RISK AND REWARD PROFILE



The risk level of this fund is due to exposure to equity market