INVESTMENT OBJECTIVE
The Sub-Fund seeks to achieve a positive performance higher than the following composite Index: 50% EUROSTOXX 50 Net Return + 50% EONIA. The investment manager’s team will try to reach this target with an average volatility around 10% in normal market conditions, throughout the recommended investment period.

PORTFOLIO MANAGERS COMMENTS
The markets continued trading in September in the same range seen over the past four months (3,150-3,350 for the Euro Stoxx 50). The upturn in activity and hopes of a stimulus package are running up against a continued unclear situation for the epidemic, as well as uncertainty on the forthcoming US election. Our view has therefore not changed much over the month in light of the current situation. Our range of meetings with companies’ management teams in September confirmed the clear improvement in activity in the sectors where VENASQUO primarily invests i.e. construction, manufacturing IT services, automotive. Conversely, travel-related sectors have taken a nosedive after a short reprieve over the summer.
VENASQUO shed -11.5% in September vs. -1.14% for the benchmark, primarily dragged down by profit-taking on large positions, such as Cap Gemini (-5.4%, 6.2% of the portfolio) and Iliad (-12.3%, 4.4%), although we are still convinced that these two stocks harbor upside. Cap Gemini may have been hit by overly lofty expectations at its competitor Accenture but a return to normal in the second half of 2021 seems well in line with expectations in our view. The valuation is also attractive at 15x EV/E, or a 45% discount, after the group has proven its margin resilience during times of crisis and with demand for digital transformation still high. Meanwhile looking to Iliad, the acquisition of Polish operator Play and the prospect of a costly auction process in France have definitely dragged on the share price. The cost of 5G spectrum is now well known and limited, and we are further convinced that this Iliad is a unique stock among telecoms operators. Beyond the financial appeal of this deal (RDE; year 1: 6.5%), the group’s growth sources point to robust revenue and results growth over the next five years (BBB France, pricing and fiber in France, subscriber base and network in Italy, fixed-line market in Poland). We think that these prospects are currently partly overlooked at a time when controlling investors are stepping up their holdings (Bouygues, Niel, Drai).

We made two major changes in our portfolio this month, removing Lagardère and adding Siemens AG.

Following the spin-off of Siemens Energy, we think that Siemens AG has an attractive profile and can draw the benefits from several buoyant cycles i.e. digitalization, energy management, green deal, healthcare access. Siemens’ withdrawal from oil, gas and wind assets has radically transformed the new group’s profile, with a focus on businesses with structural growth (5-6% throughout the cycle), a margin upgraded by >200bps and a better handle on its WCR. The valuation points to a discount of more than 20% to peers, but what we are really interested in are Siemens’ technological successes. The MindSphere platform is definitely one of the most advanced digital manufacturing projects worldwide, along with the Mobility signal range, which is a real benchmark: we also think that the acquisition of Varian is particularly vital as it offers digital capabilities in diagnosing and treating cancer.

We removed Lagardère from the portfolio at a time when several shareholders are increasing their stakes with an agenda that is probably not in line with ours. In light of current traffic, it is hard to justify a valuation of much more than €20.
VENASQUO’s net exposure came to 58.7% at the end of the month. We can see that the cyclical recovery that kicked off at the start of the summer does not have the usual profile as the most cyclical stocks have not really started their rerating. Data is improving in several manufacturing sectors, but positioning still remains extremely defensive. The last quarter will be decisive: in short, our positioning is pro-cyclical while avoiding any tricky stocks (business line, balance sheet, etc.).

Text completed on 06/10/2020.

Matthew PICARD - Alexis ALBERT

PERFORMANCE AND VOLATILITY

<table>
<thead>
<tr>
<th>Share</th>
<th>Reference Index</th>
</tr>
</thead>
<tbody>
<tr>
<td>YTD performance</td>
<td>-2.80%</td>
</tr>
<tr>
<td>2019 performance</td>
<td>12.86%</td>
</tr>
<tr>
<td>Annualised performance since inception</td>
<td>-0.53%</td>
</tr>
<tr>
<td>Volatility 1 year</td>
<td>19.52%</td>
</tr>
<tr>
<td>Volatility 5 years</td>
<td>13.52%</td>
</tr>
<tr>
<td>Volatility since inception</td>
<td>12.26%</td>
</tr>
</tbody>
</table>

PERFORMANCE SINCE 28/12/2016

V50% EONIA + 50% EURO STOXX 50 NR, Past performance is not a guarantee of future performance.

MAIN SHORT POSITIONS

- STOCK 600 Product and Household Goods | -6.8% |
- DAX | -6.7% |
- STOCK 600 Food and Beverage | -5.8% |
- STOCK 600 Health Care | -5.0% |
- STOCK 600 Technology | -6.8% |

Holdings may change over time.

MAIN LONG POSITIONS

- CAPGEMINI SE | 6.3% |
- COMPAGNIE DE SAINT GOBAIN | 6.2% |
- LATARIO KIO IM | 6.0% |
- SORIA STIBIA GROUP | 5.5% |
- ATOS SE | 5.4% |

SEGMENT EXPOSURE

100%

RISK ANALYSIS

Sharpe Ratio: 0.11

MAIN CHARACTERISTICS

NAV: €90.04
Net assets: €127M
Gross exposure: 152%
Net exposure: 58.7%
Net exposure (beta adjusted): 71.9%
Long positions: 49

Risk level of this fund due to exposure to equities and/or fixed-income markets.
Management Report September 2020

Share class created the 28 December 2016

Data as of 30/09/2020

52-WEEK VOLATILITY

Market Exposure

Sector Exposure

Gross Exposure to Equities by Currency

Performance (%)

Performance index:

Year | January | February | March | April | May | June | July | August | September | October | November | December | Annual
--- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | ---
2017 Share I | -0.24% | 2.49% | 2.07% | 0.90% | 1.26% | -0.71% | 0.70% | -1.03% | 3.24% | -0.57% | -0.35% | 0.22% | 8.18%
Index 10% | -0.87% | 1.42% | 2.78% | 0.98% | 0.49% | -1.50% | 0.44% | -0.36% | 2.54% | 1.11% | -1.40% | -0.88% | 4.43%
2018 Share I | -0.05% | -0.99% | -2.99% | 1.74% | -1.74% | -2.20% | -0.67% | -0.46% | -0.70% | -5.81% | -1.20% | -4.38% | -17.58%
Index 10% | 1.55% | -2.35% | -1.68% | 2.86% | -1.27% | -0.09% | 1.94% | -1.87% | 0.15% | -2.97% | -0.36% | -2.65% | -4.90%
2019 Share I | 2.03% | -1.71% | -8.88% | 5.25% | 1.38% | 4.49% | -1.21% | 3.50% | -1.15% | - | - | - | -2.80%
Index 10% | 2.72% | -2.19% | 0.91% | 2.62% | -2.79% | 2.95% | -0.05% | -0.52% | 2.10% | 0.55% | 1.37% | 0.59% | 13.24%
2020 Share I | -3.63% | 8.27% | -7.92% | 2.73% | 2.42% | 3.24% | -0.78% | 1.59% | -1.14% | - | - | - | -5.85%
Index 10% | -1.54% | 4.22% | -7.92% | 2.73% | 2.42% | 3.24% | -0.78% | 1.59% | -1.14% | - | - | - | -5.85%

(1) 50% EONIA + 50% EURO STOXX 50 NR.
Data calculated since inception

Past performance is not a guarantee of future performance.