



Bellecour European Fund

August 6th, 2018

INVESTMENT STRATEGY: Bellecour European Fund aims at delivering strong capital appreciation over a medium and long term horizon, with a high degree of downside protection. To achieve this aim, the Fund managers invest in euro zone public listed companies, with no market capitalization distinction, and hedge the risk totally or partially, through the sale of Index Future contracts or the purchase of Index Short Trackers. In the framework of a stock-picking investment strategy, the Fund managers target companies showing: 1/ superior business models; 2/ attractive valuations; and 3/ short and medium terms catalysts for re-rating (restructuring plans, better than expected results, merger and acquisition plans...). On the basis of the portfolio absolute valuation and upside potential, but also taking into account the perceived macro-economic risks, Fund managers decide to hedge totally or partially the portfolio risk exposure, and adjust the cash level of the portfolio accordingly.

Portfolio Gross Performance since 2011 (unaudited data)



Net performance since inception: **+34.4%**

NAV per share: **€134.4**

Monthly gross performance: **+1.2%**

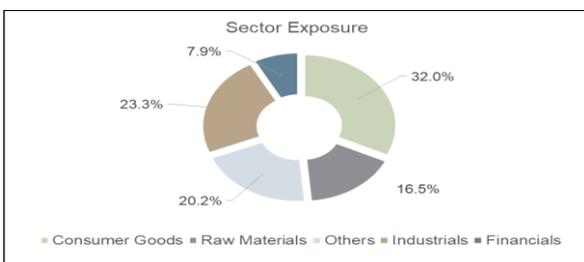
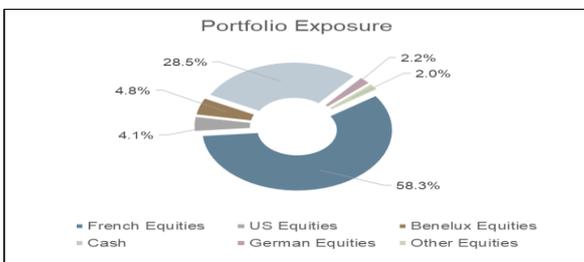
Performance Review: After the limited contractions posted over the last months, European Equity markets appreciated in July, just like US and Japanese Equities did. In contrast, Chinese Equity markets pursued their corrections, with new 2% drops as commercial tensions between the US and China escalated again. This environment has been favorable to the dollar, which appreciated by almost 2% against the euro last month. In this context of commercial war, inflationary expectations are on the upside and have translated into slightly higher interest rates globally. Oil, on the contrary, posted a 5% drop in July, ending last months' strong rally. The Fund recorded a satisfying absolute performance last month, even though its reduced exposure limited its appreciation. We have made only one change in July, by selling out our position in French company Saint-Gobain.

Market Outlook: Escalating commercial tensions between the US and China have fueled Equity markets' volatility over the last months. In addition, if macro data continue to top expectations in the US, the first signs of a slowdown in the growth pace have emerged in Europe and in Asia. For European Equities, specific risks are mounting with strong uncertainties linked to the Brexit and to the political situation in Italy. Considering that operational leverage should remain rather limited for European companies in the next quarters, and that European growth should struggle in exceeding expectations, we reiterate our resolutely selective and opportunistic investment strategy. Despite valuations being at par with historical levels, we continue however to acknowledge the relative attractiveness of Equities as an asset class.

Portfolio Implications: We have kept our net exposure at approximately 60%, while our stock-picking investment approach continues to translate into an over-exposure to French Equities, with an underweighting in Financials.

Gross Performances*	2018	2017	2016	2015	2014
Bellecour Capital	+2.9%	+8.3%	+3.7%	+17.4%	+10.6%
CAC40	+2.0%	+9.3%	+4.0%	+9.5%	+1.3%
ESTX50	-1.9%	+7.1%	+0.6%	+4.8%	+0.8%

*: Unaudited data



Top Picks: Air Liquide, L'Oréal, LVMH, Sanofi, Total.

Bellecour European Fund

Central Admin: CACEIS Bank Luxembourg
Domiciliation: Luxembourg
Auditors: Deloitte
Depository: CACEIS Bank Luxembourg

ISIN Code: LU0508759890
Bloomberg Code: BELLEUR LX
Daily NAV / Base currency: EUR
Subscriptions/Redemptions: 1-day notice

Management fees: 2%
Performance fees: 20% above 5%
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