



Bellecour European Fund

February 9th, 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 (unaudited data)



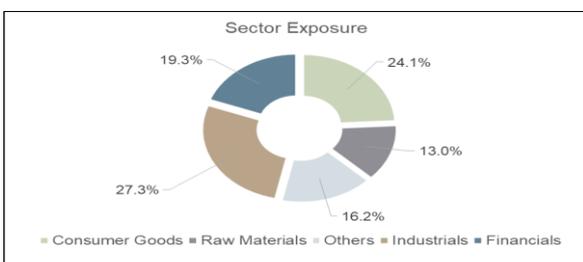
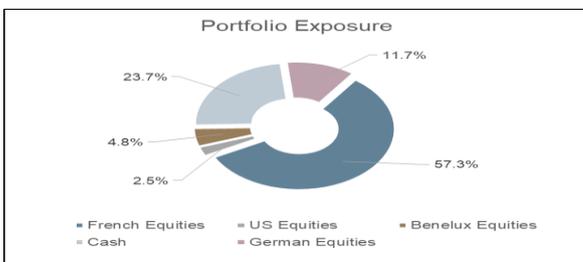
Net performance since inception: **+26.5%**

NAV per share: **€126.5**

Monthly gross performance: **-3.4%**

Performance Review: After a limited first correction at the beginning of the month, World Equity markets recorded strong performances before dropping by an impressive 10% in the last days of January, following the sharp increase in interest rates. European and Japanese markets were among the worst performers as their currencies appreciated against the dollar, while US and Chinese markets posted only limited corrections. After a strong performance in the last few months, oil prices were also under pressure in January, after the publication of higher than expected US stockpiles. Thanks to its limited exposure, the Fund outperformed again its main benchmark indexes in January. We took advantage of the initial positive performances to take our profits in French Midcaps Plastic Omnium, Alten and Seb, and initiated new investments in ArcelorMittal and Iliad.

Market Outlook: Recent economic data confirm the strength of world growth *momentum* in all geographic areas. In the US, the sharp drop in corporate tax rate will definitely fuel earnings growth in 2018, while Asia should continue to deliver and Europe could surprise on the upside in terms of GDP growth. However, the continuous tensions in the US labor market and higher than expected recent inflation numbers resulted in a sudden and massive increase in interest rates, which provoked a fall in Equity prices. This scenario, though, is in line with our expectations, and we estimate that after a period of adjustment, World Equity markets should resume their appreciations. We reiterate our positive bias on World Equities, while maintaining a resolutely opportunistic and selective investment strategy, due to demanding valuation levels.



Top Picks: Axa, LVMH, Michelin, Schneider Electric, Total.

Portfolio Implications: The magnitude of the recent correction prevents us from increasing our net exposure before a period of stabilization. Our stock-picking investment approach continues to translate into an over-exposure to French Equities, with no specific sector bias.

Gross Performances*	2018	2017	2016	2015	2014
Bellecour Capital	-3.4%	+8.3%	+3.7%	+17.4%	+10.6%
CAC40	-4.4%	+9.3%	+4.0%	+9.5%	+1.3%
ESTX50	-5.6%	+7.1%	+0.6%	+4.8%	+0.8%

*: Unaudited data

Bellecour European Fund

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

ISIN Code: LU0508759890
Bloomberg Code: BELLEUR LX
Weekly NAV / Base currency: EUR
Subscriptions/Redemptions: 5-day notice

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