



Bellecour European Fund

July 7th, 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: **+32.8%**

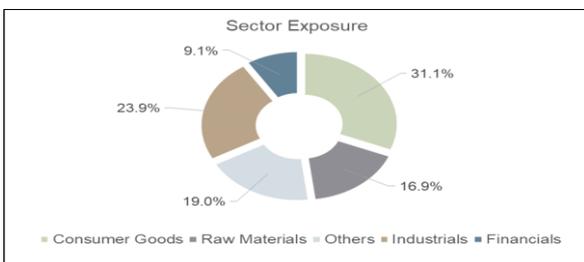
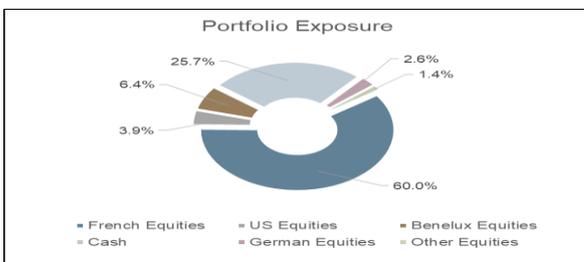
NAV per share: **€132.8**

Monthly gross performance: **-0.3%**

Performance Review: After the limited contractions experienced in May, European Equity markets slightly consolidated in June, just like US Equities did. In contrast, Japanese and Chinese markets pursued their strong corrections, with respective 4 and 9% monthly drops. The European currency depreciated again against the dollar last month, albeit to a limited extent. Interest rates decreased significantly in June, ending their recent upward movement, while oil posted a slight rebound, nearing its annual highs. The Fund recorded a satisfying relative performance last month, thanks to its limited exposure and to good stock-picking choices. We have not made any significant changes in our portfolio in June, even though we decreased partially our weightings in some cyclical and financial names.

Market Outlook: If tensions in the Middle East and with North Korea have significantly eased recently, commercial conflicts between the US and China on one hand, and between the US and Germany on the other hand are clearly escalating. In addition, if macro data continue to top estimates in the US, the first signs of a slowdown in the growth pace have emerged in Europe and in Asia. In this context of rising commercial tensions, and higher raw material prices, we reiterate our view that operational leverage should remain rather limited for European companies, and that European growth should not surprise on the upside. With valuations at par with historical levels, and despite the relative attractiveness of Equities as a share class, we resume our resolutely selective and opportunistic investment strategy.

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.



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

Gross Performances*	2018	2017	2016	2015	2014
Bellecour Capital	+2.4%	+8.3%	+3.7%	+17.4%	+10.6%
CAC40	+1.0%	+9.3%	+4.0%	+9.5%	+1.3%
ESTX50	-1.6%	+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
Daily NAV / Base currency: EUR
Subscriptions/Redemptions: 1-day notice

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