



BELLECOUR CAPITAL

European Fund

< Performance X Risk Control >

– Absolute Return Fund –
Investment Process (February 2023)

Main Characteristics

- **FLEXIBLE EQUITY FUND** (0 → 100% net exposure) targeting 7% annual net performance with a volatility around 7%
- Mainly invested **euro zone equities** with a stock-picking investment approach, no geographical, market capitalisation nor sector bias
- Bottom-up investment strategy for the long positions; the global portfolio exposure is adjusted according to the internal potential of the portfolio
- We invest in high quality businesses offering attractive valuation levels, **with catalysts for rerating**
- Given our track record and experience, we only try to generate alpha on a limited number of long positions

INVESTISSEMENT OBJECTIVE

Delivering a long-term capital appreciation with a high degree of downside protection

Investissement Philosophy

- **VALUE BIAIS**

- > To minimize the risk of over-paying the growth potential
- > With « Value » defined as an absolute criteria – i.e. discount vs intrinsic value – while most Value Funds use it as a relative criteria

- **EARNINGS MOMENTUM**

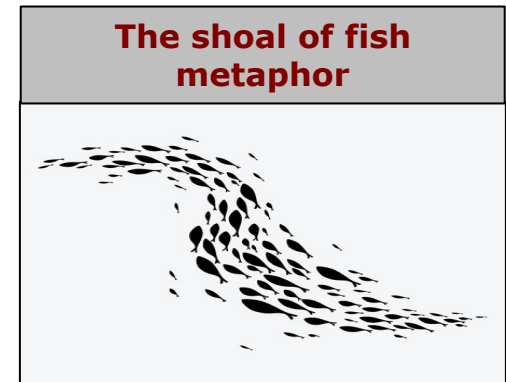
- > To avoid Value Traps

- Bottom-up selection, but top-down awareness
- Patience & long-term vision for our investments

- **STOP LOSSES**

- > To avoid the heavy losses related to stubbornness

➔ **OUR OBJECTIVE: Maintaining ourselves at the forefront of the shoal of fish**

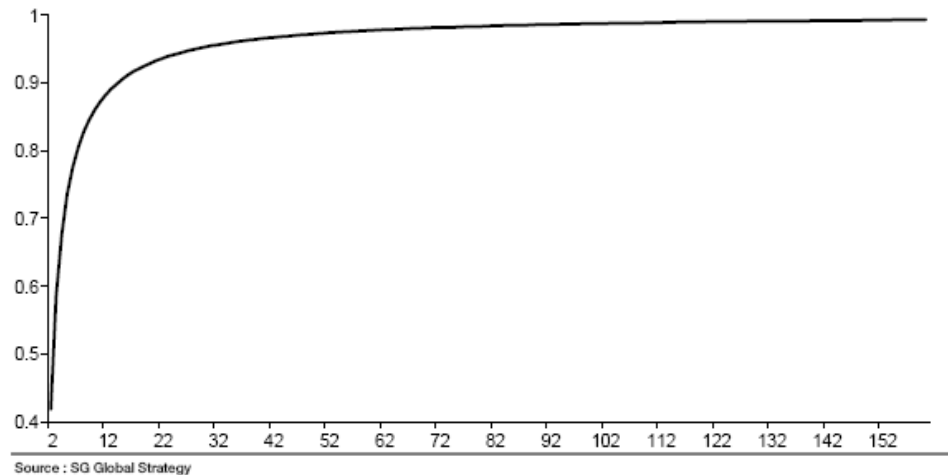


A Concentrated Portfolio

- There is no long term outperformance to be generated without accepting a certain level of tracking error
- Diversification through an extended number of positions does not mean risk diversification
- High conviction ideas outperform the market

- Holding 8 positions reduces stock specific risk by 83%, whereas holding 16 positions reduces it by 91%

Stock specific risk elimination vs number of holdings



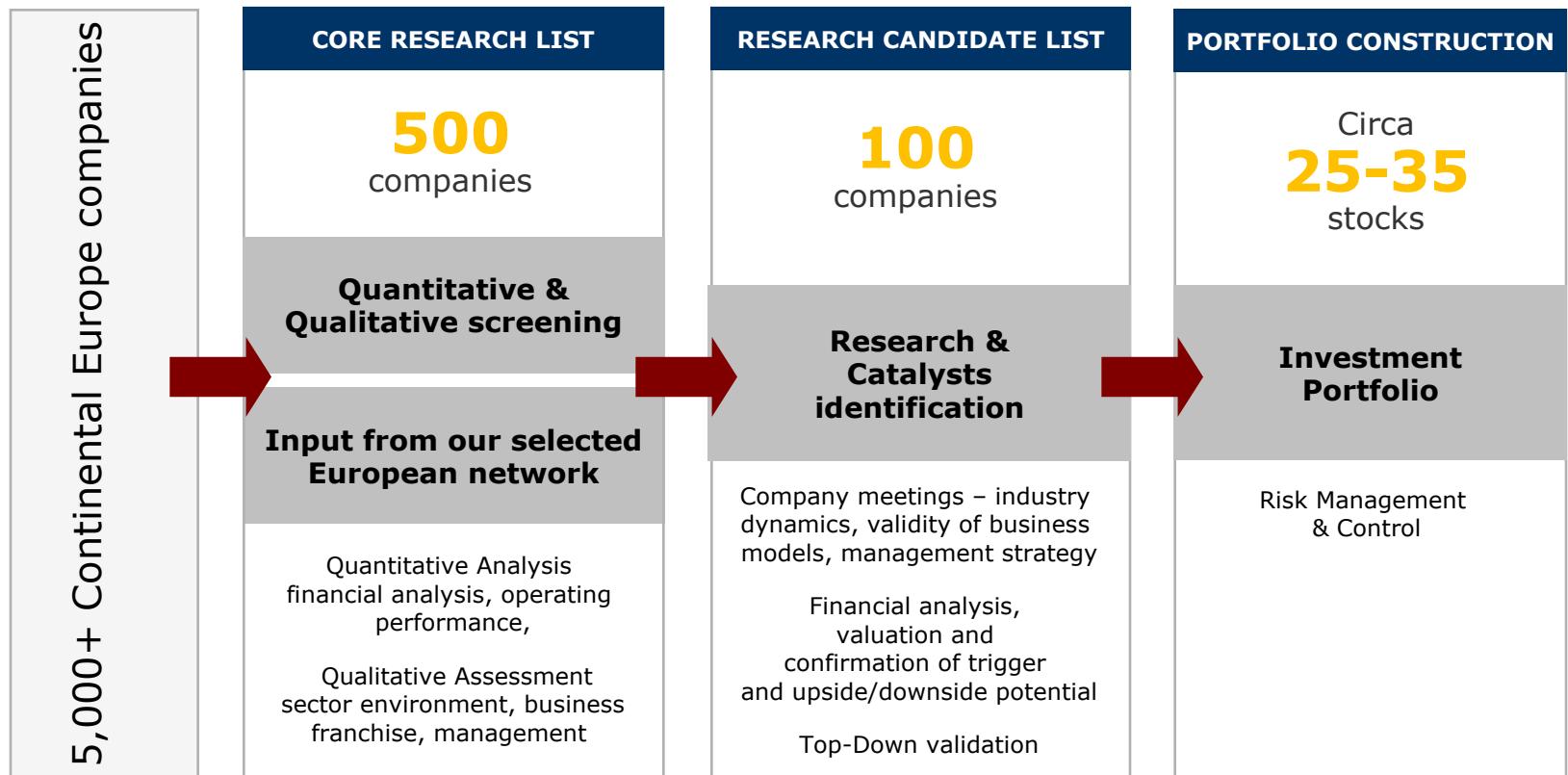
Portfolio Construction

- Number of positions 25-35 Long positions
- Holding Size No single investment will exceed 7% of NAV
Investments will be as much as possible equally weighted
(mainly depending on liquidity issues)
- Concentrated book – but risk diversification
- Liquidity Portfolio structured so that we can exit 100% in 1 day
(assuming 20%-volume execution)
- Global exposure determined upon our internal valuation process

Portfolio Exposure vs Upside Potential		
Portfolio Upside		Portfolio Net Exposure
<0 to 0%	→	0% to 30%
0% to 5%	→	30% to 60%
>5%	→	60% to 100%

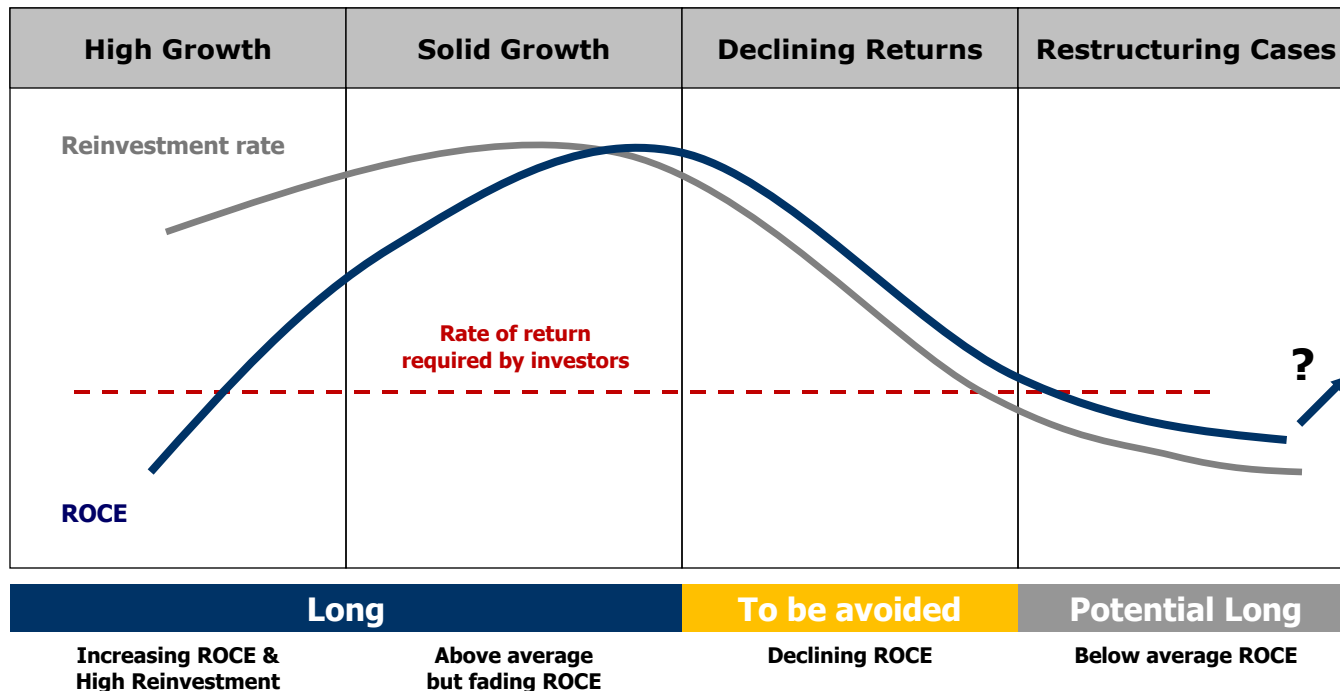
Investment Process

- We invest in a universe we know – i.e. Eurozone listed companies
- We highly value the input of our selected European network of fund managers and brokers in our screening process



Investment Process

- We divide our universe in 4 categories: **High Growth**, **Solid Growth**, **Declining Returns** and **Restructuring cases**
- Long candidates are selected among companies offering increasing ROCE either with high reinvestment rate potential or turnaround perspectives



Long Positions Characteristics

Bulk of the book : High Quality Businesses

Qualitative screening

- We invest in stocks as we would invest in a business
- We opt for highly qualitative, stable, superior businesses with solid management track record
- Strong brands, strong negotiating power over customers & suppliers, competitive edge
- Pricing power & volume predictability. We avoid business risks
- No concept stocks, no gambling. We invest in businesses we understand
- To avoid value traps, we favour companies showing earnings acceleration, or at least predictable earnings growth

Opportunistic Trades

- On an opportunistic basis, we will invest on turnaround situation
- It should however match our basic principles in terms of quality

Catalysts

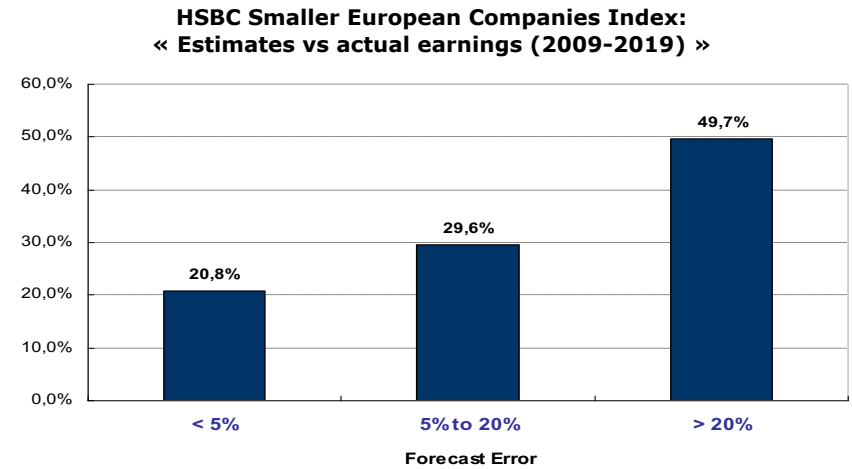
- Earnings surprise potential
- Hidden value
- Restructuring
- Break-up
- Acquisitions
- Divestments
- Management change
- ...

Financials

- ROE > 10%
- ROCE > 10%
- FCF Yield > 5%
- ...

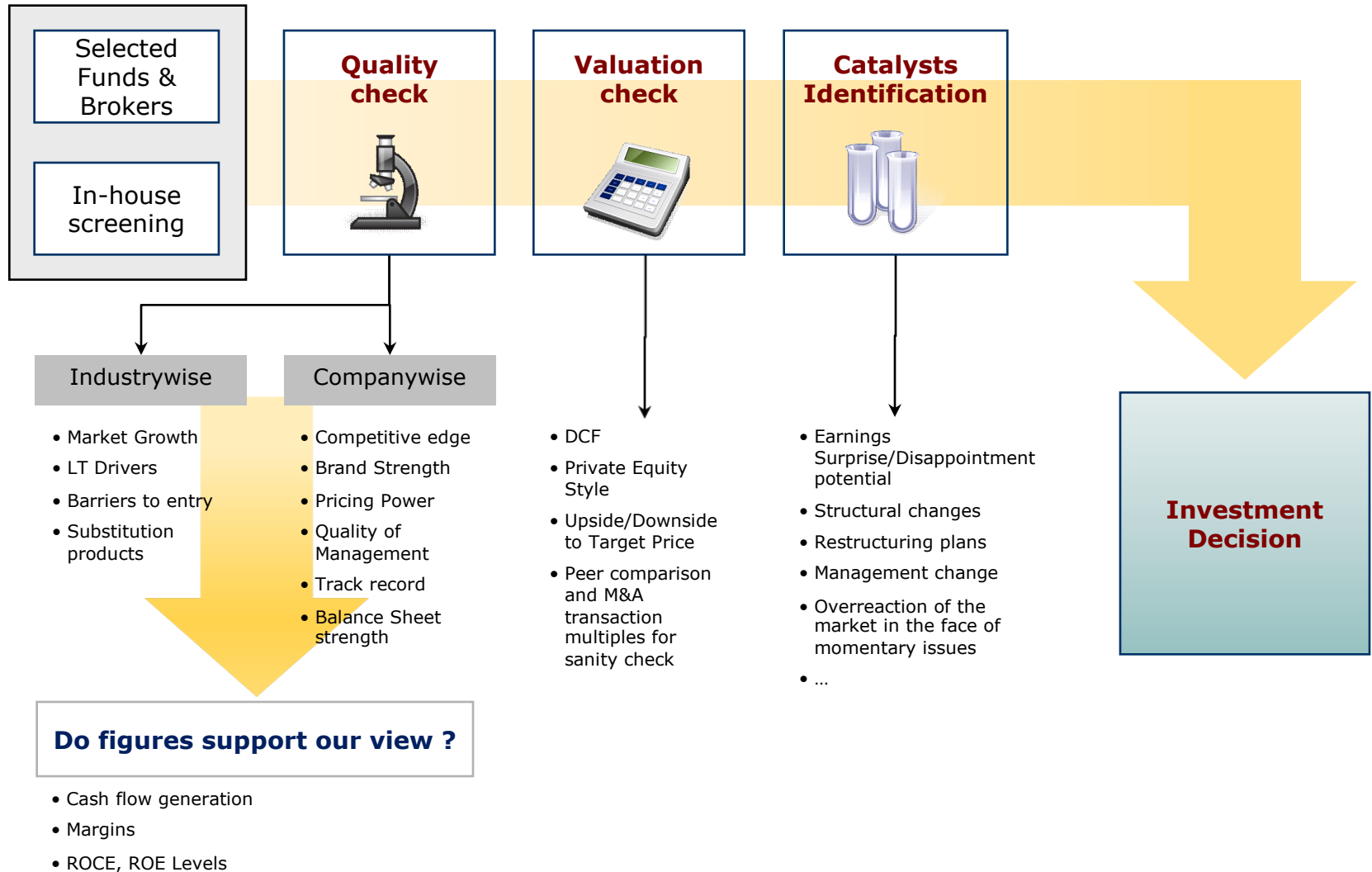
Stock Selection Process

- 2 ways to source new ideas: our network of selected European funds and brokers + internal research
- Internal and external screening tools
- In-depth research
 - Own forecasts & valuation models (DCF-based & Private Equity based), determining earnings surprise potential & own target price. **Consensus is not reliable** (cf. Graph)
 - Interviews with management, industry specialists, clients, analysts...
- Strategic analysis (SWOT, Porter)
- Decisions are made on a risk-reward approach based on our internal target price
- A **disciplined** process: we exit once the target price is surpassed or the catalyst vanished – If no opportunity occurs, we will remain cash

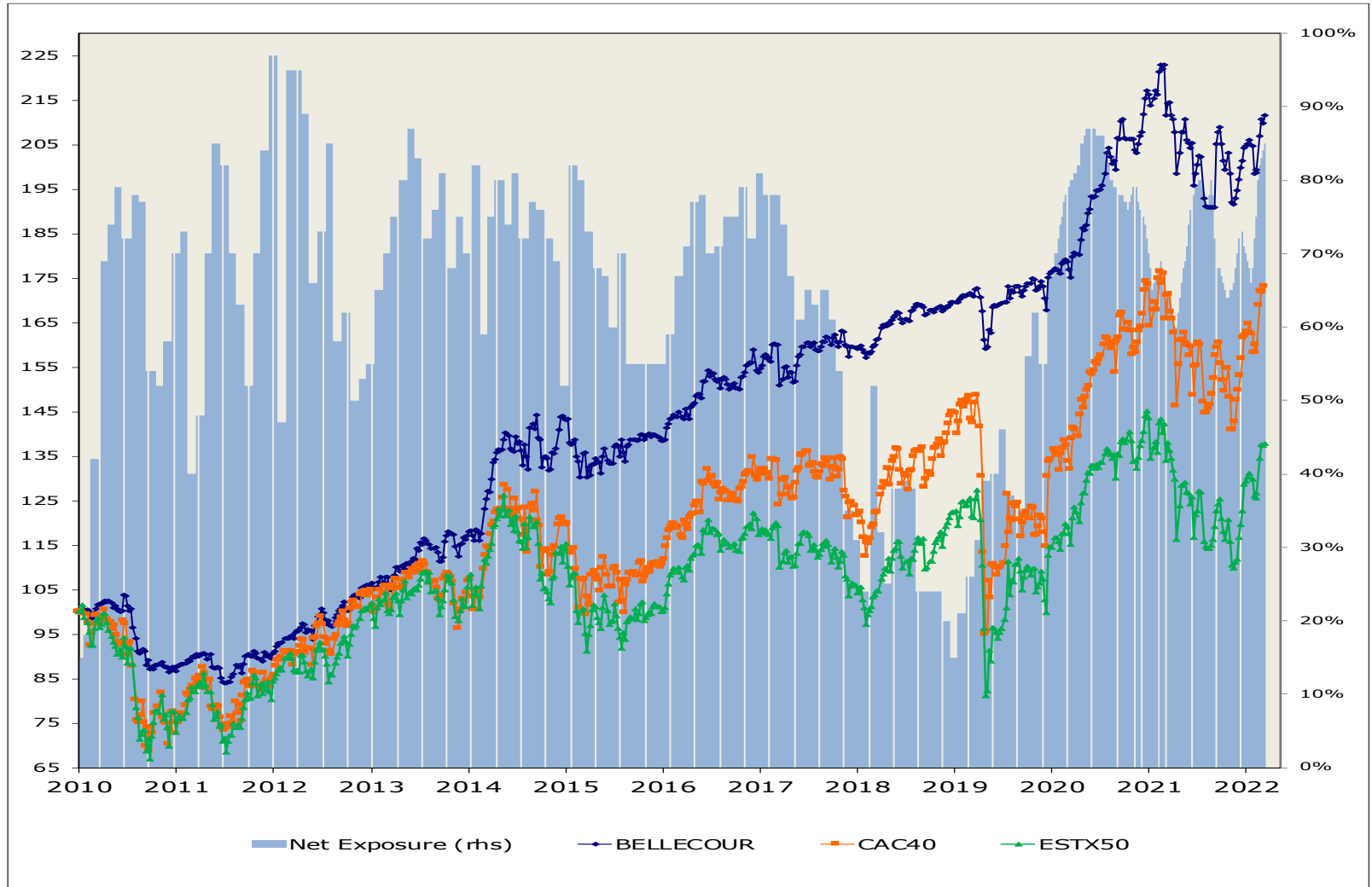


Source : Factset

Stock Selection Process



Gross Historical Performances (February 28th, 2023)



Performance Characteristics

PERFORMANCE & VOLATILITY DATA AS OF FEBRUARY 28th, 2023

- > Gross performance since inception (4Q 2010): **+120.8%**
- > Net performance since inception: **+52.8%** (impacted by higher performance fees between 2010 and 2015)
- > Weekly Volatility ("A" Share):
1Y: **6.6%** / 2Y: **9.6%** / 3Y: **16.5%** / 4Y: **17.8%**

Gross Performances	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Bellecour Capital	+8.1%	-10.2%	+24.3%	+4.3%	+8.0%	-0.2%	+8.3%	+3.7%	+17.4%	+10.6%
CAC40	+12.3%	-9.5%	+28.9%	-7.1%	+26.4%	-11.0%	+9.3%	+4.0%	+9.5%	+1.3%
ESTX50	+11.7%	-11.9%	+21.2%	-5.1%	+24.8%	-14.3%	+7.1%	+0.6%	+4.8%	+0.8%

> 3 Key Words: **Risk diversification**, **Discipline**, **Liquidity**

Risk diversification

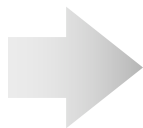
- Sectors
- Countries
- Currencies
- Commodities
- Mkt caps

Discipline

- Quality businesses only
- Target prices defining entry and exit levels
- Gradual building of positions
- Catalysts

Liquidity

- Portfolio structured so that we can exit 100% in 1 day (assuming 20%-volume execution)
- Liquidity is key when it comes to sizing positions (ideally equally weighted)



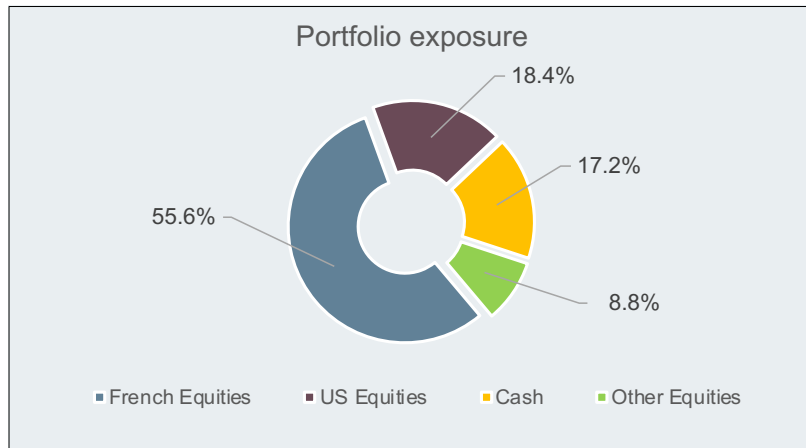
Each parameter is tracked on a daily basis by the Fund Manager as well as on a monthly basis as part of the Board of Directors' meeting

Country & Sector Exposure

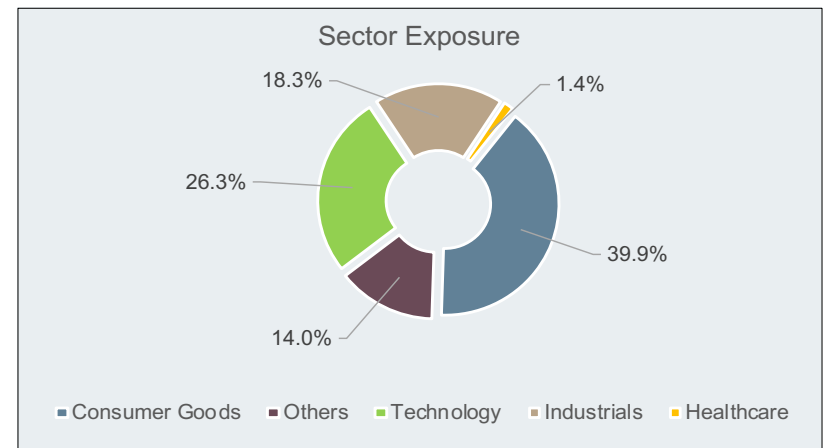
STOCK-PICKING INVESTMENT STRATEGY

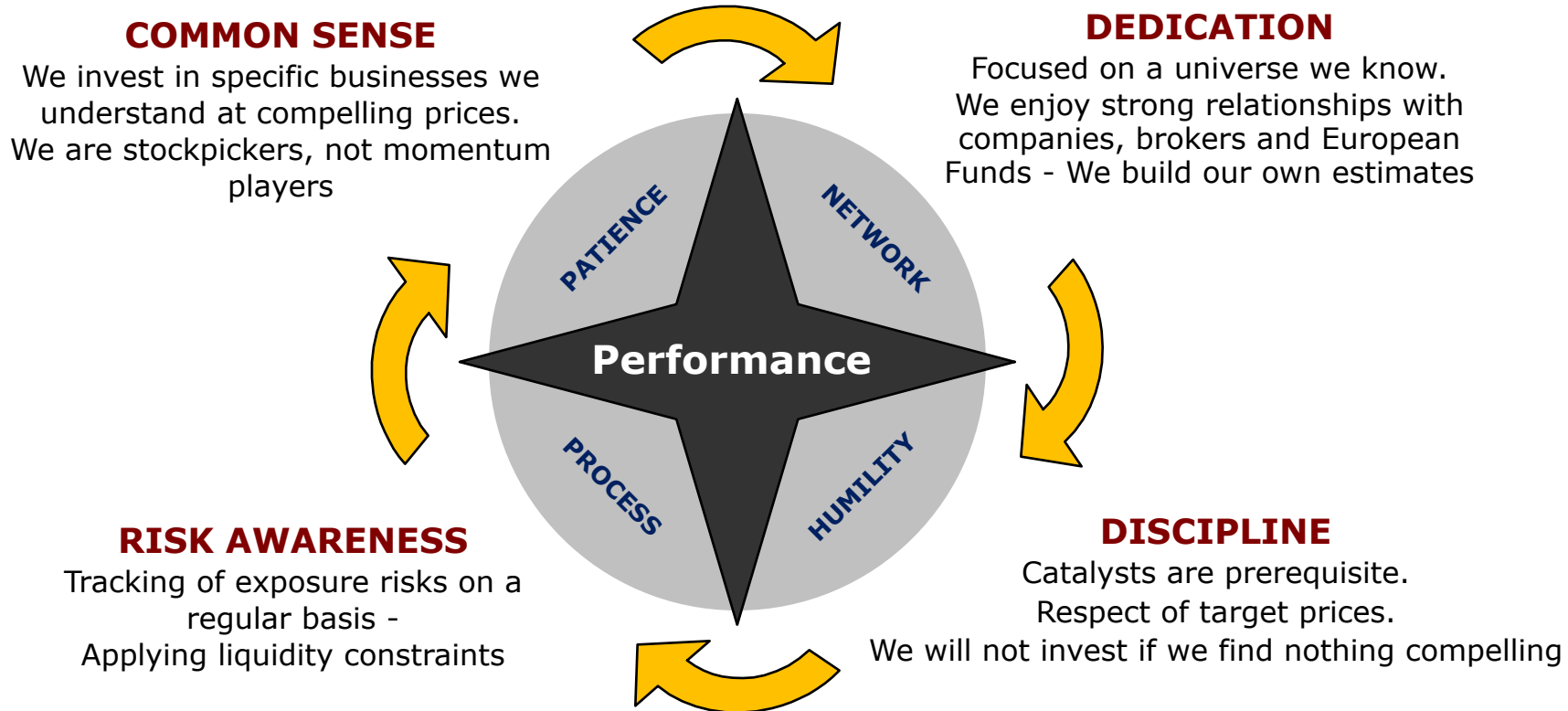


COUNTRY EXPOSURE



SECTOR EXPOSURE







NICOLAS FAURE

Fund Manager

Before founding Bellecour Capital in 2010, Nicolas Faure had spent 4 years at Pictet Asset Management as a Senior Investment Manager in the Small Cap Equities team (managing €0.5bn vs €1.5bn total product A.U.M.), responsible for France, Belgium, the Netherlands, Finland & Norway. In parallel to his role within the Small Cap team, Nicolas also was the co-lead on Pictet's European Small Cap Hedge Fund (€35m under management).

Before joining Pictet, Nicolas had spent three years as a fund manager/buy-side analyst for the European Midcap fund at Pascal Advisers S.A. (€250m under management) and three years as a sell-side analyst for Crédit Lyonnais Securities Midcaps, focusing on French midcap companies.

BOARD OF DIRECTORS

- > **Guy Knepper** – Independent Administrator
- > **Vincent Neurrisse** – External Wealth Manager & Investment Counsel
- > **Nicolas Faure** – President & Fund manager

Fees & Dealing Terms

- Legal structure: Luxembourg Special Investment Fund (S.I.F.)
- Entry fee: 0% by default (max 1%)
- Exit fee: 0% by default (max 1%)
- Management Fee: A-Share: 2% ; I-Share: 1% ; S-Share: 1%
- Performance Allocation: 10% above 5% net performance for A & I Shares
- Daily NAV / 1-day redemption notice
- Minimum Investment: EUR 0.125m
- Transfer Agent: DEGROOF PETERCAM Luxembourg
- Domiciliary Agent: DEGROOF PETERCAM Luxembourg
- Auditors: DELOITTE Luxembourg
- ISIN code > A-Share: **LU0508759890** / Bloomberg code: **BELLEUR LX**
- ISIN code > I-Share: **LU2128045684** / Bloomberg code: **BEUROPI LX**
- ISIN code > S-Share: **LU2200603731** / Bloomberg code: **BEUOPS LX**



BELLECOUR CAPITAL

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