

MIDAS - Eurozone Equities I - Acc

Monthly summary report | as at 31 August 2018

Investment Objective

The Fund's objective is to provide long-term capital growth and to outperform the Euro Stoxx Net Return EUR Index. The Fund is actively managed and invests primarily in companies of countries which are part of the Eurozone.

Latest Update

NAV per share	102,73
2018 year-to-date return as at 31 August 2018	1,61%

Performance

	1M	3M	YTD	SI
Midas Eurozone Equities	-0,17%	-0,26%	1,61%	2,73%
Performance Indicator*	-2,62%	-0,02%	0,50%	0,60%

* Euro Stoxx Net Return EUR (Bloomberg Code: SXXT <Index>)

Fund key facts

Inception date	15 November 2017
ISIN code	LU1715158744
Asset class	Equities
Total fund assets	51,7 million
Base currency	EUR
Legal status	Luxembourg UCITS
Management Fee	0,80%
Custodian	Crédit Suisse Lux
Liquidity	Daily
Settlement Date	Trade Date + 2 Days
French PEA	Eligible

Monthly comments

Financial markets continued to focus on political risks with emerging markets and the Eurozone being particularly affected. However, the Eurozone economy continued to improve. August PMIs were consistent with a modest acceleration. For the first time since January, the Eurozone economic Surprise Index is higher than its US counterpart. While we cannot exclude the risk of renewed volatility in Europe owing to political developments, for instance in Italy, we believe fundamentals are now pointing towards an upside in domestic-focused assets.

The Fund lost -0.17%, outperforming its benchmark. This outperformance was partly due to asset allocation decisions (underweight peripheral banks, good exposure to staples), partly due to the nature of the portfolio which favours mid-sized domestic-focused companies and lastly because of decent alpha generation coming from stock selection. The “usual suspects” Wirecard (+19.8%) and Basic Fit (+9.5%) relentlessly continued their rise, while Kerry group (+8.3%) for instance also delivered a respectable result over the month.

Despite Wirecard doubling in value since beginning of the year, the company is still trading at a big discount relative to Adyen NV (Dutch competitor which IPOed in June). The company is also going to replace Commerzbank in the German DAX Index, which added another boost to its share price. While we see no clear signs of a slowdown in its top line growth, valuations are becoming stretched and so we trimmed our exposure, while maintaining a big position.

Beginning of the month, Basic Fit reassured markets that it is well on track to reach its full year guidance of 100-something club openings. We profited from the consequent stock surge to trim, but still maintain a sufficiently big exposure to this fast-growing franchise with a management team that masters the art of budgeting.

If the Staples group as a whole outperformed the market, Kerry Group impressed markets by raising its full year EPS guidance when reporting H1 numbers. The main driver of growth comes from its Taste & Nutrition division, which continues to grow at a close to double-digit pace in the APMEA region.

Following the huge increase in market anxiety surrounding Turkey, and in fact Emerging Markets as a whole, last month's biggest loser was the banking sector. The Fund largely avoided the bloodbath, on the one hand because of the good performances of Rothschild & co and ABN AMRO and on the other hand because of the absence of Italian banks. Last months' biggest losers were Banco Santander(-11%) and ING (-9.1%), who suffered from the above described onslaught, as well as 1&1 Drillisch and Covestro. Drillisch has lost more than 30% from its recent highs amid concerns about increased competition and a possible participation in 5G. The latter is completely exaggerated since the German regulator has ruled out mandatory roaming. We have reinforced the position by the end of the month. Covestro has given back previous' month performance as the company has big sensitivities to global trade because of the nature of its end markets. With a 2019 FCF yield of above 11%, already considering increased CAPEX, we remain completely comfortable with the position.

Characteristics

	Fund	Index
Number of Holdings	42	301
Top 10 Weight	31,6%	18,8%
Avg Mkt Cap (bn €)	34,8	57,9
Med Mkt Cap (bn €)	10,0	12,6
Index overlap	19,1%	100%
Net equity exposure	99,9%	100%

Risk Profile

1	2	3	4	5	6	7
---	---	---	---	---	---	---

MIDAS - Eurozone Equities I - Acc

Monthly summary report | as at 31 August 2018

Sectorial Allocation

	Index
Consumer Discretionary	18,9%
Consumer Staples	9,7%
Energy	5,6%
Financials	16,3%
Health Care	8,0%
Information Technology	11,2%
Industrials	14,3%
Materials	7,1%
Telecommunication...	4,5%
Utilities	2,0%
Real Estate	2,2%

Geographical Allocation

	Index
France	37,1%
Germany	15,7%
Spain	6,7%
Netherlands	19,1%
Italy	6,7%
Belgium	2,0%
Ireland	5,8%
Luxembourg	6,7%
Finland	0,0%
Other	0,1%

Top 10 Positions

	Fund	Index
WIRECARD AG	3,5%	0,5%
AIRBUS GROUP NV	3,5%	1,5%
ROTHSCHILD & CO	3,3%	0,0%
ASML HOLDING NV	3,3%	1,8%
ABN AMRO GROUP NV-GDR W/I	3,2%	0,3%
1&1 DRILLISCH AG	3,0%	0,0%
KERRY GROUP PLC	3,0%	0,3%
BASIC FIT NV	3,0%	0,0%
EUROFINS SCIENTIFIC	2,9%	0,1%
BANCO SANTANDER SA	2,9%	1,6%

Top 10 overweight

	Fund	Index
ROTHSCHILD & CO	3,3%	0,0%
WIRECARD AG	3,5%	0,5%
1&1 DRILLISCH AG	3,0%	0,0%
BASIC FIT NV	3,0%	0,0%
ABN AMRO GROUP NV-GDR W/I	3,2%	0,3%
EUROFINS SCIENTIFIC	2,9%	0,1%
ROYAL DUTCH SHELL PLC-A SHS	2,7%	0,0%
ELIS SA	2,8%	0,1%
IPSEN	2,8%	0,1%
KERRY GROUP PLC	3,0%	0,3%

Asset Allocation

Equities	99,8%
Equity ETFs	0,0%
Equity Futures	0,1%
Cash & Money Market	0,2%

Capitalization breakdown

Large Cap (>10b EUR)	Fund: 53,9%	Index: 89,5%
Mid Cap (>3b EUR <10b EUR)	Fund: 23,7%	Index: 10,1%
Small Cap (<3b EUR)	Fund: 22,2%	Index: 0,4%

This newsletter does not constitute an offer to sell or the solicitation of an offer to purchase any security or investment product. Information herein is believed to be reliable but Midas Wealth Management does not warrant its completeness or accuracy. The opinions expressed within are entirely those of Midas Wealth Management and do not constitute an offer of investment advice. Past performance will not necessarily be repeated and is not indicative of future results. The investments discussed may fluctuate in price or value and you may not get back the amount invested. The indices shown are presented only to allow for comparison of the Midas Wealth Management funds' performance to that of certain widely recognised indices. The volatility of the indices may be materially different from the individual performance attained by a specific fund or investor. In addition, the Midas Wealth Management fund holdings may differ significantly from the securities that comprise the indices shown. Investors cannot invest directly in an index. Performance figures reflect the reinvestment of all dividends and earnings, as well as investment management, administration and performance fees. A description of the specific fee structure and risks of investing for each Midas Wealth Management fund is contained in the fund's prospectus. No part of this document may be reproduced in any manner without the prior written permission of Midas Wealth Management.