ZADIG Asset Management

Memnon European Equity Fund Class I EUR

VINCENT
STEENMAN

Zadig Asset Management S.A.

Stock Picking at work

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In February, Memnon's performance was +1.6% vs. the benchmark at +2.4%. This brings the net year to date performance to +2.8% against a benchmark at +4.4%. While the performance is positive, Memnon has been lagging the market lately.

In February we observed resilient economic data combined with a pause in the fall of inflation. Hence a small uptick on interest rates in the US and Europe. The earnings season saw a 3% eps downgrade to consensus expectations for 12 month forward eps in Europe – now expecting a growth of c. 9% for the MSCI Europe vs. Memnon at 10% (and a -2% revision YTD). Equity markets continued their upward trend, effectively re-rating stocks in anticipation of potential interest rate reductions by central banks in the latter part of the year.

During the month, the main disappointment came from our position in Teleperformance (-110bps contribution to outperformance). Teleperformance's share price tumbled following a press release from Klarna. The 'buy now pay later' company that is getting ready for its IPO flagged significant cost savings achieved through a competitor's technology. While Teleperformance claims they offer a similar technology and that they should benefit from more automation including AI, the market probably won't get constructive for a while, and we thought it was wise to reduce our exposure to the name. Reckitt Benckiser's earnings report fell short of market expectations, leading to a stock sell-off (-50bps contribution) despite a minor downward revision of only 3% to future earnings forecasts. We see positive signs in the hygiene division's performance and gross margins. Additionally, the company's valuation, reflected in its 6% free cash flow yield, remains attractive. We believe holding our position allows us to benefit from their brand investment strategy in the coming months.

On the positive contributors' side, Leonardo (+120bps) was again the largest winner in the month as its rerating continues on the back of increased European defence spending. Its valuation remains compelling given the strong growth ahead at 12.5x PE 2025. Smurfit Kappa (+50bps) updated the market for their full year results. They are now seeing positive volume after a 2023 market by destocking. This is a pre-requisite for a tighter market and price hikes that should happen later this year. This creates a very favourable set-up ahead of their potential merger with Westrock that should deliver strong cost efficiencies over the next few years and hence continue to offer high upside (it trades on 11x p/e 2025 standalone and 9x post synergies).

We remain disciplined on valuations in a market increasingly characterised by pockets of euphoria. This valuation focus seems to be falling out of favour with many investors so far this year, but it is in our DNA and we believe critical to Memnon's long-term success. We see solid growth in our portfolio of companies, strong cash generation combined with attractive valuations (currently at 11.2x PE 12 months forward vs. market at 14.13) even pricing in a more adverse economic scenario. While valuation based investment strategies might be temporarily challenged, we feel it is a question of time before we are rewarded for our prudent and diligent investment process.

From 1st of March 2024, the benchmark of the Memnon European Fund is the MSCI Europe TRI Net instead of the MSCI Europe Ex UK TRI Net. This is to align the benchmark with the investment strategy and reflect the fact that the fund will continue to be invested in the UK market.

As of 29/02/2024

NAV per Share

Class I EUR (LU0578133935) 324.24

Fund AUMs

582 M EUR

Strategy AUMs

840 M EUR

Firm AUMs

1 181 M EUR

Inception Date

01/02/2011

UCITS Fund

Yes

Liquidity

Daily (cut-off time 3 PM CET)

Auditor

PricewaterhouseCoopers SC

Depositary Bank

Pictet & Cie (Europe) S.A.

Central Administration Agent

FundPartner Solutions (Europe) S.A.

Annual Management Fees

1.25%

Ongoing Charges

1.42%

Performance Fees

15% of Outperformance above relative High Water Mark

Reference Index

MSCI Europe TRI Net from 1st of March 2024

Memnon European Equity Fund Class I EUR

ZADIG Asset Management

Memnon Fund

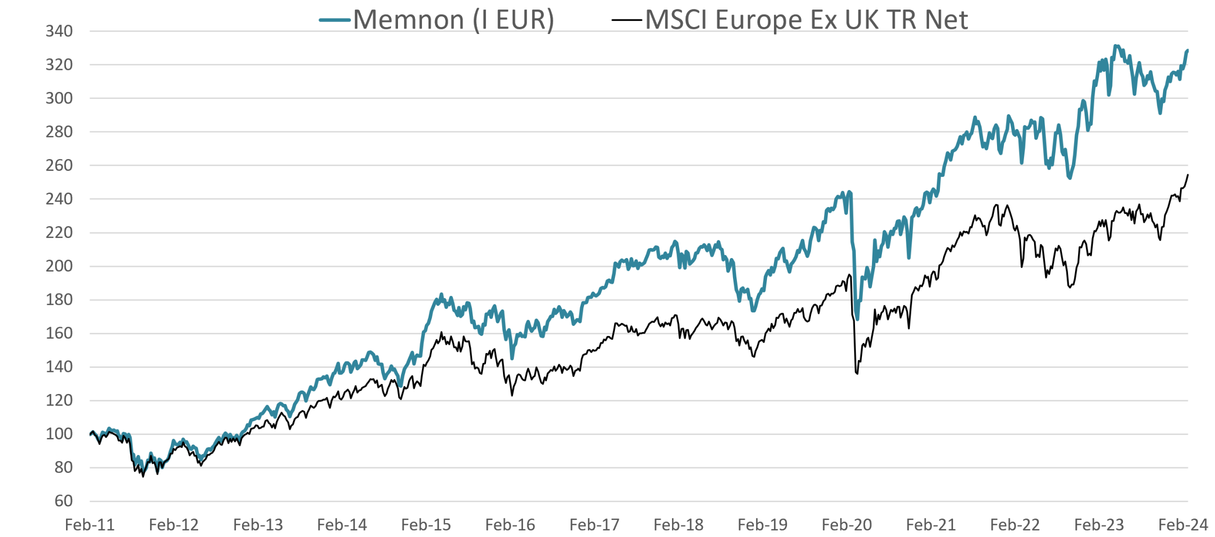
European Equities concentrated portfolio of best ideas only, with sector, country and thematic diversification

Objective

To outperform the Equity market every year and by 5 to 10% on average over the long term.

Performance (Class I EUR) *			
Period	**Memnon**	**Index**	**Outperformance**
February 2024	1.6%	2.4%	-0.7%
YTD	2.8%	4.4%	-1.5%
2023	10.7%	17.6%	-6.8%
2022	1.1%	-12.6%	13.7%
2021	18.9%	24.4%	-5.5%
2020	-1.1%	1.7%	-2.8%
2019	36.6%	27.1%	9.5%
2018	-15.0%	-10.9%	-4.2%
2017	15.6%	11.4%	4.2%
2016	2.9%	2.4%	0.5%
2015	17.9%	10.7%	7.2%
2014	7.9%	6.4%	1.5%
2013	29.7%	22.1%	7.5%
2012	25.4%	19.4%	6.0%
2011 (Feb to Dec)	-16.2%	-15.9%	-0.4%
Since Inception	224.2%	153.8%	70.5%

The table on the left as well as the below chart relate to past performance which is not a reliable indicator of current or future performance and should not be the sole factor of consideration when selecting a product or strategy. This product has been classified as 4 out of 7, which is a medium risk class. Please refer to the prospectus and KID for more information on the specific risks relevant to this product not included in this document.



Exposure *	
Equities	98.2%
Cash	1.8%
Investments	23
Top 10	60.0%
Beta	1.03

Largest Holdings *	
Shell	9.3%
Heidelberg Materials	7.9%
Leonardo	6.8%
GSK	6.4%
Merck	6.3%

Market Capitalisations *	
> 10bn EUR	91%
2 to 10bn EUR	9%
< 2bn EUR	0%

Main Contributions (relative) *	
Positive	**%**
Leonardo	1.2
Smurfit Kappa	0.5
Securitas	0.3
Negative	**%**
Teleperformance	-1.1
Reckitt Benckiser	-0.5
Veolia	-0.4

Metrics (3 years, p.a.) *	
Outperformance (p.a.)	0.6%
Tracking error	6.2%
Volatility	14.5%

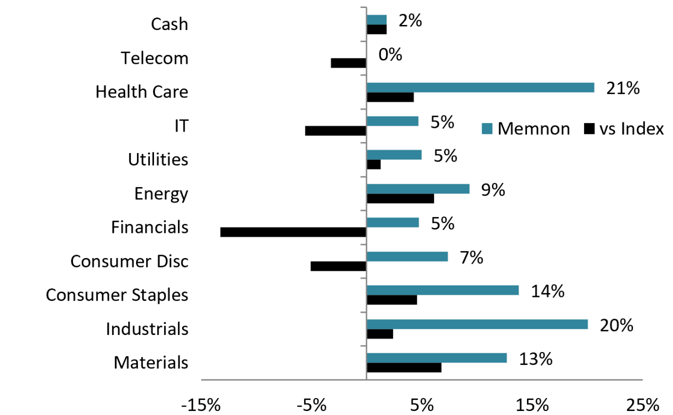
Valuation (12 mth fwd) *	
P/E	11.2
Dividend Yield	3.2%
P/BV	1.6

Countries Exposures *		
Country	**Expo**	**vs Index**
Benelux	3%	-9%
Nordic	7%	-9%
France	24%	0%
Germany	21%	4%
UK & Ireland	33%	32%
Italy	7%	2%
Spain	0%	-5%
Switzerland	3%	-16%
Rest of EU	0%	-1%
US & Canada	0%	0%
Others	0%	0%
Cash	2%	2%

Risk indicator

1	2	3	4	5	6	7

Lower risk **Higher risk**



* Source of all tables and charts in this document: Zadig Asset Management S.A.