

# MAINFIRST AVANT-GARDE STOCK FUND B EUR

Fund Manager Name Anko Beldsnijder, Richard Burkhardt

Report as of 31 Oct 2015  
For professional investors only.

**Benchmark**  
STOXX Europe 600 NR EUR  
Used throughout report

**Morningstar® Category**  
Europe Large-Cap Growth Equity

**Morningstar Rating™**  
★★★

**City Wire Rating\***  


## Investment Style

The fund invests in Western European companies of good quality and above-average earnings growth. The focus is on blue chips. The fund manager follows an active, bottom-up driven approach, being fully invested in normal times. Style consistency also in difficult markets is key. The selection process is based on five criteria: shareholder value-orientation, leading market position, above average earnings growth and quality of management; furthermore the strategic use of information technology is being investigated. On top of that, a company must have an attractive valuation and a positive momentum, followed by a final top-down check (macro criteria) determining the final position size the fund.

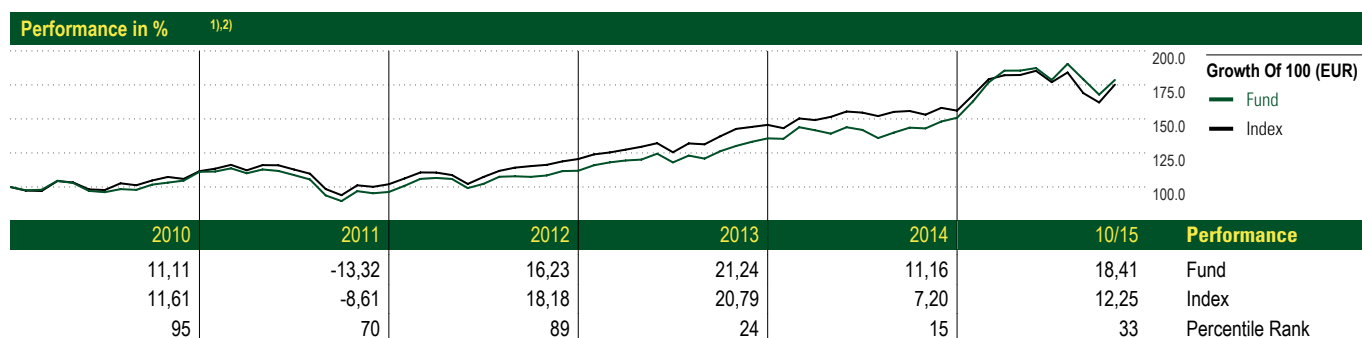
## Market Commentary

### Draghi's next shot

October was characterised by central bank action and a sentiment shift in capital markets. During the month, major central banks surprised the market with both dovish statements (Fed minutes and ECB press conference) and expansionary policy announcements (rate cut by the People's Bank of China). After a period with weak Chinese macro data and vague policy reactions that had depressed investor sentiment, broad support from monetary policy was welcomed by equity market participants. It triggered a massive sector rotation, especially during the first few weeks of the month. After positive earnings momentum stocks outperformed the broader market for almost a year, we saw a sudden change in sentiment, which was reflected by a strong sell off in many of these stocks. On the other hand, stocks and sectors, which had suffered from negative earnings revisions because of deteriorating fundamentals, saw massive buying interest. Most of that was short covering, but some long-only investors also decreased their underweight position in sectors like Oil & Gas and Basic Resources. Nevertheless, fundamental data for both sectors remains negative and commodity price expectations reflected in the respective share prices are still too high. Equity indices performed very strongly on the back of the aforementioned policymaker actions and speeches. The S&P 500 rose 8.3%, the strongest monthly increase in four years. The export-oriented DAX index benefitted even more from the Chinese rate cut and a weaker euro after the ECB indicated more accommodative action in December and jumped 12.3%, while the Stoxx Europe 600 TR Index returned 8.1%. The strongest sectors in October were the laggards of previous months: Autos (17.9%), Basic Resources (12.6%) and Oil & Gas (11.7%). Underperforming sectors were Banks (4.0%, as longer term low interest rates have negative implications on net interest margins), Media (4.3%) and Health Care (5.5%).

The fund rose by 6.5% and lagged the broader European equity market. The main reasons for this were the underweight position in the strongest performing sectors, which mainly benefitted from shortcovering, and the normalisation of the performance spread between companies which recorded positive earnings revisions versus companies with negative revisions. The best-performing stock in October was ASM International (20.3%), which was hit in prior months by the sell-off in Technology stocks. Airbus (19.8%) and Valeo (16.5%) rallied on the back of positive earnings results. Performance in October was hit by Entertainment One (-11.4%), which was still affected by the rights issue to partially buy out its partner in the Peppa Pig joint venture. As the ECB had been very dovish and gave indications that monetary policy will likely be even more expansive, we decreased our exposure to retail banks, especially those that could have difficulties in offsetting lower interest rates with internal actions. Consequently we sold Sydbank and Danske Bank. The cash was used to open a position in SAP, which finally started to show a healthy growth improvement and is attractively valued. Renault was also added, after the stock had been subject to a heavy sell-off in prior months, it seems to have the right products to withstand an emerging market slowdown and is still trading on a heavy discount, even to its own stake in Nissan.

We remain moderately positive for equity markets. We expect the massive sector rotation to become more moderate, as commodity related sectors are in overvalued territory. Equity investors will have to focus on companies with positive earnings revisions in the current low growth environment. Stock reactions in the ongoing reporting season draw the same conclusion. The recently weak market offers excellent long-term investment opportunities to enter selective quality growth companies.



<sup>1)</sup>Value developments of the past are not a reliable indicator for future value developments.

<sup>2)</sup>The value development is calculated in Euro and in accordance with the BVI (German Funds Association) method, i.e. taking into account all costs and fees except for the subscription fee. For more information on the specific terms see: [www.mainfirst.com/compliance](http://www.mainfirst.com/compliance).

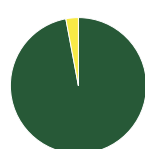
## Key Indicators (31 Oct 2015)

Risk Measures				Trailing Returns cum.			Return %			Trailing Returns			Return %		
3-Yr Alpha	3,16	3-Yr Sharpe	1,34	3 Years	64,70	50,73	13,97	YTD	18,41	12,25	6,16				
3-Yr Beta	1,00	Ratio		5 Years	73,11	63,23	9,88	1 Month	6,41	8,08	-1,67				
R-Squared	83,03	3-Yr Std Dev	13,10	10 Years	-	-	-	1 Year	24,88	14,43	10,45				
Information Ratio	0,64	3-Yr Risk	High	Since Inception	25,75	-	-	3 Years Annualised	18,10	14,66	3,44				
Tracking Error	5,39	5-Yr Risk	abv avg					5 Years Annualised	11,60	10,30	1,30				
		10-Yr Risk	-												

Calculations use STOXX Europe 600 NR EUR (where applicable)

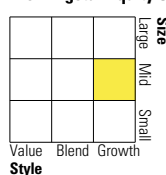
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## Portfolio Structure

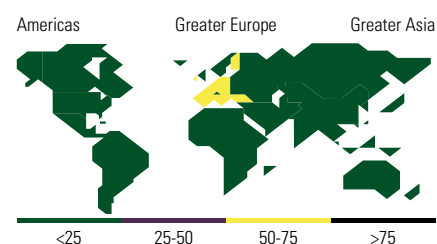


Asset Allocation	% Port.
Stocks	97,04
Cash	2,96

## Morningstar Equity Style Box™



	% Equity
Giant	22,33
Large	27,78
Medium	27,46
Small	14,70
Micro	7,73
Avg Mkt Cap	5595 EUR



Top Ten Positionen	Fund	Index	Diff
Deutsche Pfandbriefbank	5,84	0,00	5,84
Leonteq	5,11	0,00	5,84
Flow Traders	4,64	0,00	4,64
NN Group	4,05	0,07	3,98
WPP	3,74	0,34	3,40
ING Groep	3,35	0,65	2,70
UDG Healthcare	3,34	0,00	3,34
Helma	3,33	0,00	3,33
Novo Nordisk	3,20	1,16	2,04
Pandora	3,06	0,16	2,90

Sector Weightings	% Equity	% Index
<b>Cyclical</b>	<b>61,50</b>	<b>41,79</b>
Basic Materials	3,01	7,24
Consumer Cyclical	21,52	11,61
Financial Services	36,96	21,06
Real Estate	-	1,87
<b>Sensitive</b>	<b>15,13</b>	<b>26,23</b>
Communication Services	2,93	5,21
Energy	-	5,81
Industrials	8,08	10,96
Technology	4,13	4,24
<b>Defensive</b>	<b>23,37</b>	<b>31,99</b>
Consumer Defensive	10,88	14,05
Healthcare	12,49	14,06
Utilities	-	3,88

Top 10 Countries	% Equity	% Index
Netherlands	20,62	4,01
Germany	20,45	13,23
France	15,62	15,33
United Kingdom	12,37	31,20
Denmark	8,09	2,63
Ireland	6,63	0,63
Switzerland	5,33	13,88
Belgium	5,04	1,97
Canada	2,54	-
China	1,90	0,02
<b>World Regions</b>	<b>% Equity</b>	<b>% Index</b>
Greater Europe	94,43	99,18
Americas	3,67	0,79
Greater Asia	1,90	0,02

## Operations

Fund Company	MainFirst SICAV Luxembourg	Fund Size (mil)	22,96 EUR	Minimum Initial Purchase	2.500 EUR
Phone	+49(0)69 78808 134	Domicile	Luxembourg	Current Annual Management Fee	1,50%
Website	www.mainfirst.com	Currency	EUR	Initial Charge	5,00%
Inception Date	15 Jan 2007	UCITS	Yes	Performance Fee	15,00%
NAV	61,06 EUR	Inc/Acc	Inc	TER	2,06%
Fund Manager Name	Anko Beldsnijder, Richard Burkhardt	ISIN	LU0279295835	Annual Report Date	30 Jun 2015
		WKN	A0LHC2	Fiscal Year End Month	31/ Dec

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