



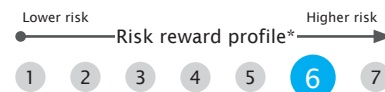
## MANAGER COMMENTARY

March 2018

### OYSTER EUROPEAN SELECTION

#### Fund Summary

- The fund's objective is to provide investors with **capital growth** by investing mainly in European equities.
- OYSTER European Selection is an **actively managed, concentrated, style-agnostic portfolio**.
- Stock picking is based on **in-house fundamental research** and is the main source of alpha generation.
- Investment philosophy focuses on **high quality companies** with strong competitive edge and solid balance sheets but suffering from short term pressures, as well as on long term recovery plays.
- Risk management is crucial along the process through a relentless **focus on downside risk**, leading to the selection of **contrarian investment opportunities**.



**1<sup>ST</sup> QUANTILE**  
over 3 years and  
since manager's tenure<sup>1</sup>

The following commentary gives the views of the Portfolio Manager at the time of publication.

#### Highlights

- The European market fell again in March after the spike in volatility in February.
- The fund slightly underperformed the market over the month, mostly due to poor returns from TP ICAP and Technicolor.
- The manager added Shire Plc to the portfolio.

After its volatility-inspired 67% rise in February, *Flow Traders* continued to rise in March. The current market environment is much better for its business, with ETF trading volumes on the up and bid-offer spreads widening. In addition, it is benefitting from the impact of MiFID 2 shifting volumes from dark venues to lit venues.

*TP ICAP* detracted the most over the month, falling by 16% after reporting full-year results with a downbeat outlook. *TP ICAP* is mostly leveraged to bond market volatility, which has increased, but to a lesser extent than the equity market. The bond yield curve, after spiking in February, has continued to flatten, which is also keeping volumes of bond derivatives low.

*Technicolor* shares remain under pressure. The manager has maintained the position in the company as its valuation still looks attractive despite the short-term uncertainties it faces.

#### Market Review

After the spike in volatility in February, European equities lost another 1.3% in March. Equity volatility is still around twice as high as the lows it reached in 2017. This can be clearly seen in day-to-day index moves: so far in 2018 there have already been 17 days in which the market has moved up or down over 1%, while in the whole of 2017 there were just seven such days.

#### Fund Review

R EUR share class: MTD -3.0%; YTD -4.8%  
Stoxx 600 NR EUR index: MTD -2.0%; YTD -4.2%  
AuM: € 694 Mn<sup>2</sup>

The fund fell in value over the month and underperformed the broad market. As usual its relative performance was dominated by individual stock moves. *Burford Capital* rose by 29% after reporting very strong results that beat the most optimistic expectations. Its profit increased by 130% year-on-year, but the most impressive indicator was the rise in new commitments, which reached USD 698 million in 2017, double the figure the previous year. Coupled with extremely high returns of 75%, this means that earnings growth is likely to accelerate strongly in the future.

#### Outlook

The manager made one change to the portfolio in March, buying *Shire Plc* at the very end of the month. *Shire* is a leading pharmaceutical company focusing on drugs for rare diseases. Its shares have fallen consistently since mid-2016 after its USD 32 billion acquisition of *Baxalta*. Today the shares are trading at a FYPE of 9x with a 10%+ free cashflow yield. Despite interest in the company from *Takeda*, which caused it to rise, we believe there is still substantial value in the share.

<sup>1</sup> Source: Lipper IM, R EUR share class. Data as at 29.03.2018. Past performance does not guarantee or predict future performance.

<sup>2</sup> Source: SYZ Asset Management. Data as at 29.03.2018.

\* This indicator is deemed to reflect the level of risk of the fund. It can vary from 1 to 7 depending on the weekly upward and downward fluctuations of the portfolio over the last 5 years. The level 1 on the scale does not mean that the portfolio is risk-free. This indicator could vary over time.

## Fund Key Facts

### FUND FACTS

Legal structure	UCITS compliant, Luxembourg SICAV
Management Company	SYZ Asset Management (Luxembourg) SA
Fund sub-manager	SYZ Asset Management (Europe) Limited
Fund manager (s)	Michael Clements
Fund type	Equity
Investment zone	Europe
Sub-fund launch date	29.11.2011
Recommended investment horizon	At least 5 years
Index <sup>1</sup>	STOXX Europe 600 EUR NR

### ADMINISTRATIVE INFORMATION

Custodian/Central Administration	RBC Investor Services Bank SA
NAV frequency	Daily
Trade date	TD+0
Cut-off time	TD 12:00 CET
Settlement date	TD+3
Min. initial subscription, for institutional share class only	EUR/USD/CHF 1 000 000
Registered in <sup>2</sup>	AT, BE, CH, DE, ES, FR, GB, IT, LU, NL, SE, SG
NAV available through	www.syzassetmanagement.com / www.bloomberg.com / www.fundsquare.net / www.fundinfo.com

### CONTACT



www.syzassetmanagement.com<sup>4</sup>  
info.syzam@syzgroup.com

### SHARE CLASS DETAILS

Share class	Hedged	Dividend policy	ISIN code	Bloomberg ticker	Max. Mgmt fee	Launch date
R CHF HP	yes	Acc.	LU0688633337	OEURSIC LX	1.25%	29.11.2011
R EUR	no	Acc.	LU0688633170	OEURSIE LX	1.25%	29.11.2011
R EUR D	no	Distr.	LU1091108685	-	1.25%	27.04.2017
C EUR	no	Acc.	LU1045038533	OYESELE LX	2.00%	20.05.2014
N EUR	no	Acc.	LU1130253443	OYESNLE LX	2.25%	26.02.2015
C CHF HP	yes	Acc.	LU1045038616	OYEUSEC LX	2.00%	26.10.2015

### Institutional share class<sup>3</sup>

I EUR	no	Acc.	LU1045038707	OYESLIE LX	0.90%	20.05.2014
I CHF HP	yes	Acc.	LU1045038889	OYESLIC LX	0.90%	23.05.2014
I EUR D	no	Distr.	LU1091108339	-	0.90%	-
I USD	no	Acc.	LU1091108255	-	0.90%	-

Subscription fee	Max 2%
Redemption fee	Max 1%

<sup>1</sup> Please note that the reference to an index is made for information purposes only. The index is not mentioned in the investment policy of the Sub-Fund.

<sup>2</sup> Not all share classes may be registered locally, please contact info.syzam@syzgroup.com for further information.

<sup>3</sup> For further details please refer to the prospectus.

<sup>4</sup> Website not available for investors in Belgium.

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Swiss Representative: SYZ Asset Management (Suisse) SA, Rue François-Didac 6, 1204 Geneva, Switzerland

Swiss Paying agent: Banque SYZ SA, 1 Quai des Bergues, 1201 Geneva, Switzerland