

Performances

For legal reasons, we cannot post the performance of this share which has less than one year performance.



The risk and reward profile shown is not guaranteed and may change over time. As this Fund has less than five years performance data available, it is based on simulated volatility and is not a guide to the future risk and reward category of the Fund. The Fund is rated 4 because its simulated historical value has shown moderate volatility.

Sources : Revel Asset Management, Bloomberg

| Net Performance (in %) | Revel Absolute Return | Eurostoxx 600 | Eonia capitalized |
|-------------------------------------|-----------------------|----------------|-------------------|
| August 2020 | +0.70% | +2.86% | -0.04% |
| YTD | -2.82% | -11.86% | -0.31% |
| Return since inception (30/09/2019) | -3.82% | -6.78% | -0.43% |

| Since inception | | |
|---------------------------|--------|--------|
| % positive months | 36% | |
| % negative months | 64% | |
| Best monthly performance | 1.17% | Jan.20 |
| Worst monthly performance | -2.34% | Jul.20 |

| Risk indicators | |
|-----------------------|--------|
| Annualised volatility | 4.36% |
| Beta (12m) | 14.00% |
| Sharpe ratio | -0.85 |

| Number of positions | |
|---------------------|----|
| Longs | 31 |
| Shorts | 21 |
| Total | 52 |

| Exposure (in %) | | |
|-----------------|--------|---------------------|
| | Cash | Beta adjusted (12M) |
| Long | 76.2% | 78.5% |
| Short | -64.6% | -64.5% |
| Net | 11.6% | 14.0% |

| Top 5 Long Positions | Sector | % NAV |
|----------------------|-------------|-------|
| DSM NV | MATERIALS | 4.7% |
| AP MOLLER-MAERSK | INDUSTRIALS | 4.5% |
| ROCHE | HEALTHCARE | 4.4% |
| NOVARTIS | HEALTHCARE | 4.2% |
| HEIDELBERGCEMENT | MATERIALS | 4.1% |

| Top 5 Short Positions | Sector | % NAV |
|-----------------------|---------------------------|---------|
| 1 | INDEX FUT Eurostoxx | -18.40% |
| 2 | INDEX FUT CAC | -7.8% |
| 3 | INDUSTRIALS/NORDICS | -3.3% |
| 4 | CHEMICALS/NORDICS | -3.0% |
| 5 | CONSUMER DISCRETIONARY/UK | -2.9% |

| Top 5 Contributors | in bps | Long/Short |
|--------------------|--------|------------|
| AP MOLLER-MAERSK | +62bps | Long |
| HEIDELBERGCEMENT | +35bps | Long |
| BOUYGUES | +35bps | Long |
| SAMPO | +26bps | Long |
| INDUSTRIALS/UK | +24bps | Short |

Portfolio Managers

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Fund facts

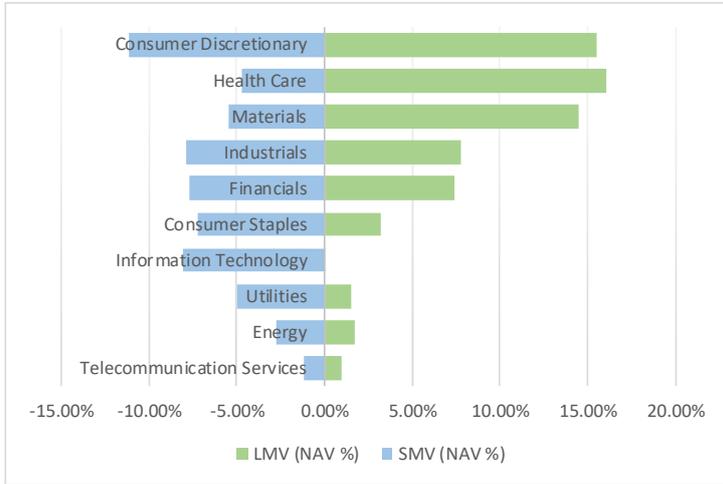
Aiming to achieve an absolute return over the medium term through capital growth

Strategy

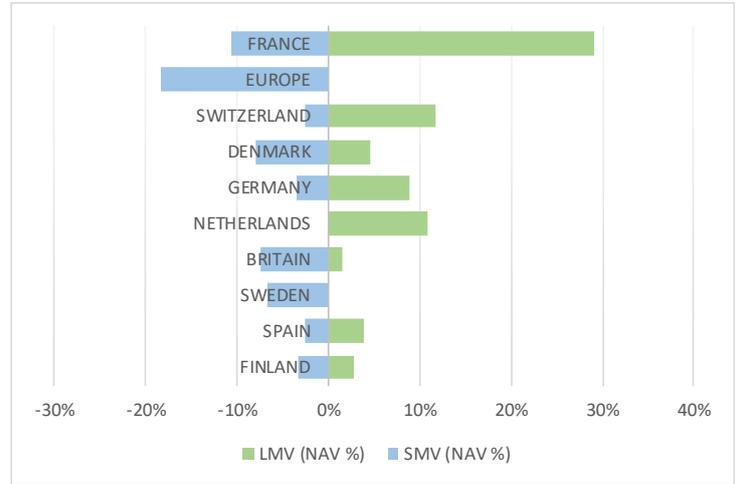
Investing primarily in European equities and equity related securities on both a long and short basis

| | |
|--|---|
| Domicile | Luxembourg SICAV (UCITS) |
| Fund Inception Date | 30 September 2019 |
| Fund currency | EUR |
| Currency of share classes available | EUR, GBP, USD |
| Fund size/Firm assets | € 12M/ € 39M |
| Dealing frequency | Weekly each Friday (cut off: 12AM Luxembourg Time)/ Each last business day of each month(cut off: 12AM Luxembourg Time) |
| Liquidity | Weekly and last business day of the month |
| Minimum initial investment | Class EI: EUR 1,000,000 |
| Minimum subsequent investment | Class EI: EUR 1,000 |
| Management Fee | Class EI: 0.80% |
| Performance Fee | 15% |
| Geographic limit | At least 80% of assets in Pan-Europe |
| Codes | |
| ISINs | Class EI : LU1954070022 |
| Bloomberg Ticker | Class EI : LU1954070022 |

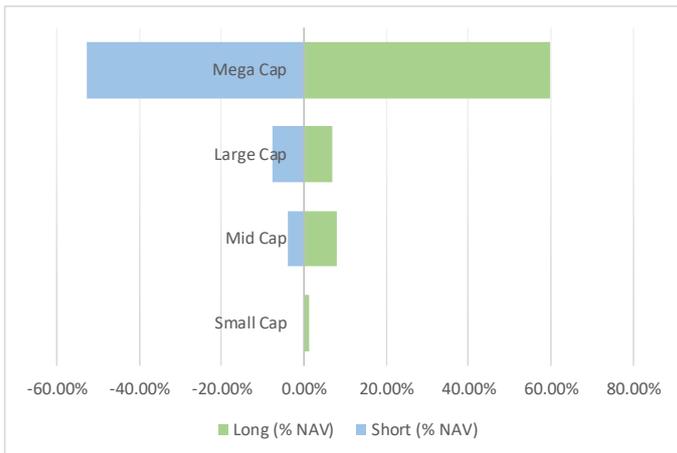
Sector Allocation (in NAV %)



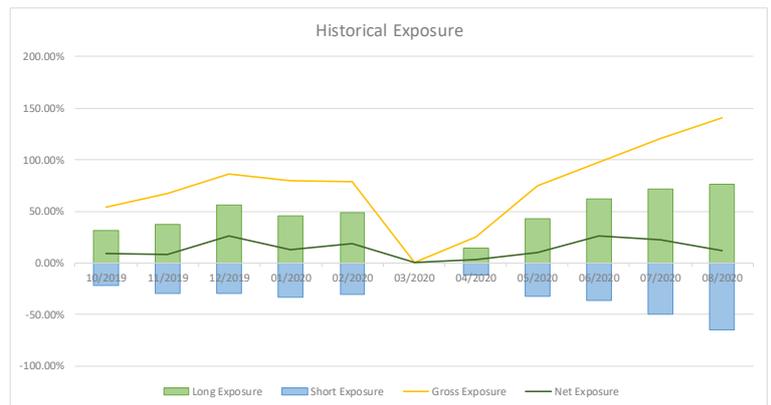
Country Allocation (in NAV %)



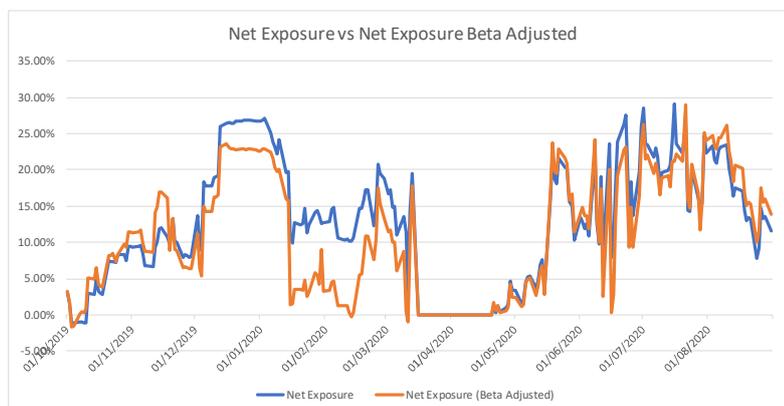
Liquidity Information (in NAV %)



Exposure (in NAV %)



Historical Daily Exposure (in NAV %)



Performance Summary

The fund returned +0.7% in August as indexes continued to push higher and shorting proved elusive. So far so good, as the central narrative of improving economic data has continued to materialize, while still playing tug-of-war with the risks associated with rising covid cases. With the exception of Financials, nearly every other European cyclical sector has undergone a “V shaped” recovery.

Interestingly, this summer’s value/cyclicals rotation is quite different from the last one seen post the Great Financial crisis (March 2009). Despite massive monetary and fiscal support, the virus introduces a significant uncertainty as to the shape and duration of this recovery. Hence, the outperformance of Autos and Construction (seen as quicker recoveries) in cyclicals and the importance of “quality factor” in value names.

Longs contributed +328bps while shorts detracted -245bps, with a quite symmetric alpha contribution from both. Our hit ratio recovered to 55% from last month’s low, with a strong contribution from our cyclical bets: Heidelbergcement (+35bps) and Maersk (+62bps), a recent addition from last month. For the latter, a shortage of airfreight capacity along with increasing shipping rates (+15% for the Asia spot rate in August) in a consolidated industry is boding well for 2021 contract negotiations, while high operational leverage triggers sizeable earnings revisions.

Main detractors can be found in shorts: a UK internet retailer (-75bps) and a UK hotel operator (-37bps) both used as hedges vs cheaper long investments.

The average net exposure was 16.5% and volatility remained below 5%.

Manager Commentary

While US activity data point to an acceleration of growth, the eurozone recovery has stuttered. Cyclicals earnings revisions profile have improved, while bond yields have risen in anticipation of higher inflation, favoring the ongoing capital rotation.

Last month, we mentioned the difficulty of managing “recovery” investments in a moving “coronavirus path”. We have spent a lot of time reviewing the portfolio. The challenge is indeed to hold both companies that are doing well now (Maersk) and later stage recovery names (like Sodexo or Inditex).

We have increased Maersk to 4.5% and Heidelbergcement to 4%, and added another cyclical name, auto supplier Faurecia (1.5%) which combines resilience (management track record and credibility on costs and financial targets), compelling low and relative valuation, and potential for positive earnings surprise (on the back of a stronger order book in seating).

On the short side, we continue to manage the existing positions under our strict stop loss policy, with a sizing range of 1-3%. We look forward to more market dispersion to generate some alpha in that space.

As we enter into the last quarter of the year where volatility and dispersion usually pick up, investors need to contend with several hot topics: higher inflation and risks associated to it, the US elections result (in less than 60 days), the fear of missing out from the recovery.. and the vaccine “silver bullet”.

Perhaps the covid crisis epitaph will be: “Don’t fight the science !”....

Thank you for your continued trust,

Best regards,
Hervé Ragagnon,
Youssef Benhaddouch
September 4th, 2020

(* All contribution impacts are absolute

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Past performance is no guarantee of future results

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