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## Stock Picking at work

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**I**POs happy days. With June's tally, 2021 already exceeds 2020 for the number of IPOs and is therefore on track to be at an all-time high. Interestingly, more capital is now being raised to support money losing companies than money making ones. Such an outcome has happened only twice before, in 2000 and 2008. Back then of course the law of gravity applied, and it is mathematically true that if you discount losses at a negative real interest rate you will get a positive DCF number. We are just showing our age, we hear you say. To which we would respond that it was exactly a year ago that former 30bn USD market cap company Wirecard filed for bankruptcy. True in this case the company pretended it was making money while most of the new kids on the block do not bother with those details. Some do not even have a business yet. So what? When you stop pretending you cannot be caught lying and this bull market continues conspicuously no matter what.

June was a quiet month ahead of what will be a fascinating Q2 reporting period, marked by compounding and confounding factors given how circumstances have changed from a year ago in virtually all aspects. Last month, European equities continued to move up by 2.0% while Memnon kept pace. There was a complete change of leadership away from reflation sectors (basic resources, banks) into growth and more defensive names (healthcare, food and beverages, technology) in a wait and see, lack of conviction environment.

With little corporate news flow, Memnon's contributors largely reflected the above described macro driven rotation. With cyclicals such as HeidelbergCement (-40bps) and Faurecia (-30bps) mostly compensated by UCB (+50bps) or Deutsche Boerse (+40bps). Royal Dutch was also a positive contributor (+40bps).

There was no addition to the portfolio but only some slight weighting change, such as Deutsche Boerse replacing Deutsche Post within our top five positions. One notable change was the exit of our position in Swedish Match which has been our best investment since the inception of the fund. This is not a decision we took lightly but we could no longer justify the risk reward at current valuation levels. Memnon likes to be a long-term investor but needs to remain disciplined. So, while the transformation of the US nicotine market away from combustible cigarettes and into oral nicotine is under way, this is now a well understood and discounted phenomenon.

After the first nine holes of a round of golf, the halfway hut is a place to stop and pause before attacking the back nine. That is how we felt in June. So far, Memnon is only around par for the year, outperforming by 1.4%. Let's hope we can have convincing second half of the year and score some needed birdies.

As of 30/06/2021

### NAV per Share:

Class I EUR (LU0578133935)	275.95
Class R EUR (LU0578134230)	261.93
Class I USD (LU0578134073)	301.76
Class R USD (LU0578134313)	285.35
Class U2 GBP (LU0578134156)	221.02
Class R GBP (LU0578134404)	262.01

### Fund AUMs

896 M EUR

### Strategy AUMs

1 747 M EUR

### Firm AUMs

2 099 M EUR

### Inception Date

01/02/2011

### UCITS Fund

Yes

### Liquidity

Daily (3 PM CET)

### Auditor:

PWC

### Custodian/Administrator:

Pictet

### Management Fee

1.25% (I) - 1.75% (R)

### Reference Index

MSCI Europe Ex UK TRI Net

### Performance Fee

15% of Outperformance above High Water Mark

MEMNON FUND

European Equities

Concentrated portfolio of best ideas only, with sector, country and thematic

# Memnon European Equity Fund

OBJECTIVE

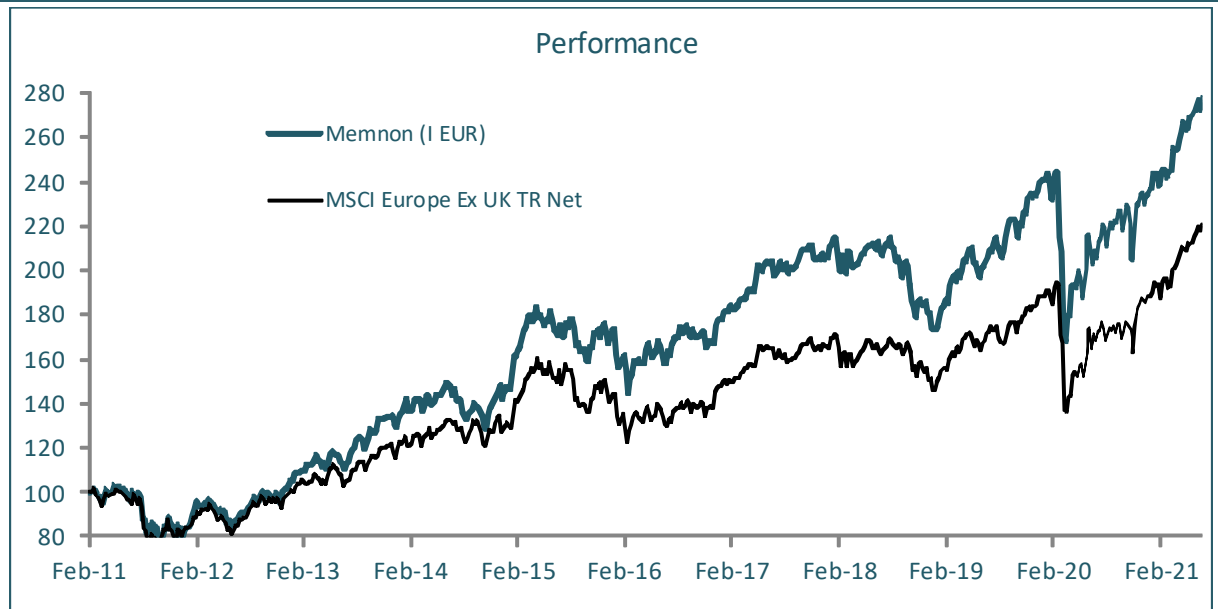
To outperform the Equity market every year and by 5 to 10% on average over the long term.

Performance (Class I EUR)			
Period	Memnon	Index	Outperformance
June 2021	2.0%	2.0%	0.0%
YTD	16.6%	15.1%	1.4%
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	176.0%	118.9%	57.1%

Exposure		Main Contributions (relative)	
Equities	98.9%	Positive	%
Cash	1.1%	UCB	0.6
Investments	20	Royal Dutch Shell	0.5
Top 10	58.3%	Deutsche Boerse	0.4
Beta	0.99	Negative	%

Largest Holdings	
Danone	7.2%
HeidelbergCement	7.0%
Royal Dutch Shell	6.9%
Deutsche Boerse	6.8%
SAP	6.8%

Market Capitalisations		Valuation (12 mth fwd)	
> 10bn EUR	77%	P/E	15.2
2 to 10bn EUR	23%	Dividend Yield	2.7%
< 2bn EUR	0%	P/BV	2.0



Countries Exposures		
Country	Expo	vs Index
Benelux	16%	5%
Nordic	12%	-4%
France	33%	10%
Germany	30%	11%
UK & Ireland	0%	-2%
Italy	4%	0%
Spain	0%	-5%
Switzerland	4%	-15%
Rest of EU	0%	-1%
US & Canada	0%	0%
Others	0%	0%
Cash	1%	1%

Sector	Memnon	vs Index
Cash	1%	1%
Telecom	0%	-5%
Health Care	13%	-2%
IT	7%	-3%
Utilities	5%	0%
Energy	7%	4%
Financials	10%	-5%
Consumer Disc	8%	-7%
Consumer Staples	17%	5%
Industrials	26%	10%
Materials	7%	0%

Note: Memnon Fund is only registered for sale in Luxembourg, France, Switzerland, Italy, Germany and the United Kingdom. For other countries, local regulations are applicable. This document is purely for informative purposes, and does not represent an offer or an invitation to invest. All subscriptions must be made on the basis of the Funds issue Offering Memorandum or Prospectus in effect at the time of the subscription. Past performance cannot guarantee future performance in any way. Despite the fact that great care has gone into creating this document, errors or omissions cannot be ruled out. Zadig Asset Asset Management S.A. accepts no responsibility in terms of full and accurate nature of the information contained in this document. Zadig Asset Asset Management S.A. is a Luxembourg Management Company under Chapter 15 of the Law of 17 December 2010, authorized and regulated by the Commission de Surveillance du Secteur Financier ("CSSF") in the Grand-Duchy of Luxembourg.