Investment Summit Brussels 2014

Marc Craquelin, Chief Investment Officer Financière de l'Echiquier
Financière de l’Echiquier at a glance

One of the leading independent Asset Management companies in France

- Assets under management: **€7.4 billion**
- Number of employees: **95** (including 28 managers and analysts)
- **100% independent**
- Integration of extra-financial analysis

**Who are our clients?**
- Private Clients: 12%
- Institutional investors: 42%
- Third Party Distribution: 46%

**Where do our clients come from?**
- France: 76%
- International: 24%

Data as at 31/12/2013. Source: Financière de l’Echiquier database
### 2013: Performance of Core Funds

<table>
<thead>
<tr>
<th>Index/Strategy</th>
<th>Performance</th>
</tr>
</thead>
<tbody>
<tr>
<td>MSCI Eur Small Cap (NR)</td>
<td>+33.4%</td>
</tr>
<tr>
<td>CAC All Tradable (NR)</td>
<td>+24.3%</td>
</tr>
<tr>
<td>MSCI Europe (NR)</td>
<td>+19.8%</td>
</tr>
<tr>
<td>CAC 40</td>
<td>+18.0%</td>
</tr>
<tr>
<td>MSCI AC World € (NR)</td>
<td>+17.5%</td>
</tr>
<tr>
<td>Composite index (75% Eonia / 25% MSCI Europe NR)</td>
<td>+11.3%</td>
</tr>
<tr>
<td>Iboxx Corporate € 3-5 yr</td>
<td>+5.0%</td>
</tr>
<tr>
<td>Capitalised Eonia</td>
<td>+0.1%</td>
</tr>
<tr>
<td>Echiquier Value</td>
<td>+39.1%</td>
</tr>
<tr>
<td>Echiquier Agenor</td>
<td>+33.4%</td>
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<tr>
<td>Agressor</td>
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<tr>
<td>Echiquier Major</td>
<td>+21.8%</td>
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<tr>
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<tr>
<td>Echiquier Global</td>
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</tr>
<tr>
<td>ARTY</td>
<td>+8.3%</td>
</tr>
<tr>
<td>Echiquier Oblig</td>
<td>+6.4%</td>
</tr>
<tr>
<td>Echiquier Patrimoine</td>
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Data as at 31/12/2013. Sources: Bloomberg Financière de l’Echiquier database
Past performances are not a reliable indicator of future performances and may vary over time. The CAC 40 index is provided as an indication.
NR = dividends reinvested
Data in weekly stages as at 28/12/2013. Sources: Morningstar, Financière de l’Echiquier database
Performances of the Fund and the benchmark include distributed income (as of the 2013 financial year). However, up to 2012 inclusive, the benchmark’s performance does not include distributed income, except for fixed income products.
Macro-economic review
Macro-economic review

2013: Emerging markets were lagging

Performances in USD dividends reinvested

- MSCI United States: +31.8%
- MSCI Europe: +25.2%
- MSCI Emerging markets: -2.6%

Data as at 31/12/2013. Sources: Bloomberg, Financière de l’Echiquier database
Past performances are not a reliable indicator of future performances and may vary over time.
Macro-economic review

Markets and real economy

- 12 month EPS
- S&P 500

- 12 month EPS
- STOXX EUROPE 600

Data as at 31/12/2013. Sources: Bloomberg, Financière de l’Echiquier database
Macro-economy
United States
Momentum remains intact

Macro-economic figures in the US

- Manufacturing PMI in the US
- Annualised change in quarterly GDP in the US
- Unemployment rate in the US
- Participation rate of over 16 yrs in the US

Momentum remains intact

The strength of US companies

Latest data as at 31/12/2013. Sources: Exane Research, Bloomberg, Financière de l’Echiquier database

The stocks shown are provided as an example. Neither their presence in the portfolios managed nor their performance are guaranteed.
Emerging Markets
### Key macro-economic figures

**A less advantageous liquidity environment**

<table>
<thead>
<tr>
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<tbody>
<tr>
<td>Turkey</td>
<td>3.8%</td>
<td>8.0%</td>
<td>36.0%</td>
<td>-7.4%</td>
<td>13.6%</td>
<td>6.5%</td>
<td>10.2%</td>
<td>-28.1%</td>
</tr>
<tr>
<td>South Africa</td>
<td>2.0%</td>
<td>5.7%</td>
<td>43.0%</td>
<td>-6.1%</td>
<td>11.9%</td>
<td>5.0%</td>
<td>7.9%</td>
<td>-8.9%</td>
</tr>
<tr>
<td>India</td>
<td>3.8%</td>
<td>9.0%</td>
<td>67.2%</td>
<td>-4.4%</td>
<td>15.3%</td>
<td>7.8%</td>
<td>8.8%</td>
<td>-5.3%</td>
</tr>
<tr>
<td>Indonesia</td>
<td>5.3%</td>
<td>9.5%</td>
<td>26.2%</td>
<td>-3.4%</td>
<td>11.5%</td>
<td>7.5%</td>
<td>8.5%</td>
<td>-25.0%</td>
</tr>
<tr>
<td>Brazil</td>
<td>2.5%</td>
<td>5.9%</td>
<td>68.3%</td>
<td>-3.4%</td>
<td>17.1%</td>
<td>10.0%</td>
<td>10.7%</td>
<td>-18.7%</td>
</tr>
<tr>
<td>Mexico</td>
<td>1.2%</td>
<td>3.3%</td>
<td>44.0%</td>
<td>-1.3%</td>
<td>13.3%</td>
<td>3.5%</td>
<td>6.4%</td>
<td>-2.0%</td>
</tr>
<tr>
<td>Thailand</td>
<td>3.1%</td>
<td>2.0%</td>
<td>47.1%</td>
<td>0.1%</td>
<td>39.7%</td>
<td>2.3%</td>
<td>3.9%</td>
<td>-16.9%</td>
</tr>
<tr>
<td>China</td>
<td>7.6%</td>
<td>3.0%</td>
<td>22.9%</td>
<td>2.5%</td>
<td>41.0%</td>
<td>6.0%</td>
<td>4.6%</td>
<td>+0.4%</td>
</tr>
<tr>
<td>Russia</td>
<td>1.5%</td>
<td>6.2%</td>
<td>14.1%</td>
<td>2.9%</td>
<td>22.7%</td>
<td>5.5%</td>
<td>7.9%</td>
<td>-2.6%</td>
</tr>
<tr>
<td>Malaysia</td>
<td>4.7%</td>
<td>2.0%</td>
<td>57.0%</td>
<td>3.5%</td>
<td>42.2%</td>
<td>3.0%</td>
<td>4.1%</td>
<td>+4.2%</td>
</tr>
<tr>
<td>Korea</td>
<td>2.8%</td>
<td>1.8%</td>
<td>35.7%</td>
<td>4.6%</td>
<td>28.9%</td>
<td>2.5%</td>
<td>3.6%</td>
<td>+3.1%</td>
</tr>
</tbody>
</table>

Latest data as at 31/12/2013. Sources: Bloomberg, FMI, Datastream, Les Cahiers Verts de l’Economie, Financière de l’Echiquier database
China: the main challenge

Political reforms headed in the right direction

- Improving social environment
- Changing demographic policy
- Protecting the environment
- Reforming rural policy
- Modernising institutions
- Improving the legal system
- Cleaning up market awarding methods
- Reforming fiscal policy
- Using financial markets
- Modernising the financial system
- Reducing privileges of SOE
- Deregulating prices in competitive sectors

Source: Financière de l’Echiquier database
Macroeconomy Europe
A mixed situation in Europe

Turnaround started during the summer needs to be confirmed

Consumer confidence in the eurozone

Credit: a good end to the year

Despite some good news, the recovery is not yet in place

Data as at 31/12/2013. Sources: Exane Research, Bloomberg, Financière de l'Echiquier database
A changed understanding of Europe vs emerging markets

Change in flows towards developed countries to the detriment of emerging countries

Data as at 31/12/2013. Sources: BofA Merrill Lynch, Bloomberg, Financière de l’Echiquier database
Less room for disappointment

Long-term valuation references

MSCI Europe 12-month forward PER
MSCI USA 12-month forward PER
MSCI Emerging 12-month forward PER

Extent of variation over 10 years

MSCI Europe 12-month forward PER
MSCI USA 12-month forward PER
MSCI Emerging 12-month forward PER

Data as at 31/12/2013. Sources: Exane Research, Financière de l’Echiquier database
Market & economic catalysts

Performance drivers in 2013 and our 2014 forecasts

Sources: Gavekal Research, Financière de l’Echiquier database
Our investment themes for 2014

Our stock picks

<table>
<thead>
<tr>
<th>The lagging cycle in Europe</th>
<th>The &quot;contrarian&quot; view on Europe</th>
</tr>
</thead>
<tbody>
<tr>
<td>SCANIA</td>
<td>Oil &amp; Gas services</td>
</tr>
<tr>
<td>JACQUET METALS</td>
<td>Paper</td>
</tr>
<tr>
<td>CARGOTEC</td>
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<table>
<thead>
<tr>
<th>Emerging markets victims</th>
<th>Long-term vision still intact</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unilever</td>
<td>LVMH</td>
</tr>
<tr>
<td>DKSH</td>
<td>HSBC</td>
</tr>
<tr>
<td>aggrego</td>
<td>VISA</td>
</tr>
<tr>
<td></td>
<td>novo nordisk®</td>
</tr>
</tbody>
</table>

Source: Financière de l’Echiquier database
The stocks shown are provided as an example. Neither their presence in the portfolio managed, nor their performance are guaranteed.
Fixed Income Markets
Data as at 31/12/2013. Sources: Bloomberg, Financière de l’Echiquier database
Past performances are not a reliable indicator of future performances and may vary over time. The funds are primarily invested in bonds. They present a risk of capital loss. The stocks shown are provided as an example. Neither their presence in the portfolio managed, nor their performance are guaranteed.
Stop the preconceived ideas on corporate credit: the “best” risk/return profile

100 day historical volatility

- Euro MTS 3-5 yrs
- Iboxx Corporate 3-5 yrs

Lehman Brothers

European crisis

Greek crisis

Announcement of "tapering"

Data as at 31/12/2013. Sources: Bloomberg, Financière de l’Echiquier database
Our convictions

Our guidelines for 2014

ECB still active

<table>
<thead>
<tr>
<th>Year</th>
<th>Itraxx CrossOver</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>200</td>
</tr>
<tr>
<td>2006</td>
<td>400</td>
</tr>
<tr>
<td>2007</td>
<td>600</td>
</tr>
<tr>
<td>2008</td>
<td>800</td>
</tr>
<tr>
<td>2009</td>
<td>1000</td>
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<tr>
<td>2010</td>
<td>1200</td>
</tr>
<tr>
<td>2011</td>
<td>0</td>
</tr>
<tr>
<td>2012</td>
<td>0</td>
</tr>
<tr>
<td>2013</td>
<td>0</td>
</tr>
</tbody>
</table>

Beware of duration

- German interest rates curve (2-year forward)
- German interest rates curve

Always new ideas

- Subordinated debt (LT2)
  - Maturity 10 years
  - Yield on purchase: 7.1%
- Corporate bond
  - Maturity 6 years
  - Yield on purchase: 4.1%
- Corporate bond
  - Maturity 6 ½ years
  - Yield on purchase: 4.9%

Data as at 31/12/2013, Sources: Bloomberg, Financière de l’Echiquier database.
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What we are telling you for 2014

1. Keep the balance between growth and value

2. A less obvious situation: from "trend" to opportunism

3. Entry points in emerging markets

4. Buy "spread" and actively manage duration
AGRESSOR
Fund overview

“Carte blanche” to the portfolio manager since 1991

Contrarian and opportunist
Constant attention paid to the “value of things”
Looking for charismatic managers

No constraints in style or size
Demanding purchase prices and ability to reduce equity exposure to 60%
Projects carried by the best managers with the support of key shareholders

Agressor has gained 1,571.2% since its creation in 1991 compared with 197.7% for its benchmark index

EV/sales 2014 1.5
P/E 2014 16.6
Yield (%) 2.1
Average capitalisation (€m) 13,320.5
Shares in the portfolio 46
Total assets (€m) 1,446

Past performances do not predict future performances and are not constant over time. The performance of the fund and the benchmark indicator take account of distributed income items (as of 2013). In contrast, until 2012, the benchmark indicator performance does not take account of distributed income items.

Data as at 31/12/2013. Sources: Bloomberg, Morningstar, Financière de l'Echiquier database
The fund is mostly invested in equities. It presents the risk of capital loss.
If Agressor was a company:

<table>
<thead>
<tr>
<th>Sales</th>
<th>4 350m €</th>
</tr>
</thead>
<tbody>
<tr>
<td>- North America</td>
<td>21%</td>
</tr>
<tr>
<td>- Europe</td>
<td>46%</td>
</tr>
<tr>
<td>- Emerging Markets</td>
<td>30%</td>
</tr>
<tr>
<td>- Rest of the world</td>
<td>3%</td>
</tr>
</tbody>
</table>

As of 29/11/2013

Breakdown as of 31 January 2014:

- France: 56.9%
- UK: 2.3%
- Germany: 14.0%
- Switzerland: 7.8%
- Italy: 11.5%
- Ireland: 5.1%
- Others: 2.3%

Evolution of French exposure:

- 100%
- 90%
- 80%
- 70%
- 60%
- 50%
- 40%
- 30%
- 20%
- 10%
- 0%

Jan-08 Aug-08 Mar-09 Oct-09 May-10 Dec-10 Jul-11 Feb-12 Sep-12 Apr-13 Nov-13

Data as of 31/01/2014. Source: Database Financière de l’Echiquier
### The value of things

**A strongly undervalued quality group**

- **MICHELIN** is the global leader in tyres.

- The group is set to benefit from the recovery in the replacement tyre cycle in Europe and the US, combined with a take-off in the Chinese market.

- Specialty tyres (35% of group EBIT), in which the group shares a duopoly with BRIDGESTONE, are worth more than €10bn alone.

- MICHELIN has one of the lowest valuations in the market at 8.5x 2014<sup>e</sup> PER.

### A return to normal

**SAIPEM emerging from a difficult phase**

- **SAIPEM** is the global co-leader in offshore oil installations.

- The group suffered a very difficult year in 2013 with hefty losses on certain contracts, causing the departure of the management team.

- The priority for the new team: to restore strong discipline in new orders and to pay down the group’s debt.

- At 1.1x capital employed, the market sees no value creation potential for the group which has proven its quality and its unique expertise in the past.

### Emerging consumers

**An entry point to South-East Asia**

- **DKSH** is a Swiss group specialised in the distribution of mass market products in South-East Asia.

- The group is the local intermediary for major names in the sector: NESTLE, BEIERSDORF, LINDT and BAYER are among its clients.

- Growth potential of more than 10% a year and ability to improve margins on the back of increasingly sophisticated services.

- At 12.4x 2014<sup>e</sup> EBIT, we can make the most of the outlook for this group which is 100% exposed to consumer spending in emerging markets.
1. Keep the balance between growth and value

2. A fund that remains “contrarian”

3. Re-investing on the emerging market theme
ARTY
Fund overview

An “all-weather” solution for growing your savings

Companies: search for best risk/return profile

Mobility against volatile markets

Dividends on equities

- Average yield 4.2%

Coupons on bonds

- Yield to maturity 3.6%

Capacity to invest from 0-50% in equities

- Exposure to equities 31.4%

ARTY has gained 38.9% since it was created in 2008 compared with 8.2% for its benchmark index

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Past performances do not predict future performances and are not constant over time. Performances by the fund and the benchmark indicator take account of distributed income items (as of 2013). In contrast, until 2012, the performance of the benchmark indicator in the equities segment does not take account of distributed income items.

Data as at 31/12/2013. Sources: Bloomberg, Financière de l’Echiquier database

The fund is mostly invested in equities and bonds. It presents the risk of capital loss.
Equity at a glance

Breakdown by asset type

- Bond exposure: 59.1%
  - (o/w 2.7% in convertible bonds)
- Liquidity: 9.5%
- Equity exposure: 31.4%

Main ratios

- 35 positions
- Average capitalisation: €43.2bn
- Yield: 4.2%
- P/Book (2013): 2.1
- PER (2014): 13.3

Data as at 31/12/2013. Sources: Bloomberg, Financière de l'Echiquier database
The stocks shown are provided as an example. Neither their presence in the portfolios managed nor in their performance are guaranteed.
Breakdown by asset type

- Bond exposure: 59.1% (o/w 2.7% in convertible bonds)
- Liquidity: 9.5%
- Equity exposure: 31.4%

Main ratios

- 81 positions
- Duration: 2.00
- Yield to maturity: 3.60%
- Fixed rate: 94.5% | floating rate: 1.0% | convertibles: 4.5%
- Investment Grade: 24.8% | High Yield and non-rated: 34.3%

Data as at 31/12/2013. Sources: Bloomberg, Financière de l’Echiquier database
The stocks shown are provided as an example. Neither their presence in the portfolios managed nor their performance are guaranteed.
Key takeaways

1. Mobility in asset allocation

2. Rebalancing Value vs. Growth

3. Buy "spread" and actively manage duration
2014
The year of stock-picking!
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The information is provided from the best sources we possess. This information and the document do not represent an investment recommendation.

Past performances are not a reliable indicator of future performances and may vary over time. Past performances must not therefore be the central element in the subscriber’s investment decision: other elements presented in the funds’ prospectus should be taken into consideration.

The performances of the funds and the benchmark indicators take account of distributed income items (as of 2013). In contrast, until 2012, the performance of the benchmark indicator does not take account of distributed income items. This is not the case for Echiquier Patrimoine whose benchmark index is the Capitalised Eonia.

For further information on the funds presented, please refer to their prospectuses available on simple request from the investment company on +33(0)1.47.23.90.90 or by contacting your usual representative.

Echiquier Value, Echiquier Global Emergents, Echiquier Global Convertibles and Echiquier Entrepreneurs are authorised for marketing in France.

Agressor, Echiquier Major, Echiquier Agenor, Echiquier Global, Echiquier Patrimoine and ARTY are authorised for marketing in France, Germany, Belgium, Spain, Italy, The Netherlands and Switzerland.

They are also available under the framework of life insurance contracts under Luxembourg law under Freedom to Provide Services (FPS).

Acropole Convertibles Monde and Acropole Convertibles Europe are authorised for marketing in France, Austria, Germany and Spain.

We thank you for your confidence in us.

**Fund risk profile:**

- The funds present the risk of capital loss.
- The funds are primarily invested in equities and bonds. If the stocks to which they are exposed lose value, the funds’ NAV could fall.
- Bonds and convertible bonds, like any other debt security, carry default risk and offer no guarantee on the payment of coupons.
- The management method is discretionary. There is a risk that the funds are not invested at all times in the best performing stocks.
- In the small and midcap markets, the volume of shares listed on the stockmarket is reduced and market movements are therefore greater on the downside and faster than for large caps. The funds’ NAV can therefore decline more rapidly and to a greater extent.

For Echiquier Global, Echiquier Global Emergents and Acropole Convertibles Monde:

**A risk associated with investing in emerging markets exists** resulting in particular from the way these markets function and are supervised, which can deviate from the standards prevailing on major international stock exchanges, or from political and regulatory factors.

We invite you to consult the funds’ prospectuses for all further information on these risks.

All of the costs attributable to the funds are available in the prospectuses. Current costs are updated annually and are available in the funds’ KIIDs.