

# ELEVA Absolute Return Europe

## Monthly report

For professional, qualified and institutional investors

This document should be read in conjunction with the prospectus and the KIID which are available on our website [www.elevacapital.com](http://www.elevacapital.com).

Past performance is no guarantee of future results. The UCITS Fund does not benefit from any guarantee or protection, so the initial invested capital may not be fully repaid.

### Investment objective and approach

- Aiming to achieve an absolute return over the medium term through capital growth
- Investing primarily in European equities and equity related securities on both a long and short basis
- Differentiated and disciplined bottom up investment philosophy complemented by a macroeconomic overlay to support sector positioning
- Flexible net exposure between -10 and +50% driven by fundamental idea generation and market volatility
- Target 6-8% volatility and 8-10% expected return over a full market cycle

### Fund facts

**Manager:** Eric Bendahan

**Legal structure:** Luxembourg SICAV - UCITS V

**Fund launch date:** 30th December 2015

**Total Fund Assets:** 595 814 823 €

**Last NAV:** as of 31/12/2018

Class I (EUR) acc.: 998.25 €

Class I (EUR) dis.: 992.00 €

Class I (CHF) acc. (hedged) : 1 052.84 CHF

#### Distribution policy:

Class I (EUR) acc.: Accumulation

Class I (EUR) dis.: Distribution

Class I (CHF) acc. (hedged) : Accumulation

#### ISIN & Bloomberg code:

Class I (EUR) acc.: LU1331972494 | ELARIEA LX

Class I (EUR) dis.: LU1331973112 | ELARIED LX

Class I (CHF) acc. (hedged): LU1331972817 | ELEICAH LX

#### Share class launch date:

Class I (EUR) acc.: 10<sup>th</sup> January 2018

Class I (EUR) dis.: 12<sup>th</sup> January 2018

Class I (CHF) acc. (hedged) : 11<sup>th</sup> August 2017

**Registration (I EUR acc.):** AT, BE, CH, DE, DK, ES, FI, FR, GB, IT, IS, LU, NL, NO, PT, SE

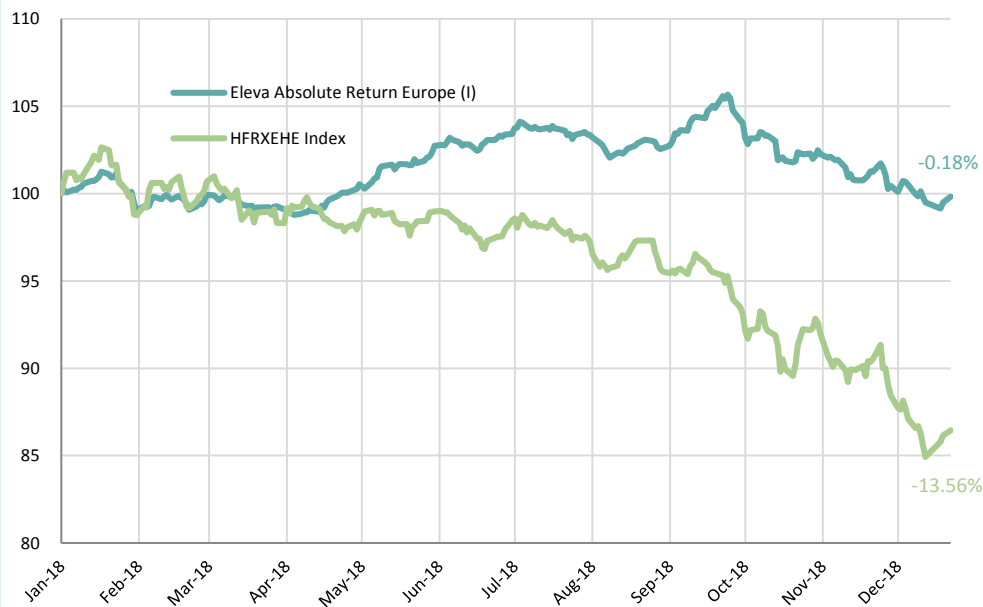
For all available share classes please refer to the Fund prospectus

### Risk measures since inception

|                    |       |
|--------------------|-------|
| Volatility         | 4.94% |
| VaR (99%, 20 days) | 1.92% |
| Sharpe ratio       | 0.90  |
| Sortino Ratio      | 1.13  |

Source: ELEVA Capital, Bloomberg

### Performance and risk measures



Source: ELEVA Capital, Bloomberg

|      | Jan   | Feb    | Mar    | Apr   | May   | Jun   | Jul   | Aug    | Sep   | Oct    | Nov    | Dec    | Year   |
|------|-------|--------|--------|-------|-------|-------|-------|--------|-------|--------|--------|--------|--------|
| 2018 | 0.94% | -1.27% | -0.46% | 0.64% | 2.13% | 1.08% | 0.26% | -0.24% | 1.75% | -2.41% | -1.09% | -1.41% | -0.18% |

(\*) Class I (EUR) acc: share class launched 10/01/2018

### Monthly Comment

Markets fell sharply in December with increasing concerns on the impact of global macro deceleration on corporate results, at a time of reduced central bank actions. Indeed, credit spreads continued to widen adding to downside pressures. ELEVA Absolute Return Europe was down -1.41% in the month.

The long book had a negative impact in the month with all sectors aside from Materials detracting from performance. From a stock picking perspective **Burford Capital**, the litigation finance specialist was a positive contributor, revealing a funding structure for the next \$1.6 bn of investments which was well received by the market. In addition, family owned miner **Fresnillo** followed the positive performance in gold and silver prices in the month. On detractors, Austrian banks were under pressure with an unexpected announcement of a bank tax in Romania. There was also some profit taking on **Lonza** as investments will likely pressure the margin in the near term.

The short book had a positive impact on performance, particularly Consumer Discretionary and Telecoms. Companies with weak balance sheets were impacted by the deterioration in credit spreads in the period.

We continue to keep a growth bias in the Fund. At this stage, we do not see signs of improvement in our leading indicators. In our view, this is to be weighed against a very attractive valuation backdrop for European equities.

As of 31<sup>st</sup> December 2018, gross exposure is 104% whilst net exposure is at 14.8%. Since inception, Eleva Absolute Return Europe is up -0.18%.

## Fund manager

Eric Bendahan is the Portfolio Manager of Eleva European Selection, Eleva Euroland Selection and Eleva Absolute Return Europe Funds. Prior to founding Eleva Capital, Eric worked for 9 years at Banque Syz & Co where he was responsible for managing Oyster European Opportunities and Oyster European Selection funds. Eric is a CFA Charterholder and has a Master's in Business and Economics at ESSEC.

## Administrative information

### Central administration:

Brown Brothers Harriman (Luxembourg) S.C.A.

### Transfert agent:

Brown Brothers Harriman (Luxembourg) S.C.A.

### Custodian bank:

Brown Brothers Harriman (Luxembourg) S.C.A.

### Auditor:

PricewaterhouseCoopers

### Management Company:

Lemanik Asset Management S.A.

### Subscription / Redemption Cut off:

12:00 CET

### Subscription / Redemption Settlement:

T+2

## Fees

**Subscription fee:** Up to 3%

**Redemption fee:** 0%

**Management fee:** 1.0%

**Performance fee:** 20% of any excess return the NAV achieves over the High Water Mark

## Investment Manager

### Firm name:

ELEVA Capital SAS

### Address:

15 avenue Matignon, 75008 Paris

### Telephone:

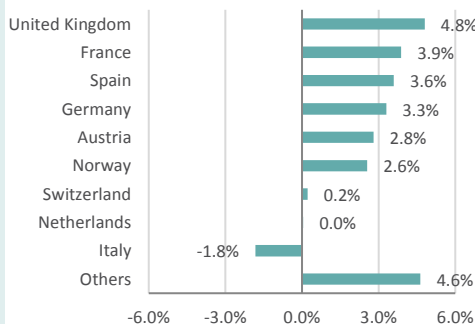
+33(0) 1 86 26 68 25

### Contact:

Axel Plichon, Head of Business Development  
axel.plichon@elevacapital.com

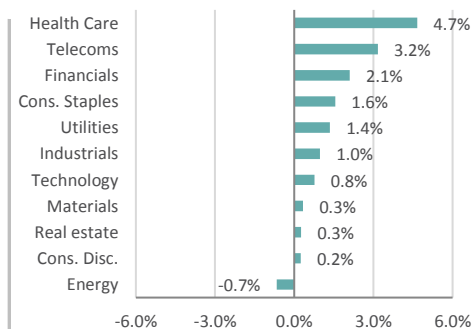
## Portfolio analysis

### Geographic breakdown (Net %)



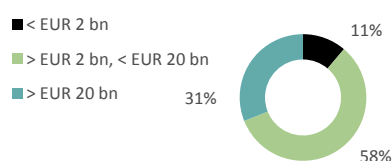
Source: ELEVA Capital

### Sector breakdown (Net %)



Source: ELEVA Capital

### Market Capitalisation (Long Book)



### Portfolio Breakdown

| Portfolio Exposure | Exposure (%) |
|--------------------|--------------|
| Long Exposure      | 59.3%        |
| Short Exposure     | 44.6%        |
| Net Exposure       | 14.8%        |
| Gross Exposure     | 103.9%       |

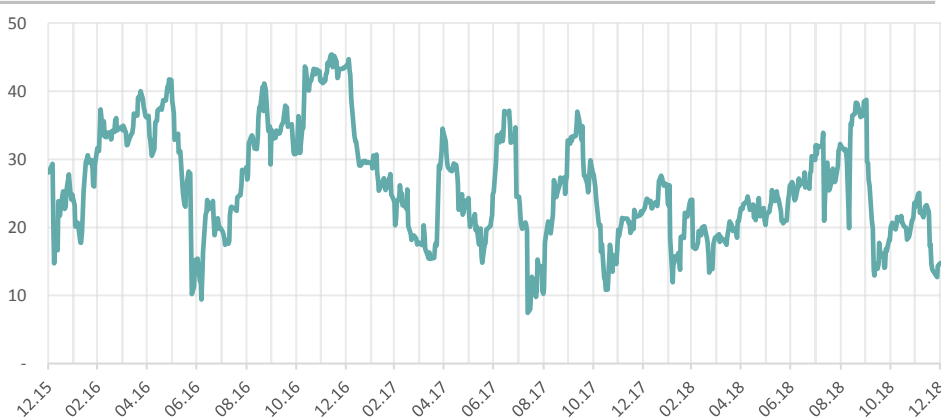
### Top 5 Long Holdings

| Company                 | Weight (%) |
|-------------------------|------------|
| COCA-COLA HBC AG-DI     | 1.70%      |
| DEUTSCHE TELEKOM AG-REG | 1.65%      |
| SANOFI                  | 1.61%      |
| FERROVIAL SA            | 1.60%      |
| SOUTH32 LTD             | 1.54%      |

### Top 5 Short Holdings

| Company                    | Weight (%) |
|----------------------------|------------|
| STOXX EUROPE 600           | 15.18%     |
| STOXX EUROPE 600 INDUST.   | 3.11%      |
| STOXX EUROPE 600 OIL & GAS | 1.00%      |
| MATERIALS CO.              | 0.78%      |
| CONSUMER STAPLES CO.       | 0.76%      |

### Net Exposure



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Product(s) described herein is/are not available to all persons in all geographic locations. There are significant risks associated with investment in the Fund. Investment may not be suitable for all investors and is intended for sophisticated investors who have fully understood the risks associated with such an investment and can accept a substantial or complete loss of their investment.

Each prospective investor should review the Prospectus of the Fund which contains important information concerning risk factors, past performance and material aspects of the Fund and which must be read carefully before any decision to invest is made.

Past performance is not a guarantee of future results and no assurance can be given that product(s) described herein will yield favourable investment results or that the Fund's investment objectives will be achieved or that the investor will receive a return of all or part of their investment.