

DORVAL MANAGEURS SMALL CAP EURO

October 31, 2018

Document intended for professional clients and non professional clients (in accordance with MIFID)



Eligible for both PEA and PEA-PME French tax treatment

NAV Share R : 174.23 €
NAV Share I : 1,824.90 €
NAV Share N : 80.47 €
Assets Under Management : 66,689,162.91 €

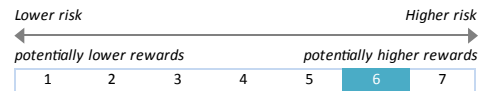
ISIN Code Share R : FR0011645621
ISIN Code Share I : FR0011645639
ISIN Code Share N : FR0013293875
BLOOMBERG Code Share R : DFMSCER FP EQUITY
BLOOMBERG Code Share I : DFMSCFI FP EQUITY
BLOOMBERG Code Share N : DFMSCFN FP EQUITY
Fund Managers : Mathilde Guillemot-Costes, Julien Goujon
Morningstar Rating :

MANAGEMENT PHILOSOPHY

Created on January 10th 2014, Dorval Manageurs Small Cap Euro is a small equity fund eligible for both PEA and PEA-PME French tax treatment. Dorval Manageurs Small Cap Euro aims to outperform the reference index, the MSCI EMU Small Cap net total return, calculated with dividends reinvested over a five-year investment horizon.

The fund management team selects companies by drawing on its in-depth knowledge of a company's directors, its management team and their managerial profile. Depending on the macroeconomic situation, the fund management team also favours adjusting the management style to switch between growth stocks and discounted stocks within a defined risk budget. As such, the fund management team can invest up to 25% of the assets in money market mutual funds and public or private debt securities. The fund invests at least 75% of its assets in European shares issued by companies that meet the following criteria: firstly, fewer than 5,000 employees, secondly, annual sales of less than €1.5 billion or a balance sheet of below €2 billion. The portfolio consists of approximately 60 stocks selected with a view to ensure sectorial diversification but without any correlation to a benchmark.

RISK AND REWARD PROFILE



The risk-return scale (profile) is an indicator with a score from 1 to 7. It corresponds to an increasing level of risk and return. It is the result of a regulatory methodology based on annualised volatility, calculated over 5 years. Checked on a periodic basis, the indicator can vary.

PERFORMANCE

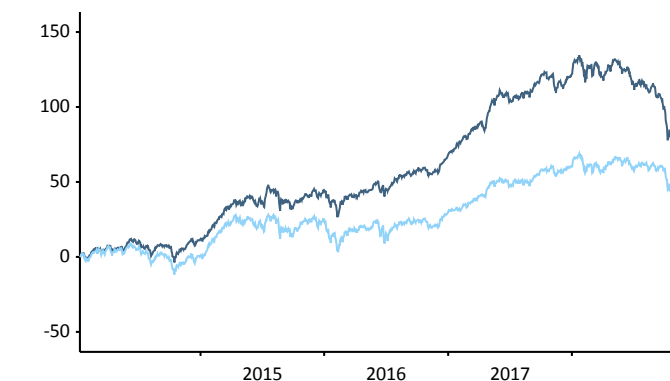
	1Mth	3Mths	6Mths	YTD	1Yr	3Yrs	5Yrs	Since 10/01/2014
Performance DMSCE Share R	-12.5	-19.7	-23.6	-21.0	-21.0	25.6	/	74.2
Performance DMSCE Share I	-12.4	-19.4	-23.1	-20.3	-20.1	29.4	/	82.5
Performance Benchmark (*)	-7.9	-10.4	-11.0	-9.3	-9.0	18.0	/	45.3

	2018	2017	2016	2015
Performance DMSCE Share R	-21.0	32.1	15.5	29.6
Performance DMSCE Share I	-20.3	33.2	16.7	30.6
Performance Benchmark (*)	-9.3	24.2	3.3	24.3

MONTHLY COMMENTARY

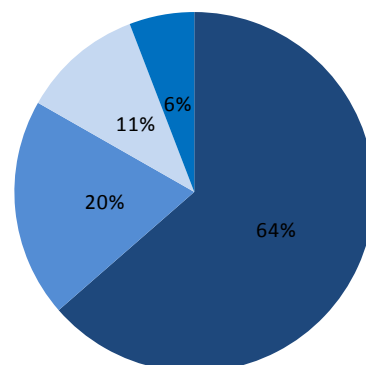
Dorval Manageurs Small Cap Euro and the MSCI EMU SMALL Cap Euro DNR shed 12.5% and 7.9% respectively in October, bringing the corresponding YTD declines to 21% and 9.3%. As already noted, the fund was dented in September by several profit warnings (Ateme, Kerlink, Visiati, Infotel, Evolis), while in October, it was dragged down by world share indices and redemptions on small- and mid-caps after years of strong showings. This high stress point for the markets occurred for a number of reasons i.e. ongoing trade war, downgrade to world growth outlook, with the IMF now expecting 3.7% for 2019 or a cut of 0.2 percentage points, rising interest rates in the US and concerns on the end of the cycle (Nasdaq -9.2%, S&P500 -6.9% in October), along with a tense geopolitical situation (Saudi Arabia, Turkey). Meanwhile in Europe, the European Commission rejected the Italian budget, putting pressure on interest rates in the country, Brexit talks have reached deadlock and the impact of new WLTP standards in the automotive industry has created some disruption. After this recent severe correction, valuations no longer reflect our portfolio companies' growth outlook or fundamentals, but rather reveal investors' risk aversion, especially on small- and mid-caps. Average weighted 2019e P/E for our portfolio stands at 13.8x on expected earnings growth of 27% (source: Bloomberg), equating to a PEG ratio of 0.5x vs. 1x for the MSCI EMU Small Cap Eur and 2.3x for the MSCI EMU Large Cap. The PEG ratio reflects the relationship between a listed company's share price, its earnings per share (EPS) and expected earnings growth (PEG below 1 indicates that a share is undervalued). It is worth noting that we do not hold with the worldwide recessionary scenario at this stage, despite the slowdown already observed. However, if the various parties were to come to an agreement on US-China trade, Brexit and the Italian budget, then confidence would be restored.

PERFORMANCE SINCE INCEPTION



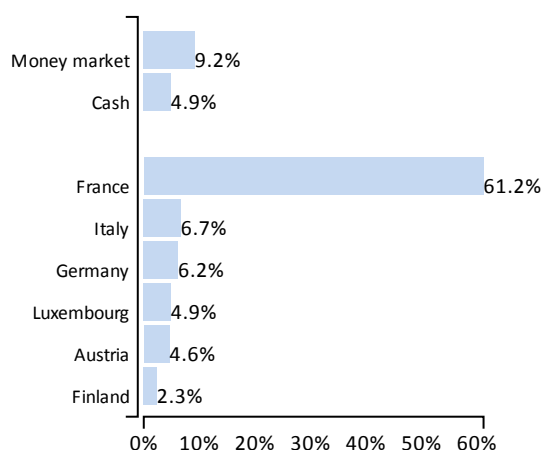
— Dorval Manageurs Small Cap Euro Share R — Benchmark

PORTFOLIO BREAKDOWN



■ Empire builders ■ Family Heirs ■ Rescuers ■ Homegrown managers

PORTFOLIO BREAKDOWN



Sectorial Breakdown

	% AUM
Technology	45.4
Industrials	15.7
Consumer Services	12.3
Health Care	4.4
Consumer	3.0
Basic Materials	2.7
Financials	2.3

Capitalisation Size

	% AUM
From 1 to 5 Bi €	8.8
From 500 Mi to 1 Bi €	15.5
<500 Mi€	61.6

Number of holdings :

	37
Top 5 holdings :	21.1 %
Top 10 holdings :	36.2 %

Main portfolio holdings

1 - MGI DIGITAL GRAPHIC TECHNOLOGY	6 - VETOQUINOL
2 - SOLUTIONS 30	7 - CHARGEURS SA
3 - S&T AG	8 - INFOTEL
4 - BASTIDE LE CONFORT MEDICAL	9 - Kaufman & Broad
5 - ATEME SA	10 VOYAGEURS DU MON

Main holdings changes

POLYTEC HOLDING AG	SOLD
PLASTIVALOIRE	REDUCED
FIGEAC AERO	REDUCED
LECTRA	REDUCED
VOYAGEURS DU MON	REDUCED

RISK ANALYSIS

Ratio	1 Yr	3 Yrs	5 Yrs	Ratio	Value
Alpha	-0.22	0.06	-	Max performance	143.5% from 16/10/14 to 23/01/18
Beta	1.11	0.89	-	Max drawdown	-28.4% from 23/01/18 to 26/10/18
Sharpe Ratio	-1.29	0.62	-	Recovery period	- Days
Tracking Error	5.66	5.76	-	Profitable months	58.6% monthly
Information Ratio	-2.12	0.39	-		
Volatility DMSCE Share R	13.1	11.6	-		
Volatility Benchmark	11.6	13.5	-		

CHARACTERISTICS

ISIN Code Share R	FR0011645621	Custodian	Caceis Bank France
ISIN Code Share I	FR0011645639	Delegated Financial Manager	Caceis Bank France
ISIN Code Share N	FR0013293875	Initial Minimum Subscription	1 share
Bloomberg Code Share R	DFMSCER FP EQUITY	Cut Off (local time)	13h00
Bloomberg Code Share I	DFMSCEI FP EQUITY	Recommended investment period	5 years
Bloomberg Code Share N	DFMSCEN FP Equity	Benchmark	MSCI EMU Small Cap net return
Inception Date	January 10th, 2014	Subscription fees	2% Share R/ 2% Share I/ 1% Share N
Legal Form	FCP Français	Management fees	Max 2.1% Share R/1% Share I/1.5% Share N
AMF Classification	Actions de pays de la Zone Euro	Redemption fees	0,00 %
Investment Universe	European Equities, all capitalization size	Performance fees	20% of the outperformance above its benchmark if the fund's performance is positive.
Eligible to PEA	YES	In accordance with regulations, upon written request, the customer may receive details of the compensation relating to the distribution of this product.	
Eligible to PEA-PME	YES		
UCITS Compliant	YES		
NAV Frequency	Daily (market closure)		
Management Company	DORVAL ASSET MANAGEMENT		

CONTACTS

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LEGAL INFORMATION

All data relating to the fund are obtained from the book inventory and data relating to the indices and the characteristics of securities held in the portfolio are obtained from Bloomberg. The figures indicated relate to previous years. Past performance is not a reliable indicator of future performance. Investors are reminded that the composition of the portfolio may differ considerably from that of its benchmark index. As the management style is discretionary, the portfolio will never seek to reproduce the composition of the benchmark index either on a geographical or sector level. The benchmark index is therefore simply an a posteriori performance indicator. The risks and costs relating to investment in UCITS are described in the relevant prospectus. The prospectus and periodic reports are available on request from Dorval Asset Management. The prospectus must be provided to investors prior to subscription. The definition of risk indicators mentioned in this document may be found on the website: www.dorval-am.com. Prior to any investment, it should be verified that the investor is legally authorised to invest in a UCITS. The UCITS is not authorised for distribution in jurisdictions other than the countries in which it is registered. Performance data does not take into account fees and commissions received in respect of the issue and redemption of units or tax costs imposed by the client's country of residence. If a UCITS is subject to a specific tax regime, it should be noted that this regime depends on the individual situation of each client and may be liable to change. This document is intended for professional and non-professional clients. It may not be used for any purpose other than that for which it was designed and may not be reproduced, distributed or transmitted to third parties, either in whole or in part, without the prior written authorisation of Dorval Asset Management. The information contained in this document may not be deemed to have any contractual value whatsoever. Dorval Asset Management may not be held responsible for any decision taken on the basis of information contained in this document. Dorval Asset Management, société anonyme (public limited company) with share capital of EUR 303,025 registered in the Paris trade and companies register under number B 391 392 768 - APE 6630 Z, AMF approval no. GP 93-08

Definitions

Alpha:	A fund's outperformance compared with its benchmark, expressed as a percentage. This is an indicator of the manager's ability to create value, by excluding the market effect. Therefore, the higher the alpha, the better the fund's performance compared with that of its benchmark.
Beta:	Measure of a fund's sensitivity to market movements (represented by its benchmark). A beta higher than 1 indicates that the fund amplifies the trends of its reference market on the upside as well as on the downside. Conversely, a beta lower than 1 means that the fund tends to react less to movements in its reference market.
Sharpe ratio:	Indicator of a product's outperformance relative to a risk-free interest rate, given the risk taken (the product's volatility). The higher it is, the better the fund.
Volatility:	Magnitude of the variation of a security, a fund, a market or of an index over a given period. A high volatility means that the price of the security varies significantly, and therefore that the security's associated risk is high.
Maximum performance:	Maximum gain historically recorded by the fund.
Maximum drawdown:	Maximum loss historically recorded by the fund.
Recovery period:	Time expressed in number of days the fund takes to exceed the highest net asset value over the indicated period.
Gain frequency:	Calculation over the fund's history since its creation representing the ratio of the number of positive observations to the total number of observation in the period.
Exposure as a percentage:	The fund's overall exposure takes into account the sum of the physical and off-balance sheet positions. As opposed to positions called of net assets: "physical"(those booked in the portfolio's inventory of assets), off-balance sheet positions include those taken in forward financial instruments, such as derivatives. Examples of derivatives: futures contracts, swaps, option contracts. A maximum limit to off-balance sheet exposure is stated in the prospectus.

Glossary for Managers

In their qualitative analysis of corporate management, the managers classify business leaders in four major categories:

Empire builders : They are real niche creators and able to identify one or more long-term growth opportunities.

Family Heirs : They have a family tie to the builder and assume operational management of the company. They often start with a poor image...which is not always justified. They are often supported in their ventures by an experienced manager.

Homegrown managers : They learned their trade at the company they are now managing. In most cases, they have over 10 years of experience in a management position with the company in an international context.

Rescuers :They have a specific ability to restore the earnings growth of a company. They are put in charge during a crisis or for "reasons of state". These leaders manage various companies in a turnaround situation.

Morningstar methodology

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Past performance is no guarantee of future results. References to rankings, awards and/or ratings are not an indicator of future performance by the fund or the fund manager.

The Morningstar rating applies to funds with a history of at least three years. It takes into account subscription fees, the risk-free return and the fund's volatility in order to calculate the MRAR (Morningstar Risk Adjust Return) ratio for each fund. The funds are then ranked by decreasing order of MRAR: the first 10% receive 5 stars, the next 22.5% 4 stars, the next 35% 3 stars, the next 22.5% 2 stars, and the last 10% receive 1 star. The funds are ranked within 180 European categories.

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