

# Quarterly report

As of March 29<sup>th</sup>, 2018

**PASTEL & ASSOCIÉS**

SOCIÉTÉ DE GESTION DE PORTEFEUILLE



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## Investment portfolio of Valeur Intrinsèque<sup>1</sup> as of March 29<sup>th</sup>, 2018

Currency	Company	Shares	Average cost per share (in currency)	Market price per share (in currency)	Gains or losses (in currency)	Gains or losses (in euros)	Market value (in euros)	% Net asset value
EUR	Randstad	48 100	37.13	53.42	43.9%	43.9%	2 569 502	2.0%
	Thermador Groupe	18 042	72.79	115.00	58.0%	58.0%	2 074 830	1.6%
						<b>49.8%</b>	<b>4 644 332</b>	<b>3.6%</b>
GBP	AA plc	3 750 000	0.87	0.81	-7.8%	-7.3%	3 443 310	2.7%
	Debenhams plc	4 229 610	0.39	0.21	-46.5%	-45.7%	1 007 349	0.8%
	Next Group plc	76 393	46.17	47.59	3.1%	-1.0%	4 146 849	3.2%
	Serco Group plc	2 800 000	0.86	0.88	2.6%	4.0%	2 816 927	2.2%
						<b>-8.4%</b>	<b>11 414 435</b>	<b>8.8%</b>
NOK	Subsea 7	652 807	68.23	100.25	46.9%	33.9%	6 777 888	5.2%
						<b>33.9%</b>	<b>6 777 888</b>	<b>5.2%</b>
USD	American Express	52 500	69.16	93.28	34.9%	24.8%	3 981 949	3.1%
	Bed Bath & Beyond Inc	192 700	33.94	20.99	-38.2%	-35.1%	3 288 834	2.5%
	Deere & Company	49 350	86.13	155.32	80.3%	90.1%	6 232 502	4.8%
	Diamond Offshore Drilling Inc	920 455	15.82	14.66	-7.3%	-14.6%	10 971 964	8.5%
	Leucadia National Corp.	367 962	24.79	22.73	-8.3%	-3.3%	6 800 647	5.3%
	Loews Corporation	156 000	47.67	49.73	4.3%	0.1%	6 307 989	4.9%
	Markel Corp.	7 550	965.49	1170.25	21.2%	8.3%	7 184 118	5.5%
	Rowan Companies plc	562 175	15.33	11.54	-24.7%	-29.9%	5 275 033	4.1%
	Tenaris	99 800	27.69	34.67	25.2%	9.0%	2 813 405	2.2%
	Ternium SA	90 201	14.45	32.49	124.9%	105.3%	2 382 917	1.8%
	Transocean Ltd	563 486	15.36	9.90	-35.5%	-41.7%	4 535 928	3.5%
						<b>-5.7%</b>	<b>59 775 287</b>	<b>46.2%</b>
CAD	Fairfax Financial Holdings Ltd	21 225	624.75	653.07	4.5%	-0.9%	8 742 060	6.8%
						<b>-0.9%</b>	<b>8 742 060</b>	<b>6.8%</b>
						<b>Equities</b>	<b>91 354 003</b>	<b>70.5%</b>
						<b>Cash</b>	<b>38 156 965</b>	<b>29.5%</b>
						<b>Net asset value</b>	<b>129 510 968</b>	<b>100.0%</b>

<sup>1</sup> Margin of Safety Fund being a feeder fund to Valeur Intrinsèque fund, the data presented in this document relate solely to Valeur Intrinsèque, except if otherwise indicated.

## Breakdown by industry sector as of March 29<sup>th</sup>, 2018

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Sectors	Weight
<b>Investment companies</b>	<b>22.4%</b>
Fairfax Financial Holdings Limited	
Leucadia National Corp.	
Loews Corporation	
Markel Corp.	
<b>Oil and gas services</b>	<b>21.3%</b>
Diamond Offshore Drilling Inc	
Rowan Companies plc	
Subsea 7	
Transocean Ltd	
<b>Non-food retailing</b>	<b>6.5%</b>
Bed Bath & Beyond Inc	
Debenhams plc	
Next Group plc	
<b>Support services</b>	<b>4.8%</b>
AA plc	
Serco Group plc	
<b>Capital goods</b>	<b>4.8%</b>
Deere & Company	
<b>Heavy industry</b>	<b>4.0%</b>
Tenaris	
Ternium SA	
<b>Financial services</b>	<b>3.1%</b>
American Express	
<b>Other</b>	<b>3.6%</b>
Randstad	
Thermador Groupe	
<b>Cash (€)</b>	<b>29.5%</b>

## Forex exposure as of March 29<sup>th</sup>, 2018

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Following the application, effective January 1<sup>st</sup>, 2018, by the AMF of the recommendation given by the ESMA, currency hedging policies must now be implemented systematically, making sure that the hedge ratio does not deviate by more than +/-5% from the hedging target set in the prospectus of the relevant UCITS. For the P and I classes of Valeur Intrinsèque, the hedging target was set at 100% and for all classes of the Margin of Safety Fund, at 0% (see prospectus available on [www.pastel.fr](http://www.pastel.fr)).

For Valeur Intrinsèque, the 100% systematic hedging policy is generally applied only to currency exposures greater than 5% of the portfolio, in accordance with the new regulatory doctrine and the fund's prospectus.

### Currency hedging

	<b>Valeur Intrinsèque</b>	<b>Margin of Safety Fund</b>
<b>Reference currency</b>	<b>Euro</b>	<b>USD</b>
USD	98.8%	0.0%
GBP	99.3%	0.0%
CAD	96.4%	0.0%
NOK	99.6%	0.0%
EUR	0.0%	0.0%



## Annex : Performance since inception of Margin of Safety Fund and Valeur Intrinsèque

Total annual returns (in percentage)				Total annual returns (in percentage)			
	<b>Margin of Safety Fund (P class)</b>	MSCI World (USD) dividends reinvested	Difference		<b>Valeur Intrinsèque (P class)</b>	MSCI World (EUR) dividends reinvested	Difference
1998	2.5	21.0	(18.5)				
1999	42.0	24.9	17.1				
2000	15.1	(13.2)	28.3				
2001	5.7	(16.8)	22.5	2001	14.8	(14.9)	29.7
2002	(13.4)	(19.9)	6.5	2002	(22.1)	(32.0)	9.9
2003	43.8	33.1	10.7	2003	32.9	10.7	22.2
2004	23.9	14.7	9.2	2004	16.3	6.5	9.8
2005	5.3	9.5	(4.2)	2005	14.5	26.2	(11.7)
2006	20.9	20.1	0.8	2006	13.2	7.4	5.8
2007	(4.0)	9.0	(13.0)	2007	(11.3)	(1.7)	(9.6)
2008	(40.1)	(40.7)	0.6	2008	(38.1)	(37.6)	(0.5)
2009	69.9	30.0	39.9	2009	57.2	25.9	31.3
2010	16.2	11.8	4.4	2010	19.7	19.5	0.2
2011	(19.7)	(5.5)	(14.2)	2011	(17.4)	(2.4)	(15.0)
2012	20.8	15.8	5.0	2012	22.6	14.0	8.6
2013	31.2	26.7	4.5	2013	26.8	21.2	5.6
2014	(8.8)	4.9	(13.7)	2014	(3.1)	19.5	(22.6)
2015	(20.8)	(1.8)	(19.0)	2015	(16.6)	10.4	(27.0)
2016	29.8	7.5	22.3	2016	31.8	10.7	21.1
2017	15.7	22.4	(6.7)	2017	8.4	7.5	0.9
2018 (29.03)	(5.1)	(1.3)	(3.8)	2018 (29.03)	(6.4)	(3.7)	(2.7)
Cumulative performance	417.8%	208.6%		Cumulative performance	157.2%	74.1%	
Annualized performance	8.5%	5.7%		Annualized performance	5.8%	3.4%	

Fund's inception on February 2<sup>nd</sup>, 1998

Fund's inception on June 6<sup>th</sup>, 2001

The performance of the other classes of shares is available on our website [www.pastel.fr](http://www.pastel.fr).



## Pastel & Associés

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Pastel & Associés is an independent asset manager which, since its inception in 1997, has implemented a “value” investing process, based on the concepts of intrinsic value, margin of safety and independent investment research. The objective of our investment process is twofold: to reduce the risk that our funds suffer a permanent loss of value, and to generate for each of our funds a satisfactory long term rate of return per share\*.

The two investment funds (UCITS) managed by the company, Valeur Intrinsèque (established in France and started in 2001) and Margin of Safety Fund (established in Luxembourg and started in 1998) are invested primarily in shares of companies listed on the stock exchanges of OECD countries. But if the manager considers that reasonably priced investment opportunities have become too scarce, the investment portfolio may be allocated, to a significant extent, to fixed income and monetary assets.

The investment process implemented by Pastel & Associés is detailed in “Our investment principles” which is available on the company’s website [www.pastel.fr](http://www.pastel.fr) under the heading “Philosophy”.

Any decision to subscribe to any of these funds should be based on a thorough analysis of the funds’ prospectus and KIID, which are available on the company’s website under the heading “Funds”.

\* The investment time horizon of the funds Valeur Intrinsèque and Margin of Safety Fund is 5 years or longer and the risk of permanent loss of capital is significant.

## Investor Relations

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The investment partnership that Pastel & Associés is looking to build with its investors is described in the document “Investor’s manual”, which is available on the company’s website.

Pastel & Associés is not in the investment advisory business. Therefore, it is up to each investor, or his own representative and/or advisor, to decide whether and to what extent he is ready to invest in the funds managed by Pastel & Associés. However, Pastel & Associés will be pleased to provide any explanation or assistance with regard to the documents published on the company’s website.

In order to follow up with their investment, unitholders can use three types of documents that are published and made available on the company’s website: a quarterly report, a biannual report and an annual review, the latter being designed in the spirit of the annual report of a public company. In order to preserve the equal treatment of all its funds’ investors, the company does not provide any other additional information.

# PASTEL & ASSOCIÉS

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