QUADRIGE FRANCE Smallcaps

Strong conviction-based

equity investment focused on French innovative small caps

MONTHLY REPORT SEPTEMBER 19

Share class I : FR0013280898

Data as of 09/30/2019

PORTFOLIO MANAGER COMMENT

In a positive market for small cap companies (CAC Small NR +1.50%), our fund QUADRIGE FRANCE Smallcaps was up +0.78% in September.

Actia (+2.7%) has doubled its EBITDA in H1 2019. Positive effects like the normalization of its investments, and the decrease in component prices are materializing. **ECA** (+1.8%) benefited from the doubling of its profitability, even without any material contribution from its historical contract with Dutch and Belgian marine forces. **Prodways** (+4.6%) enjoyed an improving profitability and accelerating penetration of 3D printing. After many years of 3D printing technology being limited to prototypes, Prodways systems will ramp up on industrial production lines in the next few months. It will open a new phase of value creation for the shareholders. **PCAS** (+5.3%) also contributed positively to the monthly performance.

Soitec (-1.1%) suffered from the placement of 3.3% of its share capital by the management team. The team committed to reinvest in a new long term incentive plan. **SES-imagotag** (-1.3%) confirmed it entered in a strong growth phase with +30% sales growth expected in 2019 and +30% in 2020 to reach €400m sales. This strong sales growth momentum is detrimental to margin progression in the short term, but it will materialize therafter. **Sogeclair** (-15.2%) disappointed on the absence of operating leverage despite a sales growth of +13%.

The focus of the month is **Ekinops** (+20.0%), a telecommunication equipment company. The H1 net income was up +100%, with the absolute net income number being close to double the market expectations. These results show the continuous success of the cost optimization plan set up in 2018, just after the merger with OneAccess. The next quarters should show a continuation of this trend. The increasing share of software in the business mix should help maintaining a strong gross margin (around 55%). The commercial momentum is particularly strong in the USA where the growth rate is expected at +30% for the full year 2019 (+19% in H1 2019). The first revenues coming from the OTN technology, the virtualisation of networks, and the development of 5G are strong catalysts for future growth.

Internal data & companies

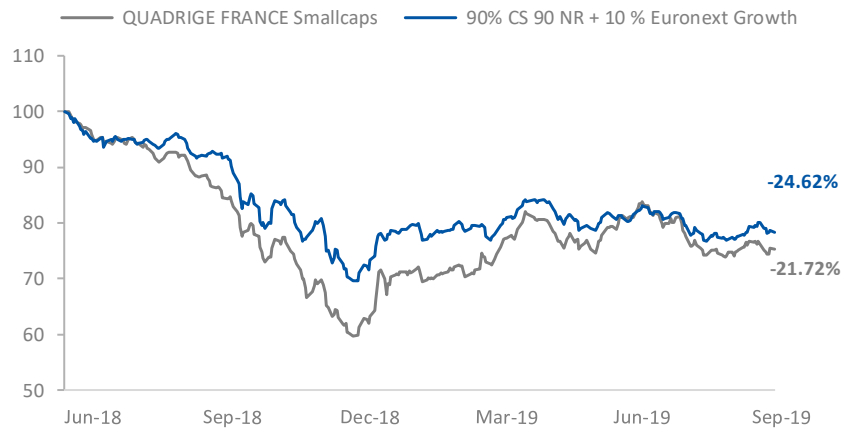
Pierrick Bauchet

Chief Investment Officer

Mathias Pecqueur

Equity PM

HISTORICAL PERFORMANCE



Refer to C (retail) share for Fund performance since inception as of 07/02/2013

Net asset value per share : €75376.75 **Net asset value : €34.16 m**

MAIN METRICS

EV/Sales 2019	1.42x
EV/EBIT 2019	13.5x
Sales growth 2019	+11.6%
EBIT margin 2019	8.6%
EBIT growth 2019	+27.8%
Fund volatility (since inception)	23.0%

Internal data as of 09/30/2019

PERFORMANCE	FUND	INDEX
2019 YTD	+20.04 %	+7.96 %
Since inception	-24.62 %	-21.72 %
1 month	+0.78 %	+1.50 %

75 % *Global leaders*

82 % *Continuous investment*

61 % *International exposure*

8.6 % *Operating margin*

38 % *Family-owned companies*

TOP HOLDINGS

1-	PCAS	9.23 %	4- SES-imagotag	4.86 %
2-	ECA	8.84 %	5- Soitec	4.75 %
3-	Actia	7.80 %		

Number of holdings : 30

MAIN TRADES

Buys	Sells
Latécoère	Groupe Gorgé
Soitec	Mersen
Prodways	Cegedim
Pharmagest	Guerbet
Ekinops	Haulotte

MAIN CONTRIBUTORS

Bénéteau	+0.57 %	Arcure	-0.34 %
Virbac	+0.49 %	Haulotte	-0.28 %
PCAS	+0.47 %	Mersen	-0.27 %
Ekinops	+0.38 %	Ymagis	-0.19 %
Akwel	+0.24 %	Soitec	-0.14 %

INVESTMENT PHILOSOPHY

QUADRIGE FRANCE Smallcaps is an equity fund focused on French small cap companies that offer differentiated innovation capabilities. The investment team selects niche market global *leaders* that outperform their competitors as a result of a strong and sustainable competitive advantage. Their development across the globe together with operational excellence are driving solid profitable growth prospects. The team favors innovative « gems » whose unique position makes them potential takeover targets. We implement a high conviction-based investment approach in a concentrated investment fund (between 20 and up to 40 holdings).

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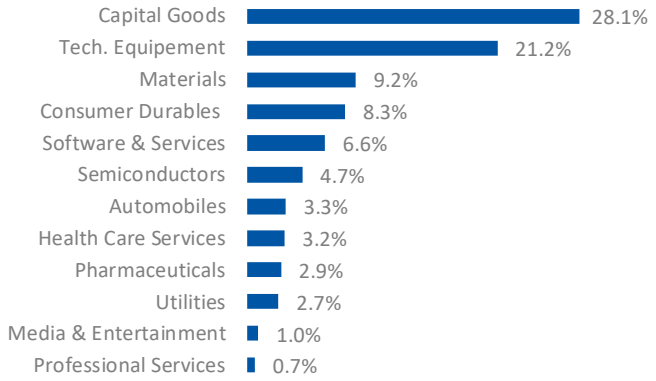
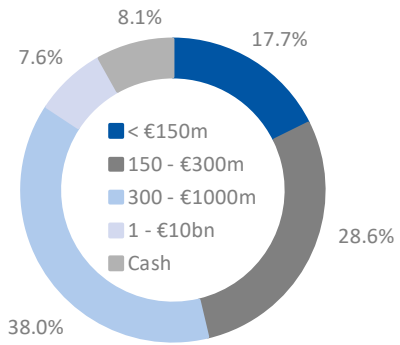
With Waren, you know exactly where your money is invested !

SECTOR BREAKDOWN



Net Equity exposure : 91.9%

MARKET CAP BREAKDOWN



Average market cap : €516 m

DISTRIBUTION PARTNERS

ageas, APREP DIFFUSION, CARDIF, AXA THEMA, FINAVEO, CD Partenaires, Spirica, GENERALI Patrimoine, INTENCIAL PATRIMOINE, PRIMONIAL, NORTIA, SwissLife, UAF Life PATRIMOINE, Vie plus

MAIN CHARACTERISTICS

Asset Management company	Fund base currency	PEA/PEA-PME eligibility	Fund audit firm
INOCAP Gestion	Euro	Yes	KPMG
ISIN code	Capital guarantee	Minimum initial subscription	Maximum subscription fees
FR0013280898 (Share class I)	No	1 share	4% (non-acquired to the fund)
Share inception date	Cut-off	Decimalisation	Management fees
06/15/2018	12:00pm Paris time on day D	1/1000th	1.20%
AMF classification	Settlement/Delivery period	Custodian	Redemption fees
UCITS European Union equities	D+2 max.	CACEIS Bank	0.00%
Risk & reward profile	Dividend policy	Centralizing role	
1 2 3 4 5 **6** 7	Capitalization	CACEIS Bank	
NAV publication	Investment horizon	UCITS fund administration	
Daily	> 5 years	CACEIS Fund Administration	

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