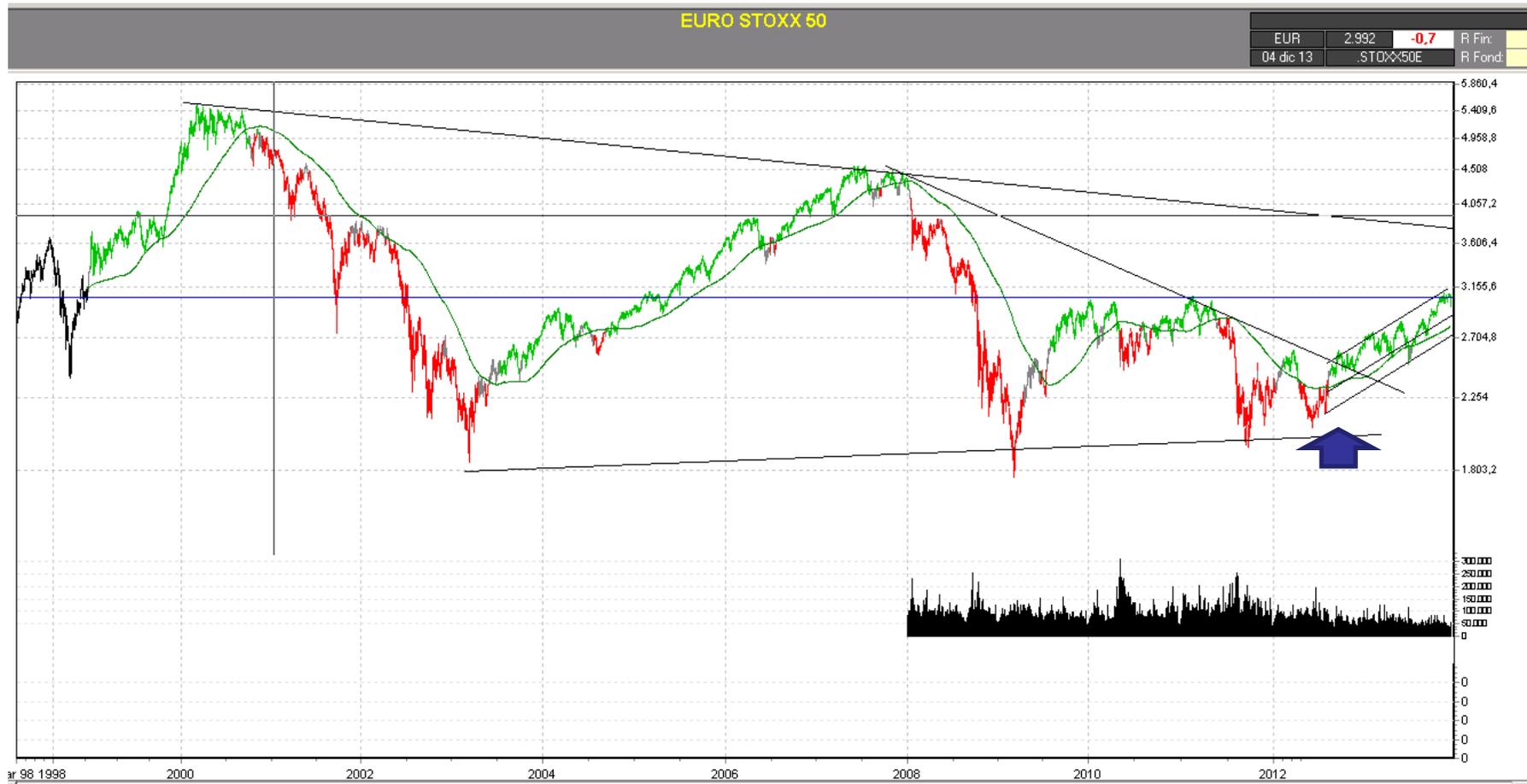




# How to exploit European Recovery



## *A secular bear market has finally ended ?*





## *A secular bear market has finally ended ?*

- In the years from 2000 to 2012 European Equity market produced a very bad return (-60% in nominal value, -70% considering inflation)
- A lot of crisis happened in these years:
  - Tech bubble crash (2000)
  - Twin tower attack (2001)
  - Subprime crisis (2007-2009)
  - Eurozone debt crisis (2010-2012)
- The equity risk premium in the area grew to very high level (about 10% according to our estimates in 2012, vs 0% in 2000)



## *The start of a recovery ?*

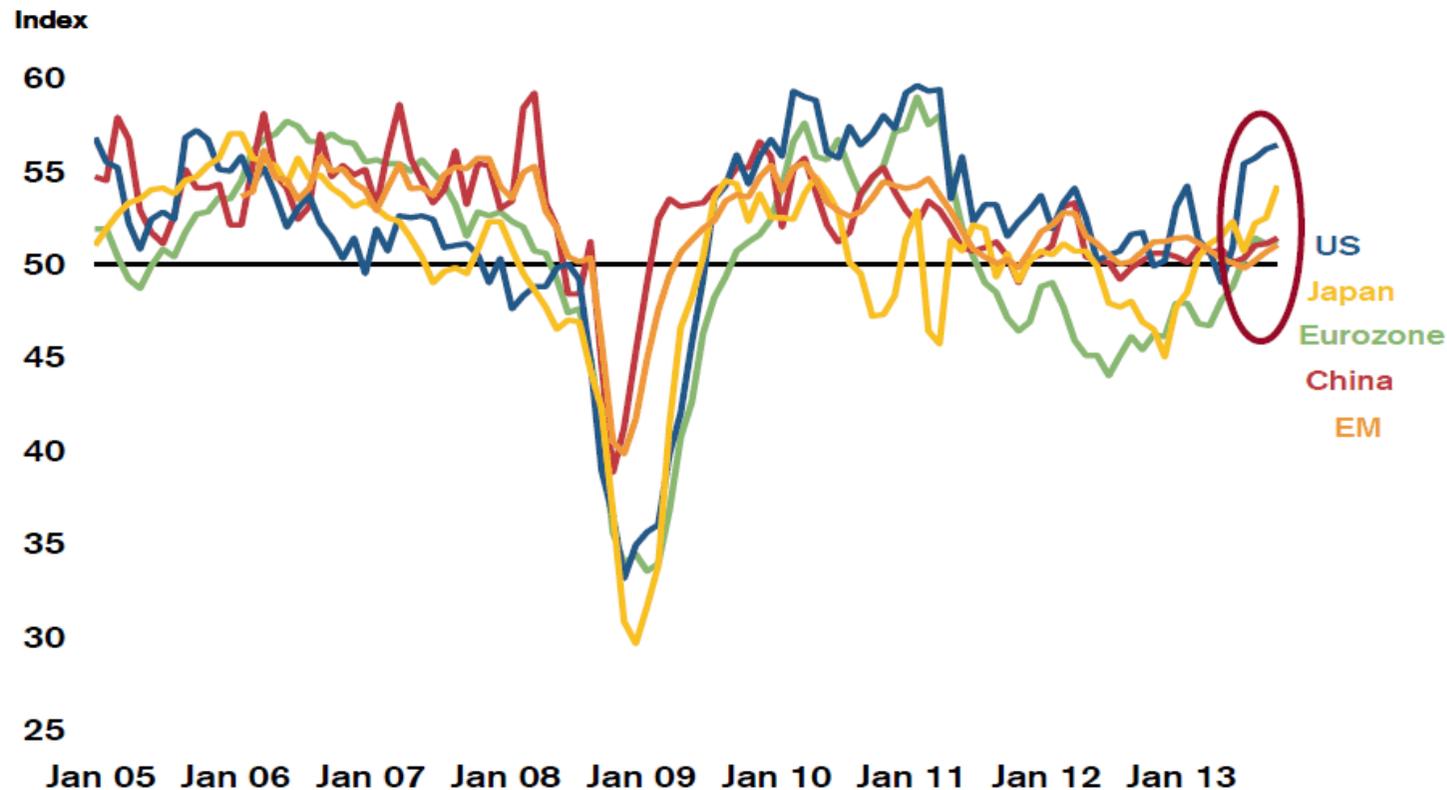
- Since August 2012 the Market started recovering
- The main driver for the recovery was the OMT plan announced by the ECB
- The first market that recovered were bond markets, then equity market followed soon
- Notwithstanding the strong recovery registered in the market valuation are among the cheapest in the world (average P/E of our fund is 13, average P/BV is 1,05 !)



## *What are the drivers of recovery ?*

### **Global Economics – PMIs continue to strengthen**

Business surveys point to further growth improvement



Last data point: 21.11.2013

Source: Bloomberg, Credit Suisse / IDC



## *What are the drivers of recovery ?*

There are 5 main drivers for recovery

- 1) Reduction of Eurozone break up fears led to a strong reduction in bond yields across the peripheral government bonds and also corporate bonds
- 2) Export surge, especially in peripheral countries, driven by US economy recovery
- 3) Growth in real estate in Nordic countries (especially Germany, Switzerland, and Scandinavian region)
- 4) Gain in competitiveness in peripheral countries led by fiscal and labor market reform
- 5) Strengthening of bank balance sheets



## *Financial and perypheral are finally recovering*





## *Financial and perypheral are finally recovering*

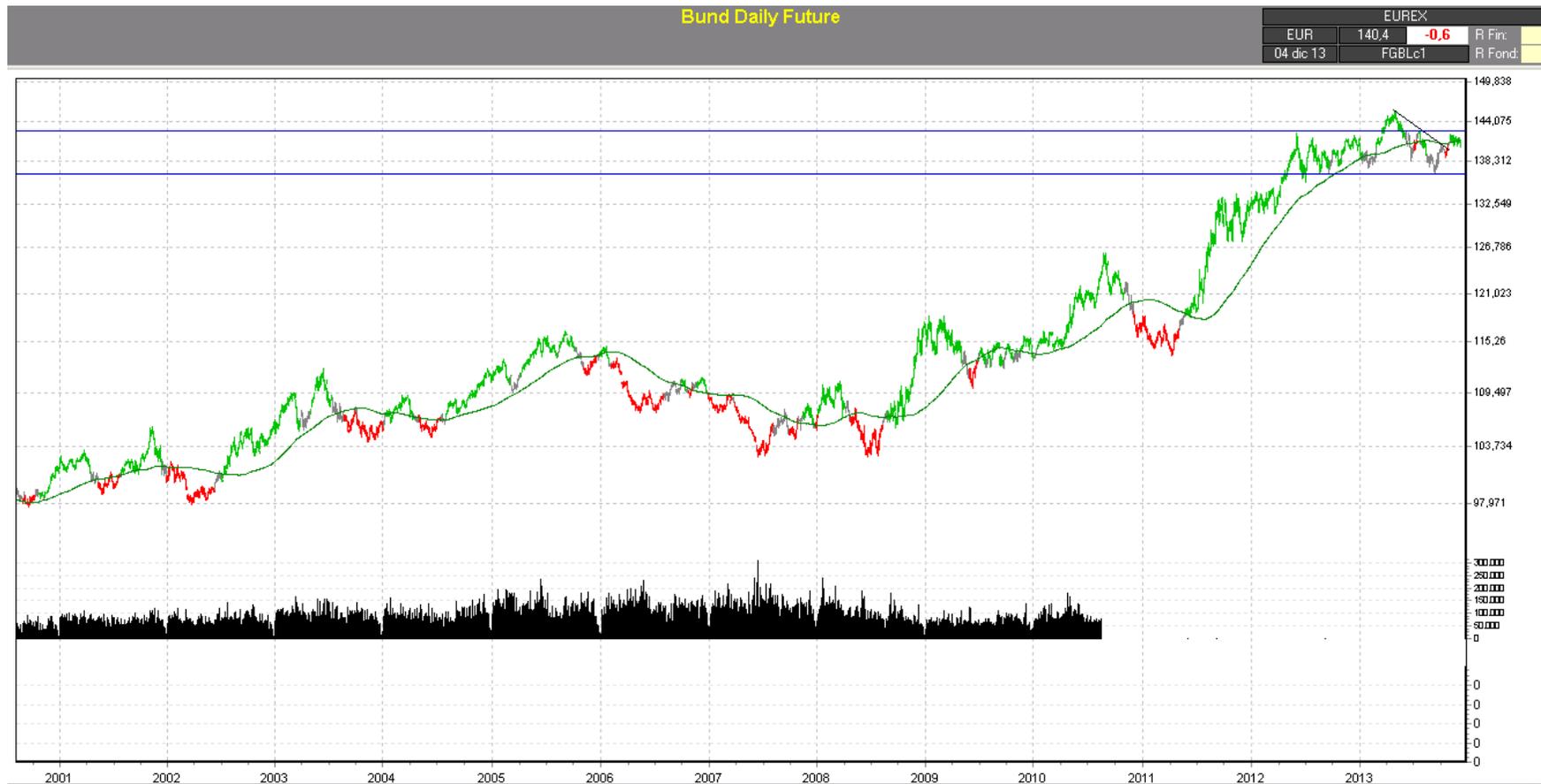
FTSE Athex Large cap

EUR	398,0	-0,8	R Finc.
04 dic 13	ATF		R Fond.





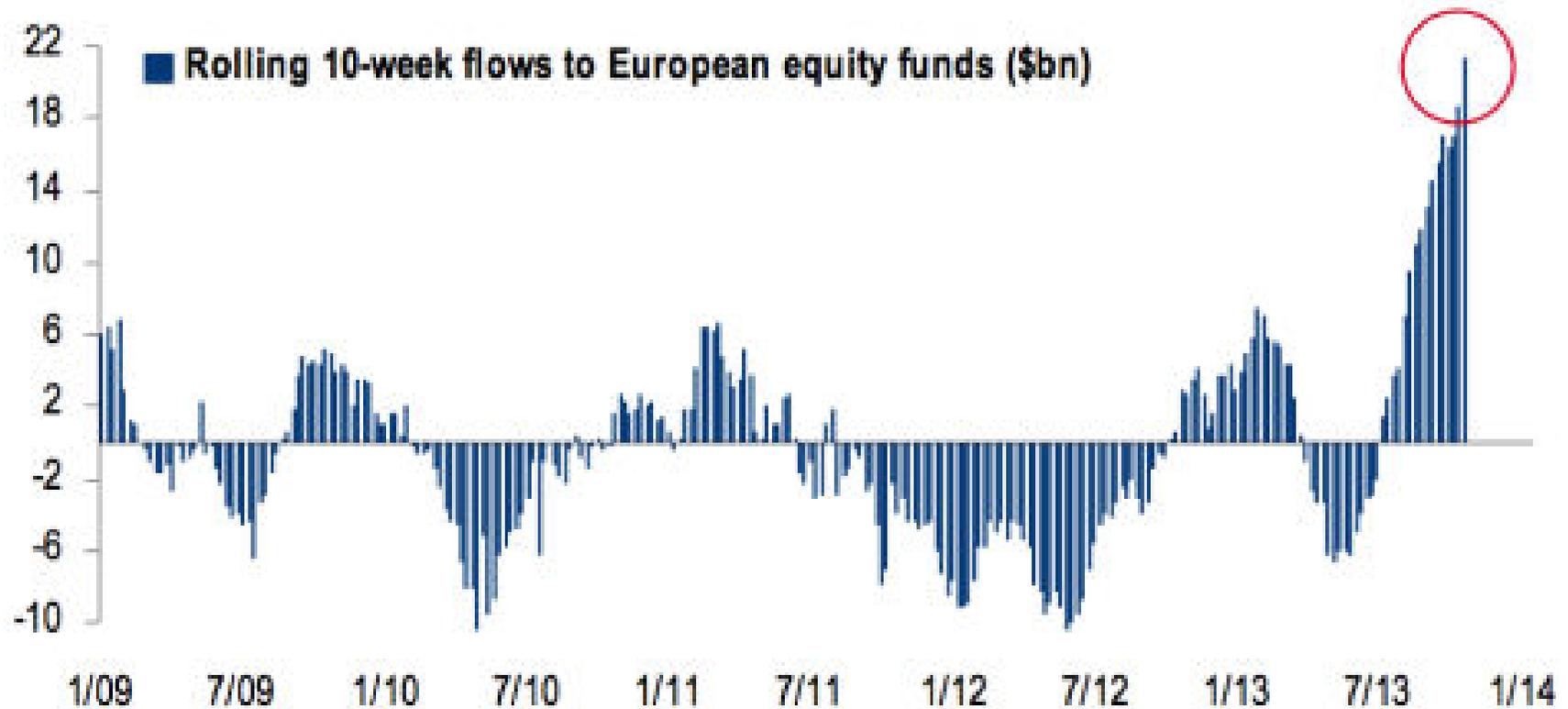
## *While safe heaven bonds are starting to falter*





## *All this led to strong inflows in European Equity*

**Chart 1: Largest ever weekly inflows to European equity funds (\$5.0bn)**





## How did we perform in this environment ?

Nome Fondo	Rischio Morningstar (Rel Categoria)	Dev Std (3 a)	YTD%	▼ 1 a%	3 a Ann.%	5 a Ann.%	10 a Ann.%
<input type="checkbox"/> FE - Finlabo Inv Dynamic Equity P	-	8,71	4,66	23,56	4,87	-	-
<input type="checkbox"/> FE - Finlabo Inv Dynamic Equity R	-	8,74	4,65	23,40	4,62	8,54	-
<input type="checkbox"/> FE - GAM Star Absolute Europe EUR Inc	-	10,41	1,37	22,40	4,44	-	-
<input type="checkbox"/> FE - Henderson Horizon Fund - Pan European Alpha Fund A1 EUR Inc	-	7,31	3,39	21,70	9,78	13,41	-
<input type="checkbox"/> FE - Henderson Horizon Fund - Pan European Alpha Fund A2 EUR Acc	-	7,13	3,39	21,56	9,23	13,05	-
<input type="checkbox"/> FE - Henderson Horizon Fund - Pan European Alpha Fund X2 EUR Acc	-	7,28	3,40	21,27	8,97	12,82	-
<input type="checkbox"/> FE - GAM Star Absolute Europe USD Inc	-	12,03	2,72	20,20	3,90	-	-
<input type="checkbox"/> FE - RiverCrest European Equity Alpha Fund Class B GBP	-	-	2,20	18,25	-	-	-
<input type="checkbox"/> FE - RiverCrest European Equity Alpha Fund Class B EUR Hedged	-	-	2,12	17,94	-	-	-
<input type="checkbox"/> FE - Alken Absolute Return Europe A	-	-	2,66	16,87	-	-	-

Last update on 01/17/2014

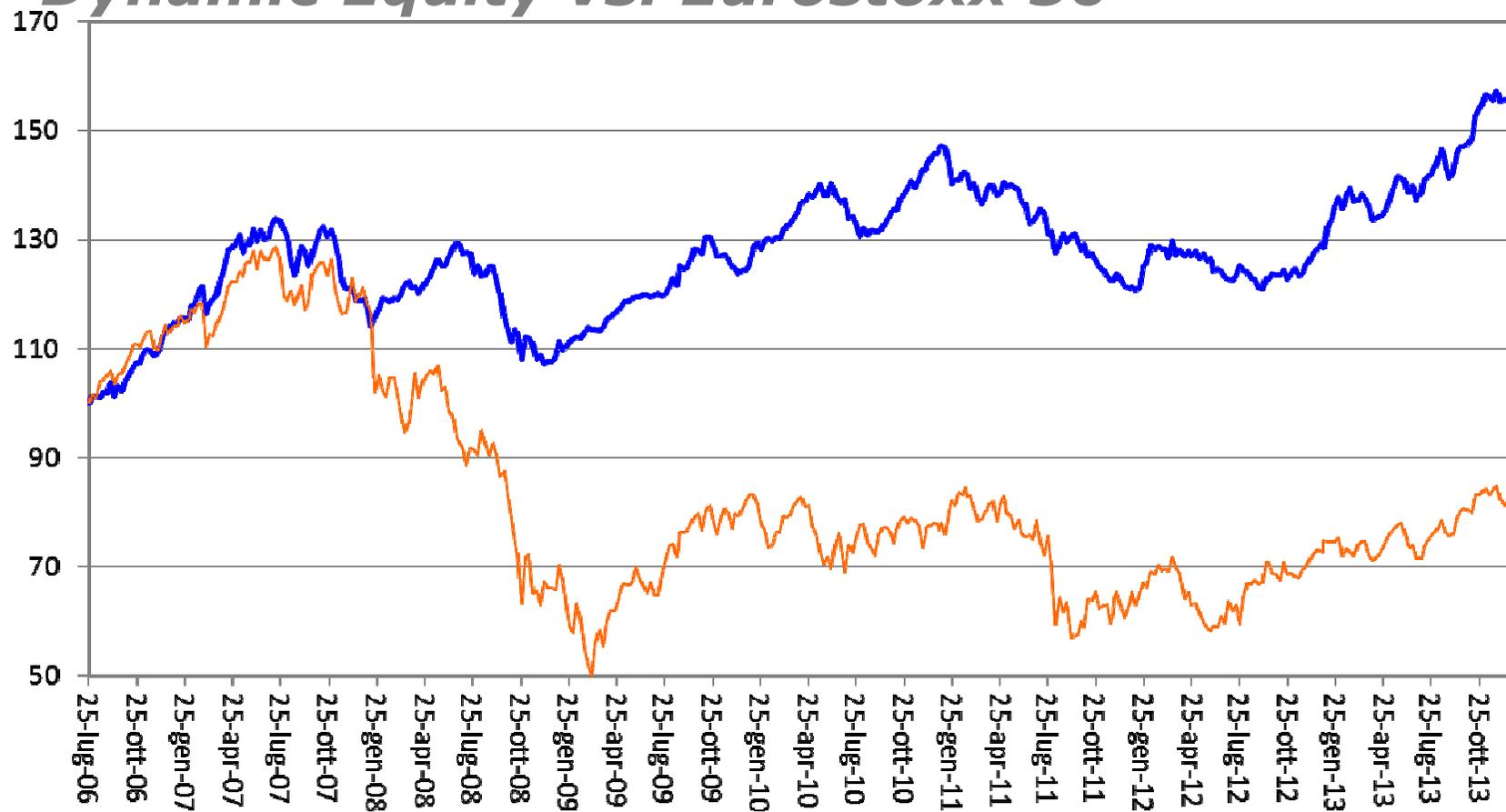


## *How did we perform in this environment ?*

- 2013 has been the best ever year for the Finlabo Dynamic Equity Fund
- The Fund gained +22.72% YTD vs +17.9% for the EuroStoxx 50 Index
- The Fund maintained an average volatility of about 7% this year, 2/3 less than the Estoxx50 index
- The strong performance was due to the very good job of our Stock Picking Model (long portfolio gained more than 30% in 2013)
- We are the best performing Fund according to both Morningstar and LuxHedge



## Dynamic Equity vs. Eurostoxx 50



— Finlabo Dynamic Equity  
— DJ Estox50 return

6,7%	8,8%	0,62	15,0%	3,56%
-2,0%	23,9%	-0,14	1,7%	0,34%
Annualized return	Standard deviation	Sharpe Index	Perf. since 18 Feb 11	Perf. Year To Date



## Some example of extraordinary stocks

Es.: Reply(ITA)

Italian IT system provider

Bought at a P/E of 6

Still in portfolio





## Some example of extraordinary stocks

Es.: **Cementir(ITA)**

Italian cement producer  
Bought at a P/BV of 0,3  
Still in portfolio





## *Some example of extraordinary stocks*

Es.: **KBC Group (BEL)**

Belgian Bank

Bought at a P/BV of 0,3

Still in portfolio





## Some example of extraordinary stocks

Es.: Freenet

German Telco

**Both grow and value play**





## *Some recently bought stocks*

Es.: **Unicredit**

Italian second largest bank





## Some recently bought stocks

Es.: Porsche

Luxury car producer





## *Some final considerations:*

- European Equity market could have one of the greatest potential for capital growth due to low valuation and gradual macroeconomic improvement
- Monetary conditions will remain very supportive and indeed we believe that Draghi next year will start some sort of Quantitative Easing
- Finlabo Dynamic Equity has a very long track record (more than 7 years) in a tough environment, managing to produce an excellent performance (average annual return of about 7% and average std deviation of about 8,5%) thanks to:
  - Unique technology platform
  - Strong risk management approach
  - Unique ability to pick the best stocks especially among mid and small cap stocks

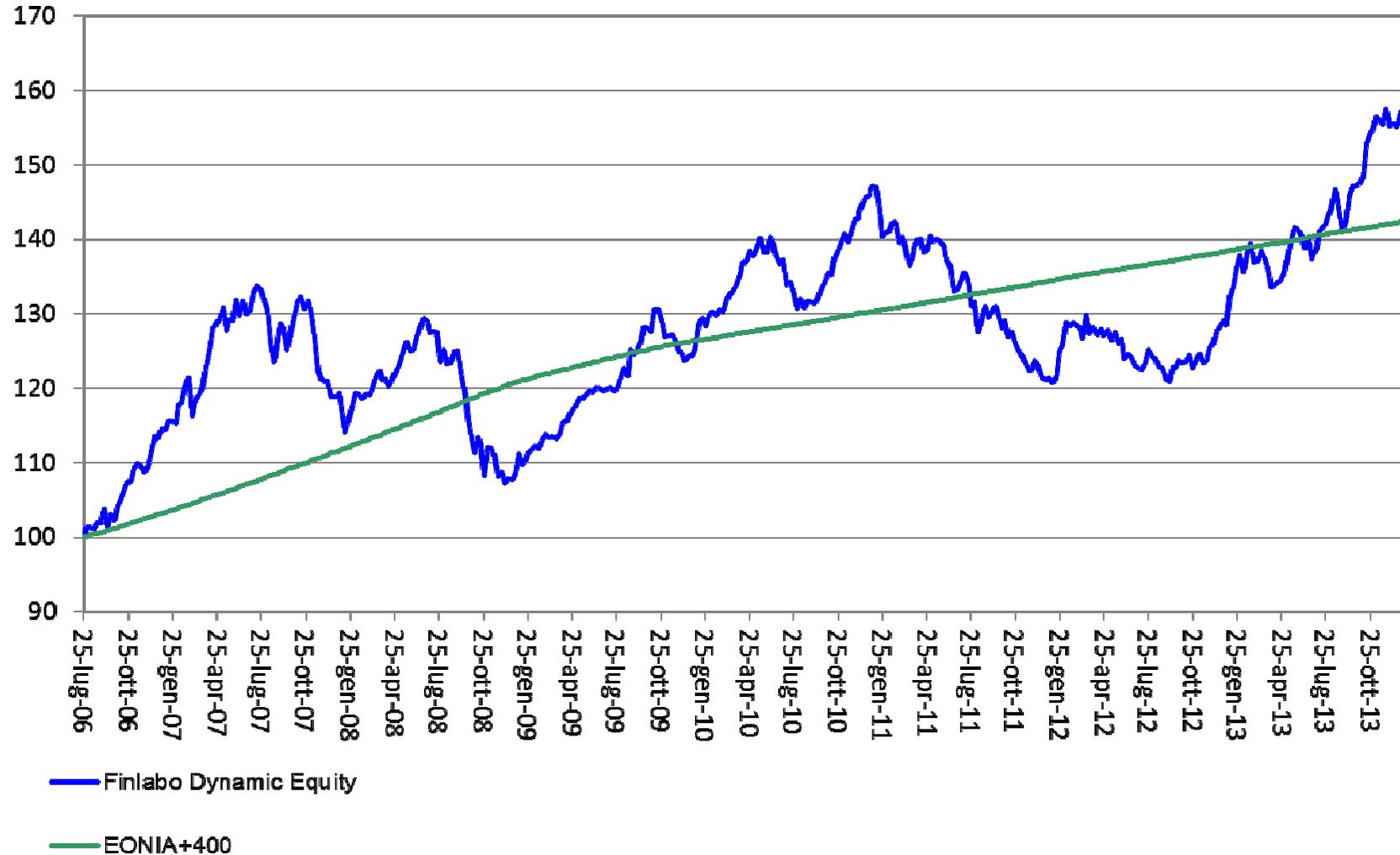


## *Finlabo Dynamic Equity main advantages:*

- Long short approach aiming to have equity like returns in bull market (actually our fund outperformed the market in most years) while reducing volatility and drawdown
- Negative correlation with bond market and low correlation (0.3 on average) with equity markets
- Daily NAV and liquidity
- No leverage
- Maximum transparency (disclosure of entire portfolio on request)
- Very robust investment management process
- Very deep involvement of the management team (managers are main shareholders of the manco and have most of their investments in the fund)

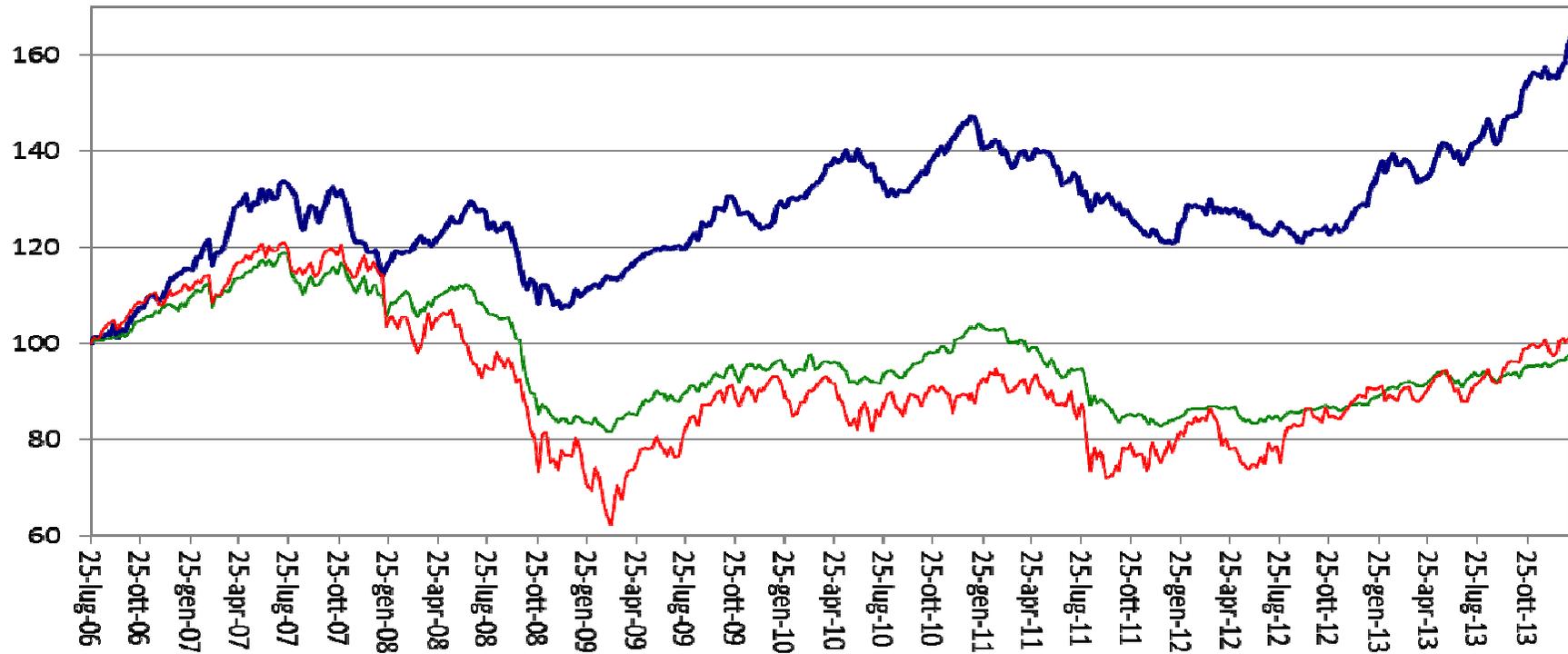


## Historical performance vs target (EONIA+400)





## Performance vs benchmark

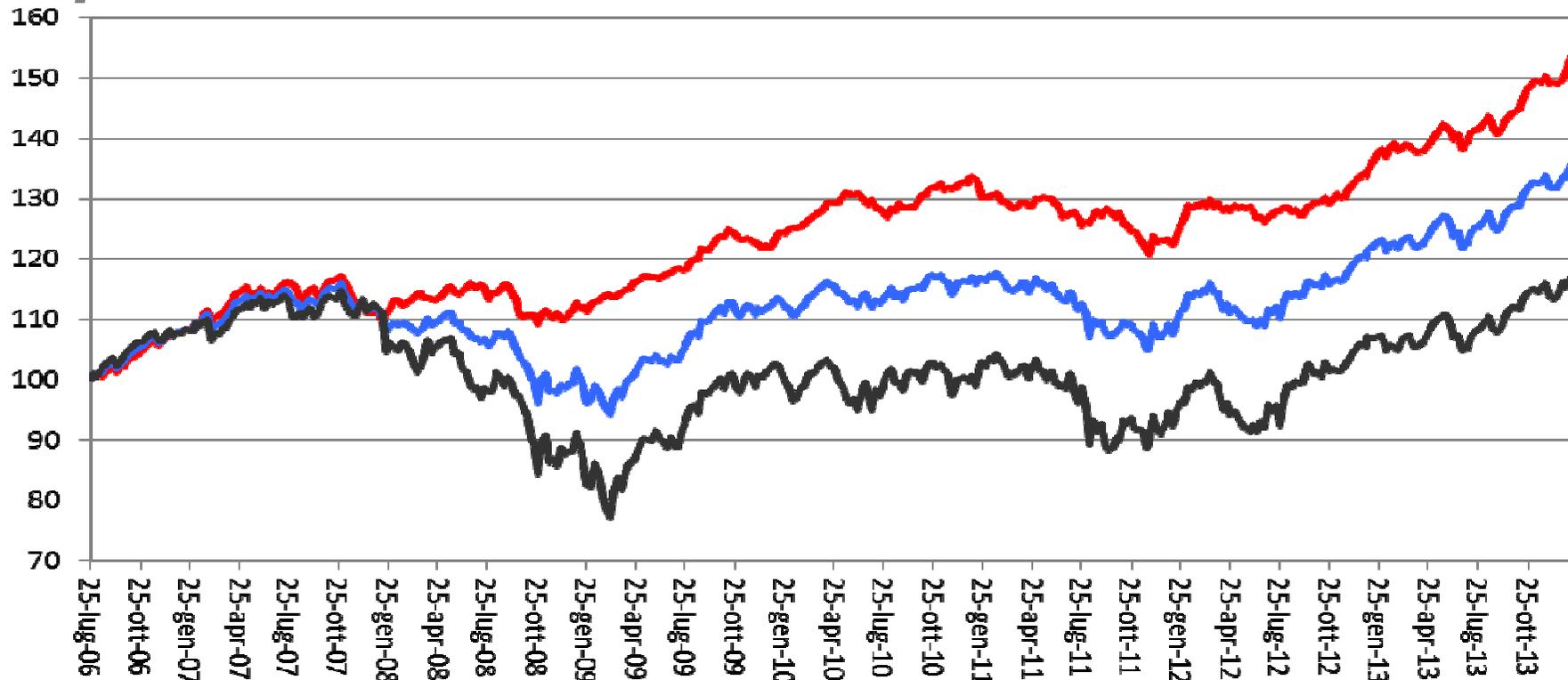


— Finlabo Dynamic Equity  
— HFRX Equity Hedge  
— 75% Estoxx50 Ret 25% Iboxx Sov

	6,7%	8,8%	0,62	15,0%	3,56%
	-0,3%	8,3%	-0,19	-4,9%	1,1%
	0,2%	18,0%	-0,06	7,4%	0,5%
	Annualized return	Standard deviation	Sharpe Index	Perf. since 18 Feb 11	Perf. Year To Date



## Finlabo Dynamic Equity in a balanced portfolio



- 50% Iboxx Sov+ 50% Finlabo Dyn
- 50% Iboxx Sov+ 25% Finlabo+ 25% Estox
- 50% Iboxx Sov + 50% Estox

	5,8%	4,6%	0,99	17,4%	2,0%
	4,1%	6,9%	0,41	15,3%	1,7%
	2,1%	11,9%	0,07	12,3%	1,3%
Annualized return	Standard deviation	Sharpe Index	Perf. since 18 Feb 11	Perf. Year To Date	



## Fund Information

<b>Fund General Information</b>	
Fund Name	Finlabo Investments Sicav-Dynamic Equity
Management Company	Casa4Funds SA
Investments Manager	FinLABO SIM SpA
Custodian	Banque de Luxembourg SA
Administrator	EFA, European Fund Administration SA
Auditor	Deloitte S.A.
Legal structure	Luxembourg Sicav, under directive 2009/65/EC (UCITS IV)
Registered for Sale	Luxembourg, Italy
Available class of shares	R: Retail; I: Institutional; P: Private
Management Fee (Class R)	2,0%
Management Fee (Class P)	1,7%
Management Fee (Class I)	1,5%
Performance Fee	20% (hurdle rate EONIA +400b.p.)
ISIN (Class R)	LU0507282696
ISIN (Class P)	LU0507282779
ISIN (Class I)	LU0507282852
Bloomberg (Class R- P- I)	
NAV Calculation	Daily (Cut off Time 4,00 p.m.)
Fund Start	25/07/2006
Risk Profile	Medium/High
Investment Horizon	3-5 years
Currency	Euro
Investment Strategy	Long-Short Equity
Asset Class	Equity, Bond, Cash, Derivatives



## ***Disclaimer***

Finlabo Investments Sicav-Dynamic Equity is a compartment of Finlabo Investments Sicav, a SICAV incorporated under part I of Luxembourg law. The fund prospectus is available at Casa4Funds (Europe) S.A. 41, boulevard Royal, L-2449 Luxembourg.

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