

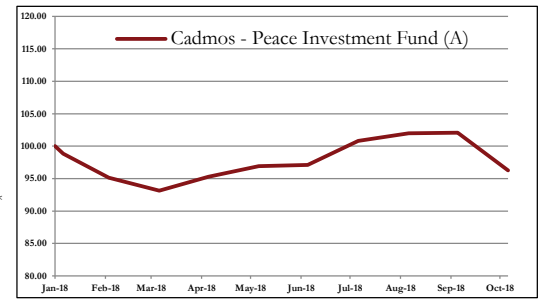
## CADMOS - PEACE INVESTMENT FUND – CL. A

OCTOBER 2018

### PERFORMANCES

	10/18	2018 *
<b>Fund</b>	<b>-5.7%</b>	<b>-3.7%</b>

Since \*  
launch  
**-3.7%**



\*Performance since launch date on January 26, 2018

### MANAGER'S COMMENT

Global equities had one of their worst month since the financial crisis. The most likely causes for this correction are 1) US monetary tightening and the decline in global liquidity, 2) political uncertainty in Europe (Italy, Brexit and now Germany ...) and 3) fears related to the evolution of global growth, especially in China. This stock market correction was indiscriminate among equities but growth and quality names that posted strong year-to-date performance suffered the most. In our view, the key catalyst to stabilise the markets would be the easing of the US/China trade tensions, which could happen after the US mid-term elections.

The Cadmos Peace Investment Fund returned this month -5.69%. Best performers were companies exposed to defensive sectors (J&J, Adidas, Nestlé, Unilever, Pepsico, L'Oréal, Apple) or supported by visible and recurring revenues (Linde). Some of our companies released solid quarterly results but were the victim of a severe asset rotation out of quality/growth (Sika, Alphabet, Mastercard) while disappointing results were strongly punished (AB Inbev, Philips, Colgate, 3M, ABB). Furthermore, similar to the previous month, our companies related to semiconductors suffered on fears that the cycle is turning (Atlas Copco) and those exposed to China (Standard Chartered) underperformed on slowdown fears.

### TOP 10 HOLDINGS

Apple Inc	4.0
Linde Plc	3.7
Mastercard Inc - A	3.6
Nestle Sa-Reg	3.5
Johnson & Johnson	3.4
Pepsico Inc	3.3
Unilever Nv-Cva	3.3
Axa Sa	3.2
Adidas Ag	3.2
Total Sa	3.2

### SECTOR ALLOCATION

Industrial Goods & Services	18.1
Food & Beverage	16.8
Personal & Household Goods	13.0
Technology	12.7
Health Care	10.0
Insurance	6.8
Oil & Gas	6.5
Chemicals	4.0
Financial Services	3.9
Banks	3.0

### REGION BREAKDOWN

European Union (ex-UK)	47%
United States	26%
Switzerland	12%
Great Britain	10%
Emerging Markets	3%

### QUANT. & STAT. INFORMATION

Fund Size (EUR mios)	13.5
NAV EUR	96.26
Number of holdings	31

### INVESTMENT POLICY

The Cadmos - Peace Investment Fund's aims to generate robust financial performances by investing in leading listed global companies active in fragile states. It is the first Fund to engage companies simultaneously and foster progress on peacebuilding as well as on material ESG issues.

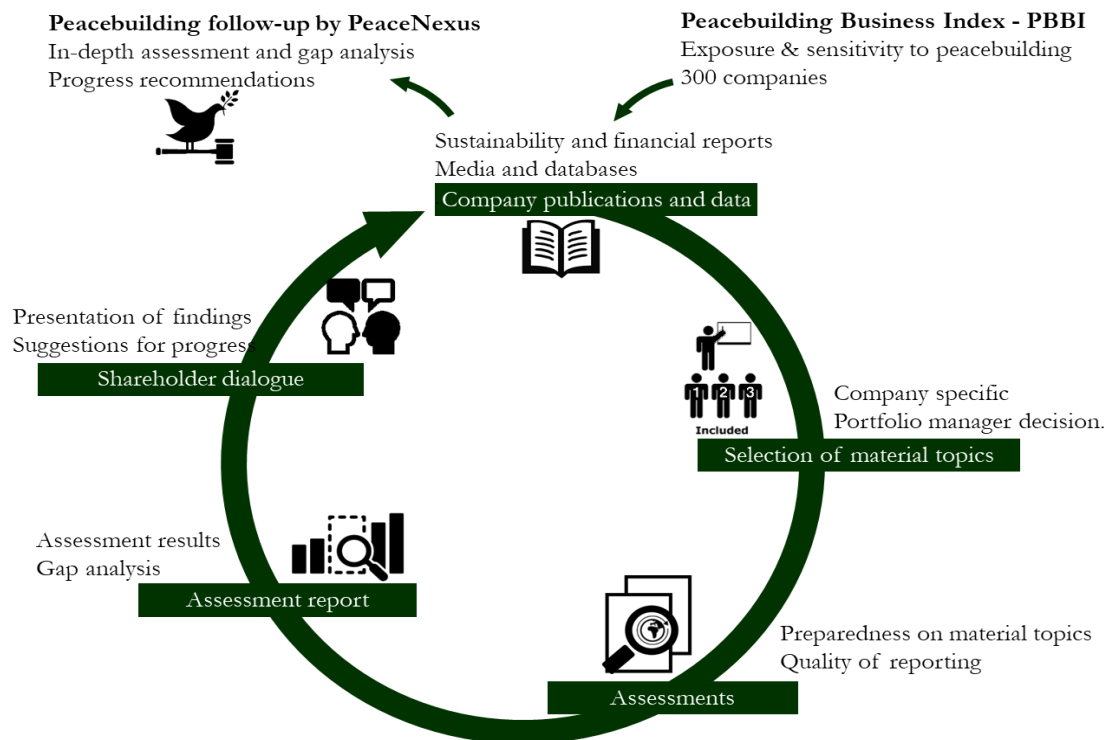
Together with the expertise of its consultants, the PeaceNexus Foundation, Covalence and BHP Bruggen & Partners, the Fund is an active shareholder and guides companies to improve their contribution to peacebuilding by providing strategic and technical assistance to companies.

Cadmos' Buy & Care® strategy and the Peace Investment Fund in particular allows investors to align their financial performance objectives and responsibility as shareholders, by actively contributing to a positive global social impact.

### GENERAL INFORMATION

ISIN	LU1731104300
Bloomberg	CADPIFA LX
Value Number	TBD
Launch date	26.01.2018
Benchmark	None
Fund Manager	de Pury Pictet Turrettini & Cie SA
Custodian	Pictet & Cie (Europe)
Promoter	de Pury Pictet Turrettini & Cie SA
Fund Type, reg.	SICAV - UCITS V
Trade date (Cut-off)	Wednesday (16:00 Lux)
Settlement date	Trade date +2 days
Distribution	None
Management fee	1.5%

After a successful pilot phase, Cadmos started the 2018-2019 peacebuilding engagement cycle



## 2017-2018 Pilot Peacebuilding Engagement Process

In 2017, before even launching the Fund, we selected 10 companies to test and validate Cadmos' additional innovative peacebuilding engagement methodology. All companies within the Cadmos Peace Investment Fund have been selected due to their large economic footprint in fragile countries, a higher than average peacebuilding sensitivity and above all because they represent an interesting investment opportunity. Eligible companies for the Fund are selected by the portfolio manager based on PPT's investment methodology focusing on the sustainability of the company's competitive advantage, its growth prospects, profitability and returns. The portfolio managers' participation in the engagement meetings together with our sustainability and peacebuilding experts who together formulate progress recommendations remains Cadmos' unique selling proposition.

## Peacebuilding engagement performance from the pilot phase

- 10 pilot companies were assessed on their "peacebuilding embeddedness".
- 9 company meetings to discuss the findings of the PBBI and our specific "peacebuilding embeddedness assessment".
- 9 companies accepted to conduct one or more follow-up meetings with our peacebuilding experts from PeaceNexus.
- 2 companies accepted a thorough peacebuilding assessment highlighting their gaps and providing progress recommendations.

### Example:

After a first call with the engagement team, SAP showed an interest in exploring different topics including peacebuilding to demonstrate SAP's contribution to society as a whole. In a follow-up call with NexusVesting, SAP committed to collaborate on an in-depth peacebuilding assessment of the company. They suggested to organise meetings with various key SAP employees and teams such as ARIBA that has for instance developed a software helping clients to identify risks in their supply chain to prevent child or forced labour. The thorough peacebuilding assessment has been well received by SAP and is currently discussed internally. Our report contains a number of recommendations including first developing an SDG 16 policy contributing to the stabilization of fragile economies.

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Cadmos Fund Management, 15A, avenue J.F. Kennedy, L-1855 Luxembourg

de Pury Pictet Turrettini & Cie S.A. is a signatory of the Principles for Responsible Investment:  
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