

## Monthly Report

### FUND DESCRIPTION

MercLin Institutional Equity Fund RDT-DBI (sub-fund of MercLin Institutional Fund) meets the requirements imposed by the applicable regulations to benefit from the Definitely Taxed Income regime (DBI-RDT): the sub-fund distributes at least 90% of the received income, after deducting salaries, commissions and charges. The company-shareholder can – as of income year 2018 – deduct 100% from the taxable basis of the income distributed by the sicav resulting from dividends or from capital gains on shares, which meet the requirements of the DBI-RDT deduction. The fund follows the equity strategies of the MercLin Global Equity fund.

### RESULTS<sup>2,3</sup>

	YTD	2018	2017	2016	2015	2014	2013	2012	2011
MercLin DBI/RDT R	+23,30%	-10,14%	+5,74%	+8,74%	+12,98%	+20,14%	+22,74%	+7,97%	+1,53%
MercLin DBI/RDT F	+23,52%	-10,01%	+5,95%	+8,94%	-	-	-	-	-
MSCI AC World Euro <sup>6</sup>	+26,79%	-4,85%	+8,89%	+11,09%	+8,76%	+18,61%	+17,49%	+14,34%	-4,25%

<sup>3</sup> It concerns annual (except YTD) performance numbers based on historical data and which are no guarantee of future results. YTD is a cumulative return over a period from the 1st of January of the current year till a given date (see above) in the current year.

<sup>6</sup> MSCI AC World Euro Net dividend reinvested. The investment policy of the subfund does not include a tracking error objective with the benchmark. Performances of the subfund may therefore vary from the performance of the benchmark.

### MANAGER'S COMMENT

During 2019, one of the main changes in the fund's asset allocation has been an increased exposure to healthcare. The sector currently makes up around 15% of the fund, well in excess of the close to 10% it represented at the start of the year. As is often the case, the increased conviction is a direct result of the divergence between market sentiment and actual performance. The healthcare sector is increasingly unloved by investors, who stress heightened regulatory risk in the form of drug pricing reform. This pessimistic attitude stands in sharp contrast to the actual financial performance of the sector. The average company guidance for the healthcare components in the fund calls for +7.5% sales growth and +14% earnings per share growth for 2019. These are hardly numbers to complain about. As for the future, it is important to bear in mind that Asia Pacific currently makes up some 10-15% of turnover for the companies in question. The combination of a rising middle class, a lack of local drug manufacturing expertise and a high prevalence of debilitating diseases such as diabetes and cancer, are creating a highly favourable backdrop for growth that can be sustained for years to come. In conclusion, the healthcare sector today represents a rare investment opportunity for those willing and able to take the longer-term view, unfazed by potential near-term regulatory risk, which in any case already seems priced in at the moment.

### TOP 10 STOCKS

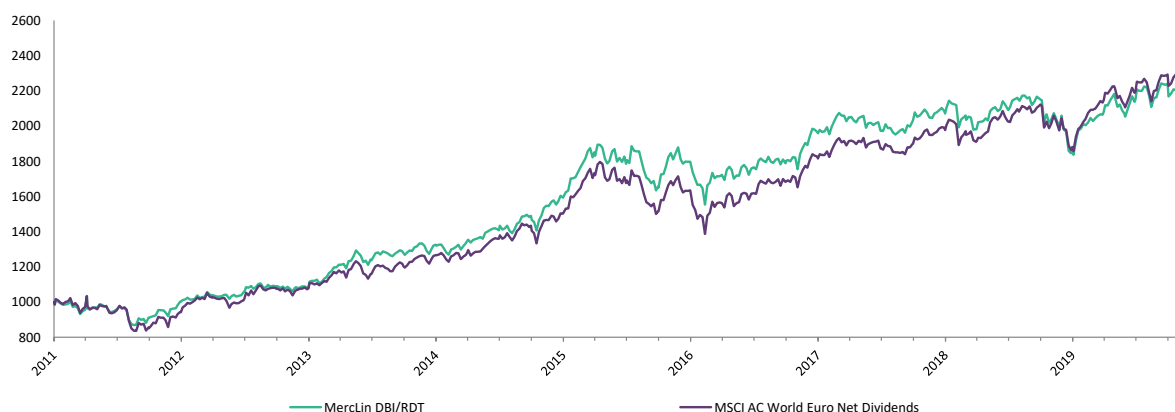
1	Berkshire Hathaway	7,29%
2	Microsoft	5,03%
3	Fairfax Financial	5,03%
4	Alphabet	4,66%
5	Citigroup	4,46%
6	Facebook	4,31%
7	AB InBev	3,76%
8	Goldman Sachs	3,62%
9	Medtronic	3,51%
10	Johnson & Johnson	3,33%
		45,00%

### RETURN<sup>2</sup>

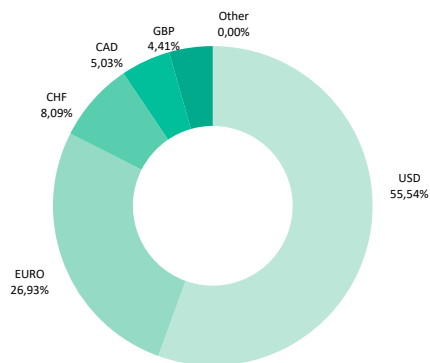
Annualized Returns <sup>4</sup>	MercLin DBI/RDT R	MercLin DBI/RDT F	Benchmark <sup>2</sup>
1 year	+11,28%	+11,50%	+16,73%
3 years	+7,31%	+6,55%	+10,40%
5 years	+8,25%	-	+9,86%
Ann. since inception	+9,79%	+7,56%	+10,23%
Cum. since inception	+130,31%	+32,87%	+138,57%

<sup>4</sup> The return figures indicated above do not include commissions eventually linked to the issuing and redemption of shares. These are annualized returns based on historical data, which offer no guarantee of future returns.

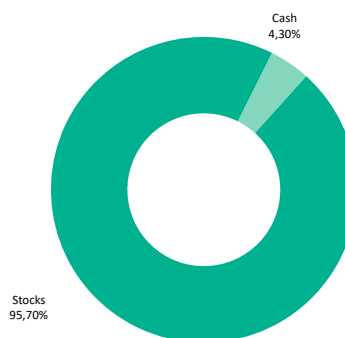
### NAV GRAPH<sup>3,4</sup>



## CURRENCY



## ASSET ALLOCATION



## GEOGRAPHICAL EXPOSURE

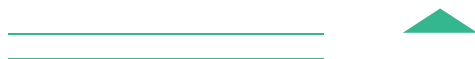
USA	58,03%
Euro Zone	23,65%
Switzerland	8,45%
Other	5,26%
Great Britain	4,61%
Emerging Markets	0,00%
Japan	0,00%

## SECTOR EXPOSURE

Consumer Goods	19,30%
Financials	20,72%
Healthcare	19,61%
Information Technology	17,80%
Holding Companies	11,07%
Consumer services	7,23%
Industrials	4,27%
Other	0,00%
Energy	0,00%

## LAST BUY - SELL

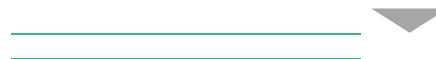
### BUY



### INCREASE



### SELL



### REDUCE



## TECHNICAL DATA

Fund Name:	MercLin Institutional Fund
ISIN MercLin DBI/RDT R:	BE6213770470
ISIN MercLin DBI/RDT F:	BE6282942588
Bloomberg:	MERCINS BB
Domicile:	Guimardstraat 18, BE-1040 Brussels, Belgium
Legal status:	Belgian institutional SICAV with sub-funds in financial instruments and liquid assets
Type of shares:	Distribution
Management company:	Degroof Petercam Asset Services S.A.
Financial Agent:	Banque Degroof Petercam S.A.
Custodian:	Banque Degroof Petercam S.A.
Delegation of the administration:	Degroof Petercam Asset Services S.A.
Delegation of intellectual management:	Mercier Vanderlinden Asset Management
Distributor:	Banque Degroof Petercam N.V.
Auditor:	PwC
Maturity:	Not determined
N.A.V. publication:	www.merciervanderlinden.com
Minimum subscription amount MercLin DBI/RDT R:	250.000,00 EUR
Minimum subscription amount MercLin DBI/RDT F:	50.000.000,00 EUR
Subscription fee:	Class F and R : 0% (Mercier Vanderlinden)
TOB on exit:	No
Withholding Tax:	30%
Tax on UCITS investing more than 10% of their assets in debt claims:	No
Performance Fee:	No
Anti-Dilution Protection:	0,08% at Subscription, 0,08% at Redemption
N.A.V. calculation:	Weekly on Thursday
Subscription/Redemption:	Before Thursday 1:15 PM
Assets Under Management:	286,0 m EUR
Inception:	17/11/2010

	Management Fee	Ongoing Charge <sup>5</sup>	ISIN
Class R	0,8% annual	0,90%	BE6213770470
Class F	0,6% annual	0,69%	BE6282942588

### Risk indicator:

1	2	3	4	5	6	7
Lower risk						Higher risk
Potentially lower rewards						Potentially higher reward
Does not mean a risk-free investment						

The value of an investment in a sub-fund increases or decreases over time. At the time of resale, the price of your shares may be less than the original price, representing a loss. If you invest in a sub-fund whose currency is different from your own, exchange rate fluctuations can also reduce your gains or increase your losses.

The above risk level is calculated on the basis of the sub-fund's volatility over the medium term (i.e. on the basis of actual changes in its value over the last five years or on a simulation, if the subfund was created within that period). The volatility of the sub-fund may increase or decrease over time, which may change its risk level.

### The subfund's risk level reflects the following factor(s):

Equity investments have greater volatility and higher risk than investments in bonds and money market instruments. The risk level does not reflect the potential impact of unusual market conditions or unforeseen events that may increase risk or trigger other risks such as:

- Counterparty risk: the subfund can lose money as a result of the failure of a market player with which it does business.
- Credit risk: risk associated with bonds becoming worthless when the issuer of the bond is not able to repay its debt on maturity.
- Liquidity risk: some financial securities may be impossible to sell quickly at a given time or may have to be sold at a discount.
- Management risk: under abnormal market conditions, the usual management techniques may be ineffective or unfavourable.
- Operating risk: in any market, and especially in the emerging markets, the subfund may lose some or all of its money if there is a failure in the custody of assets or in case of fraud, corruption, political actions or any other adverse event.

In case of **complaints** concerning this fund, please send an email to [compliance@mvam.eu](mailto:compliance@mvam.eu). If you do not obtain a satisfactory response, you can always contact the Ombudsman of the financial services sector through the website: <http://www.ombudsfin.be/en/individuals/introduce-complaint/>.

The **information document** and the **periodic reports** are available free of charge with the financial agent: Banque Degroof Petercam S.A., 44 rue de l'Industrie, B-1040 Brussels. Every investor took note of the information document and any subscription should be made on the basis of this document.

<sup>2</sup> Source data: Bloomberg, Morningstar & Banque Degroof Petercam Luxembourg.

<sup>5</sup> Ongoing charge: charges taken from the subfund over a year (including management fees).