



# MERCLIN PATRIMONIUM

Management company: DPAS<sup>2</sup>, delegated to Mercier Vanderlinden Asset Management

## Monthly Report

Date:	December 31, 2017
Price Class R:	1 833,40 EUR
Price Class C:	1 531,85 EUR
Price Class R dis:	1 793,41 EUR
Price Class C dis:	1 513,56 EUR
Morningstar <sup>1</sup> Rating™:	★★★★★

### FUND DESCRIPTION

The objective of the fund is to increase the value of your investment over the medium- to long-long term. Under normal market conditions, the fund primarily invests in a diversified portfolio of equities and bonds from all countries worldwide, including from emerging countries. The fund may invest directly in equities or bonds, or indirectly by investing in units of other investment funds or in certificates of deposit. In order to take advantage or hedge against market fluctuations, or for effective portfolio management, the sub-fund may use derivatives. The Fund Manager will select the various investment classes, sectors and countries in a flexible manner, on the basis of macroeconomic and financial criteria. This fund is suitable for investors who understand the risks of the fund and who wish to invest for a minimum investment horizon of 3 to 5 years.

### PERFORMANCE<sup>3</sup>

	YTD**	2016	2015	2014	2013	2012	2011	2010
<b>MerclIn II Pat R</b>	<b>+5,04%</b>	+8,27%	+7,58%	+10,95%	+12,79%	+8,87%	-1,50%	+11,67%
<b>MerclIn II Pat C</b>	<b>+4,62%</b>	+7,83%	+7,15%	+10,50%	+12,48%	-	-	-
Ranking Morningstar <sup>1</sup> %	40	5	6	11	9	51	15	11

\* These annual (except YTD) performance numbers are based on historical data and are no guarantee for future results.  
\*\*YTD is the cumulative performance since the 1st of January of the current calendar year.

### MANAGERS' COMMENT

The fund did not really profit from the end-of-year rally, as it suffered a loss due to a fraud that has been declared by the Steinhoff company. At the beginning of the month, this affordable furniture specialist and IKEA's main competitor, announced that it was unable to publish its annual audited figures due to an accounting irregularity. The general manager, Markus Jooste, was dismissed and the group's bonds dropped by 50%.

Although to this date we do not know the extent of the irregularities yet and notwithstanding the fact that all signals were green when we analysed this company (family shareholding, globally diversified company, portfolio of known brands (Conforama, Mattress Firm, Poundland, ...), limited debt, strong cash flow, an investment grade rating at Moody's, ...), as investors we are never immune from fraud, even if the accounts are audited by Deloitte and the company is under the control of the BaFin (Financial Regulatory Authority in Germany). This case demonstrates the importance of having a diversified portfolio that limits losses when this type of problem occurs.

### TOP 5 STOCKS

1	Berkshire Hathaway	2,62%
2	Microsoft	2,29%
3	Fairfax Financial	2,15%
4	Fiat	2,03%
5	AB Inbev	1,81%
		10,90%

### TOP 5 OTHERS

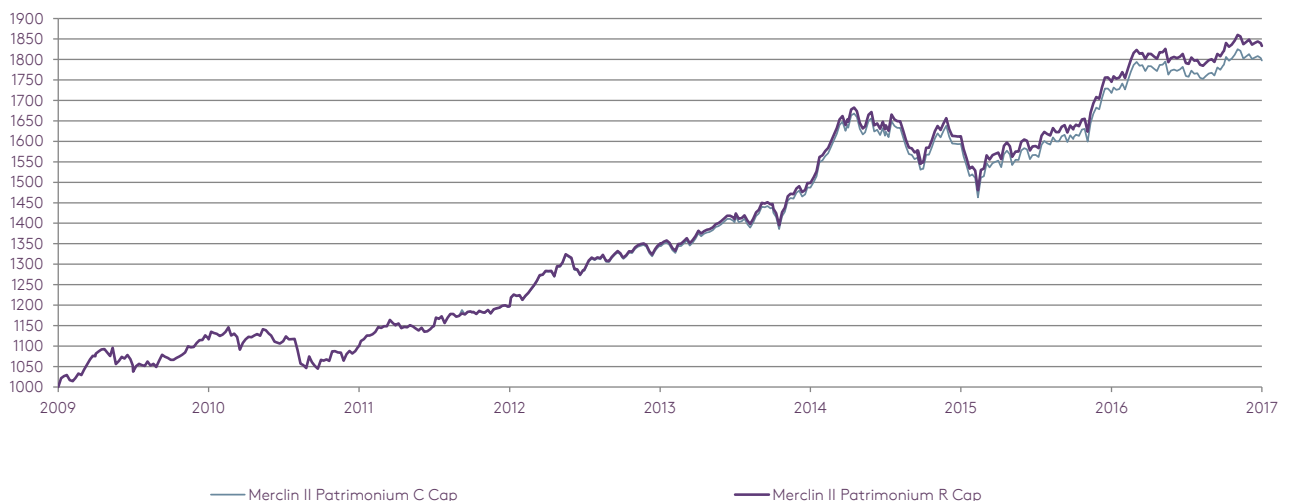
1	Nama Perp Call 2020	1,17%
2	Folli Follie 2019	0,85%
3	Steinhoff 2023	0,78%
4	Eurofins Perp call 2023	0,72%
5	RBS 5,5 Perp	0,70%
		4,22%

### RETURN<sup>5</sup>

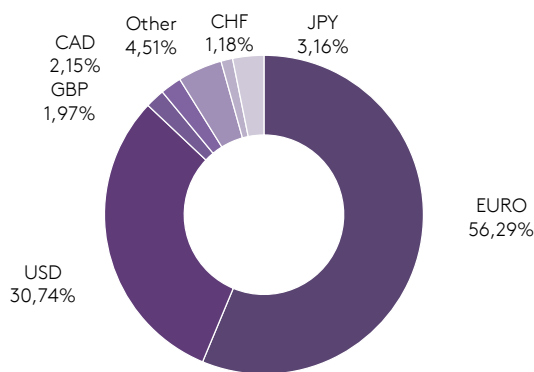
Annualized <sup>4</sup>	MerclIn II Pat R CAP	MerclIn II Pat C CAP
1 year	+5,04%	+4,62%
3 years	+6,96%	+6,53%
5 years	+8,89%	
Annualized since inception	+7,87%	+8,31%

<sup>4</sup>The return figures indicated above do not include commissions eventually linked to the issuing and redemption of shares, nor stock exchange turnover tax. Based on historical data, which offer no guarantee of future returns and can even be misleading. Performance is calculated on a cumulative basis for periods under one year and on an actuarial basis for periods of over one year. Performance of the MerclIn II Patrimonium R Cap up to 30.06.2013 were achieved under the scope of a fund governed by Section II of the Law of 17 December 2010 on undertakings for collective investment. Inception of MerclIn II Patrimonium C Cap is 30.08.2012.

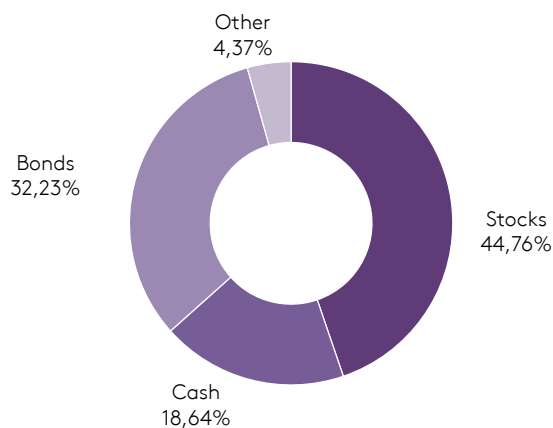
### NAV GRAPH<sup>3,4</sup>



## CURRENCY



## ASSET ALLOCATION



## SECTOR EXPOSURE

Banks	13,20%
Consumer Services	11,05%
Consumer Goods	9,43%
Technology	7,74%
Healthcare	6,88%
Industrials	4,38%
Insurance	4,33%
Holding Companies	4,26%
Telecom	2,59%
Oil & Gas	1,61%
Basic Materials	0,28%
Other	34,25%

## BONDS

Government	0,00%
Floating Rate Investment Grade	0,00%
Floating Rate High Yield	6,35%
Corporate Investment Grade	1,13%
Corporate High Yield	3,69%
Corporate Hybrids	4,25%
Financial Senior	0,90%
Financial Subordinated	8,41%
Convertibles	5,81%
Mutual Funds	1,69%

## LAST BUY - SELL

### BUY

Akuo 2023  
Picard 2023  
TEVA 2026

### INCREASE

Garfunkel 2023  
GVM 2018  
RBS Perp

Fairfax  
Adient

### SELL

AroundTown Perp  
Sarens 2022  
Steinhoff 2022

Arcos Dorados

### REDUCE

## TECHNICAL DATA

<b>Fund Name:</b>	MerLin II SICAV
<b>Manufacturer:</b>	Degroof Petercam Asset Services
<b>Domicile:</b>	Luxembourg
<b>Legal Status:</b>	SICAV subject to Part I of the Luxembourg law of December 2010
<b>Type of shares:</b>	Capitalisation & Distribution
<b>Belgian Financial Agent:</b>	Banque Degroof Petercam S.A.
<b>Custodian:</b>	Banque Degroof Petercam Luxembourg S.A.
<b>Transfer Agent:</b>	Banque Degroof Petercam Luxembourg S.A.
<b>Management company:</b>	Degroof Petercam Asset Services
<b>Manager:</b>	Mercier Vanderlinden Asset Management
<b>Auditor:</b>	KPMG-audit
<b>Maturity:</b>	not determined
<b>Share Price Publication:</b>	De Tijd, L'Echo, www.merciervanderlinden.com
<b>Minimum subscription:</b>	1 share
<b>Subscription fee:</b>	Max. 3% (0% Mercier Vanderlinden)
<b>Swing pricing:</b>	no
<b>Redemption fee:</b>	0%
<b>TOB on exit:</b>	1,32% / max € 4000
<b>Tax on UCITS investing more than 25% of their assets in debt claims</b>	Yes (30%)
<b>Withholding Tax:</b>	30%
<b>N.A.V. calculation:</b>	Weekly on Thursday
<b>Subscription/Redemption:</b>	Before Thursday 2.00pm
<b>Performance fee:</b>	no
<b>Assets under management:</b>	1.129 m EUR
<b>Inception:</b>	31/12/2009

<sup>1</sup> For further information about Morningstar Rating™ and Ranking Morningstar®, please visit the Morningstar website on [www.morningstar.be](http://www.morningstar.be).

Specific information concerning MerLin II Patrimonium 'R' cap can be found on <http://www.morningstar.be/be/funds/snapshot/snapshot.aspx?id=F000000UI0>

In case of complaints concerning this fund, please send a email to [compliance@mvm.eu](mailto:compliance@mvm.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/>.

	Management Fee	Ongoing Charge <sup>5</sup>	ISIN	Bloomberg
<b>Klasse R:</b>	0,8% annually	1,10%	LU0476058226	MERPATR LX
<b>Klasse C:</b>	1,2% annually	1,50%	LU0819995118	MERPACC LX
<b>Klasse R dis:</b>	0,8% annually	1,09%	LU1082460731	MERRDIS LX
<b>Klasse C dis:</b>	1,2% annually	1,50%	LU1082460491	MERPACD LX

**Risk Indicator:** please consult the KIID and/or the Prospectus for more details.

Typically lower risks and rewards 1 2 3 4 5 6 7 Typically higher risks and rewards

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

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.
- Risk of derivatives: some derivatives may increase the volatility of the subfund or expose the subfund to losses that are higher than the price of the derivatives.
- 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.

The prospectus, the KIID and the periodic reports are available free of charge from the Belgian representative of the financial agent: Bank Degroof Petercam S.A., 44 rue de l'Industrie, B-1040 Brussels or on [www.merciervanderlinden.com](http://www.merciervanderlinden.com). Any subscription in the fund should be done on the basis of the prospectus and/or the KIID.

<sup>3</sup> Source data: Bloomberg, Morningstar & Bank Degroof Petercam Luxembourg. Reference period January 1st to December 31st, except for actual year (YTD), where reference period is January 1st to date of this report.

<sup>5</sup> Ongoing charge: charges taken from the subfund over a year.