

Entretien avec Vafa AHMADI, Responsable de la Gestion Actions Thématiques et Sectorielles & Clément MACLOU, Gérant de CPR Invest - Silver Age

La thématique du vieillissement permet-elle de générer une croissance supérieure à la moyenne ?

Pourriez-vous nous présenter CPR Invest-Silver Age?

CPR Invest – Silver Age, est l’un des deux compartiments (avec CPR Invest- Réactive, voir l’article publié en décembre 2014) de la Sicav de droit luxembourgeois CPR Invest, lancée le 29 août dernier, afin de faciliter la distribution des fonds CPR AM à l’international. CPR Invest Silver Age est nourricier du FCP (fond commun de placement) CPR Silver Age, lancé il y a maintenant plus de cinq ans, et qui rencontre un intérêt croissant de la part des investisseurs français. Ce fonds d’actions thématiques européennes, dont les actifs sous gestion dépassent maintenant les 700 millions d’euros, investit sur la thématique du vieillissement.

Pourquoi avoir misé sur la thématique du vieillissement?

A l’époque où nous avons créé le fonds, nous souhaitions apporter à nos investisseurs, qu’ils soient institutionnels ou patrimoniaux, une thématique d’investissement pérenne et robuste, dans un contexte de marchés incertain et volatil. Nous avons donc passé plusieurs thèmes en revue, et parmi ceux ci, le vieillissement de la population nous est apparu comme l’un des plus structurel, permanent et non cyclique. Statistiques à l’appui: le nombre de personnes âgées, en Europe comme

dans le monde, ne devrait cesser d’augmenter dans les années à venir. Cependant, les équipes de CPR AM s’interrogeaient sur l’impact financier de ce phénomène démographique: la thématique du vieillissement permet-elle de générer une croissance supérieure à la moyenne?



Afin de répondre à cette question, nous avons listé les entreprises que nous jugions sensibles à cette thématique et avons analysé les taux de croissance de leurs bénéfices et de leurs chiffres d’affaires: il s’est avéré que sur les 16 dernières années, ceux ci

étaient en moyenne supérieurs au reste de l’économie, et, de ce fait, vecteurs de performance. L’accélération de cette tendance, ainsi que son impact positif sur l’économie nous a confortés dans l’idée qu’elle pouvait susciter un réel intérêt pour nos investisseurs.

Comment caractériseriez vous votre approche?

Convaincus que cette thématique englobait plus que les « traditionnels » secteurs de la santé et de la dépendance, et que les personnes âgées sont des consommateurs à part entière, nous avons analysé leur schéma de dépenses. Notre approche s’est alors structurée autour de 7 secteurs, et de deux segments de population.

D’une part, les futurs/jeunes retraités: ces anciens baby boomers bénéficient d’un pouvoir d’achat relativement élevé, sont encore en bonne santé, et ont du temps: ils impactent positivement les secteurs des loisirs (tourisme, jardinage), des produits de soin (crèmes, produits d’intérieur), et de l’épargne financière (gestion d’actifs, assurances vie, banques privées).

D’autre part, les individus de plus de 80 ans, impactent positivement des secteurs tels que la dépendance (maisons de retraite) et de la sécurité (télé surveillance, télé médecine). Ces deux segments de consommateurs se rejoignent sur les secteurs de la

santé (médicaments), et des équipements de santé (prothèses, IRM...).

Cette approche multi sectorielle génère un univers d’investissement de près de 200 valeurs européennes, à partir duquel nous procédons à la sélection de titres. Le portefeuille final compte environ 60 titres, parmi lesquels L’Oréal, Securitas, Crédit Suisse, ou encore Roche. A fin décembre 2014, les secteurs ayant les poids les plus importants dans le portefeuille étaient les loisirs et la pharmacie.

Quelles sont vos ambitions pour les mois à venir?

Nous avons récemment fêté les cinq ans du FCP de droit français: le bilan est très positif, tant en termes de performances que de collecte, et témoigne de l’intérêt des investisseurs français pour cette thématique. Nous sommes convaincus que le déploiement de cette stratégie en Europe avec CPR Invest Silver Age peut répondre aux attentes des investisseurs européens, et ce quel que ce soit leur profil (institutionnels, banquiers privés, patrimoniaux...). Au-delà du Luxembourg, CPR Invest – Silver Age est aujourd’hui enregistré en Belgique ; des démarches similaires sont en cours sur les principaux pays de l’Europe Continentale.

Par ailleurs, ce phénomène impactant également la population mondiale, nous avons décidé de lancer une version «globale», en décembre dernier. Nous allons tout mettre en œuvre pour promouvoir ces déclinaisons dans les mois à venir, avec le soutien du Groupe Amundi, et espérons qu’elles rencontreront le même succès qu’en France.

Agriculture : long-term bullish

By Alexander ROOSE & Ignace De COENE, Senior Portfolio Managers, Petercam

Since 2012, corn prices have lost half of their value, and as of late September, prices have been trading around the USD 3/bushel level reached during the 2008-2009 period. Nonetheless, not a week goes by without headlines on potential food scarcity stemming from demographic pressure. How can these elements be explained? Is agriculture still a compelling investment theme?

Agricultural commodities

Looking at corn prices from a long-term perspective, despite the price decline seen over the past two years, the average price seen in recent years has been clearly higher than the one seen over the past few decades. That is the result of structural elements which are not expected to change soon. The most important elements include the introduction of bio-fuel mandates⁽¹⁾, leading to a surge in biofuel use, changing food habits in Emerging Markets (more protein-rich diets) and increasing production costs for growing row crops⁽²⁾. The latter element is key as production costs (seeds, fertilisers, machines) put a mid-term bottom under prices. Indeed, when variable costs outstrip revenues, a farmer will opt to leave his agricultural land to lie fallow, resulting in a recalibration of supply and demand dynamics.

The past two years have seen a negative price trend, as a result of two consequent banner crops, especially in the northern hemisphere, which caused inventories to rise, triggering a drop in price from record levels seen in 2012 caused by historic droughts in the United States. As a matter of fact, prices have even recovered somewhat, on the one hand because of technical reasons (including a late and wet harvest), and on the other hand because of structural reasons we have already discussed.

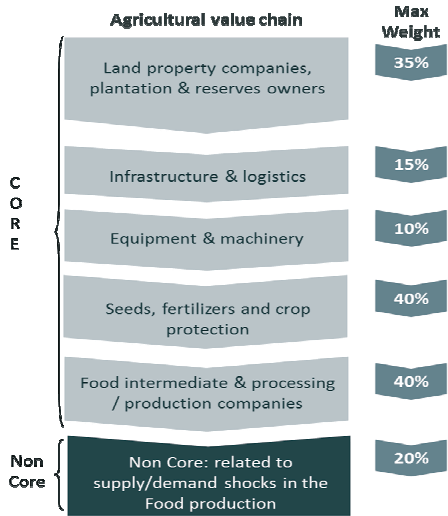
This lower price trend of recent years is mostly the result of favourable weather conditions, not only for corn, but also for other major crops. Most prices (in USD terms), with the exception of some exotic crops such as coffee and cocoa or meat, are at their lowest level since 2009.



Despite the unfavourable agricultural backdrop in 2014, the SICAV Petercam Equities Agrivalue performed decently last year, recording a performance of just over 17%⁽³⁾. In 2013, a similar trend was observed, with Petercam Equities Agrivalue significantly outperforming commodity prices.

Petercam Equities Agrivalue

This is mainly the result of the fund’s consistent strategy to build an optimally diversified portfolio, with buckets being allocated to different parts of the value chain.



As such, the portfolio manager has the leeway to overweight certain parts of the value chain and underweight others. As some parts of the value chain are not negatively impacted by rising crop prices, and even benefit from them (including logistic operators or producers of protein-rich foods including chicken or salmon), a position in these parts of the value chain significantly contributed to performance in 2014. As it is diversified throughout the entire value chain and enables us to actively take advantage of negative price evolutions, the agricultural industry boasts a unique advantage over other sectors that are linked to commodity prices, such as mining or the oil sector, which are unable to weather price shocks, or to a much lesser extent, by means of a sound and diversified positioning over the respective value chains.

The diversification of the portfolio remains the core of the fund’s investment strategy, not only in terms of the value chain, but also with regard to geography and market capitalisation of the companies it invests in. In addition to the diversification benefits and the favourable positioning of the portfolio, there have been other factors

contributing to the 17% performance tallied in 2014. Let’s look at them more closely.

In early 2014, approximately half of the portfolio had a P/E ratio of under 12, while institutional investors where dumping the leading agricultural ETF (MOO US) in the early weeks of 2014⁽⁴⁾. These two elements suggest that industry sentiment was extremely negative and that agricultural stocks were sold off indiscriminately. A combination of negative sentiment and low valuations were an ideal starting point to generate strong performance in 2014, although the prices and sentiment of row crops bottomed out a couple of quarters later on.

Long-term trends

With regard to internationally traded products such as nitrogen and vegetable oils, it is extremely important to select companies with sustainably low marginal costs, enabling them to generate cash flow, even under adverse pricing conditions. In a lower price environment, companies with high production costs will run into trouble when prices fall. Nitrogen producers benefiting from low gas prices enjoy a major cost advantage, as natural gas constitutes their biggest cost advantage.

For example, this is the case for North American nitrogen producers and for CF Industries in particular, which has been in one of the major positions of the fund since its inception. This company’s nitrogen production capacity is all located in North America, where it benefits from competitive natural gas prices. In addition, CF capitalises on lower production costs as its production centres are located in a region that accounts for the bulk of corn production, which is a major nitrogen user.

The same reasoning holds true for palm oil, which has a structurally lower production cost than soy oil, the production of which primarily comes from the Matto Grosso region, which features high production costs resulting from its geographical location (1,000 to 1,500 km off the coast) and the transport costs it incurs. In Brazil, they are even in an uptrend because of the decrepit infrastructure). Within the palm oil sector, we have a special focus on mid-sized companies having better growth perspectives in addition to a cost advantage, which may amount to 50% vis-a-vis soy oil.

Consumption patterns have not only shifted in Emerging Markets, consumers in industrialised countries, the so-called ‘Millennials’ in particular, have also seen their dietary habits evolve. The trend towards healthier food (less fat, salt and sugar, but also food containing natural ingredients or having additional features) is becoming increasingly important in the food sector. Companies must adapt to this new situation very rapidly. The fund has been investing in this trend for several years, with companies such as Whitewave, Wessanen and Glanbia having performed very well, contributing handsomely to the fund’s performance.

Besides ‘pure’ agricultural companies, the fund also invests in related plantation companies. Indeed, we

consider plantations as such to be closely linked to the agricultural sector. In 2014, vertically integrated wood companies positively contributed to our performance. In addition to a position in a sandalwood plantation in Australia (which recorded the best performance after New Britain Palm Oil), we are convinced some integrated North American sawmills still have a great deal of potential going forward, following their nice performance in 2014.

Owing to the presence of some activists among the shareholders in many companies, agricultural companies have increasingly focused on shareholder value creation. Logistic operators such as Archer Daniels Midland and Bunge have seen the biggest internal changes. Led by a new management team, both companies have cut down on investments, which used to lack focus in the past, have addressed working capital issues and improved their cost structure, and have divested non-core activities or are planning to do so. An innovative approach was needed, as just two years ago both companies were trading under book value with a return on capital of barely 5 to 6%. Companies such as Gea Group, Brazil Foods, Wessanen and Maple Leaf underwent similar changes. Naturex, a French company capitalising on the trend towards healthier food, recently appointed a new management team eager to achieve similar evolutions.

As in the past couple of years, companies were taken out in 2014. In that sense, 2014 turned out to be a banner year as three companies in the portfolio were acquired. New Britain Palm Oil, a sustainable palm oil manufacturer in Papua New Guinea, saw its share price skyrocket by 80% after Sime Darby announced it would pay 715 pence per share. This transaction supports our view that palm oil companies are attractively valued, given the market trough they are currently operating in.

Conclusion and outlook for 2015

For the next few months, we anticipate a fairly stable environment, given the commodity prices that have recently been supported by the drought in some parts of South America. Prices for the latter half of the year will be mostly dominated by harvests in North America, where summertime weather conditions in particular determine crop growth. Low oil prices may be a negative element in 2015, as their impact may imply low growth for biofuels beyond the determined mandates.

Nonetheless, current price levels should enable companies in the value chain to generate positive earnings growth into 2015, based on the market evolutions we have discussed. The palm oil sector stands out in that regard, as it is trading at historically low valuations and offers quite a lot of upside potential.

1) The RFS or ‘Renewable Fuel Standard’ was introduced in the US in 2005.
2) The agricultural sector has higher marginal costs as use of new agricultural land incurs higher production costs.
3) The institutional share class of the fund outperformed corn and soy prices by 10% and 28%, respectively, with much lower volatility
4) Redemptions accounted for over 30% of the total number of outstanding shares.