



**2020 - 2021
Semi-Annual report**



**Grenoble École de Management
Investment Club**

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In tunes with the times

Our investment period runs from 12 November to 14 January and we mainly invest in the French and American markets.

In the USA, the month was punctuated by the presidential elections and the 3rd November J.Biden was finally elected. This election resulted in a global calming regarding commercial relationship with Europe especially.

In France, the month of November was synonymous with lockdown. France experienced a second lockdown but lighter than the one of March. This has slightly reduced the impact on the economy, and therefore the financial markets, even if the lockdown announcement of October 28 caused a small fall in the French financial markets (-3% for the CAC 40).

Around the world, the various vaccines announcements have relieved the financial markets by giving hope for an end to the health crisis. These announcements have been very well received. In France, the CAC 40 rose by more than 7% when Pfizer's vaccine was announced on November 9. In general, November was a very bullish month on the financial markets. *In France*, the CAC 40 closed with a record month with an increase of around 20%. This increase had not been seen since 1988. *In the United States*, the NASDAQ and the S&P 500 each rose by more than 10% this month. This can be explained in particular by the calming effect due to the end of the American elections, the reopening of stores in France, the vaccines announcements, and so on. Generally, there has been renewed optimism around the world.

Regarding the euro/dollar rate, from November to January the dollar depreciated against the euro, with the rate rising from around 1.18 in November to over 1.21 at the beginning of January. This depreciation caused our U.S. investments to be impaired in euros.

Profit

\$ 565.60

Return

% 6.43

Portfolio

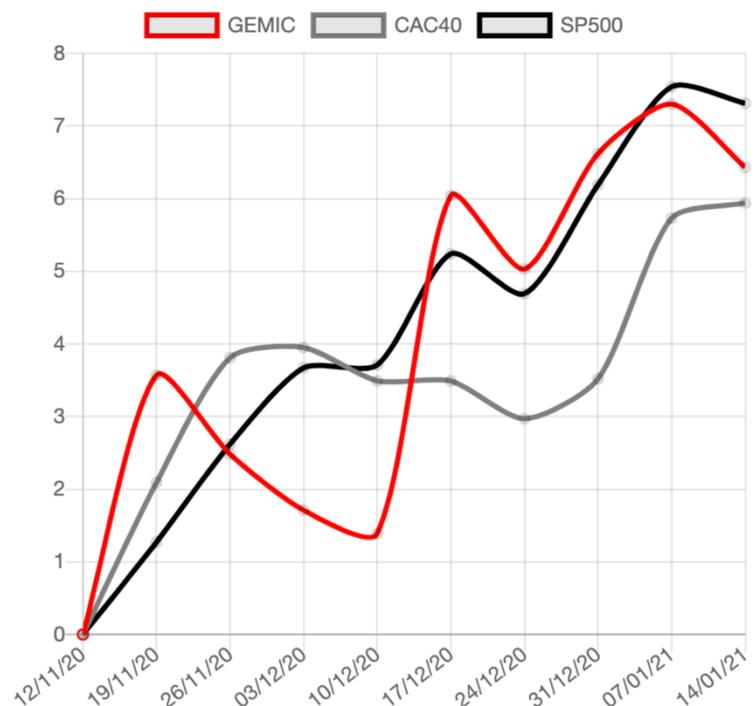
\$ 12,528

Our investment philosophy

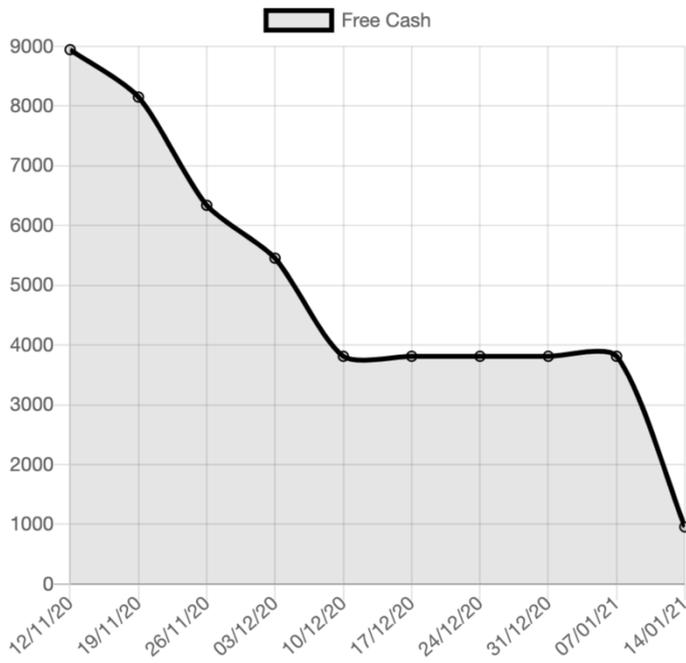
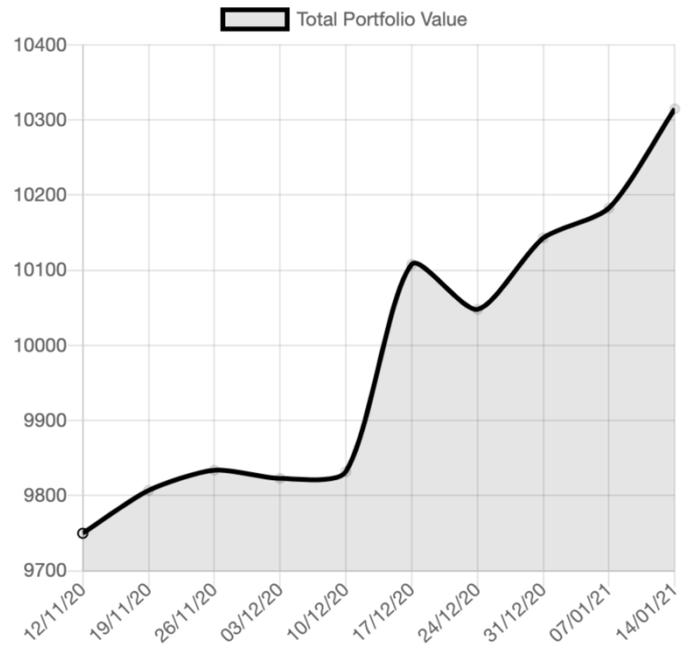
The GEM Investment Club (GEMIC) is a training club for students where 3 stocks are presented and voted each week. The investment club is divided into 5 sub-groups and each one is specialized in monitoring news from sectors covering the entire economy. We are a long-only club. Being a training club, we are open to several styles of analysis, but we have constraints such as the fact that our investments must be less than 6 months due to the opening and closing dates of the club. We cannot therefore be entirely based on value stocks because our investment horizon is short. We have a mix between value and growth stocks. We use fundamental and technical analysis to make our investment decisions. We also pay attention to all the analyses published by the major investment banks.

A deeper look

Comparison with the benchmark

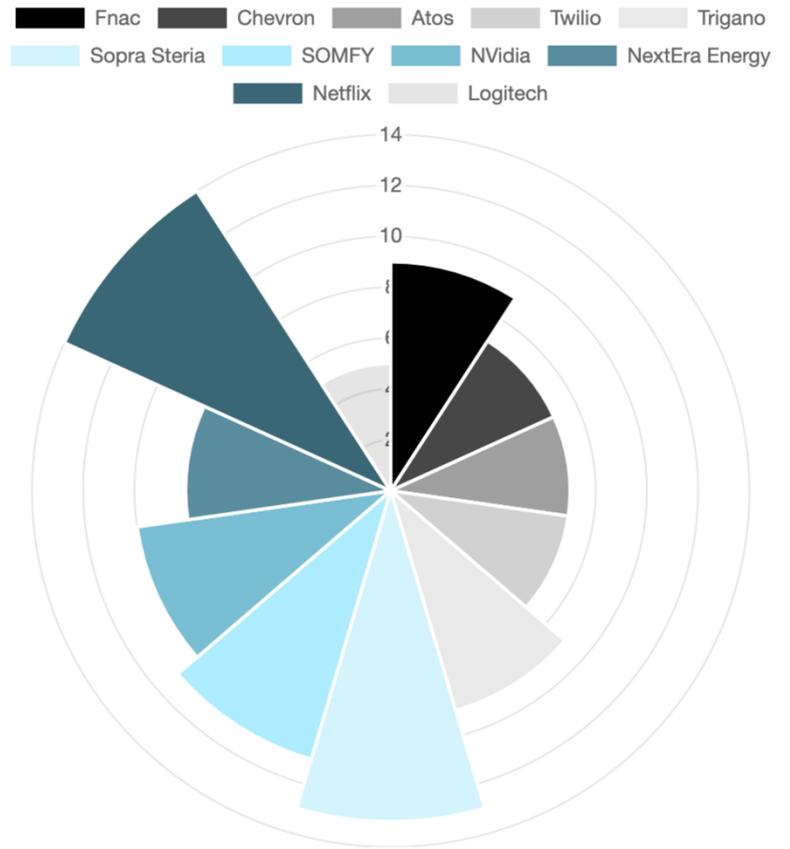


Total value of the portfolio over time

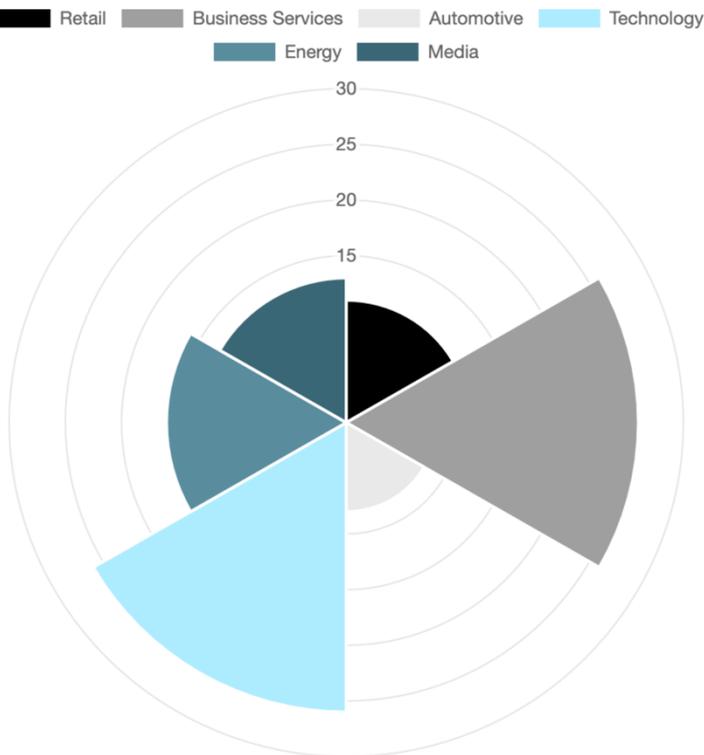


Amount of cash during the investment period

Weighting of each share in the portfolio



Breakdown by sector of activity



Top performer: Fnac-Darty

The Fnac-Darty share was our first investment, given the bullish economic context and the nascent euphoria generated by Pfizer's vaccine. In addition, solid results were announced on October 21, 2020. Although the fundamental analysis revealed a debt-ridden company with a Net Income severely hit by the economic crisis following the closure of many stores in Europe in response to health requirements, certain indicators showed a real potential for investment in this share. Indeed, it was mainly the technical analysis that pushed us to buy.

The rebound was due to the vaccine with the hope that stores would reopen, and consumption would start to rise again. The market was driven by a desire to "catch up" with March prices before the lockdown caused the world stock markets to plunge. As a result, all the technical indicators were in the green, namely the MACD line which passed in front of the signal line, a buy indicator, an RSI around 60 showing that the stock was not overvalued but still trending upwards. In addition, the moving averages were above the stock price at the time of the presentation which confirmed the upward trend around this stock.

So, we bought on November 12 at €40 per share and took 20 shares for our portfolio. On January 14, the share price was €52.65, representing a performance of 31.625%.

Most significant loss: Ipsen

Our biggest loss was recorded by Ipsen. This company represented 4.28% of our portfolio with 5 shares that we bought at 83.45€. Ipsen is a French biopharmaceutical company. However, it is not working on the development of a vaccine against Covid-19 and as a result, investor interest has slowed down in addition to a negative announcement on the financial outlook for the next four years. This share therefore suffered a loss of 11.71% in only two days, thus affecting our stop loss which was then set at €73.45 representing a loss of 13.60%.

This company, despite having low indebtedness and good liquidity ratios, their steady decline in net income and cash flow did not reassure investors.

A critical look

For this first part of the year at the investment club, we can take a little perspective on our actions.

First of all, the choice of our broker can be questioned. We had a lot of expenses on our investments and we are looking for a solution to reduce them. We are thinking of having a second broker so that we can compare the two brokers in terms of costs each time we take an investment position.

Then, we had to implement a strategy to manage our open positions. The managers were in charge of monitoring stocks and we were gradually increasing the stop losses.

Finally, we are thinking about the fact that our liquidity level will soon reach 0 and that we will have to sell some of our best performing stocks in order to regain liquidity to continue our investments.

How we envision tomorrow

Due to the exogenous nature of Covid 19, a faster economic recovery can be expected for this new year. Vaccines announcements at the end of 2020 brings us a glimmer of hope for 2021. However, given the risk of a worsening of the health situation in France in particular, with the possibility of a new lockdown due to the new variants of the virus, we must remain cautious for this first semester. For these reasons, we think about selling our shares in companies that could be affected by a new lockdown and by this uncertain situation in France, like Fnac-Darty. U.S. & European stimulus policies could support and accentuate the economic recovery. The stimulus plan of 1900 million dollars advocated by newly elected President J. Biden seems very ambitious and mainly aims households, providing a check of \$1400 per person based on income, which could boost private consumption.

