

# MIDAS - Bond Opportunities I - Acc

Monthly summary report | as at 30 September 2018

## Investment Objective

The fund seeks to achieve capital appreciation over the medium term by investing in a diversified portfolio of Euro-denominated fixed income securities (investment-grade corporate bonds, government bonds, high yield and emerging market debt as well as convertible bonds). The main focus is put on bottom-up selection. Interest rate as well as credit risks are managed actively.

## Latest Update

NAV per share	104,77
2018 year-to-date return as at 30 Sept 2018	-0,71%

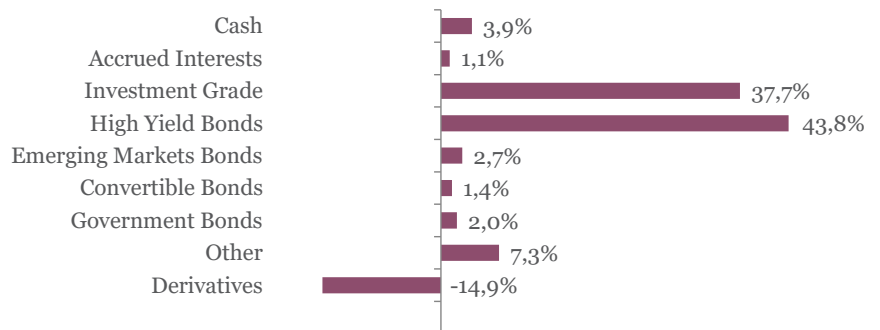
## Performance

	1M	3M	YTD	1Y	2017	SI
Midas Bond Opp.	-0,10%	1,38%	-0,71%	-0,47%	5,07%	4,77%

## Fund key facts

Inception date	31 August 2016
ISIN code	LU1452411033
Asset class	Bonds in EUR
Total fund assets	€ 150 million
Base currency	EUR
Legal status	Luxembourg UCITS
Management Fee	0,50%
Custodian	Crédit Suisse Lux
Liquidity	Daily
Settlement Date	Trade Date + 2 Days

## Asset Allocation

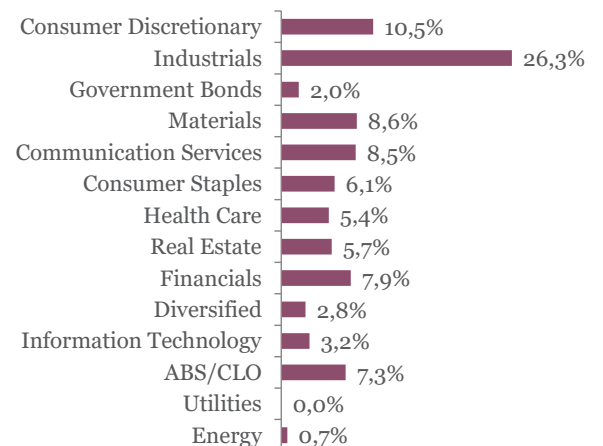


## Top 10 bond holdings

	YTM	Rating	Weight
ALTICE LX : ATCNA 7 1/4 05/15/22	6,9%	B-	2,7%
PRYSMIAN SPA : PRYIM 2 1/2 04/11/22	1,9%	NR	2,0%
GLENCORE FINANCE : GLENLN 1 7/8 09/22	1,5%	BBB+	2,0%
BOLLORE SA : BOLFP 2 01/25/22	1,6%	NR	2,0%
BENI STABILI : BNSIM 1 5/8 10/17/24	1,5%	BBB-	2,0%
SIXT SE : SIXT 1 1/2 02/21/24	1,4%	NR	2,0%
HELLENIC T-BILL : GTB 0 10/05/18	0,7%	NR	2,0%
JUBIL 2014-11X DR : JUBIL 2014-11X DR	1,6%	BBB	2,0%
SUNSHINE MID : SUNSHM 6 1/2 05/15/26	6,8%	CCC+	2,0%
BANQ FED CRD MUT : BFCM 1 7/8 11/04/2	2,2%	BBB+	1,9%

<sup>1</sup>Cash & Cash Equivalents

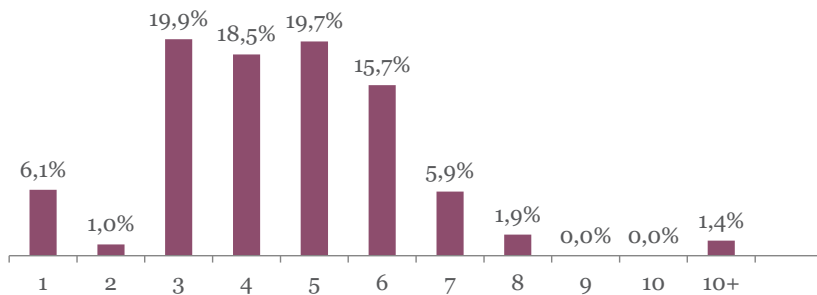
## Sector breakdown



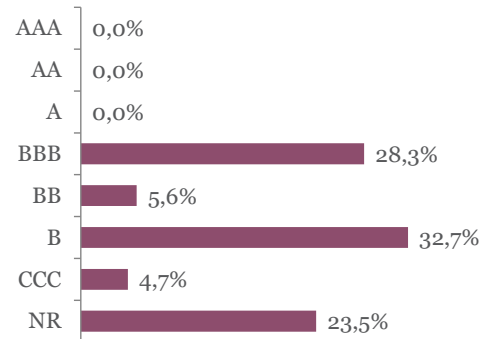
# MIDAS - Bond Opportunities I - Acc

Monthly summary report | as at 30 September 2018

## Duration breakdown



## Rating breakdown



## Top funds holdings

MM Convertible Europe	Convertible Bonds	1,4%
JP Morgan EM Local Government	Emerging Markets Bonds	1,4%

## Market Review

Driven by recent central banks policy actions, yields edged upwards. The Federal Reserve hiked rates by 25bps to 2-2.25% as expected, but FOMC now sees longer-run median Fed funds rate at 3.0% (vs. prior 2.9%). The ECB also confirmed the end of its QE program by the end of the year. M. Draghi expressed concerns about core inflation picking up, clearing the way for a first rate hike next year. In this context, the German 10Y yield increased by 14bps to 0.47%, tracking the 20bps increase of the US 10Y yield to 3.06%. The Italian 10Y spread to Germany initially tightened (-72bps to 233bps) following discussions about a 2019 budget deficit below 2%, but a last minute 2.4% deficit notice pushed the spread 34bps higher to 267bps.

On the credit side, Investment Grade underperformed High Yield. In IG, the iBoxx € Liquid Corporates index lost 0.37%, impacted by the interest rate increase. Financials (especially subordinated) outperformed non-financials. In HY, the iBoxx € High Yield index increased by 12bps, with a credit spreads tightening (-25bps on the Crossover index). Within HY, best ratings (BB) outperformed lower ones (B, CCC).

## Portfolio Performance

The fund lost 0.10% in September. The performance was driven by a negative impact of the interest rate increase (on IG mostly) and some HY names slump, for specific reasons (Aldesa, Thomas Cook, CBR Fashion, Mobilux...). We benefited from some HY names rebound (Sunshine, Nidda, Norican, Selecta, CMA, Altice...), emerging markets debt exposure and interest rate hedge. We maintained a balanced mix of IG and HY bonds to earn a yield close to 3.35%, while limiting the credit risk. We maintained the fund duration close to 3.75, to hedge against the interest rate risk. By the end of the month, we introduced a tactical position in emerging markets debt in local currencies to benefit from the attractive valuation after the recent fall.

## Market Outlook

While some risks are resurging (trade war, Italian debt), the global economic environment remains resilient (US growth at 4-year high, contained inflation...), which should support credit spreads. Thus, we stick to a balanced mix of Investment Grade and High Yield names, while maintaining a rigorous selection process. Moreover, we expect to keep a moderate duration to hedge against the interest risk coming from central banks tightening policies.

This newsletter does not constitute an offer to sell or the solicitation of an offer to purchase any security or investment product. Information herein is believed to be reliable but Midas Wealth Management does not warrant its completeness or accuracy. The opinions expressed within are entirely those of Midas Wealth Management and do not constitute an offer of investment advice. Past performance will not necessarily be repeated and is not indicative of future results. The investments discussed may fluctuate in price or value and you may not get back the amount invested. The indices shown are presented only to allow for comparison of the Midas Wealth Management funds' performance to that of certain widely recognised indices. The volatility of the indices may be materially different from the individual performance attained by a specific fund or investor. In addition, the Midas Wealth Management fund holdings may differ significantly from the securities that comprise the indices shown. Investors cannot invest directly in an index. Performance figures reflect the reinvestment of all dividends and earnings, as well as investment management, administration and performance fees. A description of the specific fee structure and risks of investing for each Midas Wealth Management fund is contained in the fund's prospectus. No part of this document may be reproduced in any manner without the prior written permission of Midas Wealth Management.