

MIDAS - Bond Opportunities I - Acc

Monthly summary report | as at 31 October 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	103,77
2018 year-to-date return as at 31 Oct 2018	-1,66%

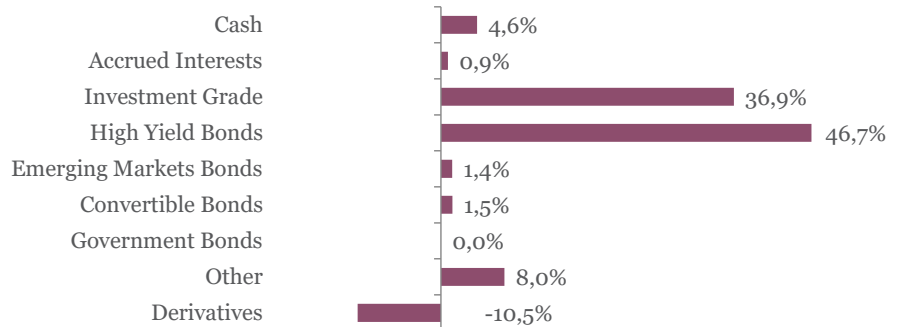
Performance

	1M	3M	YTD	1Y	2017	SI
Midas Bond Opp.	-0,95%	-0,74%	-1,66%	-2,63%	5,07%	3,77%

Fund key facts

Inception date	31 August 2016
ISIN code	LU1452411033
Asset class	Bonds in EUR
Total fund assets	€ 138 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

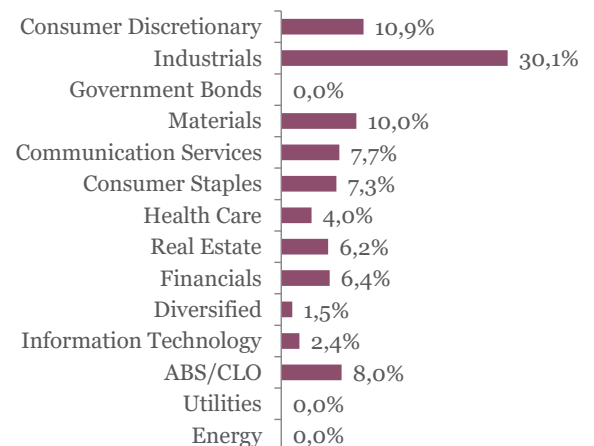


Top 10 bond holdings

	YTM	Rating	Weight
PROMONTORIA : PRMHL D 6 3/4 08/15/23	6,2%	B	2,2%
EL CORTE INGLES : CRTING 3 03/15/24	2,8%	BB+	2,2%
GLEN CORE FINANCE : GLENLN 1 7/8 09/15/24	1,8%	BBB+	2,2%
SIXT SE : SIXT 1 1/2 02/21/24	1,4%	NR	2,2%
PRYSMIAN SPA : PRYIM 2 1/2 04/11/22	2,5%	NR	2,2%
BENI STABILI : BNSIM 1 5/8 10/17/24	1,7%	BBB-	2,2%
JUBIL 2014-11X DR : JUBIL 2014-11X DR	1,6%	BBB	2,2%
COTY INC : COTY 4 04/15/23	4,5%	B+	2,1%
ALTICE LX : ATCNA 7 1/4 05/15/22	8,0%	B-	2,1%
SUNSHINE MID : SUNSHM 6 1/2 05/15/26	7,0%	CCC+	2,1%

¹Cash & Cash Equivalents

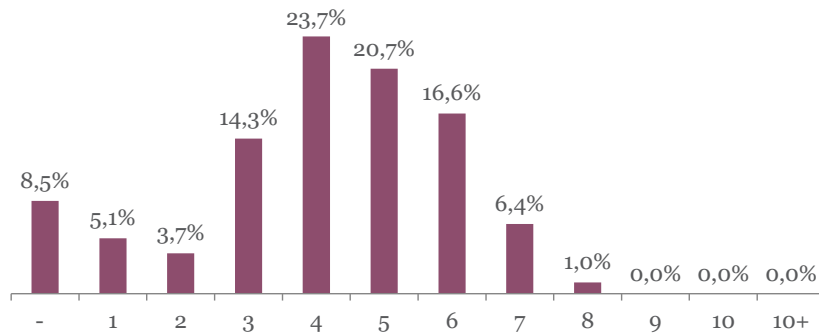
Sector breakdown



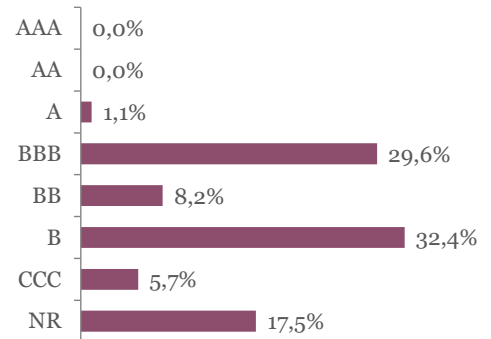
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Duration breakdown



Rating breakdown



Top funds holdings

MM Convertible Europe	Convertible Bonds	1,5%
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Market Review

Financial markets declined in October, with the resurgence of macro and political risks (cooling Global economy, Trade war, Italian budget, Brexit deadline). In this “risk-off” mode, safe havens outperformed risky assets.

The German 10Y yield declined by 9bps to 0.39%. The front end of the curve also dropped, as probability of a first rate increase by the ECB receded. The Italian 10Y spread to Germany widened sharply (+37bps to 304bps) as its government defied the European Commission on the 2019 budget deficit. Corporates followed the equity sell-off, as Investment Grade and High Yield spreads increased by 5 and 23bps respectively on the iTraxx Main and Crossover indices.

Portfolio Performance

The fund lost 0,95% in October. Performance was negatively impacted by some High Yield names (especially single B), which suffered from credit spread widening (Atalian, Thomas Cook, CMA CGM, Nouryon). Convertible bonds also contributed negatively. Conversely, we gained from the long Bund future position initiated recently.

During the month, we took profit on some outperformers (Orpea, Bureau Veritas, Infopro) to reinforce others that underperformed (Coty, Nouryon). We also reduced exposure to deteriorating credit profiles, namely But, CBR Fashion and Ingenico. We closed our tactical Emerging markets debt exposure after the recent rebound.

Market Outlook

We acknowledge markets reacted to the cooling economy. However, we still believe fundamentals remain robust (supportive monetary policies, dynamic US growth, resilient European economy) with possible short-term positive outcomes (discussions between US and China, Brexit deal) that should support risky assets.

Consequently, while we stick to our bias towards BBB and HY names which offer attractive yields (fund yield to worst=3,65%), we are becoming more and more selective. Moreover, as interest rate risk receded, we are eager to take slightly more duration (fund duration to worst=4.29).

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