

MWM SICAV - Bond Opportunities I - Acc

Monthly summary report | as at 31 March 2020

Investment Objective

The fund seeks to achieve capital appreciation over the medium term by investing in a diversified portfolio of 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	94,52
2020 year-to-date return as at end of March 2020	-12,55%

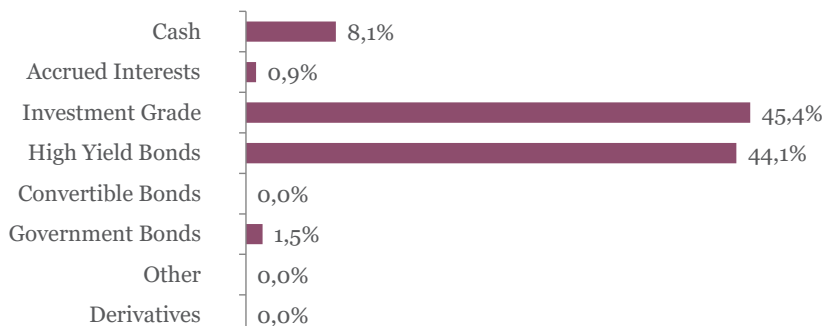
Performance

	1M	3M	YTD	2019	2018	2017	3Y
Bond Opportunities I	-11,80%	-12,55%	-12,55%	7,39%	-4,62%	5,07%	-6,86%

Fund key facts

Inception date	31 August 2016
ISIN code	LU1452411033
Asset class	Bonds in EUR
Total fund assets	€ 86 million
Base currency	EUR
Legal status	Luxembourg UCITS
Management Fee	0,53%
Custodian	Crédit Suisse Lux
Liquidity	Daily
Settlement Date	Trade Date + 2 Days

Asset Allocation



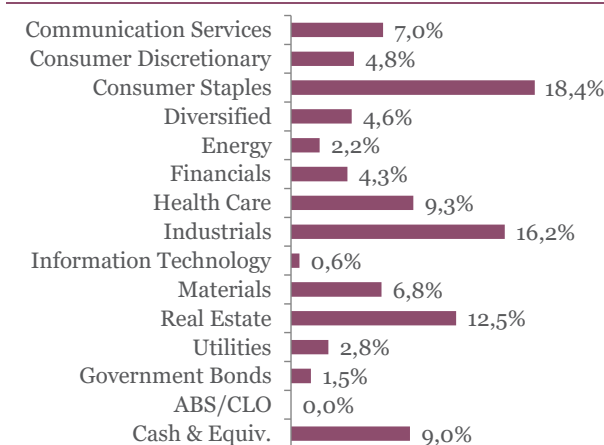
Currency breakdown

	EUR	USD	JPY
Exposure	76,6%	18,7%	4,7%

Top 10 bond holdings

	YTM	Rating	Weight
CEETRUS SA : CEETRU 2 3/4 11/26/26	3,3%	BBB-	2,8%
ALTICE FRANCE : ALFHLU 6 02/15/28	8,3%	CCC+	2,8%
ZIMMER BIOMET : ZBH 1.164 11/15/27	2,2%	BBB-	2,7%
BANQ FED CRD MUT : BFCM 1 5/8 11/15/2	2,8%	BBB+	2,7%
ISS GLOBAL A/S : ISSDC 1 1/2 08/31/27	3,1%	BBB	2,6%
G4S INTL FIN PLC : GFSLN 1 1/2 01/09/23	2,1%	BBB-	2,3%
ALIMEN COUCHE : ATDBCN 1 7/8 05/06/2	2,3%	BBB	2,3%
GRAND CITY PROP : GYCGR 1 1/2 02/22/2	2,0%	BBB+	2,3%
IMCD NV : IMCDNA 2 1/2 03/26/25	3,0%	NR	2,2%
SIXT SE : SIXT 1 1/2 02/21/24	2,8%	NR	2,2%

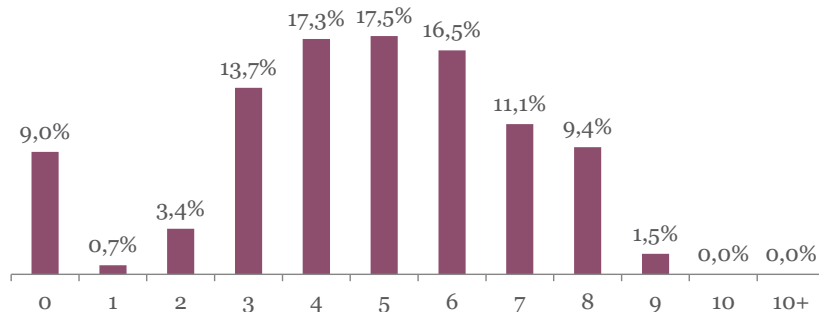
Sector breakdown



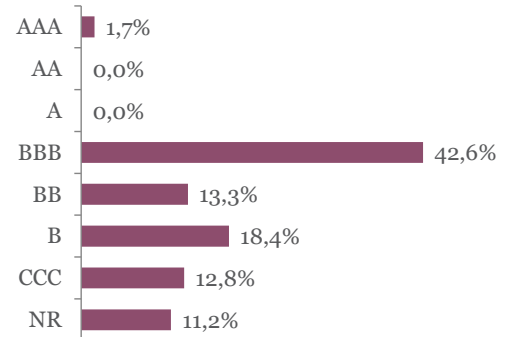
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Duration breakdown



Rating breakdown



Top funds holdings

ISHARES EURO HY High Yield Bonds 4,6%

Market Review

As the coronavirus expanded and more and more countries imposed containment measures, financial markets crashed on fears of a rapid and strong recession. Even “safe havens” like the German bund declined (yield: +14 bps m/m, to -0.47%) as investors fled into cash. Most Eurozone government bonds declined even more (Portuguese, Italian and French 10Y spreads widened by 38 bps, 28 bps and 14 bps respectively). The ECB, in coordination with major central banks, had to announce additional measures to calm the markets. The new Pandemic Emergency Purchase Programme (PEPP) was designed to buy 750bn€ of government and corporate bonds until at least the end of the year. In this context, corporate bonds plummeted, as investors became worried about the impact on earnings and more importantly short-term liquidity. The decline was magnified by large fund outflow and low primary market. Hence, Investment Grade and High Yield posted significant drops (iBoxx EUR Investment Grade -6.85% m/m, iBoxx EUR High Yield -13.34%) and spreads widened substantially (iTraxx Crossover 5Y +275 bps to 573 bps).

Portfolio Performance

The fund lost 11.80% in March. Both Investment Grade and High Yield bonds contributed negatively. Companies impacted by containment measures (incl. Loxam, Vivion, Banijay, WFS, Sotheby’s), leveraged ones (incl. Diversy) and Emerging Markets bonds (incl. Kernel, IHS) declined the most. By contrast, companies from the food industry performed relatively well (incl. Bel, Casino, Upfield, Refresco, Picard). The FX exposure and 10Y US Government bond contributed positively.

Market Outlook

We expect the situation to stabilize progressively as 1/the coronavirus outbreak is approaching peak in Europe and 2/many governments and central banks have announced massive stimulus measures. Moreover, as markets plunged, valuation metrics have become more attractive. Consequently, we maintained a constructive approach with a mix of IG and HY corporate bonds. The fund’s duration was also kept moderate. However, we have made some switches to reduce exposure to the most impacted companies in this situation. We reduced positions in EQT, Dufry, Accor, Banijay, Daimler and BNP Paribas. Conversely, we reinforced positions in “defensive” profiles, including Redexis, O-I and Eurofins. We also bought US 10Y government bond and increased the fund’s cash holdings. As the market reopened by the end of the month, we participated in new issues (AB-InBev, Carrefour). Lastly, part of the US Dollar exposure was switched into Japanese Yen.

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* Performance has been calculated since inception on the 25th of November 2013 of Expert Investor Sicav Midas Bond Opportunities Fund which merged into Midas Sicav Bond Opportunities Fund on the 1st of August 2016.