

# MIDAS - Bond Opportunities A - 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	112,43
2018 year-to-date return as at 30 Sept 2018	-1,10%

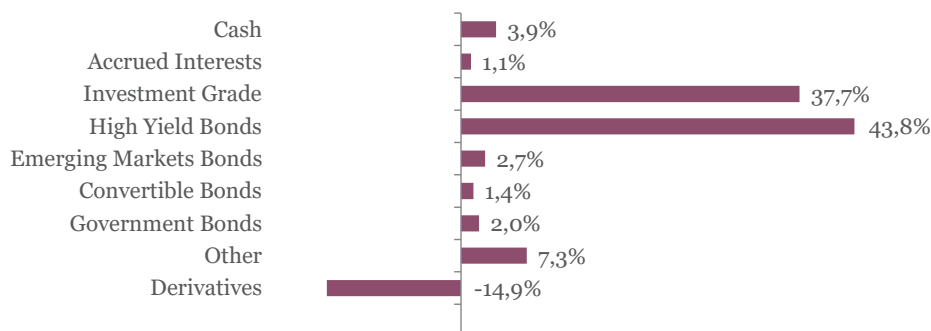
## Performance

	1M	YTD	2017	2016	2015	3Y	SI
Midas Bond Opp.	-0,14%	-1,10%	4,63%	3,81%	-0,29%	8,72%	12,43%

## Fund key facts

Inception date*	25 November 2013
ISIN code	LU0927887504
Asset class	Bonds in EUR
Total fund assets	€ 150 million
Base currency	EUR
Legal status	Luxembourg UCITS
Management Fee	1,00%
Custodian	Crédit Suisse Lux
Liquidity	Daily
Settlement Date	Trade Date + 2 Days

## Asset Allocation

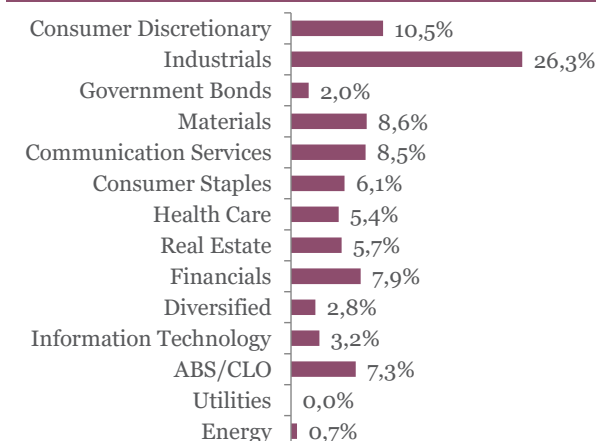


## Top 10 bond holdings

	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%

\*Cash & Cash Equivalents

## Sector breakdown



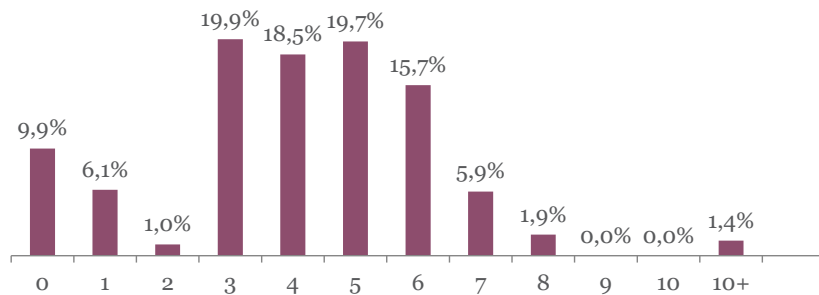
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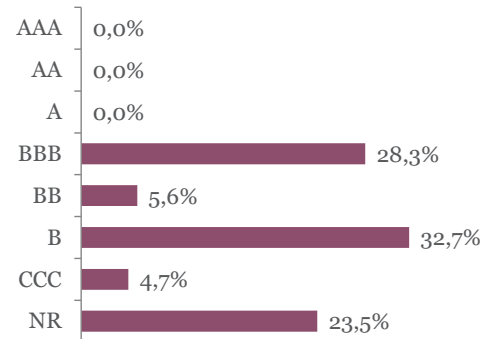
as at

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 0.14% 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.

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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.