

MIDAS - Bond Opportunities A - Acc

Monthly summary report | as at 31 December 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	107,85
2018 year-to-date return as at 31 Dec 2018	-5,13%

Performance

	1M	YTD	2017	2016	2015	3Y	SI
Bond Opportunities A	-0,77%	-5,13%	4,63%	3,81%	-0,29%	3,05%	7,85%

Fund key facts

Inception date	25 November 2013
ISIN code	LU0927887504
Asset class	Bonds in EUR
Total fund assets	€ 109 million
Base currency	EUR
Legal status	Luxembourg UCITS
Management Fee	1,00%
Custodian	Crédit Suisse Lux
Liquidity	Daily
Settlement Date	Trade Date + 2 Days

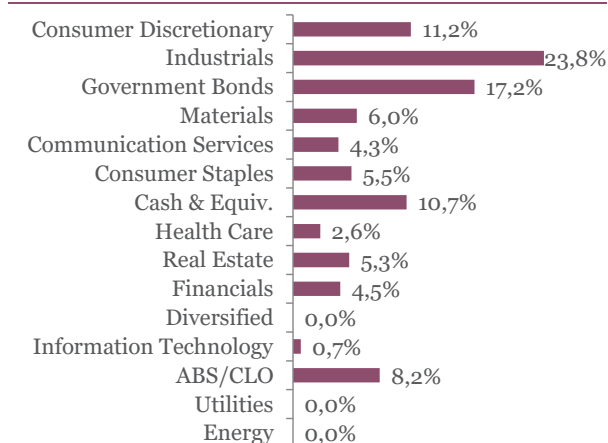
Asset Allocation



Top 10 bond holdings

	YTM	Rating	Weight
DEUTSCHLAND REP : DBR 0 1/4 08/15/28	0,2%	AAA	6,9%
NETHERLANDS GOVT : NETHER 0 3/4 07	0,4%	AAA	5,7%
HELLENIC T-BILL : GTB 0 04/05/19	0,8%	B	2,7%
JUBIL 2014-11X DR : JUBIL 2014-11X DR	1,6%	BBB	2,7%
EL CORTE INGLES : CRTING 3 03/15/24	2,8%	BB+	2,3%
AROUNDTOWN SA : ARNDTN 1 01/07/25	2,3%	BBB+	2,1%
VILMORIN ET COMP : RINFP 2 3/8 05/26/	1,4%	NR	1,9%
RYEH 1X DR : RYEH 1X DR	1,4%	BBB	1,8%
ISS GLOBAL A/S : ISSDC 1 1/8 01/09/20	0,0%	BBB	1,8%
DAIMLER AG : DAIGR 0 1/4 05/11/20	0,1%	A	1,8%

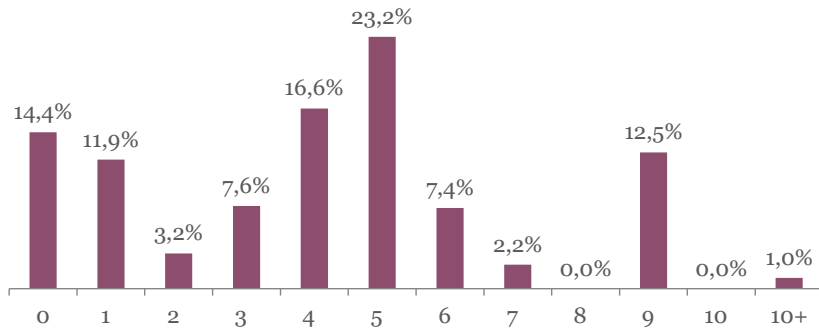
Sector breakdown



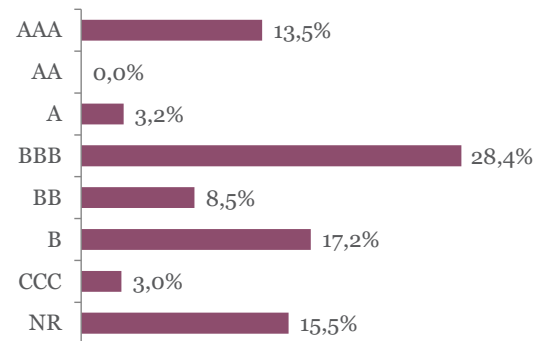
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Duration breakdown



Rating breakdown



Top funds holdings

Market Review

In a fitting ending to a tumultuous year, December was down. Markets suffered from trade war impact on the Global economy and potential effects on companies. Moreover, inflationary pressures receded with commodity prices declining, leading central banks to turn less hawkish. As a consequence, government bonds outperformed corporate ones with investors moving to safe havens.

In December, The German 10Y yield declined by 7 bps to 0.24% and the 2-30Y curve flattened. Italian sovereign bonds performed well as its government reached an agreement with the European Commission on a lowered 2019 budget deficit. Conversely, French sovereign bonds were impacted by the “yellow vests” protests which hurt economic activity and confidence. Investment grade corporate bonds inched upwards as yield decreased despite credit spreads widening. The Bloomberg Barclays IG Corporate bonds index increased by 0.21%, though spreads widened by 5 bps. However, High Yield bonds remained under stress as economic activity deteriorated and rating downgrades increased. The Bloomberg Barclays HY bonds index slumped by 0.34%, with spreads widening by 28 bps.

Portfolio Performance

The fund lost 0.77% in December. Corporate bonds (mostly HY single B) and CLOs contributed negatively, while government bonds (Germany, Netherlands, Italy) were positive. In 2018, the fund lost 5.13% with both IG and HY corporate bonds contributing negatively. Diversification into government bonds contributed positively but other strategies (Sub Fin, EMD, Convertible, CLOs) performed poorly.

Market Outlook

As the economic activity has deteriorated, we expect risky assets to remain under stress. Conversely, government bonds should benefit from this risk-off environment and fading inflationary pressures. Thus, we reduced exposure to corporate bonds (mostly HY), and convertibles, and switched towards long-dated government bonds. We also reinforced cash position and equivalents (ultra-short corporate and government bonds). Overall, the fund duration to worst was reduced to 3.9, while yield to worst declined to 2.59%.

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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.