

MIDAS - Bond Opportunities I - Acc

Monthly summary report | as at 28 February 2019

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	102,28
2019 year-to-date return as at 28/02/2019	1,62%

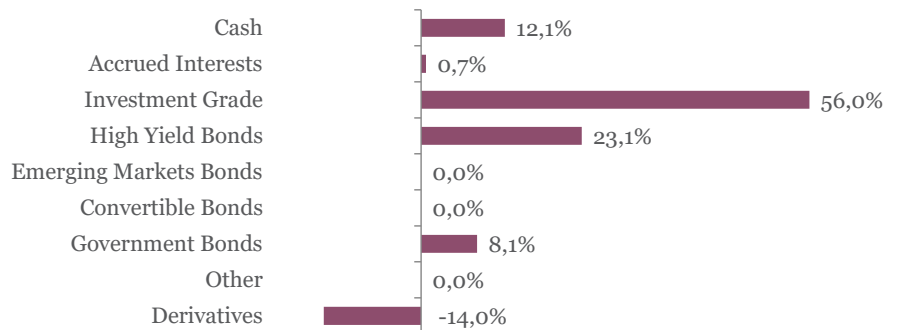
Performance

	1M	3M	YTD	1Y	2018	2017	SI
Bond Opportunities I	0,75%	0,89%	1,62%	-2,71%	-4,62%	5,07%	2,28%

Fund key facts

Inception date	31 August 2016
ISIN code	LU1452411033
Asset class	Bonds in EUR
Total fund assets	€ 111 million
Base currency	EUR
Legal status	Luxembourg UCITS
Management Fee	0,50%
Custodian	Crédit Suisse Lux
Liquidity	Daily
Settlement Date	Trade Date + 2 Days

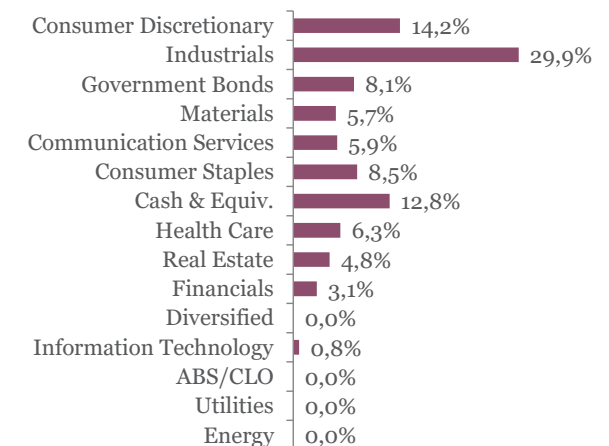
Asset Allocation



Top 10 bond holdings

	YTM	Rating	Weight
BOTS : BOTS 0 05/31/19	-0,2%	BBB-	4,5%
HELLENIC T-BILL : GTB 0 04/05/19	0,5%	B	3,6%
EL CORTE INGLES : CRTING 3 03/15/24	1,8%	BB+	2,3%
ISS GLOBAL A/S : ISSDC 1 1/8 01/09/20	0,0%	BBB	2,3%
WHIRLPOOL CORP : WHR 0 5/8 03/12/20	0,1%	BBB	2,3%
FEDEX CORP : FDX 0 1/2 04/09/20	0,0%	BBB	2,3%
DAIMLER AG : DAIGR 0 1/4 05/11/20	0,0%	A	2,2%
CIE DE ST GOBAIN : SGOFP 0 03/27/20	-0,1%	BBB	2,2%
AROUNDTOWN SA : ARNDTN 1 01/07/25	1,9%	BBB+	2,1%
VILMORIN ET COMP : RINFP 2 3/8 05/26/	0,7%	NR	1,8%

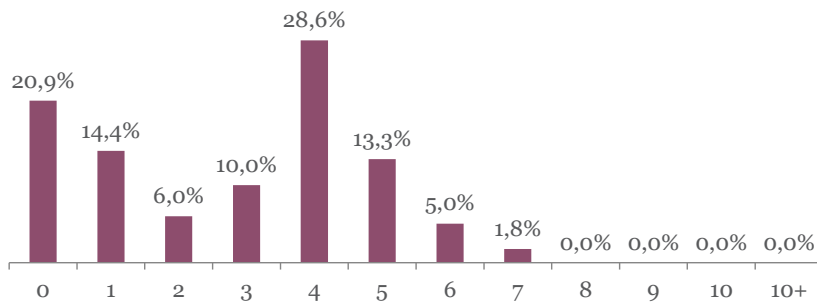
Sector breakdown



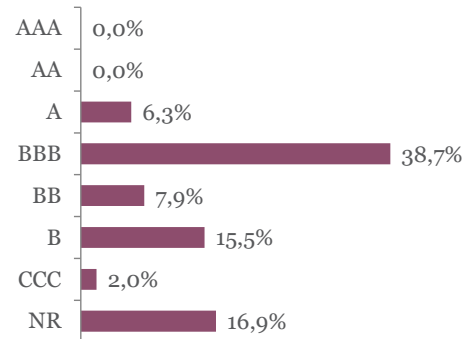
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Duration breakdown



Rating breakdown



Top funds holdings

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Market Review

The positive trend observed in January carried on this month. Markets were supported by trade talk optimism between US and China and a more dovish tone by central banks which are determined to counter the economic slowdown. Moreover, while macroeconomic data deteriorated, advanced indicators showed some signs of stabilization.

As recession fears receded, German 10Y yield raised (+3 bps to 0.18%) and most government spreads tightened (France -2 bps, Spain -6 bps) with the exception of Italy (+13 bps) where the economy continued to deteriorate. Driven by the strong equity rally (Euro Stoxx 50 +4.4%), corporate bonds performed well. High yield, especially single B, outperformed Investment grade, and subordinated bonds surpassed senior ones. Credit spreads narrowed sharply (IG -13 bps, HY -69 bps), erasing most of the previous year-end downturn.

Portfolio Performance

The fund gained 75 bps in February. High yield bonds, especially single B (Sarens, Norican, Picard, Coty, Promontoria) contributed the most. Investment grade corporate bonds also performed well (Auchan, Volkswagen), notably unrated names (Bel, Vilmorin). Government bonds were neutral as we sold positions before yields started to raise.

Market Outlook

We maintained a defensive stance with a moderate HY exposure and high position in cash & equivalent, as we thought the economic slowdown could put pressure on corporate earnings and credit spreads. However, as the outlook improved, we took a more constructive stance by the end of the month. We sold out most government bonds (Germany, Netherlands) as valuation became stretched. Instead, we increased IG and unrated corporate bonds with attractive spread pickup and moderate duration to limit interest risk (Securitas, Fresenius, AT&T, Eurofins, Bureau Veritas). In HY we sold positions in Jaguar Land Rover which posted weak results and worrying forecast, reinforced Paprec and introduced a new position in Dometic.

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