

An opportunistic access to international corporate debt markets

Launched in April 2015, IVO Fixed income is a specialized UCITS Fund, investing in corporate bonds in which the manager has his strongest risk/return convictions, either because a revaluation on the price is expected or because there is attractive yield for a given amount of risk. Opportunistic exposure to different segments of corporate debt, ranging from Investment Grade to High Yield, and USD-denominated bonds to EUR-denominated bonds. The hedging instruments aim at reducing the currency risk to a maximum of 30% USD exposure. The approach "Good companies/Bad Country" enables us to combine Value and quality in our investments.

Fund performance review

In May the fund appreciated by 0.4%, outperforming the JPM CEMBI HY + index (-0.6% in EUR) and the IBOXX Liquid High Yield index (-1.8% in EUR).

While the United States and China appeared to be relatively close to an agreement, the situation deteriorated further in early May as a result of the Trump administration's new tariff increase. China responded right away by increasing its own tariffs from 10% to 25% on \$ 60 billion of US products. The worsening of trade tensions had a negative impact on most risky assets, while most safe assets, such as US treasury bills and the US investment grade market, were positive as well as gold. US sovereign rates ended the month significantly down (-41 bps to 1.9% for the 5-year rate, which falls below the 2% mark for the first time since 2017). Conversely, corporate bond markets credit spreads in emerging countries are up significantly (+65bps to 527bps for CEMBI HY +). The worst performances are to be attributed to China for obvious reasons (+62 bp to 565 bp for CEMBI HY + China) and Turkey following the cancellation of Istanbul's mayor election which makes fear a new authoritarian drift in the country (+103 pbd to 741 pbd for CEMBI HY + Turkey). Argentina's corporate bonds regained some of last month's losses (relatively stable credit spreads at 779bps in a context of sharp decrease of underlying rates). The announcement at the end of the month of US trade retaliation against Mexico has had a limited impact on the country's issuers. In this bearish context, the fund IVO Fixed Income is resilient and finishes the month in positive territory thanks to the appreciation of several bonds on idiosyncratic themes and its favorable geographic allocation, despite the underperformance of the oil allocation.

Regarding the strategy, we made minor changes to our main countries' exposure. We are taking advantage of the selloff in Turkish assets to strengthen marginally our positions in the country and also increase our exposure to Eastern Europe in a broad sense (Georgia, Moldova) on idiosyncratic opportunities. Credit spreads on high-yield issuers in emerging countries exceeded the symbolic 500 bps mark during the month (527 bps at the end of May), a level close to that reached following the sell-off at the end of 2018, in the high range of the last 3 years. This is a relatively attractive level on historical bases but it should be noted that this spread is partially offset by the recent decline in US sovereign rates. This is why we are maintaining the fund's duration at a conservative level for the time being and keep on our opportunistic strategy, taking advantage of our geographic flexibility to capture opportunities when they arise, whether on macro stress or idiosyncratic themes. The fund's yield including liquidity is currently 6.7% net of hedging cost, for a duration of 2.7 years.

This month, the main contributor to our performance is the 2024 bond of the Brazilian offshore drilling company QGOG, which benefited from buyer flows following the progress made in the restructuring process. Regarding the main transactions of the month, we initiated a position on the 2024 bond recently issued by the Moldovan commodity trader Transoil, a prime quality issuer whose almost all revenues are denominated in dollars and which is expected to reduce its leverage in the coming years, both by increasing EBITDA following the start of operations of its new plant in Romania and by generating positive cash flow.

MONTHLY PERFORMANCE

	Jan.	Fév.	Mar.	Avr.	Mai	Jui.	Jui.	Aoû.	Sep.	Oct.	Nov.	Déc.	YTD
2019	+2,6%	+1,8%	+0,6%	-0,1%	+0,4%	-	-	-	-	-	-	-	+5,3%
2018	+0,5%	-1,0%	+0,4%	+0,4%	-1,9%	-0,5%	+1,2%	-1,7%	+1,2%	+0,1%	-1,4%	-1,5%	-4,2%
2017	+2,1%	+1,8%	+0,7%	+1,4%	+0,5%	+0,4%	+0,8%	+1,1%	+0,9%	+0,1%	+0,2%	+0,3%	+10,7%
2016	-3,2%	+2,0%	+4,4%	+2,3%	+1,3%	+1,5%	+2,0%	+1,8%	+1,2%	+1,5%	+0,7%	+2,1%	+19,4%
2015	-	-	-	-	+2,9%	-2,1%	-2,8%	-3,2%	-5,2%	+3,9%	+1,5%	-4,3%	-9,2%

KEY FIGURES

LU1165644672

Inception Date	April 24, 2015
NAV as of 31-05-19	121,04
Fund Net Assets	297,9M€
Overall Morningstar™ Rating *	★★★★★
Quantalys Rating*	★★★★★

RETURN

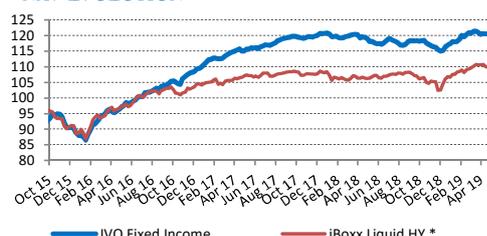
	Bonds part	Fund
Yield to maturity* (EUR)	11,6%	10,2%
Yield to worst* (EUR)	11,5%	10,1%
Adjusted yield** (EUR)	7,7%	6,7%

*hedging costs included : Bloomberg 1Y EURUSD Forward

FUND PERFORMANCES & RISK

Performance MTD	+0,4%
Performance YTD	+5,3%
Annualized 3 years performance	+7,5%
Annualized 3 years volatility	+3,0%

NAV EVOLUTION



Sources: IVO Capital Partners - Bloomberg
Past performances does not guarantee future performances
*Hedging costs included : Bloomberg 1Y EURUSD Forward

FUND CHARACTERISTICS

ISIN Code (R):	LU1165644672
Bloomberg Ticker:	Ivocapr LX Equity
Fund Currency:	EUR
Inception Date:	April 24, 2015
Managers:	Roland Vigne and Michael Israel
Structure:	Luxembourg Sicav
Fund Category:	Capitalisation UCITS
Liquidity:	Weekly - Valuation: Daily
Investment Horizon:	At least 3 years
Investment Manager:	IVO Capital Partners
Custodian:	Société Générale
Auditor:	Deloitte

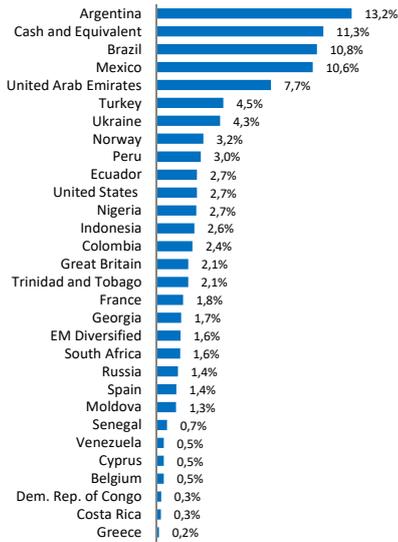
OPERATING PROCEDURES

Minimum Investment:	5 000€
Annual Management Fee:	1,5%
Performance Fee:	15% above EURIBOR 3M + 200 BP
Subscription Fee:	up to 4%
High Water Mark:	Yes

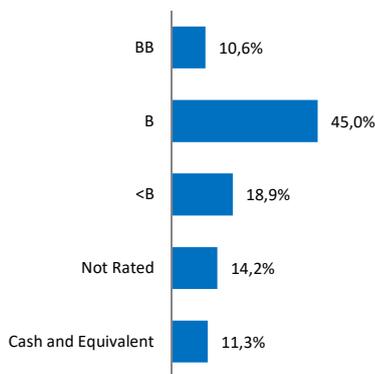
BY PERIOD

1 month	+0,4%
3 months	+0,9%
6 months	+3,7%
12 months	+2,6%
3 years	+24,8%

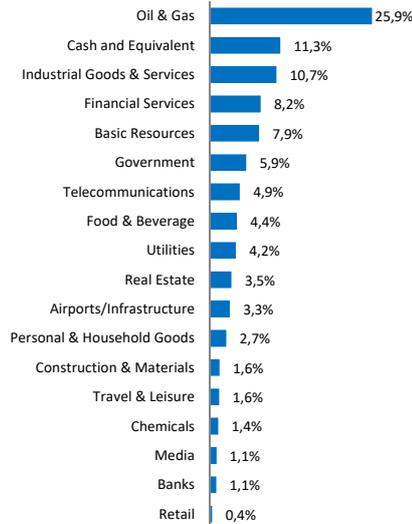
BREAKDOWN BY REGIONS



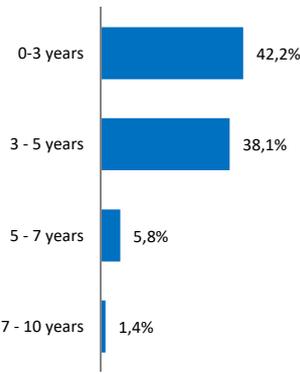
BREAKDOWN BY RATING



BREAKDOWN BY SECTORS



BREAKDOWN BY DURATION



PORTFOLIO DATA

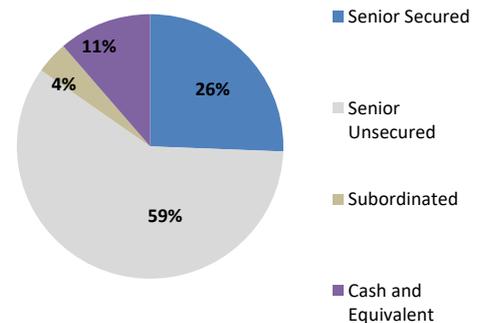
Yield to Maturity* (EUR)	10,2%
Yield to Worst* (EUR)	10,1%
Adjusted Yield** (EUR)	6,7%
USD Exposure	3,0%
Average Running Coupon	8,6%
Number of Issuers	75
Average Maturity	3,5
Average Duration	2,6
Adjusted Duration**	2,7
Average Rating	B+
Average Issued Amount	570
Average Percentage Holding	1,6%

*hedging costs included : Bloomberg 1Y EURUSD Forward

BONDS METRICS (Weighted Average)

Revenue (\$ millions)	3 177
EBITDA (\$ millions)	720
Leverage	2,9

SENIORITY RANK DISTRIBUTION



10 MAIN ISSUERS

ISSUER	COUNTRY	SECTOR	WEIGHT
ANDRADE GUTIER INT SA 2021	\$ Brazil	Industrial	3,5%
AJECORP BV 2022	\$ Peru	Industrial	3,0%
REPUBLIC OF ARGENTINA 2033	€ Argentina	Government	2,8%
INTL AIRPORT FINANCE SA 2033	\$ Ecuador	Infrastructures	2,7%
CONSTELLATION OIL SA 2024	\$ Brazil	Oil & Gas	2,7%
SERVICIOS CORP JAVER SAP 2021	\$ Mexico	Consumer Goods	2,5%
RONESANS GAYRIMENKUL YAT 2023	\$ Turkey	Real Estate	2,4%
DTEK FINANCE PLC 2024	\$ Ukraine	Basic Resources	2,3%
GENEL ENERGY FIN TWO 2022	\$ Great Britain	Oil & Gas	2,1%
PROVINCIA DE BUENOS AIRE 2020	€ Argentina	Government	2,0%

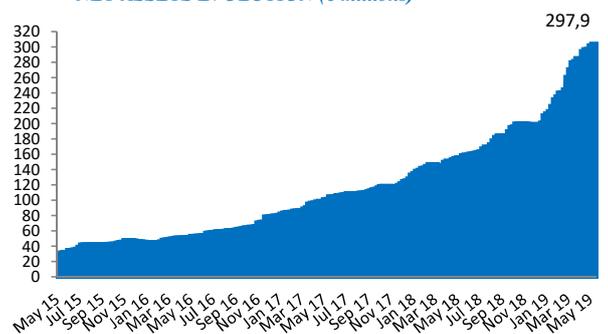
10 largest positions

26,1%

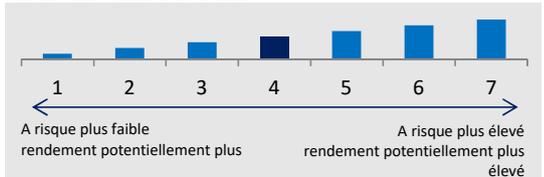
RISK INFORMATION

- Past performance is not a guide to current and future performance.
- The value of your investments and any income from them may fall or rise and you may not get back the full amount you invested.
- The value of debt securities may change significantly depending on the economic and interest rate conditions, as well as the credit worthiness of the issuer. These risks are typically higher in emerging market and below investment grade debt securities.
- In addition, emerging markets may be subject to increased risks, including less developed custody and settlement practices, higher volatility and lower liquidity than non emerging market securities.
- Movements in currency exchange rates can adversely affect the return of your investment. The currency hedging that may be used to minimise the effect of currency fluctuations may not always be successful. Investors may have exposure to currencies other than the currency of their Share Class.
- Find further detailed risk information in the Prospectus' Appendix "facteur de risque".

NET ASSETS EVOLUTION (€ millions)



RISK / REWARD PROFILE



The lowest category does not mean risk-free

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