

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

The fund appreciated by 2.1% during April, a slightly lower rebound than the IBOXX Liquid High Yield (+3.4% in EUR) and the JPM CEMBI HY+ indexes (+5.0% in EUR), mainly due to Asian and Russian issuers overperformance compared to Latin-American issuers to which the fund is more exposed.

In the United States, the Fed cut its rates to 0% and plans a \$2 trillion capital injection into the economy. However, in this uncertain economic climate, the market rebound proved to be stronger in developed countries than in emerging countries, since investors preferred assets deemed to be protected by central banks. Even among the emerging markets, disparities in performance are significant. Like in March, bond market performance was uneven from one market to another in April. Asian and Russian CEMBI HY+ securities better performed than their Latin-American peers, accentuating their cumulative overperformance since the beginning of the year and thus the relative attractiveness of Latin American issuers within the emerging markets universe. The spread between Latin-American and Asian issuers rose to 338bps by the end of April (1063bps against 725bps respectively) compared to 310bps at the end of March and 114bps at the beginning of the year. This difference can be explained by fundamentals but also by technical factors: issuers ratings, countries restructuring their public debt (Argentina, Ecuador...), economies' exposure to commodities, mainly energy related (Colombia, Peru...), political shocks (Brazil), less administrated economies and less capable of being administered compared to China or Russia. This risk premium should decrease as the health and economic situation normalizes (especially for the country's good assets).

In Brazil, the resignation of the very popular minister of justice Sergio Moro triggered a new political crisis. In Argentina, the government released a first restructuring proposal (which includes a discount of nearly 65% of the par in present value, through maturity extension and reduction of the coupon). International creditors massively rejected this offer that will have to be improved to reach an agreement. The offensive speech of the Argentine government in April has shifted towards a more moderate speech at the beginning of May. If the 22nd May deadline seems early, an agreement in the coming months should not be excluded, and would have a positive impact on the country's corporate issuers, whose credit spreads reached a record value of 2149bps.

KEY FIGURES

LU1165637460

Inception Date	24 avril 2015
NAV as of 30-04-20	90,28
Fund Net Assets	285,6M€

RETURN

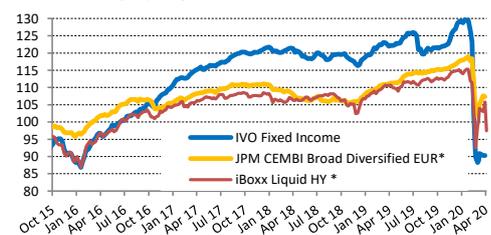
	Bonds part	Fund
Yield to maturity* (EUR)	27,0%	26,2%
Yield to worst* (EUR)	27,0%	26,1%
Adjusted yield** (EUR)	21,3%	20,6%

*hedging costs included : Bloomberg 1Y EURUSD Forward

FUND PERFORMANCES & RISK

Performance MTD	+2,1%
Performance YTD	-28,8%
Annualized 3 years performance	-7,7%
Annualized 3 years volatility	+13,2%

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 (I): LU1165637460
Bloomberg Ticker: IVOCAPI LX Equity
Fund Currency: EUR
Inception Date: April 24, 2015
Managers: Roland Vigne and Michael Israel
Structure: Luxembourg Sicav
Fund Category: Capitalisation UCITS
Liquidity: Daily - Valuation: Daily
Investment Horizon: At least 3 years
Investment Manager: IVO Capital Partners
Custodian: Société Générale
Auditor: Deloitte

OPERATING PROCEDURES

Minimum Investment: 500 000€
Annual Management Fee: 1%
Performance Fee: 15% above EURIBOR 3M + 400bps
Cut off : J - 1 before 12:00 (UTC+1)
High Water Mark: Yes

MONTHLY PERFORMANCES

	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	YTD
2020	+1,6%	-1,7%	-30,2%	+2,1%	-	-	-	-	-	-	-	-	-28,8%
2019	+2,6%	+1,8%	+0,7%	-0,1%	+0,4%	+1,7%	+0,7%	-4,8%	+1,1%	+0,3%	+0,7%	+3,8%	+9,1%
2018	+0,6%	-1,0%	+0,5%	+0,4%	-1,8%	-0,5%	+1,3%	-1,6%	+1,2%	+0,1%	-1,3%	-1,5%	-3,7%
2017	+2,2%	+1,8%	+0,8%	+1,4%	+0,5%	+0,5%	+0,8%	+1,2%	+0,9%	+0,2%	+0,3%	+0,4%	+11,4%
2016	-3,2%	+2,0%	+4,4%	+2,4%	+1,4%	+1,6%	+1,5%	+1,6%	+1,2%	+1,6%	+0,7%	+2,1%	+19,0%
2015	-	-	-	-	+2,9%	-2,4%	-2,7%	-3,1%	-4,9%	+4,0%	+1,5%	-4,2%	-8,9%

BY PERIOD

1 month	+2,1%
3 months	-28,7%
6 months	-25,4%
12 months	-26,0%
3 years	-21,7%
5 years	-9,7%

In Mexico, Fitch downgraded the sovereign's rating to BBB-, one notch above speculative grade, caused by the local and the United States lockdowns, in addition to an already slow economic environment since the election of AMLO. At the same time, Moody's was the second agency to downgrade **Pemex's** rating to speculative grade, which thus became the world's biggest «fallen angel».

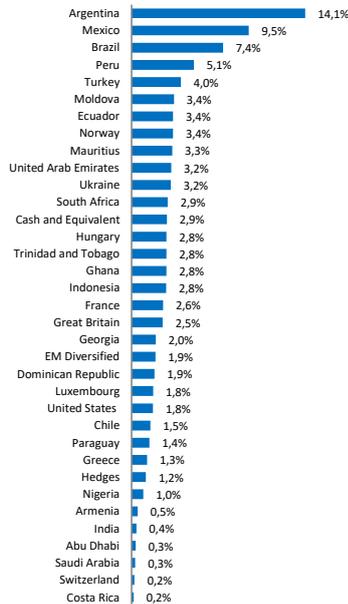
Regarding the oil market, despite the new production restriction agreement reached by the OPEC+, the market remains deeply unbalanced due to an unprecedented fall in demand. In this exceptional environment, the WTI contract for delivery in May temporarily fell into negative territory, an unprecedented scenario, particularly caused by the saturation of storage capacities in the United States. The situation is most likely to be temporary. Brent is still in "Contango", the 2021 future contract for delivery in June was trading at \$37 in the beginning of May, a level at which almost all our issuers in the sector are expected to generate positive cash flows. That being said, at these price levels, the outlook for issuers in the oilfield services sector, which depends on investments made by exploration and production companies, is less encouraging.

In the coming weeks, the spread of Covid-19 is likely to continue to foster debates, especially in the United States and in emerging countries. The situation in Europe, which progressively started to ease the lockdown measures, might also attract the attention of the markets. The success of Europeans in containing the spread of the virus while re-opening their trade and industry will undoubtedly be decisive in assessing the potential world's economic recovery post-Covid. Apart from social distancing measures, any significant progress on a treatment or a vaccine will certainly be very positively received by the markets. Concerning emerging markets, the evolution of the epidemic and the lockdown measures in Latin America, Russia, South Africa, India and Southeast Asian countries will be closely monitored. Excluding Covid-19, the Argentina's sovereign debt renegotiation and the renewed tension between China and the United States will be carefully watched. Even if the economic outlook for the rest of 2020 is more than ever difficult to assess and a certain number of issuers especially within cyclical sectors (construction, cement...) are likely to experience difficulties, plenty of issuers in emerging countries have sufficient liquidity to face a prolonged slowdown. At the same time, the current level of credit spreads on the CEMBI HY+ is at a record high (804 bps), a situation that offers diverse opportunities, over the High Yield as in the Investment Grade segments.

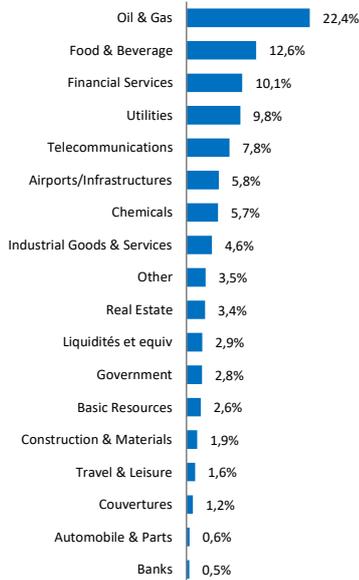
This month, our main contributors to performance, were two positions that we strengthened or initiated in March and April: **Tullow Oil**, following the sale to Total of its interest in a major field in East Africa for \$575m, and **Sasol**, whose bonds recovered part of their losses after a month of March which saw their credit rating downgraded to speculative grade. **Nitrogenmuvek's** performance is also noteworthy, since the bond benefited from positive results in 2019 due to the sharp decline in net leverage. Our main detractors have been **Shelf Drilling**, whose bond price has been particularly affected despite its ample order book due to the decrease in oil price, which raises fears of a further slowdown of the oil services market, as well as our Argentinean issuers as a whole, whose credit spreads widened due to the current very uncertain situation at the sovereign level.

Regarding the main transactions, we took advantage of the attractive context to invest part of our liquidity. We added 12 new issuers to our portfolio, mostly BB/BBB rated credits affected to some extent by the global economic slowdown but with solid long-term credit profile and adequate liquidity. The main effects of these entries to the portfolio are an increase of the fund's duration (from 3.3 to 3.5), an improvement of the average credit quality and a higher geographical and sectorial diversification. Among the new IG issuers, we can mention the Mexican conglomerate **Alfa** (BBB-) and the port operators **DP World** (BBB) and **Adani Ports** (BBB-). We have also invested in « fallen angels », whose risk/return profile looks attractive to us, in particular the Brazilian **Embraer** (BB) and the South-African **Sasol** (BB). Finally, we have taken advantage of the volatility in the airport sector to increase our exposure, from 3.2% of the portfolio at the end of March to 5.9% at the end of April. Airports, although directly affected by the coronavirus crisis, operate long-term concessions (often for more than 10 years) generally with very high EBITDA margins (50-80%), allowing them to generate positive cash flows even in a situation of lower activity. In addition, the concession contracts generally include so-called economic equilibrium clauses allowing the operator to negotiate an increase of the airport tariffs or an extension of the concession term if the traffic falls below a certain threshold. In particular, we initiated an important position on the 2029 bonds of **Aeropuertos Dominicanos**, a wholly-owned subsidiary of the French group Vinci (rated A-) and on the bonds issued by Hyderabad Airport in India, whose operator was repurchased in 49% by ADP (rated A by S&P) at the beginning of the year.

BREAKDOWN BY REGIONS



BREAKDOWN BY SECTORS



PORTFOLIO DATA

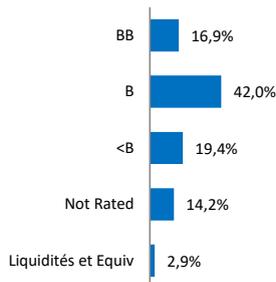
Yield to Maturity* (EUR)	26,2%
Yield to Worst* (EUR)	26,1%
Adjusted Yield** (EUR)	20,6%
USD Exposure	3,0%
Average Running Coupon	13,7%
Number of Issuers	96
Average maturity	4,9
Rate Sensitivity	3,1
Adjusted duration**	3,5
Average rating	B+
Average issued amount (\$ million)	531
Average percentage holding	2,4%

*hedging costs included : Bloomberg 1Y EURUSD Forward

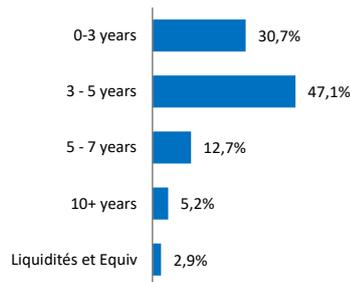
BONDS METRICS (Weighted Average)

Revenue (\$ billions)	6,9
EBITDA (\$ billions)	0,6
Leverage	3,2x

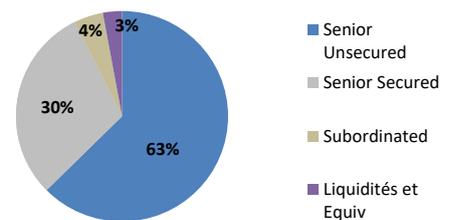
BREAKDOWN BY RATING



BREAKDOWN BY DURATION



SENIORITY RANK DISTRIBUTION



10 MAIN ISSUERS

	COUNTRY	SECTOR	WEIGHT
ARAGVI FINANCE INTL 2024	\$ Moldova	Food & Beverage	3,4%
INTL AIRPORT FINANCE SA 2033	\$ Ecuador	Airports/Infrastructure	3,4%
PERU LNG SRL 2030	\$ Peru	Oil & Gas	3,2%
BAYPORT MANAGEMENT 2022	\$ Mauritius	Financial Services	3,1%
NITROGENMUVEK VEGYIPARI 2025	€ Hungary	Chemicals	2,8%
TELECOM OF TRIN & TOBAGO 2029	\$ Trinidad and Tobago	Telecommunications	2,8%
AES ARGENTINA GENERACION 2023	\$ Argentina	Utilities	2,7%
RONESANS GAYRIMENKUL YAT Perp	\$ Turkey	Real Estate	2,7%
CASINO GUICHARD PERRACHO 2022	€ France	Food & Beverage	2,6%
GENEL ENERGY FIN TWO 2025	\$ Great Britain	Oil & Gas	2,5%

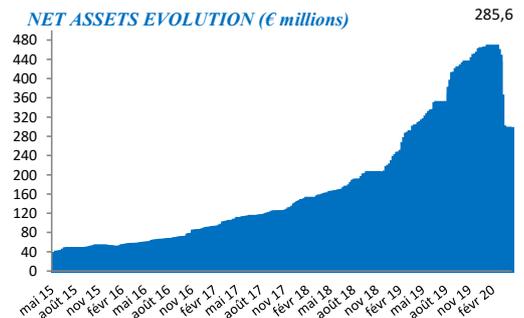
10 largest positions

29,3%

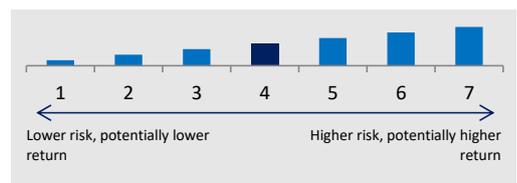
RISK INFORMATION

- 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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