

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 depreciated by -1.4% in September, slightly underperforming the IBOXX Liquid High Yield index (-1.2%) and the JPM CEMBI HY+ (-0.9% in EUR), mainly due to resurgence of risk-off perceptions within financial markets during the month.

Equities and credit markets experimented a downtime in September with addition of diverse factors. In the United States, the absence of agreement concerning economic recovery plan, the uncertainty on presidential elections and the persistent tensions with China had triggered a deterioration over generalized risk environment, which has negatively affected all assets classes including emerging corporate debt. In Europe, this is the latest acceleration in Covid-19 cases combined with the imposition of new sanitary restrictions in number of countries (Spain, United Kingdom, France), which re-emerged concerns ; even if health situation has been improving within most of emerging countries, except India. This negative monthly performance put a stop to a period of five consecutive positive months in emerging markets, a positive dynamic extended until the first two weeks of September, which witnessed the successful comeback of plenty high-yield emerging markets issuers to primary markets (as BRF, Arcos Dorados, Metinvest).

Under this scenario of widespread deteriorated risk and relatively stable interest rates, most of CEMBI HY+ bond issues experimented a widening tendency on their credit spreads, in particular issues within highly sensitive countries to global context, such as Indonesia (+113 bps, 1 098 bps), Ukraine (+29 bps, 667 bps) and Argentina (+190 bps during the month, 1 536 bps), that has additionally suffered from a temporary strengthening on exchange controls. Measures are expected to carry on until 31st March 2021 or until current account will benefit from foreign currency coming from agricultural exports. Certain companies, specially within the energy (YPF) and mining sectors could however take advantage from an exception regime. The only CEMBI HY+ country achieving a positive performance was Mexico (+0.7%), whose exporting sector recovered and enjoyed their depreciated peso against dollar (-10% since the beginning of March). Moreover, concerning sanitary conditions, situation seems to stabilize as a decline in the number of active coronavirus cases and mortality rate confirms. Regarding China, the government might enforce a new interesting legislation to limit the indebtedness level of real estate developers. This measure should allow issuers in this sector to improve their credit profile and to reduce their mid-term indebtedness. Country-wise, beyond Argentina or Ecuador, it is time for Zambia similarly to enter into a restructuring process, as government required a term extension for its coupons payments to creditors. Finally, current conflict in Nagorno-Karabakh has not any direct impact on our portfolio, which is not exposed to Armenia or Azerbaijan.

Since March, dispersion on bonds valuation continues to tighten, mainly due to Quantitative Easing policies implemented in developed markets, but is still wide for investment grade and High Yield segments, also generating investment opportunities. Downgrades in credit rating over plenty of bonds issuances (often consequence of sovereign downgrading which is among the most common circumstances in this crisis) are them also pools for investment opportunities that we carefully monitor. We preserve our investment strategy well diversified among several investment segments, each one with its own investment rationality (Cf. webinar September 2020). Once again to highlight this month, the positive performance of infrastructure segment (in contrast to financial markets) continue to be among the most interesting opportunities, even under anticipated conservative or negative economic scenarios.

Concerning US presidential elections, November will be an important catalyst for financial markets in general, including emerging countries. To sum up, current shortcuts lead to interpret as follow: Biden as winner should in principle be beneficial for Mexico and America Latina and negative for Russia.

This month, the main contributor to performance was Quito's airport (**Quiport**), benefiting from the conclusion on restructuring agreement over Ecuador sovereign debt and besides profiting the gradual recovery on travel traffic (+14% in August compared to July). Last month, after reducing our exposure to Argentina, we reallocated this capital to initiate a new position on Tecpetrol, an Argentinean natural gas producer, low-indebted, holding a significant part of its assets in foreign countries and to which current restriction should not greatly impact. We have additionally taken profit on a significant portion of **Intercement**, a Brazil-Argentinean cement manufacturer.

MONTHLY PERFORMANCES

	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	YTD
2020	+1,5%	-1,7%	-30,2%	+2,1%	+12,1%	+7,8%	+1,3%	-1,4%	-	-	-	-	-12,6%
2019	+2,6%	+1,8%	+0,6%	-0,1%	+0,4%	+1,5%	+0,7%	-4,8%	+1,0%	+0,3%	+0,7%	+3,6%	+8,3%
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%

BY PERIOD

1 month	-1,4%
3 months	+1,7%
6 months	+25,5%
12 months	-8,6%
3 years	-9,0%
5 years	+20,8%

KEY FIGURES

LU1165644672

Inception Date	April 24, 2015
NAV as of 30-09-20	108,63
Fund Net Assets	409,1M€

RETURN

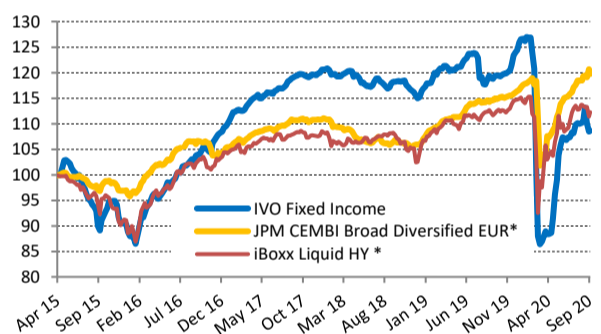
	Bonds part	Fund
Yield to maturity* (EUR)	18,6%	17,9%
Yield to worst* (EUR)	18,3%	17,6%
Adjusted Yield * (EUR)	11,5%	11,0%

*hedging costs included : Bloomberg 1Y EURUSD Forward

FUND PERFORMANCES & RISK

Performance MTD	-1,4%
Performance YTD	-12,6%
Annualized 5 years performance	+3,8%
Annualized 5 years volatility	+11,4%

NAV EVOLUTION



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

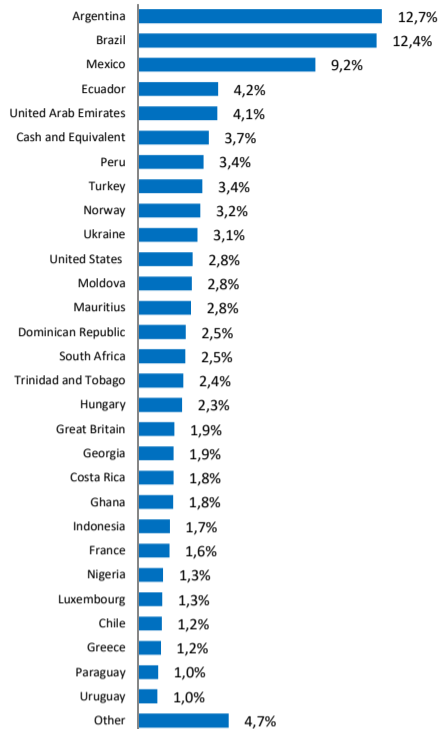
FUND CHARACTERISTICS

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: Daily - Valuation: Daily
Investment Horizon: At least 3 years
Investment Manager: IVO Capital Partners
Custodian: Société Générale
Auditor: Deloitte

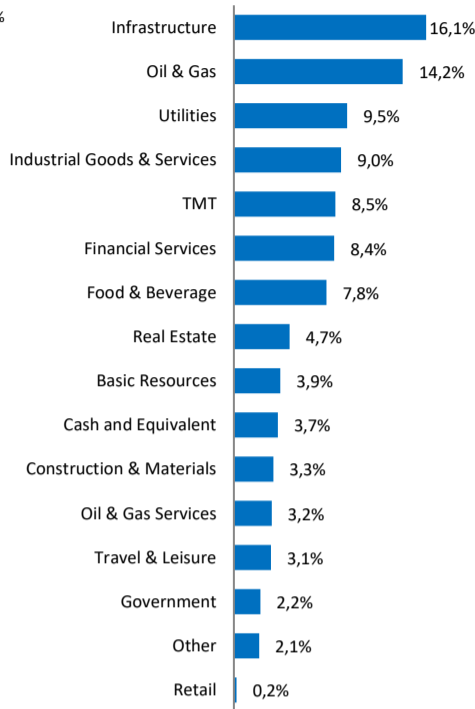
OPERATING PROCEDURES

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

BREAKDOWN BY REGIONS



BREAKDOWN BY SECTORS



PORTFOLIO DATA

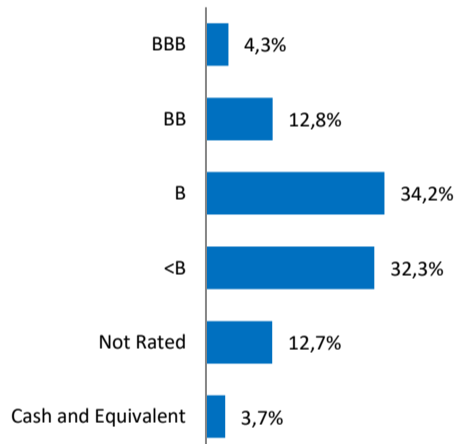
Yield to Maturity* (EUR)	18,6%
Yield to Worst* (EUR)	18,3%
Adjusted Yield * (EUR)	11,5%
USD Exposure	0,9%
Average Running Coupon	9,4%
Number of Issuers	92
Average Maturity	6,9
Average Duration	4,1
Adjusted Duration**	4,6
Average Rating	B
Average Issued Amount (\$ million)	653
Average Percentage Holding	2,4%

*hedging costs included : Bloomberg 1Y EURUSD Forward

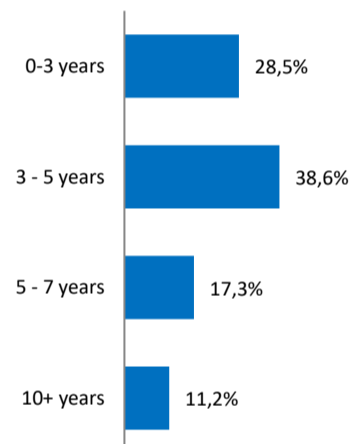
BONDS METRICS (Weighted Average)

Revenue (\$ billions)	4,4
EBITDA (\$ billions)	0,9
Leverage	3,7x

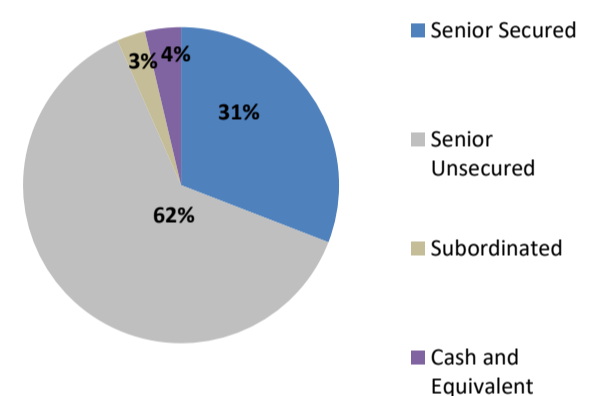
BREAKDOWN BY RATING



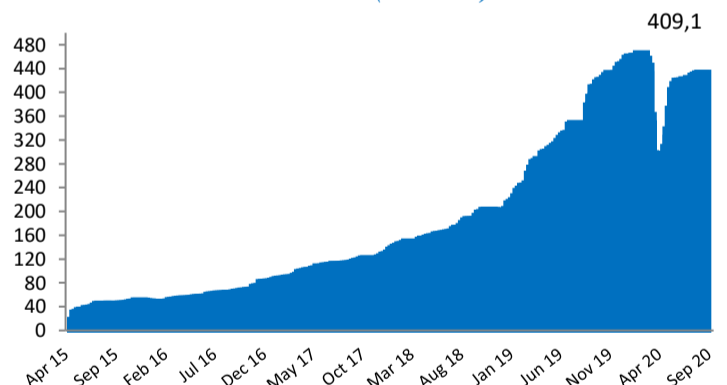
BREAKDOWN BY DURATION



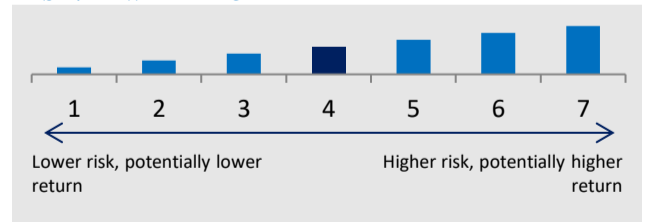
SENIORITY RANK DISTRIBUTION



NET ASSETS EVOLUTION (€ millions)



RISK / REWARD PROFILE



The lowest category does not mean risk-free

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10 MAIN ISSUERS	COUNTRY	SECTOR	WEIGHT
INTL AIRPORT FINANCE SA 2033	\$ Ecuador	Infrastructure	4,2%
PERU LNG SRL 2030	\$ Peru	Infrastructure	3,3%
ARAGVI FINANCE INTL 2024	\$ Moldova	Food & Beverage	2,8%
PETROBRAS GLOBAL FINANCE 2049	\$ Brazil	Oil & Gas	2,8%
BAYPORT MANAGEMENT 2022	\$ Mauritius	Financial Services	2,7%
AEROPUERTOS DOMINICANOS 2029	\$ Dominican Republic	Infrastructure	2,5%
OI SA 2025	\$ Brazil	TMT	2,5%
TELECOM OF TRIN & TOBAGO 2029	\$ Trinidad and Tobago	TMT	2,4%
NITROGENMUEK VEGYIPARI 2025	€ Hungary	Industrial Goods & Services	2,3%
PAMPA ENERGIA SA 2029	\$ Argentina	Utilities	2,2%

10 largest positions 27,5%

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".