# IVO GLOBAL OPPORTUNITIES (EUR) - UCITS

## FACTSHEET - SEPTEMBER 2021

## An opportunistic access to international corporate debt markets

Created in December 2019, the IVO Global Opportunities fund is a UCITS fund invested in stocks and bonds without any rating or currency constraints. The fund invests mainly, but not exclusively, in emerging countries. The investment strategy consists of building a portfolio that reflects the managers' expectations for all emerging country stocks, bond and currency markets. The strategy is totally discretionary and is mainly based on a stock selection approach (known as picking), while integrating a macro-economic dimension to refine the allocation of assets. The stock selection approach consists of choosing companies offering medium- or long-term earnings prospects, as well as growth potential. This selection is based on the fundamentals of the companies, especially the quality of their financial structure, their ability to generate cash flows, their competitive positioning in their markets, their future prospects and the quality of their management.

## Fund performance review

The fund remained stable (-0.2%) in September, outperforming the CEMBI HY+ index (-0.9% in EUR) and the IBOXX Liquid High Yield index (-1.0%), mainly due to superior performance of oil and gas industry issuers, as well as our under-exposure to China compared to the index.

Bond markets negatively performed in September, as a result of the rise over 10-year US yield, which closed at 1.5% in September (+20 bps), besides a widening in spreads (from 455 bps to 471 bps). Both the Fed and the ECB have reiterated their intention to slow down the asset purchase program by the end of the year, in addition to Fed committee members anticipations of U.S. rates rising sooner than expected. Three hikes are anticipated by 2023, likewise half of the members expecting the first hike by the end of 2022. During September, US dollar continued to appreciate against the rest of the world's major currencies (+1.7% compared to the DXY index). On the other hand, Equity markets bearishly closed suffering from rising rates partially related to the sharp increase in global energy prices, which boosts fears on persistent inflation, uncertainty on US debt, and potential economic slowdown in China. Brent oil reference continued to increase, even exceeding the $80 threshold, closing at $78.5. This was driven by a decreased supply due to Hurricane Ida in the United States and to increased natural gas prices, which triggered a shift in demand towards oil. In China, provincial governments committed to adhere to central government’s carbon emission limits, decided to impose power cuts over households and industrial companies, which could slow the economy recovery. These uncertainties regarding tightening monetary policy and rising energy prices are attenuated by central banker's claiming that they will not overreact to inflation, which could prove to be transitory in many sectors.

This month, although moderated compared to equity markets, emerging bond markets are mostly down. Once again, China was the most negative performer this month (-7.2%), due to the difficulties encountered by the giant Evergrande, which defaulted on its payment banks debt deadline and appealed to its grace period for bond debt. The company's default is imminent, raising fears of contagion to the entire sector, and even to the entire Chinese economy, as the sector represents a significant part of it (15% of GDP). Usually, most of emerging countries bond crisis are related to a deterioration of sovereign level financial situation, which indirectly affects private issuers that sometimes benefits from good financial health. On the contrary, this is a well-identified and highly indebted sector crisis, which is affected by a more restrictive regulatory context. In order to maintain certain social peace and protect a sector that remains important for the economy, Chinese state is likely to intervene and look for a solution that allows current projects fulfillment and thus restore client’s confidence. That said, under a still uncertain environment that could last several months, and considering transparency and subordination issues specific to the sector, we prefer to remain underexposed despite the attractive spreads. In addition, Chinese state interventionist policy continues and this time the target were the casino operators in Macau (-3.1%), through government potential enforcement of new regulations on the sector, and the uncertainty on licenses renewal that should take place in early 2022. In Indonesia (+0.1%), COVID contamination has considerably dropped, so that government has eased most restrictions and additionally announced loosening over certain financial regulations, which should benefit issuers, especially in real estate sector, which already presented a record performance during the first half of the year. The results of the mid-term legislative primaries in Argentina (+0.0%) put former President Macri's party, Juntos por el Cambio, in a good position for the mid-November elections, a result that bodes well for the 2024 presidential elections, but could also lead to a radicalization of President Fernandez's policies. In Brazil (-1.4%) and Mexico (-0.6%), vaccination is improving, and cases of infection are decreasing. The Central Bank of Brazil increased the key rate by 100 bps, to 6.5%, to fight against inflation. The results of mid-term legislative elections in Argentina (+0.0%), positively positioned former president Macri's party, “Juntos por el Cambio” for mid-November elections, being a promising result for 2024 presidential elections. On the contrary, it could also lead to a radicalization of President Fernandez's policies. In Brazil (-1.4%) and Mexico (-0.6%), vaccination is progressing, while infection cases decrease. Brazil central bank increased its key rate by 100 bps to 6.5% to fight against inflation. Elsewhere in Latin America, Ecuador obtained $800 million in financing from the IMF, which should reach $1.5 billion by the end of the year. In Turkey (-0.6%), despite high inflation, the Central Bank diminished its key rates by 100 bps to 18%, negatively affecting the markets in general. Finally, in Ukraine (-1.2%), whose vaccination rate is still slow compared to the rest of Europe, infection cases are again increasing. However, we believe that given the credit profile of the Ukrainian companies in portfolio (low leverage and export-oriented), a potential new epidemic wave should have a limited impact. In Africa, Zambia was visited by the IMF at the end of the month, as part of negotiations to obtain financial support in exchange for reforms.

This month, the main contributor to performance was the Norwegian oil company **DNO**, benefiting from oil price per barrel increase, after its primary issuance in early September. We also increased some distressed positions where we still perceive upside potential. We reduced some gaining positions, specially in Mexico and Turkey, and reduced portfolio’s position in Chinese real estate sector. We remain defensive to face rising sovereign rates, with a 2.6 duration, and continue to grab opportunities in sectors/countries affected by political, health or regulatory circumstances, likewise looking as well for idiosyncratic issues.

Despite concerns regarding the impact of a potential Chinese economic slowdown, on the global economy and emerging markets, we keep a positive perspective for our asset class and believe it still offers interesting opportunities. First, the corporate high-yield issuers leverage is being significantly reduced this year, returning to 2011 levels of around 2.3x (below the pre-covid level). Second, the accelerated vaccination in emerging countries should support strong corporate performance. Finally, unlike many other asset classes, whether bonds or equities, emerging corporate bond valuations are not "tight" and are even still attractive, both relative to 2017 and if compering with other current opportunities. Yield spreads (467 bps), which according JP Morgan expectations, should reach around 425 bps by the end of the year, still offering a compression potential. We observe this potential particularly in commodity-related companies, besides some companies affected by mobility restrictions.

### KEY FIGURES

| KEY FIGURES | LU2061939489 |
|---|---|
| Inception Date | December 16, 2019 |
| NAV as of 30-09-2021 | 127,80 |
| Fund Net Assets | 27,2M€ |

### RETURN

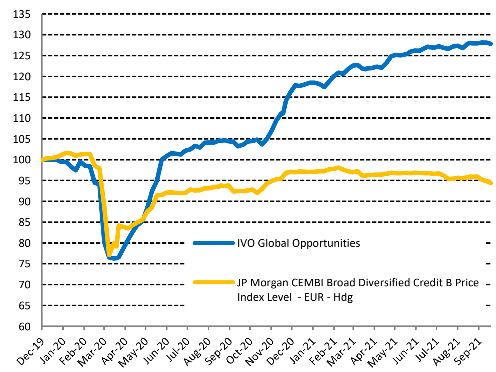
| RETURN | Bonds part | Fund |
|---|---|---|
| Yield to maturity* (EUR) | +12,8% | +11,4% |
| Yield to worst* (EUR) | +12,7% | +11,3% |
| Adjusted yield** (EUR) | +10,7% | +9,3% |

*hedging costs included : Bloomberg 1Y EURUSD Forward

### FUND PERFORMANCES & RISK

| | |
|---|---|
| Performance MTD | -0,2% |
| Performance YTD | +8,3% |
| Performance ITD | +27,8% |
| Annual volatility | +5,3% |

### NAV EVOLUTION




### FUND CHARACTERISTICS

- ISIN Code : LU2061939489
- Bloomberg Ticker : IVOGORE LX
- Fund Currency : EUR
- Inception Date : December 13th 2019
- Manager : Roland Vigne
- Structure : Luxembourg Sicav
- Fund Category : Capitalisation UCITS
- Liquidity : Weekly - Valuation: Daily
- Investment Horizon : At least 5 years
- Investment Manager : IVO Capital Partners
- Custodian : Société Générale
- Auditor : Deloitte

### OPERATING PROCEDURES

- Minimum investment : 1 000€
- Annual Management Fee : 2%
- Performance Fee : 15% above 5% per calendar year
- Subscription Fee : up to 4%
- High Water Mark : Yes

### MONTHLY PERFORMANCES

| | Jan. | Feb. | Mar. | Apr. | May | Jun. | Jul. | Aug. | Sep. | Oct. | Nov. | Dec. | YTD |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 2021 | -0,5% | +2,7% | +0,9% | +1,2% | +1,8% | +1,4% | -0,4% | +1,1% | -0,2% | - | - | - | **+8,3%** |
| 2020 | -2,5% | -3,0% | -19,2% | +10,3% | +12,8% | +6,7% | +1,6% | +1,5% | -1,0% | +0,1% | +7,2% | +6,2% | **+18,1%** |
| 2019 | - | - | - | - | - | - | - | - | - | - | - | -0,0% | **-0,0%** |

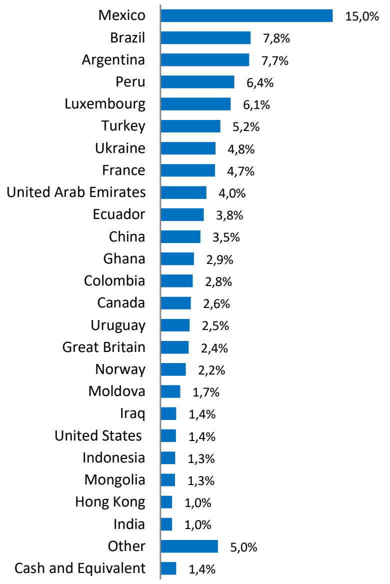
### BY PERIOD

| | |
|---|---|
| 1 month | -0,2% |
| 3 months | +0,5% |
| 6 months | +5,0% |
| 12 months | +23,5% |

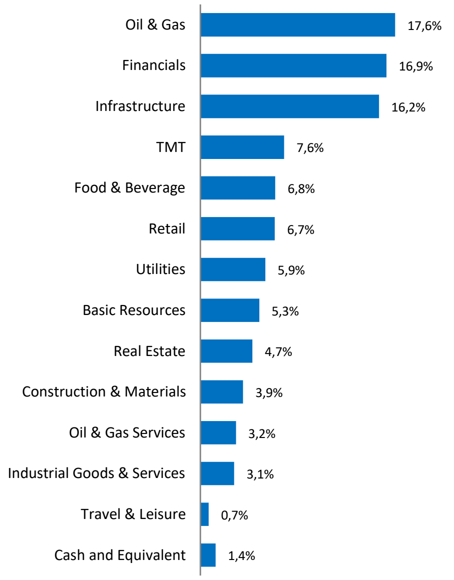
# IVO GLOBAL OPPORTUNITIES (EUR) - UCITS

## PORTFOLIO - SEPTEMBER 2021

### *BREAKDOWN BY REGIONS*




### *BREAKDOWN BY SECTORS*




### *BOND PORTFOLIO DATA*

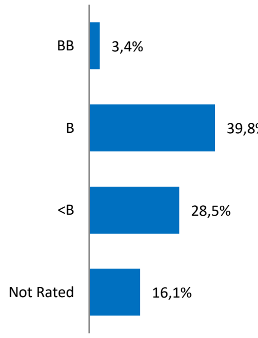
| | |
|---|---|
| **Equities exposure** | **10,9%** |
| Yield to Maturity* (EUR) | 12,8% |
| Yield to Worst* (EUR) | 12,7% |
| Adjusted Yield** (EUR) | 10,7% |
| USD Exposure | 2,5% |
| Average Running Coupon | 9,2% |
| Number of Issuers | 87 |
| Average Maturity | 3,9 |
| Average Duration | 2,7 |
| Adjusted Duration** | 2,8 |
| Average Rating | B- |
| Average Issued Amount ($ million) | 477 |
| Average Percentage Holding | 0,2% |

*hedging costs included : Bloomberg 1Y EURUSD Forward

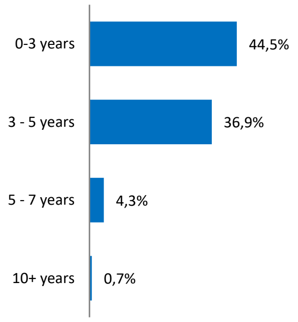
### *BONDS METRICS (Weighted Average)*

| | |
|---|---|
| Revenue ($ billions) | 1,9 |
| EBITDA ($ billions) | 1,4 |
| Leverage | 3,6x |

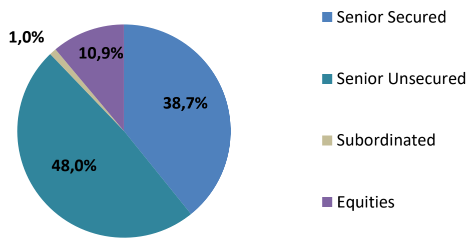
### *BREAKDOWN BY RATING*



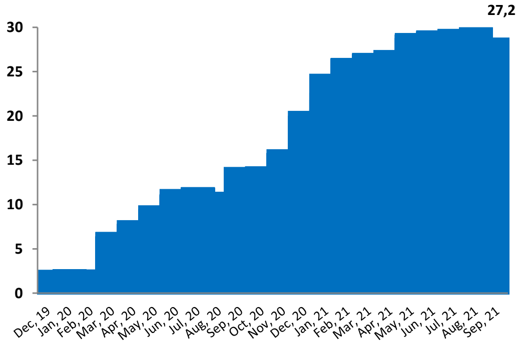

### *BREAKDOWN BY DURATION*




### *SENIORITY RANK DISTRIBUTION*




### *NET ASSETS EVOLUTION (€ millions)*



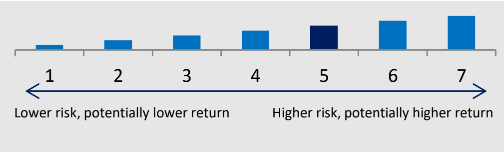

### *10 MAIN ISSUERS*

| *10 MAIN ISSUERS* | | *COUNTRY* | *SECTOR* | *WEIGHT* |
|---|---|---|---|---|
| GRUPO KALTEX SA DE CV 2022 | $ | Mexico | Retail | 4,3% |
| PERU LNG SRL 2030 | $ | Peru | Infrastructure | 4,2% |
| INTL AIRPORT FINANCE SA 2033 | $ | Ecuador | Infrastructure | 3,8% |
| SIXSIGMA NETWORKS MEXICO 2025 | $ | Mexico | TMT | 3,2% |
| DTEK FINANCE PLC 2027 | $ | Ukraine | Basic Resources | 3,0% |
| ELEVING GROUP SA 2022 | € | Luxembourg | Financials | 3,0% |
| LIMAK ISKENDERUN 2036 | $ | Turkey | Infrastructure | 3,0% |
| SHAMARAN PETROLEUM CORP 2023 | $ | Canada | Oil & Gas | 2,6% |
| ACI AIRPORT SUDAMERICA S 2032 | $ | Uruguay | Infrastructure | 2,5% |
| FINANCIERA INDEPENDENCIA 2024 | $ | Mexico | Financials | 2,4% |
| **10 largest positions** | | | | **32,1%** |

### *RISK INFORMATION*

- 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 andbelow 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".

### *RISK / REWARD PROFILE*




The lowest category does not mean risk-free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* Data adjusted by IVO CP exclude irrelevant yields and take into account the portfolio managers' expectations regarding the most likely redemption date (could be at maturity date, at the next call or put, at another call date or tender). These expectations do not always match the worst-case scenario, reflecting the lowest possible yield, but can also lead us to exclude yields that are too high and unrealistic. False hypothesis can either overestimate or underestimate the yield and duration or sensitivity of the portfolio.
Past performance is no guarantee of future results.