# IVO GLOBAL OPPORTUNITIES (EUR) - UCITS

## FACTSHEET - OCTOBER 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 increased slightly by +0.5% in October, outperforming the CEMBI HY+ index (-1.2% in EUR), thanks to our underweight to China, and overperforming the IBOXX Liquid High Yield index (- 0.3%).

Emerging bond markets recorded a negative performance this month, due to a slight increase in US sovereign yields, with the 10Y-rate ending the month at 1.55% (+5bps), as well as an increase in yield spreads (from 471bps to 493bps). Concerns about the persistence of inflation due to supply chain problems and the energy crisis, as well as expectations of an easing in the Fed's monetary policy, have impacted investor confidence. Despite, equity markets ended the month higher, with companies reporting quarterly earnings generally above expectations, and demonstrating their ability to report their rising production costs to the ultimate consumer. Although global growth appears to be affected by short-term supply problems, demand seems to be resilient. The barrel price, ending at $84, has risen above $85 this month, its highest level in seven years, and is driven, in particular, by the impact of natural gas demand on the demand of oil, but also by a recovery in global demand and the supply issues that drive the market. The dollar depreciated slightly by 0.7% this month against other currencies, after the release of lower-than-expected US GDP growth in the third quarter (+2% vs +2.7% forecast).

The weakest performers in October were China (-13.5%), Macau (-2.2%) and Brazil (-2.0%). Despite the payment of an unexpected coupon by Evergrande, the decline in Chinese real estate issuers accelerated in October as two companies defaulted on their external debt in USD. Although widespread, this decline was even more significant for more fragile issuers rated as single B. However, some statements by the Chinese government suggest that the state will provide support to companies in difficulty to avoid a generalized crisis in the real estate sector. Following these statements, we decided to increase slightly our exposure to the sector (+0.1%), by selecting companies with good credit profiles. Despite attractive valuations, we remain underweight compared to the CEMBI HY+ index as we believe that other real estate developers are likely to default in the coming months. Elsewhere in Asia, after a slight downturn in the middle of the month, due to forced sales linked to volatility in China by some investors, India and Indonesia ended the month slightly positive. In Brazil (-2%), the government announced its intention to raise the ceiling on spending in the coming year to finance social benefits, which was badly perceived by investors, given by an high inflation in the country, and which affected the sovereign debt even more (-3.2%). The Brazilian central bank therefore increased its key rate by 150 bps, which affected the issuers. In Turkey, Erdogan's decision to lower the key rate by 200bps has surprised investors, who were expecting a drop of 100bps in October and then 100bps in November. Despite this, issuers, most of which are exporters and have low debt, held up rather well (-0.3%), while Ukraine reached an agreement with the IMF to free up $700m by the end of the year, which had a positive impact on issuers (+0.8%). This positive advance was not enough to offset some negative news on the political side, with rumors about the potential re-election of the Governor of the Central Bank, as well as high October inflation figures, which had a negative impact on the sovereign debt (-0. 6%). Regarding Africa, the President of Zambia presented the country's budget and expressed his willingness to conclude the restructuring of the debt by early 2022, which had a positive impact on the sovereign (+1.9%).

The main contributor to performance this month was the Norwegian oil company **DNO**, which was again supported by the rising oil price. Conversely, the main detractor from performance was Brazilian constructor **Andrade Gutierrez**, whose restructuring was delayed following the withdrawal of the buyer of CCR shares which was one condition of the deal. We remain confident in the value of the assets and the possibility of resuming negotiations with the potential buyer. In addition, we participated in four primary issues, including two in Europe, one in Latin America and one in Africa, and slightly increased our exposure to the Chinese real estate sector on an opportunistic basis. Finally, in this volatile market environment, we continue to seize opportunities by focusing on companies with the most attractive risk and return profiles, while ensuring that we maintain a low duration (2.8 at the end of October).

Despite concerns about the resumption of global growth and the tightening of monetary policy, we believe that our asset class remains attractive. The fundamentals of companies in the high yield universe have been robust and have continued to improve, with their debt at historic lows, which should allow them to withstand a potential global growth slowdown. The performance of the CEMBI HY since the beginning of the year (+2.1% USD) was significantly higher than the HY sovereign index (-4% USD), and according to JPMorgan, 40% of corporate credit downgrades were triggered by sovereign credit downgrades, which can present attractive investment opportunities. In addition, dispersion is still significant, and should allow for further spread compression by the end of the year.

### *KEY FIGURES*

| *KEY FIGURES* | *LU2061939489* |
|---|---|
| Inception Date | December 16, 2019 |
| NAV as of 29-10-2021 | 128,45 |
| Fund Net Assets | 27,5M€ |

### *RETURN*

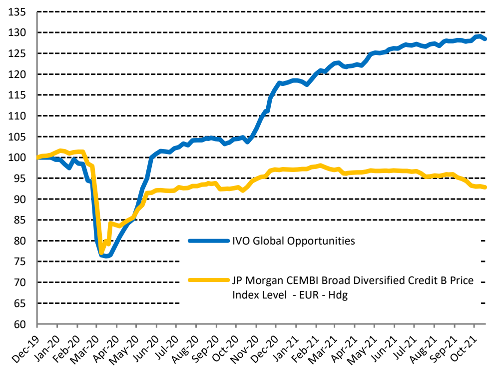
| *RETURN* | Bonds part | Fund |
|---|---|---|
| Yield to maturity* (EUR) | +14,0% | +12,6% |
| Yield to worst* (EUR) | +13,9% | +12,4% |
| Adjusted yield** (EUR) | +11,2% | +9,8% |

*hedging costs included : Bloomberg 1Y EURUSD Forward

### *FUND PERFORMANCES & RISK*

| | |
|---|---|
| Performance MTD | +0,5% |
| Performance YTD | +8,8% |
| Performance ITD | +28,5% |
| 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% | +0,5% | - | - | **+8,8%** |
| 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%** |

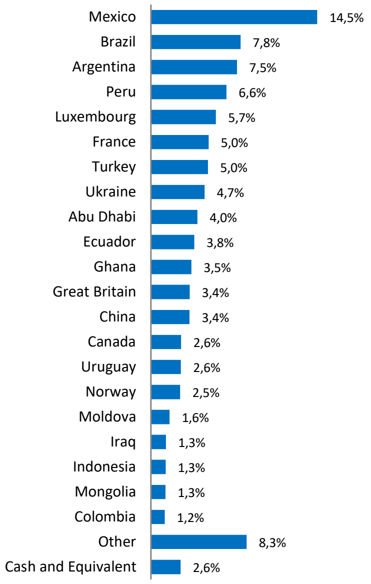
### *BY PERIOD*

| | |
|---|---|
| 1 month | +0,5% |
| 3 months | +1,5% |
| 6 months | +4,3% |
| 12 months | +23,9% |

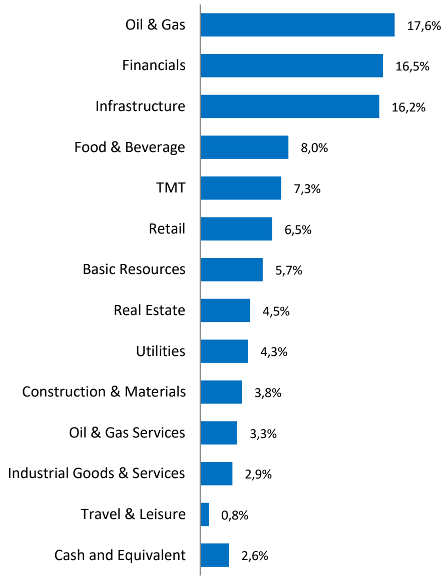
# IVO GLOBAL OPPORTUNITIES (EUR) - UCITS

## PORTFOLIO - OCTOBER 2021

### *BREAKDOWN BY REGIONS*




### *BREAKDOWN BY SECTORS*




### *BOND PORTFOLIO DATA*

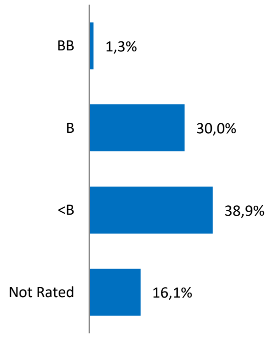
| | |
|---|---|
| **Equities exposure** | **11,1%** |
| Yield to Maturity* (EUR) | 14,0% |
| Yield to Worst* (EUR) | 13,9% |
| Adjusted Yield** (EUR) | 11,2% |
| USD Exposure | 2,1% |
| Average Running Coupon | 9,2% |
| Number of Issuers | 89 |
| Average Maturity | 3,9 |
| Average Duration | 2,7 |
| Adjusted Duration** | 2,8 |
| Average Rating | B- |
| Average Issued Amount ($ million) | 474 |
| Average Percentage Holding | 0,2% |

*hedging costs included : Bloomberg 1Y EURUSD Forward

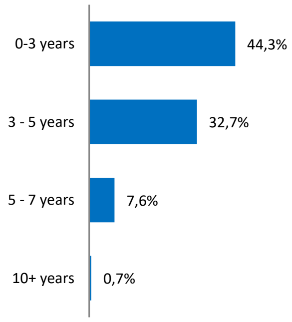
### *BONDS METRICS (Weighted Average)*

| | |
|---|---|
| Revenue ($ billions) | 1,9 |
| EBITDA ($ billions) | 0,9 |
| Leverage | 2,6x |

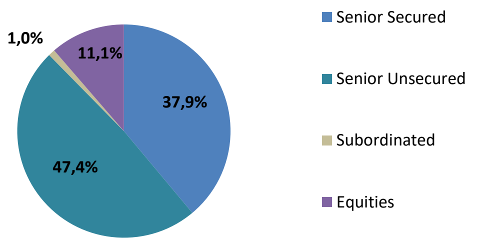
### *BREAKDOWN BY RATING*



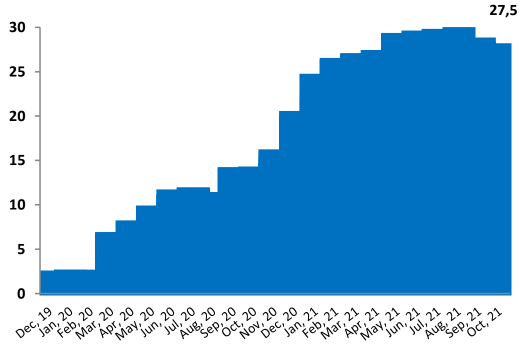

### *BREAKDOWN BY DURATION*




### *SENIORITY RANK DISTRIBUTION*




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

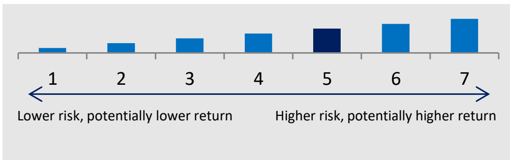



| *10 MAIN ISSUERS* | | *COUNTRY* | *SECTOR* | *WEIGHT* |
|---|---|---|---|---|
| PERU LNG SRL 2030 | $ | Peru | Infrastructure | 4,3% |
| GRUPO KALTEX SA DE CV 2022 | $ | Mexico | Retail | 4,1% |
| INTL AIRPORT FINANCE SA 2033 | $ | Ecuador | Infrastructure | 3,8% |
| SIXSIGMA NETWORKS MEXICO 2025 | $ | Mexico | TMT | 3,1% |
| DTEK FINANCE PLC 2027 | $ | Ukraine | Basic Resources | 2,9% |
| LIMAK ISKENDERUN 2036 | $ | Turkey | Infrastructure | 2,8% |
| SHAMARAN PETROLEUM CORP 2023 | $ | Canada | Oil & Gas | 2,6% |
| ACI AIRPORT SUDAMERICA S 2032 | $ | Uruguay | Infrastructure | 2,6% |
| ELEVING GROUP SA 2026 | € | Luxembourg | Financials | 2,6% |
| FINANCIERA INDEPENDENCIA 2024 | $ | Mexico | Financials | 2,3% |
| **10 largest positions** | | | | **31,2%** |

### *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


For further information, please contact us:
gestion@ivocapital.com
Tel: +33 (1) 45 63 63 13


* 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.