# IVO FIXED INCOME (EUR) - UCITS

## FACTSHEET - JANUARY 2022

### 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 -0.8% in January, outperforming the CEMBI HY+ index (-1.8% in EUR) and the IBOXX Liquid High Yield index (-2.8%), thanks to positive idiosyncratic developments and our under exposure to China.

The beginning of 2022 was a turbulent time for both bond and equity markets, with the Fed's rate hike announcements and geopolitical tensions. The negative performance of the CEMBI HY+ is explained by the rise in the US yield (+27 bps), but also by an increase in yield spreads of 20 bps. That said, the bond markets were quite resilient compared to the equity markets, with the S&P 500 closing the month down -5.3%. Faced with strong US GDP growth (+5.6% in 2021), low unemployment (3.8%), and high inflation (+7% in December 2021), Jerome Powell confirmed a first rate hike in March, which caused volatility in the markets, and an increase in the US 10-year yield to 1.78%. The dollar also appreciated by 0.9% against other currencies, and investors now expect five rate hikes in 2022. Still linked to concerns about a supply deficit compared to demand, the price of a barrel of oil rose above $90 for the first time in seven years.

The majority of emerging market corporate high yield bonds posted a negative performance in January, with the exception of Turkey (+2.6%) and Argentina (+0.7%). In Turkey, issuers are making up for some of their decline in recent months, and the central bank has decided to keep the key rate at its level. The Argentine government honoured the $730 million payment due to the IMF at the end of the month, and the two parties announced that they had reached an agreement. Although the exact terms are still under discussion, this is a positive signal about the IMF's willingness to avoid another default by the sovereign. The country commits to gradually reduce its fiscal deficit and reach a balanced budget by 2025. In Ukraine (-10.5%), issuers continued to be affected by geopolitical tensions with Russia. Talks between the US, Europe and Russia, which are still ongoing, did not lead to the withdrawal of Russian troops from the border, which also had a negative impact on Russian corporates (-4.1%). In China (-7.7%), the government's announcement to release some of the funds blocked in real estate projects was not enough to reassure investors. This announcement, which is positive for short-term liquidity, is qualified by the slowdown in project sales, as well as by negative developments on certain developers, particularly the most fragile. However, some state-owned companies have started to acquire projects or assets of distressed developers, and are encouraged to do so by the central bank. We have slightly increased our exposure to Chinese issuers (+0.9%), selecting either investment grade issuers or highly discounted bonds with monetisable assets and good equity value, where we see upside potential. In Mexico (-4.6%), uncertainty over the payment of a maturity in early February by one of the major financials in the index triggered a sell-off in this and other Mexican financials. In Peru (-0.8%), the central bank continued its orthodox policy by raising key rates by 50 bps. In Kazakhstan, at the beginning of the month, demonstrations against the increase in the price of electricity created major riots, which were repressed by the government with the help of Russia. This had no impact on our portfolio.

The main contributor to performance this month was oilfield services provider **Borr Drilling**, which completed a $30m capital increase and successfully refinanced and deferred $1.4bn of depreciation on its shipyards from 2023 to 2025. We took advantage of these positive developments to sell our position in this issuer. We participated in two primary issues in emerging Europe, and we continued to take advantage of attractive valuations in Ukraine and Turkey to strengthen certain issuers with strong credit profiles. In this context of US monetary tightening, we maintain a low duration of 3.2.

Uncertainty over the Fed's future decisions on monetary tightening, geopolitical tensions in Ukraine, monetary policy in Turkey, and developments in China will continue to be a source of volatility in the coming months for emerging markets. The impact of the Omicron variant is likely to be felt on growth, as has already been the case for China, which saw its GDP increase by 4% in the fourth quarter of 2021, a marked slowdown compared to the beginning of the year. That said, corporate fundamentals are strong, and we maintain a large liquidity pocket, to be able to seize opportunities. We still see potential for spread compression in some pockets of our portfolio, particularly in the oil pocket at this price level.

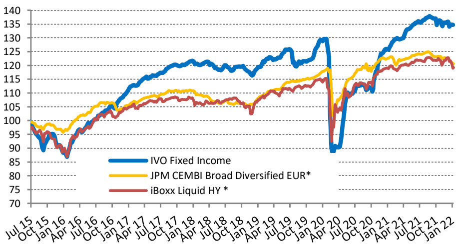
| *KEY FIGURES* | *LU1165644672* |
|---|---|
| Inception Date | April 24, 2015 |
| NAV as of 31-01-22 | 130,51 |
| Fund Net Assets | 491,1M€ |

| *RETURN* | Bonds part | Fund |
|---|---|---|
| Yield to maturity* (EUR) | +28,7% | +27,9% |
| Yield to worst* (EUR) | +28,2% | +29,1% |
| Adjusted Yield * (EUR) | +10,4% | +10,1% |

*hedging costs included : Bloomberg 1Y EURUSD Forward

| *FUND PERFORMANCES & RISK* | |
|---|---|
| Performance MTD | -0,8% |
| Performance YTD | -0,8% |
| Annualized 5 years performance | +3,3% |
| Annualized 5 years volatility | +11,0% |

*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: Daily - Valuation: Daily
- Investment Horizon: At least 3 years
- Investment Manager: IVO Capital Partners
- Custodian: Société Générale
- Auditor: Deloitte
- Article 8 SFDR

*OPERATING PROCEDURES*

- Minimum Investment: 5 000€
- Annual Management Fee: 1,5%
- Performance Fee: 15% above EURIBOR 3M + 400 BP
- Subscription Fee: up to 4%
- High Water Mark: Yes

| | Jan. | Feb. | Mar. | Apr. | May | Jun. | Jul. | Aug. | Sep. | Oct. | Nov. | Dec. | YTD |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 2022 | -0,8% | - | - | - | - | - | - | - | - | - | - | - | **-0,8%** |
| 2021 | +0,7% | +2,5% | +0,5% | +1,1% | +1,9% | +1,4% | -0,0% | +1,3% | -0,01% | -1,0% | -1,4% | +1,1% | **+8,2%** |
| 2020 | +1,5% | -1,7% | -30,2% | +2,1% | +12,1% | +7,8% | +1,3% | +1,9% | -1,41% | -0,7% | +7,1% | +5,3% | **-2,1%** |
| 2019 | +2,6% | +1,8% | +0,6% | -0,1% | +0,4% | +1,5% | +0,7% | -4,8% | +1,02% | +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% | +1,16% | +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% | +0,89% | +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% | +1,21% | +1,5% | +0,7% | +2,1% | **+19,4%** |
| 2015 | - | - | - | - | +2,9% | -2,1% | -2,8% | -3,2% | -5,17% | +3,9% | +1,5% | -4,3% | **-9,2%** |

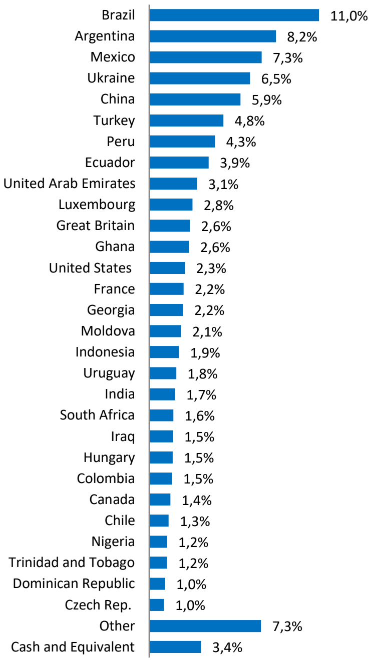
*BY PERIOD*

| | |
|---|---|
| 1 month | -0,8% |
| 3 months | -0,1% |
| 6 months | -0,9% |
| 12 months | +6,6% |
| 3 years | +11,3% |
| 5 years | +17,9% |
| ITD | +30,5% |

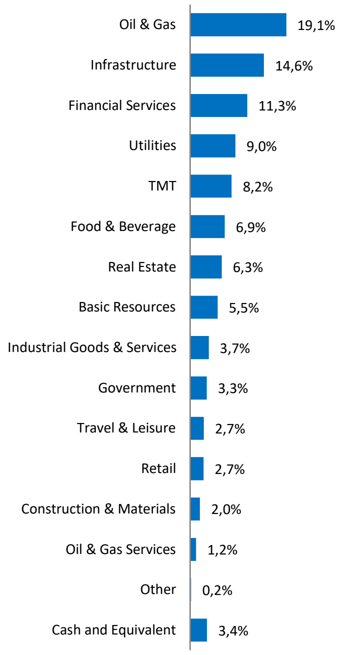
# IVO FIXED INCOME (EUR) - UCITS

## PORTFOLIO - JANUARY 2022

### *BREAKDOWN BY REGIONS*




### *BREAKDOWN BY SECTORS*




### *PORTFOLIO DATA*

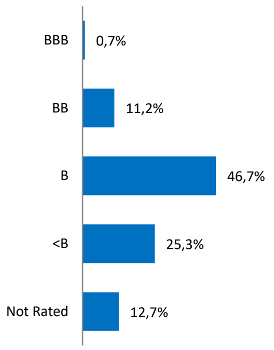
| | |
|---|---|
| Yield to Maturity* (EUR) | 28,7% |
| Yield to Worst* (EUR) | 28,2% |
| Adjusted Yield * (EUR) | 10,4% |
| USD Exposure | 1,0% |
| Average Running Coupon | 9,2% |
| Number of Issuers | 152 |
| Average Maturity | 4,4 |
| Average Duration | 2,9 |
| Adjusted Duration** | 3,2 |
| Average Rating | B+ |
| Average Issued Amount ($ million) | 682 |
| Average Percentage Holding | 2,0% |

*hedging costs included : Bloomberg 1Y EURUSD Forward

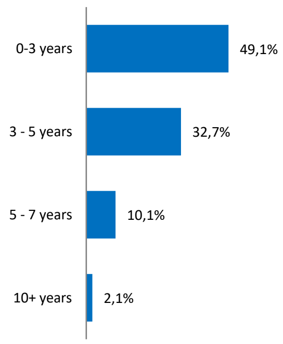
### BONDS METRICS (Weighted Average)

| | |
|---|---|
| Revenue ($ billions) | 3,3 |
| EBITDA ($ billions) | 0,8 |
| Leverage | 3x |

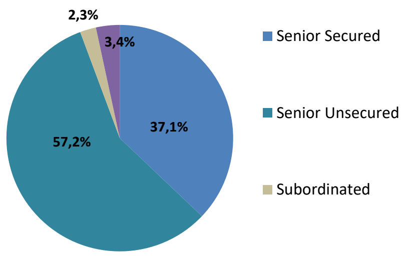
### *BREAKDOWN BY RATING*




### *BREAKDOWN BY DURATION*

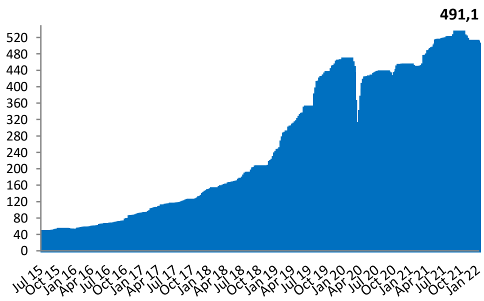



### *SENIORITY RANK DISTRIBUTION*




| *10 MAIN ISSUERS* | | *COUNTRY* | *SECTOR* | *WEIGHT* |
|---|---|---|---|---|
| INTL AIRPORT FINANCE SA 2033 | $ | Ecuador | Infrastructure | 3,9% |
| PERU LNG SRL 2030 | $ | Peru | Infrastructure | 3,4% |
| LIMAK ISKENDERUN 2036 | $ | Turkey | Infrastructure | 2,3% |
| SIXSIGMA NETWORKS MEXICO 2025 | $ | Mexico | TMT | 2,2% |
| ARAGVI FINANCE INTL 2026 | $ | Moldova | Food & Beverage | 2,1% |
| ELEVING GROUP SA 2026 | € | Luxembourg | Financial Services | 2,0% |
| AES ARGENTINA GENERACION 2024 | $ | Argentina | Utilities | 1,9% |
| PAMPA ENERGIA SA 2029 | $ | Argentina | Utilities | 1,9% |
| ACI AIRPORT SUDAMERICA S 2034 | $ | Uruguay | Infrastructure | 1,8% |
| CASINO GUICHARD PERRACH Perp | € | France | Food & Beverage | 1,5% |
| **10 largest positions** | | | | **22,8%** |

### NET ASSETS EVOLUTION (€ millions)




### *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.

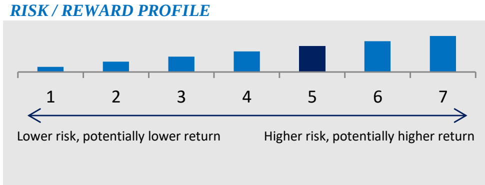
▫ The value of debt securities may change significantly depending on the economic and interest rate conditions, as well as the credit worthiness of the issuer. These risks are typically higher in emerging market andbelow investment grade debt securities.

▫ 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.