

An opportunistic access to international corporate debt markets

Created in December 2019, the IVO Fixed Income Short Duration SRI fund is a corporate bond fund in hard currencies whose issuers are headquartered or have their main activity in emerging markets. The fund invests in a diversified manner in a wide range of issuers and sectors. Its maximum average duration is 3 years. The fund invests in the different bond segments - Investment Grade, High Yield, in USD and EUR - and in companies with good fundamentals: strong competitive positions, low debt levels, low exposure to local currency volatility, high margin levels, strong shareholders. The fund's strategy favours the "bad country/good company" approach, which provides quality investments in senior bonds at a discount.

Fund performance review

The fund depreciated by -0.2% in April, outperforming the CEMBI 1-3-year index (-0.4% in EUR), thanks to positive idiosyncratic developments on High Yield issuers

Bond market performance continued to be affected by rising US yields. The US 5-year yield fell back below the 10-year yield, but still rose by 40 bps, ending at 2.9%, while the ten-year rate ended the month at 2.95%. Credit spreads remained stable and ended the month at 528 bps. Nevertheless, the bond markets held up better than the equity markets, which accumulates several sources of concern for investors: a higher than expected rate hike by the Fed and its "mathematical" impact on company valuations as well as the different risks to global economic growth (inflation, multiple lockdowns in China, commodity prices, war...) and therefore the potentially significant revision of company results. The S&P 500 depreciated by -8.8% and the Euro Stoxx 500 by -2.6%. Even though US Q1 GDP figures unexpectedly fell (-1.4%), markets still expect the Fed to raise rates by 50 bps at its monthly meeting in May, with the slowdown mainly linked to the widening trade deficit as household demand and business investment continued to rise. Also in Europe, inflation figures continue to peak, reaching 7.5% in April for the Eurozone, paving the way for a potential rate hike by the ECB this year. Energy prices remained high, with the price of oil closing at \$109 per barrel as discussions continued on the implementation of a European embargo on Russian oil and gas. The dollar, as a safe haven, continued to appreciate against other currencies (+4.7%).

In April, two countries recorded a positive performance in the corporate index, Ukraine (+17.3%) and Argentina (+0.7%). While the Russians have been announcing since the middle of the month that they would concentrate their offensive in Eastern Ukraine, the military forces have not made any major advances and are encountering strong Ukrainian resistance. Ukrainian issuers recorded a positive performance, as several of them informed the market of an appropriate liquidity position to support their debt for several months. The concentration of forces in the East of the country also allows them to maintain the major part of their operations. In Argentina, issuers continue to benefit from macroeconomic improvements, with the IMF revising its growth projections for 2022 upwards to 4% from 3% expected in January. In Peru (-3.6%), violent protests against President Castillo animate the country as the population faces rising fuel and food prices. The performance of Chinese high yield issuers was again volatile (-0.1%), with a significant rise at the beginning of the month linked to the fact that some property developers will be able to issue international bonds secured by letters of credit guaranteed by Investment Grade banks, which will allow them to improve their liquidity. However, the new lockdown of Shanghai, which is bringing the housing sector to a halt, and housing sales in other regions, which are still down significantly on last year, caused the sector to decline over the rest of the month. In India, issuers suffered from the contagion of concerns about the Chinese economic slowdown (-2.6%). Elsewhere in Asia, Sri Lanka, which we are not exposed to, defaulted on \$51bn of external debt.

The primary market, after being at a standstill for several weeks, seems to be gradually reopening, especially for investment grade and BB/BB+ rated issuers. However, we did not participate in any new issues, but we made a certain number of arbitrages on the portfolio, by reinforcing positions whose credit spreads have widened over the last few weeks and on which we do not see any credit risk, notably in Eastern Europe and India. At the same time, we collected our profits on several bonds where we see less upside potential, particularly in Latin America. The main contributor to performance this month was the Argentine oil company **YPF**, which is benefiting from oil prices and positive macroeconomic developments in Argentina.

The continuing Russian-Ukrainian armed conflict and associated global geopolitical tensions, the comeback of lockdown in China and the persistence of high inflation, particularly in food and energy prices, continue to be a source of market volatility. Despite the downward revision of global growth from 4.4% to 3.6% in 2022, inflationary pressures do not affect the rise in US policy rates, which are still expected to increase seven times in 2022 and whose extent will depend on macroeconomic developments. US sovereign yields are therefore not expected to fall this year. Despite this, the outlook for the EM Corporate High Yield asset class in particular remains positive for 2022, with JP Morgan forecasting a performance of +5.0% for the year, which is explained by the low duration of this universe and by a compression of yield spreads. Indeed, the fundamentals of emerging companies remain very strong, with unprecedented and spectacularly low leverage expected to be around 1.5x at the end of 2022 for companies rated High Yield. Given the volatility caused by the geopolitical situation and the Fed's monetary policy, our structurally short duration of 2.9 allows us to deal with rising interest rates and to shift our focus on issuers with strong credit profiles where we see potential for spread compression.

KEY FIGURES

	LU2061939729
Inception Date	December 6, 2019
NAV as of 29-04-22	104,71
Fund Net Assets	85,3M€

RETURN

	Bonds part	Fund
Yield to maturity* (EUR)	+11,2%	+11,0%
Yield to worst* (EUR)	+11,2%	+11,0%
Adjusted yield** (EUR)	+7,5%	+7,3%

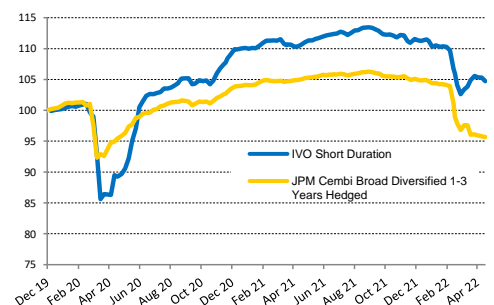
*hedging costs included : Bloomberg 1Y EURUSD Forward

**Adjusted Yield: See notes on the back of the page

FUND PERFORMANCES & RISK

Performance MTD	-0,2%
Performance YTD	-6,0%
Performance ITD	+4,7%
Annualized volatility	+4,0%

NAV EVOLUTION



FUND CHARACTERISTICS

ISIN Code : LU2061939729
Fund Currency: EUR
Inception Date: 6 December 2019
Coordinating manager : Romain Lacoste
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, Label ISR

OPERATING PROCEDURES

Minimum investment : 1 000€
Annual Management Fee: 1,25%
Performance Fee: None
Cut Off: D before 12:00 (UTC+1)

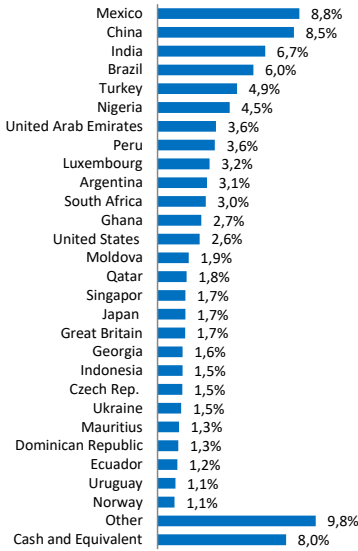
MONTHLY PERFORMANCES

	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	YTD
2022	-1,0%	-3,9%	-1,0%	-0,2%	-	-	-	-	-	-	-	-	-6,0%
2021	+0,1%	+1,1%	-0,6%	+0,1%	+0,8%	+0,6%	-0,1%	+1,1%	-0,5%	-0,7%	-1,0%	+0,4%	+1,3%
2020	+0,4%	-0,9%	-13,3%	+3,8%	+8,2%	+5,6%	+1,0%	+1,2%	-0,4%	-0,1%	+3,3%	+2,1%	+9,9%
2019	-	-	-	-	-	-	-	-	-	-	-	+0,1%	+0,1%

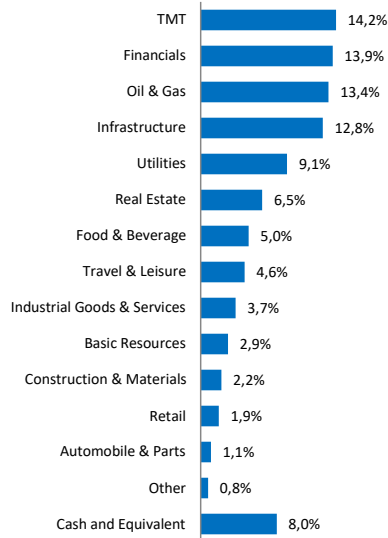
BY PERIOD

1 month	-0,2%
3 months	-5,1%
6 months	-6,6%
12 months	-5,4%

BREAKDOWN BY REGIONS



BREAKDOWN BY SECTORS



PORTFOLIO DATA

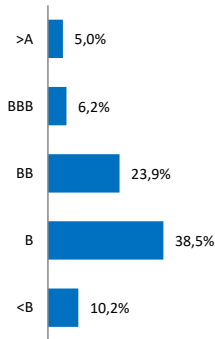
Yield to Maturity* (EUR)	+11,2%
Yield to Worst* (EUR)	+11,2%
Adjusted yield** (EUR)	+7,5%
USD Exposure	2,5%
Average Running Coupon	8,0%
Number of Issuers	122
Average Maturity	3,7
Average Duration	2,8
Adjusted Duration**	2,9
Average Rating	BB-
Average Issued Amount (\$ million)	585
Average Percentage Holding	0,2%

*hedging costs included : Bloomberg 1Y EURUSD Forward

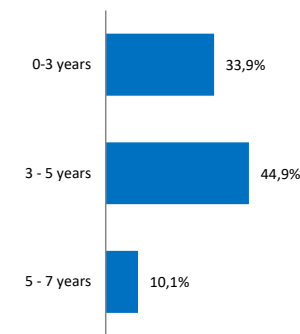
BONDS METRICS (Weighted Average)

Revenue (\$ billions)	4,4
EBITDA (\$ billions)	1,0
Leverage	3,5x

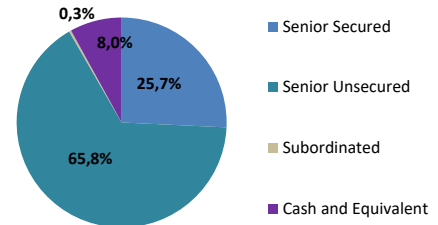
BREAKDOWN BY RATING



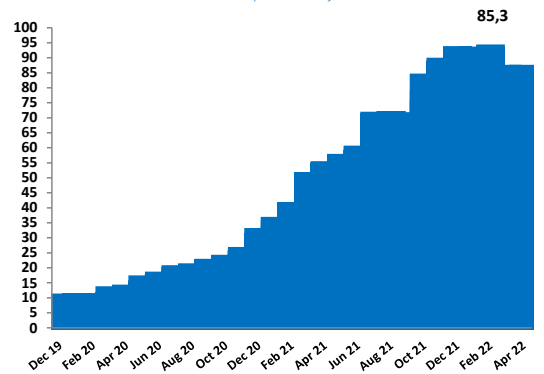
BREAKDOWN BY DURATION



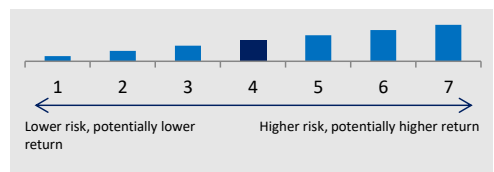
SENIORITY RANK DISTRIBUTION



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
LIMAK ISKENDERUN 2036	\$ Turkey	Infrastructure	2,3%
AXTEL SAB DE CV 2024	\$ Mexico	TMT	2,0%
PERU LNG SRL 2030	\$ Peru	Infrastructure	2,0%
ARAGVI FINANCE INTL 2026	\$ Moldova	Food & Beverage	1,9%
SEPLAT ENERGY PL 2026	\$ Nigeria	Oil & Gas	1,8%
QIB SUKUK LTD 2025	\$ Qatar	Financials	1,8%
FAB SUKUK COMPANY LTD 2024	\$ United Arab Emirates	Financials	1,7%
FS LUXEMBOURG SARL 2025	\$ Brazil	Utilities	1,7%
ENERGO PRO AS 2027	\$ Czech Rep.	Utilities	1,5%
MEITUAN 2025	\$ China	TMT	1,4%

10 largest positions

18,2%

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 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".

* 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.