

# MIDAS - Patrimonial Fund B - Acc

Monthly summary report | as at 31 August 2017

## Investment Objective

The fund seeks to achieve capital appreciation over the medium to long-term by investing in a diversified portfolio of primarily fixed income and equity securities (or related instruments). The fund will at all times be at least 50% invested in bonds while the remaining will be invested according to market opportunities. The fund may also be indirectly invested in commodities (including precious metals) and related thematic plays.

## Latest Update

NAV per share	138.01
2017 year-to-date return as at 31 August 2017	2.24%

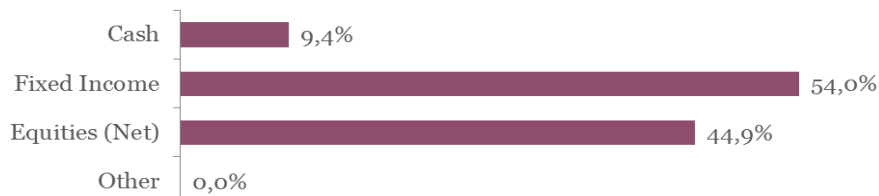
## Performance

	1M	YTD	2016	2015	2014	3Y	5Y
Midas Patrimonial	-0.26%	2.24%	2.35%	2.85%	9.72%	10.63%	35.61%

## Fund key facts

Inception date *	17 September 2010
ISIN code	LU0541884556
Asset class	Diversified
Total fund assets	€ 366 million
Base currency	EUR
Legal status	Luxembourg UCITS
Management Fee	0.75%
Custodian	Crédit Suisse Lux
Liquidity	Daily
Settlement Date	Trade Date + 2 Days

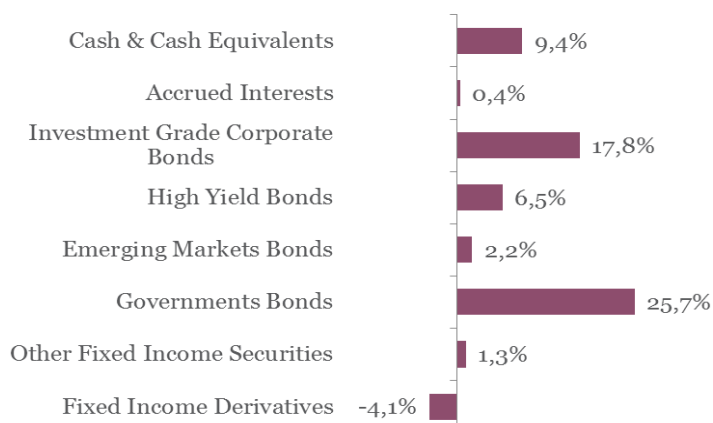
## Asset Allocation



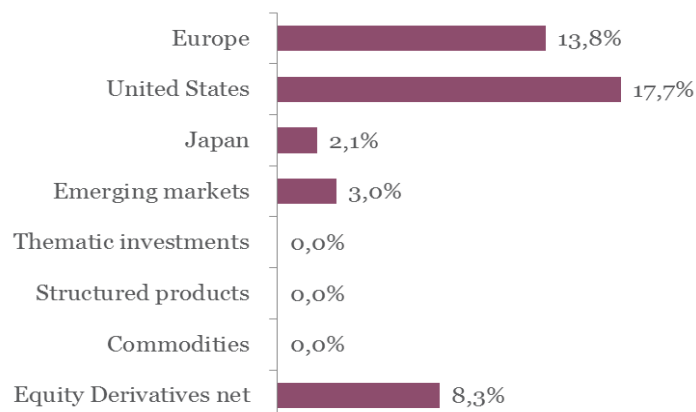
## Currencies

	USD	JPY	CHF	CAD	Other
Exposure	15.4%	1.1%	0.8%	0.6%	0.0%

## Fixed income asset allocation



## Equity and other securities asset allocation

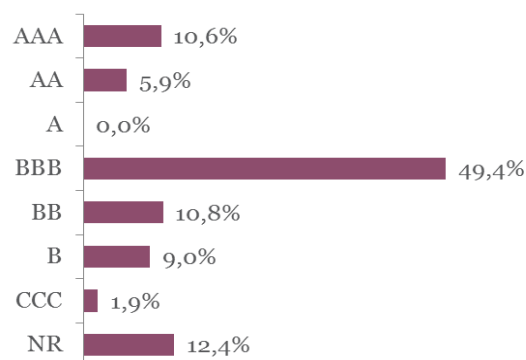


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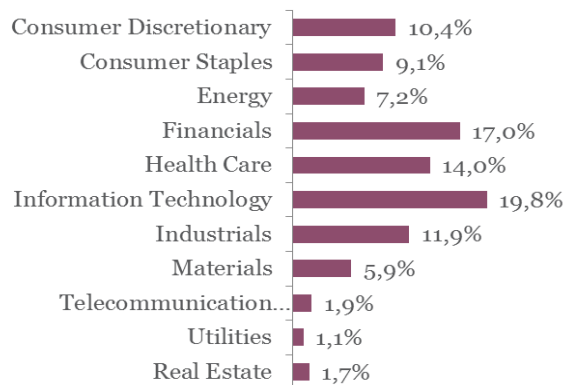
Top 10 fixed income holdings	YTM	Rating	Weight
PORTUGUESE OT'S : PGB 4 3/4 06/14/19	0.0%	BBB-	5.9%
SPANISH GOV'T : SPGB 0 3/4 07/30/21	0.0%	BBB+	5.6%
DEUTSCHLAND REP : DBR 0 1/2 08/15/27	0.4%	AAA	5.6%
BTPS : BTPS 0.35 11/01/21	0.5%	BBB	3.5%
FRANCE O.A.T. : FRTR 0 1/2 05/25/25	0.3%	AA	3.1%
CELLNEX TELECOM : CLNXSM 2 7/8 04/18	2.1%	BB+	1.7%
GAZPROMBANK : GPBRU 3.984 10/30/18	1.1%	BB+	1.7%
BOLLORE SA : BOLFP 2 01/25/22	1.4%	NR	1.7%
ICCREA BANCA SPA : ICCREA 1 1/2 02/21/2	0.8%	BB	1.7%
PRYSMIAN SPA : PRYIM 2 1/2 04/11/22	1.2%	NR	1.4%

## Fixed income rating breakdown



Top 10 equity holdings	Sector	Weight
CHECK POINT SOFTWARE TECH	Information Technology	0.7%
CITIGROUP INC	Financials	0.7%
BANK OF AMERICA CORP	Financials	0.7%
JOHNSON & JOHNSON	Health Care	0.7%
ING GROEP NV-CVA	Financials	0.7%
RAYTHEON COMPANY	Industrials	0.7%
JPMORGAN CHASE & CO	Financials	0.6%
ALPHABET INC-CL A	Information Technology	0.6%
CREDIT AGRICOLE SA	Financials	0.6%
PROCTER & GAMBLE	Consumer Staples	0.6%

## Equity sector breakdown



## Top 5 funds and other holdings

Nordea Stable Emerging Markets Equity	2.6%
Amundi ETF TOPIX EUR Hedged	2.1%
MM Convertible Europe	1.3%

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## Market Review

Anxiety surrounding the geopolitical risks reached a climax with the escalation of military tensions between the US and North Korea. It was rapidly followed by heightened political risks from the US as President Trump was forced to the disbandment of two of his key advisory councils after the much criticized comments around the protests in Charlottesville.

Financial Markets were not immune to this increased level of stress surrounding geopolitical and political risks and have used these events as catalysts for some profit taking after a good run of performances on most of the asset classes, especially the most risky ones.

Aside from this, the momentum on the economic front has gained back some traction in the US. This comes after markets were hesitant regarding 1/ the actual capability of Mr. Trump to pass significant reforms, especially on the fiscal front and 2/ the expected pick-up in inflation which still needs to materialize. The confirmation that the Q1 slowdown was only temporary was also backed up by a strong earnings season from corporates. In the US, above 2/3 of the companies have either published in line or above analysts' earnings expectations and also have been revising up outlook for earnings.

The economic momentum appears especially strong in Europe propelled by the prospects of reforms. This is best assessed by the level of the EURUSD currency which has reached levels not seen since early 2015, which could potentially morph into a game changer.

## Portfolio Performance

In August, the Fund has lost 0.26%. We have suffered on the equity part of the portfolio amid increased geopolitical risks that created some volatility. The fixed income part was slightly positive as interest rates fell while credit spreads remained restrained. On the currencies side, we had a negative impact on the back of the strong Euro which appreciated by 0.6% in August.

We have kept equity exposure relatively stable during the month at around 45% but have reduced somewhat the overweight to European equities in favor of the US and Emerging Markets. In the fixed income part of the portfolio, we have increased the duration from 3 to 4 as inflation expectations still remain subdued while geopolitical risks still linger.

## Market Outlook

Global Macro environment calls for an investment strategy that favors risky assets. We prefer zones that still exhibit a potential for rerating, the Eurozone at the forefront.

The question is thus twofold: 1/ will the geopolitical situation be able to derail the economic cycle? and 2/ will this create a buying opportunity on oversold asset classes across the board? Financial Markets remain exposed to changing dynamics in geopolitics in this transition to a multi-polar world, this could have drastic impacts on markets. While we expect Geopolitics and US Politics to remain a potential source of volatility going forward, we do not believe in their potential to derail the ongoing cyclical recovery.

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\* Performance has been calculated since inception on the 17th of September 2010 of Expert Investor Sicav Midas Global Balanced Fund which merged into Midas Sicav Patrimonial Fund on the 1st of August 2016.