

MIDAS - Patrimonial Fund I - Acc

Monthly summary report | as at 31 May 2018

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	109,97
2018 year-to-date return as at 31 May 2018	0,56%

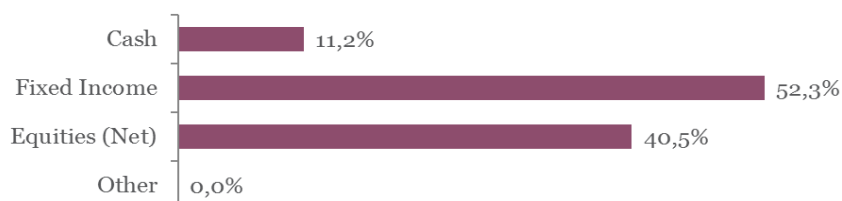
Performance

	1M	3M	YTD	1Y
Midas Patrimonial	1,04%	0,96%	0,56%	3,65%

Fund key facts

Inception date *	04 October 2016
ISIN code	LU1452410738
Asset class	Diversified
Total fund assets	€ 350 million
Base currency	EUR
Legal status	Luxembourg UCITS
Management Fee	0,50%
Custodian	Crédit Suisse Lux
Liquidity	Daily
Settlement Date	Trade Date + 2 Days

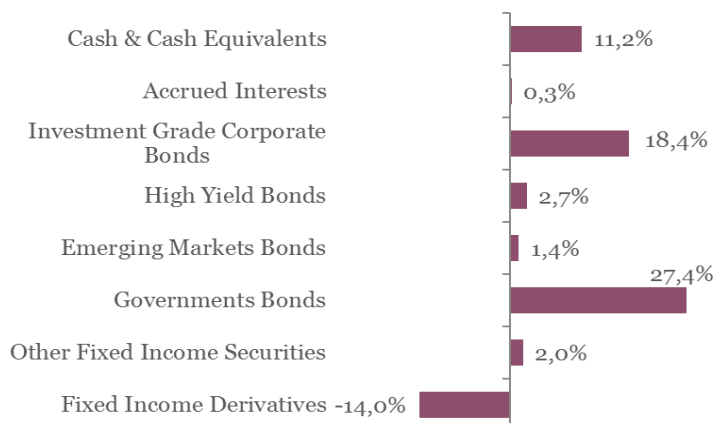
Asset Allocation



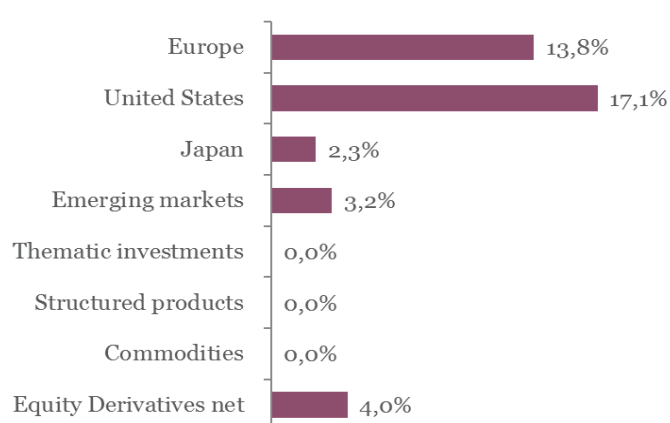
Currencies

	USD	GBP	JPY	CHF	Other
Exposure	21,6%	2,9%	6,2%	0,5%	0,3%

Fixed income asset allocation



Equity and other securities asset allocation

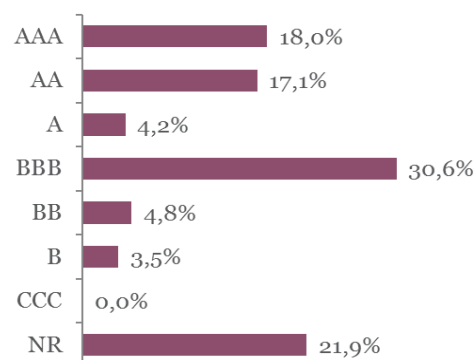


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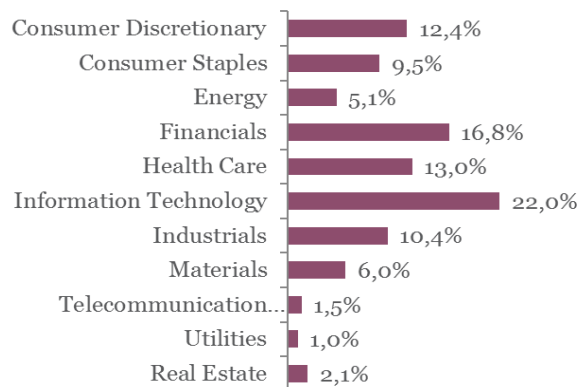
Top 10 fixed income holdings	YTM	Rating	Weight
DEUTSCHLAND REP : DBR 0 1/2 08/15/27	0,3%	AAA	5,5%
FRANCE O.A.T. : FRTR 0 1/2 05/25/25	0,3%	AA	3,2%
BTPS : BTPS 2 02/01/28	2,5%	BBB	2,7%
BTPS : BTPS 0.9 08/01/22	1,4%	BBB	2,7%
AGENCE FRANCAISE : AGFRNC 0 1/8 11/11	0,2%	AA	2,3%
HELLENIC T-BILL : GTB 0 10/05/18	0,8%	B	1,7%
SPANISH GOV'T : SPGB 1.6 04/30/25	0,9%	BBB	1,6%
GAZPROMBANK : GPBRU 3.984 10/30/18	1,7%	BB+	1,4%
AROUNDTOWN SA : ARNDTN 1 1/2 07/15/15	1,6%	BBB+	1,4%
INGENICO GROUP : INGFP 1 5/8 09/13/24	1,8%	NR	1,4%

Fixed income rating breakdown



Top 10 equity holdings	Sector	Weight
ALIBABA GROUP HOLDING-SP ADR	Information Technology	1,0%
JPMORGAN CHASE & CO	Financials	0,9%
BROADCOM INC	Information Technology	0,8%
ALPHABET INC-CL A	Information Technology	0,8%
MICROSOFT CORP	Information Technology	0,8%
AMAZON.COM INC	Consumer Discretionary	0,8%
LYONDELLBASELL INDU-CL A	Materials	0,8%
BANK OF AMERICA CORP	Financials	0,7%
BREMBO SPA	Consumer Discretionary	0,7%
ROYAL CARIBBEAN CRUISES LTD	Consumer Discretionary	0,7%

Equity sector breakdown



Top 5 funds and other holdings

La Francaise Sub Debt	2,5%
Amundi Japan TOPIX ETF	2,3%
Nordea Stable Emerging Markets Equity Fund	2,0%
MM Convertible Europe	1,5%

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Market Review

May started on the same footing as April, as the soft patch in economic momentum seemed to dissipate, with developed countries equity markets gaining as much as +2,5/3% in the first trading sessions of May.

Yet, by mid-May, three important metrics (Oil prices, the dollar, and US long-term interest rates) vigorously reached threshold levels that exhibit the potential to endanger some economic zones, the emerging countries most notably. This was also outbid by a return of political risks in some Emerging countries (Venezuela, Saudi politics, and Iran) and Europe, with fears of an “Italeave” roaring back with vengeance on the back of the Italian political scene demise.

This unsurprisingly resulted in a fast unfolding price correction in most risky asset classes, but for US equities that managed – once again – to hold on to previous gains. The S&P 500 ended the month up +2.16% while the Eurostoxx 600 ended -0.59% lower. Japanese stocks corrected even more on the back of a stronger Yen (-1.68% on the Topix) while Emerging Markets extended their losing streak with another dismal performance (-3.75% on the MSCI Emerging Index).

The risk-off mood translated into higher prices for safe haven assets, such as the German Bund which saw its yield fall from 0.56% to 0.34% while on the other side of the spectrum, peripheral debt suffered (Italian BTP 10-year rates increased from 1.8% to 2.8%).

Currencies also saw some exacerbated moves as investors looked for protection. The US dollar rose 3.3% while the Japanese Yen appreciated 3.8% against the Euro.

Portfolio Performance

During the month, the Fund has gained 1.04% despite choppy market conditions. The main sources of performance were our currency allocation where both the US dollar and the Yen contributed positively. The Equity part of the portfolio also had a positive contribution as the overweight in US stocks and the underweight in Emerging markets payed off. Furthermore, we have reduced our equity exposure to as low as 36% during the month and have brought it back to 41% at the end of the month.

Regarding Fixed Income, we have done a lot of trading during the month as we felt we needed to quickly reduce exposure to peripheral bonds on the one hand and increase duration as a means of protection on the other hand. As of end of the month, our duration stands at 5.1, still higher than last month, but we have taken some profits on the short positions on Italian bonds.

Market Outlook

We see this recent rout in financial markets prices as transitory and remain at ease with our positive and constructive view on risky asset classes into the second part of the year. While political risks should never be underestimated, recent comeback flares more of a warning shot and should slowly settle down. Clearly, we are evolving in the latest part of this long economic cycle, but this one is not dead yet. US is keeping a strong economic momentum, driven by fiscal and capital investments stimulus, and Emerging countries, whilst more heterogeneous, are regaining economic momentum. We will of course continue to be reactive, adaptable, and adjust the risk profile of the Fund according to an ever-evolving market environment. It's all about climbing a wall of worry.

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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.