

MIDAS - Patrimonial Fund A - Acc

Monthly summary report | as at 31 October 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	122,38
2018 year-to-date return as at 31 October 2018	-2,09%

Performance

	1M	YTD	2017	2016	2015	3Y	5Y
Midas Patrimonial	-3,65%	-2,09%	5,03%	1,86%	2,31%	3,87%	18,78%

Fund key facts

Inception date *	31 May 2013
ISIN code	LU0927887843
Asset class	Diversified
Total fund assets	€ 318 million
Base currency	EUR
Legal status	Luxembourg UCITS
Management Fee	1,25%
Custodian	Crédit Suisse Lux
Liquidity	Daily
Settlement Date	Trade Date + 2 Days

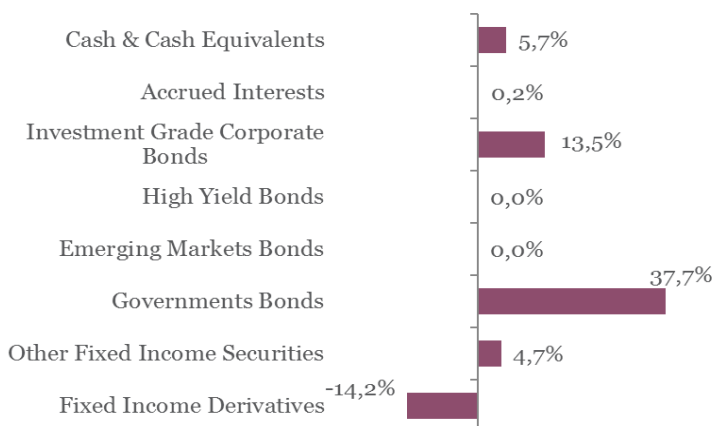
Asset Allocation



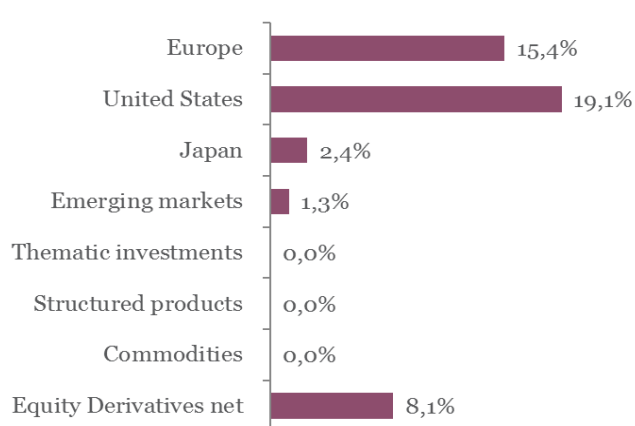
Currencies

	USD	GBP	JPY	CHF	Other
Exposure	19,5%	3,9%	6,0%	1,1%	0,3%

Fixed income asset allocation



Equity and other securities asset allocation

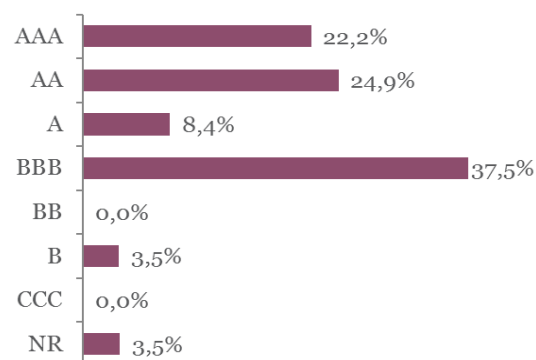


MIDAS - Patrimonial Fund B - Acc

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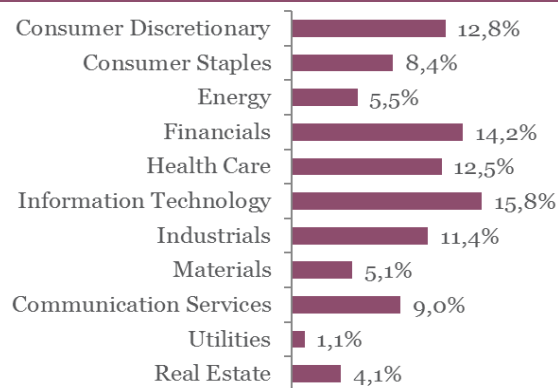
Top 10 fixed income holdings	YTM	Rating	Weight
DEUTSCHLAND REP : DBR 0 1/2 08/15/27	0,3%	AAA	6,0%
BTPS : BTPS 1.45 11/15/24	2,8%	BBB	2,9%
FRANCE O.A.T. : FRTR 0 1/2 05/25/25	0,3%	AA	2,9%
BTPS : BTPS 2 02/01/28	3,2%	BBB	2,8%
AGENCE FRANCAISE : AGFRNC 0 1/8 11/11	0,2%	AA	2,5%
DEUTSCHLAND REP : DBR 1 1/4 08/15/48	1,1%	AAA	2,0%
ALLIANDER : ALLRNV 0 7/8 04/22/26	0,8%	AA-	1,9%
HELLENIC T-BILL : GTB 0 04/05/19	0,9%	B	1,9%
SPANISH GOV'T : SPGB 1.6 04/30/25	0,9%	BBB+	1,7%
ASFINAG : ASFING 0 1/4 10/18/24	0,3%	AA+	1,2%

Fixed income rating breakdown



Top 10 equity holdings	Sector	Weight
AMAZON.COM INC	Consumer Discretionary	0,8%
APPLE INC	Information Technology	0,8%
MICROSOFT CORP	Information Technology	0,8%
JPMORGAN CHASE & CO	Financials	0,8%
BROADCOM INC	Information Technology	0,8%
VISA INC	Information Technology	0,8%
BANK OF AMERICA CORP	Financials	0,8%
ROYAL CARIBBEAN CRUISES LTD	Consumer Discretionary	0,8%
MEDTRONIC PLC	Health Care	0,7%
PFIZER INC	Health Care	0,7%

Equity sector breakdown



Top 5 funds and other holdings

Amundi Japan TOPIX ETF	2,4%
MM Convertible Europe	1,6%

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Market Review

The month of October often revives bad memories for investors, and this one proved to be of a particularly rare vintage, only dwarfed by 1987, 1997 and 2008 ones. As worrying signs accumulated, financial markets experienced a heavy slump which sent most asset classes into negative territory for 2018. A deceleration in leading global macro indicators was noticeable; The Italian budget issues were amplified by the unwillingness of the government to make concessions; Brexit obstacles were a source of ongoing apprehension; And finally, the risk of a full-blown trade war between China and the United States increased significantly.

The S&P 500 had its worst month since 2011 losing 6.94%, while emerging markets extended their fall by another 8.78%. Japan was also under pressure (Nikkei -9.12%) amid sharp Yen appreciation (3.3% against the Euro). Finally, European stocks fared pretty well losing “only” 5.63% for the broad Stoxx 600 Index.

The flight to quality pushed interest rates lower with the 10-year German Bund falling 9 bps to 0.38%. At the same time peripheral spreads widened, particularly in Italy, where the 10-year BTP yields reached 3.43% which was 28bps higher compared to last month. Credit spreads also increased, reaching the 300bps mark on the Crossover index.

Portfolio Performance

During the month, the fund dropped 3.65%. Amid the equity sell-off, as described above, the fund’s Forex exposure proved to be a valuable source of protection. Indeed, exposure to GBP, JPY and CHF was increased beginning of the month. While progress on the Brexit front is being made, the British Pound had hardly budged and is trading still at excessively low relative levels to most major currencies. The JPY and CHF positions were increased merely for protection.

As we considered the fall in equity markets as a correction and not the beginning of a bear market, some arbitrages have been implemented towards the end of the month where outperformers were replaced by some excessively punished stocks.

For the Fixed Income part, credit profile has been left largely unchanged, while we have increased the duration to 5.6 from 4.7 last month.

Market Outlook

The question on everybody’s mind is very simple: Is this a correction or the beginning of a more prolonged downturn? Analysis of recent macro figures show a clear deceleration from recent highs. Real GDP growth rates for 2019 are below 2018 ones, yet still decent. PMIs are a touch lower than previous month ones, but remain well above 50.

Price actions in financial markets were dramatic in October reflecting concerns about both the China-US commercial dispute and the macroeconomic soft patch. Markets will require some time to digest both elements and more importantly to acknowledge that the macro picture is indeed blurrier. In coming months however, the global economy should remain decent and above trend. Such a mindset should see investors jumping back into equities leading to a rebound from current low levels. What markets lack at the moment is a catalyst, a China-US deal is a potential, if not the best, one.

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* Performance has been calculated since inception on the 31st of May 2013 of Expert Investor Sicav Midas Global Balanced Fund which merged into Midas Sicav Patrimonial Fund on the 1st of August 2016.