

## MW RENDEMENT

This UCITS is a sub-fund of the SICAV MW ASSET MANAGEMENT

Fund Manager : Cyril DEBLAYE - Christophe PEYRAUD

**DECEMBER 2018**

Part CI LU1260576019 28/12/2018 YTD Perf. -14,69% Fund Size (M€) 11,07 Bloomberg Code MWRNCP LX Equity



### OBJECTIVES AND INVESTMENT POLICY

The objective of the sub-fund is to generate a return higher than its benchmark (OAT + 200bp) by taking positions on volatility products. Among the various possible strategies on optional products, the management of the sub-fund is mainly focused on the sale of put options (out of the money) on equities and / or equity indices in Western markets (Europe, North America and Japan). The target maturities of the strategies for the sale of options are between 1 and 18 months and are mostly out of the money.

This type of management is similar to a "reverse convertible" strategy. With the objective of collecting premiums sold, the manager seeks to take advantage of the decay in the time value of the option which is similar to a return. This potential return may be greater or smaller depending on periods of rise or fall in equity market volatility.

The recommended investment period is 3 years.

The liquid assets of the fund are invested in private and government bonds and in commercial paper and possibly in European UCITS or mutual funds up to a limit of 20% of the net assets. The Sub-Fund may be invested in equities in the event that certain options are exercised. The equity pocket cannot exceed 33% of the net assets.

However, within the investment limits defined in the prospectus, the sub-fund may use derivatives for the sole purpose of hedging the portfolio for the purpose of sound management. Currency risk will be limited to 10% of net assets. The sub-fund will not invest in digital or binary options, "Rainbow", "Callable" or barrier options, or in credit derivatives.

Subscription / redemption requests will be centralized before 4pm on each Friday of the establishment of a weekly NAV at Caceis Bank Luxembourg and will be executed on the basis of

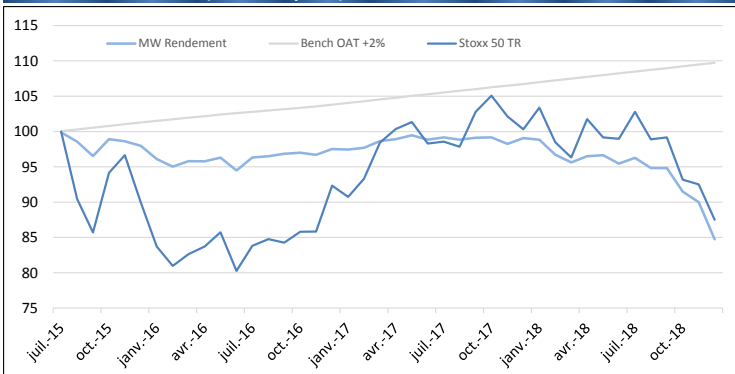
### CUMULATIVE PERFORMANCES

	1 month	3 months	YTD	1 year	3 years	5 years	Inception
MWR	-6,08%	-10,86%	-14,69%	-14,69%	-13,72%		-15,44%
OAT+200bp	0,21%	0,69%	2,81%	2,81%	8,37%		9,79%
Spread	-6,28%	-11,55%	-17,49%	-17,49%	-22,09%		-25,23%

### ANNUAL RETURNS

	2018	2017	2016	2015
MWR	-14,32%	1,61%	-0,56%	-2,03%
OAT+200bp	2,81%	2,84%	2,51%	0,99%
Spread	-17,13%	-1,23%	-3,07%	-3,02%

### PERFORMANCE CHART (since inception)



### RISK INDICATORS

	Volatility		Sharpe Ratio		Info Ratio.
	Fund	Indicator	Fund	Indicator	
1 Y	7,58%	0,66%	-1,89		-0,07
3 Y	5,55%	1,63%	-2,62		-0,07
5 Y					

### OPTION PORTFOLIO INDICATORS

	As a % of NAV	Annualized in %
Time decay expected*	3,4%	16,0%
Delta	94,3%	
Nb of undelyings		45
Average maturity of the portfolio		77 days
Weighted average moneyness portfolio		-1,19%

\* excluding management fees

### MAIN MOVEMENTS OVER THE PAST MONTH

#### New positions or positions accrued

- ADP
- ATLICE EUROPE
- BAKER HUGHES
- CASINO GUICHARD
- CONTINENTAL
- HALLIBURTON

#### Covered or lapsed positions

- NATIXIS
- SCHLUMBERGER
- VIVENDI
- KPN
- RANDGOLD

### COMMENTS

After a year of 2017 marked by calm and optimism, 2018, was, however, marked by the return of volatility. Monetary uncertainties (normalization of monetary policies) and political tensions fueled nervousness among investors. To these risks, particularly at the end of the year, fears of a sharp slowdown in the global economy were added. Thus, in December, risk aversion remained very strong. Over the month, the main stock market indices posted very significant declines (of the order of -6% for European indices and -10% for their American counterparts). In the bond markets, this context, through a classic "flight to quality" movement, has benefited the bonds of the countries considered the strongest. The 10-year yields of the German Bund of US Treasuries continued to ease (-30bp for the 10-year US to 2.70%, -10bp for the 10-year Germany to 0.30%). In the private debt market, risk premiums continued the unfavorable trend triggered at the beginning of the year. At 152 bp, at the end of the period, the IG spread in euros, will have marked a spread over the year of nearly 70 bps and a point close to its highest in 5 years.

Volatility levels increased in December with the sharp correction in equity markets. Although they have hit new lows annually, our technical indicator is holding in risk on mode. We took the opportunity to buy many calls on the Eurostoxx 50 index of maturity January and February 2019 while continuing to sell put on the basis of our other three strategies. Due to the declining markets our delta has mechanically increased. Including the sale of the new put and the purchase of the call Eurostoxx 50, our delta sensitivity increased significantly to 93.5% from 59.2%. The average maturity of the portfolio continues to decline to 77 days from 106 days. This portfolio construction allows us to both increase our annualized expected return to 15.9% while increasing our delta exposure primarily through the purchase of call in order to take full advantage of a market rebound whether it is technical or more fundamental.

To guide the option portfolio, we focus on four complementary approaches. The first is a risk on/off approach where we use our investment capacity preferably in periods of high risk aversion. The second is a selection of options sales of single stocks based on their risk/reward ratio. The third is a sector-based approach based on trend analysis. The fourth is opportunistic on the analysis of specific situations.

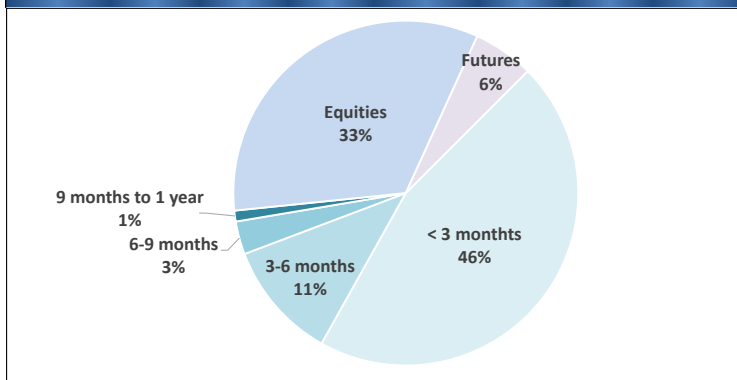
### MAIN CHARACTERISTICS OF THE FIXED INCOME PORTFOLIO

	Dec 18	Nov 18	Oct 2018
Number of securities	25	29	29
Yield to Maturity	0,57	0,62	0,39
Modified Duration (MD)	0,80	0,89	0,84
Spread vs Gov.	83	96	72
Average Rating	A-	BBB	BBB

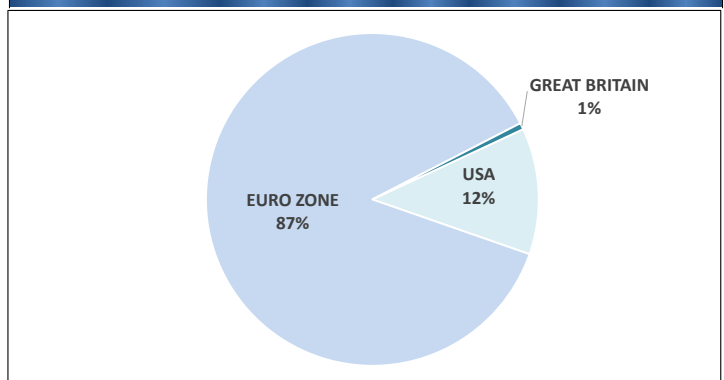
### MAIN EQUITY AND OPTION POSITIONS (% of NAV)

Underlying	Delta	Premium	Industry
#N/A Connection	25,7%	0,76%	EuroStoxx 50
#N/A Connection	5,5%	0,00%	EuroStoxx 50
#N/A Connection	5,3%	0,04%	Healthcare
#N/A Connection	4,0%	0,06%	Industrials
#N/A Connection	3,6%	0,04%	Food & Beverages

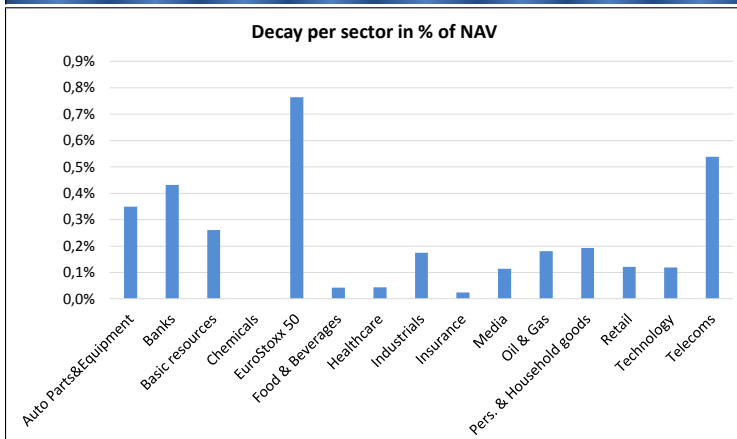
### BREAKDOWN OF THE OPTION PORTFOLIO BY MATURITY



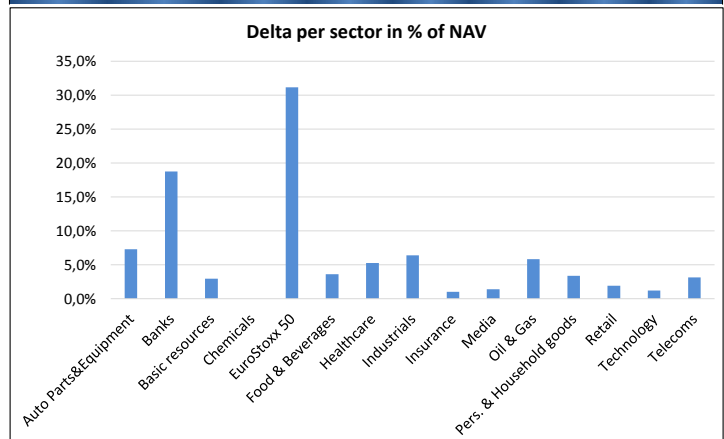
### BREAKDOWN OF THE OPTION PORTFOLIO BY REGIONS



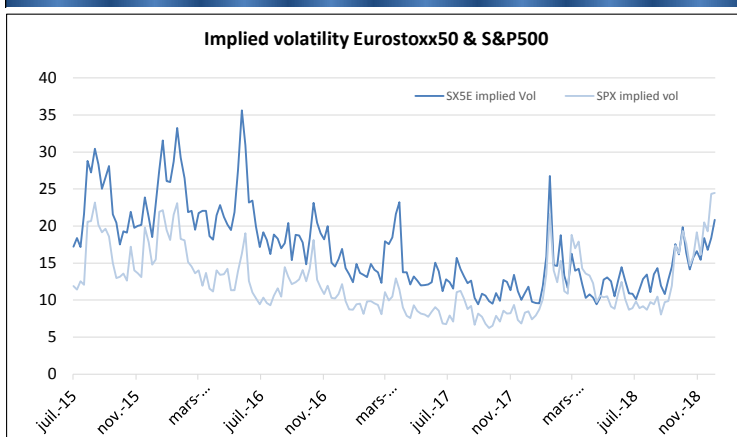
### BREAKDOWN OF THE TIME DECAY BY INDUSTRY



### BREAKDOWN OF THE DELTA BY INDUSTRY



### VOLATILITY OF THE EUROPEAN & AMERICAN MARKET



### LEXICON

**Call:** option to buy at a fixed price (**Strike**) with a predetermined date (**Maturity**)  
**Put:** option to sell at a fixed price (**Strike**) with a predetermined date (**Maturity**)  
**Strike:** the exercise price of an option  
**Maturity:** maturity of an option is the space of time that separates today from the final date of maturity of this security date at which it will disappear definitively.  
**Premium:** price of the option  
**Intrinsic Value = Underlying Asset Price - Exercise Price (Strike)**  
**Time value of an option = Price of the option (Premium) - the Intrinsic value**  
**Expected yield: Time value of the option / Strike**  
**Annualized expected return: Expected yield x (365days) / weighted average maturity of the option portfolio**  
**In the money:** if the price of the underlying is higher than the **Strike** for a **Call** or respectively lower than the **Strike** for a **Put**  
**At the money:** if the underlying quotes the **Strike**  
**Out of the money:** if the price of the underlying is lower than the **Strike** for a **Call** respectively higher than the **Strike** for a **Put**  
**Delta:** measures the sensitivity of the value of an option to fluctuations of the spot of its underlying. Its value is always between 0 and 1 for a call option (between -1 and 0 for a put option).  
**Theta:** measures the impact of time on the value of an option, it represents the sensitivity of the price of an option in relation to a variation of the time horizon on which this option is based. Theta actually represents the gain or loss of value that the option undergoes for each day that passes as it is sold or purchased. For an at the money option, the closer the maturity, the greater the Theta will be.

### CHARACTERISTICS OF SHARE CLASS

Information		Fees	
Investment category		Subscription	1,5% max.
Inception date	July 22, 2015	Redemption	0%
Valuation frequency	Weekly	Management	1,5% TTC
Custodian	CACEIS Luxembourg Branch	Performance	10% of outperformance over the benchmark (OAT 10 years + 200bp)
Settlement	D+2		

Legal form : Sub-Fund of the Luxembourg SICAV MW Gestion AM, intended particularly for institutional investors

These UCITS are authorized in Luxembourg and are regulated by Commission de Surveillance du Secteur Financier (CSSF)  
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Non contractual document