

## MW RENDEMENT

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

Fund Manager : Cyril DEBLAYE - Christophe PEYRAUD

February 2019

ISIN: LU1260576019  
 Part CI: LU1260576019  
 01/03/2019: 94,41 €  
 YTD. 2019: 11,69%  
 Fund Size (M€): 13,175  
 Bloomberg Code: MWRNCIP 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 the

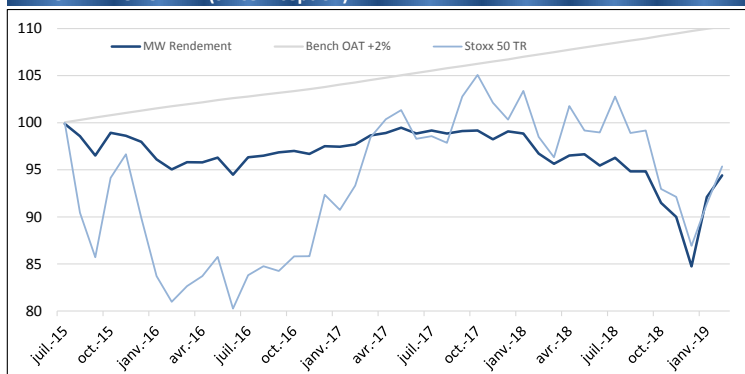
### CUMULATIVE PERFORMANCES

	1 month	3 months	YTD	1 year	3 years	5 years	Inception
MWR	2,51%	4,90%	11,69%	-2,60%	-0,65%		-5,56%
OAT+200bp	0,25%	0,66%	0,45%	2,87%	8,40%		10,28%
Spread	2,26%	4,24%	11,24%	-5,47%	-9,05%		-15,85%

### ANNUAL RETURNS

	2019	2018	2017	2016	2015
MWR	11,69%	-14,32%	1,61%	-0,56%	-2,03%
OAT+200bp	0,45%	2,81%	2,84%	2,51%	0,99%
Spread	11,24%	-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	9,11%	0,68%	0,24		-0,01
3 Y	6,10%	1,58%	0,07		-0,02
4 Y	6,16%	1,61%	-0,71		-0,03

### OPTION PORTFOLIO INDICATORS

	As a % of NAV	Annualized in %
Time decay expected*	1,4%	6,5%
Delta	13,1%	
Nb of undelyings		46
Average maturity of the portfolio		77 days
Weighted average moneyness portfolio		1,29%

\* excluding management fees

### MAIN MOVEMENTS OVER THE PAST MONTH

#### New positions or positions accrued

ANHEUSER-BUSCH	ILIAD	VALLOUREC
ATLICE EUROPE	LVMH	WIRECARD
CECONOMY	SOCIETE GENERALE	

#### Covered or lapsed positions

ADP	CONTINENTAL	INGENICO GROUP
BAKER HUGHES	FERRARI	ITV
BNP	GENERAL ELECTRIC	UNICREDIT

### COMMENTS

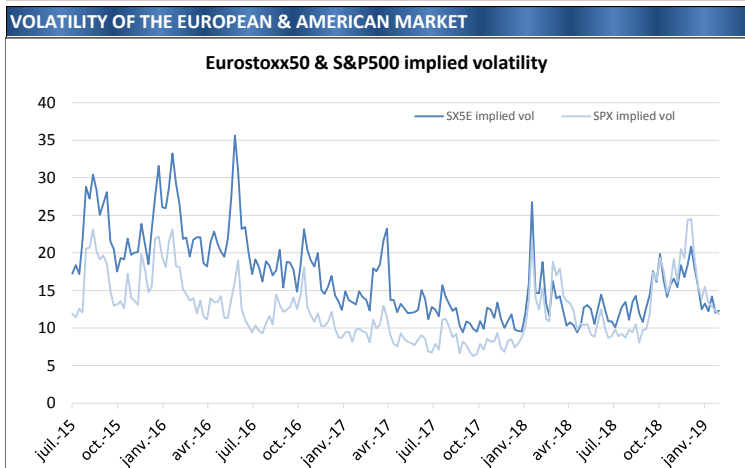
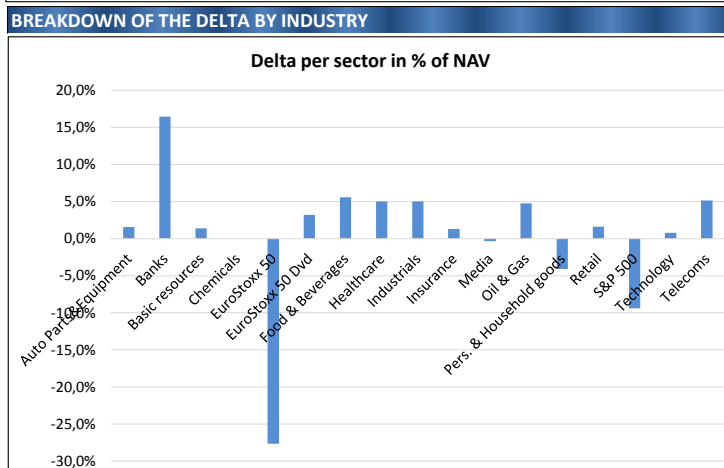
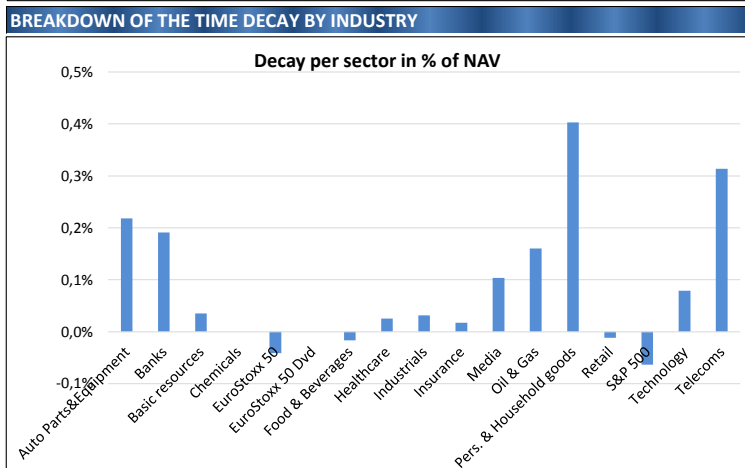
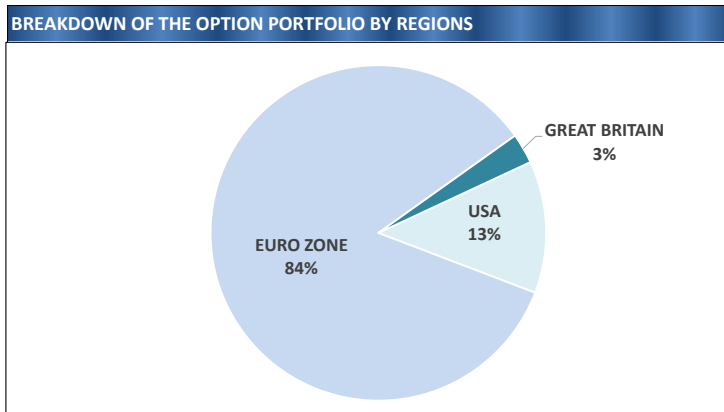
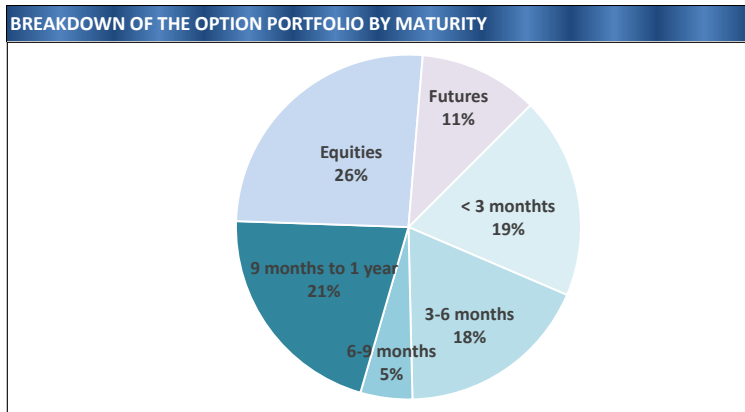
In February, investors' risk appetite continued its recovery initiated in early January. This positive tone is the consequence of three elements. First, recent economic statistics show a rebound in global economic activity and no longer seem consistent with the expectations of recession which prevailed at the end of last year. In addition, major central banks (Fed and ECB in particular) continue to distill accommodative messages. Fears of key rates hike by the ECB are no longer relevant and the institution is ready for further liquidity injections if needed. For its part, the Fed has communicated several times on its desire to pause its rising rates cycle. Finally, in the "political risks" chapter, grounds for optimism have emerged. The outcome of the Brexit is still uncertain but as the deadline approaches (March 29th), we seem to be entering into a possible climate of concessions and a shared desire to avoid the worst case scenario: an exit without agreement. Similarly, signs of appeasement and an outline of agreement emerged in recent Sino-US trade talks.

Volatility levels continued to fall in February in the wake of the strong upward movement in equity markets since the beginning of the year. Our indicators are now in risk off mode at the end of February. We would like to point out that these indicators have quickly pulled back. Indeed, it is very rare to observe these indicators going from risk (on) to (neutral) then (off) in a such short period of time. This encourages us to be even more cautious over the coming months. Therefore, we have continued to sharply reduce the option portfolio by taking profits on our positions while increasing the global protection. As a result, our directional delta exposure has gone to 10% from 48%. The average maturity of the option portfolio stabilizes at 77 days compared with 62 days at the end of January. Our portfolio construction allows us to be better hedged against a decline in the equity market, to maintain an annualized expected return of 7% and thus to increase our ability to seize future opportunities on a volatility jump.

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			
	Feb-19	Jan-19	Dec-18
% of NAV	57,8%	61,5%	63,5%
Number of securities	28	25	29
Yield to Maturity	0,43	0,57	0,62
Modified Duration (MD)	0,79	0,80	0,89
Spread vs Gov.	64	83	96
Average Rating	A	A-	BBB

MAIN EQUITY AND OPTION POSITIONS (% of NAV)			
Underlying	Delta	Premium	Industry
#N/A Connection	5,6%	-0,02%	Food & Beverages
#N/A Connection	5,1%	0,03%	Banks
#N/A Connection	5,0%	0,03%	Healthcare
#N/A Connection	3,2%	0,00%	EuroStoxx 50 Dvd
#N/A Connection	3,1%	0,10%	Telecoms
#N/A Connection	2,9%	-0,01%	Industrials



**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		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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