

## MW RENDEMENT

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

Fund Manager : Cyril DEBLAYE - Christophe PEYRAUD

**JANUARY 2019**

Part CI    ISIN    25/01/2019    YTD. 2019    Fund Size (M€)    Bloomberg Code

LU1260576019    92,10 €    8,96%    12,12    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

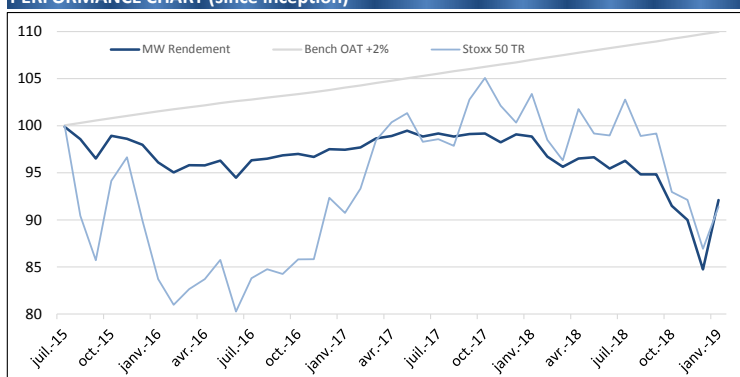
### CUMULATIVE PERFORMANCES

	1 month	3 months	YTD	1 year	3 years	5 years	Inception
MWR	8,96%	0,67%	8,96%	-6,83%	-4,16%		-7,87%
OAT+200bp	0,21%	0,68%	0,21%	2,80%	8,35%		10,01%
Spread	8,75%	-0,01%	8,75%	-9,62%	-12,52%		-17,89%

### 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	9,09%	0,69%	-0,71		-0,02
3 Y	6,03%	1,65%	-1,13		0,03
5 Y					

### OPTION PORTFOLIO INDICATORS

	As a % of NAV	Annualized in %
Time decay expected*	1,4%	8,4%
Delta	48,0%	
Nb of undelyings		48
Average maturity of the portfolio		62 days
Weighted average moneyness portfolio		-5,82%

\* excluding management fees

### MAIN MOVEMENTS OVER THE PAST MONTH

#### New positions or positions accrued

ANHEUSER-BUSCH	FERRARI	OSRAM
ATLICE EUROPE	FIAT	RENAULT
BAYER	PLASTIC OMNIUM	SCOR

#### Covered or lapsed positions

AXA	PORCHE
KPN	SUEDZUCKER
NXP	

### COMMENTS

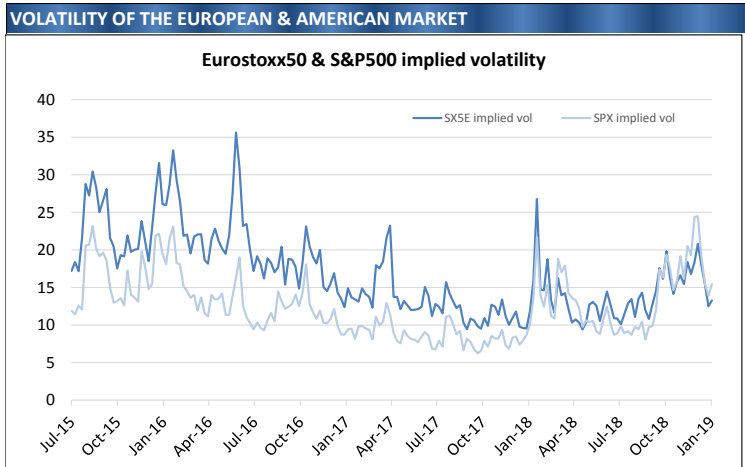
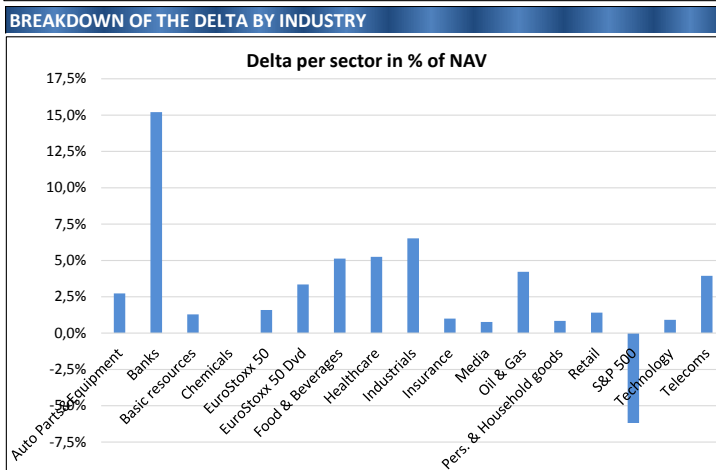
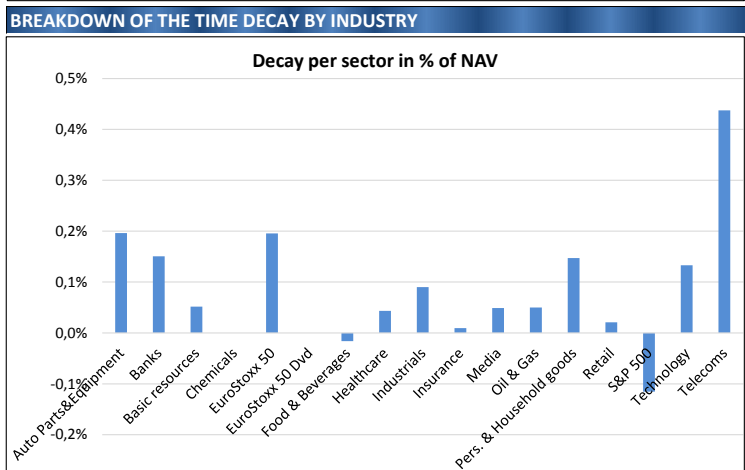
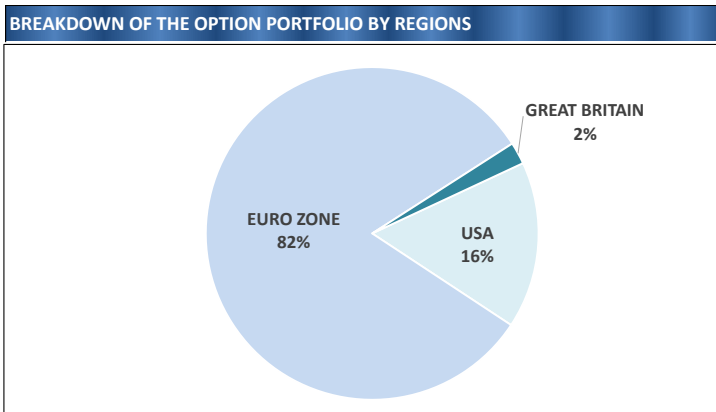
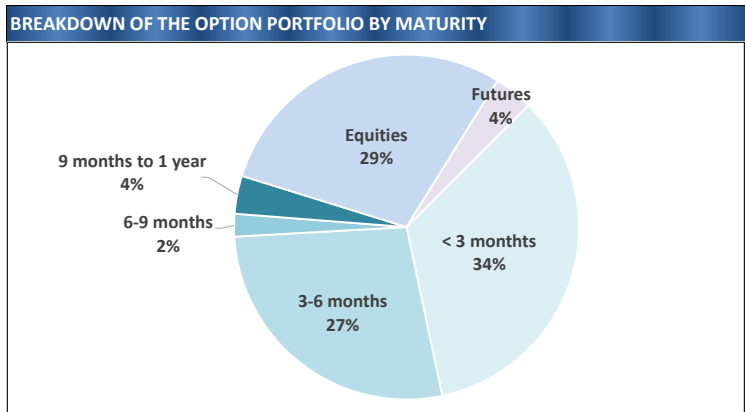
Economic statistics released in January confirmed the current sharp slowdown in the global economy. In Europe and Asia, the growth profile is now generally close to stagnation. In the United States, while economic expansion remains a reality, there is a downward shift in activity indicators and still no inflationary pressures. In 2018, political risks greatly disrupted economic agents. They remain fully relevant at the beginning of the year. The outcome of Brexit is still totally uncertain. With regard to the Sino-US trade war, hopes of appeasement exist but, to date, no agreement has been reached. Facing this context, the major central banks delivered very accommodating messages in January. The ECB's key interest rate hike is no longer relevant and the institution is ready for further liquidity injections. For its part, the Fed has shown its willingness to pause in its cycle of rising rates and has mentioned a slowdown in the pace of reduction of its balance sheet. This renewed kindness of the central banks largely contributed to the decline in risk aversion in January.

Volatility levels fell sharply in January with the strong rebound in equity markets. We have benefited from the rising markets and our indicators are at the end of January in neutral risk mode. We therefore significantly reduced the option portfolio by taking profits on our positions while starting to buy protection thereby reducing our directional delta exposure to 48% from 93.5%. The average maturity of the option portfolio continues to decline to 62 days from 77 days. This portfolio construction allows us to take profits, to keep an annualized expected return of 8.4% and to increase our ability to seize future opportunities on a volatility swing.

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			
	Jan 19	Dec 18	Nov 2018
% of NAV	56,1%	63,5%	69,6%
Number of securities	27	25	29
Yield to Maturity	0,54	0,57	0,62
Modified Duration (MD)	0,83	0,80	0,89
Spread vs Gov.	80	83	96
Average Rating	A-	A-	BBB

MAIN EQUITY AND OPTION POSITIONS (% of NAV)			
Underlying	Delta	Premium	Industry
#N/A Connection	5,2%	0,04%	Healthcare
#N/A Connection	5,1%	-0,02%	Healthcare
#N/A Connection	3,6%	0,02%	Food & Beverages
#N/A Connection	3,3%	0,00%	Industrials
#N/A Connection	2,9%	-0,01%	EuroStoxx 50 Dvd
#N/A Connection	2,9%	0,04%	Banks



**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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Non contractual document