

## MW RENDEMENT

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

Fund Manager : Sébastien BOUCHER - Christophe PEYRAUD

May 2019

	ISIN	31/05/2019	YTD. 2019	Fund Size	Bloomberg Code
Share CI	LU1260576019	89,14 €	5,45%	15,58 M €	MWRNCP LX Equity
Share CRP	LU1987728018				



### 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 strategy has 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.

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 next NAV at unknown rate. The settlement takes place on D+2.

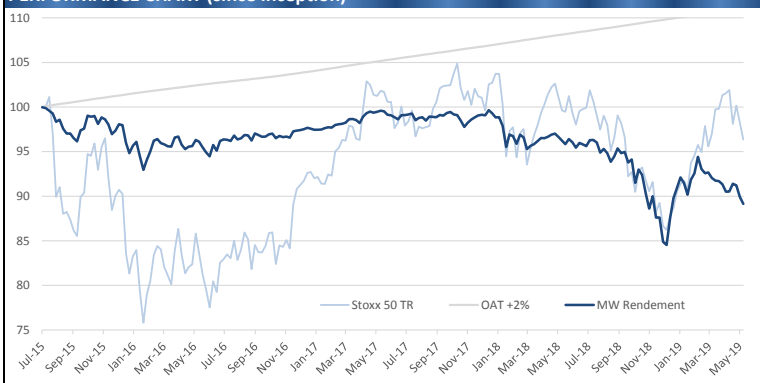
### CUMULATIVE PERFORMANCES

	1 month	3 months	YTD	1 year	3 years	5 years	Inception
MWR	-1,51%	-3,69%	5,45%	-7,77%	-7,44%		-10,83%
OAT+200bp	0,22%	0,64%	1,05%	2,70%	8,36%		10,94%
Spread	-1,74%	-4,34%	4,41%	-10,47%	-15,80%		-21,77%

### ANNUAL RETURNS

	2019	2018	2017	2016	2015
MWR	5,45%	-14,32%	1,61%	-0,56%	-2,03%
OAT+200bp	1,05%	2,81%	2,84%	2,51%	0,99%
Spread	4,41%	-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	9,22%	1,24%	-0,80		-0,03
3 Y	6,16%	1,69%	-1,57		0,02
5 Y					

### OPTION & EQUITY PORTFOLIO INDICATORS

	As a % of NAV	Annualized in %	Dvd yield % of NAV
Time decay expected*	3,4%	17,6%	0,8%
Delta	29,8%		
Nb of undelyings			67
Average maturity of the portfolio			86 days
Weighted average moneyness portfolio			-2,66%

\* excluding management fees

### MAIN MOVEMENTS OVER THE PAST MONTH

#### New positions or positions accrued

ADP	MEDIDATA SOLUTIONS	TEVA
ARCELORMITTAL	MYLAN	TOTAL
BMW	RENAULT	UNICREDIT

#### Covered or lapsed positions


### COMMENTS

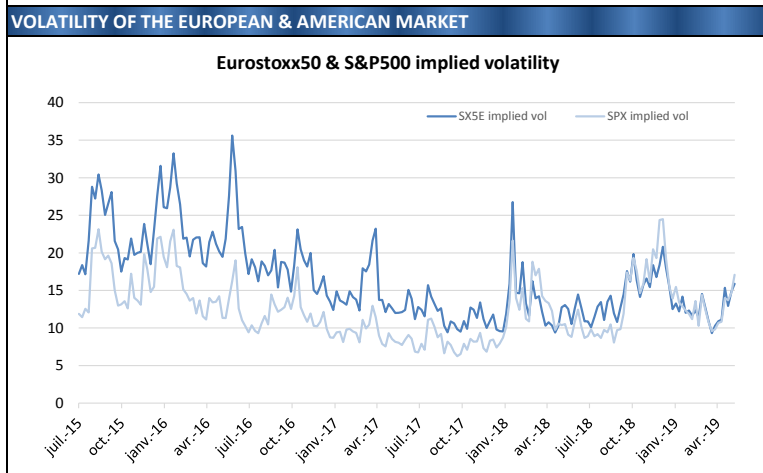
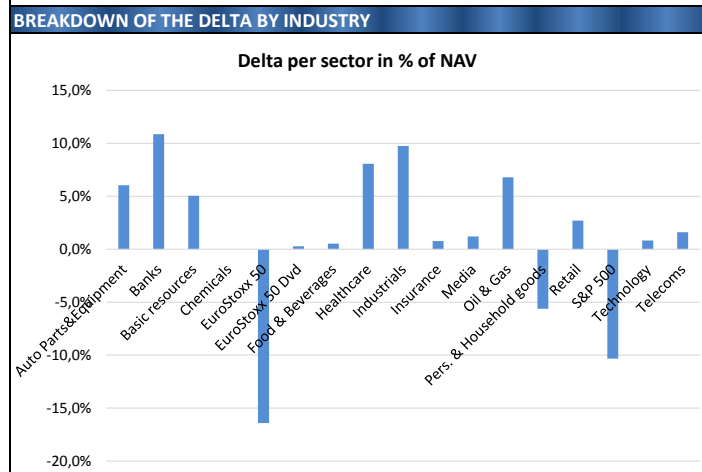
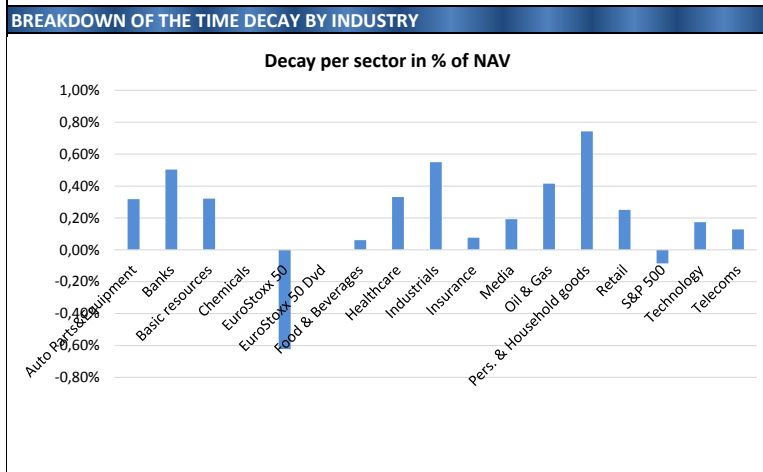
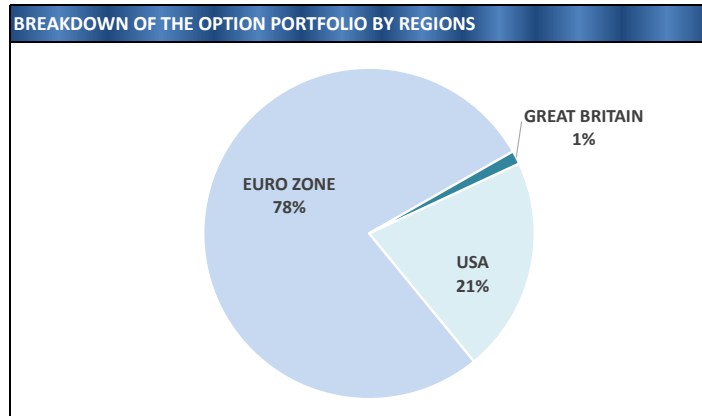
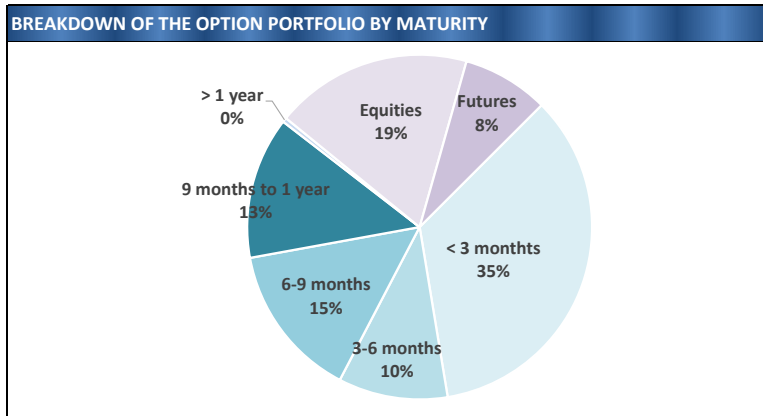
After four months of a rally almost interrupted, in May occurred a brutal reversal of trend. Despite elements of macroeconomic fragility on the most cyclical activities in many countries, the financial markets were worn since the beginning of the year by the very benevolent speeches of the central banks. Once again, the resurgence of political risks has pulled the financial markets out of this "monetary" euphoria. The relations between China and the United States, which seemed to have eased, were indeed sharply tense at the beginning of May, and trade tensions are now adding a "technological" war after the US administration's decision to close the access to US products and patents to Chinese telecom equipment manufacturer Huawei. This conflict between the two major world economies, if it were to continue, would inevitably have very negative economic consequences. This context explains last month, the sharp rise in risk aversion and the deterioration in risk premiums, notably with a pronounced decline in equity markets (around 6% to 7% for the main indices).

Following the decline in equity markets, volatility levels rose slightly without showing signs of panic. Thanks to the purchase of protection, the portfolio has withstood the decline in the market. At the end of May, our indicators returned in neutral risk mode, so we took the opportunity to buy back our short futures and also recycle our optional protection by putting short-term risk in the portfolio. As a result, our delta directional equity exposure has evolved significantly from -29.5% to +29.8%. The average maturity of the option portfolio reduces to 86 days compared to 172 days the previous month mainly on the sale of options within 3 months which represents a great opportunity. Our portfolio construction is relatively balanced with options protection starting from a -5% decline in the equity market. At the end of May we seized many opportunities and used our investment capacity. As a result, our annualized expected return rises sharply following the sale of the stock option at 17.6% versus 5% at the end of April. At the end of May, the portfolio is heavily weighted in the Autos, Banks and Oil sectors. These three sectors now represent 29% of portfolio's delta. The momentum on these sectors is particularly negative. However, the dividend yield as the premium on volatility levels as well as valuation levels seem to be a particularly attractive combination. The portfolio could therefore also perform in case of renormalization in relative to the Eurostoxx 50 index. At the end of May, the portfolio was heavily reweighted in the Autos, Banks and Oil sectors. These three sectors now represent 29% of portfolio's delta. The momentum on these sectors is particularly negative. However, the dividend yield as the premium on volatility levels as well as valuation levels seem to be a particularly attractive combination. The portfolio could therefore also perform in case of renormalization in relative to the Eurostoxx 50 index.

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			
	May-19	Apr-19	Mar-19
% of NAV	61,51%	53,6%	57,8%
Number of securities	39	37	33
Yield to Maturity	0,41	0,34	0,31
Modified Duration (MD)	0,85	0,78	0,77
Spread vs Gov.	64	63	49
Average Rating	A	A	A-

MAIN EQUITY AND OPTION POSITIONS (% of NAV)			
Underlying	Delta	Premium	Industry
BAYER AG-REG	4,8%	0,11%	Healthcare
ADP	3,7%	0,25%	Industrials
OSRAM LIGHT AG	3,6%	0,16%	Industrials
SOCIETE GENERALE SA	3,3%	0,03%	Banks
HALLIBURTON CO	2,8%	0,04%	Oil & Gas
ARCELORMITTAL	2,6%	0,09%	Basic resources



**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