



# M Convertibles

Eurozone Convertible Bonds



29 MARCH 2019  
AC share class

## Presentation

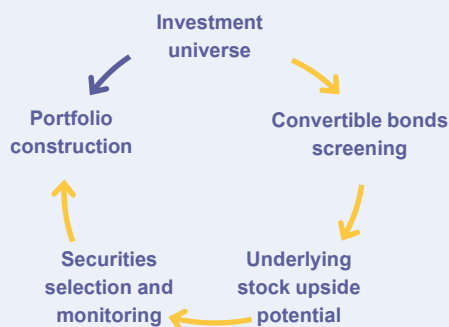
The objective of **M Convertibles** fund, which is based on European bond and equity markets, is to outperform the Exane Eurozone Convertible Bond index over the medium term, through discretionary investment management.

The **M Convertibles** fund aims to capture equity market upside, whilst benefiting from the defensive aspect provided by the bond component of its investments, which mitigates downside market risk.

The **M Convertibles** fund's investments are managed on a discretionary basis. The portfolio managers apply a multi-criteria stock picking approach, combining equity upside potential, credit risk and the technical profile's analysis of convertible bonds.

**M Convertibles** investment process integrating ESG criteria, focus on **pure Euro zone Convertibles Bonds**.

The **M Convertibles** portfolio construction process is based on **five key tenets** :



## Investment universe

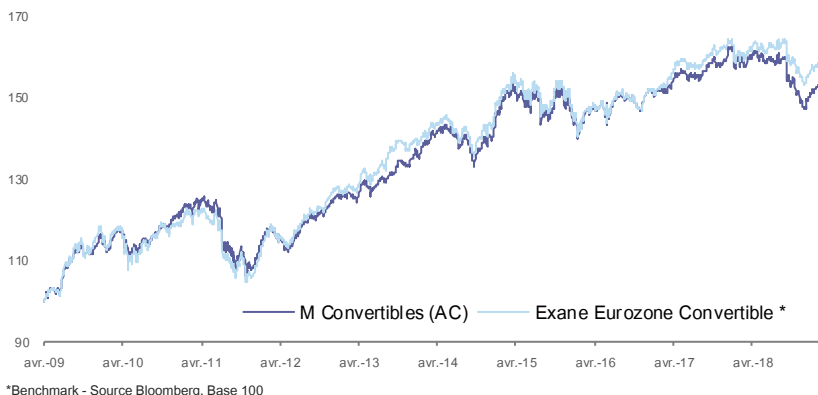
M Convertibles invests in « pure » convertible or exchangeable bonds in Euro.

## Risk / Return Profile



Risk associated with discretionary investment management • Risk of loss of capital • Convertible bonds risk • Equity risk • Volatility risk • Interest rate risk • Credit risk • Derivatives market risk • Foreign exchange market risk • High-yield market risk • Default risk • Liquidity risk • Risks on subordinated securities.

|                   |         |
|-------------------|---------|
| NAV (AC)          | 154,70  |
| Fund Total Assets | 508,5M€ |



## Performances & Risk Indicators

|                     | M Convertibles (AC) | Exane ECI Euro |
|---------------------|---------------------|----------------|
| Perf. Inception (a) | 54,5%               | 60,2%          |
| Perf. 2014          | 4,1%                | 3,1%           |
| Perf. 2015          | 6,7%                | 6,1%           |
| Perf. 2016          | 1,1%                | -0,2%          |
| Perf. 2017          | 4,9%                | 7,0%           |
| Perf. 2018          | -7,1%               | -5,2%          |
| Perf. YTD - 2019    | 4,3%                | 4,0%           |
| Perf. 5 years       | 9,5%                | 11,6%          |
| Volatility 5 years  | 5,5%                | 5,5%           |
| Volatilité 1 year   | 4,7%                | 4,2%           |
| Tracking Error*     | 1,2                 |                |

|                       | M Convertibles |
|-----------------------|----------------|
| Equity Sensitivity ** | 34,8           |
| Modified Duration     | 3,5            |
| YTM                   | -2,9%          |
| Current Yield         | 0,4%           |
| Premium               | 42,2%          |
| Credit Spread (bp)    | 143,7          |
| Rho                   | -2,4           |
| Vega                  | 0,4            |

Source Bloomberg-Montpensier / (a) 04/29/2009

\* vs benchmark. / Performance calculation: rolling month-end NAV / Volatility and TE calculation: Friday NAV, rolling weekly / \*\* measuring the variation of convertible bond price related to a variation of 1% of the underlying stock price / **Past performance is not indicative of current or future results. The fund undertakes risks that may lead to a loss of capital**

## Sector Breakdown (Underlying stocks)

|                         | Port. | Index |
|-------------------------|-------|-------|
| Industrial Goods & S.   | 22,6% | 21,0% |
| Real Estate             | 18,8% | 20,3% |
| Health Care             | 11,6% | 6,8%  |
| Chemicals               | 10,0% | 11,8% |
| Personal & Household C  | 7,5%  | 4,5%  |
| Telecommunications      | 6,9%  | 15,2% |
| Retail                  | 6,3%  | 2,0%  |
| Technology              | 4,9%  | 1,9%  |
| Food & Beverage         | 3,1%  | 1,4%  |
| Oil & Gas               | 3,1%  | 5,3%  |
| Travel & Leisure        | 1,9%  | 0,0%  |
| Basic Resources         | 1,3%  | 0,0%  |
| Automobiles & Parts     | 1,2%  | 0,0%  |
| Financial Services      | 0,9%  | 1,4%  |
| Utilities               | 0,0%  | 6,4%  |
| Construction & Material | 0,0%  | 2,0%  |

## Country Breakdown (Underlying stocks)

|             | Port. | Index |
|-------------|-------|-------|
| Germany     | 47,9% | 39,6% |
| France      | 31,3% | 25,7% |
| Italy       | 7,8%  | 13,1% |
| Netherlands | 4,3%  | 6,5%  |
| Austria     | 3,2%  | 3,0%  |
| Spain       | 1,8%  | 9,0%  |
| Denmark     | 1,6%  | 0,0%  |
| Ireland     | 1,1%  | 0,0%  |
| Others      | 1,0%  | 3,1%  |

Source Montpensier Finance / Exane / Bloomberg

## Main Holdings

|   |      |
|---|------|
| Deutsche Wohnen - 0.325% - 07/2024        | 4,9% |
| Safran - 0% - 06/2023                     | 4,9% |
| Airbus (Dassault Aviation) - 0% - 06/2021 | 4,7% |
| Deutsche Post - 0.05% - 06/2025           | 4,6% |
| Archer (Kering) - 0% - 03/2023            | 4,4% |
| Telecom Italia - 1.125% - 03/2022         | 4,4% |
| Adidas AG - 0.05% - 09/2023               | 4,2% |
| MTU Aero Engines - 0.125% - 05/2023       | 3,6% |
| Fresenius - 0% - 09/2019                  | 2,9% |
| Eni - 0% - 04/2022                        | 2,8% |

Source Montpensier Finance

Source Montpensier Finance / Exane / Bloomberg

BEFORE ANY INVESTMENT, PLEASE CAREFULLY READ THE KIID AND PROSPECTUS OF THE UCIT  
Presented performance refer to AC share class. See full disclaimer overleaf

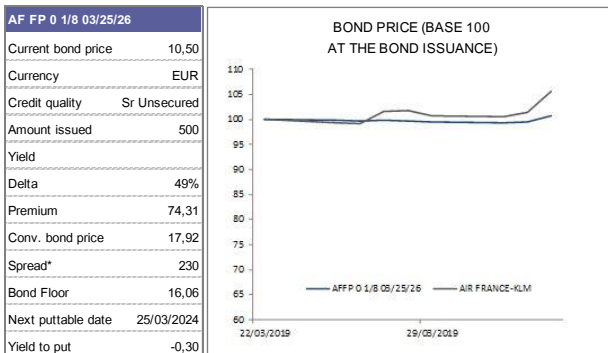


## Portfolio

Despite lacklustre or mediocre economic indicators, investors now appear to be convinced that the “Goldilocks” scenario has re-emerged. Under this scenario, the major central banks resume a dovish stance, while 2019 budgetary policies in Europe and more particularly in China will kick-start global growth, and the negotiations between China and the US will reach a happy ending, as the market progressively loses interest in Brexit as the saga appears to be going around in circles. All eyes are now fixed on the most advanced components of leading indicators among the economies situated furthest to the east. These include export and new order PMI components in China and Korea, or indicators such as the CKGSB which is used to anticipate the Chinese economic cycle 8 months in advance. As European convertible bonds extended their gains during the month, 2 new issues were announced. Vodafone raised £3.4 billion through a mandatory convertible issue in 2 tranches (2021 & 2022), while Air France-KLM launched a classic convertible maturing in 2026, with a 2024 put clause, for a total of EUR 500 million. We participated in the Air France-KLM issue. We took advantage of the market rally to top-slice our Remy Cointreau 2026 and Artemis/Kering 2023 holdings. We also liquidated our position in Maisons du Monde 2023, as the technical profile of the convertible had become unconvincing. We strengthened our holdings in Rag/Evonik 2023 and 2024 and also Deutsche Wohnen 2021.

## Focus : Air France 2026

Air France-KLM, which has rarely inspired great enthusiasm among investors, remains a complex investment case. Although the company is undemandingly valued, it never appears to be free of the risk of setbacks due to either a lack of cost controls or a downturn in its business. Air France-KLM is nevertheless one of the companies harbouring the greatest potential in terms of cost-cutting and growth in the sector. The appointment of Benjamin Smith as the new CEO, who appears to have renewed dialogue with employees, could trigger a fresh series of improvements in business activity and profitability within the group. With debt ratios improving, the Air France-KLM 2026 convertible provides exposure to this type of recovery without incurring a high level of risk.



Source :  
Bloomberg/Montpensier  
Finance 3 april 2019

## Fund data

|   |  |
|---|--|
| Legal Status                                    | SICAV UCITS V  |
| Inception date of the FCP M Convertibles        | 28th December 1990   |
| Inception date of the SICAV from the FCP merger | 11th February 2016   |
| Currency  | EUR  |
| Approved for public distribution in             | France, Belgium<br>Luxembourg, Switzerland,<br>Germany                           |
| Management fee                                  | IC : 0.80%<br>ID : 0.80%<br>AC : 1.20%<br>AD : 1.20%                             |
| Performance fee                                 | none   |
| Isin  | IC : FR0013084357<br>ID : FR0013084365<br>AC : FR0013083680<br>AD : FR0013084340 |
| Bloomberg                                       | IC : MFMCVIC FP<br>ID : MFMCVID FP<br>AC : MFMCVAC FP<br>AD : MFMCVAD FP         |
| Asset Management Company                        | Montpensier Finance  |
| Custodian                                       | CACEIS Bank  |
| Valuation                                       | Daily (Caceis)   |
| Cut-off   | 11:00 AM CET   |
| Investment horizon                              | 3 years minimum  |

Approved for public distribution in:

Principles for Responsible Investment  
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