



M Convertibles

Eurozone Convertible Bonds



29 MARCH 2019

ID share class

Presentation

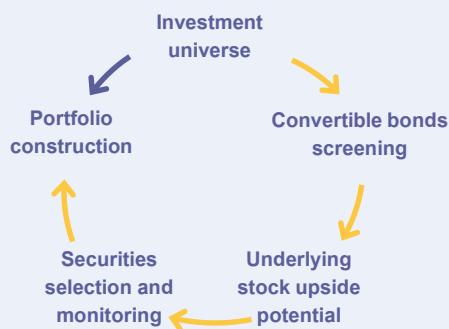
The objective of **M Convertibles** fund, which is based on European bond and equity markets, is to outperform the Exane Eurozone Convertible Bond index over the medium term, through discretionary investment management.

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

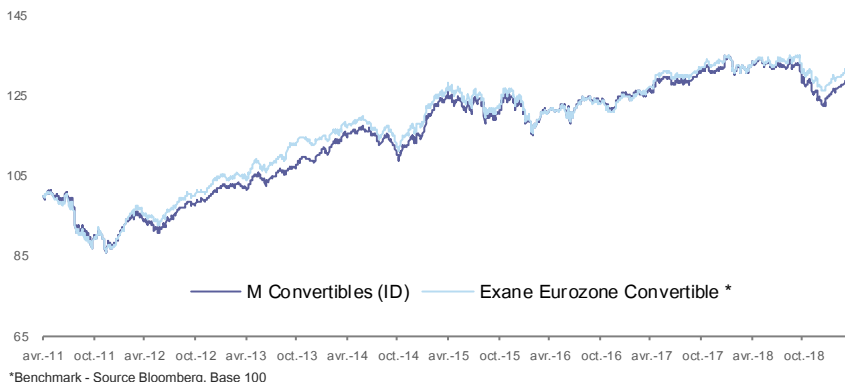
M Convertibles invests in « pure » convertible or exchangeable bonds in Euro.

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 (ID)	501,24
Fund Total Assets	508,5M€



Performances & Risk Indicators

	M Convertibles (ID)	Exane ECI Euro
Perf. Inception (a)	28,7%	31,7%
Perf. 2014	4,5%	3,1%
Perf. 2015	7,1%	6,1%
Perf. 2016	1,5%	-0,2%
Perf. 2017	5,4%	7,0%
Perf. 2018	-6,7%	-5,2%
Perf. YTD - 2019	4,4%	4,0%
Perf. 5 years	11,7%	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) 04/14/2011

* vs benchmark. / Performance calculation: rolling month-end NAV / Volatility and TE calculation: Friday NAV, rolling weekly steps / ** 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%

Source Montpensier Finance / Exane / Bloomberg

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

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



Portfolio

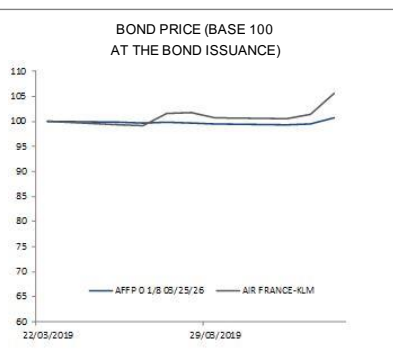
Despite lacklustre or mediocre economic indicators, investors now appear to be convinced that the “Goldilocks” scenario has re-emerged. Under this scenario, the major central banks resume a dovish stance, while 2019 budgetary policies in Europe and more particularly in China will kick-start global growth, 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.

AF FP 0 1/8 03/25/26	
Current bond price	10,50
Currency	EUR
Credit quality	Sr Unsecured
Amount issued	500
Yield	
Delta	49%
Premium	74,31
Conv. bond price	17,92
Spread*	230
Bond Floor	16,06
Next puttable date	25/03/2024
Yield to put	-0,30

* Theoretical spread



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 Luxembourg, Switzerland, Germany
Management fee	IC : 0.80% ID : 0.80% AC : 1.20% AD : 1.20%
Performance fee	none
Isin	IC : FR0013084357 ID : FR0013084365 AC : FR0013083680 AD : FR0013084340
Bloomberg	IC : MFMCVIC FP ID : MFMCVID FP AC : MFMCVAC FP 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

Montpensier Finance is a signatory to the PRI (Principles for Responsible Investment)

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