



## HI Numen Credit Fund

Sub-fund of Hedge Invest International Funds PLC, an investment company with variable capital structured as an umbrella fund with segregated liability between sub-funds organized under the laws of Ireland. Hedge Invest SGR is the Investment Manager of the fund.

Report February 2019

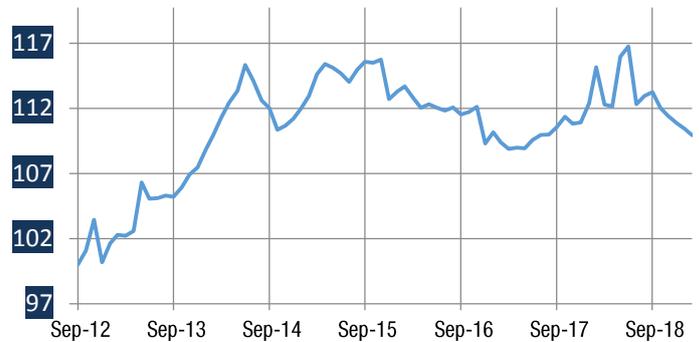
## INVESTMENT PHILOSOPHY

The Fund's objective is to achieve a 4% return with volatility of 3.5%-4% through different strategies: low volatility selected longs, opportunistic trading of volatile super liquid credits, longs and shorts in special situations with asymmetric risk/reward (buy back, mergers, restructuring).

## OVERVIEW OF THE MONTH

NAV	28 Feb 2019	€ 110.03
MONTHLY PERFORMANCE	Feb 2019	-0.43%
YEAR TO DATE PERFORMANCE		-0.83%
SINCE INCEPTION PERFORMANCE	Oct 2012	13.81%
ASSETS UNDER MANAGEMENT	Feb 2019	€ 387,669,844.37

## CUMULATIVE RETURN



Above data refer to the EUR I Shares class until November 2012 and to the EUR DM Shares class from December 2012.

## MONTHLY REVIEW

**Monthly Performance:** The fund was down -0.43%. Macro lost -0.80%; the continuation of the January rally was driven by powerful technical conditions. The market believed US-China negotiations will be fine, Italy will continue to fiscally behave due to weak growth and that there will be a late deal on Brexit, whilst we think the probability of accidents are relatively high. The amount of underweight in the market might have been unprecedented, but at current valuations we don't see much upside to risky assets compared to our growth expectations.

In Corporates Telecom Italia added +26bps and our long on Oi Brazil post-restructured bonds added +16bps. Our Long Vodafone Equity vs. Short Hybrids bonds lost -9bps. We remain convinced that two securities next to each other in the Vod capital structure shouldn't have such a differential in yield (3.8% yield for the hybrids vs 10% dividend yield for the shares).

In events Celgene/Bristol-Myers Squibb lost -24bps. After the second largest investor of BMY announced that it was not supportive of the deal, the gross spread moved from ~ 11% to ~22%. We remain positioned across the full capital structure of acquirer and target and think the transaction makes economic sense for BMY as it is not overpaying for CELG and the chances of approval of the merger are high.

In TMT our across capital structure and fully market neutral strategies added +10bps. Overall, we remain cautious on Tech because of hefty valuations, accelerating competition and overlaps across the tech giants and an increasing and disorderly regulatory headwind. We believe a neutral, agile, opportunistic strategy continues to be the right approach.

Financials was up +28bps for the month with the credit long in the newly issued BCPPL AT1 rallying after a strong set of 4Q18 results, and on which we have largely taken profit adding +8bps, and our tactical longs in Sabadell and Lloyds adding +13bps.

**Outlook:** There is a growing speculation that Central Banks are about to change policy regime by targeting an average level of inflation and possibly adopting the BOJ yield targeting measures and policy framework. There are new theories like Modern Monetary Theory being thrown to support the new market dreams. At the same time the resulting alleged irrelevance of budget deficits and debt levels is endorsing all sorts of populist political platform and government actions.

We think the markets have priced a lot of cheap talks from central bankers and not much of their recent credibility loss while actions will be disappointing, especially in Europe where newly announced T-LTROs will not do much to reinforce commercial banks or revitalise the animal spirits. Furthermore, Europe has now a well-defined practice (not a theory by economists based on forced econometric assumptions and weak models) and that consist in the ESM rule book. At the same time the management team of the ECB is changing, we can safely assume we will not see another consumed deal maker and creative central banker like Mr Draghi. For the future we need to think more Trichet, more OMT than QE, and less "whatever it takes".

## MAIN STATISTICS

	FUND	Benchmark Index
Annualized return	2.04%	3.93%
Last 12 months return	-4.53%	0.77%
Annualized return - last 5 years	0.00%	2.81%
Sharpe ratio (0.00%)	0.52	1.31
Best month	3.63% (05 2013 )	2.24% (03 2016 )
Worst month	-3.79% (07 2018 )	-1.83% (06 2015 )

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## FUND vs Benchmark Index

		JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YTD
2019	<b>FUND</b>	<b>-0.40%</b>	<b>-0.43%</b>											<b>-0.83%</b>
	Bench Index	1.60%	1.19%											2.80%
2018	<b>FUND</b>	<b>1.34%</b>	<b>2.46%</b>	<b>-2.50%</b>	<b>-0.13%</b>	<b>3.42%</b>	<b>0.67%</b>	<b>-3.79%</b>	<b>0.56%</b>	<b>0.27%</b>	<b>-1.09%</b>	<b>-0.54%</b>	<b>-0.48%</b>	<b>-0.04%</b>
	Bench Index	-0.05%	-0.31%	-0.13%	0.31%	-0.71%	-0.23%	0.87%	0.03%	-0.09%	-0.57%	-1.29%	-0.17%	-2.33%
2017	<b>FUND</b>	<b>0.78%</b>	<b>-0.69%</b>	<b>-0.47%</b>	<b>0.08%</b>	<b>-0.04%</b>	<b>0.58%</b>	<b>0.36%</b>	<b>0.01%</b>	<b>0.53%</b>	<b>0.71%</b>	<b>-0.48%</b>	<b>0.09%</b>	<b>1.46%</b>
	Bench Index	-0.03%	0.96%	-0.25%	0.70%	0.60%	-0.18%	0.73%	0.40%	0.12%	0.97%	-0.27%	-0.20%	3.61%
2016	<b>FUND</b>	<b>0.52%</b>	<b>0.34%</b>	<b>-0.77%</b>	<b>-0.68%</b>	<b>0.24%</b>	<b>-0.22%</b>	<b>-0.20%</b>	<b>0.21%</b>	<b>-0.48%</b>	<b>0.18%</b>	<b>0.34%</b>	<b>-2.50%</b>	<b>-3.02%</b>
	Bench Index	-0.19%	0.02%	2.24%	1.03%	0.18%	0.29%	1.87%	0.87%	-0.26%	-0.01%	-0.88%	1.15%	6.43%
2015	<b>FUND</b>	<b>0.74%</b>	<b>0.82%</b>	<b>1.47%</b>	<b>0.70%</b>	<b>-0.26%</b>	<b>-0.37%</b>	<b>-0.58%</b>	<b>0.83%</b>	<b>0.52%</b>	<b>-0.07%</b>	<b>0.22%</b>	<b>-2.62%</b>	<b>1.35%</b>
	Bench Index	0.76%	1.25%	-0.11%	0.01%	-0.13%	-1.83%	1.05%	-0.80%	-1.63%	2.11%	0.53%	-1.58%	-0.45%
2014	<b>FUND</b>	<b>1.29%</b>	<b>1.01%</b>	<b>1.23%</b>	<b>1.01%</b>	<b>0.82%</b>	<b>1.75%</b>	<b>-1.05%</b>	<b>-1.33%</b>	<b>-0.52%</b>	<b>-1.49%</b>	<b>0.30%</b>	<b>0.49%</b>	<b>3.49%</b>
	Bench Index	0.86%	0.96%	0.49%	0.81%	0.73%	0.54%	0.09%	0.89%	-0.34%	0.30%	0.69%	-0.04%	6.12%
2013	<b>FUND</b>	<b>1.45%</b>	<b>0.63%</b>	<b>-0.05%</b>	<b>0.34%</b>	<b>3.63%</b>	<b>-1.18%</b>	<b>0.06%</b>	<b>0.18%</b>	<b>-0.10%</b>	<b>0.70%</b>	<b>0.94%</b>	<b>0.50%</b>	<b>7.27%</b>
	Bench Index	-0.59%	0.96%	0.54%	1.68%	-0.06%	-1.78%	1.31%	0.02%	0.82%	1.50%	0.50%	0.05%	5.02%
2012	<b>FUND</b>										<b>1.09%</b>	<b>2.32%</b>	<b>0.26%</b>	<b>3.71%</b>
	Bench Index										1.57%	1.15%	1.45%	4.22%

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## CUMULATIVE PERFORMANCE

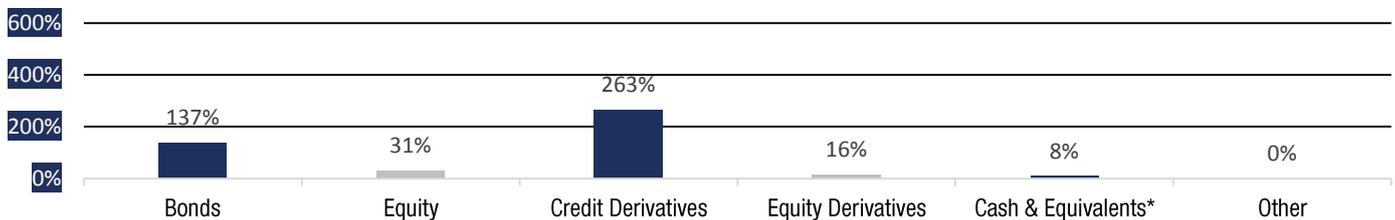
	PERFORMANCE	STANDARD DEVIATION	CORRELATION
HI Numen Credit Fund	13.81%	4.06%	
Benchmark Index	28.03%	2.97%	0.66%
JP Morgan GBI Global in Local Currency	16.60%	2.97%	-8.71%

Standard deviation on monthly data.

## PORTFOLIO ANALYSIS

Return of long positions	0.61%	Return of short positions	-1.05%	Average duration	-0.01
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## ASSET CLASS BREAKDOWN

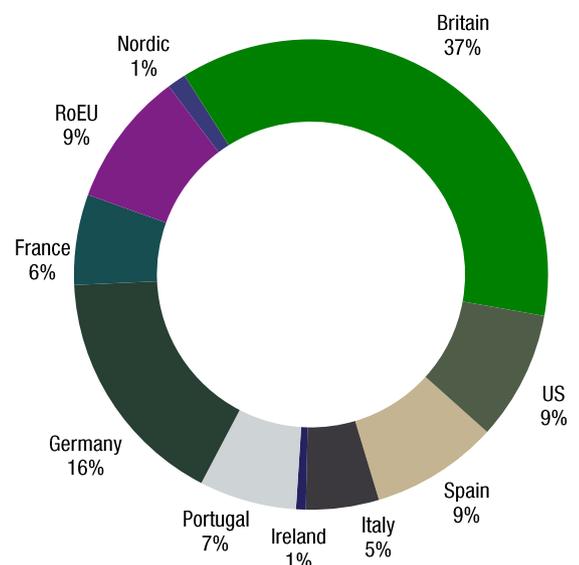


Percentages are calculated using Bond, Equity and Equity Derivatives market value. For credit derivatives it has been used the notional adjusted for the market value. For percentages calculation, the denominator is the AUM. \*Cash & Equivalents include bonds with AA rating or better and with maturity up to 6 months.

## COUNTRY EXPOSURE

	LONG	SHORT	NET	GROSS
Spain	18.50%	-19.50%	-1.00%	38.00%
Italy	6.10%	-15.60%	-9.50%	21.70%
Ireland	2.70%	-0.20%	2.60%	2.90%
Portugal	16.30%	-12.80%	3.50%	29.00%
Greece	0.00%	0.00%	0.00%	0.00%
Cyprus	0.00%	0.00%	0.00%	0.00%
Germany	33.10%	-39.60%	-6.50%	72.60%
France	3.20%	-23.90%	-20.80%	27.10%
RoEU	20.40%	-20.00%	0.40%	40.40%
Nordic	1.50%	-4.00%	-2.50%	5.60%
Britain	98.00%	-62.50%	35.40%	160.50%
US	12.80%	-25.90%	-13.10%	38.60%
RoW	8.90%	-1.10%	7.80%	10.00%
<b>Total</b>	<b>221.40%</b>	<b>-225.10%</b>	<b>-3.70%</b>	<b>446.50%</b>

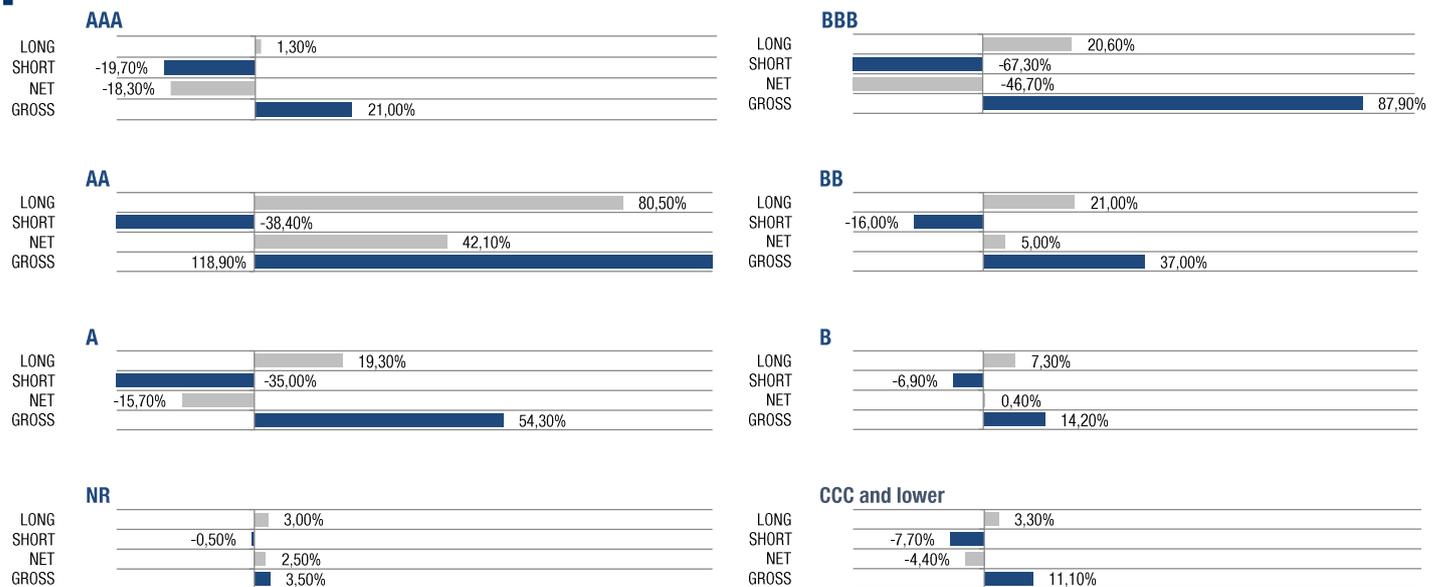
## COUNTRY BREAKDOWN



## DURATION BREAKDOWN

	0-1 YEAR	1-3 YEAR	3-5 YEAR	5-10 Year	>10 YEAR	TOTAL
Long	36.90%	0.00%	12.30%	15.00%	5.60%	69.80%
Short	0.00%	0.00%	-8.60%	-9.70%	-2.10%	-20.30%
Net	36.90%	0.00%	3.80%	5.40%	3.50%	49.50%
Gross	36.90%	0.00%	20.90%	24.70%	7.60%	90.10%

## RATING BREAKDOWN



## SECTOR BREAKDOWN

	LONG	SHORT	NET	GROSS
Government	138.58%	-76.96%	61.62%	215.54%
Financial	31.62%	-49.07%	-17.45%	80.68%
Basic Materials	1.90%	-4.98%	-3.08%	6.87%
Communications	19.88%	-21.82%	-1.93%	41.70%
Consumer Cyclical	3.49%	-15.60%	-12.11%	19.09%
Consumer Non-cyclical	5.32%	-25.19%	-19.87%	30.51%
Diversified	0.09%	0.00%	0.09%	0.09%
Energy	1.64%	-3.29%	-1.65%	4.92%
Industrial	4.20%	-8.30%	-4.09%	12.50%
Technology	5.62%	-4.62%	1.00%	10.24%
Utilities	1.05%	-10.12%	-9.08%	11.17%
Other Sectors	8.03%	-5.18%	2.85%	13.20%
<b>Total</b>	<b>221.41%</b>	<b>-225.12%</b>	<b>-3.72%</b>	<b>446.53%</b>

Minimum investment	10,000 (D-DM2) - 100,000 (I2)
Subscription frequency	Weekly (every Friday with 2 days notice)
Management fee	1.75% (D + 0.20 service fee - R) - 1.5% (I2 - I) - 1.3% (DM2) - 1% (DM - A) p.a.

Additional investment	1,000 (D - DM2); 50,000 (I2)
Redemption frequency	Weekly (every Friday with 2 days notice)
Incentive fee	20% (I2 - D - DM2) - 15% (I - I INITIAL - R - DM) - 10% (A)

# Appendix - Classes

February 2019

	START DATE	ISIN CODE	NAV	BLOOMBERG
HI NUMEN CREDIT FUND EUR D	17/04/2014	IE00BLG31403	93.57	HINCFEF ID
HI NUMEN CREDIT FUND USD D	02/05/2014	IE00BLG31627	98.57	HINCFUD ID
HI NUMEN CREDIT FUND CHF D	17/04/2014	IE00BLG31510	90.84	HINCFCD ID
HI NUMEN CREDIT FUND EUR I2	02/05/2014	IE00BLG30Y36	95.15	HINCEI2 ID
HI NUMEN CREDIT FUND USD I2	19/02/2016	IE00BVOL8052	99.80	HINUSI2 ID
HI NUMEN CREDIT FUND GBP I2	19/12/2014	IE00BLG30Z43	98.64	HINCIG2 ID
HI NUMEN CREDIT FUND EUR DM2	17/04/2014	IE00BLG31064	96.51	HINEDM2 ID
HI NUMEN CREDIT FUND EUR DM	07/12/2012	IE00B7C3TR53	110.03	HINCEDM ID
HI NUMEN CREDIT FUND USD DM2	09/05/2014	IE00BLG31288	101.13	HINUDM2 ID
HI NUMEN CREDIT FUND CHF DM2	23/05/2014	IE00BLG31171	92.29	HINCDM2 ID
HI NUMEN CREDIT FUND GBP DM2	06/02/2015	IE00BLG31395	99.00	HINGDM2 ID
HI NUMEN CREDIT FUND EUR I INITIAL	28/09/2012	IE00B5M5F022	118.05	NUMCAI ID
HI NUMEN CREDIT FUND EUR I	28/09/2012	IE00B4ZWPV43	112.13	NUMCAEI ID
HI NUMEN CREDIT FUND EUR R	16/11/2012	IE00B59FC488	109.01	HINUMCR ID
HI NUMEN CREDIT FUND USD R	09/11/2012	IE00B4Z1G298	113.66	HINUSDR ID
HI NUMEN CREDIT FUND CHF R	23/11/2012	IE00B8BGWG21	102.89	HINCHFR ID
HI NUMEN CREDIT FUND EUR FOF	02/11/2012	IE00B84M0855	94.42	HINCFOF ID

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