

## iMGP Funds

## iMGP European Corporate Bonds

Managed by  
**Ersel Asset Management SGR**

Share class : C EUR  
ISIN : LU0167813129

For qualified and retail investors

## Investment objective

The Fund's objective is to generate investment growth through bonds issued by private companies in Europe. The Index ICE BofAML Euro Corporate is used for comparison only, incl. for performance comparison. The Fund is actively managed and the manager's discretionary powers are not constrained by the Index. As part of the aforementioned investment policy, the manager may also invest in derivatives such as index futures (purchase or sale of an index at the prevailing rate, with settlement at a future date) and options (contract entitling the Fund or the counterparty of the Fund to buy or sell a position at a given price at a future date).

## Risk/Return profile

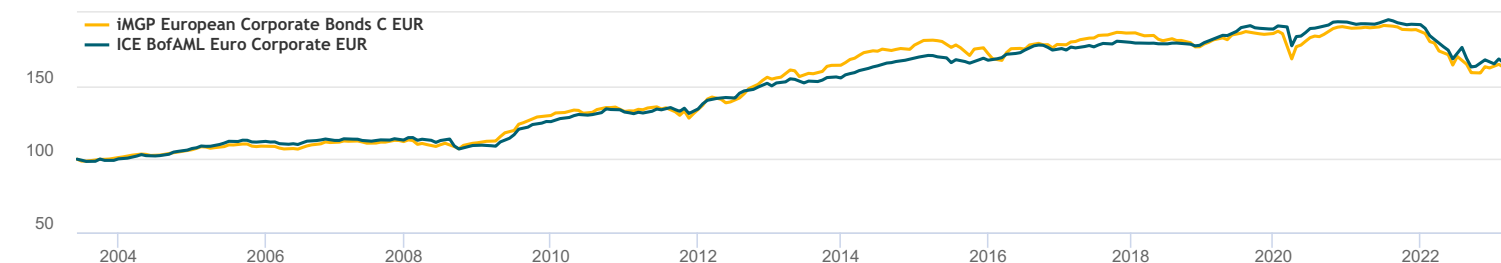
LOWER RISK  
(Typically lower rewards)

HIGHER RISK  
(Typically higher rewards)



## Performance &amp; risk measures

Data as of 2023.03.31



ICE BofAML Euro Corporate

| Monthly returns | Year   | Jan   | Feb   | Mar   | Apr   | May   | Jun   | Jul  | Aug   | Sep   | Oct   | Nov   | Dec   |
|-----------------|--------|-------|-------|-------|-------|-------|-------|------|-------|-------|-------|-------|-------|
| 2023            | -0.7%  | 1.5%  | -1.2% | -1.0% | -     | -     | -     | -    | -     | -     | -     | -     | -     |
| 2022            | -13.9% | -1.4% | -3.0% | -0.5% | -3.0% | -1.4% | -4.1% | 3.6% | -3.1% | -3.5% | -0.1% | 2.7%  | -0.5% |
| 2021            | -0.9%  | 0.2%  | -0.6% | 0.1%  | 0.0%  | -0.2% | 0.3%  | 0.5% | -0.3% | -0.3% | -0.9% | -0.2% | 0.1%  |
| 2020            | 2.3%   | 0.8%  | -0.9% | -9.3% | 5.0%  | 0.6%  | 1.5%  | 1.4% | 0.6%  | -0.2% | 0.8%  | 2.1%  | 0.5%  |
| 2019            | 5.1%   | 1.1%  | 0.7%  | 0.9%  | 0.7%  | -0.7% | 1.8%  | 0.7% | 0.6%  | -0.6% | -0.3% | -0.2% | 0.3%  |
| 2018            | -5.0%  | 0.1%  | -0.6% | -0.5% | 0.1%  | -1.4% | -0.6% | 0.8% | -0.7% | 0.0%  | -0.9% | -1.6% | 0.0%  |

| Cumulative performance | Fund   | Index |
|------------------------|--------|-------|
| 1M                     | -1.0%  | 0.7%  |
| 3M                     | -0.7%  | 1.2%  |
| 6M                     | 1.3%   | 2.6%  |
| 1Y                     | -9.8%  | -7.7% |
| 3Y                     | -4.2%  | -5.9% |
| 5Y                     | -12.5% | -6.7% |
| Since inception        | 61.1%  | 67.1% |

| Calendar year performance | Fund   | Index  |
|---------------------------|--------|--------|
| YTD                       | -0.7%  | 1.2%   |
| 2022                      | -13.9% | -14.0% |
| 2021                      | -0.9%  | -1.0%  |
| 2020                      | 2.3%   | 2.6%   |
| 2019                      | 5.1%   | 6.3%   |
| 2018                      | -5.0%  | -1.1%  |

| Annualized risk measures | Fund | Index |
|--------------------------|------|-------|
| Volatility               | 4.6% | 4.7%  |
| Sharpe ratio             | -0.3 | -0.3  |
| Information ratio        | 0.2  | -     |
| Duration                 | 4.0  | -     |
| Yield to maturity        | 4.8% | -     |

| Annualized performance | Fund  | Index |
|------------------------|-------|-------|
| 3Y                     | -1.4% | -2.0% |
| 5Y                     | -2.6% | -1.4% |
| Since inception        | 2.4%  | 2.6%  |

Source: iM Global Partner Asset Management. Past performance does not guarantee or predict future performance. Annualized risk measures based on 3-year weekly returns if more than 3-year history or 1-year if less than 3-year history.

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Manager Comment

Highlights

- US regional banks turmoil and CS emergency merge with UBS drove spreads wider in March both in US and European credit markets, even if USD credit outperformed EUR as spreads widened less especially for high beta
- High-Grade bonds were best performers supported by the decrease in risk-free rates fueled by flight to quality and expectations of more accommodative central banks
- USD High Yields closed in slightly positive territory while Euro peers were barely negative but significantly outperformed subordinated bonds
- AT1s were affected the most, closing down more than 5% notwithstanding a sound recovery during the last trading week, while Hybrids and Tier 2s suffered minor losses
- The strategy posted negative returns lagging its reference index as a result of a shorter duration and a higher credit risk exposure

| Cumulative performance | Fund  | Index |
|------------------------|-------|-------|
| 1M                     | -1.0% | 0.7%  |
| YTD                    | -0.7% | 1.2%  |

Market Review

March was dominated by tensions in the banking sector. The default of SVB spread also outside the US regional banks sector and accelerated the on-going loss of confidence in CS bringing to the Swiss bank forced merge with UBS and putting additional pressure to European credit markets. Fears of a banking crisis and the potential consequent credit crunch pushed markets to price in more accommodative central banks and ignited a flight to quality that brough risk-free rates significantly lower. On the other side spreads widened, especially on High beta segments with a decompression in EUR High Yield of about 70 bps. Bank subordinated instruments were, anyway, the most affected, with AT1s spread rising by more than 100 bps getting close to historical peaks. Notwithstanding the context, Euro investment grade credit registered a positive performance of around +1%, while High Yields gave up only 50bps. Performance was instead overall negative for subordinated bonds, especially financials. While Tier 2 instruments partially benefited from the risk-free rates compression and realized only moderate losses in the month, AT1s lost more than 5% on average with significant dispersion among issuers. Finally, primary markets slowed down in March given market tensions, starting to resurge only towards the end of the month.

Fund Review

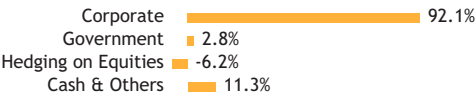
In this environment the strategy posted a negative return lagging its reference index due to a lower duration and an overweight in high beta, subs and high yields bonds. The derivatives hedges via equity indices allowed to smooth the drawdown during the sell off, but their positive contribution was almost entirely offset by the volatility of the following rally. On the long portfolio, worst contributors have been banking Subordinated and High Yield notes such as Deutsche Bank Tier 2 (-8.9%), Banco de Sabadell Tier 2 (-9.3%) and Grifols 27 (-4.3%), while best contributors have been Investment Grade long dated bonds such as Unilever 39 (+3.9%) and Vodafone 37 (+3%). In terms of trading activity, the High Yield and sub financial weight was reduced by 5% which was reinvested in high standing Investment Grade longer maturity instruments with the purpose of both reducing risk and starting to decrease the duration gap with the benchmark. The strategy remains still slightly shorter in duration, overweight credit risk versus the index, hedged via equity derivatives.

Outlook

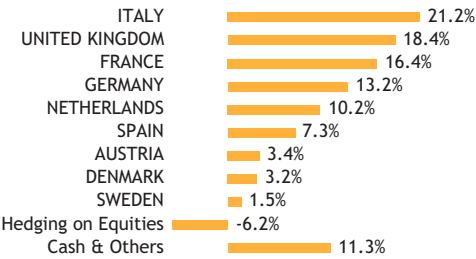
With bank turmoil increasing the likelihood of a recessionary scenario and a still resilient core inflation which limits central banks ability to reduce their tightening, we view limited headroom for a further rally of risky asset. In this context, we continue see any rise in yields as an opportunity to add duration on high quality instruments while only adding selectively on credit risk by keeping the overall portfolio risk balanced via hedging instruments.

Portfolio Breakdown

Asset allocation



By Country



By Currency



By Maturity

|                        |       |
|------------------------|-------|
| Between 1 and 3 years  | 8.2%  |
| Between 3 and 5 years  | 45.6% |
| Between 5 and 7 years  | 21.4% |
| Between 7 and 10 years | 4.7%  |
| More than 10 years     | 15.0% |

By Sector

|                     |       |
|---------------------|-------|
| Financials          | 56.0% |
| Consumer Staples    | 12.9% |
| Industrials         | 7.9%  |
| Energy              | 5.5%  |
| Communications      | 3.3%  |
| Utilities           | 3.2%  |
| Health Care         | 3.1%  |
| Government          | 2.8%  |
| Hedging on Equities | -6.2% |
| Cash & Others       | 11.3% |

By Seniority

|     |       |
|-----|-------|
| SEN | 53.6% |
| SNP | 21.5% |
| SUB | 12.9% |
| T2  | 6.9%  |

By Rating

|     |       |
|-----|-------|
| AAA | 2.8%  |
| A   | 18.8% |
| BBB | 56.5% |
| BB  | 16.7% |

Top 10

|                          |       |
|--------------------------|-------|
| CMZB VAR 03/28 EMTN      | 5.5%  |
| DB 1.625% 01/27 EMTN     | 4.9%  |
| ISPIM 4.75% 09/27 EMTN   | 3.9%  |
| HSBC VAR 03/28 EMTN      | 3.8%  |
| SABSM VAR 09/26 EMTN     | 3.8%  |
| BNP VAR 07/28 EMTN       | 3.6%  |
| ELOFR 3.25% 07/27 EMTN   | 3.6%  |
| SANTAN 1.375% 01/26 EMTN | 3.5%  |
| UCGIM VAR 07/27 EMTN     | 3.5%  |
| IDSLN 1.25% 10/26        | 3.4%  |
|                          | 39.5% |

Source: iM Global Partner Asset Management

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Dealing information

|                            |                     |
|----------------------------|---------------------|
| Liquidity                  | Daily               |
| Cut-off time               | TD 12:00 Luxembourg |
| Minimum initial investment | -                   |
| Settlement                 | TD+3                |
| ISIN                       | LU0167813129        |
| CH Security Nr             | 1600820             |
| Bloomberg                  | OYSCORP LX          |

Fees

|                  |           |
|------------------|-----------|
| Subscription fee | Max 3.00% |
| Redemption fee   | Max 1.00% |
| Management fee   | Max 1.00% |
| Performance fee  | -         |

Administrative information

|                        |                                |                    |   |
|------------------------|--------------------------------|--------------------|---|
| Central Administration | CACEIS Bank, Luxembourg Branch | Auditor            | PwC Luxembourg                          |
| Transfert Agent        | CACEIS Bank, Luxembourg Branch | Management company | iM Global Partner Asset Management S.A. |
| Custodian Bank         | CACEIS Bank, Luxembourg Branch |                    |   |

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