

iMGP European Subordinated Bonds Fund

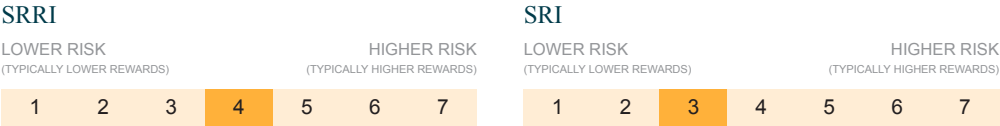
Share class : I S EUR  
ISIN : LU1457567821  
For professional investors

Managed by  
Ersel Asset Management SGR

Investment objective

The Fund's objective is to generate investment growth mainly through any types of subordinated bonds, including convertible bonds and, for maximum 50%, contingent convertible bonds, issued by European entities or entities predominantly active in Europe. The Fund may, to a lesser extent, invest in other fixed income securities, including ABS (Asset Backed Securities). The Index ICE BofA ML EUR Financial Subordinated 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. Although the manager may take into consideration the Index composition, the Fund may bear little resemblance to the Index. As part of the aforementioned investment policy, the manager may also invest in Credit Default Swaps, both as buyer and as seller of protection. **The Fund is actively managed, and the Fund's manager's discretionary powers are not constrained by the index.**

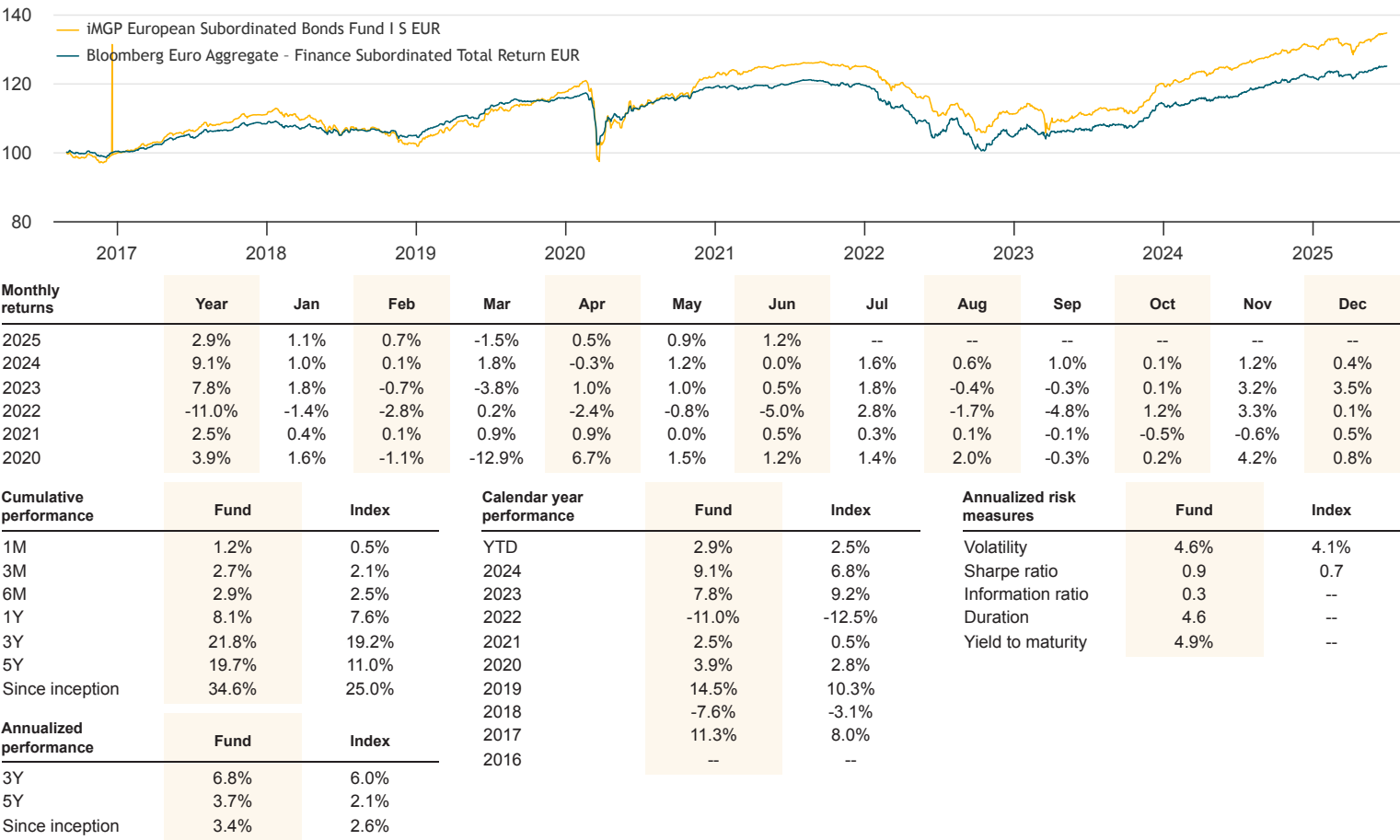
Risk/Return profile of the share class



Fund facts

Fund manager	Ersel Asset Management SGR
Dividend policy	Accumulating
Last NAV	EUR 1,346.03
Fund size	EUR 29.1 mn
Asset class	European Bonds
Investment zone	Europe
Recommended invest. horizon	At least 4 years
Share class currency	EUR
Inception date of the Share class	2016.08.31
Index	Bloomberg Euro Aggregate – Finance Subordinated Total Return EUR
Legal structure	Luxembourg SICAV - UCITS
Registration	LU, CH
Classification SFDR	Article 8

Performance & risk measures



Source: iM Global Partner Asset Management.  
Returns may increase or decrease as a result of currency fluctuations for investors whose natural currency differs from the Share class' currency. 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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Fund manager Comment

Highlights

-Rates trended downward in the US on more dovish monetary policy expectations whilst risk-free mildly rose in Europe on higher defence spending projections Spreads tightened across all segments driving risky asset outperformance Among subordinated bonds, COCOs were best performers gaining more than 1.5 point on average The strategy posted overall positive returns outpacing the reference index taking benefit from its exposure to COCOs

Cumulative performance	Fund	Index
1M	1.2%	0.5%
YTD	2.9%	2.5%

Market Review

In June, heightened geopolitical tensions had a relatively limited impact on risky assets, which found support from a subsequent de-escalation in the Middle East and new progress in tariff negotiations with China and Europe. In the U.S. interest rates reversed the upward trend seen in May, driven by progress on inflation and pressure from the Trump administration for a more dovish monetary policy. In contrast, in Europe the risk-free yield curve rose mildly following the decision by NATO countries to increase defense spending to 5% of GDP by 2035. In this context, spreads tightened slightly across all segments, leading to marginally positive results in investment grade, and outperformance in high beta assets, with Senior HY and Tier 2 gaining around half a point and CoCos rising by 1.5 points, bringing the year-to-date gains to approximately 4 points.

Fund Review

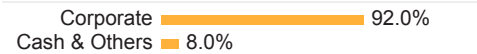
The strategy posted positive returns outperforming its reference index by almost 70bps taking benefit from its exposure to COCOs. Best contributors were in fact AT1 instruments such DB perp (+1.6%) and Groupama perp (+1.9%). No instrument had a negative contribution, but less positive contribution came from T2s such as Credit Agricole 2033 (+0.2%) and Santander 2033 (+0.1%). In the reference period the fund experienced more than 6mln of redemptions, but the overall allocation was kept broadly unchanged. Exposure to COCO increased slightly at around 33%, while Tier2 mildly decreased their weight at 50%, while Hybrids remained at 8% and cash increased to towards 8%. The overall duration was unchanged at 4.5 years, 0.5 years above its reference index.

Outlook

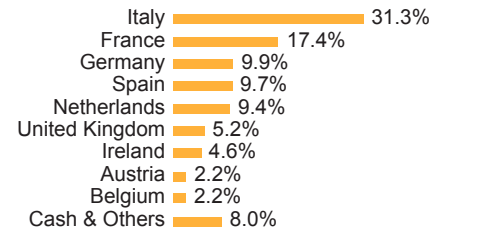
Credit valuations are back in expensive territory despite uncertainties on growth prospects and fiscal policies for both US and Eurozone and the strategy will continue to keep a moderately cautious approach looking for better entry point before further increasing its risk exposure.

Portfolio Breakdown

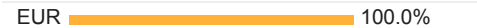
Asset allocation



By Country



By Currency



By Maturity

Between 5 and 7 years	2.7%
Between 7 and 10 years	27.2%
More than 10 years	70.1%

By Sector

Financials	83.5%
Communications	5.7%
Energy	2.8%
Cash & Others	8.0%

By Seniority

T2	42.8%
COCO	36.5%
SUB	20.7%

By Rating

A	2.9%
BBB	48.3%
BB	44.0%
B	4.8%

Top 10

SOCGEN 5.625% 06/33 EMTN	3.0%
CNFPF VAR 07/54 EMTN	3.0%
TELEFO VAR PERP	3.0%
ISPIM VAR 11/36 EMTN	2.8%
ENIIM VAR PERP EMTN	2.8%
VOD VAR 08/80	2.7%
ALVGR VAR 07/54	2.7%
BPCEGP VAR 01/35 EMTN	2.6%
CMZB VAR 10/34 EMTN	2.6%
BBVASM VAR 02/36 GMTN	2.6%
	27.8%

Source: iM Global Partner Asset Management



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## Dealing information

Liquidity	Daily
Cut-off time	TD 12:00 Luxembourg
Minimum initial investment	5,000,000
Settlement	TD+2
ISIN	LU1457567821
CH Security Nr	33361690
Bloomberg	OYESIES LX

## Fees

Subscription fee	Max 0.00%
Redemption fee	Max 1.00%
Max management fee	0.55%
Effective management fee	0.55%
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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