LSF – GEB Global Euro Bond Fund

Data as of September 2019

COLOMBO
Lugano | Zürich | Genève

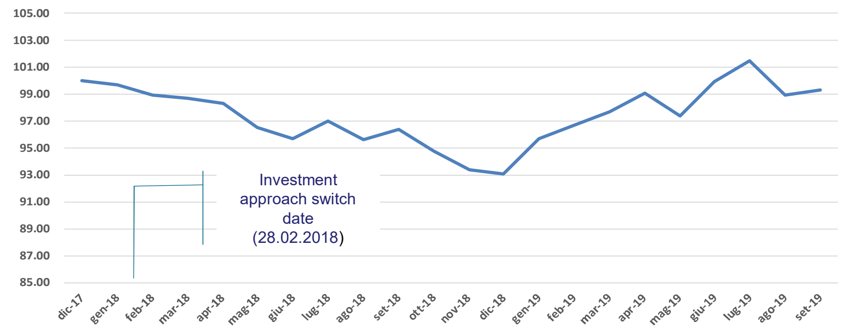
FUND FACTS

Domicile	Luxembourg / SICAV
Fund Type	UCITS V
Launch Date	29/11/2013
Investment Approach Switch Date	28/02/2018
Fund Currency	EUR
Share Class Currencies	EUR / CHF
Advisor	YSMA
AUM (all classes) Mio	31.37 €
Liquidity	Daily
Management Fees	1.00%
Performance Fees	0%
TER	1.26%
Strategy	Absolute Return Bond Fund (EUR)

OPERATIONAL APPROACH

LSF - GEB Global Euro Bond Fund - Fund's objective is to achieve income and capital growth. The investment objective of the Sub-fund is to invest its assets mainly in a diversified portfolio of bonds (including high-yield bonds) denominated in Euro and other debt instruments issued by countries or companies. The Sub-fund will seek opportunities, depending on market conditions, by investing extensively into sub-investment grade bonds. The Sub-fund intends to systematically hedge foreign currency exposure. The investments are predominantly (min 90%) in Euros. There are no geographic or sectoral restrictions.

PERFORMANCE



	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2018	-0.34%	-0.78%	-0.21%	-0.37%	-1.81%	-0.91%	1.39%	-1.45%	0.80%	-1.65%	-1.43%	-0.32%	-6.90%
2019	2.74%	1.08%	1.05%	1.39%	-1.71%	2.63%	1.49%	-2.47%	0.37%				6.66%

RISK PROFILE

1	**2**	3	4	5	6

Low **High**

CODES

	Class A2
ISIN	LU0986347978
Bloomberg	UBSPBA2 LX
Telekurs	226.41.146
Share Class	Institutional
Reference Currency	EUR
NAV per Share	96.41
Monthly Variation	0.37%
Performance YtD	6.66%

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STATISTICAL DATA

Performance	
Total Return 1Month(s)	0.37%
Total Return MTD	0.37%
Total Return QTD	-0.64%
Total Return YTD	6.66%
Total Return 3 Month(s)	-0.64%
Total Return 6 Month(s)	1.63%
Total Return 1Year(s)	3.07%
Total Return 2 Year(s)	-0.99%
Total Return 3 Year(s)	-1.05%

Statistics (1 Year)	
Standard Deviation 1Year(s)	4.45%
Semivariance 1Year(s)	4.68%
Sharpe Ratio vs Risk Free 1 Year(s)	0.8

Period Analysis	Up	Down
Number	19	26
Percentage	42%	58%
Average	0.85%	-0.63%
Standard Dev.	0.79%	0.69%
Max Sequence	4	6
Avg Sequence	1	2

Best vs Worst	Perf.	Date
1st Best	2.74%	31-01-19
2nd Best	2.63%	28-06-19
3rd Best	1.49%	31-07-19
1st Worst	-2.47%	30-08-19
2nd Worst	-1.81%	31-05-18
3rd Worst	-1.71%	31-05-19

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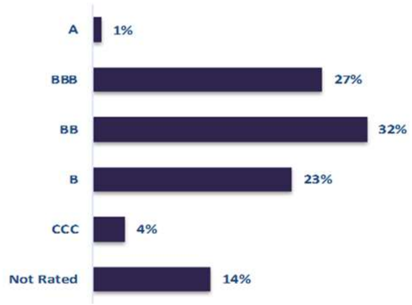
PORTFOLIO ASSET ALLOCATION

Rating



Top 5 Positions

#	ISIN	Description	Sector	Country risk	Market Value (%)
1	US71647NAY58	PETBRA 5.999 01/27/28	Energy	BR	4.9
2	XS1568888777	PEMEX 4 ⅞ 02/21/28	Energy	MX	4.5
3	XS1210362239	1AABAR 27.03.27	Financial	AE	4.3
4	XS1739839998	UCGIM 5 ⅜ PERP	Financial	IT	4.1
5	IT0005240830	BTPS 2.2 06/01/27	Government	IT	3.6
TOP 5 POSITIONS					21.4

MONTHLY COMMENT

Market Comment

The US Federal Reserve cut rates by 25bps on 18 September, noting slower global growth and risks from the US-China trade dispute. The inverted yield curve is another reason to cut rates. While not promising anything, it appears that the Fed may be prepared to cut one more time even if economic growth remains near trend. If economic conditions deteriorate then they would have room to cut more aggressively. The ECB delivered a package of easing measures on 12 September, including a 10bp rate cut. It will also make asset purchases (quantitative easing) of EUR 20bn per month, but the lack of eligible bonds limits what it can do as long as issue/issuer limits and capital key rules aren't changed. We believe these changes are unlikely unless there is a severe recession. We expect one further
10bp cut in March 2020. With the Federal Reserve and ECB both cutting rates, many other central banks, especially in emerging markets, have also cut rates. Subdued global inflation should allow central banks to support growth with additional cuts.

Specifically, the 10-year Treasury yield increased to 1.65% in September. Over the same period, the 10-year Bund yield increased slightly to -0.57%. Current interest rates are still close to historic lows.

The market situation compared to August eased slightly in September. The hunt for yield shaped the market in September, this in contrast to the investment months of August. Generally speaking, the prices of bonds issued by companies with lower ratings have increased and are enjoying good demand again. The spreads of these bonds are currently higher than at the beginning of the year, which offers good opportunities for investors.

Fund Development

The fund volume increased slightly to EUR 31.4 million in September 2019.

In the investment month of September 2019, there were no major changes in the strategy or at single bond level in the portfolio. Only, the position of the steel producer *Schmolz & Bickenbach* we have sold. Reasons for the sale are the further diminishing numbers combined with a very subdued outlook. Our assessment of the business case is also rather restrained.

Performance Analysis

The fund outperformed its benchmark in another positive month for bond markets by 0.9%. After a rather difficult investment month of August, the fund gained ground in September. The fund has a positive performance since the beginning of the year of 6.66%.

The positive performance drivers are the investments in Western Europe and North America. By contrast, the negative performance contributions from South America, especially Argentina from last months has not yet improved. The best performers can be found in the technology sector (WDC, Dell and AMS), financials and energy.

Outlook

The portfolio is currently very attractive. The credit spread and the yield to maturity of the portfolio are higher than at the beginning of the year. If one compares the current fund data with the various segments of the bond market, then one can look positively into the future as an investor in the fund.