LSF – GEB Global Euro Bond Fund

Data as of May 2020

COLOMBO
Lugano | Zürich | Genève

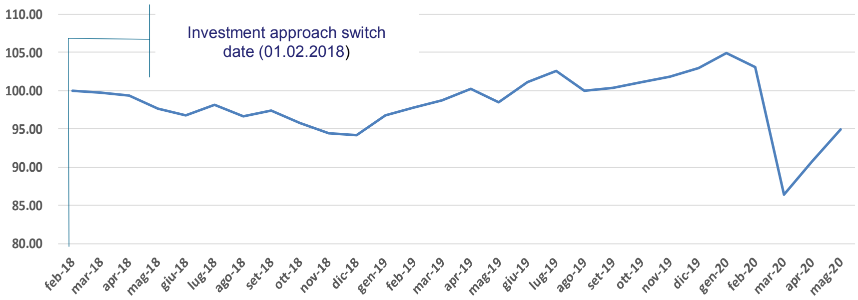
FUND FACTS

Domicile	Luxembourg / SICAV
Fund Type	UCITS V
Launch Date	29/11/2013
Investment Approach Switch Date	01/02/2018
Fund Currency	EUR
Share Class Currencies	EUR / CHF
Advisor	YSMA
AUM (all classes) Mio	30.54 €
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%	0.63%	0.80%	1.10%	9.39%
2020	1.90%	-1.74%	-16.22%	5.06%	4.60%								-7.81%

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	91.16
Monthly Variation	4.60%
Performance YtD	-7.81%

STATISTICAL DATA

Performance

Total Return 1Month(s)	4.60%
Total Return MTD	4.60%
Total Return QTD	9.90%
Total Return YTD	-7.81%
Total Return 3 Month(s)	-7.93%
Total Return 6 Month(s)	-6.79%
Total Return 1Year(s)	-3.58%
Total Return 2 Year(s)	-2.74%
Total Return 3 Year(s)	-6.07%

Period Analysis

Period Analysis	Up	Down
Number	15	14
Percentage	52%	48%
Average	1.80%	-2.24%
Standard Dev.	1.40%	4.08%
Max Sequence	5	6
Avg Sequence	3	2

Statistics (1 Year)

Standard Deviation 1Year(s)	13.95%
Semivariance 1Year(s)	21.74%
Sharpe Ratio vs Risk Free 1 Year(s)	-0.21

Best vs Worst

Best vs Worst	Perf.	Date
1st Best	5.06%	30.04.20
2nd Best	4.60%	29.05.20
3rd Best	2.74%	31.01.19
1st Worst	-16.22%	31.03.20
2nd Worst	-2.47%	30.08.19
3rd Worst	-1.81%	31.05.18

Contact Information

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PORTFOLIO ASSET ALLOCATION

Rating

Top 5 Positions

#	ISIN	Description	Market Value (%)
1	XS1739839998	UCGIM 5 ⅜ PERP	3.7
2	XS1497606365	TITIM 3 09/30/25	3.3
3	XS1968706876	ROMANI 4 ⅝ 04/03/49	3.0
4	XS1439749281	TEVA 1⅛ 10/15/24	2.9
5	XS2013574384	F 2.386 02/17/26	2.9
	TOP 5 POSITIONS		15.8

MONTHLY COMMENT

Market Comment

Let's briefly recap what has happened in the past few weeks. In the last week of February and March, in particular, the situation came to an end after it became apparent that the new SARS-CoV-2 coronavirus would not remain a problem that was restricted to Asia. On February 19, the S&P 500 hit its record high and fell in the days that followed, while yield expansion on the higher-risk segments of the bond market began with a delay of about a week. Weekend from 7th / 8th in March, the two major oil powers, Russia and Saudi Arabia, launched a price war, as a result of which the fall in the oil price accelerated dramatically (at the peak, the price fell two thirds compared to the beginning of the year). Together with the imposition of a nationwide quarantine in Italy on March 9, this led to another dramatic market slump. On that day, for the first time in history, US government bonds of all maturities returned below one percent. In the further course of the month, yields even fell into the negative at the short end, below six months.

The US Federal Reserve (Fed) reacted gradually to the worsening of the situation. In a first extraordinary meeting on March 3, it lowered the key interest rate by 50 basis points for the first time, and in a second extraordinary meeting on March 15, by another full percentage point to the band of 0.00 to 0.25 percent. Between these two meetings, as well as after the second, it also announced numerous measures to ensure short-term liquidity and to incentivize commercial banks for lending. Most of the measures (especially repo transactions) sooner or later received the addition "unlimited". The next round of quantitative easing, that is, government bond purchases, grew from an initial $ 700 billion to "unlimited". In order to satisfy the dollar hunger of foreign market participants as well, dollar facilities have been expanded for global addresses with the involvement of other large central banks. In comparison, the steps taken by the European Central Bank (ECB) seem much more reserved. On March 12, the ECB announced a new LTRO program, better conditions for the existing TLTRO III program, and additional bond purchases of EUR 120 billion by the end of the year.
There can no longer be any talk of a sustained weakness in demand. The market currently manages to record-high emissions from the corporate sector quite easily. However, this shows a division of the market in two. Emissions occur almost exclusively in the investment grade area (IG). This area is also supported by the central banks in the Eurozone and the USA. There is also a strong differentiation between the sectors. Many cyclical sectors, but also sectors particularly affected by the virus, are viewed critically: retail, travel, tourism, as well as cars and auto parts suppliers. Here, too, the liquidity remains the lowest. Corporate bonds have not been yielding as high for a long time. Even when adjusted for rising bankruptcies, this looks promising.

The 10-year US Treasury yield rose from 0.64% to 0.65% in March. Over the same period, the 10-year Bund yield rose slightly to -0.44%. Current interest rates are still close to historical lows.

Fund Development

Fund assets are currently EUR 30.6 million compared to EUR 29.3 million at the end of April 2020. The increase in fund assets was driven by the performance.
The portfolio has been adjusted during the reporting month. Similar to last month's, we tried to use the sell-out of the market with low purchase limits to reinvest the cash position in higher yielding bonds. We were able to buy a position in Romania with maturity 2049 and Commerzbank which is one of the leading banks in Germany. Furthermore, we bought Dufry, The company provides preorders, reserves, and collection services, as well as operates shops at the airports. Dufry One serves clients worldwide. The company is suffering from the corona crisis, which is depressing the price of the bond.

Performance Analysis

The fund outperformed its benchmark in a positive month for bond markets. The fund gained 4.6% in May. During this period, the benchmark gained 0.21%. Nevertheless, the underperformance of the March investment month could not yet be eliminated. High yield bonds were the highest contributors to the positive performance in the reporting month. At sector level, the main positive performance contribution came from Government bonds, energy and consumer, cyclicals. At country level, almost all positions contributed to the fund´s positive performance.
Top performer in May 2020 were Argentina, Transocean and SGL Carbon. While Wirecard, GE and Syngenta belong to the weakest performing investments.

Outlook

Corporate bond yields have widened significantly since the beginning of the year and have not recovered much so far. This is partly due to the enormous issuing activity that we are currently seeing. The companies are pumping up their liquidity in good German, so that they can survive a long dry spell. This is quite interesting for investors: handsome returns with strengthened balance sheets at the same time. With over six percent for high-yield bonds and around 1 percent for investment grade bonds in euros, the yields here have been as good as they have been for a long time. Provided that we do not experience a correspondingly drastic increase in bankruptcies, which we do not assume. The LSF – Global Euro Bond Fund looks with a yield to maturity of 7.4% and a duration of 4.7 very attractive.