

**BELLATRIX**

ASSET MANAGEMENT

**HARVEST INVESTMENT FUND** Global Convertible

OCTOBER 2019

**SUBFUND OVERVIEW**

The fund's objective is to generate long-term capital appreciation by investing in a global portfolio composed principally of convertible bonds without any geographical or currency limitation. Convertible bonds are sensitive to movements in equities, credit, interest rates and volatility. Thus, according to the manager's macroeconomic assumptions, the portfolio parameters are set, with a bond or an equity bias. Thereafter, a selection process picks and weights around 50 to 60 investments to structure the portfolio. The fund is not benchmarked.

**INVESTMENT MANAGER'S COMMENTS**

Ray Dalio, founder of the largest hedge fund in the world, Bridgewater Associates, has been vocal about the effect on every asset class of excessive credit creation: stocks, bonds, and even venture capital : "there is now so much money wanting to buy these dreams that in some cases venture capital investors are pushing money onto startups that don't want more money because they already have more than enough,". The WeWork saga from an \$47bio IPO valuation to a \$10 billion rescue plan in less than 10 days is quite illustrative. In that respect, convertible bonds are well placed compared to other asset classes and offer much better liquidity than, for instance, real estate and private equity if liquidity issues arise.

Anyway, October was a good month for global equity markets, where about 60% of the S&P500 companies surprised, beating Wall Street estimates on sales and, about 80% (which is an even better performance) beating the bottom line after 3<sup>rd</sup> quarter announcements. On the news board, US/China talks appear to be more conciliatory, Trump's Impeachment, on the contrary, is picking up some momentum. Johnson managed to get a deal agreed with Europe and the civil unrest in HK continues with Halloween being a nice opportunity to test the face mask ban. In the end, Asian markets (HSI +3.14% despite on-going civil unrest, Topix +5% and Taiwan +4.9%) outperformed the US (S&P500 +2%).

Convertible bond primary markets, that drive the size and pricing of the convertible bond universe, are on pace for the best year since 2014 with global issuance of \$74.8bn year-to-date, even with volume in Japan down 91% and in Asia-ex down 51%. The US remains the dominant market (70%) with \$51.65bn. In contrast to global volume, the number of new issues has declined by 19%. Another sign for us that strong issuers take the opportunity to tap the CB market as they are able to extract the best terms from hungry investors making convertible bond selection more important than ever.

On portfolio specifics, let's highlight the nice performance of **Greenyard 3.75% 2021 (+15%)**, **Sibanye Gold 1.875% 2023 (+14%)** and **LVMH 0% 2021 (+13%)**. On the downside, **Corestate 1.375% 2022 (-14%)** has been attacked by a short seller, Muddy Waters on the possibility it may lose a key client. On this news, the company reiterated its emphasis on "consistently positive operating performance in 2019 and the attractive growth prospects across all business areas". It said it has reduced short-term net debt by more than EUR 130 million in recent months and confirmed its assumptions for full-year revenue and EBITDA. It still expects annual organic growth in real estate assets under management of between 5%-10% for the group in the medium term.

We have built or reinforced positions in **ServiceNow 0% 2022**, **Nexity 0.25% 2025**, **Ligand Pharma 0.75% 2023** and **Shop Apotheke 4.5% 2023**.

**NAV PER SHARE SINCE INCEPTION (CLASS A)****PERFORMANCE**

	HARD CLOSED			
	A	B	C	H
HEDGED	NO	NO	CURRENCIES	CURRENCIES & DELTA
DELTA	41%	41%	41%	0%
VOLATILITY	4.80%	5.25%	4.55%	3.14%
NAV/SHARE	156.18	146.83	119.40	103.18
MONTH	-0.26%	-0.20%	0.35%	-1.01%
2019	9.29%	9.76%	7.25%	-0.34%
2018	-1.27%	-0.65%	-5.32%	-0.66%
2017	4.90%	5.33%	10.40%	-0.19%
2016	0.50%	1.20%	-2.11%	-5.97%
2015	4.69%	5.37%	-1.58%	0.95%
2014	14.17%	14.85%	5.59%	9.85%
2013	3.88%	4.53%	7.63%	0.15%

**MAIN HOLDINGS**

TOP 10	CCY	MATURITY / DURATION	PUT	%	DELTA	YTM/YTP
BANK OF AMERICA 7.25% PERP	USD			2.95%	0%	4.32%
SONY CORPORATION 0% 2022	JPY	30/09/2022		2.50%	74%	0.00%
FORTIS CASHES Float 2049	EUR	29/12/2049		2.45%	0%	2.15%
BOOKING HOLDINGS 0.9% 2021	USD	15/09/2021		2.30%	77%	0.00%
TULLOW OIL 6.625% 2021	USD	12/07/2021		2.30%	48%	0.00%
RAG STIFTUNG 0% 2021	EUR	18/02/2021		2.20%	21%	0.00%
AMERICA MOVIL 0% 2020	EUR	28/05/2020		2.18%	0%	0.09%
PURE STORAGE 0,125% 2023	USD	15/04/2023		2.05%	56%	0.00%
MICHELIN 0% 2022	USD	10/01/2022		2.01%	46%	0.00%
AGEAS Float PERP	EUR			1.98%	2%	1.93%
NAV		5.72		100%	41%	1.66%

TOP 5 / BOTTOM 5 (ATTRIBUTION)	
AGEAS Float PERP	0.21%
FORTIS CASHES Float 2049	0.18%
SONY CORPORATION 0% 2022	0.13%
LVMH 0% 2021	0.07%
LIBERTY MEDIA 1.375% 2023	0.05%
CORESTATE 1.375% 11/22	-0.09%
GENFIT 3,5% 2022	-0.05%
CONSUS 4% 11/22	-0.05%
ADLER 2.5% 2021	-0.03%
KLOECKNER 2% 2023	-0.01%



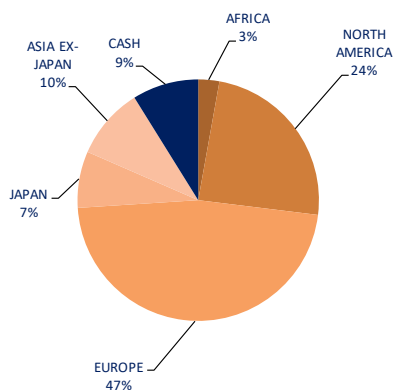
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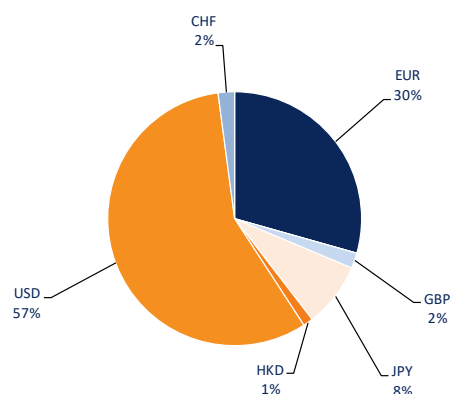
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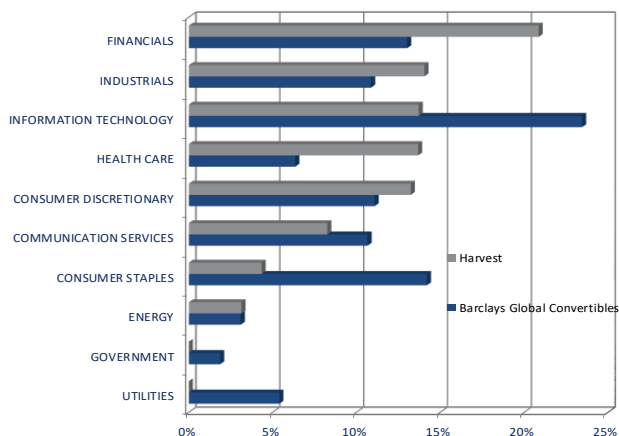
## GEOGRAPHIC ALLOCATION



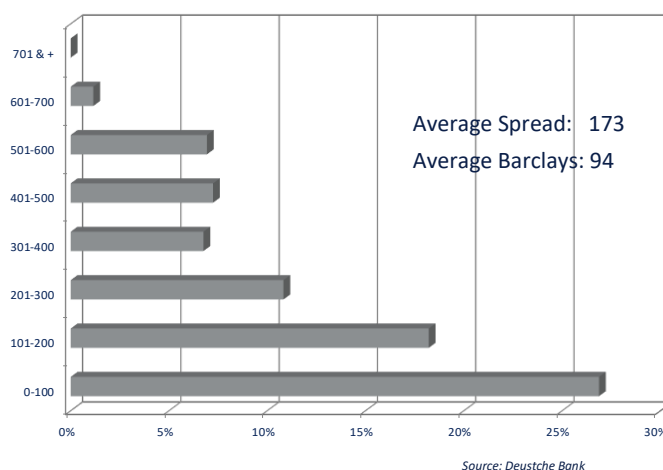
## CURRENCY ALLOCATION



## SECTOR ALLOCATION



## CREDIT SPREAD



## GENERAL INFORMATION

SHARE CLASS	ISIN	LAUNCH DATE	MAN. FEE	PERF. FEE	MIN. INVEST.	CLASS SHARES	SUBFUND ASSETS	CUT-OFF
A	LU0442197868	03/08/2009	1.85%	15% ABOVE 3-MONTHS LIBOR EUR (HIGH WATER MARK)	€ 1.000	CAPITALISATION	EUR 46 MILLIONS	DAILY 12:00 AM
B (INSTITUTIONAL)	LU0518233621	12/07/2010	1.20%		€ 1.000.000			
C (CURRENCY HEDGE)	LU0662027985	16/08/2011	1.85%		€ 1.000			
H (DELTA & CCY HEDGE)	LU0944844058	01/07/2013	1.85%		€ 1.000			

DEPOSITARY BANK	VP Bank (Luxembourg) SA	MANAGEMENT COMPANY	Bellatrix Asset Management S.A.
SUBSCRIPTIONS / REDEMPTIONS	VP Fund Solutions (Luxembourg) SA	ADVISOR	Harvest Advisory S.A.
CENTRAL ADMIN / TRANSFER AGENT	FAX +352 404 770 283 TEL +352 404 770 260 FundClients-LUX@vpbank.com		
FUND	HARVEST INVESTMENT FUND 2 Rue Edward Steichen L-2540 Luxembourg	AUDITOR	KPMG Luxembourg Société Coopérative
		LEGAL ADVISOR	Elvinger Hoss Prussen

Investment Manager's comments are expressed by Bellatrix Asset Management S.A.. Periodic reports, the prospectus of the Fund, and the simplified prospectus of the subfund are available on request from Bellatrix Asset Management S.A. or at the registered office of the Fund. The present information note should not be considered as an offer to buy or sell shares. In order to constitute an offer, this document should be accompanied by the prospectus of the Fund, the simplified prospectus of the sub-fund and the latest periodic report. Although they are based on the best possible sources, the figures in this document have not been audited. Past performance is no guarantee of future performance as the net asset value of the portfolio of the sub-fund depends on market developments. Returns are net of management and performance fees.