

**BELLATRIX**

ASSET MANAGEMENT

**HARVEST INVESTMENT FUND** Global Convertible

NOVEMBER 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**

Global equity markets were broadly higher in November apart from emerging markets, which may be the region to be in in 2020; the convertible-pick hunting season is open!

On the portfolio side, we have been kept quite busy with the acquisition of The Medicines Company, a maker of cholesterol drugs with phase 3 medications, by Novartis. We bought the convertible at par last year and got nicely rewarded with a 2019 performance of over 190%. The deal is expected to close early next year and is once again an illustration of a successful picking into a M&A target through convertible bond.

Also, in order to improve its capital structure, Ageas offered an exit opportunity on its Fresh (Floating Rate Equity-linked Subordinated Hybrids), a series of legacy capital instruments. We had invested into this hybrid instrument for its floating rate, topping a 135bp yield and the prospect of a repurchase. The offer needs a majority of holders' consent to be completed so Ageas offered an extra 3% consent consideration. As our investment thesis is fulfilled, we have agreed on Ageas' proposal. The deal should also close beginning of 2020.

We got some bad news too, in **Tullow Oil 6.625% 2021**, the company announced that the oil quality of its new discovery field in Guyana was heavy and not light crude. We have significantly lowered our position

but kept some as the convertible has a nice annual yield of over 4% annually to 2021, a 25% delta, without going concern risk at this point.

We initiated some new positions:

**Exact Sciences 0.375% 2027** exposes us to the cancer diagnosis market. Pfizer (which is looking for acquisition targets...) promotes Exact Colguard non-invasive colon cancer screening test that identifies altered DNA. In 2019, The American Cancer Society updated its guidelines recommending colorectal cancer screening from age 45 instead of at 50 increasing the potential target population in the U.S. from 85 to nearly 105 million. The 2027 convertible is long enough to allow the investment thesis to develop, offers a little positive yield and over 65% delta. Technically, the stock is nicely positioned for a rebound to at least its high of USD120.

**Avaya 2.25% 2023** was at a nice entry point after the announcement of low quarterly results due to the impact of the delay in one large contract while the cash flow was better than expected. Avaya is specialized in business communication and a worldwide leader for instance in contact center and unified communications. We stay focused on the long term story with Avaya management having a clear road map to simplify company's portfolio and adopt a transition to the cloud. Avaya is undervalued compared to its peers.

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

	HARD CLOSED			
	A	B	C	H
HEDGED	NO	NO	CURRENCIES	CURRENCIES & DELTA
DELTA	43%	43%	43%	0%
VOLATILITY	4.65%	4.64%	4.38%	3.12%
NAV/SHARE	159.62	150.13	122.02	103.63
MONTH	2.20%	2.25%	2.19%	0.44%
2019	11.69%	12.23%	9.60%	0.10%
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**

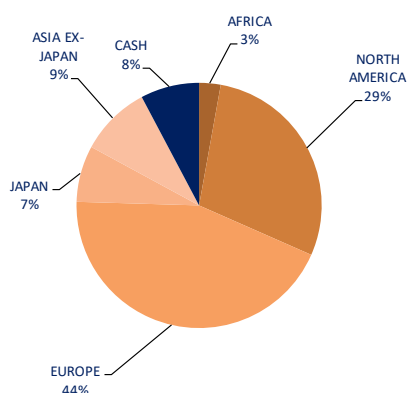
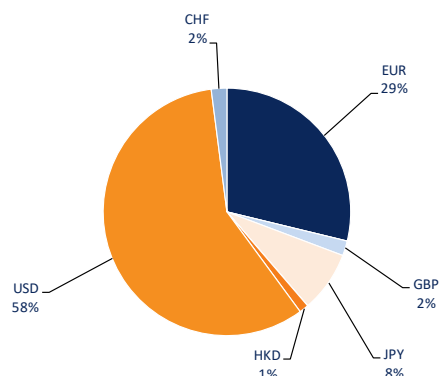
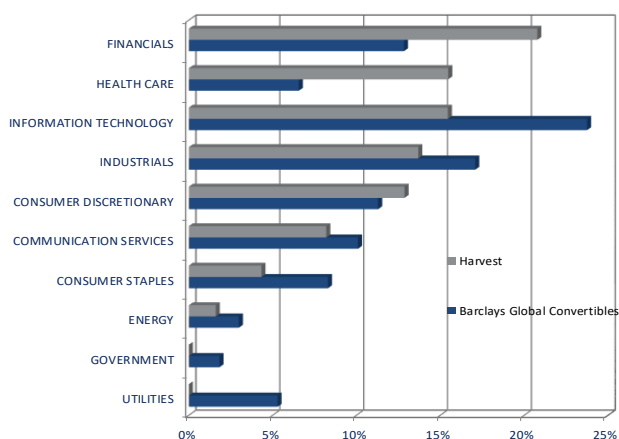
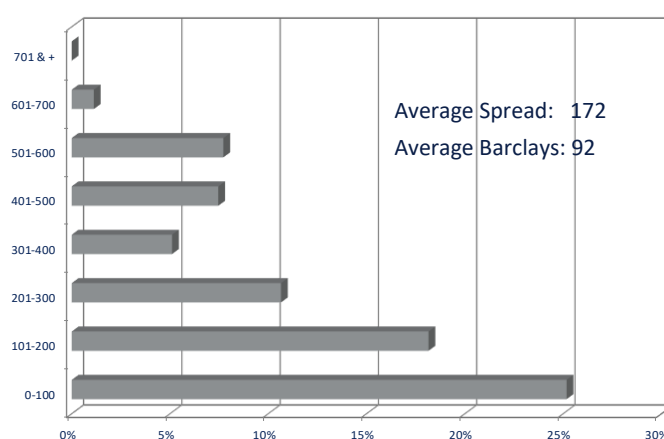
TOP 10	CCY	MATURITY / DURATION	PUT	%	DELTA	YTM/YTP	TOP 5 / BOTTOM 5 (ATTRIBUTION)
BANK OF AMERICA 7.25% PERP	USD			2.85%	0%	4.94%	MEDICINES COMPANY 2.5% 2022 1.34%
FORTIS CASHES Float 2049	EUR	29/12/2049		2.54%	1%	2.00%	AGEAS Float PERP 0.33%
SONY CORPORATION 0% 2022	JPY	30/09/2022		2.53%	77%	0.00%	SERVICE NOW 0% 2022 0.25%
MEDICINES COMPANY 2.5% 2022	USD	15/01/2022		2.42%	100%	0.00%	FORTIS CASHES Float 2049 0.20%
AGEAS Float PERP	EUR			2.19%	2%	1.69%	SIBANYE GOLD 1.875% 2023 0.18%
RAG STIFTUNG 0% 2021	EUR	18/02/2021		2.16%	28%	0.00%	CONSUS 4% 11/22 -0.11%
BOOKING HOLDINGS 0.9% 2021	USD	15/09/2021		2.16%	64%	0.00%	BANK OF AMERICA 7.25% PERP -0.09%
PALO ALTO 0.75% 2023	USD	01/07/2023		2.11%	68%	0.00%	INMARSAT 3.875% 2.23 -0.05%
AMERICA MOVIL 0% 2020	EUR	28/05/2020		2.11%	0%	0.21%	FRESENIUS MEDICAL CARE 1.125% 2020 -0.05%
SERVICE NOW 0% 2022	USD	01/06/2022		2.04%	98%	0.00%	TRAFIGURA 5.25% 2023 -0.04%
NAV		5.74		100%	43%	1.65%	

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**GEOGRAPHIC ALLOCATION****CURRENCY ALLOCATION****SECTOR ALLOCATION****CREDIT SPREAD**

Source: Deutsche Bank

**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 47 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.