

**BELLATRIX**

ASSET MANAGEMENT

HARVEST INVESTMENT FUND Global Convertible

MAY 2020

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

Sell in May and fly away would have been a bad idea in 2020 as after the quickest ever bear market, we have got the quickest ever bull market!

Ok, we have to do it once again and mention Jefferies' Sean Darby about Global Asset Allocation: « C is for Convertible Bonds. With the global economy passing through its worst data since the Great Depression, equities are in no man's land. Earnings are yet to bottom while inflation is flirting with deflation. With equity valuations high, investors face the risk of dilution and increased volatility as sovereign balance sheets deteriorate – drawdown risk is growing. This environment is good news for our favored asset class since 2018 – Convertible Bonds. »

Primary markets went crazy and showed the difference between assisted European companies where Adidas, Lufthansa, Airbus or Maisons du Monde favoured negotiating cash, loan or equity stakes from governments whilst in the US, companies asked the financial markets. No comment here. We participated in **Safran 0.875% 2027**. Safran is a French multinational aircraft engine, rocket engine, aerospace-component and defense company employing 95,000 people. The convertible has been priced 4% cheap to the mathematical model. The French government, Safran's main shareholder, also participated in the issue. Our plan is to sit on a strong credit with a positive yield and wait for some recovery through the return to fair value from mathematical discount value and finally, with the stock down close to 50% from its February all-time high, an equity price rebound.

On the portfolio side, the e-pharmacy investment theme continued to perform well. Even if we expect some sector rotation after the lock-down period hype and some short-term price weakness, the long-term picture

has not changed. We will not try to time these positions. From the sector, Jefferies initiated coverage on Shop Apotheke, an E-health Pure Play, the #2 online pharmacy in the European market with a Buy rating and a EUR120 price target vs EUR98 spot. Also on Zur Rose, the leading online pharmacy in the European market with a Buy rating and a CHF300 price target. With over 40% market share Zur Rose is ideally positioned to benefit from the structural shift to online pharma in a significantly under-penetrated (1.4%) Rx market (€47bn). The growth and margin potentials are immense in an atomised market with high barriers to entry. M&A in these two names is also an option considered.

On the negative side, Genfit declined, impacting the performance by nearly -0,60%. This is an example where a convertible bond may be a better option compared to owning the equity in this high-risk high-return biopharma investment. The expected positive phase 3 results for Elafibranor, an expected NASH treatment, were not conclusive, so no future here, finito! Nevertheless, the convert is an interesting way to play the balance sheet value whilst also owning equity upside if a clear and exciting path develops from there. This is because current debt (€200mio of which €180mio is the CB) is more than covered by existing cash and asset values (PBC asset and the biomarker). Clearly the risk is that the cash is being spent badly but the company could (1) sell the PBC/biomarker assets, and buy back debt (2) solely pursue PBC, cash burn would be at the "low" end of the possibilities or (3) buy a new asset. Anyway, there is more value in the CB now than the price offered so we have decided to keep the position.

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

	HARD CLOSED			
	A	B	C	H
HEDGED	NO	NO	CURRENCIES	CURRENCIES & DELTA
DELTA	45%	45%	45%	0%
VOLATILITY	9.13%	9.13%	10.17%	5.55%
NAV/SHARE	157.29	148.41	120.57	106.57
MONTH	2.41%	2.46%	3.61%	0.45%
2020	-1.84%	-1.58%	-2.20%	3.55%
2019	12.13%	12.72%	10.73%	-0.59%
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
TELADOC HEALTH 1.375% 2025	USD	15/05/2025		3.34%	97%	0.00%
SHOP APOTHEKE 4.5% 2023	EUR	19/04/2023		3.22%	99%	0.00%
SERVICE NOW 0% 2022	USD	01/06/2022		2.95%	99%	0.00%
BANK OF AMERICA 7.25% PERP	USD			2.84%	0%	5.32%
SONY CORPORATION 0% 2022	JPY	30/09/2022		2.66%	72%	0.00%
TOP GLOVE LABUAN 2% 2024	USD	01/03/2024	01/03/2022	2.56%	99%	0.00%
SAFRAN 0.875% 2027	EUR	15/05/2027		2.47%	68%	0.00%
FORTIS CASHES Float 2049	EUR			2.47%	2%	2.38%
RAG STIFTUNG 0% 2021	EUR	18/02/2021		2.29%	12%	1.00%
PALO ALTO 0.75% 2023	USD	01/07/2023		2.27%	64%	0.00%

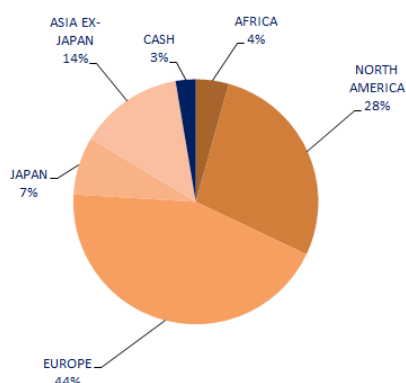
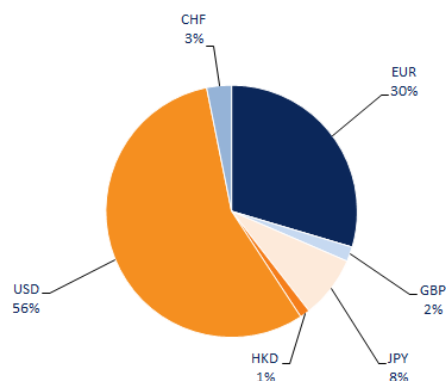
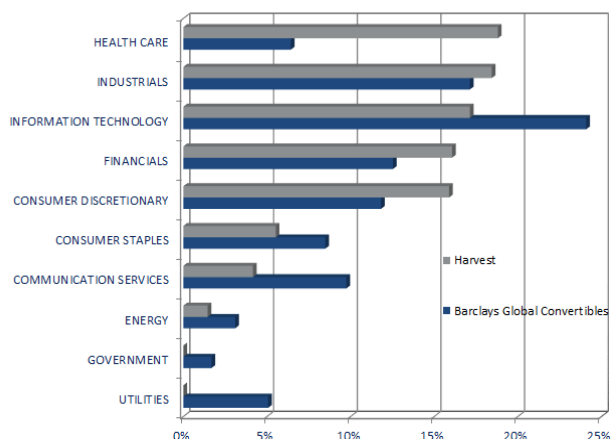
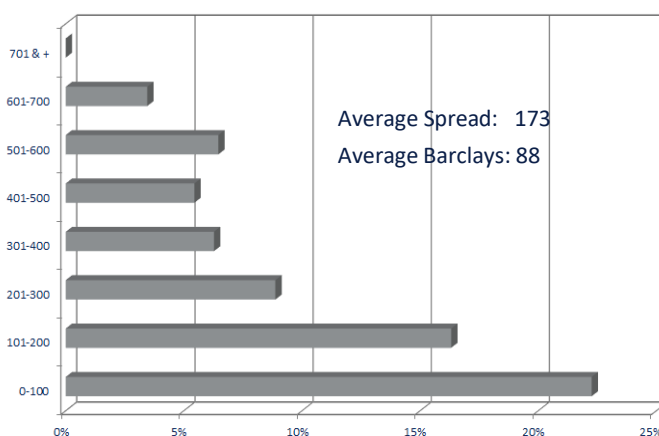
TOP 5 / BOTTOM 5 (ATTRIBUTION)	
TOP GLOVE LABUAN 2% 2024	1.18%
SHOP APOTHEKE 4.5% 2023	0.36%
SERVICE NOW 0% 2022	0.32%
SPLUNK 0.5% 2023	0.28%
ZUR ROSE 2.75% 2025	0.19%
GENFIT 3.5% 2022	-0.29%
SIBANYE GOLD 1.875% 2023	-0.06%
NEXITY 0.25% 2025	-0.06%
BOSIDENG 1% 2024	-0.05%
LUCKIN COFFEE 0.75% 2025	-0.03%

**BELLATRIX**

ASSET MANAGEMENT

HARVEST INVESTMENT FUND Global Convertible

MAY 2020

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 44 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		31, bd Prince Henri L-1724 Luxembourg
CENTRAL ADMIN / TRANSFER AGENT	FAX +352 404 770 283 TEL +352 404 770 260 FundClients-LUX@vpbank.com		(+352) 26 25 66 20 info@bellatrix.lu
FUND	HARVEST INVESTMENT FUND 2 Rue Edward Steichen L-2540 Luxembourg	ADVISOR	Harvest Advisory S.A.
		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.