

## SEXTANT BOND PICKING



The fund's quarterly performance was 1.3% and its benchmark was -0.2%.

Sextant Bond Picking is an international bond fund that implements a « value/fundamentals » management philosophy: - managing the credit risk (remuneration versus cost of risk); We concentrate on

- Credit analysis is done internally, without reference to the opinions of rating agencies;

- As far as possible, we avoid macroeconomic bets on interest rates (preferring low or modest sensitivities) and exchange rates (most forex risks are hedged);

- We have no self-imposed investment constraints, and are thus free to take positions in the least efficient market segments: unrated bonds, out-of-the-money convertibles, issues in currencies other than the issuer's domestic one, complex paper and/or industries etc. On an ancillary basis, the fund may also invest up to 10% (maximum) of assets in equities, mainly to arbitrage capital-market deals or buy high-dividend stocks.

### Market situation

In September, high-yield credit margins rose slightly for the first time since March, from 412bps on September 1st to 428bps on September 30th (Bloomberg Barclays High Yield Index excluding financials). The escalating health crisis and deteriorating economic indicators undermined the market, which for the rest of Q3 proved remarkably dynamic. Expectations for a quick recovery have been faded. Earnings from high-yield indices were 1% higher than at the beginning of the year, even though expected defaults in the segment range from 7 to 10% according to the rating agencies.

### Structure of the portfolio

Cash holdings rose slightly in Q3, from 14.6% to 16.3% on September 30th. We arbitrated some positions that had risen sharply and no longer offered sufficient upside potential. And we took advantage of market opportunities to strengthen some positions that still offer a return close to the all-time high. At end September, the fund's yield (net of forex hedging costs for the

part invested in bonds) was 6.2% versus 7.3% at end September. Sensitivity to interest-rate risk is moderate at 2.4. As a result, for the overall fund including cash holdings, the yield net of forex hedging was 4.8% (vs 5.7% at end June) for interest-rate sensitivity of 1.9. The fund's sensitivity to equities (delta) was unchanged at 9.4% and stems mainly from ancillary equity investments (7.8% of funds invested).

### Major transactions

As in the preceding quarter, we partially rotated the portfolio in order to adapt to market conditions. We strengthened our position in **Quadiant**, where the yield is still at a three-year high and an attractive credit profile is underpinned by an improving operating profile, good management of a shrinking postal activity, and recurring new activities such as parcel lockers. Several positions acquired during the liquidity crisis were sold in Q3, as they had risen rapidly.

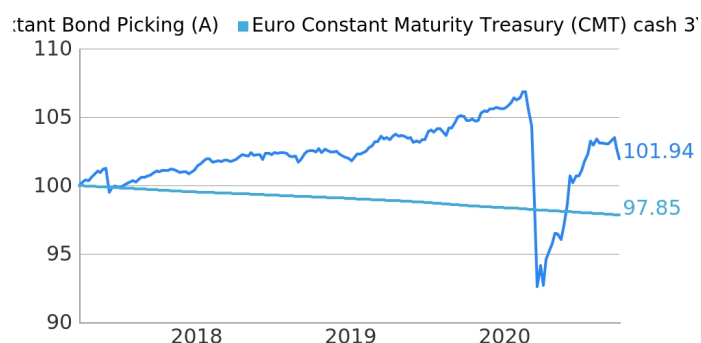
For example, we divested **Faurecia**, **Rexel** and **FNAC**. Sextant Bond Picking also trimmed investments in gold-mining stocks initiated in Q2 via two funds, **Tocqueville Gold** and **Ixios Gold**, as their weightings were reduced to 3% from 4%. This decision was motivated by their very strong performances in recent months as gold hit record highs. Lastly, the fund's cash holdings were bolstered in Q3 by redemption at maturity of our position in **SAF Holland**, and by the early redemption of **HT Global IT Solutions**.

### Outlook

Having deployed a large amount of cash to seize opportunities in March and April, Sextant Bond Picking arbitrated most of these positions which no longer offered sufficient upside potential. Cash holdings thus rose to 16.3% of assets, and the fund's defensive positioning has been fully restored. This is the only way that we can make appropriate choices in order to obtain a reasonable yield while remaining highly selective.

## Performances

	Sextant Bond Picking (A)	Euro Constant Maturity Treasury (CMT) cash 3Y
1 month	-1.3%	-0.1%
3 months	1.3%	-0.2%
6 months	8.4%	-0.4%
1 year	-2.9%	-0.7%
2 years	-0.6%	-1.3%
3 years	0.9%	-1.8%



Sextant Bond Picking (A)	0.8%	3.6%	-3.5%
Euro Constant Maturity Treasury (CMT) cash 3Y	-0.5%	-0.7%	-0.5%



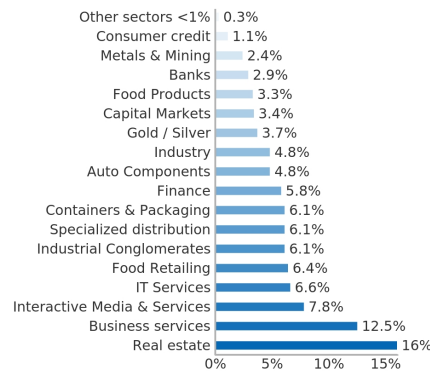
## Breakdown of assets

Maturity	< 1 year	1 to 3 years	3 to 5 years	5 to 7 years	7 to 10 years	> 10 years	perpetual	Equities
Hypothetical call of the asset manager	11.1%	37.4%	27.5%	7.9%	0.0%	0.0%	8.2%	7.8%
Maximum Maturity	11.1%	28.5%	26.0%	7.9%	0.0%	0.0%	18.8%	7.8%

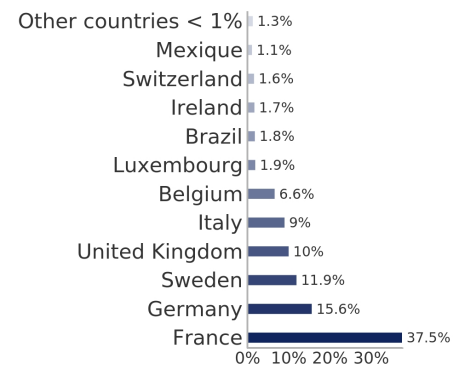
### Allocation

<b>Bonds</b>	<b>77.2%</b>
o/w sovereign	0.0%
o/w corporate	52.5%
o/w financials	5.3%
o/w convertibles	19.4%
<b>Equities *</b>	<b>6.5%</b>
o/w risk arb strategy	0.0%
o/w yield strategy	6.5%
<b>Cash &amp; quasi-cash</b>	<b>16.3%</b>
* of which financials	2.9%

### Distribution of holdings by sector (equity portfolio)



### Geographical distribution of holdings (equity portfolio)



\* of net assets invested

### Main holdings

Issue	Currency	Sector	Country	Net asset %
Econocom OC 0.5% 06-2023	EUR	IT Services	Belgium	5.5%
Casino TSSDI 2049	EUR	Food Retailing	France	5.4%
Thyssenkrupp 2.875% 02-2024	EUR	Industrial Conglomerates	Germany	5.1%
Kloeckner & Co OC 2% 09-2023	EUR	Specialized distribution	Germany	5.1%
Guala Closures EUR+3.5% 04-2024	EUR	Containers & Packaging	Italy	5.1%

### Indicators

	Fixed income part	Total assets		Fixed income part	Total assets
Gross yield	6.3%	4.8%	Interest-rate sensitivity	2.4	1.9
Yield after cost of forex hedging	6.2%	4.8%	Equity sensitivity (delta)	3.8%	9.4%
Spread (basis point)	665	533	Net/gross forex exposure	12.4% / -0.2%	
Residual duration (years)	2.9	2.3	Number of lines / Average outstanding	58 / 410 M€	

### Main characteristics

<b>Legal form</b>	UCITS / French mutual fund	<b>Launch date</b>	Fund : 30/03/2017 Unit : 30/03/2017
<b>Share category</b>	Unit A all subscribers	<b>Recommended investment duration</b>	Over 3 years
<b>ISIN code</b>	FR0013202132	<b>Centralis.-Settlement./Delivery</b>	D-1 at 10 AM / D+2
<b>Bloomberg code</b>	AGSBPKA FP	<b>Custodian</b>	CACEIS BANK
<b>AMF classification</b>	Bonds and other international debt securities	<b>Transfert agent</b>	CACEIS BANK
<b>Benchmark</b>	Euro Constant Maturity Treasury (CMT) cash 3Y	<b>Tax provisions</b>	- -
<b>Unit NAV / Net assets Fund</b>	101.94 € / 177.57 M€	<b>Entry charge</b>	1.0% including tax maximum
<b>Share NAV period</b>	Daily	<b>Exit charge</b>	0.0% including tax maximum
<b>Risk profile</b>	1 2 <b>3</b> 4 5 6 7	<b>Fixed management fee</b>	1.25% including tax maximum
Scale from 1 (lowest risk) to 7 (highest risk); category-1 risk does not mean a risk-free investment. This indicator may change over time.		<b>Performance fee</b>	15% including tax of the mutual fund's outperformance vs the benchmark, plus 300bps

Source: Amiral Gestion at 30/09/2020

### GLOSSARY

The full glossary is available in the monthly report of your fund, on the website [www.amiralgestion.com](http://www.amiralgestion.com).

### Notice

This commercial document aims to present the characteristics of the fund on a simplified basis. For further information, you may refer to the key information document for investors and to the prospectus, which are legal documents available on the management company's internet site or by request to the management company. The performances shown are not a reliable guide to future performance. Performance may vary over time.

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