Rivoli Long Short Bond Fund Share Class P

Monthly Report
November 2018

Investment Philosophy

The Rivoli Long Short Bond Fund aims to generate a performance completely independent of markets conditions by maintaining an exposure to government bonds and short-term interest rates.

Key Firgures

NAV - P share	153,94
Fund AUM (€M)	8,52 M€
Risk Profile	

Low 1 2 3 **4** 5 6 7 High

Risk and Performance Analysis

Risk & Performance Indicators

	Cumulative						Annualized		Risk Indicators			
	1 month	3 months	YTD	1 Y	3 Y	Since inception	3 Y	Since inception	1 Y Volatility	Historic Volatility	Sharpe Ratio	Drawdown
Rivoli Long Short Bond - P share	-0,09%	-0,24%	-3,40%	-4,26%	-8,51%	53,94%	-2,97%	2,57%	5,34%	5,70%	0,32	16,13%

Annual Peformance History

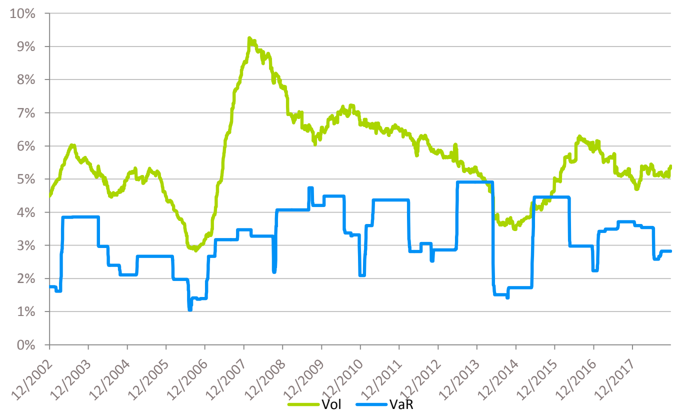
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Rivoli Long Short Bond - P share	8,30%	1,26%	8,56%	7,40%	0,23%	6,86%	16,41%	-4,23%	11,17%	1,58%	-1,70%	-2,49%

Monthly Returns History over 5 years - P share

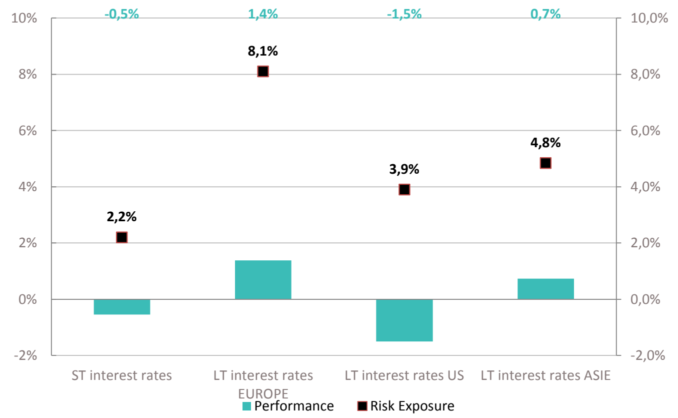
	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sept.	Oct.	Nov.	Dec.	Year
2014	-0,49%	-0,22%	-0,41%	0,91%	2,00%	-0,54%	0,30%	1,33%	-1,73%	0,19%	0,38%	1,12%	**2,82%**
2015	2,18%	-0,96%	0,58%	-1,67%	-2,46%	0,39%	0,08%	-0,53%	1,98%	0,54%	-0,88%	-3,20%	**-4,03%**
2016	4,03%	2,25%	-1,91%	-1,73%	0,34%	3,35%	-0,97%	-1,15%	0,11%	-1,56%	2,06%	0,02%	**4,71%**
2017	-2,55%	1,92%	-3,41%	0,18%	-0,48%	-2,08%	-1,67%	2,17%	-1,59%	1,71%	-0,06%	-0,89%	**-6,71%**
2018	3,80%	-1,03%	-1,58%	-0,01%	-0,85%	-0,28%	-0,88%	-2,27%	-0,93%	0,79%	-0,09%		**-3,40%**

Performance since inception

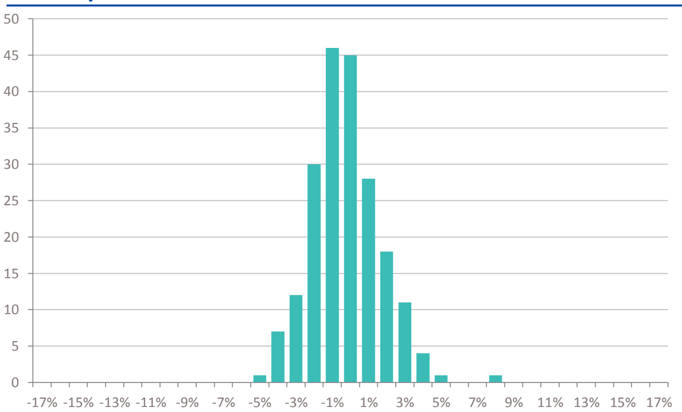
Volatility and Value at Risk (VaR 99%/20 days)



Performance Contribution by Asset Classes



Monthly Performance Distribution



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RIVOLI FUND MANAGEMENT

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Monthly Commentary

Fund Commentary

Rivoli Long Short Bond posted a roughly flat performance for the month of November: -0.09%.
The fund gained on +0.06% on futures positions. Following a slight fall at the beginning of the month, interest rate futures kept rising until end of November; this rise was accentuated for longer dated maturities. The losses linked to short positions on US interest rate futures were by majority compensated by the gains on European and Asian interest rate futures. On a strategy level, carry trade strategies distinguished themselves gaining +0.71% due to their long positions globally. However, trend following strategies lost -0.66% struggling on short positions in the US.

Macro-economic Commentary

In Europe, the UK and the EU have managed to come to an agreement on the implementation of Brexit. However, May firstly had to face up to the resignation of four government Ministers (including the minister in charge of Brexit) and to the hostility of the Conservatives following a agreement mid-November the represented “a threat for the countries integrity”. She is now ready to ask the approval of parliament. Following the decision to approve a budget deficit of 2.4% of GDP in 2019, the Italian government has distanced itself from the engagements taken with EU by the previous government (they promised to keep the budget deficit to 0.8% in 2019) . The European commission took the lead and established a procedure for excessive deficit. Italy thereby is now facing economic sanctions (0.2 of GDP) if it does not plan to curb part of its deficit. In the US, no surprises on the mid-term elections: the Democrats have taken control of the House of Representatives and the Republicans have increased their majority in the Senate. The commercial negotiations that are taking place with China remain volatile. Following tough discussions dominated by disagreements during the APEC summit, the meeting of the 2 Presidents during the G20 in Argentina resulted in a truce of 90 days with the objective to find a compromise on “structural changes” in their commercial relations. The US economic numbers remain robust (even though they are lower than previous results).
On an economic level, the BoJ has made some hints at exit from easing and continues with its inflation objective of 2%. For the BoE, Carney has shown some reserves with regards to future economic growth in the UK due to uncertainties liked to Brexit. However, he has brought his support to the finding an accord on Brexit as this enable, according to him, a soft exit of the UK. Mario Draghi declared mid-month that the European Central Bank intends to stop quantitative easing but that the rise in inflation could be slower than previously predicted. The Eurozone economy has slowed these last months: Eurozone PMI composite index has again dropped (-0.7pts to 52.14) and now indicates a growth rate of 1.5% in the region. The surprise came at end of November from the “dovish” speech on behalf of J. Powell giving an understanding that the FED will keep rates on hold and not pursue the gradual increase estimating that rates are “just under neutrality”. This contrasts with previous comments made on the 3rd of October where it was estimated that rates where “far from neutrality”. The probability of a hike in December is estimated at 80.5%.
The volatility of the pound sterling was at the center of preoccupations: Following a jump following a possible accord beginning of the month (+1.93%), it dropped by -2.11% following the resignation of the government ministers. Sterling lost -0.13% against the dollar month end. The EURUSD pair also fluctuated before finishing flat on the month (+0.05%): the euro has been dragged down by weak economic numbers and by a confused Italian policy but was reinforced by Powell’s comments that weighed down the dollar. On the bond market, American treasuries progressed with -15.6bps for the 10yr. It remains at the 3% level. The yield on Italian bonds contracted to loose -21.4bps and the 10yr increased to 3.22%. The yield on UK gilts and German bund both equally dropped by 7.2 bps respectively. On equity markets, American indices that outperformed: eSP500 +2.74%; eNasdaq +1.76%; eDow +2.80%; eRussell +1.61%; CAC +0.13%; Euro50 +0.47%; Dax -0.65%; Footsie -0.72%. The third quarter results have been mediocre in Europe: only 52% of companies have surpassed expectations against 83% in the USA. Commodities have dropped due to supply issues and fear of global economic slowdown. As for the energy sector, it has suffered its worst month since a year. The WTI loses -21.92% (closing at 50.72$ and loosing 15$) and Brent -21.17%. As the USA has reestablished its sanctions against Iran and demand remains high, the oil producing countries have all hiked production at the same time, fulling fear of oversupply. Oil reserves have consecutively increased tor the past 10 weeks. OPEC and certain of its allies envisage a drop in production of 1.4 million barrels a day; the United States and Russia are opposed to this. Natural gas has become the black swan of the month with a gain of +39.84%: weather forecasts came in with colder expectations combined with low storage levels prorogued a sharp price increase.

Characteristics

ISIN codes	FR0007066782
Inception date	05/12/2001
Legal Form	FCP - UCITS
Valuation	Daily
Currency	Euro
Investment Objective	Outperform the capitalized EONIA
Recommended investment horizon	3 years

Practical Information

Cut-off time	11am
Settlement date	D+2
Minimum initial investment	1 part
Subscription fee (max)	3%
Redemption fee (max)	0%
Management fee (max)	1,5%
Performance fee	20% with a High Water Mark
Custodian	CACEIS Bank
Administrative agent	CACEIS Fund Administration
Auditor	PwC

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Contacts

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