

# SEXTANT BOND PICKING

FR0013202140 - Share N

Quarterly Report / December 2023

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Sextant Bond Picking is an international bond sub portfolio that invests in all segments of the market and in all rating categories. sub portfolio managers try to select paper with a favourable risk/reward profile, but without reproducing an index. On an ancillary basis, the sub portfolio may also invest in equities, most notably during arbitrage deals.

## KEY FIGURES

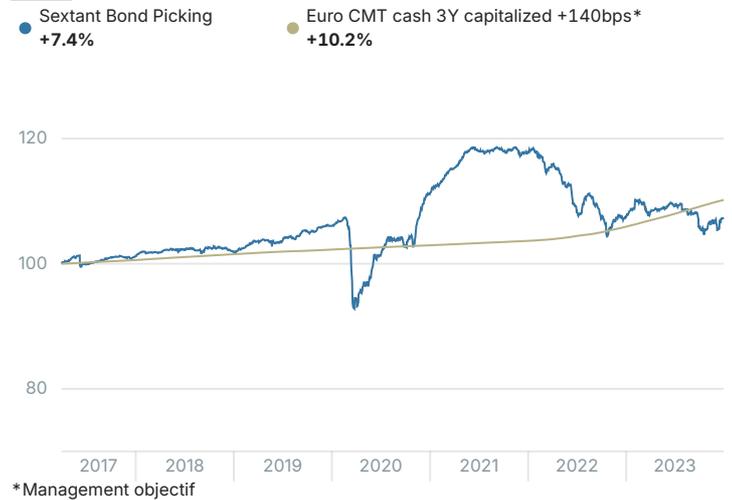
Net assets	102.28M€
NAV	5,368.50€
Number of positions	53
Average issue size	7.6K€
Risk profile	<b>1</b> 2 3 4 5 6 7

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.

## INDICATORS

	1 year	3 years	5 years
Fund volatility	3.8%	3.6%	5.5%
Sharpe Ratio	-0.9	-0.6	0.1

## HISTORICAL PERFORMANCE



## PERFORMANCE

	Cumulative performance								Annualised performance		
	1 month	3 months	6 months	YTD	1 year	3 years	5 years	Since inception	3 years	5 years	Since inception
Fund	+0.3%	+1.3%	-1.8%	-0.1%	-0.1%	-3.6%	+5.3%	+7.4%	-1.2%	+1.0%	+1.1%
Objective	+0.3%	+1.0%	+2.0%	+4.0%	+4.0%	+7.0%	+8.5%	+10.2%	+2.3%	+1.7%	+1.4%

## MONTHLY PERFORMANCE

	Jan.	Feb.	Mar.	Apr.	May	June	Jul.	Aug.	Sept.	Oct.	Nov.	Dec.	Year	Objective
2023	1.3%	0.6%	-1.0%	0.3%	0.4%	0.2%	-0.6%	-0.7%	-1.8%	0.0%	1.0%	0.3%	-0.1%	4.0%
2022	-0.1%	-1.3%	-0.4%	-1.2%	-1.5%	-4.0%	2.1%	-0.4%	-2.6%	-1.3%	1.6%	0.0%	-8.8%	2.2%
2021	1.1%	1.4%	1.0%	1.5%	1.1%	-0.3%	0.0%	0.3%	-0.4%	0.1%	-0.6%	0.4%	5.8%	0.7%
2020	0.6%	-0.6%	-10.9%	2.6%	2.2%	2.2%	2.3%	0.4%	-1.3%	0.3%	5.5%	2.5%	5.0%	0.7%
2019	0.5%	0.7%	0.4%	0.2%	-0.4%	0.2%	0.7%	0.1%	0.8%	-0.1%	0.8%	0.1%	4.0%	0.7%

## INDICATORS

	Fixed Income Part	Total assets
Gross Yield	5.5%	5.1%**
Yield after cost of forex hedging	5.6%	5.2%**
Spreads (basis point)	242	201
Residual maturity (years)	2.7	2.3
Modified duration	2.5	1.99
Equity sensitivity (including delta)	1%	3.7%
Net/gross forex exposure	0.1% / 12.9%	

\*\*includes cash and money market instruments

## BREAKDOWN (EVOLUTION Q / Q-1)

Bonds	79.5%	-445bps
Sovereign	0%	0bps
Corporate	61.3%	-291bps
Financials	0.2%	+10bps
Convertibles	18.0%	-163bps
Equities/Funds *	4.5%	-43bps
Risk arb strategy	0.0%	+0bps
Yield strategy	4.5%	-43bps
Cash	15.9%	+487bps
* of which financials	2.8%	-16bps

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Asset management company authorised by the Financial Markets Authority under the number GP-04000038 \_ Insurance broker company registered with ORIAS under the number 12065490 \_ Simplified joint-stock company with capital of €629 983 RCS Paris 445 224 090 VAT: FR 33 445 224 090

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## BREAKDOWN (EVOLUTION Q / Q - 1) SECTOR (INVESTED ASSETS)

Containers & Packaging	10.0%	+90bps
Auto Components	7.3%	+78bps
Energy	6.4%	-40bps
Capital Markets	6.2%	+103bps
Real Estate	6.1%	+62bps
Diversified Telecommunication	5.8%	+66bps
Automobiles	5.7%	+219bps
Household Durables	5.2%	+18bps
Mail-order selling	4.8%	+19bps
Food Products	4.7%	+161bps
Financials services	4.1%	-129bps
Hotels, Restaurants	3.9%	+231bps
Food distribution	3.8%	-23bps
Textiles, Habillement et Produit..	3.8%	-72bps
Business services	3.7%	-230bps
Media	3.7%	-234bps
Banks	3.3%	-1bps
Personal Care Products	2.7%	+133bps
Aerospace and Defence Industry	2.7%	+136bps
Others < 2,5%	6.2%	-587bps

## COUNTRY (INVESTED ASSETS)

France	45.5%	-745bps
Germany	9.0%	+102bps
United Kingdom	8.3%	+400bps
Luxembourg	6.4%	+96bps
Netherlands	5.8%	-128bps
United States	5.8%	+286bps
Spain	4.2%	+203bps
Brazil	3.0%	+133bps
Sweden	3.0%	-41bps
Others < 2,5%	8.9%	-307bps

## CREDIT RATING (FIXED INCOME PART)

BBB	2.8%	+87bps
BB+	8.8%	-278bps
BB	11.8%	+652bps
BB-	13.2%	-104bps
B+	10.1%	+368bps
B	11.6%	-535bps
B-	2.1%	+148bps
CCC+	3.9%	+4bps
CCC-	1.3%	-113bps
Not rated	34.4%	-229bps

## DISTRIBUTION BY MATURITY (INVESTED ASSETS)

Maturity	< 1 year	1 to 3 years	3 to 5 years	5 to 7 years	7 to 10 years	> 10 years	Perpetual	Equity/Fund
Hypothetical call of the AM	6.5%	50.1%	30.6%	3.7%	0%	0%	5.7%	3.4%
Maximum Maturity	6.5%	45.9%	30.6%	3.7%	0%	0%	9.9%	3.6%

## MAIN HOLDINGS (EXCLUDING CASH)

Issue	Currency	Sector	Country	Weight %
Dufry One 3.625% CHF 04/15/26	CHF	Containers & Packaging	Netherlands	3.3%
Birkenstock 5.25% 04/30/29	EUR	Textiles, Habillement et Produits de Luxe	Luxembourg	3.2%
Picard 3.875% 07/01/26	EUR	Food distribution	France	3.1%
Loxam 5.75% sub 07-2027	EUR	Business services	France	3.1%
Banijay 6.5% Sub 03/01/26	EUR	Media	France	3.1%

## MAIN CHARACTERISTICS

- Legal form: UCITS, sub portfolio of a French SICAV
- Share category: Unit N
- ISIN code: FR0013202140
- AMF classification: Bonds and other international debt securities UCITS
- Benchmark a posteriori: Euro CMT cash 3Y capitalized
- Management objective: Euro CMT cash 3Y capitalized +140bps
- Share NAV period: Daily based on prices at market close
- Inception Date: Fund:30/03/2017 Unit:30/03/2017
- Recommended investment horizon: Over 3 years
- Centralisation - Settlement / Delivery: D - 1 at 11 AM / D + 2
- Transfer agent: CACEIS Bank
- Custodian: CACEIS Bank
- Subscription fees: 5% including tax maximum
- Redemption Fees: 0% including tax maximum
- Fixed management fee: 0.85% including tax maximum
- Performance fee: 15% including tax of the mutual fund's outperformance vs the benchmark, plus 350bps

Amiral Gestion at 29/12/2023

## GLOSSARY

The portfolio ratios are calculated based on the securities redemption date assumptions determined by the managers: at maturity, on a redemption date at the initiative of the issuer (call), on the bearer's next put option (put), on the occasion of a possible takeover offer by the issuer (tender). The assumptions used do not therefore always correspond to the lowest return. These assumptions will be selected according to the coupon, market interest rates, liquidity or the refinancing conditions and policy of the issuer or even prudential treatment or by the rating agencies of the line. Yield situations made aberrant by, in particular, the proximity of maturity are corrected. Erroneous assumptions may result in yields, lines of credit, sensitivities or residual durations being proven to be inaccurate. The return after the cost of hedging the exchange risk is approximated by using the differential of the 3-month money market rate or the interest rate swap closest to the estimated residual term between the euro and the currency. The calculation does not include the costs associated with the effective implementation of a hedge and does not mean that the entire currency risk has been hedged.

## PORTFOLIO MANAGERS COMMENTS

A year of two halves for bond markets: the first half was shaped by ongoing hawkish statements and restrictive monetary policies of central banks, against a backdrop of persistently high inflation numbers and consumption and employment data that remain very strong. As a result, short-term rates continued to rise in H1. And despite some volatility, credit margins remained fairly stable in H1 thanks to good results publications by companies.

On the other hand, in H2 and especially in the latter part of the year, the market benefited from much tighter credit spreads and a sharp fall in interest rates. The market welcomed the decision by central banks to put their policy of hiking interest rates on hold, as well as inflation data that seemed to reflect a faster-than-anticipated cooling. Corporate earnings are relatively solid as are employment numbers in the US and Europe, while consumption has slowed.

As a result, high-yield bond indices outperformed investment grade indices in 2023.

The Sextant Bond Picking sub-fund underperformed its benchmark in 2023. The portfolio suffered as a result of two very different situations: Casino and Solocal.

Following a conciliation procedure opened in June 2023, Casino obtained bankruptcy protection from the Paris Commercial Court and presented a restructuring and recovery plan that is particularly unfavourable to holders of unsecured debt. This plan was the object of an agreement with holders of secured debt and some holders of unsecured debt, which allowed the Commercial Court to open an accelerated safeguard procedure in late October. The procedure should be closed in February 2024 by a vote of all creditors and shareholders and definitive approval by the Court of the plan to restructure the balance sheet. The Casino loss is now behind us, and there is no risk of further losses for the portfolio.

As for Solocal, a conciliation procedure was also opened last June, but the talks between creditors and the company only began in mid-September and are still in progress. Bond holders are concentrated and pragmatic and solutions include the entry of new investors or one involving only bond holders. As visibility with respect to the investment case is now poor, our fund management and compliance teams have decided to lower the valuation of this issuer's bonds. We have chosen the most reasonable price in view of the different scenarios. The weighting in the portfolio is now c.1%.

In the final analysis, these two bonds cost the sub-fund's performance about 693bps in 2023.

Apart from these negative contributors, our selection of securities fared well, notably buoyed by the good operating performances of underlying companies (Loxam, Birkenstock, Picard, Dufry, Banijay, Iliad, Faurecia etc).

What's more, the sub-fund's quality and diversification have improved over the past year: 25% of new issues passed our rigorous selection process based on our internal credit analysis.

The gross yield of the portfolio is currently around 5.3% (including remuneration of cash holdings) for moderate sensitivity of 2.0. Sextant Bond Picking's selection tools and flexible approach allow it to take advantage of the current environment, which is promising for bond markets over the long term.

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