



**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**

2018 was the worst vintage of the decade! But let's not panic; investors have been spoilt for ten years, and the -5.92% drop in the MSCI World Equities EUR is not historically alarming. Convertible bonds, and our fund (A -1.65%, B -1.03%), held up better.

The sources of concern are known: uncertainties about global trade, economic growth, rising interest rates and Brexit among others. This will continue to be the case in 2019. But even though we ought to be careful, we should not be afraid: it is necessary to attribute a 2-3 year time horizon to an investment and to be selective. But where there are challenges and risks, opportunities abound!

At the portfolio level, with the oil price declining by almost a third between October and December, it seemed to be a good sector entry point and therefore we screened and reviewed three convertible bonds: Total 0.5% 2022, BP 1% 2023, Tullow Oil 6.625% 2021. Tullow (Africa's leading independent oil company) combined most advantages: For a bond investment, its maturity is the shortest and its yield is the highest (+1.70% annual, while it is negative for Total, -

1.25%, and for BP, -4.8%). The company has just proposed the reintroduction of a dividend, which augurs its confidence in the future, and its ability to repay its convertible debt (not counting other conventional factors). Tullow has a capitalisation of around \$2 billion for a convertible issue of \$300 million, which is a reasonable ratio; the company generates free cash flow and its net leverage will be around 1.4 in 2019.

Regarding the upside potential at the stock level, Tullow's delta at 48% is slightly lower than Total at 51% or BP at 66%. But this difference is reasonable given that Tullow offers better prospects with a potential appreciation from the average of analysts' targets of 40% compared to 23% for Total and 17% for BP. Finally, for the icing on the cake, the company is a good candidate for takeover and has a very nice change of control clause.

All in all, the Tullow 6.625% 2021 convertible wins hands down in either a downside market scenario where we look for convertible reimbursement and yield, or in the event of a rise where the company presents a better return potential.

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



**PERFORMANCE**

	Hard closed			
	A	B	C *	H *
HEDGED	NO	NO	CURRENCIES	CURRENCIES & DELTA
DELTA	35%	35%	35%	0%
VOLATILITY	7,78%	7,76%	8,18%	4,01%
NAV/SHARE	142,91	133,77	111,33	103,53
MONTH	-3,45%	-3,39%	-3,33%	-0,22%
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% **

\*\*Since 01/07/2013

**MAIN HOLDINGS**

TOP 10	CCY	MATURITY / DURATION	PUT	%	DELTA	YTM/YTP
FORTIS CASHES 2.305 2049	EUR	29/12/2049		2,95%	0%	2,22%
SPANSION 2% 2020	USD	01/09/2020		2,93%	99%	0,00%
BANK OF AMERICA 7.25% PERP	USD			2,86%	-9%	5,77%
RED HAT 0.25% 2019	USD	01/10/2019		2,70%	100%	0,00%
RAG STIFTUNG 0% 2021	EUR	18/02/2021		2,55%	13%	0,09%
AMERICA MOVIL 0% 2020	EUR	28/05/2020		2,54%	5%	0,83%
SONY CORPORATION 0% 2022	JPY	30/09/2022		2,54%	64%	0,00%
AGEASFINLUX SA 1.022% PERP	EUR			2,33%	1%	2,07%
BAGAN CAPITAL 0% 2021	USD	23/09/2021	23/09/2019	2,20%	3%	4,54%
MANDATORY 5.75% 2019	USD	01/06/2019		1,73%	99%	0,00%
<b>NAV</b>		<b>5,27</b>		<b>100%</b>	<b>35%</b>	<b>2,45%</b>

TOP 5 / BOTTOM 5 (ATTRIBUTION)	
GN STORE NORD 0% 2022	0,02%
LVMH 0% 2021	0,01%
SAFILO GROUP SPA 1,25% 2019	0,01%
LIXIL GROUP 0% 2022	0,00%
AMERICA MOVIL 0% 2020	0,00%
MANDATORY EXCH 5,75% 2019	-0,26%
SPANSION 2% 2020	-0,23%
MICRON TECHNOLOGY 3% 2043	-0,17%
AGEAS FLOAT PERP	-0,16%
LIVE NATION ENTERTAINMENT 2,5% 2019	-0,14%



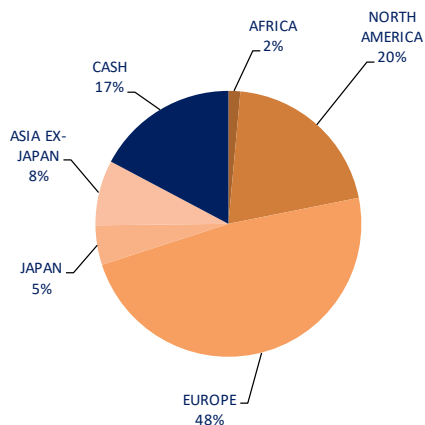
# HARVEST INVESTMENT FUND Global Convertible

**BELLATRIX**

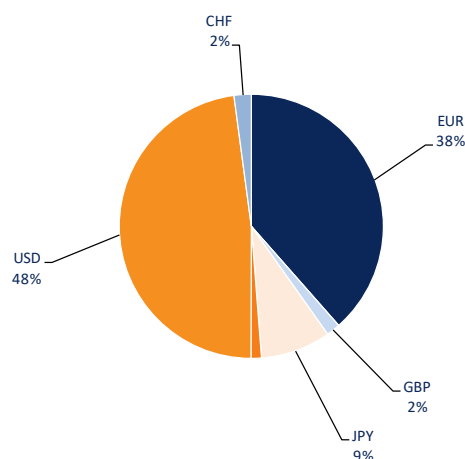
ASSET MANAGEMENT

DECEMBER 2018

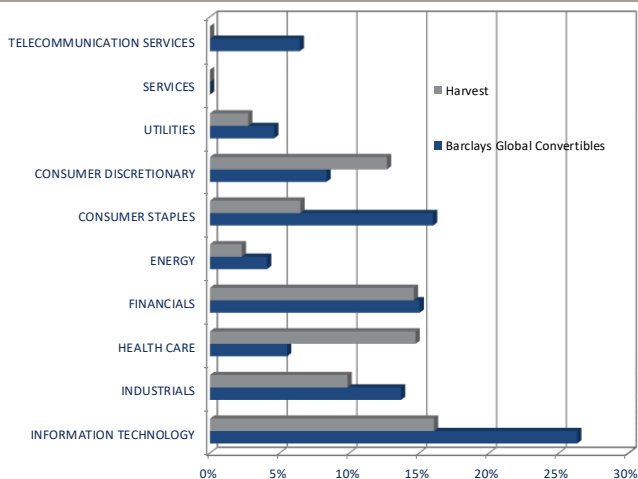
## GEOGRAPHIC ALLOCATION



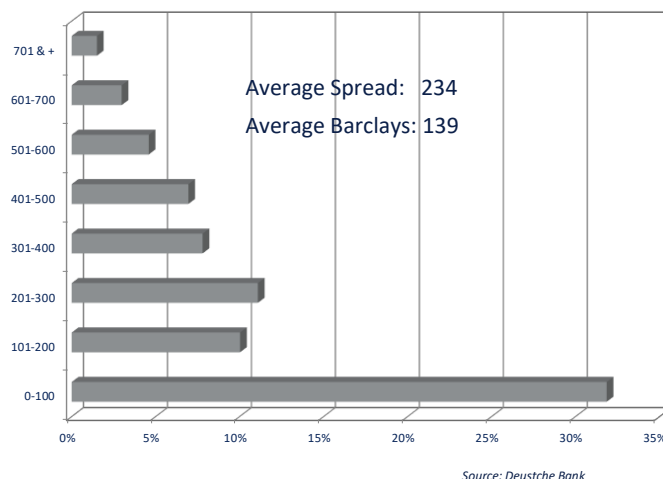
## CURRENCY ALLOCATION



## SECTOR ALLOCATION



## CREDIT SPREAD



## 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 38 MILLIONS	DAILY 12:00 AM
B (INSTITUTIONAL)	LU0518233621	12-07-10	1,20%		€ 1.000.000			
C (CURRENCY HEDGE)	LU0662027985	16/08/2011	1,85%		€ 1.000			
H (DELTA & CCY HEDGE)	LU0944844058	01-07-13	1,85%		€ 1.000			

DEPOSITARY BANK	<b>VP Bank (Luxembourg) SA</b>	MANAGEMENT COMPANY	<b>Bellatrix Asset Management S.A.</b>
SUBSCRIPTIONS / REDEMPTIONS	<b>VP Fund Solutions (Luxembourg) SA</b>		<b>31, bd Prince Henri L-1724 Luxembourg</b>
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FUND	<b>HARVEST INVESTMENT FUND</b> 2 Rue Edward Steichen L-2540 Luxembourg	ADVISOR	<b>Harvest Advisory S.A.</b>
		AUDITOR	<b>KPMG Luxembourg Société Coopérative</b>
		LEGAL ADVISOR	<b>Elvinger Hoss Prussen</b>

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.