

## CONVERTIBLE BONDS, A MUST-HAVE!

Since the beginning of the year, the performance of the convertible bonds asset class has been sensational. It has produced a performance\* of +11.4%. It is especially striking when compared to the two main asset classes: equities and fixed-income. Equities generated a performance\*\* of -0.7% and bonds a performance\*\*\* of +4.7%.

These figures show that convertible bonds offer much more than a simple combination of a bond and equity. Indeed, the "convexity" generated by the integration within the same financial instrument of a bond and an option is particularly useful in a hectic environment with high drawdowns and volatility. Also, the convertible bonds universe benefited this year from the consequences of the sanitary crisis. It profited significantly from sectors positively exposed to the crisis, like in e-commerce, food delivery, collaborative technologies, etc. The universe also shined in this context thanks to attractive valuations, from companies negatively impacted by the crisis, such as airlines, hotels, etc.

Today, despite the spectacular performance of the convertible asset class, valuations remain very interesting. It bodes well for this asset class, which should continue to benefit from the hectic and uncertain environment in the coming months.

\* Year-to-date performance of the index - Convertibles Bonds Index - Thomson Reuters Global Focus USD as of 31.10.2020 (we are happy to mention that our strategy strongly outperform this index)

\*\* Year-to-date performance of the index - Equity Index - MSCI World ACWI USD as of 31.10.2020

\*\*\* Year-to-date performance of the index - Fixed-Income Global Index - Bloomberg Barclays Global Aggregate Hedged USD as of 31.10.2020

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