

How can you add value to your fixed- income allocation in 2021?

TABLE OF CONTENTS

About us	2
I. Opportunities on european credit.....	4
II. The interest of convertibles : convexity !	5
III. Our Global Fixed-Income approach.....	6
Conclusion	6
Our Management Team	7

ABOUT US

MFM Mirante Fund Management is a recognized specialist in asset management since 2003. The company has been rewarded several times for the quality of its management. In particular, the company received a Lipper award in 2009 and 2013 for the "convertible bonds" asset class:

- The 2009 Lipper prize was awarded on the basis of the combined performance from 2006 to 2008, one of the most challenging periods for the financial markets. Our fund has been the most defensive convertible fund in this difficult environment.*
- The Lipper 2013 Award was granted to MFM on the basis of its ability to generate consistent performance in variable market environments.*

In April 2019, we were awarded "Best Fixed Income Debt Security Fund" in the Global Convertible Bonds category over the last 15 years during the UCITS Hedge Award 2019.

MFM is also one of the Top 50 Independent Asset Managers by Citywire in 2020.

MFM Mirante Fund Management actively manages twelve investment strategies, covering the main asset classes (convertible bonds, alternative credit and equity investments, sustainable investments, asset allocation, global equity, credit, real estate and alternative strategies.

We are located in the heart of Lausanne and Zurich. Today, MFM Mirante Fund Management has a workforce of around 20 people who strive to rigorously preserve the DNA and values of a company established more than 17 years ago.

Our comprehensive range of services is aimed at both institutional and private clients.

MFM SOLUTIONS

NAME	Code BBG	ISIN	Launch Date	Perf. YTD	ESG	OPP2
MFM GLOBAL CONVERTIBLE BONDS RF (CHF)	MFMGRFC	LU1275960182	26.04.2018	5.93%	Compliant	-
MFM GLOBAL CONVERTIBLE BONDS RF (EUR)	MFMGRFE	LU1275960265	26.04.2018	6.04%	Compliant	-
MFM GLOBAL CONVERTIBLE BONDS RF (USD)	MFMGRFU	LU1275960349	26.04.2018	7.44%	Compliant	-
MFM CONVERTIBLE BONDS OPPORTUNITIES RF (CHF)	MFMCRFC	LU1275959846	26.04.2018	20.82%	Compliant	-
MFM CONVERTIBLE BONDS OPPORTUNITIES RF (EUR)	MFMCRFE	LU1275959929	26.04.2018	21.41%	Compliant	-
MFM CONVERTIBLE BONDS OPPORTUNITIES RF (USD)	MFMCRFU	LU1275960000	26.04.2018	22.85%	Compliant	-
MFM EUROPEAN CREDIT OPPORTUNITIES R (CHF)	MFMECRC	LU1340031548	22.01.2020	5.65%	-	-
MFM EUROPEAN CREDIT OPPORTUNITIES R (EUR)	MFMECRE	LU1340031464	07.04.2016	7.06%	-	-
MFM EUROPEAN CREDIT OPPORTUNITIES R (USD)	MFMECRU	LU1340031209	06.04.2016	7.70%	-	-
MFM GLOBAL FIXED-INCOME - RF (EUR)	MFGFRFE	LU1864378374	Since 2017, UCITS since October 2019	2.15%	-	Eligible

MFM strategies benefit from a systematic hedge of exchange rate risk (in-house dedicated team): both at the level of the positions held in the fund and not invested in the reference currency, but also all share classes in relation to the basic class.

DISCLAIMER

Past performance must not be considered as an indicator or guarantee of future performance, and the addressees of this document are fully responsible for any investments they make. No express or implied warranty is given as to future performance.

The Fund is neither directed to, nor intended for distribution or use by, any person or entity who is a citizen or resident or located in any locality, state, country or jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation. The latest versions of the prospectus, articles of association, annual and semiannual reports should be consulted prior to any investment decision. These documents are available on www.fundsquare.net, at FundPartner Solutions (Europe) S.A., 15 Avenue J.F. Kennedy, L-1855 Luxembourg or from the local representative. The information and data presented in this document are not to be considered as an offer or solicitation to buy, sell or subscribe to any securities or financial instruments. Information, opinions and estimates contained in this document reflect a judgment at the original date of publication and are subject to change without notice. It has not taken any steps to ensure that the securities referred in this document are suitable for any particular investor and this document is not to be relied upon in substitution for the exercise of independent judgment. Tax treatment depends on the individual circumstances of each investor and may be subject to change in the future. Before making any investment decision, investors are recommended to ascertain if this investment is suitable for them in light of their financial knowledge and experience, investment goals and financial situation, or to obtain specific advice from an industry professional. The value and income of the securities or financial instruments mentioned in this document are based on rates from the customary sources of financial information and may fluctuate. The market value may vary on the basis of economic, financial or political changes, the remaining term, market conditions, the volatility and solvency of the issuer or the benchmark issuer. Moreover, exchange rates may have a positive or negative effect on the value, the price or the income of the securities or the related investments mentioned in this document.

Negative performance or too modest capital preservation: a fatality in fixed income?

Victims of the accommodating policies of most central banks, some fixed-income solution holders were tempted by high-yield assets before they realised that the associated risks were also high. Moreover, with the massive drop on US interest rates in the wake of the pandemic, allocation within the fixed-income asset class became a real headache.

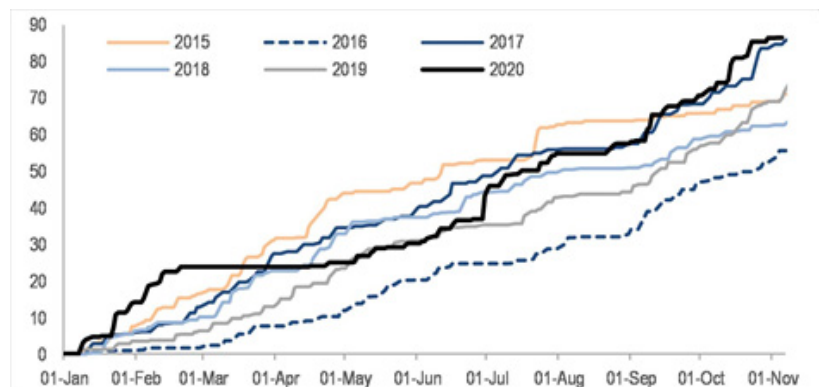
Hence what are the solutions we have in the Fixed-Income universe?

I. OPPORTUNITIES ON EUROPEAN CREDIT

Both graphs show the growing opportunities we are seeing in liquid European credit, including high yield:

- The first graph illustrates the fact that Europe's high-efficiency emissions are at record levels in 2020.
- The second graph shows that issuance net of redemptions (maturities, refinancing, defaults) is also at a record level.

Bonds are not only being replaced, but new bonds (new investment opportunities) are coming to the market.



Growing opportunity and growing offer :
Figure 1 - European High Efficiency, Cumulative Emissions in bn USD.

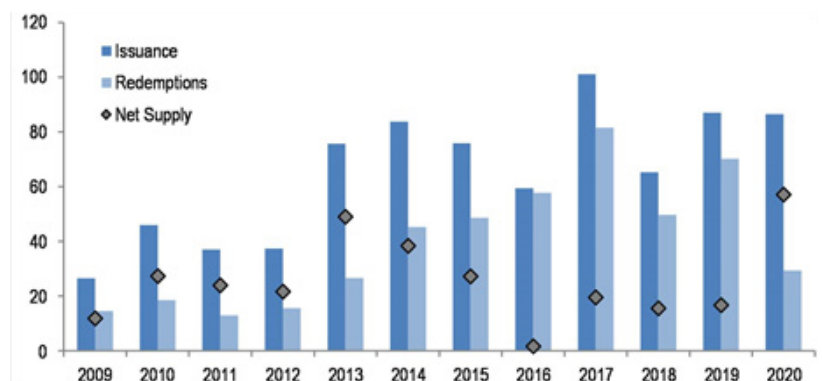


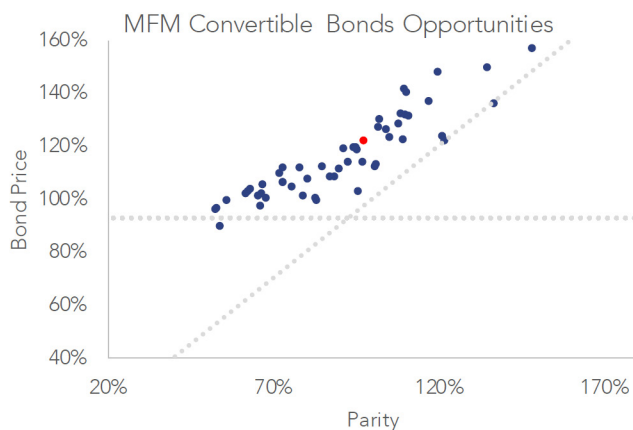
Figure 2 - European high efficiency, net emissions in bn EUR.
Source : JP Morgan

II. THE INTEREST OF CONVERTIBLES: CONVEXITY!

Since the beginning of the year, the asymmetry offered by convertible bonds has allowed this asset class, as well as our strategies, to outperform both equities and bonds.

The search for convexity remains an important driver for the managers: by selling high delta convertibles (when the behaviour of the convertible becomes close to that of a stock) to seek convertibles with a «balanced» profile with more gamma (more convexity), they ensure that the portfolio benefits from optimal convexity taking into account the different positions.

By constantly optimising the fund's positioning and focusing on the high credit quality of issuers, the bond floor* is strengthened and its stability is ensured in the event of spread widening during market tensions. The positioning of the funds and their convexity allow investors to benefit from an appreciation in equity valuations while ensuring the protection of a robust bond floor as illustrated by its centre of gravity in red on the graph below.



*Bond Floor: theoretical value below which the bond price should never fall (ceteris paribus).

Indicative 2020 performance: MFM European Credit Opportunities R EUR +9.97%.



The primary market for convertible issues exceeded the total amount of 2019 issues in just six months. Today, the market has surpassed 100 billion new issues. The enrichment of the investment universe allows managers to significantly increase the quality of diversification within our two convertible strategies. Moreover, these new issues offer interesting valuations both in fast-growing sectors, such as e-commerce, and in those suffering from the economic crisis, such as air transport.

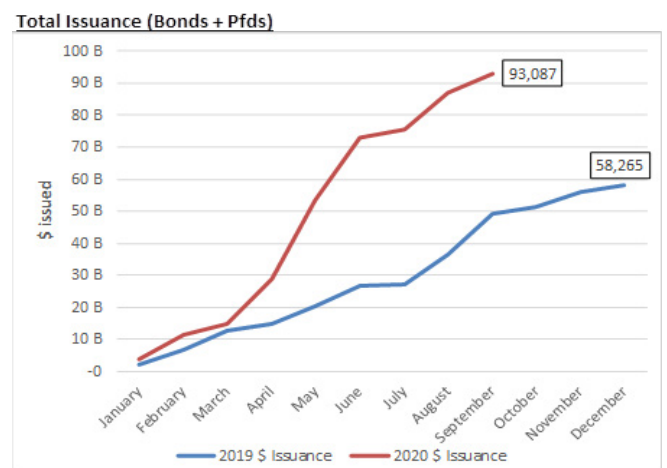


Figure 3 - Convertible Issues (Bonds and Preferred) Source: Nomura; CB Weighted Market Capitalization Average valuation for CB Tier 1 and 2 only

Characteristics of convertibles

A convertible bond is a bond combined with a conversion option allowing the investor to convert the bond into shares under predefined conditions.

This feature allows to have an instrument that participates in the rise of the markets when they increase and that maintains the capital when disruptions are encountered.

For more details : [L'habileté des convertibles en temps incertains, Allnews, août 2020](#)

III. OUR GLOBAL FIXED-INCOME APPROACH

Most sovereign bonds offer negative real yields. While these bonds remain attractive in the event of very strong market corrections, they bring little added value in an overall allocation.

With the impressive expansion of central bank balance sheets, it is not impossible that some investors fear a return of inflation in the medium term. Our exposure to sovereign bonds is therefore mainly via TIPS (Treasury Inflation Protected Securities), which protects part of the portfolio against inflation.

Overall, we prefer to allocate risk to the credit component of the bond universe rather than to the duration component. We therefore prefer to allocate our risk to corporate bonds rather than long-term sovereign bonds.

Specifically, on the credit side, we continue to focus on quality issuers with attractive yield prospects, including investing in emerging market bonds.

Indicative performance 2020: MFM Fixed-Income RF CHF +3.38%.

CONCLUSION

MFM bond investment strategies offer a range of complementary strategies that are designed to ensure a diversified allocation and generate attractive risk-adjusted returns.

OUR MANAGEMENT TEAM



GIUSEPPE MIRANTE, Founder – CEO, Lausanne & Zürich
Founded Mirante Fund Management SA in 2003 Head of convertible bonds at Lehman Brothers, Zurich.
Joined convertible bonds department at Morgan Stanley, London 1996
Started his career as convertible and derivatives specialist at UBS, Geneva
Graduated at the University of Lausanne in 1992



FRANK CRITTIN, CIO, Lausanne
Managed IFP Global Environment Fund, a multi-asset thematic fund focusing on the environment for nearly five years.
Managed Lombard Odier Cleantech fund, an equity fund focusing on clean technologies
Owns a PhD in mathematics from Swiss Institute of Technology, Lausanne.



SERGE FOURNIER, Portfolio Manager, Lausanne
Launched and managed IFP Global Emerging Markets Bond Fund for 7 years
Started as fixed income trader in Dexia-Banque Internationale in Luxembourg in 2004
Owns a Master's degree in finance from the University Lumière Lyon 2.



SYLVAIN HUTIER, Senior Quantitative Analyst, Lausanne
Before joining MFM Mirante Fund Management in 2019, Sylvain held a similar role for 5 years at GAM Investments (London). He started his career in 2001 as a performance and risk analyst at BNP Paribas in Paris. Sylvain also worked as the head of risk management for 3 years at Jabre Capital Partners in Geneva.
He owns a DEA specialized in financial engineering from the Sorbonne University, Paris and an engineering diploma specialized in computing science from ESIEA school, Paris.



FARID GARGOUR, Portfolio Manager, Londres & Lausanne
Founder & fund manager of the MFM Funds (Lux) MFM European Credit Opportunities Fund. Founder and fund manager of the RAB Capital Credit Opportunities Fund from 2001-2015.
Farid has earned BS and MS degrees from the Georgia Institute of Technology (Atlanta, Georgia, USA) and an MBA from the Tepper School at Carnegie Mellon University (Pittsburgh, Pennsylvania, USA).



ANGUS ROSBOROUGH, Portfolio Manager, Londres & Lausanne
25 years investing experience in the European and US high yield markets.
From 2004 to 2007, he worked at Lehman Brothers where he was a senior trading analyst covering high yield bond, CDS, loan and distressed situations.
From 1994 to 2001, he worked at Morgan Stanley (US & UK) covering issuers of US and European high yield debt before joining ING where he was head of European high yield research.



ROBERT TAYLOR, Credit Analyst, Londres & Lausanne
Senior Analyst and Trader of the MFM Funds (Lux) MFM European Credit Opportunities Fund. Before joining MFM, Robert held a similar role at Jabre Capital Partners from 2016 to 2018. Prior to this, Robert was at RAB Capital for 4 years where he worked as an analyst for the firm's European Credit Opportunities Fund. Robert began his career as a graduate on the Sales and Trading. Robert holds a BSc from the University of Bristol.

CONTACT

Markus Haefliger
Global Head of Sales

+41 (0)44 251 20 42
markus.haefliger@mirante.ch

Tamila Chaouche
Relationship Manager

+41 (0)21 808 00 30
tamila.chaouche@mirante.ch

Lausanne

Rue Etraz 4
CH-1003 Lausanne

T. +41 (0)21 808 00 90

Zürich

Löwenplatz 43
CH-8001 Zürich

T. +41 (0)44 251 20 58

info@mirante.ch

WWW.MIRANTE.CH