

Main characteristics

The investment objective of the DMC FUND - WORLD HY CORPORATE BONDS Sub-Fund is to achieve a long term capital increase by offering to investors an access to the global “high yield” corporate bonds.

The management is based on a quantitative approach, called optimized sampling, aimed to align the principal portfolio risk factors with those of the benchmark with the most efficient bonds. The global control of portfolio risk is achieved using quantitative process centered on spread maximization procedure that takes into account multiple constraints derived from the benchmark risk profile.

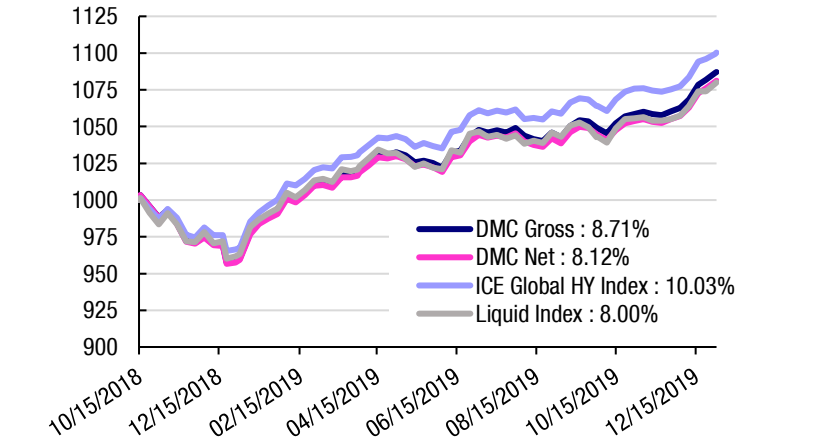
The approach is based on inclusion of entire universe, on low turnover and on diversification.

NAV as of 31.12.2019	USD 1081.2
Total Assets in USD	37'850'646
Launch date	15.10.2018
Liquidity	Weekly (NAV Date on Tuesday)
Notice Period	Two business days before the NAV date (2:00 pm)
Legal Status	Luxembourg FCP Part I - UCITS V
Countries of registration	LU
Reference index	ICE ML Global High Yield Index (HW00)
Bloomberg / ISIN	DMWHYIU LX / LU1610895911
Base currency	USD
Management company	Dynamic Asset Management Co S.A., Luxembourg
Investment manager	BPDG - Dynagest Asset Management Division
Custodian bank & Administrative agent	Banque et Caisse d'Epargne de l'Etat, Luxembourg
Swiss paying agent	Banque Cantonale Vaudoise, Lausanne
Estimated T.E.R	0.45%
Antidilution Levy	According to market conditions

Performances in USD as of 31.12.2019

	Last 1M	Last 3M	Last 6M	YTD	Since launch
Fund Net Class IUSD	2.47%	3.49%	3.97%	12.72%	8.12% ann. (6.66%)
Fund Gross Class IUSD	2.51%	3.60%	4.21%	13.22%	8.71% ann. (7.14%)
ICE Global High Yield USD Unhedged	2.32%	3.40%	4.04%	13.73%	10.03% ann. (8.22%)
Liquid Index USD Unhedged	2.37%	3.57%	3.33%	12.11%	8.00% ann. (6.56%)

Standardized NAV Evolution on Weekly Basis



Portfolio's Metrics as of 31.12.2019

YTM in LOC Ccy	6.0%
YTW in LOC Ccy	5.7%
Zero Swap Spread	446
Average rating	B+
Number of issues	383
Number of issuers	334
Number of countries	32
Portfolio's volatility	3.8%

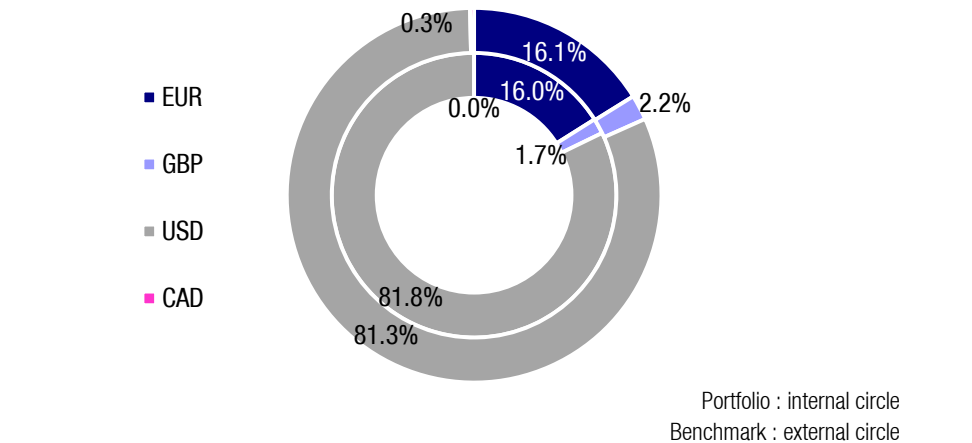
The performance data indicated above do not take into account the commissions and costs incurred on the issue and redemption of the Fund's Units. Past performance is not necessarily a guide to future returns. Price of Units may decline as well as rise and is not guaranteed. This document is for information purposes only and shall not be construed as an offer, invitation or solicitation to enter in

DMC FUND WORLD HY Corporate Bonds

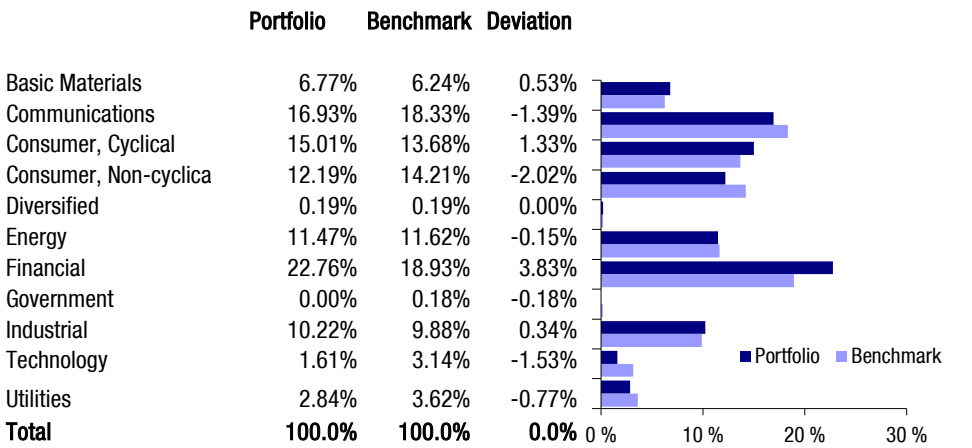
Class I USD

Portfolio Structure as of 31.12.2019

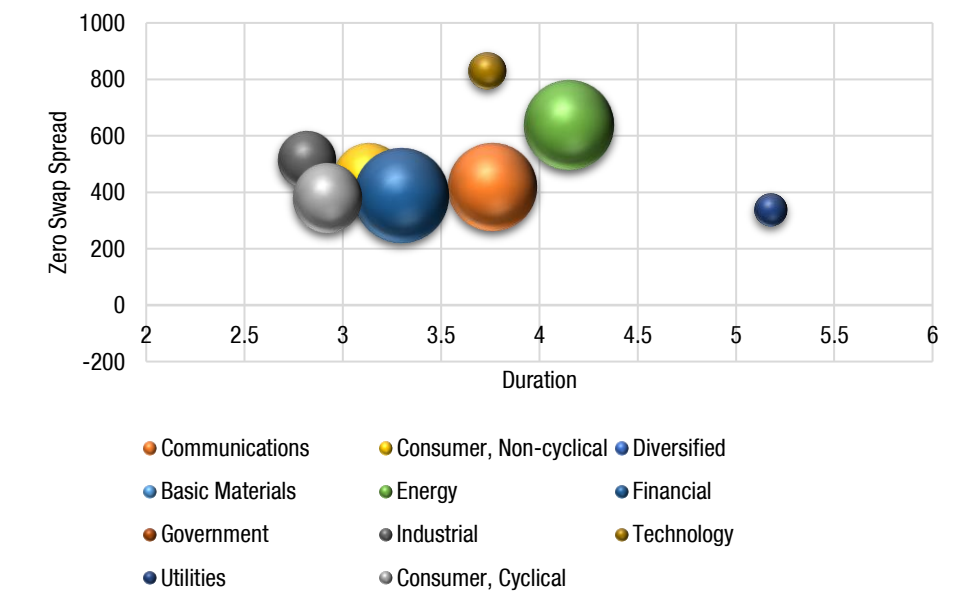
Bonds Allocation by Currency



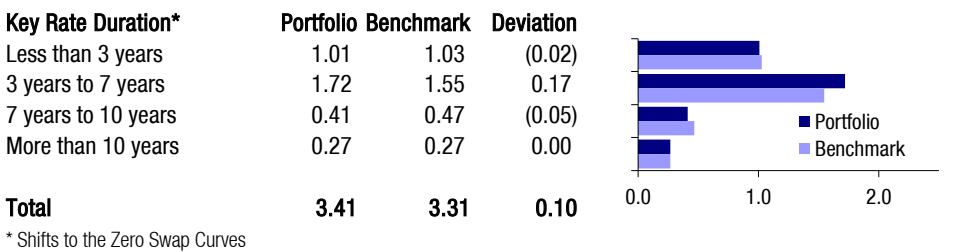
Bonds Allocation by Sector



DTS Contribution (bubble's size) vs Zero Swap Spread vs Duration



Sensitivity to Interest Rate Variation (KRD and Modified Duration)



* Shifts to the Zero Swap Curves

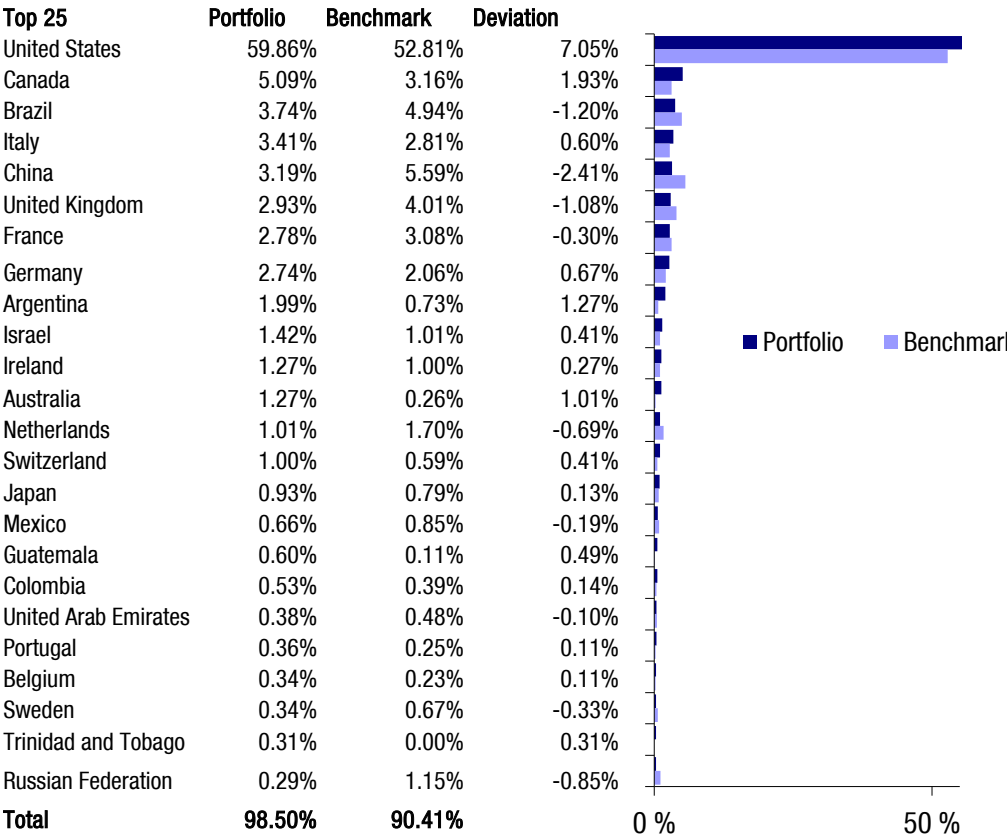
Market Comment

The High yield market rallied (+2.32%) during the last month of the year. As for the volatility and the direction of the market, December 2019 was just the opposite of the last month of the year in 2018. This positive turn is mainly due to the narrowing of the credit spread (-39 bps). The macroeconomic landscape was favorable for the segment with the hopes of partial agreement between the US and China (the signature of this deal is planned on the 15th of January). The investors also anticipated the China's central bank support through the reduced amount of commercial banks' required reserves (half a percentage point was decided in the first days of 2020). Furthermore, the encouraging economic numbers from China (retail sales, industrial production) served also as a catalyst for the market. Regarding the interest rate dimension, we observed a slight steepening of the US treasury curve as a result of new higher anticipations in terms of inflation.

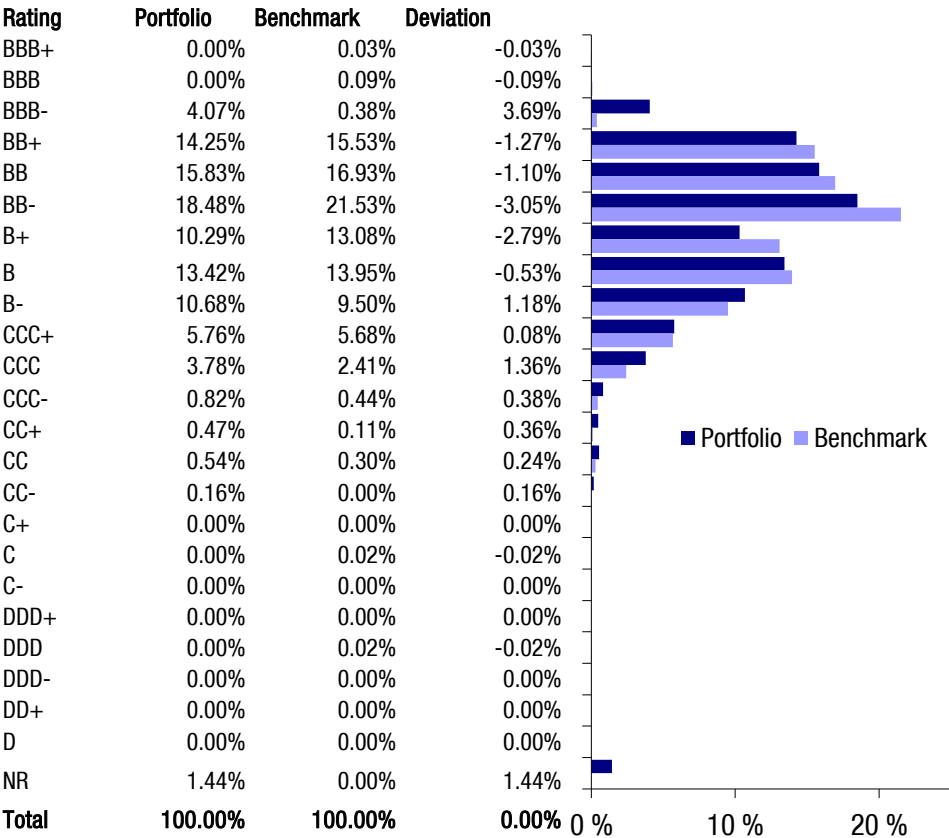
During the period under review (11/26/2019-12/31/2019), the net performance of the fund was +2.47% (Liquid Index: +2.37%; ICE Index: +2.32%). In absolute terms, the performance was supported by the energy sector (+0.58% of absolute contribution) with some impressive moves (Valaris: +28.84%, GTT Communications: +20.09%) and the comeback of the emerging bonds. In relative terms, the security selection was efficient especially in the energy sector (+0.05% of relative contribution) and communications (+0.04% of relative contribution). The slight overweight on the bonds with high spread (>800 bps) brought a positive outperformance (+0.06% of relative contribution). On this point, we can underline the outperformance of the CCC rated bonds for the first time in 8 months. The underweight on some issuers (Mallinckrodt, Chesapeak) and the security selection on the consumer non-cyclical (-8 bps) have counterbalanced the relative performance. Regarding the Iboxx universe, the outperformance was driven by the same factors as in November (overweights in the energy sector and emerging bonds).

Retrospectively, in 2019 the High Yield market posted strong gains (+13.95% in LOC). The coupon was the first contributor of the performance (+6.56%) following by the spread change (+5.37%) and the curve shift (+2.39%). The High Yield bonds benefited from the business cycle extension with a low default rate. The support of the major central banks combined by more generous budget policies boosted the risky assets. At the corporate level, the stabilization of the earnings and the refinancing process allowed to maintain the default rates at a very low level (3.15%). The consensus for 2020 is positive for the High Yield bonds (between +1% and +8% according the strategists). The expectations for an extension of the current muted economic cycle and the limited rise on treasury yields explain this positive vision. The expected default rate for 2020 is around 3% and 3.5% for 2021. Keeping an entire universe, as compared to the liquid index, still offers interesting prospective. Indeed, the underperformance of the energy and emerging bonds in 2019 brings a higher yield to the HY universe. Even if we should not have the same configuration in 2020 in terms of performance, the choice of the global HY segment offers an interesting diversification.

Countries' Distribution



Ratings' Distribution



Main Positions

Description	Issuer	Sector	Currency	Coupon	Country	YTM	Spread	Duration	% Asset
CHTR 5 7/8 05/01/27	Charter Communications Inc	Communications	USD	5.875	US	4.93	191.92	1.24	0.69%
YUZHOU 8 1/2 02/04/23	Yuzhou Properties Co Ltd	Financial	USD	8.5	CN	6.33	484.63	2.58	0.61%
KAISAG 11 3/4 02/26/21	Kaisa Group Holdings Ltd	Financial	USD	11.75	CN	7.28	561.98	1.00	0.61%
CVC 5 3/8 02/01/28	Altice USA Inc	Communications	USD	5.375	US	4.39	226.95	3.17	0.61%
SUNAC 7.95 10/11/23	Sunac China Holdings Ltd	Financial	USD	7.95	CN	6.37	484.64	2.82	0.60%
ITAU 6.2 12/21/21	Itausa - Investimentos Itau SA	Financial	USD	6.2	BR	3.17	149.10	1.83	0.59%
SOFTBK 5 1/8 09/19/27	SoftBank Group Corp	Communications	USD	5.125	JP	4.89	313.93	6.09	0.58%
GZRFP 5 3/4 01/13/22	Guangzhou R&F Properties Co Lt	Financial	USD	5.75	CN	6.46	493.31	1.81	0.57%
PETBRA 8 3/4 05/23/26	Federative Republic of Brazil	Energy	USD	8.75	BR	3.72	198.51	4.99	0.54%
TEVA 3.15 10/01/26	Teva Pharmaceutical Industries	Consumer, Non-cyclical	USD	3.15	IL	6.23	453.75	5.65	0.52%
AMGFN 6 7/8 03/15/25	OneMain Holdings Inc	Financial	USD	6.875	US	3.93	223.16	4.27	0.49%
LEN 4 3/4 05/30/25	Lennar Corp	Consumer, Cyclical	USD	4.75	US	3.23	151.31	4.69	0.48%
EVERRE 8 3/4 06/28/25	Xin Xin BVI Ltd	Financial	USD	8.75	CN	12.41	1,131.41	3.75	0.48%
TMUS 4 3/4 02/01/28	Deutsche Telekom AG	Communications	USD	4.75	US	4.05	215.12	5.86	0.48%
HILDOC 5 1/8 05/01/26	Hilton Worldwide Holdings Inc	Consumer, Cyclical	USD	5.125	US	4.17	128.33	1.26	0.47%
BCULC 4 1/4 05/15/24	Restaurant Brands Internationa	Consumer, Cyclical	USD	4.25	CA	3.63	129.80	0.56	0.47%
CENESC 5 3/8 06/01/26	Centene Corp	Consumer, Non-cyclical	USD	5.375	US	4.28	202.74	1.33	0.45%
FREMOR 10 3/4 04/01/24	Freedom Mortgage Corp	Financial	USD	10.75	US	9.80	831.32	2.52	0.44%
MPW 4 5/8 08/01/29	Medical Properties Trust Inc	Financial	USD	4.625	US	4.23	239.10	8.06	0.44%
BANBRA 5 3/8 01/15/21	Federative Republic of Brazil	Financial	USD	5.375	BR	2.92	117.09	0.97	0.44%
CPN 5 1/4 06/01/26	Volt Parent LP	Utilities	USD	5.25	US	4.50	238.30	1.32	0.44%
OMI 3 7/8 09/15/21	Owens & Minor Inc	Consumer, Non-cyclical	USD	3.875	US	6.23	460.01	1.55	0.44%
LPI 5 5/8 01/15/22	Laredo Petroleum Inc	Energy	USD	5.625	US	7.23	574.31	1.80	0.42%
S 7 7/8 09/15/23	SoftBank Group Corp	Communications	USD	7.875	US	4.80	315.23	3.09	0.41%
NFLX 5 3/4 03/01/24	Netflix Inc	Communications	USD	5.75	US	3.02	133.04	3.61	0.41%