



# Rivoli Capital Share Class P

Monthly Report  
December 2018

## Investment Philosophy

The Rivoli Capital Fund aims to generate a performance completely independent of markets conditions by maintaining an exposure to equities, government bonds, short-term interest rates and currencies.

## Key Figures

Last Nav - P Share	112,26
AUM Fund (M€)	7,93 M€
AUM Strategy (M€)	23,18 M€
Risk Profile	Low 1 2 3 4 <b>5</b> 6 7 High

## Risk and Performance Analysis

### Risk & Performance Indicators

	Cumulative					Annualized			Risk Indicators			
	1 month	3 months	YTD	1 Y	3 Y	Since inception	3 Y	Since inception	1 Y Volatility	Historic Volatility	Sharpe Ratio	Drawdown
Rivoli Capital - P Share	1,89%	-3,99%	-10,97%	-11,31%	-4,22%	12,26%	-1,15%	1,08%	9,50%	8,50%	0,14	25,04%

### Annual Performance History

	2008	2009	2010	2011	2012	2013
Rivoli Capital - P Share	5,25%	-1,05%	5,45%	1,67%	3,79%	4,31%

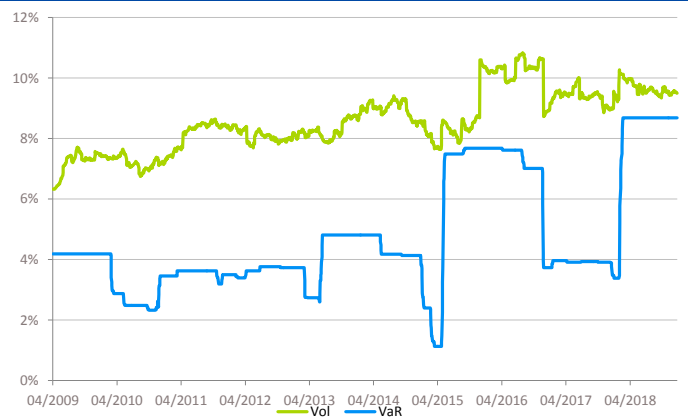
### Monthly Returns History over 5 years - I Share

	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sept.	Oct.	Nov.	Dec.	Year
2014	-4,33%	2,71%	-2,17%	1,76%	3,54%	1,21%	0,98%	3,89%	0,91%	-0,21%	3,25%	-0,05%	11,74%
2015	2,11%	1,25%	2,12%	-3,55%	-1,38%	-1,70%	-0,35%	-7,44%	0,64%	-0,49%	1,24%	-6,80%	-13,96%
2016	2,55%	3,05%	-2,41%	-1,50%	0,36%	5,24%	0,27%	-1,54%	0,32%	-1,64%	-0,02%	0,87%	5,43%
2017	-2,56%	1,88%	-0,74%	1,04%	1,35%	-1,88%	0,16%	1,60%	-0,83%	4,30%	-0,56%	-0,71%	2,91%
2018	7,15%	-7,67%	-1,30%	-1,80%	-1,05%	-0,92%	0,25%	0,42%	-2,02%	-4,78%	-1,03%	1,89%	-10,97%

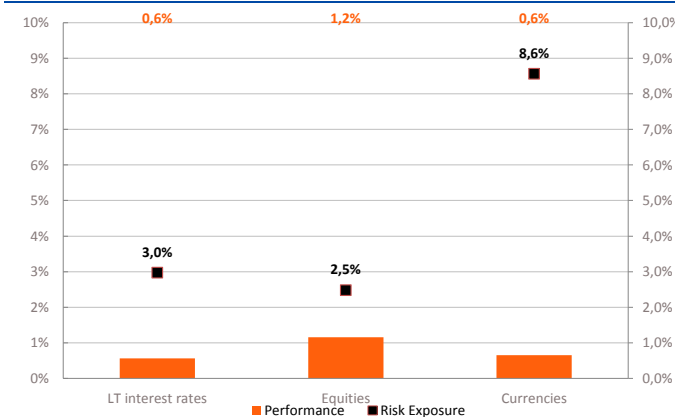
### Performance since inception



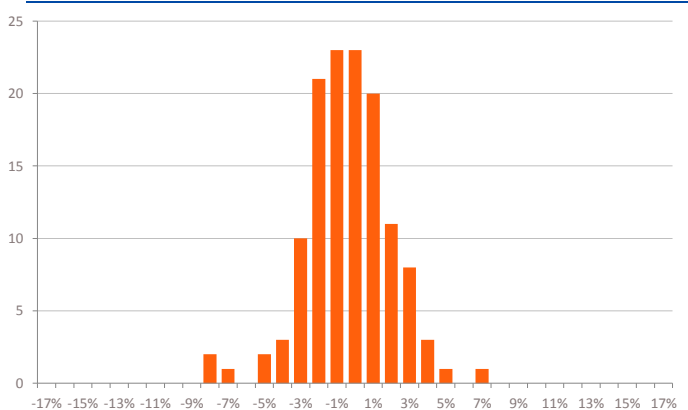
### Volatility and Value at Risk (VaR 99%/20 days)



### Performance Contribution by Asset Classes



### Monthly Performance Distribution



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## Monthly Commentary

### Fund Commentary

Rivoli Capital P registered a good month: +1.89%.

Equity Indices produced a gain of 1.15%. With mainly selling positions during the last month of the year, Rivoli Capital capitalized on the important decline of Equity Indices in December. In the context of a global drop in this asset class in the last quarter, the trends following strategies have performed best with a gain of 1.42%.

The fund registered a positive performance on Interest rate futures (0.32%) which continued to rise during the second half of November across the various geographic zones. This led to a reversal of our positions on US interest rate futures in our trend following strategy. On these types of strategies the fund gained +0.36%, in particular due to buying positions in Europe and Asia and is now positioned long on all state bond futures. The carry strategies on rates also registered a good month gaining 0.13%, while the Directional Arbitrage strategies cost -0.17% due to short positions on the US.

After the Equity Indices the forex was the asset class which contributed most to the good performance of Rivoli International over the month, a gain of +0.65%. .051% originates in the strategies of Directional Arbitrage on currencies which benefitted from the net rise of the Yen during the second half of the month. In parallel, the performance of the trend following strategies over the month was satisfactory with a gain of 0.25% thanks to a decline of the Canadian and Australian dollars.

### Macro-economic Commentary

The year of 2018 finally ends on a note of political and economic uncertainty and volatility made its comeback for this month of December.

In Europe, following multiple propositions, counter propositions and negotiations, Italy has succeeded in proposing a budget in line with the wishes of Brussels. The Italian government has finally revised downwards its ambitions and the deficit should reach 2% in 2019 (against 2,4% previously). With regards to the United Kingdom, Brexit continues to steal the headlines. Progress has been significant as an accord has been found between the EU and T.May, however there is still a long road ahead. At the beginning of the month, T.May won the vote of confidence initiated by her own party following a delay on the breakup vote (postponed to the 14th of January 2019). With this extra time, the Prime Minister puts all in action to convince parliament to sign this accord in order to avoid a "No Deal" scenario on the 14th of January.

With regards to the trade war, no progress has been made at this stage. During the G20, China has agreed to increase American soya imports resulting in the US announcing a temporary truce of 90 days. A few days later hostilities picked up again with the announcement of D. Trump threatening to raise import tariffs on Chinese goods if no accord has been found by the end of the truce. Finally, the arrest of the Chinese Finance Director of Huawei for violating American sanctions on Iran has heightened tensions that were already present between both countries.

On the Central Bank front, the ECB has not announced any changes in its policy direction, this despite the economic slowdown and stock market turbulence. The Federal Reserve, as predicted has hiked rates by a ¼ point to 2,50%. On the other hand, the surprise came from future predictions for 2019, with only 2 additional hikes against 3 predicted. From a market standpoint, investors expected a more dovish stance. The provisions seem therefore to be a little too optimistic when considering the end of the expansionist cycle in the US and the commercial tensions that weight on global growth. This disappointment was therefore reflected on important losses for the us stock indices, which in turn brought down European and Asian exchanges.

On the stock indices, volatility marks its return (VIX +40% 25,4pts) to return to February levels. Fear is palpable and market corrections relatively important this month: CAC -5,49% ; DAX -6,52% ; Footsie -3,96% ; eSP500 -9,37% ; eNASDAQ -9,15% ; eDOW JONES -8,90%. On Forex, the Euro recouped some losses versus the Dollar and finished +1.2% at 1.1469\$. The Yen has benefited from flight to safety gaining +2.66% against the greenback. On the debt markets, the Italian curve flattened on the mid to long term (-47bps on 10Yr). In the United States the yield curve has started its inversion which has created additional market tensions. Rates on the medium to long term maturities are retracing (-30bps on the 10Yr) and the 1Yr is remunerating more than the 5yr (2.599% and 2.512% respectively).

Finally, commodities suffered large swings this month. The fear of a drop in demand in petrol caused by the commercial tensions weighs heavily on the prices (-10,1% on the WTI a 45.81\$). On the metals, gold has gained +4.63% (Due to flight to safety), copper loosing -5.34% on the month, still affected by trade tensions. Cacao gained +10.7% on the month; the bad weather has made uncertain the harvest in Ivory Coast and in Ghana. Sugar and coffee lost on the month affected by the drop of the Brazilian Real which forced producers to sell.

## Characteristics

ISIN code	FR0010568709
Inception date	April 10th, 2008
Legal form	French mutual fund (FCP) - UCITS
Valuation	Daily
Currency	Euro
Investment objective	Outperform the capitalized EONIA
Recommended investment horizon	3 years

## Practical Information

Cut-off time	12pm
Settlement date	D+2
Minimum initial investment	1 Share
Subscription fee (max)	3%
Redemption fee (max)	3%
Management fee (max)	2,25%
Performance fee	10% with a High Water Mark
Custodian	CACEIS Bank
Administrative agent	CACEIS Fund Administration
Auditor	PwC

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