

Rivoli International V9 Share Class U

Monthly Report
December 2018

Investment Philosophy

The Rivoli International V9 Fund aims to generate a performance completely independent of markets conditions by maintaining an exposure to equities, government bonds, short-term interest rates, currencies and commodities such as metals, grains, energy and soft commodities.

Key Figures

LAST NAV	187,96
Fund AUM (€M)	5,60 M€
AUM of the Strategy	24,49 M€

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 International V9 - USD Share	2,25%	-4,85%	-10,70%	-10,81%	-9,21%	87,96%	-2,96%	4,42%	11,20%	12,21%	0,34	27,05%

Annual Performance History*

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Rivoli International V9 - USD Share	8,46%	31,19%	3,58%	16,56%	20,39%	-5,35%	10,48%	-6,20%	-3,17%	6,69%

Monthly Returns History over 5 years *

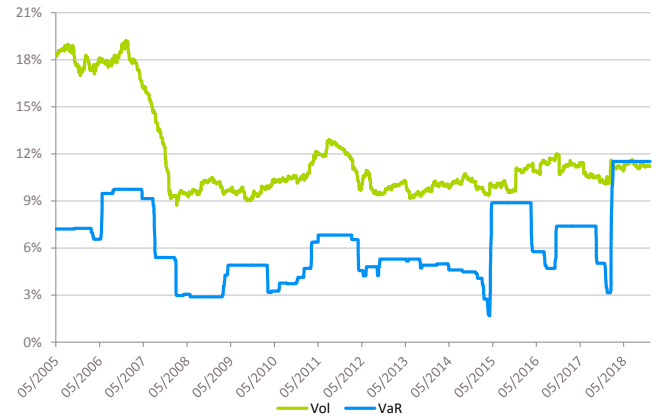
	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sept.	Oct.	Nov.	Dec.	Year
2014	-5,08%	0,79%	-3,39%	-0,14%	0,84%	0,33%	-0,80%	5,95%	4,88%	0,29%	5,24%	1,81%	10,62%
2015	2,59%	0,48%	2,79%	-5,29%	-0,76%	-4,41%	1,63%	-4,68%	-0,22%	-1,99%	3,15%	-4,62%	-11,26%
2016	2,49%	3,40%	-3,91%	-2,05%	-1,00%	9,54%	-0,12%	-2,64%	-0,69%	-6,03%	0,10%	1,07%	-0,70%
2017	-3,63%	2,29%	0,86%	0,74%	0,67%	-1,13%	0,19%	-0,73%	-1,98%	6,15%	-0,48%	0,36%	3,03%
2018	6,41%	-9,56%	-0,93%	-0,46%	-1,84%	-0,26%	0,95%	1,70%	-1,62%	-6,03%	-0,98%	2,25%	-10,70%

(* Rivoli International Fund V9 USD (FR0010087494) track record for data prior to January 14th, 2015

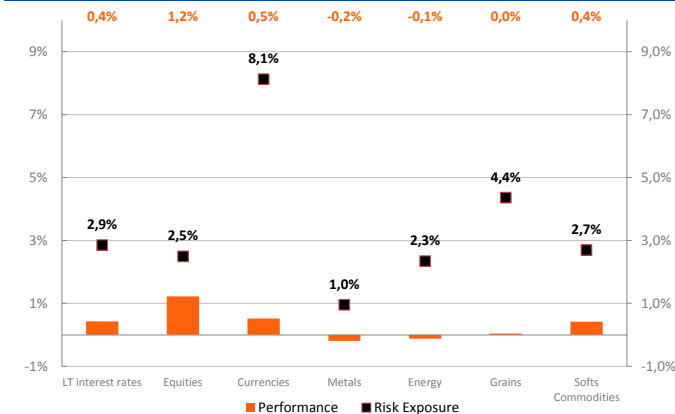
Performance since inception



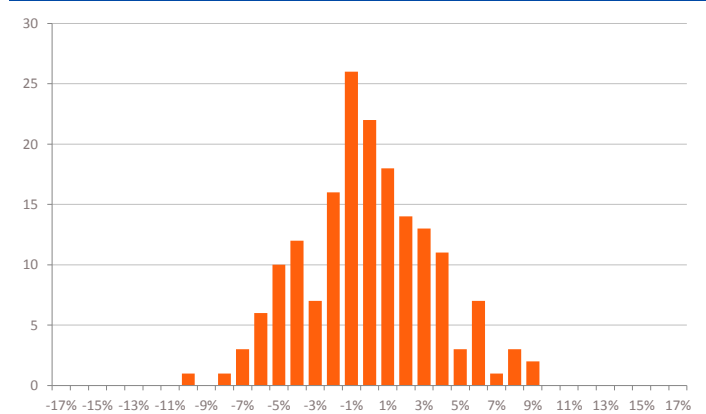
Volatility and Value at Risk (VaR 99%/20 days)



Performance Contribution by Asset Classes



Monthly Performance Distribution



This update is for informational purposes only and does not constitute an offering document. Prospective investors should carefully read the offering documents before making any investment decision. Past results are not necessarily indicative of future results.

Rivoli International V9 Share Class U

Monthly Report
December 2018

Monthly Commentary

Fund Commentary

Rivoli International Fund U registered a positive month: +2.25%

The Equity Indices permitted the fund to gain 1.79%. With positions globally oriented to sales during the last month of the year, Rivoli International Fund profited well from the strong drop in the Equities Indices in December. In the context of global drawdown for this equity class during the last quarter, our trend following strategies performed well (+2.0%).

The fund also performed positively in interest rates 0.34%. From mid-November they pursued their upward trajectory in all 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 +0.43%, in particular due to buying positions in Europe and Asia and is now positioned long on all government bond futures. The carry strategies on rates also registered a good month gaining 0.21%, while the Directional Arbitrage strategies cost -0.30% due to selling positions on the US.

After the Equity Indices, forex was the asset class which contributed most to the good performance of Rivoli International over the month, a gain of +1.10%. 0.85% 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.

Finally, commodities finished close to zero (0.02%) in December. They evolved diversely in the course of the month: gold and silver registered a net increase, while coffee and cotton pursued a long term downward trend. Regarding energy, the price of petrol and derivatives continued to decline, while natural gas lost the totality of the November increase. Given that the fund had short positions on all raw materials except gas, metals and energies registered negative monthly performances between 0.35 and 0.39% compensated by a gain of 0.68% on softs. Grains varied little during the last month of the year.

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 previsions 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	FR0012420164
Inception date	January 14th, 2015
Legal form	Professional Specialized Fund (PSF)
Valuation	Daily
Currency	USD
Investment objective	Outperform the capitalized EONIA
Volatility objective	Approach an annualized volatility of around 9%
Recommended investment horizon	3 years

Practical Information

Cut-off time	12pm
Settlement date	D+2
Minimum initial investment	100 000€
Subscription fee (max)	1%
Redemption fee (max)	0%
Management fee (max)	2%
Performance fee	20% with a High Water Mark
Custodian	CACEIS Bank
Administrative agent	CACEIS Fund Administration
Auditor	PwC

This update is for informational purposes only and does not constitute an offering document. Prospective investors should carefully read the offering documents before making any investment decision. Past results are not necessarily indicative of future results.

Contacts

Carole MUIR

+33 1 56 88 24 50

Paul MCFARLANE

+33 1 56 88 24 56

Access to products and services available at Rivoli Fund Management may be subject to restrictions with regard to certain persons or entities or certain countries. Rivoli Fund Management strongly advises any interested person to ensure in advance that he or she is legally permitted to subscribe to the products and/or services presented by Rivoli Fund Management. It should also be noted that the products and/or services presented by Rivoli Fund Management are not available for sale in the United States or its territories or possessions. They are not marketed to legal entities or individuals from the United States or the United Kingdom. Some of the products and/or services offered by Rivoli Fund Management can incur important risks due notably to market fluctuations. Before any potential investment, we strongly recommend reading and understanding regulatory documentation (prospectus, regulation and periodic reports). Past performance of investment services and products offered by Rivoli Fund Management is not necessarily indicative of future results and there is no guarantee of performance.