

Rivoli Optimal Allocation Share Class U

Monthly Report
December 2018

Investment Philosophy

The Rivoli Optimal Allocation Fund is designed to deliver performance whatever the market conditions with a reactive and dynamic allocation to equities, corporate and government bonds and commodities.

Key Figures

NAV - I share 138,64
 Fund AUM (€M) 4,37 M€
 Risk Profile Low 1 2 **3** 4 5 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 Optimal Allocation - U Share | -0,87% | -2,91% | -3,50% | -3,37% | N/A | 38,64% | N/A | 28,22% | 3,90% | 3,95% | -0,13 | 5,98% |

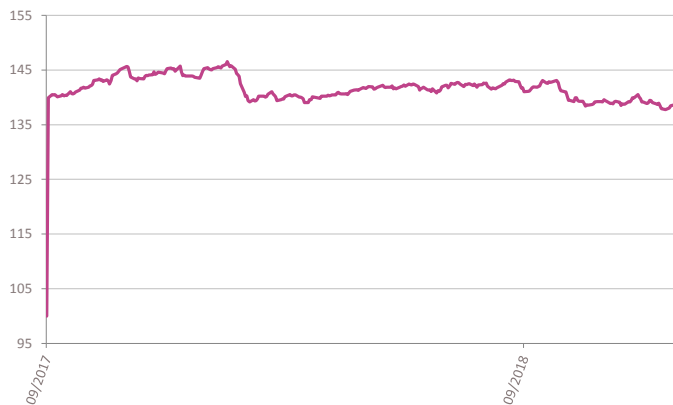
Annual Performance History

| Year | 2014 | 2015 | 2016 | 2017 | 2018 |
|-------------------------------------|-------|-------|-------|-------|--------|
| Rivoli Optimal Allocation - U Share | 14,5% | 12,8% | 13,2% | 2,47% | -3,50% |

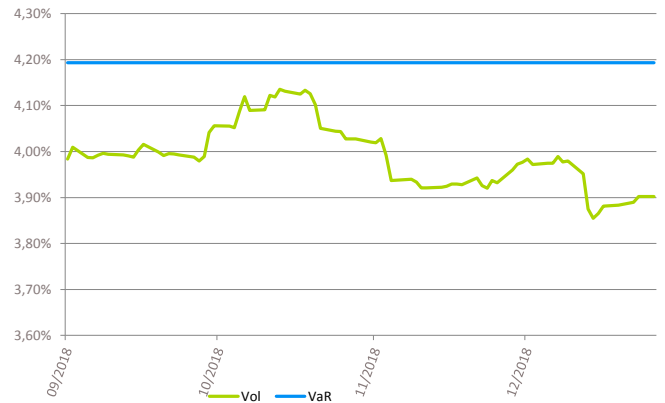
Monthly Returns History over 5 years - U share

| | Jan. | Feb. | Mar. | Apr. | May | Jun. | Jul. | Aug. | Sept. | Oct. | Nov. | Dec. | Year |
|------|-------|--------|--------|-------|-------|--------|-------|-------|--------|--------|-------|--------|--------|
| 2014 | 0,33% | -2,59% | -0,24% | 0,89% | 0,29% | -0,13% | 0,61% | 0,36% | -0,09% | -2,56% | 0,51% | -0,87% | -3,50% |

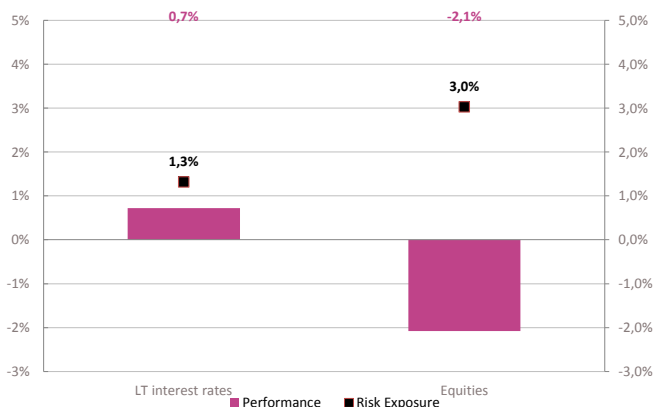
Performance since inception



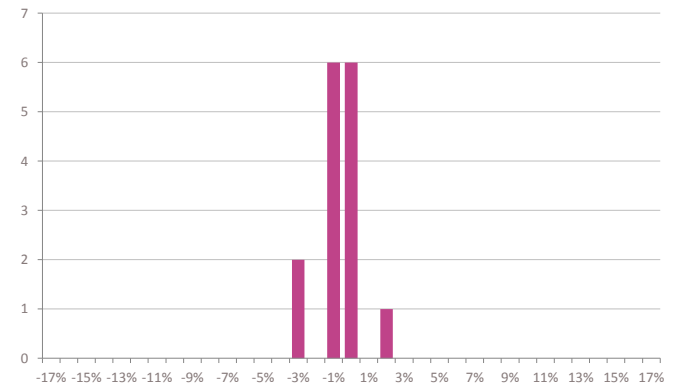
Volatility and Value at Risk (VaR 99%/20 days)



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 Optimal Allocation Share Class U

Monthly Report
December 2018

Monthly Commentary

Fund Commentary

Rivoli Optimal Allocation U is down this month, registering -0.87%, an annual return of -5.9% in 2018. The losses originated in the equity allocation which registered -2.1%, while the bond allocation registered 0.7%. The geographic breakdown of the equities allocation is the following: Europe (including the UK) -0.9%; USA -0.7%; and Asia -0.5%. In the bond market, Europe contributed +0.3%; the USA +0.3%; and Asia +0.1%. Since the beginning of 2018, the respective performance of equity and bond allocation was -4.1% and -0.8%.

Equity allocation

There was a slight reduction in equity exposure: 22% at the end of December against 28% at the end of November. The expected yield from the equities is lower (4.7% compared to 5.4% end of November), while volatility continued to increase (20% compared to 17%). Returns declined in the US pursuant to the reduction of inflation (2.2% against 2.5% in November, while the lower returns in Asia reflect market dynamics which again resulted in a negative performance.

Bond allocation

Similarly, the exposure of the bond positions has been slightly reduced: 54% end of December compared to 69% end of November. The diminution in bond exposure is due mainly to the reduction of the allocation to indices (as well as concern to diversity risk in the portfolio). To a lesser degree, the slightly lower returns expected (1.1% compared to 1.2% end of November), combined with slightly higher volatility (3.5% against 3.4% end of November, also oriented the reduction in exposure.

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 losing -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 codes | FR0013280138 |
| Inception date | September 7th, 2017 |
| Legal Form | French mutual fund (FCP) - UCITS |
| Valuation | Daily |
| Currency | USD |

| | |
|----------------------|---|
| Investment Objective | Generate a net annualized return equal to the EONIA +2% over the recommended investment horizon |
|----------------------|---|

| | |
|--------------------------------|---------|
| Recommended investment horizon | 3 years |
|--------------------------------|---------|

Practical Information

| | |
|----------------------------|-----------|
| Cut-off time | 12pm |
| Settlement date | D+2 |
| Minimum initial investment | 100 000 € |
| Subscription fee (max) | 0% |
| Redemption fee (max) | 0% |
| Management fee (max) | 1,25% |

| | |
|-----------------|---|
| Performance fee | 15% of the outperformance of the fund compared to the EONIA + 200bps 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.