

Now is a great time to invest in Latam

Latin America has grown on a global scale as a diverse and appealing destination for investors who want to expand abroad and take their business to the next level. Latin America consists of countries where the government welcomes foreign participation in a variety of sectors, the natural resources are abundant and many of the best commercial opportunities now available are made possible by the tremendous economic development in many of the Latin American jurisdictions, along with the weakness of the few currencies.

Colombia is one of the greatest producers of Arabica beans in the world, is an attractive economy where legislation allows full foreign ownership and where there are cheap operating costs and limited capital controls. Additionally, the World Bank ranks Colombia as one of the most business-friendly zones in the region.

Mexico has claimed to be the 7th largest automotive sector in the world, and a company in Mexico is able to operate with reduced manufacturing costs, high-quality service with relatively low labor costs when compared to Europe, the US or Canada.

Chile leads the way in non-conventional renewable energy sources and many investors choose to establish a commercial presence in Chile due to its low levels of corruption.

Brazil new president is very pro-business, encouraging FDI in the region.

The setup and establishment of companies in Latin America are relatively straightforward: Investors come from all corners of the globe and see Latin America as a region full of opportunity. In most Latin American jurisdictions, 100% foreign ownership is allowed, there are limited capital controls, and local companies are able to sponsor the visas of foreign individuals.

Thus, there are minimum statutory requirements that all companies in Latin America must adhere to.



Market insights

Reading time: 3 minutes

Chinese growth is slowing down to its lowest level in 26 years. With the last quarter, ended in September, China recorded a 6% growth in its GDP, that states the worse performance since the global financial crisis. It is certainly not a recession, but the trend indicates a clear and important slowdown, which brings the Asian country back to the values of 26 years ago. The commercial tension with Trump has certainly had its weight, also being cited by the International Monetary Fund as one of the factors behind the decision to cut global economic growth from 3.2% to 3%. From today, Europe will also be aware of this weight, given that there have been customs duties, of which so much has been said in these days, for a total of 7.5 billion dollars on products from the Union. In November a final agreement between China and the USA would be expected, which could finally calm the hearts of investors, while on our front Trump could reduce the duties that would affect Italy.

In addition to the trade war, China is facing other problems such as rising inflation and low domestic demand. The change in speed of the Asian giant is reflected throughout the world, for example by reducing demand for industrial components from other Asian countries and lowering the price of raw materials in Brazil and Australia.



Wall Street collects another financial insider trading scandal involving an executive from Goldman Sachs. On 22 October 2019, the Manhattan prosecutor's office accused six bankers of global insider trading, accusing them of various charges including computer fraud and conspiracy, operating through a secret international network with its centre of gravity in London. Although Wall Street has a long tradition of corporate executives, bankers and brokers being prosecuted for breaking their employer's trust pact, insider trading is a practice that never seems to slow down in USA. One of the most striking cases in this regard is that of the queen of domestic do-it-yourself, Martha Stewart, director and president of Martha Stewart Living Omnimedia, a company that in 2001 lost more than 40% of its value. In agreement with her broker, at that time, Stewart had come into possession of confidential information about the foreseeable collapse of the shares of ImClone, a biotech company that had just been refused the sale of a patent for an anti-tumor drug. Just before the collapse, Stewart had sold more than 4,000 shares of ImClone on the market, with a gain of about \$250,000. She will be arrested on charges of fraud, obstruction of justice and conspiracy. Given the similarities and historical continuity of such events, it is therefore necessary to reflect on the vulnerability of the financial system in terms of transparency, in which access to the hottest information is an illicit but winning card.



PHARUS AVANTGARDE

Volatility (V2X Index) remained below the 18% value over the month up to Oct 25th, except for the first few days. We witnessed only one significant spike on October 2nd (over 20% increase on the previous day) with a closing value of 21% as the weakest manufacturing reading in 10 years stoked worries. Trump's impeachment inquiry represented a key ingredient as well. From October 3rd volatility started to decline due to increasing optimism on a trade deal between U.S. and China as well as a Brexit positive outcome.

V2X Values ended the period below 13%. In this environment the Fund will maintain a low exposure to preserve the accumulated profits. The bond portfolio remained stable while having a duration lower than 0.5 thanks to hedging instruments. The DJ Eurostoxx50 Index (SX5E) performed +2,22% over the period. The Index YTD performance lined up at +20.77%.



Share I - LU1620769817

Performance

| | |
|-----------------|--------|
| Last Month | 0.16% |
| YTD | 1.54% |
| Since inception | 4.79% |
| NAV/Share | 104.79 |

Statistics

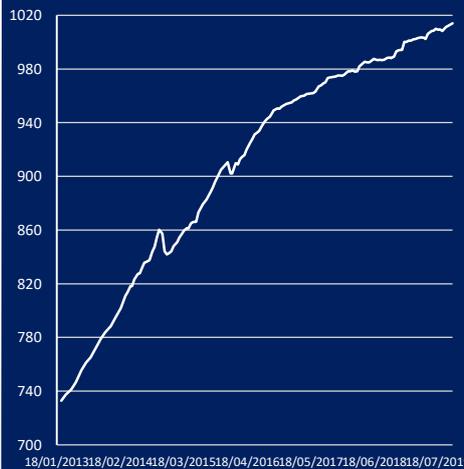
| | |
|------------------|------------|
| Volatility | 1.12% |
| Sharpe ratio | 4.02 |
| Sortino Index | 5.25 |
| Average yield | -0.001% |
| Average duration | 0.65 years |

KRONOS

Volatility (V2X Index) remained below the 18% value for the period considered in this report, a part for just three days at the beginning of the month.

We witnessed only one significant spike on October 2nd (+21.71% increase on daily basis) with a closing value of 21.007% as the weakest manufacturing reading in 10 years stoked worries. Trump impeachment inquiry represented a key ingredient as well. From October 3rd until the end of the period, volatility values constantly declined due to an increasingly possible trade deal between U.S. and China as well as a Brexit positive settlement.

V2X Values concluded the period at 15.3746% on October 18th. With low values, the Fund will maintain a low exposure to preserve the accumulated profits. The DJ Eurostoxx50 Index (SX5E) performed +0.279% in the considered period. The Index YTD performance lined up at +19.257%.



Share C - MT7000006888

Performance

| | |
|-----------------|---------|
| Last Month | 0.34% |
| YTD | 1.40% |
| Since inception | 38.37% |
| Since inception | 1011.64 |

Statistics

| | |
|---------------|--------|
| Volatility | 2.32% |
| Sharpe ratio | 2.53 |
| Sortino Index | 1.94 |
| Max DrawDown | -3.47% |
| Worst Month | -2.28% |

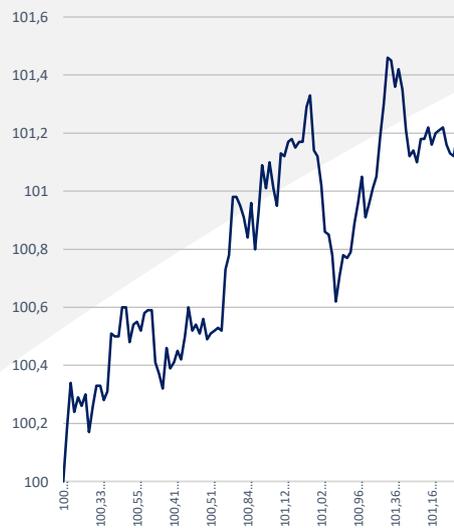
n.b. since the strategy for the Kronos fund is the same as the Avantgarde fund, except for the bond's section, its commentary follows the same main points of the second.

KYRON FIXED INCOME

The evolution of interest rates over the month followed two distinct phases: poor economic data at its beginning prompted expectations of further cuts by the FED and caused a sudden drop in rates; while increasing optimism on a positive resolution of the tariffs war put pressure on bonds with rates rising back near the previous levels.

The overall result was a bull steepening with the treasury curve returning to a more usual shape.

The activity on the Fund continued to focus on adjusting the risk-return profile switching out of bonds with limited upside.



Share B1 - LU1918787018

Performance

| | |
|-----------------|--------|
| Last trimester | 0.5% |
| YTD | 1.4% |
| Since inception | 1.04% |
| NAV/Share | 101.21 |

Statistics

| | |
|--------------------|----------|
| VaR | 0.8% |
| Ex-Ante Volatility | 1.4% |
| Sharpe Ratio | N/A |
| Sortino Index | N/A |
| Average yield | 1.9% |
| Average duration | 2.1 anni |

KYRON EQUITY ABSOLUTE RETURN

The main factor affecting global equity markets during the month has been, once again, the evolution of the trade talks between US and China. Having started on a pessimistic tone at the beginning of October, markets soon found a floor thanks to positive statements by Trump and other officials. With a resolution of the stand-off finally in sight, markets have progressively priced in a rosy scenario which pushed indexes to new highs, helped by an earnings season which proved better than many feared as well as central banks still able and willing to provide support.

In this environment the fund kept a cautious stance, wary of the potential for irrational exuberance that may prompt a sudden reversal as happened about one year ago.

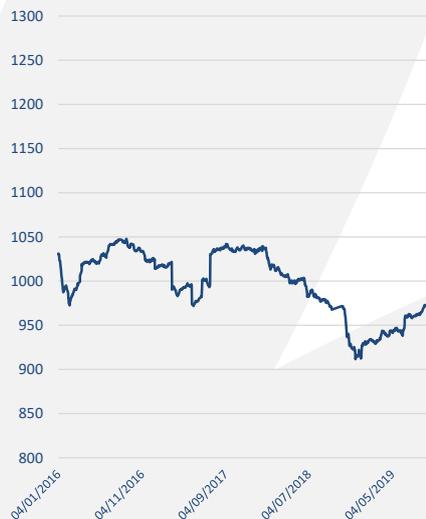
The activity focused on reviewing and increasing the exposure to third-party funds with good prospects as well as positioning to profit from a potential correction.



| Share A1 - LU1918787364 | |
|-------------------------|--------|
| Performance | |
| Last trimester | -0.7% |
| YTD | -0.9% |
| Since inception | -0.9% |
| NAV/Share | 990.43 |
| Statistics | |
| VaR | 2.5% |
| Ex-Ante Volatility | 5.8% |
| Sharpe ratio | N/A |
| Sortino Index | N/A |

LOW VOLATILITY

In October, the fund remained cautious. The negative performance has been mainly generated by the increase on the government yield segment and a weaker USD. Anticipating a rise in volatility in October, the fund was mainly exposed on Developed market government bonds and Investment Grade credit in order to preserve the capital gain made this year. But the equity index continued to set record days after days while government yields went up, as liquidity mattered more than deteriorating fundamentals. The fund started October with a 15% hedging level on its USD investments and ended with a hedging level of 100%. The reason behind this shift lies in the aggressive balance sheet expansion done by the Fed, which at one point weakened the USD against major currencies. The funds raised its less defensive investment at end of month, increasing equities exposure and commodities exposure as rise in volatility didn't materialize. Emerging markets equities & credit, and commodities should profit from a weaker USD.



| Share I - LU0677960717 | |
|------------------------|------------|
| Performance | |
| Last Month | -0.60% |
| YTD | 4.42% |
| Since inception | -4.49% |
| NAV/Share | 955.11 |
| Statistics | |
| Volatility | 4.57% |
| Sharpe ratio | -0.14 |
| Sortino Index | 0.08% |
| Average yield | 2.04% |
| Average duration | 3.11 years |