

# CIGOGNE FUND

## Fixed Income Arbitrage

31/12/2019



Assets Under Management : 421 967 991.49 €

Net Asset Value (O Shares) : 14 922.22 €

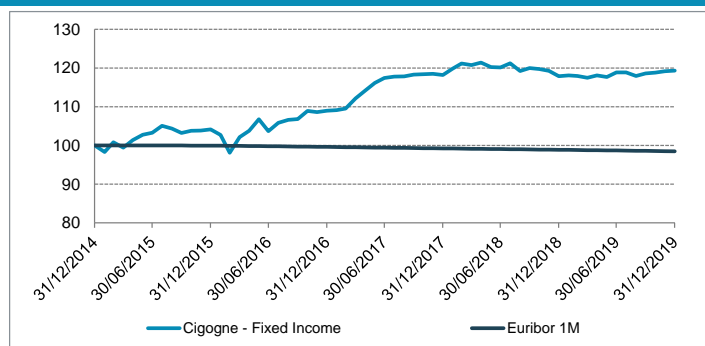
### PERFORMANCES

	January	February	March	April	May	June	July	August	September	October	November	December	YTD
2019	0.20%	-0.13%	-0.40%	0.51%	-0.34%	0.98%	0.01%	-0.78%	0.57%	0.21%	0.26%	0.15%	1.22%
2018	1.36%	1.14%	-0.36%	0.54%	-0.94%	-0.10%	0.90%	-1.65%	0.66%	-0.22%	-0.38%	-1.19%	-0.29%
2017	0.11%	0.39%	2.39%	1.77%	1.77%	1.09%	0.29%	0.06%	0.38%	0.08%	0.08%	-0.22%	8.47%
2016	-1.36%	-4.49%	4.14%	1.61%	2.83%	-2.86%	2.05%	0.76%	0.19%	1.95%	-0.26%	0.33%	4.66%
2015	-1.69%	2.57%	-1.41%	2.00%	1.33%	0.52%	1.72%	-0.66%	-1.08%	0.52%	0.09%	0.27%	4.14%

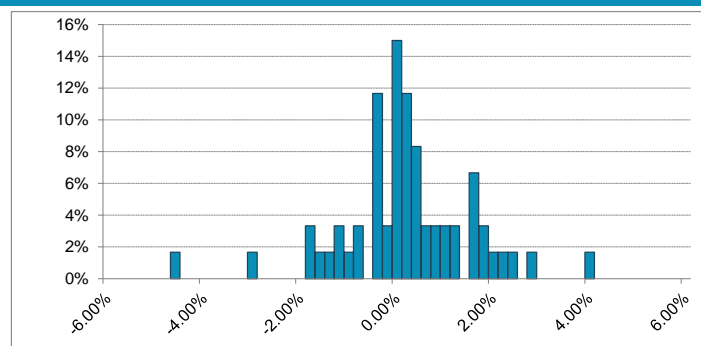
### PORTFOLIO STATISTICS SINCE 31/12/2004 AND FOR 5 YEARS

	Cigogne Fixed Income Arbitrage		Euribor 1M		HFRX Global Hedge Fund EUR Index		MSCI World AC TR EUR Index		Markit iBoxx Corporate Index	
	For 5 Years	From Start	For 5 Years	From Start	For 5 Years	From Start	For 5 Years	From Start	For 5 Years	From Start
Cumulative Return	19.32%	49.12%	-1.52%	16.21%	-7.17%	-7.89%	61.40%	227.51%	10.26%	80.31%
Annualised Return	3.59%	2.70%	-0.31%	1.01%	-1.48%	-0.55%	10.04%	8.22%	1.97%	4.01%
Annualised Volatility	4.73%	10.86%	0.04%	0.45%	3.92%	5.53%	11.86%	12.48%	2.59%	3.37%
Sharpe Ratio	0.82	0.16	-	-	-0.30	-0.28	0.87	0.58	0.88	0.89
Sortino Ratio	1.44	0.23	-	-	-0.40	-0.37	1.51	0.95	1.81	1.67
Max Drawdown	-6.62%	-33.08%	-1.52%	-1.52%	-12.24%	-25.93%	-13.16%	-48.81%	-3.12%	-5.80%
Time to Recovery (m)	3	7	-	-	> 12	> 132	14	48	6	4
Positive Months (%)	66.67%	67.22%	3.33%	67.78%	58.33%	58.33%	63.33%	64.44%	53.33%	61.67%

### PERFORMANCE (Net Asset Value)



### DISTRIBUTION OF RETURNS (Monthly Basis)

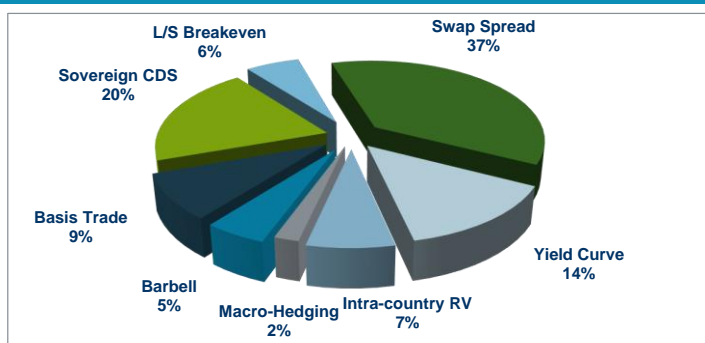


### INVESTMENT MANAGERS' COMMENTARY

The monthly performance of the Cigogne – Fixed Income fund stands at +0.15%.

The Fixed Income sub-fund ended 2019 on a positive note. December saw risky assets buoyed by the overall optimism of the financial markets. On the international front, the "Phase 1" trade agreement between the United States and China, which provides for a reduction in customs duties on some Chinese products in return for the purchase of \$20 billion worth of US products over the next two years, guaranteed a lull in trade tensions – at least in the short term. In Europe, the victory of Boris Johnson's Conservative Party in the parliamentary elections on 12 December provided investors with more visibility and reflected the British population's desire to leave the EU. Future negotiations between London and Brussels are shaping up to remain heated, however, as Boris Johnson immediately brandished the threat of a "no deal" by the end of 2020 in an attempt to force the EU to work quickly and make concessions. Nevertheless, these events represent support for business (in developed countries), allowing the central banks to remain accommodative without taking further action. In emerging countries, the moderate recovery in world trade and the absence of financial tensions over the next few months, particularly as a result of the presence of central banks, will be supporting factors. Against the backdrop of this "risk on" movement, investors once again turned to peripheral countries, resulting in an automatic reduction in their rates. This particularly benefited our strategies for purchasing asset swaps such as Iceland 07/20, Morocco 10/20 denominated in euros or Bonos 07/66 against swaps. Finally, the abatement of geopolitical tensions benefitted our "Emerging" portfolio and, more specifically, our protection selling strategies for 2-year and 5-year South African issues as well as 1-year Turkish issues. To finish, the sub-fund took advantage of the UK elections to introduce two new steepening strategies for the British curve on GILT 07/26 versus GILT 10/28, and GILT 07/23 versus GILT 10/29, at attractive levels. We were also able to invest in the new Greek and Italian short-term issues, which we believe offer an attractive risk/reward ratio.

### ASSET BREAKDOWN



### CORRELATION MATRIX

	Cigogne Fixed Inc.	Euribor 1M	HFRX HF Index	MSCI World Index	Markit iBx Corp. Index
Cigogne Fixed Inc.	100%	-2%	33%	24%	2%
Euribor 1M	-2%	100%	-12%	-2%	-7%
HFRX HF Index	33%	-12%	100%	77%	35%
MSCI World Index	24%	-2%	77%	100%	43%
Markit iBx Corp. Index	2%	-7%	35%	43%	100%

# CIGOGNE FUND

## Fixed Income Arbitrage

31/12/2019



### INVESTMENT OBJECTIVES

Arbitrage strategies implemented in the Fixed Income compartment consist in benefiting from modified shapes of the interest rate curves: yield curve arbitrage, inter-country arbitrage, government bond against swap, basis trade on sovereign issuer, inflation arbitrage and so forth. This approach does not focus solely on the credit component and does essentially resort to vehicles such as government bonds, interest rates futures and swaps, credit default swaps and cross currency swaps. The portfolio is structured around twelve specialities with 120 single strategies on average. Interest rate exposure is systematically hedged, the investment universe is limited to sovereign issuers in the Eurozone, the G7 and more generally to national and supranational issuers which long term debt is at least BB (or equivalent) rated by the main rating agencies.

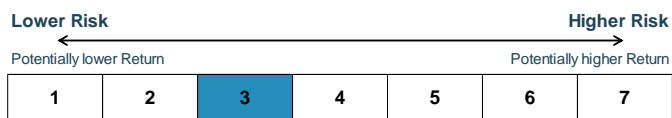
### MAIN EXPOSURES (In percentage of gross asset base)

Italy	7.98%
Greece	5.10%
Canada	2.90%
New Zealand	1.68%
Australia	1.68%

### FUND SPECIFICS

Net Asset Value :	421 967 991.49 €
Net Asset Value (O Units) :	46 692 868.27 €
Liquidative Value:	14 922.22 €
ISIN Code :	LU0648560141
Legal Structure :	FCP - SIF, AIF
Inception Date of the fund :	November 14th 2004
Inception Date (O Units) :	November 14th 2004
Currency :	EUR
NAV calculation date :	Monthly, last calendar day of the month
Subscription / redemption :	Monthly
Minimum Commitment:	1 000 000.00 €
Minimum Notice Period:	3 months
Management Fee:	1.50%
Performance Fee :	20% High Water Mark
Hurdle Rate :	Euribor 1M
Country of Registration :	FR, LU, UK
Management Company:	Cigogne Management SA
Counsel in Investment:	CM-CIC Marchés
Depository Bank:	Banque de Luxembourg
Administrative Agent:	European Fund Administration
Auditor:	Deloitte Luxembourg

### RISK PROFILE



The risk category has been determined on the basis of historical data and may not be a reliable indication of the future risk profile. The risk and reward category shown does not necessarily remain unchanged and the categorization of the fund may shift over time.

### REASONS TO INVEST IN CIGOGNE FIXED INCOME ARBITRAGE

In addition to traditional financial investment, alternative investments aim to provide investors with absolute performances independent from the return of traditional asset classes such as shares, bonds etc. With these objectives, alternative investments can be construed as the natural complement to assets allocation between classical portfolio investment and risks managed performance strategies that take advantages of market inefficiencies.

Cigogne Management S.A. is the alternative asset management branch of the Credit Mutuel Alliance Fédérale, a major actor in the industry. Cigogne Management S.A. benefits from CM-CIC Marchés' deep expertise. Cigogne Management S.A. currently manages the Cigogne Fund, Cigogne UCITS and Cigogne CLO Arbitrage funds (single-strategy funds) as well as the Stork Fund (multi-strategy funds).

Cigogne Fund - Fixed Income Arbitrage aims to achieve stable and positive performances over time, uncorrelated from traditional asset classes by setting up sovereign bonds and interbank rates arbitrage strategies.

### DISCLAIMER

The information contained herein is provided for information purposes only and shall only be valid at the time it is given. No guarantee can be given as to the exhaustiveness timeliness or accuracy of this information. Past performance is no indication of future returns. Any investment may generate losses or gains. The information on this document is not intended to be an offer or solicitation to invest or to provide any investment service or advice. Potentially interested persons must consult their own legal and tax advisor on the possible consequences under the laws of their country of citizenship or domicile. Any person must carefully consider the suitability of their investments to their specific situation and ensure that they understand the risks involved. Subscriptions to fund shares will only be accepted on the basis of the latest prospectus and the most recent annual reports.

### CONTACT

#### CIGOGNE MANAGEMENT S.A.

18 Boulevard Royal  
L - 2449 Luxembourg  
LUXEMBOURG

[www.cigogne-management.com](http://www.cigogne-management.com)

[contact@cigogne-management.com](mailto:contact@cigogne-management.com)

