

Investment Objective

The Sub-Fund’s objective is to achieve positive returns through the use of a flexible investment strategy that will rely on active asset allocation. The active asset allocation will result from the combination of a top down approach with a bottom up stock picking analysis.

In order to meet the investment objective of the Sub-Fund set out above, the Sub-Fund may invest without any geographical and economic constraint:

- By at least 10% and by no more than 85% of its total assets in equity securities and other equivalent securities
- By at least 10% and by no more than 85% of its total assets in debt instruments, cash and cash equivalents (deposits with credit institutions and money market instruments).ld

In addition, the Sub-Fund may also invest up to 30% of its net assets in Exchange Traded Funds (ETFs), qualifying as UCITS or respectively UCI, which may represent a sector or a market index as per the meaning of article 41 (1) indent (e) and article 46 of the 2002 Law and/or up to 10% of its net assets in ETFs on commodities respecting article 41(2) indent a) of the 2002 Law.

Finally, the Sub-Fund, in order to meet its investment objectives, may use on a regular basis listed financial derivative instruments for the purposes of hedging currency risk, interest rate risk, market risk and efficient portfolio management.

Investor Profile

The Sub-Fund has a high risk profile and is addressed to investors pursuing a long-term investment objective with the prospects of achieving returns from income and capital gains.

Investment Commentary

During the 2nd quarter of the year, market volatility increased significantly as the US-China trade war news flow continuously changed for positive to negative and vici versa. In May trade negotiations seemed to deteriorate drastically and a nonagreement was the most probable outcome resulting in a major pullback for risky assets. But in June, there was a sharp reversal to the positive side in risk sentiment: a revival of trade negotiations near the end of the quarter and ahead of the G-20 summit in Japan combined with a very clear shift in the world’s major monetary policy makers’ stance towards an easing bias resulted in a sharp rebound both in equity and bond prices regardless of their risk profile. In fact, the world’s major central banks, acknowledging the weak global economic backdrop, signaled that they are ready to introduce a new cycle of monetary easing. Specifically, the Fed, faced with a set of mixed economic data, did not cut interest rates at its June meeting, but indicated with its “dot plot” that there may be interest rate cuts ahead if future incoming macro data persist on the soft side. According the latest data, the US economy grew at a healthy pace (annualised 3,1% QonQ), the unemployment rate remained at a 49-year low of 3,6% and core inflation was on target, but consumer confidence weakened to a 2 rear low and May manufacturing PMI data hit its lowest level since 2009 indicating a slowing business activity. In the same manner, the ECB hinted through its president Mario Draghi that further monetary policy easing, such as new bond purchases, could be on the way if weak eurozone growth and an already low inflation persist. Finally, with respect to the Chinese economy no material economic reacceleration is expected as its economy is both in a stabilization phase after the latest policy stimulus measures and in transition phase for production driven to consumer driven economy.

Within this context, equities globally posted another quarter of positive gains erasing all May losses as depicted by the performance (YTD c.16,6%) of the broad based MSCI ACWI Index which advanced by c.3,80% during the 2nd quarter. At the same time, several key equity market indexes hit record highs as for example, the S&P500 which recorded its best start to the year in over two decades accumulating another c.4,30% to its overall YTD performance of c.18,50%. Except for energy stocks, all sectors in the S&P 500 recorded gains, led by financials shares, which gained 8% on a total return basis while cyclical stocks clearly outperformed defensive ones. Oddly enough, the NASDAQ100 which has been leading the way during the long-lasting rally did not record a new record high despite its quarterly gains of c.4,25%. As far as the rest of the developed markets are concerned, European equities ended the quarter well in positive territory despite the overhang of Brexit and weak growth rates. The MSCI EMU Index recorded solid quarterly gains of c.4,65% resulting in a YTD performance of c.17,30%. On the other hand, Japanese equities were among the worst performers on a quarterly basis as the NIKKEI225 index advanced by only c.0,45% resulting into a “disappointing” YTD performance of c.7,5% given the global risk on sentiment and the performance of the rest of the developed markets. In the same manner with the Japanese market, emerging markets also failed to compensate investors during the 2nd quarter, as the MSCI EM Index posted marginal quarterly gains c.0,70% bringing up its YTD performance to c.10,70%

Regarding fixed income markets, after the clear shift in major central banks’ monetary stance, market expectations for a lower interest rate environment globally have intensified driving up bond prices even higher compared to the 1st quarter and tightening spreads even more across the whole bond universe. As a result, the Bloomberg Barclays Global Aggregate index posted robust quarterly gains of c.3,30% resulting into a YTD performance of c.5,50% with all major bond segments recording solid gains since the start of year. Robust demand by traditional fixed income investors seeking to “lockup” yields has resulted into impressive YTD performances in the area of c.10% for corporate and high yielding bonds as depicted by the Bloomberg Barclays US Corporate Bond Index and the Bloomberg Barclays Global High Yield index respectively.

Looking ahead, more accommodative monetary policies and less disruptive trade policies could continue to support markets and risky assets. However, given that this economic expansion is in its late cycle phase during which corporate earnings growth is deaccelerating and profit margins are squeezed, equity valuations look rather stretched and market risks seem tilted to the downside. In fact, global growth rates need to accelerate quickly so that corporate earnings can increase at a rate that will normalize equity valuations. Otherwise, we might experience a severe rise in volatility and consequently a material retreatment in prices of risky assets especially if policy makers, either at monetary or fiscal level, fail to deliver.

Fund Facts

Structure	UCITS V Luxembourg
Total NAV Size	2.348.911,16 €
Risk Class	<div><div>1</div><div>2</div><div>3</div><div>4</div><div>5</div><div>6</div><div>7</div></div>
Benchmark	Hurdle 7%
Liquidity	Daily
Mngnt Co	Eurobank FMC-LUX
Investment Manager	Eurobank Asset Management MFMC
Investment Advisor	Prelium Investment Services
Custodian/Administrator	Eurobank Private Bank Luxembourg S.A.
Auditor	PricewaterhouseCoopers

Portfolio Recap

The fund slightly increased its overall market exposure towards the end of the quarter utilizing the significant drawdown that was recorded in specific markets and asset classes but not to an extend that it would suffer hard-to-recover losses in the case of a prolonged market turmoil. Within this context, the fund’s equity exposure remained constant at c.30,4% while hedging positions were slightly decreased from 80% to c.55% of the equity exposure reflecting an increase in systemic risk. Regarding the fund’s geographical breakdown, we have maintained its overweight stance on European equities (c.20%) by allocating almost twice as much compared to their US peers (c.10,4%). European equity valuations remain at low levels and thus can generate in the medium term both alpha and beta driven returns. Finally, the fund maintained a balanced exposure/distribution with respect to sectors and market factors.

The fund's overall bond exposure remained constant at c.53,80% during Q2 and no material changes were made with respect to duration and credit risk on a look through basis. Its overall bond strategy remained intact by maintaining its yield producing assets in combination with securities which have a safe heaven status. Thus, USTs remained the fund’s second largest position as a sub-asset class and accounted for c.22% of the NAV in order to increase the fund’s ability to weather a severe market drawdown. Regarding the fund’s currency exposure, US dollar denominated holdings account for c.59% of the fund’s NAV and hedges and held that cover c.70% of this holdings in order to contain currency volatility. By the end of the quarter, the fund’s cash holdings stood constant at c.15.80% of the NAV but overall the systemic risk exposure of the fund was slightly increased reflecting a neutral to slightly negative stance towards markets and risky assets. The initiation of this strategy was deemed appropriate after the recent market rally and up until there is a clearer view on the prospects of the global economy and the momentum of corporate earnings growth.

	Prelium A	Prelium B
Currency	EUR	EUR
ISIN code	LU0517761358	LU0517761515
Bloomberg ticker	PRELFTR LX Equity	PRELFTB LX Equity
MorningStar Rating	3-Star	3-Star
Inception date	5/7/2010	19/11/2010
Assets (class currency)	1.920.891,63	428.019,53
NAV	10,7614	11,6693
Min NAV	10,2710	11,0962
Max NAV	10,8794	11,7021
Entry fee	0%	0%
Redemption fee	0%	0%
Conversion fee	Difference in Entry fees	
Redemption scheme	T+3	T+3

More information

Eurobank

Asset Management M.F.M.C.

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SEI

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INVESTMENT

SYSTEM CERTIFICATION

Risk Statistics

Standard Deviation	4,24%
VaR	1,93%
Yield Maturity	1,43%
Duration (years)	1,75

Standard Deviation calculations have been performed using a data sample of the last 12 month. The **VaR** analysis is based on the Historical Simulation method using the 99th percentile as confidence interval and historical data of the last 12 months. The VaR level refers to the one month VaR.

Fund Returns

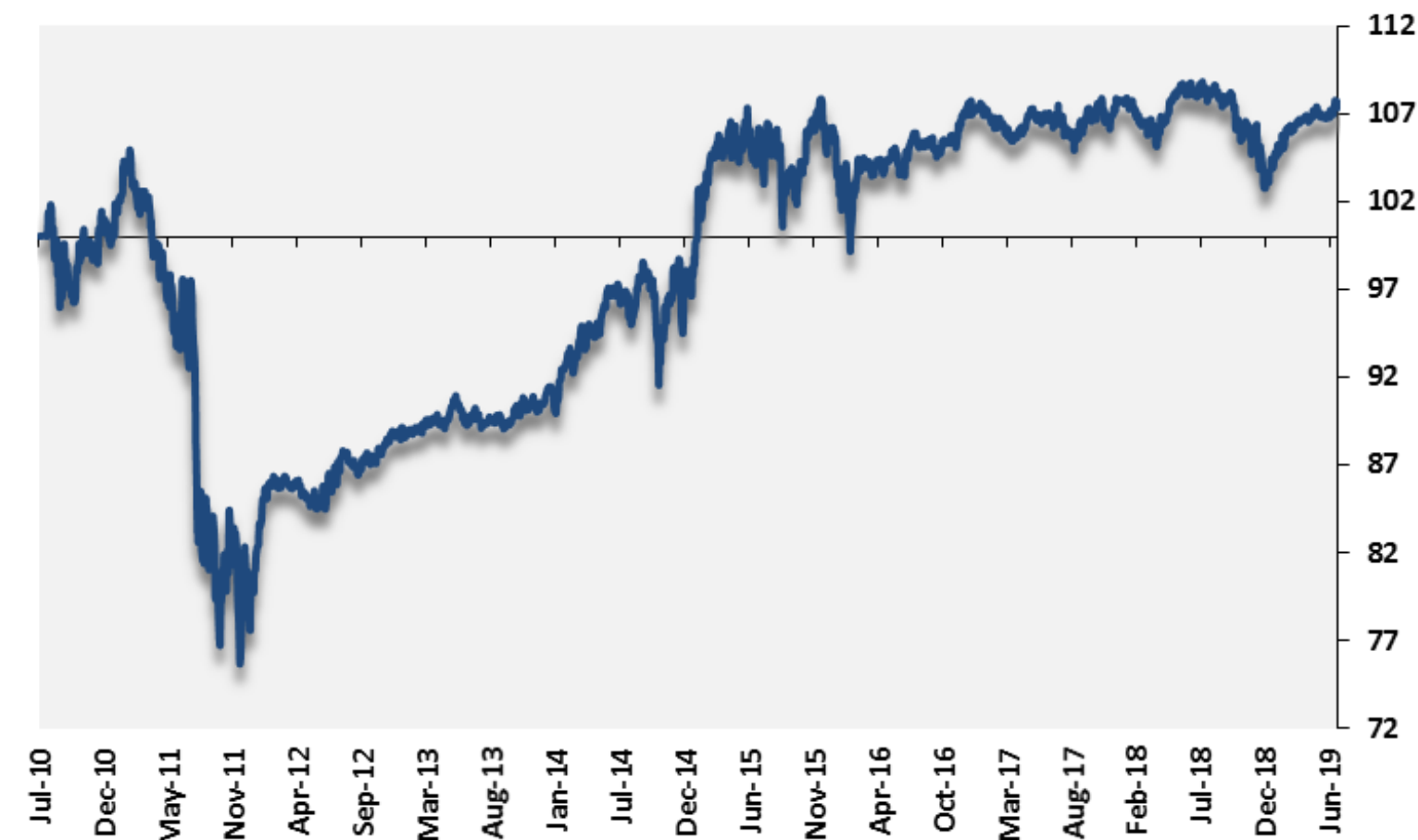
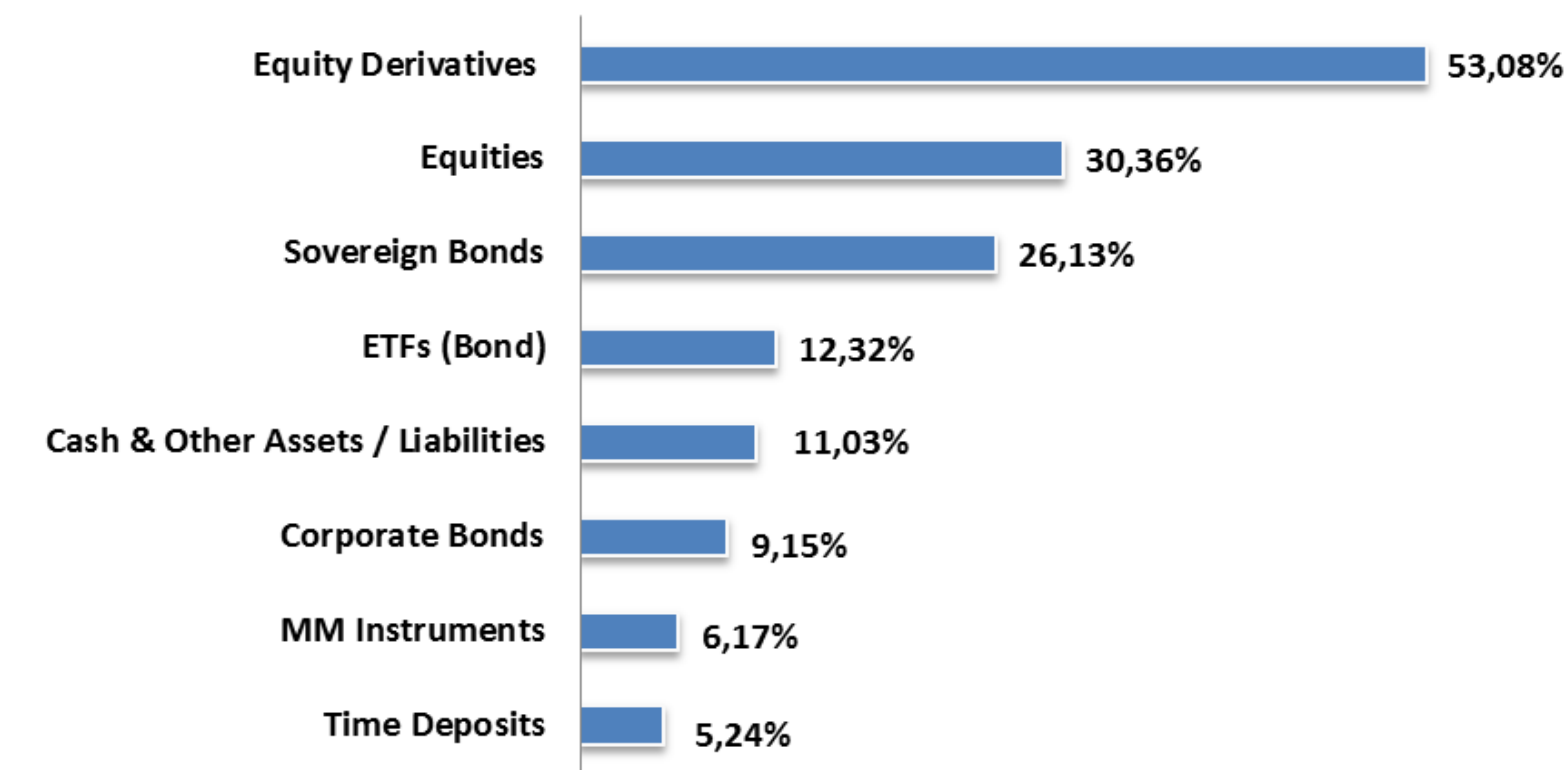
Cumulative Returns per share class

Share Classes	YTD	1 y	3 y	5 y	Since inception
Prelium A	4,21%	-0,38%	3,78%	11,31%	7,61%
Prelium B	4,58%	0,49%	6,82%	16,91%	17,61%

Annual Returns per share class

Share Classes	2018	2017	2016	2015	2014	2013
Prelium A	-4,14%	+0,49%	+1,17%	+8,50%	+7,81%	+2,03%
Prelium B	-3,16%	+1,50%	+2,21%	+9,80%	+8,62%	+3,05%

Portfolio Asset Class Breakdown



Major Holdings(%)

US TREASURY 31/01/2022 1.875%	7,69%
T 1.125% 28/02/21	7,03%
T Dep 28/06-02/07 2.32% ING Bank N.V.	5,24%
ISHARES JPM USD EM BND EUR - H	5,20%
AAPL 06/05/2020	4,67%
US TREASURY 30/11/2020	3,56%
ISHARES JPM USD EM BND USD D	3,44%
BAC 2.625 19/4/21	3,20%
ISHARES USD SHORT DUR HY CORP	2,78%
GGB 30/01/2028	2,73%

Geografical Equities Breakdown

GERMANY	62,70%
FRANCE	54,07%
UNITED STATES	22,02%
NETHERLANDS	12,33%
CHINA	10,77%
BRITAIN	4,83%
ITALY	3,22%
ISRAEL	0,71%

Sector Allocation

Consumer Staples	37,92%
Consumer Discretionary	34,90%
Health Care	32,86%
Information Technology	25,43%
Industrials	23,46%
Financials	19,70%
Communication Services	15,35%
Materials	12,55%
Energy	6,12%
S&P 500	-37,67%
EUROSTOXX 50	-70,64%

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