

# invertia

## Patrival, a flexible management fund for minimized market risk

The flexible management funds such as Patrival FI, are capable of smoothing the largest market movements, and could be an alternative in a less optimistic environment that comes with less appetite for risk.



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income, in a variety of percentages, and without any type of limitation by currency, asset, geographic zone or investment rating. From a selection of funds with four and five stars from VDOS's flexible mix category, PATRIVAL is positioned as **one of the top ten for profitability so far this year** with 2.59%.

With assets under management of **44 million euros**, it maintains an equal exposure of equities as fixed income, direct or indirect, and with a risk exposure that can range from 0 to 100%. Without limitations by capitalization or sector in equities, or by rating in fixed income, the duration of their fixed income portfolio is not determined. You can invest up to 10% of the assets in **Institutions of Collective investment (IIC)** including sought after ETF funds. It takes as reference the profitability of the combined indices **Stoxx 600 (40%), S&P 500 (20%), and AFI Repo (40%)**.

The fund manager is Patrivalor. Founded in 1998 by **José Antonio Santos, PhD**, it became a **Management Company of Collective Investment Institutions (SGIIC)** in the summer of 2015. The team consists of Christine Dallet, CIAA, prior Head of Portfolio Management at Credit Suisse, and Head of Portfolio Management at Espirito Santo, and Ricardo Santos, CFA, prior

financial analyst at Nmas1 and BNP Paribas. The five most important aspects to the firm are quality, independence, objectivity, alignment with the client, and socially responsible investment.

**Quoted derivatives** may be used, as coverage or investments, with maximum exposure to market risks from derivatives of equity. To mediate the total exposure to market risk, associated with derivative financial instruments, they apply the compromise methodology, whose objective is the mediation of excess leverage generated by investments in derivative financial instruments.

The fund could make use of **efficient portfolio management techniques**. The operative with securities and financial instruments, carried out in order to manage the portfolio more efficiently, would be economically adequate for the fund, in the sense that it would be effective in relation to the cost. The entities that pay this cost would be entities of known prestige in the market, being able to belong, or not, to the management group or the depository.

Since the exposure to the stock market of PATRIVAL could reach almost 97%, the fund is targeted for investors with a high tolerance for risk.

The companies with the most weight in this portfolio are tech companies from the Netherlands, ASML (7.4%), the United States, Alphabet (4.5%) and Microsoft (3.5%), along with the Dutch consumption company Unilever (3.3%) and the Swiss multinational health company Novartis (3.2%).

The **historical evolution of the profitability of the fund**, is situated among the best in its category, in the first quintile, during 2017 and 2018, as well as in the cumulative result to one and three years. Also, three years later, its volatility figure was 8.72% and 11.19% in the last annual period. In this last period, its Sharpe was 1,12 and its tracking error, with respect to the rest of the funds in its category, of 9.42%. The subscription to the fund does not require a minimum initial contribution, applying a management commission of 1.30% and a deposit of 0.08%.

In agreement with the management team, the base scenario is positive, given the good business results (more than 23.70% year-to-year in benefits and above 8.5% in sales) with a good number of companies increasing estimations for 2018, between an additional 7 and 10 percent. The macro indicators follow in healthy levels, for example, **the physical volume transported in trucks has increased more than 9.50% year-to-year**. There are factors that could affect or alter the base scenario and that could bring episodes of volatility, hence the evolution of the tone in the markets: from the euphoria that discounts expectations, to caution that which celebrates results.

The positive evolution of the fund in terms of profitability, especially in the last period of the past two years, **with respect to the volatility incurred in the same period, makes it worthy of the 4-star rating** from VDOS