(LF) TOTAL RETURN FUND

12 17

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.

Fund Facts

Structure	UCITS IV Luxembourg
Total NAV Size	3.063.809,11 €
Risk Class	1 2 3 4 **5** 6 7
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

	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)	1.978.039,37	1.085.769,74
NAV	10,7723	11,5225
Min NAV	10,4893	11,1825
Max NAV	10,7854	11,5310
Entry fee	0%	0%
Redemption fee	0%	0%
Conversion fee	Difference in Entry fees	
Redemption scheme	T+3	T+3

Investment Commentary

Another good quarter for most asset and sub-asset classes during which risk appetite remained at elevated levels. No negative catalysts or tail risk events emerged during the quarter that could put a halt to this long-lasting market rally. Consequently, investors continued to react positively to improving macroeconomic data, strong corporate earnings and rising commodity prices. All major economies seem to be at a synchronized global economic growth acceleration. Many economists argue that the US economy is in a "goldilocks" situation of solid growth and "just enough inflation" after the announcement of better-than-expected third quarter GDP growth of 3.,0% (annualized) combined with a healthy labor market. At the same time, data on the eurozone economy indicate that its recovery is continuing at a solid pace: the region's GDP grew by 0,6% in the third quarter, inflation recorded a strong reading of 1,5% for November and unemployment rate fell to 8,8%. Surprisingly enough, the Japanese economy seems to be performing even better especially after the data released in December. The unemployment rate declined to 2,7%, while inflation data, industrial production and retail sales exceeding expectations by a wide margin. On the other hand, no concerns have risen with respect to China's slowing long-term growth rate since it is expected as its transforms to a more consumer driven economic model. Finally, macro data were also validated on a micro level by strong corporate earnings season across sectors and geographical regions. All the above have formed an economic and investment backdrop that has driven risk assets higher and volatility to historic lows.

As expected, equities were once more the major beneficiary of this quarter resulting in solid gains for most major indexes on a quarterly basis and but for all of them on a yearly basis. Specifically, US equities received an extra boost from the finalization of the tax reform plan and had a great year recording new historic highs and statistical data that are rarely observed. For example, the S&P500 delivered positive returns in every single month of 2017, making 2017 the first calendar year with no monthly losses. Specifically, the index advanced by another 6,6% on a quarterly basis, which translates into a YTD performance of c.21,8%. The market rally was broad based with most sectors returning about 20% except for bond proxy sectors (utilities, telecommunications and REIT's) which clearly lagged. Nevertheless, there was a sector that clearly stood out with its performance: technology, which includes a lot of companies, that which are regarded as market disruptors and thus drew increased market attention and inflows. This was also mirrored on the performance of the NASDAQ100, which edged up another c.7,0% during the quarter and ended with a spectacular YTD c.31,00% return. In the same manner, Japanese equities had a strong quarter and year based on exceptional corporate earnings. As a result, the NIKKEI225 posted quarterly gains of c.11.8% bringing its YTD returns to c.19,10%. However, the best performing equity segment this year were the emerging markets. Their positive correlation to the global economic recovery theme, combined with the weakening dollar and rising commodity prices extended their YTD return to c.34,40% as depicted by the performance of the MSCI EM Index. On the other hand, European equities struggled during the last quarter contrary to market consensus. Despite favorable valuations and strong corporate earnings, European markets ended with a marginal negative sign of c.-0,70%, during the last quarter, mostly due to the stronger euro. Nevertheless, their overall yearly annual performance was in positive territory as the MSCI EMU Index ended up with a c10,1% return.

Regarding the fixed income markets, conditions (positive economic data combined with moderate inflation) that prevailed (positive economic data combined with moderate inflation) during the first three quarters continued throughout the forth onelast and as a result, sentiment remained positive throughout the different segments of the bond markets. The Bloomberg Barclays Global Aggregate index extended its YTD gains to c.7,39%. Within the fixed income universe, demand for yield combined with strengthening corporate balance sheets and a weakening dollar continued to benefit global credit and in particular high yield as depicted by the Bloomberg Barclays Global High Yield index, which advanced another c.0,86%, registering a return of c.10,43% YTD. Finally, major sovereign bond prices oscillated during the quarter and basically ended Q4 with minor changes. The only noticeable move was recorded in US treasuries after the FED raised rates again in December. Short dated notes were affected the most resulting in a flattening of the yield curve. By the end of the year, the US treasury market had experienced a considerable sell off as markets priced in a surprise pickup in inflation due to the tax reform plan.

Looking ahead, markets may have drawn support from global economic recovery and strong corporate earnings but nevertheless, risks are increasing on the downside. Extreme investor complacency and historically low volatility cannot conceal a number of challenges that will eventually surface in the near future. The biggest one, that should be closely monitored in the next three to six months, is inflation. It should not be ruled out that an inflation surprise/shock occurs, especially in the US. In this case the process of global monetary policy normalization may be accelerated. This implies that, apart from the fact that there will be no excess liquidity to be channeled to markets, traditionally low risk interest bearing assets will offer a better risk-return profile and thus will draw investors' attention. Yields may rise enough to trigger a reversal in investment inflows and thus an asset rotation process will be initiated at the expense of risk assets. At the same time, valuations are stretched well above their long-time averages and corporate earnings growth rates are probably peeking out since they have reached their historic highs, especially in the US. This implies that a normalization in valuations will be harder to come through earnings expansion (companies cannot sustain high growth rates for a prolonged period) but rather through price correction. Finally, volatility will also normalize and when factored into allocation models the resulting outcome will be a very challenging investment environment of less reliable asset performance patterns that will be very hard for investors to navigate through.

Portfolio Recap

For the most part of the fourth quarter, the fund maintained the same strategy which was initiated during the previous quarter. Specifically, the overall market exposure remained at elevated levels, when compared to its annual average, for more than a quarter. But, towards the end of the period, in an effort to minimize systemic risk, there was a clear shift in its overall market exposure by adopting a much more defensive strategy. Within this context, the fund's equity exposure was materially decreased form c.35% to c.25% of the NAV, during the last two weeks of the year, while increasing hedges to c.85% of equity holdings. Regarding the fund's geographical breakdown, we adopted an overweight stance on European equities relative to US stocks, since European companies offer better valuations and growth prospects. In addition, the fund maintained an equal distribution across sectors and market factors.

The fund's overall bond exposure was slightly decreased to c.44% during the last quarter of 2017 without making any significant changes to the overall bond strategy. Duration and credit risk, on a look through basis, remained constant by maintaining positions to European peripheral sovereign bonds, emerging market debt and high yielding bonds, as the improving global macroeconomic conditions will be supportive for those bond categories. Regarding typical interest rate sensitive debt securities, the fund maintained its conservative stance by maintaining exposure only to short and medium dated US Treasuries and dollar denominated investment grade corporate credit. Moreover, the fund maintained its exposure to floating rate notes and inflation protected notes through ETFs, as we expect that inflation will eventually pick up and major central banks will end the era of low interest rates.

Regarding the fund's currency exposure, US dollar denominated holdings were fully hedged while positions in UK sterlings were left unhedged as we deem that any downside risks associated with the British economy have been fully priced. By the end of the quarter, the fund's cash holdings were significantly increased to c.31% of the NAV indicative of the much more defensive strategy that we have adopted on a tactical and strategic basis. Global economic growth and corporate earnings may provide a supportive backdrop for risk assets but downside risks have increased substantially due to a prolonged period of unprecedented low volatility and extreme investor complacency. A material correction in markets may not be imminent, but drawdowns occur at the least expected time and the fund will be able to utilize any price corrections by repositioning its large cash holdings.

More information

Asset Management M.F.M.C.

www.eurobankam.gr

UCITS DO NOT HAVE A GUARANTEED RETURN AND PREVIOUS PERFORMANCE DOES NOT GUARANTEE FUTURE RETURNS

(LF) TOTAL RETURN FUND

12 17

Risk Statistics

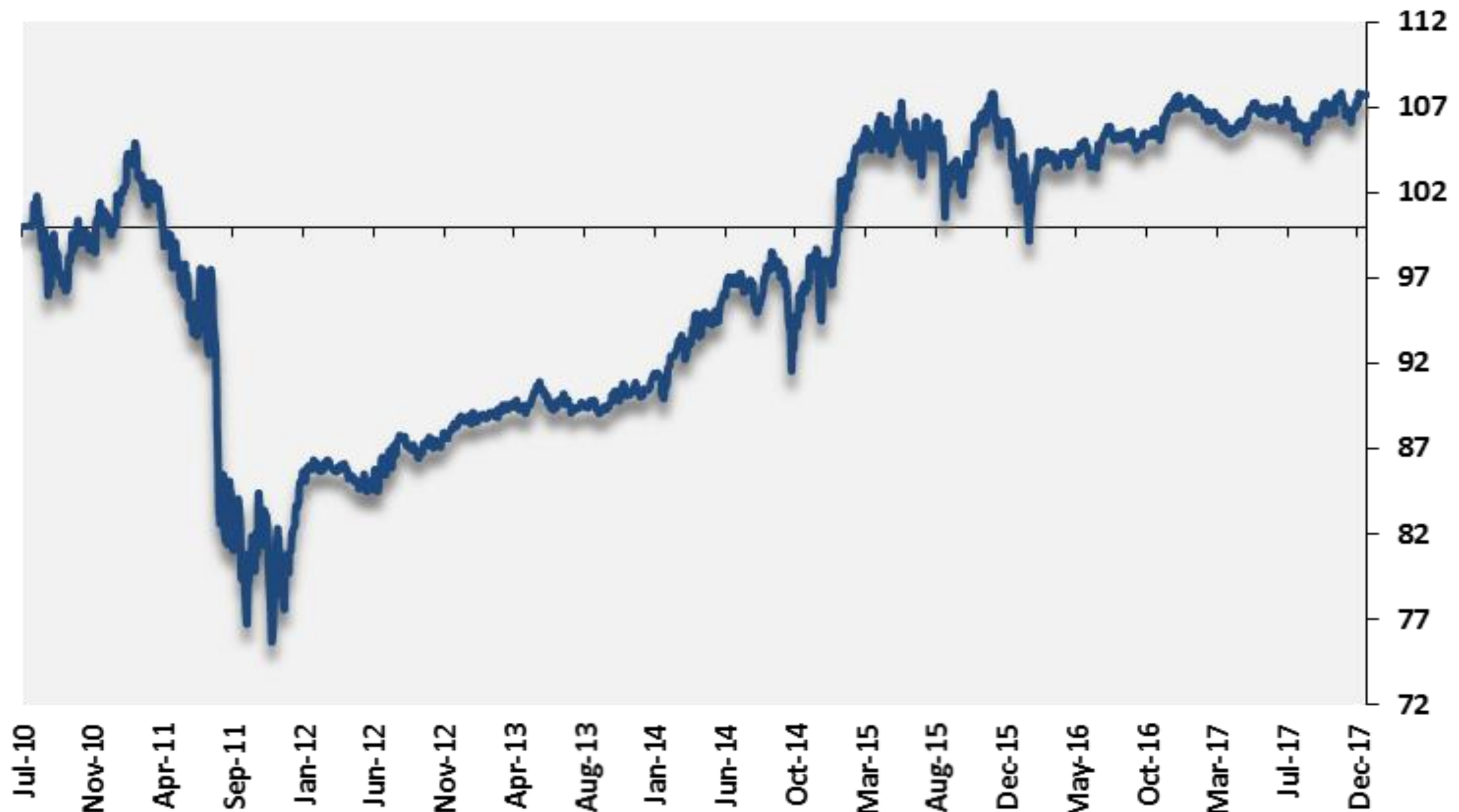
Standard Deviation	3,79%
VaR	0,96%
Yield Maturity	1,28%
Duration (years)	1,89

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.

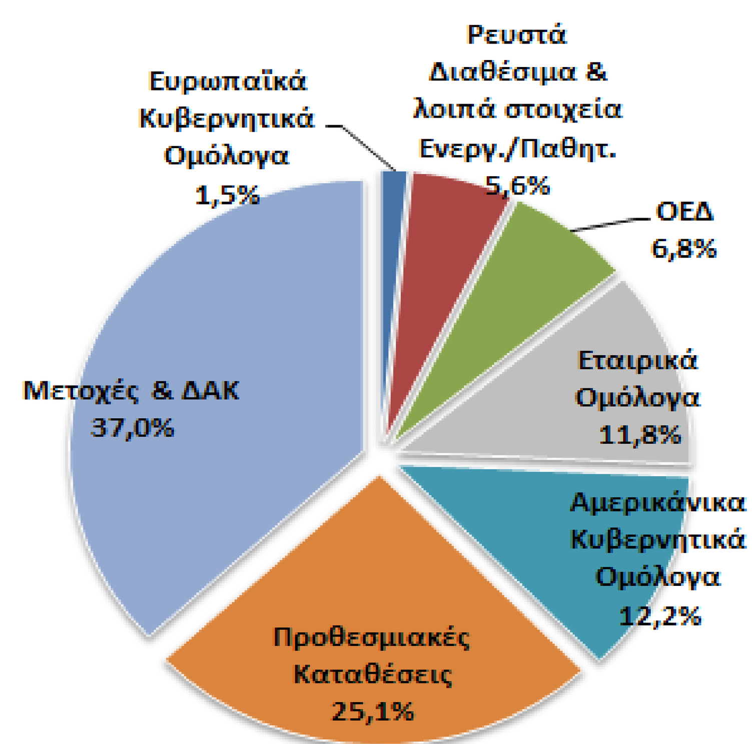
Fund Returns

Cumulative Returns per share class

Share Classes	YTD	1 y	3 y	5 y
Prelium A	0,49%	0,49%	10,31%	21,33%
Prelium B	1,50%	1,50%	13,91%	27,50%



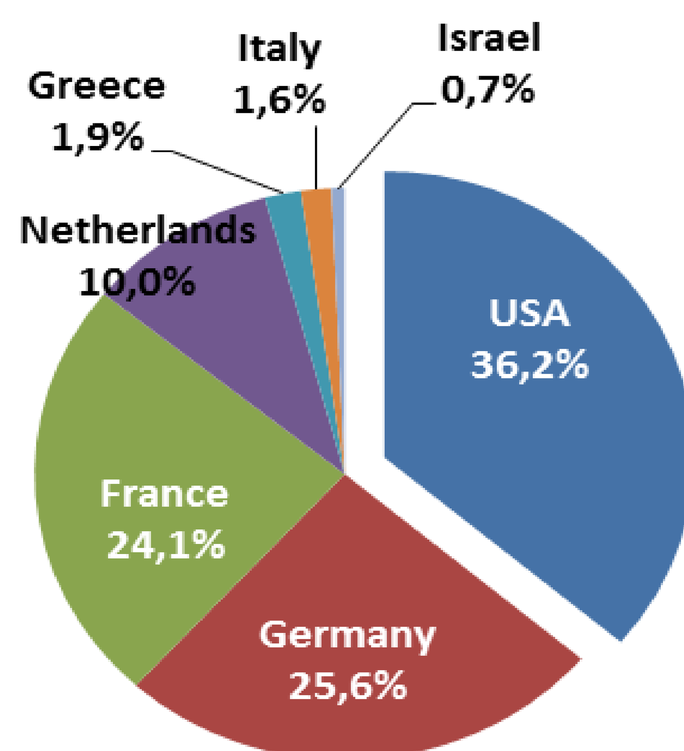
Portfolio Asset Class Breakdown



Major Holdings(%)

T Dep 18/12-02/01 .7% PIRAEUS BANK SA	6,53%
T Dep 18/12-02/01 -.5% ING Bank N.V.	4,90%
T Dep 19/12-02/01 -.6% LANDESBANK BADEN	3,91%
T Dep 20/12-03/01 -.5% ING Bank N.V.	3,26%
T Dep 27/12-02/01 -.6% LANDESBANK BADEN	3,26%
GGB 30/01/2028	3,23%
US TREASURY 31/01/2022 1.875%	3,21%
US TREASURY 30/11/2020	2,45%
ISHARES EURO INFL	2,33%
T 1.125% 28/02/21	2,12%

Geografical Equities Breakdown



Equities Sector Breakdown

Energy Sources	6,93%
Chemicals	6,25%
Software	6,17%
Health & Personal Care	4,73%
Metals & Mining	4,28%
Automobiles	4,14%
Appliances & Households	4,05%
Banks	3,67%
Software	3,41%
Electronic Components & Instruments	3,30%
Food & Household Products	3,25%
Construction & Engineering	3,11%
Multi-Industry	3,02%
Financial Services	2,72%
Merchandising	2,64%
Telecommunications	2,45%
Technology & Consulting Services	2,44%
Healthcare Facilities	2,42%
Business & Public Services	2,26%
Leisure & Tourism	2,24%
Other	26,52%

Contact

Eurobank Asset Management M.F.M.C.
10 Stadiou Str, Athens, 10564, Tel: +30 210 33 52 800, Fax: +30 210 33 52 890
Email: am@eurobank.gr
Website: www.eurobankam.gr www.eurobank.gr
Or call Europhone Banking +30 210 95 55 000 or +30 801 111 1144

© 2017 Morningstar UK. All Rights Reserved. Morningstar Ratings as of 31/12/2017

the information contained herein: (1) is property to Morningstar, (2) may not be copied (save (i) as incidentally necessary in the course of viewing it on-line, and (ii) in the course of printing off single copies of web pages on which it appears for the personal non-commercial use of those authorised to view it on-line), adapted or distributed; and (3) is not warranted to be accurate, complete or timely. This Morningstar - sourced information is provided to you by Eurobank Ergasias and is at your own risk. You agree that Morningstar is not responsible for any damages or losses arising from any use of this information and that the information must not be relied upon by you the user. Eurobank Ergasias SA informs you as follows: (i) no investment decision should be made in relation to any of the information provided other than on the advice of a professional financial advisor; (ii) past performance is no guarantee of future results, and (iii) the value and income derived from investments can go down as well as up.

UCITS DO NOT HAVE A GUARANTEED RETURN AND PREVIOUS PERFORMANCE DOES NOT GUARANTEE FUTURE RETURNS