

» *Emerging Market
Investment Grade
Corporate Bonds
Strategy*

*FISCH Bond
EM Corporates
Defensive Fund*

Product Report 31 December 2018

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Summary

Strategy

Investment grade emerging market corporate bonds with attractive yields and a positive credit trend

The FISCH Bond EM Corporates Defensive Fund invests globally in liquid, investment grade emerging market corporate bonds denominated in hard currencies. Through focused implementation of the five independent and complementary alpha sources: credit exposure, regional/sector allocation, duration, issuer assessment and relative value, we achieve a stable portfolio alpha.

Summary as of 31 December 2018

Portfolio Key Figures - EUR	Portfolio	Benchmark	Relative
Month to Date Return	0.88%	0.85%	0.03%
Quarter to Date Return	-0.41%	-0.42%	0.01%
Year to Date Return	-3.13%	-3.34%	0.21%
Return 1 Year	-3.13%	-3.34%	0.21%
Annualised Return since Inception (31.05.2010)	4.08%	4.06%	0.02%
Volatility since Inception (31.05.2010)	4.02%	3.86%	0.15%
Sharpe Ratio since Inception (31.05.2010)	0.96	0.99	-0.03

Portfolio Key Figures	Portfolio	Benchmark
Duration to Worst	5.0	5.1
Spread Duration	5.0	5.1
Yield to Worst	4.8%	4.9%
Credit Spreads (bps)	240	230
Average Rating	A-	BBB+

Strategy Emerging Market IG Corporate Bonds (gross of fees, EUR hedged, implemented in the Portfolio FISCH Bond EM Corporates Defensive Fund)

Benchmark JP Morgan CEMBI Broad Diversified Investment Grade (EUR hedged)

» Stronger tailwind expected for 2019

Manager Report



Philipp Good
Lead Portfolio Manager

For investment grade emerging market corporate bonds, December resulted in a mildly redeeming end to the year. While risk premia rose further slightly, the sharp decline in US capital market interest rates tipped performance into positive territory. The asset class closed the month up 0.9%, with the strategy finishing in line with the benchmark index (EUR hedged, gross).

With the asset class losing 3.3% in total (EUR hedged), 2018 was disappointing compared with the two years prior (both +4.3%). The drivers behind the negative result were, above all, widening risk premia (+0.7%) and slightly higher capital market interest rates (+0.2%). The attractive current yield could not entirely make up for this. The present strategy outperformed the benchmark universe by +0.2% (gross). The main reason was our more defensive stance on interest rates and credit.



Hannes Boller
Deputy Portfolio Manager

In 2018, investors were practically only able to make money on German or Swiss sovereign bonds. Surprisingly, however, emerging market investors lost less money than those invested in developed markets. The majority of our predictions for last year came true. We identified the greatest risks as being weak EM currencies (EMFX -11%), rising interest rates (+0.2%), weaker commodity markets (oil -20% / metals -18%) as well as geopolitical and idiosyncratic events (Turkey, Argentina, Brazil, the US vs. China, Qatar vs. Saudi Arabia, etc.). Our prediction for risk premia was not quite as accurate. They increased more than we had expected at the beginning of the year.



Meno Stroemer
Deputy Portfolio Manager

The year started with a strong interest rate rise due to positive economic numbers out of the US. In March, President Trump took a harder line, announcing tariffs on steel and aluminium imports. Only a month later, Argentina raised the key rate to over 30% and Russia again hit the headlines on account of fresh sanctions. Early summer then brought bad news about Italy and Brexit, before the Turkish markets veritably collapsed in August due to the decline in the currency. The subsequent interest rate rise to 24% averted total breakdown. In September, Argentina went to the IMF for a bailout and also had to raise interest rates greatly. Autumn was characterised by a slump in the price of oil of more than 40%, which, of course, had major negative implications, especially for export-led emerging markets. Even an OPEC agreement was unable to stop the price from falling. Sustained outflows and the sharp fall in interest rates towards the end of the year reflected investor risk aversion.

In a year of widening risk premia, it is not that surprising that credit-sensitive countries/regions suffered more than interest rate-sensitive segments. For example, Latin America (-2%) and Eastern Europe (-1%) found themselves bottom of the table, while Asia (unchanged) and the Middle East (+0.6%) partly made up for the negative performance. At the country level, Indonesia (-6%), Kazakhstan (-4%) and Mexico (-3.5%) brought up the rear, while high-quality countries, such as Qatar (+1.5%), South Korea (+1.4%), Singapore (+0.7%) and China (+0.2%) were all up. At sector level, metals and consumer goods securities (both -2.1%) lost value, while the result for financials was positive (+0.7%). All the above figures refer to performance in US dollars.

The credit trend at country level was mixed, as was the case in the previous years. Definitely one of the winners was Russia, which reattained investment grade status (BBB-), and Indonesia, which firmly established itself in the investment grade bucket following another upgrade (BBB). In addition, Czech Republic (AA-), Poland (A-) and Croatia (BB+) were upgraded.

Conversely, Oman was downgraded to the high yield segment towards the end of the year (BB+). Bahrain was also downgraded further (BB-).

We expect a brighter market environment this coming year for the following reasons: We take the view that the Fed will find it hard to implement four rate rises unless inflation expectations rise substantially. In other words, we expect the dampening effect of rising interest rates to be less of a feature in 2019. Furthermore, in sharp contrast to 2018, this year there are only four – rather than 25 – important elections to be held (in Argentina, India, Indonesia and Thailand). In addition, current valuations strike us as more attractive. For the first time since 2015, the basis for risk premia on EM high yield bonds is positive compared to their developed market counterparts. Within investment grade, we are 100 basis points away from the 2018 low, a level we haven't seen since Summer 2016. As for default rates, we expect a rise from the unusually low level (1%) in 2018, but even at the predicted level of 3% for 2019 they would be well below their historical average. Finally, we believe the technical market environment will be even more favourable than in 2018 due to the fall in net new issues to less than USD 25 billion.

Still, there are risks that we continue to keep a close eye on: We are keeping watch on the currency markets and would welcome a reversal of the dynamic behind the strong US dollar. In addition, the broad stability of commodity prices – especially for oil, natural gas, iron ore and copper – remains very important. In Latin America, politics remains a flashpoint. We are keeping a close eye on the new presidents in Mexico and Brazil, in particular, in their first year in office. Developments in the CEEMEA region still mainly come down to politics. This includes US-Russia and US-Saudi Arabia relations (and possible sanctions against these countries). Furthermore, 2019 will see Asia getting to grips with the trade conflict between the US and China; however, this involves not just China but bordering trade partners, such as Singapore and Taiwan, as well.

At year-end, the FISCH Bond EM Corporates Defensive Fund offered a yield to maturity of 4.8%, an interest rate duration of 5.0 and an average credit quality of BBB+.

Portfolio

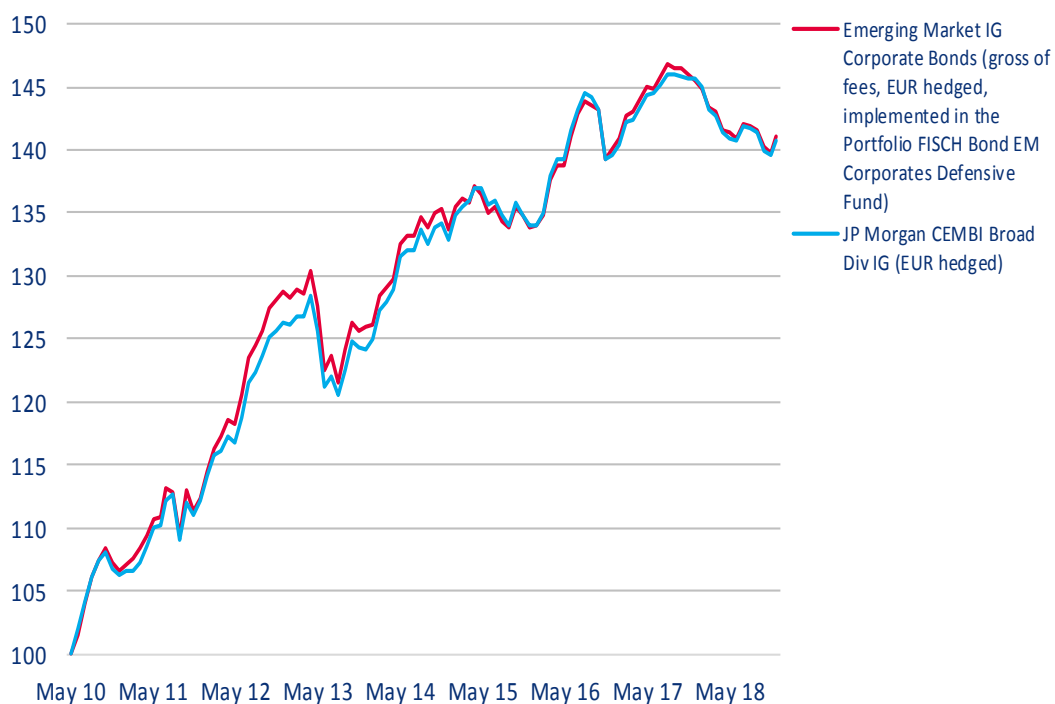
Performance Analysis of the Strategy

Performance

Performance (indexed)

The strategy has been implemented in the portfolio of the FISCH Bond EM Corporates Defensive Fund relative to the benchmark since 31st May 2010.

The net returns of the fund are provided in the section 'Investment strategy'.



Strategy

Emerging Market IG Corporate Bonds (gross of fees, EUR hedged, implemented in the Portfolio FISCH Bond EM Corporates Defensive Fund)

Benchmark

JP Morgan CEMBI Broad Diversified Investment Grade (EUR hedged)

Key Figures - EUR

	Portfolio	Benchmark	Relative
Month to Date Return	0.88%	0.85%	0.03%
Quarter to Date Return	-0.41%	-0.42%	0.01%
Year to Date Return	-3.13%	-3.34%	0.21%
Return 1 Year	-3.13%	-3.34%	0.21%
Annualized Return 3 Years	1.74%	1.67%	0.07%
Annualized Return 5 Years	2.29%	2.54%	-0.25%
Annualised Return since Inception (31.05.2010)	4.08%	4.06%	0.02%
Volatility since Inception (31.05.2010)	4.02%	3.86%	0.15%
Sharpe Ratio since Inception (31.05.2010)	0.96	0.99	-0.03
Max Drawdown 3 Years	-5.30%	-5.04%	-0.26%

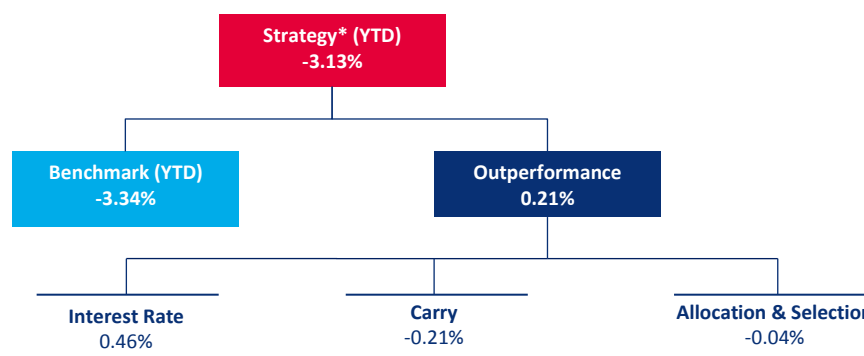
Strategy Emerging Market IG Corporate Bonds (gross of fees, CHF hedged)	Key Figures - CHF	Portfolio	Benchmark	Relative
		Month to Date Return	0.81%	0.80%
	Quarter to Date Return	-0.55%	-0.55%	0.00%
	Year to Date Return	-3.68%	-3.75%	0.07%
Benchmark JP Morgan CEMBI Broad Diversified Investment Grade (CHF hedged)	Return 1 Year	-3.68%	-3.75%	0.07%
	Annualized Return 3 Years	1.08%	1.15%	-0.07%
	Annualized Return 5 Years	1.55%	1.95%	-0.40%
	Annualised Return since Inception (31.05.2010)	3.28%	3.42%	-0.14%
	Volatility since Inception (31.05.2010)	4.00%	3.88%	0.12%
	Sharpe Ratio since Inception (31.05.2010)	0.89	0.95	-0.06
	Max Drawdown 3 Years	-6.01%	-5.55%	-0.46%

Strategy Emerging Market IG Corporate Bonds (gross of fees, USD hedged)	Key Figures - USD	Portfolio	Benchmark	Relative
		Month to Date Return	1.11%	1.16%
	Quarter to Date Return	0.26%	0.40%	-0.14%
	Year to Date Return	-0.60%	-0.59%	-0.01%
Benchmark JP Morgan CEMBI Broad Diversified Investment Grade (USD hedged)	Return 1 Year	-0.60%	-0.59%	-0.01%
	Annualized Return 3 Years	3.68%	3.79%	-0.12%
	Annualized Return 5 Years	3.48%	3.95%	-0.47%
	Annualised Return since Inception (31.05.2010)	4.76%	4.96%	-0.20%
	Volatility since Inception (31.05.2010)	4.02%	3.79%	0.22%
	Sharpe Ratio since Inception (31.05.2010)	1.01	1.12	-0.11
	Max Drawdown 3 Years	-3.22%	-3.66%	0.44%

Attribution and Contribution

The contribution breakdown shows how much each factor contributed to the absolute performance. In contrast, the attribution breakdown explains the impact of each factor on a relative basis.

Factor-Contributors (YTD)	Relative
Interest Rate	0.46%
Carry	-0.21%
Allocation & Selection	-0.04%
Total	0.21%



* Emerging Market IG Corporate Bonds (gross of fees, EUR hedged, implemented in the Portfolio FISCH Bond EM Corporates Defensive Fund)

Issuer-Contributions (YTD)

Highest 5 relative contributors	Return [%]		Avg. Weight [%]		Contribution [%]	
	PF	BM	PF	BM	Absolute	Relative
Southern Copper Corporation	0.00	-8.78	0.0	1.0	0.00	0.09
Saudi Arabia	4.49	0.00	0.4	0.0	0.05	0.05
Minejesa Capital BV	-7.70	-9.22	0.5	0.8	-0.03	0.05
Thai Oil Public Co. Ltd.	2.76	-6.02	0.1	0.2	0.02	0.04
Grupo Televisa, S.A.B.	0.00	-6.23	0.0	0.6	0.00	0.04

Lowest 5 relative contributors	Return [%]		Avg. Weight [%]		Contribution [%]	
	PF	BM	PF	BM	Absolute	Relative
Aeropuertos y Servicios Auxiliares	-5.45	0.00	0.7	0.0	-0.13	-0.13
Petroleos Mexicanos SA	-9.12	0.00	1.3	0.0	-0.07	-0.07
Country Garden Holdings Co. Ltd.	-10.87	-9.38	0.6	0.0	-0.07	-0.07
TAURON Polska Energia S.A.	-4.94	0.00	1.4	0.0	-0.07	-0.07
Novolipetsk Steel	-2.32	-2.71	0.8	0.2	-0.06	-0.06

Segment-Contributions (YTD)

Regions	Return [%]		Avg. Weight [%]		Contribution [%]	
	PF	BM	PF	BM	Absolute	Relative
Latin America	-5.19	-4.73	16.7	25.5	-0.91	0.28
Middle East	-1.49	-2.16	22.7	20.2	-0.34	0.08
Africa	-3.20	-3.60	2.0	3.6	-0.06	0.06
Others	-4.27	-3.70	1.1	0.5	-0.05	-0.04
Asia	-2.92	-3.00	48.8	45.7	-1.44	-0.06
Europe	-5.19	-3.91	6.5	4.7	-0.34	-0.19
Derivatives*	0.60	0.00	0.0	0.0	0.00	0.00
Cash etc.	0.00	0.00	2.3	0.0	0.00	0.08
Total	-3.13	-3.34	100	100	-3.13	0.21

Sectors	Return [%]		Avg. Weight [%]		Contribution [%]	
	PF	BM	PF	BM	Absolute	Relative
Tmt	-4.23	-4.09	6.9	11.7	-0.50	0.16
Oil & Gas	-3.68	-3.55	11.8	16.4	-0.51	0.12
Utilities	-3.66	-4.13	10.6	12.0	-0.33	0.09
Pulp & Paper	-1.61	-4.62	0.5	1.4	0.02	0.06
Metals & Mining	-4.17	-4.85	4.1	4.1	-0.35	0.03
Industrial	-3.64	-3.51	5.8	6.5	-0.24	0.02
Transport	-1.74	-4.74	0.8	0.6	-0.07	0.01
Insurance	0.00	-2.68	0.0	0.4	0.00	0.01
Diversified	-4.11	-2.67	1.4	2.3	-0.21	0.01
Infrastructure	-2.50	-2.88	2.1	1.0	-0.10	-0.02
Government	-1.53	0.00	1.5	0.0	0.05	-0.02
Real Estate	-5.50	-4.90	4.8	4.2	-0.42	-0.07
Financial	-2.00	-2.02	38.2	33.5	0.27	-0.11
Consumer	-4.39	-4.87	9.1	6.0	-0.73	-0.14
Derivatives*	0.60	0.00	0.0	0.0	0.00	0.00
Cash etc.	0.00	0.00	2.3	0.0	0.00	0.08
Total	-3.13	-3.34	100	100	-3.13	0.21

*For comparison purposes, the "Derivatives" allocation (usually US Treasury Futures) reflects the weight based on economic exposure instead of the market value.

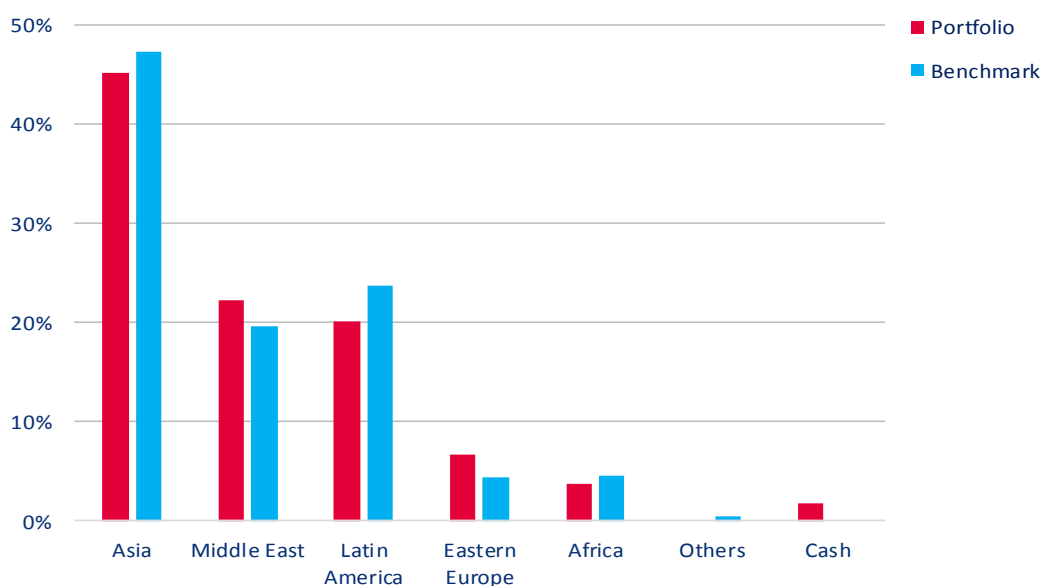
Positioning

Securities

Total Number of Positions			
			138
Top 10 Positions			
	Country	Sector	Weight
Saudi Electricity Co. 4.723% 27-sep-2028	Saudi Arabia	Utility	1.97
Sands China Ltd. 5.4% 08-aug-2028	Macau	Consumer	1.95
Ecopetrol Sa 5.375% 26-jun-2026	Colombia	Oil & Gas	1.62
Dib Sukuk Ltd. 3.664% 14-feb-2022	United Arab Emirates	Financial	1.58
United Overseas Bank Ltd. (singapore) 2.88% 08-mar-2027	Singapore	Industrial	1.57
Gohl Capital Ltd. 4.25% 24-jan-2027	Malaysia	Financial	1.51
Qatar Reinsurance Co. Ltd. 4.95% Perp	Qatar	Financial	1.50
Gaz Capital Sa 3.125% 17-nov-2023	Russia	Oil & Gas	1.50
Cnrc Capital Ltd. 1.871% 07-dec-2021	Hong Kong	Industrial	1.50
Anglo American Capital Plc 4.875% 14-may-2025	South Africa	Metals & Mining	1.46

Regions

Regional Allocation		
	Absolute	Relative
Asia	45.20%	-2.07%
Middle East	22.30%	2.60%
Latin America	20.13%	-3.52%
Eastern Europe	6.76%	2.36%
Africa	3.77%	-0.75%
Others	0.00%	-0.46%
Cash	1.84%	1.84%
Total	100%	0%



Countries

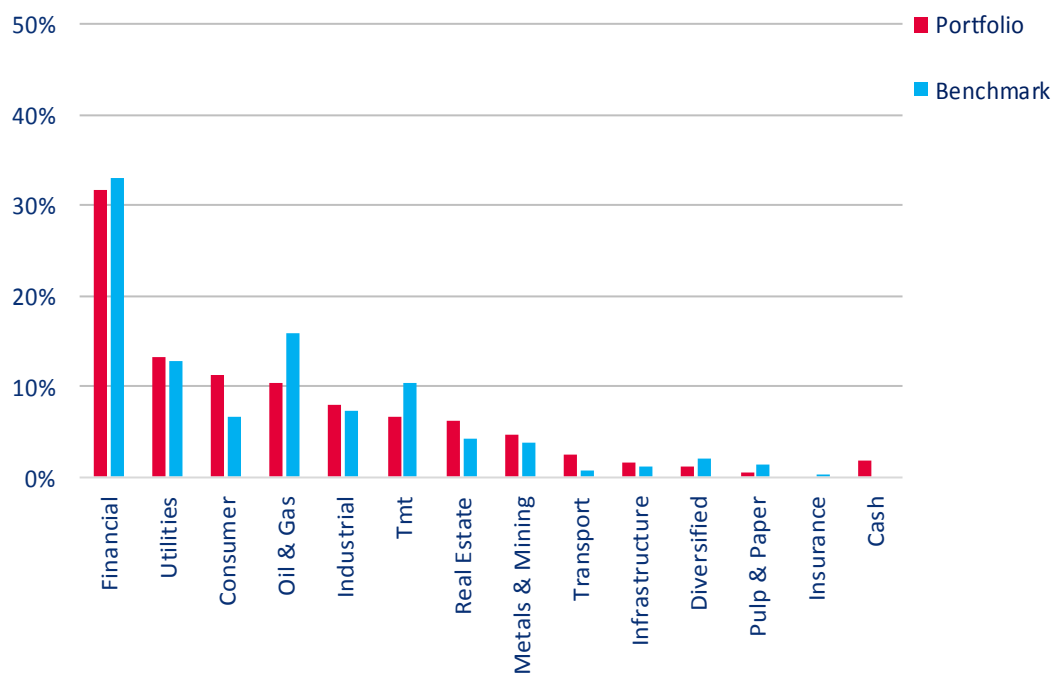
Top 5 Positions	Absolute Weight
China	16.40%
United Arab Emirates	10.10%
Mexico	6.42%
South Korea	5.25%
Thailand	5.20%

Top 5 Overweights	Relative Weight
China	5.26%
United Arab Emirates	3.74%
Brazil	2.00%
Thailand	1.42%
Czech Republic	1.02%

Top 5 Underweights	Relative Weight
Chile	-2.86%
Hong Kong	-2.43%
South Korea	-2.21%
India	-1.76%
Singapore	-1.64%

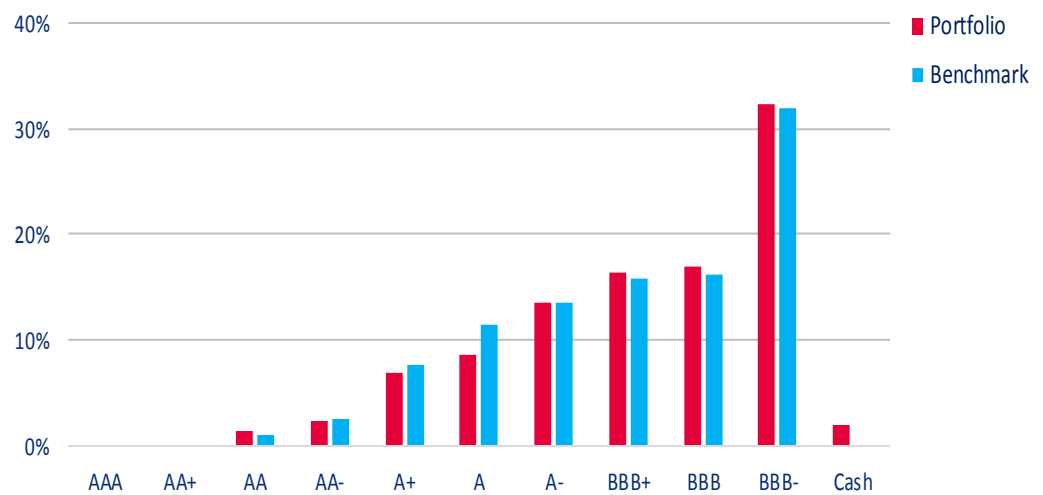
Sectors

Sector Allocation	Absolute	Relative
Financial	31.73%	-1.37%
Utilities	13.32%	0.41%
Consumer	11.25%	4.55%
Oil & Gas	10.46%	-5.43%
Industrial	7.97%	0.63%
Tmt	6.61%	-3.73%
Real Estate	6.16%	1.94%
Metals & Mining	4.75%	1.03%
Transport	2.42%	1.67%
Infrastructure	1.64%	0.41%
Diversified	1.21%	-0.78%
Pulp & Paper	0.64%	-0.82%
Insurance	0.00%	-0.37%
Cash	1.84%	1.84%
Total	100%	0%



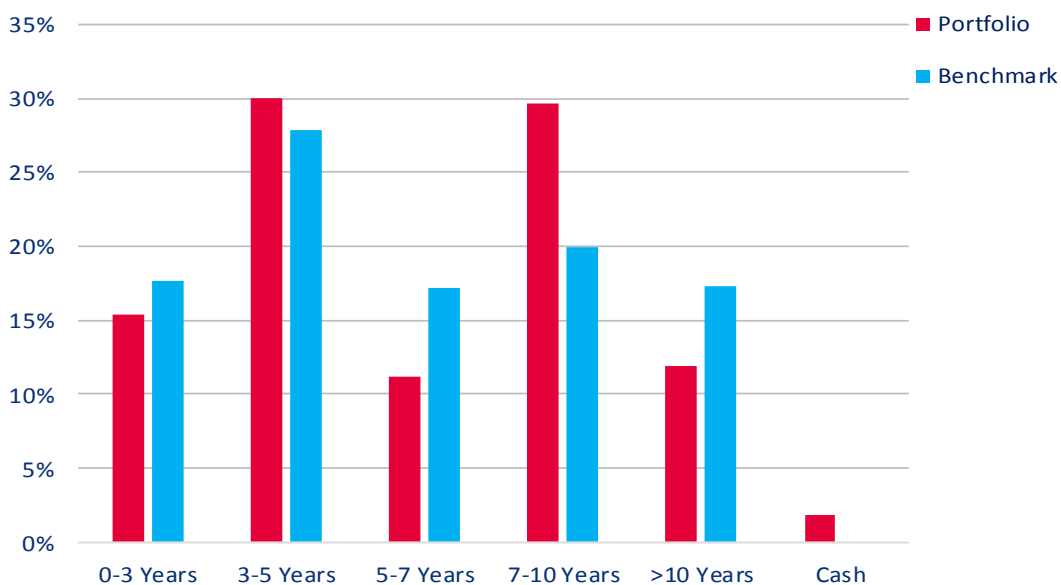
Ratings

Rating Allocation	Absolute	Relative
AAA	0.00%	0.00%
AA+	0.00%	0.00%
AA	1.26%	0.30%
AA-	2.34%	-0.16%
A+	6.80%	-0.88%
A	8.62%	-2.78%
A-	13.49%	-0.03%
BBB+	16.39%	0.57%
BBB	16.85%	0.74%
BBB-	32.41%	0.42%
Cash	1.84%	1.84%
Total	100%	0%



Terms

Term Structure	Absolute	Relative
0-3 Years	15.43%	-2.18%
3-5 Years	30.05%	2.15%
5-7 Years	11.13%	-6.03%
7-10 Years	29.66%	9.68%
>10 Years	11.88%	-5.46%
Cash	1.84%	1.84%
Total	100%	0%



Credit Exposure

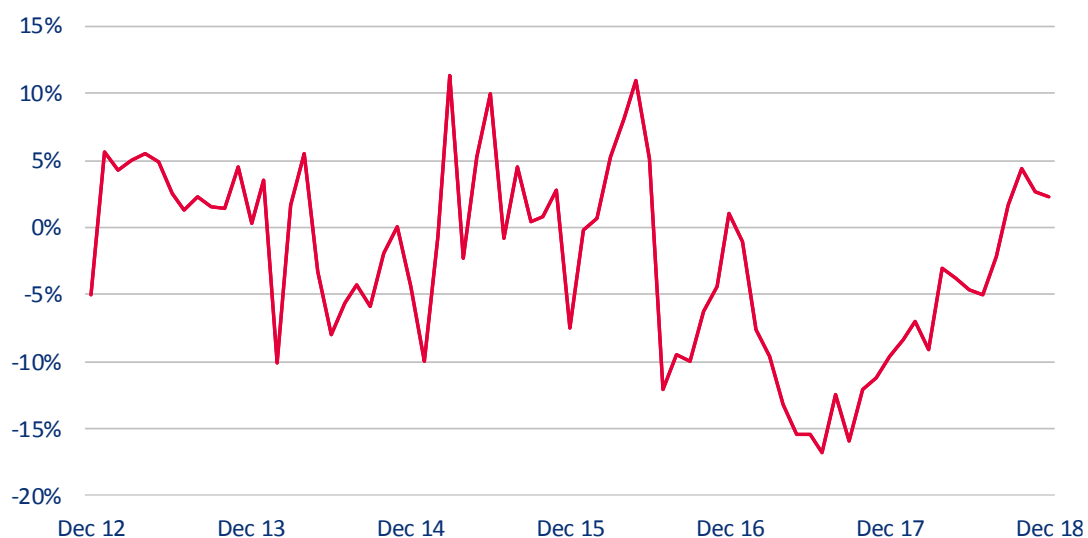
The credit risks in the portfolio are measured through credit exposure. At the bond level, this corresponds to the product of credit spread and spread duration, i.e. the product of risk premium and its sensitivity. At the portfolio level, this corresponds to the sum of the weighted credit exposures of all bonds.

The advantage of this steering parameter is that it includes not only the credit spreads but also their sensitivity. Short-term bonds with very high spreads can be just as risky as long-term bonds with very low spreads. It is therefore crucial to steer both elements when managing a fixed income portfolio. Moreover, it is empirically proven that a stable relationship exists between spread level and spread volatility, i.e. the higher the credit spread of a bond, the higher its volatility.

If the targeted credit exposure is not reached through pure security selection, it can be approached through credit default swaps.

Credit Exposure	Portfolio	Benchmark	Difference
Credit Exposure	12.00	11.73	2.30%

Historical Credit Exposure Difference



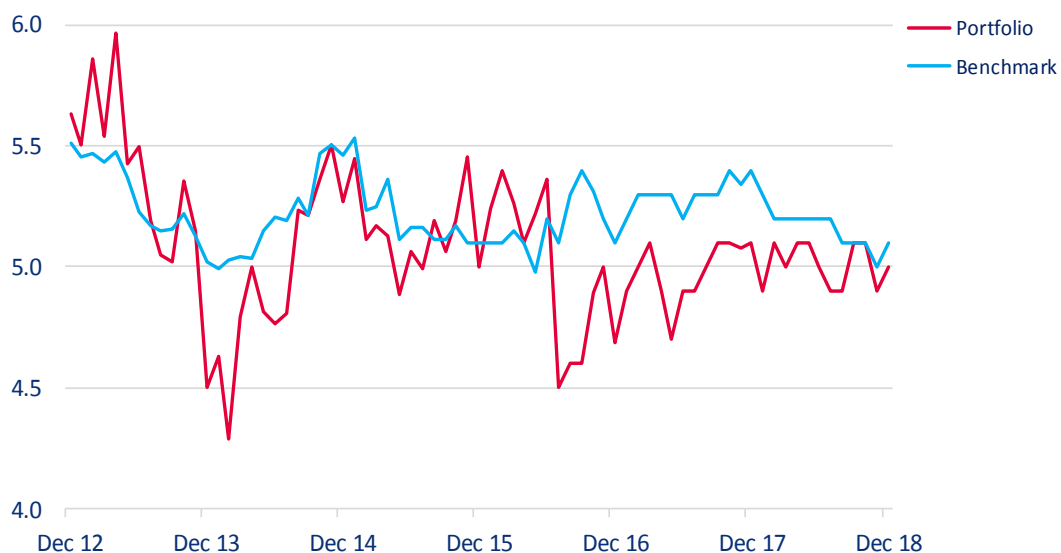
Duration

The interest rate risks in the portfolio are expressed by means of duration. The Macaulay duration is a measure of the average length of time for which money is invested. It represents the weighted average term to maturity of the cash flows from a bond. The effective duration – in contrast to the Macaulay duration – is not stated in years. It measures the sensitivity of a bond to changes in interest rates.

If the target duration is not reached through pure security selection, this can be adjusted by employment of government bond futures.

Effective Duration	Portfolio	Benchmark	Difference
Effective Duration	5.0	5.1	-0.1

Historical Effective Duration



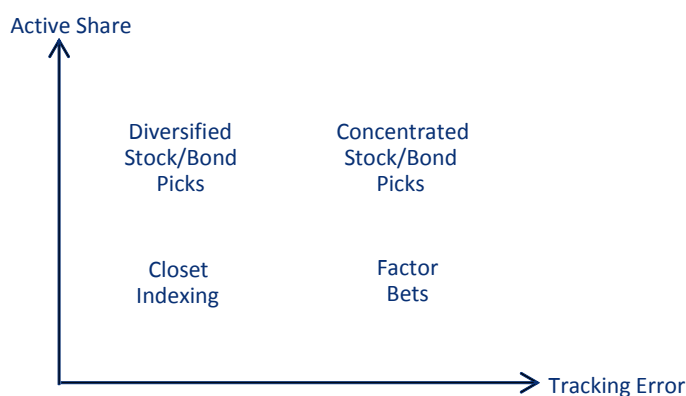
Active Share and Tracking Error

Active share and tracking error are metrics used to measure the degree of active management in a portfolio.

Active share is the percentage of a portfolio that differs from its benchmark. It considers the overweights and underweights of the portfolio's issuer holdings relative to their weights in the benchmark. An active share of zero means the portfolio is identical to the benchmark, whereas a value of 100 means there is no overlap with the benchmark.

Tracking error is another metric that measures deviation versus the benchmark. Whereas volatility measures the absolute standard deviation of a portfolio, tracking error measures the volatility relative to the benchmark. In other words, it measures the volatility of the differences in returns between a portfolio and benchmark.

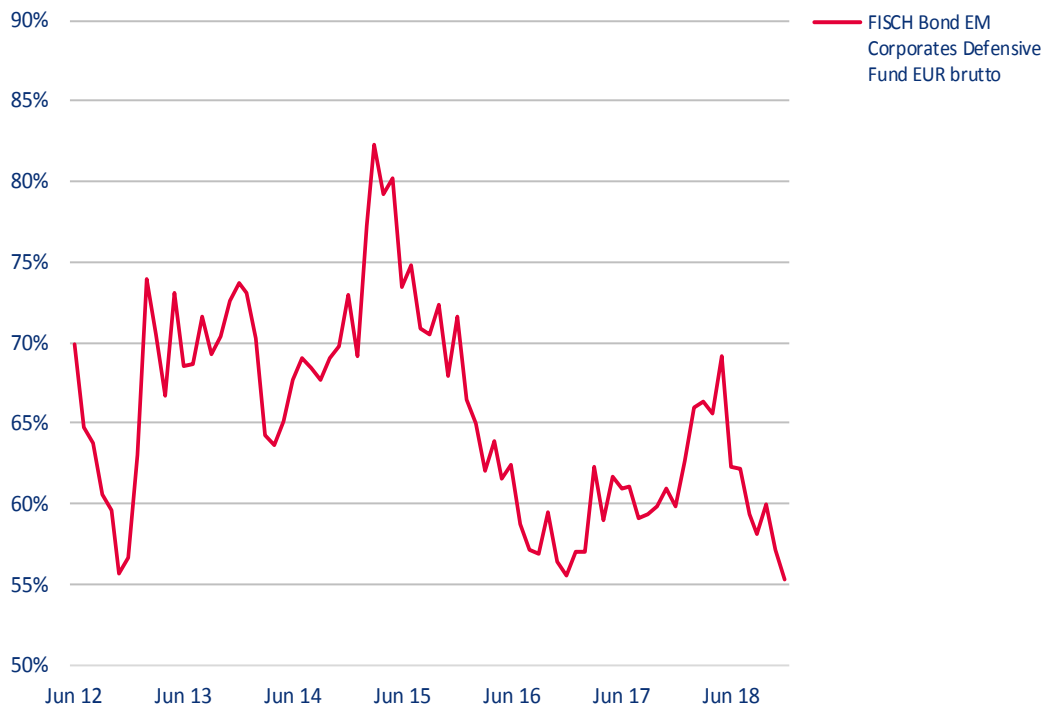
Cremers and Petajisto¹ compare these two metrics for measuring active management. Tracking error focuses on factor timing, which involves bets on systematic risk factors. In contrast to this, active share looks at the individual stock/bond picks. Based on the two metrics, Cremers and Petajisto distinguish between four different types (see diagram below). A diversified stock/bond picker can be very active despite the low tracking error because the security selection within certain sectors can result in significant deviation from the benchmark positions. Compared with this, a fund that focuses on factor bets can have a large tracking error even if there are no substantial deviations from the benchmark positions at the security level. The authors conclude in their study that among the funds they examined, those with the highest active share outperform their benchmarks both before and after costs on a statistically significant basis.



¹: K. J. M. Cremers und A. Petajisto, 2009, How Active Is Your Fund Manager? A New Measure That Predicts Performance, Review of Financial Studies, 22(9):3329–3365.

Active Share and Tracking Error	Portfolio
Tracking Error 1 Year	0.42%
Annualized Tracking Error 3 Years	0.57%
Annualized Tracking Error since Strategy Start (31.05.2010)	0.82%
Active Share	55.24%

Historical Active Share



Scenario Analysis

As of 31.12.2018 (quarterly)

CEMBI Broad Div IG Spread	7-year UST yield (%)							
	2.06	2.21	2.36	2.51	2.66	2.81	2.96	3.11
140	12.6	11.8	11.0	10.3	9.5	8.8	8.0	7.2
165	11.1	10.3	9.5	8.8	8.0	7.3	6.5	5.7
190	9.6	8.8	8.1	7.3	6.5	5.8	5.0	4.3
215	8.2	7.4	6.6	5.9	5.1	4.4	3.6	2.8
240	6.8	6.0	5.2	4.5	3.7	3.0	2.2	1.4
265	5.4	4.6	3.9	3.1	2.4	1.6	0.8	0.1
290	4.1	3.3	2.5	1.8	1.0	0.3	-0.5	-1.3
315	2.8	2.0	1.3	0.5	-0.3	-1.0	-1.8	-2.5
340	1.5	0.8	0.0	-0.8	-1.5	-2.3	-3.0	-3.8

The future performance of the portfolio is influenced by various factors. Two of the most important influence factors are the credit spread and the interest rate level. If we exclude all other performance drivers, we expect the following performance developments for the portfolio in the next 12 months. A scenario analysis does not provide a forecast, but rather shows the magnitude of influence factors (credit spread and interest rate level in this instance)

In the table, the credit spread is based on the JP Morgan CEMBI Broad Diversified Investment Grade (EUR hedged) (Benchmark 2). The interest rate level reflects the 7yr US Treasury yield.

» *Investors benefit from the higher returns of liquid, defensive emerging market hard currency corporate bonds of investment grade quality.*

Investment Strategy | Track Records

Investment Objective

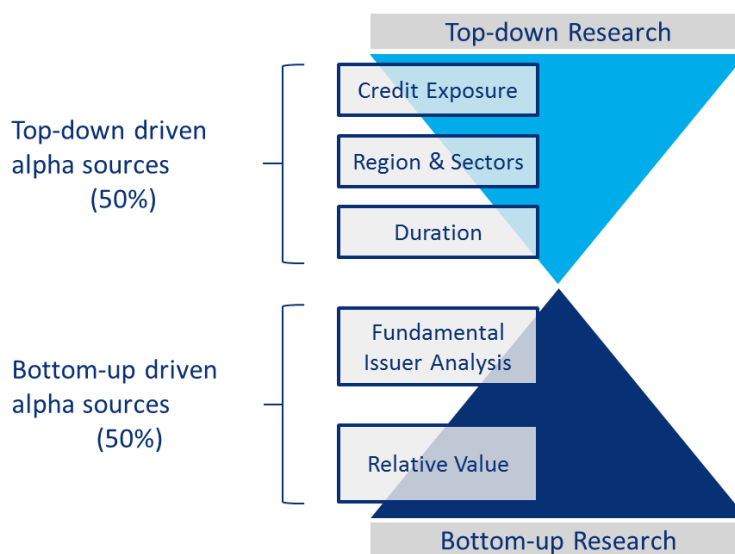
The FISCH Bond EM Corporates Defensive Fund invests globally in liquid emerging market corporate bonds with investment grade ratings. The investment objective is to generate outperformance versus the benchmark index, the JPM CEMBI Broad Diversified Investment Grade (CEMBI = Corporate Emerging Markets Bond Index), of about 1% per annum before expenses through active management. The benchmark comprises solely USD-denominated corporate bonds. Geographically, all of the issuers are located in emerging markets. In accordance with the definition of the index provider, all countries in the regions Asia ex Japan, Eastern Europe, Latin America, Middle East and Africa are classified as emerging markets. The credit quality of the corporate bonds must be rated investment grade by at least one agency (S&P BBB-, Moody's Baa3). The highest rating is relevant. All bonds are denominated in USD and have a minimum issue volume of USD 300 million.

Investment Philosophy

We aim to produce systematic outperformance through the three core elements of alpha, credit analysis and team approach.

- Through the focused implementation of the five independent and complementary alpha sources – duration, credit exposure and region/sector allocation (top-down driven) as well as issuer analysis and relative value (bottom-up driven) – we achieve a stable portfolio alpha.
- Credit analysis: Fisch Asset Management is a credit fixed income specialist, with an investment process based on three key components. The investment committee, as part of the asset allocation process, is responsible for guiding top-down credit exposures. At the same time, Independent Credit View undertakes fundamental credit analysis for both corporate and sovereign issuers. In the final step, the credit analytical skills of the portfolio management team are then combined with the aforementioned top-down and bottom up elements within the context of a rigorous portfolio construction process.
- Our steadfast team approach ensures the optimal execution of our research-intensive procedure as well as the greatest possible independence from individual persons. This results in a high level of stability for the investment process and in the consistent implementation of our investment convictions in all our portfolios.

Investment Process



Feature	Benefit
Alpha	Five independent sources of alpha ensure performance stability across different market phases. These sources are embedded in the two central management elements.: top-down (Macro Analysis & Asset Allocation) and bottom-up (Issuer Analysis & Relative Value). The different Alpha sources complement each other.
Credit	Fisch Asset Management is a credit fixed income specialist, with an investment process based on below three key components. <ol style="list-style-type: none"> 1. The investment committee, as part of the asset allocation process, is responsible for guiding top-down credit exposures. 2. I-CV undertakes fundamental credit analysis for both corporate and sovereign issuers. 3. In the final step, the credit analytical skills of the portfolio management team are then combined with the aforementioned top-down and bottom up elements within the context of a rigorous portfolio construction process.
Team	The team approach ensures the maximum degree of independence of the individual team members during the investment process. Procedures are structured systematically and configured the same for all team members within a committee, so that the decision paths lead to the same result, irrespective of the person executing the decisions. This guarantees the continuity and stability of the investment process.

Universe

The investment universe comprises emerging market corporate bonds as well as small amounts of government bonds, bonds from quasi-sovereign companies and bonds from supranationals (e.g. Asian Development Bank). The bonds are largely denominated in USD but can also be issued in other hard currencies such as CHF, EUR and GBP. The issue volume may be below USD 300 million in exceptional cases.

Available Fund Share Classes

Share Classes of FISCH Bond EM Corporate Defensive Fund

	ISIN / Valor	Currency	Currency Hedged	Distributing	Minimum Investment	Management Fee	Performance Fee
FISCH Bond EM Corp Def AE	LU0504482315 11240631	EUR	Yes	No	EUR 100	1.2% p.a.	none
FISCH Bond EM Corp Def AE2	LU1398574027 32303870	EUR	Yes	Yes	EUR 100	1.2% p.a.	none
FISCH Bond EM Corp Def AC	LU0504482406 11240637	CHF	Yes	No	CHF 100	1.2% p.a.	none
FISCH Bond EM Corp Def AD	LU0508301107 11288777	USD	Yes	No	USD 100	1.2% p.a.	none
FISCH Bond EM Corp Def BE	LU0504482588 11240641	EUR	Yes	No	EUR 250'000	0.6% p.a.	none
FISCH Bond EM Corp Def BE2	LU0562928027 12063359	EUR	Yes	Yes	EUR 250'000	0.6% p.a.	none
FISCH Bond EM Corp Def BC	LU0504482661 11240643	CHF	Yes	No	CHF 250'000	0.6% p.a.	none
FISCH Bond EM Corp Def BD	LU0542658678 11756384	USD	Yes	No	USD 250'000	0.6% p.a.	none
FISCH Bond EM Corp Def RE	LU1746216750 39730063	EUR	Yes	No	EUR 100	0.9% p.a.	none
FISCH Bond EM Corp Def MC	LU1662787081 37821363	CHF	Yes	No	CHF 10'000'000	By Arrangement	none

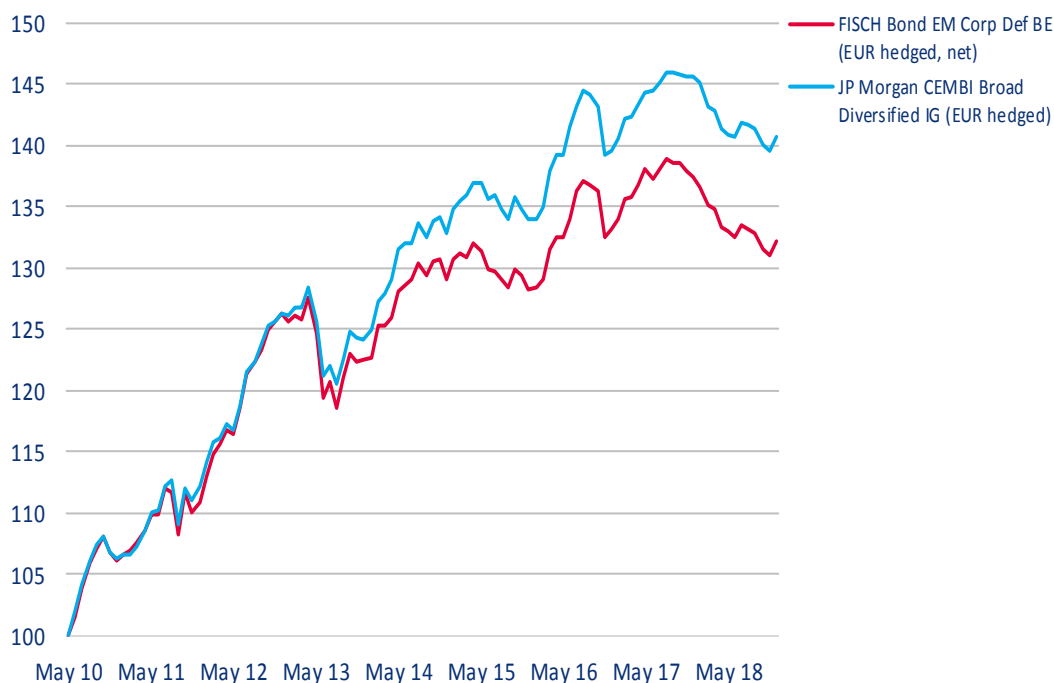
Low-Duration

FISCH Bond EM Corp Def BZE	LU0988345673 22737756	EUR	Yes	No	EUR 250'000	0.6% p.a.	none
FISCH Bond EM Corp Def BZC	LU0996294285 22897048	CHF	Yes	No	CHF 250'000	0.6% p.a.	none
FISCH Bond EM Corp Def BZD	LU0996294368 22897052	USD	Yes	No	USD 250'000	0.6% p.a.	none

Share Classes of FISCH Bond EM Corporates Opportunistic Fund

	ISIN / Valor	Currency	Currency Hedged	Distributing	Minimum Investment	Management Fee	Performance Fee
FISCH Bond EM Corp Opp BC	LU1416321914 32619739	CHF	Yes	No	CHF 250'000	0.75% p.a.	None
FISCH Bond EM Corp Opp BD	LU1416322136 32619750	USD	Yes	No	USD 250'000	0.75% p.a.	None
FISCH Bond EM Corp Opp BE	LU1416321831 32619737	EUR	Yes	No	EUR 250'000	0.75% p.a.	None
FISCH Bond EM Corp Opp BE2	LU1461846773 33428733	EUR	Yes	Yes	EUR 250'000	0.75% p.a.	None

Performance FISCH Bond EM Corporates Defensive Fund EUR Hedged

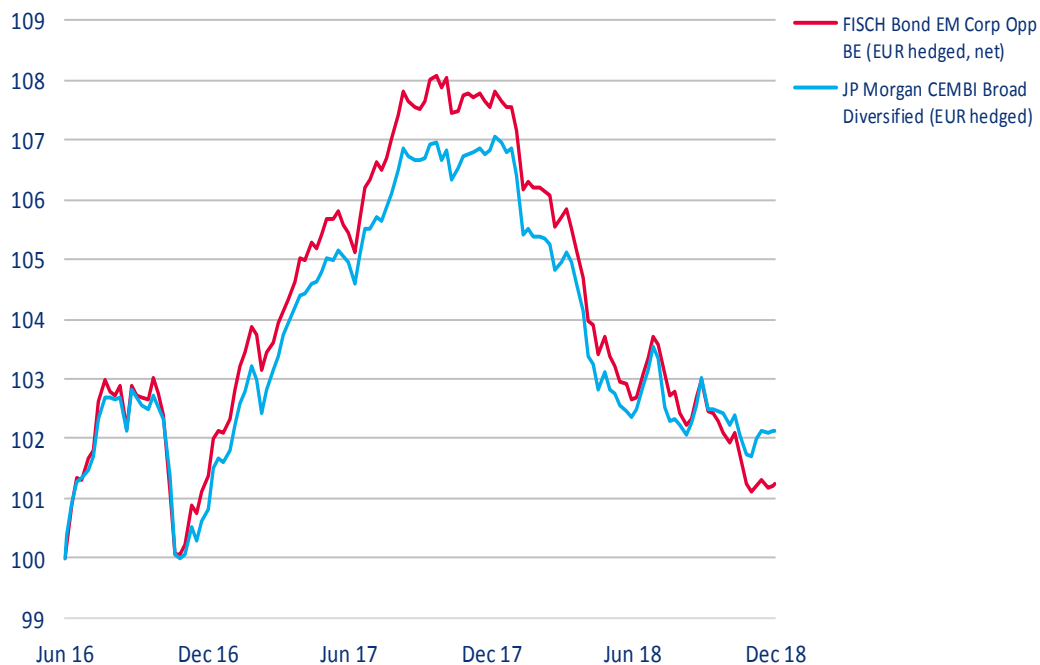


Portfolio
FISCH Bond EM Corporates Defensive Fund BE (EUR hedged, net)

Benchmark
JP Morgan CEMBI Broad Diversified Investment Grade (EUR hedged)

Key Figures - EUR	Portfolio	Benchmark	Relative
Month to Date Return	0.82%	0.85%	-0.04%
Quarter to Date Return	-0.60%	-0.42%	-0.18%
Year to Date Return	-3.86%	-3.34%	-0.52%
Return 1 Year	-3.86%	-3.34%	-0.52%
Annualized Return 3 Years	0.98%	1.67%	-0.68%
Annualized Return 5 Years	1.53%	2.54%	-1.01%
Annualised Return since Inception (31.05.2010)	3.30%	4.06%	-0.76%
Volatility since Inception (31.05.2010)	4.06%	3.86%	0.20%
Sharpe Ratio since Inception (31.05.2010)	0.76	0.99	-0.24

Performance des FISCH Bond EM Corporates Opportunistic Fund EUR Hedged



Portfolio

FISCH Bond EM Corporates Opportunistic Fund BE (EUR hedged, netto)

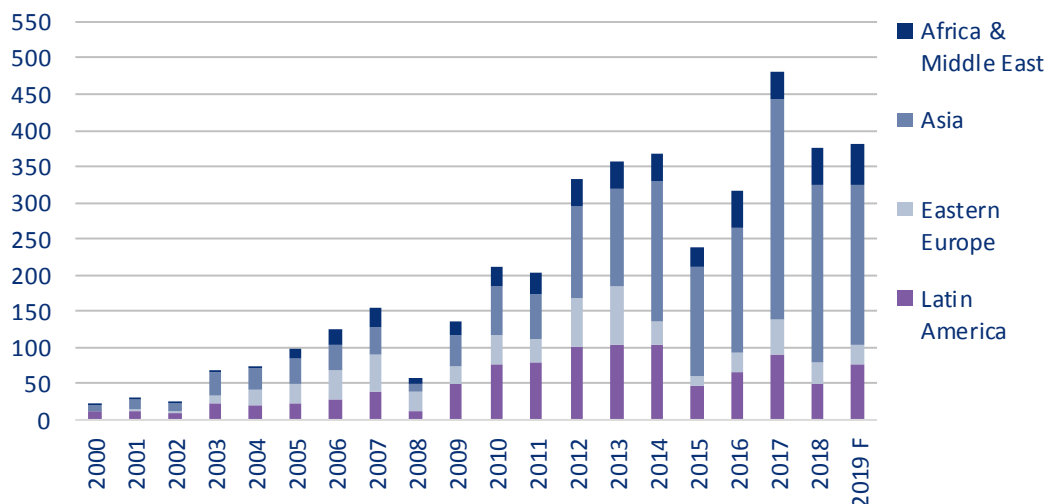
Benchmark

JP Morgan CEMBI Broad Diversified (EUR hedged)

Kennzahlen - EUR	Portfolio	Benchmark	Relative
Month to Date Return	0.14%	0.41%	-0.27%
Quarter to Date Return	-1.69%	-0.86%	-0.83%
Year to Date Return	-5.88%	-4.40%	-1.48%
Return 1 Year	-5.88%	-4.40%	-1.48%
Annualised Return since Inception (30.06.2016)	0.49%	0.84%	-0.35%
Volatility Since Inception (30.06.2016)	3.31%	3.08%	0.22%
Sharpe Ratio Since Inception (30.06.2016)	0.25	0.38	-0.13

Emerging Market Bonds

Primary Market

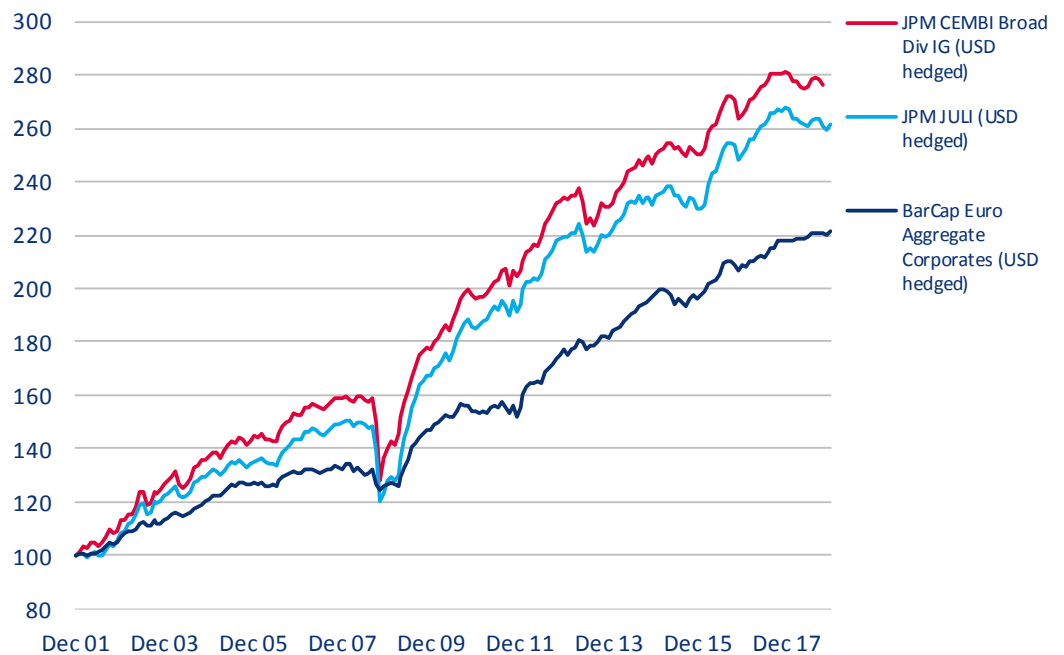


Source JP Morgan

The total market in emerging market hard currency corporate bonds has grown rapidly in recent years. Since the financial market crisis in 2008, the market depth in investment grade bonds has nearly doubled.

Within the emerging markets, Asia accounts for the largest share of bonds, followed by Latin America. The Middle East & Africa as well as Eastern Europe are regions which offer additional diversification opportunities.

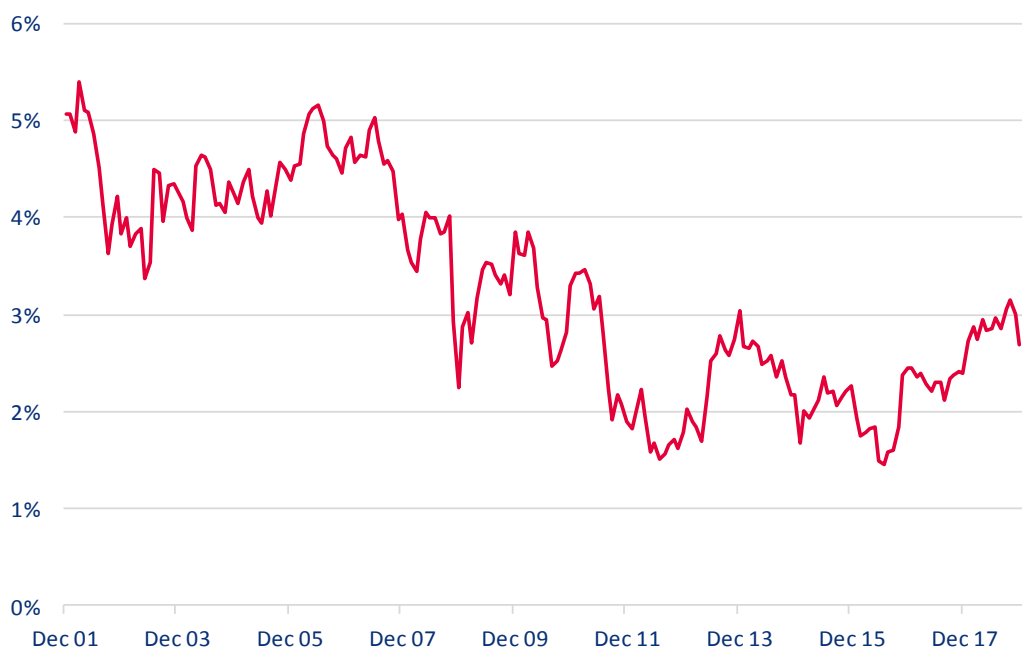
Historical Performance Comparison



The chart shows the historical performance in USD of investment grade corporate bonds from three regions: USA (JPM JULI), Europe (Barcap Euro Aggregate Corporates) and the emerging markets (JPM CEMBI Broad Div IG).

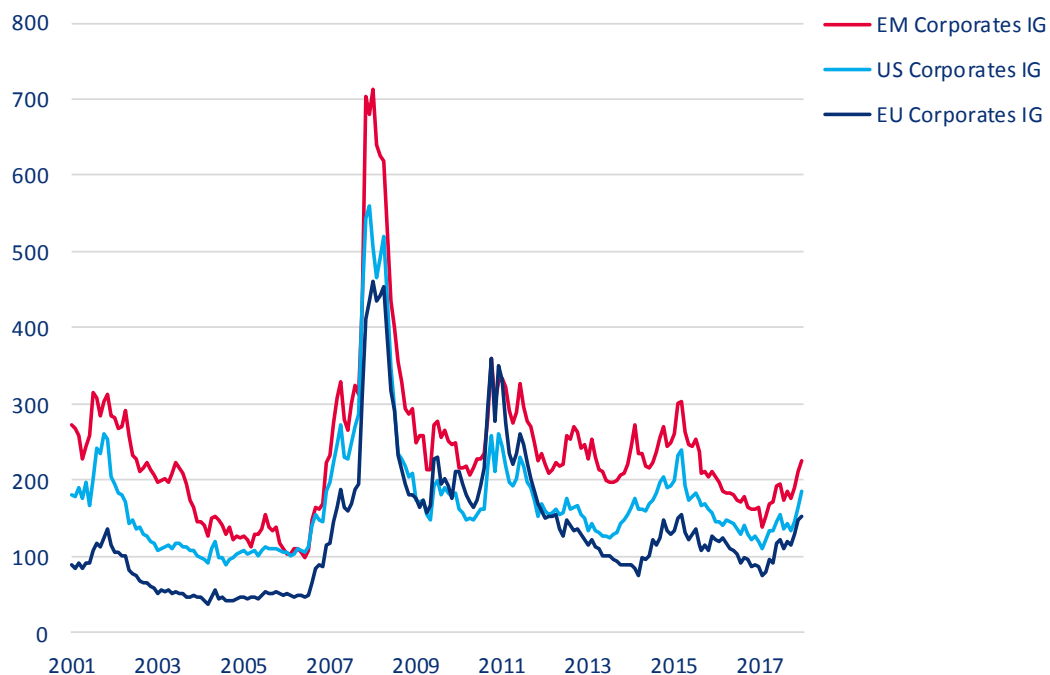
Emerging market bonds have generated performance of 6.9% p.a. since the end of 2001. The biggest drawdown was in calendar year 2008, with negative performance of nearly -12%.

Interest Rate Trend for 10-Year US Treasury



The bonds in which FISCH Bond EM Corporates Defensive Fund invests are largely denominated in USD.

Credit Spreads (bps)



The credit spreads of emerging market corporate bonds are at a favorable level relative to developed market corporates. Especially compared to European investment grade bonds, investors can profit from an attractive premium.

The outstanding volume of investment grade corporate bonds breaks down as follows: US 50%, Europe 40%, emerging markets 10%. The relative share of emerging market bonds has approximately doubled as a result of the high volume of new issues in the past 5 years.

» *Transparency, open communication, entrepreneurial spirit and mutual respect are the principles that define our corporate culture, and which we put into practice every day. These are key factors for our long-term performance as an asset manager, and hence for the success of our investors.*

Fisch Asset Management

Brief Profile



Kurt Fisch
Founder



Dr. Pius Fisch
Founder

Fisch Asset Management is a focused and active manager of investment funds and institutional mandates. A global leading position in the field of convertibles has been established since foundation. With the same goal in mind, the company also began managing corporate bonds twelve years ago, focusing primarily on high yield and emerging market corporate bonds. Absolute return and trend following products were added to the asset management range eight years ago. The independent asset management boutique was founded by Kurt and Pius Fisch in 1994. With its 91 employees, Fisch managed assets of CHF 9.94 billion at the end of December 2018. The asset management team consists of 25 portfolio managers with an average of 14 years of investment experience, including 15 senior managers. Thanks to the majority stake in the independent credit analysis firm Independent Credit View (14 analysts with an average of 20 years of experience), Fisch Asset Management is also a leader in credit analysis and monitoring. Focusing on sophisticated investors, we offer tailored solutions and public investment funds. In all our products, we strive for outperformance in line with the respective strategy, with particular emphasis on positive relative returns in phases of market stress. Our key performance drivers in this process are credit research/security selection, trend recognition and our macroeconomic model. Comprehensive reporting and transparent communication with investors are also a priority for us.

Successful management of convertible bonds requires competence in the key components of convertibles, in trend recognition and in the behaviour of the different components under market stress. Our expertise in these areas is underscored by the 2014 Lipper Group Award for the asset class “Bond Small” in Germany and Austria. After 2010, 2011, 2012 and 2013 our FISCH Bond Global CHF Fund received also in 2014 over three, five and 10 years many awards in the category Bond Swiss Franc. This success was repeated in 2018: The FISCH Bond Global CHF Fund was again voted best fund in the same category over the longer-term periods of five and 10 years.

In Switzerland, the FISCH Convertible Global Sustainable Fund won in 2014 an award over 3 years in the category of global investing sustainable convertible funds. The FISCH Bond Global CHF was honoured by Citywire in 2016 in its asset class Bonds – Swiss Franc as well as for its manager. The FISCH Bond Global CHF Fund was honoured by Citywire in 2016 and in 2017 in its asset class “Bonds – Swiss Franc” as well as for its manager.

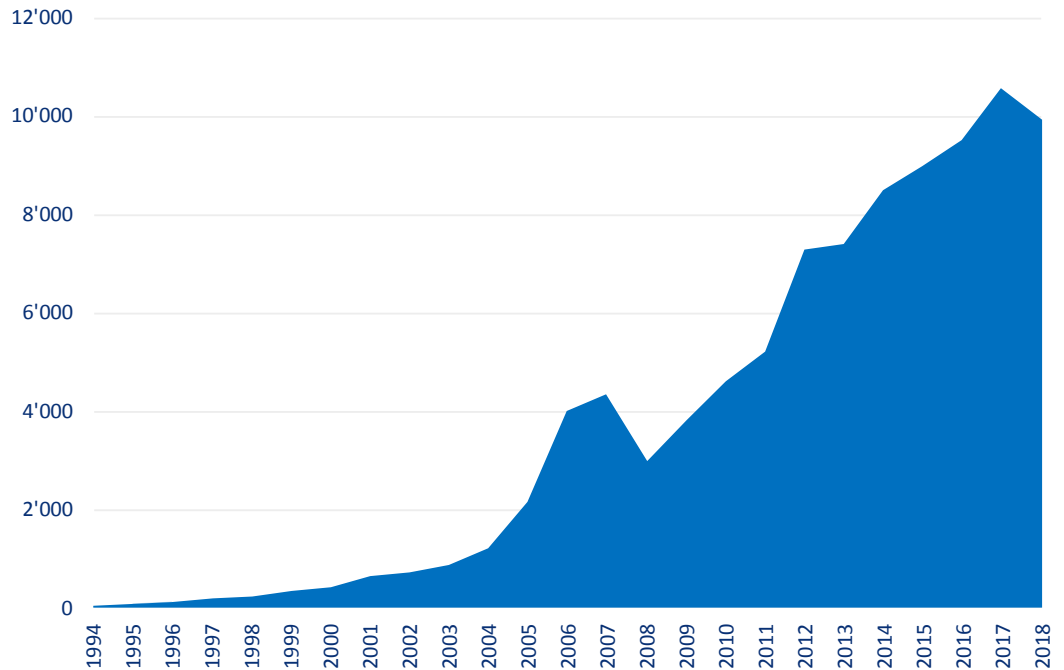
Our corporate culture is marked by entrepreneurial spirit, joint participation and independence. 100% of the shares are owned by the employees, with the majority held by the two founders of the firm.

Cooperate Alliances

In 2009, Fisch launched the first sustainable convertible bond fund together with cooperation partner Bank J. Safra Sarasin AG, which provides the sustainability research.

Development of Assets under Management

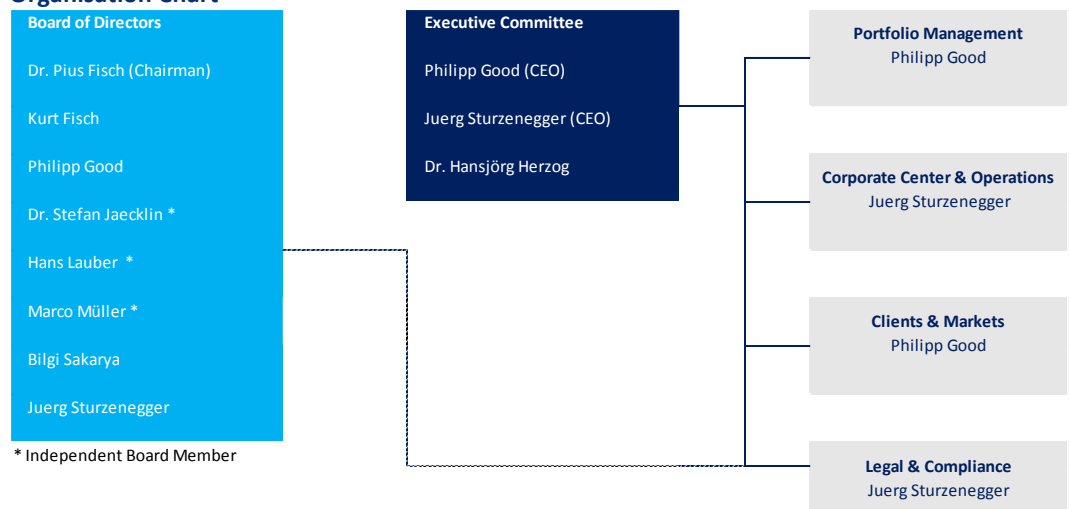
Assets under Management (CHF m)



Fisch Asset Management has recorded a strong rise in assets under management in the past years. As of 31.12.2018 the assets under management amount to CHF 9.94 bn.

Company Structure

Organisation Chart



Investment Team

Investment Team	Years at Fisch	Years of Investment Experience	Years of Industry Experience	Research Responsibility	Function	
Convertible Bonds						
Stephanie Zwick	2010	(8)	2010 (8)	2003 (15)	-	Head Convertible Bonds, Senior PM
Dr. Klaus Göggelmann	2007	(11)	1999 (19)	1984 (34)	North America / Financials	Senior PM
Roland Hotz	2001	(17)	2001 (17)	1977 (41)	-	Senior PM
Stefan Meyer	2008	(10)	1994 (24)	1994 (24)	Asia / Information Technology	Senior PM
Ute Heyward	2011	(7)	2006 (12)	2002 (16)	North America / Communications, Healthcare	Senior PM
Filip Adamec	2016	(2)	2006 (12)	2005 (13)	Global Credit / Materials, Energy / Yield Monitor	PM
Gerrit Bahlo	2018	(0)	2013 (5)	2011 (7)	Europe / Consumer Disc. & Staples	PM
Leonardo Spangaro	2015	(3)	2015 (3)	2011 (7)	Japan / Industrials, Utilities	PM
Corporate Bonds						
Meno Stroemer	2014	(4)	2000 (18)	1992 (26)	Central Europe, Middle East, Africa	Head Corporate Bonds, Senior PM
Philipp Good	2007	(11)	2002 (16)	1995 (23)	-	Senior PM, CEO
Hannes Boller	2008	(10)	2008 (10)	2005 (13)	Asia	Senior PM
Theodore Holland	2018	(0)	2007 (11)	2007 (11)	Central Europe, Middle East, Africa	Senior PM
Peter Jeggli	2005	(13)	1987 (31)	1987 (31)	North America	Senior PM
Kyle Kloc	2016	(2)	2000 (18)	2000 (18)	North America, Europe	Senior PM
Oliver Reinhard	2013	(5)	2008 (10)	2001 (17)	Europe	Senior PM
Sergio Coviello	2012	(6)	2015 (3)	2012 (6)	Global	PM
Maria Stäheli	2018	(0)	2007 (11)	2007 (11)	Europe	PM
Atish Suchak	2017	(1)	2001 (17)	2001 (17)	Global	Senior Analyst
Nissant Naganathi	2013	(5)	2018 (0)	2014 (4)	-	Analyst
Daniela Savoia	2018	(0)	2013 (5)	2011 (7)	Latin America	Analyst
Absolute Return						
Reto Baumgartner	2005	(13)	2005 (13)	2005 (13)	Asset Allocation	Head Absolute Return, Senior PM
Dr. Patrick Gügi	2007	(11)	1990 (28)	1990 (28)	Asset Allocation	Senior PM
Dr. Olivier Schmid	2012	(6)	2005 (13)	2005 (13)	Trends	Senior PM
Dr. Patrick Wirth	2015	(3)	2005 (13)	1998 (20)	Trends	Senior PM
Vlad Balas	2010	(8)	2010 (8)	2008 (10)	Asset Allocation	PM
Dzemo Fazli	2012	(6)	2012 (6)	2012 (6)	Asset Allocation	PM
Robert Koch	2016	(2)	2007 (11)	2007 (11)	Asset Allocation	PM
Bilgi Sakarya	1996	(22)	1989 (29)	1987 (31)	Trends	Senior Product Specialist
Investment Office						
Beat Thoma	2000	(18)	1992 (26)	1985 (33)	Asset Allocation	CIO
Kurt Fisch	1994	(24)	1984 (34)	1978 (40)	Asset Allocation	Founder
Marco Müller	2007	(11)	1997 (21)	1993 (25)	Quantitative Analysis	Senior Analyst
Martin Haycock	2015	(3)	1995 (23)	1995 (23)	Quantitative Analysis	CB Senior Product Specialist/Analyst
Credit Research						
Daniel Pfister*	2005	(13)	1987 (31)	1987 (31)	Credit Analyst	Senior Analyst, CEO I-CV
Gabriele Baur*	2013	(5)	1987 (31)	1987 (31)	Credit Analyst	Senior Analyst
Michael Dawson-Kropf*	2016	(2)	1994 (24)	1994 (24)	Credit Analyst	Senior Analyst
Christian Fischer*	2007	(11)	2007 (11)	2000 (18)	Credit Analyst	Senior Analyst
René Hermann*	2009	(9)	2000 (18)	2000 (18)	Credit Analyst	Senior Analyst
Dr. Kurt Hess*	2009	(9)	1991 (27)	1991 (27)	Credit Analyst	Senior Analyst
Thomas Isler*	2012	(6)	1986 (32)	1986 (32)	Credit Analyst	Senior Analyst
Fabian Keller*	2014	(4)	2004 (14)	2004 (14)	Credit Analyst	Senior Analyst
Marc Meili*	2010	(8)	2012 (6)	2010 (8)	Credit Analyst	Senior Analyst
Robin Schmidli*	2012	(6)	2009 (9)	2009 (9)	Credit Analyst	Senior Analyst
Guido Versoedert*	2011	(7)	1995 (23)	1995 (23)	Credit Analyst	Senior Analyst
Ernst Zbinden*	2005	(13)	1976 (42)	1976 (42)	Credit Analyst	Senior Analyst
Colin Ferguson*	2017	(1)	2013 (5)	2013 (5)	Credit Analyst	Analyst
Patrick Kunz*	2018	(0)	2018 (0)	2018 (0)	Credit Analyst	Analyst
Average		(7)	(16)	(19)		
Number PM / Average		25 (7)	(14)	(19)		
Number Analyst / Average		21 (7)	(19)	(21)		

* Independent Credit View (I-CV)

Contact Person

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