

» *Global High Yield  
Corporate Bonds  
Strategy*

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**Product Report** 29 March 2019

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The Fisch product report is intended for institutional investors and financial professionals only and provides an in-depth description of the investment strategy and the products based thereon. The Fisch product report should not be distributed to retail investors. The product report contains gross and net performance figures. Gross figures are suitable for benchmark strategy comparisons, for the evaluation of management performance and especially for comparisons of performance components/aspects (contribution, attribution, volatility, etc.). Net figures reflect the performance of a fund after costs. Such costs and commissions result in a decrease of the achieved performance.

## Summary

### Strategy

#### Investments in attractive, high yield corporate bonds

The FISCH Bond Global High Yield Fund invests globally in attractive high yield corporate bonds. 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 29.03.2019

Performance Key Figures - EUR	Strategy	Benchmark	Relative
Month to Date Return	0.65%	0.78%	-0.13%
Quarter to Date Return	6.00%	6.08%	-0.08%
Year to Date Return	6.00%	6.08%	-0.08%
Return 1 Year	2.60%	2.39%	0.21%
Annualized Return 3 Years	6.26%	6.03%	0.23%
Annualized Return 5 Years	5.11%	3.51%	1.60%
Annualised Return since Inception (01.04.2012)	7.00%	5.39%	1.61%

Portfolio Key Figures	Strategy	Benchmark
Yield to Worst	5.8%	6.0%
Credit Spreads (bps)	391	421
Average Rating	BB-	B+
Spread Duration	3.6	3.6
Modified Duration to Worst	3.7	3.6

**Strategy** Global high yield corporate bonds (gross of fees, EUR hedged)

**Benchmark** ICE BofA Merrill Lynch Global High Yield Index (HW00) EUR hedged. These returns are calculated on the basis of the official calendar month end prices.

# » High yield market not expensive, despite strong recovery

## Manager Report



**Peter Jeggli**  
Lead Portfolio Manager

The high yield bond market ended March up 0.8% (benchmark index: ICE BofAML Global High Yield Index, EUR hedged). Credit markets thus rebounded strongly from the disappointing final quarter of 2018.

After losing 4.1% in the fourth quarter, they put in a strong rally of 6% in the first quarter of 2019. So, has the market become dearer? No, on the contrary. At the end of September 2018, spreads were 3.6% over sovereign bonds. At the end of March 2019, the spread stood at 4.2%, i.e. more than half a percentage point higher than in September. Thus, the high yield market posted a positive return in the past six months, despite the fact that spreads have widened. This was due firstly to the historical correlation between rising spreads and falling yields (and vice versa) and, secondly, to the coupon income. In light of the fact that default rates have again fallen to the current level of 1% in the US and Europe, we regard the current valuation as fair. The portfolio yield (in local currency) was 6.1% at the end of March 2019 (6.0% in September 2018).



**Kyle Kloc**  
Senior Portfolio Manager

In March we were surprised by the very strong recovery in the Asian high yield segment (+3%). Bonds issued by Chinese and Indonesian real estate companies almost went through the roof. We have often seen such volatile movements – in both directions – in the past few years. We remain cautious due to shortcomings in corporate governance and high debt levels coupled with a poor maturity structure. Our positioning in this sector is underweight and we only invest very selectively, specifically in high-quality companies in the upper BB segment. The performance of the two sectors retail and energy is also worth mentioning. While the high-beta retail sector, in which we are underweight, outperformed, the energy sector did not keep pace with the rise in the oil price. These three factors were the main reasons why the strategy (gross, EUR hedged) underperformed the wider market in March.

New issuance picked up strongly in March. After a very disappointing issuance calendar in the months prior, Latin America and the US were particularly active. Fortunately, during this time we took in proceeds from the sale of rising stars (companies which have been upgraded from high yield to investment grade). So, we added a few names to the portfolio, including high yield companies from various sectors, such as Petrobras (energy, EM), Cable & Wireless (telecoms, EM), Endo (healthcare, US), Allison (automotive, US). Thus, we were able to deliberately reduce our overweight in the euro segment somewhat, after it became slightly less attractive in relative terms. However, we remain strongly positioned in the single B segment, where we hold a very substantial overweight. We left our underweight in CCCs unchanged at the portfolio level. The average rating within the strategy is BB-.

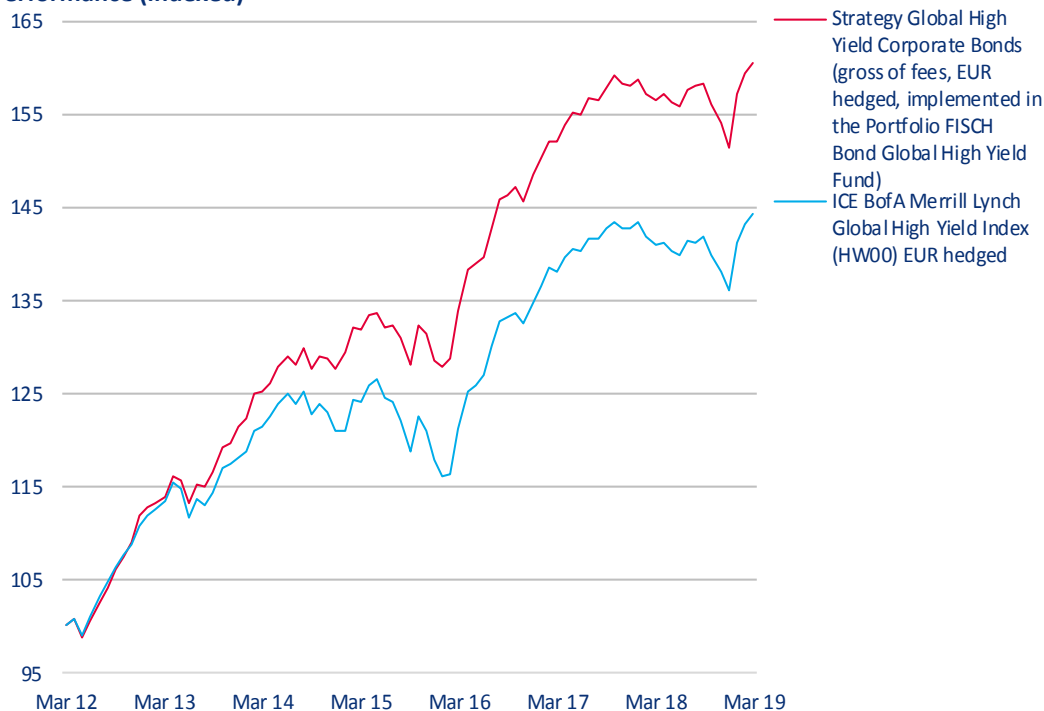
## Portfolio

### Performance Analysis of the Strategy

#### Performance

The Global High Yield Corporate Bonds Strategy has been implemented in the portfolio relative to the benchmark index since 1<sup>st</sup> April 2012.

#### Performance (indexed)



#### Strategy

Global High Yield Corporate Bonds (gross of fees, EUR hedged)

#### Benchmark

ICE BofA Merrill Lynch Global High Yield Index (HW00) EUR hedged

#### Key Figures - EUR

	Strategy	Benchmark	Relative
Month to Date Return	0.65%	0.78%	-0.13%
Quarter to Date Return	6.00%	6.08%	-0.08%
Year to Date Return	6.00%	6.08%	-0.08%
Return 1 Year	2.60%	2.39%	0.21%
Annualized Return 3 Years	6.26%	6.03%	0.23%
Annualized Return 5 Years	5.11%	3.51%	1.60%
Annualised Return since Inception (01.04.2012)	7.00%	5.39%	1.61%
Volatility 3 Years	4.23%	4.15%	0.09%
Sharpe Ratio 3 Years	1.55	1.53	0.02
Max Drawdown 3 Years	-5.20%	-5.74%	0.53%

**Strategy**

Global High Yield  
Corporate Bonds  
(gross of fees,  
CHF hedged)

**Benchmark**

ICE BofA Merrill Lynch  
Global High Yield Index  
(HW00) CHF hedged

<b>Key Figures - CHF</b>		<b>Strategy</b>	<b>Benchmark</b>	<b>Relative</b>
Month to Date Return		0.61%	0.72%	-0.11%
Quarter to Date Return		5.88%	6.00%	-0.13%
Year to Date Return		5.88%	6.00%	-0.13%
Return 1 Year		2.11%	2.05%	0.05%
Annualized Return 3 Years		5.63%	5.55%	0.08%
Annualized Return 5 Years		4.40%	2.96%	1.44%
Annualised Return since Inception (01.04.2012)		6.38%	4.92%	1.46%
Volatility 3 Years		4.23%	4.15%	0.09%
Sharpe Ratio 3 Years		1.50	1.51	-0.01
Max Drawdown 3 Years		-5.81%	-6.07%	0.26%

**Strategy**

Global High Yield  
Corporate Bonds  
(gross of fees,  
USD hedged)

**Benchmark**

ICE BofA Merrill Lynch  
Global High Yield Index  
(HW00) USD hedged

<b>Key Figures - USD</b>		<b>Strategy</b>	<b>Benchmark</b>	<b>Relative</b>
Month to Date Return		0.88%	1.03%	-0.15%
Quarter to Date Return		6.77%	6.87%	-0.10%
Year to Date Return		6.77%	6.87%	-0.10%
Return 1 Year		5.39%	5.46%	-0.06%
Annualized Return 3 Years		8.49%	8.42%	0.06%
Annualized Return 5 Years		N/A	N/A	N/A
Annualised Return since Inception (01.07.2015)		7.18%	6.10%	1.08%
Volatility 3 Years		4.21%	4.09%	0.12%
Sharpe Ratio 3 Years		1.63	1.66	-0.03
Max Drawdown 3 Years		-4.30%	-4.00%	-0.30%

**Strategy**

Global High Yield  
Corporate Bonds  
(gross of fees,  
EUR hedged, CHF  
hedged, USD hedged)

**Benchmark**

ICE BofA Merrill Lynch  
Global High Yield Index  
(HW00) EUR hedged,  
CHF hedged, USD  
hedged

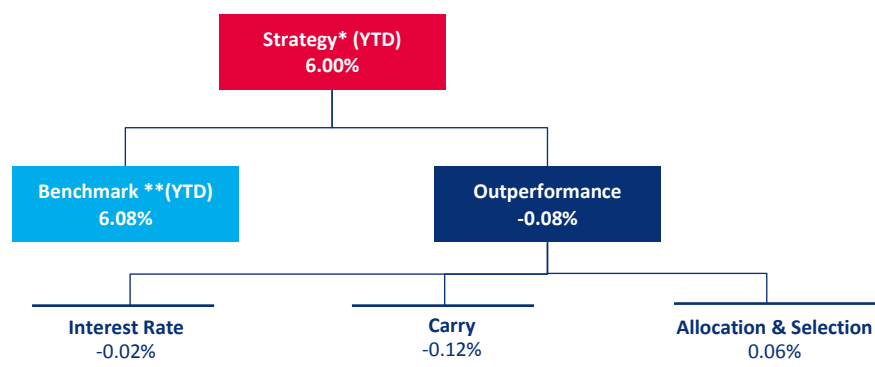
<b>Key Figures - Calendar Year</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
EUR Strategy	5.19%	0.61%	15.63%	6.52%	-4.27%
EUR Benchmark	2.30%	-2.50%	14.43%	5.86%	-4.67%
CHF Strategy	4.75%	-0.47%	14.78%	5.84%	-4.76%
CHF Benchmark	2.03%	-3.45%	13.73%	5.38%	-5.04%
USD Strategy*	None	-2.46%	17.14%	8.43%	-1.76%
USD Benchmark*	None	-5.83%	14.76%	8.00%	-1.90%

\*Since Inception – 01.07.2015

## 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 Contributions (YTD)		Relative [%]
Interest Rate		-0.02%
Carry		-0.12%
Allocation & Selection		0.06%
<b>Total</b>		<b>-0.08%</b>



\*Global high yield corporate bonds (gross of fees, EUR hedged) \*\* Benchmark returns based on the index levels on the last business days of the month.

## Issuer-Contributions (YTD)

Highest 5 relative contributors	Return [%]		Avg. Weight [%]		Contribution [%]	
	PF	BM	PF	BM	Absolute	Relative
Navient Corp	17.72	12.27	1.2	0.5	0.20	0.14
Liberty Global Plc Class A	4.33	5.96	4.5	1.1	0.20	0.13
Encana Corporation	7.49	6.63	1.4	0.1	0.14	0.13
Antero Resources Corporation	9.29	7.62	1.4	0.2	0.13	0.12
Whiting Petroleum Corporation	13.88	11.87	0.3	0.1	0.12	0.10

Lowest 5 relative contributors	Return [%]		Avg. Weight [%]		Contribution [%]	
	PF	BM	PF	BM	Absolute	Relative
Community Health Systems, Inc.	0.00	12.12	0.0	0.5	0.00	-0.05
China Evergrande Group	0.00	10.96	0.0	0.4	0.00	-0.05
Senvion SA	-45.31	-40.19	0.1	0.0	-0.05	-0.04
Jonah Energy LLC	-14.05	-14.05	0.4	0.0	-0.04	-0.04
Weatherford International plc	0.00	17.88	0.0	0.2	0.00	-0.04

## Segment-Contributions (YTD)

Regions	Return [%]		Avg. Weight [%]		Contribution [%]	
	PF	BM	PF	BM	Absolute	Relative
North America	6.48	6.58	59.9	58.1	3.98	0.23
Europe	4.71	5.14	24.4	19.3	1.19	0.18
Africa	8.97	6.74	1.6	1.3	0.12	0.05
South America	5.92	4.86	7.1	8.3	0.44	0.02
Others	0.00	0.00	0.0	0.0	0.00	0.00
Pacific	6.73	8.10	0.6	1.0	0.04	-0.04
Mid East	5.95	4.89	0.9	2.1	0.06	-0.05
Eastern Europe	0.71	2.70	3.0	3.9	0.05	-0.08
Asia	7.34	7.90	1.7	6.0	0.12	-0.34
Cash etc.	0.00	0.00	0.8	0.0	0.00	-0.05
<b>Total</b>	<b>6.00</b>	<b>6.08</b>	<b>100</b>	<b>100</b>	<b>6.00</b>	<b>-0.08</b>

Sectors	Return [%]		Avg. Weight [%]		Contribution [%]	
	PF	BM	PF	BM	Absolute	Relative
Basic Industry	6.10	6.19	17.5	11.3	1.11	0.39
Telecommunications	3.96	4.30	12.2	8.7	0.55	0.15
Consumer Goods	8.01	6.47	4.1	3.3	0.30	0.11
Financial Services	10.10	7.20	4.7	5.2	0.43	0.11
Automotive	5.85	3.94	3.0	2.3	0.16	0.09
Energy	7.00	7.27	13.2	13.6	1.01	0.05
Media	4.78	6.23	11.5	8.6	0.56	0.03
Healthcare	6.39	6.63	8.4	8.0	0.54	0.01
Consumer Non-Cyclical	11.95	0.00	0.1	0.0	0.05	0.01
Government Guaranteed	0.00	0.00	0.0	0.0	0.00	0.00
Utility	5.93	6.22	3.2	3.2	0.20	-0.01
Leisure	5.10	5.86	4.1	3.7	0.21	-0.01
Transportation	1.58	4.01	0.2	1.7	0.01	-0.06
Insurance	0.00	6.15	0.0	1.1	0.00	-0.07
Banking	4.52	3.72	4.4	7.4	0.19	-0.08
Services	6.48	6.62	3.1	4.3	0.19	-0.08
Capital Goods	2.82	5.68	4.9	4.9	0.16	-0.14
Retail	8.58	6.61	1.7	4.4	0.13	-0.15
Technology & Electronics	5.47	6.23	1.1	3.8	0.05	-0.18
Real Estate	7.52	7.51	1.9	4.6	0.13	-0.20
Cash etc.	0.00	0.00	0.8	0.0	0.00	-0.05
<b>Total</b>	<b>6.00</b>	<b>6.08</b>	<b>100</b>	<b>100</b>	<b>6.00</b>	<b>-0.08</b>



## Positioning

### Securities

#### Total Number of Positions

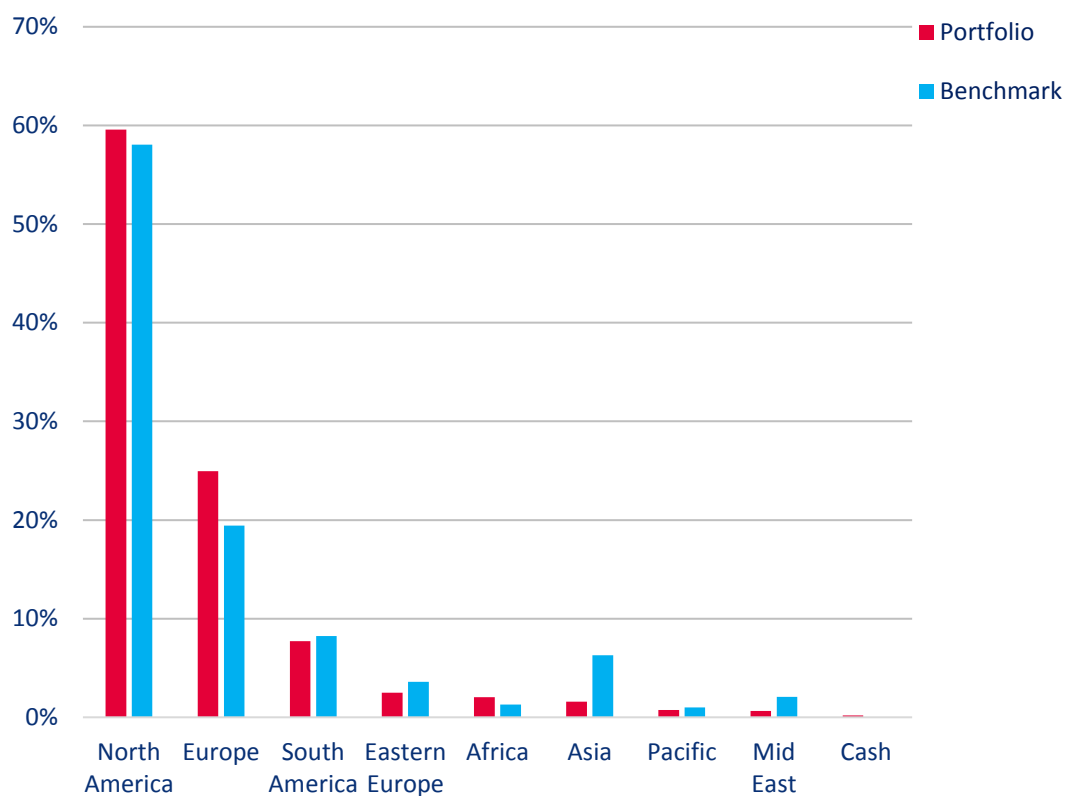
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#### Top 10 Positions

	Country	Sector	Weight
Sprint Corp. 7.875% 15-sep-2023	United States	Telecommunications	1.76%
Huntsman International Llc 4.25% 01-apr-2025	United States	Basic Industry	1.50%
Petrobras Global Finance Bv 5.299% 27-jan-2025	Brazil	Energy	1.41%
Ardagh Packaging Finance Plc 6.75% 15-may-2024	Ireland	Capital Goods	1.15%
Cit Group Inc. 4.75% 16-feb-2024	United States	Banking	1.14%
Corral Petroleum Holdings Ab 11.75% 15-may-2021	Sweden	Energy	1.12%
Kb Home 6.875% 15-jun-2027	United States	Basic Industry	1.08%
T-mobile Usa, Inc. 6.375% 01-mar-2025	United States	Telecommunications	1.02%
Aes Corporation 5.5% 15-apr-2025	United States	Utility	1.00%
Bausch Health Companies Inc. 7.0% 15-mar-2024	Canada	Healthcare	0.95%

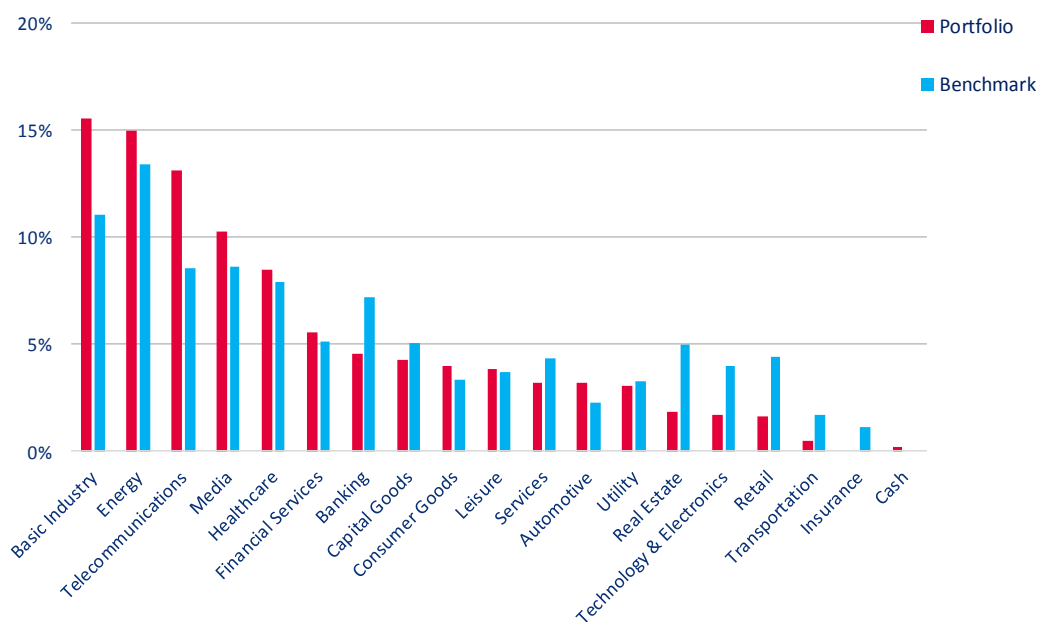
## Regions

Regional Allocation		
	Absolute	Relative
North America	59.58%	1.54%
Europe	24.96%	5.53%
South America	7.73%	-0.51%
Eastern Europe	2.50%	-1.10%
Africa	2.05%	0.75%
Asia	1.59%	-4.71%
Pacific	0.75%	-0.25%
Mid East	0.64%	-1.43%
Cash	0.20%	0.20%
<b>Total</b>	<b>100%</b>	<b>0%</b>



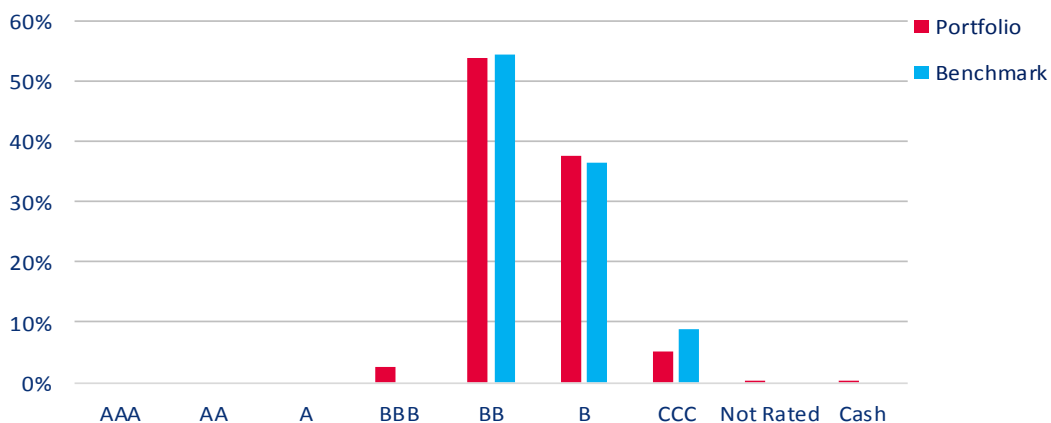
## Sectors

Sector Allocation	Absolute	Relative
Basic Industry	15.56%	4.54%
Energy	15.02%	1.63%
Telecommunications	13.13%	4.56%
Media	10.26%	1.62%
Healthcare	8.50%	0.62%
Financial Services	5.53%	0.42%
Banking	4.52%	-2.69%
Capital Goods	4.29%	-0.79%
Consumer Goods	4.02%	0.70%
Leisure	3.85%	0.14%
Services	3.23%	-1.14%
Automotive	3.19%	0.94%
Utility	3.05%	-0.20%
Real Estate	1.83%	-3.15%
Technology & Electronics	1.73%	-2.25%
Retail	1.64%	-2.76%
Transportation	0.46%	-1.22%
Insurance	0.00%	-1.16%
Cash	0.20%	0.20%
<b>Total</b>	<b>100%</b>	<b>0%</b>



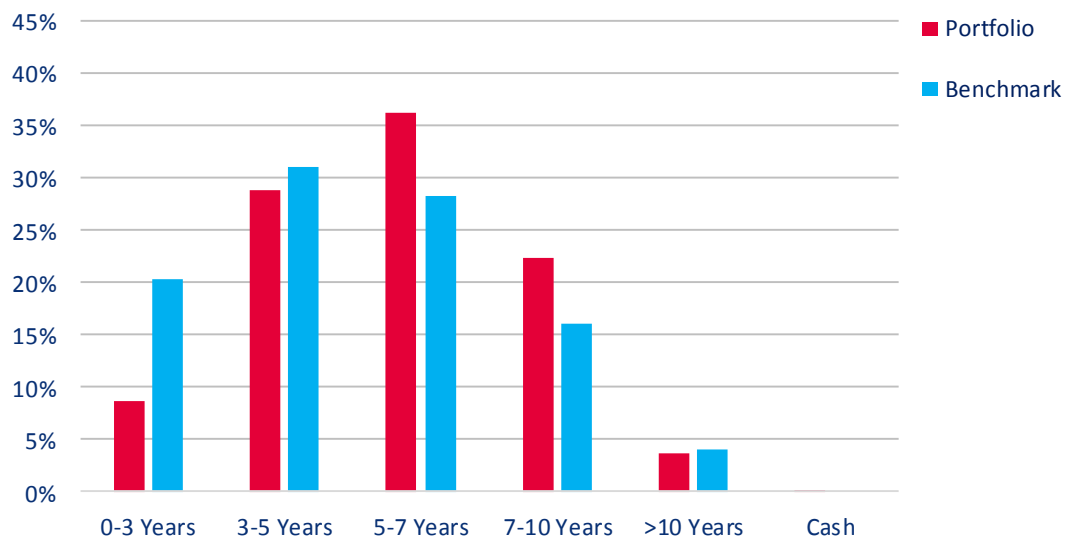
## Ratings

Rating Allocation	Absolute	Relative
AAA	0.0%	0.0%
AA	0.0%	0.0%
A	0.0%	0.0%
BBB	2.6%	2.6%
BB	53.8%	-0.8%
B	37.8%	1.4%
CCC	5.2%	-3.8%
Not Rated	0.3%	0.3%
Cash	0.2%	0.2%
<b>Total</b>	<b>100%</b>	<b>0%</b>



## Terms

Term Structure	Absolute	Relative
0-3 Years	8.73%	-11.57%
3-5 Years	28.82%	-2.35%
5-7 Years	36.27%	7.98%
7-10 Years	22.37%	6.24%
>10 Years	3.62%	-0.49%
Cash	0.20%	0.20%
<b>Total</b>	<b>100%</b>	<b>0%</b>



## Credit Exposure

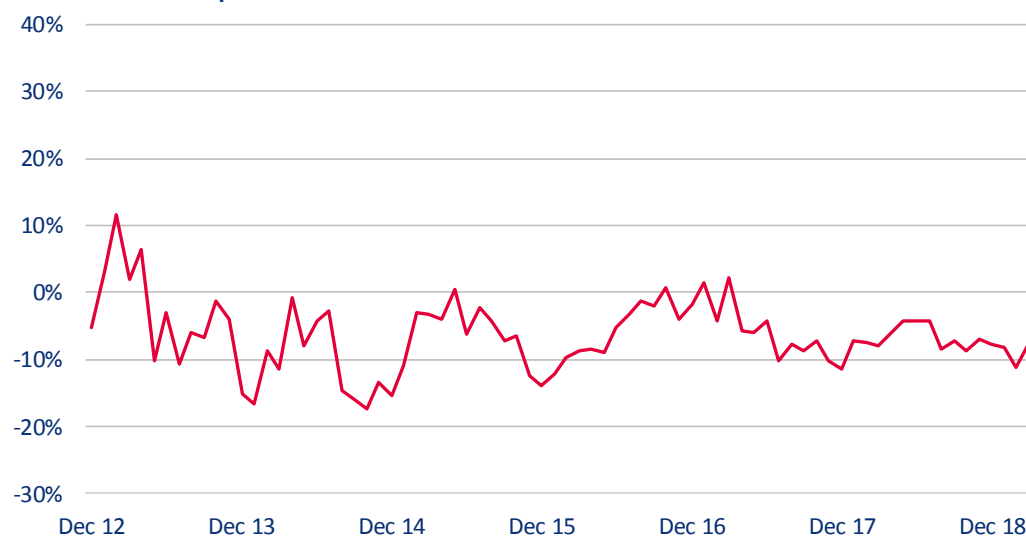
The credit risks in the portfolio are measured through credit exposure. At the bond level, this corresponds to the product of credit spread and spread duration, i.e. the product of risk premium and its sensitivity. At the portfolio level, this corresponds to the sum of the weighted credit exposures of 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	Relative Difference
Credit Exposure	14.08	15.20	-7.38%

### Historical Credit Exposure Difference



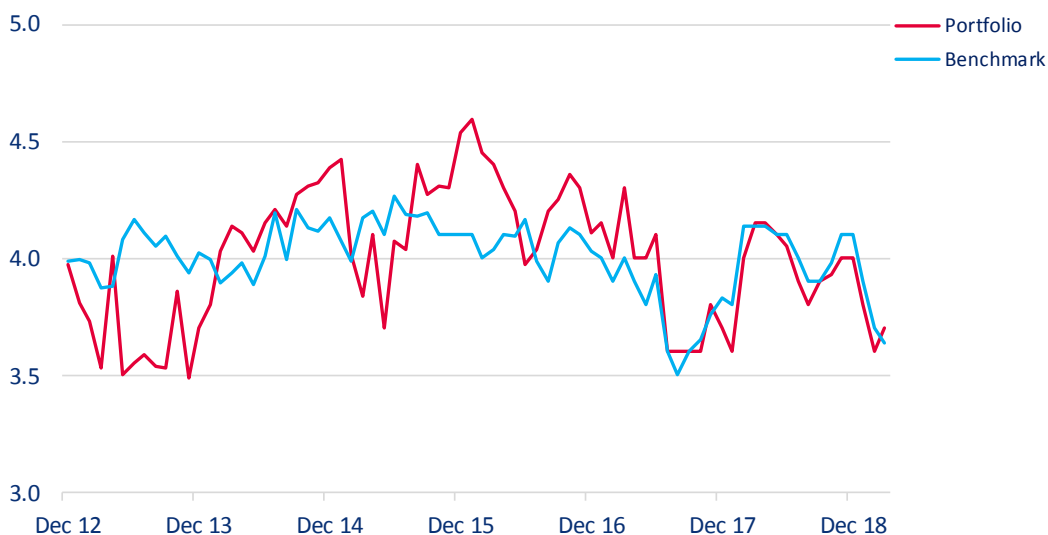
## Duration

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 modified duration measures the sensitivity of a bond to changes in interest rates.

<b>Modified Duration</b>			
	<b>Portfolio</b>	<b>Benchmark</b>	<b>Difference</b>
Modified Duration to Worst	3.7	3.6	0.1

### Historical Effective Duration

Up to June 2017, the graph represents the effective duration, since July 2017 it reflects the modified duration to worst.



## 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 Petajisto<sup>1</sup> 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.



<sup>1</sup>: 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**

	<b>Portfolio</b>
Tracking Error 1 Year	0.84%
Annualised Tracking Error 3 Years	0.79%
Annualised Tracking Error since Strategy Start (01.04.2012)	1.11%
Active Share	69.43%

**Historical Active Share**



## Scenario Analysis

Data as of March 2019

Scenario analysis: Total Return	Good Case	Base Case	Bad Case
	Credit spread change	-100 bps	None
Interest rate change	+50 bps	None	-50 bps
	Expected Total Return		
Default rate 2%	7.3%	5.5%	0.1%
Default rate 4%	6.2%	4.5%	-0.8%
Default rate 6%	5.2%	3.5%	-1.6%

Source ICE BofA Merrill Lynch Global Research

The future performance of the portfolio is influenced by various factors. Three key influence factors are the credit spreads, the interest rate level and the default rates. Excluding all other performance drivers, we expect the following performance developments for the portfolio in the next 12 months. A scenario analysis is not a forecast, but rather indicates the magnitude of influence factors (the credit spread, interest rate level and default rates in this case). The current Key Figures of the Global High Yield Universe:

Key Figures of the Global High Yield Universe	Benchmark
Duration to Worst	3.6
Yield to Worst	6.0%
Credit Spread (bps)	421
Average Rating	B+

Source ICE BofA Merrill Lynch Global High Yield Index (HW00)

The calculations are based on the benchmark ICE BofA Merrill Lynch Global High Yield and the 5-year US Treasury yield. The recovery value is estimated to be 40%.

Good case: negative correlation between credit spread and interest rate movements. The credit spreads fall by 100 bps, whereas the 5-year US Treasury yield rises by 50 bps.

Base case: no movement in credit spreads or interest rates.

Bad case: negative correlation between credit spread and interest rate movements. The credit spreads rise by 200 bps, whereas the 5-year US Treasury yield falls by 50 bps.

**»» *Added return through investment in substantially undervalued high yield bonds in combination with proven credit research expertise and an active top-down approach.***

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## Investment Strategy | Track Record

### Investment Objective

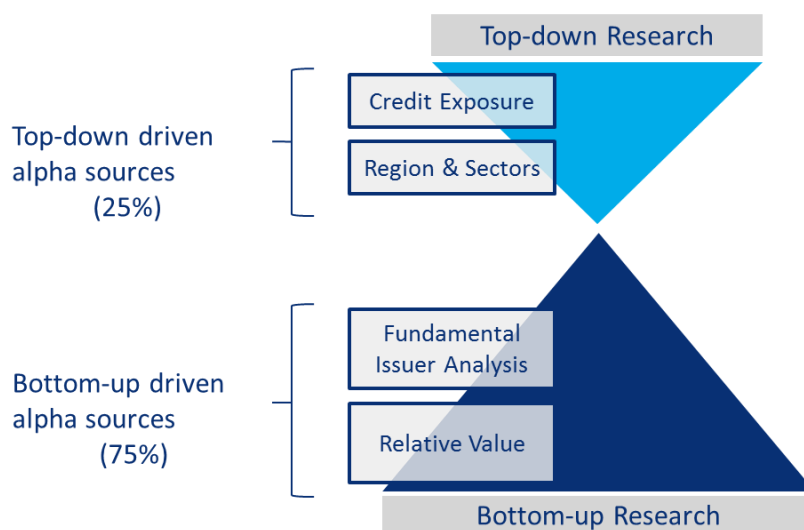
The FISCH Bond Global High Yield Fund invests globally in attractive high yield corporate bonds. With the ICE BofA Merrill Lynch Global High Yield serving as its benchmark, the fund seeks to generate outperformance through active management.

### Investment Philosophy

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

- Through the focused implementation of the four independent and complementary alpha sources – 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.
- For systematic outperformance throughout the market cycle, it is also decisive to generate outperformance especially during strong market corrections. With the help of various trend indicators, we achieve this through rigorous fundamental analysis at the issuer level and strict portfolio positioning to prevent high default risks.
- 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	Four independent sources of alpha ensure <b>performance stability</b> across different market phases. These sources are embedded in the two central management elements. <b>Top-down</b> (Macro Analysis & Asset Allocation) and <b>bottom-up</b> (Issuer Analysis & Relative Value). The different Alpha sources complement each other.
Downside	When it comes to portfolio construction, the neutral positioning specification derived from asset allocation results in a <b>consistent emphasis on relative downside management</b> . Here the focus is on instruments such as systematic market monitoring by Risk Management, which is functionally independent.
Team	The <b>team approach</b> ensures the maximum degree of independence of the <b>individual team members</b> 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 <b>continuity and stability of the investment process</b> .

## Universe

The investment universe is determined by the benchmark universe, which comprises >3,700 bonds globally. Senior bonds represent the bulk of the investment universe. Subordinated bonds account for around 10%. The credit quality of the benchmark index has historically averaged B+.

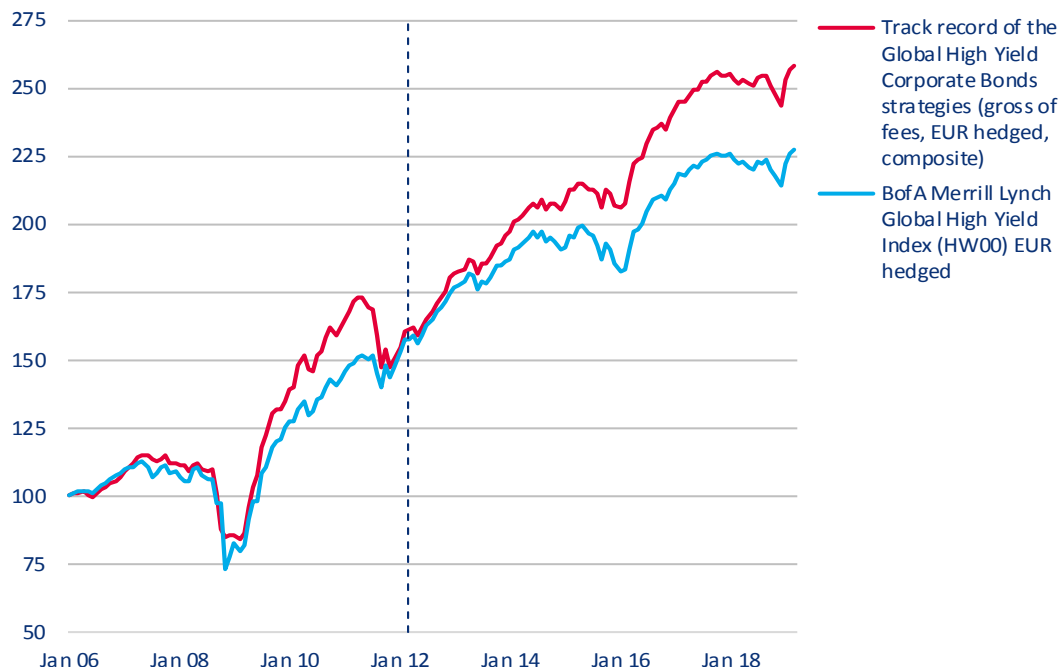
In line with the benchmark index, the investment universe of our global high yield corporate bond strategy includes issuers across all industry sectors. Also in line with the index, we do not invest in loans. 80% of the global high yield corporate bond strategy is invested in bonds with a minimum issue size of USD 250 million.

As off-benchmark investments, we invest opportunistically in corporate bonds that are still officially rated as investment grade but trade as high yield bonds (market implied rating) and in bonds that are not rated. We will also consider convertible bonds that trade close to their bond floor (leveraging our deep expertise in convertible bonds).

## Track Record of the Global High Yield Corporate Bonds Strategies

Fisch manages high yield portfolios since 23.01.2006.

The Global High Yield Corporate Bonds Strategy has been implemented relative to the ICE BofA Merrill Lynch Global High Yield Index (HW00), EUR hedged since 01.04.2012.



### Portfolio

Track record of the Global High Yield Corporate Bonds strategies (gross of fees, EUR hedged, composite)

### Benchmark

ICE BofA Merrill Lynch Global High Yield Index (HW00) EUR hedged

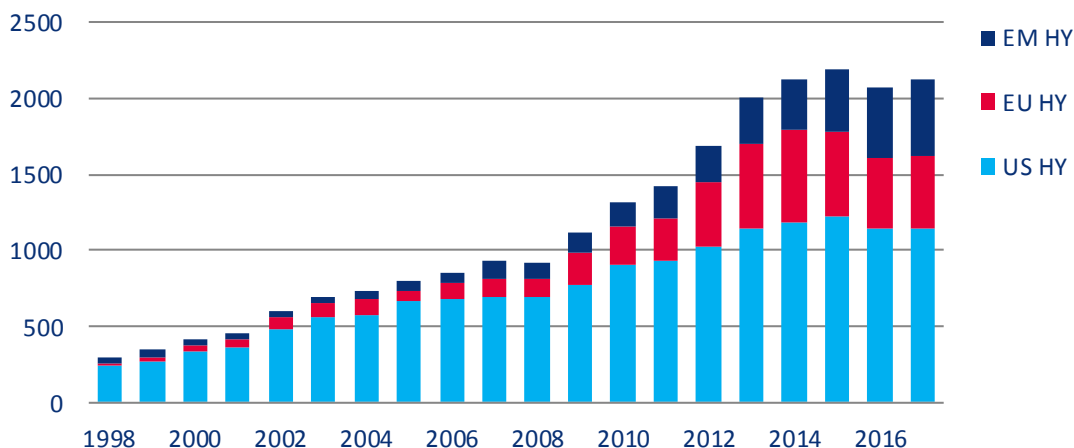
### Performance Key Figures

	Strategy	Benchmark	Relative
Month to Date Return	0.65%	0.78%	-0.13%
Quarter to Date Return	6.00%	6.08%	-0.08%
Year to Date Return	6.00%	6.08%	-0.08%
Return 1 Year	2.60%	2.39%	0.21%
Annualised Return 3 Years	6.26%	6.03%	0.23%
Annualised Return 5 Years	5.11%	3.51%	1.60%
Annualised Return since Inception (23.01.2006)	7.46%	6.43%	1.03%
Volatility since Inception (23.01.2006)	8.93%	9.77%	-0.84%
Sharpe Ratio since Inception (23.01.2006)	0.70	0.54	0.17

**Note** Before 01.04.2012 the Global High Yield strategy was managed benchmark agnostic and had no outperformance target. With 30-80 positions the portfolio was more concentrated. Since 01.04.2012 the strategy is managed relative to the ICE BofA Merrill Lynch Global High Yield Index (HW00), EUR hedged.

## Global High Yield Bonds

### Market Size

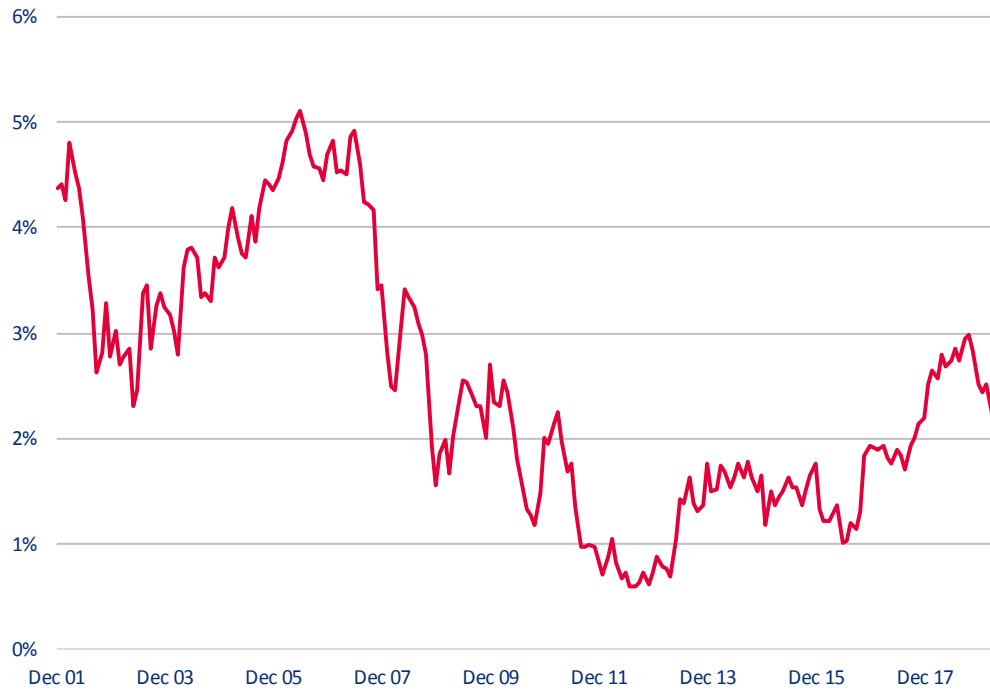


Source ICE BofA Merrill Lynch Global Research, S&P LCD

The total market of high yield corporate bonds has grown rapidly in recent years. Since the financial market crisis of 2008, the market depth in European bonds has nearly doubled. This has come about as a result of the negative ratings trend of several countries – without a rise in the default rates for industrial bonds. Hence, the market is more broadly based regionally.

The developments in Europe together with the trend towards disintermediation in emerging market regions open up new opportunities for globally focused strategies in high yield bonds. The majority of issuers are still from North America, followed by Europe. Issuers from Asia, Latin America and the Middle East provide additional diversification.

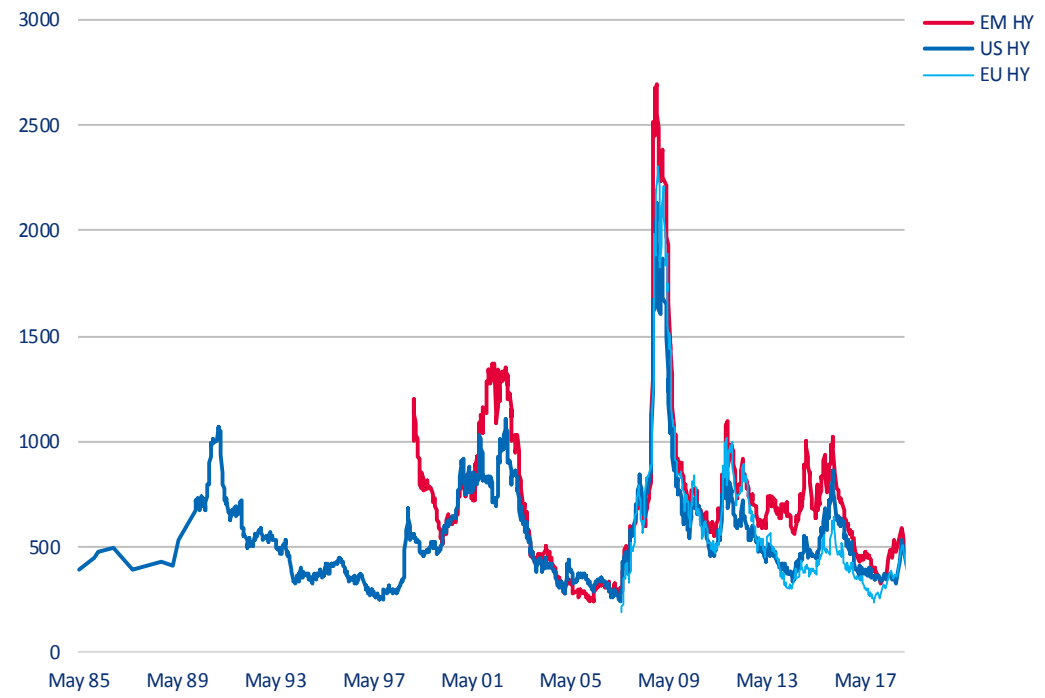
### Interest Rate Trend for 5-Year US Treasury



The bonds in which FISCH Bond Global High Yield Fund invests are largely denominated in USD.



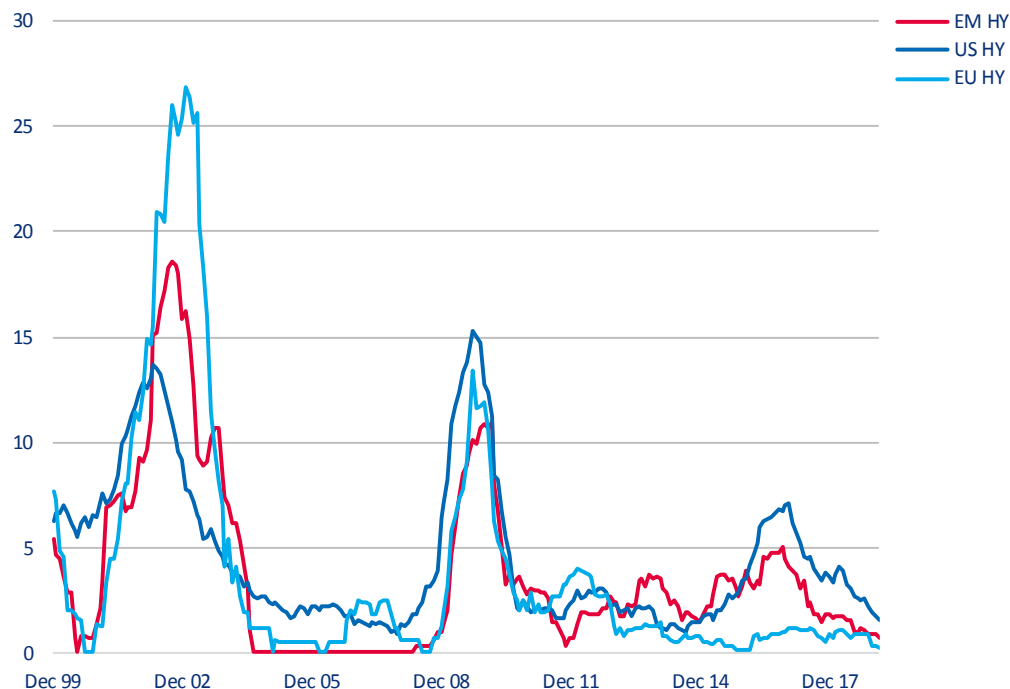
### Credit Spreads (bps)



Source ICE BofA Merrill Lynch Global Research

Emerging market high yield bonds (EM HY) exhibit the highest credit spreads relative to US Treasuries over time.

## Default Rates in Per Cent (LTM Issuer Default Rate)



Source ICE BofA Merrill Lynch Global Research

Default rates are a key indicator of the strength of economic momentum. In times of high default rates (recession, restrictive monetary policy, high debt, currency crises), investors demand a high credit spread. By historical standards, the default rates are currently low in all regions, owing to the low interest rates and moderate global economic growth.

» *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

Fisch Asset Management is an asset manager specialising in select investment strategies. It offers convertible bond, corporate bond and absolute return solutions. Its objective is to create added value for long-term investors through active management. The company's core strength lies in its long experience in the fields of credit and momentum.

Founded in Zurich in 1994 by two brothers, Kurt Fisch and Dr Pius Fisch, Fisch Asset Management has made a name for itself as an independent asset manager and as a global leader in convertible bonds.



**Dr. Pius Fisch**  
Founder

We view our corporate culture, which includes transparency, open communication, mutual respect, team spirit and entrepreneurial incentives, as the basis for our long-term success. We are proud of the tremendous success that Fisch has achieved over the past 25 years thanks to this enduring corporate philosophy.

Fisch Asset Management has recorded a strong rise in assets under management in the past years. As of 29.03.2019 the assets under management amount to CHF 10.45 bn.

## Our offering

Actively managed mutual fund and segregated account solutions in three asset classes:

### Convertible bonds (since 1994)

We manage four different global strategies (Defensive, Opportunistic, Dynamic and Sustainable) covering the entire spectrum with a range of risk profiles.

### Corporate bonds (since 2006)

We manage five strategies (Global High Yield, Global Corporates, Emerging Market Corporates Defensive, Emerging Market Corporates Opportunistic and Bond CHF Investment Grade).

### Absolute Return (since 2009)

We manage two strategies (Absolute Return Fixed Income and Absolute Return Multi Asset).

## Investment Team

Investment Team	Years at Fisch	Years of Investment Experience	Years of Industry Experience	Research Responsibility	Function
<b>Portfolio Management Convertible Bonds</b>					
Stephanie Zwick	2010 (9)	2010 (9)	2003 (16)	-	Head Convertible Bonds, Senior PM
Dr. Klaus Göggelmann	2007 (12)	1999 (20)	1984 (35)	North America / Financials	Senior PM/Analyst
Ute Heyward	2011 (8)	2006 (13)	2002 (17)	North America / Communications, Healthcare	Senior PM/Analyst
Roland Hotz	2001 (18)	2001 (18)	1977 (42)	-	Senior PM
Stefan Meyer	2008 (11)	1994 (25)	1994 (25)	Asia / Information Technology	Senior PM/Analyst
Filip Adamec	2016 (3)	2006 (13)	2005 (14)	Global Credit / Materials, Energy / Yield Monitor	PM/Analyst
Gerrit Bahlo	2018 (1)	2013 (6)	2011 (8)	Europe / Consumer Disc. & Staples	PM/Analyst
Leonardo Spangaro	2015 (4)	2015 (4)	2011 (8)	Japan / Industrials, Utilities	PM/Analyst
<b>Portfolio Management Corporate Bonds</b>					
Meno Stroemer	2014 (5)	2000 (19)	1992 (27)	Central Europe, Middle East, Africa	Head Portfolio Management, Head Corporate Bonds, Senior PM/Analyst
Philipp Good	2007 (12)	2002 (17)	1995 (24)	-	Senior PM, CEO
Hannes Boller	2008 (11)	2008 (11)	2005 (14)	Asia	Senior PM/Analyst
Theodore Holland	2018 (1)	2007 (12)	2007 (12)	Central Europe, Middle East, Africa	Senior PM/Analyst
Peter Jeggli	2005 (14)	1987 (32)	1987 (32)	North America	Senior PM/Analyst
Kyle Kloc	2016 (3)	2000 (19)	2000 (19)	North America, Europe	Senior PM/Analyst
Oliver Reinhard	2013 (6)	2008 (11)	2001 (18)	Europe	Senior PM/Analyst
Sergio Coviello	2012 (7)	2015 (4)	2012 (7)	Global	PM/Analyst
Maria Stäheli	2018 (1)	2007 (12)	2007 (12)	Europe	PM/Analyst
<b>Portfolio Management Absolute Return</b>					
Reto Baumgartner	2005 (14)	2005 (14)	2005 (14)	Asset Allocation	Head Absolute Return, Senior PM
Dr. Olivier Schmid	2012 (7)	2005 (14)	2005 (14)	Trends	Senior PM
Dr. Patrick Wirth	2015 (4)	2005 (14)	1998 (21)	Trends	Senior PM
Robert Koch	2016 (3)	2007 (12)	2007 (12)	Asset Allocation	Senior PM
Vlad Balas	2010 (9)	2010 (9)	2008 (11)	Asset Allocation	PM
Dzemo Fazli	2012 (7)	2012 (7)	2012 (7)	Asset Allocation	PM
Bilgi Sakarya	1996 (23)	1989 (30)	1987 (32)	Trends	Senior Product Specialist
<b>Investment Office</b>					
Beat Thoma	2000 (19)	1992 (27)	1985 (34)	Asset Allocation	CIO
Kurt Fisch	1994 (25)	1984 (35)	1978 (41)	Asset Allocation	Founder
Marco Müller	2007 (12)	1997 (22)	1993 (26)	Quantitative Analysis	Senior Analyst
Martin Haycock	2015 (4)	1995 (24)	1995 (24)	Quantitative Analysis	CB Senior Product Specialist/Analyst
<b>Credit Research Fisch</b>					
Atish Suchak	2017 (2)	2001 (18)	2001 (18)	Global	Senior Analyst
Magashlin Chetty	2019 (0)	2007 (12)	2003 (16)	Global	Senior Analyst
Nissant Naganathi	2013 (6)	2018 (1)	2013 (6)	Global	Analyst
Daniela Savoia	2018 (1)	2013 (6)	2011 (8)	Lateinamerika	Analyst
<b>Credit Research I-CV</b>					
Daniel Pfister*	2005 (14)	1987 (32)	1987 (32)	Credit Analyst	Senior Analyst, CEO I-CV
Gabriele Baur*	2013 (6)	1987 (32)	1987 (32)	Credit Analyst	Senior Analyst
Michael Dawson-Kropf*	2016 (3)	1994 (25)	1994 (25)	Credit Analyst	Senior Analyst
Christian Fischer*	2007 (12)	2007 (12)	2000 (19)	Credit Analyst	Senior Analyst
René Hermann*	2009 (10)	2000 (19)	2000 (19)	Credit Analyst	Senior Analyst
Dr. Kurt Hess*	2009 (10)	1991 (28)	1991 (28)	Credit Analyst	Senior Analyst
Thomas Isler*	2012 (7)	1986 (33)	1986 (33)	Credit Analyst	Senior Analyst
Fabian Keller*	2014 (5)	2004 (15)	2004 (15)	Credit Analyst	Senior Analyst
Marc Meili*	2010 (9)	2012 (7)	2010 (9)	Credit Analyst	Senior Analyst
Robin Schmidli*	2012 (7)	2009 (10)	2009 (10)	Credit Analyst	Senior Analyst
Guido Versondert*	2011 (8)	1995 (24)	1995 (24)	Credit Analyst	Senior Analyst
Ernst Zbinden*	2005 (14)	1976 (43)	1976 (43)	Credit Analyst	Senior Analyst
Colin Ferguson*	2017 (2)	2013 (6)	2013 (6)	Credit Analyst	Analyst
Patrick Kunz*	2018 (1)	2018 (1)	2018 (1)	Credit Analyst	Analyst
Average	(8)	(17)	(20)		
<b>Number PM / Average</b>	<b>24 (8)</b>	<b>(14)</b>	<b>(18)</b>		
<b>Number Analyst / Average</b>	<b>32 (7)</b>	<b>(17)</b>	<b>(19)</b>		

\* Independent Credit View

\* Independent Credit View (I-CV)

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