

» *Corporate Bonds*  
*Global High Yield*  
*Strategy*

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**Product Report 30 September 2019**

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The Fisch product report is intended for professional investors 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 Strategy 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 30.09.2019

Performance Key Figures - EUR	Strategy	Benchmark	Relative
Month to Date Return	0.51%	0.30%	0.21%
Quarter to Date Return	0.99%	0.54%	0.45%
Year to Date Return	9.34%	8.79%	0.55%
Return 1 Year	4.56%	4.31%	0.25%
Annualized Return 3 Years	4.24%	3.59%	0.64%
Annualized Return 5 Years	5.34%	3.81%	1.53%
Annualised Return since Inception (01.04.2012)	6.95%	5.37%	1.58%

Portfolio Key Figures	Strategy	Benchmark
Yield to Worst (EUR hedged)	3.3%	3.3%
Credit Spreads (bps)	410	415
Average Rating	BB-	B+
Spread Duration	3.3	3.3
Modified Duration to Worst	3.3	3.3

**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.

## » *Spate of new issues utilised to adjust positions*

### Manager Report



**Kyle Kloc**  
Lead Portfolio Manager



**Peter Jeggli**  
Senior Portfolio Manager

The high yield corporate bond market ended September up 0.3% (benchmark index: ICE BofAML Global High Yield Index, EUR hedged). The risk premia declined to 423 basis points (-12 bp) while interest rates rose slightly worldwide. The changes in risk premia and the ongoing coupon income (carry) thus made a positive contribution to performance for the month.

Performance globally was mixed. High yield in emerging markets (ex Asia) outperformed developed markets by a clear margin. Banks (mainly from emerging markets) as well as automotive and retail were the winners, up between 0.5 and 1%, while healthcare, media and the oil service sector were among the losers. The CCC segment was above-average in Europe (mainly retail) as well as in Latin America (mainly Argentina) but was weak in the US (mainly energy). The strategy managed an outperformance in what was a very volatile month, with security selection making the biggest contribution.

As predicted in August's report, issuance in September was very high. Many companies took advantage of the present market conditions to optimise their balance sheet structure. We took this opportunity to add further interesting issuers to the portfolio. These included Fortesque (one of the world's largest iron ore producers), Elis (a leading European textile service company) and Pinewood Studios (world-leading film studio, including for James Bond films). All these companies are making a stable contribution to portfolio diversification. After the flurry of issues, we expect a breather in October. In the coming weeks we will focus on analysis of the upcoming quarterly results (starting with Alcoa in the second half of October), evaluation of the latest economic data releases and the tariff negotiations.

Our current portfolio positioning consists of an underweight in CCC, an overweight in the B segment in EUR and in the BB segment in USD. In regional terms, our positioning is neutral in emerging markets (ex Asia) and the US and we are overweight Europe. For valuation reasons, telecommunications, automotive and basic industries remain attractive, while our positioning in Asian real estate companies, healthcare and technology is cautious.

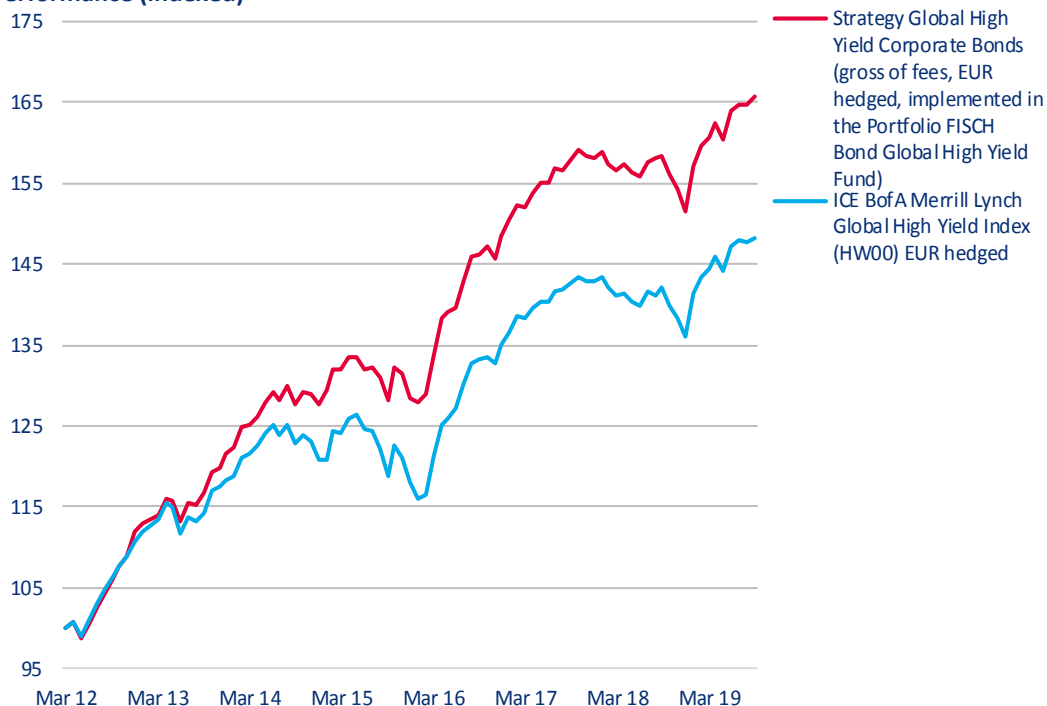
## Portfolio

### 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	0.51%	0.30%	0.21%
Quarter to Date Return	0.99%	0.54%	0.45%
Year to Date Return	9.34%	8.79%	0.55%
Return 1 Year	4.56%	4.31%	0.25%
Annualized Return 3 Years	4.24%	3.59%	0.64%
Annualized Return 5 Years	5.34%	3.81%	1.53%
Annualised Return since Inception (01.04.2012)	6.95%	5.37%	1.58%
Volatility 3 Years	3.92%	3.78%	0.14%
Sharpe Ratio 3 Years	1.16	1.04	0.13
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		0.45%	0.26%	0.19%
Quarter to Date Return		0.84%	0.43%	0.41%
Year to Date Return		8.95%	8.51%	0.44%
Return 1 Year		4.04%	3.92%	0.12%
Annualized Return 3 Years		3.65%	3.17%	0.49%
Annualized Return 5 Years		4.63%	3.25%	1.38%
Annualised Return since Inception (01.04.2012)		6.34%	4.91%	1.43%
Volatility 3 Years		3.91%	3.79%	0.13%
Sharpe Ratio 3 Years		1.12	1.03	0.09
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		0.74%	0.50%	0.24%
Quarter to Date Return		1.71%	1.27%	0.44%
Year to Date Return		11.75%	11.31%	0.44%
Return 1 Year		7.59%	7.60%	-0.01%
Annualized Return 3 Years		6.70%	6.25%	0.45%
Annualized Return 5 Years		N/A	N/A	N/A
Annualised Return since Inception (01.07.2015)		7.44%	6.37%	1.07%
Volatility 3 Years		3.93%	3.77%	0.16%
Sharpe Ratio 3 Years		1.22	1.15	0.07
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%

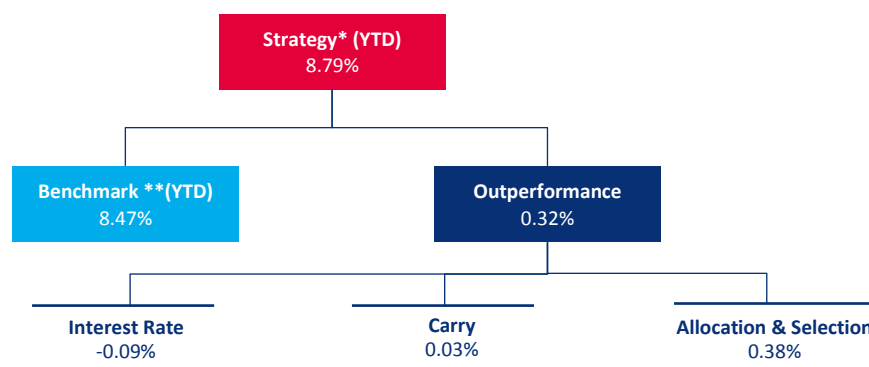
\*Since Inception – 01.07.2015

## Attribution and Contribution (January - August 2019)

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) (January - August 2019)*		Relative [%]
Interest Rate		-0.09%
Carry		0.03%
Allocation & Selection		0.38%
<b>Total</b>		<b>0.32%</b>

\*September data is not available



\*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) (January - August 2019)\*

Highest 5 relative contributors	Return [%]		Avg. Weight [%]		Contribution [%]	
	PF	BM	PF	BM	Absolute	Relative
Navient Corp	30.16	20.92	1.2	0.4	0.33	0.24
KB Home	23.11	14.17	0.9	0.1	0.19	0.18
Liberty Global Plc Class A	8.88	12.03	2.7	0.7	0.25	0.17
CIT Group Inc.	13.25	13.94	1.2	0.2	0.17	0.15
Bausch Health Companies Inc.	11.85	15.93	2.7	1.0	0.29	0.14

Lowest 5 relative contributors	Return [%]		Avg. Weight [%]		Contribution [%]	
	PF	BM	PF	BM	Absolute	Relative
Denbury Resources Inc.	-11.22	-6.42	0.6	0.1	-0.15	-0.14
Chesapeake Energy Corporation	-11.11	-9.11	0.7	0.3	-0.10	-0.09
Community Health Systems, Inc.	0.00	18.38	0.0	0.5	0.00	-0.09
Vine Oil & Gas LP	-25.12	-24.68	0.4	0.0	-0.09	-0.08
PetSmart, Inc.	0.00	57.37	0.0	0.2	0.00	-0.07

\*September data is not available

## Segment-Contributions (YTD) (January - August 2019)\*

Regions	Return [%]		Avg. Weight [%]		Contribution [%]	
	PF	BM	PF	BM	Absolute	Relative
Europe	8.88	8.68	25.2	19.2	2.17	0.65
South America	9.33	6.29	7.7	8.3	0.68	0.20
Africa	11.94	9.56	1.8	1.3	0.18	0.10
Mid East	9.51	2.22	0.8	2.0	0.07	0.03
Others	0.00	0.00	0.0	0.0	0.00	0.00
North America	8.67	8.91	58.6	57.7	5.32	-0.01
Pacific	20.03	13.83	0.4	1.0	0.07	-0.07
Eastern Europe	6.73	9.18	2.3	3.7	0.15	-0.18
Asia	8.57	7.67	2.2	6.7	0.15	-0.32
Cash etc.	0.00	0.00	0.9	0.0	0.00	-0.08
<b>Total</b>	<b>8.79</b>	<b>8.47</b>	<b>100</b>	<b>100</b>	<b>8.79</b>	<b>0.32</b>

\*September data is not available

Sectors	Return [%]		Avg. Weight [%]		Contribution [%]	
	PF	BM	PF	BM	Absolute	Relative
Basic Industry	10.00	9.12	16.8	11.0	1.69	0.71
Telecommunications	9.76	9.61	14.6	10.1	1.38	0.46
Financial Services	21.15	12.71	4.8	5.0	0.85	0.40
Consumer Goods	13.60	10.57	4.2	3.4	0.51	0.22
Automotive	10.07	6.26	3.0	2.3	0.29	0.16
Healthcare	8.59	6.96	8.2	7.8	0.73	0.16
Services	12.19	9.38	3.9	4.3	0.41	0.07
Media	9.05	10.08	8.2	7.3	0.74	0.00
Consumer Non-Cyclical	10.80	0.00	0.0	0.0	0.05	0.00
Government Guaranteed	0.00	0.00	0.0	0.0	0.00	0.00
Utility	8.06	7.81	3.1	3.3	0.27	-0.01
Leisure	9.49	10.40	3.5	3.8	0.34	-0.06
Retail	14.09	10.10	2.5	4.3	0.27	-0.09
Transportation	2.76	7.84	0.1	1.7	0.02	-0.13
Banking	10.61	8.29	4.5	7.3	0.43	-0.13
Insurance	2.82	13.65	0.4	1.2	0.02	-0.15
Real Estate	9.01	7.60	2.3	5.3	0.18	-0.19
Technology & Electronics	9.04	8.60	1.1	3.9	0.10	-0.23
Capital Goods	1.58	8.10	4.4	5.0	0.09	-0.34
Energy	0.57	4.06	14.2	12.9	0.41	-0.44
Cash etc.	0.00	0.00	1.0	0.0	0.00	-0.08
<b>Total</b>	<b>8.79</b>	<b>8.47</b>	<b>100</b>	<b>100</b>	<b>8.79</b>	<b>0.32</b>

\*September data is not available



## Segment-Contributions (YTD) (January - August 2019)\*

Ratings	Return [%]		Avg. Weight [%]		Contribution [%]	
	PF	BM	PF	BM	Absolute	Relative
AAA	0.00	0.00	0.0	0.0	0.00	0.00
AA	0.00	0.00	0.0	0.0	0.00	0.00
A	0.00	0.00	0.0	0.0	0.00	0.00
BBB	9.78	11.26	1.5	0.9	0.28	0.17
BB	10.52	9.67	52.2	50.6	5.12	0.38
B	8.47	8.46	36.3	34.5	2.75	0.00
CCC	5.99	6.08	7.3	9.7	0.43	-0.23
CC	0.00	0.00	0.2	0.6	-0.02	-0.02
C	0.00	0.00	0.1	0.1	-0.13	-0.14
Not Rated	9.53	1.79	3.5	3.7	0.36	0.24
Cash etc.	0.00	0.00	-1.0	0.0	0.00	-0.08
<b>Total</b>	<b>8.79</b>	<b>8.47</b>	<b>100</b>	<b>100</b>	<b>8.79</b>	<b>0.32</b>

\*September data is not available

## Positioning

### Securities

#### Total Number of Positions

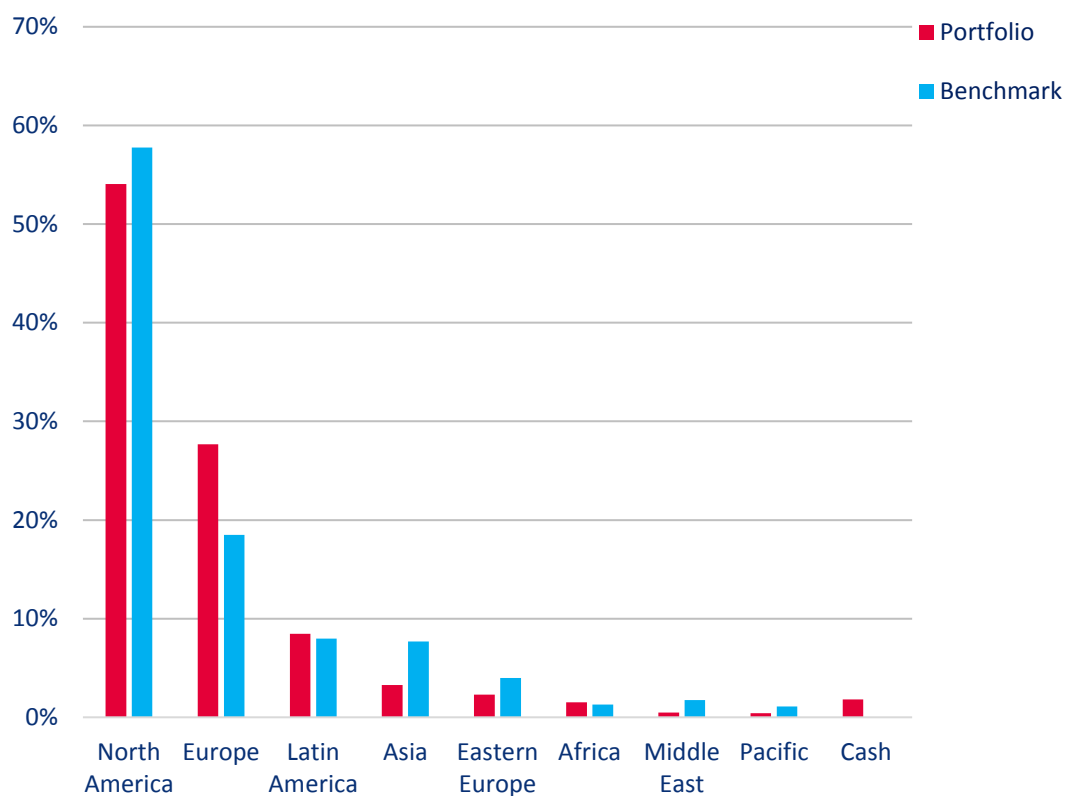
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#### Top 10 Positions

	Country	Sector	Weight
PETROBRAS GLOBAL FINANCE BV 5.093 15-JAN-2030	Brazil	Energy	1.72%
SPRINT CORP 7.875 15-SEP-2023	United States	Telecommunications	1.69%
KB HOME 6.875 15-JUN-2027	United States	Basic Industry	1.14%
UNIGEL LUXEMBOURG SA 8.75 01-OCT-2026	Brazil	Technology & Electronics	0.98%
CORRAL PETROLEUM HOLDINGS AB PIK 11.75 15-MAY-2021	Sweden	Energy	0.97%
ALLY FINANCIAL INC T2 5.75 20-NOV-2025	United States	Banking	0.96%
TELEFONICA EUROPE BV HYBRID-P 5.875 31-DEC-2049	Spain	Telecommunications	0.95%
T-MOBILE USA INC 6.375 01-MAR-2025	United States	Telecommunications	0.93%
BAUSCH HEALTH COMPANIES INC 4.5 15-MAY-2023	United States	Healthcare	0.90%
TELECOM ITALIA SPA 2.875 28-JAN-2026	Italy	Telecommunications	0.88%

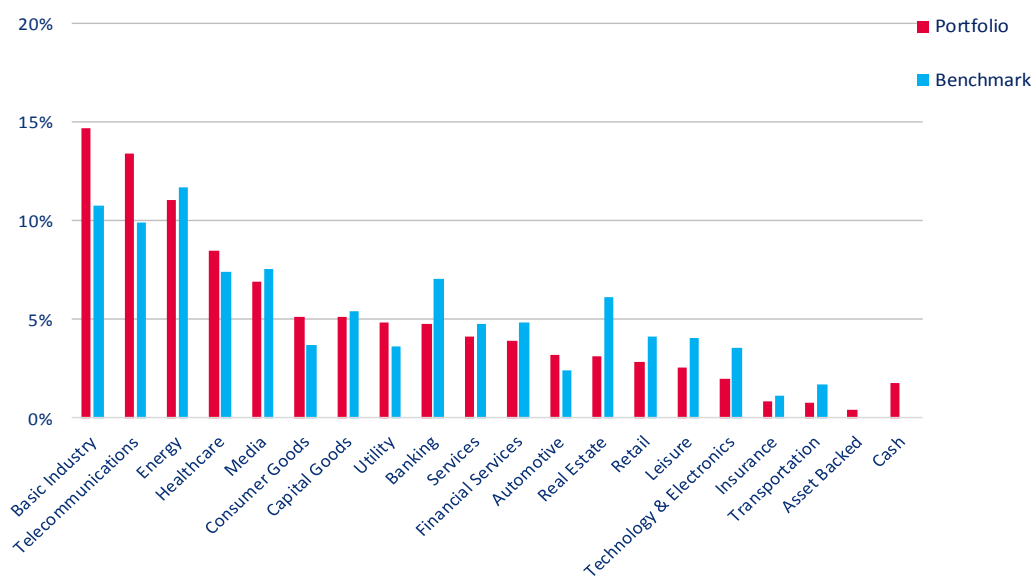
## Regions

Regional Allocation		
	Absolute	Relative
North America	54.05%	-3.71%
Europe	27.66%	9.16%
Latin America	8.47%	0.48%
Asia	3.28%	-4.41%
Eastern Europe	2.30%	-1.68%
Africa	1.53%	0.25%
Middle East	0.49%	-1.24%
Pacific	0.42%	-0.67%
Cash	1.80%	1.80%
<b>Total</b>	<b>100%</b>	<b>0%</b>



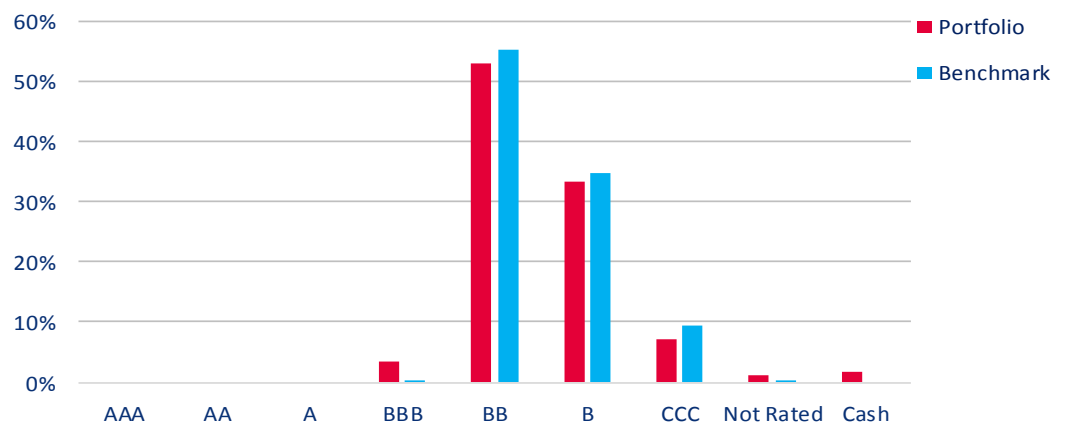
## Sectors

Sector Allocation		
	Absolute	Relative
Basic Industry	14.69%	3.89%
Telecommunications	13.38%	3.45%
Energy	11.08%	-0.63%
Healthcare	8.51%	1.09%
Media	6.93%	-0.60%
Consumer Goods	5.10%	1.43%
Capital Goods	5.10%	-0.32%
Utility	4.83%	1.18%
Banking	4.75%	-2.33%
Services	4.13%	-0.67%
Financial Services	3.89%	-0.94%
Automotive	3.22%	0.79%
Real Estate	3.16%	-2.98%
Retail	2.84%	-1.28%
Leisure	2.59%	-1.44%
Technology & Electronics	1.99%	-1.59%
Insurance	0.85%	-0.30%
Transportation	0.77%	-0.93%
Asset Backed	0.40%	0.40%
Cash	1.80%	1.80%
<b>Total</b>	<b>100%</b>	<b>0%</b>



## Ratings

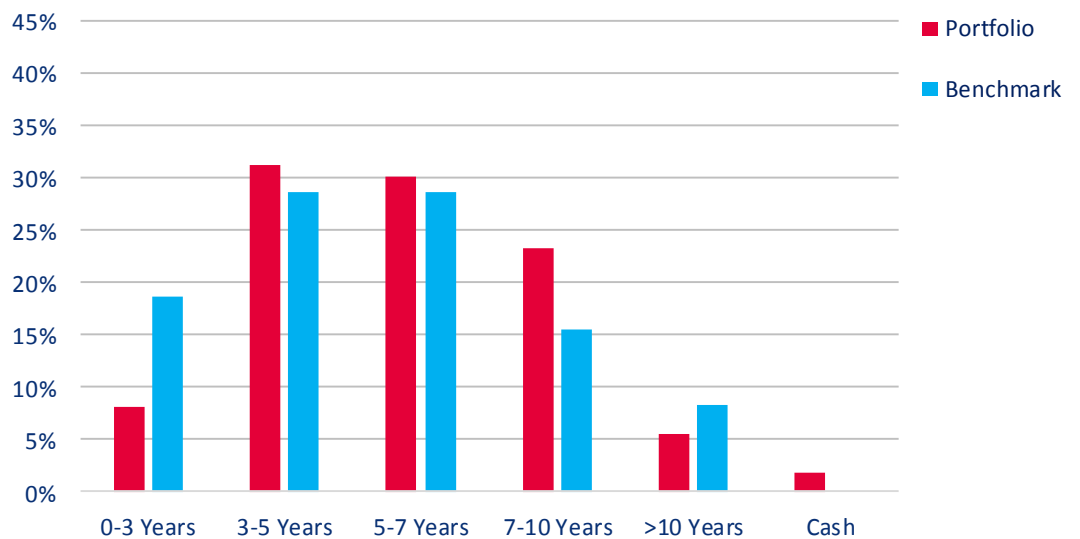
Rating Allocation	Absolute	Relative
AAA	0.00%	0.0%
AA	0.00%	0.0%
A	0.00%	0.0%
BBB	3.31%	3.1%
BB	53.05%	-2.2%
B	33.34%	-1.5%
CCC	7.25%	-2.3%
Not Rated	1.25%	1.1%
Cash	1.80%	1.8%
<b>Total</b>	<b>100%</b>	<b>0%</b>



Investment Grade vs High Yield Allocation	Strategy	Benchmark
Investment Grade	3.42%	0.19%
High Yield	96.58%	100%
<b>Total</b>	<b>100%</b>	<b>100%</b>

## Terms

Term Structure	Absolute	Relative
0-3 Years	8.10%	-10.62%
3-5 Years	31.22%	2.44%
5-7 Years	30.12%	1.50%
7-10 Years	23.31%	7.72%
>10 Years	5.46%	-2.83%
Cash	1.80%	1.80%
<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	13.53	13.82	-2.09%

### Historical Credit Exposure Difference



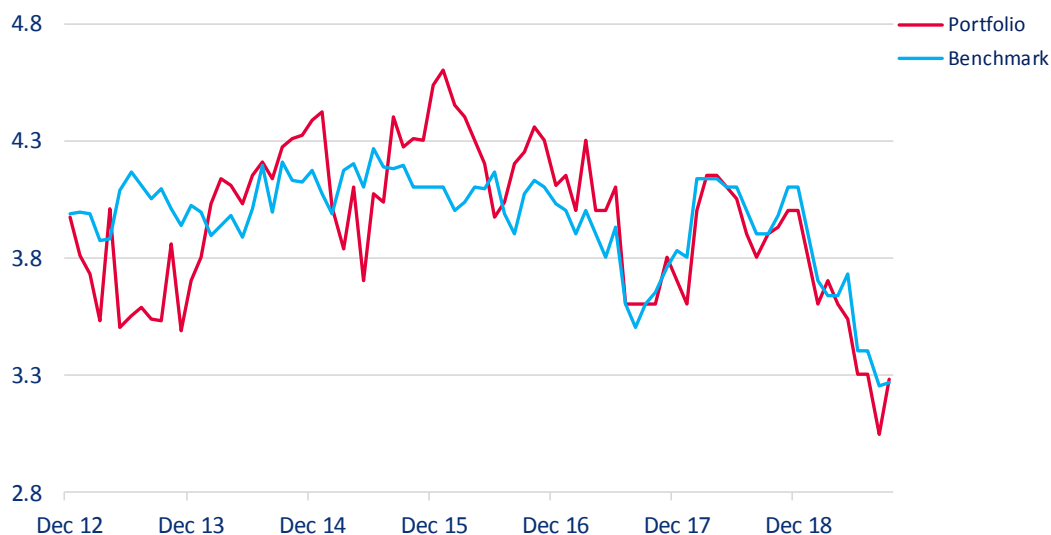
## Duration

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.

Modified Duration			
	Portfolio	Benchmark	Difference
Modified Duration to Worst	3.3	3.3	0.0

### 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	Portfolio
Tracking Error 1 Year	0.55%
Annualised Tracking Error 3 Years	0.72%
Annualised Tracking Error since Strategy Start (01.04.2012)	1.08%
Active Share	65.25%

### Historical Active Share



## Scenario Analysis

Data as of June 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%	6.8%	5.1%	0.1%
Default rate 4%	5.8%	4.1%	-0.8%
Default rate 6%	4.8%	3.2%	-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	3.3
Yield to Worst	3.3%
Credit Spread (bps)	415
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.***

## Investment Strategy | Track Record

### Investment Objective

The investment objective of our global high yield corporate bond strategy is to outperform the benchmark by 1% p.a. throughout the credit cycle by means of active management. We manage the strategy against the ICE BofAML Global High Yield Index (HW00). We seek to deliver systematic excess returns in stressed markets and to match benchmark returns in positive market environments.

### Investment Philosophy

We aim to produce outperformance versus the benchmark through active management, with the objective to deliver systematic excess returns in stressed markets, while at least matching benchmark returns in positive market environments.

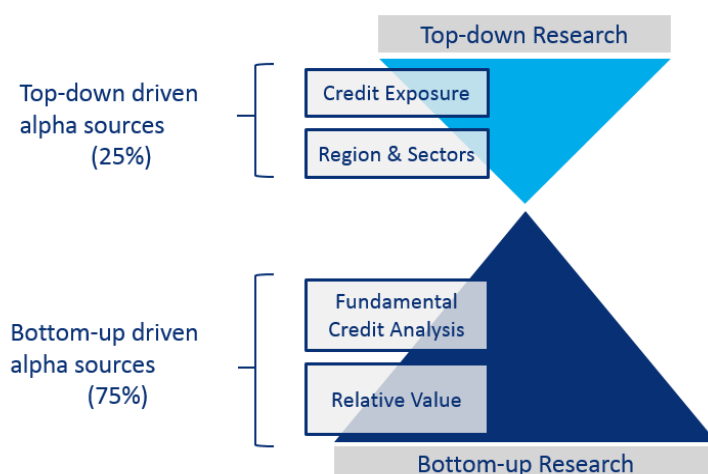
We believe that this is best achieved through a disciplined portfolio construction process that reflects the systematic implementation of four independent and complementary sources of alpha:

#### Top-down

- Credit exposure
- Region / sector allocation

#### Bottom-up

- Fundamental issuer analysis
- Relative value



We view the following steps as performance drivers:

- Rigorous macroeconomic assessment
- Credit quality assessment of issuers and securities
- Relative value determination of individual securities

Through our team approach and disciplined investment process that is supported by strong credit research as well as proprietary models, we are able to cover a broad spectrum of the global high yield bond universe.

As a result, we are well positioned to identify the best potential opportunities that the market offers at any given time.

## Investment Universe

The investment universe is determined by the benchmark universe, which comprises >3,000 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+.

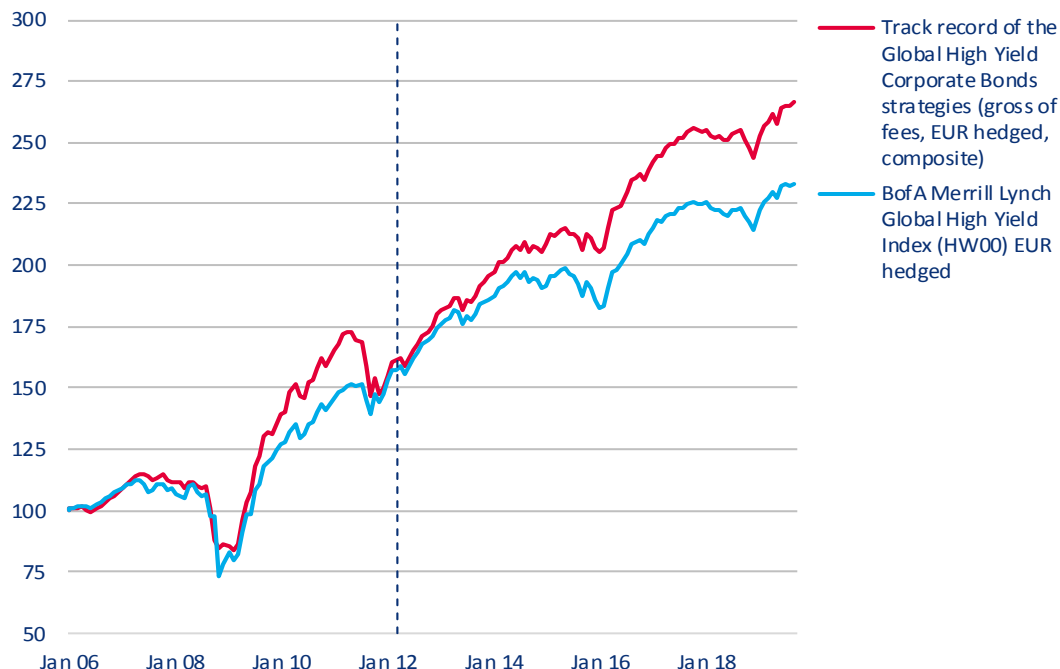
In line with the benchmark index, the investment universe of our global high yield corporate bond strategy includes issuers across all industry sectors. Also in line with the index, we do not invest in loans. 80% of the global high yield corporate bond strategy is invested in bonds with a minimum issue 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), floating-rate notes and unrated bonds. We will also consider convertible bonds that trade close to their bond floor (leveraging our deep expertise in convertible bonds). Off-benchmark investments comprise a maximum of 10% of the portfolio.

## 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

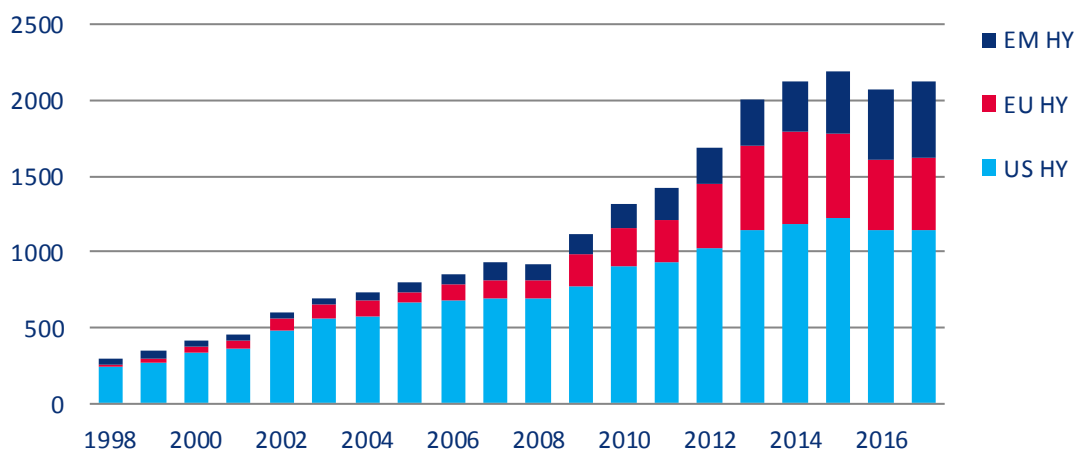
### Performance Key Figures

	Strategy	Benchmark	Relative
Month to Date Return	0.51%	0.30%	0.21%
Quarter to Date Return	0.99%	0.54%	0.45%
Year to Date Return	9.34%	8.79%	0.55%
Return 1 Year	4.56%	4.31%	0.25%
Annualised Return 3 Years	4.24%	3.59%	0.64%
Annualised Return 5 Years	5.34%	3.81%	1.53%
Annualised Return since Inception (23.01.2006)	7.42%	6.38%	1.04%
Volatility since Inception (23.01.2006)	8.80%	9.61%	-0.82%
Sharpe Ratio since Inception (23.01.2006)	0.71	0.55	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

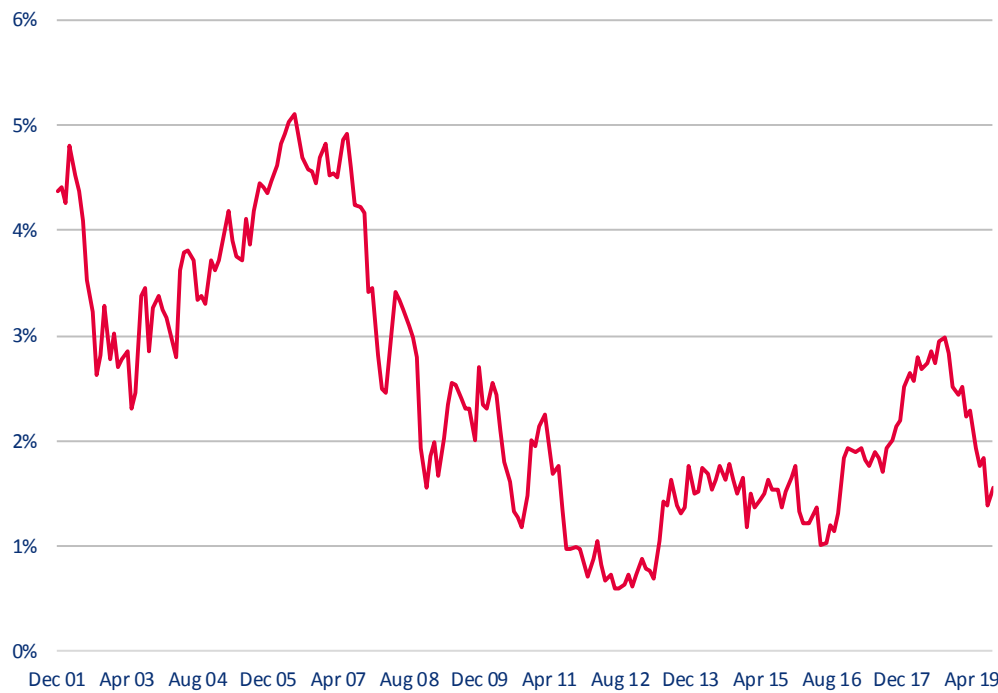


Source ICE BofA Merrill Lynch Global Research, S&P LCD

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.

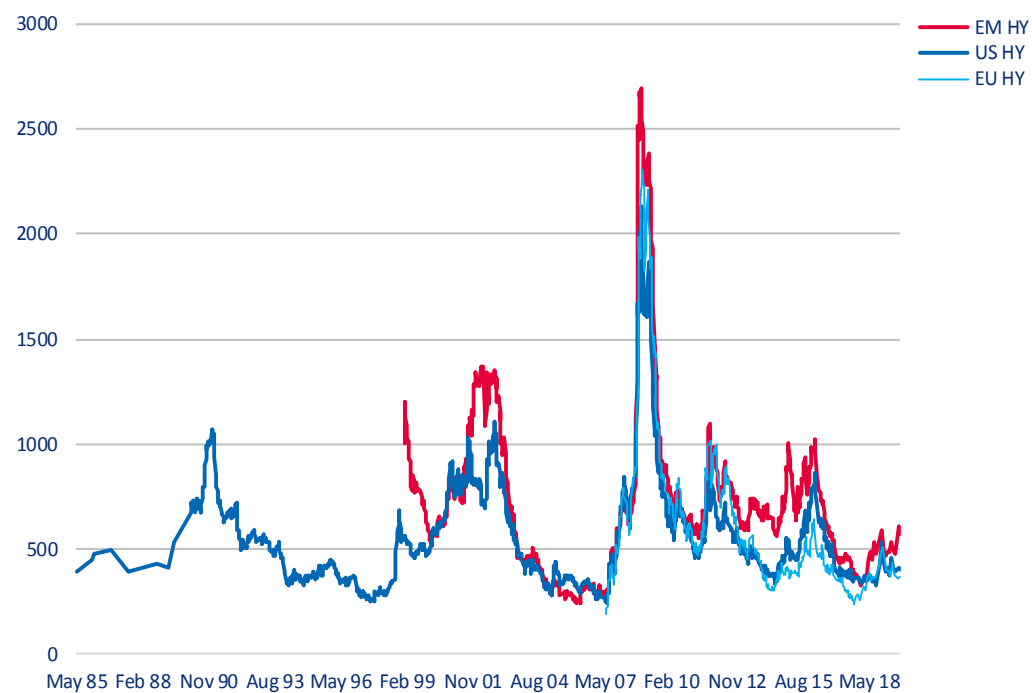
### Interest Rate Trend for 5-Year US Treasury



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



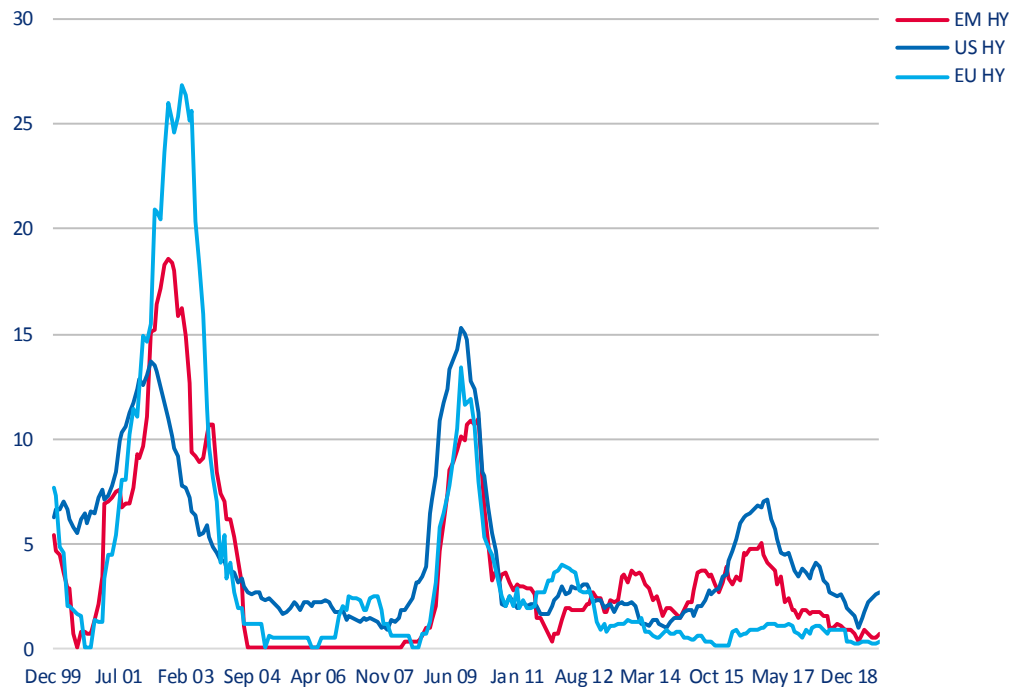
### Credit Spreads (bps)



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 30.09.2019 the assets under management amount to CHF 10.47 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		At Fisch since	Years of		Research Responsibility
Function	Investment experience		Industry experience		
<b>Portfolio Management Convertible Bonds</b>					
Stephanie Zwick	Head Convertible Bonds, Senior PM	2010	9	16	-
Dr. Klaus Göggelmann	Senior PM/Analyst	2007	20	35	North America, Financials, Utilities
Ute Heyward	Senior PM/Analyst	2011	13	17	North America, Communications, Healthcare
Roland Hotz	Senior PM	2001	18	42	-
Stefan Meyer	Senior PM/Analyst	2008	25	25	Asia, Information Technology
Gerrit Bahlo	PM/Analyst	2018	6	8	Europe, Consumer Disc. & Staples, Energy
Leonardo Spangaro	PM/Analyst	2015	4	8	Japan, Industrials, Materials, Yield Monitor
Martin Haycock	Senior Product Specialist	2015	24	24	Quantitative Analysis
<b>Portfolio Management Corporate Bonds</b>					
Meno Stroemer	Head Portfolio Management, Head Corporate Bonds, Senior PM/Analyst	2014	19	27	Emerging Markets
Theodore Holland	Senior PM/Analyst	2018	12	12	Emerging Markets
Peter Jeggli	Senior PM/Analyst	2005	32	32	North America, Europe (HY)
Kyle Kloc	Senior PM/Analyst	2016	19	19	North America, Europe (HY)
Oliver Reinhard	Senior PM/Analyst	2013	11	18	North America, Europe (IG)
Maria Stäheli	PM/Analyst	2018	8	14	North America, Europe (IG)
Sergio Coviello	PM/Analyst	2012	4	7	Global
<b>Portfolio Management Absolute Return</b>					
Reto Baumgartner	Head Absolute Return, Senior PM	2005	14	14	Asset Allocation
Robert Koch	Senior PM	2016	12	12	Asset Allocation
Vlad Balas	PM	2010	9	11	Asset Allocation
Dzemo Fazli	PM	2012	7	7	Asset Allocation
Dr. Olivier Schmid	Senior PM	2012	14	14	Trends
Dr. Patrick Wirth	Senior PM	2015	14	21	Trends
Bilgi Sakarya	Senior Product Specialist	1996	30	32	Trends
<b>Investment Office</b>					
Beat Thoma	CIO	2000	27	34	Asset Allocation
Kurt Fisch	Founder	1994	35	41	Asset Allocation
Marco Müller	Senior Analyst	2007	22	26	Quantitative Analysis
<b>Credit Research Fisch</b>					
Atish Suchak	Senior Analyst	2017	18	18	High Yield (DM)
Filip Adamec	Senior Analyst	2016	13	14	High Yield (DM)
Nissant Naganathi	Analyst	2013	1	6	High Yield (DM)
Magashlin Chetty	Senior Analyst	2019	12	16	Asia
Daniela Savoia	Analyst	2018	6	8	Latin America
<b>Credit Research Independent Credit View (I-CV)</b>					
Daniel Pfister	Senior Analyst, CEO I-CV	2005	32	32	Credit Analysis
Gabriele Baur	Senior Analyst	2013	32	32	Credit Analysis
Michael Dawson-Kropf	Senior Analyst	2016	25	25	Credit Analysis
Christian Fischer	Senior Analyst	2007	12	19	Credit Analysis
René Hermann	Senior Analyst	2009	19	19	Credit Analysis
Dr. Kurt Hess	Senior Analyst	2009	28	28	Credit Analysis
Thomas Isler	Senior Analyst	2012	33	33	Credit Analysis
Fabian Keller	Senior Analyst	2014	15	15	Credit Analysis
Marc Meili	Senior Analyst	2010	7	9	Credit Analysis
Robin Schmidli	Senior Analyst	2012	10	10	Credit Analysis
Guido Versondert	Senior Analyst	2011	24	24	Credit Analysis
Ernst Zbinden	Senior Analyst	2005	43	43	Credit Analysis
Tomas Lehotsky	Analyst	2019	6	7	Credit Analysis
Patrick Kunz	Analyst	2018	1	1	Credit Analysis
<b>Investment Professionals Overview</b>					
	Count	At Fisch	Investment experience	Industry experience	
PMs	8	9	12	17	
PM/Analysts	12	6	14	19	
Analysts	22	8	19	21	
Product Specialists	2	14	27	28	
<b>Total</b>	<b>44</b>	<b>8</b>	<b>17</b>	<b>20</b>	

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