

## Zurich investment foundation

# Senior Loans (hedged)

Custom-tailored solution for Swiss pension funds

Senior loans offer additional return opportunities and protection in times of rising interest rates.

### Your advantages at a glance

- **By absorbing credit risk premiums and thanks to their variable interest rates, senior loans enable attractive returns even in the event of rising interest rates**
- **Due to the low correlation to traditional bonds, senior loans improve the risk-return profile of a portfolio**
- **Owing to the seniority and collateralization of the credit instruments, high proceeds are achieved in the case of bankruptcy**
- **Thanks to the investments in US and European credit instruments, the senior loan portfolio is globally diversified**
- **The investment is custom-tailored to the needs of Swiss pension funds, especially in terms of the investment guidelines and structure**
- **Guggenheim Investments stands out with its comprehensive fundamental credit analysis, which has resulted in lower default rates and a better return in the past**

### Investment universe

The investment group is broadly diversified investing in European and US senior loans. The maximum allocation to an individual debtor is 3 percent, and at least 75 debtors are invested in. The average minimum Standard & Poor's rating of the portfolio is B-.

### Investment process

Thanks to its experience and size, Guggenheim Investments benefits from an excellent market access even for smaller transactions. The asset manager's investment philosophy combines fundamental data from enterprise and industry research with the results of macroeconomic research. Investments in senior loans are made only after intensive investigation by the Guggenheim experts, who evaluate each loan four to six times in the investment committee.



### Manager

Guggenheim Partners Investment Management, LLC

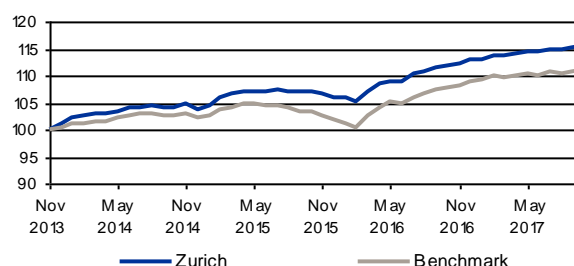
The company, which was founded in 2001 and 45 percent of which are held by the employees, manages customer assets worth more than USD 290 billion, most of them as a proven specialist in the fixed income segment. Supported by internal legal experts, an extensive team of experienced credit specialists based in the USA and in Europe manages senior loan investments in excess of USD 24 billion.

## Senior Loans (hedged)

The investment group «Senior Loans (hedged)» is broadly diversified investing in European and US senior loans. The maximum allocation to an individual debtor is 3 percent, and at least 75 debtors are invested in. In addition the portfolio is completely hedged in Swiss francs.

As of 31.10.2017

### Performance (gross of fees, indexed)



### Key characteristics

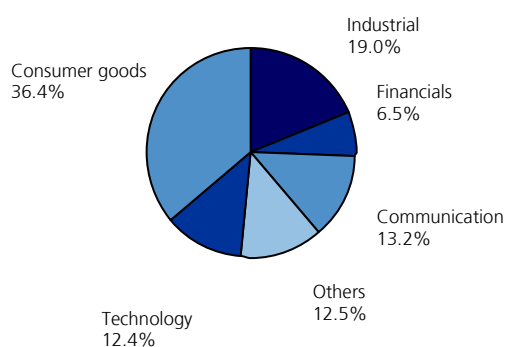
Manager	Guggenheim Partners
ISIN	CH0221374652
Bloomberg Ticker	ZASRLNH SW
Benchmark	S&P GI Lev Loan 70/30 CHF H
First issue	11.2013
Financial year	1.1. - 31.12.
Currency	CHF
Risk currency	Hegded in CHF
AuM (in mio.)	643.94
Net asset value	1,126.95
Management Fee	0.65%
TER (KGAST)	0.74%
Spread	0.50%
Issue/Redemption	Monthly
Number of issuers	240
Off-BM positions	23.00%

For further information please visit: [www.zurichinvest.ch](http://www.zurichinvest.ch)

### Allocation (in %)

	Zurich
Senior Secured Loans	96.26
Cash	2.70
Second Lien Loans	0.62
Others	0.35
High Yield Bonds	0.07

### Sectors (in %)



### Performance (net of fees in %, in CHF)

	Zurich	Benchmark
1 month	0.40	0.38
3 month	0.41	0.44
Current year	1.82	2.10
1 year p.a.	2.58	2.98
5 years p.a.	-	-
10 years p.a.	-	-
Since inception p.a.	3.10	2.74

### Volatility (in %)

	Zurich	Benchmark
1 year p.a.	0.80	0.92
5 years p.a.	-	-
10 years p.a.	-	-
Since inception p.a.	1.81	2.16

### Risk figures since inception

	Zurich	Benchmark
Sharpe Ratio	2.00	1.50
Tracking Error p.a.	0.85	-
Information Ratio	0.43	-
Jensen's Alpha (in %)	1.11	-
Max. Drawdown (in %)	2.41	4.67
Recovery Period*	2	3
Modified Duration	0.24	0.42
Years to Maturity	5.16	-
Yield to Maturity (in %)	2.95	4.99
Number of positions	272	1,463.00

\*) in months

### Locations (in %)

	Zurich
USA	80.10
Great Britain	8.06
Niederlande	3.06
Canada	1.90
Others	6.88

### Rating (in %)

	Zurich
BBB	1.09
BB	12.47
B	63.47
CCC	2.96
NA	20.22
LIQ	-0.21
Ø	B

### 5 largest positions (in %)

	Zurich
Vista Equity Partners	2.43
KKR & Co LP	2.27
Veritas Capital	1.85
Onex Corp	1.63
Omaha Holdings LLC	1.45

### Risk figures for other time periods

	1 year p.a.	5 years p.a.	10 years p.a.	Since inception p.a.
Sharpe Ratio	4.16			2.00
Tracking Error p.a.	0.43			0.85
Tracking Error Ex Ante	0.80			-
Information Ratio	-0.93			0.43
Jensen's Alpha (in %)	0.47			1.11

### Overview performance (net of fees in %)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2017	0.12	0.39	0.02	0.15	0.31	-0.09	0.50	-0.17	0.18	0.40			1.82
2016	-0.32	-0.56	1.73	1.05	0.50	-0.09	1.24	0.35	0.64	0.33	0.16	0.58	5.74
2015	0.68	1.23	0.57	0.46	0.03	-0.26	0.37	-0.24	-0.17	-0.08	-0.57	-0.45	1.59
2014	0.98	0.26	0.38	-0.11	0.54	0.43	-0.06	0.32	-0.44	0.14	0.51	-0.94	2.00
2013												1.01	1.01

<sup>1</sup> TER according to KGAST: The figure corresponds to the Total Expense Ratio (TER) from the last year and is no guarantee for a similar TER in the future.

<sup>2</sup> Spread: Settlement with an additional subscription or redemption charge (protection of the fund performance).

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