

## Zurich investment foundation

# Convertible Bonds Global

Well-proven basis for successful investment

Combine the advantages of two investment categories: the price potential of equities and the defensive attributes of bonds.

### Your advantages at a glance

- **The potential for loss is limited while the upside potential is substantial**
- **Advantageous indemnity of the credit risks**
- **The very attractive risk/return properties always make an investment in convertible bonds worthwhile as an addition and it should be part of the asset allocation**

### Investment universe

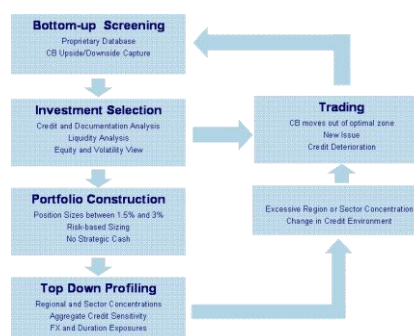
The portfolio invests worldwide in a diversified range of convertible and warrant bonds or debt issues. Like bonds, convertible bonds have an interest coupon and capital repayment on maturity. They also feature the option to convert into equities at a pre-defined price. This conversion right enables them to participate in any price rise on the markets.

Convertible bond specialists can assess whether a convertible bond has an expensive or cheap valuation, based on the expected volatility. The higher the valuation, the better the risk/return ratio. The minimum average rating of the portfolio must be at least equivalent to an investment grade of one of the leading rating agencies. Not more than 10% of the portfolio may be invested in securities of the same debtor.

### Investment process

The investment process focuses on the technical appraisal of convertible bonds, without being misled by active macro-exposure.

- Examining the convertible bond universe for good-value convertible bonds
- Credit analysis of the potential candidates
- Detailed study of the convertible bond prospectus
- Review of the credit, equities and volatility outlook
- Refinement of the expected upwards/downwards trend in the light of this analysis
- Optimization in relation to sectoral and regional diversification



### Manager

Advent Capital Management

Advent Capital Management, LLC (based in NYC & London) is a registered investment advisor, specialized in convertibles with their investment research team performing bottom-up fundamental research.

## Convertible Bonds Global

The global convertible bonds portfolio invests worldwide in a diversified range of convertible and warrant bonds or debt issues. The minimum average rating of the portfolio must be at least equivalent to an investment grade of one of the leading rating agencies. Not more than 10% of the portfolio may be invested in securities of the same debtor. Active FX risk versus the benchmark is hedged by at least 95%.

As of 31.10.2017

### Key characteristics

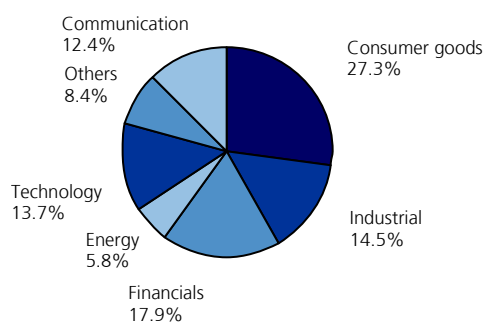
Manager	Advent
ISIN	CH0025219228
Bloomberg Ticker	ZAAWAGL SW
Benchmark	Customized Index
First issue	04.2006
Financial year	1.1. - 31.12.
Currency	CHF
Risk currency	Diverse
AuM (in mio.)	748.70
Net asset value	1,237.19
Management Fee	0.70%
TER (KGAST)	0.71%
Spread	0.35%
Issue/Redemption	Daily
Number of issuers	102
Off-BM positions	29.78%

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

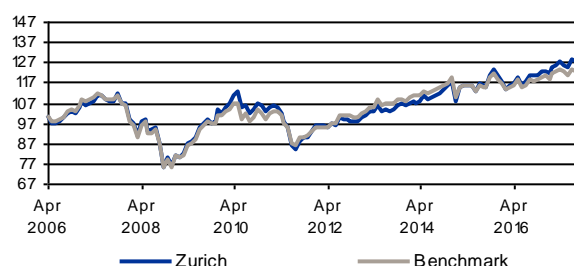
### Rating (in %)

	Zurich
A	23.52
BBB	42.46
BB	18.64
B	10.06
CCC	0.62

### Sectors (in %)



### Performance (gross of fees, indexed)



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

	Zurich	Benchmark
1 month	4.40	3.83
3 month	5.49	4.26
Current year	10.19	7.35
1 year p.a.	12.45	9.28
5 years p.a.	6.11	5.19
10 years p.a.	1.31	1.53
Since inception p.a.	1.96	2.23

### Volatility (in %)

	Zurich	Benchmark
1 year p.a.	6.41	6.16
5 years p.a.	7.87	7.08
10 years p.a.	11.61	10.92
Since inception p.a.	11.06	10.38

### Risk figures since inception

	Zurich	Benchmark
Sharpe Ratio	0.14	0.17
Tracking Error p.a.	2.67	-
Information Ratio	-0.10	-
Jensen's Alpha (in %)	-0.33	-
Max. Drawdown (in %)	49.21	50.08
Recovery Period*	74	65
Modified Duration	3.97	3.75

\*) in months

### Largest positions (in %)

	Zurich
Siemens AG	3.30
Steinhoff International Holdin	3.11
Priceline Group Inc/The	2.48
Element Fleet Management Corp	2.38
Microchip Technology Inc	2.09

## Risk figures for other time periods

	1 year p.a.	5 years p.a.	10 years p.a.	Since inception p.a.
Sharpe Ratio	2.06	0.83	0.09	0.14
Tracking Error p.a.	1.47	1.79	2.81	2.67
Tracking Error Ex Ante	1.50	-	-	-
Information Ratio	2.16	0.52	-0.08	-0.10
Jensen's Alpha (in %)	3.03	0.44	-0.26	-0.33

## Overview performance (net of fees in %)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2017	-0.59	2.26	0.46	1.15	-1.17	-1.25	3.62	-0.87	1.93	4.40			10.19
2016	-2.33	-3.17	1.27	0.64	3.18	-3.98	2.12	2.18	0.00	-0.35	1.59	0.46	1.34
2015	-8.79	6.14	1.22	-0.52	0.37	-2.43	3.07	-1.07	-0.30	4.80	2.16	-2.57	1.23
2014	0.55	0.76	-0.57	0.19	2.54	-1.25	0.50	1.17	0.66	1.48	1.78	2.11	10.31
2013	1.85	0.87	1.58	0.63	2.65	-2.91	0.90	-0.65	0.36	2.32	0.33	-0.31	7.75
2012	2.79	0.83	-0.41	-0.82	1.22	-0.69	3.79	-1.05	0.28	-1.24	-0.02	0.15	4.81
2011	1.91	0.96	-1.39	-3.15	-3.99	-3.20	-8.59	-2.69	4.68	2.55	-0.17	2.75	-10.56
2010	-2.16	3.06	1.89	3.42	1.25	-7.09	1.52	-4.06	2.11	2.38	-0.97	-2.53	-1.74
2009	6.43	-1.00	1.96	6.38	0.90	2.51	5.86	1.44	2.76	-2.48	0.75	6.54	36.53
2008	-7.58	-2.31	-6.04	7.08	1.45	-6.17	0.56	1.76	-8.40	-13.78	5.78	-4.93	-29.72
2007	2.32	-1.83	1.10	1.46	2.61	-0.53	-2.05	-0.51	0.20	2.96	-4.04	-0.07	1.39

<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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