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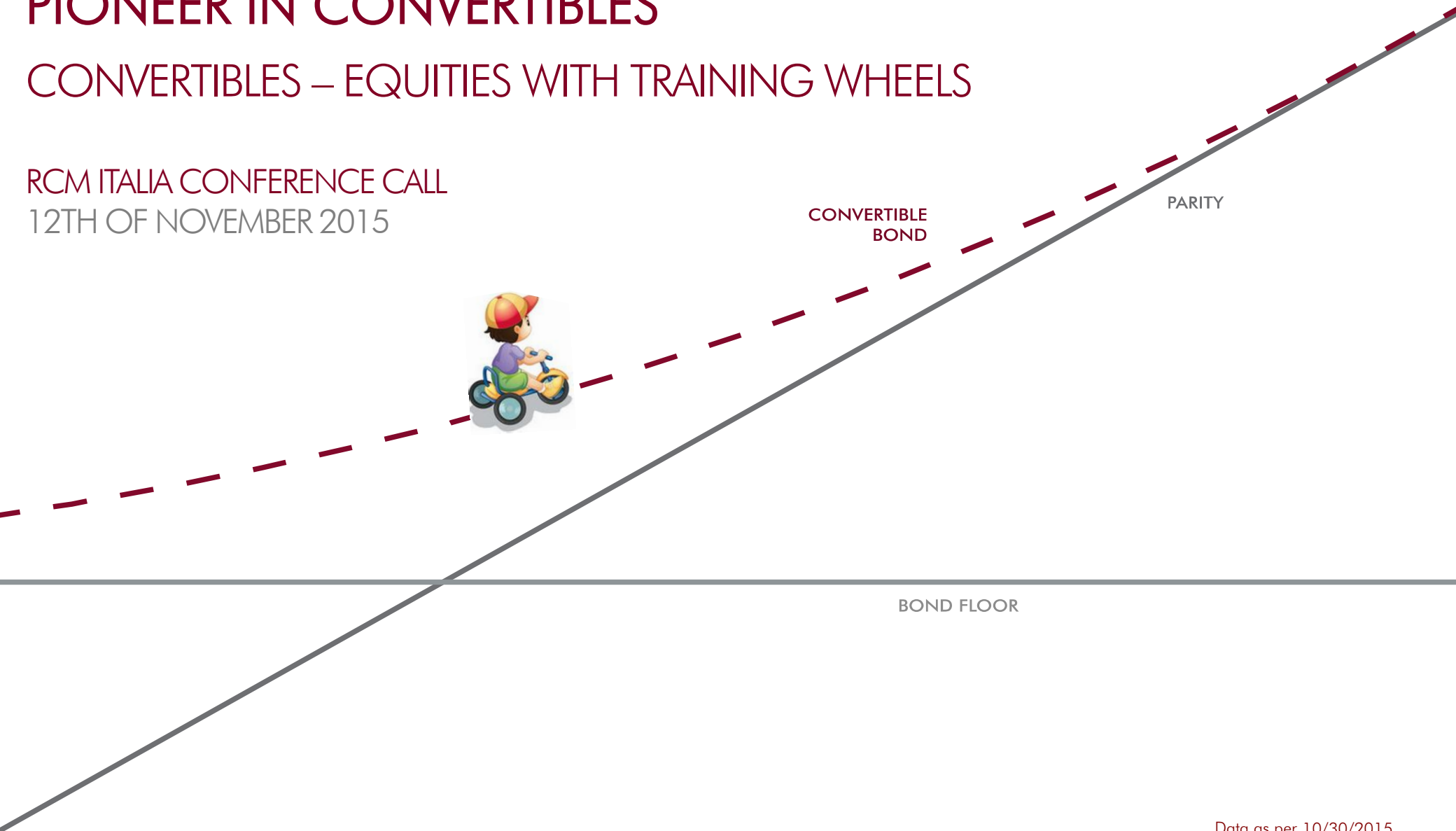
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# PIONEER IN CONVERTIBLES

## CONVERTIBLES – EQUITIES WITH TRAINING WHEELS

RCM ITALIA CONFERENCE CALL  
12TH OF NOVEMBER 2015



# CONVERTINVEST

## BEST OF CONVERTIBLES

- Independent Asset Manager
- Founded in 2001 in Vienna (Austria)
- Specialized in convertible bonds – extensive experience in Convertible Bonds since 1987
- Active manager of funds for institutional investors in Germany, Austria and Switzerland
- Pioneer in absolute return strategies with Convertibles
- Innovator in management of real estate Convertibles
- Numerous international awards
- Transparency and security are key company values



## CONVERTINVEST TEAM

**DR. GERHARD KRATOCHWIL**  
CEO



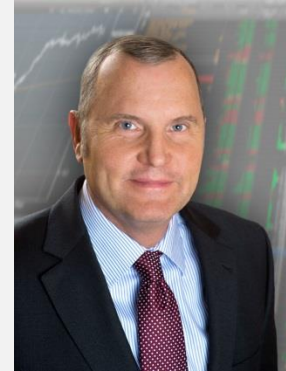
**NILS LESSER, CEFA**  
CIO



**PAUL HOFFMANN**  
SENIOR PORTFOLIO MANAGER



**VOLKER DOSCH**  
SENIOR GLOBAL STRATEGIST



**ADRIANA DEGEORGI**  
RISK MANAGER



**BERNHARD BIRAWÉ**  
SENIOR INVESTOR  
RELATIONSHIP MANAGER



**CLAUS ROMINGER**  
JUNIOR INVESTOR  
RELATIONSHIP MANAGER



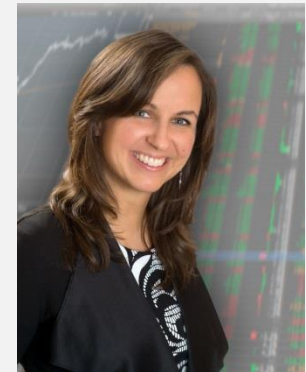
**HANNES BACH**  
QUANTITATIVE ANALYST



**PHILIPP FISCHER**  
PORTFOLIO MANAGEMENT  
ASSISTANT



**KATHRIN PRAUSE**  
OFFICE MANAGER



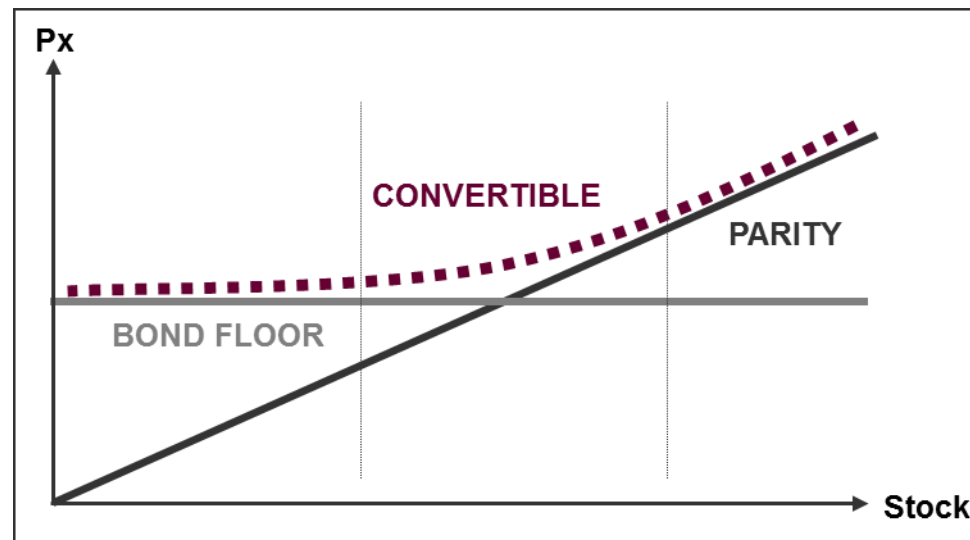
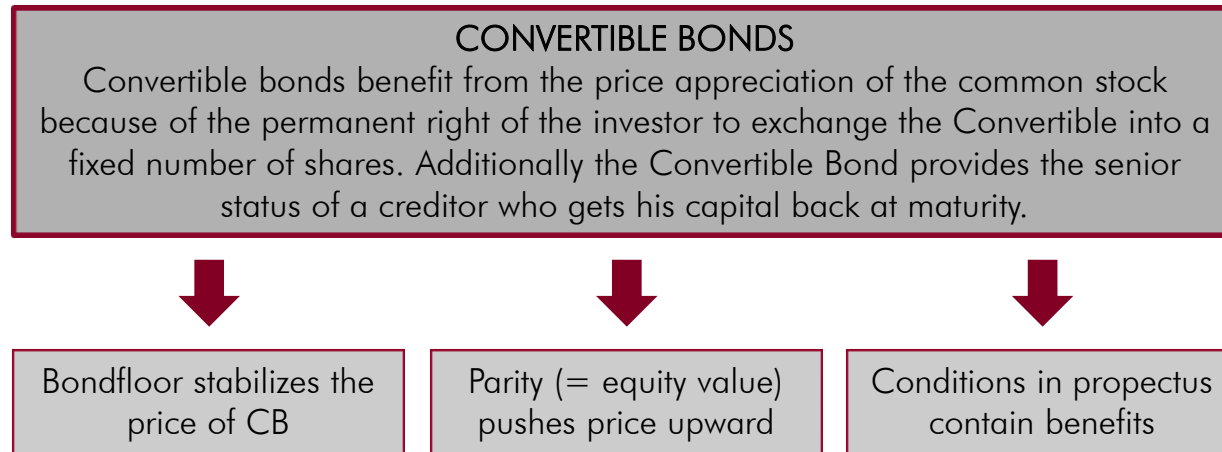


CONVERTINVEST

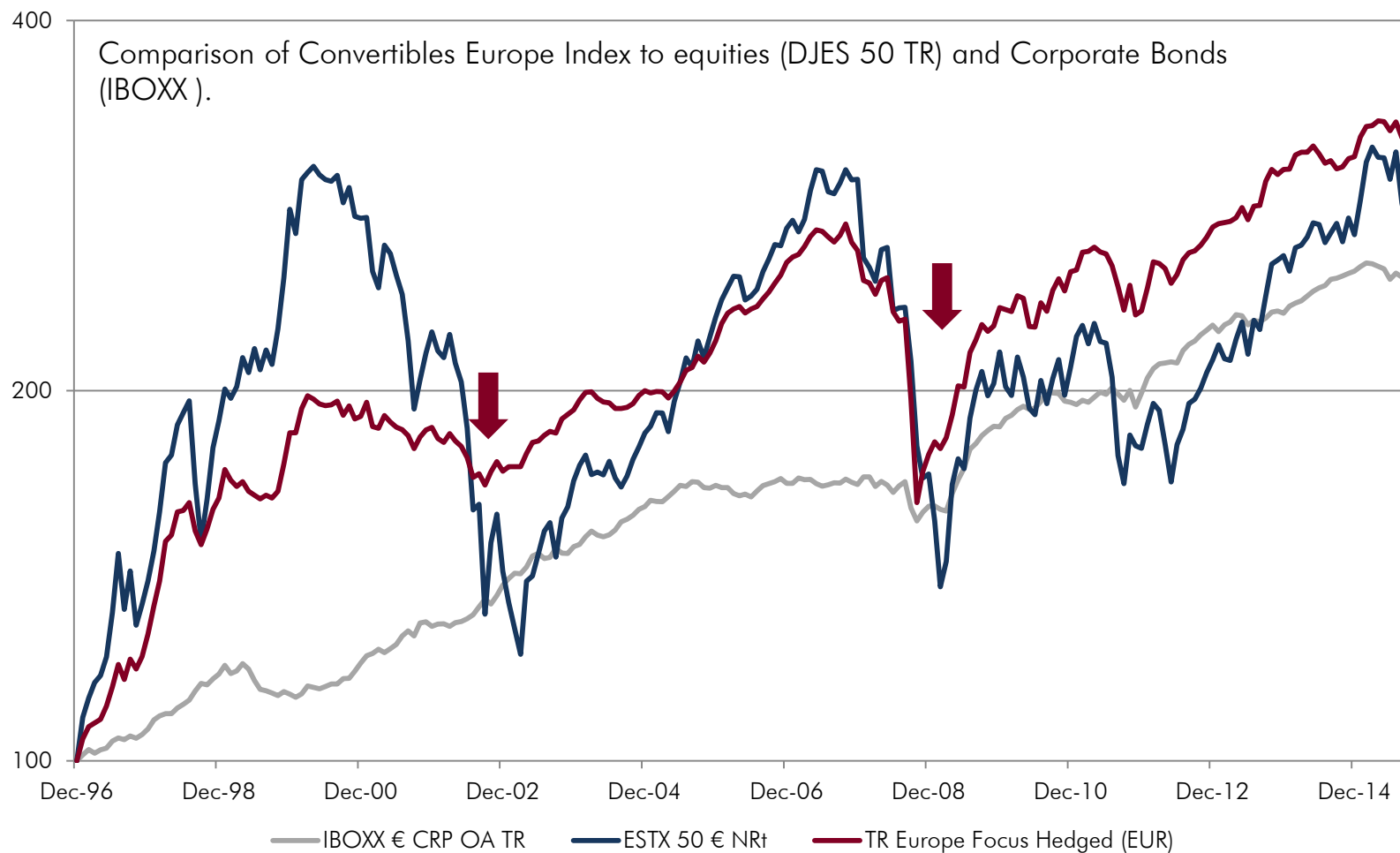
BEST OF CONVERTIBLES

AN ASYMMETRIC ASSET CLASS

## ASYMMETRY – BASIC COMPONENTS

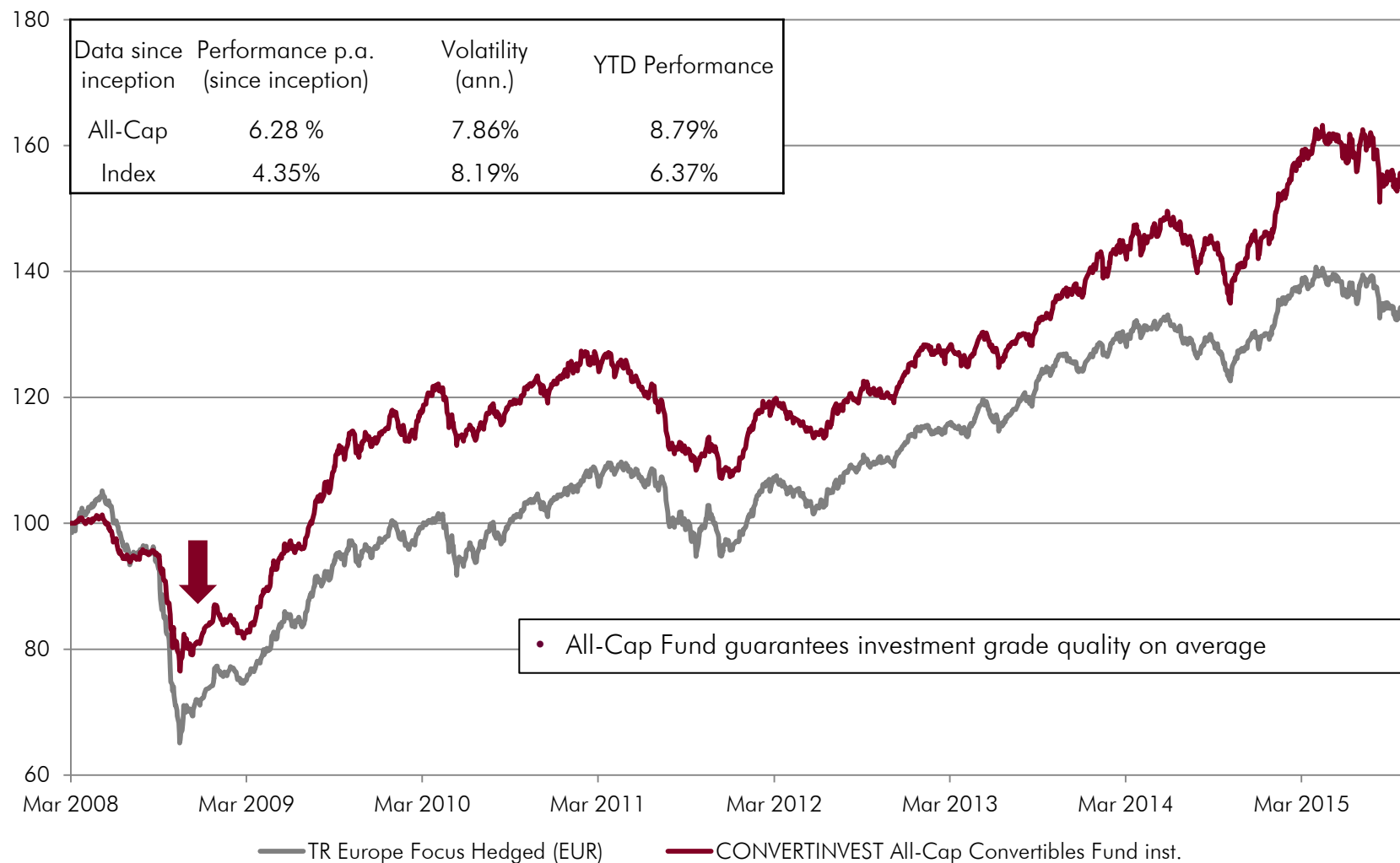


## EUROPE CONVERTIBLES ASYMMETRY & PERFORMANCE



Source: CONVERTINVEST/UBS/Bloomberg/ML EMU Corp TR 31.12.1996-30.12.1998 thereafter IBOXX

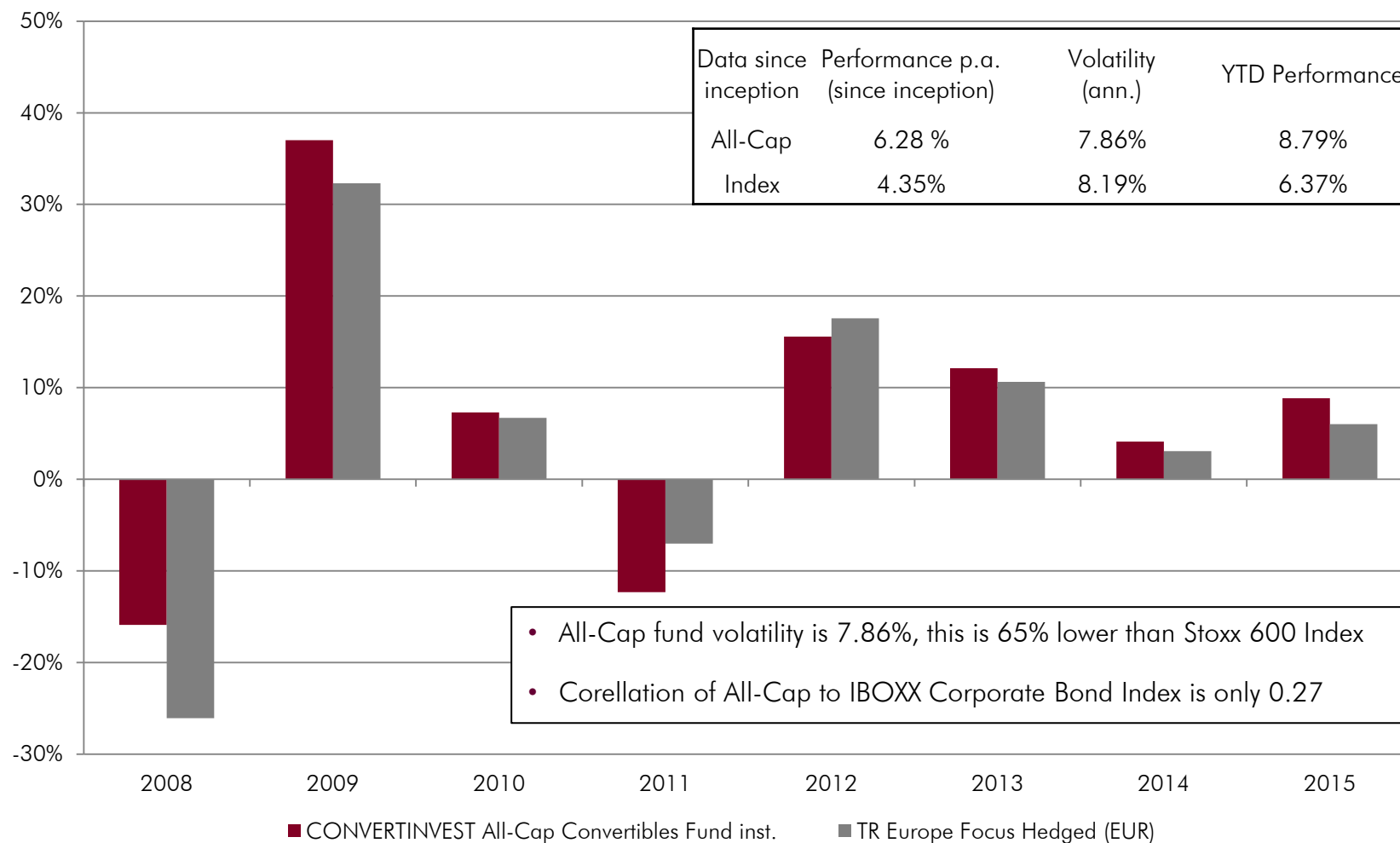
## COMPARISON TO EUROPEAN CONVERTIBLE INDEX



Source: Bloomberg, CONVERTINVEST



## ANNUAL COMPARISON ALL-CAP FUND & EUROPEAN CB INDEX



Source: Bloomberg/CONVERTINVEST

# CONVERTIBLES IN TIMES OF RISING RATES



*"With markets anticipating a spike in volatility ahead of the US Federal Reserve's first interest rate hike in almost a decade, convertible bonds are becoming more attractive, especially because investors fear that a rise in interest rates will hurt other fixed-income investments." (Financial Times, June 2015)*

*"[Warren] Buffett spent more than \$20 billion on IBM and Bank of America convertible bonds. That's the largest investment he has ever made – by a huge margin." (Porter Stansberry in The S&A Digest)*

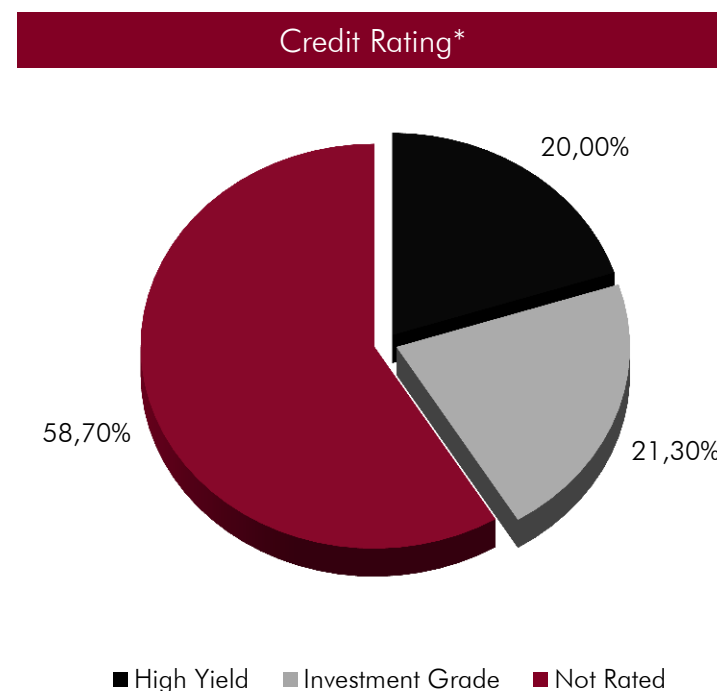
*"[George] Soros was also a heavy investor in convertible bonds in recent quarters." (pragcap.com/sec.gov)*

Period	Increase US 10Y Yield in basis points	Citi World BIG Index	Barclays Global Credit - Corporate	S&P Global 1200	MSCI World	TR Global IG Hedged (EUR)	TR Global Hedged (EUR)
13.06.2003							
–	149	-2,47%	-3,50%	1,59%	8,86%	0,37%	1,11%
02.09.2003							
16.03.2004							
–	119	-1,60%	-3,04%	1,75%	3,96%	-0,21%	-0,38%
14.06.2004							
01.06.2005							
–	136	-1,42%	-1,39%	12,05%	9,52%	9,88%	10,86%
28.06.2006							
30.12.2008							
–	189	0,88%	7,51%	10,38%	10,86%	8,39%	20,34%
10.06.2009							
07.10.2010							
–	135	-3,75%	-1,59%	10,81%	13,97%	6,30%	8,08%
08.02.2011							
02.05.2013							
–	140	-0,48%	-1,43%	12,39%	7,85%	8,24%	10,87%
31.12.2013							
Average	145	-1,47%	-0,57%	8,16%	9,17%	5,50%	8,48%



## CONVERTIBLES EUROPE – MARKET SIZE

- Market Capitalization 75 bn EUR
- 186 convertibles currently outstanding
- Reasons for Convertible issues :
- Issuer can access a specialized investor group
- Funds can be raised very quickly
- Lower coupon than regular corporate bond
- Issuer gets a premium on the current stock price
- Convertible allows the issuer flexibility to manage its capital structure effectively.









CONVERTINVEST

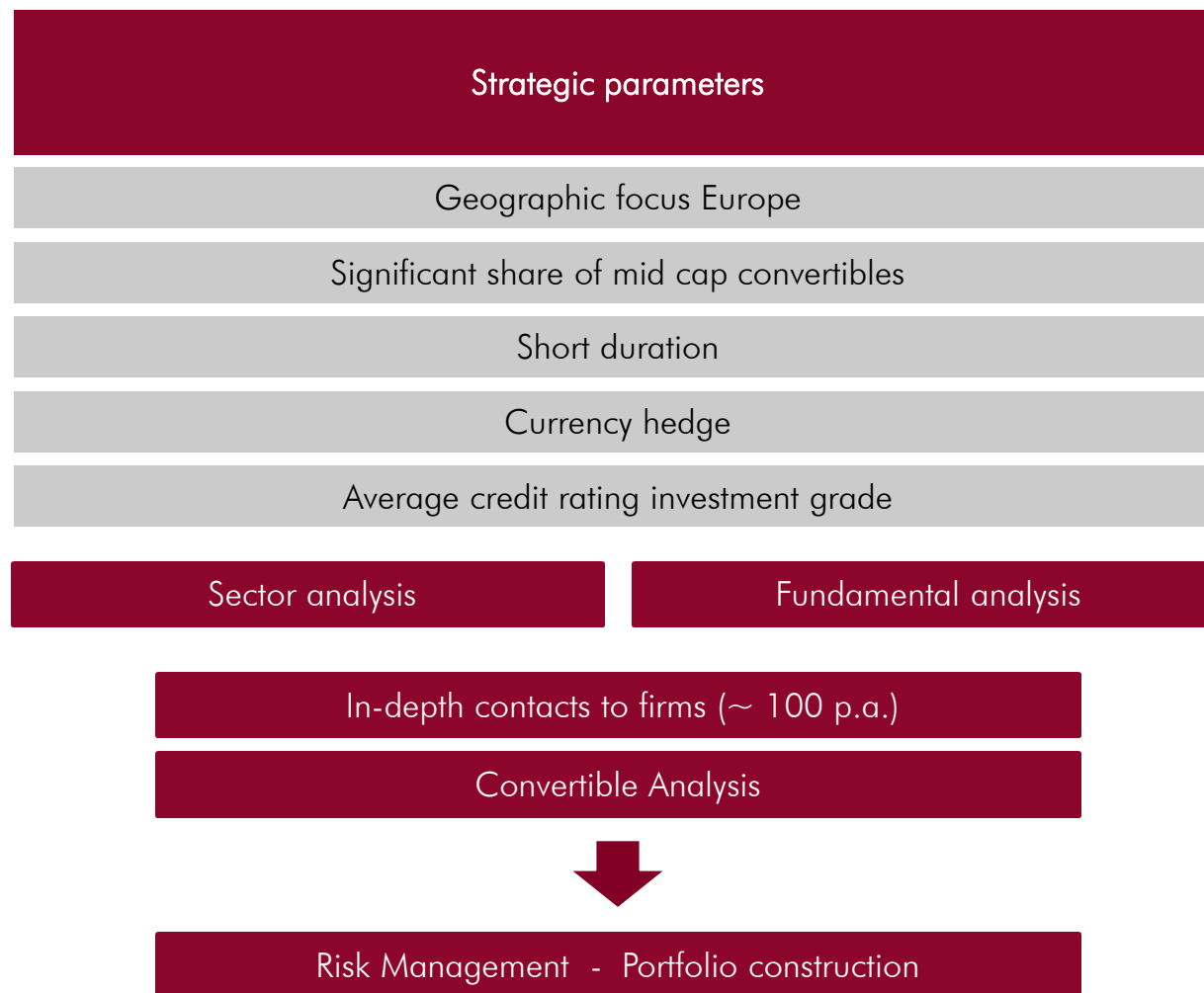
BEST OF CONVERTIBLES

ALL-CAP CONVERTIBLES FUND

## STORY AND IMPLEMENTATION

Growing importance of mid cap sector as a growth engine		Almost 50% of European convertible bonds are issued by mid and small cap companies
Flexible companies with flat structures and clear focus		Long-term growth (Marine Harvest) Mega trends (Dialog Semiconductors)
Strong market position in niches with growth potential		Demography (Orpea, Amplifon) Consolidation (Drillisch)
Specific subjects and picks		M&A (Melia Hotels, LEG, Buwog) New issue discounts (Ablynx)

## ALL-CAP CONVERTIBLES STRATEGY



## TAKEOVER PROTECTION

### M&A examples from our portfolio

- Bulgari
- Autonomy
- Nokia
- Algeta
- Aegis
- Gagfah

### Take over candidates:

- Melia Hotels
- LEG Immobilien
- Marine Harvest
- Aperam
- Drillisch

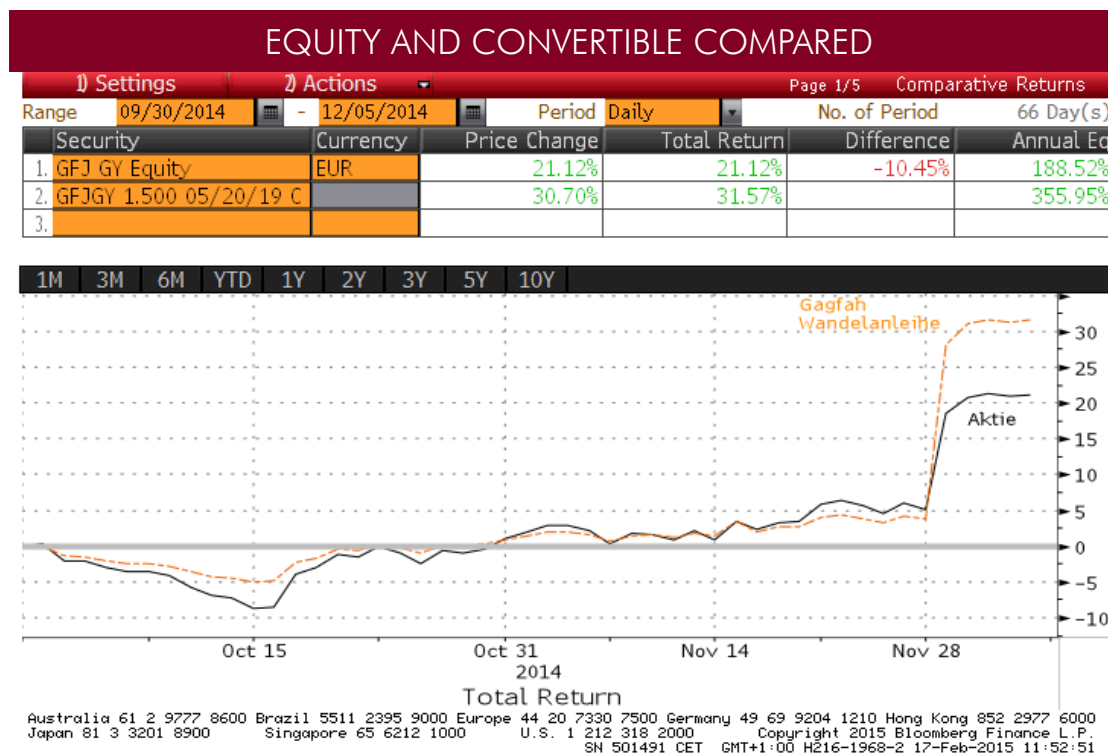
Premium 20%, takeover 01.01.2016				
Name	Currency	Delta %	Indicative CB Price	Outright Gain %
Grand City Properties 1.5% 14/19	EUR	95%	192,7	40,2
Playtech 0.5% EUR 14/19	EUR	79%	131,2	38,1
SGL Carbon 3.5% 15/20	EUR	57%	101,9	37,5
Faurecia 3.25% 12/18	EUR	100%	37,0	36,8
Unite Group 2.5% 13/18	GBP	86%	135,3	36,6
Great Portland 1% 13/18	GBP	78%	127,0	36,5
Acciona 3% 14/19	EUR	78%	134,9	36,4
ORPEA 1.75% 13/20	EUR	96%	78,1	36,1
Melia Hotels Intl 4.5% 13/18	EUR	98%	175,8	36,1
Aperam 2.625% \$ 13/20 (Put 17)	USD	83%	160,4	34,6
Marine Harvest EUR 0.875% 14/19	EUR	76%	128,9	34,5
Cap Gemini 0% 13/19	EUR	75%	90,8	33,9
Beni Stabili 2.625% 13/19	EUR	62%	124,8	33,4
Kuka 2% 13/18	EUR	100%	212,0	33,1
Derwent London 1.125% 13/19	GBP	73%	123,7	32,8
British Land 1.50% 12/17	GBP	40%	125,3	29,5
Primary Health Properties 4.25% 14/19	GBP	72%	115,3	29,2
Drillisch 0.75% 13/18	EUR	95%	227,6	27,1
LEG Immobilien 0.5% 14/21 (Put 19)	EUR	75%	142,4	26,9

# TAKEOVER PROTECTION CONTAINS ADDED VALUE

Takeover provisions are part of the prospectus

Example Gagfah

- Takeover bid by Deutsche Annington attractive for shareholders (+16%)
- Due to takeover protection, performance advantage for Convertible holders (+30%)
- Announced takeovers for LEG Immo and Deutsche Wohnen
- United Internet owns more than 20% of Drillisch



Source : Bloomberg, 05.12.2014



## HIGHLIGHTS AMPLIFON



Italian listed corporation specialised in hearing aids

- Structural, defensive growth due to demographic development in Europe
- Strong market position and decent profitability
- Takeovers in the sector (audika in January 2015)

### Ampliter / Amplifon 2.875% 2018

- Issued on 05.11.2013, Volume EUR 135 Mio.
- Good Takeover Provision
- YTD +38%, since first investment +26%
- 4% of fund assets\*

Source : Barclays CB Insight, 03.11.2015, \* CONVERTINVEST ALL-CAP Fund, 29.10.2015

### CB PRICE



### CB PROFILE

	31 Dec 2014	03 Nov 2015	Change in Abs	Change in %
Price (pts)	109.21	145.46	36.26	33.20%
Coupon Return	-	-	2.39	2.18%
Total Return	-	-	38.65	35.26%
Theo Value (pts)	114.41	145.45	31.05	27.14%
Parity (pts)	101.26	143.82	42.56	42.03%
Stock Price	4.90	6.97	2.06	42.03%
DN Change	-	-	4.64	4.22%
Yld to Mat (%)	0.46	(9.46)	(9.92)	(2,138.20)%
CY (%)	2.63	1.98	(0.66)	(24.93)%
Prem (%)	7.84	1.14	(6.70)	(85.43)%
Prem (pts)	7.94	1.64	(6.30)	(79.30)%
Delta (%)	61.18	87.54	26.36	43.08%
Bond Floor (pts)	93.53	95.30	1.78	1.90%
Yrs to Put/Mat	3.87	3.03	(0.84)	(21.71)%
Yrs to Call	1.87	1.03	(0.84)	(44.88)%
Rich/(Cheap) (%)	(4.55)	0.01	4.55	100.15%
Implied Vol (%)	14.35	23.69	9.34	65.09%

## SECTOR DISTRIBUTION

Sektor	Name
Automobiles & Parts	Faurecia 3.25% 2018 EUR
	SAF Holland 1% 2020 EUR
	DZ / Conti 01.17
Banks	Aabar / UniCredit 1% 2022 EUR
Basic Resources	Salzgitter 0% 2022 EUR
	Otokumpu 3.25% 2020 EUR
Construction & Materials	Implenia 0.5% 2022 CHF
	Buzzi Unicem 1.375% 2019 EUR
Financial Services	CA / Eurazeo 0% 2016 EUR
Food & Beverages	Marine Harvest 0.875% 2019 EUR
	Haniel / Metro 0% 2020 EUR
Health Care	Orpea 1.75% 2020 EUR
	Amplifier/Amplifon 2.875% 2018 EUR
	Ablynx 3.25% 2020 EUR
Industrial Goods & Services	Deutsche Post 0.6% 2019 EUR
	Steinhoff 4% 2021 EUR
	Carillion 2.5% 2019 GBP
Media	Exane / ITV 08.17

Sektor	Name
Oil & Gas	Premier Oil 2.5% 2018 USD
Personal & Household Goods	Exane / Swatch 02.17
Real Estate	Immofinanz / Buwog 1.5% 2019 EUR
	LEG Immobilien 0.5% 2021 EUR
	FDR 0.875% 2019 EUR
	British Land 0% 2020 GBP
Retail	Sainsbury 1.25% 2019 GBP
Technology	Playtech 0.5% 2019 EUR
	Cap Gemini 0% 2019 EUR
	Rocket Internet 3% 2022 EUR
	Indra 1.75% 2018 EUR
	Ingenico 0% 2022 EUR
	DZ / Dialog Semiconductor 08.17
Telecommunications	Drillisch 0.75% 2018 EUR
	America Movil / KPN 0% 2020 EUR
	Telecom Italia 1.125% 2022 EUR
Travel & Leisure	Melia Hotels 4.5% 2018 EUR
	SAS 3.625% 2019 SEK
Utilities	ENI / Snam 0.625% 2016 EUR
	GBL / GDF Suez 1.25% 2017 EUR
	Exane / Suez Environnement 04.16

Source : CONVERTINVEST, Deutsche Bank, per 30.09.2015

## CURRENT PORTFOLIO

% Delta: 58.86%

Number of holdings: 44

Average Rating: BBB-

Current yield: 1.03%

Duration: 1.27 yrs.

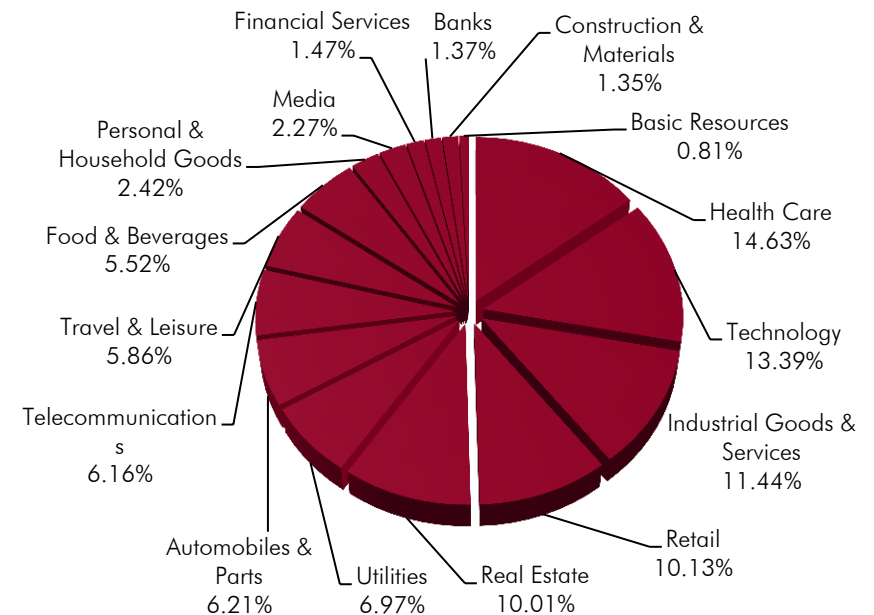
Fund size (EUR): 70.2 mln.

### Top 10 positions ranked by CB-Delta

Name	Share
Orpea 1.75% 2020 EUR	6.4%
Deutsche Post 0.6% 2019 EUR	6.1%
Ampliter/Amplifon 2.875% 2018 EUR	5.9%
Marine Harvest 0.875% 2019 EUR	5.5%
Drillisch 0.75% 2018 EUR	5.0%
ENI / Snam 0.625% 2016 EUR	4.3%
Playtech 0.5% 2019 EUR	4.0%
Cap Gemini 0% 2019 EUR	3.8%
Steinhoff 4% 2021 EUR	3.8%
Kuka 2% 2018 EUR	3.0%

Source: CONVERTINVEST/Deutsche Bank/Raiffeisen KAG

### CB-Delta of industry sectors






## MONTHLY RETURNS AND RATIOS

	1	2	3	4	5	6	7	8	9	10	11	12	Annual Ret.
2008			0,23%	0,11%	-0,45%	-5,04%	-0,47%	1,10%	-6,63%	-11,71%	2,83%	3,91%	-15,91%
2009	0,58%	-2,06%	1,18%	7,30%	5,85%	1,31%	4,94%	5,31%	4,83%	0,47%	0,25%	2,39%	37,01%
2010	-1,02%	-0,52%	6,03%	-0,23%	-5,18%	0,13%	3,04%	-1,06%	2,68%	2,31%	-1,98%	3,38%	7,31%
2011	0,90%	1,03%	0,66%	-0,86%	-2,17%	-1,83%	-2,66%	-4,41%	-1,70%	2,92%	-5,20%	0,57%	-12,33%
2012	5,98%	3,46%	-0,51%	-1,89%	-1,55%	-0,71%	4,32%	0,49%	1,22%	-0,48%	1,85%	2,33%	15,58%
2013	1,94%	-0,47%	-0,27%	-0,18%	2,35%	-2,68%	2,35%	-0,08%	3,08%	2,33%	1,50%	1,77%	12,12%
2014	-0,05%	2,46%	1,68%	-0,49%	1,74%	-0,83%	-1,67%	0,03%	-1,83%	-1,39%	3,48%	1,09%	4,12%
2015	3,61%	3,74%	1,18%	1,23%	0,36%	-2,05%	1,04%	-2,92%	-1,62%	4,17%			8,79%

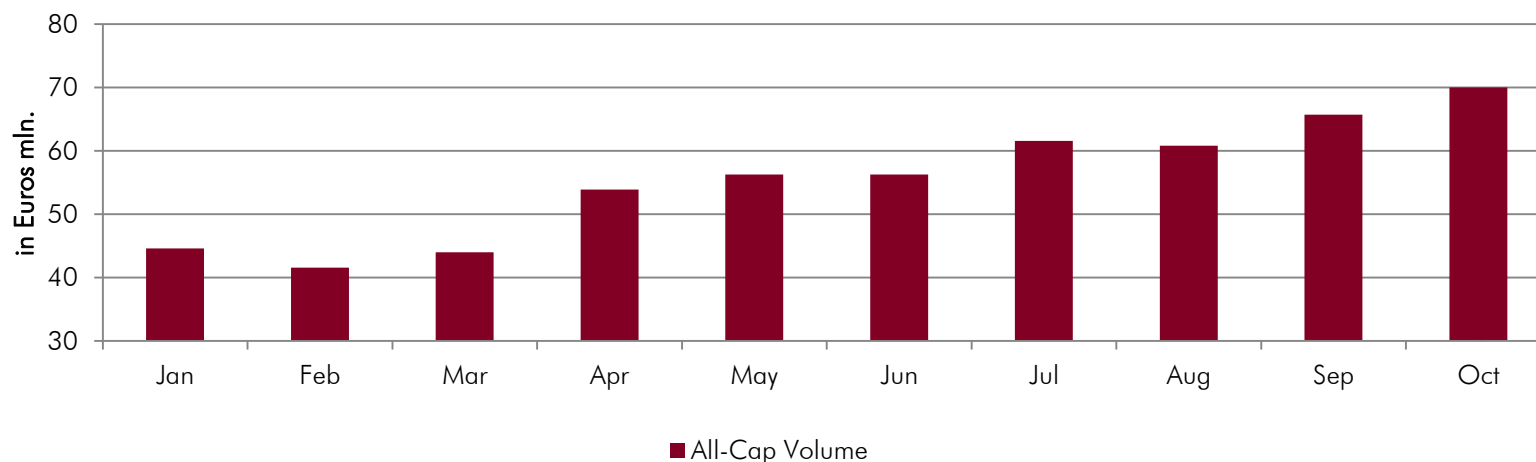
Return p.a. since Inc.	6,28%
Volatility since Inc.	7,86%
Sharpe Ratio since Inc.	0,64

Source : CONVERTINVEST, RCM - institutional Performance

ALL-CAP CONVERTIBLES FUND		YTD	1. quartile
	★★★★	1 year	1. quartile
	5 5	3 years	1. quartile
	(C)	5 years	2. quartile
	cityWire A	7 years	1. quartile

Source: CONVERTINVEST, Morningstar, Lipper, FERI, Citywire  
Lipper: Total Return, Consistent Return (in Austria) – All-Cap 3y  
Performance: Funds registered in Austria, in Euros, 10/30/2015

## VOLUME ALL-CAP CONVERTIBLES FUND 2015: +57%



Source: CONVERTINVEST, KAG RCM

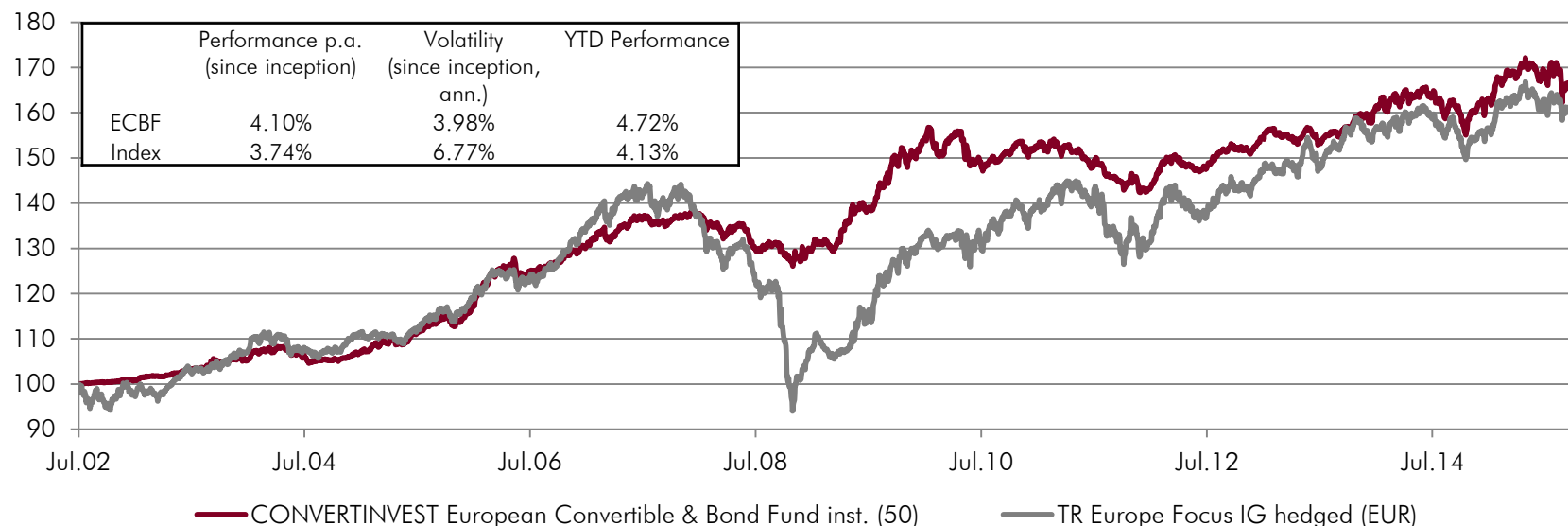


CONVERTINVEST

BEST OF CONVERTIBLES

APPENDIX

# EUROPEAN CONVERTIBLE & BOND FUND



The most conservative CB fund

Focus Europe + selective global CBs

Investment Grade or equal credit quality

EUR-hedged

Active delta management

Duration 1.21 years

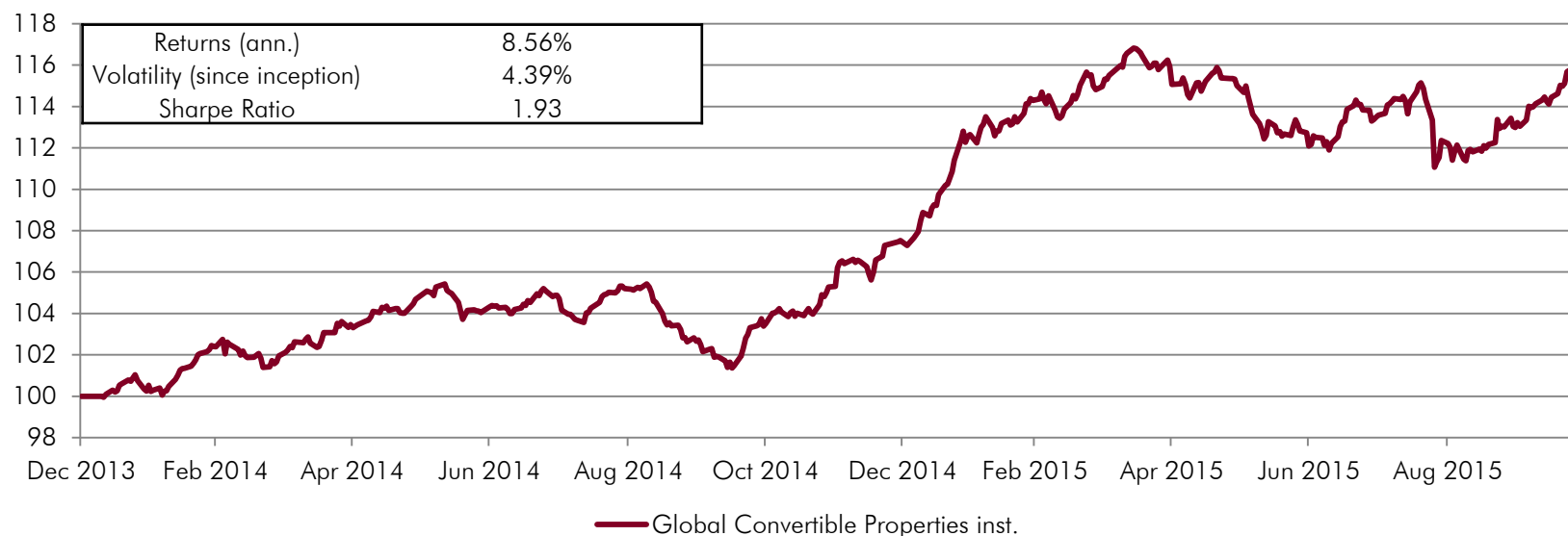
13 years track record

Performance 4.10% (p.a., since inception)

Volatility 3.98% (ann., since inception)

Fund size EUR 173 mln.

# GLOBAL CONVERTIBLE PROPERTIES FUND



Worldwide unique approach

Global real estate convertibles

Co-operation with Feri EuroRating

Alternative to real estate equities (REITs)

More than 6.000 properties globally

1. rank in his category at Morningstar (1y)

EUR-hedged

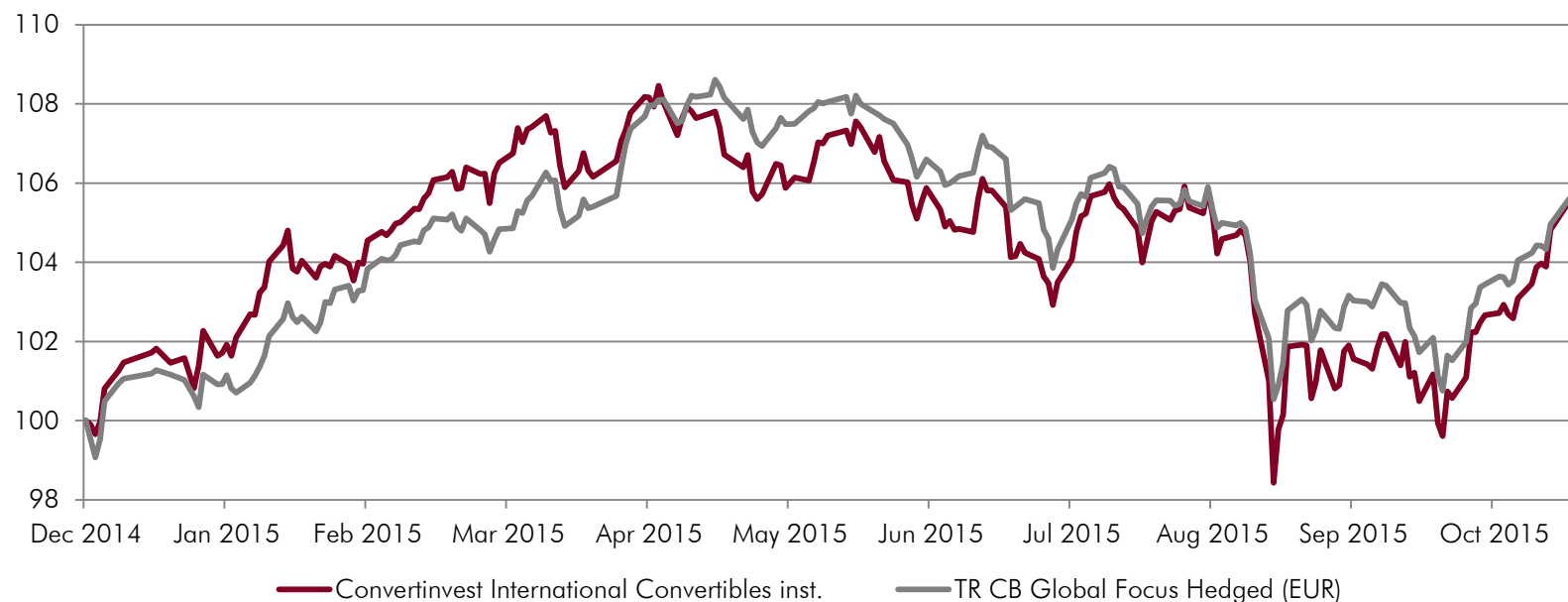
Performance 8.56% (p.a., since inception)

Volatility 4.39% (ann., since inception)

Fund size EUR 67 mln.



## INTERNATIONAL CONVERTIBLES FUND



Experienced management team

Macroeconomic driven regional allocation

Long-term fundamental orientation







Selective FX exposure

Concentrated portfolio (40 - 60 titles)

Risk distribution (Delta 30-70%)

Performance 3.07 YTD

Fund size EUR 26 mln.

Ratings	ALL-CAP CONVERTIBLES FUND	EUROPEAN CONVERTIBLE & BOND FUND	GLOBAL CONVERTIBLE PROPERTIES
	★★★★	Category: capital preservation	
	5 5 3 3	4 4 4 5	
	(C)		 Nominated for the award: Fund Innovations
			

## Performance

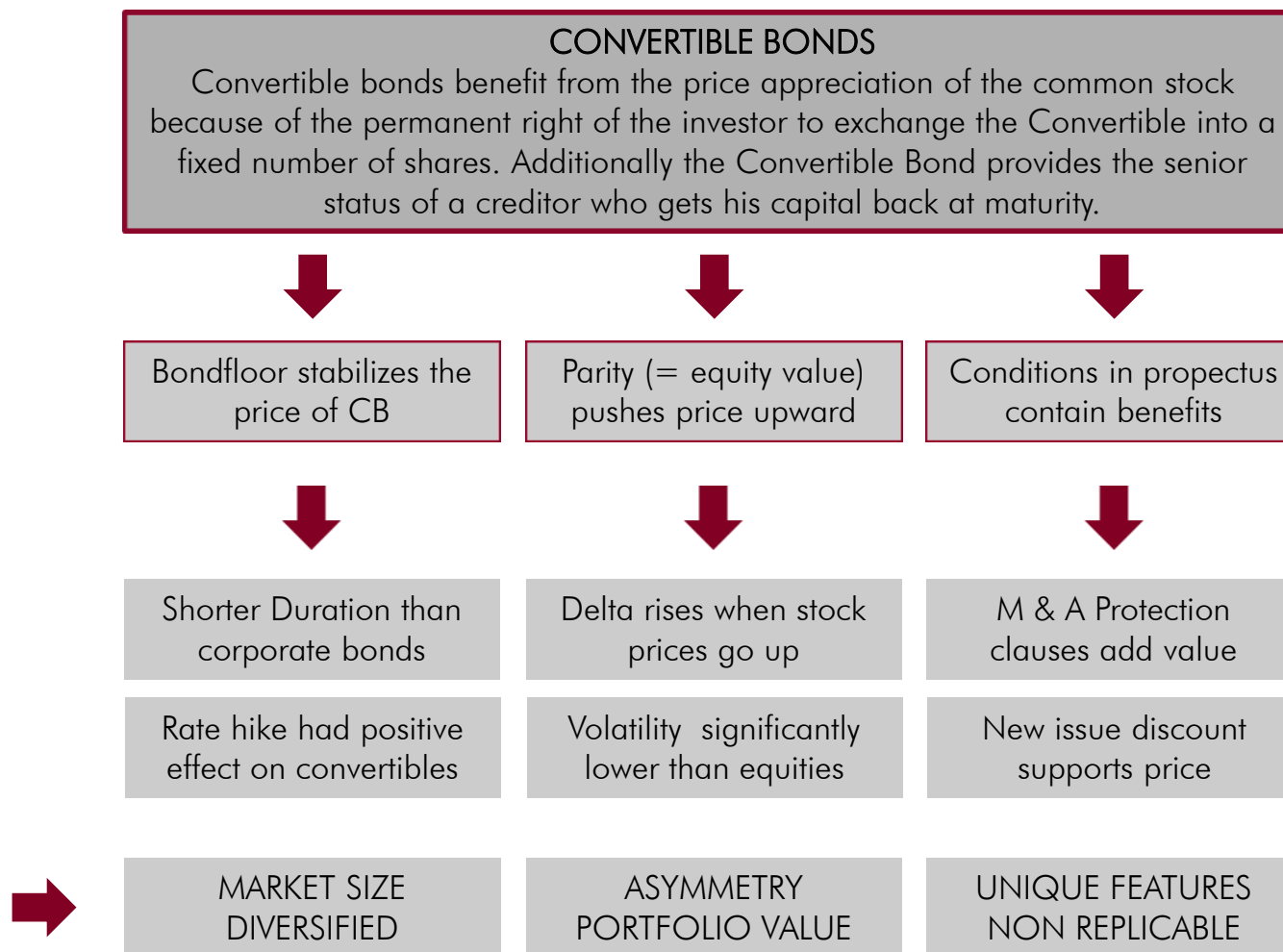
YTD	1. quartile	1. quartile	1. quartile
1 year	1. quartile	1. quartile	1. quartile
3 years	1. quartile	1. quartile	
5 years	2. quartile	2. quartile	
7 years	1. quartile	1. quartile	
10 years		1. quartile	

Source: CONVERTINVEST, Morningstar, Lipper, FERI, Citywire

Lipper: Total Return, Consistent Return, Preservation, Expense (in Austria) – All-Cap 3y, ECBF 10y

Performance: Funds registered in Austria, in Euros, 10/30/2015

## CONVERTIBLES – FEATURES OF AN ASSET CLASS



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## Our retail investment funds, authorised for distribution in Germany, Austria, Switzerland, France:

CONVERTINVEST European Convertible & Bond Fund (T)	AT000674999 (not authorised in France)
CONVERTINVEST European Convertible & Bond Fund (A)	AT000674981
CONVERTINVEST European Convertible & Bond Fund (VT)	AT0000A0LVR7

## Our retail investment funds, authorised for distribution in Germany and Austria:

CONVERTINVEST All-Cap Convertibles Fund (T)	AT0000A09008
CONVERTINVEST All-Cap Convertibles Fund (A)	AT0000A08Y62
CONVERTINVEST All-Cap Convertibles Fund (VT)	AT0000A09016
CONVERTINVEST Global Convertible Properties (T)	AT0000A14J55
CONVERTINVEST Global Convertible Properties (A)	AT0000A14J48
CONVERTINVEST International Convertibles (T)	AT0000A1AMW7
CONVERTINVEST International Convertibles (A)	AT0000A1AMV9
CONVERTINVEST International Convertibles (VT)	AT0000A1AMX5

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