

As of 31 October 2018

Fund description

- The investment objective of the Fund is to provide global equity-like returns with significantly less risk
- The objective is achieved by seeking to capture the majority of stock market advances while simultaneously providing downside protection during market declines
- Statistical focus on convertible structure is used to create a balanced, diversified portfolio that optimizes the asymmetrical risk/reward characteristics of convertibles
- The investment approach is not reliant on forecasting or market timing
- The Fund targets a consistent risk/reward profile at all times

Investment manager: Zazove Associates, LLC (US)

- Zazove Associates, LLC (US) is an SEC-regulated investment advisor that has specialized in the management of convertible securities since 1971
- The firm manages US\$ 3 bn for global institutional investors
- The firm is independent and 100% employee owned
- Zazove has expertise across all segments of the market: US, global, and high yield (“busted”) convertibles
- 23-year track record managing global convertibles

Cumulative performance (%)

	I USD C shares	Index*
1M	-4.45	-2.93
3M	-4.50	-1.78
6M	-3.43	-1.88
YTD	-4.05	-1.17
1Y	-5.05	-2.32
Since inception (30 Nov 2016)	5.13	6.12

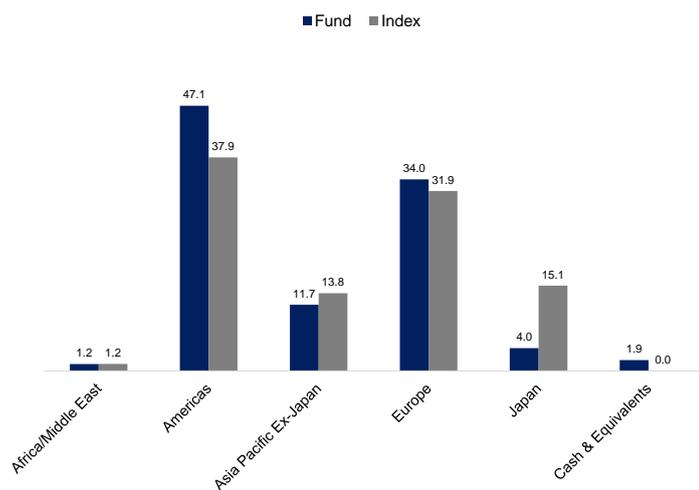
* Index = UBS Thomson Reuters Global Focus Hedged Convertible Bond Index USD

Portfolio characteristics

Main indicators	Fund	Index
No. of securities	65	227
Investment premium (%)	20.6	14.6
Conversion premium (%)	36.2	43.7
Delta (%)	45.0	40.0
Yield to maturity (%)	-0.2	-0.6
Current yield (%)	1.8	0.8
Convertible duration	2.1	2.1

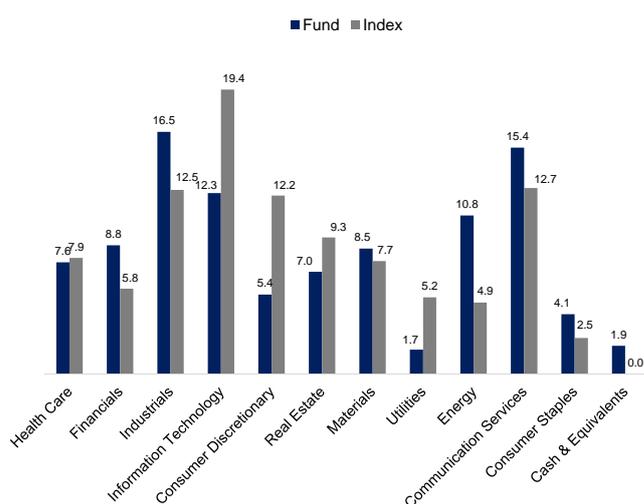
Region breakdown (% AUM*)

* AUM ex. unrealised p/l of share class hedging FX forwards



Sector breakdown (% AUM*)

* AUM ex. unrealised p/l of share class hedging FX forwards



Top 10 issuers

Issuer	Sector	Country	% AUM*
BUNGE LTD	Consumer Staples	United States	3.49
TOTAL SA	Energy	France	3.44
WORKDAY INC	Information Technology	United States	3.03
LIBERTY INTERACTIVE LLC	Communication Services	China	3.01
CTRIIP.COM INTL LTD	Consumer Discretionary	Luxembourg	2.98
LIBERTY MEDIA CORP	Communication Services	United States	2.84
WEIBO CORP	Communication Services	United States	2.83
TORAY INDUSTRIES INC	Materials	China	2.81
APERAM	Materials	Japan	2.68
VINCI SA	Industrials	United Kingdom	2.68
			29.79

* AUM ex. unrealised p/l of share class hedging FX forwards

Investment manager's commentary

Equity and credit markets sold off globally in October on mounting trade tensions, peaking GDP growth, and a more subdued outlook for corporate earnings. The largest declines occurred in small cap names and in the Technology and Energy sectors. As an asset class, convertibles proved to be resilient but there were noticeable differences by region. Europe held up well aided by the high credit quality of the market and a modest average delta. Asia was weak, weighed down by the escalating trade war between the US and China. US convertibles notably underperformed, negatively impacted by the high average delta of the market and poor underlying stock returns.

Fund holdings exhibited the projected degree of convexity, providing significant downside protection. Nevertheless, returns were lower than anticipated as the underlying stocks of the Fund's convertible holdings generally underperformed the broad market equity indices. There was no particular factor that caused this divergence and the Fund remains broadly diversified by issuer, industry, and region. The relative weakness of the underlying stocks and a higher degree of exposure to the US market caused the Fund to underperform the Thomson Reuters Global Focus Index in October. Divergence in underlying stock performance is expected to occur from time-to-time as the composition of the Fund is substantially different than the Index due to the Fund's focus on optimizing convertible risk/return structure.

The October selloff created investment opportunities as stock declines changed profiles across the convertible market. Trading activity concentrated on the secondary market with new issuance suppressed due to heightened volatility. Convertibles that provided downside protection and became too bond-like were exited and the Fund initiated positions in securities with attractive risk/return characteristics that returned to the balanced portion of the curve. The Fund also swapped between convertibles from the same issuer, moving into the more favorable structure.

Fund facts

Fund total net assets:	\$31.10 M	Identifiers:	Institutional USD Capitalisation share class Isin: LU1494400200 Ticker: ALZICUS LX
Fund domicile:	Luxembourg	Base currency:	USD
Fund type:	UCITS SICAV	Management fee:	0.80% p.a.
Depository, Administrator, Transfer Agent:	BNP Paribas Securities Services (LU)		
Dealing:	Each day with a 1-day notice. Cut-off time: 12 pm CET		
Management company:	Alma Capital Investment Management (LU)		
Investment manager:	Zazove Associates, LLC (U.S.A.)		
Fund manager:	Greg Shorin, JD, CFA		
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