

As of 28 September 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	-0.23	0.03
3M	-0.39	0.96
6M	1.32	1.57
YTD	0.42	1.81
1Y	0.54	1.96
Since inception (30 Nov 2016)	10.03	9.32

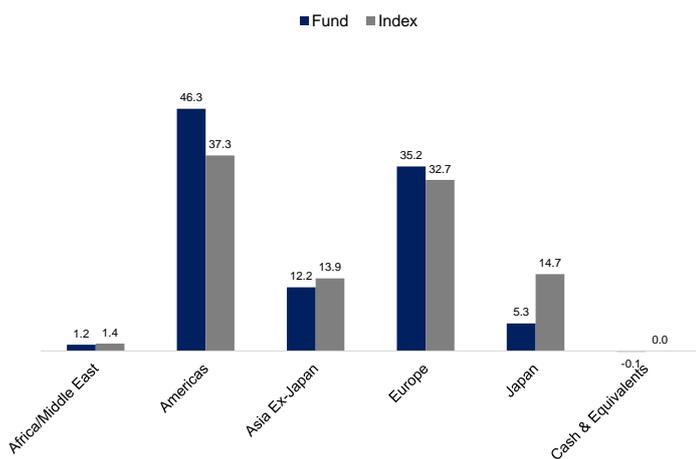
* Index = UBS Thomson Reuters Global Focus Hedged Convertible Bond Index USD

Portfolio characteristics

Main indicators	Fund	Index
No. of securities	65	229
Investment premium (%)	23.4	18.4
Conversion premium (%)	26.2	34.5
Delta (%)	50.0	44.0
Yield to maturity (%)	-1.2	-1.7
Current yield (%)	1.7	0.8
Convertible duration	2.0	1.9

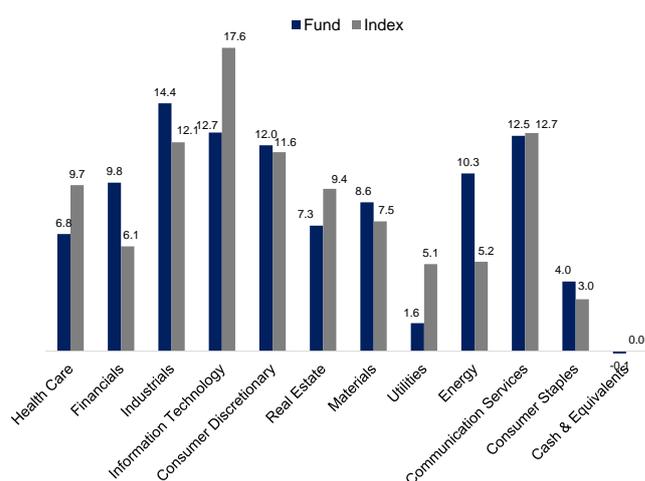
Region breakdown (% AUM*)

* 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	3.00
WEIBO CORP	Communication Services	China	2.91
APERAM	Materials	Luxembourg	2.91
LIBERTY INTERACTIVE LLC	Consumer Discretionary	United States	2.89
LIBERTY MEDIA CORP	Communication Services	United States	2.87
CTRIIP.COM INTL LTD	Consumer Discretionary	China	2.84
TORAY INDUSTRIES INC	Materials	Japan	2.79
BP CAPITAL MARKETS PLC	Energy	United Kingdom	2.67
			29.82

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

Investment manager's commentary

The Fund declined modestly in September as strength in energy convertibles was offset by weakness in semiconductor names. Other sectors did not have a meaningful impact on returns. From a regional perspective, Europe and Japan were the top contributors and Asia Ex-Japan and the Americas were the primary detractors. Although US large cap equities generally advanced during the month, Fund holdings were impacted by relative weakness in US small cap and technology names. The slight underperformance relative to the Index came from Asia and Japan as the Funds focus on optimizing risk/return structure caused it to avoid Index holdings that outperformed during the month. For example, nearly half of the Index's exposure to Asia consisted of relatively bond-like convertibles. While these securities provided downside cushion as Asian markets declined in September, they lack the equity sensitivity and convexity to meaningfully participate in market advances.

Trading activity focused on improving the risk/reward profile of the Fund and maintaining diversification. After a seasonal slowdown in July and August, new issuance picked up in September. The fund was active in the primary market, participating in a new deal in the US as well as a tap of an existing European convertible at attractive pricing. Secondary market purchases focused on balanced structures across sectors. Sales included equity-sensitive names in the US and securities that had become too bond-like in Europe and Japan.

Fund facts

Fund total net assets:	\$33.20 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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