

As of 31 December 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	-3.21	-2.43
3M	-8.04	-4.74
6M	-8.40	-3.82
YTD	-7.66	-3.01
1Y	-7.66	-3.01
Since inception (30 Nov 2016)	1.18	4.15

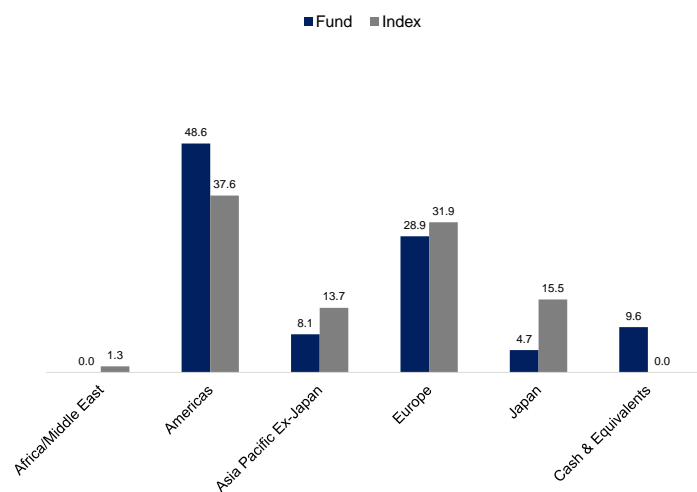
* Index = UBS Thomson Reuters Global Focus Hedged Convertible Bond Index USD

Portfolio characteristics

Main indicators	Fund	Index
No. of securities	65	218
Investment premium (%)	18.0	12.4
Conversion premium (%)	40.4	44.2
Delta (%)	41.0	38.0
Yield to maturity (%)	0.4	-0.4
Current yield (%)	1.8	0.8
Convertible duration	1.9	2.2

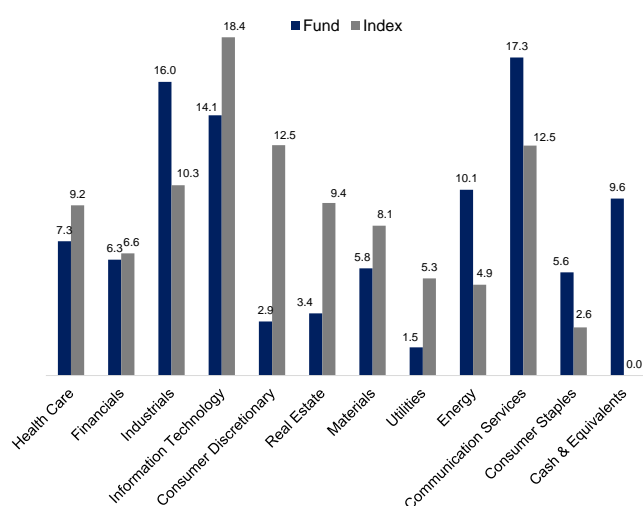
Region breakdown (% AUM*)

* 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*
TOTAL SA	Energy	France	3.57
BUNGE LTD	Consumer Staples	United States	2.97
WORKDAY INC	Information Technology	United States	2.60
TORAY INDUSTRIES INC	Materials	Japan	2.54
LIBERTY INTERACTIVE LLC	Communication Services	United States	2.50
WEIBO CORP	Communication Services	China	2.47
LIBERTY MEDIA CORP	Communication Services	United States	2.40
VINCI SA	Industrials	France	2.38
STMICROELECTRONICS NV	Information Technology	Switzerland	2.31
BP CAPITAL MARKETS PLC	Energy	United Kingdom	2.24
			25.99

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

Investment manager's commentary

Market volatility peaked in December as concerns regarding economic growth, US/China trade, and central bank policy drove equity and credit markets dramatically lower. US small cap and growth stocks were hardest hit, causing significant losses in high-delta Technology convertibles. Japanese equities were also particularly weak. Fund holdings exceeded the projected level of convexity, providing substantial downside protection during the selloff. The Americas and Japan were the primary detractors, while Africa/Middle East, Asia Ex-Japan, and Europe proved relatively defensive. Financials and Healthcare were the worst performing sectors, while Fund holdings in Technology outperformed both the sector and broader markets. Underperformance relative to the Thomson Reuters Global Focus Index was primarily attributable to balanced Fund holdings in the Financial sector that were not present in the Index.

Despite the stress in markets, trading in convertibles remained orderly with ample liquidity. Equity declines increased the availability of balanced structures, particularly in the US, while Asian and European convertibles generally became more bond like. Market movements provided abundant opportunities to improve risk/return structure in the Fund. US Technology names were purchased at attractive levels on weakness in the sector, and positions in recent new issues were increased at favorable valuations. Sales included names that had become more bond-like in Europe and the Middle East.

Fund facts

Fund total net assets:	\$34.99 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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