

# H.A.M. – GLOBAL CONVERTIBLE BOND FUND

## FACTSHEET

- ATTRACTIVE ALTERNATIVE TO EQUITY INVESTMENTS
- PARTICIPATE IN RISING EQUITY MARKETS AND PROFIT FROM DOWNSIDE PROTECTION
- INVESTMENT TEAM HAS ONE OF THE BEST TRACK RECORDS IN THE ASSET CLASS

## ARE YOU LOOKING FOR AN INEXPENSIVE ALTERNATIVE TO ABSOLUTE RETURN INVESTING?

By investing in HAM Global Convertible Bond Fund you can benefit from higher potential returns, thanks to an actively managed portfolio of global convertible bonds. You can participate in rising equity markets and at the same time keep your downside risk limited. Convertible bonds rebalance themselves over the course of an economic cycle. As a consequence, timing decisions when to enter or exit the market do not play a major role.

## WHAT ARE CONVERTIBLES?

Convertibles have the characteristics of a fixed income investment. The investor achieves regular interest income and receives his capital repayment at maturity. The special feature of these investment vehicles lies in the built-in option to convert the bonds into a predetermined number of a particular company's shares. As a result of this built-in option, convertibles behave partly as bonds and partly as shares. Whenever it becomes advantageous for the investor to exercise his right to convert, the value of the convertible will be determined primarily by the developments of the underlying share price. When conversion is not advantageous, the investor shall not exercise his right and will rather accept the repayment of the principal.

## WHY INVEST IN CONVERTIBLES?

As opposed to regular bonds, convertibles can deliver a positive performance even in times of rising inflation and resulting falling bond prices. Although convertibles also suffer in these conditions, the investor has the possibility to profit from the increase in value of the underlying stock. The combination of the long term growth potential of equity and the capital protection through the promise of repayment of the bond principal is one of the reasons why convertibles are increasingly used in portfolios of institutional investors.

## MANAGEMENT OF THE PORTFOLIO

The fund is managed by Holinger Asset Management AG in Zurich. HAM consists of a team of highly experienced specialists with one of the best track records in the industry. The core team has been the stable and saw no fluctuations since the inception of the fund in 2000. The fund manager focuses on favourable risk/reward opportunities among convertible bond investments. The fund is positioned to benefit from a combination of attractive initial yield to maturity, credit spread tightening and the embedded implied volatility of the option.

## SUPERIOR LONG TERM PERFORMANCE AND AUTOMATIC REBALANCING

Historical observation shows an interesting pattern. In times of negative equity market returns, the convertible bond performance is very close to the straight bond performance. In the years of negative bond market returns, the convertibles performed more along the lines of equities. The inclusion of convertibles could have led to an improved performance in the past.

## INVESTMENT PHILOSOPHY

Our active approach for managing globally diversified convertible portfolios is driven by our belief that risk adjusted outperformance is achievable via superior systematic information processing and consistent portfolio construction. Compared to traditional equity and fixed income markets, convertibles are quite often less efficient and at times trade below their fair value. We systematically aim to exploit these mispricings which is mirrored in the long term outperformance of our fund. We consider the whole convertible bonds universe to find these inefficiencies. As a result, our portfolio is not constructed around a given benchmark.

## INVESTMENT APPROACH

Due to our fundamentally oriented investment approach, our global convertible portfolio shows the following characteristics:

Security selection:

- The convertible selection represents the most important factor in the performance of the portfolio.
- The selection of the underlying stock and credit is also an important driver in the portfolio contribution to active return

Asset allocation (Top down approach):

- We do not take any large sector bets. Sector allocation, therefore, is not a big driver in portfolio contribution to active return
- We do over/underweigh specific regions. E.g., for the past 3 years we underweight the US in favour of Europe and Asia. This is a strategic decision and might change in the future.

Investment style:

- Core: we overweight convertibles with high credit quality
- Satellite: we complement the core with a diversified number of yield paying convertibles. On the other side of the spectrum we add a small number of equity sensitive names where a strong

conviction with respect to the underlying share exists.

- Our portfolios do not show any significant bias towards growth or value

Liquidity / delta policy:

- We do not maintain large cash positions (not larger than 10%)
- Moderate market timing bets resulting from our security selection and asset allocation

Number of convertibles: 80 – 110

## MISSION

We believe that money will increasingly be managed by people whose passions are more about the business than the investment management process. The business will increasingly have short-term pressures. It will be almost impossible for this not to impact the investment time horizon of organizations. As a consequence we believe value can best be added by

- independence
- small & manageable size

- focused organization with key strengths - long-term investment managers as opposed to ever changing boards
- equity participation for all the principals

## MAIN CHARACTERISTICS

Inception Date:	21.03.2000
Investment type:	Global Convertibles (outright)
Pricing:	Wednesday at noon
Dealing day:	Friday, value t+3
Redemption:	Friday, value t+3
Domicile:	Liechtenstein
Management Fee:	max. 1% pa
Administration Fee:	0.25% pa
Performance Fee:	10% above +7.5% with HWM
Initial Price:	EUR 1'000,-
Max. Subscription Fee:	3%
Redemption Fee:	0.25% in favor of NAV
Lock-Up Period:	None
Reports:	Investor Web Site, Monthly Report
Valor:	1.040.458
ISIN:	LI0010404585
Denomination:	Euro
Tranches:	EUR, CHF, USD & GBP (all hedged)
Custodian:	Liechtenst. Landesbank AG
Administrator:	IFM, Vaduz
Investment Manager:	Holinger Asset Management AG
Auditor:	Ernst & Young AG
CH Representative:	LLB Swiss Inv. AG, Zurich
Approved for distribution in:	Liechtenstein, Germany, Switzerland, Austria, UK
Fund category:	UCITS 5

## FUND DESCRIPTION

HAM GLOBAL CONVERTIBLE BOND FUND is an actively managed long-only convertible bond fund. The investment universe is global. The fund will seek to achieve its investment objective primarily by seeking undervalued securities outside of the common benchmarks.

## INVESTMENT TARGETS

Target Return:	3-5% p.a. (EUR)
Target Volatility:	6-7% p.a.