

» *Risk classification of Fisch investment strategies*

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Risk classification of Fisch investment strategies

Fisch investment strategy	Market risk (equity, credit, commodity, interest rate)	Credit risk	Liquidity risk	Restrictions	Risk information
Convertible Global Defensive	Primarily equity and credit risk	Minimum Rating B-, max. 10% non-investment grade convertible bonds	Low (daily liquidity)	Primarily convertible bonds, focus on investment grade	①, ②, ③, ④, ⑥
Convertible Global Opportunistic	Primarily equity and credit risk	Full rating spectrum	Low (daily liquidity)	Primarily convertible bonds, no rating restrictions	①, ②, ③, ④
Convertible Global Dynamic	Primarily equity and credit risk	Full rating spectrum	Low (daily liquidity)	Primarily convertible bonds, no rating restrictions	①, ②, ③, ④, ⑥
Convertible Global Sustainable	Primarily equity and credit risk	Full rating spectrum	Low (daily liquidity)	Primarily convertible bonds of sustainable companies, no rating restrictions	①, ②, ③, ④
Convertible Global IG	Primarily equity and credit risk	Majority of investment grade bonds	Low (daily liquidity)	Min. 2/3 convertible bonds with investment grade rating, max. 1/3 global corporate bonds	①, ②, ③, ④, ⑥
Bond EM Corporates Defensive	Primarily credit and interest rate risk	Investment grade bonds only	Low (daily liquidity)	Investment grade emerging market bonds in hard currencies	①, ②, ③, ④, ⑤, ⑦
Bond EM Corporates Opportunistic	Primarily credit and interest rate risk	Full rating spectrum	Low (daily liquidity)	Emerging market bonds in hard currencies, no rating restrictions	①, ②, ③, ④, ⑤, ⑥, ⑦
Bond EM Corporates Dynamic	Primarily credit and interest rate risk	Full rating spectrum	Low (daily liquidity)	Emerging market bonds in hard currencies, no rating restrictions	①, ②, ③, ④, ⑤, ⑥, ⑦
Bond Global IG Corporates	Primarily credit and interest rate risk	Majority of investment grade bonds	Low (daily liquidity)	Global corporate bonds min. 2/3, max. 10 % high yield bonds	②, ③, ④, ⑥, ⑦
Bond Global High Yield	Primarily credit risk	Focus on non-investment grade bonds	Low (daily liquidity)	Primarily global high yield bonds, convertible bonds 30% max.	②, ③, ④, ⑥
Bond EU High Yield	Primarily credit risk	Focus on non-investment grade bonds	Low (daily liquidity)	Primarily in EUR or GBP denominated High Yield Bonds.	②, ③, ④, ⑥, ⑦

Bond Global Corporates	Primarily credit and interest rate risk	Investment grade bonds 2/3 min., non-investment grade bonds 1/3 max.	Low (daily liquidity)	Global corporate bonds, investment grade bonds 2/3 min.	②, ③, ④, ⑥, ⑦
Bond Global CHF	Primarily credit and interest rate risk	Focus on investment grade	Low (daily liquidity)	Majority of CHF corporate bonds, convertible bonds 30% max.	①, ②, ③, ④
Convex Multi Credit	Equity, credit and interest rate risk	No restrictions	Low (daily liquidity)	Global multi-asset investments, equities 30% max.	①, ②, ③, ④ ⑤, ⑥, ⑦
Convex Multi Asset	Equity, credit and interest rate risk	No restrictions	Low (daily liquidity)	Global multi-asset investments, equities 60% max.	①, ②, ③, ④ ⑤, ⑥, ⑦
Convex Innovation	Primarily shares and credit	Minimum Rating B. for bonds and convertible bonds	Low (daily liquidity)	51% shares min., 49% convertible bonds max and 10% REITS max.	①, ②, ③, ④ ⑤, ⑥, ⑦

Risk information

These strategies are implemented by means of complex and/or non-complex financial instruments. Portfolios may contain the following complex financial instruments:

① Convertible bonds

Convertible bonds are complex debt securities/debt securities with embedded derivatives.

These bonds are equity-bond hybrids with varying characteristics. Like other bonds, convertible bonds have a fixed maturity, face value and coupon rate. In addition, convertible bonds come with conversion rights. This means the bond holder has the right to convert the bond into a certain number of shares of the same issuing company. However, the holder is not required to do so. Thus, the value of a convertible bond up to maturity is influenced by the issuer's credit rating, the current interest rates and the issuer's stock price.

② Subordinated bonds

Subordinated bonds are complex debt securities/debt securities with structures that make it difficult for investors to understand the associated risks.

At default events of the issuer, holders of other debt instruments of the issuer have priority access to the liquidation proceeds. Holders of subordinated bonds stand in second line. This means that at default events of the issuer, the risk that some or all of the debt will not be repaid is greater compared to standard debt securities (like senior bonds).

③ Perpetual bonds

These are debt securities with no maturity. This category includes bonds designed never to mature, so that there is no date on which the principal originally invested will be repaid.

④ Floating rate notes

The income on these debt instruments is calculated by complex mechanisms. This category comprises debt securities designed in such a way that the expected income over the life of the instrument fluctuates significantly and often or at particular intervals, as certain thresholds are reached or certain periods of time passed.

⑤ Emerging market bonds

These are bonds from issuers with a registered office or primary activity in an emerging country ("EM"). They are exposed to higher political, social and economic risk that can manifest itself in restrictions on capital transactions or other constraints. This can make it impossible for the bond issuer to pay the coupon or repay the principal. Operating and supervision conditions may deviate from the standards prevailing in developed countries.

⑥ High yield bonds

Bonds with high yields entail a greater risk of issuer default, and are a riskier investment than higher quality investment grade bonds.

🔗 CoCo-Bonds (contingent convertible bonds)

CoCo-Bonds are complex debt securities/debt securities with embedded derivatives.

A coco bond or a contingent convertible bond is a long-term, subordinated bond, usually with a fixed coupon, which is usually automatically converted from debt to equity when predefined events (conversion criteria) occur. Ideally, the conversion takes place (from the point of view of the company) at the time when the company is in a poor economic situation. This eliminates interest expenses and the company receives equity capital (without an inflow of liquidity). The investor becomes a shareholder of the issuer.

There are many different forms of CoCo bonds. A key differentiating factor within CoCo bonds is whether conversion is automatic (due to the occurrence of a predefined event) or discretionary (by the issuer). Instead of the conversion of debt capital into equity, certain types of CoCo bonds are also devalued by a principal writedowns (i.e. repayment at maturity is no longer 100%).

Liquidity risk

A market's liquidity (i.e. the ability to sell a security in that market for a fair price within a certain period of time) will vary continuously. On behalf of national supervisory authorities, ESMA investigates many financial instruments to determine whether they lack a liquid market as defined by Article 6 and Article 8(1)(b) of Commission Delegated Regulation (EU) 2017/583 (RTS 2). RTS 2 defines a financial instrument as illiquid if it fails to meet at least one of the thresholds set as quantitative criteria for liquidity. Some of the financial instruments used by Fisch in portfolio management are defined as illiquid by RTS 2. ESMA's investigation only took regulated exchange venues into account (regulated stock markets, multilateral trading platforms and organised trading platforms). However, beyond these regulated venues, there are over-the-counter markets (OTC markets) that Fisch uses to buy and sell financial instruments in the portfolios. Fisch has included the liquidity of this OTC markets in the estimated liquidity risk of the investment strategies presented in the table above.

Additional general information with regard to characteristics and risks of financial instruments is available in the guidelines "Risks involved in Trading Financial Instruments" issued by the Swiss Banking Association (SBA) (<https://www.swissbanking.ch/en/downloads>).

Note on the use of sustainability criteria

Fisch takes sustainability criteria (environmental, social and governance criteria "ESG") into account in the investment process based on the conviction that the analysis of sustainability issues is beneficial for a holistic understanding of the risks in the investments. Fisch's sustainable investment approach adheres to the following principles:

- Integration of ESG factors into the research process based on risk/return considerations,
- Active communication with management when appropriate to better understand the risks and the progress the company is making and to improve the company's ESG policies,
- Monitoring companies with potentially high ESG risk,
- Exclusion of highly controversial companies.

Further information can be found under <https://www.fam.ch/about-us/sustainability>.

Fisch Umbrella Fund

The Fisch Umbrella Fund is an umbrella fund containing multiple subfunds. It is a UCITS in accordance with Luxembourg law. Each subfund may issue share classes with different characteristics. The Key Investor Information Document (PRIIP-KID), Sales Prospectus containing the Management Regulations, annual report and semi-annual report can be obtained free of charge from the management company in Luxembourg (Universal-Investment-Luxembourg S.A., 15, rue de Flaxweiler, L-6776 Grevenmacher), from the representative and paying agent in Switzerland (CACEIS Investor Services Bank S.A., Esch-sur-Alzette, Zurich branch, Bleicherweg 7, 8027 Zurich), from the paying agent and information centre in Germany (Universal-Investment Gesellschaft mbH, Theodor-Heuss-Allee 70, 60486 Frankfurt am Main), from the representative and paying agent in Austria (Hypo Vorarlberg Bank AG, Zentrale Bregenz,, Hypo-Passage 1, A-6900 Bregenz), and online at www.fundinfo.com.