



# OYSTER MONTHLY REPORT

For professional, qualified and institutional investors

September 2017

## OYSTER EUROPEAN SUBORDINATED BONDS C EUR

### Investment objective

The fund's objective is to provide investors with capital growth by investing in subordinated debt instruments issued by banks, insurance and non-financial companies. The investment approach combines a macro economic analysis with a bottom-up selection process, aiming at building a portfolio that is diversified by sector, country and seniority. The portfolio managers first define the optimal asset allocation between sectors and different bonds seniorities, based on relative value analysis and then identify the strongest conviction issues. Bonds are selected with a strong emphasis on liquidity, the inherent risk of issues / issuers and the regulatory framework.

### Fund facts

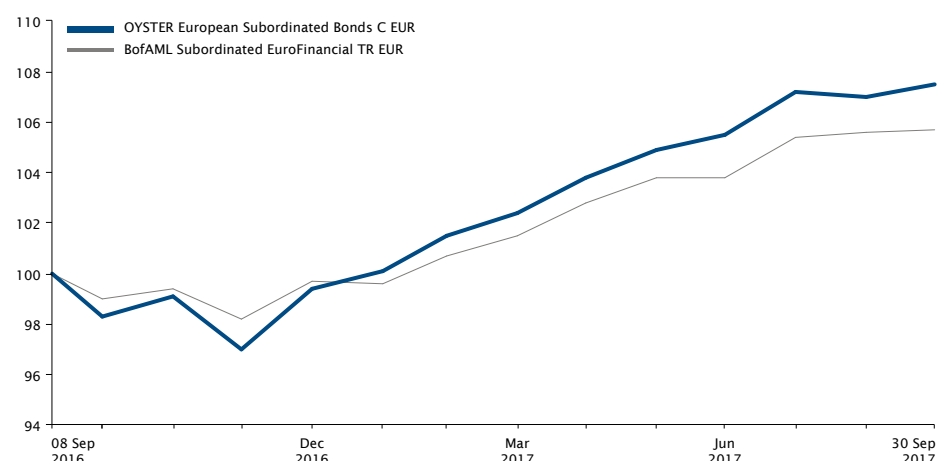
Manager	SYZ Asset Management (Europe) Limited, Andrea Garbelotto, Antonio Ruggeri
Dividend policy	Accumulation
Last NAV	EUR 161.27
Fund size	EUR 99.6 mn
Fund type	Bonds
Investment zone	Europe
Recommended invest. horizon	At least 4 years
Share class currency	EUR
Inception date	08.09.2016
Index	BofA ML EUR Fin Subordinated (TR)
Legal structure	Luxembourg SICAV - UCITS

### Risk/Return profile

◀ Lower risk				Higher risk ▶		
Typically lower rewards				Typically higher rewards		
1	2	3	4	5	6	7

Sources: OYSTER Sicav, KIID

### Performance & risk measures



	Fund	Index
<b>Calendar year performance</b>		
2017 YTD	+8.1%	+6.0%
-	-	-
<b>Annualised risk measures</b>		
Volatility	+3.9%	+2.8%
Sharpe ratio	2.5	2.5
Information ratio	1.5	-
-	-	-
Duration	3.8	-
Yield to maturity	+4.7%	-

	Fund	Index
<b>Cumulative performance</b>		
1M	+0.4%	+0.1%
3M	+2.0%	+1.9%
6M	+5.0%	+4.2%
1Y	+9.4%	+6.7%
3Y	-	-
5Y	-	-
Since inception	+7.5%	+5.7%
-	-	-
<b>Annualised performance</b>		
3Y	-	-
5Y	-	-
Since inception	+7.1%	+5.4%

Sources: OYSTER Sicav, Morningstar. Past performance does not guarantee or predict future performance. Annualised risk measures based on 3-year monthly returns if more than 3-year history or 1-year if less than 3-year history.

# OYSTER European Subordinated Bonds C EUR

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## Administrative information

Central Administration	RBC Investor Services Bank S.A.
Transfer agent	RBC Investor Services Bank S.A.
Custodian Bank	RBC Investor Services Bank S.A.
Auditor	PwC Luxembourg
Management company	SYZ Asset Management (Luxembourg) S.A.

## Fees

Subscription fee	Max 1.0%
Redemption fee	Max 1.0%
Management fee	Max 1.20%
Performance fee	-

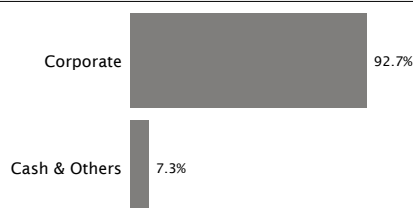
Sources: OYSTER Sicav, KIID

## Dealing information

Liquidity	Daily
Cut-off time	TD 12:00 Luxembourg
Minimum initial investment	-
Settlement	TD+3
ISIN code	LU1457568472
CH Security Nr	33361705
Bloomberg	OYESBCE LX

## Portfolio Breakdown

### Asset allocation



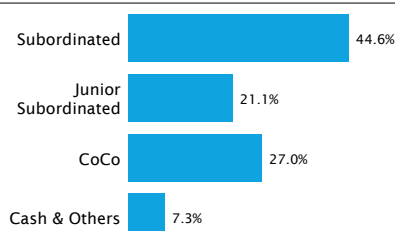
### Top 10

KBC 5.625% 14-PERP	2.6%
DSK BK 5.875% 15-PERP	2.3%
ABN AMRO 5.75% 15-PERP	2.2%
RBS GRP 3.625% 14-25.03.24	2.1%
VOLKSBANK 2.75% 17-06.10.27	2.0%
LA MONDIALE 5.05% 14-PERP	2.0%
ETHIAS SA 5% 15-14.01.26	1.9%
NN GROUP 4.5% 14-PERP	1.8%
COMZBK 4% 16-23.03.26	1.7%
AVIVA 3.375% 15-04.12.45	1.6%
Cash & Others	20.2%

### By maturity

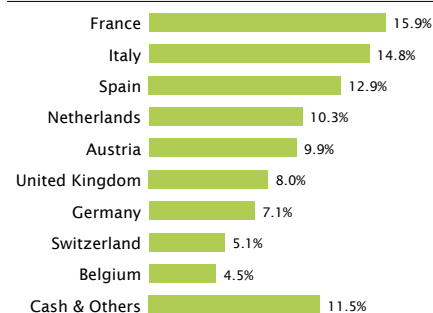
Less than 1 year	0.0%
Between 1 and 3 years	0.0%
Between 3 and 5 years	1.0%
Between 5 and 7 years	7.8%
Between 7 and 10 years	19.1%
More than 10 years	64.7%
Cash & Others	7.3%

### By seniority

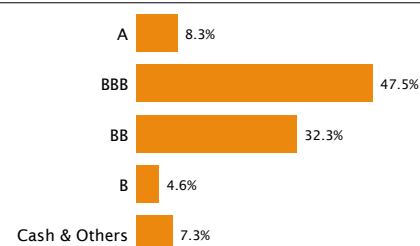


Source: OYSTER Sicav

### By country



### By rating



### By sector

Financial	83.7%
Utilities	2.9%
Energy	2.4%
Consumer, Non-cyclical	2.2%
Communications	0.8%
Basic Materials	0.7%
Cash & Others	7.3%

## Manager Comment

## HIGHLIGHTS

- The probability of a US interest rate hike increased in September, but there is still uncertainty about the ECB's monetary policy
- The favourable global macroeconomic backdrop and strong data from the eurozone supported high yield and financials
- The fund outperformed its reference index due to its higher exposure to junior debt

## MARKET REVIEW

European credit spreads recovered in September as positive economic data showcased the eurozone's ongoing growth. Investment-grade spreads widened slightly as expectations of tighter monetary policies increased, while financials took advantage of the higher-rate scenario. There was some volatility linked to geopolitical tensions and the German elections. This led to some risk-off behaviour but did not have a major impact on returns.

## FUND REVIEW

The fund rose in value in September, outperforming its reference index. Subordinated bonds resumed their upward trend, and companies took advantage of the low-volatility environment by increasing their activity in the primary market, both in the Additional Tier 1 (Santander, ABN AMRO) and Tier 2 (Banco BPM, ING) spaces. The fund's best-performing holdings were Erste 8.75% and ABN 5.75% among Coco's, while in the Tier 2 bucket Commerz 2026 was boosted by rumours of Unicredit's talks with the

	Fund	Index
<b>Cumulative performance</b>		
1M	+0.4%	+0.1%
2017 YTD	+8.1%	+6.0%

German state about acquiring its holdings in the German bank. The spreads of insurance companies continued to narrow, with none of our holdings suffering from the hurricanes in the US. The managers sold their existing holdings in Banco BPM and ING and replaced them with the new issues Banco BPM 4.375% and ING 1.5% 2029. They chose not to invest in some new issues in the Additional Tier 1 space as they considered them too expensive and that they had little tightening potential.

## OUTLOOK

Valuations are still expensive, but fundamentals and economic momentum remain supportive of the credit markets, especially with central banks so cautious. Geopolitical tensions (North Korea and also Catalonia's possible bid for independence from Spain) could lead to some volatility, and there is increasing uncertainty about whether the ECB will end or extend its quantitative easing programme. In this kind of scenario, the manager intends to remain overweight credit relative to duration without increasing credit risk exposure.

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