



SEPTEMBER

# MONTHLY REPORT

## Parvest Convertible Bond Asia

### October 2011



## Performance overview

Performance (gross of fees) (%)	October	Last 3M	YTD	Last 12M	Last 24M*	Last 36M*	Last 60M*	Since inc,**
Parvest Convertible Bond Asia	3.71	-10.08	-10.76	-9.50	1.27	17.74	6.72	8.85
UBS Convertible Asia ex Japan > 0305	5.15	-5.80	-5.00	-3.73	5.83	20.92	7.23	6.22
Excess return	-1.44	-4.28	-5.75	-5.77	-4.56	-3.19	-0.51	2.63

Risk indicators (annualised)	Last 36W	Last 12M	Last 24M	Last 36M	Last 60M	Since inc,**
Fund volatility (%)	11.30	10.33	11.14	12.73	16.25	14.46
Benchmark volatility (%)	9.76	8.74	9.80	11.29	16.31	12.58
Tracking error (%)	2.72	2.77	2.68	2.98	3.88	9.39
Information ratio	-2.62	-2.11	-1.70	-1.07	-0.13	0.28

all figures gross of fees (in USD)

\* annualised performance

\*\* inception date: 10/01/95 (annualised)

Past performance or achievements are not indicative of current or future performance.

## Market review

- US macroeconomic news improved in October. Employment growth, retail sales, durable goods orders and several regional measures of producer confidence came in better than expected. Indeed, GDP growth accelerated from the second to the third quarter despite drag from inventories. However, job creation and household income growth are still weak and consumers could only keep up spending by using savings. Eurozone leading indicators continued to weaken quite sharply. With growth already low in the second quarter, recession risks are high for the region. Trade and industrial production data from emerging economies show that growth is moderating. A positive consequence is that in many countries, inflationary pressures are abating
- October was good for equities. The 10.6% gain in global equities in US dollar terms made it the strongest month in at least two decades. US equities moved briefly into positive territory for the year to date, although even that market has not yet fully recovered from the steep losses from May to September. Since the dollar fell against the euro, the 6.8% monthly gain in euros for global equities impressed less, but was still strong. Emerging equities (+9.2%) outperformed developed equities (+6.5%). The main drivers were fading fears of a recession in the US, (the prospect of) a deal by eurozone leaders to stem the sovereign debt crisis and another robust corporate earnings season
- US bond yields rose by 25bp to 2.2%. In Germany, where the news was less upbeat, yields gained only 16bp at 2.0%. During the month, expectations of a comprehensive deal to tackle the eurozone debt crisis captivated markets and when the deal, which included Greek debt restructuring, bank recapitalisation and increasing the eurozone's bailout fund, was announced, risk spreads on 'peripheral'



government bonds narrowed. However, a far-from-successful Italian government bond auction and indications that Greeks are baulking at austerity measures in the absence of signs of growth meant that the cheer was brief

- The Asian convertible bond market rose in October though less so than equities (UBS Convertible Asia ex Japan index gained 5.15% while the MSCI Asia ex Japan equity index gained 13.2%).
- Primary markets were slightly more active than in September with USD 2.3 bn in new issues, mostly in the US, against USD 8.3 billion one year ago. After a dry month of September, October saw two new issues in Europe

## Fund performance

- We lost 3.71% (in gross terms) in October and detracted 144bp relative to our benchmark.
- We saw a remarkable rebound in the market in October, led by improving sentiment that problems are being address by leaders in Europe. Concerns on a hard-landing in China were reduced and the market shifted its focus to the fine-tuning in the tightening policy that also helped stage the relief rally in Asia.
- However, the fund suffered from the reduction in the consumer and property holdings

## Portfolio activity

- We reduced Indian's Reliance Communications on the back of credit strength as we are concern as to the refinancing such a sizable bond in early 2012. We also reduced China consumption names such as Maoye, Intime, and Hengdeli to benchmark weight.
- Since mid-Oct, we have been adding Sinopec (High Grade CB), Beijing Enterprises (HG CB in Chinese utilities), Hon Hai Precious (HG CB in Tech), YTL Corp (HG CB in Malaysian utilities)

## Outlook & positioning

- Fund raising newsflow pushed some convertible bonds up. An example is Tsinlien Group's announcement of a new CNH bonds pushed the Tianjin CB bond price higher to 86% up to a 7.7% YTP (put at Apr 2014). However, although the CNH bond was priced at 5.75% yield (Nov 2014 maturity), the CB traded down afterwards suggesting a discount between CB and CNH bonds.
- In the fund, we will continue to add tech names as we believe the sector to be at an extremely low level, as well as to add exposure on Malaysian utilities.

### Top 10 Holdings at month end

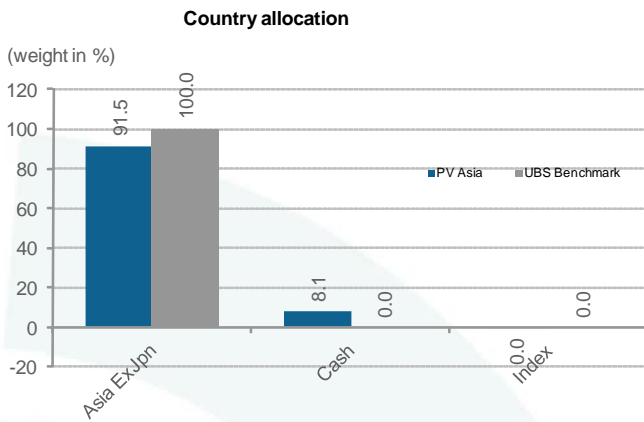
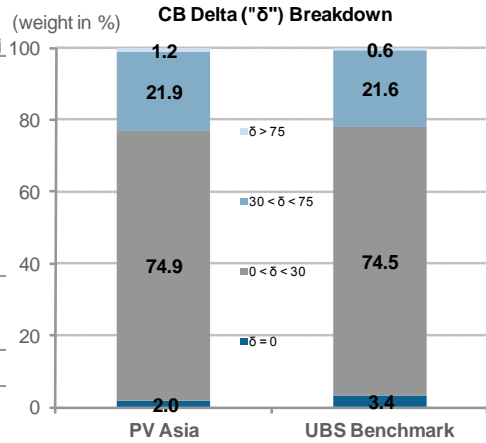
(Sorted by excess weight relative to the benchmark)

Holdings	Currency	Rating	Country	Sector	Delta	Port. Wgt	Bench Wgt	Over Wgt
Intime 1.75% 2013	HKD	BB	Hong-Kong	Retail	46.28	4.53	0.85	3.67
Hengdeli 2.5% 2015	HKD	N/R	Hong-Kong	Retail	28.93	4.41	1.04	3.37
Tata Power 1.75% 2014	USD	BB	India	Utilities	2.98	4.19	0.96	3.23
Fufeng Group 4.5% 2015	CNY	BB	China	Chemical	15.68	2.76	-	2.76
Maoye 3% 2015	HKD	N/R	China	Retail	9.36	2.61	-	2.61
Shui on Land 4.5% 2015	CNY	N/R	Hong-Kong	Real Estate	5.86	3.43	1.20	2.23
China Power International 2.25% 2016	CNY	N/R	Hong-Kong	Utilities	32.58	1.98	-	1.98
Tata Motors 0% 2012	USD	BB	India	Auto	11.28	3.88	1.93	1.95
Shiv-Vani 5% 2015 USD	USD	N/R	India	Energy	34.1	1.9	-	1.93
Sesa Goa 5% 2014	USD	N/R	India	Mining	13.07	2.41	0.67	1.73

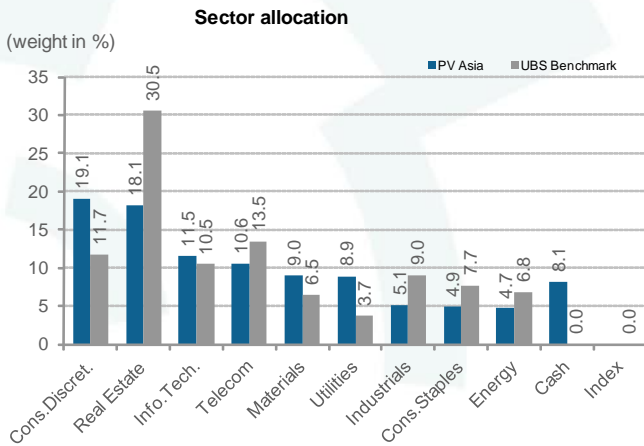
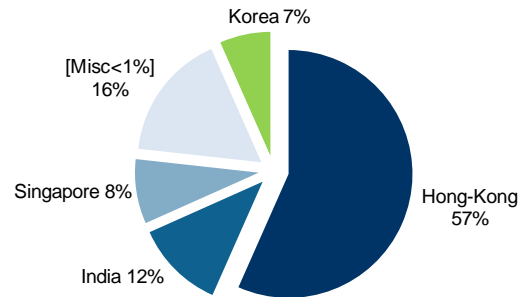


**Parvest Convertible Bond Asia - A visual Approach at month end**

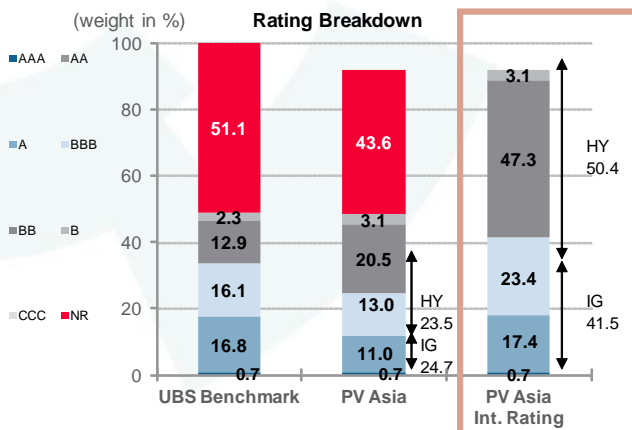
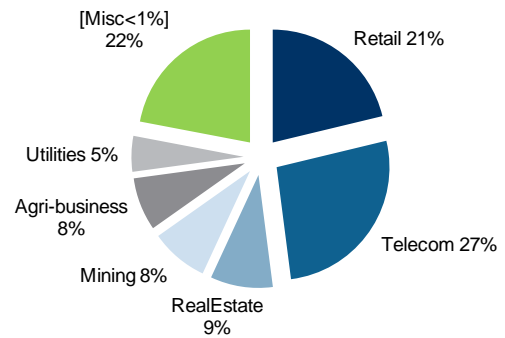
as of 31 October 2011	Portf	Bench	Instrument exp.	Portf	Delta adj
Nb of Securities (#)	50	70	Convertible Bonds	91.9	13.9
Equity sensitivity (%)	12.7	14.8	Equity & Derivatives	0.0	0.0
Avg CB Price (% Nom)	102.8	107.4	Bonds	0.0	0.0
Premium (%)	103.9	71.3	Futures	0.0	-1.2
Avg Bond Floor (% Nom)	98.3	103.0	Cash	8.1	0.0
Avg Duration (Years)	1.89	1.90		<b>Portf</b>	<b>Bench</b>
Avg Maturity	22-déc-13	11-janv-14	Avg Current Yield (%)	1.70	1.61
Avg Credit Spread (bp)	458	380	Avg Yield to Workout (%)	1.04	0.50
Avg Rating (from rated CBs)	BB+	BBB	Avg Rating (Internal)	BB+	-



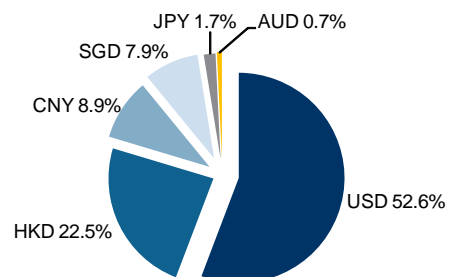
**PV Asia in details (delta weighted):**  
Misc list = 9 countries



**PV Asia in details (delta weighted):**  
Misc list = 11 sectors



**PV Asia Currency exposure (delta weighted)**





For more information, please contact:

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## Performance details

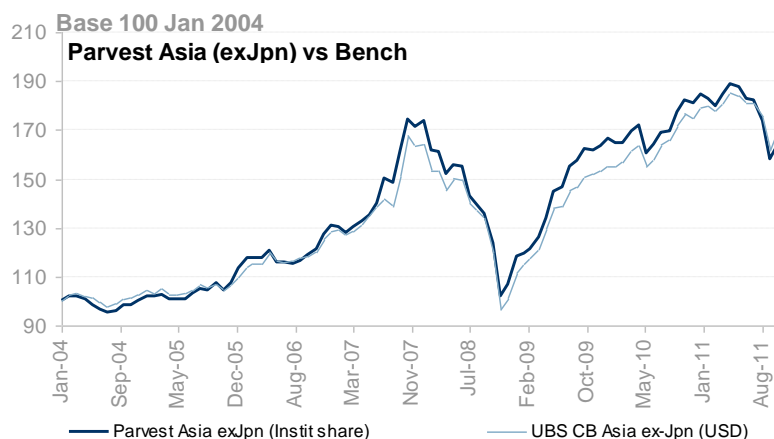
Cap: LU0095613583

Dist: LU0095613823

Instit: LU0102025151

Total AUM of the fund at month end: EUR 154 mln

Total AUM of the strategy: EUR 260 mln



Performance (net of fees C share) (%)	October	Last 3M	YTD	Last 12M	Last 24M*	Last 36M*	Last 60M*	Since inc,**
Parvest Convertible Bond Asia	3.57	-10.44	-11.90	-10.90	-0.26	15.97	5.14	7.26
UBS Convertible Asia ex Japan > 0305	5.15	-5.80	-5.00	-3.73	5.83	20.92	7.23	6.22
Excess return	-1.57	-4.64	-6.90	-7.17	-6.09	-4.95	-2.09	1.04

Risk indicators (annualised)	Last 36W	Last 12M	Last 24M	Last 36M	Last 60M	Since inc,**
Fund volatility (%)	11.30	10.33	11.12	12.71	16.24	14.44
Benchmark volatility (%)	9.76	8.74	9.80	11.29	16.31	12.58
Tracking error (%)	2.72	2.77	2.68	2.98	3.88	9.39
Information ratio	-3.13	-2.61	-2.27	-1.66	-0.54	0.11

management fees: 1%

Performance (net of fees I share) (%)	October	Last 3M	YTD	Last 12M	Last 24M*	Last 36M*	Last 60M*	Since inc,**
Parvest Convertible Bond Asia	3.64	-10.26	-11.36	-10.24	0.50	16.96	6.11	8.04
UBS Convertible Asia ex Japan > 0305	5.15	-5.80	-5.00	-3.73	5.83	20.92	7.23	6.22
Excess return	-1.51	-4.47	-6.35	-6.51	-5.33	-3.96	-1.11	1.82

Risk indicators (annualised)	Last 36W	Last 12M	Last 24M	Last 36M	Last 60M	Since inc,**
Fund volatility (%)	11.30	10.33	11.13	12.74	16.25	14.45
Benchmark volatility (%)	9.76	8.74	9.80	11.29	16.31	12.58
Tracking error (%)	2.72	2.77	2.68	2.98	3.88	9.39
Information ratio	-2.88	-2.37	-1.99	-1.33	-0.29	0.19

management fees: 0.55%

all figures net of fees (in USD)

\* annualised performance

\*\* inception date: 1/01/95 (annualised)

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