

MARTIN WILHELM 6TH IN GLOBAL BONDS

ACATIS IfK Value Renten UI - Global Fixed-income Value Fund

You have been awarded with 6th place in Global Bonds by Citywire EuroStars. Could you give us an inside-view of your strategy, please?

The strategy of the fund ACATIS IfK Value Renten UI is "value in bonds". Most of you are familiar with Dr. Hendrik Leber and his concept "value in equity" based on Warren Buffett. Our strategy is very similar, just a different asset class. We search for individual fixed income and credit stories which offer a yield advantage compared to their peer group, e.g. sector, region, currency, seniority or yield curve.

Could you please give us an example?

If a bond drops from 100 to 90 then it could be on our radar, meaning we follow it several times a day and probably start our analysis. We analyze it to see if the credit story sounds logical, the bond documentation is clean or if it includes some delicacies which we don't or in particular like. We see value in credit arbitrage, meaning the market price is 90 and our analysis results in a yield-price target of 95. We do not know when this price increase will happen – but while waiting for it we earn accrued interest. Since inception of the fund ACATIS IfK Value Renten UI the concept has been stable without any major changes.

Are you restricted or focused on some region or type of bonds?

The main advantage is that we can invest in all asset classes within whole fixed income and the credit universe except ABS, CDO's and structured products. In case of a change in sentiment in interest rates we can implement zeros, floaters or

adjust duration via interest rate futures. In other words we take responsibility for which product has the most value: Investment Grade corporate, high yield, government bonds or foreign currency bonds. A clean total return concept within a legal UCITS IV frame. Additionally we aim to have a portfolio of different, independent stories with negative correlations to decouple from interest rate beta. **Due to this concept, the fund has a performance of +83.1% combined with a volatility of 4.3% and Sharpe ratio of 2.3 (October 31, 2014) since inception in December 2008.**

Sounds that the investors of the ACATIS IfK Value Renten UI are happy with their investment.

Private and institutional investors, e.g. insurance companies, funds, pension funds and endowments are invested in the fund. They like the low volatility and especially the periodical payouts of appr. 4% every year on November 15. We aim to maintain a minimum payout yield of 4% every single year. This helps endowments and foundations to plan their charity purpose.

In 2013 the funds total assets increased by 110% and this year by more than 50% additionally.

So would you recommend an investment to all investors?

No. It's important to know that we invest in undervalued bonds and never know when they will perform and be balanced within their yield peer group. This fund is no substitute for money markets or investors who like to hold it for a 3 or 6 month period. A potential investor should have a minimum time horizon of at least 2 to 3 years. The longer investors are on board the more they like the combination of yield, instruments within the portfolio as well as performance and volatility.

One last question, what is your forecast for 2015? Do you have a hint for investors?

We think it won't be an easy game to make money with traditional ETF's in fixed income. It will be more and more important to understand the individual fixed income or credit story of a bond and ideally find the right timing to participate with a nice yield in a smooth and solid low volatility portfolio.

FUND VS. BENCHMARK SINCE INCEPTION

