



NEWSLETTER

INVESTMENT-GRADE CONVERTIBLES

CREDIT SUISSE (LUX) AGANOLA
GLOBAL CONVERTIBLE BOND FUND



STRATEGIC CO-OPERATION BETWEEN AGANOLA AND CREDIT SUISSE

- ▶ Assembling of a strong, experienced and complementary team of senior portfolio managers.
- ▶ The team consists of investment managers with a continuously successful track record in convertibles.
- ▶ Scalable and process driven platform currently managing assets of more than USD 1.0 billion.

SUMMARY

- ▶ The Investment Grade Convertible Bond strategy returned -2.60% (gross of management fee) in October, compared with -2.02% by the benchmark.
- ▶ Investment grade (IG) convertibles gained 0.25% year-to-date (YTD).
- ▶ After six consecutive months of appreciation, global equities lost 6.7% in October, the worst monthly performance since August 2011. YTD and hedged into USD stocks are barely in positive territory.
- ▶ Performance contributors: underweight positions in Citrix, Fresenius and Fresenius Medical.
- ▶ Performance detractors: underweight in Red Hat, overweight positions in Ligand and Square.
- ▶ Primary activity ground to a screeching halt with only USD 2.2bn raised, the weakest monthly total in over 3 years. US was once again the most active region, accounting for two thirds of the total.

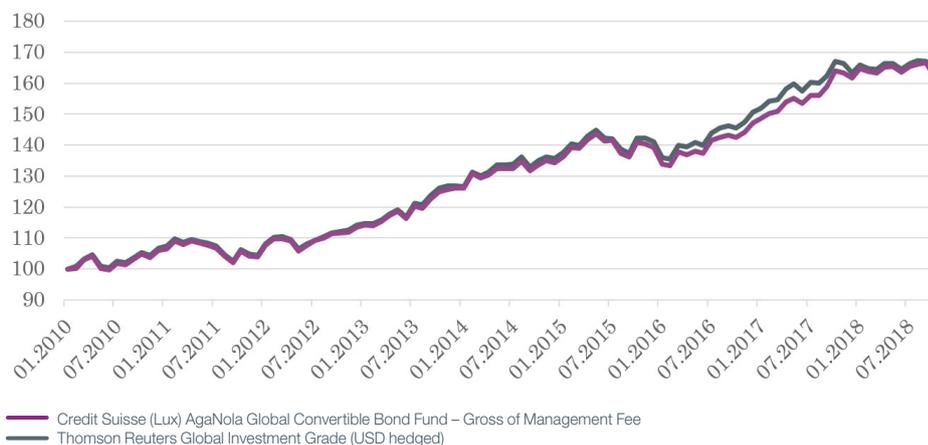


Lukas Buxtorf
AgaNola
Senior Portfolio Manager
Convertibles



Rossitza Haritova
Credit Suisse
Senior Portfolio Manager
Convertibles

PERFORMANCE VERSUS BENCHMARK



Gross of Management Fee in USD, data as of 31.10.2018
Track record since 01.02.2010

Historical performance indications and financial market scenarios are not reliable indicators of current or future performance. Performance indications do not consider commissions, fees and other charges, including commissions levied at subscription and/or redemption. The nonrecurring sales charge of up to 5% and individual costs such as safekeeping charges, provisions and other charges are not included in the chart. If considered they would have a negative effect on the performance.

| | YTD | 1 Month | 3 Months | 1 Year | 3 Years | 5 Years | Since Inception |
|------|-------|---------|----------|--------|---------|---------|-----------------|
| Fund | 0.35% | -2.60% | -1.94% | -1.07% | 15.18% | 29.79% | 62.14% |
| BM | 0.25% | -2.02% | -1.69% | -2.11% | 14.93% | 29.82% | 63.60% |
| Δ | 0.10% | -0.58% | -0.25% | 1.04% | 0.25% | -0.03% | -1.46% |



INVESTMENT PHILOSOPHY

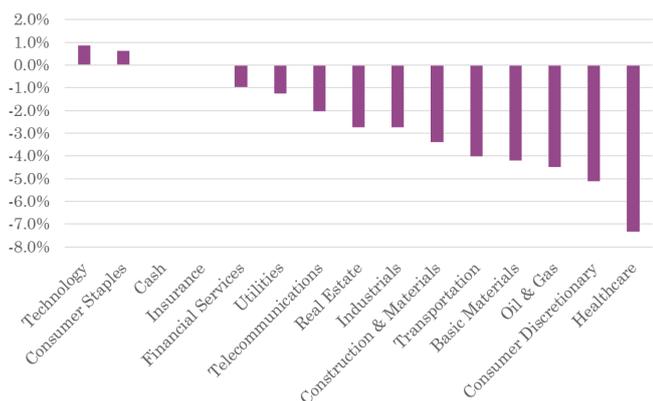
- ▶ **Quality strategy.** Globally diversified portfolio providing exposure to Blue Chip, high credit quality companies.
- ▶ **Active management.** Individual name selection based on rigorous quantitative and qualitative screening with a particular focus on special situations.
- ▶ **Unconstrained delta.** Investments in all bond profiles (equity-like/balanced/bond-like) with a preference for asymmetric opportunities.

PORTFOLIO STATISTICS

| | |
|--|---|
| Delta Fund / Benchmark | 41.9% / 38.8% |
| Current Yield | 0.72% |
| Modified Duration in years | 4.39 |
| Distance to Bond Floor | 14.18% |
| Annualized Return since Inception | 5.68% |
| Annualized Volatility since Inception | 5.60% |
| Average Credit Quality (linear) | BBB+ |
| Number of Positions | 123 |
| Top 10 Issuers (cumulated) | 27.24% |
| Reference Currency | USD |
| Benchmark | Thomson Reuters Convertible Global Investment Grade |
| Assets under Management (USD Millions) | 906.23 |
| Legal Structure | Luxemburg UCITS |
| Subscriptions & Redemptions | Daily |
| Inception Date | 29.01.2010 |

Source: Credit Suisse. Data as of 31.10.2018

MONTHLY SECTOR PERFORMANCE

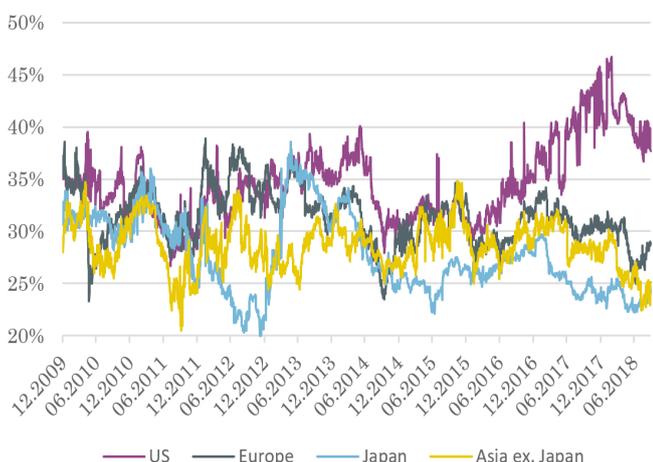


Source: Credit Suisse
Data as of 31.10.2018

MARKET REVIEW

The Thomson Reuters Global Investment Grade Convertible Bond Index (USD-hedged) returned -2.02% in October, bringing the YTD performance to 0.25%. Equity markets were shaken by the biggest monthly sell-off in more than 7 years as volatility returned and the CBOE Volatility Index (“VIX”) jumped to 25%. The benchmark US 10yr Treasury bond yield continued to be one of the main talking points. After breaking above 3% in September, it tested the 3.20% level in October but failed to clear it. The Chinese yuan continued down the depreciation path vs the US dollar, losing 1.56% in October and 11.2% over the last 7 months. The Q3 earnings reporting season struck an overall positive tone despite the smaller percentage of companies topping analyst expectations. Convertible bonds held their ground slipping between 2%-3.5% (hedged into USD). Of particular note is the rapid adjustment of the market’s delta, which for the investment grade segment came down from 45% in early September to 36% late in October.

IMPLIED VOLATILITY



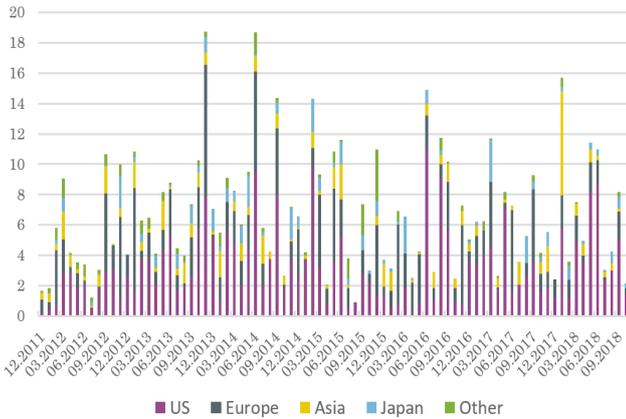
Source: Credit Suisse
Data as of 31.10.2018

PERFORMANCE REVIEW

The Investment Grade Convertible Bond strategy lost 2.60% (gross of management fee) in October, compared with a benchmark return of -2.02%. October was, without a doubt, the most challenging month so far this year. Equities lost 6.7% on average with many of the leading stocks down multiples of that. Unsurprisingly, two of our biggest detractors were Ligand Pharma (-7bps) and Square (-6bps) which saw share price declines of 40% and 26% respectively. Square remains among our top positive contributors for the year with a 6bps gain in relative performance. We closed our position in the Square convertible mid-month while maintaining our exposure to Ligand. Red Hat provided a much-needed boost to absolute performance towards the end of October after IBM announced it is paying a 63% premium to acquire the company. We had a small U/W position in the name after the stock lost 33% from its peak in late June which cost us an additional 8bps. Our positive contributors for the month were all underweight positions.



NEW ISSUANCE (IN USD BN)



Source: Credit Suisse | Data as of 31.10.2018

Historical performance indications and financial market scenarios are no reliable indicators for current or future performance. Please note that the above does not constitute an offer or a solicitation to buy or sell any interest or any investment. Please note that the above is for illustrative purpose only and does not constitute an offer or a solicitation to buy or sell any interest or any investment. The portfolio manager has sole discretion over the investments in the fund and the investments are subject to change without notice.

STRATEGY AND OUTLOOK

While the first nine months of the year were anything but calm, October ratcheted up the “surprise index” to a whole new level. Equities went through the biggest shakeout in more than seven years amid higher volatility and a rapidly appreciating dollar, which incidentally reached its highest level for the year on the last day of the month. Looking beyond the mid-term elections in the US, markets are increasingly beginning to focus on the message of the US Federal Reserve at the December FOMC meeting. The balancing act between a strong domestic economy and jittery equity markets will be a difficult one to maintain and we cannot rule out the possibility of a policy mistake and renewed bouts of volatility going forward. As has been the case of most of this year, we see convertible bonds as the right asset class to own in the current environment and the resilient performance YTD is a testament to that. We maintain our preference for asymmetric risk-reward profiles as well as our disciplined position sizing approach.

RISKS

- ▶ Investors may lose part or all of their invested amount.
- ▶ Bonds carry a risk of issuer default.
- ▶ Convertible market returns can be volatile in the short term.
- ▶ Recessionary environments increase the likelihood of issuer default.

SECTOR

| | Fund | BM | Δ |
|-----------------------------|--------|--------|--------|
| Cash | 5.89% | 0.00% | 5.89% |
| Basic Resources | 3.51% | 1.37% | 2.14% |
| Health Care | 9.10% | 7.46% | 1.64% |
| Technology | 13.18% | 11.79% | 1.39% |
| Chemicals | 5.14% | 4.16% | 0.98% |
| Personal & Household Goods | 3.77% | 3.30% | 0.47% |
| Food & Beverage | 0.49% | 0.25% | 0.23% |
| Media | 0.00% | 0.00% | 0.00% |
| Construction & Materials | 5.93% | 5.98% | -0.05% |
| Travel & Leisure | 3.52% | 3.60% | -0.08% |
| Automobiles & Parts | 2.63% | 2.80% | -0.17% |
| Insurance | 0.46% | 0.65% | -0.18% |
| Banks | 5.64% | 6.13% | -0.49% |
| Utilities | 4.47% | 5.44% | -0.96% |
| Oil & Gas | 4.59% | 5.69% | -1.10% |
| Real Estate | 9.72% | 10.99% | -1.27% |
| Industrial Goods & Services | 11.73% | 13.06% | -1.33% |
| Financial Services | 2.37% | 3.86% | -1.49% |
| Retail | 2.52% | 4.66% | -2.14% |
| Telecommunications | 5.34% | 8.82% | -3.48% |

SECTOR DELTA

| | Active Delta |
|-----------------------------|--------------|
| Health Care | 1.01% |
| Basic Resources | 0.48% |
| Real Estate | 0.46% |
| Construction & Materials | 0.39% |
| Technology | 0.26% |
| Personal & Household Goods | 0.24% |
| Food & Beverage | 0.23% |
| Travel & Leisure | 0.11% |
| Chemicals | 0.11% |
| Oil & Gas | 0.05% |
| Financial Services | 0.05% |
| Automobiles & Parts | 0.04% |
| Banks | 0.02% |
| Media | 0.00% |
| Telecommunications | -0.03% |
| Utilities | -0.04% |
| Industrial Goods & Services | -0.08% |
| Insurance | -0.08% |
| Retail | -0.10% |

REGION

| | Fund | BM | Δ |
|----------------|--------|--------|--------|
| Cash | 5.89% | 0.00% | 5.89% |
| Americas | 26.81% | 28.84% | -2.03% |
| Asia ex Japan | 7.43% | 10.15% | -2.72% |
| EEMEA | 2.41% | 1.70% | 0.71% |
| Japan | 5.60% | 4.57% | 1.04% |
| Western Europe | 51.85% | 54.75% | -2.89% |

RATING

| | Fund | BM | Δ |
|--------|--------|--------|--------|
| AAA | 0.00% | 0.00% | 0.00% |
| AA | 0.46% | 0.65% | -0.18% |
| A | 38.82% | 44.33% | -5.51% |
| BBB | 51.97% | 54.46% | -2.49% |
| BB | 4.79% | 0.56% | 4.23% |
| B | 1.47% | 0.00% | 1.47% |
| Others | 2.48% | 0.00% | 2.48% |

Source: Credit Suisse

Data as of 31.10.2018

The above is an indicative asset allocation and is meant for illustrative purposes only. Please note that asset allocation may be subject to change from time to time without notice.



SHARE CLASSES

| Currency | Share Class | Segment | Distribution | Management Fee | Perf. Fee | TER | Min. Investment | Valor No. | ISIN No. | NAV |
|----------|-------------|---------|--------------|----------------|---|------------------|-----------------|-----------|--------------|---------|
| USD | B | Retail | Accumulating | 1.20% | | 1,39% | | 10670988 | LU0458985982 | 123.12 |
| USD | IB | HNWI | Accumulating | 0.80% | | 0.89% | 500,000 | 34491659 | LU1515062245 | 97.52 |
| EUR | BH | Retail | Accumulating | 1.20% | | 1,39% | | 10670991 | LU0458986105 | 115.20 |
| EUR | IBH | HNWI | Accumulating | 0.80% | | 0,89% | 500,000 | 24943198 | LU1089177338 | 1107.92 |
| EUR | IBHP | HNWI | Accumulating | 0.60% | 20% above 5% hurdle rate with high water mark | 0,77% (estimate) | 500,000 | 34491656 | LU1515062088 | 104.69 |
| CHF | BH | Retail | Accumulating | 1.20% | | 1,39% | | 10670990 | LU0458986014 | 112.49 |
| CHF | IBH | HNWI | Accumulating | 0.80% | | 0,89% | 500,000 | 34491657 | LU1515062161 | 104.44 |
| CHF | IBHP | HNWI | Accumulating | 0.60% | 20% above 5% hurdle rate with high water mark | 0,77% (estimate) | 500,000 | 34491653 | LU1515061940 | 104.01 |

Additional share classes are available. Refer to the fund Sales Prospectus for more information. Please note that not all share classes might be available for investment in your jurisdiction. Please contact your relationship manager.

DISCLAIMER

© 2018 AgaNola AG. All Rights Reserved. The information contained herein is proprietary to AgaNola AG and/or its content providers. It may not be reproduced, copied or distributed, neither in part nor in full, without the written permission of AgaNola AG. The information provided herein was produced by AgaNola AG and/or its affiliates with the greatest of care and to the best of its knowledge and belief. The information and views expressed herein are those of AgaNola AG at the time of writing and are subject to change at any time without notice. They are derived from sources believed to be reliable. This publication is a marketing information, is exclusively for informational purposes and does not constitute an offer or invitation to invest in the mentioned product. The completeness or correctness of this publication is not guaranteed. Investments can involve significant risks and the value of an investment may go down as well as up. Past performance is not indicative of future results. Units of investment funds mentioned in this publication may not be offered, sold or delivered in certain jurisdictions or to persons affiliated with certain jurisdictions. Neither this document nor any copy thereof may be sent, taken into or distributed in the United States or to any US person (within the meaning of Regulation S under the US Securities Act of 1933, as amended). The performance shown does not take account of any commissions and costs charged when subscribing and redeeming units. Investments in this product occur exclusively based on the following documents: Prospectus, Key Investor Information, annual and semi-annual reports. They are available free of charge at CS Investment Funds 1, 5, rue

Jean Monnet, L-2180 Luxembourg or at the Swiss Representative Credit Suisse Funds AG, Uetlibergstrasse 231, P.O. Box, CH-8070 Zurich. The Paying Agent in Switzerland is Credit Suisse (Schweiz) AG, Paradeplatz 8, CH-8001 Zurich.

Copyright © 2018 AgaNola AG
All rights reserved.

► Please contact our relationship manager for further information

AgaNola AG | Bahnhofstrasse 3 | 8808 Pfaeffikon SZ | Switzerland | +41 44 560 77 00 | Contact@AgaNola.com | AgaNola.com