



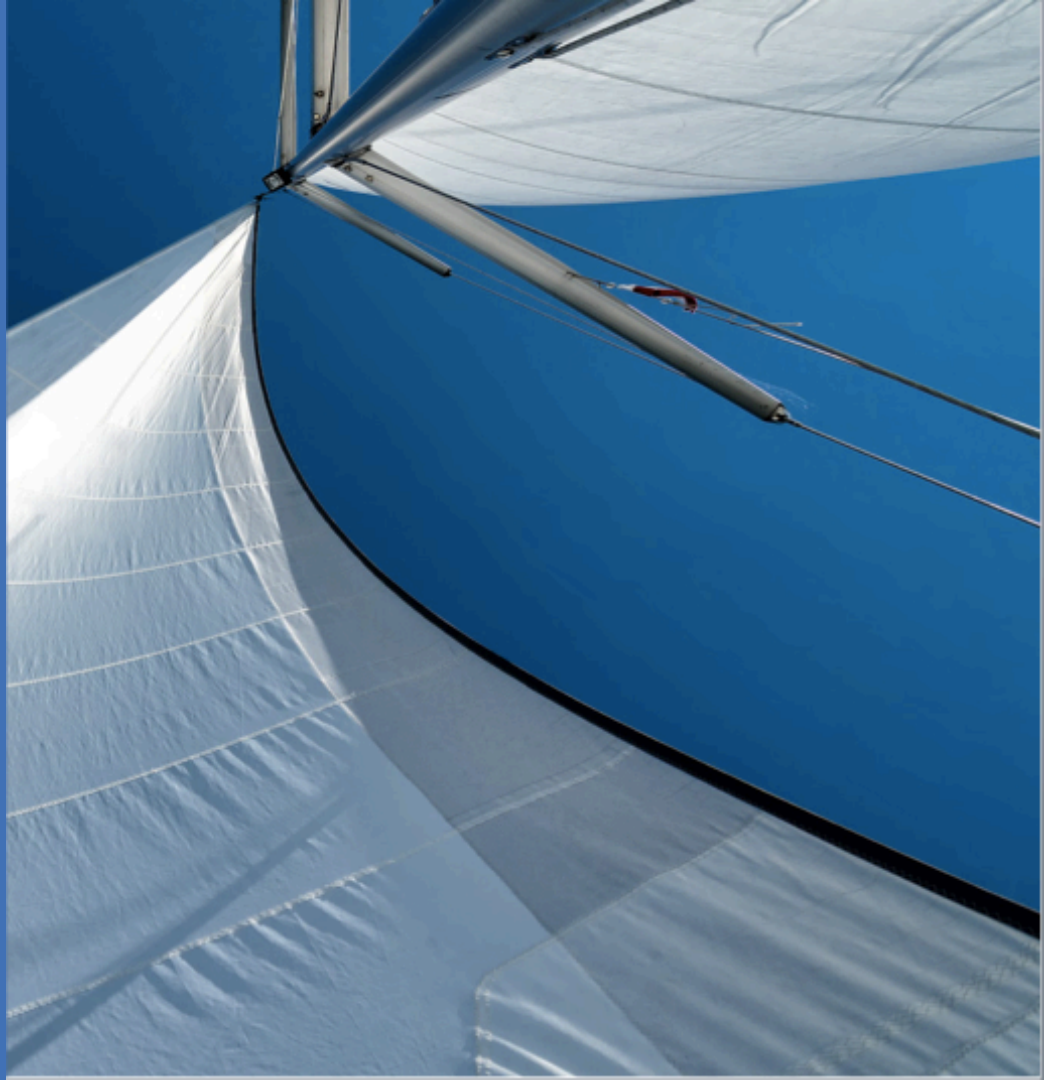
# ASG CAPITAL

ASSET MANAGEMENT

Sailing in a Global Bond Universe  
with a Nimble and Prudent  
Investment approach

**ASG DYNAMIC INCOME FUND**

Chase Building  
150 SE 2<sup>nd</sup> Avenue, Suite 704  
Miami, FL 33131  
United States  
[www.asg-capital.com](http://www.asg-capital.com)  
[contact@asg-capital.com](mailto:contact@asg-capital.com)





# ASG Capital – General presentation: Who is ASG Capital?

- ASG Capital is a regulated Asset Management Firm based in **Miami** (United States of America).
- ASG Capital is represented in Europe for its **UCITS fund by Alterdomus**, a regulated Management Company based in Luxembourg.
- Expertise : Income generating solutions within the international corporate Fixed Income spectrum, with a special focus on hybrid Securities, Junior & Senior Subordinated Debt, Preferred Securities....
- **Investment and Asset Management Solutions**

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## **Fund Management, three Investment vehicles with a unique investment strategy :**

- *ASG Global Allocation Fund* : Offshore Fund with a track record since May 2009.
- *ASG Dynamic Income Fund* : European Mutual Fund UCITS Luxembourg since September 2014. Management company Alterdomus (140bn. Euros under administration) <http://www.alterdomus.com/>
- *ASG Enhanced Income Fund LP* : US Leveraged Fund launched in June 2019.

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## **Investment Advice to Institutional Investors :**

Advisor to Lyxor Asset Management, Société Générale Group for a Subordinated Debt Fund. (2016,2017,2018)

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## **Managed Accounts :**

- Discretionary and non-discretionary managed account solutions for a customized clientele. Some of our current institutional partners : La Mondiale Partners Luxembourg, Credit Agricole Luxembourg, Société Générale Bank and Trust Luxembourg, Pershing USA, Sanlam USA.



## ASG Capital – Fund advisory team



### Ygal Cohen - CEO & Managing Partner

Ygal Cohen founded ASG Capital in July 2008 in Miami. Ygal is Managing Partner and Co-Portfolio Manager.

Prior to creating ASG Capital, Ygal spent over twelve years at various Wall Street firms including Prudential Securities (Senior Vice President-Investments), Wells Fargo Securities (Director-Investments), and Jefferies Inc. (Senior Vice President- Investments). Ygal's investment experience is focused on advising Institutional Investors (Pension Funds, Family Offices, Private Banks...) on Fixed Income instruments.

Ygal has a Bachelor Degree in Finance from Paris IX Dauphine University (France).



### Steven Groslin - Managing Partner

Steven Groslin joined ASG Capital in January 2014. Steven is Managing Partner and Co-Portfolio Manager.

Prior to this, Steven spent over thirteen years trading Fixed Income at Natixis Group in France. Before that, Steven worked for six years in Fixed Income bond lending in Paris and for five years in Retail Banking in France and in the UK.

Steven has a Bachelor Degree in European Accounting and Finance from Leeds Metropolitan University (United Kingdom) and Le Havre/Caen Business School (France).



# ASG Dynamic Income Fund's Investment Strategy

## OBJECTIVE

- To achieve Income and long-term capital gains through a strategic allocation of its assets in a global diversified income generating portfolio.
- Provide a return on investment between 4 and 7% annualized in a time horizon between 3 to 5 years
- A Dynamic Investment approach with an objective of delivering a performance over and above an equivalent static portfolio
- ASG invests in Corporate and Financial issuers with a worldwide exposure
- We actively allocate Assets in a Global diversified Portfolio of:
  - Senior & Subordinated Debt instruments
  - Preferred Securities
  - Hybrid Corporates
  - Contingent Convertible Bonds (Co-Co's)
- The ASG fund is an unconstrained Bond Fund.

## INVESTMENT UNIVERSE

- World exposure with a focus on OECD Markets.
- No government bonds.



# ASG Capital - Investment Process : A Bottom-Up approach.

- Analysis of the Target Investment
  - Analysis of the Type of Bond
  - Analysis of the Macroeconomic Environment
- 
- Choosing Fixed Income assets **on strong economic franchises or household names** with recurring cash flow, profitability and a dividend paying track record. Main area of investment **focus Global Top 1000 world corporations.**
  - Choosing senior or subordinated debt generally **from investment grade issuers.** (94% of issuers are investment grade on their senior debt)
  - Ongoing monitoring of the issuers financial situation, economic and regulatory environment (profitability, rating change, Tier 1 ratio, Solvency II ratio...).



# Example: BNP (Finance Europe).



BNP : Senior Debt Rating A, Market Capitalization 60bn EUR (November 2019)

Lowest risk



Highest risk

Priority of payment  
in liquidation

Senior secured debt (covered bonds)	▶	<b>YIELD</b>
Term deposits		
Senior debt USD (10yr bond Rating A)	▶	2,97% (US09659X2F81)
Subordinated debt USD (Perp. bond Rating BBB-)	▶	<b>6,14% call 2037 (USF1058YHX97)</b>
USD Contingent Convertible Bond (Coco bond Rating BBB-)	▶	<b>5,15% call 2027 (USF1R15XK771)</b>
Equity	▶	6.23%

Source : FIIG Securities Limited





# ASG Capital - An Optimal Approach to Risk



## SOLUTION

- Diversification, around 90 positions in the Fund. 100% of asset holdings are less than 3% of the portfolio. Biggest position holding 2.07%
- Average Rating of Instruments in the Fund (end October 2019): BBB-
- Type of Coupon: Fixed Rate, Floating Rate, Fixed to Floating Rate Diversification. Management of the modified duration around 3.69 years reduce sensitivity to interest rate movements (please see following graphs)
- No Derivatives, No Leverage, No Repo on the Fund.
- All currency risk is Hedged with a monthly roll over swap. The Master fund is in USD.



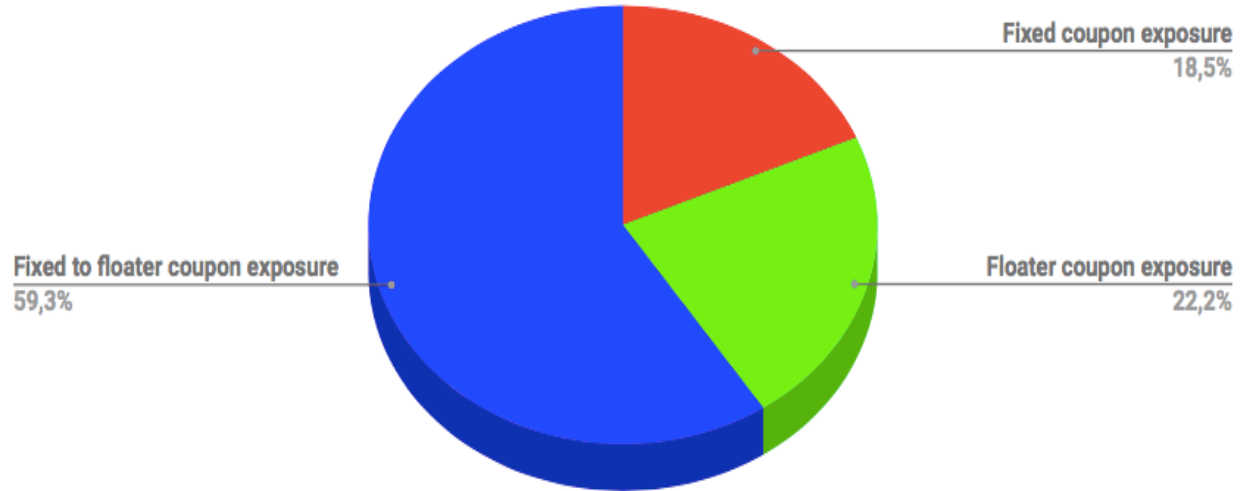
# ASG Capital - An Optimal Approach to Risk



## SOLUTION

- Interest rate Change Risk : Solution Type of Coupon Fixed Rate, Floating Rate, Fixed to Floating Rate

### Interest Rate Exposure







# ASG Capital - An Optimal Approach to Risk

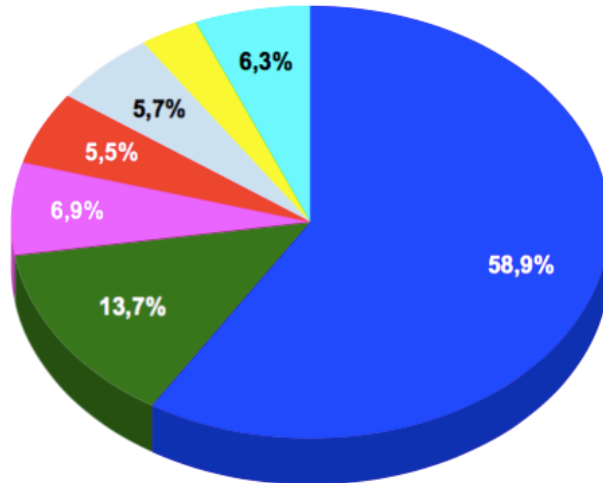


## SOLUTION

Economic & Geographical Diversification (end October 2019).

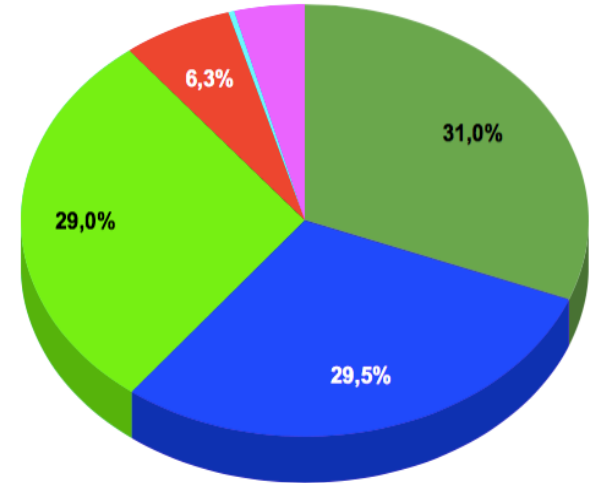
### Economic Sector Exposure

- Finance
- Insurances&Asset Management
- Utilities
- Mining&Commodities
- Industrial
- Telco.
- Other



### Geographical Exposure

- Europe Euro Zone
- Europe Non Euro Zone
- North America
- Australia
- Emerging Africa
- Emerging Latin America





# ASG Capital – A Unique Investment Solution



## Unique Asset Class

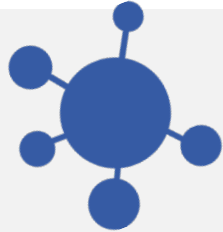
- “Paid to Wait” : **Average Gross Yield 5% versus 2.5% to 3.5% for Senior Bonds**
- “Return on Investment: This asset Class helps identifying different types of floating rate structures, and therefore provides the exposure that we are looking for. All this provides the capital gain component of the ASG Fund’s performance

## Unique Management Approach

- **Investment Grade Space on household franchises** : 90%+ of the Issuers are Investment grade on their Senior Debt.
- **A balance between Performance and risk management.** Optimal management to **minimize Risks**. (Not sitting ducks to Macro or Micro economic changes).
- Unique Mix to **manage Interest Rate Changes**. Only this Investment Strategy using this Asset Class provides this variety of coupon structure
- Liquidity Management: **Daily NAV**



# ASG Capital – A Unique Investment Solution



## Unique Investment Solution

- **Few funds are specialized in this asset space** in the US & Europe:
  - Few Funds are available for retail investors from 1,000 USD/EUR
  - As a reminder, Minimum investment 200K USD/EUR per issuer
- **Europe Funds specialized** in this space: overweight Financials and Co-co's, long duration Portfolio
- **US Funds specialized** in this space: US issuers very US centric, overweight Financials & Preferred, Fixed coupon only with long duration Portfolio
- **Investor profile:** Retail, Family Offices, Private Banks, Institutional investors.
- **ASG Value:** Experienced Managers with a unique Global perspective in this Asset Class:
  - Nimble and Prudent with a transatlantic approach
  - Flexibility and nimbleness of our Investment process are essential to the risk management
  - ASG is an Independent Asset Management Boutique with No Conflict of Interest
  - Geographic diversification provides Sectorial diversification ( Corporate Issuers more easy to find in the European Space for example in USD than in North America)
  - Geographic diversification provides the exposure we are looking for to address the monetary situation changes
  - Fund managed in Dollars offers more Investment Opportunity, more liquidity, more depth for bond picking
  - Alternative Solution: Emerging Market and High Yield, same level of Yield with substantially more Risk relative to our asset class.



## ASG Dynamic Income Fund versus Preferred S&P 500 Index (PFF)





## ASG Capital - Top 10 bond holdings October 2019

<b>Bnp (Finance, FR)</b>	<b>2.07%</b>
<b>Lloyds ( Finance, UK)</b>	<b>2.01%</b>
<b>Barclays ( Finance, UK)</b>	<b>2.01%</b>
<b>Ubs ( Finance, CH)</b>	<b>2.00%</b>
<b>Santander ( Finance, ES)</b>	<b>2.00%</b>
<b>Danske Bank ( Finance, DA)</b>	<b>1,98%</b>
<b>Hsbc ( Finance, UK)</b>	<b>1,94%</b>
<b>Standard Chartered ( Finance, UK)</b>	<b>1,94%</b>
<b>Swedbank ( Finance, SE)</b>	<b>1.90%</b>
<b>Erstbank ( Finance, AT)</b>	<b>1.89%</b>



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Fund Details





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Fund details : LFP-ASG Dynamic Income Fund, Capitalization tranches

ISIN Codes	Class A2 EUR : LU1107613256 Class A1 USD : LU1107613173	Class I2 EUR : LU1107613686 Class I1 USD : LU1107613504
Legal Structure	UCITS IV Luxembourg domiciled SICAV	
Management Company	Alterdomus	
Administrator	RBC Investor Services Bank SA	
Auditor	Price Waterhouse Cooper's	
Custodian	RBC Investor Services Bank SA	
Valuation	Daily (NAV+1)	Daily (NAV+1)
Subscription fees	2% maximum	2% maximum
Management fees	1.6 %	0.8%
Minimum Investment	Class I2 : 1,000,000 EUR - Class I1 : 1,000,000 USD	
Redemption	Daily, cut-off: 3pm, Luxembourg time	
Distribution	Capitalization	
Recommended length of investment	3 years	

**ASG Capital**

Fund details : LFP-ASG Dynamic Income Fund, Distribution tranches

<b>ISIN Codes</b>	<b>Class A2 EUR : LU1122782144</b> <b>Class A1 USD : LU1122782060</b>	<b>Class I2 EUR : LU1122782656</b> <b>Class I1 USD : LU1122782573</b>
<b>Legal Structure</b>	UCITS IV Luxembourg domiciled SICAV	
<b>Management company</b>	Alterdomus	
<b>Administrator</b>	RBC Investor Services Bank SA	
<b>Auditor</b>	Price Waterhouse Cooper's	
<b>Custodian</b>	RBC Investor Services Bank SA	
<b>Valuation</b>	Daily (NAV+1)	Daily (NAV+1)
<b>Subscription fees</b>	2% maximum	2% maximum
<b>Management fees</b>	1.6 %	0.8%
<b>Minimum investment</b>	Class I2 : 1.000.000 EUR - Class I1 : 1.000.000 USD	
<b>Redemption</b>	Daily, cut-off: 3 pm, Luxembourg time	
<b>Distribution</b>	Half-yearly	
<b>Recommended length of investment</b>	3 years	





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Performance data quoted represent past performance and do not guarantee future results. Investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data quoted.

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