

# SYZ launches OYSTER European Subordinated Bonds Fund to strengthen fixed income offering

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SYZ Asset Management, the asset management division of the SYZ Group, has launched the OYSTER European Subordinated Bonds fund. The new strategy strengthens its existing fixed income range and offers investors access to attractive yield in a low-income environment. The fund is managed by Milan-based co-portfolio managers, Andrea Garbelotto and Antonio Ruggeri, both highly experienced investors in European corporate bonds with a deep knowledge of the subordinated debt market. The fund is registered in eleven European countries.

## Subordinated bonds offer compelling income opportunities in the present low-income environment

The asset class has rapidly evolved since the 2008 crisis. Since then it has more than doubled, exceeding EUR 600 bn. Continuously growing and primarily dominated by banking and insurance, subordinated debt is increasingly issued by utility, energy or telecom companies. Non-financial companies' issues have quadrupled over four years and reached EUR 100 bn. Ninety-five per cent of issuers have investment grade rating and solid fundamentals. In the company capital structure, subordinated bond lies between equity capital and investor debt. With current average yield similar to the high yield sector, subordinated bonds offer investors new and attractive sources of return.

## A strategy with diversified exposure to European subordinated bonds

The OYSTER European Subordinated Bonds invests in a broad universe of subordinated bonds. The management team takes particular care of providing diversification in terms of sector (across banks, insurance, non-financials) and seniority (across a lower part of the capital structure). Assessing liquidity and the fundamental analysis of both issue and issuer are vital to the long-term, high-conviction strategy. The liquidity of instruments is key to the fund's process, and only the most liquid bonds are considered for investing. The portfolio managers have developed proprietary models to select bonds. They analyze both issue and issuer fundamentals to achieve high return with minimized intrinsic risks. The strategy appeals to investors seeking diversification in their bond allocation, as well as those searching for higher yielding bonds.

## Managed by two highly experienced investors in European corporate bonds

Andrea Garbelotto and Antonio Ruggeri have a proven track-record of successfully managing the OYSTER European Corporate Bonds fund. Since launch in 2003, their strategy achieved a total return performance of +79.02% (as of 31.08.2016), outperforming the reference index by 1.15%. Over the years, they have also built strong expertise in subordinated bonds, leading to the launch of the OYSTER European Subordinated Bonds Fund. The team was bolstered in 2015 by the arrival of credit analyst Luigi Pedone, specialist in subordinated bonds and expert in financial regulation.

Andrea Garbelotto said: "We started to invest in subordinated bonds after the 2008 crisis: at that time, market fears severely impacted the entire financial sector and pushed valuations down. Since then, we have gradually built our exposure to the segment and developed proprietary models to select the best mispriced opportunities."

Katia Coudray, Chief Executive Officer, SYZ Asset Management commented: "We see a lot of investment opportunities in the subordinated bond market. The financial sector is deleveraging and this trend is likely to continue. Andrea and Antonio have had a long focus on targeting higher-yielding corporate bonds and managing their portfolios with conviction. I am proud to have such a proven and engaged team focused on delivering long-term in this exciting area of the market. It presents a new solution to our investors and evolves our fixed income offering."

The new strategy complements SYZ Asset Management's wide ranging Fixed Income offering such as the OYSTER European Corporate Bonds, OYSTER Euro Fixed Income, OYSTER Flexible Credit, OYSTER Global Convertibles, OYSTER Global High Yield and OYSTER USD Bonds funds.

The OYSTER European Subordinated Bonds fund is registered in eleven European countries: Austria, Germany, Belgium, France, Italy, Luxembourg, Spain, Netherlands, Sweden, Switzerland and United Kingdom.

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