

## Tungsten SHY Synthetic High Yield UI

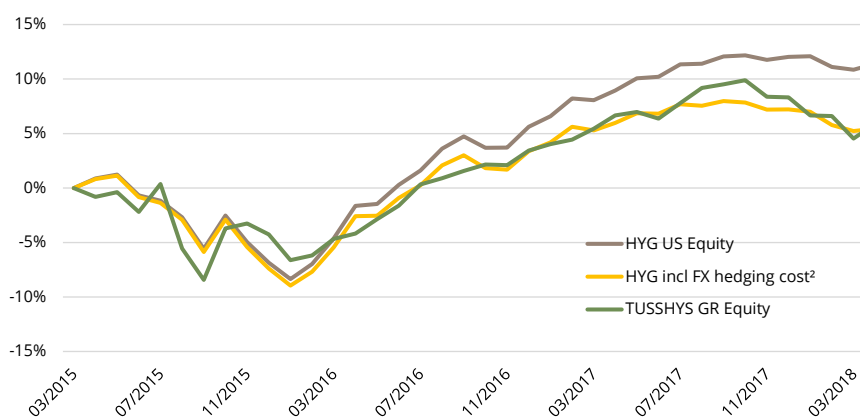
Tungsten SHY Synthetic High Yield UI aims to produce a stable return through a synthetic replication of a high yield portfolio. Over the long run, the fund's objective is to beat its benchmark, the Iboxx High Yield Index, composed of high yield corporate bonds.

The approach of the Tungsten SHY Synthetic High Yield UI is based on Robert Merton's Nobel prize awarded idea to replicate high yield corporate bonds via exchange-listed derivatives on indices and single securities. Through the use of derivatives, the synthetically replicated portfolio behaves less prone to crisis compared to a traditional high yield portfolio using bonds. Additionally, the Tungsten SHY Synthetic High Yield UI approach helps to diversify a high yield investor's portfolio.

### Fund details

Subscription / redemption price	105,54
Fund domicile / currency	DE / EUR
ISIN / WKN	DE000A12BTA8 / A12BTA
Bloomberg	TUSSHYS
Total assets	EUR 10 mn.
Dividend policy	distributing
Management fee	0,00%
Administrator fee	0,21%
Performance fee	15%, HWM, Euribor (1m)

### Historical return



### Historical statistics

Accumulated return	5,89%
Return p.a.	1,87%
Volatility	6,70%
Sharpe Ratio <sup>1)</sup>	0,32
Best month	5,17%
Worst month	-5,90%
Monthly average return	0,17%
% positive months	65%
Average gain	1,12%
Average loss	-1,59%
Max. drawdown (monthly)	-8,77%
Current drawdown (monthly)	-3,64%

### Monthly performance in % (net of fees)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2018	-1,54%	-0,05%	-1,95%	1,31%									-2,24%
2017	0,56%	0,39%	0,96%	1,16%	0,30%	-0,57%	1,34%	1,28%	0,32%	0,34%	-1,38%	-0,06%	4,71%
2016	-2,46%	0,46%	1,61%	0,50%	1,38%	1,27%	1,99%	0,56%	0,66%	0,58%	-0,05%	1,31%	8,04%
2015				-0,82%	0,44%	-1,82%	2,62%	-5,90%	-3,05%	5,17%	0,47%	-1,03%	-4,25%

1) Risk-free rate: Euribor (3m) 2) Hedging cost assumption: Rolling 3M USD Forwards (Bloomberg: EUR3M Index) annualised on monthly basis

### Contact details

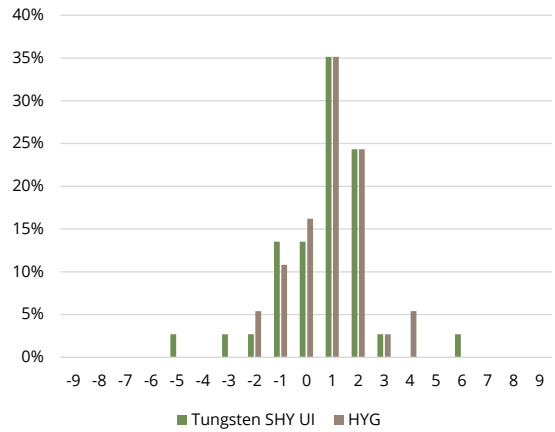
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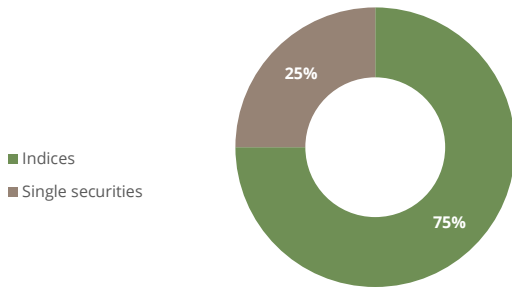
**Manager report**

SHY gained a pleasing 1.3% in April. The positive performance is mainly based on falling synthetic spreads in the form of declining equity volatilities. Corporate non-investment grade credit spreads also fell, but not quite as strong, leaving the high yield ETF HYG slightly behind SHY at 0.48%. In recent months, we have seen a drifting of synthetic vs. cash spreads that led to SHY underperforming HYG. The development in April can therefore be seen as part of the overdue normalization. This normalization is much more advanced in Europe than in the US. Thus, there in the technology, basic resources and energy sectors we still find interesting opportunities to exploit the higher spreads and further reduce our current drawdown.

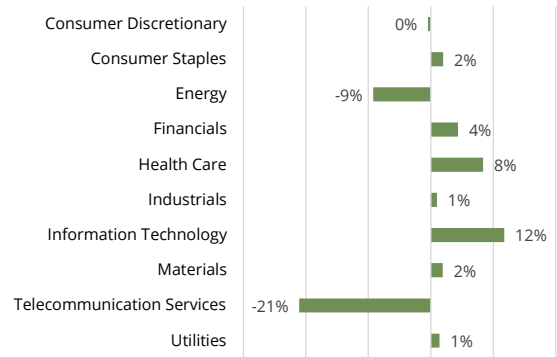
**Frequency distribution of MoM returns**



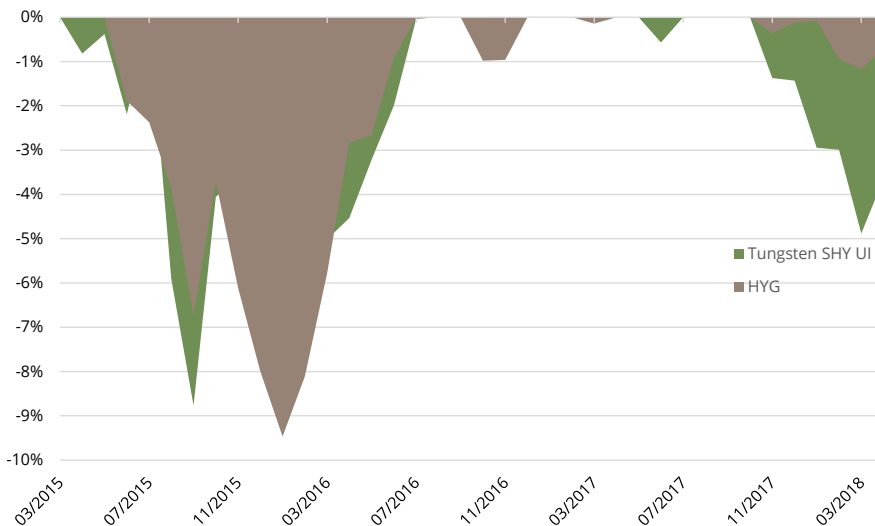
**Strategic exposure**



**Active GICS weights compared with HYG**



**Drawdown analysis**



Replicated yield to worst	5.03%
Average duration	2,72

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