



Media Release

Pfäffikon SZ, Switzerland, July 10, 2009

Convertibles:

Initial impressions mislead

Since the beginning of the year, the asset class of convertibles has once again posted an impressive performance against a backdrop of financial market recovery. But at first glance there appear to be inexplicable differences among both the corresponding benchmarks and selected investment products. The Swiss asset management boutique AgaNola specializes in global convertibles, and has investigated the underlying reasons for these divergences.

A number of different findings emerge from the study, which investigates in detail not only the last few months, but also the last three to five years. Not only do the results corroborate the well-known fact that performance differences typically go hand in hand with higher risk, they also flag up some of the main drivers of performance: differences in systematic weightings with respect to regions and/or ratings on the one hand, and individual index components on the other. To obtain the detailed 16-page study free of charge in PDF format, simply send an e-mail to contact@AgaNola.com.

The benchmark comparison

The study is based on a detailed comparison of five global convertible benchmark indices: ML Global CV TR EUR hedged, JACI Global USD, UBS Global CV Focus IG US, UBS Global CV Focus USD, and UBS Global CV USD. When viewed in terms of absolute performance since the beginning of 2009, a bandwidth emerges ranging from 1.57% to 17.25%. The analysis clearly shows that the differences are explained by the current composition of individual indices, as index distortions of

this nature have always ironed themselves out over a long-term observation period. However, the varying compositional makeup with respect to regions, ratings, and specific index components such as bank convertible preferred shares also gives rise to different risk/return profiles. For institutional investors in particular, therefore, the choice of benchmark index is of far-reaching importance. By consulting a neutral convertibles specialist, investors can obtain the important background information that will allow them to establish the right risk/return profile.

Comparison of convertible bond investment products

To ensure a fair comparison of products, the selection of directly observed products was restricted to genuinely comparable portfolios. A comparison was made of 16 products and the personal track record of the AgaNola investment team. The portfolios were subdivided into a peer group and a performance group. The peer group was analyzed with regard to alpha, while the performance group was only investigated with regard to absolute performance over different observation periods. The differences in short-term performance can largely be explained by the individual choice of benchmark. It is interesting to note that just two portfolios were able to generate positive alpha in a three-year comparison, while the remaining products underperformed their benchmarks over the same period. And this despite the fact that investors in these other products had to assume significantly higher risks in a number of cases.

What emerges from the results of this study is that investors should concentrate on outperformance vis-à-vis the benchmark index, as this is the main driver of performance over the long term. But it is also clear that only detailed analysis based on profound expertise in the complex world of global convertibles can provide the investor with transparency and therefore also measurability. On this basis, however, convertibles clearly represent an asset class that can outperform traditional investments such as equities and bonds when viewed from a risk-adjusted perspective.



AgaNola

AgaNola AG is an independent, owner-managed asset management boutique specializing in convertible bonds. The eight current members of staff, based in Pfäeffikon SZ, are all proven specialists, and the investment team has a track record in the field of convertibles stretching back many years. AgaNola views itself as a pioneer in the further development of this important asset class.

Contact for questions:

*Stefan Hiestand, CEO, AgaNola AG, Churerstrasse 47, CH-8808 Pfäeffikon SZ
Tel. +41 44 560 77 77, stefan.hiestand@AgaNola.com, www.AgaNola.com*

To order the study:

The 16-page detailed study may be obtained by e-mailing contact@AgaNola.com or by contacting AgaNola AG, Churerstrasse 47, 8808 Pfäeffikon SZ, Tel. +41 44 560 77 00

Disclaimer

The products and services described herein are not available nor offered to US persons and may not (and will not) be publicly offered to persons residing in Switzerland, the United Kingdom or any other country restricting the offer of such products or services without the required licenses/registrations in place.

This material has been furnished to you solely upon request and may not be reproduced or otherwise disseminated in whole or in part without prior written consent from AgaNola Ltd. The information herein may be based on estimates and may in no event be relied upon. AgaNola Ltd. does not assume any liability with respect to incorrect or incomplete information (whether received from public sources or whether prepared by itself or not). This material does not constitute a prospectus, a request/offer, nor a recommendation of any kind, e.g. to buy/subscribe or sell/redeem investment instruments or to perform other transactions.



The investment instruments mentioned herein involve significant risks including the possible loss of the amount invested as described in detail in the offering memorandum(s) for these instruments which are available upon request. Investors should understand these risks before reaching any decision with respect to these instruments. Past performance is no indication or guarantee of future performance.