



Revealed: the top performing European converts duo

By Silvia Sciorilli Borrelli / 19 Feb, 2016



With UK telecommunications company Vodafone having today announced the placement of £2.88 billion (€3.71 billion) of mandatory convertible bonds to be issued, the attraction of European convertibles appears to be resilient.

These two planned placements come shortly after French luxury group LVMH's announced plans for €450 million convertible bonds issuance and reports grew regarding digital music service provider Spotify seeking to raise a similar amount through the same means.

In the current low rate environment, investors believe convertible bonds are becoming increasingly appealing, as they offer downside protection during turmoil while having the stock option, value-added component.

For this reason, *Citywire Selector* has decided to shine a light on the top performing European convertible bonds managers over the three years to the end of January 2016.

Out of 61 dedicated European convertible bond managers tracked by the Citywire database these two beat the 12.18% sector average return by over 10 percentage points.

Philippe Halb and Eric Bozzetto, Dynasty AM

Fund: [Sélection Convertibles](#)

Three years total return (January 2013-January 2016): 22.71%

The Citywire A-rated pair co-manages Dynasty Asset Management's Ucits IV France-domiciled [Sélection Convertibles](#) fund. Philippe Halb is also the CEO and founder of the Luxembourg-based bonds boutique which currently oversees a total of €650 million in assets.

Alongside the European convertibles strategy, the pair also manages other six Luxembourg and France domiciled funds, including the the European high yield [Oblig Corporate 1 - 2 1/2y Euro](#) fund.

Launched in 2001, the Sélection Convertibles strategy is registered for sale in France and Switzerland and currently has €149 million in assets under management.

According to the latest factsheet the fund's main geographic exposure is Germany (21%), followed by France (18.2%) and the UK (13.7%). As for the sector breakdown, Sélection Convertibles' key allocation is to financials (17.4%), real estate (12.6%) and industrials (11.8%).

Overall, the portfolio has a total 79.2% convertible bonds exposure through a total of 59 holdings, the main ones being AXA 3.75% 2017 EUR, KUKA 2% 2018 EUR, DRILLISH 0.75% 2018 EUR and DEUTSCHE WOHNEN 0.5% 2020 EUR. This is while 16.9% of the allocation is in cash.

The factsheet also names CEZ MH BV, Basilea Pharmaceutica and SGL Carbon as the main buys in for the portfolio in January, while Grand City Properties, Ampliter and Peugeot made up of the main bond sells over the same period.