



# TREETOP CONVERTIBLE INTERNATIONAL

Sub-fund of TreeTop Convertible SICAV  
 Managed by TreeTop Asset Management S.A.,  
 a management company under Luxembourg law

## QUARTERLY REPORT 4Q 2016

The present Quarterly Report on its own does not give complete information about the SICAV and should therefore be read before any investment together with the Key Investor Information Document (KIID), the prospectus as well as the latest annual/semi-annual report of the SICAV.

### Technical Datasheet

#### General information

<b>Name of the sub-fund</b>	TreeTop Convertible International, a sub-fund of TreeTop Convertible SICAV			
<b>Legal form</b>	Sub-fund of a SICAV under Luxembourg law			
<b>Type of financial product</b>	Undertaking for Collective Investment			
<b>Duration of the product</b>	Indefinite			
<b>Currency</b>	EUR			
<b>Investment objective</b>	<p>The sub-fund aims to increase the value of your investment over the long term. Under normal market conditions, the main part of the portfolio is invested in convertible bonds and/or other fixed income securities, bank deposits and warrants or call options on shares. The sub-fund may also invest in shares or other instruments equivalent to shares and use derivatives for investment purposes or to reduce investment risks (hedging).</p> <p>The fund manager selects - based on criteria such as product innovation, quality of management, sector leadership, valuation - companies around the world that appear to offer solid growth prospects or whose securities seem to him undervalued. The sub-fund invests in a concentrated portfolio made of shares of these companies and/or in financial instruments convertible in shares or entitling the sub-fund to acquire shares of these companies. The main part of the portfolio is managed in an endeavour to replicate the financial behaviour of a convertible bonds portfolio. To this end, the fund manager ensures that (i) at least 50% of the portfolio is invested in bonds or other fixed income instruments and (ii) the global exposure of the sub-fund to the equity market, through shares and other financial instruments whose value is linked to shares, shall not exceed 100% of the sub-fund's net asset. Most of the sub-fund's exposure to foreign exchange risk is hedged back into the reference currency of the share class.</p>			
<b>Share classes</b>	<b>Class</b>	<b>Dividend policy</b>	<b>Launch date</b>	<b>ISIN code</b>
	A EUR	Capitalisation	30/12/1988	LU0012006317
	B USD	Capitalisation	07/07/2005	LU0221833030
	C GBP	Distribution	21/06/2007	LU0305892035
	D EUR	Distribution	22/11/2007	LU0332191302
<b>Managers</b>	Jacques Berghmans and Hubert d'Ansembourg			
<b>Sub-fund assets (as of 30/12/16)</b>	€ 467 million			
<b>Recommended holding period</b>	More than 5 years			

#### Management and Distribution

<b>Management Company</b>	TreeTop Asset Management S.A., a management company under Luxembourg law
<b>Custodian Bank</b>	Banque Degroof Petercam Luxembourg S.A.
<b>Financial Service (Belgium)</b>	Banque Degroof Petercam S.A.
<b>Financial Service (Luxembourg)</b>	Banque Degroof Petercam Luxembourg S.A.
<b>External Auditor</b>	PricewaterhouseCoopers

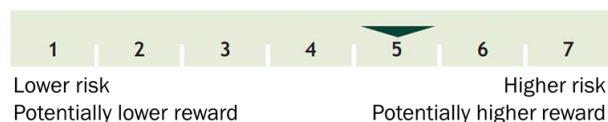
## Quarterly Report – TreeTop Convertible International – 4Q 2016

<b>Liquidity</b>	Daily
<b>Display of NAVs</b>	NAVs are published in l'Echo and De Tijd
<b>Minimum initial subscription</b>	250 € / \$ / £
<b>Cut-off</b>	1:15 pm
<b>Registered in</b>	Belgium, France, Luxemburg, Spain, the Netherlands and the United Kingdom
<b>Documents</b>	The KIID, as well as the prospectus and periodic reports in English, French and Dutch are available on request and free of charge from TreeTop Asset Management S.A. 12 rue Eugène Ruppert L-2453 Luxembourg, from the bank in charge of the fund administration in Belgium: Banque Degroof Petercam SA, rue de l'Industrie 44 in B-1040 Brussels or on <a href="http://www.treetopam.com">www.treetopam.com</a> .

### Fees and Taxation

<b>Subscription fee</b>	Max. 3% freely negotiable
<b>Redemption fee</b>	None
<b>Ongoing charges (as of 31/12/16)</b>	A: 1.56%; B: 1.56%; C: 1.56%; D: 1.56%
<b>Performance fee</b>	12% (High Watermark)
<b>Stock exchange transaction tax</b>	Classes A, B : 1.32% max. € 4,000 since 01/01/17 ; Classes C, D : Not applicable
<b>Belgian savings tax on redemption</b>	30% at redemption (cf article 19 bis of CIR) since 01/01/17
<b>Belgian withholding tax</b>	Classes A, B : Not applicable ; Classes C, D : 30% on dividends since 01/01/17
	<b>The tax regime applies to an average retail customer, being a natural person residing in Belgium.</b>

### Risk and Reward Profile



The risk/reward rating of the sub-fund reflects the following factors: 1) it invests in shares and/or other instruments such as warrants or call options on shares and convertible bonds whose value is linked to shares, 2) it may invest in a limited number of securities, 3) it may invest a part of its portfolio in warrants or call options on shares that are more volatile than shares and may lose their value at expiry date, and 4) it may favour particular economic sectors or regions, including emerging markets.

Moreover, it is also exposed to the following risks: liquidity (convertible bonds may become hard to value or to sell at a desired price and time), default (an issuer's bonds could become worthless if it is unable to repay its debts), counterparty (the sub-fund could lose money if any entity with which it does business becomes unwilling or unable to honor its obligations to the sub-fund), legal and tax risks (the sub-fund could be affected by foreign legal and tax changes, some of which may be retroactive).

### Legal information

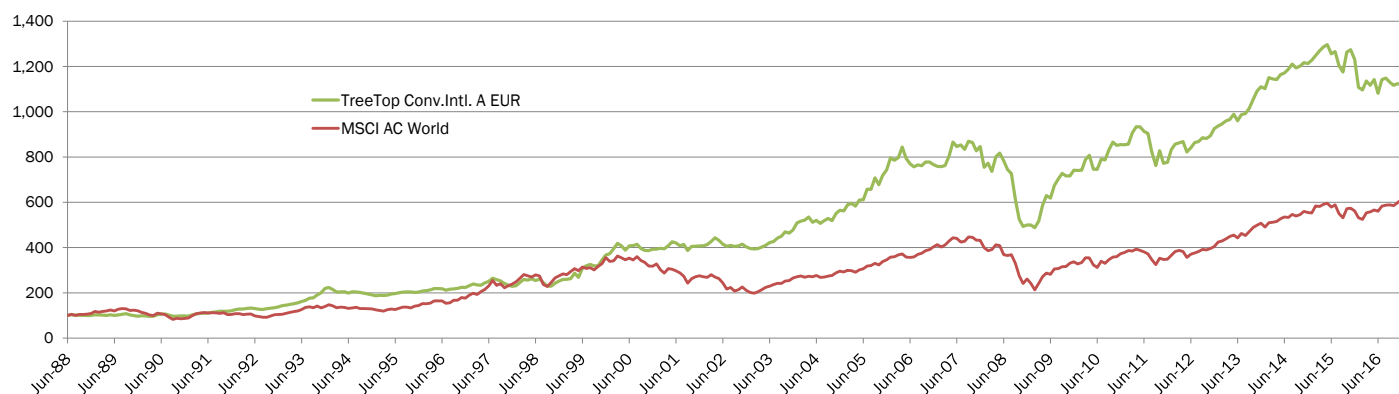
The figures in this Quarterly Report have not been audited and should not be considered as investment advice.

Complaints can be addressed to the attention of the "Compliance Officer", at the following address: TreeTop Asset Management Belgium, rue des Francs, 79, 1040 Brussels. We will send you an acknowledgement of receipt within 5 working days. We will analyze your complaint and give a detailed response in the month following its receipt, provided that the complaint is complete and specific.

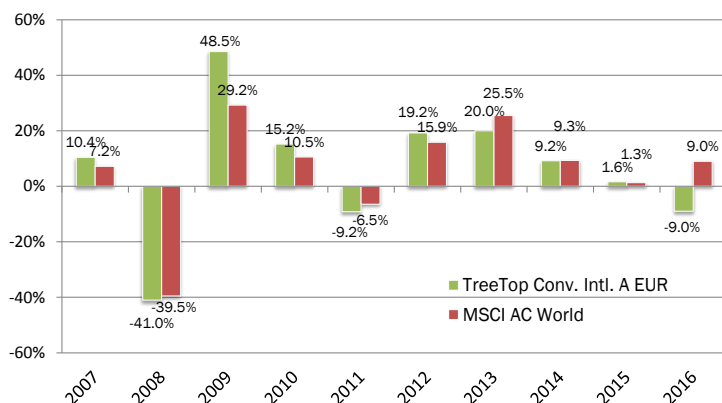
Complaints relating to investment products and services can be addressed to the Ombudsfm (Banks, Credits and Investments Mediation Service), North Gate II, Avenue Roi Albert II 8, B-1000 Brussels ([www.ombudsfm.be](http://www.ombudsfm.be) or [ombudsman@ombudsfm.be](mailto:ombudsman@ombudsfm.be)). The mediation service may suggest solutions for resolving the dispute. In the event of a lack of mutual acceptance of the proposed solutions, either party can turn to the competent courts.

Performance of TreeTop Convertible International A EUR as of 30 December 2016

NAV evolution of TreeTop Convertible International A EUR<sup>1</sup> vs. MSCI All Country World<sup>2</sup>



Calendar year performance of TreeTop Convertible International A EUR<sup>1</sup> vs. MSCI AC World<sup>2</sup> since 2007



Performance summary as of 30 December 2016

	TreeTop Convertible Intl A <sup>1</sup>	MSCI AC World <sup>2</sup>
<b>Cumulated returns</b>		
1 month	-0.4%	2.5%
3 months	-1.0%	4.1%
YTD	-9.0%	9.0%
1 year	-9.0%	9.0%
<b>Annualized returns</b>		
3 years	0.3%	6.5%
5 years	7.6%	11.9%
10 years	3.9%	4.3%
Inception	8.8%	6.6%

Sources: Banque Degroof Petercam Luxembourg and Bloomberg (base 100 at inception date: 30/12/1988).

Past performance and NAV evolution are no guarantee of future performance.

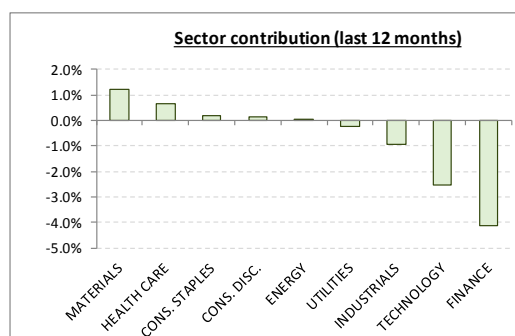
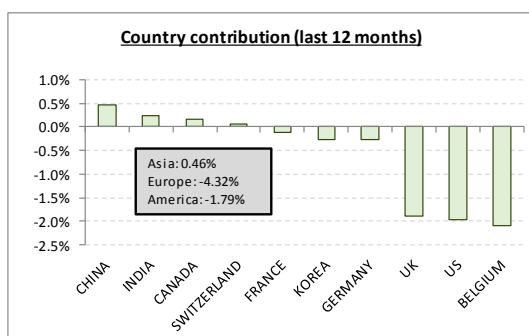
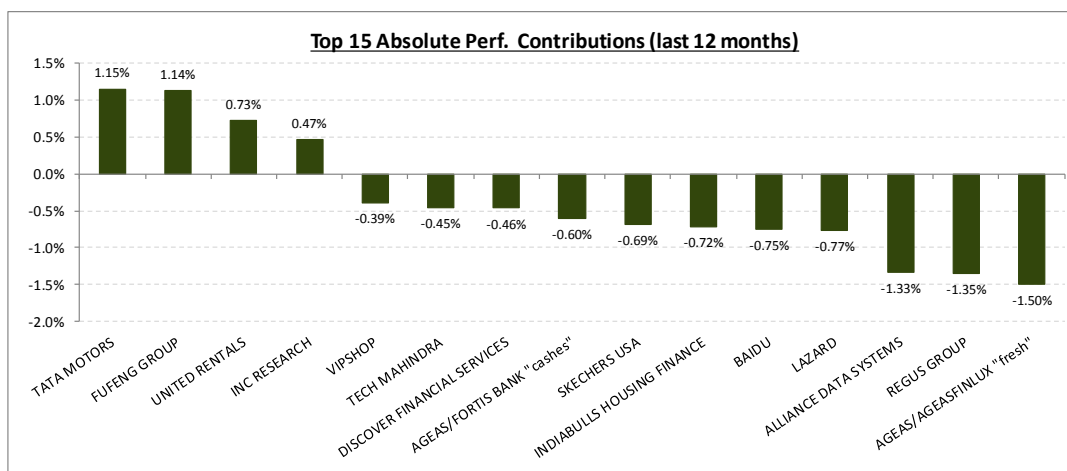
The returns, calculated in the reference currency (EUR), do not reflect any entry charges or taxes a Belgian private individual might have to pay.

<sup>1</sup> There are other share classes (B USD, C GBP and D EUR): the relevant statistics are available on request and free of charge from TreeTop Asset Management and are also presented on the website [www.treetopam.com](http://www.treetopam.com).

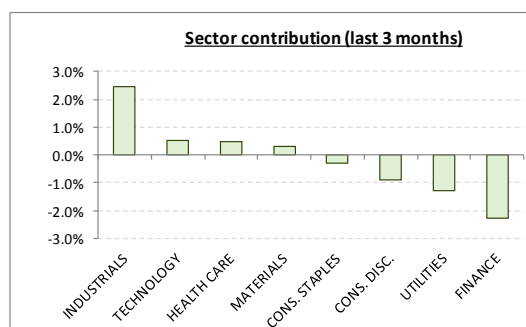
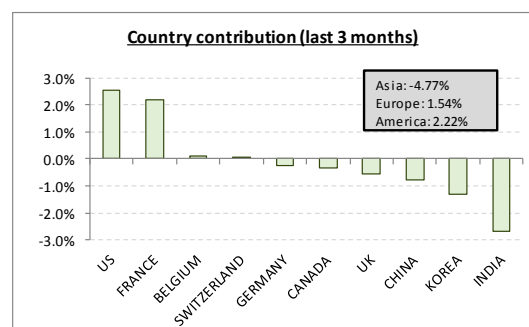
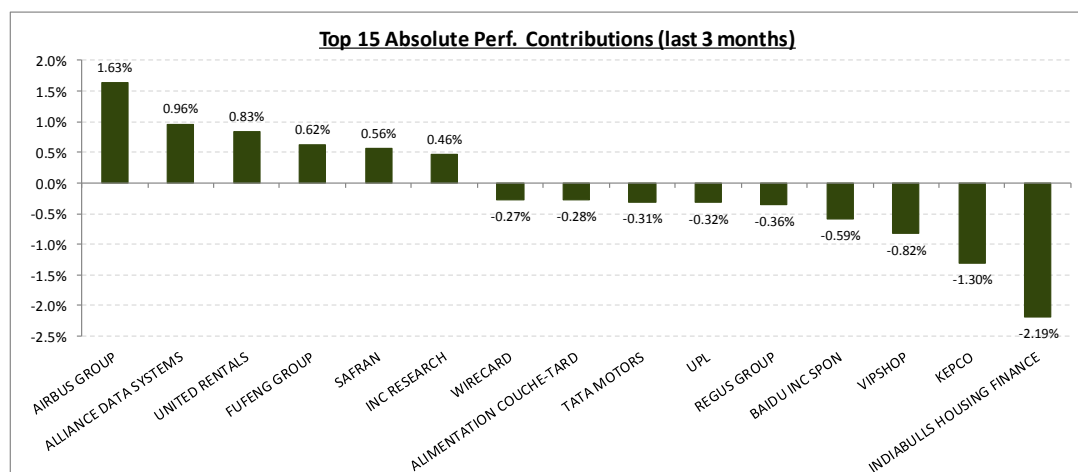
<sup>2</sup> The investment policy does not stipulate any correlation between the sub-fund and the index (MSCI All Country World in local currency - Bloomberg code: NDLEACWF). Consequently, the performance of the sub-fund may differ from the performance of the index.

Performance Contribution Analysis

Performance Contribution over the last 12 months (31 Dec. 15 - 31 Dec. 16)



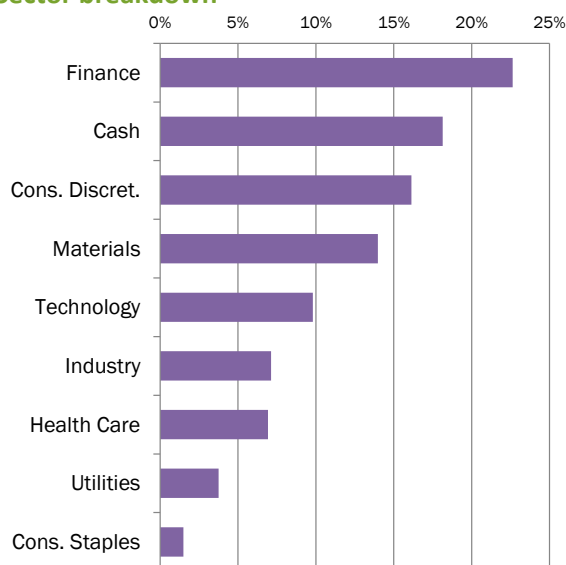
Performance Contribution over the last 3 months (30 Sept. 16 - 31 Dec. 16)



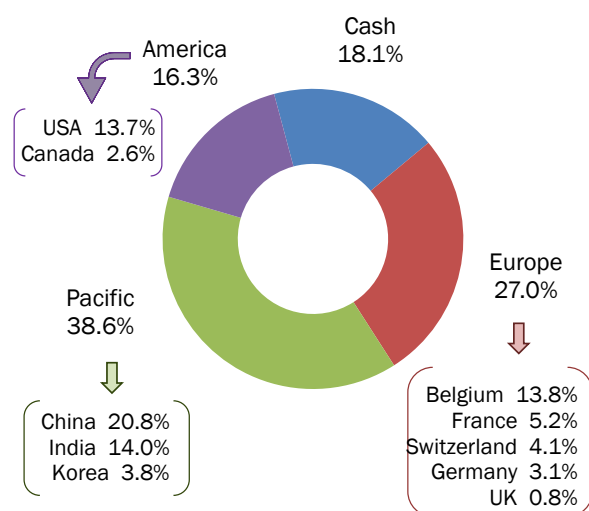
Source: TreeTop Asset Management

Portfolio Structure as of 30 December 2016

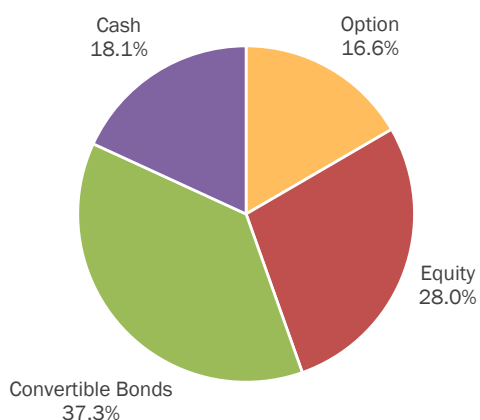
Sector breakdown



Geographic breakdown



Type of securities



Other statistics

Delta	0.79
Credit spread (bp)	292
Duration	4.95
Market Cap. (€ Bn)	9.86
P/E	12.78
LTG	16.08
ROE	24.11

Main holdings of the portfolio

Securities	Issuer	Underlying	Sector	Country	% NAV
Convertible Bond	VIPSHOP HOLDG 1.5% 2019	VIPSHOP HOLDING	CONS. DISCRET.	CHINA	10%
Convertible Bond	FUFENG GROUP 3% 2018	FUFENG GROUP	MATERIALS	CHINA	10%
Convertible Bond	AGEASFINLUX LIB+1.35% (perp)	AGEAS	FINANCE	BELGIUM	9%
Equity	ALLIANCE DATA SYST.	ALLIANCE DATA SYST.	TECHNOLOGY	US	8%
Convertible Bond	FORTIS BANK LIB+2.0% (perp)	AGEAS	FINANCE	BELGIUM	5%
Equity	IWG	IWG	CONS. DISCRET.	SWITZERLAND	4%
Convertible Bond	GLENMARK PHARMA. 2% 2022	GLENMARK PHARMA	HEALTH CARE	INDIA	4%
Warrant	UBS LONDON 2017	KEPCO	UTILITIES	KOREA	4%
Warrant	CLSA 2019	UPL	MATERIALS	INDIA	3%
Warrant	MERRILL LYNCH INTL 2019	INDIABULLS HSG FIN.	FINANCE	INDIA	3%
<b>TOTAL</b>					<b>60%</b>

Source: TreeTop Asset Management

Portfolio Composition as of 30 December 2016

Underlying	Region	% portf	Convers. Premium	Delta	PER	LTG	ROE	Credit spread	Duration	Market cap. EUR bn	Sector
AGEAS/AGEASFINLUX "fresh"	EUROPE	8.88	300.00%	0.05	10.67	4.00	5.15	539	19.09	8.1	FINANCE
AGEAS/FORTIS BANK "cashes"	EUROPE	4.91	300.00%	0.00	10.67	4.00	5.15	567	13.60	8.1	FINANCE
AIRBUS GROUP NV	EUROPE	2.82	0.00%	3.79	17.57	10.00	38.34		0.00	48.6	INDUSTRY
ALIMENTATION COUCHE-TARD -B	AMER/CANADA	1.50	0.00%	1.75	15.75	16.48	25.43		0.00	24.7	CONS. STAPLES
ALLIANCE DATA SYSTEMS CORP	AMER/USA	8.36	0.00%	1.00	12.45	14.50	37.33		0.00	12.5	TECHNOLOGY
ASHTED GROUP PLC	EUROPE	0.79	0.00%	1.01	13.56	16.90	30.72		0.00	9.2	INDUSTRY
BAIDU INC SPON ADR	PAC/CHINA	1.45	0.00%	2.82	28.33	20.00	11.86		0.00	54.1	TECHNOLOGY
FUFENG GROUP LTD	PAC/CHINA	9.66	11.73%	0.57	9.23	14.50	10.68	425	1.86	1.0	MATERIALS
GILDAN ACTIVEWEAR INC	AMER/CANADA	1.12	0.00%	1.00	14.57	13.57	16.77		0.00	5.6	CONS. DISCRET.
GLENMARK PHARMACEUTICALS	PAC/INDIA	4.13	N/A	N/A	16.74	18.30	27.51	500	4.34	3.5	HEALTH CARE
INC RESEARCH HOLDINGS	AMER/USA	2.80	0.00%	1.59	18.28	14.67	50.00		0.00	2.7	HEALTH CARE
INDIABULLS HOUSING FINANCE	PAC/INDIA	5.53	0.00%	1.66	8.04	20.00	25.47		0.00	3.8	FINANCE
IWG PLC	EUROPE	4.14	0.00%	1.00	13.82	24.00	20.70		0.00	2.7	CONS. DISCRET.
KEPCO	PAC/KOREA	3.76	0.00%	1.00	3.96	10.00	11.97		0.00	22.2	UTILITIES
LAZARD LTD-CL A	AMER/USA	0.20	0.00%	4.76	12.57	10.00	34.97		0.00	5.1	FINANCE
POLARIS INDUSTRIES INC	AMER/USA	0.02	0.00%	5.92	16.43	12.18	23.98		0.00	5.0	CONS. DISCRET.
SAFRAN SA	EUROPE	2.34	0.00%	3.87	17.32	13.39	25.16		0.00	28.5	INDUSTRY
SKECHERS USA INC CL A	AMER/USA	1.15	0.00%	2.40	13.36	12.00	16.44		0.00	3.7	CONS. DISCRET.
SPORTS DIRECT INTERNATIONAL	EUROPE	0.00			15.74	-10.14	21.75			1.9	CONS. DISCRET.
UNITED RENTALS	AMER/USA	1.17	0.00%	1.91	12.20	12.60	44.40		0.00	8.4	INDUSTRY
UPL LTD	PAC/INDIA	4.32	0.00%	1.00	14.87	20.40	22.74		0.00	4.6	MATERIALS
VIPSHOP HOLDING LTD ADR	PAC/CHINA	9.70	81.03%	0.12	13.55	30.00	48.33	250	0.21	6.2	CONS. DISCRET.
WIRECARD AG	EUROPE	3.11	0.00%	1.00	18.84	26.98	16.61		0.00	5.1	FINANCE
<b>TOTAL WEIGHTED AVERAGE</b>		<b>81.86</b>	<b>61.52%</b>	<b>0.79</b>	<b>12.78</b>	<b>16.08</b>	<b>24.11</b>	<b>292</b>	<b>4.95</b>	<b>9.9</b>	

Source: TreeTop Asset Management

## GLOSSARY

**CONSUMER DISCRETIONARY SECTOR:** The Consumer Discretionary Sector encompasses those businesses that tend to be the most sensitive to economic cycles. Its manufacturing segment includes automotive, household durable goods, leisure equipment and textiles & apparel. The services segment includes hotels, restaurants and other leisure facilities, media production and services, and consumer retailing and services.

**CONSUMER STAPLES SECTOR:** The Consumer Staples Sector comprises companies whose businesses are less sensitive to economic cycles. It includes manufacturers and distributors of food, beverages and tobacco and producers of non-durable household goods and personal products. It also includes food & drug retailing companies as well as supermarkets and consumer super centers.

**CONVERSION PREMIUM:** the difference, expressed as a percentage, between the current price of a convertible bond and its share content (or parity). This corresponds in fact to the premium that an investor is willing to pay over the current share price in order to obtain capital protection.

**CREDIT SPREAD:** the interest rate spread, expressed in basis points (bps), which debt issued by a corporate borrower must offer, over the same term, versus government debt. By way of example, this spread will be around 20 bps (i.e. 0.20%) for an investment grade corporate borrower (AAA or AA rating), whereas it could easily be as high as 200 bps for a higher risk company (B rating). The general level of spreads fluctuates, of course, according to economic conditions: they will increase very sharply during a recession or a financial crisis and decrease when the economy picks up.

**DELTA:** the degree of sensitivity (between 0 and 1) of a bond to a change in price of its underlying share. A delta of 0.50 means that the convertible tends to increase or decrease by 5% for a 10% increase or decrease in the share price. The problem is that the delta itself is correlated positively with the share price and that it is not symmetrical: a statistical analysis gives only one delta value, which is valid only at that time and does not take into account the difference in a convertible's sensitivity to upward and downward price movements (asymmetry).

**DURATION:** a concept which is similar to, but more scientific, than the average life of a bond in general, and a convertible bond in particular. If interest rates rise or if a company's creditworthiness starts to deteriorate, it is obvious that a short-term bond will suffer less than a long-term bond.

**LONG TERM GROWTH (LTG):** an estimate, by analysts, of a company's earnings per share growth rate.

**P/E or PER (Price-Earnings Ratio):** this ratio gives the rate at which a company capitalises its annual earnings. It is an indicator of a share's relative expensiveness. As a general rule, this ratio is influenced by the stock's sector and quality: thus growth stocks will have higher multiples than cyclical stocks. Increased momentum normally leads to a revaluation of the PER, which has a multiplier effect on the stock market price. The inverse of the PER is the earnings yield of a share, which can be compared to a bond yield.

**PERFORMANCE CONTRIBUTION:** it represents the performance (excluding currency exchange impact), positive or negative, realised for each security held over a given period of time (quarter or year). The same calculation is performed by country and by economic sector. The absolute performance contribution charts show the 15 most important contributions of the portfolio, positive or negative.

**RETURN ON EQUITY (ROE):** the ratio between a company's net profit and shareholders' equity (capital + reserves). This is a good criterion for assessing whether the management is making good use of the capital provided by shareholders.

**STOCK MARKET CAPITALISATION:** a company's total value at a given point in time, obtained by multiplying the stock market price by the number of shares in circulation. There are three commonly recognised categories of capitalisation, namely large caps (>2 billion \$), midcaps (between 0.4 and 2 billion \$) and small caps (< 0.4 billion \$). Stock market capitalisation and the volume of shares traded on a daily basis are used as indicators of the liquidity of the shares selected.