

## Global Short Dated High Yield EUR R

FIXED INCOME

9 March 2021, the fund changed name from "Value Bonds - Short Dated High Yield" to "Global Short Dated High Yield". The name change took place as part of a name reform among our investment products. All other conditions are unchanged.

# Positive momentum continues

## Increasing growth-related key figures

**Markets.** Credit spreads in the High Yield (HY) Short Dated market tightened by 20 basis points in April. As a result, the benchmark index yielded a positive return of 0.73%. The year-to-date return for the index is 1.66%.

Several leading equity indices hit record high levels again in late April. The development coincided with the implicit volatility, expressed by the VIX index (indicating the level of nervousness in the market), last month falling below index 20, which is the lowest level since the outbreak of the corona pandemic. The low level of implicit volatility had a positive effect on corporate bonds.

U.S. handling of the vaccine rollout in 2021, with a goal of having delivered 200 million vaccines within the first 100 days of the presidency, provides the U.S. with good conditions for the reopening of societal activity.

In recent weeks, the positive outlook has begun to have a strong impact on growth-related key figures. According to the ISM, optimism in the U.S. manufacturing industry is at its highest level since 1983. In the service sector, optimism is at its highest level since the start of the data series in 1997. The development is reflected in market expectations for the growth profile of U.S. GDP. According to Bloomberg, growth is expected to peak this quarter at a level exceeding 8% on an annualized basis. It is the market expectation that growth will slow but remain high in the third quarter.

## Positive return, in line with benchmark

The portfolio had a positive return of 0.69% for April, which was 0.04 percentage points behind the benchmark. Year-to-date the fund's return is 2.37%, which is 0.71 percentage points ahead of the benchmark.

Energy and Health Care were the two sectors that generated the largest positive contribution to the portfolio relative to the benchmark, while Real Estate and Financials were the worst contributors to the funds return relative to the benchmark. In Energy, the positive contribution was broad based on the back of the increasing oil price in April, but the biggest contribution came from an American energy company that reported significantly better than expected Q1 numbers. The most positive contribution within Health Care came from a position in an American company that is in the process of being bought by a company with an Investment Grade credit rating. If the deal is finalized it will lower the credit risk of the bond. In Real Estate, the negative contribution came from the portfolio's general underweight in the sector and from the position in a German real estate company that fell slightly in April. The negative contribution from Financials also came from the general underweight in the sector, as all of the portfolio's positions in the sector had a positive return in April.

In April, six positions were called mostly within the Industry sector. The proceeds were used for two new issues, three new positions and increased weight in existing positions. The changes increased the portfolio's credit spread, which remains at a higher level than the benchmark while the portfolio's duration is close to the level of the benchmark. The changes reduced the overweight in the Industry sector and increased the weight marginally in other sectors.

Return is calculated gross of fees and excluding swing.

See performance and fund data [Click here](#) >

### Strategy

Global Short Dated High Yield invests in short-dated (1-5Y) corporate bonds with a rating from BB-B, cf. the fund's prospectus. Bond selection is based on the value approach, meaning that the team focuses on bonds issued by companies with healthy long-term earnings power and strong balance sheets as well as an expected ability to service outstanding debt. The portfolio is diversified across sectors, regions and credit ratings.

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