

Balance EUR

BLEND FUNDS

Solid economic momentum

Decreasing infection rates and mass vaccination

Markets. The growth-related key figures continued their ascent in Q2 2021 to levels typically characterized by the climax of economic momentum. The development is largely because declining infection rates and mass vaccination in Europe and the U.S. have led to a comprehensive reopening of economic activity.

The reopening comes in combination with historically large fiscal and monetary policy aid packages in Europe and the United States. Global stock markets responded positively to economic growth and rose to new record levels.

However, developments in the financial market in recent months have made it clear that the environment has become more complex. In the early summer, the return on risky assets relative to risk-free assets has not followed the same unambiguous pattern that we saw in the previous quarters. That may be a warning that the formation of expectations is about to adjust to a shift in its economic momentum towards a more deceleration and less expansion.

Risky assets led the way in the second quarter

The Portfolio. After costs, the fund delivered a return of 3% in the second quarter against the fund's benchmark index, which gave 3.6%.

Equities had a good second quarter where the global stock market given by MSCI World All Countries returned 6.4% measured in euros.

In the equity component, the high jumper was Danish equities, which delivered a return of 10.3% in the second quarter, while Emerging Markets delivered the lowest return in the equity component of 2.9%.

In the bond component, Danish bonds had a difficult quarter with negative returns due to an exposure in convertible bonds. The more risky bonds such as high yield and emerging markets delivered positive returns between 1.8 and 3.6%, while Investment Grade yielded 1.7%.

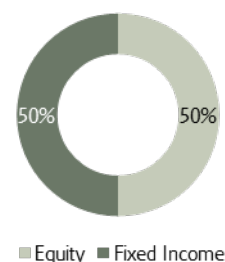
Convertible bonds yielded a return of 2.8%, which was 0.9% more than its benchmark index. Performance was primarily driven by positioning toward the reflation trade, particularly in the U.S.

Return is calculated gross of fees and excluding swing.

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

Strategy

Balance is targeted at investors with a short investment horizon and/or low risk tolerance. The fund has a well-diversified exposure to equities, mortgage credit bonds, developed market treasury bonds, emerging market treasury bonds, corporate bonds and cash. The equities exposure is tilted to benefit from the value, small cap and momentum factors, and the exposure to corporate bonds is sought to be obtained through small issuers, low net debt and strong asset backing. For treasury and mortgage credit bonds, the strategy is to maintain a constant portfolio duration within a tight range. The overall exposure to the different asset classes is strategic and no attempt is made to time the market. The target equity exposure is 50%, but a deviation of +/- 5% is allowed before the portfolio is re-balanced.



For further information we refer to the prospectus, the key investor information document and the current annual / semi-annual report of Sparinvest SICAV which can be obtained free of charge at the offices of Sparinvest or of appointed distributors together with the initial statutes of the funds and any subsequent changes to such statutes. Investments are only made on the basis of these documents. Past performance is no guarantee for future returns. Investors may not get back the full amount invested. Investments may be subject to foreign exchange risks. The indicated performance is calculated Net Asset Value to Net Asset Value in the fund's base currency, without consideration of subscription fees.