

Procedo EUR

BLEND FUNDS

Moderate returns in quiet market

French election almost over

In the month of April, macroeconomic figures were generally decelerating a tad. This, admittedly, happened from very lofty levels. The curve steepness for government bonds flattened, which should be seen as an indication that the market is expecting a lower probability for a successful implementation of president Trump's fiscal policies.

The first round of the French presidential election was held at 23rd of April. Emmanuel Macron and Marine Le Pen won and are now headed for the second and last round to be held on the 7th of May. At the release of the result, the book-maker odds for a Marine Le Pen final victory declined to around 11%. The market thereby postponed one of the biggest risks against EU stability to the next French election.

The Euro rallied as a result of the French election and French stocks (CAC40) immediately surged 4% higher after the release of the result. In April, the MSCI World (EUR) gave a return of -0.31%. The return was negative due to the strength of the EUR, which gained 2.3% during the month. The volatility index (VIX) fell to the lowest level in months and is now trading below 11.

Lower rates and strong credits

In April, the fund returned 0,24%, which was slightly lower than its benchmark. The allocation to equities contributed with slightly more than half of the return and bonds slightly less of the return.

In the equity allocation, it was especially the Small Cap segment that delivered solid returns. The exposure to Value-stocks delivered sub-par returns. Non-European equities were also dragging returns lower due to the stronger EUR.

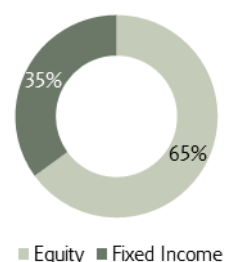
Regarding the bond allocation, it was especially the High-Yield exposure that did well with a monthly return of 1,4%. The exposure to EM government bonds were also contributing positively, while the IG bonds were suffering from a lack of exposure to European bonds in a strong European market after the first, French presidential election round.

The exposure to Danish mortgage bonds did well compared to its benchmark, but the exposure to callable bonds has now been reduced, since the price of the segment is now too high compared to the risk from negative convexity.

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

Strategy

Procedo is targeted at investors with a long investment horizon and/or high 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 65%, 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.