

Securus EUR

BLEND FUNDS

August was a quiet month

Low volatility in August

The month of August was characterized by unusually low volatility in the stock market. The volatility index (VIX) for the S&P 500 mainly traded in a range between 11 and 13. It normally trades between 13 and 18.

The fixed income market volatility was also quite low. Long interest rates in Europe were more or less unchanged, whereas long interest rates were generally a bit higher at the end of the month. This development was primarily caused by the fact that macro data in Europe in general came out as expected, and data in the US (especially Nonfarm Payrolls) was slightly stronger than anticipated.

MSCI World (EUR) delivered a return of only 0.12% and was not materially impacted by the currency markets. The trend in equity markets is still higher and is broadly based with momentum across the global markets, which still indicate risk-willingness. The price of oil (WTI) increased by 8.7% in August, which also serves to indicate optimism.

In currency markets the Pound finally found willing buyers after an almost continuously declining trend since the British decision to leave the EU. The most liquid, British property funds also increased throughout August and are now almost back at the pre-Brexit decision levels. In other words, the market is no longer troubled by the Brexit decision.

to hike interest rates before year-end. The Fed governor Janet Yellen is recognizing the progress of the US labor markets and is also indicating that the rate decisions are depending on further progress.

Strongest returns in stocks

During the month of August, stocks generated the strongest returns with our portfolios in Europe and the US leading the pack. Also the allocations to High Yield corporate bonds and Emerging Market sovereign bonds contributed to the returns. The equity allocation yielded a gross return in August of 0.77% (slightly ahead of benchmark) and the fixed income components all in all generated returns of 0.20%, which was also a tad better than benchmarks. The total gross return (before costs) of the fund in August was 0.39%.

	Allocation %	Return %
European equities	10.5	1.4
Japanese equities	5.1	0.0
Asian equities (ex. Japan)	2.6	-0.8
US equities	7.7	0.8
Emerging market bonds	5.0	1.6
Ethical high yield corporate bonds	5.1	1.6
Global convertible bonds	2.0	0.4
Investment grade corporate bonds	6.0	0.5
Large European bonds	9.9	-0.1
Short European bonds	45.2	0.0

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

Rate expectations in the US were increasing throughout the month. It appears increasingly likely that the Fed is going

Strategy

Securus 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 25%, but a deviation of +/- 5% is allowed before the portfolio is re-balanced.

