

Balance EUR

BLEND FUNDS

Still, stronger stocks

Higher equities despite lower rates

The already strong macroeconomic figures were continuing at high levels in the month of February. In many cases they even strengthened further – especially for business and consumer confidence surveys. Several of these surveys have now reached the highest levels in many year and the leading indicators across regions all point to higher growth in the coming months.

MSCI World (EUR) gave a return of 4,6% in February. Part of the increase was due to a weakening of the euro, which is again being outpaced by the US dollar, but in general, the equity market did well due to an improvement in the income growth outlook.

Across the G10-countries, economic releases continue to surprise positively and the surprises have actually not been seen stronger since 2010. Despite the improving macroeconomic figures, long interest rates actually dropped throughout the month.

This was especially the case in the Eurozone where financial uncertainty in Southern Europe reappeared. Greece is again negotiating with the Troika, which is so far not turning out as hoped. Government bond spread vs. Germany are therefore widening again.

Lower Euro was biggest driver

The return of the fund was 2,0% before costs, which was a tad lower than its benchmark, which returned 2,4%. The underperformance was primarily caused by the equity exposure.

First and foremost, the allocation to US equities is lower than in the fund's benchmark and since US equities had the strongest regional performance in February, this caused some of the underperformance. The overweight to European equities also didn't benefit from the weakening Euro in February.

Second, the double-sorting of the strategy on Value and Momentum didn't work too well in February, so all four regional equity allocations underperformed their respective benchmarks in February.

For the fixed income exposures, especially Short European Bonds performed well, thanks to overweight to Danish mortgage bonds and higher carry than in its benchmark.

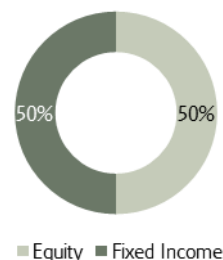
The Investment Grade corporate bonds allocation did really well due to a couple of positions that were opportunistically bought in the wake of Brexit and the election of Donald Trump.

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.