

SICAV-SIF High Yield Value Bonds Short Duration 2017

FIXED INCOME

The good start to the year continues

Strong markets despite political noise

Markets 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 years 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.

Solid return in February

The Portfolio The fund continued the positive trend from January and delivered a return of 0.21% in February, net of fees.

The positive contribution during the month came from Utility and Material.

The best performing position was our subordinated utility exposure following investors increasing are pricing in an early call of the bonds

The majority of the energy space, especially within the oil service segment where the seismic service ship companies did well sector wise these returns were offset by a loss on company under restructuring. Discounting this loss, the energy sector would have been the best performing.

The previously mentioned zircon and titanium mining company continued the strong performance in February. We have following this strong performance decided to take profit on some of the position following the announcement of a fully underwritten capital increase.

During the month, we had one position getting called in the portfolio and two positions has matured. Besides the above-mentioned risk reduction we have reduced two of our equity exposures during the month.

Due to the continuing unwind of the fund, the portfolio has become more concentrated in terms of positions and exposures, hence higher volatility should be expected going forward. The next fund redemption will be late March 2017, where 25% of the AuM will be distributed to investors.

See performance and fund data

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Strategy

High Yield Value Bonds Short Duration 2017 invests in short-dated corporate bonds, 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. At least 2/3 of the portfolio are invested in High Yield bonds. The maturity date of the Fund is December 31, 2017.

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