

## Value Bonds 2018 - 50/50

FIXED INCOME

# Decent start to the year

## 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.

Energy continues to perform

## Good positive return

**The Portfolio** The fund delivered a strong positive return of 0.69 %, net of fees, in February. Financials was the best performing sector in the portfolio followed by telecommunication. No sector contributed negatively to the portfolio return.

The best performing position in the portfolio in February was a Norwegian offshore company within oil service industry. Following a positive analyst report as well as general benign view in the market of the future state of the company. Finally, all subordinated financials contributed equally well.

The worst performing position in the portfolio in February was a UK oil producer under restructuring.

During February, two bonds were called and we have added a new chemical company that produces chemicals for the aluminum production to the portfolio.

See performance and fund data

[Click here >](#)

## Strategy

Value Bonds 2018 50/50 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. Up to 50% of the portfolio are invested in Investment Grade bonds and up to 50% in High Yield. The maturity date of the Fund is December 31, 2018.

This material does not constitute individual investment advice and cannot form the basis for a decision to buy or sell (or an omission thereof) of investment certificates. The material has been prepared for information purposes only and investors are encouraged to seek necessary professional advice before buying or selling investment certificates. Sparinvest does not undertake any responsibility for the advice given and actions taken or not taken in respect of this material. The mentioned sub-fund is part of Sparinvest SICAV, a Luxembourg-based, open-ended investment company. Investors are urged to read the prospectus, the key investor information document and the current annual / semi-annual report of Sparinvest SICAV prior to investing. The documents are available at [sparinvest.lu](http://sparinvest.lu). There are always risks involved when investing and it is stressed that past performance or past return cannot be considered as a guarantee for future performance or return. Investors may not get back the full amount invested. Sparinvest makes reservations for possible typing errors, calculation errors and any other errors in the material.