

## SICAV-SIF High Yield Value Bonds Short Duration 2017

FIXED INCOME

# Strong performance in March

## Global economy remains strong

**Markets** In March, macroeconomic figures continued their improving streak. In many cases, we saw the highest or strongest numbers for consumer confidence since the financial crisis. Long interest rates increased in the beginning of the month, but they almost fell back to the starting point at the end of the month.

In US, the new administration's ability to deliver its policy agenda were put to the test with recent failure to replace the Obama care act. The outcome of the political negotiations in Washington is likely to remain in the markets' focus over the rest of this year. Despite the political noise, it does seem clear is that both US consumers and businesses are significantly more positive about the future.

Across Europe, business surveys have risen to their highest levels in over five years and consumer confidence has recovered close to pre-crisis levels. Furthermore, European elections have so far rejected anti-euro parties, with the results in both Austria and the Netherlands showing that a potential break-up of the Eurozone is not as eminent as predicted. Recent polls on the French presidential election indicate an about 22% likelihood that Marine Le Pen will be the next president. If that would happen, the euro would most likely drop.

While growth has improved across most of the world, UK has seen a deterioration in business confidence since start of the year. In addition, inflation numbers has been picking up sharply and salary growth has been slowing. With the activation of Article 50 we will likely witness even more uncertainty for the UK economy.

## Energy was main driver of return

**The Portfolio** The Fund delivered a positive return of 0.7% (net of fees) in March, significantly better than the broad markets that delivered negative return of 0.23% (both High Yield and Investment Grade). It is worth mentioning, though, that credit spreads in general tightened during the month, but interest rate increases dragged overall performance in negative territory. Year to date the fund is up by more than 2%.

All sectors except consumer staples contributed with a positive return, more or less evenly spread across the board. Though, energy-related companies had a particularly good month and contributed with more than 0.5% to the total return - this despite the fact that oil prices were down 7% on the month. It was primarily the Norwegian oil-service companies that accounted for the main part of the return within the sector. The past two years, Norway has suffered tremendously from falling oil prices, but recently the markets has been much more positive, although still primarily based on expectations for the future rather than the current environment.

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 and final fund redemption will be end May 2017, where the remaining AuM will be distributed to investors.

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

## 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.

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.