

Securus EUR

BLEND FUNDS

Comeback for Volatility

High volatility across all markets

Markets Quite solid macroeconomic figures supported equity markets during most of January and investors began anticipating a faster normalization of monetary policy with interest rates gradually increasing.

With the release of higher than expected wage figures at the beginning of February, bond markets were chocked about the higher inflation outlook and anticipated even faster tightening from the American central bank, Federal Reserve.

After a protracted period of very low volatility in equity markets, volatility virtually exploded with the VIX Index reaching 50 intraday and equity markets sold off with a decline of more than nine percent in MSCI World (euros) in the beginning of February.

Risk markets have recovered part of the losses since then, but volatility is still quite elevated and uncertainty related to potential trade wars due to the trade policy of Trump is keeping a lid on equity gains.

Long interest rates have also been declining since the end of February because of the geopolitical uncertainty, but especially so in Europe, which experienced the most disappointing macroeconomic releases during the quarter.

Risky assets were challenged

The Portfolio In these challenging markets, the fund was down slightly more than one percent for the quarter. This was comparable to its benchmark.

All 10 allocations in the fund (four equity and six bonds) delivered negative returns, but six out of 10 delivered an excess return.

The exposure to European and U.S. equities delivered solid excess returns, while the Japanese equity exposure trailed its benchmark. Equities that had exhibited strong momentum were the largest return contributor in during the quarter.

Both corporate credit allocations (high yield and investment grade) delivered solid excess returns due to the underweight to Europe, which experienced the most disappointing macroeconomic figures during the quarter.

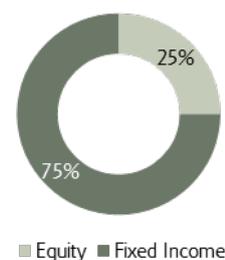
The allocation to high grade bonds continued to be invested in primarily Danish mortgages. The allocation only had a limited exposure to the callable segment, which underperformed dramatically during February. The sell-off made the segment attractive again, and the fund exposure was then increased.

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

Return is calculated gross of fees and excluding swing.

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.



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.