

Securus EUR

BLEND FUNDS

Strongest quarter for equities in four years

Stocks rallied fiercely

Markets The end of March marked one of the strongest quarters in equity markets in recent years. With a 14.7 percent return in MSCI World (in euros), this was the strongest quarter in four years. The primary driver for the equity returns was probably the softer tones from both the U.S. and European central banks, which appear to have put further rate increases on hold in the imminent future.

Consequently, we have seen a large drop in market expectations for the short end of the curve. Despite strong equity markets, long rates across the regions also dropped heavily. German 10-year rates are now again negative and trading around -0.05 percent.

The U.S. yield curve inverted for the first time in a decade in March. So far, only the very short interest rates are higher than the 10-year rate – not to be confused with the normal spread between 2-years and 10-year rates. This is nonetheless a source of concern, since an inverted yield curve typically is seen as a reliable indicator for a recession within the subsequent 1-2 years.

Credit markets, however, were not negatively affected by the inverted yield curve. Both high yield credits and emerging

markets (EM) government bonds posted strong returns in March, and the VIX index traded at quite low levels as well.

Solid returns

The Portfolio delivered a solid return of more than 4.0 percent return - a tad lower than its benchmark in Q1. The primary reason for the high return was the stronger, global equity markets, which delivered almost 15 percent.

Despite the strong risk appetite, interest rates dropped quite a bit during the quarter as inflation expectations continued to fall, which therefore created additional return for the fund.

The fund's bond allocation especially benefitted from an overweight to Danish mortgages, where both the callable segment and the non-callable segments outperformed their government equivalents.

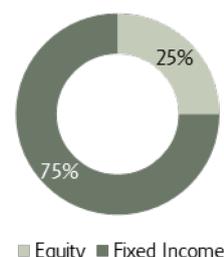
Also, the credit allocations performed unusually well during the quarter. Both High Yield corporate bonds and EM government bonds returned close to 6.0 percent, while Convertible Bonds returned close to 7.0 percent.

Return is calculated gross of fees and excluding swing.

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

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 percent, but a deviation of +/- 5 percent is allowed before the portfolio is rebalanced.



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.