

High Yield Value Bonds Short Duration 2017

FIXED INCOME

Strong performance in April

Global economy remains strong

Markets The month of May was yet another positive one, despite it being a month filled with more political tug of war, a slowing in economic data momentum and a stuttering month for commodity prices. The broad corporate bonds markets, High Yield and Investment Grade, delivered a return of respectively 0.7% and 0.9%.

The outstanding performer during the month was European assets and especially the periphery. European high yield spreads tightened 30 bps, the Euro strengthened nearly 3% against the dollar and European equities rallied more than 5%. Interestingly, European sovereign bonds also delivered positive returns despite the strong performance of risky assets.

Commodity markets had a much more mixed month meanwhile. The broad commodity index ended the month -1%. Oil ended -2 to -3% despite the OPEC.

Energy was main return driver

The Portfolio The fund delivered a negative return of -0.4% (net of fees) in May while the broad markets, High Yield and Investment Grade, delivered a return of respectively 0.7% and 0.9%. Year-to-date the fund is up by 2.3%.

All fixed income sectors except industrials contributed with a positive return, more or less evenly spread across the board. The stand out sector was, once again, energy-related companies that had a particularly good month and contributed with 0.1% to the total return. No specific issuer stood out within the sector as all issuers contributed with a few basis points. On the negative side, the main contributors were the equity positions and a position in an illiquid distressed off-shore logistics company, which has been remarked following a market activity, no new information has emerged.

In April, we sold one bond due to increased downside risk. Three positions were called. Finally, we have used the proceeds to add in three names.

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.

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