

High Yield Value Bonds Short Duration 2018

FIXED INCOME

Another strong month for energy

Global economy remains strong

Markets May was yet another positive month, despite 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 production cut extension.

The energy sector outperforms

The Portfolio The fund delivered a return of % (net of fees) in April 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 1.8%.

All sectors, contributed with a positive return, with energy, consumer non-cyclical and telecommunications. The stand out sector was, once again, energy-related companies that had a particularly good month and contributed with 50% of the total return.

Half of the positive contribution from the energy sector came from a company drilling in Kurdistan, where the positive momentum from previous month's positive announcement from the local government continued. No other specific company stood out in the performance contribution where most companies added a few basis points to the portfolio return.

During May 7, bonds were called and we sold one bond due to increased downside risk. The proceeds has been invested in existing names. Finally, we have added 1 new name, a Chinese industrial gas producer.

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

Strategy

High Yield Value Bonds Short Duration 2018 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, 2018.

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