

Balance EUR

BLEND FUNDS

Strong figures and quiet markets

Another good month

Markets During November, the euro rallied almost two percent vs. the U.S. dollar. The rally was caused by a continued bout of strong Eurozone macroeconomic figures that also continued to surprise analysts. Retail sales, GDP-growth and PMI-figures were all quite strong in November.

The figures from the U.S. economy were also quite strong. While Japanese figures were slightly more mixed, the machine tool orders growth is now running at 50 percent year on year, which is a good indication of the global optimism in the industrial sectors and regarding corporate investments.

The MSCI World (EUR) return was flat in November, but this was primarily caused by the euro strength, as virtually all other regions saw strong equity markets in local currency terms. Income growth in the EM-regions is finally back after having been under pressure since 2013.

Despite strong macroeconomic figures in both the Eurozone and the U.S., long interest rates have been almost unchanged throughout the month, which is due to the still persistently low inflation figures. Another reason might be sabre rattling in North Korea, which again tested its missile capabilities.

Moderate performance

The Portfolio The fund beat its benchmark with a moderate excess return in November, but overall returns were slightly negative.

The overall return of the equity allocation was close to zero, which was also close to the equity benchmark return.

The bond allocations generally delivered negative returns, but five out of the seven allocations beat their respective benchmarks. Only the allocation to EM sovereign bonds and Investment Grade corporate bonds had lower returns than their benchmarks.

Especially the allocation to Long European Bonds did well in November due to the heavy tilt to Danish mortgage bonds, which almost miraculously continued their amazing winning streak.

The Short Dated High Yield allocation also delivered a solid excess return due to an increased volatility in the High Yield universe during November.

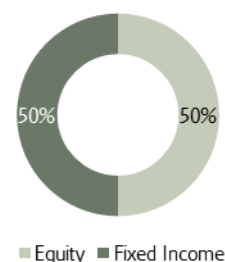
There was also a large impact on fund return from Short European Bonds, which is around 14 percent of the fund allocation. Considering the general returns in the asset class, the contribution from this allocation was quite solid.

Return is calculated gross of fees and excluding swing.

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

Strategy

Balance 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 50%, 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.
