

Value Bonds 2019 - 50/50

FIXED INCOME

An eventful month in High Yield

High Yield sell-off and rebound

Markets November was a quite volatile month in High Yield lead by a few themes bringing the benchmark down by 0.75 percent at the worst point.

The month kicked off with the President of Venezuela announcing an intention to restructure the debts of Venezuela and the state owned Oil Company, which brought its bonds down significantly and spurred volatility.

Related or not, there were sizeable high yield redemptions in the beginning of the month including the largest one-day outflow in two years of approx. two billion euros. The five billion outflow over the first weeks combined with the weakness within telecommunications as well as poor results in Consumer Discretionary and Healthcare compounded the pain in the selloff.

As with previous sell-offs in recent years this quickly reversed, and the market rebounded by half of the lost.

Fund does well in volatile markets

The Portfolio The fund provided a satisfactory monthly return given the returns of the overall performance of the bond markets. The broader Investment Grade and High Yield markets ended the month respectively 0.21 and 0.46 percent lower.

October's top performers continued their momentum in November with financial and energy as the top performing sectors. Once again, our UK banks had the biggest impact within financials.

Energy came in second in terms of contribution to return, driven by a five percent increase in oil prices. The monthly top performing issuer was the energy sector.

In November, three positions were called. Again in November we decided to take profit on two issuers selling our full position, whereas we decided to execute minor rebalances on three other issuers.

The proceeds will be carefully reinvested when the right opportunities presents themselves, with respect to the fund risk budget and considering the short maturity.

Return is calculated gross of fees and excluding swing.

See performance and fund data

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Strategy

Value Bonds 2019 50/50 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 50% of the portfolio are invested in Investment Grade bonds. The maturity date of the Fund is December 31, 2019.

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