

## SICAV-SIF High Yield Value Bonds Short Duration 2017

FIXED INCOME

# Short duration the sweet spot

## US Elections ahead

**Markets** As election day in the US is getting closer, markets seems to be holding its breath. Whereas Clinton had a decent lead in beginning of October, the Trump Camp gained significant ground during the last couple of weeks, leaving the contenders very close. As a consequence, markets have definitely become more nervous, with less trading and more intraday volatility. Estimates of the financial impact of the election varies in magnitude and size. One thing everyone agrees to, is that the impact of Trump elected president will be more significant on the financial markets.

During the month of October, macroeconomic releases were generally better than expected for the Eurozone and after a long period of the declining rates, the European government bonds increased approx. 0.25 percentage points in October. In the US, key figures were somewhat weaker and generally disappointing.

Although agreed to cut oil production, OPEC members are still struggling to formalize the deal internally, which prevents them from reaching an agreement with members outside OPEC.

## Positive performance

**The Portfolio** The fund had just about a positive return in the month, keeping away from the duration fears across both US and European markets. The single best position in the portfolio was a stressed mining operation which continued to perform strongly recovering from the lows in December last year. The second best position in the portfolio was a distressed vessel operator we sold out of on the back of the bullish oil price movements during the month. The worst performer was an offshore vessel operator who announced a restructuring in a very unexpected manner resulting in a significant repricing, we expect a reversal of this action as we progress with the process.

During the month we have added 8 different bonds with very short durations of less than 2 months in order to avoid breaching various fund rules and still have the freedom to exit positions we deemed to be at risk. During the month we sold the 1 distressed position mentioned above.

[See performance and fund data](#)
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## 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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