

High Yield Value Bonds Short Duration 2017

FIXED INCOME

Short duration 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. The US unemployment rate increased to 5.0%, which is the highest since April, but this was primarily caused by an increase in the number of job seekers. Initial Jobless Claims remained at the lowest level since the 60s.

Despite the overall key data, EUR dropped about 2.5% compared to the dollar. The reason is probably more speculation that the FOMC is going to hike interest rates in the near future (even this year).

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 an acceptable positive return in the month, keep away from the duration fears across both US and European markets. The single 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 portfolio did not experience any major negative performers during the month. The overall best performing sector was consumer discretionary.

During the month we added two new bonds, while we had 5 positions leave the portfolio, one of the being the distressed position mentioned above.

[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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