

Emerging Markets Corporate Value Bonds

FIXED INCOME

Slowly heading tighter

Oil is up

Markets In October high yield markets continued the positive momentum as spreads tightened further. Macroeconomic figures released during the month supported the broadly accepted perception of self-sustainable economic growth.

Oil continues to be on a positive path, going up 5.0 percent during the month and continuing post month end. This was driven by positive OPEC headlines as well as volatility in various producing regions Kurdistan, Nigeria and most recently in Venezuela.

In Kurdistan, where the fund has exposure to a leading oil producer, we witnessed a short-lived attempt at independence from Iraq. This was however, called off very quickly post a military intervention by Iraq forces in October.

Asian markets played catch up in October after the Chinese holidays followed by the 19th Communist Party Congress, which elects the key members of the ruling committees and happens every five years.

Elsewhere in Emerging Markets, we have continued to see weak performance in South Africa and Turkey on the back of political headlines.

Refinancing ongoing

The Portfolio The fund performed slightly ahead of benchmark in the month. Absolute performance was also marginally positive.

A number of bonds being called defined October. The fund actively closed two positions in the fund. In one case, a position performed ahead of fair value and in the other, it was due to deterioration of the underlying commodity. As a result, we made seven new investments across the portfolio, one of which was a new issue in Czech real estate.

Performance was widely distributed across the portfolio. The best performing position in the portfolio was a Brazilian chemical company. Our weakest position in the portfolio was a Colombian bank position.

The portfolio continued to be positioned with an overweight in the high yield segment versus investment grade segment in Emerging Markets corporates.

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

Strategy

Emerging Markets Corporate Value Bonds primarily invests in Emerging Markets 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. The investment universe includes Investment Grade bonds, High Yield bonds and to a limited extent non-rated corporate bonds.

Return is calculated gross of fees and excluding swing.

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