

SICAV-SIF High Yield Value Bonds Short Duration 2017

FIXED INCOME

Strong fund performance

The holiday season is over

Markets Unlike last month, September turned out to be much more active in terms of market impacting news.

As we have witnessed all year, Central banks are pushing back the frontiers of monetary policy on a daily basis, and September was no exception. Bank of Japan announced a change of their stimulus program, from expanding money supply to controlling interest rates. The US Fed signaled that a hike is likely in December, but lowered the expected number of hikes (to two from three) in 2017. The ECB continues the aggressive buying program and as a result several new issues priced with negative yield (companies receiving interest from borrowing in the market).

The other major headline in September was the meeting among large oil-producing countries like OPEC and Russia, in another attempt to reach an agreement to cut production to balance the demand-deficit. Sentiment from the meeting was positive, but the details on the actual implementation is still far from agreed.

Finally, by end of September it was announced that Deutsche Bank was to get a fine of 14 billion USD for their involvement in the financial crisis in 2008/2009. To make matters worse, a handful of the bank's hedge fund clients announced the

withdrawal of liquidity from the bank. Concerned with the likelihood of the support of the German government, investors fled and the market value of the bank dropped to the lowest level in more than 25 years.

Strong month

The portfolio The portfolio performed very well in September with gross performance in excess of 1%.

The Materials sector was the best performer in the portfolio during the month, with strong performance across all sectors. The single best performing position was a distressed case that announced the conclusion of discussions over the past six months that were ahead of expectations.

During the month, we added 1 position to the portfolio to maintain compliance with various fund restrictions. Otherwise, there were no bonds being called or maturing during the month.

The portfolio currently holds 52 bonds and 2 equity positions.

The next fund redemption will be in December 2016, where 25% of the AUM will be distributed to investors.

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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