

## High Yield Value Bonds Short Duration 2017

FIXED INCOME

# Good performance in September

## 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 details on 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 lowest level in more than 25 years.

## Steady performance

**The Portfolio** The portfolio performed well during the month. The Energy sector was the best performer in the portfolio during the month, with strong performance across all sectors. The single best performing position in the month was a off-shore operator which repriced on the back of recent trading. On the other hand, the worst performing was a restructured equity position which re-priced based on a large holding being sold.

During the month, we added 2 positions to the portfolio. One replaced an existing position by the same issuer but moved from a 2016 to a 2017 bond. In addition, we had 2 bonds called in the portfolio.

[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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