

Securus EUR

BLEND FUNDS

Help from the central banks

Volatile but good quarter

Markets experienced a great deal of volatility during the third quarter due to central bank actions. As hoped for and awaited, the Fed lowered the Federal Funds Rate twice to 2.00 percent during August and September. The rate cuts were a reaction to long-term inflation expectations, which apparently stabilized just shy of 2.0 percent afterwards.

The European Central Bank (ECB) made new monetary policy records at the September meeting, where Draghi again blamed European politicians for insufficient progress on structural reforms in the Europe. He even stated that the bi-effects of the very loose monetary policy were becoming increasingly negative and that monetary policy was on the brink of becoming impotent.

Draghi's comments were disappointing to the market, which dropped in the aftermath, but MSCI World (in euros) managed to deliver a return of 5.0 percent during the quarter. Risk-will-iness was also prevalent in the credit market that despite some volatility saw credit spreads ending the quarter unchanged.

The euro continued its weakening streak due to a very down-beat rate outlook and a row of disappointing macro-economic released that especially related to the weak, European

manufacturing industry. We expect the bottom in European manufacturing to be close as OECD retail sales and the service sector are still managing to hang onto decent growth figures.

Returns from equities and bonds

The Portfolio delivered a return just above 1.0 percent during the third quarter. Both equities and bonds made positive contributions.

Equity exposures generally delivered strong returns, but the Far East exposure was suffering from the turmoil and uncertainty in Hong Kong.

In the fixed income components, especially the exposures with the longest durations (investment grade corporate bonds) and the long-duration Danish mortgage bonds benefited from a move lower in the long end of the yield curve.

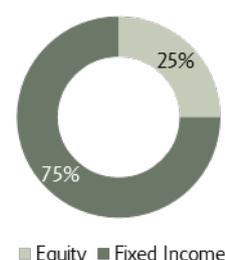
All the high yield corporate and convertible bond exposures were more or less at par with their respective benchmarks and delivered returns close to zero.

Return is calculated gross of fees and excluding swing.

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

Strategy

Securus is targeted at investors with a short investment horizon and/or low risk tolerance. The fund has a well-diversified exposure to equities, mortgage credit bonds, developed market treasury bonds, emerging market treasury bonds, corporate bonds and cash. The equities exposure is tilted to benefit from the value, small cap and momentum factors, and the exposure to corporate bonds is sought to be obtained through small issuers, low net debt and strong asset backing. For treasury and mortgage credit bonds, the strategy is to maintain a constant portfolio duration within a tight range. The overall exposure to the different asset classes is strategic and no attempt is made to time the market. The target equity exposure is 25%, but a deviation of +/- 5% is allowed before the portfolio is re-balanced.



For further information we refer to the prospectus, the key investor information document and the current annual / semi-annual report of Sparinvest SICAV which can be obtained free of charge at the offices of Sparinvest or of appointed distributors together with the initial statutes of the funds and any subsequent changes to such statutes. Investments are only made on the basis of these documents. Past performance is no guarantee for future returns. Investors may not get back the full amount invested. Investments may be subject to foreign exchange risks. The indicated performance is calculated Net Asset Value to Net Asset Value in the fund's base currency, without consideration of subscription fees.