

# DPAM Invest B Bonds EUR - M

Institutional Factsheet | 30 April 2019

## MANAGER COMMENT

### Market Overview

While many investors were hoping to get some clarity on many fronts in April, once again the picture was mostly mixed (economic data, forecasts and politics). This reinforced prior (positive and negative) beliefs without providing any clear enough signal for investors to change their positioning and move the markets.

Data releases were on average better than expected, but forecasts such as the IMF's continue to be revised lower. Green shoots are clearly apparent, but politics continue to fuel uncertainty. Trade negotiations are slow-moving, the Brexit deadline has been postponed till October and European elections are looming. Monetary policy is in status quo mode, but the inflation outlook continues to go up and down across regions, which deprives markets of any signals on the future trajectory of interest rates.

### Performance

The fund (F share) increased by 0.62% over the course of April, while the reference index declined by 0.02%. Since the start of the year, the fund has progressed by 3.29% compared to a 2.54% return for the reference index.

### What worked?

- Core curves bear-steepened mildly, while peripheral curves experienced more of a bull-flattening pressure. Both the directional and curve effects contributed positively.
- Selection effect in Spain and Italy contributed 10 basis points (bp) in relative performance.
- Our allocation to Greece added 16 bp, as the country topped the performance league tables this month.

### What hurt?

- Our overweight positions in both Belgium and Finland had a small negative allocation effect.

### Strategy & Outlook

We feel comfortable in holding and even further increasing our duration underweight at the portfolio level. Global growth is showing signs of bottoming out, consensus and implied market pricing remain gloomy and supply is making a comeback. During May, investors will need to absorb EUR15 billion of net supply coming from Germany. This is the biggest net cash requirement in five years and it comes at yield levels that are close to historical lows. We consider it one of the first litmus tests for the "Japanification" narrative that has underpinned Eurozone fixed income markets for some time now.

In our playbook, we have flagged manufacturing momentum as a second litmus test for the second half of 2019. This should be the timeframe, if history is any guide, for positive credit impulses from China to impact the Eurozone in a positive manner.

Geopolitics and especially the potential imposition of car tariffs by the Trump administration vis-à-vis the Eurozone could throw a wrench in this outlook, but positioning for such a scenario seems both premature and potentially costly at this stage. Within a growth scenario that is stabilizing and even could surprise to the upside, while inflation and volatility remain at bay, spread products remain the most compelling investment for yield-hungry investors. Fundamentals are picking up nicely in Spain, Portugal and Greece, while spreads there remain relatively wide given the levels of volatility we see today.

Why inflation is still stubbornly low remains a mystery. Market expectations seem to suggest however that this is the new normal and flat forward curves outline little changes to this scenario over the long term. We feel less sanguine about the flatness of the Eurozone Philips curve, but do not have the urge to consume our risk budget on this contrarian view within the portfolio.

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## OVERVIEW

Asset Class	Fixed Income
Category	Government
Strategy	Active Strategy
Fund Of	DPAM Invest B
Legal Structure	SICAV
Domicile	Belgium
Reference Currency	EUR
Liquidity	Daily
Sub-fund launch	18.09.1996
First NAV date	27.12.2017
Countries notified for public sale	

	BE
ISIN	BE6299414407
Entry Fee	Maximum 2%
Exit Fee	0%
Ongoing charges*	0.48%
*included management fee	0.20%
Minimum investment	1 share
NAV (Distribution)	51.09
Last gross dividend (26.03.2019)	EUR 1.10
Assets (all classes)	mn EUR 468.40
Number of positions	78

	Fund	Index
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## PERFORMANCES (%)

1 month	0.61	-0.02
YTD	3.26	2.54
1 year	1.83	2.45
3 years annualised	-	-
5 years annualised	-	-
10 years annualised	-	-

	Fund	Index
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## PORTFOLIO CHARACTERISTICS

Maturity (Years)	10.24	9.68
Duration (Years)	6.85	7.94
Modified Duration (%)	6.78	7.90
Yield to Worst (%)	1.06	0.56
YTW (ModDur Weighted) (%)	1.29	0.95
Number of Issuers	19	12

## INVESTMENT UNIVERSE

The fund mainly invests (without any sectorial restrictions) in bonds and/or other debt securities, fixed or floating, denominated in euro and issued or guaranteed by EU Member States.

## INDEX

JPM EMU Government Bond Total Return

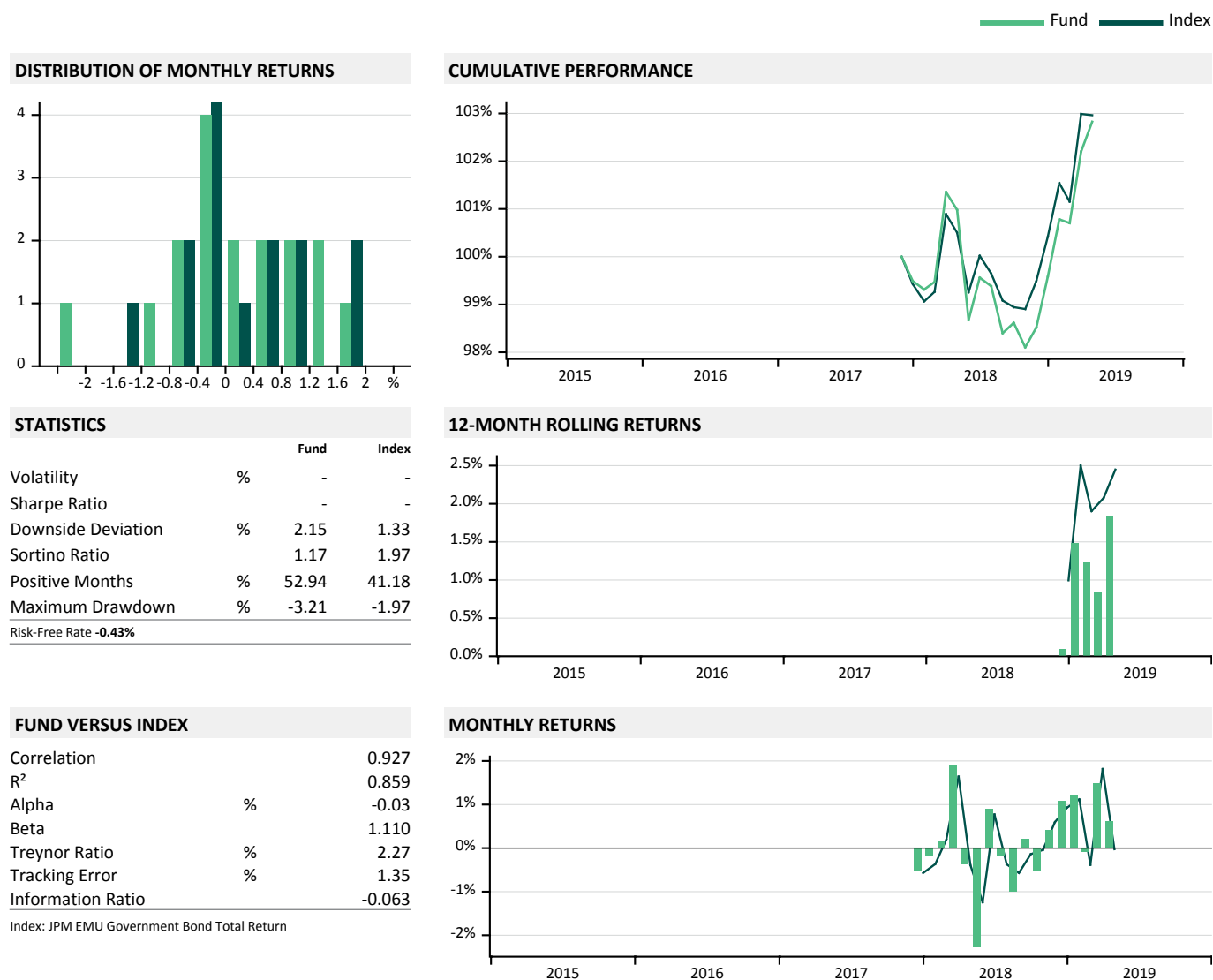
## BREAKDOWNS (%)

Countries	Fund	Index	Credit Ratings (Scale S&P)	Fund	Index
Italy	23.8	22.3	AAA	11.5	22.0
Spain	15.1	14.6	AA+	6.0	5.3
Germany	9.4	16.9	AA	11.9	25.2
France	9.1	25.2	AA-	4.1	6.4
Greece	8.1	0.0	A+	5.6	1.7
Belgium	6.9	6.4	A	0.4	0.1
Portugal	5.2	2.4	A-	2.3	0.4
Cyprus	3.7	0.0	BBB+	14.5	14.2
Ireland	3.2	1.8	BBB	3.1	2.3
Supranational	2.8	0.0	BBB-	27.6	22.3
Other	11.6	10.4	High-Yield	11.9	0.1
Cash	1.0	0.0	Cash	1.0	0.0
Modified Durations	Fund	Index	Currencies	Fund	Index
< 3%	3.5	19.5	Euro	100.0	100.0
3 - 5%	18.8	19.5			
5 - 7%	18.4	15.3			
7 - 10%	29.5	19.3			
10 - 15%	17.4	13.5			
> 15%	11.3	13.0			
Cash	1.0	0.0			

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Reference Currency EUR | Since Inception (27.12.2017)



	2015		2016		2017		2018		2019	
	Fund	Index	Fund	Index	Fund	Index	Fund	Index	Fund	Index
January							-0.18	-0.36	1.21	1.12
February							0.16	0.20	-0.08	-0.38
March							1.89	1.64	1.49	1.82
April							-0.37	-0.39	0.61	-0.02
May							-2.28	-1.24		
June							0.90	0.77		
July							-0.18	-0.37		
August							-0.99	-0.57		
September							0.22	-0.14		
October							-0.52	-0.04		
November							0.42	0.60		
December					-0.51	-0.57	1.08	0.93		
<b>Year</b>					<b>-0.51</b>	<b>-0.57</b>	<b>0.09</b>	<b>1.00</b>	<b>3.26</b>	<b>2.54</b>

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