

Sub-fund of Petercam L Fund, sicav under Luxembourg law, originated from the transfer of the assets of Bond Universalis Higher Yield, launched in November 2000. Last update: 30/06/2008

Investment policy

Fixed-income securities offering a significantly higher yield than government bonds issued by western countries, world

Investment strategy

Petercam L Bonds Higher Yield is an actively managed sub-fund invested in different types of high yield bonds: bonds in EUR or USD issued by emerging countries, high quality bonds denominated in emerging currencies, high yield corporate bonds, subordinated bonds issued by financial institutions (Tier one) and financial constructions. These investment instruments are carefully selected after a rigorous analysis of the macroeconomic context, the yield curve and the creditworthiness of the issuers. The objective is to outperform bonds funds in EUR while controlling risk.

Investment profile

Risk (Scale of CBFA)

0	1	2	3	4	5	6
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Investment horizon

1 year	3 years	5 years	7 years
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Fund facts

Sub-fund size: 1914.9 m EUR

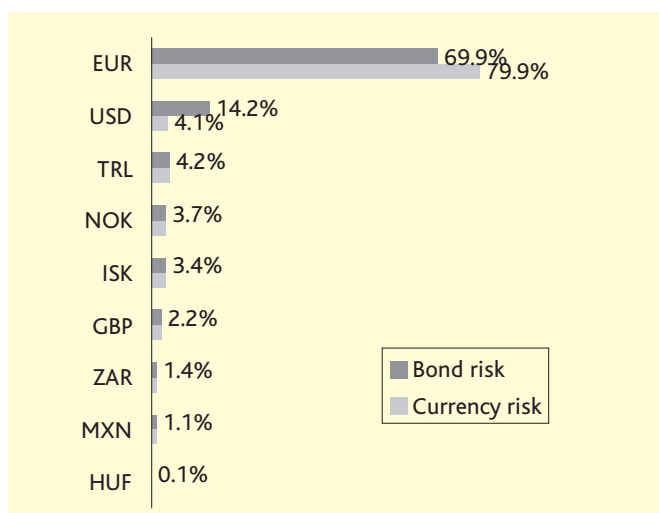
Net asset value

Accumulation share: 165.67 EUR

Income share: 105.34 EUR

Last gross dividend (20/12/07) : 8 EUR

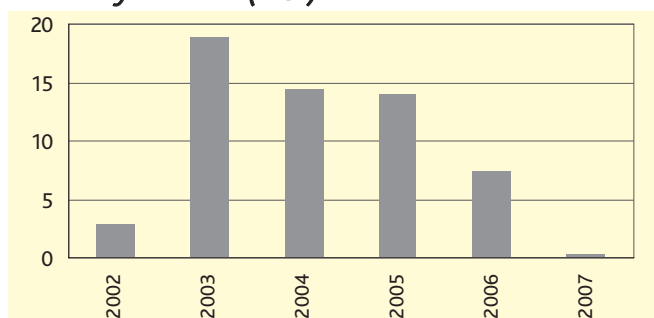
Breakdown by currency



Characteristics of the portfolio

	Sub-fund
Average maturity (in years)	3.78
Duration (in years)	2.62
Modified duration (in %)	2.40
Yield to maturity (in %) (1)	11.64
Average rating	B
(1) of the bonds in the portfolio	

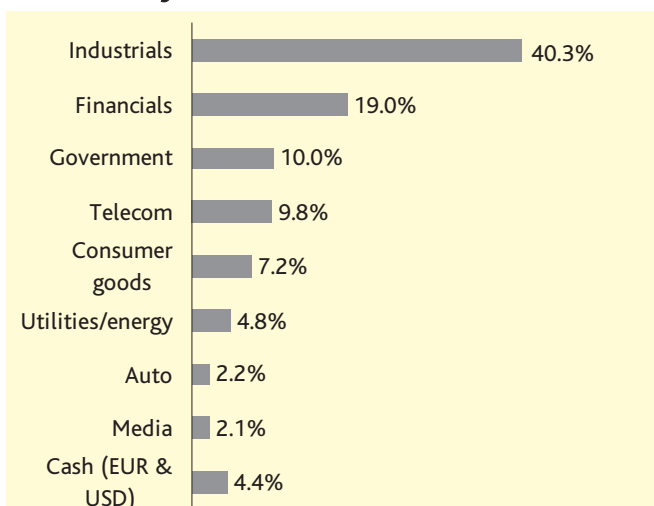
Calendar year return (in %)



Annualized return (in %)

	1 year	3 years	5 years	10 years	Begin
Pet. L B. H. Yield	-10.2	2.5	6.8	-	6.8

Breakdown by sector



Manager's comments

In April and May, the forced selling stopped, which led to a significant decline in corporate high-yield bond spreads. During the last weeks of June however, uncertainty rose again, mainly due to bad company news in the financial sector. Nevertheless, Petercam L Bonds Higher Yield ended the second quarter with a small gain: the net asset value of the capitalisation shares rose from EUR 162.68 to 165.67.

During the second quarter, the fund manager again increased the weighting of government bonds issued by emerging countries, after the correction of this bond category. He did this for strategic reasons, more precisely for a better diversification of the portfolio. He bought bonds issued by Mexico and Turkey, both in local currency.

The fund manager does not plan any drastic changes of the portfolio. He still considers European high-yield corporate debt to be the most attractive category and consequently they represent the biggest part of the portfolio. The offered yields are very attractive at the moment. The average yield to maturity of Petercam L Bonds Higher Yield equals approximately 11.6% at the end of June. However, spreads on corporate bonds and consequently bond prices are likely to remain volatile given the macroeconomic uncertainty in the US and Europe.