



Investment Grade Value Bonds

Headlines

- Performance
- Portfolio composition
- Company

Fund Facts

Strategy	Value Bonds
Risk	N/A
ISIN	LU0264925727
Share Class Currency	EUR
Fund Inception	2-Nov-2006
Fund Manager	Klaus Blaabjerg
Benchmark	Merrill Lynch Global Broad Market Corporate Index (EUR Hedged)
Morningstar Category	Euro Corporate Bond

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Performance

The credit spreads on high-grade corporate bonds surpassed the historically wide levels seen back in the 1930s. During the quarter, we saw increasing optimism and liquidity slowly returning to the credit market.

Sparinvest Investment Grade Value Bonds finished the quarter with a year-to-date return of 8.58% compared to our benchmark Merrill Lynch Global Broad Market Corporate Index (EUR Hedged) of 7.27%.

Portfolio composition

The portfolio consists of 43 positions with an overweight to bank capital and European issues. Our 10 largest holdings account for 36.54% of the entire holding.

The average bond price was 59.43 relative to 94.47 for our benchmark. And the effective yield was 14.1% with a duration of 3.30, compared to an effective yield of 6.81% and the duration of 5.01 for our benchmark.

A more detailed description on our portfolio composition and performance is available on our website and from the fund factsheet.

Company

Polo Ralph Lauren

We used the liquidity crisis to invest in bonds issued by the well-known lifestyle goods producer, Polo Ralph Lauren. In the end of March they had \$481 million in cash relative to \$406 million in total debt. Hence, the company has a very low net-debt-to-equity ratio.

At the end of the quarter, the 4.5% coupon-paying bond traded at a price of 89. The effective yield is 7.6% maturing in 2013.

Klaus Blaabjerg
Senior Portfolio Manager
10 July 2009

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