



MIRABAUD - GLOBAL STRATEGIC BOND FUND

Data	Level
Itrxx XO Index	481bps
Itrxx Fin Sen Index	97bps
Itrxx Fin Sub Index	209bps
CDX HY Index	95
S&P Index	2948

Data	Level
5yr Gilt	0.02%
5yr Bund	-0.69%
5yr UST*	0.29%
10yr UST*	0.64%
10yr JGB*	-0.00%

Data	Level
GBP/USD	1.21
GBP/EUR	1.12
EUR/USD	1.08
3m US LIBOR	0.35
3m EUR LIBOR	-0.28

Source: Bloomberg and Markit as of 22/05/2020. *US Treasury; Japanese Government Bond

Market Activity

The very important joint Merkel and Macron announcement regarding assistance in the shape of grants to European countries particularly affected by the pandemic has led to convergence in yields across European government bond markets. Strong demand helped Italy and Spain, among others, issue successful bond offerings. The UK also saw five year gilts head into negative territory this week. Meanwhile tensions are rising once more between China and the US, which does not bode well for risk assets.

Portfolio Activity

We added to our US Treasury position and reduced our BTPs and PGBs on strength. Our hedging tools make up 7% of the fund currently with an equal mix in CDX HighYield and Itraxx Xover.

Duration

Current Modified Duration : 3.5

Outlook

After a strong rally in risk assets especially Emerging Market debt, we believe there will be a pause in the short term with China announcing a new security legislation in Hong Kong which may lead to more civic disruption with significant political and economic ramifications.

Source: Mirabaud Asset Management

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