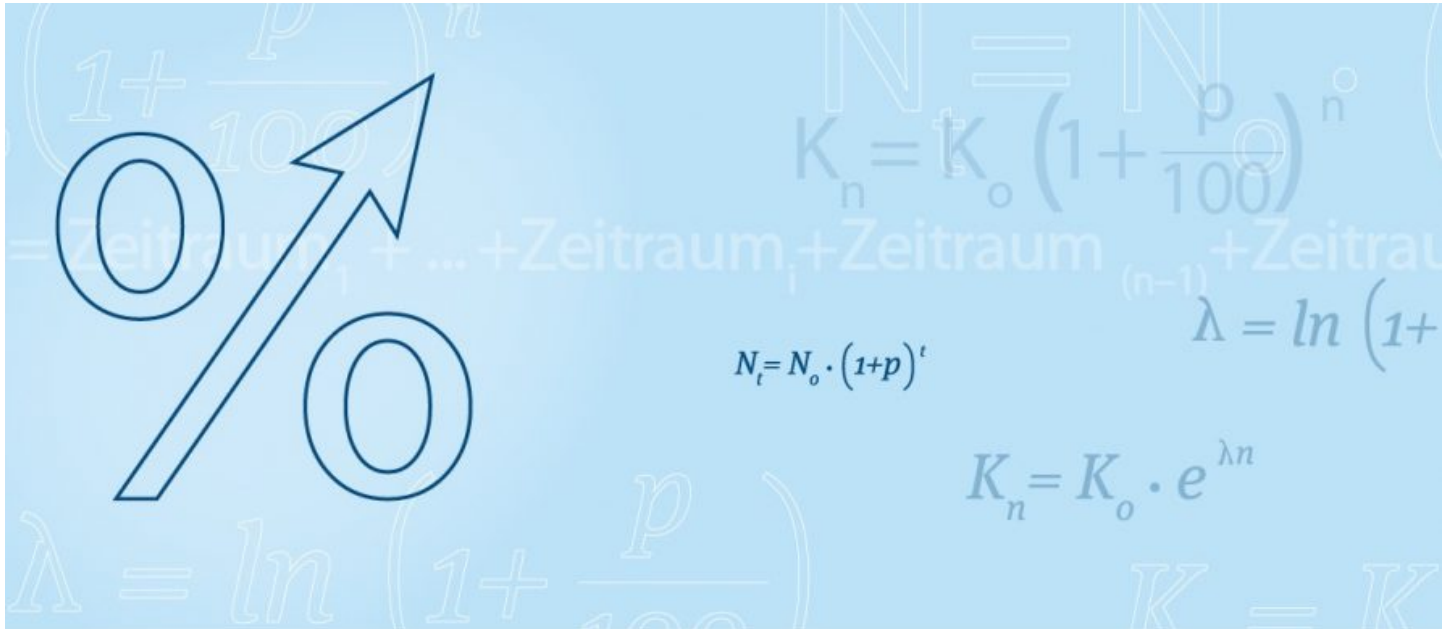


<http://blog.en.erste-am.com/?p=2615>

## YIELD RADAR: November 2017

Paul Severin



Global economic growth continues to be strong. Especially corporate expenditures (capex) show solid growth. On the other hand consumer spending suffered somehow from higher oil prices.

The future development of inflation rates are key for interest rate markets. In more and more countries unemployment rates fall below the rate, where inflation pressure could increase. However, there are a number of factors, which dampen this outlook (globalisation, digitalisation, demographics).

For the US the market participants expect a interest rate hike. The riskier market segments are already rich in valuation and depend more on money flows. Emerging markets bonds still look interesting, especially if compared with the high-yield-segment.

|                                      | Yield per 31 October 2017 | Reference funds                           | SRRI |
|--------------------------------------|---------------------------|---|------|
| Euro Base Rate                       | 0.00%                     | ECB Euro Base Rate                        |      |
| Euro Money Market                    | 0.21%                     | ESPA RESERVE EURO PLUS                    | 2    |
| US Federal Funds Rate                | 1.00%                     | Federal Reserve Base Rate                 |      |
| Euro Bonds Responsible               | 0.91%                     | ERSTE RESPONSIBLE BOND                    | 3    |
| Euro Government Bonds                | 1.02%                     | ESPA BOND COMBIRENT                       | 3    |
| Euro Corporate Bonds Responsible     | 1.09%                     | ERSTE RESPONSIBLE BOND EURO CORPORATE     | 3    |
| European Corporate Bonds             | 1.11%                     | ESPA BOND EURO CORPORATE                  | 3    |
| Corporate Hybrid Bonds               | 1.92%                     | ERSTE BOND CORPORATE PLUS                 | 3    |
| US Mortgage Bonds                    | 2.68%                     | ESPA MORTGAGE                             | 3    |
| Corporate Bonds Rating BB            | 2.34%                     | ESPA BOND CORPORATE BB                    | 3    |
| Emerging Sovereigns Hard Currency    | 2.85%                     | ESPA BOND EUROPE HIGH YIELD               | 3    |
| CEE sovereigns                       | 3.39%                     | ERSTE BOND DANUBIA                        | 4    |
| Emerging Corporate Bonds Responsible | 4.09%                     | ERSTE RESPONSIBLE BOND EMERGING CORPORATE | 3    |
| European High Yield                  | 4.78%                     | ERSTE BOND EMERGING MARKETS               | 4    |
| Emerging Corporate Bonds             | 4.85%                     | ERSTE BOND EMERGING MARKETS CORPORATE     | 3    |
| Emerging Sovereigns Local Currency   | 6.48%                     | ERSTE BOND LOCAL EMERGING                 | 4    |

- Money market and short term maturities
- Bonds with good and very good ratings
- High interest rate bonds and mixed ratings

Source: ERSTE-SPARINVEST; [www.erste-am.at](http://www.erste-am.at); Data as of 31 October 2017; Fund-Ratio: Yield – see footnote 1)

1) NB: the fund ratio “yield” equals the average yield of the securities held by a fund prior to costs for forex hedging; please bear in mind that this ratio is not equivalent to the fund performance. For the fund performance (i.e. the development of the value) of the aforementioned funds, please refer to the overview table on page three. The above-cited table does also not account for any fees reducing return such as the management fee or individual account or depositary fees.

2) The risk classification of investment funds is based on the SRRI-indicator. The calculation is based on European regulatory requirements and forms an integral part of the Key Investor Document and gives the historical volatility of the fund unit price on a scale from 1 to 7, with 7 being the highest risk. More information about the calculation of the indicator: [fundglossary.erste-am.com/srri/](http://fundglossary.erste-am.com/srri/)

## Development of bond yields of US- and EUR-Government-Bonds and EUR-Corporate-Bonds Investment-Grade (10/2012-10/2017)



**Development of bond yields of European High-Yield-Bonds compared with global High-Yield-Bonds and Emerging-Markets-Corporate-Bonds (10/2012-10/2017)**



**Please note:**

The development of historic yields is not a reliable indicator for future developments of a specific asset category or asset class. The charts above do not include any fees or costs.

**Ratio-Overview** (more information can be found at [www.erste-am.com](http://www.erste-am.com))

| Fund-Name (Performance in %)                 | Since | 1.1. | 2016 | 2015 | 2014  | 2013 | 2012  | Front-Load-Fee | Mgmt-Fee | Fund-Volume in EUR Mio. | Risk-classification acc. KID | Volatility | Warning notice |
|--|-------|------|------|------|-------|------|-------|----------------|----------|-------------------------|------------------------------|------------|----------------|
| ESPA RESERVE EURO PLUS                       | 0,1   | 0,0  | 0,4  | 2,3  | 1,1   | 3,3  | 0,75% | 0,24%          | 487      | 2                       | 0,9%                         | A, B       |                |
| ERSTE RESPONSIBLE BOND                       | 0,7   | 3,4  | 0,5  | 11,8 | -1,6  | 9,7  | 3,50% | 0,60%          | 105      | 3                       | 2,9%                         | none       |                |
| ESPA BOND COMBIRENT                          | -0,6  | 3,3  | 0,3  | 8,1  | 1,5   | 13,1 | 2,50% | 0,50%          | 310      | 3                       | 4,5%                         | B          |                |
| ERSTE RESPONSIBLE BOND EURO-CORPORATE *      | 2,2   | -0,3 | 2,6  | 3,7  | -0,6  | 10,6 | 3,50% | 0,60%          | 142      | 3                       | 3,1%                         | none       |                |
| ESPA BOND EURO CORPORATE                     | 2,4   | 1,8  | 2,4  | 12,6 | 1,8   | 10,4 | 3,50% | 0,60%          | 777      | 3                       | 3,1%                         | none       |                |
| ERSTE BOND DANUBIA                           | 1,0   | 0,1  | -0,2 | 3,2  | -3,7  | 1,2  | 3,50% | 0,72%          | 342      | 4                       | 5,1%                         | B          |                |
| ESPA BOND EUROPE HIGH YIELD                  | 6,0   | -0,5 | 2,0  | 6,9  | -4,4  | 19,3 | 3,50% | 1,20%          | 310      | 3                       | 4,5%                         | none       |                |
| ERSTE BOND EMERGING MARKETS                  | 6,7   | 6,1  | 3,1  | 2,0  | 7,2   | 21,6 | 3,50% | 1,20%          | 263      | 4                       | 5,0%                         | none       |                |
| ERSTE RESPONSIBLE BOND EMERGING CORPORATE ** | 4,0   | 5,4  | 0,2  | 6,1  | -6,4  | 16,0 | 3,50% | 0,96%          | 104      | 3                       | 3,2%                         | none       |                |
| ESPA BOND EMERGING MARKETS CORPORATE         | 6,6   | 8,4  | 2,2  | 3,7  | -0,2  | 16,7 | 3,50% | 0,96%          | 471      | 3                       | 4,9%                         | none       |                |
| ERSTE BOND LOCAL EMERGING                    | -1,1  | 8,1  | -0,4 | 7,8  | -14,1 | 11,2 | 3,50% | 0,96%          | 222      | 4                       | 11,7%                        | none       |                |
| ESPA BOND CORPORATE BB                       | 5,2   | 11,3 | -0,7 | 2,8  | 6,1   | 13,3 | 3,50% | 1,20%          | 186      | 3                       | 4,8%                         | none       |                |
| ERSTE BOND CORPORATE PLUS                    | 8,2   | -    | -    | -    | -     | -    | 3,50% | 0,60%          | 200      | 3                       | -                            | -          |                |

Data as of 31.10.2017.

The performance and volatility (3 years) is calculated in accordance with the OeKB method. It already includes the management fee. However, the illustration is net of the one-off load of up to 3.50%, which falls due at the time of purchase, and of other fees that reduce the return as well as of the individual account and deposit fees. Past performance is not a reliable indicator of the future performance of a fund.

## 1) Risk notes according to 2011 Austrian Investment Fund Act

**A** ESPA RESERVE EURO PLUS may make significant investments in demand deposits or time deposits with a maximum maturity of 12 months pursuant to section 72 of the 2011 Austrian Investment Fund Act.

**B** In accordance with the fund provisions approved by the Austrian Financial Market Authority (FMA), ESPA RESERVE EURO PLUS, ESPA BOND COMBIRENT and ERSTE BOND DANUBIA intend to invest more than 35% of their assets in securities and/or money market instruments of public issuers. A detailed list of these issuers can be found in the prospectus, para. II, point 12.

### Legal note:

Prognoses are no reliable indicator for future performance.

## Wichtige rechtliche Hinweise

Hierbei handelt es sich um eine Werbemitteilung. Sofern nicht anders angegeben, Datenquelle ERSTE-SPARINVEST Kapitalanlagegesellschaft m.b.H., Erste Asset Management GmbH, RINGTURM Kapitalanlagegesellschaft m.b.H. und ERSTE Immobilien Kapitalanlagegesellschaft m.b.H. Unsere Kommunikations-sprachen sind Deutsch und Englisch.

Der Prospekt für OGAW-Fonds (sowie dessen allfällige Änderungen) wird entsprechend den Bestimmungen des InvFG 2011 idgF erstellt und im „Amtsblatt zur Wiener Zeitung“ veröffentlicht. Der vereinfachte Prospekt der ERSTE Immobilien Kapitalanlagegesellschaft m.b.H. wird entsprechend den Bestimmungen des ImmoInvFG 2003 idjF erstellt und im „Amtsblatt zur Wiener Zeitung“ veröffentlicht. Für die von der ERSTE-SPARINVEST Kapitalanlagegesellschaft m.b.H., Erste Asset Management GmbH, RINGTURM Kapitalanlagegesellschaft m.b.H. und ERSTE Immobilien Kapitalanlagegesellschaft m.b.H. verwalteten Alternative Investment Fonds (AIF) werden entsprechend den Bestimmungen des AIFMG iVm InvFG 2011 „Informationen für Anleger gemäß § 21 AIFMG“ erstellt.

Der Prospekt, die „Informationen für Anleger gemäß § 21 AIFMG“, der vereinfachte Prospekt sowie die Wesentliche Anlegerinformation/KID sind in der jeweils aktuell gültigen Fassung auf der Homepage [www.erste-am.com](http://www.erste-am.com) bzw. [www.ersteimmobilien.at](http://www.ersteimmobilien.at) abrufbar und stehen dem interessierten Anleger kostenlos am Sitz der jeweiligen Verwaltungsgesellschaft sowie am Sitz der jeweiligen Depotbank zur Verfügung. Das genaue Datum der jeweils letzten Veröffentlichung des Prospekts bzw. des vereinfachten Prospekts, die Sprachen, in denen die Wesentliche Anlegerinformation/KID erhältlich ist sowie allfällige weitere Abholstellen der Dokumente sind auf der Homepage [www.erste-am.com](http://www.erste-am.com) bzw. [www.ersteimmobilien.at](http://www.ersteimmobilien.at) ersichtlich.

Diese Unterlage dient als zusätzliche Information für unsere Anleger und basiert auf dem Wissensstand der mit der Erstellung betrauten Personen zum Redaktionsschluss. Unsere Analysen und Schlussfolgerungen sind genereller Natur und berücksichtigen nicht die individuellen Bedürfnisse unserer Anleger hinsichtlich des Ertrags, steuerlicher Situation oder Risikobereitschaft. Die Wertentwicklung der Vergangenheit lässt keine verlässlichen Rückschlüsse auf die zukünftige Entwicklung eines Fonds zu.

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### Paul Severin

Paul Severin has worked at Erste Asset Management since April 2008. Until 2012 he was responsible for the company's product management; he has directed communications and PR activities since April 2012. From 1992 to 2008, he was director of equity fund management and deputy director for institutional funds at Pioneer Investments Austria in Vienna.

His career in the securities business began in 1992 at Constantia Privatbank as a portfolio manager and analyst. He worked as primary analyst at Creditanstalt Investmentbank in Vienna from 1994 to 1999.

He studied international business at Innsbruck University and Marquette University in Milwaukee, WI, USA. Before his university studies, he worked at Dornbirner Sparkasse in letters of credit and export financing.

Paul Severin is a member of the board at ÖVFA (Austrian Association for Financial Analysis and Asset Management) and a CEFA charter holder.