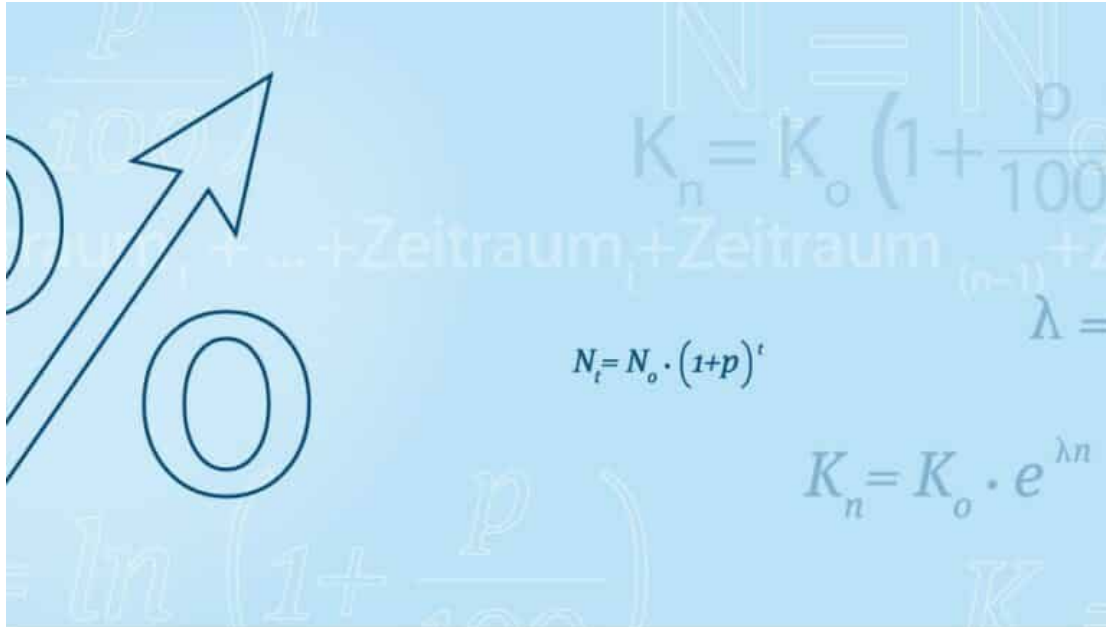


<https://blog.en.erste-am.com/?p=5555>

YIELD RADAR: April 2018

Paul Severin



The economy continues to grow strongly and on a broad basis. At the same time, we can see that the momentum is faltering. The monetary policy has become noticeably more restrictive. Bank of Japan recently announced that it was internally pondering exit scenarios for its asset purchase programme. The ECB is expected to terminate its programme within the coming twelve months. Federal Reserve, Bank of England, and Bank of Canada will soon raise their interest rates further.

The political risks have recently increased again by a substantial degree. Trade wars, the conflict in Syria, and the sanctions against Russia have caused risk aversion to rise and have recently been supportive to low-risk bond classes such as euro government bonds. Investors are prepared to pay for safety again. The credit market is solidly supported. The search for yield continues. Liquidity is turning into an increasingly important aspect in the selection of assets.

Source: ERSTE-SPARINVEST; www.erste-am.at; Data as of 29 March 2018; 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/

Development of bond yields of US- and EUR-Government-Bonds and EUR-Corporate-Bonds Investment-Grade (03/2013-03/2018)

Development of bond yields of European High-Yield-Bonds compared with global High-Yield-Bonds and Emerging-Markets-Corporate-Bonds (03/2013-03/2018)

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)

Data as of 29.03.2018.

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.

Legal note:

Prognoses are no reliable indicator for future performance.

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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.

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