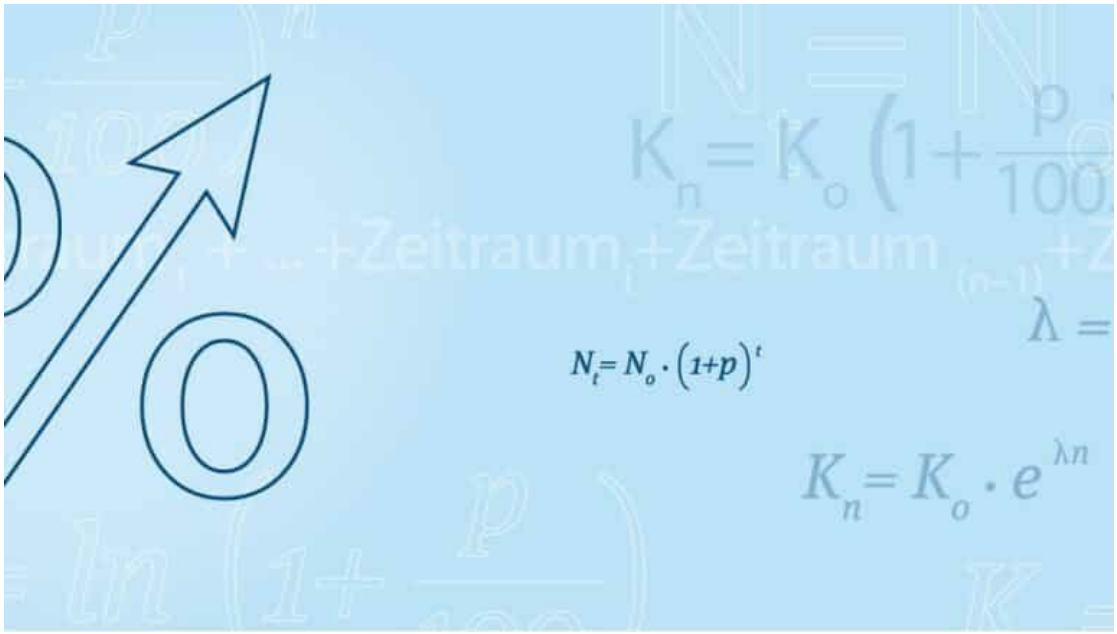
https://blog.en.erste-am.com/?p=7590

YIELD RADAR: November 2018

Paul Severin



The volatility on the capital markets has increased significantly. This is particularly evident when looking at momentum strategies, such as for technology equities. Despite equity prices declines due to risk increases, it is noteworthy to mention that risk-free government bonds did not show any significant declines in returns.

A number of important leading indicators point to a gradual weakening of the real global economic growth. However, the level remains good, i.e. it is expected to be above potential value in the long term.

The development of inflation is important. As long as it remains low in the developed economies, central banks have the leeway to pause the cycle of interest rate hikes in the event of a drastic tightening of the financial environment. This applies in particular to the US central bank.

Source: Erste Asset Management; www.erste-am.at; Data as of 31 October 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-BondsInvestment-Grade (10/2013-10/2018)

Development of bond yields of European High-Yield-Bonds compared with global High-Yield-Bonds and Emerging-Markets-Corporate-Bonds (10/2013-10/2018)

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 at www.erste-am.com)

Data as of 31 October 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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N.B.: The performance scenarios listed in the key information document are based on a calculation method that is specified in an EU regulation. The future market development cannot be accurately predicted. The depicted performance scenarios merely present potential earnings, but are based on the earnings in the recent past. The actual earnings may be lower than indicated. Our analyses and conclusions are general in nature and do not take into account the individual characteristics of our investors in terms of earnings, taxation, experience and knowledge, investment objective, financial position, capacity for loss, and risk tolerance.

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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.

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.

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