Mirabaud - Global Strategic Bond Fund

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PERFORMANCE UPDATE

The Mirabaud Global Strategic Bond fund delivered +0.15% over the month. A fall in risk free yields over the month lead to positive total returns in Treasuries and Investment Grade. Longer duration assets also outperformed. Spreads widened out generally across the credit spectrum but given the fall in yields total returns were positive. US High Yield was the key underperformer over the month.

Our Emerging Market holdings as well as the basic materials such as Vale and Petrobras had a strong month. Our underweight in Europe detracted as it outperformed the US.

MARKET REVIEW

Negative idiosyncratic headlines pushed spreads wider. The fundamental backdrop remained supportive, but tensions related to North Korea and chaos surrounding Trump's agenda led to some weakness and weariness in credit markets. This also led to the usual search for safety with increasing demand for Treasuries and Bunds. The European economic backdrop continued to deliver positive results leading to a stronger euro although inflation remains subdued. Trump reforms also became less likely to occur over the month causing some risk assets to marginally underperform. High Yield experienced some outflows and a strong supply calendar

PORTFOLIO ACTIVITY

We took profit on some long dated names like EDP. We added to our US Investment Grade holdings as spreads moved out marginally.

OUTLOOK

We think the macro economic outlook continues to be positive for a coupon clipping year. We do expect some volatility in September and October around the Fed and ECB meetings, but would few this as an opportunity to put more cash to work at better levels. 2017 is proving to be a year where global economic growth is slowly improving. Politics and geopolitics will continue to be a risk factor but one that has yet to materialise significantly.

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