

JB BF Local Emerging-CHF

Share class R / Currency CHF

31.01.2016

Marketing Material

Comments

Market review

A volatile beginning to the year. A weakening of the Chinese currency unnerved markets early in the month, as did a nearly 30% drop in oil prices since year-end to below USD30 per barrel. In this environment EM FX weakness dominated returns despite bond prices holding in well.

Performance contribution and portfolio changes

Malaysia had a strong month and the underweight detracted from performance versus the index. This underweight was covered into the end of the month as the political risks domestically have stabilised. The Mexico overweight detracted from performance as the peso underperformed its peers on the falling oil price, and on US growth concerns. The Indonesia bond position performed well as bond the FX and bonds reacted positively to a central bank rate cut.

Outlook and strategy

No sign for now of improving commodity prices points to keeping risk light and commodity producer exposure selective, particularly in light of weak China PMI, and some signs of a stalling in US growth.

Opportunities

The fund invests in a broadly diversified bond universe and seeks various opportunities for returns.

The fund gives investors easy access to the emerging markets. Many of these countries may offer attractive potential returns in various asset classes.

A highly qualified and experienced management actively manages the fund on the basis of a fundamental valuation approach. The objective is to identify the potential investments that, in the Investment manager's opinion, are most attractive and to generate interesting and profitable opportunities for investors.

The fund invests broadly across various bond categories, currencies and countries, in accordance with its flexible investment strategy. The fund gives investors easy access to high yield bonds, which may offer attractive potential returns in various countries and sectors.

Risks

The fund invests in bonds, which may be subject to significant fluctuations in value. Bonds are subject to issuer risk, credit risk and interest rate risk.

The fund may invest in derivatives, which are subject to the risks of their underlying markets or underlying instruments as well as issuer risks and often involve higher risks than direct investments.

The fund may invest in securities of issuers that the market does not view as having good creditworthiness. These securities are subject to comparatively high volatility, and the possibility that they may even lose their value completely cannot be ruled out.

The fund invests in securities from emerging markets where prices can fluctuate significantly and where, in addition to social, political and economic uncertainties, operating and supervision conditions may deviate from the standards prevailing in developed markets.

The fund may invest in assets denominated in various currencies, giving rise to exchange rate risks which may be hedged. If the currency in which the past performance is displayed differs from the currency of the country in which an investor resides, due to exchange rate fluctuations, the performance shown may increase or decrease if converted into the investor's local currency.

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