

Performance		Portfolio Summary		Calendar year performance	
1 m	2.28%	Positions	45	2021	0.37%
3 m	3.86%	Current Gross Yield	7.81%	2022	-12.21%
Ytd	6.25%	Average Coupon	4.78%		
1 Year	5.75%	Duration	3.55		
Since inception	-6.38%	AUM	13.0		



Monthly Commentary

July marked the second-best month of the year for European credit, both in HY and IG. The end of the interest rate hiking cycle in sight both in the US and in Europe and signs of easing inflation contributed to a continued tightening in spreads, more pronounced in the HY segment. The reporting season has been particularly positive for the banking sector, with several banks beating analysts' estimates for the quarter and raising guidance for the full year targets, thanks to the higher interest rate environment and net interest income expansion. Most of the corporates in Europe continued to show resiliency to the current macro environment and appear to have been able to pass through to their customers most of the cost inflation they suffered. Furthermore, with the notable exception of the chemical sector, some of the most cyclical segments such as the automotive have posted generally positive results and have confirmed or improved the guidance for next quarters. Worth mentioning also the healthy shape of the airlines and leisure sectors, where end demand remains strong even at sustained higher prices, and capacity measures are approaching the pre-Covid levels. At a macro level, fears and expectations of a recession have moderated, with some economists now calling for the so called soft-landing for the US economy and no recession in Europe, where GDP expanded 0.3% in Q2 2023 and it is expected to post a similar improvement for Q3 as well. Looking at the fixed income markets, AT1s posted a solid monthly return, supported by the positive banking reporting season and the continuous expectations that most issuers will call their bonds at the first call date, as once again proved by CaixaBank. At fund level, we reduced the exposure to some HY names at or close to historical tight spreads such as Webuild, Jaguar Land Rover and Lufthansa. On the AT1s side, we executed some switches to increase our exposure to bonds that are overpricing extension risk such as the Santander 4.75 and the CaixaBank 5.25. We marginally increased our position in the Pepco bond and we swap some Forvia into Dana, with the pair trading at historical wide levels.

Top 10 largest issuers

SANTAN	7.47%
CASH_EUR	4.91%
AEGON	4.54%
ISPIM	4.20%
CCL	3.97%
FEDRIG	3.73%
UCGIM	3.67%
CABKSM	3.51%
USIMIT	3.40%
BENTLR	3.11%

Top 10 performers

ISPIM 4 1/8 PERP	7.80%
CCL 1 10/28/29	6.86%
TTMTIN 4 1/2 07/15/28	6.61%
UCGIM 3 7/8 PERP	6.52%
ISPIM 3 3/4 PERP	5.79%
CABKSM 3 5/8 PERP	5.36%
SANTAN 3 5/8 PERP	4.71%
MONTE 7.677 01/18/28	4.71%
CABKSM 5 1/4 PERP	3.92%
SABSM 9 3/8 PERP	3.91%

Bottom 10 performers

DAN 3 07/15/29	1.19%
CCL 10 1/8 02/01/26	1.08%
PEOCER 5 3/4 09/15/26	0.76%
LIBMUT 3 5/8 05/23/59	0.74%
PEPGRP 7 1/4 07/01/28	0.70%
TEVA 3 3/4 05/09/27	0.64%
AEGON 4 04/25/44	0.42%
CABBCO 8 3/4 05/01/28	0.02%
SAPSI 3 5/8 03/15/28	-1.10%
FRTR 0 1/2 05/25/2072	-7.51%

Rating Allocation

AAA	0.00%
AA	1.35%
A	0.00%
BBB	22.85%
BB	60.01%
B	8.96%
CCC	0.00%
NR	1.91%
CASH	4.91%

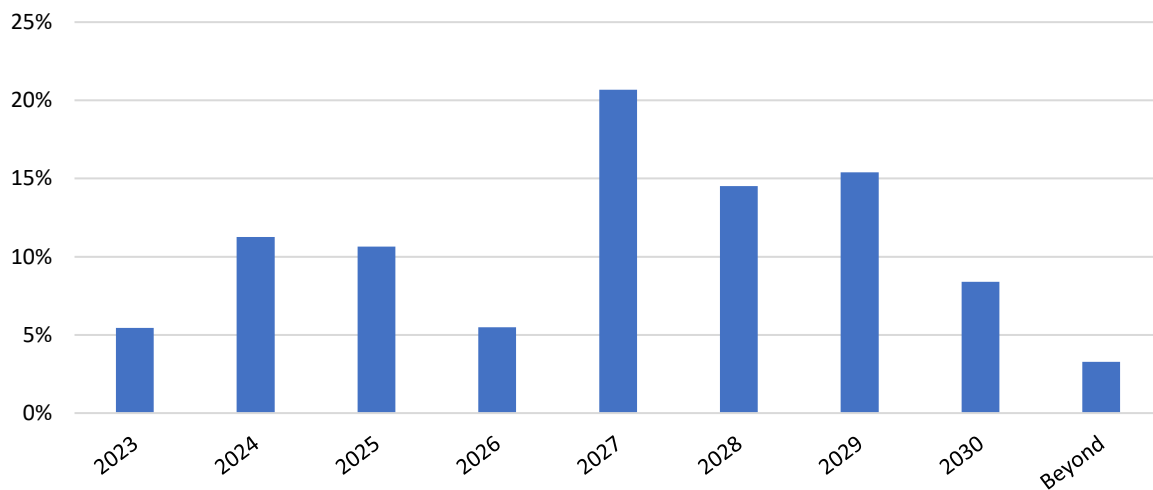
Sector Allocation

Banks	29.10%
Insurance	22.66%
CASH_EUR	4.91%
Leisure Time	3.97%
Auto Parts&Equipment	3.94%
Packaging&Containers	3.73%
Holding Companies-Divers	3.11%
Chemicals	2.97%
Semiconductors	2.83%
Airlines	2.68%

Country Allocation

Italy	20.89%
Spain	17.96%
Netherlands	10.84%
US	10.17%
UK	9.88%
Austria	7.45%
France	6.09%
Belgium	5.29%
Israel	2.09%
Sweden	1.61%

Maturity Profile



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