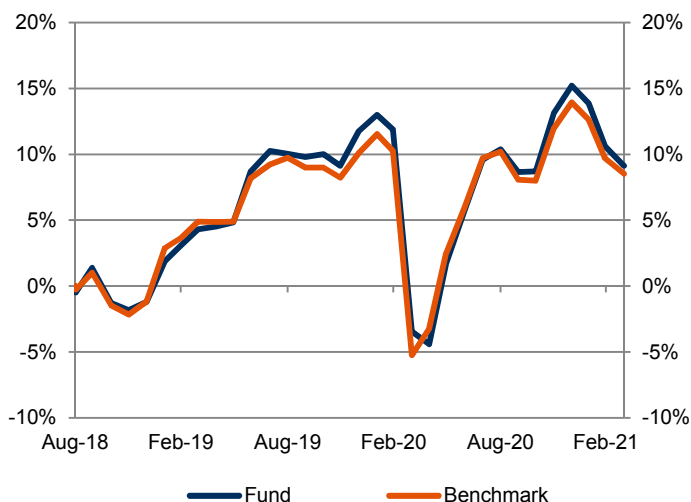


Sydinvest EM Sustainable Bonds d W DKK

Monthly Report - March 2021

9 April 2021

Historical return: Fund vs. Benchmark, % DKK net of fee



Returns net of fees, end of month.

	Mth	YtD	-3 Mth	-6 Mth	-1 Yr
Fund	-1.35%	-5.28%	-5.28%	0.45%	13.03%
Benchmark	-1.06%	-4.76%	-4.76%	0.42%	14.54%
Performance	-0.29%	-0.53%	-0.53%	0.03%	-1.51%

Key Figures

Ratios, end of month	March	Change	February
Fund Yield to maturity *	5.21%	0.00%	5.21%
Benchmark Yield to maturity †	4.60%	0.15%	4.45%
Fund Duration	7.53	0.29	7.24
Benchmark Duration	7.64	-0.10	7.73
No. of countries	31	-2	33
Gov. bonds, %	94.37%	0.23%	94.14%
Quasi Sov., %	3.06%	0.00%	3.06%
Cash, %	2.23%	-0.65%	2.88%
Total AUM, mn DKK	1,934.90	-25.76	1,960.65
NAV	102.02	-1.40	103.42
Avg. rating S&P	BB+		BB+
Beta, since inception	0.98	0.00	0.98
Track. Error, since inception	2.39%	-0.03%	2.42%
Sharpe Ratio, since inception	0.35	-0.06	0.40
Info. Ratio, since inception	0.09	-0.05	0.15
Volatility, since inception	11.44%	-0.14%	11.58%
BM Weight of ESG country exclusion**	26.00%	26.00%	0.00%
Weight of Quasi-Sov. Oil & Gas excl.**	9.50%	0.75%	8.75%
Total ESG exclusion.*	35.50%	26.75%	8.75%

* This is duration weighted yield to maturity and will differ from official numbers by JPMorgan.

** Please refer to the last page in this report for a complete overview of the results from the ESG analysis. The table shows the benchmark weight of excluded sovereigns and quasi-sovereigns and the factors in the ESG approach that led to an exclusion (e.g. sanctions or a low SDG score).

ESG Strategy Profile & Objective

The fund aims to deliver long-term excess return to the JP Morgan EMBI Global Diversified benchmark through active management. The portfolio construction approach incorporates a systematic ESG research approach towards emerging market countries and quasi-sovereign corporates where the fund manager use a conviction-based investment approach to find an attractive combination of ESG and good value.

Fund performance summary

The fund generated a return of minus 1.35% net of fees in March, which was 29bp lower than the return of its benchmark. The exclusion of benchmark countries and quasi-sovereigns added 25bp to the fund's performance in March.

Performance was affected positively by the ESG-related zero weights in Turkey, Nigeria and Russia, the overweights in Chile, Uruguay and the Dominican Republic as well as the asset allocation in Brazil. Conversely the overweights in Ghana, Senegal, Kenya and Argentina, the asset allocation in Paraguay, the zero weight in El Salvador as well as the ESG-related zero weights in China and Iraq detracted from performance.

Portfolio strategy and changes

The fund is underweight in spread duration and slightly underweight Treasury duration, close to where we started the month. The fund holds a wide range of bonds issued in EUR while the benchmark is pure US dollar. The resulting mismatch between Bunds and UST is hedged with futures. The fund's investments are spread across around 30 countries and more than 100 issues.

In March we reduced in the belly of the curve in Uruguay. We sold our bonds in Mongolia. In Ghana and South Africa we moved some exposure a bit further out the curve. We added in Qatar and Egypt.

Key Fund Information

Name of AIF/ Fund	Værdipapirfonden Sydinvest HøjrenteLande ESG KL
Investment Universe	Global Emerging Market Bonds Hard Currency
Benchmark	JPM EMBI GD (hedged to DKK)
Security Guidelines	Sovereign & quasi sovereign only
Duration Limits	Benchmark +/- 3 years
FX Exposure and Hedging	Hard currency hedged to DKK. No Local Currency
Unlisted Bond Limit	Maximum 10%
Financial Derivative Instruments Allowed	Hard Currency Bond, Treasury Futures, deposits and Credit-Linked Notes.
Return Profile	Dividend / Distribution
Legal structure	UCITS IV
Country of domicile / Currency	Denmark / DKK
Dealing day/NAV date	Daily
Initiation date	30.08.2018
ISIN CODE	DK0061067303
Bloomberg Ticker	TBC
TER (inclusive management fee)	0.63% p.a.
ADL charge on dealings	Mid market NAV + 0.46% in ADL
Investment Management Comp.	Syd Fund Management A/S, Denmark
Portfolio Advisor	Sydbank Emerging Markets, Denmark
Financial Regulator	FSA, Denmark (Finanstilsynet)
Custodian / TA	Sydbank A/S (Sub-custody: JP Morgan)

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Sydinvest EM Sustainable Bonds d W DKK

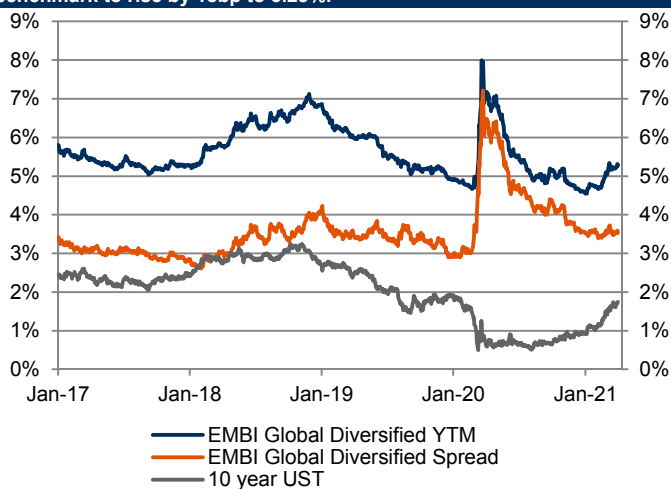
Monthly Report - March 2021

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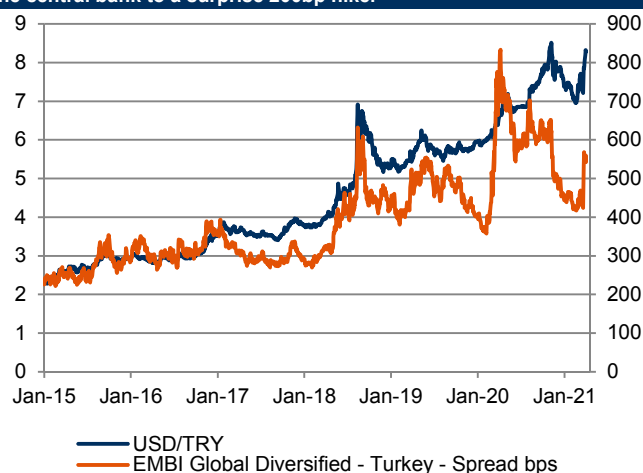
EM Bond Markets – March

In March UST rates kept rising and this continued to put pressure on EM bonds. Oil prices came down a bit but this was due in part to the OPEC+ decision to raise production due to greater demand. EM hard currency bonds and benchmark credit spreads tightened by 4bp to 354bp. The spread tightening happened in the IG part of the benchmark whereas spreads widened in the HY part. Tighter spreads could not make up for the relentless rise in UST rates and the yield to maturity of the benchmark rose by 18bp to 5.28%. The result was a monthly benchmark return of minus 1.06% hedged to DKK. Turkey was one of the weakest credits due to Erdogan firing central bank governor Agbal only two days after Agbal had led the central bank to a surprise 200bp hike, which did not sit well with Erdogan. The market now fears that Turkey is going back to wasting its FX reserves on defending the lira. In the fund Turkey is excluded due to ESG and this zeroweight was a big driver for performance in March.

EM hard currency bonds and benchmark credit spreads tightened by 4bp to 354bp, but higher UST rates resulted in the yield to maturity of the benchmark to rise by 18bp to 5.28%.



ESG excluded Turkey was one of the weakest credits due to Erdogan firing central bank governor Agbal only two days after Agbal had led the central bank to a surprise 200bp hike.



Asset Class Outlook

Small bond inflows to emerging market hard currency funds resumed after the large outflows in late February and early March, which is a positive development. The increase in US Treasury bond yields (the underlying component of emerging market bond yields) has made valuations of emerging market bond yields more compelling. This increase, since February, as investors again seek higher bond yields in the US, higher than its main advanced economy counterparts such as the eurozone, Japan and Switzerland, increases the allure of emerging market bond yields. Emerging market bond yields have risen generally in line with the increases in the US but at a time when risk appetite has wobbled, there has been a differentiation in performance in March as investment grade bonds performed relatively well whilst single B credits have now started to struggle.

Commodity exporters took a mini step backwards from the earlier unstoppable flight higher in commodity prices as well as being hit by some local surges in coronavirus cases. Latin America remains the main Covid laggard as cases and deaths are still on the rise. Capacity limits are again being tested across ICU wards in places such as Brazil, Peru and Chile with new lockdowns again being broadened or reintroduced in Santiago and Lima. We expect therefore to see a very differentiated economic recovery with some emerging markets lagging the recovery in advanced economies as vaccines take hold much faster in the latter.

It is also this staggered recovery which will keep the airlines waiting for the passengers to fill their planes. Countries that are well ahead in their vaccination programmes, such as the UK and Israel, will be loath to open up to vast amounts of inward travel as they strive towards full immunisation as concerns remain about new variants and the length of protection gained from vaccine-induced antibodies. This means that countries dependent on tourism, for instance Thailand, will have to keep waiting for the floodgates to open. This differentiated vaccination success should keep full reopenings at bay and does not bode well for the performance of tourist-dependent economies such as Thailand, the Dominican Republic and Sri Lanka. We also believe that it explains the recent stalling in oil prices and might bring some renewed pressure on oil exporters as we go forward.

US President Biden's proposals for a new and even greater stimulus to rebuild infrastructure is positive for the growth outlook in the US and risk appetite in emerging markets. It supports the outlook for commodity prices but at the same time it increases pressure for higher US Treasury yields as the spending will need to be financed with greater levels of US Treasury bond supply. So far emerging market investors have taken the more sanguine view that the positive effects on growth and exports from the anticipated economic recovery are more helpful than the damage emanating from higher financing costs. We would concur with that approach.

We maintain a neutral view on emerging market sovereign credit. The risks are balanced between the outlook for rising bond yields as well as growing fiscal challenges and the supportive economic outlook which still points to a strong recovery in 2021.

Ecuador will hold the second round of presidential elections on 11 April. After our relief that market friendly candidate Lasso scraped through to the second round, recent polls have indicated that he still has a chance against the clear winner of the first round, Arauz. With such a binary outcome in store, we maintain a small overweight given valuations and favourable bond repayments but remain cautious given the potential policy direction change an Arauz victory would likely bring.

Peru is also holding presidential elections on 11 April. We expect this to proceed to a second round in June as no candidate is anywhere near a 50% majority to secure a first-round victory. Calls to push back elections due to a surge in coronavirus cases were rejected but this is still a distinct possibility in Chile, where elections to its new Assembly are scheduled over the 11 April weekend. Chile has taken very strict lockdown measures compared to many Latin American peers.

Moody's downgraded Panama's credit rating one notch to Baa2 from Baa1, with the key driver being the material deterioration in Panama's fiscal strength driven by the severe economic shock from the pandemic. Panama's debt burden increased to 69.8% of GDP, up from 46.4%, which is considerably higher than its peers.

Syinvest EM Sustainable Bonds d W DKK: Performance attribution

Performance Attribution

Total	Country	Asset	Interaction	Cost	Residual
-0.29%	-0.43%	0.01%	0.00%	-0.05%	0.18%

Total	Investment	Cash	Cost
-0.29%	-0.27%	0.03%	-0.05%

Performance Attribution: Break-down

	Country	Asset	Interaction	Performance
Excluded Countries	0.27%	0.00%	0.00%	0.27%
Excluded Quasi-Sovereigns	-0.02%	0.00%	0.00%	-0.02%
Selected Strategies	-0.60%	0.13%	-0.02%	-0.49%
Cost	-0.05%	0.00%	0.00%	-0.05%
Total	-0.40%	0.13%	-0.02%	-0.29%

ESG Excluded Countries or company: Top & Bottom

	OW/UW	Performance
Turkey	-3.56%	0.18%
Nigeria	-1.54%	0.03%
Russia	-3.39%	0.03%
Lebanon	-0.26%	0.03%
Kazakhstan	-1.13%	-0.01%
Mexico	-2.34%	-0.01%
Iraq	-0.45%	-0.01%
China	-4.36%	-0.02%

Active Strategies in non-excluded Countries: Top contributors*

	Average OW/UW	Country	Asset	Interaction	Total	
Top 5 Contributors	2.10%	Chile	0.02%	0.01%	0.01%	0.04%
	3.52%	Uruguay	0.03%	0.00%	0.00%	0.03%
	2.24%	Dominican Rep.	0.02%	0.00%	0.00%	0.02%
	-0.24%	Brazil	0.00%	0.03%	0.00%	0.02%
	1.28%	Seychelles	0.02%	0.00%	0.00%	0.02%
Bottom 5 Contributors	0.27%	Paraguay	0.00%	-0.02%	-0.01%	-0.03%
	1.28%	Argentina	-0.06%	0.01%	0.01%	-0.04%
	1.07%	Kenya	-0.03%	-0.01%	-0.01%	-0.05%
	3.82%	Senegal	-0.15%	0.01%	0.08%	-0.06%
	3.94%	Ghana	-0.14%	0.01%	0.02%	-0.12%

Active Strategies in non-excluded Countries: Top OW/UW*

	Average OW/UW	Country	Asset	Interaction	Total	
Top 5 Contributors	5.34%	Indonesia	0.04%	-0.01%	-0.03%	0.00%
	5.20%	Mexico	0.04%	-0.01%	-0.02%	0.02%
	4.20%	South Africa	0.05%	-0.01%	-0.02%	0.02%
	3.94%	Ghana	-0.14%	0.01%	0.02%	-0.12%
	3.82%	Senegal	-0.15%	0.01%	0.08%	-0.06%
Bottom 5 Contributors	-1.01%	El Salvador	-0.02%	0.00%	0.00%	-0.02%
	-1.30%	Poland	-0.01%	0.00%	0.00%	-0.01%
	-1.42%	Kazakhstan	0.00%	0.00%	0.00%	0.00%
	-2.40%	Bahrain	-0.01%	0.00%	0.00%	-0.01%
	-2.93%	Philippines	0.00%	0.00%	0.00%	0.00%

*) The Strategy's total performance is a combination of the ESG excluded as well as active over- and underweights relative to the benchmark.

Portfolio Summary – As at 31 March 2021

Ten largest Active over- and underweight allocations in the portfolio.

	Country	Weight, PF	Weight, BM	Over/underweight	Duration, PF	Duration, BM	Rel. Duration Cont.
10 Largest Overweights	Indonesia	8.62%	4.61%	4.01%	7.38	8.76	0.23
	South Africa	6.40%	2.57%	3.83%	6.18	6.84	0.22
	Senegal	4.06%	0.36%	3.70%	5.06	8.07	0.18
	Ukraine	6.01%	2.42%	3.59%	2.80	4.80	0.05
	Ghana	4.98%	1.41%	3.57%	5.62	6.25	0.19
	Romania	4.82%	1.48%	3.33%	11.47	8.24	0.43
	Mexico	7.81%	4.89%	2.93%	10.78	9.20	0.39
	Uruguay	5.04%	2.33%	2.71%	12.11	11.74	0.34
	Dominican Rep.	4.96%	2.66%	2.31%	7.88	9.11	0.15
	Montenegro	1.92%	-	1.92%	4.80	0.00	0.09
10 Largest Underweights	Nigeria*	0.00%	1.50%	-1.50%	0.00	6.99	-0.10
	Kazakhstan	0.00%	2.55%	-2.55%	0.00	8.55	-0.22
	Malaysia	0.00%	2.67%	-2.67%	0.00	8.67	-0.23
	Bahrain	0.00%	2.67%	-2.67%	0.00	5.45	-0.15
	Philippines	0.00%	3.06%	-3.06%	0.00	8.75	-0.27
	Russia*	0.00%	3.35%	-3.35%	0.00	7.53	-0.25
	Turkey*	0.00%	3.47%	-3.47%	0.00	5.50	-0.19
	United Arab Emirates*	0.00%	3.85%	-3.85%	0.00	8.90	-0.34
	Saudi Arabia*	0.00%	3.89%	-3.89%	0.00	9.35	-0.36
	China*	0.00%	4.40%	-4.40%	0.00	5.77	-0.25

*) The country is excluded from the fund due to the ESG process. Please refer to the last page.

Rating distribution

Composite Rating	Weight
AAA	0.00%
AA	4.85%
A	7.30%
BBB	35.89%
BB	19.67%
B	27.94%
CCC and below	7.14%
Not rated	0.00%
Default	0.00%

Concentration risk

Country	Weight
Indonesia	8.62%
Mexico	7.81%
South Africa	6.40%
Ukraine	6.01%
Uruguay	5.04%
Ghana	4.98%
Dominican Rep.	4.96%
Qatar	4.85%
Romania	4.82%

Duration distribution

Dur. Years	Weight	Avg. Dur.
0-2	8.26%	0.89
2-5	19.11%	3.74
5-10	43.80%	6.62
10-15	17.73%	11.48
15+	11.10%	16.32
Total	100.00%	7.54

Sydivest EM Sustainable Bonds d W DKK: Exclusion Overview

Excluded countries that are either benchmark countries or have a bond market.

Country	Excluded		Sanctions		Sydbank Sovereign ESG		SDG PLUS	Benchmark Weight
	CORE	PLUS	CORE	PLUS	CORE	PLUS		
Angola		X				X	X	1.09%
Azerbaijan		X				X		0.93%
Belarus		X		X		X		0.51%
Benin		X					X	0.00%
Cameroon		X				X		0.12%
China		X		X				4.41%
Congo, Democratic Republic of the	X	X		X	X	X	X	0.00%
Congo, Republic of the		X				X	X	0.00%
Cote D'Ivoire		X				X		0.00%
Ethiopia		X				X		0.13%
Guatemala		X				X		0.77%
Honduras		X				X		0.27%
Iraq		X				X		0.45%
Laos		X				X		0.00%
Lebanon		X		X		X		0.24%
Mali	X	X			X	X	X	0.00%
Mozambique		X				X		0.10%
Nigeria		X				X	X	1.50%
Pakistan		X					X	0.59%
Papua New Guinea		X					X	0.07%
Russia		X		X				3.36%
Saudi Arabia		X		X				3.90%
Tajikistan		X				X		0.06%
Thailand		X				X		0.00%
Turkey		X				X		3.43%
Uganda		X					X	0.00%
United Arab Emirates		X		X				3.86%
Venezuela	X	X		X	X	X		0.00%
Zambia		X					X	0.23%
Total Countries								Benchmark
28								26.00%

Excluded Quasi-Sovereign Companies from investable countries.

Country	Company	Bloomberg			Industry Group	Benchmark Weight
		Ticker	Industry Sector	Industry Group		
Bahrain	National Oil and Gas Holding (NOGA)	OILGAS	Energy	Oil&Gas	0.28%	
Chile	Empresa Nacional del Petroleo	ENAPCL	Energy	Oil&Gas	0.24%	
Croatia	Hrvatska Elektroprivreda	HRELEC	Utilities	Electric	0.08%	
Georgia	Georgian Railway JSC	GRAIL	Industrial	Transportation	0.07%	
India	Export-Import Bank of India	EXIMBK	Government	Sovereign	0.74%	
Indonesia	Indonesia Asahan Aluminium Persero	IDASAL	Basic Materials	Mining	0.24%	
Indonesia	Perusahaan Perseroan Persero	PLNIJ	Utilities	Electric	0.45%	
Indonesia	Pelabuhan Indonesia II	PLBIJ	Industrial	Transportation	0.07%	
Indonesia	Pertamina Persero	PERTIJ	Energy	Oil&Gas	0.66%	
Kazakhstan	KazTransGas JSC	KZTGKZ	Energy	Pipelines	0.11%	
Kazakhstan	KazMunayGas National Co JSC	KZOKZ	Energy	Oil&Gas	1.03%	
Malaysia	Petroleum Nasional Bhd	PETMK	Energy	Oil&Gas	1.81%	
Mexico	Comision Federal de Electricidad	CFELEC	Utilities	Electric	0.24%	
Mexico	Petroleos Mexicanos	PEMEX	Energy	Oil&Gas	2.10%	
Panama	Empresa de Transmision Electrica	EMTESA	Utilities	Electric	0.06%	
Peru	Petroleos del Peru SA	PETRPE	Energy	Oil&Gas	0.33%	
Philippines	Power Sector Assets & Liabilities Man	PSALM	Financial	Diversified Finan Services	0.14%	
South Africa	Eskom Holdings SOC Ltd	ESKOM	Utilities	Electric	0.40%	
South Africa	Transnet SOC Ltd	SAFTRA	Industrial	Transportation	0.10%	
Trinidad And Tobago	Trinidad Generation UnLtd	TRNGEN	Utilities	Electric	0.09%	
Trinidad And Tobago	Trinidad Petroleum Holdings Lt	TPHLTT	Energy	Oil&Gas	0.09%	
Ukraine	NAK Naftogaz Ukraine	NAFTO	Energy	Oil&Gas	0.07%	
Ukraine	Ukraine Railways	RAILUA	Industrial	Transportation	0.09%	
Total Companies					Benchmark	
22					9.50%	