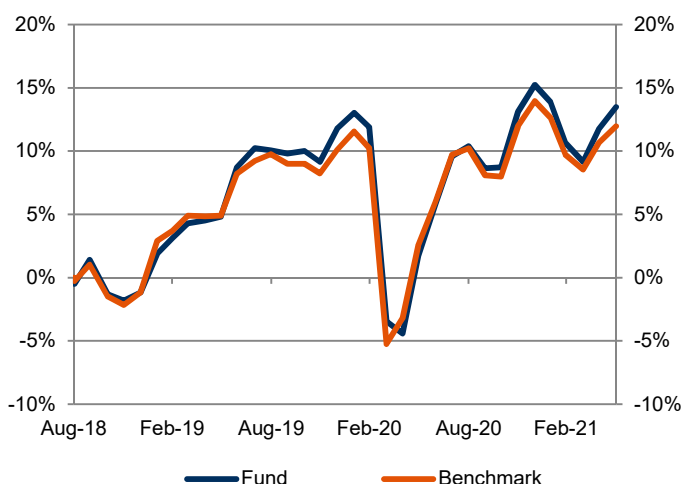


Sydinvest EM Sustainable Bonds d W DKK

Monthly Report - May 2021

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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	1.57%	-1.51%	2.57%	0.31%	11.57%
Benchmark	1.18%	-1.76%	2.05%	-0.03%	9.21%
Performance	0.38%	0.24%	0.52%	0.34%	2.36%

Key Figures

Ratios, end of month	May	Change	April
Fund Yield to maturity *	5.16%	0.13%	5.03%
Benchmark Yield to maturity *	4.39%	-0.08%	4.47%
Fund Duration	7.35	-0.29	7.64
Benchmark Duration	7.69	0.04	7.66
No. of countries	30	0	30
Gov. bonds, %	95.01%	0.26%	94.75%
Quasi Sov., %	2.65%	-0.41%	3.06%
Cash, %	2.53%	0.01%	2.52%
Total AUM, mn DKK	1,633.26	25.17	1,608.09
NAV	106.08	1.64	104.45
Avg. rating S&P	BB		BB+
Beta, since inception	0.99	0.00	0.99
Track. Error, since inception	2.34%	-0.03%	2.36%
Sharpe Ratio, since inception	0.47	0.05	0.42
Info. Ratio, since inception	0.22	0.06	0.16
Volatility, since inception	11.18%	-0.15%	11.33%
BM Weight of ESG country exclusion**	25.99%	0.01%	25.98%
Weight of Quasi-Sov. Oil & Gas excl.**	9.32%	-0.06%	9.38%
Total ESG exclusion.*	35.31%	-0.05%	35.36%

* 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 1.57% net of fees in May, which was 38bp better than the return of its benchmark. The exclusion of benchmark countries and quasi sovereigns added 4bp to the fund's performance in May.

Performance was affected positively by the ESG-related zero weights in China and Belarus, the overweights in South Africa, Ukraine, Argentina and Seychelles, the underweight in El Salvador as well as the overweights and asset allocations in Qatar and Kenya. Conversely the asset allocations in Romania and Brazil, the overweight and asset allocation in Chile well as the ESG-related zero weights in Turkey and Saudi Arabia detracted from performance.

Portfolio Strategy and Changes

The fund is underweight spread duration and Treasury duration after a reduction in Treasury duration in May. 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 May we reduced the large overweight in Indonesia. We are still overweight but it is not one of the largest overweights anymore. In Chile we switched from a bond issued in EUR to a bond issued in USD. We added Egypt, Jordan and Romania. We sold the small off-benchmark position in Macedonia.

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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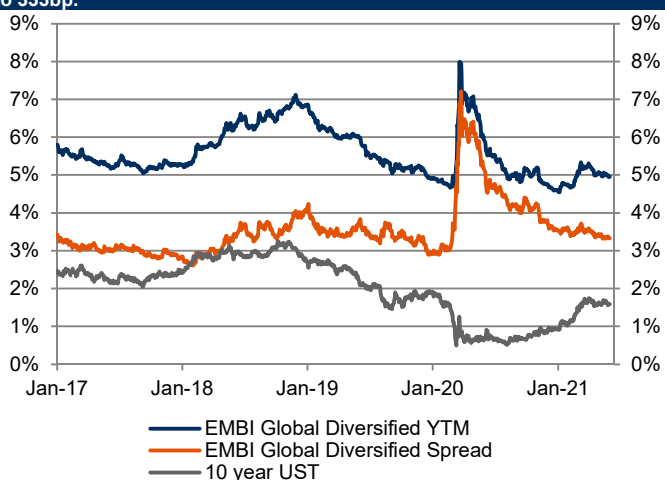
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EM Bond Markets – May

May was fairly peaceful. US rates fell slightly, the US equity market was almost unchanged and oil prices rose a bit. Due to a Danish bank holiday on 30 April the below numbers are from 29 April and onwards to match the fund's return period. EM hard currency bonds though did not fall into a lull. Benchmark credit spreads tightened by 8bp to 333bp. The spread tightening mostly occurred in the HY part of the benchmark whereas spreads were almost unchanged in the IG part. Combined with the slightly lower UST rates the yield to maturity of the benchmark fell by 11bp to 4.96%. The result was a monthly benchmark return of 1.18% hedged to DKK. Zambia inched closer to an IMF deal and this made the sovereign bonds rally and Zambia the best performer in May.

May was fairly peaceful. US rates fell slightly. EM hard currency bonds though did not fall into a lull. Benchmark credit spreads tightened by 8bp to 333bp.



Asset Class Outlook

Commodity prices continue their strong upward trend, which is very supportive of emerging markets. Some analysts are even starting to speculate that a new commodity super cycle is just beginning. There seems to be a growing consensus about the strong price outlook for a range of commodities, but especially copper, gas and even oil. The basis for higher prices is increasing global demand which is not expected to be met by a commensurate increase in supply. Supply is expected to be held back by a lack of willingness to commit new investment spending as many commodities producers are focused on cost discipline and debt reduction.

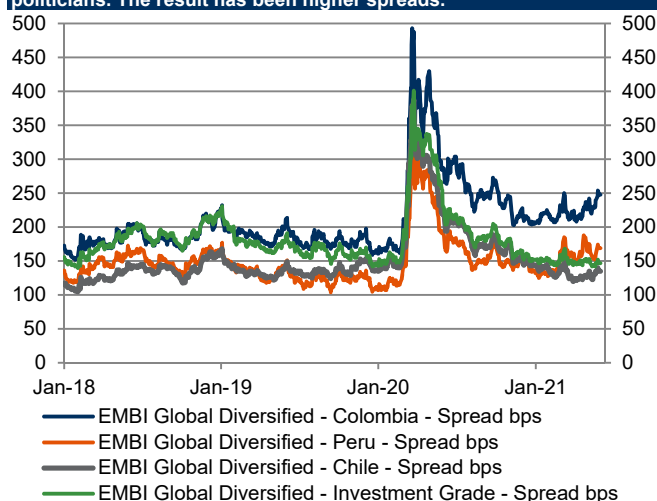
There were two huge economic data surprises in the US in May, which have implications for all financial markets, including emerging markets bonds. Annual inflation came in much higher than anticipated at 4.2%. The largest 12-month increase in almost 13 years would normally have caused panic in bond markets but investors took the data in their stride, with the majority viewing current price trends as temporary. US employment numbers were also much weaker than expected, which would have normally supported bond prices. Again, the number was shrugged off as Covid-related noise. This lack of volatility to such volatile data is of comfort for financial assets such as emerging markets bonds as it demonstrates a certain robustness.

Increasing demands for wider political and social inclusion are becoming more apparent across Latin America but especially in the Andean region. This changing dynamic is manifesting itself in a renewed popular dissatisfaction and quest for a redistribution of wealth. We are seeing this most clearly in a shift to the left with Chile, Peru and Colombia being the most recent candidates.

Within emerging markets we believe there is value in sub-investment grade bonds and likewise that emerging markets sovereign bonds overall are cheap to US corporate bonds.

Peru will hold the much anticipated second round of its presidential elections on 6 June. The concern for financial markets is that left-leaning candidate Pedro Castillo, who came out on top of the first-round vote, could edge past market favourite Keiko Fujimori. Whilst we are concerned by the prospect of a shift to the left, the new president's power ought to be curtailed as coalition building in Peru is notoriously difficult.

A socio-economic backlash is becoming apparent across Latin America, and have led to protest and to the election of less market friendly politicians. The result has been higher spreads.



This socio-economic backlash is becoming apparent across Latin America. We had a similar scare in Ecuador in April, only for the more centrist candidate to prevail. Likewise in Chile leftist or populist candidates performed very well in the latest elections in May, which were held to choose who would re-write Chile's new constitution. Current President Piñera and centre-right political parties came out with less than 21% of the total vote, down from the historic norm of around 40%. This development highlights the risk of a more radical constitution and for a less market friendly victor in the November presidential and legislative elections.

Colombia is seeing a wave of social protests and even riots protesting public spending cuts. These cuts had been presented by the government to Congress to stave off a credit rating downgrade to below investment grade. The backlash was so extreme however that all hope is now lost to pass such fiscal reforms. The reaction was swift from ratings agency S&P, which cut Colombia's sovereign rating one notch to BB+ after the government's plan to raise taxes to curb the deficit was blocked by Congress.

Ukraine's bonds were on fire in May as Ukraine approved anti-corruption legislation designed to get its loan programme with the International Monetary Fund back on track. This renewed willingness is an encouraging sign although it needs to make further reforms to fully re-engage with the IMF. Ukraine also made its first ever payment to holders of GDP-linked securities or warrants. We find these to be an extremely attractive instrument and see further upside potential.

African bonds continue to outperform other regions so far in 2021. Rising oil prices have helped exporters such as Angola, Nigeria and Ghana. We continue to like Egypt's bonds as we expect a new loan programme to be agreed with the IMF soon, after the IMF praised the country for its continued reform efforts. We remain overweight as we still appreciate the overall positive economic developments. We expect a strong economic recovery in 2021 as well as an improving fiscal balance along with falling debt levels. IMF support is the backbone of wider multilateral backing which ensures easier funding. However we remain cautious about sudden shifts in risk sentiment which could put renewed focus on Egypt's high external financing needs at a time when tourism revenues are down significantly.

Sydneyinvest EM Sustainable Bonds d W DKK: Performance attribution

Performance Attribution - May 2021

Country	Asset	Interaction	Residual	Cost	Total	
	0.67%	-0.10%	-0.16%	0.02%	-0.05%	0.38%

	Investment	Cash	Cost	Total
	0.45%	-0.02%	-0.05%	0.38%

Performance Attribution: Break-down - May 2021

	Country	Asset	Interaction	Performance
Excluded Countries	0.03%	0.00%	0.00%	0.03%
Excluded Quasi-Sovereigns	0.02%	0.00%	0.00%	0.02%
Selected Strategies	0.38%	0.00%	0.01%	0.39%
Cost	-0.05%	0.00%	0.00%	-0.05%
Total	0.37%	0.00%	0.01%	0.38%

ESG Excluded Countries or company: Top & Bottom

	OW/UW	Performance
China	-4.27%	0.02%
Belarus	-0.49%	0.02%
Russia	-3.34%	0.01%
Indonesia	-1.39%	0.01%
Lebanon	-0.26%	-0.01%
Zambia	-0.25%	-0.02%
Saudi Arabia	-3.80%	-0.02%
Turkey	-3.46%	-0.03%

Active Strategies in non-excluded Countries: Top contributors*

	Average OW/UW	Country	Asset	Interaction	Total	
Top 5 Contributors	4.57%	South Africa	0.09%	0.00%	0.01%	0.10%
	3.71%	Ukraine	0.10%	-0.01%	-0.02%	0.07%
	1.51%	Argentina	0.06%	0.01%	0.01%	0.07%
	-0.98%	El Salvador	0.05%	0.00%	0.00%	0.05%
	1.27%	Qatar	0.01%	0.03%	0.01%	0.04%
Bottom 5 Contributors	4.32%	Indonesia	-0.03%	0.00%	0.00%	-0.02%
	5.26%	Mexico	0.06%	-0.03%	-0.06%	-0.02%
	-0.09%	Brazil	0.00%	-0.03%	0.00%	-0.03%
	2.20%	Chile	-0.04%	-0.01%	-0.01%	-0.06%
	3.88%	Romania	0.01%	-0.02%	-0.06%	-0.06%

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

	Average OW/UW	Country	Asset	Interaction	Total	
Top 5 Contributors	5.26%	Mexico	0.06%	-0.03%	-0.06%	-0.02%
	4.57%	South Africa	0.09%	0.00%	0.01%	0.10%
	4.32%	Indonesia	-0.03%	0.00%	0.00%	-0.02%
	3.88%	Romania	0.01%	-0.02%	-0.06%	-0.06%
	3.86%	Senegal	0.04%	0.00%	-0.02%	0.02%
Bottom 5 Contributors	-0.98%	El Salvador	0.05%	0.00%	0.00%	0.05%
	-1.24%	Poland	0.01%	0.00%	0.00%	0.01%
	-1.38%	Kazakhstan	0.01%	0.00%	0.00%	0.01%
	-2.31%	Bahrain	0.02%	0.00%	0.00%	0.02%
	-2.91%	Philippines	0.01%	0.00%	0.00%	0.01%

* 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 May 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	FALSK	5.81%	1.46%	4.35%	11.27	8.36	0.53
	South Africa	6.70%	2.62%	4.08%	6.72	7.00	0.27
	Egypt	6.54%	2.66%	3.88%	7.25	6.98	0.29
	Senegal	4.22%	0.36%	3.86%	4.96	8.29	0.18
	Ukraine	6.13%	2.55%	3.59%	2.88	4.89	0.05
	Ghana	4.99%	1.78%	3.21%	5.77	6.34	0.18
	Mexico	7.76%	4.84%	2.92%	11.65	9.41	0.45
	Chile	4.85%	2.81%	2.04%	12.29	11.82	0.26
	Dominican Rep.	4.61%	2.62%	1.99%	7.92	9.05	0.13
	Montenegro	1.99%	-	1.99%	4.58	0.00	0.09
10 Largest Underweights	Nigeria*	0.00%	1.48%	-1.48%	0.00	7.07	-0.10
	Kazakhstan	0.00%	2.52%	-2.52%	0.00	8.60	-0.22
	Bahrain	0.00%	2.61%	-2.61%	0.00	5.39	-0.14
	Malaysia	0.00%	2.63%	-2.63%	0.00	9.79	-0.26
	Philippines	0.00%	3.03%	-3.03%	0.00	8.69	-0.26
	Russia*	0.00%	3.33%	-3.33%	0.00	7.56	-0.25
	Turkey*	0.00%	3.46%	-3.46%	0.00	5.43	-0.19
	United Arab Emirates*	0.00%	3.79%	-3.79%	0.00	8.95	-0.34
	Saudi Arabia*	0.00%	3.82%	-3.82%	0.00	9.48	-0.36
	China*	0.00%	4.28%	-4.28%	0.00	5.73	-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	4.70%
A	7.18%
BBB	33.74%
BB	19.10%
B	30.60%
CCC and below	6.91%
Not rated	0.00%
Default	0.47%

Concentration risk

Country	Weight
Mexico	7.76%
South Africa	6.70%
Egypt	6.54%
Indonesia	6.30%
Ukraine	6.13%
Romania	5.81%
Ghana	4.99%
Chile	4.85%
Qatar	4.70%

Duration distribution

Dur. Years	Weight	Avg. Dur.
0-2	7.84%	0.89
2-5	22.16%	4.12
5-10	41.32%	6.99
10-15	18.09%	11.68
15+	10.59%	16.48
Total	100.00%	7.73

Sydney Invest 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	Benchmark
	CORE	PLUS	CORE	PLUS	CORE	PLUS	PLUS	Weight
Angola		X				X	X	1.11%
Azerbaijan		X				X		0.91%
Belarus		X		X		X		0.47%
Benin		X					X	0.00%
Cameroon		X				X		0.11%
China		X		X				4.28%
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		0.12%
Guatemala		X				X		0.74%
Honduras		X				X		0.26%
Iraq		X				X		0.44%
Laos		X				X		0.00%
Lebanon		X		X		X		0.26%
Mali	X	X			X	X	X	0.00%
Mozambique		X				X		0.10%
Nigeria		X				X	X	1.48%
Pakistan		X					X	0.91%
Papua New Guinea		X					X	0.06%
Russia		X		X				3.33%
Saudi Arabia		X		X				3.82%
Tajikistan		X				X		0.06%
Thailand		X				X		0.00%
Turkey		X				X		3.46%
Uganda		X					X	0.00%
United Arab Emirates		X		X				3.79%
Venezuela	X	X		X	X	X		0.00%
Zambia		X					X	0.26%
Total Countries								Benchmark
								28
								25.99%

Excluded Quasi-Sovereign Companies from investable countries.

Country	Company	Bloomberg			Benchmark
		Ticker	Industry Sector	Industry Group	Weight
Bahrain	National Oil and Gas Holding (NOGA)	OILGAS	Energy	Oil&Gas	0.32%
Chile	Empresa Nacional del Petroleo	ENAPCL	Energy	Oil&Gas	0.21%
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	0.71%
Indonesia	Indonesia Asahan Aluminium Persero	IDASAL	Basic Materials	Mining	0.23%
Indonesia	Perusahaan Perseroan Persero	PLNIJ	Utilities	Electric	0.44%
Indonesia	Pelabuhan Indonesia II	PLBIJ	Industrial	Transportation	0.07%
Indonesia	Pertamina Persero	PERTIJ	Energy	Oil&Gas	0.65%
Kazakhstan	KazTransGas JSC	KZTGKZ	Energy	Pipelines	0.10%
Kazakhstan	KazMunayGas National Co JSC	KZOKZ	Energy	Oil&Gas	0.98%
Malaysia	Petroleum Nasional Bhd	PETMK	Energy	Oil&Gas	1.79%
Mexico	Comision Federal de Electricid	CFELEC	Utilities	Electric	0.24%
Mexico	Petroleos Mexicanos	PEMEX	Energy	Oil&Gas	2.10%
Panama	Empresa de Transmision Electrica	EMTESA	Utilities	Electric	0.05%
Peru	Petroleos del Peru SA	PETRPE	Energy	Oil&Gas	0.32%
Philippines	Power Sector Assets & Liabilities Man	PSALM	Financial	Diversified Finan Services	0.13%
South Africa	Eskom Holdings SOC Ltd	ESKOM	Utilities	Electric	0.41%
South Africa	Transnet SOC Ltd	SAFTRA	Industrial	Transportation	0.10%
Trinidad And Tobago	Trinidad Generation UnLtd	TRNGEN	Utilities	Electric	0.08%
Trinidad And Tobago	Trinidad Petroleum Holdings Lt	TPHLLT	Energy	Oil&Gas	0.08%
Ukraine	NAK Naftogaz Ukraine	NAFTO	Energy	Oil&Gas	0.07%
Ukraine	Ukraine Railways	RAILUA	Industrial	Transportation	0.08%
Total Companies					Benchmark
					22
					9.32%