

Hoe zich voorbereiden op stijgende rentes in de toekomst ?

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4 oktober 2014

Zal de rente stijgen in de toekomst ?



Alweer geen slecht jaar voor obligaties !

Index Performance

Barclays Capital Index Total Returns - Percent



Bron: Thomson Reuters Datastream, BlackRock Investment Institute 29/09/2014

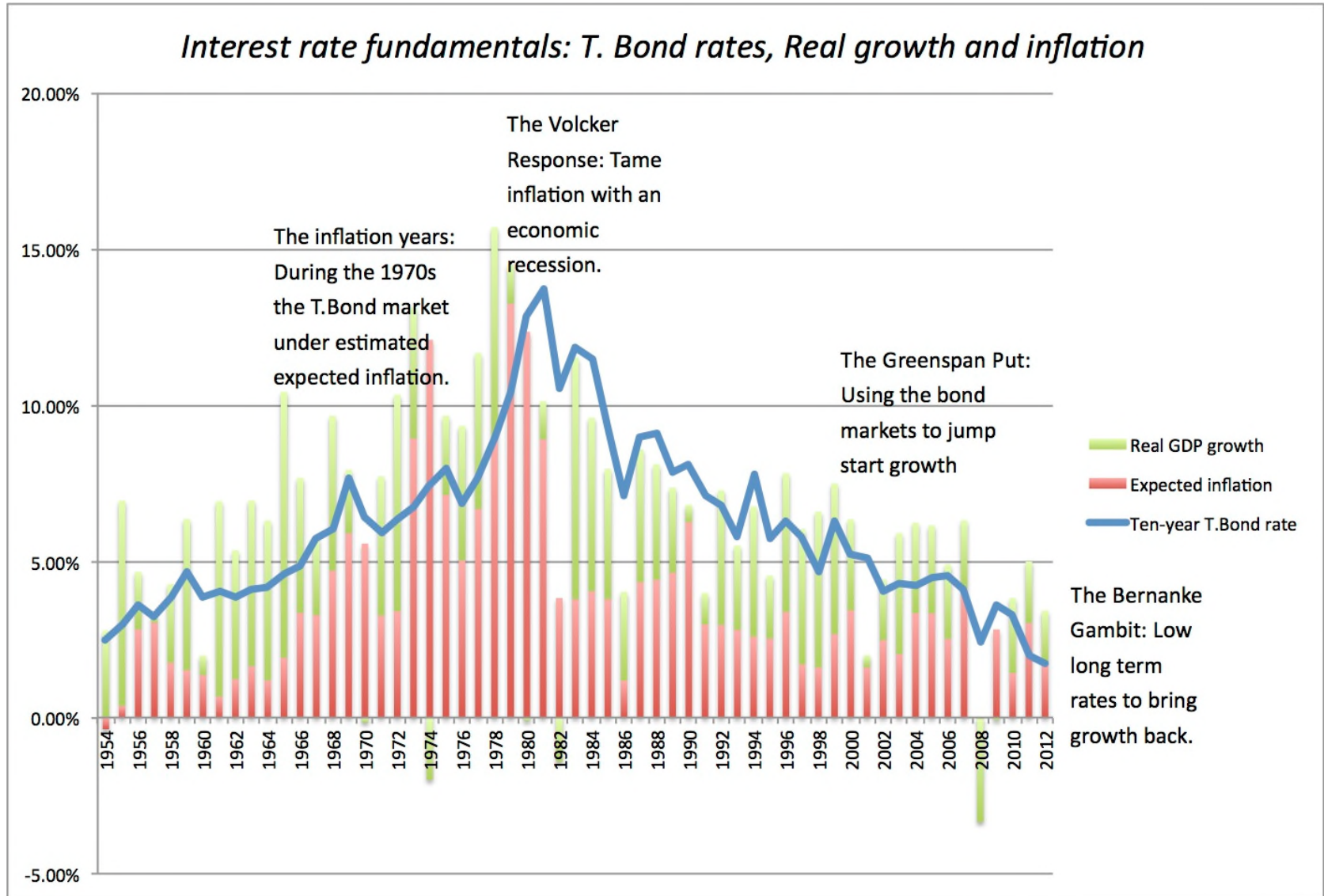
Vooral dalende rentes hebben de obligatierendementen bepaald de laatste 20 jaar

G3 Government 10 Year Bond Yields (1990 – 2014)



Source: Bloomberg as of August 31, 2014

Is de bodem (nu echt) bereikt ?



BlackRock scenarios 2014

IMBALANCES TIP OVER

A downturn delivers zero nominal interest rates—but rising real ones. Markets sell off on (expectations of) a rate hike or an exogenous shock. Risk assets fall and volatility spikes. Safe-haven government bonds get a second life.

16%
(-4%)

LOW FOR LONGER

Real rates and overall volatility stay subdued. Momentum can easily propel equities higher. The hunt for yield intensifies. Low investor conviction in trades and lofty valuations leave little room for error.

57%
(+2%)

GROWTH BREAKOUT

Real rates move up gradually, driven by rising inflation expectations. This is mostly bad for bonds and mixed for stocks (growth trumps income). Cyclical assets (including commodities) should do well before rate fears kick in. Volatility rises.

27%
(+2%)



DOWNSIDE



UPSIDE



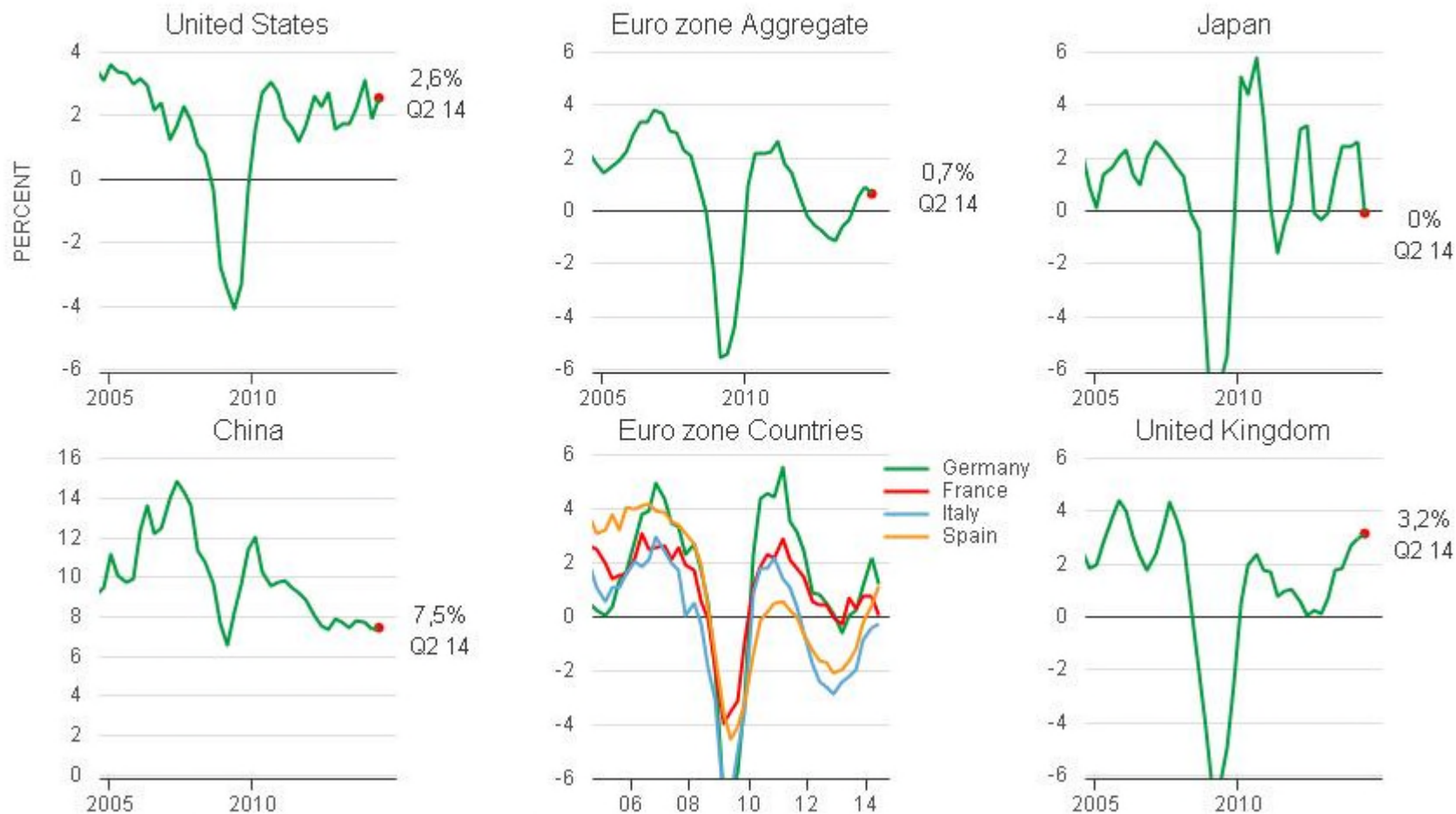
- ▶ Valuations become over-extended.
- ▶ UK and U.S. rate expectations rise too fast.
- ▶ Deflation hits the eurozone.

- ▶ EM economies and asset prices rebound.
- ▶ Global growth beats (low) expectations.
- ▶ Companies switch from buybacks to capex.

Source: BlackRock Investment Institute, June 2014

Meer divergentie in economische groei verwacht

Real GDP Growth on Previous Year



Bron: Thomson Reuters Datastream, BlackRock Investment Institute 29/09/2014

Obligaties worden gedreven door liquiditeit en monetair beleid



Federal Reserve

Started 'tapering' and dropped unemployment threshold; forward guidance to keep front-end rates low. Debate over terminal Fed funds rate



European Central Bank

ECB delivered further rate cuts, new TLTRO, and unveiled plan to buy ABS/covered bonds. Will these be enough?



Bank of England

Will the BOE be the first CB to raise rates given the strong economic momentum?



Bank of Japan

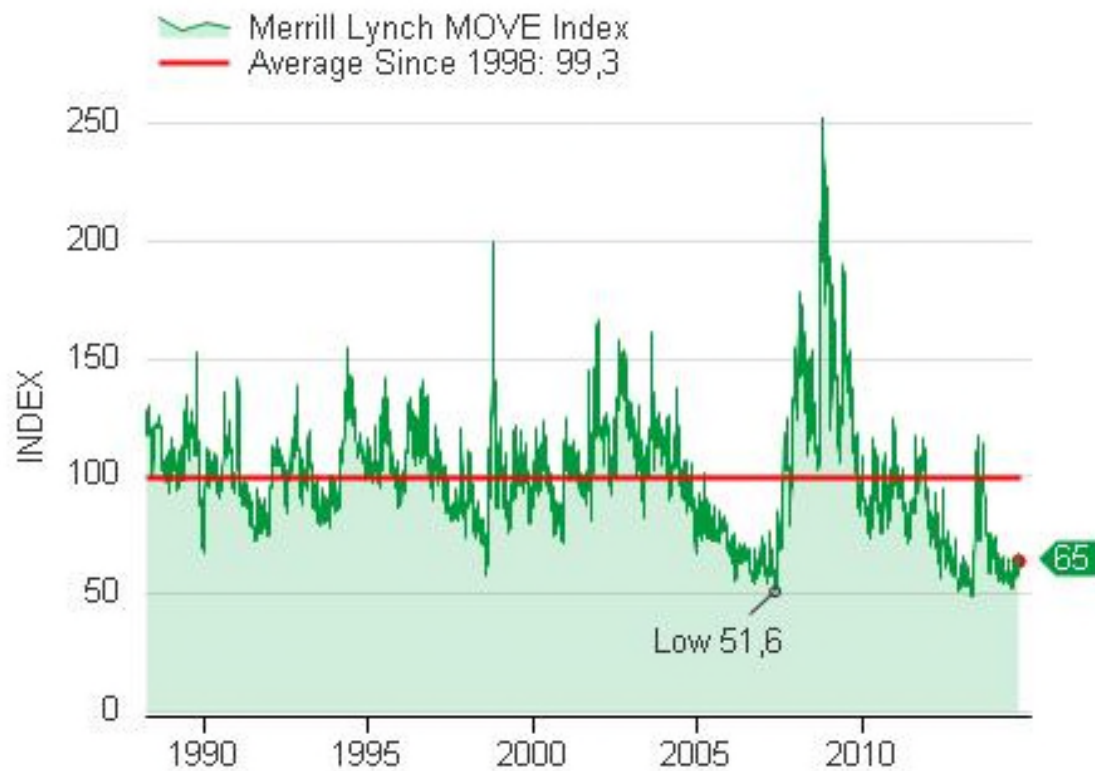
Ambitious 2% inflation target; likely further QE expansion?

Emerging Markets

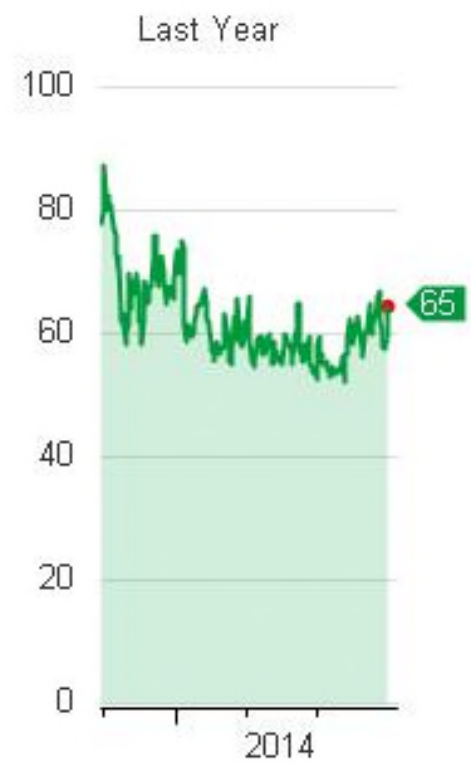
Some emerging market central banks are done raising rates as external imbalances adjust

Volatiliteit van obligaties (te) laag ?

US Treasury Volatility



Bron: Thomson Reuters Datastream, Merrill Lynch, BlackRock Investment Institute

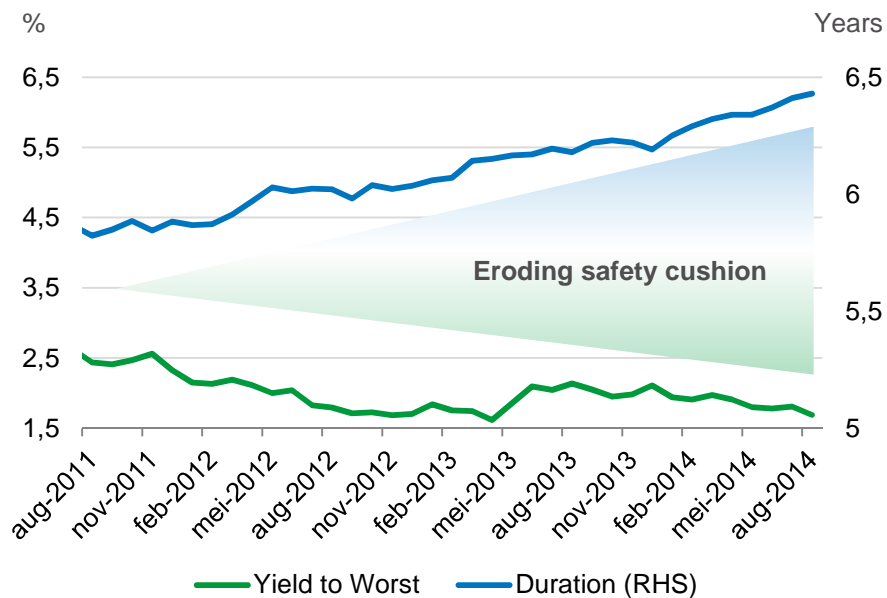


26/09/2014

Hoe duur zijn obligaties ?

Obligatiebeheer zal (moeten) veranderen in de toekomst

Risk / Reward of the Global Aggregate Deteriorating



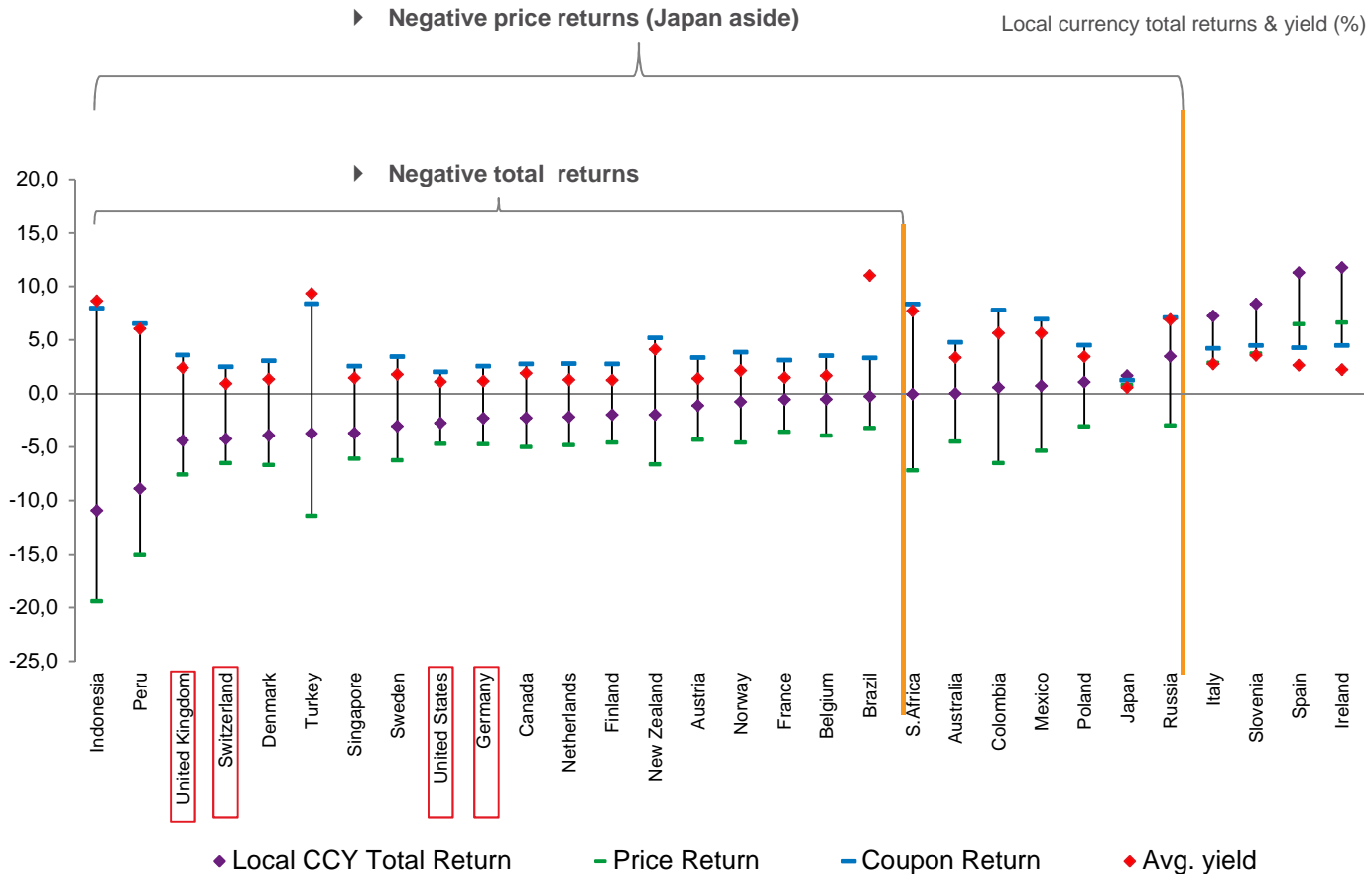
Declining Cushion to Protect Against Interest Rate Volatility

Barclays Global Aggregate: Yield, duration & break-even

Year	Yield-to-worst	Effective duration	Annual break-even
2006	4.19%	5.29	+0.79%
2014	1.69%	6.43	+0.26%
Change	↓	↑	↓

Source: Barclays Live, BlackRock. Data as of August 31, 2014

'Veilige' overheidsobligaties hadden een negatief totaalrendement in 2013*



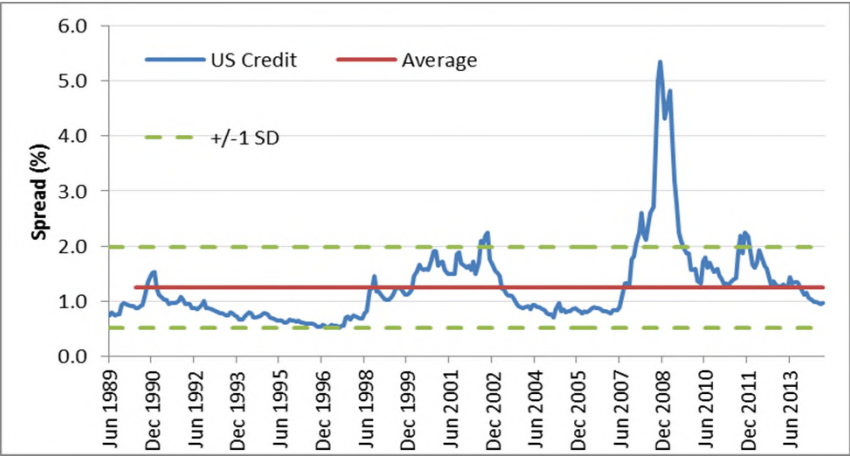
*Global Treasury Bond Market 2013 . Performance Return horizon: 31 December 2012 to 31 December 2013.

¹ Government bond data points are Barclays Global Government indices. Some countries are not listed for illustrative purposes, but are available upon request.

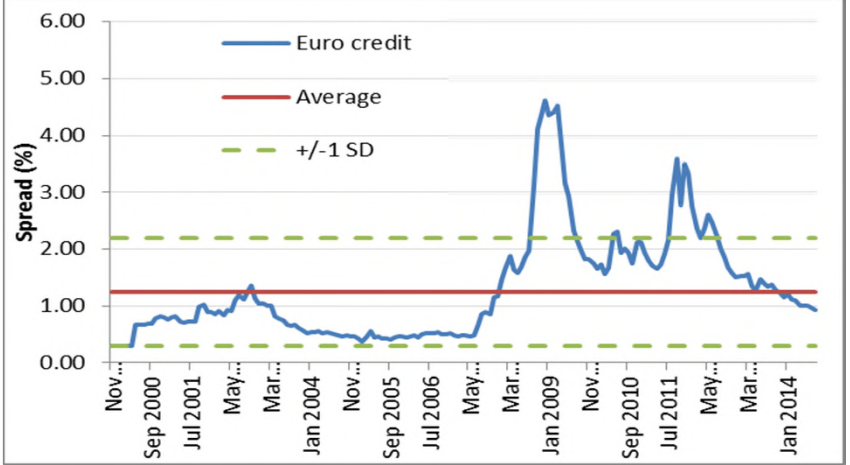
Source: BlackRock estimates, Barclays POINT

Hoe duur zijn obligaties ?

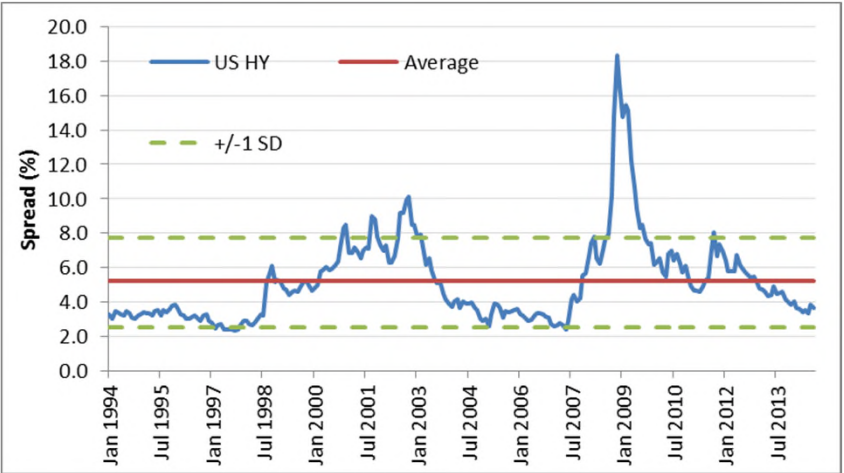
US Credit



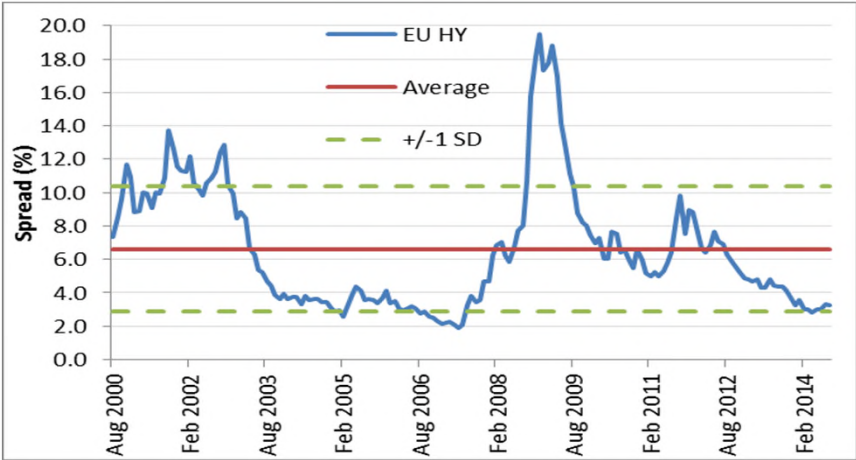
Euro Credit



US HY

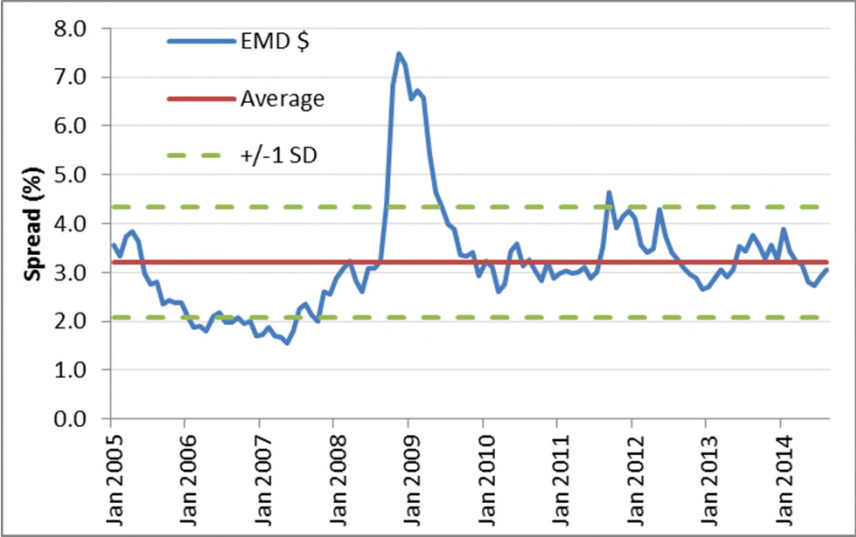


Euro HY

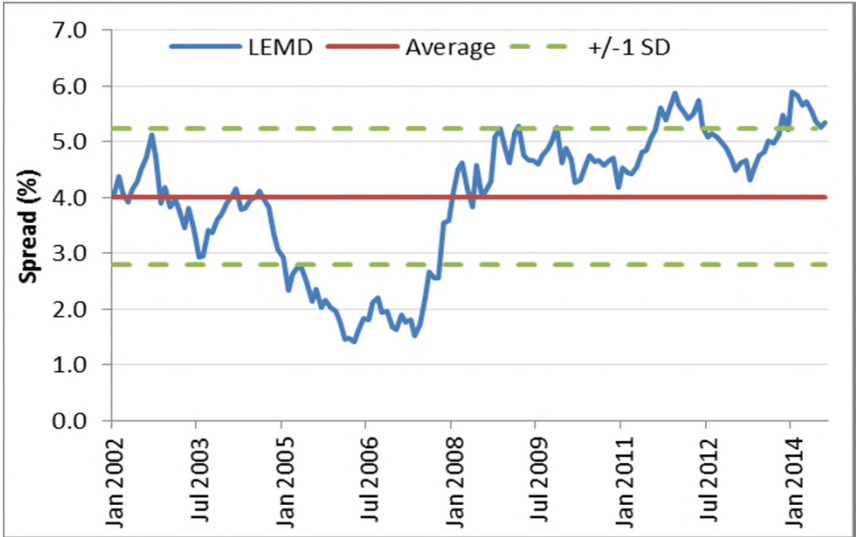


Hoe duur zijn obligaties ?

\$EMD



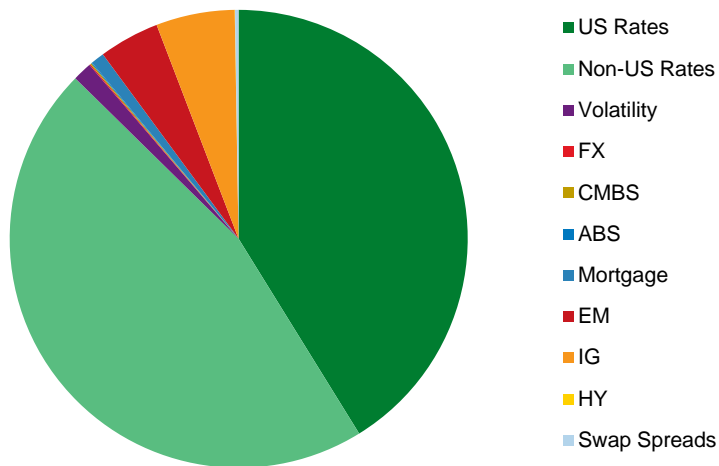
LEMD



Hoe obligaties beheren in de toekomst ?

Zoek naar oplossingen die presteren in alle markten !

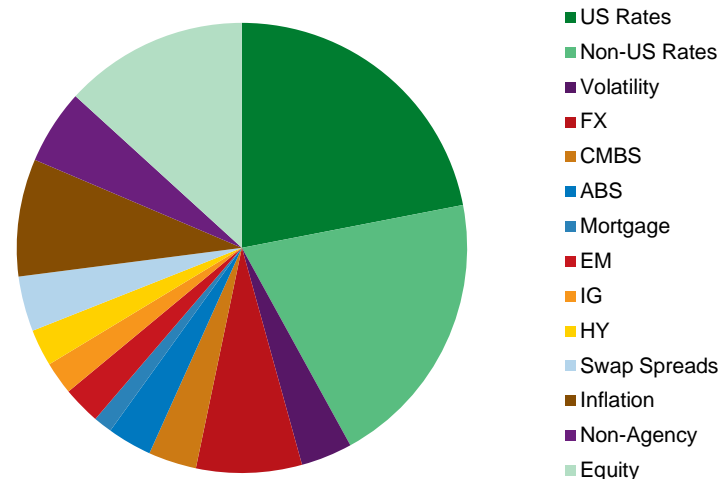
Risk allocation for Barclays Global Aggregate Index (USD Hedged)



Duration	6.12
Yield*	1.66 %
Risk :	178 bps

87% of the portfolio is concentrated in interest rates (i.e. duration risk)

Risk allocation for BGF FIGO Portfolio



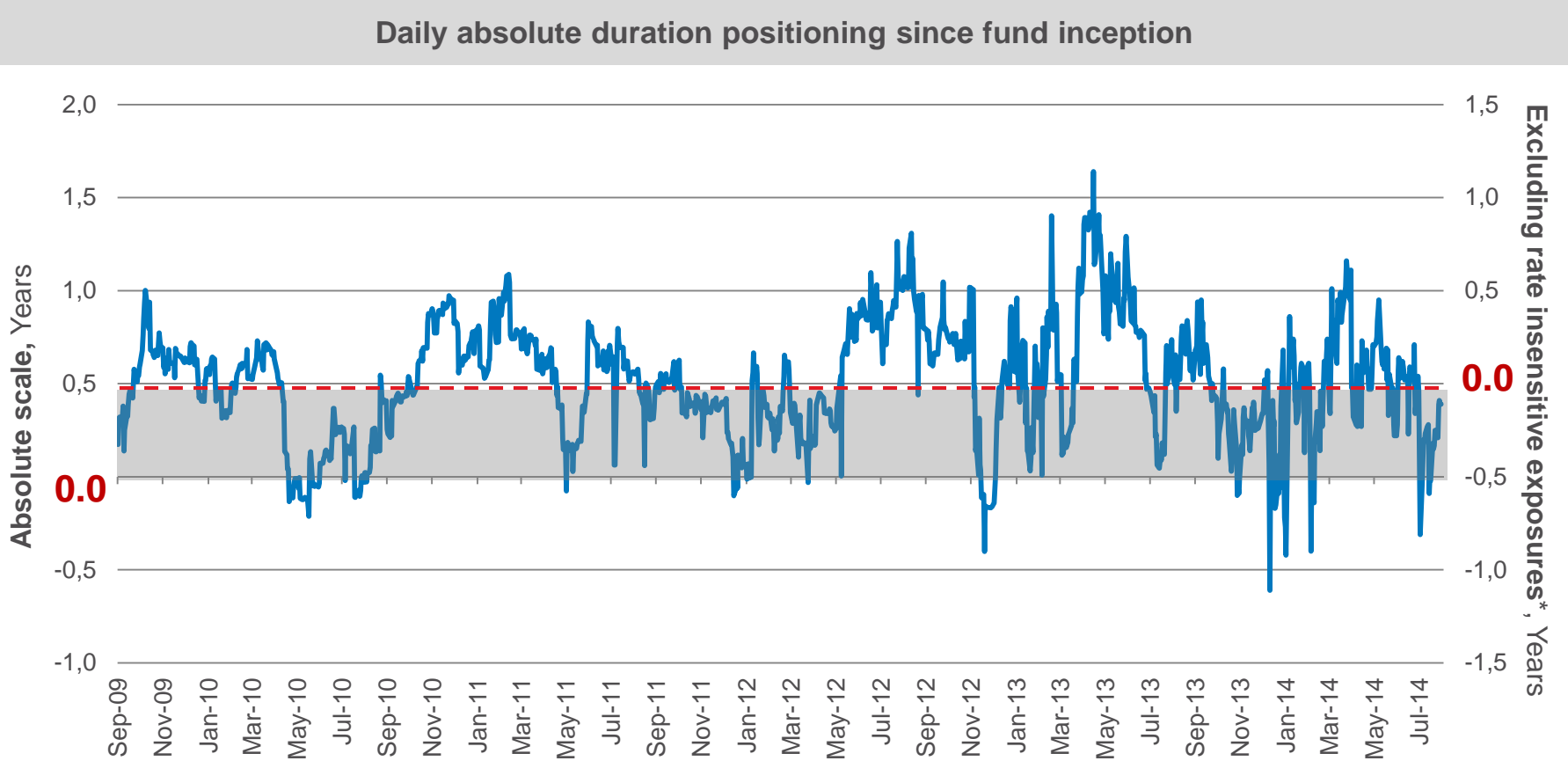
Duration	1.67
Yield*	2.17 %
Risk :	143 bps

Flexibility translates into attractive returns with lower overall risk

* Yield to Worst. All data as of 31 August 2014.

Source: BlackRock Solutions (BRS); Ex-ante value-at-risk (1 standard deviation) based on the BRS Portfolio Risk model average contribution to risk

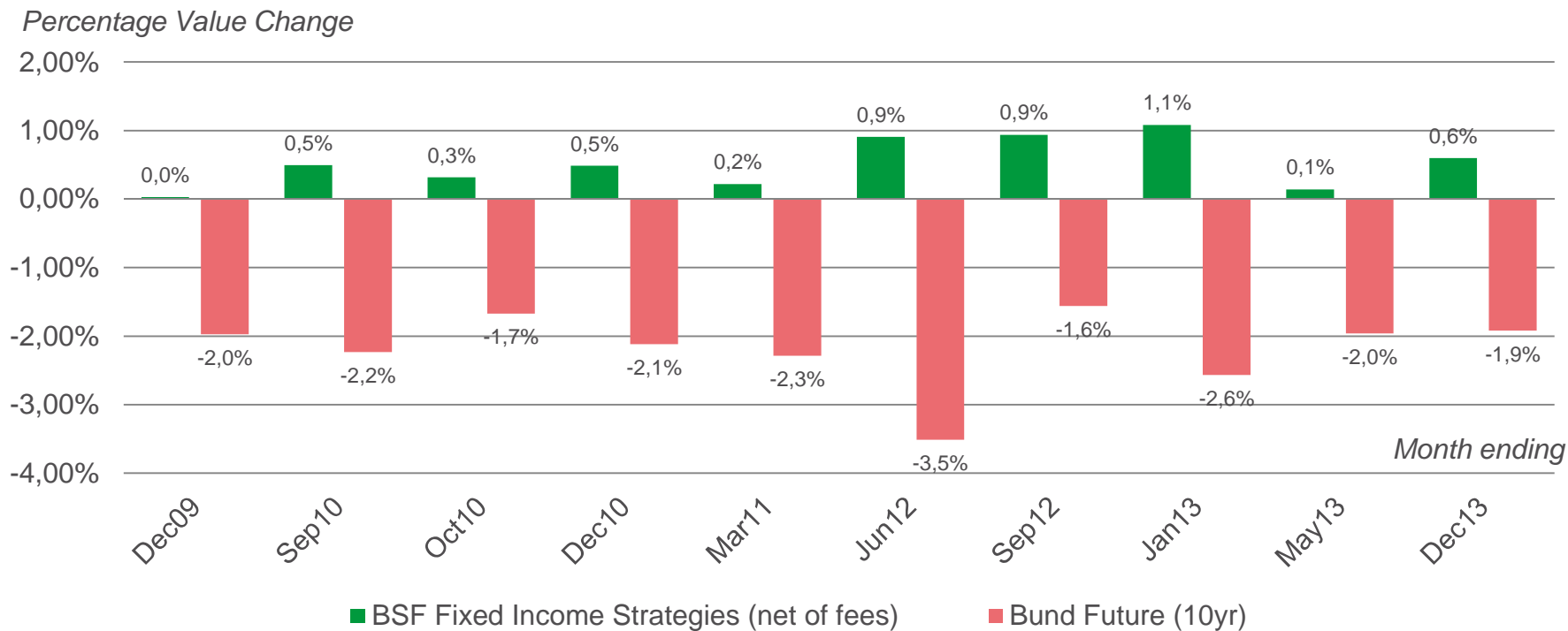
Efficiënte duratie zonder de coupon te verwaarlozen



Source: BlackRock, Data as at 31/08/2014

Positief rendement bij stijgende rentes is mogelijk

10 largest month declines of 10yr bund futures since fund inception



100% success rate in delivering positive absolute returns in periods of rising rates

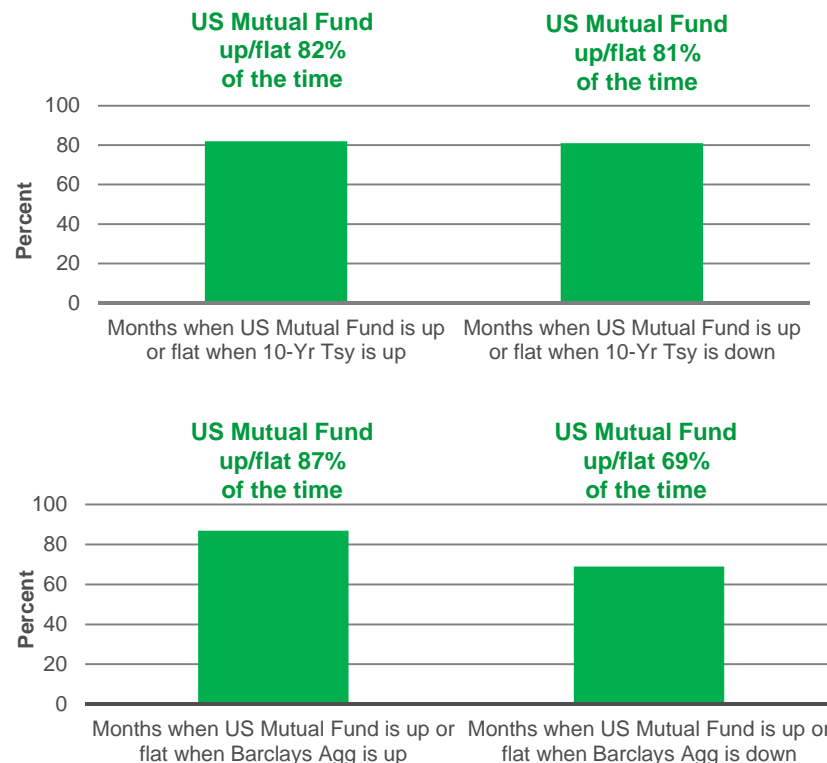
Source: BlackRock, Bloomberg . Data as at 30/06/14

Positief rendement bij stijgende rentes is mogelijk

US Mutual Fund performed consistently in periods of rising rates¹

Rates Sell Off	Increase in 10-yr Tsy (bps)	Barclays Agg	US Mutual Fund
10/3/11 to 10/27/11	62	-0.79	0.74
2/27/12 to 3/26/12	34	-0.49	0.48
7/24/12 to 8/16/12	39	-1.09	0.44
8/31/12 to 9/14/12	31	-0.41	1.24
10/2/12 to 10/18/12	22	-0.30	0.66
12/6/12 to 12/18/12	25	-0.68	0.30
12/28/12 to 2/1/13	31	-0.87	1.01
2/28/13 to 3/8/13	17	-0.49	0.28
5/2/13 to 6/25/13	98	-4.17	-2.27
7/19/13 to 8/19/13	40	-1.28	-0.50
8/27/13 to 9/5/13	28	-0.82	0.04
10/29/13 to 12/31/2013	53	-1.01	1.06

Seeks positive performance whether markets are up or down²



1. Based on daily data as of 8/31/14

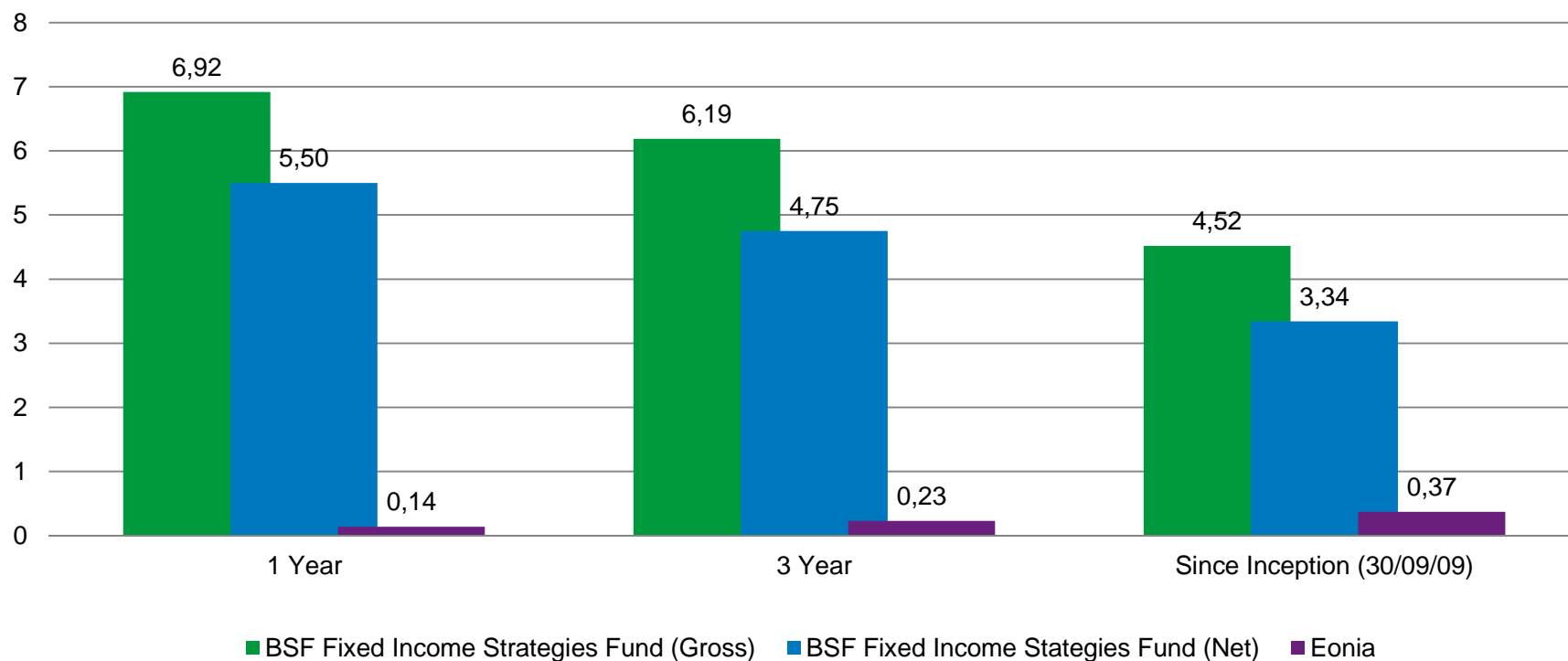
2. Percentage of positive monthly returns since inception shows the % of positive monthly returns when the 10-Yr Tsy or Barclays US Agg returns are positive and % of positive monthly returns when 10-Yr Tsy or Barclays US Agg returns are negative

Past performance is not indicative of future results..

Data shown is for a representative account for illustrative purposes only. The representative account is the BlackRock vehicle with the longest tenure running the strategy (a US-domiciled mutual fund.). Strategy inception date March 2010

BSF Fixed Income Strategies Fund: netto-rendement

Total Return in Euro (Ann%) - As at 31st August 2014



**Not Annualised*

Past results are not necessarily indicative of future results.

Performance is shown in € on a NAV price basis with income reinvested.

Source: BlackRock

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The fund invests in high yielding bonds. Companies who issue higher yield bonds typically have an increased risk of defaulting on repayments. In the event of default, the value of your investment may reduce. Economic conditions and interest rate levels may also impact significantly the values of high yield bonds.

The fund invests in fixed interest securities such as corporate or government bonds which pay a fixed or variable rate of interest (also known as the 'coupon') and behave similarly to a loan. These securities are therefore exposed to changes in interest rates which will affect the value of any securities held.

The fund may invest in structured credit products such as asset backed securities ('ABS') which pool together mortgages and other debts into single or multiple series credit products which are then passed on to investors, normally in return for interest payments based on the cash flows from the underlying assets. These securities have similar characteristics to corporate bonds but carry greater risk as the details of the underlying loans is unknown, although loans with similar terms are typically packaged together. The stability of returns from ABS are not only dependent on changes in interest-rates but also changes in the repayments of the underlying loans as a result of changes in economic conditions or the circumstances of the holder of the loan. These securities can therefore be more sensitive to economic events, may be subject to severe price movements and can be more difficult and/or more expensive to sell in difficult markets.

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