

SECTOR SOUNDBITES

- Defaults will remain low, although managers remain defensively positioned.
- There have been massive inflows into the sector as investors chase a higher yield.
- European liquidity issues persist, with some citing less liquidity in the US and CDS market.
- ETFs and their influence on active high yield managers have been key talking points in the US.
- The tide has turned as European high yield outperforms US high yield year to date.

Anthony Karaminas, sector head
High Yield

KEY FACTS

Sector name: High yield
Peer groups: Euro high yield Global high yield in EUR
Global high yield in USD US high yield

Review period: 1 August 2011 to 31 July 2012

Number of graded funds: 23

Dispersion of gradings: Platinum 4 Gold 11 Silver 7
Bronze 0 On Hold 0 Grading Removed 1

Peer group	Index	Median fund performance (%)		Index performance (%)	
		YTD	Review period	YTD	Review period
Euro high yield	BofA Merrill Lynch Euro HY Constrain TR	11.9	4.7	14.0	6.6
Global high yield in EUR	BofA Merrill Lynch Global High All Europe Cur	9.2	5.1	15.3	8.3
Global high yield in USD	BofA Merrill Lynch Global High Yield TR	8.0	5.4	9.1	7.3
US high yield	ML High Yield Master II USD!	8.8	3.1	9.6	5.1

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GRADINGS CHANGES

Sector fund/name	Previous grading	Issued on	Current grading	Issued on
<i>Upgrades</i>				
BlackRock Global Funds - US Dollar High Yield Bond Fund	Silver V5	October 2011	Gold V4	October 2012
<i>Downgrades</i>				
Schroder International Selection Fund - Global High Yield Fund	Silver V5	November 2011	Grading Removed	November 2012
<i>Newly covered</i>				
Hermes Global High Yield Fund	NC	–	Silver V4	October 2012
Pioneer Funds - Global High Yield	NC	–	Silver V4	October 2012
Pioneer Funds - US High Yield	NC	–	Silver V4	November 2012

An S&P Capital IQ fund grading is valid for 12 months from the date it is made public.

NC = not covered

GRADINGS SUMMARY

Euro high yield

BlueBay High Yield Bond Fund	Platinum V5	AXA WF Global High Yield Bond	Silver V5
◆ BlueBay High Yield Corporate Bond Fund	Platinum V5	BlueBay Global High Yield Bond Fund	Gold V5
Brookfield Funds - High Yield Europe Plus Fund	Gold V5	Invesco Global High Income Fund	Silver V5
◆ DWS Invest Euro High Yield Corporates	Gold V4	Pioneer Funds - Global High Yield	Silver V4
Fidelity Funds European High Yield Fund	Gold V5	Schroder International Selection Fund - Global High Yield Fund	Grading Removed
HSBC Global Investment Funds Euro High Yield Fund	Gold V6		
◆ Muzinich Europeyield	Gold V6	US high yield	
◆ Raiffeisen-Europa-HighYield Fonds	Gold V5	AXA WF US High Yield Bond	Silver V5
◆ WestLB Mellon Compass Fund Euro High Yield Bond Fund	Silver V5	BlackRock Global Funds - US Dollar High Yield Bond Fund	Gold V4

Global high yield in EUR

Hermes Global High Yield Fund	Silver V4	◆ Fidelity Funds US High Yield Fund	Platinum V4
Muzinich Transatlanticyield	Gold V4	◆ Neuberg Berman High Yield Bond Fund	Platinum V4
Robeco High Yield Bonds	Gold V5	Pioneer Funds - US High Yield	Silver V4

Global high yield in USD

Aviva Investors - Global High Yield Bond Fund	Gold V4	◆ Fund with a 5-year Long-term Grading designation - ie, the fund has achieved a Silver grading or above for 5 consecutive years	
		◆◆ Fund with a 10-year Long-term Grading designation - ie, the fund has achieved a Silver grading or above for 10 consecutive years	

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