Jyske Invest Balanced Strategy EUR

Updated on 30.09.2021

Market correction in Q3

The start of the third quarter of 2021 was overall a good month for investors in the financial market, with generally very positive reports from companies. However, the quarter also offered a marked correction, and it is the first time since February that equities lost value. This uninterrupted positive return over a 6-month period has not been normal and has only happened 12 times over the last 150 years. Therefore, we also see this correction as an ordinary market movement. We do not believe that one should be frightened by the current negative trends in the equity market. It is a relatively natural incident, and it is in fact rare, that only significant events and factors would be needed to initiate these corrections.

The general market themes in recent months has been the fear of rising interest rates, the development of the Covid-19 pandemic and the Delta variant, as well as some industries' supply chain problems. In general, it seems that the companies have come through the Covid-19 challenges sensibly and with good profit margins. This is even though the development of the Corona virus led to closing of ports and challenges in relation to transportation of goods. However, it has only affected specific countries – and not the overall market. The number of new infections and deaths globally, has also been declining. Thus, the 'third wave' appears to have peaked, and it will mean that future economic growth will continue to benefit from increasing societal activity, with the diminishing risk of lockdowns.

The start of the quarter offered positive returns on most asset classes in the portfolio, and the best returns were again to be found in the global equity market, which continued to rise. After the good start, characterized by price increases in the equity market and relatively positive returns on corporate bonds, September ended as a rather morose month, in terms of returns. Negative returns were noticeable on almost all asset classes, where the global equity market was hit the worst. However, rising interest rates also left their mark on the bond components. Traditional bonds, and especially new emerging market bond markets experienced the strongest headwind – consequently with negative returns.

	THE FUND*	BENCHMARK	DIFF.
Latest quarter	-0,92%	0,20%	-1,13%
Year-to-date	3,84%	3,84%	0,00%
* See past performance under the tab Past Performance			

Right now

Our overall risk exposure in the portfolios has been relatively stable, and we started the quarter with unchanged risk since we were still a bit hesitant until our process would give a more positive signal. In August we began to see a more progressively positive signal from our investment process, where less fear of sharply rising interest rates was the primary background. Following the market correction in September, we have chosen to increase the risk in our portfolios, but there is still room to increase the risk further.

Pay attention

Past performance is not a reliable indicator of future results. The value of and return on your investment may fall, and you may not get back the full amount invested. An initial charge is usually made when you purchase and sell units. The fund may invest in instruments denominated in various currencies. At least 75% of the fund assets will at all times be invested in EUR or hedged to EUR. You should be aware that changes in exchange rates may have an adverse effect on your investment. This may also be the case if EUR is not your base currency.

Information in this text should not be regarded as investment advice, and investors should consult their own investment and tax advisers before buying or selling.