



Selector snapshot: Accuro's van de Ven names his top HY fund

By Dalvinder Kular / 14 Feb, 2017



In an era of low interest rates, high yield funds have grown in popularity. In the latest edition of 'Selector snapshot', one selector reveals his top choice in the asset class.

Selector: Bart van de Ven

Company: Accuro Independent Private Bankers (Belgium)

In high yield, passive products can be a risk because they are liquid products in an illiquid market. It can cause problems and we saw that a year ago.

I also think that it is an asset class where you can make the difference by selecting the right issuer and the right issue in the capital structure of a company. Simply buying high yield in the index is not a good strategy for us.

Generally speaking, the price of high yield passive products is much higher than equities, so the cost advantage is not there. An ETF could be suitable for trading purposes, to go in and out of the asset class very fast, but that is not typically what we are looking for. We do not use passive products in the high yield area, however we do in equity.

We have one dedicated high yield bond fund and that is the [Hermes Global High Yield](#) fund. We want a manager that is not just expected to own US issuers or European issuers, we see it as global market. That means the manager has the freedom to go wherever he wants and have the ability to go global.

The fund is also managed differently compared to other funds in the market. Hermes' process goes beyond selecting the right issuer. Selecting the right issue in the capital structure of a company is a key element of the process.

We do not like oversized funds in general and, in high yield in particular, I think many high yield funds are much too big and take too much risk to compensate for lack of liquidity. We think the way the Hermes fund is managed doesn't allow the fund to grow to become a multi-billion euro fund. We are monitoring this closely.