



# Humboldt European High Yield Bonds

Class C LU0391040085

Class A1 LU0391039665 (non-distributing)

Class A2 LU0391039749 (distributing)

30 April 2010

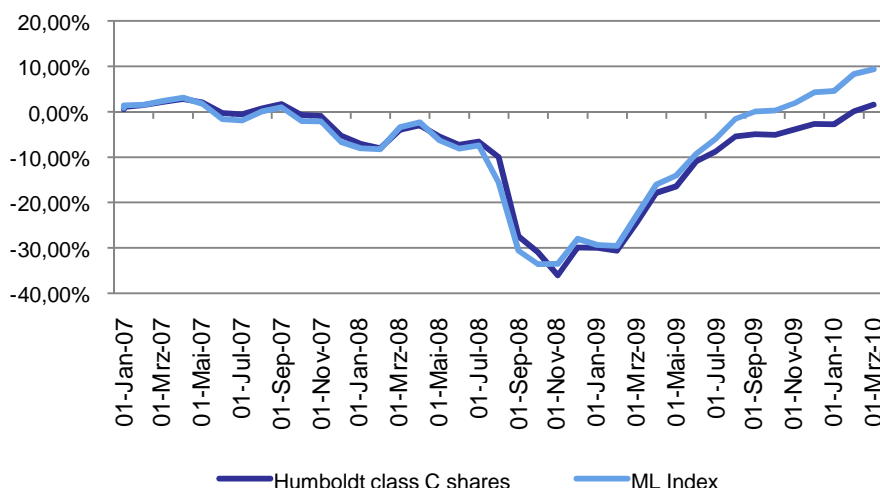
	NAV	One Month Return	YTD	Since Inception	Overall Fund Size
Fund (class C)	€ 99.55	1.48%	5.62%	1.54%	€ 59 m
Index*		0.98%	7.34%	9.35%	

\* ML European Ccy High Yield Constrained BB-B Rated ex sub. Financials Index

## Investment Objective

The fund invests primarily in high yield bonds issued by European companies and from international issuers which have a minimum rating restriction of B- (S&P) and B3 (Moody's) or higher and are denominated in euro. Up to 3% of its net assets in bonds and securities are allowed on a level below B-/B3 if they were downgraded after the acquisition. Holdings in non-euro securities are typically hedged back into the euro utilising forward foreign exchange contracts. The fund seeks to generate a high level of income with capital appreciation potential.

## Fund Performance vs ML European Ccy High Yield BB-B Rated ex Sub. Financials Constrained Index



The performance track record of this fund is heavily influenced by the change of the investment strategy to a BB-B limited fund, based on legal requirements of institutional investors who are not allowed to invest in CCC and lower rated bonds .

This change was executed in early 2009 with some preparations November/December 2008.

- (1) Reference index until 31 December 2008: ML European currency HY constrained index (HPC0),  
from 1 January 2009: ML European currency HY constrained BB-B ex-subordinated financials index (HP4A)

## Manager's Report April 2010

The Moody's global high yield default rate declined further from 10.0% end of March to 9.0% end of April. Moody's expects this rate to decline further to 2.0% one year from now. We are more conservative, but agree that the default rate can still fall significantly from the current level. High yield issuers in general are benefiting from improving balance sheets as well as cash flow generation.

With this in mind the European high yield market still presents good value. The spread on the Merrill Lynch European High Yield Non-Financial Constrained Index stands at 514 as of end of April. From this level with a modest economic recovery expected this year there is good potential for further spread tightening. However, with sovereign risk again making headlines and the risk of escalation of this issue, volatility can be expected in the near term. We would regard any significant spread widening as a potential buying opportunity.

European high yield currently presents itself as an attractive asset class on a relative basis, in particular in fixed income with the potential for government bond yields to rise in the not so distant future and investment grade corporate bonds trading near record low yields.

The recent rise in sovereign credit spreads, especially in the periphery Eurozone sovereigns such as Greece, Spain and Portugal, highlights the markets concern with heavy government debt loads. If this trend were to persist it could lead to more de-risking in markets and lead to higher credit spreads for bonds as a whole. Nevertheless, we see this impact financials and then investment grade corporate bonds first. High yield bonds are more likely to cushion the effect as spreads still offer sufficient premium.

## Fund Data and Risk Analysis

Fund Data		Top 5 holdings	Risk Analysis (since inception)	PALLMALL	ML Europ. HY Constr. Index
Yield (excl. Cash)	7.80%	Wind	Volatility	5.59%	6.68%
Duration	4.04 yrs	FTI Consulting	VaR 95%, 10 days	1.84%	
Av. Coupon Bonds	7.96%	Global Crossing	Sharpe Ratio	-0.04	0.50
		Owens Brockway			
		Kerling			

## Fund Details

<b>Fund Name:</b>	Humboldt Multi Invest C SICAV – European High Yield Bonds
<b>Fund Structure:</b>	Luxembourg SICAV
<b>ISIN Code:</b>	Class C LU0391040085 , class A1 LU0391039665 (non-distributing) class A2 LU0391039749 (distributing)
<b>Bloomberg:</b>	Class C: HUYDCC LX, class A1: HUYDAC LX, class A2 HUYDAD LX
<b>Promoter:</b>	Landesbank Baden-Württemberg
<b>Fund Manager:</b>	Pall Mall Investment Management Limited
<b>Management Fee:</b>	0.75% p.a.
<b>Launch Date:</b>	22 December 2006 (class C – not available for investments) Launch class A2: 4 March 2009 Launch class A1: 12 October 2009
<b>Administrator:</b>	Vontobel Management S.A.
<b>Depository, Registrar, Paying Agent:</b>	RBC Dexia Investor Services Bank S.A.
<b>Auditors:</b>	PricewaterhouseCoopers S.a.r.l.
<b>Financial Year End:</b>	31 August
<b>Valuation:</b>	Daily
<b>Subscription and Redemption:</b>	Daily, Cut-off: 10 am GMT+1 RBC Dexia Investor Services Bank Luxembourg S.A. Fax: 00352 24 60 9913
<b>Minimum initial Investment:</b>	€ 20,000
<b>Investment Management Team:</b>	Curt Schibli, Chris Brils, Jonathan Goble, Jason Late, Oliver Chamberlain, Alvaro Mata

## Contact

**UK:**  
52a Cromwell Road  
London, SW7 5BE  
Tel: +44 (0)20 7590 5994  
www.pmim.com

**Germany:**  
Messberg 4  
20095 Hamburg  
Tel: +49 (0)40 300 929 101  
www.pmim.com

## Disclaimer

Pall Mall Investment Management Limited is authorised and regulated by the Financial Services Authority ("FSA") and is issuing this Publication on a strictly confidential basis to a limited number of qualified prospective investors ("Recipient") for information purposes only, solely to enable them to determine whether they are interested in starting further discussions and (subject to the sole discretion of Pall Mall Investment Management Limited) receiving additional information regarding this investment opportunity. This Publication should not be construed as legal, tax or financial advice and prospective investors must rely on their own examination of the legal, taxation, financial, and other consequences of making any investment described herein, including the merits of investing and the risks involved. The contents of this Publication should not be relied upon by the Recipient as the basis for investment in any of the products described herein. Basis for any investment decision should be the respective fund prospectus and the annual report and accounts.

Past performance is not necessarily a guide to future performance. The value of investments and the income from them may go down as well as up and investors may not get back their original investment.