

# U.S. Short-Term High Yield Bond Fund

## A strong track record of delivering attractive yield with minimal volatility

The fund provides an attractive, steady yield and positive returns quarter over quarter with lower volatility by exploiting persistent inefficiencies in short-duration high yield markets. As a result, it acts as a good diversifier, exhibiting low correlation to long-duration fixed income assets.

<b>Launch date:</b>	29-Jun-12
<b>Type:</b>	UCITS
<b>Asset class:</b>	Fixed income
<b>Regional focus:</b>	US
<b>Focus:</b>	Income
<b>SFDR:</b>	Article 6 <sup>1</sup> (sustainability risks integrated)

### Why invest?



#### TARGETS CONSISTENT, HIGH INCOME

- The fund offers a yield boost to cash/short-duration portfolios through the potential to generate a consistent stream of high income, with limited default and duration risk and minimisation of volatility, in all market environments.



#### TIME-TESTED, IN-DEPTH CREDIT SELECTION

- A historical default rate lower than the BBB default rate is achieved through a disciplined methodology designed to look beyond a simple “reach for yield” approach in driving strong credit selection and avoiding the purchase of CCC-rated debt.



#### DIVERSIFICATION

- The significantly lower duration of the fund’s holdings, and consequently the lower correlation to longer-duration fixed income portfolios, provides valuable diversification benefits.

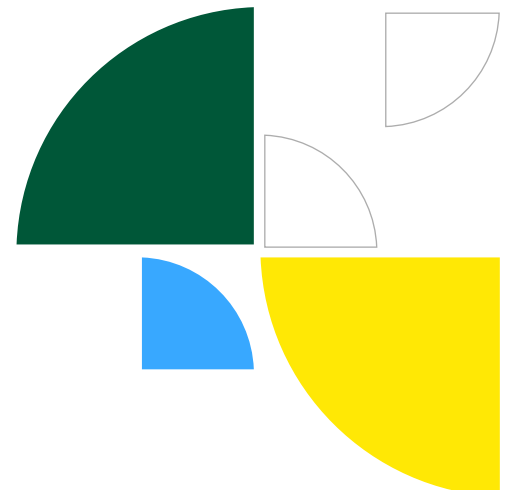
#### PORTFOLIO MANAGERS

**Michael Schueller, CFA**  
Senior Portfolio Manager

**Chris Lee, CFA**  
Senior Portfolio Manager

// We believe that diligent credit research is the key to finding and exploiting mispriced securities on the front end of the high yield market and that those securities offer attractive yield per unit of volatility.

—MICHAEL SCHUELLER





## Our approach



### **Mispricing opportunities**

We believe that persistent inefficiencies in short-duration high yield markets arise as a consequence of two key structural features: the significant pick-up in spread when moving from BBB-rated to BB-rated debt and the fact that rating agencies assign the same rating without considering a bond's maturity. These two phenomena enable us to identify high-quality, short-dated high yield bonds that are, in our view, mispriced.



### **Yield/duration trade-off**

Our focus on short-duration debt securities is predicated on the belief that it is easier to estimate the probability of default over a shorter time horizon than a longer one, coupled with the fact that, as historical analysis clearly demonstrates, short-duration high yield debt offers circa 90% of the yield and circa 60% of the duration.



### **Muted drawdown, faster recovery**

It is our observation—supported by empirical data—that US short-term high yield debt securities have not only historically outperformed the broader high yield debt market during drawdown periods but have also recovered any loss sustained more rapidly.

## How can we help?

We're committed to thoughtful investing, purposeful planning, and the desire to deliver outcomes that expand above and beyond financial gains. To contact us, please email our Allspring International team at [AllspringInternational@allspringglobal.com](mailto:AllspringInternational@allspringglobal.com).



1. While the fund has access to both internal and external ESG research and integrates financially material sustainability risks into its investment decision-making processes, ESG-related factors are considered but not determinative, permitting the relevant Investment Managers to invest in issuers that do not embrace ESG; as such, sustainability risks may have a more material impact on the value of the funds investments in the medium to long term. The investments underlying the fund do not take into account the EU criteria for environmentally sustainable economic activities.

The fund is not managed in reference to a benchmark.

CFA® and Chartered Financial Analyst® are trademarks owned by CFA Institute.

### **Objectives and process**

- Seeks total return consisting of a high level of current income and capital appreciation
- Invests at least two-thirds of its assets in corporate debt securities that are below investment grade or, if unrated, of comparable quality, principally invested in below-investment-grade debt rated BB or B or equivalent
- Uses bottom-up fundamental credit analysis to generate new ideas and identify individual securities with good income and/or capital appreciation prospects
- May invest:
  - Up to 25% of its assets in U.S.\$-denominated debt securities of non-U.S. issuers
  - Up to 20% of its assets in asset-backed securities
  - Using futures/derivatives for hedging, efficient portfolio management or for investment purposes

### **Fund risks**

**Debt securities risk:** debt securities are subject to credit risk and interest rate risk and are affected by an issuer's ability to make interest payments or repay principal when due.

**High yield securities risk:** high yield securities are rated below investment grade, are predominantly speculative, have a much greater risk of default and may be more volatile than higher-rated securities of similar maturity.

**Geographic concentration risk:** investments concentrated in specific geographic regions and markets may be subject to greater volatility due to economic downturns and other factors affecting the specific geographic regions.

**Global investment risk:** securities of certain jurisdictions may experience more rapid and extreme changes in value and may be affected by uncertainties such as international political developments, currency fluctuations and other developments in the laws and regulations of countries in which an investment may be made.

**Asset-backed securities risk:** asset-backed securities may be more sensitive to changes in interest rates and may exhibit added volatility, known as extension risk, and are subject to prepayment risk.

**ESG Risk:** Applying an ESG screen for security selection may result in lost opportunity in a security or industry resulting in possible underperformance relative to peers, ESG screens are dependent on third party data and errors in the data may result in the incorrect inclusion or exclusion of a security.

**Leverage Risk:** the use of certain types of financial derivative instruments may create leverage which may increase share price volatility.

Not all sub-funds, share classes and currencies are available in all jurisdictions. More information about the Allspring (Lux) Worldwide Fund and its sub-funds (herein, the fund) is available upon request from your regional Allspring Global Investments™ (Allspring) contact or from our website, [www.allspringglobal.com](http://www.allspringglobal.com).

**THIS DOCUMENT AND THE INFORMATION WITHIN DO NOT CONSTITUTE AN OFFER OR SOLICITATION IN ANY JURISDICTION WHERE OR TO ANY PERSON TO WHOM IT WOULD BE UNAUTHORISED OR UNLAWFUL TO DO SO.**

**Investment risks:** your capital may be at risk. **Past performance is not a guarantee or reliable indicator of future results.** Returns may increase or decrease as a result of currency fluctuations. The value, price or income of investments or financial instruments can fall as well as rise. You may not get back the amount originally invested.

This marketing communication is for professional/institutional and qualified clients/investors only. Recipients who do not wish to be treated as professional clients should notify their Allspring contact immediately. This document is not intended as a recommendation to invest in any particular asset class, security or strategy. Regulatory requirements that require impartiality of investment/investment strategy recommendations are therefore not applicable nor are any prohibitions to trade before publication. The information provided is for illustrative purposes only; it should not be relied upon as recommendations to buy or sell securities.

Unless otherwise stated, Allspring is the source of all data; content is provided for informational purposes only. Where individuals or the business have expressed opinions, they are based on current market conditions, they may differ from those of other investment professionals and they are subject to change without notice. Any benchmark referenced is for comparative purposes only, unless specifically referenced otherwise in this material and/or in the prospectus under the sub-funds' Investment Objective and Policy.

**Distribution in the United Kingdom (UK), European Economic Area (EEA), Switzerland and Asia:** Allspring Global Investments (Allspring) is the trade name for the asset management companies of Allspring Global Investments Holdings, LLC, a holding company indirectly owned by certain portfolio companies of GTCR LLC and Reverence Capital Partners, L.P. Allspring includes, but is not limited to, Allspring Global Investments (Singapore) Pte. Ltd.; Allspring Global Investments (Hong Kong) Ltd.; Allspring Global Investments (Japan) Ltd.; Allspring Global Investments (UK) Ltd. (Allspring UK), an investment management company authorised and regulated by the UK Financial Conduct Authority (FCA); and Allspring Luxembourg, authorised and regulated by the Commission de Surveillance du Secteur Financier (CSSF). Allspring Luxembourg has branches in Frankfurt, Paris and Milan and is allowed to provide services on a cross-border basis in the EEA. This material has been approved for distribution in the UK by Allspring UK for the purposes of Section 21 of the Financial Services and Markets Act 2000 (FSMA). Allspring UK does not provide services to retail clients, the FSMA rules for retail clients will not apply and the United Kingdom Financial Services Compensation Scheme is not available. Information does not contain investment advice, an investment recommendation or investment research as defined under FCA regulations or the Markets in Financial Instruments Directive (Directive 2014/65/EU (MiFID II)) and therefore does not comply with the requirements for the provision of such services.

The fund is authorised by the Luxembourg Supervisory Authority as a UCITS SICAV and has been authorised for public distribution only in certain jurisdictions. The management company of the fund, Allspring Global Investments Luxembourg S.A. (Allspring Luxembourg), may appoint sub-distributors (both affiliated and non-affiliated). To formalise the appointment, Allspring Luxembourg enters into sub-distribution, platform, marketing support or equivalent arrangements. Allspring Luxembourg may terminate marketing arrangements. The sub-funds are currently notified for marketing into a number of EU Member States under the Directive 2009/65/EC (UCITS Directive).



**European investors:** the prospectus, key information documents (KIDs) and key investor information documents (KIIDs) contain detailed information regarding the fund's objectives, risks, fees, expenses and sustainability. Please consider all characteristics and objectives of the fund, not only sustainability aspects, before making any final investment decisions. The fund's privacy policy, the KIDs/KIIDs and a summary of investor rights (available in English) are available on [www.allspringglobal.com](http://www.allspringglobal.com) under Luxembourg UCITS-Related Information and Privacy/Other Policies, and the prospectus can be found within each country-specific page on the website under regulatory documents when selecting relevant investment(s).

The prospectus is available in English, French, German, Italian, Spanish and Portuguese.

The KIDs are available in English, Finnish, French, Danish, Dutch, German, Italian, Norwegian, Spanish, Swedish and Portuguese.

**Important information:** **Austria:** the prospectus, KIDs and other relevant material (such as the annual and semi-annual reports) are available free of charge from the fund's administrator or Austrian paying agent. **Belgium:** the prospectus and the KIDs are available free of charge at the fund's administrator. **Denmark:** the prospectus and the KIDs are available free of charge at the fund's administrator. **France:** this UCITS is managed by Allspring Luxembourg and is licensed and supervised by the CSSF and governed by MiFID II (and any applicable implementing local laws and regulations), its prospectus and its KIDs. If a recipient of this material is not a professional client pursuant to MiFID II, they must return it immediately. This UCITS is notified to the French regulator (the AMF) for marketing purposes only. No regulator or government authority, including the AMF, has reviewed the merits, accuracy or information provided. Allspring Luxembourg has appointed CACEIS Bank France to act as centralising correspondent in France in compliance with Article 411-135 of the General Regulations of the AMF. The prospectus, KIDs and any other relevant material (such as the annual and semi-annual reports) are available free of charge at the registered office of the fund, 80 Route d'Esch, L-1420 Luxembourg, or from [www.allspringglobal.com](http://www.allspringglobal.com). Allspring Luxembourg expresses no views as to the suitability of the investments described herein to the individual circumstances of any recipient. Prospective investors shall have the financial ability and willingness to accept the risks with regards to their investment in this UCITS. Allspring Luxembourg does not undertake to guarantee any risk (including capital losses) related to a potential investment in this UCITS. **Finland:** the prospectus and the KIDs are available free of charge at the fund's administrator. **Germany:** the prospectus and the KIDs are available free of charge at Brown Brothers Harriman, 80, Route D'Esch, L-1470 Luxembourg or from [www.allspringglobal.com](http://www.allspringglobal.com). **Ireland:** the prospectus and the KIDs are available free of charge at the fund's administrator. **Italy:** this document is for the exclusive use of professional clients/investors, as defined in article 6, paragraphs 2-quinquies and 2-sexies, of Legislative Decree no. 58/1998 (as amended) by reference to Annex 3 of CONSOB Regulation no. 20307 of 2018, which, at turn, transposes Annex II of MiFID II in Italy with regards to private professional clients. **Luxembourg:** the prospectus, KIDs and any other relevant material (such as the annual and semi-annual reports) are available free of charge at the registered office of the fund, c/o Brown Brothers Harriman (Luxembourg) S.C.A., 80 Route d'Esch, L-1470 Luxembourg, or can be downloaded from [www.allspringglobal.com](http://www.allspringglobal.com). (semi-annual reports are also available in French and German). **The Netherlands:** the fund is registered in the Netherlands in the register kept by the AFM (see [www.afm.nl/register](http://www.afm.nl/register)). The prospectus and the KIDs are available from [www.allspringglobal.com](http://www.allspringglobal.com). **Norway:** the prospectus and the KIDs are available at the fund's administrator. **Portugal:** the prospectus and KIDs are available at the fund's administrator. Spain: the fund has been registered with the Securities Market Commission (Comisión Nacional del Mercado de Valores, or CNMV). The prospectus, articles of incorporation and annual and semi-annual reports of the fund are available in English from Spanish-authorized distributors. All Spanish-authorized distributors of the fund are on the website: [www.cnmv.es](http://www.cnmv.es). Allspring Luxembourg has been authorised to render cross-border services in Spain and is registered with the CNMV under no. 715. **Sweden:** historical performance is not a guarantee for future performance. Investments made in the fund may increase as well as decrease in value, and it cannot be guaranteed that your initial investment will be returned in its entirety. **Switzerland:** the information provided herein does not constitute an offer of this UCITS in Switzerland pursuant to the Swiss Federal Law on Financial Services (FinSA) and its implementing ordinance. This is solely an advertisement pursuant to FinSA and its implementing ordinance for this UCITS. Copies of the prospectus, KIDs, the articles of association and the annual and semi-annual reports are available free of charge from the Swiss representative and paying agent: BNP Paribas Securities Services, Paris, succursale de Zurich, Selnaustrasse 16, 8002. **United Kingdom:** the prospectus, KIDs and any other relevant material (including the annual and semi-annual reports) are available free of charge from the fund's administrator.

**Hong Kong investors:** the collective investment scheme offered is authorised under Section 104 of the Securities and Futures Ordinance of Hong Kong (the SFO) by the Securities and Futures Commission of Hong Kong (the SFC). A copy of the prospectus/information memorandum/offering document (as applicable) has been lodged with and authorised by the SFC and may be obtained from the fund's manager or any of its approved distributors. Potential investors should read the prospectus/information memorandum/offering document (as applicable) for details on the relevant fund before deciding whether to subscribe for or purchase units in the fund. The SFC assumes no responsibility for the contents of the prospectus/information memorandum/offering document (as applicable) and makes no representations as to its accuracy or completeness. SFC registration and authorisation do not represent a recommendation or endorsement of the fund, nor do they guarantee the commercial merits of the fund's manager or the fund. They do not mean the fund is suitable for all investors nor do they represent an endorsement of its suitability for any particular investor or class of investors.

**Hong Kong investors (non-registered funds):** for professional investors only. WARNING: this fund is a collective investment scheme but is not authorised under Section 104 of the Securities and Futures Ordinance of Hong Kong (the SFO) by the Securities and Futures Commission of Hong Kong (the SFC) for offer to the public, and its offering documents have not been authorised by the SFC under section 105 of the SFO. Accordingly, the distribution of this material and the placement of units in Hong Kong are restricted. This material may be distributed, circulated or issued only to persons who are "professional investors" (as defined under the SFO or the Securities and Futures (Professional Investor) Rules) and any rules made under that ordinance or as otherwise permitted by the SFO. This document has not been reviewed by any regulatory authority in Hong Kong. You are advised to exercise caution in relation to the offer. No offer to the public to purchase shares of any unregistered sub-fund of the Allspring (Lux) Worldwide Fund will be made in Hong Kong, and this document is intended to be read by the addressee only and must not be passed to, issued to or shown to the public generally. This document is distributed on a confidential basis and may not be reproduced in any form or transmitted to any person other than the person to whom it is addressed. No shares will be issued to any person other than the person to whom this document has been addressed, and no person other than such addressee may treat the same as constituting an invitation for him or her to invest.

FOR PROFESSIONAL INVESTORS ONLY. THIS FUND IS NOT AUTHORISED BY THE SECURITIES AND FUTURES COMMISSION IN HONG KONG AND IS NOT AVAILABLE FOR INVESTMENT BY RETAIL INVESTORS IN HONG KONG. MATERIALS ARE NOT REVIEWED OR APPROVED BY ANY REGULATORY AUTHORITY IN HONG KONG. DO NOT GIVE, SHOW OR QUOTE TO ANY OTHER PERSON. DO NOT DUPLICATE OR REPRODUCE.

**Singapore investors:** for institutional investors only. Neither the Allspring (Lux) Worldwide Fund (the fund) or Allspring Global Investments (Allspring) is making any representation with respect to the eligibility of any recipients of this document to acquire the shares therein under the laws of Singapore. The collective investment scheme offered is a recognised scheme under the Securities and Futures Act. A copy of the prospectus/information memorandum/offering document (as applicable) has been lodged with and registered by the Monetary Authority of Singapore (the authority) and may be obtained from the fund's manager or any of its approved distributors. Potential investors should read the prospectus/information memorandum/offering document (as applicable) for details on the relevant fund before deciding whether to subscribe for or purchase units in the fund. The authority assumes no responsibility for the contents of the prospectus/information memorandum/offering document (as applicable). Registration of the prospectus/information memorandum/offering document (as applicable) by the authority does not imply that the Securities and Futures Act or any other legal or regulatory requirements have been complied with. The authority has not, in any way, considered the investment merits of the collective investment scheme.

**South Korea investors:** for qualified professional investors only. Neither the Allspring (Lux) Worldwide Fund or Allspring is making any representation with respect to the eligibility of any recipients of this document to acquire the shares therein under the laws of Korea, including but without limitation the Foreign Exchange Transaction Act and regulations thereunder. The shares may only be offered to qualified professional investors, as such term is defined under the Financial Investment Services and Capital Markets Act, and none of the shares may be offered, sold or delivered or offered or sold to any person for re-offering or resale, directly or indirectly, in Korea or to any resident of Korea except pursuant to applicable laws and regulations of Korea.