Fixed Income Strategy Update

January 2026

Key Investment Themes

- The **US Federal Reserve's independence** from political interference will be a significant topic over the next few months. President Trump will announce a new Chair and the Supreme Court will decide whether to accept Trump's firing of Lisa Cook, a Fed governor.
- **Inflation** could bounce higher as prices are adjusted at the start of the year, but should then start to decline as tariff increases drop out of year-on-year comparisons.
- The **tariff topic** could return with the US Supreme Court ruling on the legality of many of the April tariffs. Even if the Administration has other options, changes could ease the impact on US inflation as Republicans are criticised for higher prices.
- **Business surveys** indicate stable sentiment in the US, Europe, and China, with improvements in Japan.
- **Corporate bonds** are starting the year at very tight spread levels. Any increase in market stress could lead to a modest widening.

Strategy Summary – January Update

MACRO SCENARIO UPDATE

- **Economic data remains resilient, buoyed** by AI-related capex spending even as labour markets are cooling. The impact of US tariffs has been limited.
- **The Fed's independence is being eroded** even as institutional safeguards are strong
- Stable oil prices are helping dampen inflation expectations.
- **AI investments** are increasing, with positive effects on growth but impacts on corporate bond issuance
- **Geopolitical tensions remain** persistent even though markets have been less affected.

FIXED INCOME STRATEGY

- Bonds: investors expect the Fed to cut rates by significantly more than the recent dots. We maintain **a more moderate duration overweight.**
- Currencies: The **US dollar is expected to weaken** further as the Fed maintains its dovish bias. The yen is challenged by the Bank of Japan's reluctance to hike rates despite persistent inflation. The Swiss Franc can appreciate further. **We maintain a short dollar position**.
- Developed credit: new issuance is a headwind to further gains despite supportive financial conditions. **We remain neutral credit exposure**
- **Emerging Market bonds continued to perform** thanks to resilient global growth and easy global financial conditions. Many local-currency bonds offer higher yields than those of developed sovereigns, though EM central banks are easing slowly. **We remain long EM bonds**

Source: GAMA

Strategy Summary*

Modestly long duration, Neutral credit stance as low recession risk and strong technicals offset, Bearish USD, particularly vs CHF, NOK and Emerging FX. Overweight EM Local.

DURATION
Very High
Medium
Very Low

RATES	UW	N	OW	Fund.	Mom.	Val.	Sent.	COMMENTS
US Treasuries		G		○	○	◐	◐	After 3 cuts, the Fed signalled a pause. The new Fed Chair will be more dovish than indicated by the recent dots.
EMU Core Government		G		○	○	◐	◐	Growth has been resilient and inflation a bit sticky. The ECB is on hold but may need to support growth.
EMU Peripheral		G		○	◐	◑	○	Peripheral spreads continue to tighten, reaching the tightest levels in over 5 years
Swiss Confederation		G		◐	○	◑	○	Swiss inflation has moved below zero on monthly changes. Close to zero yields have increased risks of sell-offs
UK Gilts		G		○	◐	◐	○	The UK budget calmed investors' worst worries but uncertainty remains
China (CNY)		G		◑	◐	◑	○	China's business sentiment is stable and more stimulus is in the pipeline
Inflation-Indexed		G		◐	○	◐	◐	Inflation breakeven have declined, and real yields have risen modestly

CREDIT RISK
Very High
Medium
Very Low

CREDIT SEGMENTS	UW	N	OW	Fund.	Mom.	Val.	Sent.	COMMENTS
Developed Corporates		G		○	◐	○	○	An increase in new issuance will cause spreads to widen but low recession risk is an offset
Short-dated High Yielding		G		◐	●	○	◐	Attractive yields while spreads are slightly wider
Corporate Hybrids		G		◐	●	◑	○	Further bank deregulation are supportive of AT1 bonds but higher cyclical risk is a headwind
High Yield		G		○	◐	⬤	◐	After some widening in spreads, all-in yields are fairly valued
Emerging Corporates		G		◐	◐	◑	◐	Fundamentals are positive though China's real estate uncertainties weight on what is now a very small part of the market
Emerging Sovereigns		G		○	◐	○	○	A rally in Argentina bonds was supportive for the overall market
Emerging Local			G	◐	◐	◐	◐	Yields outside Asian remain high making local bonds attractive. Renewed dollar weakness will benefit.

FX RISK
Very High
Medium
Very Low

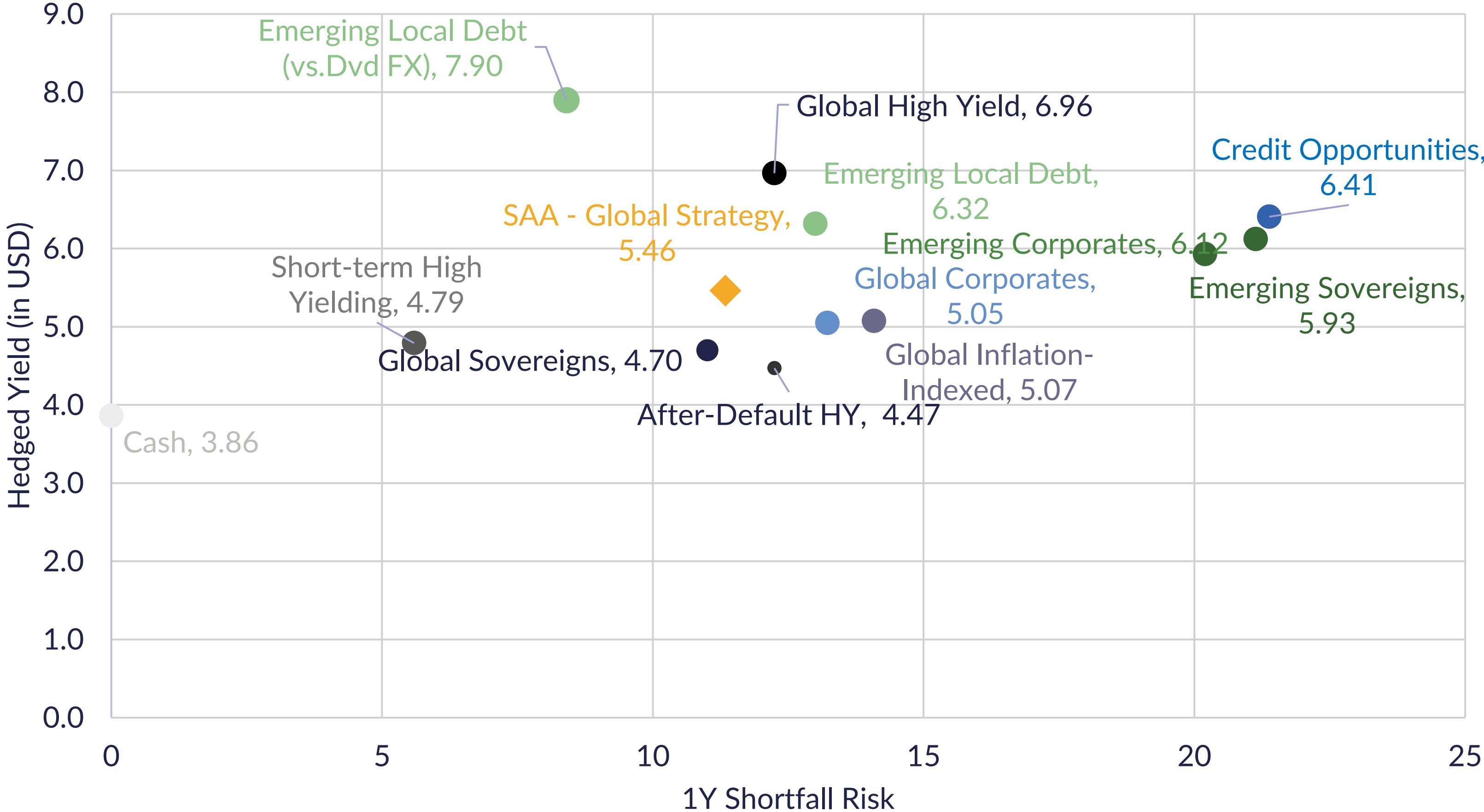
CURRENCIES	UW	N	OW	Fund.	Mom.	Val.	Sent.	COMMENTS
USD	G			◑	○	⬤	○	With a more dovish Fed Chair likely to suceed Powell, the Fed's tilt will lead to a weaker US dollar
EUR		G		○	◐	◐	◐	Higher German fiscal spending and ECB on hold
JPY			G	◐	◑	●	◐	Japanese expansionary fiscal policy and gradual monetary tightening. Currency remains undervalued
CHF			G	◐	○	○	◐	The SNB has been limiting appreciation through discrete currency intervention.
GBP	G			◑	◐	○	○	Fundamentals are worsening for the GBP, and momentum has moved negative
CNY		G		◐	●	◐	◐	China is allowing gradual CNY appreciation against the USD
Other Currencies		G						We like: ILS, CLP and NOK. We don't like AUD & PLN

*Source: GAMA, 6-12 months' time horizon; G recommandations, Upgrade, Downgrade versus previous month

January 2025

Global Bonds

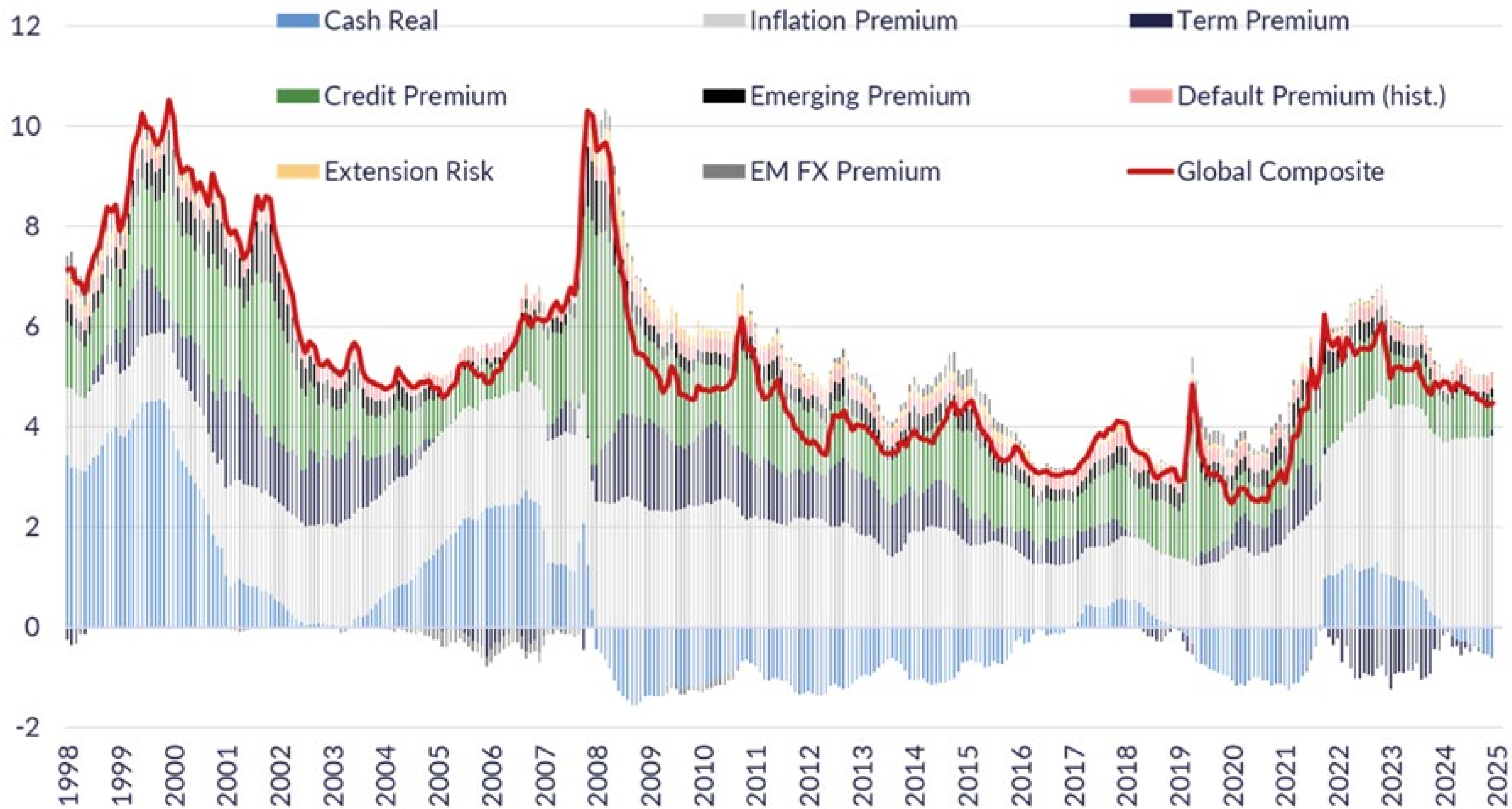
Short-term High Yielding has the best risk-return profile.



Sources: Bloomberg, GAMA calculations, *Derived from 10 global different fixed income segments

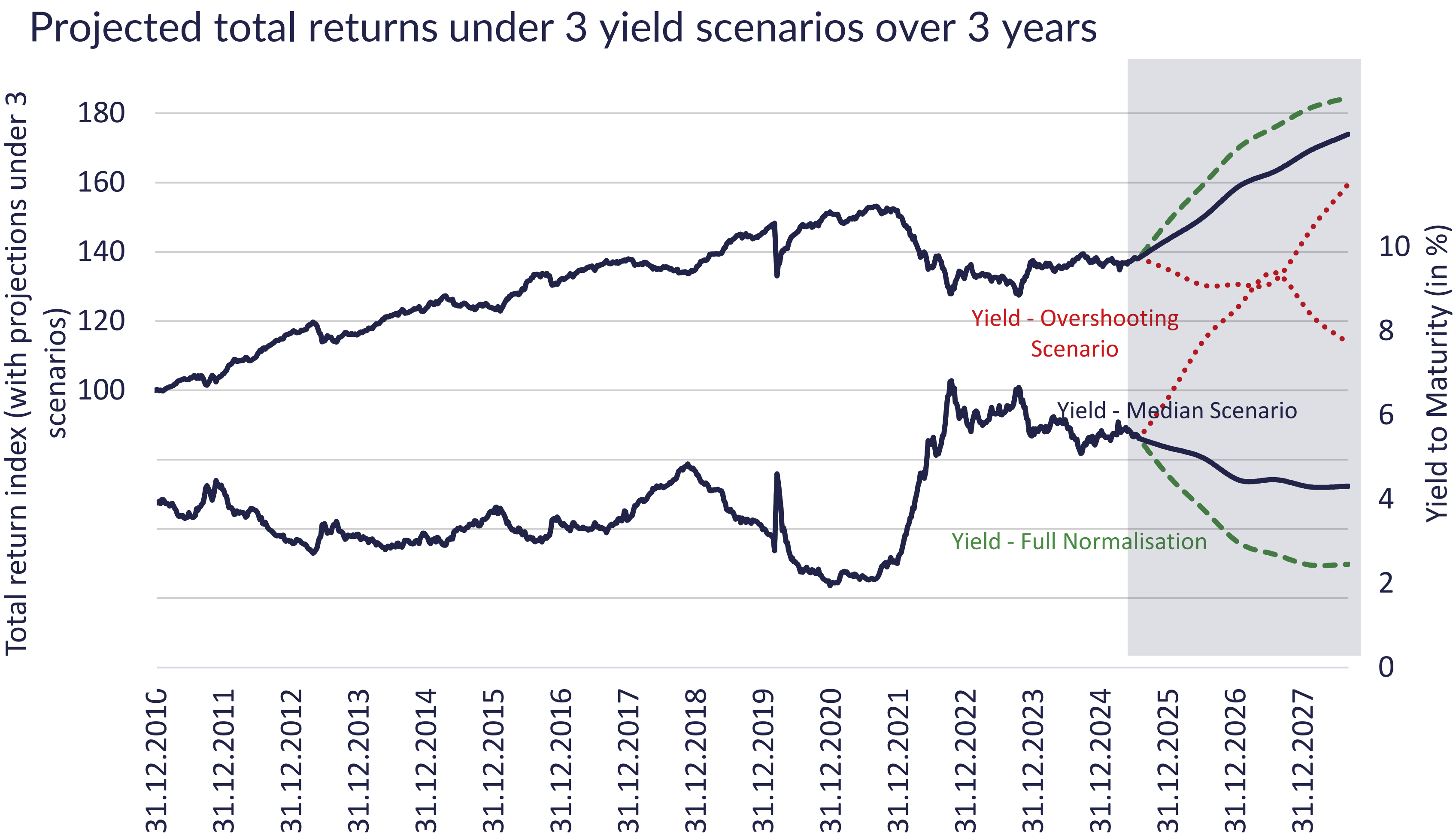
Global Bond Composite*

Still near the highest risk premiums since 2009



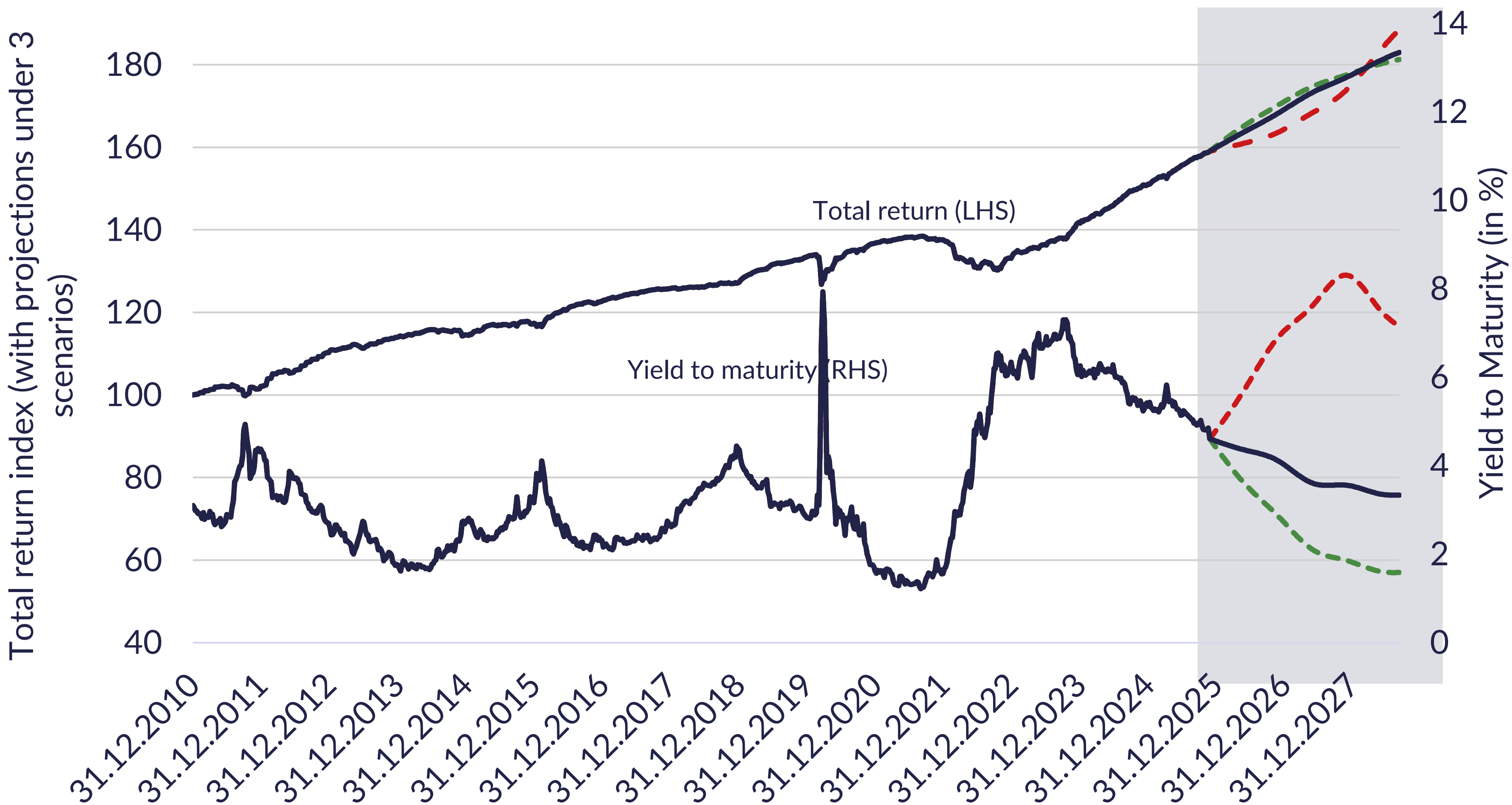
Sources: Bloomberg, GAMA calculations, *Derived from 10 global different fixed income segments

Global Bond Composite*



Sources: Bloomberg, GAMA calculations, *Derived from 10 global different fixed income segments

Global Short-Dated Composite*



Sources: Bloomberg, GAMA calculations, *Derived from global different short-dated fixed income segments hedged in USD

Market Review

Global Fixed Income Returns in USD - 2025

GAMA

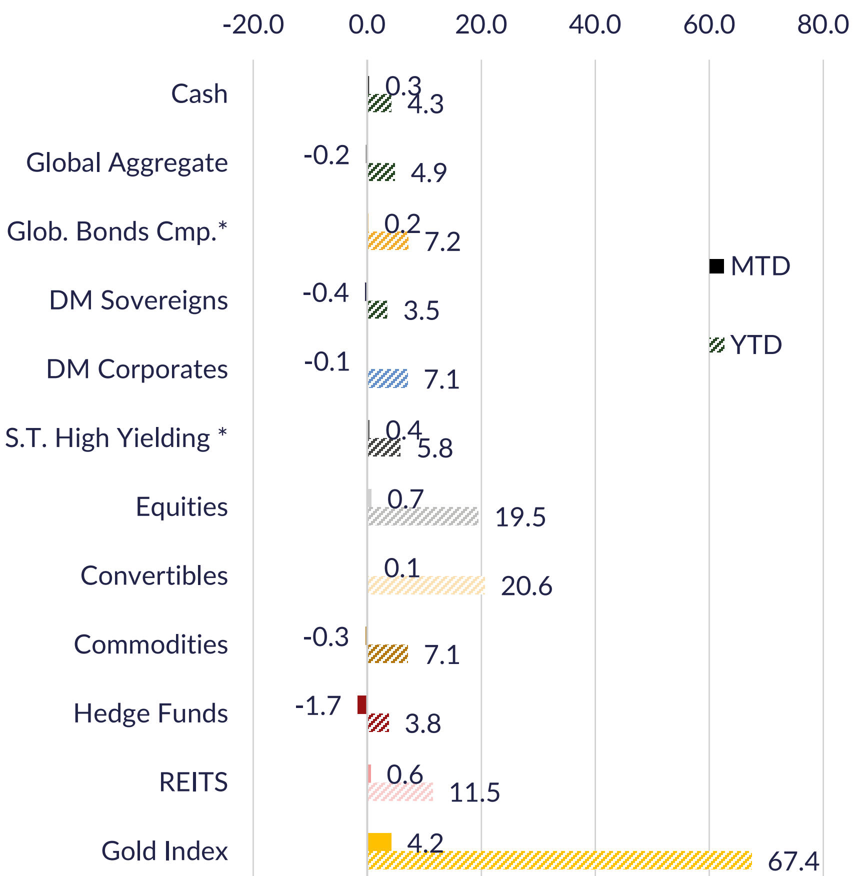
Strong Fixed Income Performance, +7% for Global vs. Global Aggregate +5%

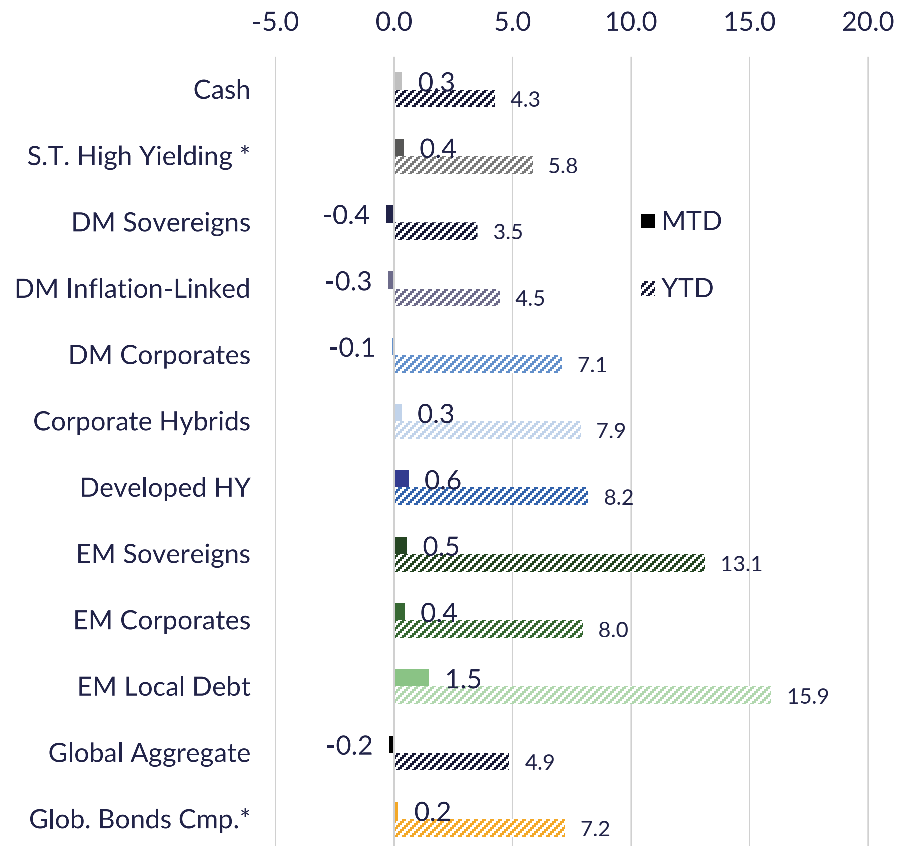
Fixed Income Segments	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	20Y Avge	Excess Return
Cash	4.4%	1.4%	0.1%	0.1%	0.0%	0.1%	0.0%	0.0%	0.0%	0.2%	0.8%	1.7%	2.1%	0.4%	0.0%	1.4%	4.9%	5.1%	4.3%	1.7%	0.0%
Short-term High Yielding	3.1%	-6.4%	21.9%	6.7%	2.1%	8.3%	3.4%	0.5%	2.5%	4.6%	2.5%	1.1%	4.9%	2.8%	0.6%	-3.2%	6.6%	6.3%	5.8%	4.0%	2.4%
Global Sovereigns	4.7%	10.7%	0.8%	3.9%	6.9%	5.7%	-1.0%	9.1%	1.7%	3.4%	2.3%	2.4%	8.7%	6.6%	-1.9%	-10.8%	6.7%	3.0%	3.5%	3.5%	1.9%
Global Inflation-Indexed	7.3%	1.0%	8.9%	4.9%	10.8%	6.8%	-4.6%	9.1%	0.0%	10.4%	3.2%	0.5%	8.5%	8.9%	5.4%	-17.4%	4.6%	-0.6%	4.5%	3.8%	2.1%
Global Corporates	2.8%	-5.0%	16.8%	7.2%	4.8%	11.1%	-0.2%	7.3%	0.2%	6.2%	5.7%	-1.2%	13.0%	8.0%	-0.8%	-14.1%	9.1%	3.6%	7.1%	4.2%	2.6%
Credit Opportunities	2.4%	-16.3%	39.8%	11.2%	4.2%	15.1%	3.1%	10.3%	4.2%	7.8%	2.2%	-2.1%	14.8%	5.4%	5.5%	-8.0%	11.0%	11.1%	7.9%	6.8%	5.1%
Global High Yield	1.9%	-27.6%	62.8%	15.1%	3.6%	19.2%	6.4%	2.6%	-0.6%	15.6%	8.4%	-2.8%	13.4%	5.8%	2.5%	-11.0%	13.7%	10.7%	8.2%	7.9%	6.2%
Emerging Sovereigns	6.0%	-12.1%	30.1%	12.3%	8.7%	17.9%	-5.9%	7.2%	1.3%	9.3%	9.3%	-4.3%	13.4%	5.2%	-2.3%	-17.4%	11.0%	7.0%	13.1%	6.3%	4.7%
Emerging Corporates	1.5%	-23.2%	53.1%	14.1%	1.5%	17.6%	-2.0%	3.7%	0.0%	10.7%	8.0%	-1.9%	9.2%	8.0%	-2.7%	-15.0%	7.1%	7.6%	8.0%	5.8%	4.2%
Emerging Local Debt	8.8%	-6.5%	23.2%	11.4%	2.5%	14.0%	-3.9%	5.2%	-5.7%	6.0%	7.8%	-2.6%	8.0%	4.1%	-9.3%	-12.8%	10.1%	-2.0%	15.9%	4.4%	2.8%
Convertibles	7.4%	-24.9%	34.5%	9.5%	-5.8%	11.7%	19.3%	6.8%	3.7%	6.4%	9.0%	-3.0%	15.5%	34.2%	4.0%	-16.6%	12.5%	11.2%	20.6%	8.5%	6.8%
Global Aggregate	5.1%	5.7%	5.2%	4.6%	5.4%	5.7%	-0.3%	7.3%	1.4%	3.9%	3.0%	1.6%	8.5%	5.4%	-1.4%	-11.2%	7.1%	3.3%	4.9%	3.5%	1.8%
SAA Global	5.2%	-3.1%	16.2%	6.5%	4.3%	8.9%	-0.5%	6.3%	0.6%	6.7%	4.8%	-0.4%	10.2%	5.5%	-0.7%	-11.7%	8.4%	4.4%	7.2%	4.2%	2.5%
SAA GHY	3.8%	-17.6%	38.3%	14.6%	-0.5%	20.6%	14.2%	4.7%	2.5%	11.7%	9.2%	-0.1%	13.8%	2.7%	3.1%	-9.3%	15.7%	10.2%	10.9%	7.8%	6.2%

Source: Bloomberg indices (hedged indices vs. USD, EM local segments excepted; expressed in USD on an unhedged basis). Data as of 1.1.2026

Global Fixed Income Returns

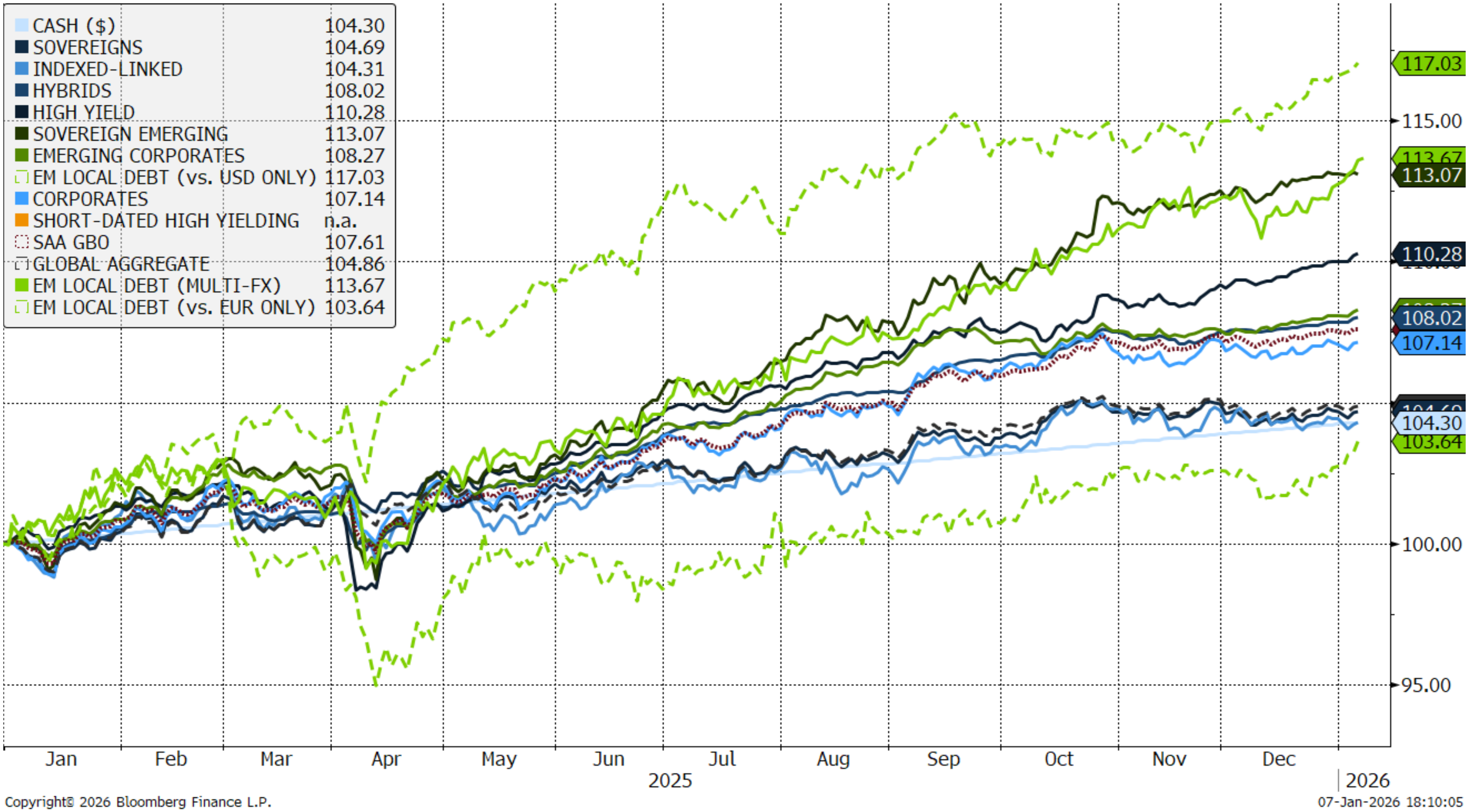
Performance 2025 : Strong Fixed Income Performance, +7% annualized for Global





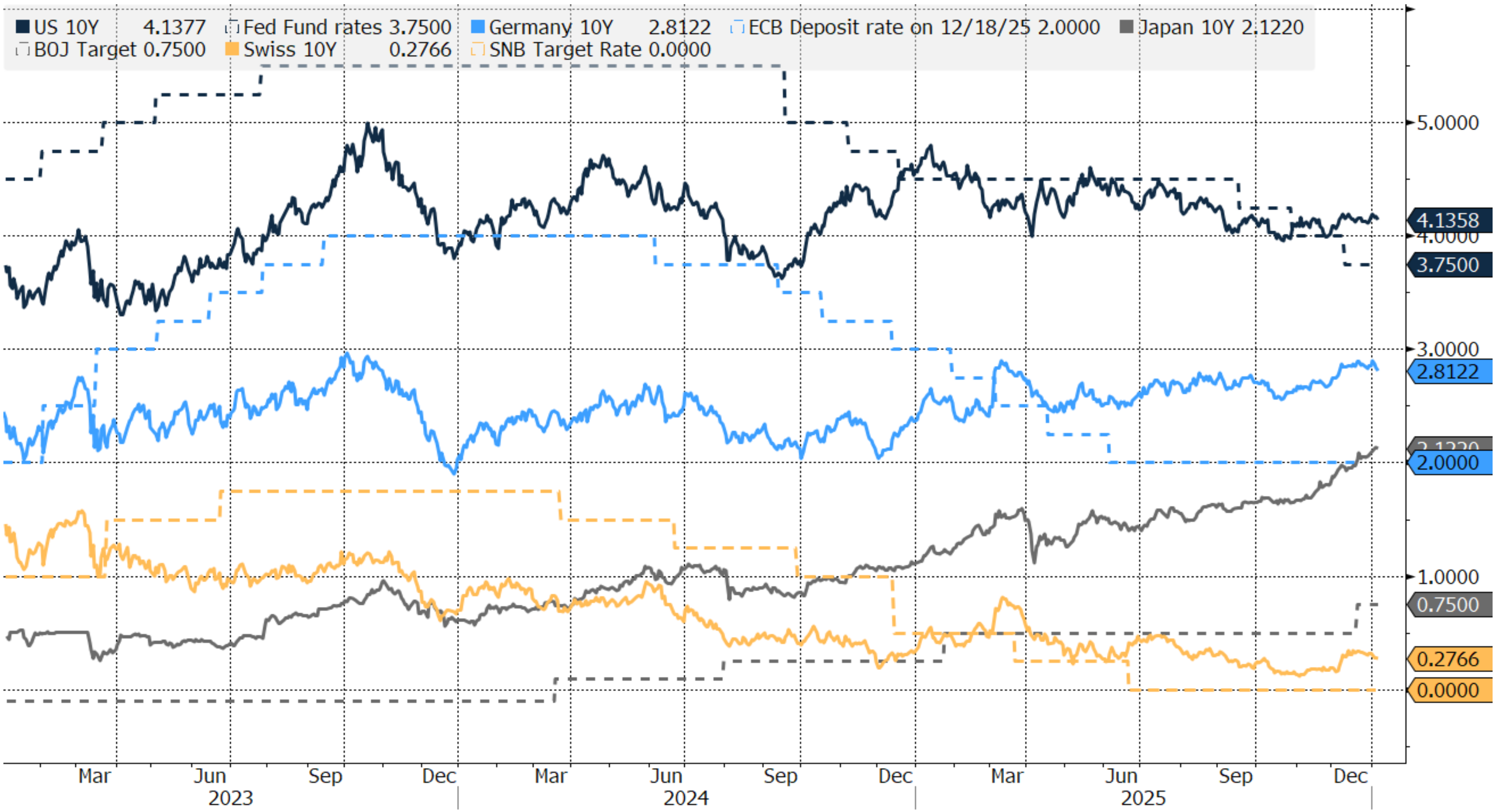
Source: Bloomberg indices (hedged indices vs. USD, EM local segments excepted; expressed in USD on an unhedged basis). Data as of 1.1.2026

Global Fixed Income Segments – Total Returns



Sources: Bloomberg, GAMA

Global 10Y Sovereign Yields – Main Markets



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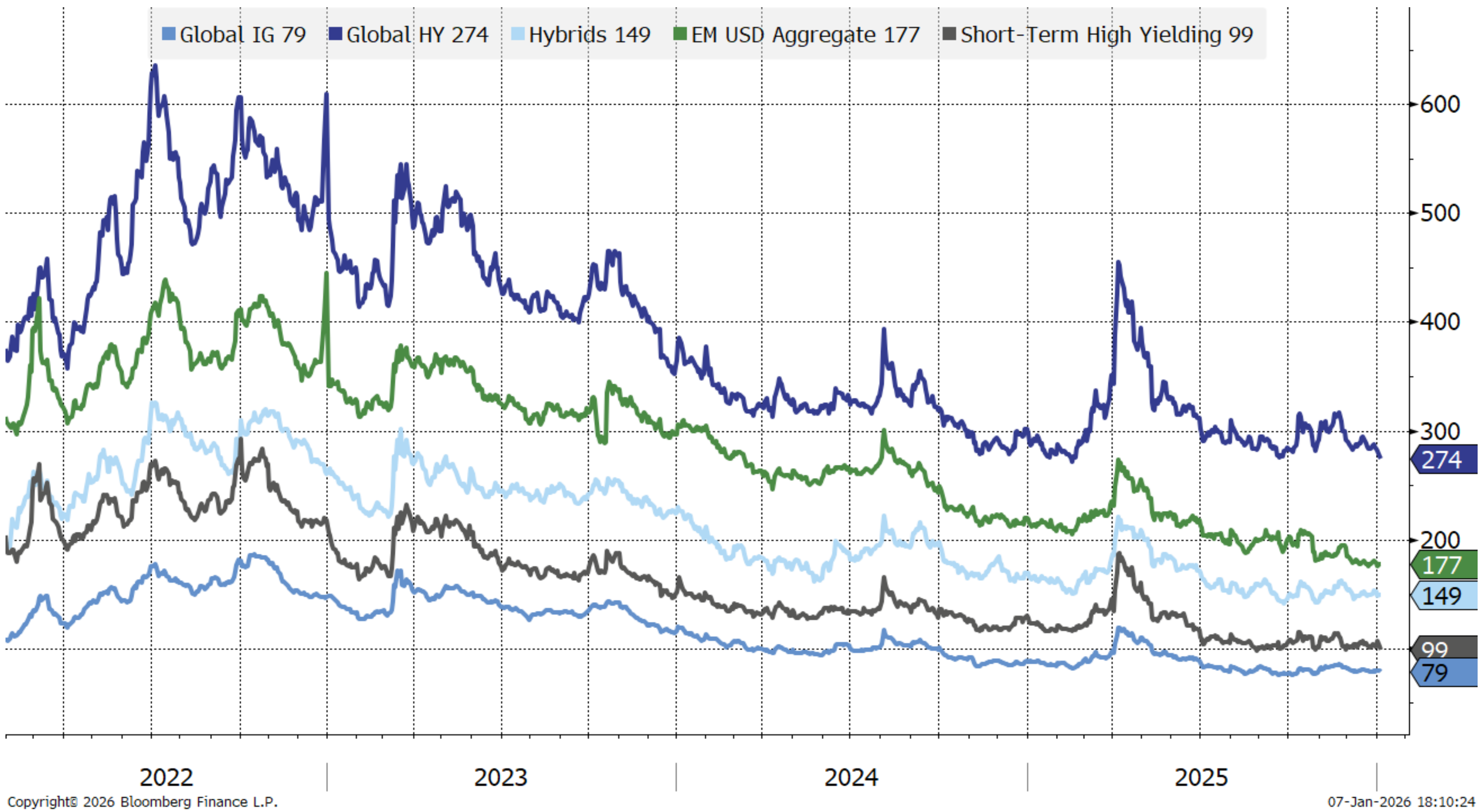
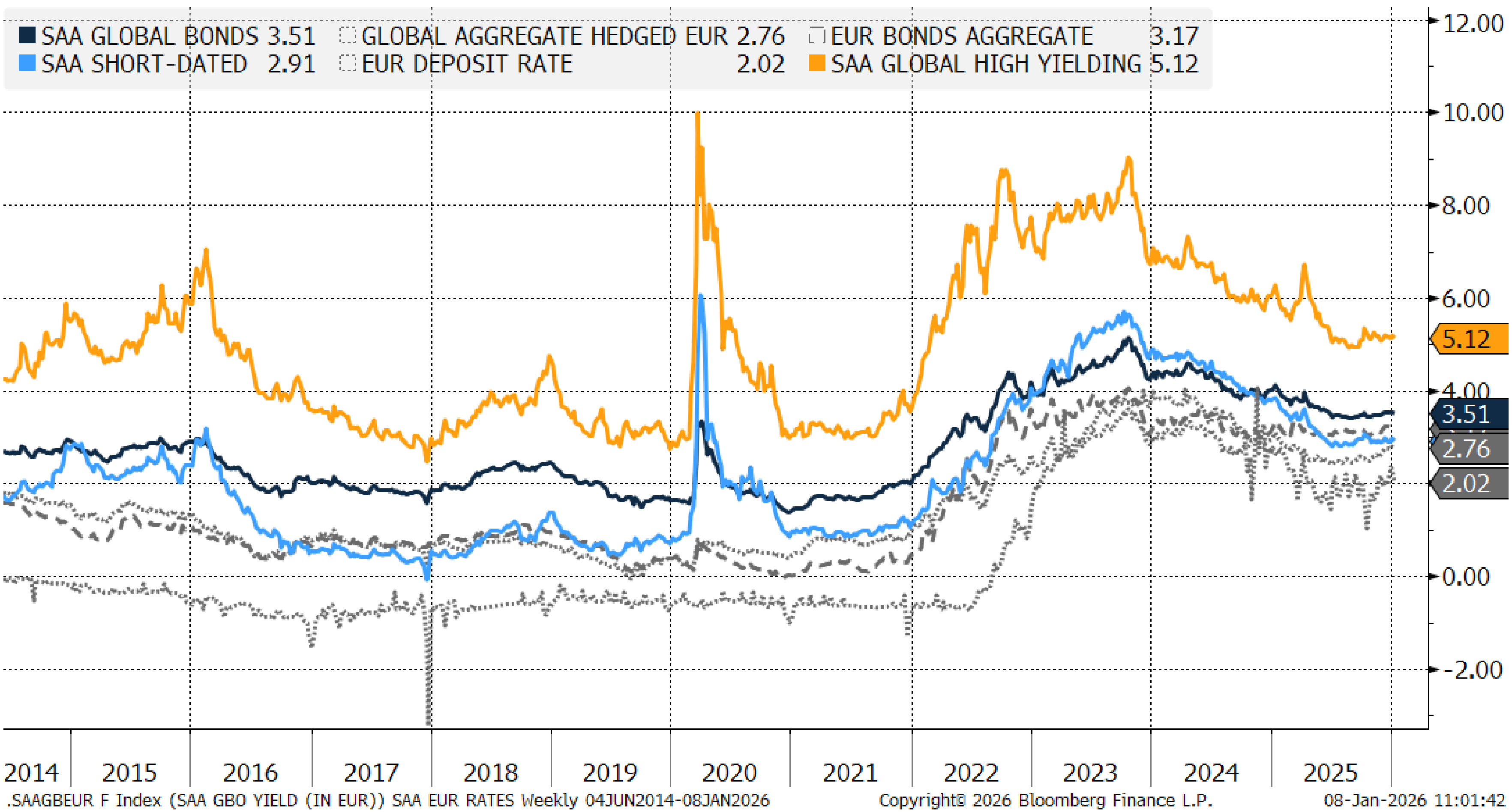
Sources: Bloomberg, GAMA

Credit Spreads — Key Segments



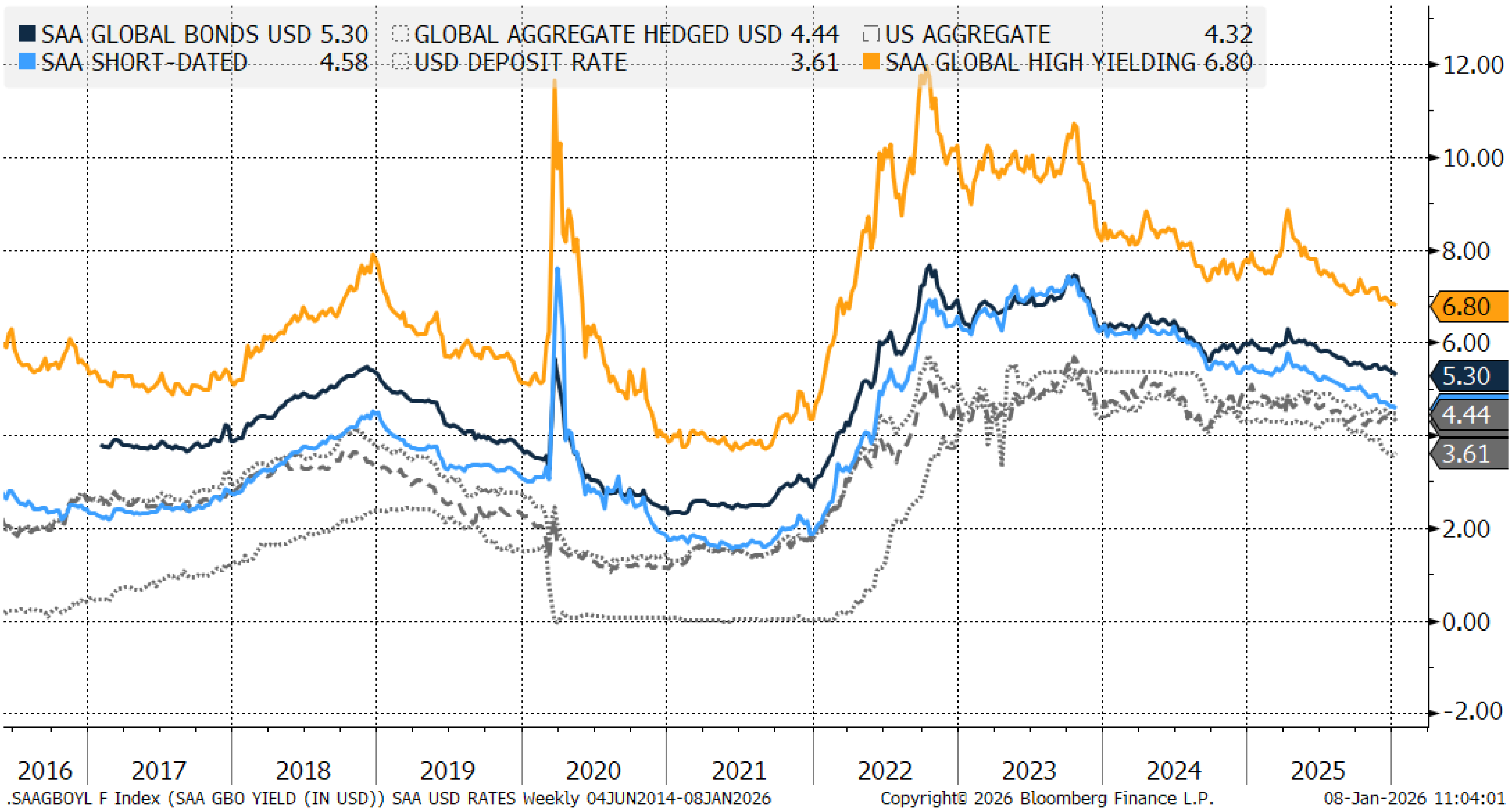
Sources: Bloomberg, GAMA calculations

Fixed Income Strategic Asset Allocation (SAA EUR)



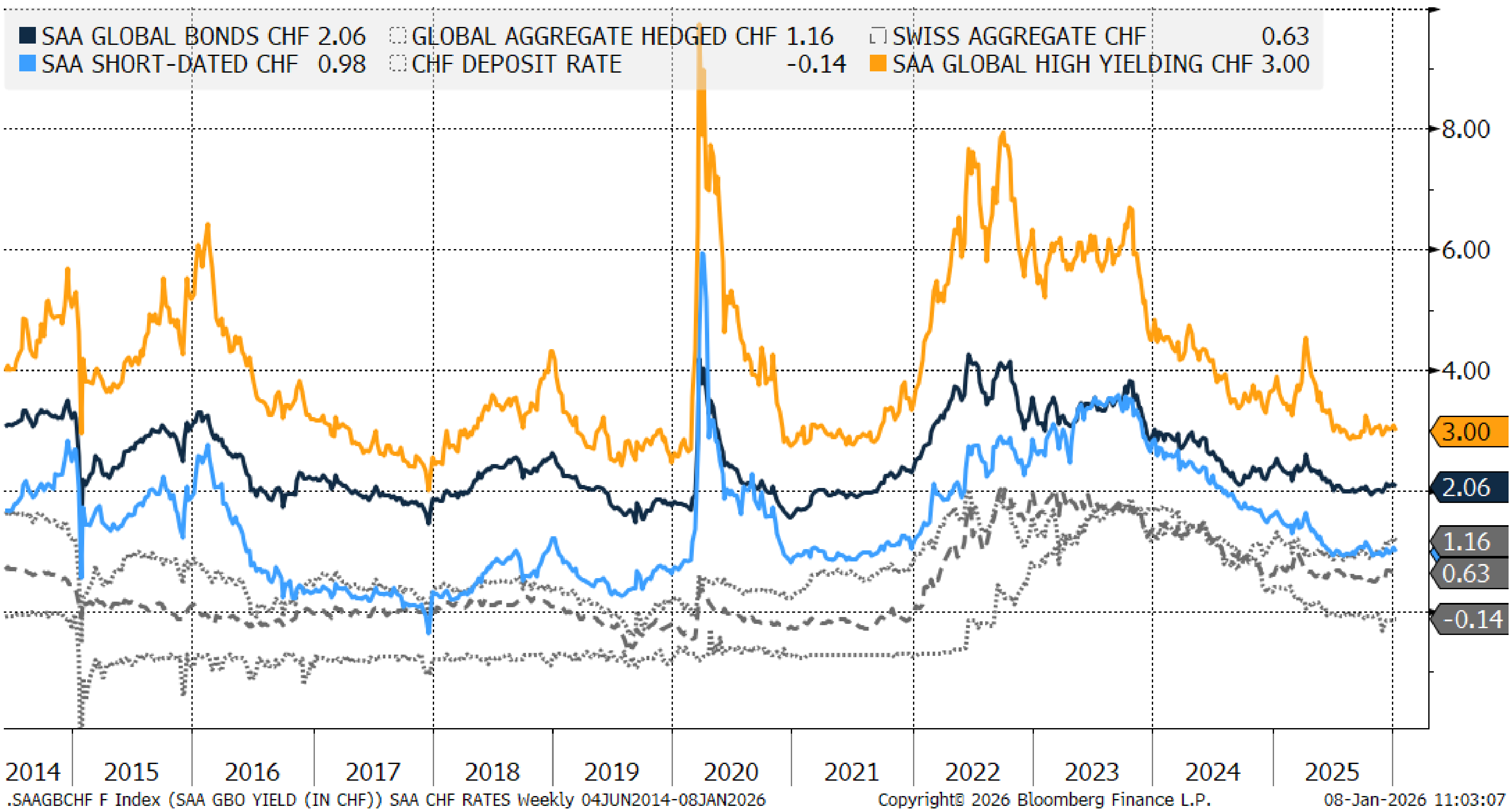
Sources: Bloomberg, GAMA calculations

Fixed Income Strategic Asset Allocation (SAA USD)



Sources: Bloomberg, GAMA calculations

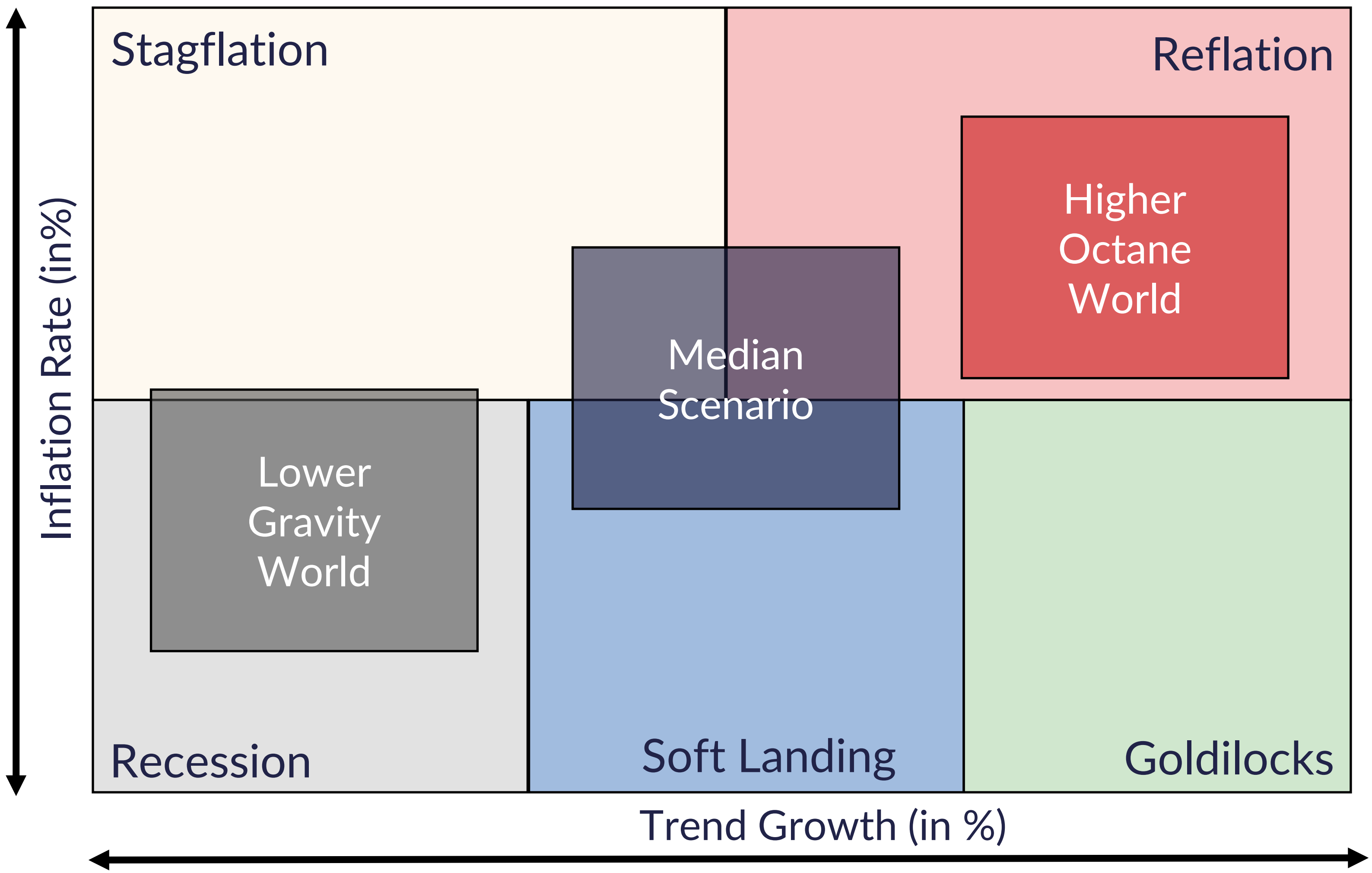
Fixed Income Strategic Asset Allocation (SAA CHF)



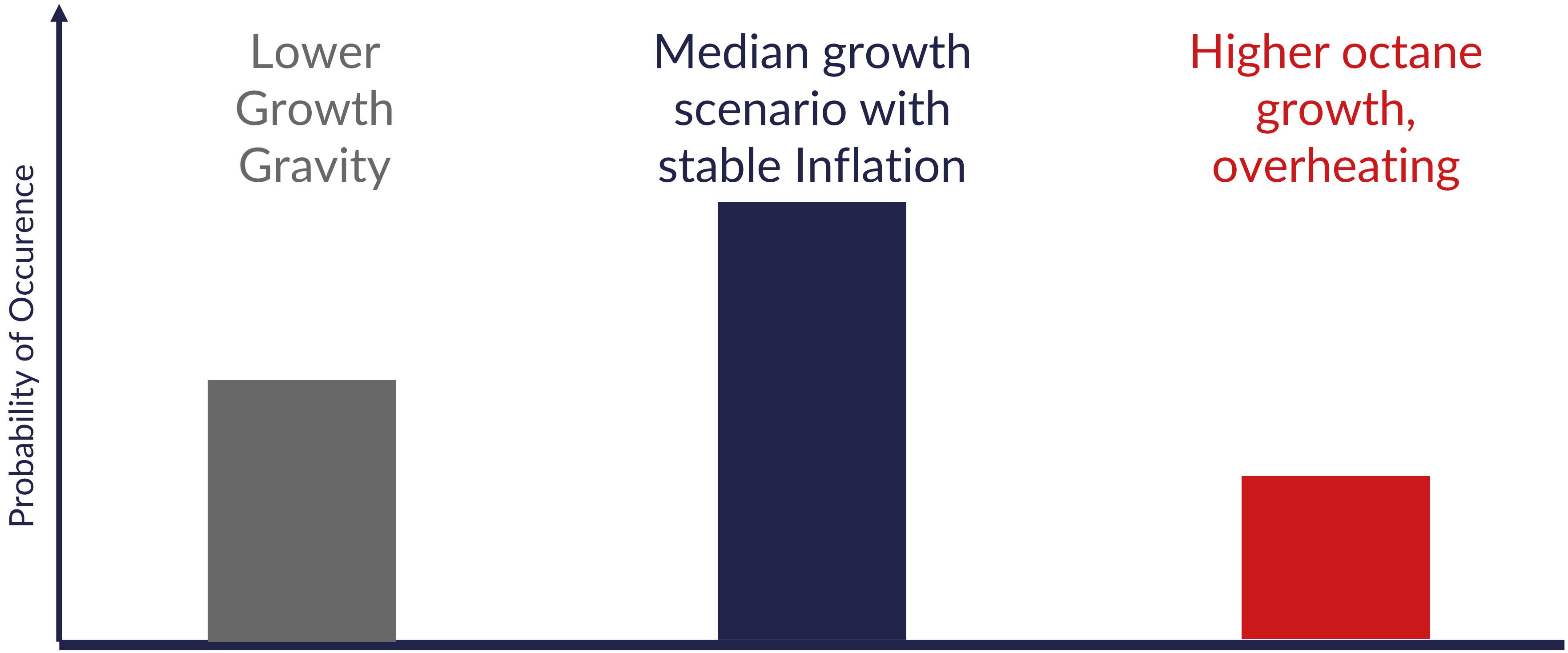
Sources: Bloomberg, GAMA calculations

Multiple Scenario Framework

Multiple Scenarios



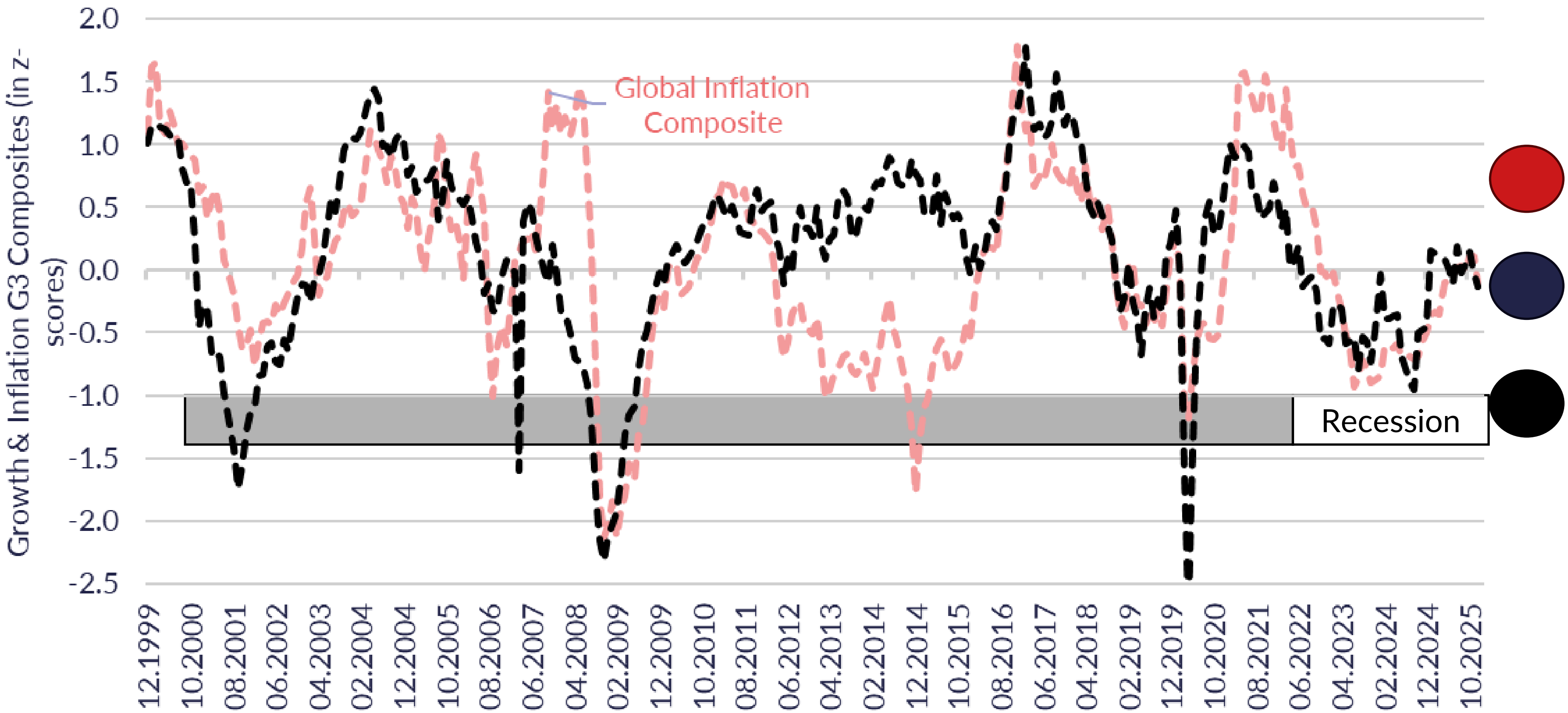
3 Scenarios



Black Scenario	Median Scenario	Rosy Scenario
Lower Nominal Growth	Medium Nominal Growth	High Nominal Growth
Dis-inflation / Deflation	Balanced Inflation	Rising Inflation Risk
Risk-aversion	Medium Risk-Appetite	High Risk Appetite

G3 – Growth And Inflation Composites

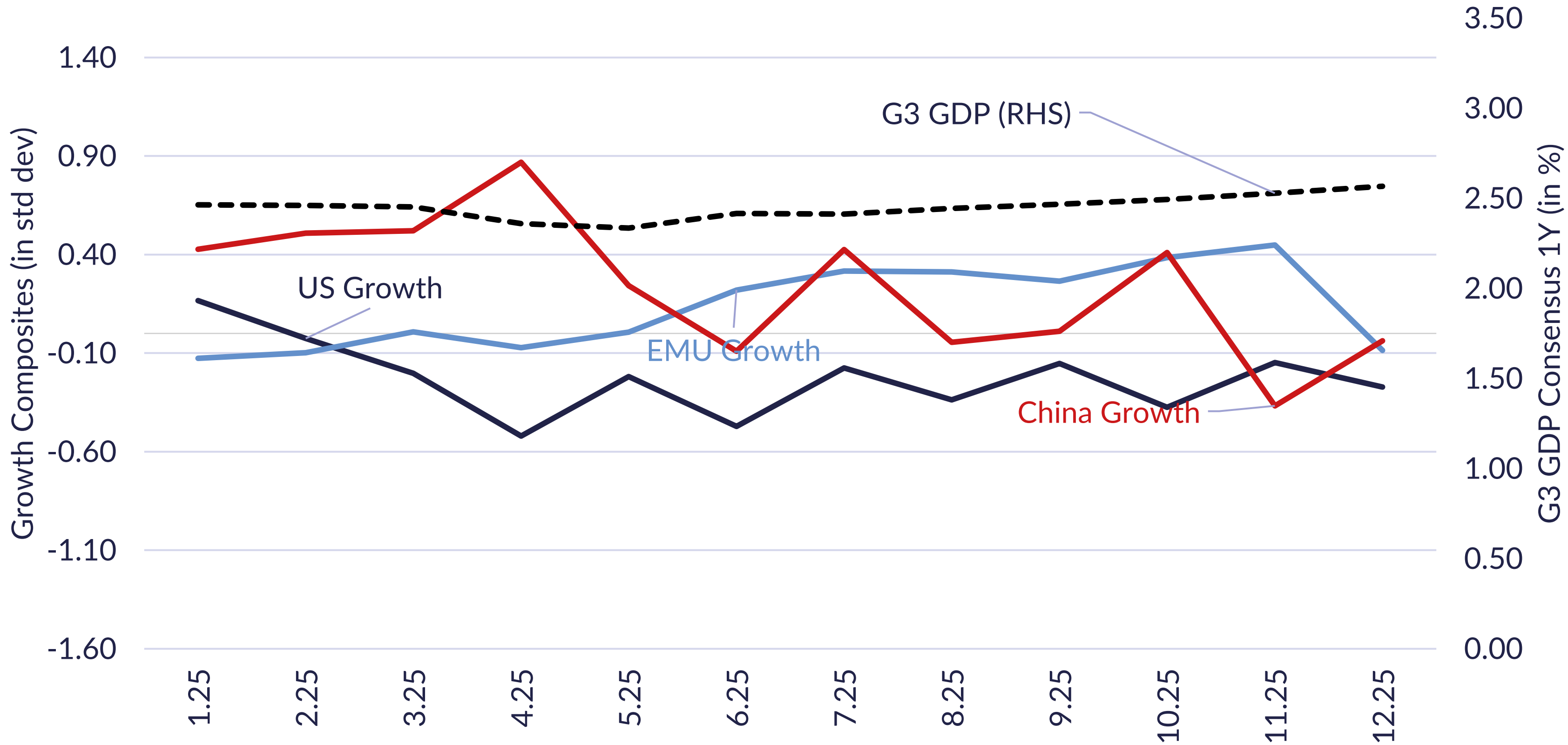
Soft landing still the main scenario, although recession risks have increased



Source: Bloomberg, GAMA Calculations; Composites of 6 leading economic and inflation indicators for USA, Europe and China (in z-scores, LHS);

G3 – Growth Composite vs. Consensus Expectations

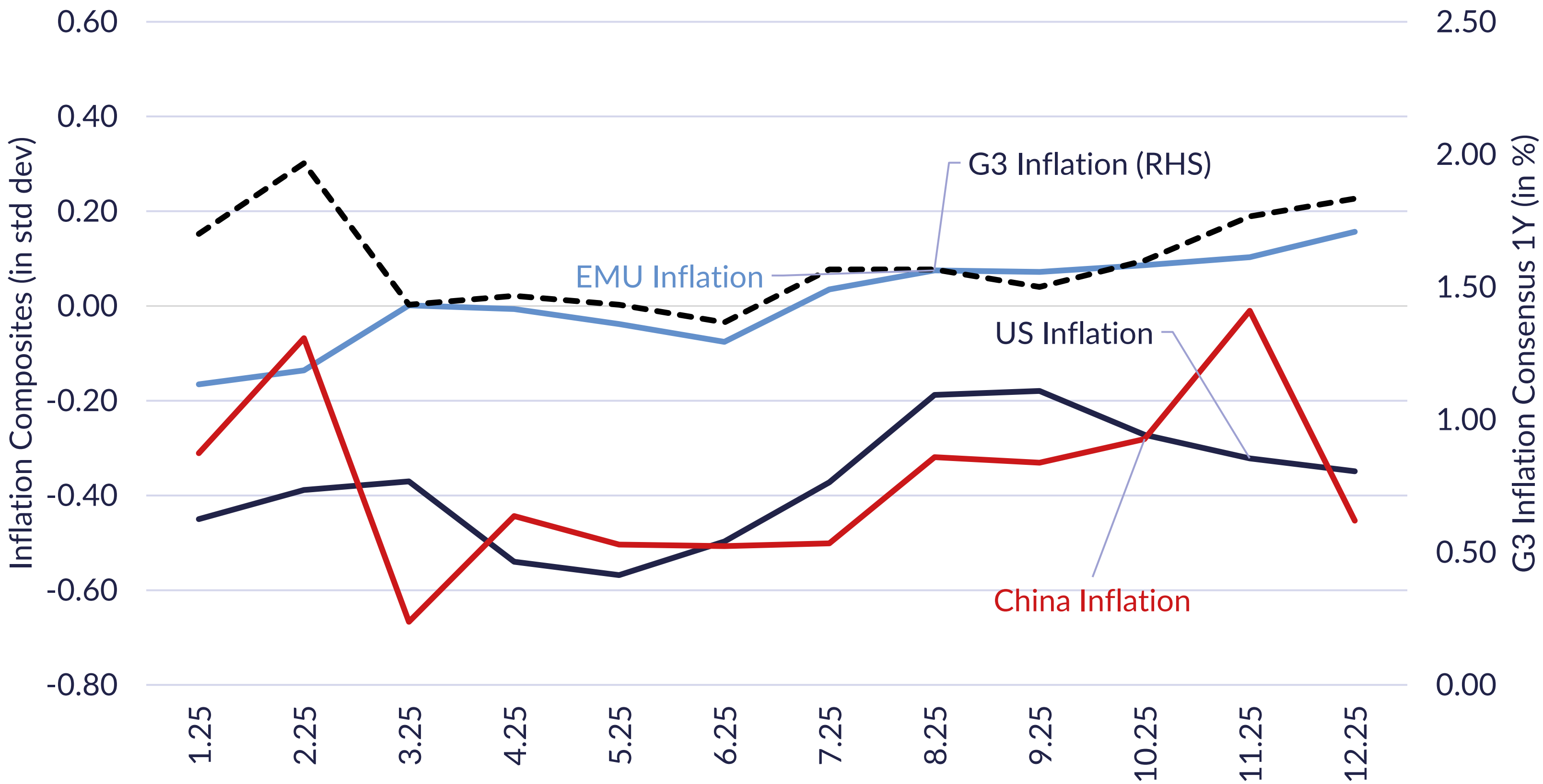
Rebound in EMU growth, while US signal indicates upcoming weakeness



Source: Bloomberg, GAMA Calculations; Composites of 6 leading economic indicators for USA, Europe and China (in z-scores, LHS); GDP Consensus calculated using current and next year Bloomberg GDP consensus for G3 (Average of USA, Europe & China, RHS).

G3 – Inflation Composite vs. Consensus Expectations

Inflation leading composite are coming down, mainly due to China



Source: Bloomberg, GAMA Calculations; Composites of 6 leading inflation indicators for USA, Europe and China (in z-scores); CPI Consensus calculated using current and next year Bloomberg CPI consensus for G3 (average of USA, Europe & China).

Macro Outlook - Growth

Fiscal impulses and easing financials are supporting growth just as tariffs are fading

GROWTH DOWNSIDE RISKS

- Higher US tariffs will impact growth
- Policy uncertainty remains high
- US tariffs are hitting poorer consumers' income
- US housing demand is curtailed by high 30-year mortgage rates
- Lower immigration
- Job losses due to AI and business uncertainty
- Political uncertainty in many European countries
- Impact of US tariffs

GROWTH UPSIDE RISKS

- Looser financial conditions partly thanks to a weaker US dollar
- More stable trade and investment relations
- Business investment in AI
- Fiscal stimulus from the OBBB boosts corporate investment
- Increased productivity
- Easier US monetary policy
- German fiscal stimulus
- Impact of easier ECB monetary policy
- Consumption growth supported by policies
- Exports remain strong despite US tariffs

Growth has been more resilient than earlier expected.

Inflation Outlook

GAMA

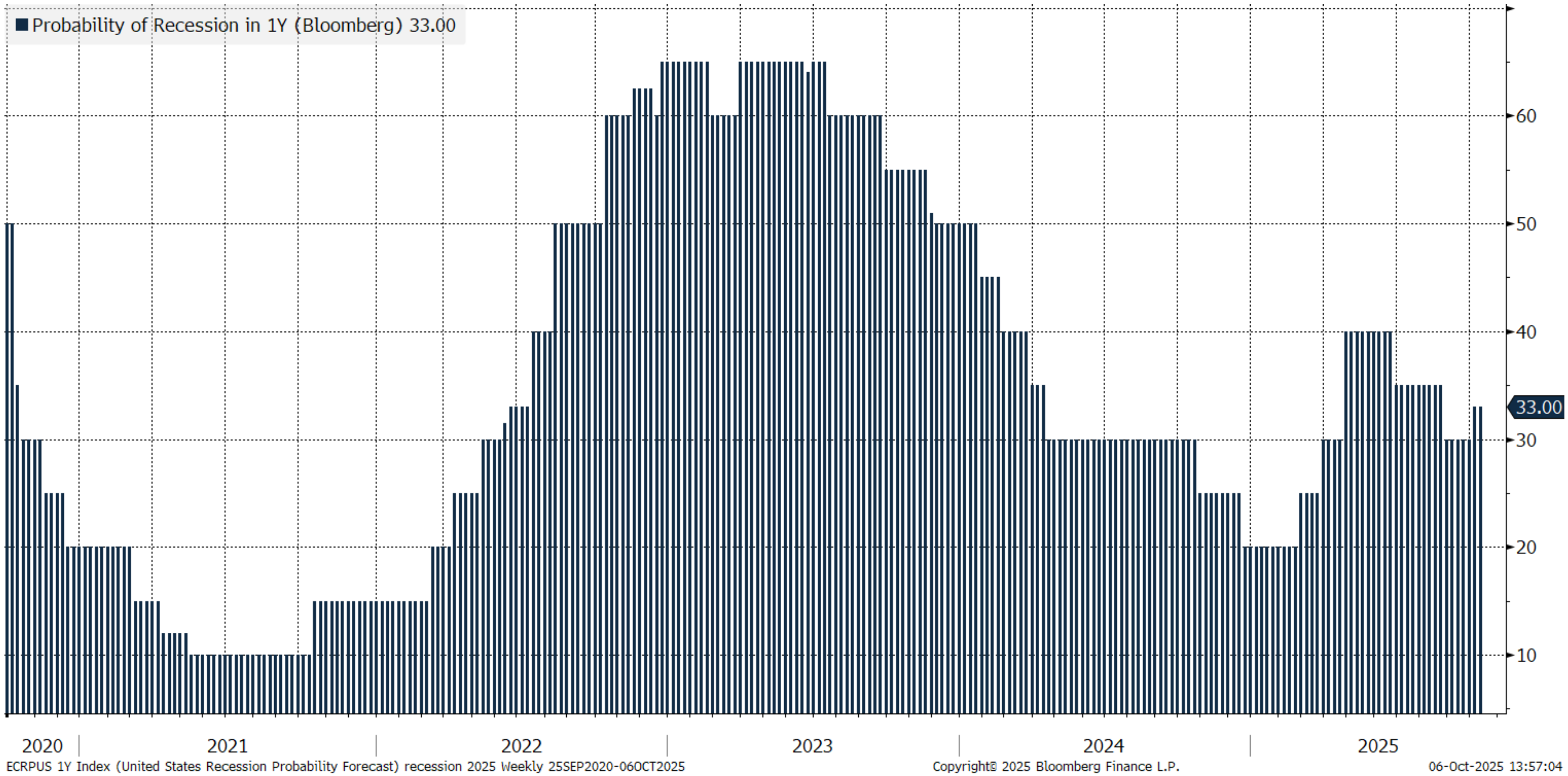
Inflation is gradually declining but still remains above the US Fed's 2% target

INFLATION DOWNSIDE RISKS	INFLATION UPSIDE RISKS
Global core inflation continues to decline	AI infrastructure buildout pushes up materials
Weaker global growth	Impact of higher tariffs will feed through the economy
Global excess capacity	Possible weakening of the Fed's independence could unanchor inflation expectations
Moderating growth and higher unemployment	Persistently negative real interest rates in Japan
Housing weakness	
US tariffs are a negative demand shock	
Stronger Euro	
Persistent excess supply, housing weakness	

Maintaining inflation expectations anchored requires independent monetary policy making. The US Administration's approach to the Fed is a concern.

Recession

Probability of recession in 1Y, back below 40%



Source: Polymarket, Bloomberg

Trump Matrix

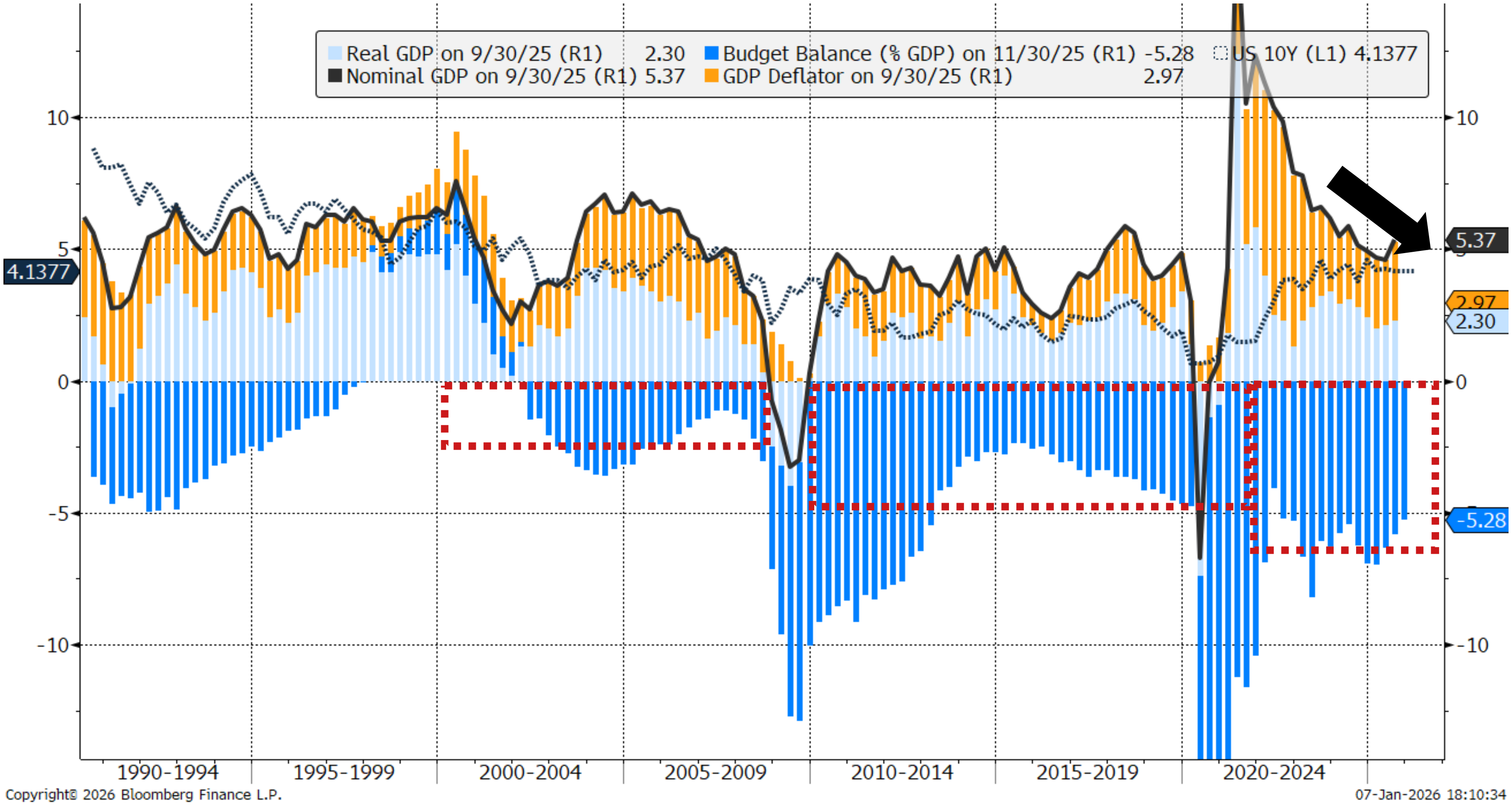
Various Trump measures with differentiated impact and timing

		INFLATION		
GROWTH		Disinflationary	Neutral	Inflationary
	Stimulates	- Energy independence (oil/gas) - Deregulation		- New tax breaks - Industrial reshoring initiatives
	Neutral			- Extension of 2017 tax cuts & Jobs Act
	Restrains	- Federal hiring freeze & spending cuts - Housing		- Tariffs - Tightening immigration policies

Sources: GAMA , thanks to Florian Marini

Growth Still Dependant On Debt Accumulation

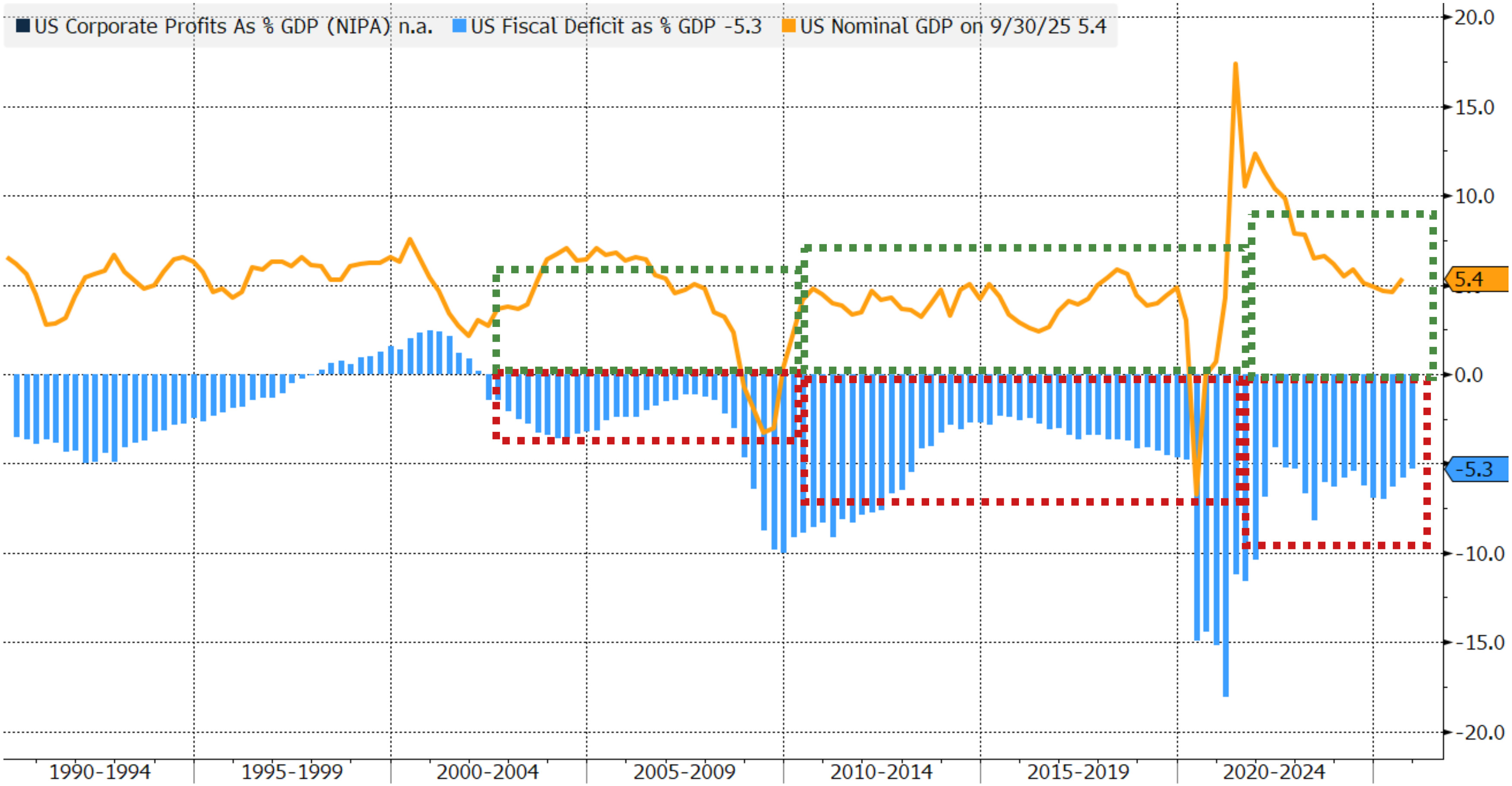
USA: Fiscal deficit is needed to keep growth, unsustainable ?



Sources: Bloomberg, GAMA calculations

Corporate Profits Versus Fiscal Deficit

USA: Corporate Profits as a mirror image of Fiscal Deficit



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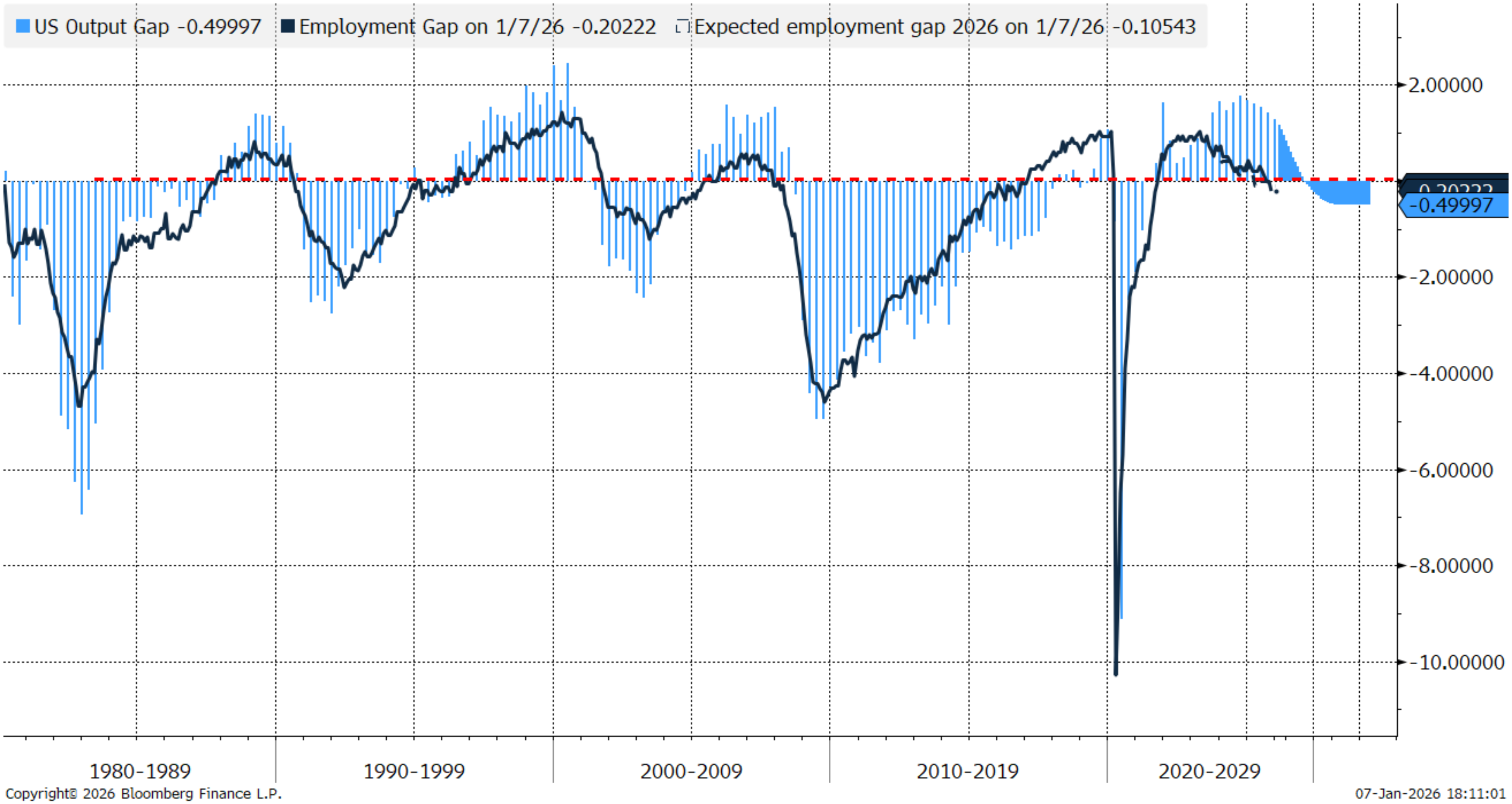
Sources: Bloomberg, GAMA calculations

Output & Employment Gaps

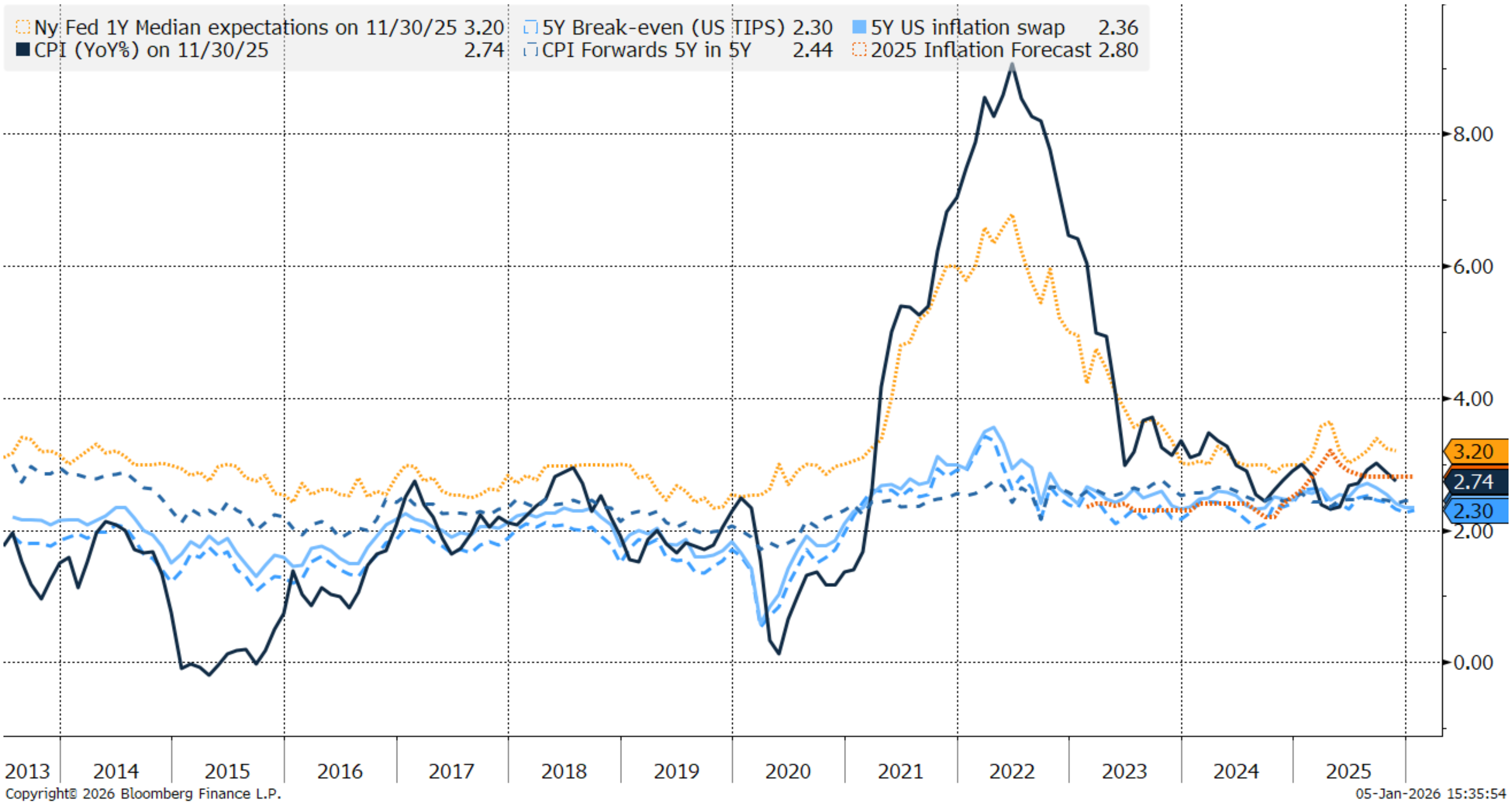
US: the output gap is declining, allowing the Fed to ease



Sources: Bloomberg, GAMA calculations

US Inflation Expectations

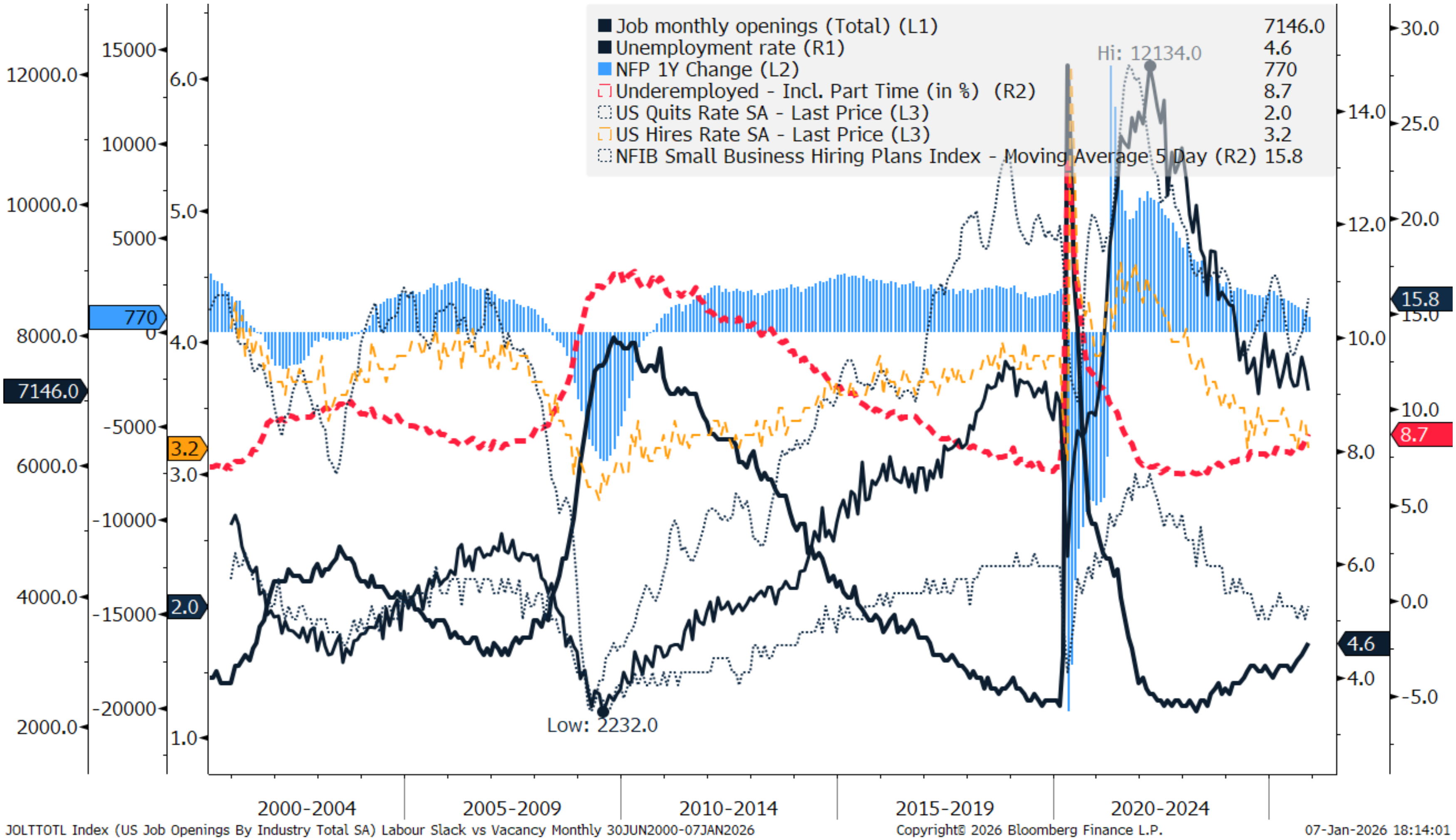
Inflation expectations remain well anchored



Sources: Bloomberg, GAMA calculations

US Labour Market

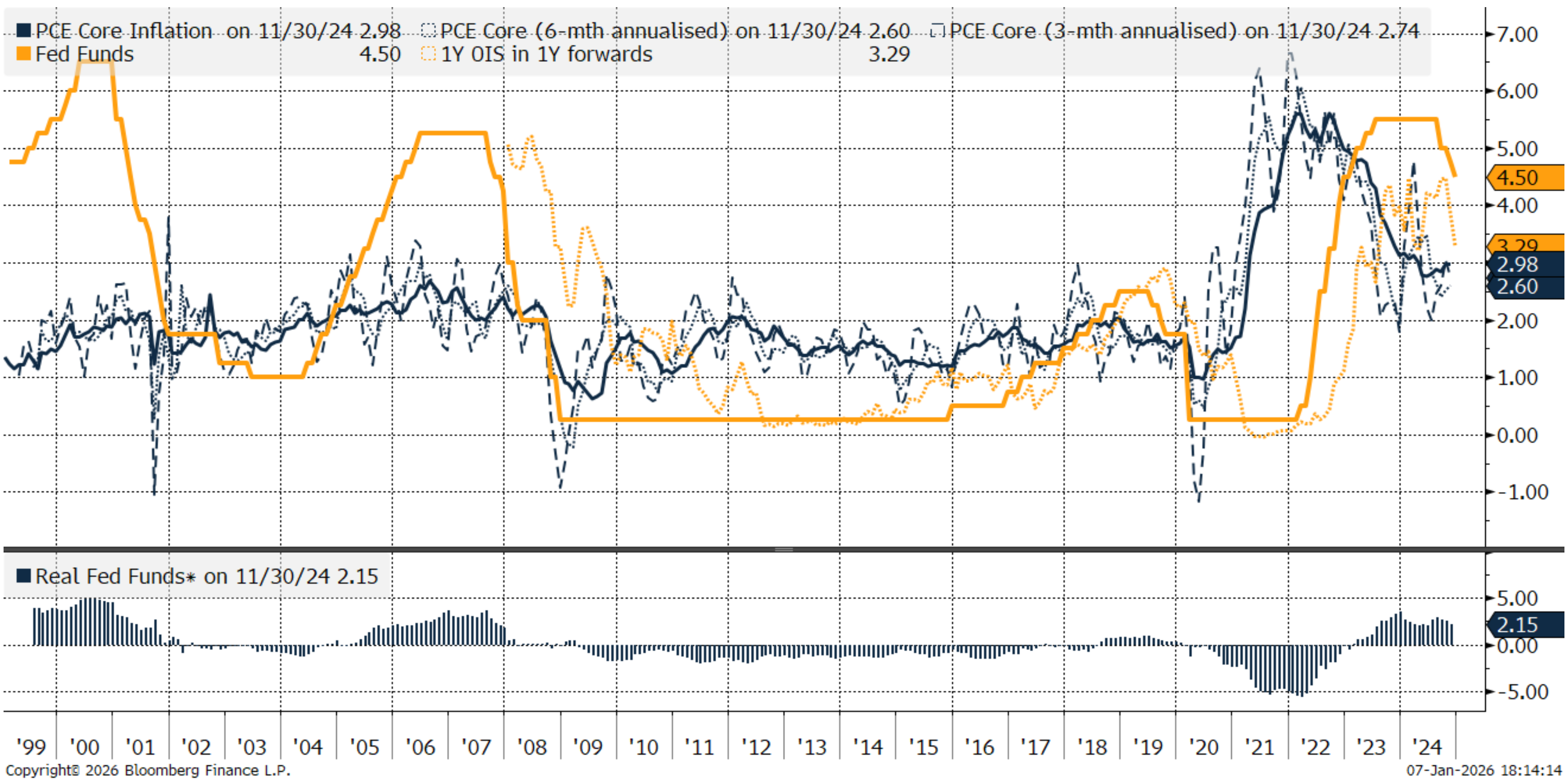
Job openings: still solid labour market but pressure easing



Source: Bloomberg

Fed Remains In Restrictive Territory

Despite recent stickiness of inflation, Fed Funds remain high.



Source: Bloomberg

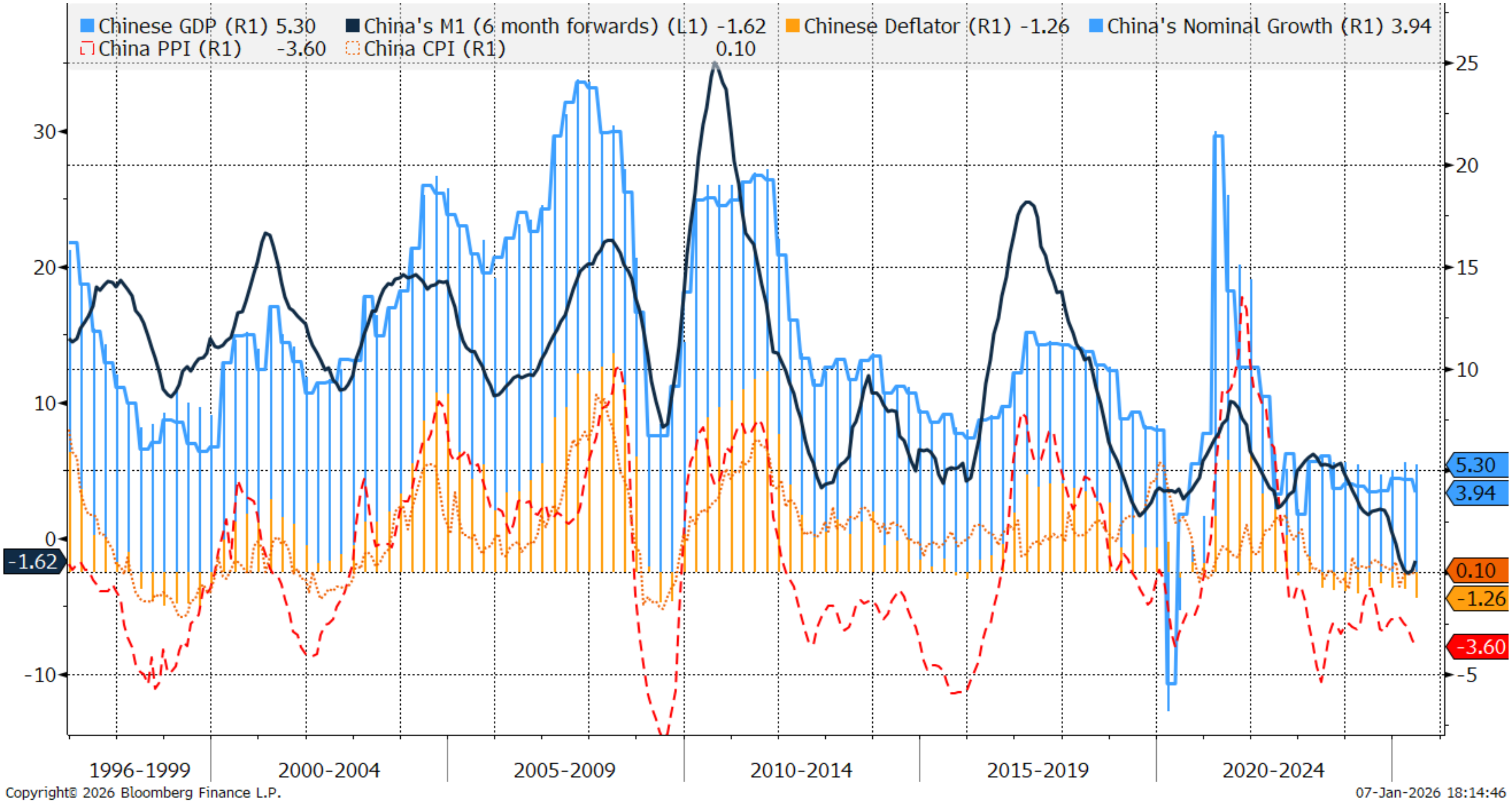
China Exporting Deflation

Largest deflation factor is Chinese real estate deleveraging in a $67 Trillion banking system

Source: Bloomberg

China Liquidity Cycle

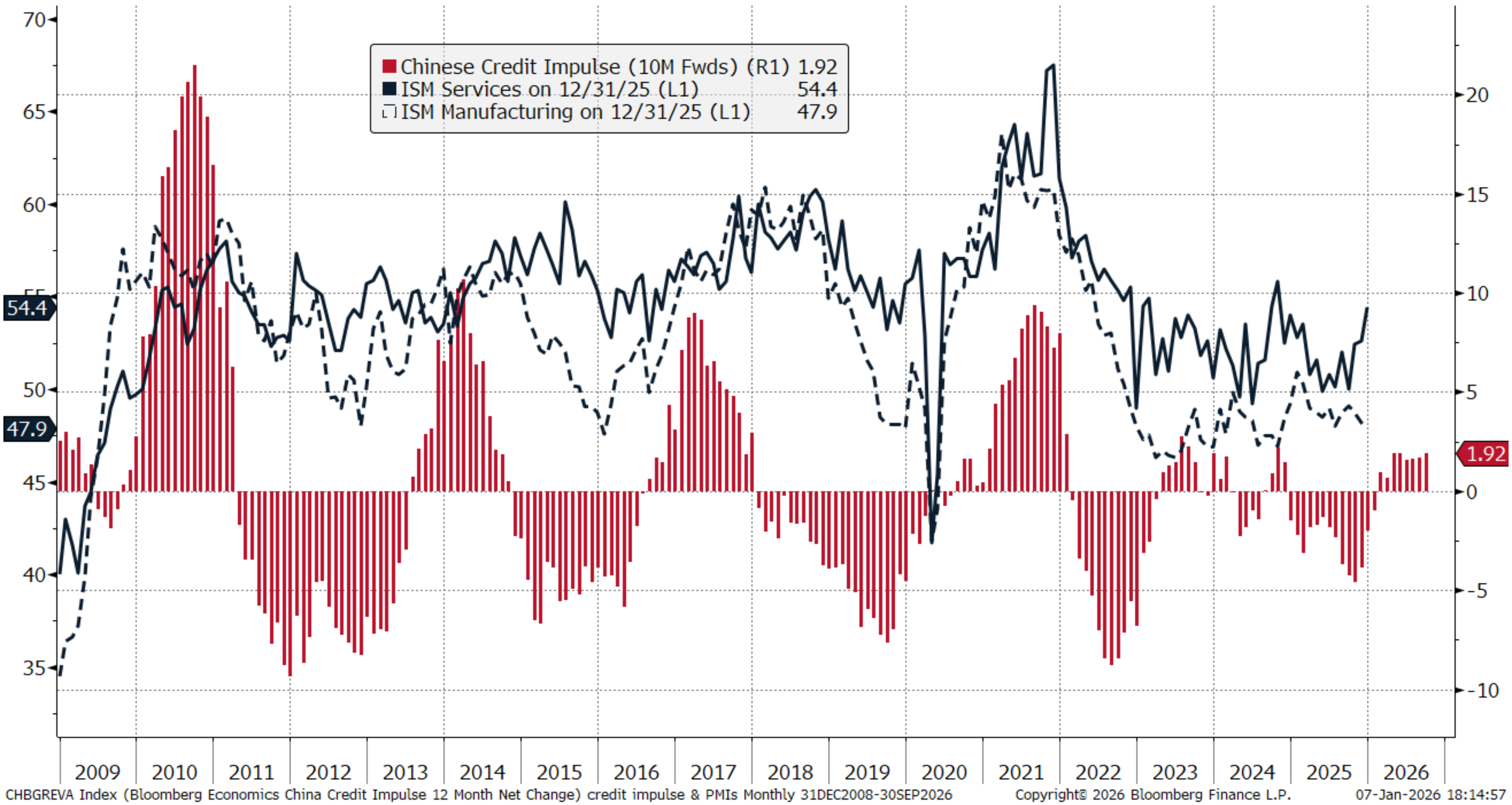
Declining money supply and credit, with new lows in M1 likely to drive nominal growth lower



Source: Bloomberg

China Credit Impulse

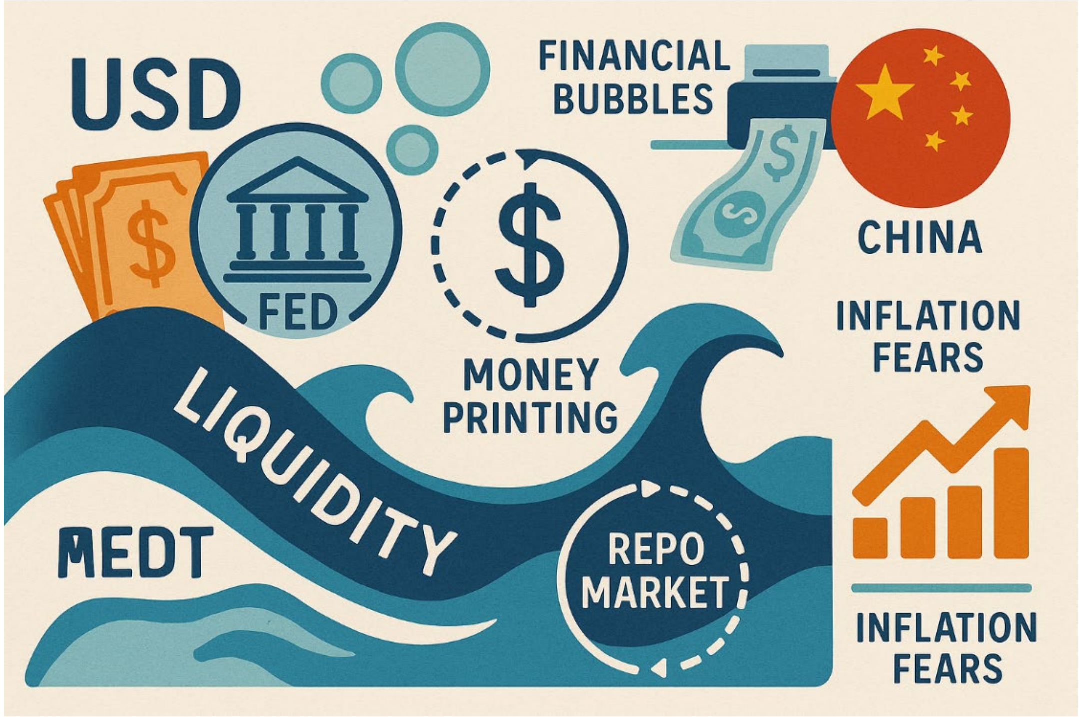
Impact of Chinese credit impulse on global manufacturing cycle



Source: Bloomberg


USD
FINANCIAL
BUBBLES
CHINA
FED
MONEY
PRINTING
INFLATION
FEARS
LIQUIDITY
MEDT
REPO
MARKET
INFLATION
FEARS

Liquidity

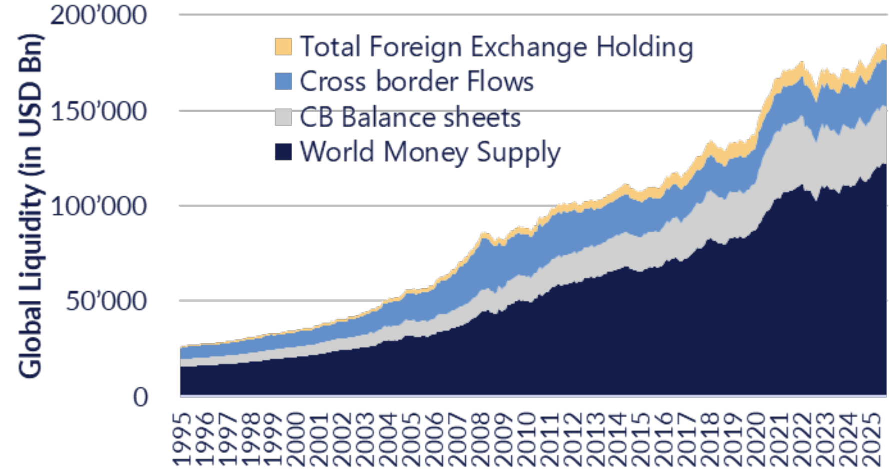


Debt, Liquidity & Markets

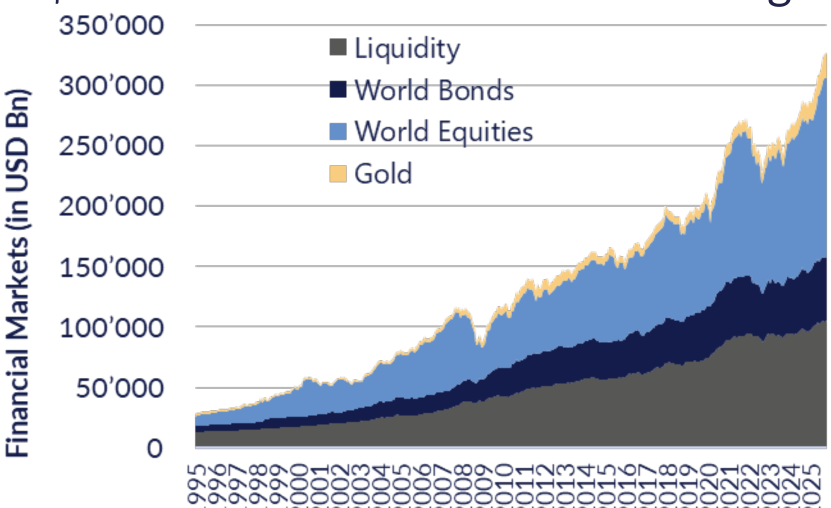
Links between Debt, Liquidity and Markets

$300T World debt… and rising!

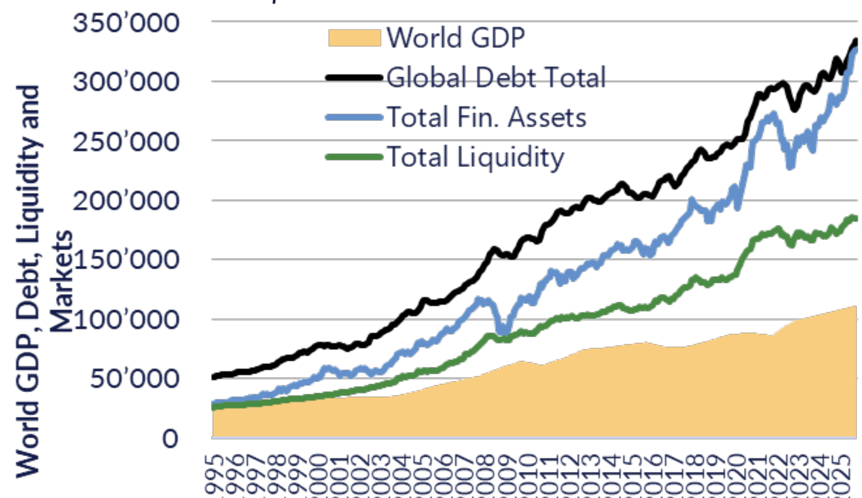
Nearing $200T Global liquidity



$300T Financial markets… and surging!



North of $100T World GDP

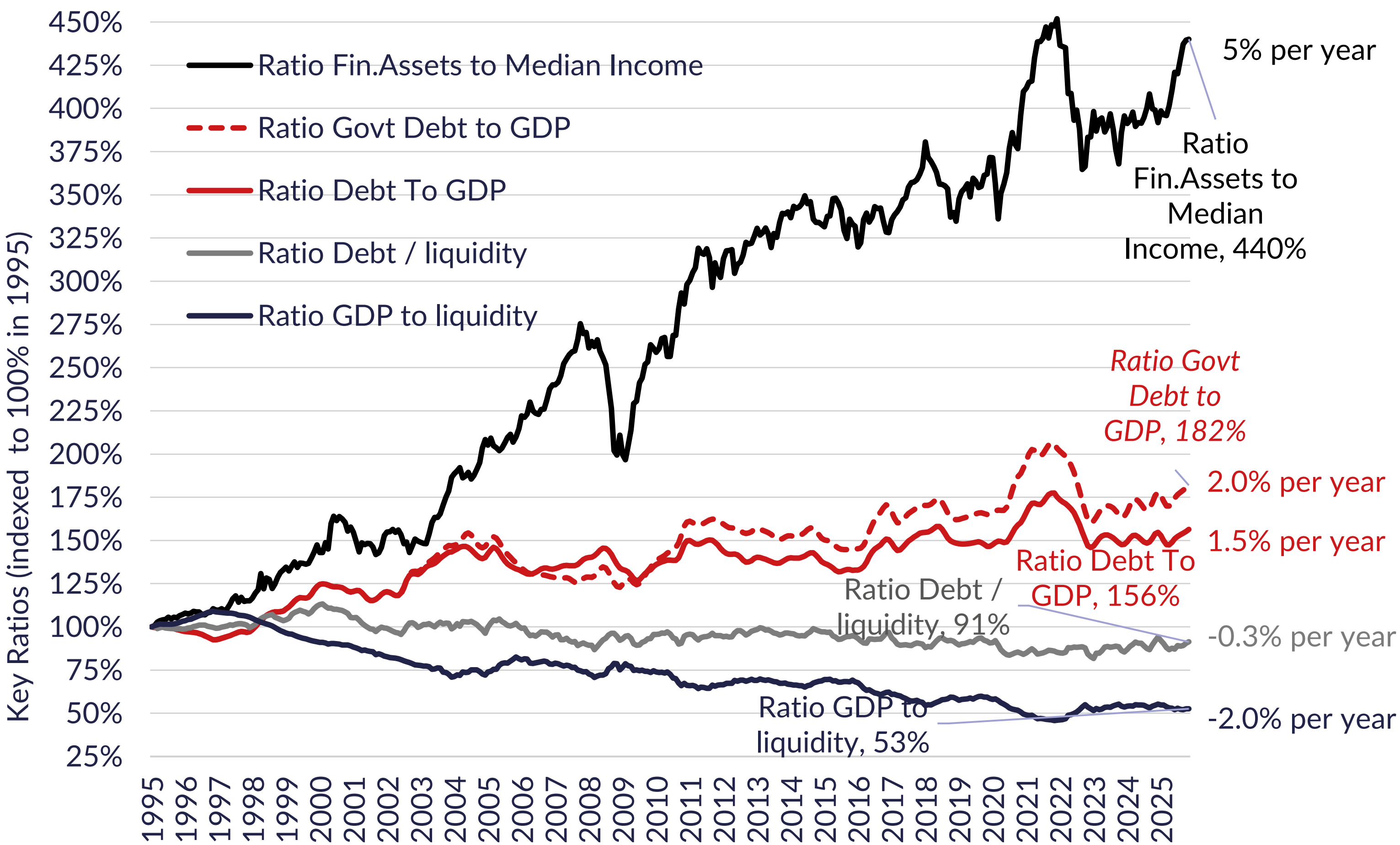


Sources: BIS, IIF, (Private debt include household and non-financial corporations), **Crossborder, Bloomberg, GAMA calculations**

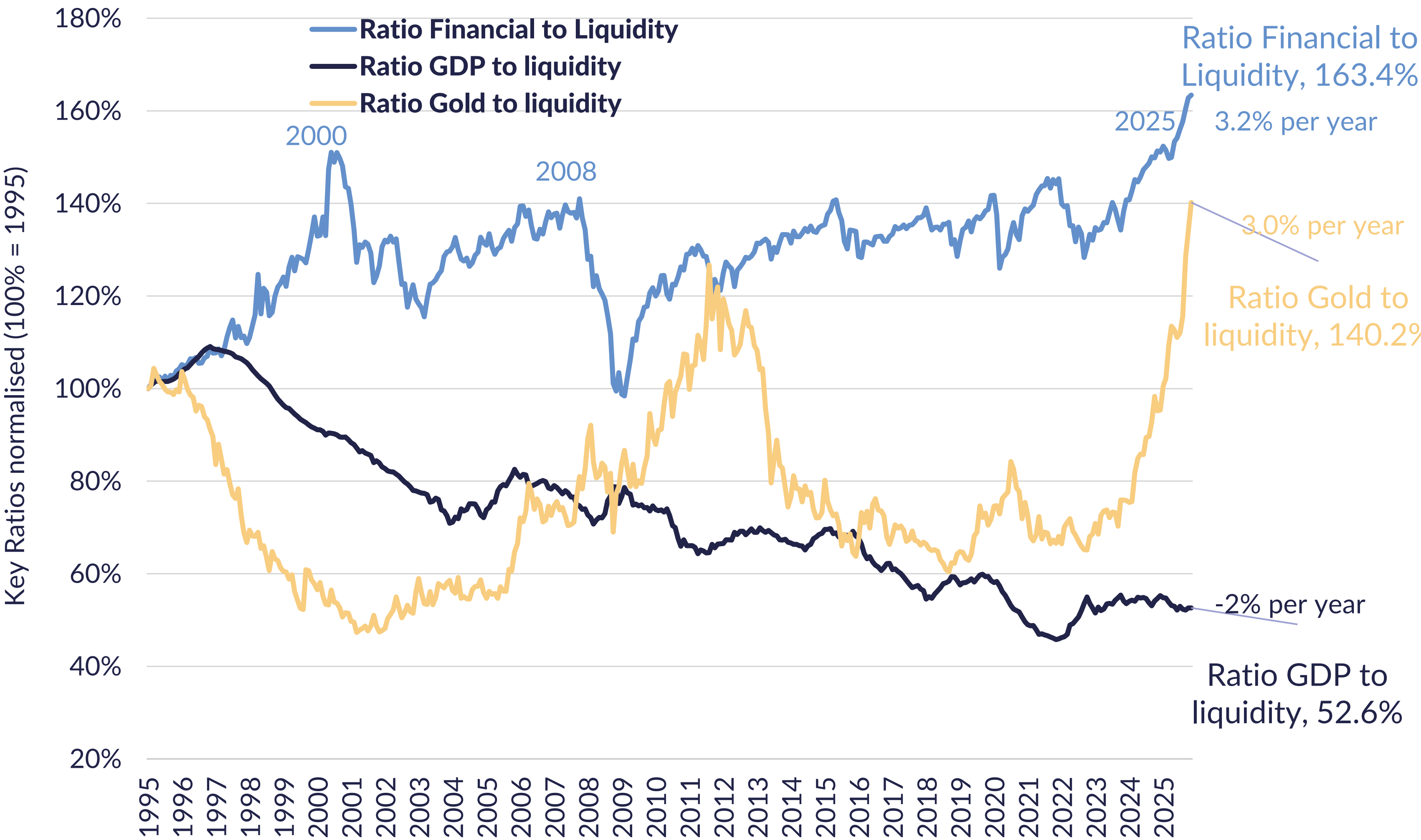
High Deficits and Debt(s)

GAMA

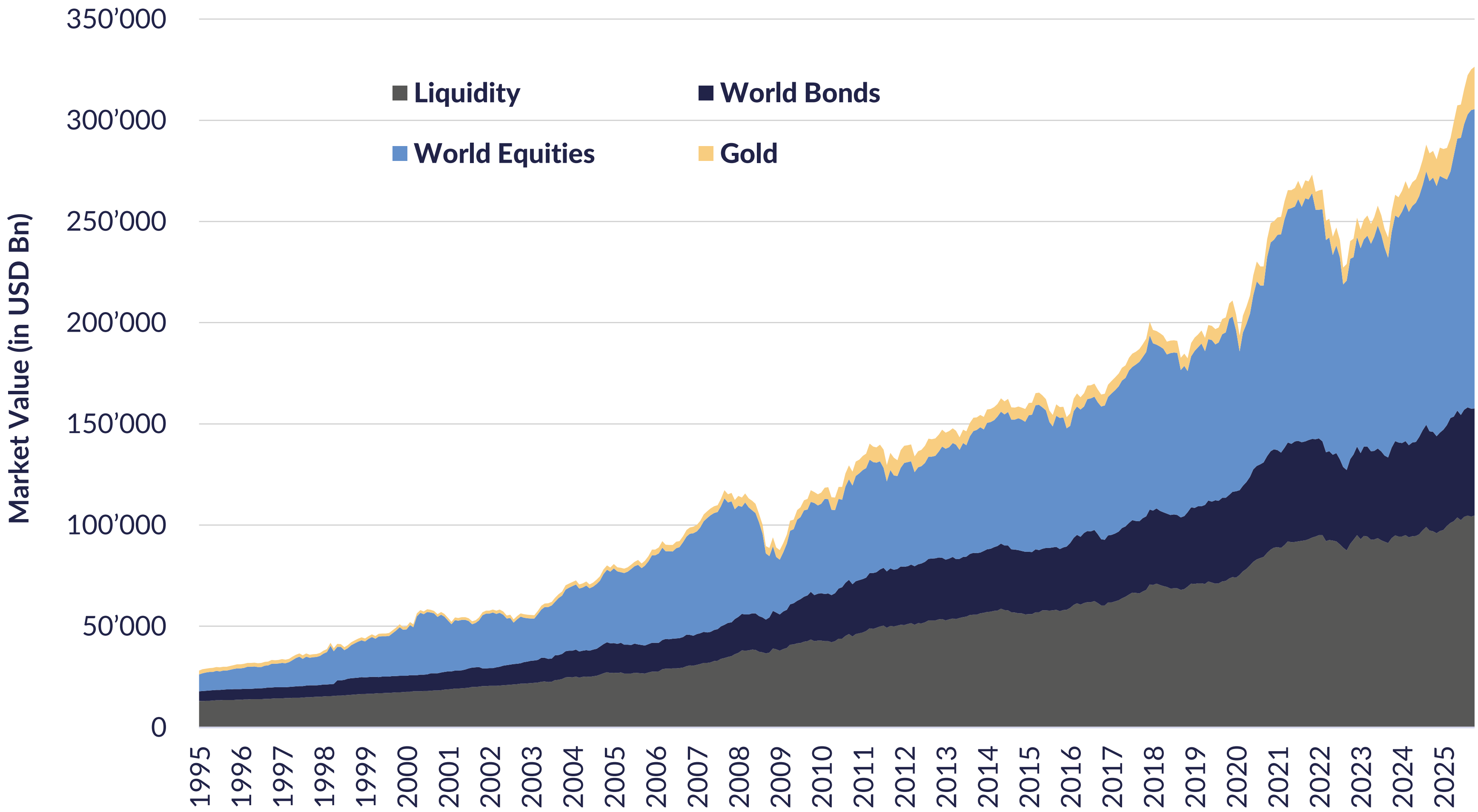
"Growth illusion"+ generational crisis + rising inequality between capital owners and labour.



Growth and Monetary Illusions

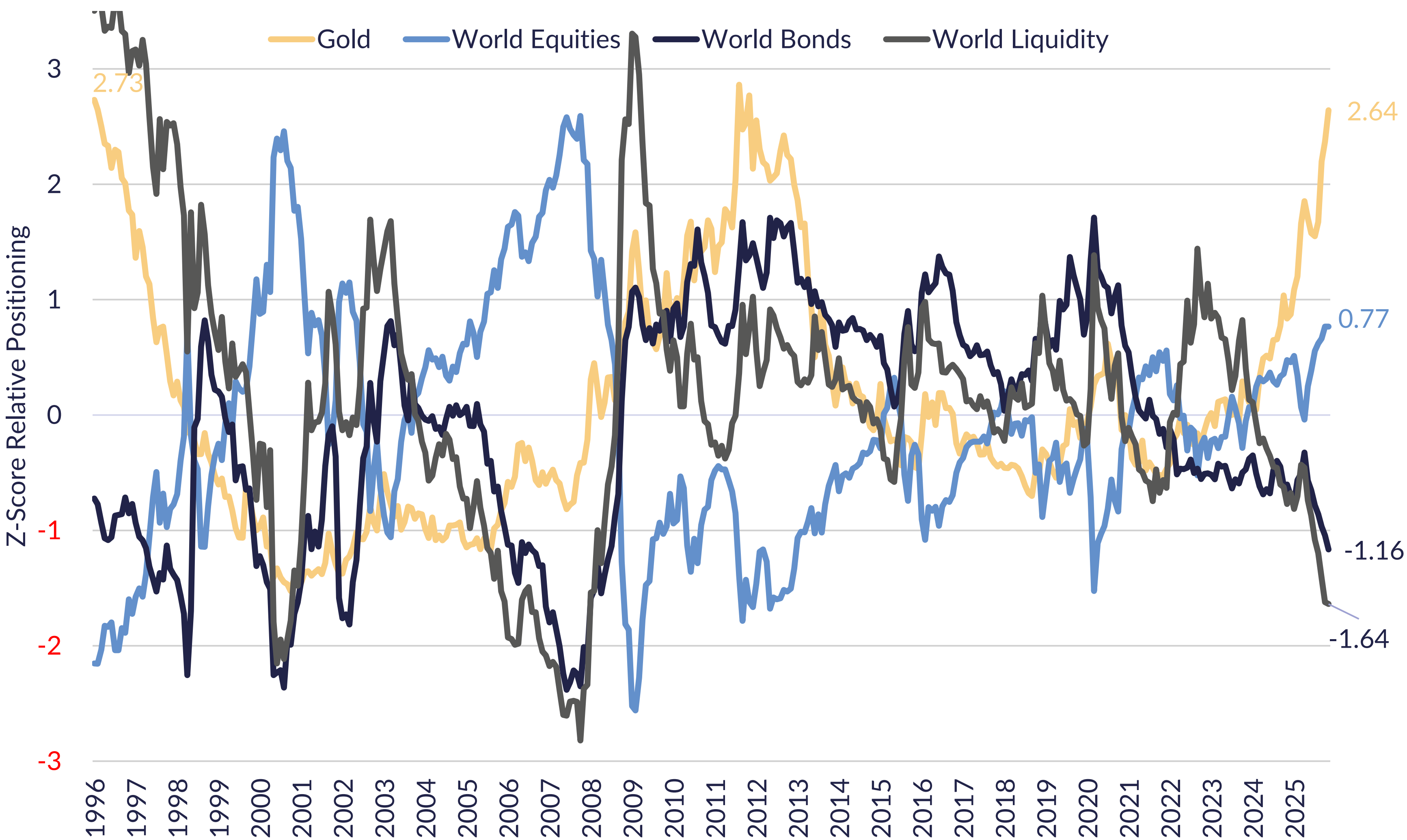


World Financial Portfolio



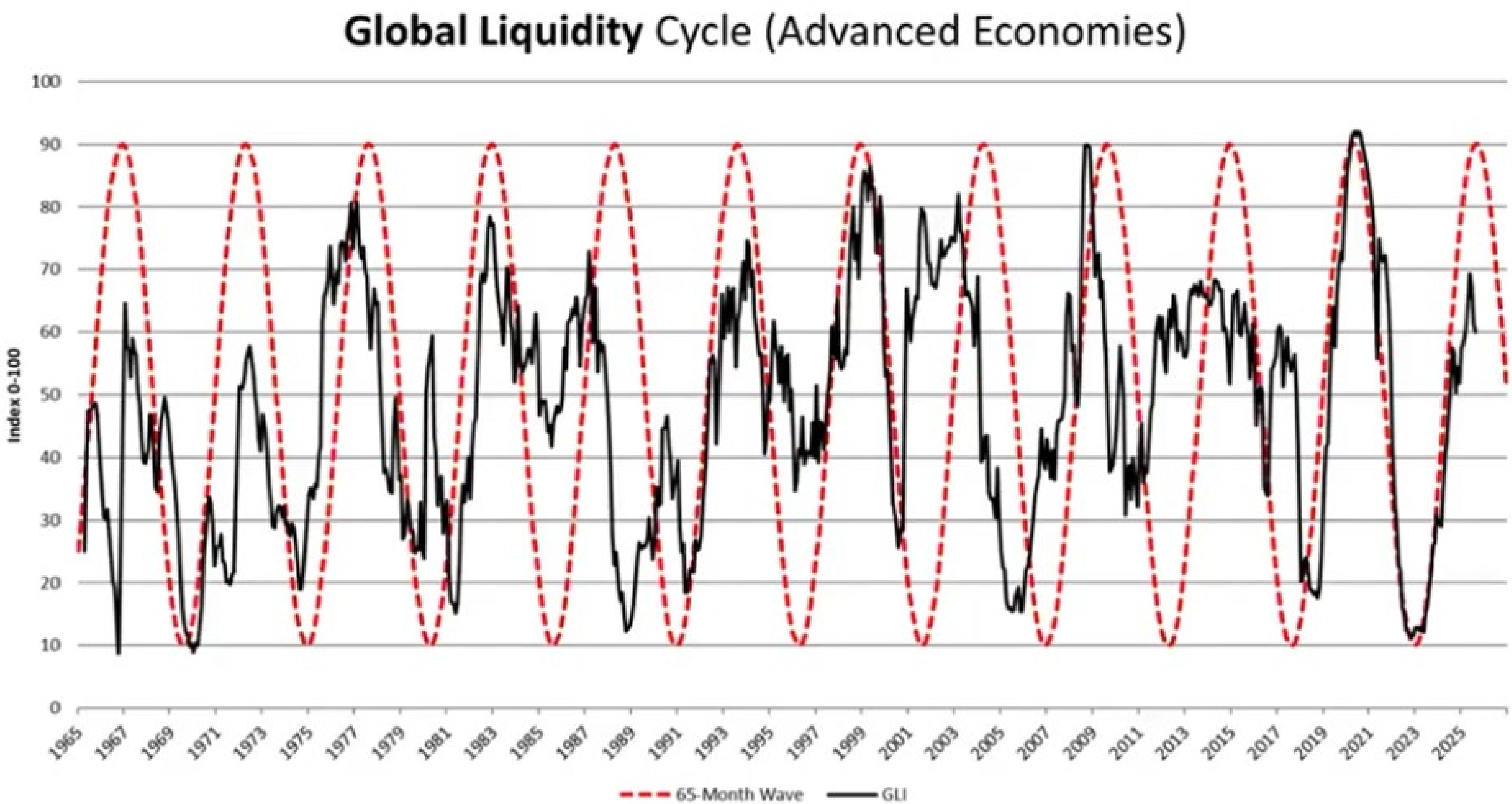
World Financial Portfolio (WFP)

Weights of WFP compared to its own history (in z-scores)



Global Liquidity (LT)

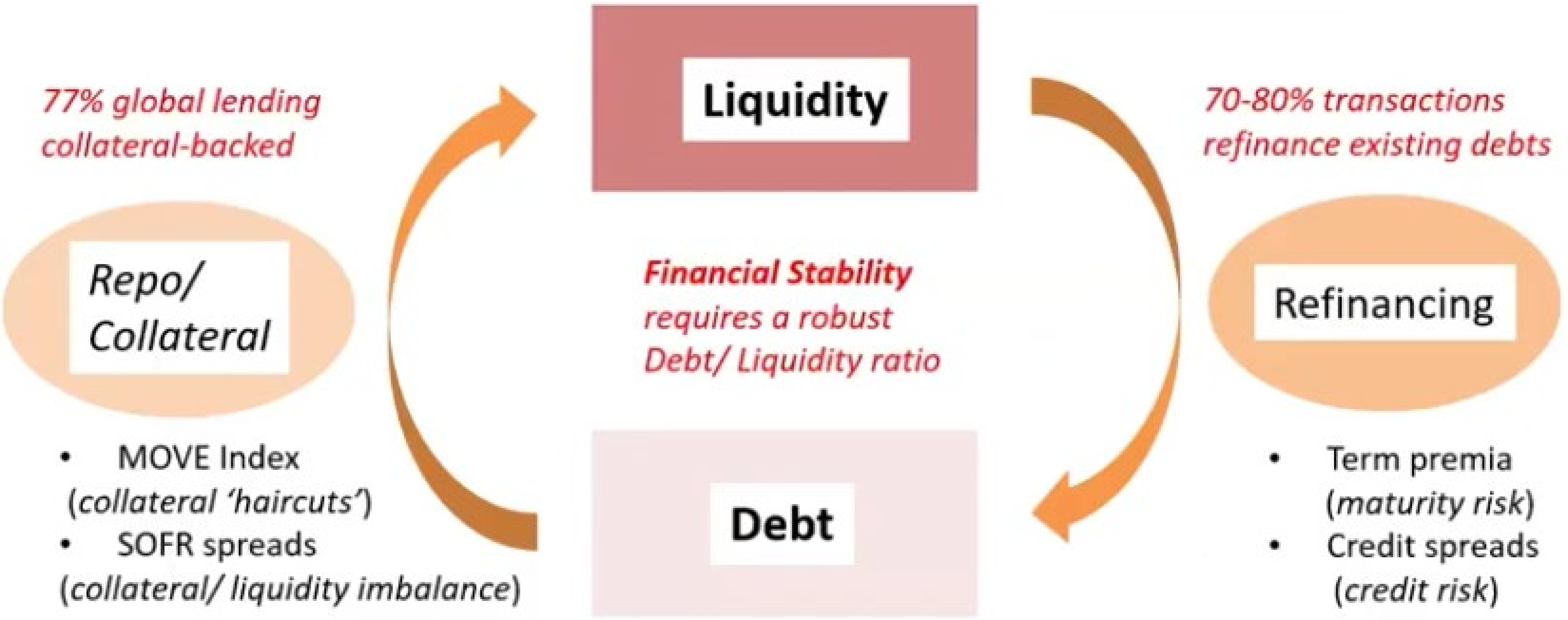
Global liquidity nearing a peak, 2026 in tightening mode ?



Source: Crossborder

Global Liquidity & Debt

Global liquidity necessary in a rising global debt environment



Source: Bloomberg, GAMA Calculations

Global Liquidity

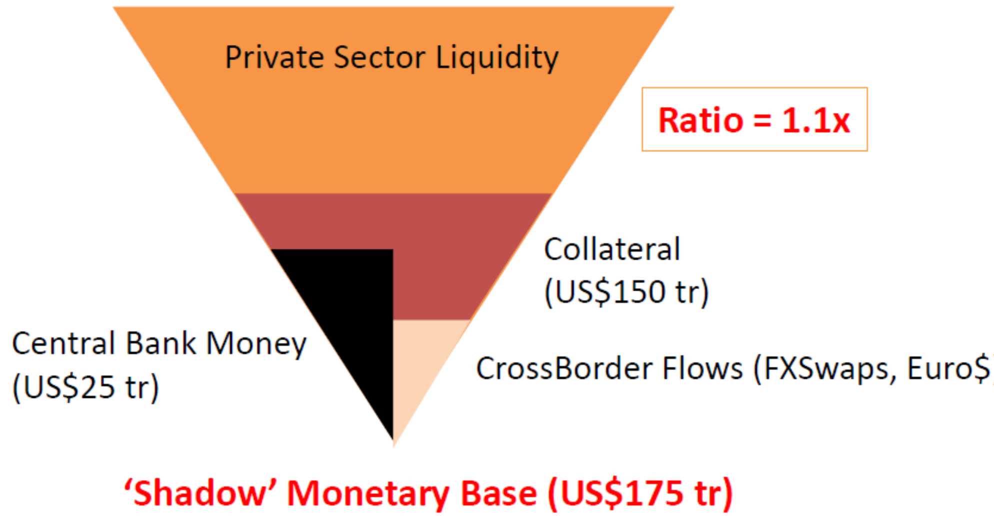
Independant and nearly twice the size of World GDP and key driver of business cycle

Funding liquidity* drives market liquidity

Global Liquidity* is a measure of balance sheet, i.e. the CAPACITY of capital NOT the COST of capital. It matters when debt has to be rolled over

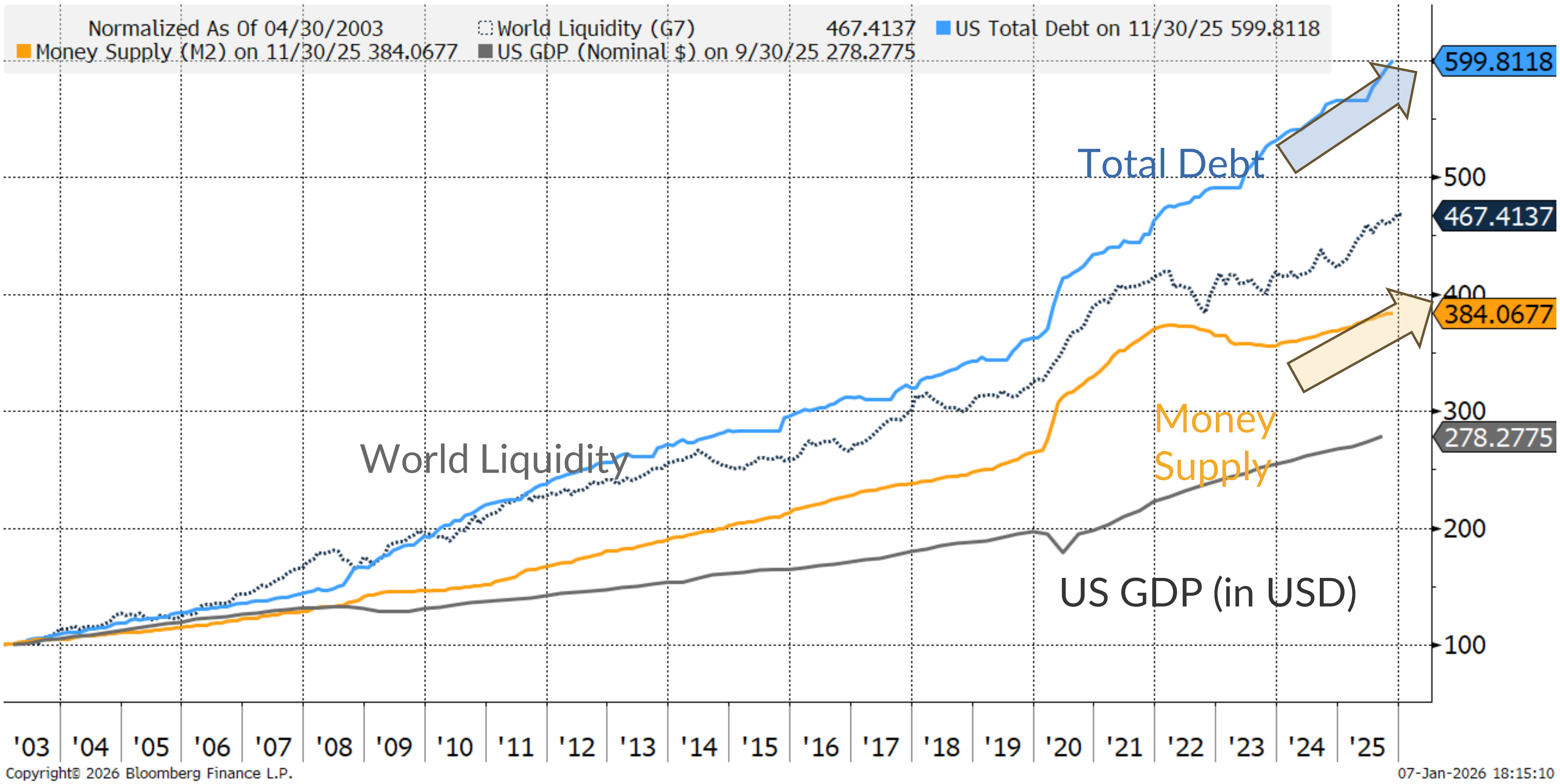
Source: Bloomberg, GAMA Calculations

Global Liquidity (USD 185 trillion)



Debt Increase = Higher Liquidity Need

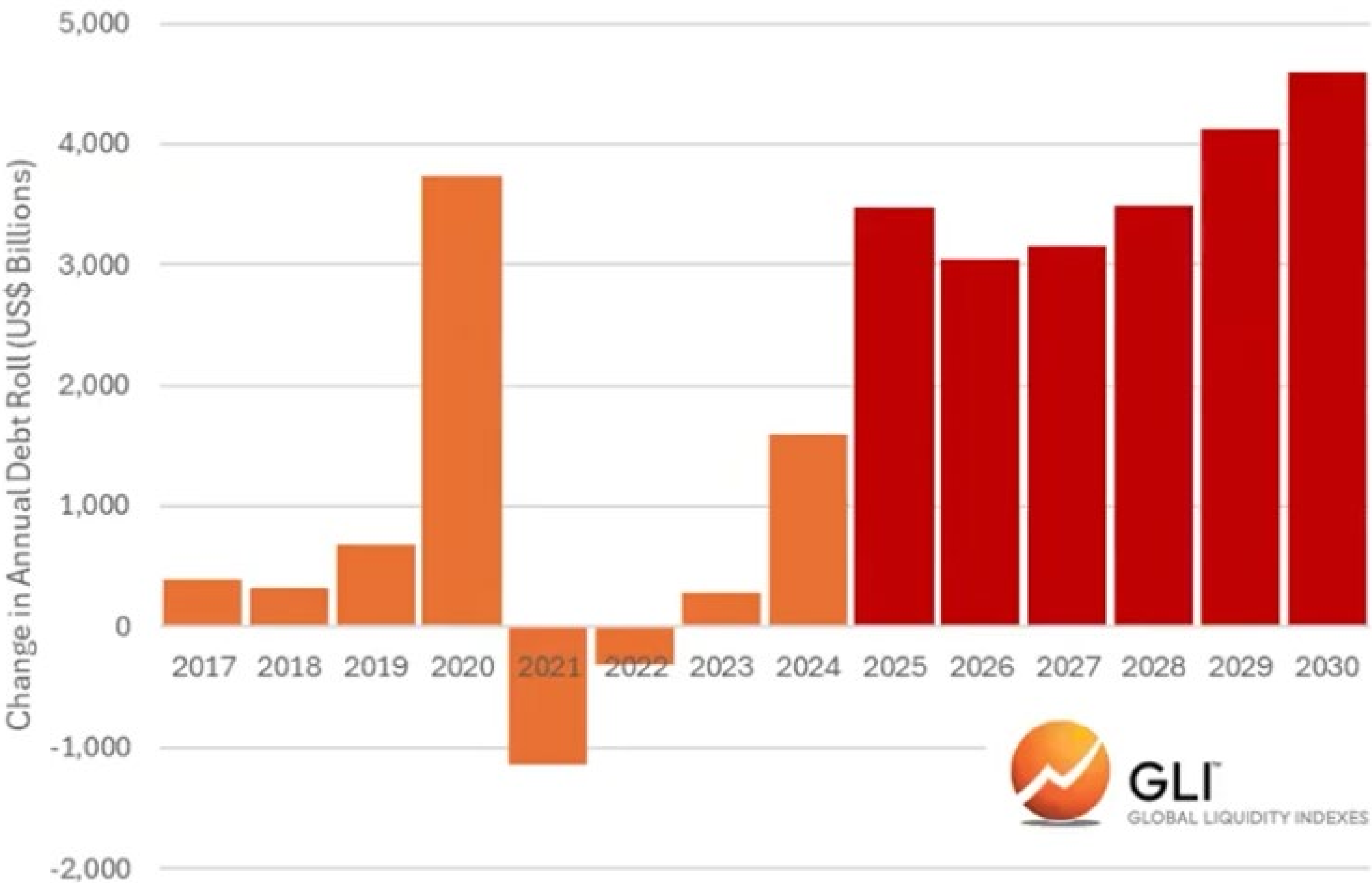
Divergence between debt and liquidity will not last, ready for new monetary creation?



Sources: Bloomberg, GAMA calculations; US Total debt = T-Bills + US Treasuries + Other government liabilities, Money supply = M2: cash, checking deposits, and other types of deposits that are readily convertible to cash such as CDs. US GDP

Global Debt Maturity Wall

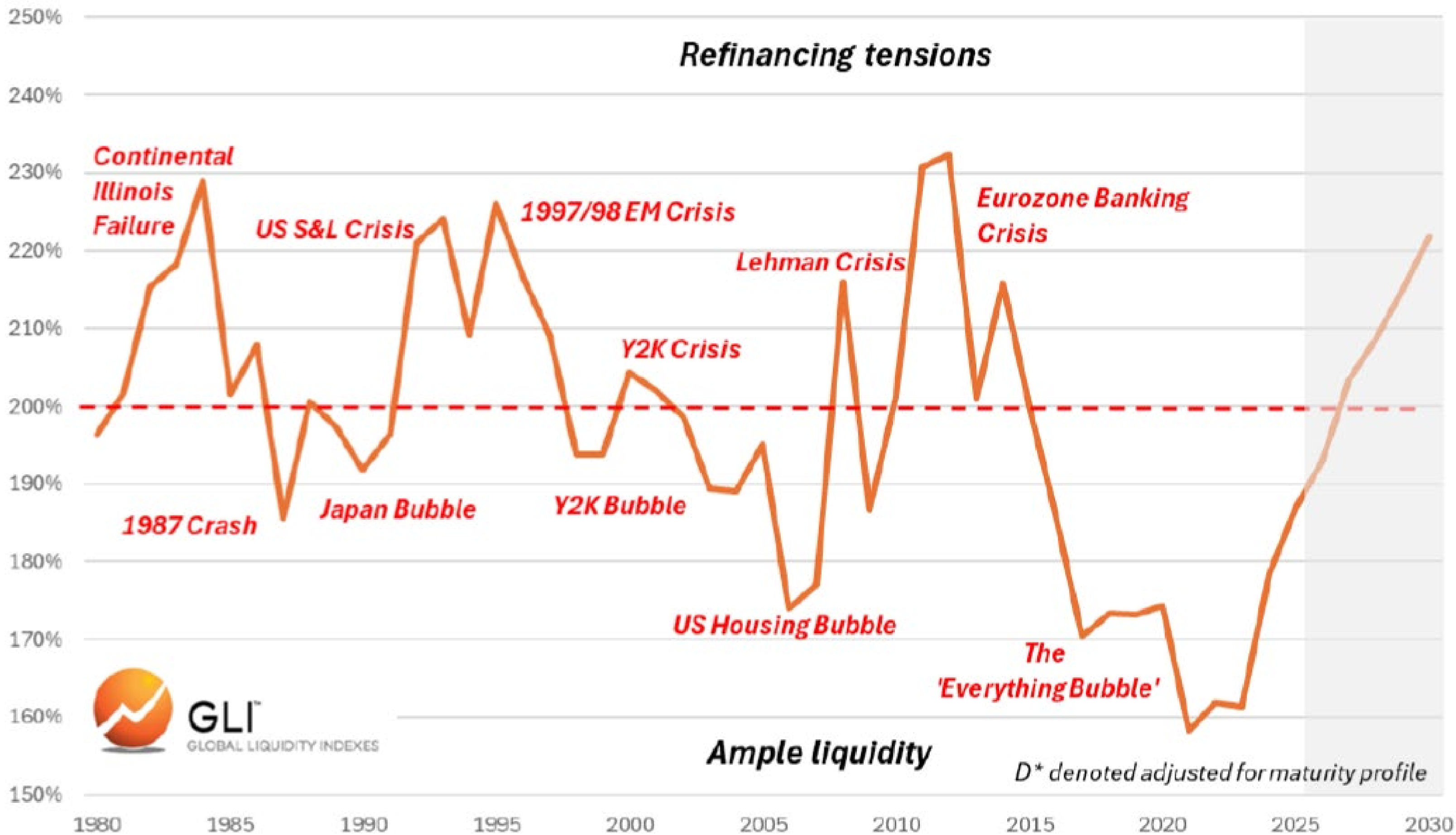
Advanced economies: debt maturity wall



Source: Crossborder

Debt-to-Liquidity Ratio

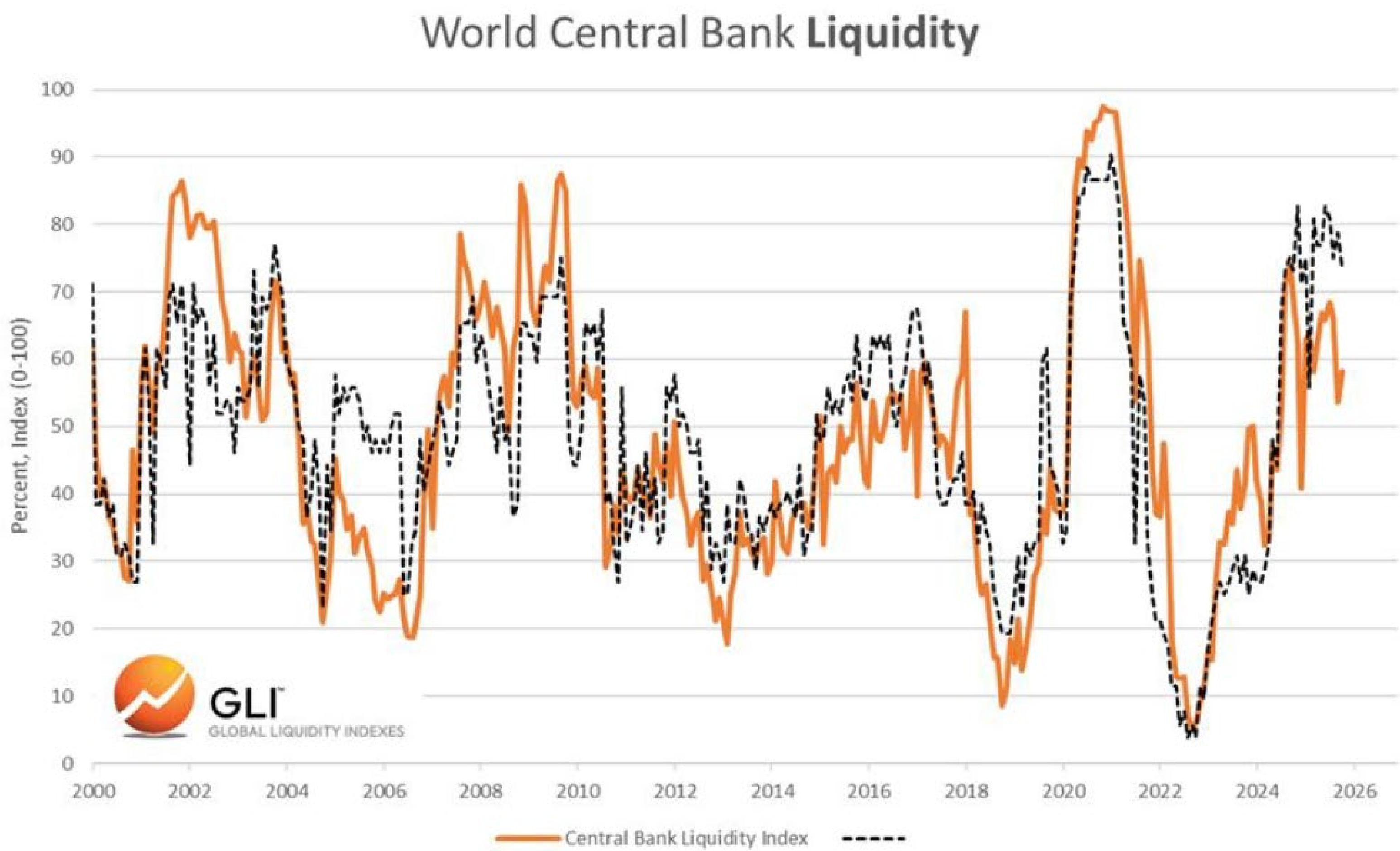
Advanced economies: Debt*-to-liquidity ratio



Source: Crossborder

Global Liquidity (MT)

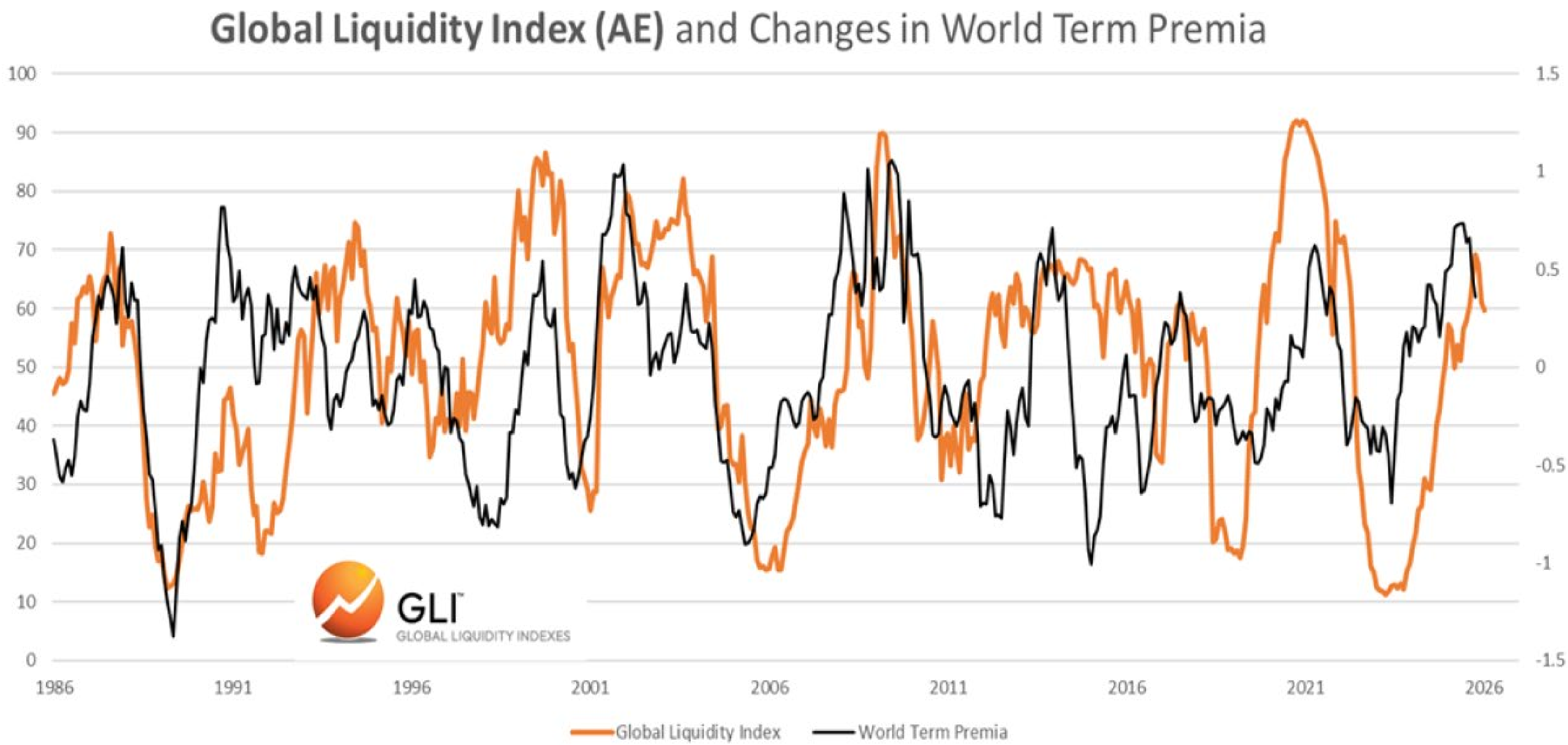
Global liquidity nearing a peak, led by central bank liqudity



Source: Crossborder

Global Liquidity (MT)

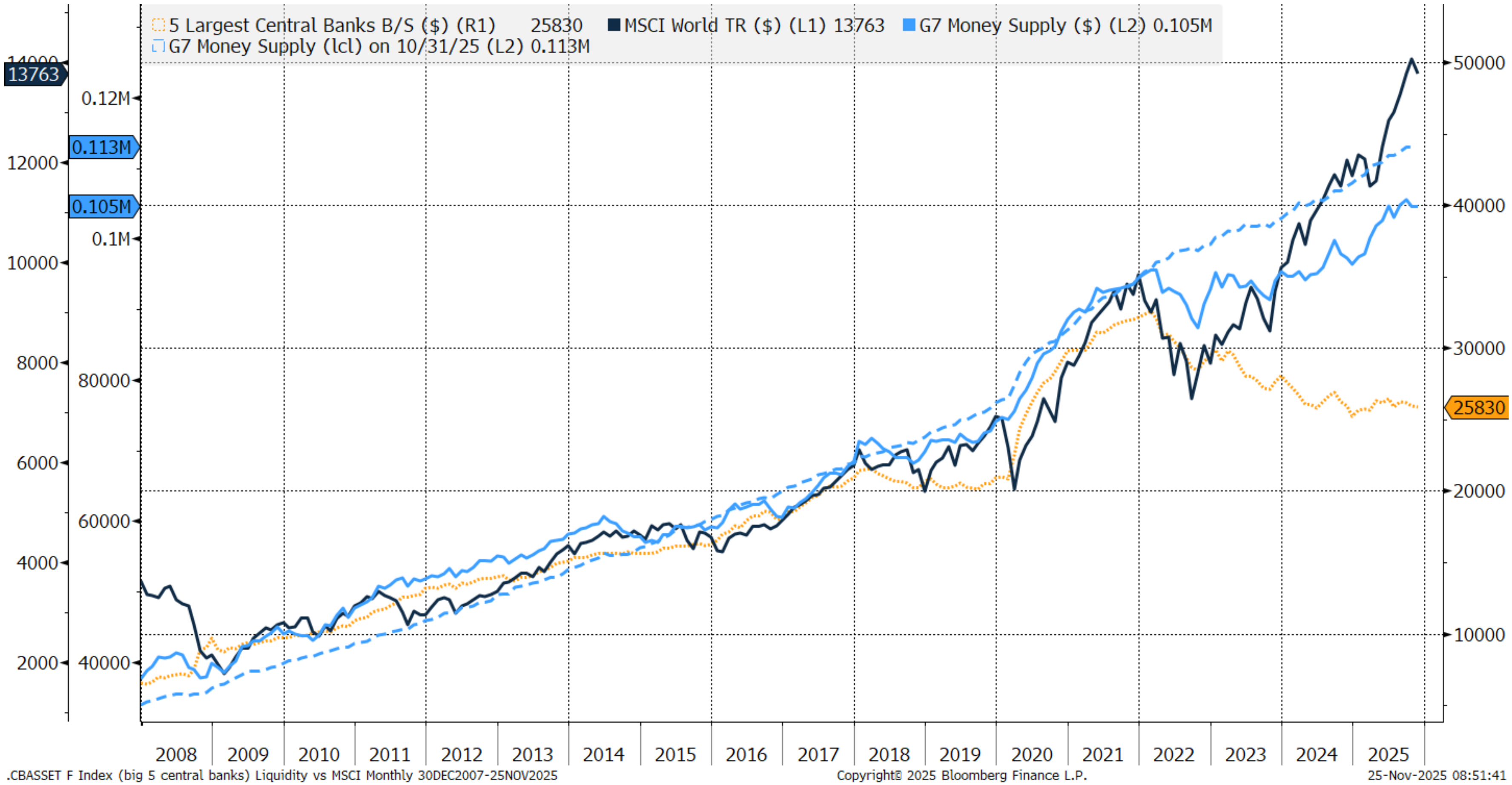
Global liquidity have pushed term premia wider, now near a peak ?



Source: Crossborder

Global Liquidity & Equities

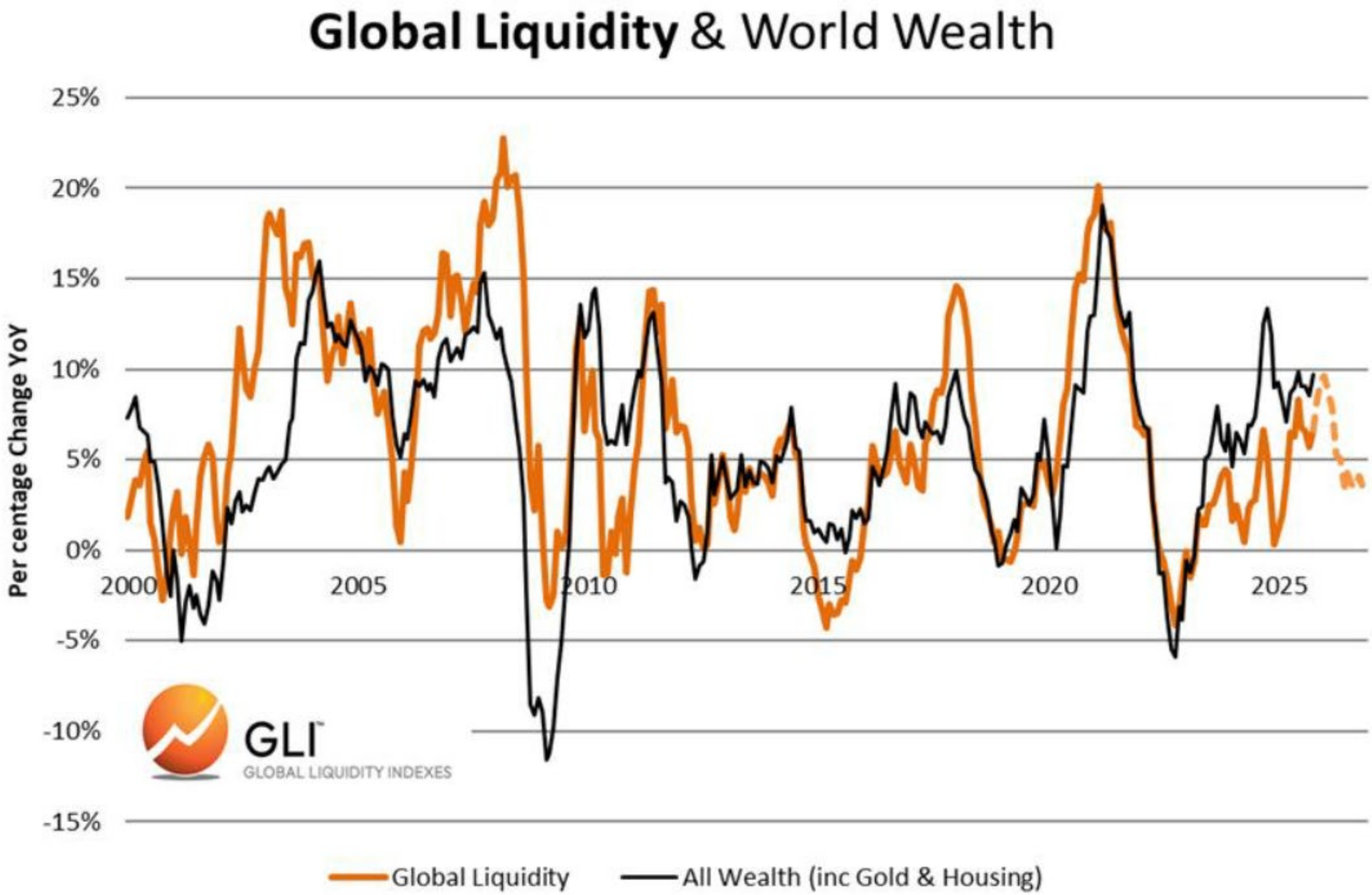
Global liquidity reaccelerating ? Yes, probably but gap with equities not filled



Source: Bloomberg, GAMA Calculations

Global Liquidity & World Wealth

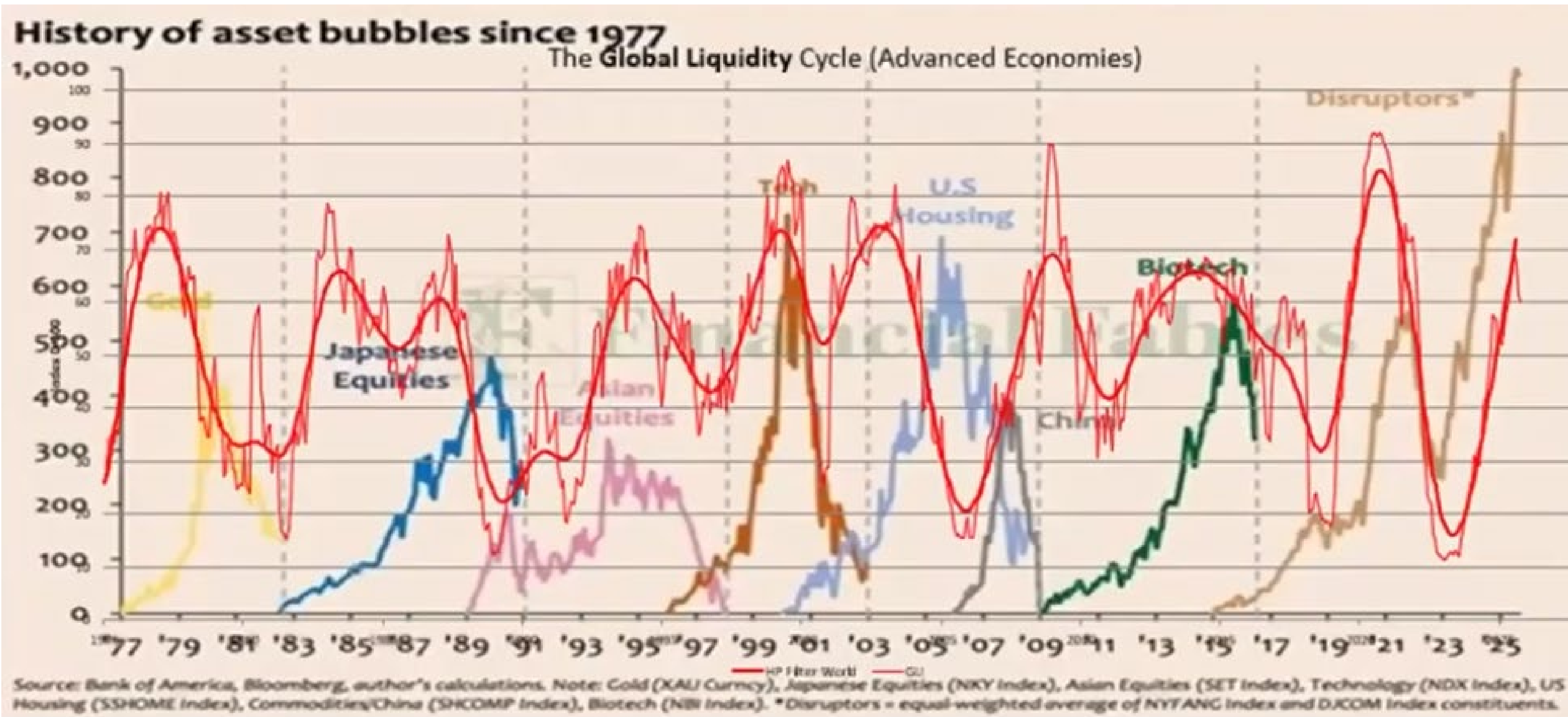
Global liquidity is likely to push world wealth growth lower



Source: Crossborder

Global Liquidity And Bubbles

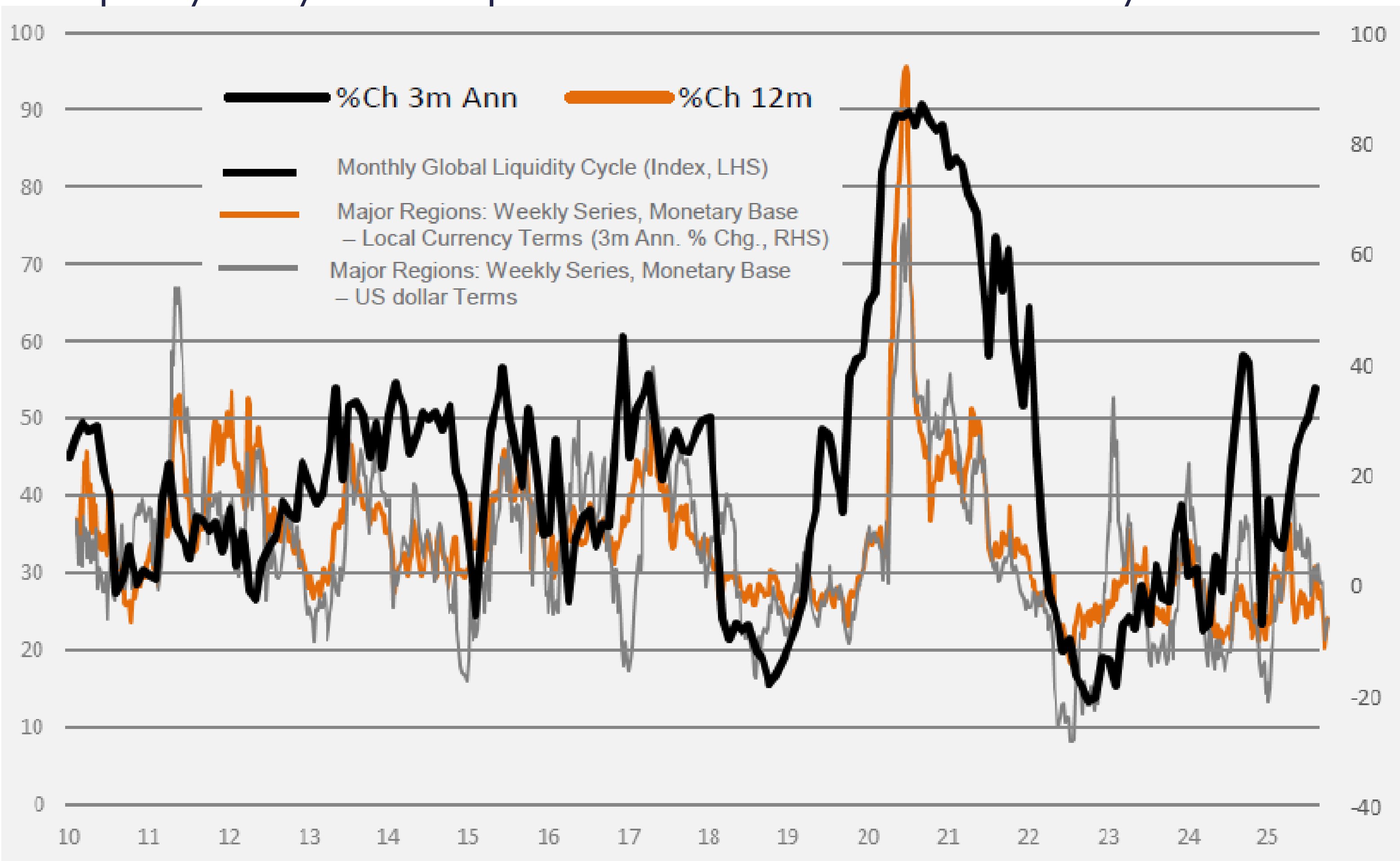
Liquidity cycles and major financial bubbles



Source: Crossborder, FT

Global Liquidity (ST)

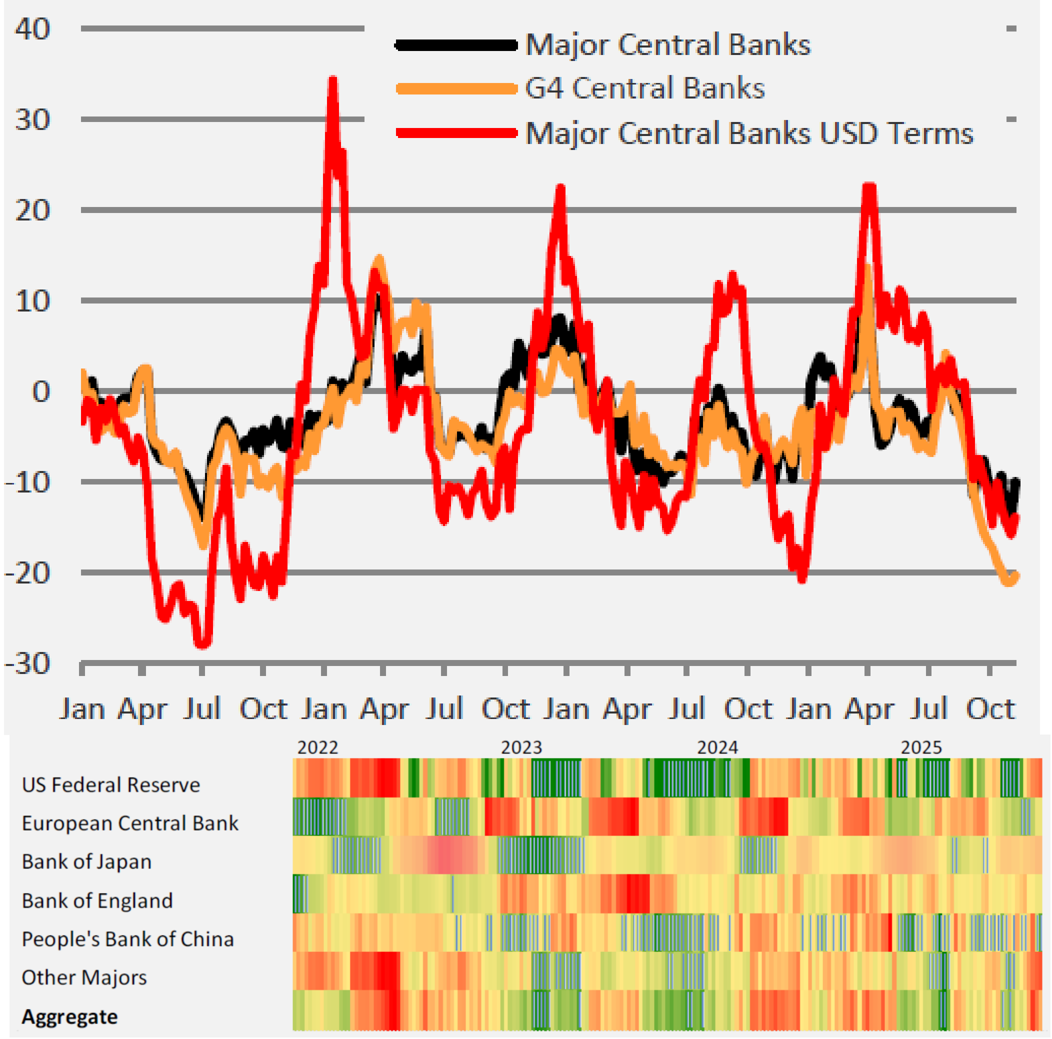
Global liquidity is key for asset prices and have rebounded materially



Source: Crossborder

Global Liquidity – Major Central Banks Aggregate

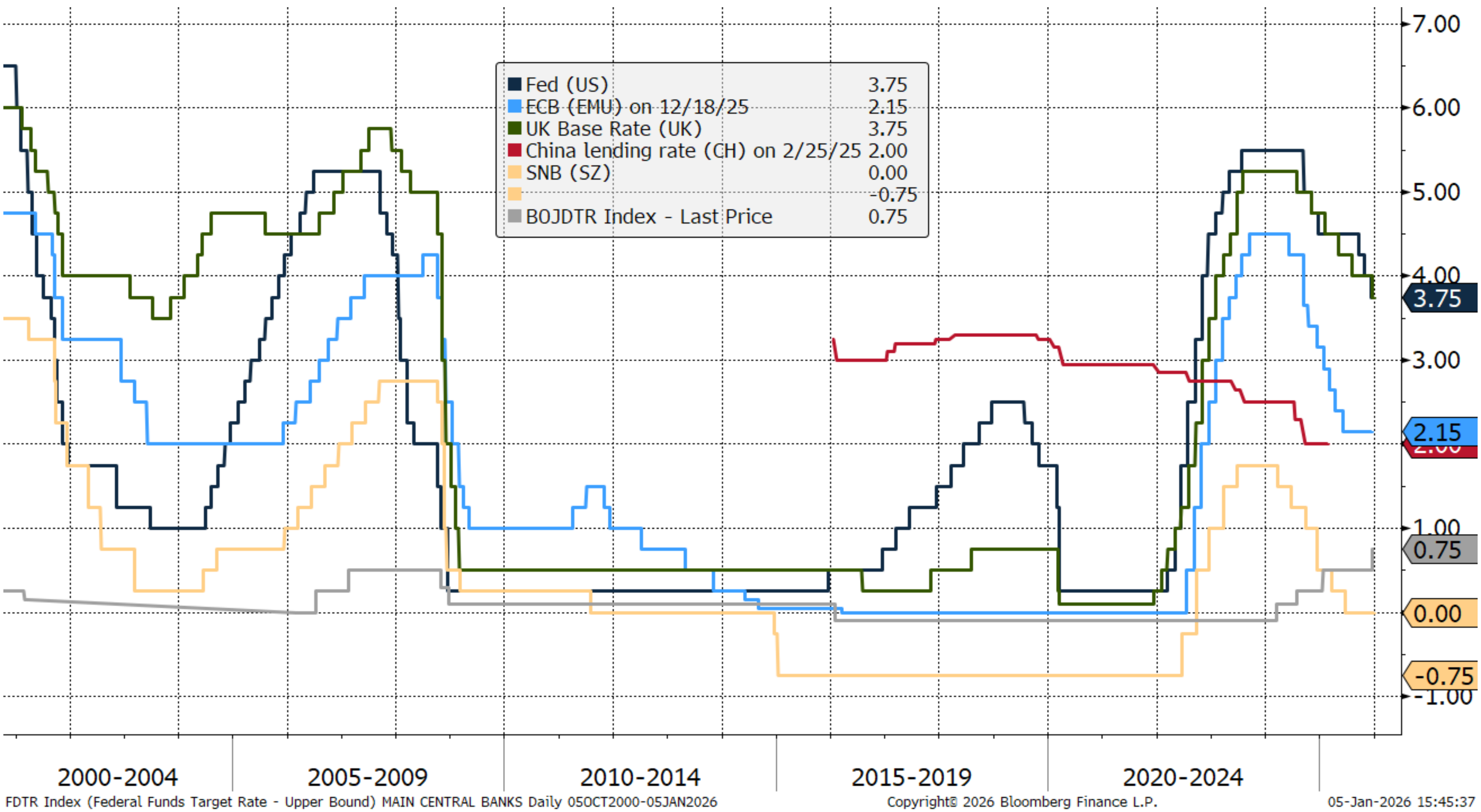
Contraction in BOJ's and PBOC with rebound for the ECB and marginally the Fed



Source: Crossborder

Interest Rate Outlook

Global Central Bank Target Rates



Sources: Bloomberg, GAMA

Global Central Bank Target Rates

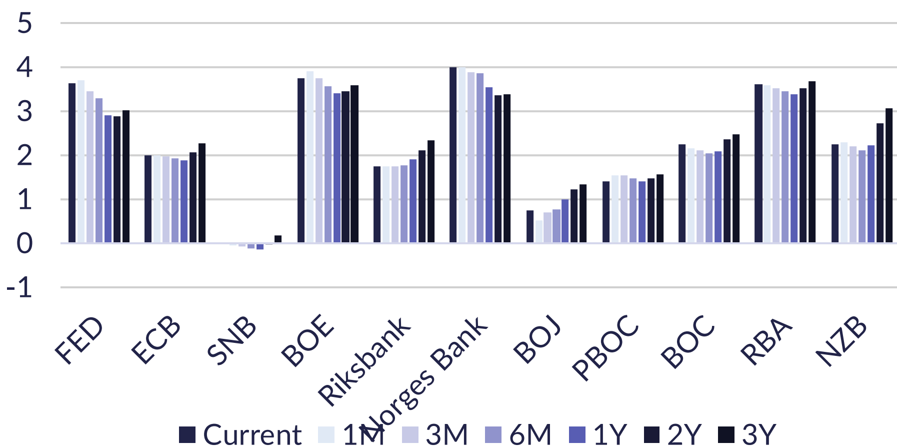
CENTRAL BANK EXPECTATIONS

		Next Meeting (CET)	Current	1M	3M	6M	1Y	2Y	3Y	1Y Chge	Mthly Chge	GAMA (1Y)	Gap
	FED	2026/01/28 20:00:00	3.625	3.70	3.45	3.29	2.90	2.87	3.02	-0.72	-0.18	3.00	0.10
	ECB	2026/02/05 14:15:00	2.00	1.99	1.98	1.92	1.88	2.07	2.26	-0.12	-0.04	1.75	-0.13
	SNB	2026/03/19 09:30:00	0.00	-0.06	-0.07	-0.12	-0.15	-0.03	0.17	-0.15	-0.05	-0.50	-0.35
	BOE	2026/02/05 13:00:00	3.75	3.90	3.75	3.56	3.40	3.45	3.58	-0.35	-0.24	4.00	0.60
	Riksbank	2026/08/03	1.75	1.74	1.76	1.77	1.91	2.10	2.33	0.16	0.12	1.75	-0.16
	Norges Bank	2026/01/22	4.00	4.01	3.88	3.86	3.55	3.35	3.37	-0.45	-0.18	3.25	-0.30
	BOJ	2026/01/23	0.75	0.52	0.70	0.77	0.99	1.22	1.34	0.24	0.03	1.05	0.06
	PBOC		1.40	1.55	1.54	1.47	1.41	1.48	1.55	0.01	0.13	1.00	-0.41
	BOC	2026/01/28 15:45:00	2.25	2.16	2.11	2.04	2.09	2.37	2.47	-0.16	-0.09	1.75	-0.34
	RBA	2026/02/03 04:30:00	3.60	3.58	3.53	3.45	3.39	3.51	3.68	-0.21	0.12	3.50	0.11
	NZB	2026/02/18 02:00:00	2.25	2.29	2.20	2.10	2.23	2.71	3.06	-0.02	-0.04	2.50	0.27

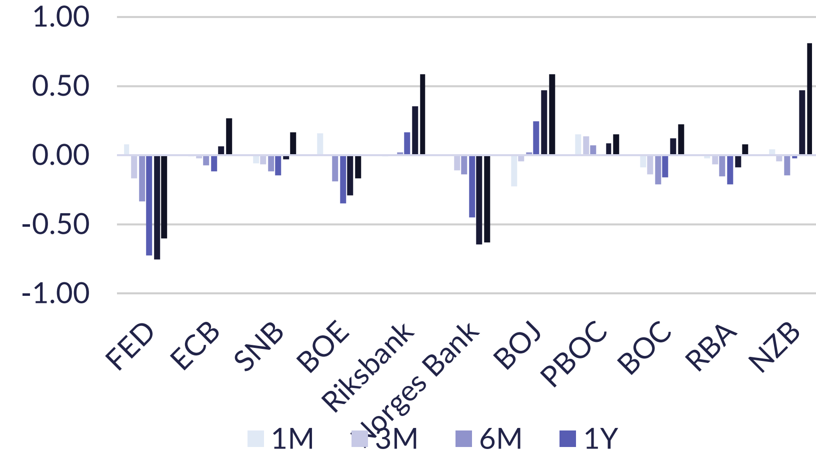
Sources: Bloomberg, GAMA

Global Central Bank Target Rates

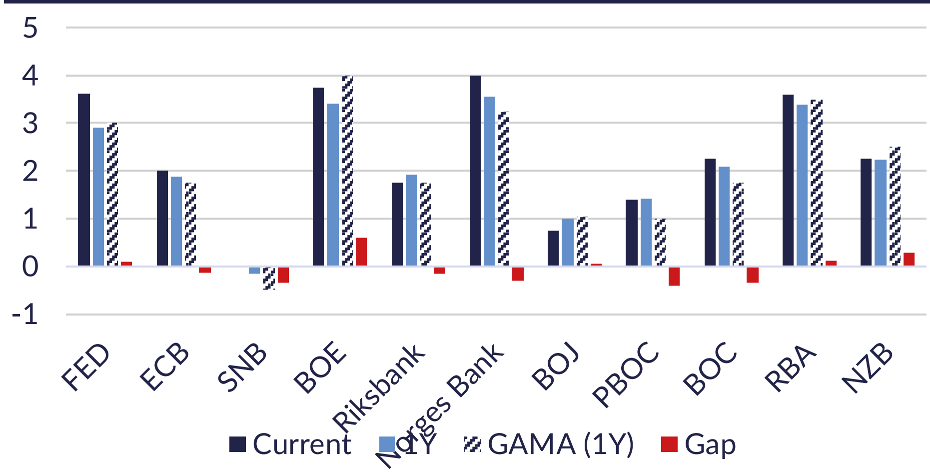
CENTRAL BANK PROJECTIONS



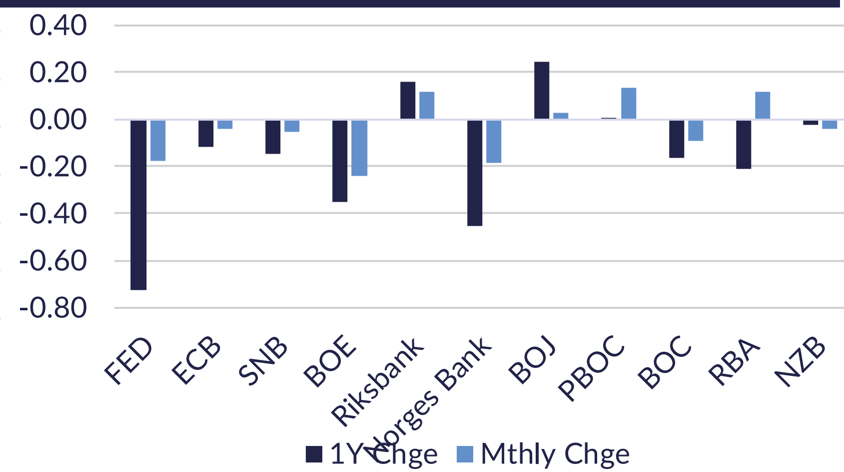
CHANGES VERSUS CURRENT



1Y CENTRAL PROJECTIONS (MARKET & GAMA)



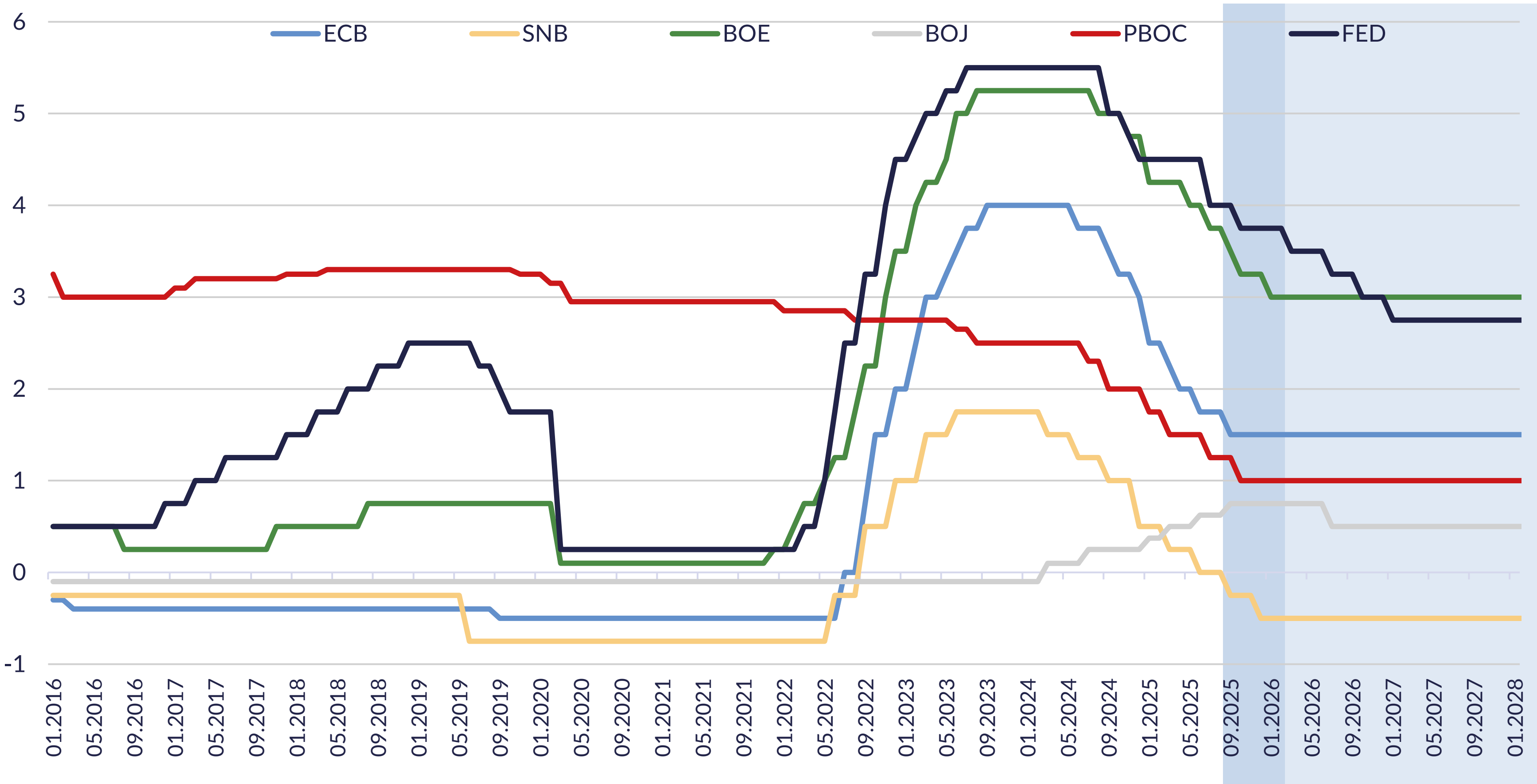
1Y EXPECTATIONS WITH MONTHLY CHANGES



Sources: Bloomberg, GAMA

Short-term Rates And Projections

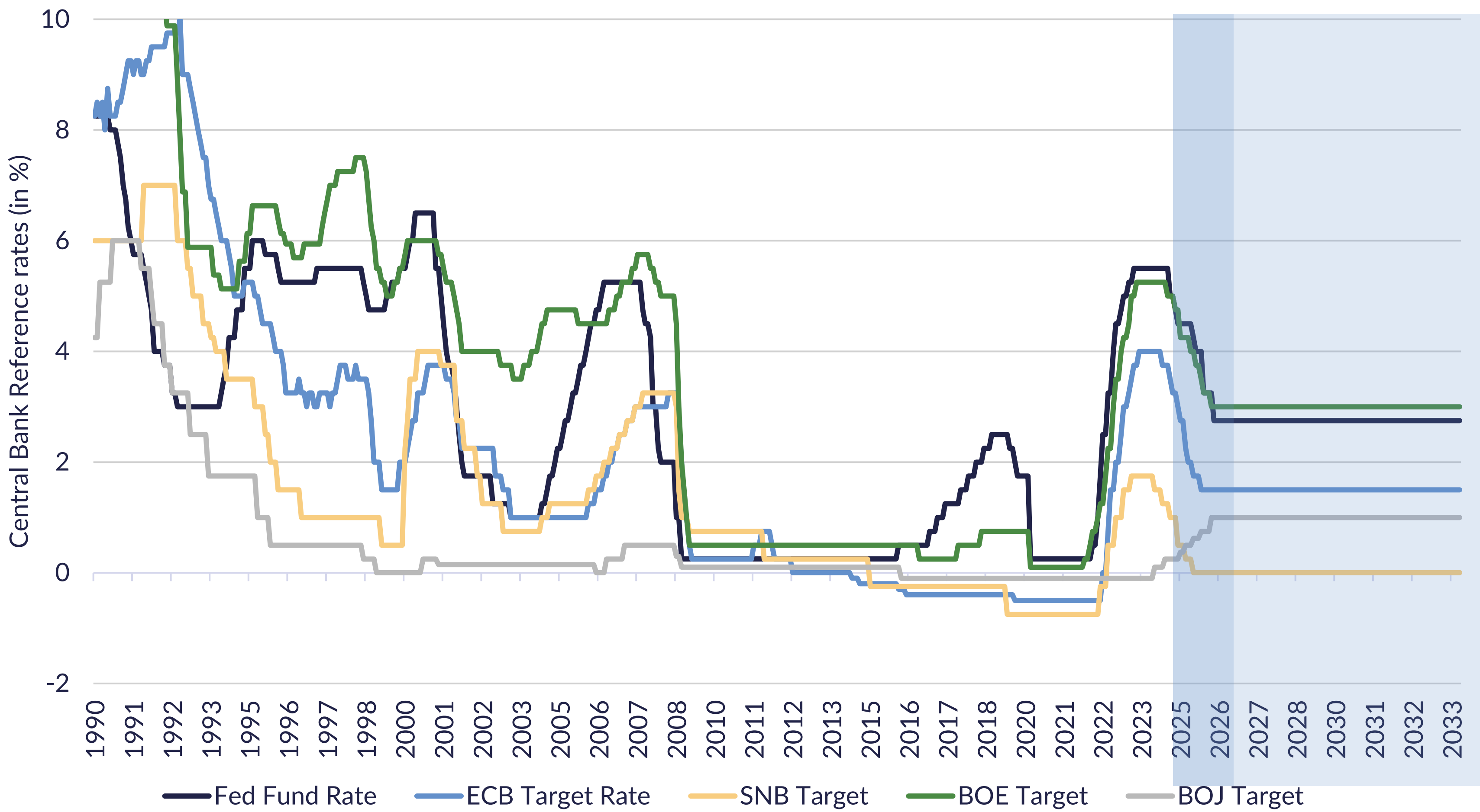
Long-term equilibrium yields will be higher than in the past cycles



Sources: Bloomberg, 1Y and long-term equilibrium rates

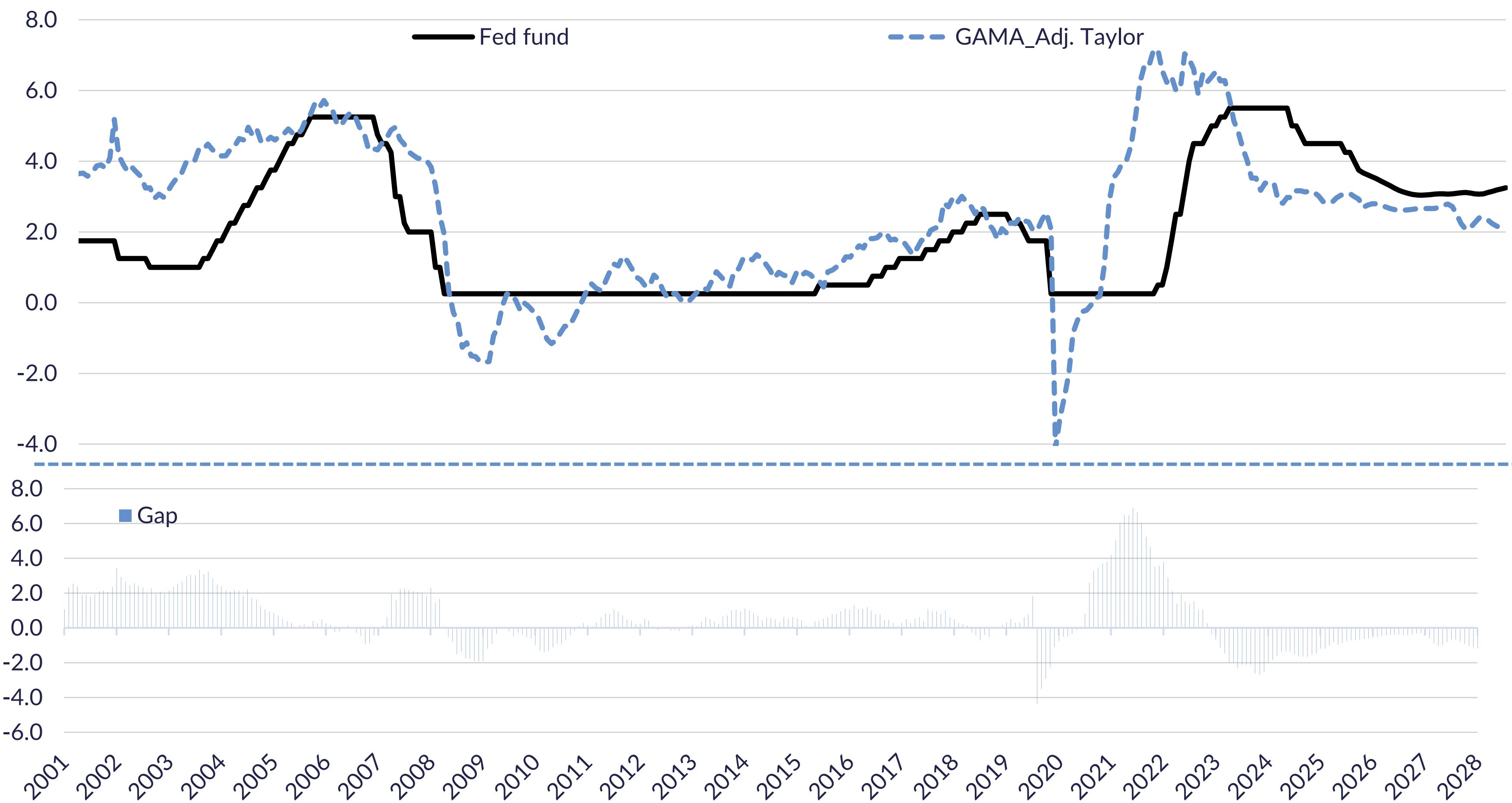
Short-term Rates And Projections

Long-term equilibrium yields will be higher than in the past cycles



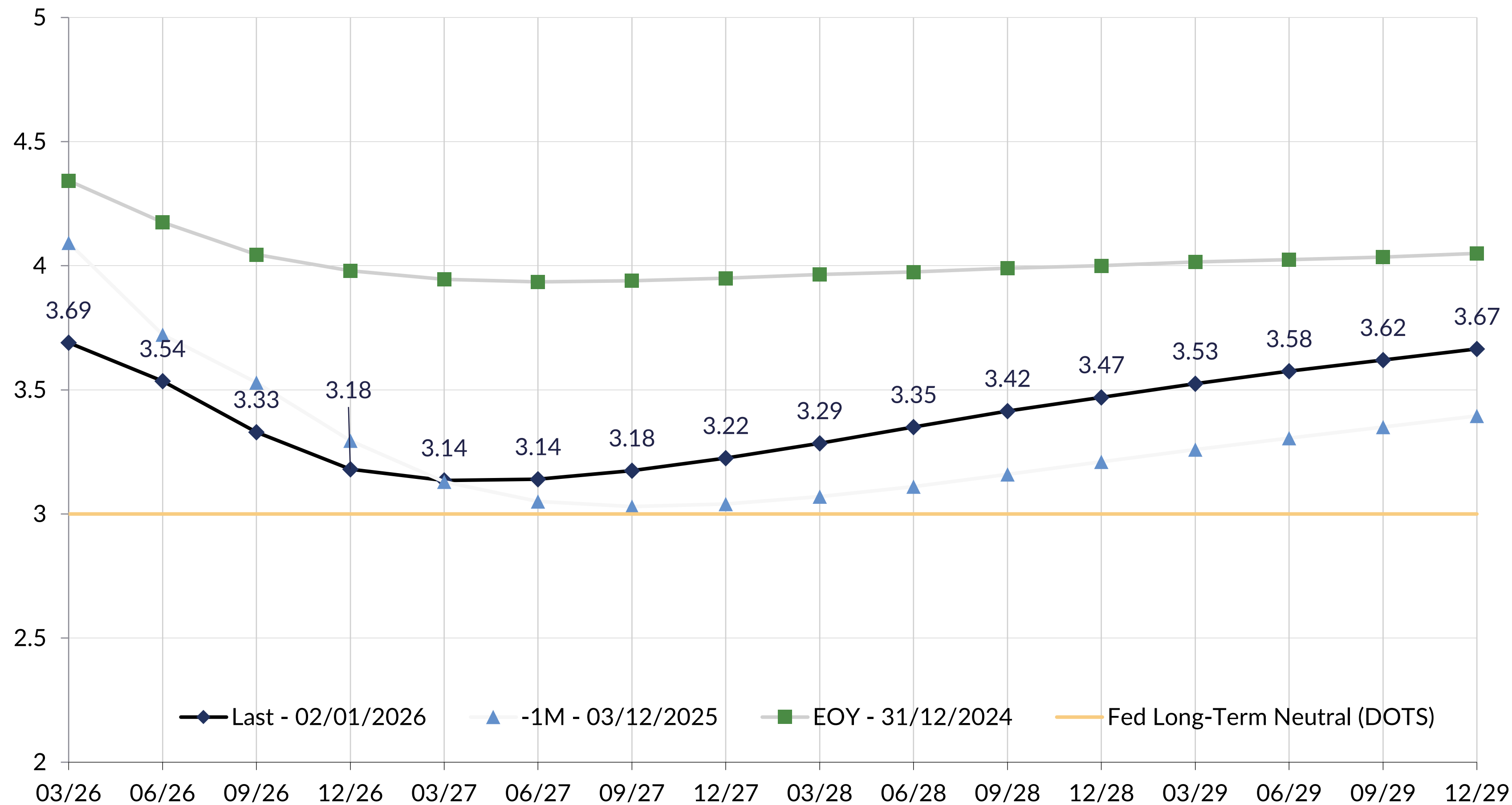
Sources: Bloomberg, 1Y and long-term equilibrium rates

US Fed Fund Rate versus Equilibrium Rate



Source: Bloomberg, GAMA Rule-based equilibrium rates, using Bloomberg macroeconomic consensus.

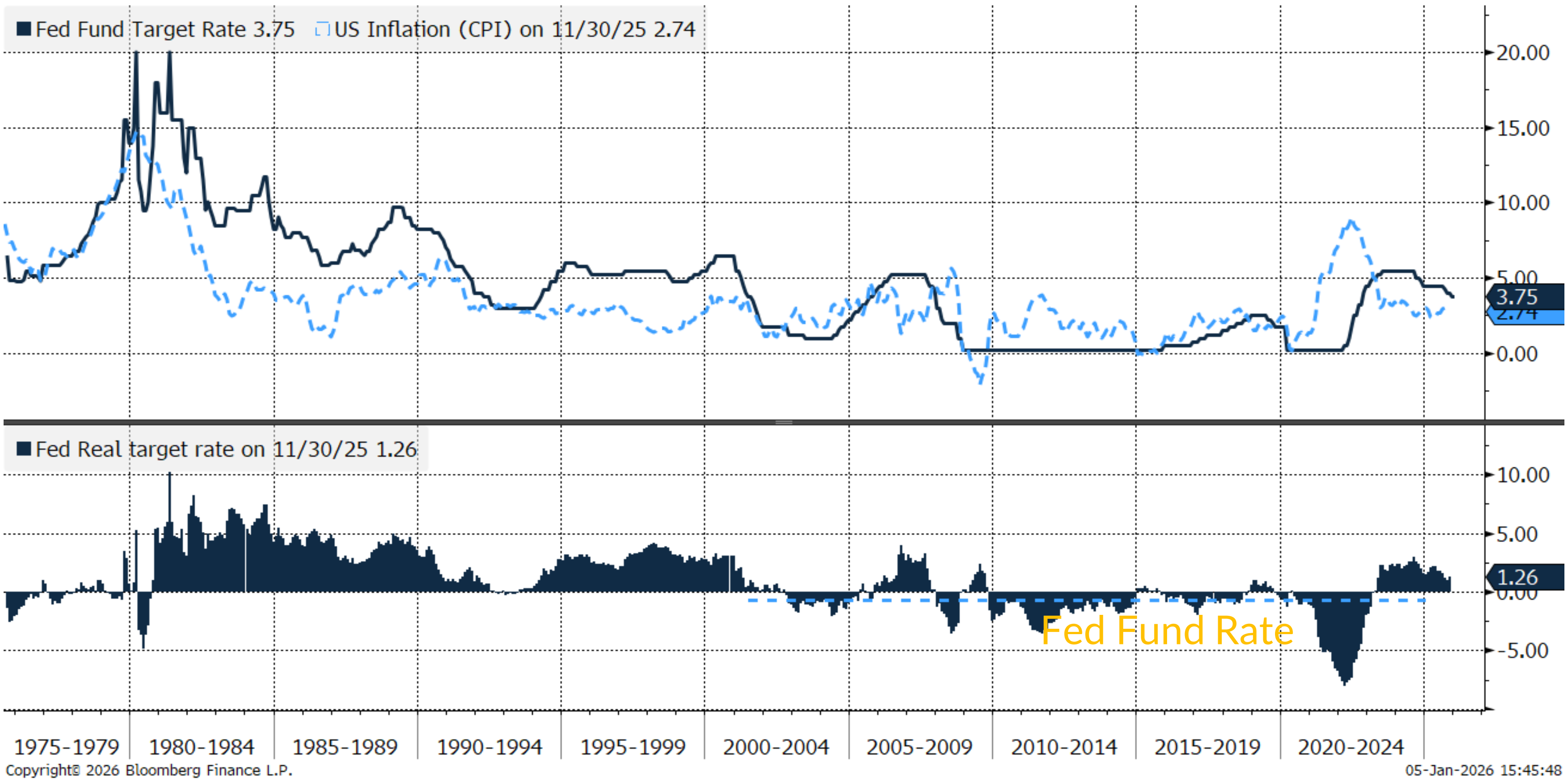
US Short-term Rates Expectations



Source: Bloomberg, GAMA

Fed Long Term Target

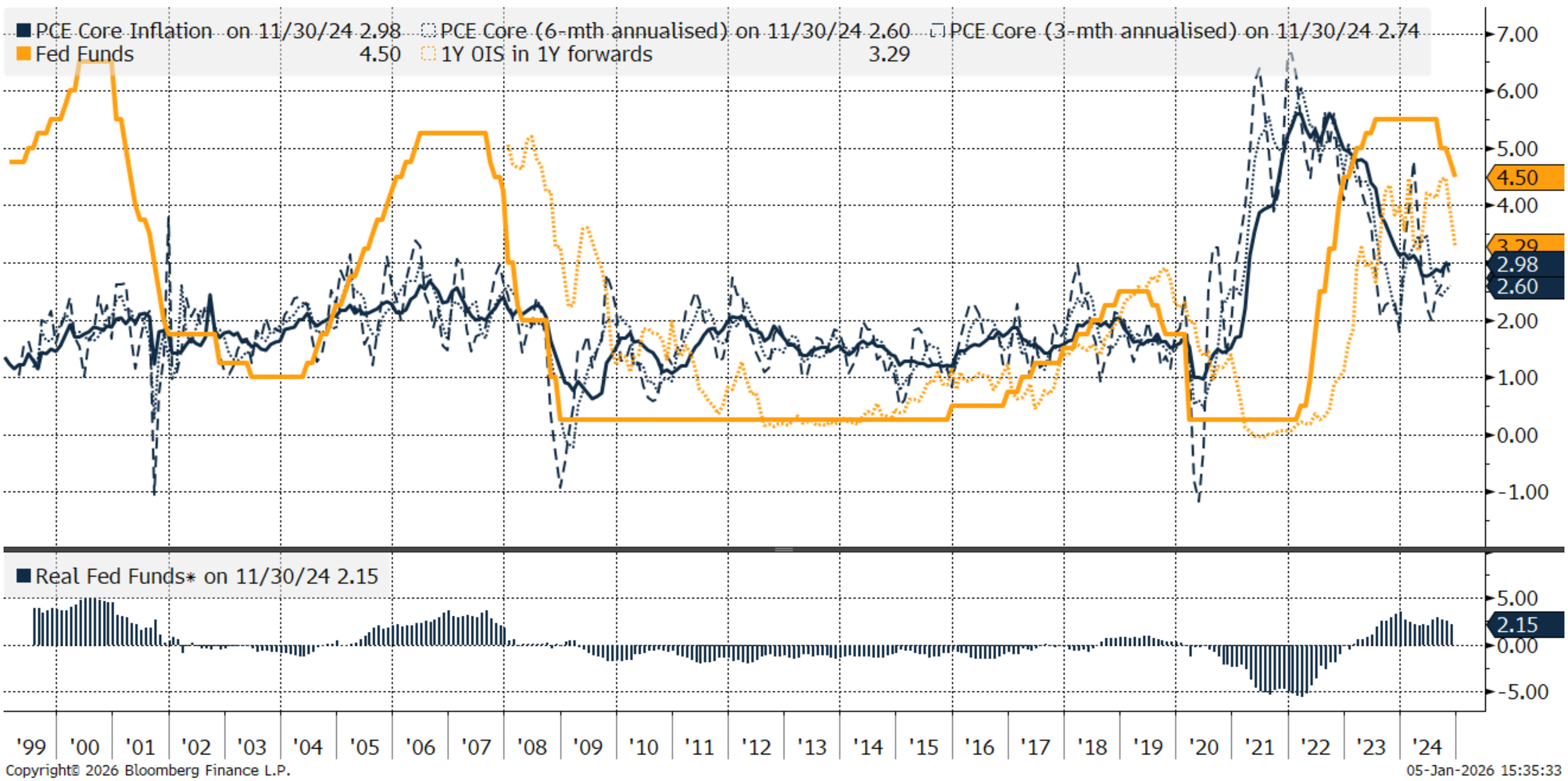
US Fed still a very tight conditions, historically, still well away pre-Covid conditions



Sources: Bloomberg, GAMA calculations

Fed Remains In Restrictive Territory

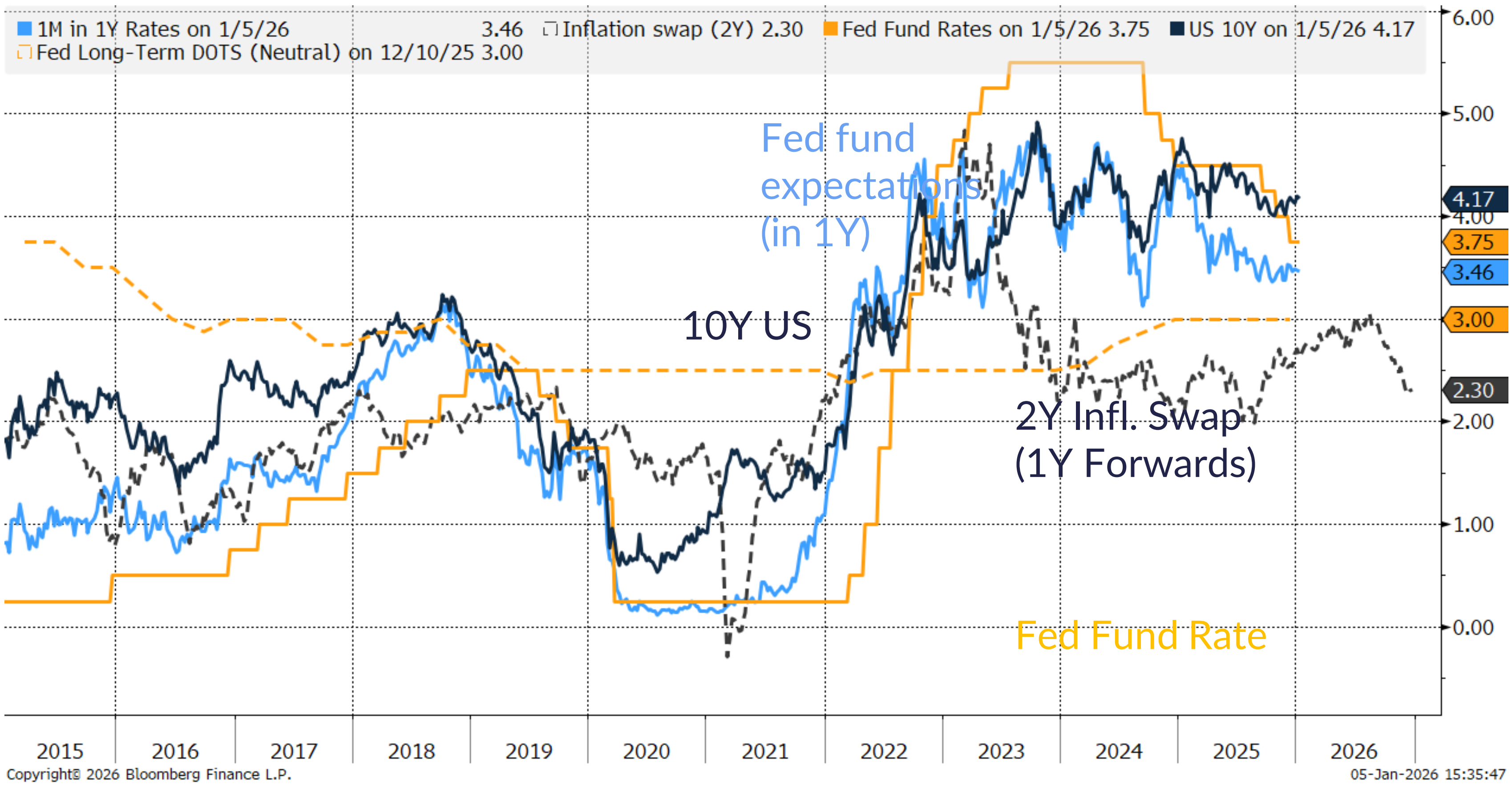
With PCE Core inflation consolidating near 2.0% on a 3 and 6-month annualized basis, Fed funds are in restrictive monetary territory.



Source: Bloomberg

Fed is (Almost Always) Behind The Curve

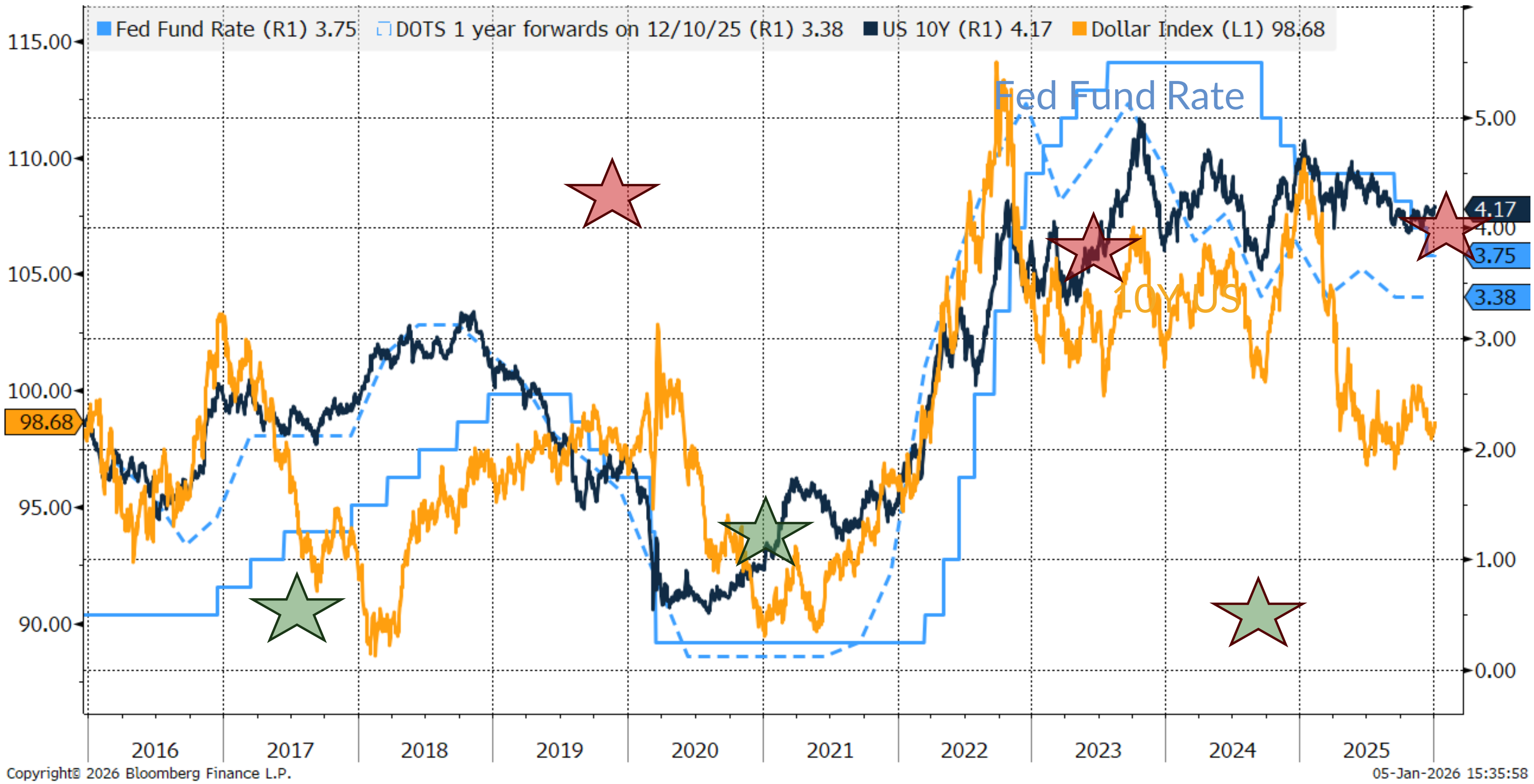
Inflation Swap (2Y) point towards a decelerating inflation, contrasting with Fed hawkish stance



Sources: Bloomberg, GAMA calculations

(~~Don't~~) Fight The Fed!

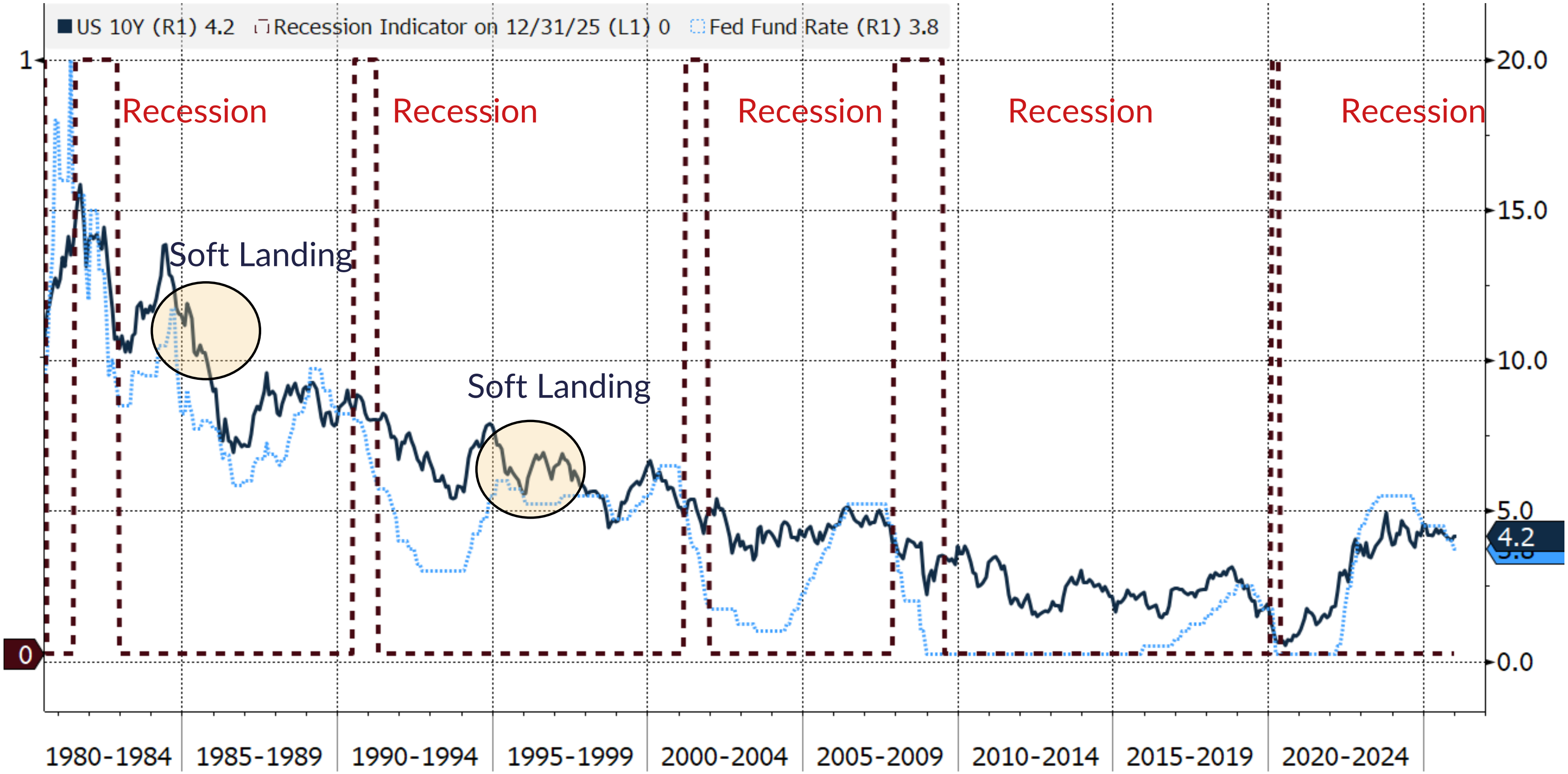
The Fed is continuously adjusting its monetary stance and driving cyclical dynamics



Sources: Bloomberg, GAMA calculations

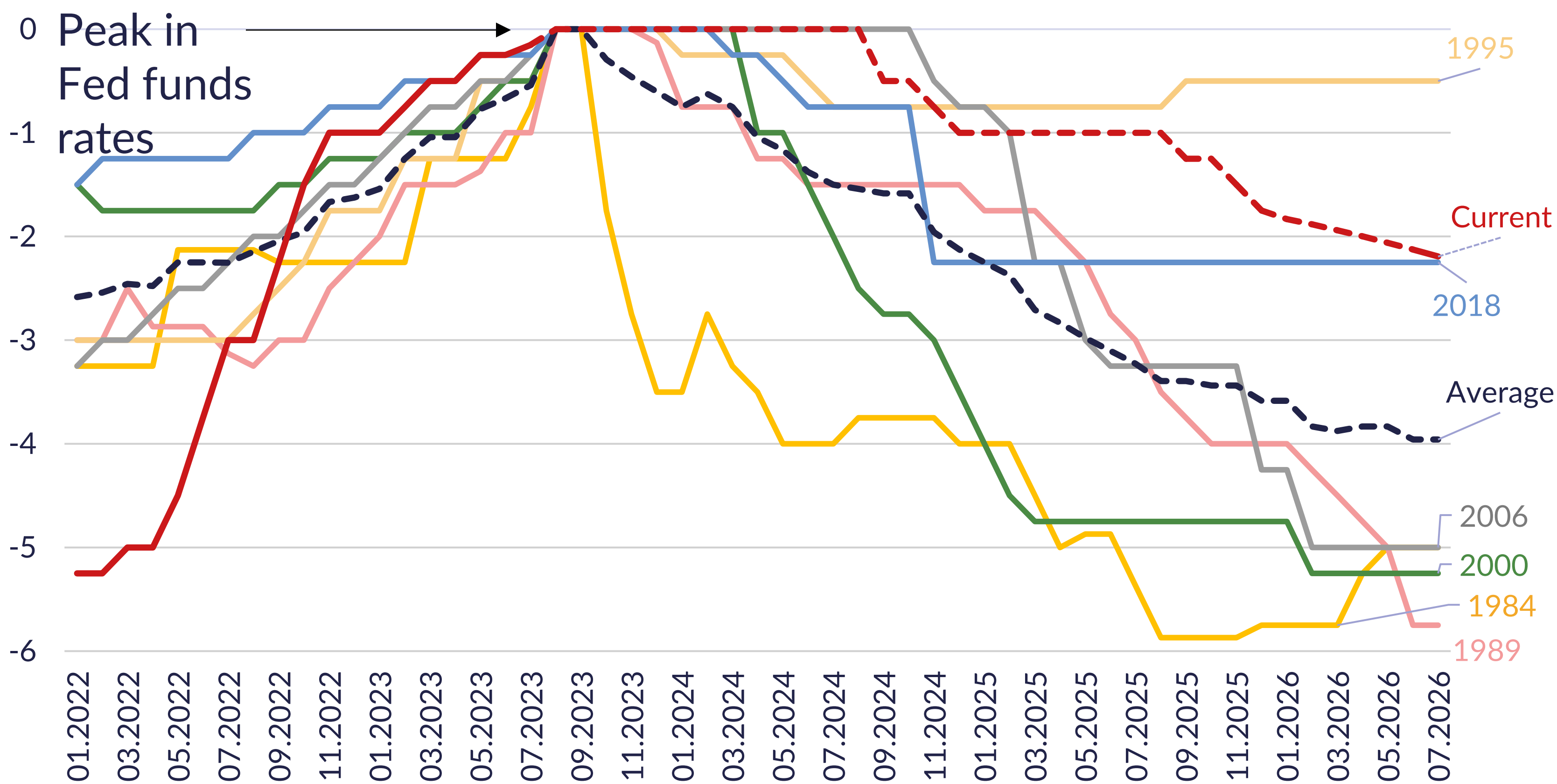
Rates Vs. Recessions or «Soft landing»

Peak in Short term rates reached, next? soft landing versus recession scenarios



Source: Bloomberg, GAMA Calculations

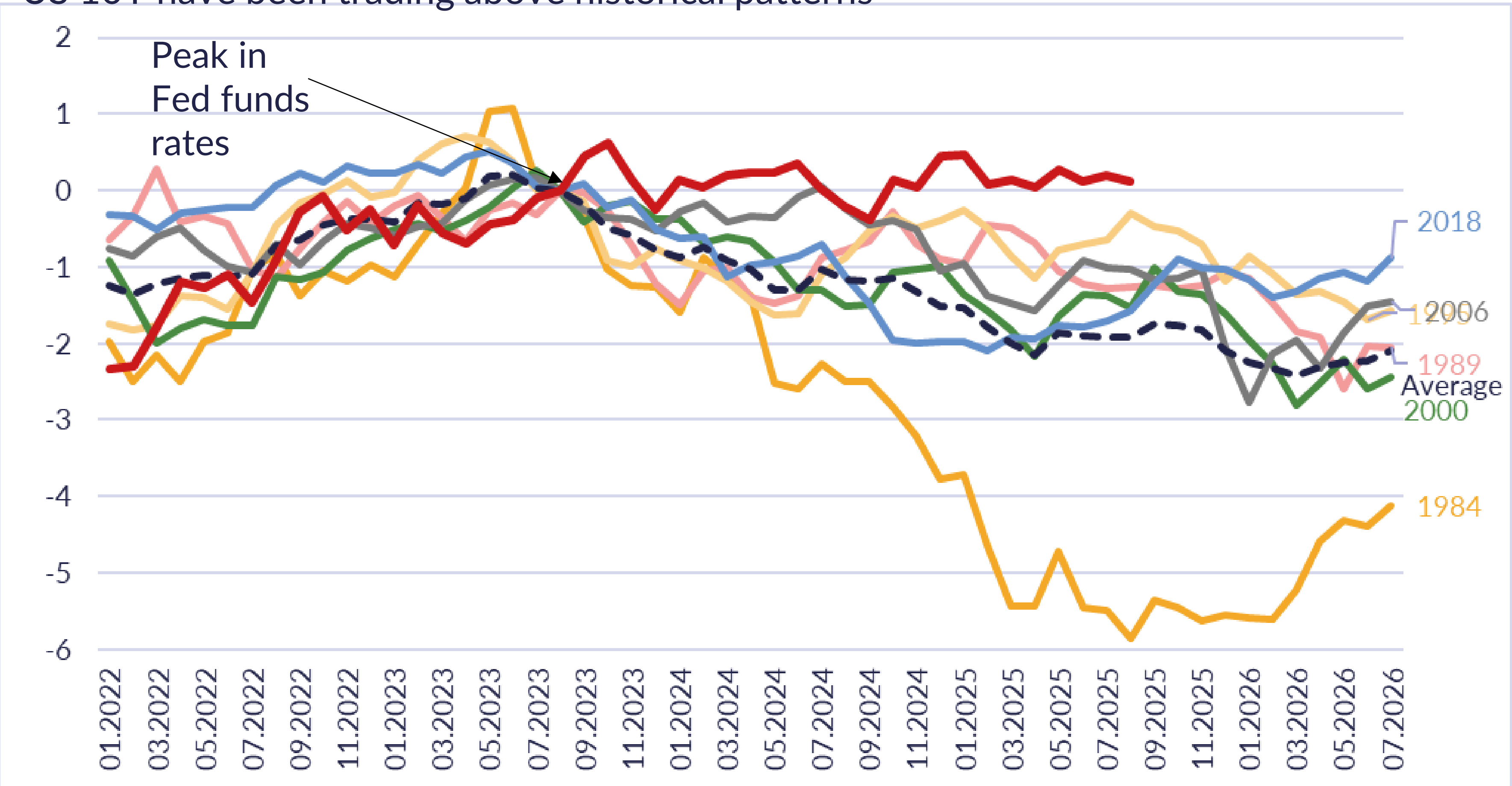
Peak in Fed Fund Rates ? What is Next ?



Source: Bloomberg, GAMA, Current based on SOFR future implied rates.

Peak in Fed Fund Rates ? What is Next ?

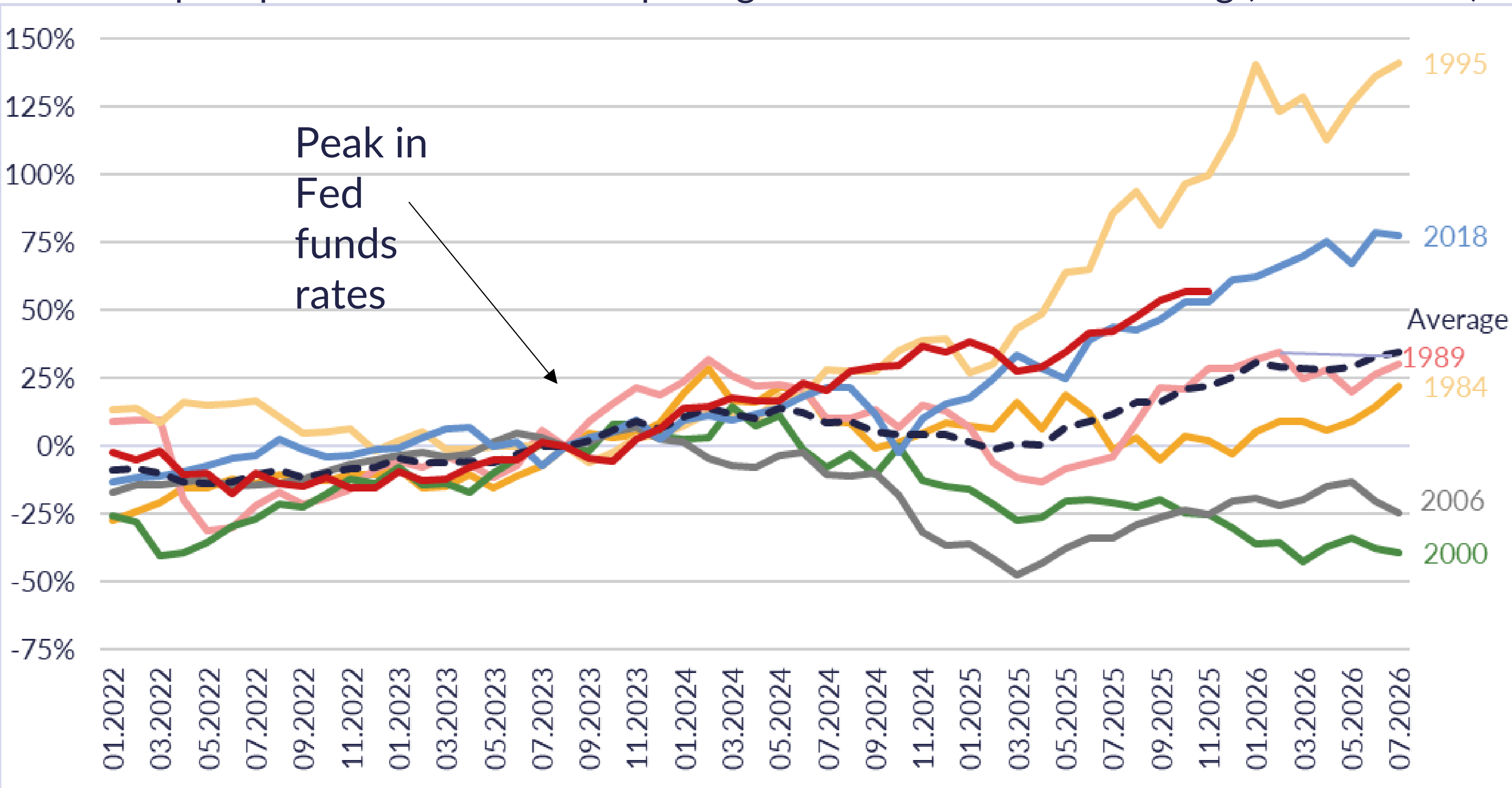
US 10Y have been trading above historical patterns



Source: Bloomberg, GAMA,

Peak in Fed Fund Rates ? If Yes, What is Next ?

S&P 500 post peak interest. Current pricing consistent with soft landing (OPTIMSITIC)



Source: Bloomberg, GAMA,

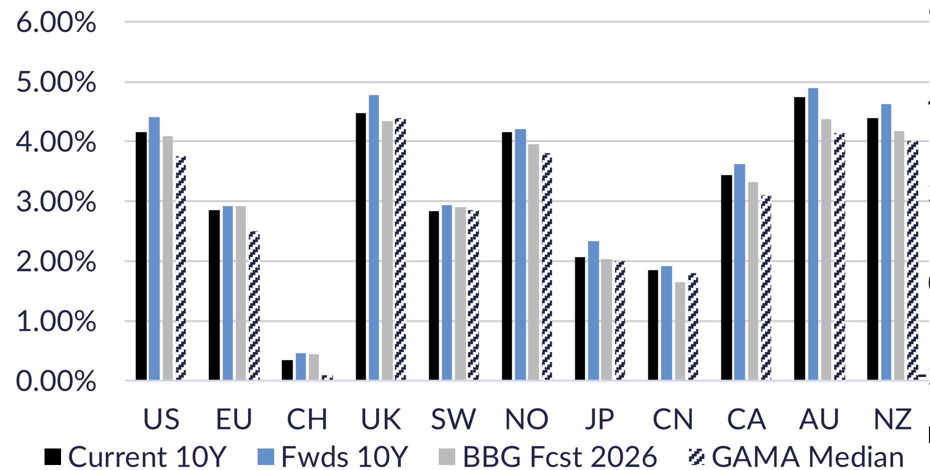
Global Rates Projections

		Duration View	Current 10Y	Fwds 10Y	BBG Fcst	GAMA Median	GAMA Rosy	GAMA Black	Gap vs. Fwds	Current 2-10Y	Fwds 2-10Y	GAMA 2-10Y	Curve View
			10Y Projections (in 1Y)							*Curve Projections (2-10Y, in 1Y)*			
	US	Bullish	4.17%	4.40%	4.10%	3.75%	5.25%	2.75%	-0.65%	0.69%	0.82%	0.55%	Neutral
	EU	Bullish	2.86%	2.93%	2.92%	2.50%	3.25%	1.75%	-0.43%	0.73%	0.73%	0.65%	Neutral
	CH	Bullish	0.36%	0.46%	0.45%	0.10%	1.20%	-0.30%	-0.36%	0.38%	0.39%	0.50%	Neutral
	UK	Bullish	4.48%	4.77%	4.34%	4.40%	5.25%	3.50%	-0.37%	0.74%	0.92%	0.40%	Flatter
	SW	Neutral	2.84%	2.93%	2.90%	2.85%	0.90%	1.60%	-0.08%	0.74%	0.69%	0.65%	Neutral
	NO	Bullish	4.16%	4.21%	3.96%	3.80%	4.50%	3.30%	-0.41%	0.19%	0.35%	0.30%	Neutral
	JP	Bullish	2.07%	2.34%	2.03%	2.00%	2.85%	1.00%	-0.34%	0.89%	0.86%	0.60%	Neutral
	CN	Neutral	1.86%	1.92%	1.65%	1.80%	2.60%	0.90%	-0.12%	0.48%	0.53%	0.50%	Neutral
	CA	Bullish	3.43%	3.62%	3.33%	3.10%	4.60%	2.20%	-0.52%	0.48%	0.53%	0.50%	Neutral
	AU	Bullish	4.74%	4.90%	4.37%	4.15%	4.10%	3.50%	-0.75%	0.685%	0.671%	0.650%	Neutral
	NZ	Bullish	4.40%	4.62%	4.18%	4.00%	5.00%	0.90%	-0.62%	1.68%	1.17%	1.30%	Neutral

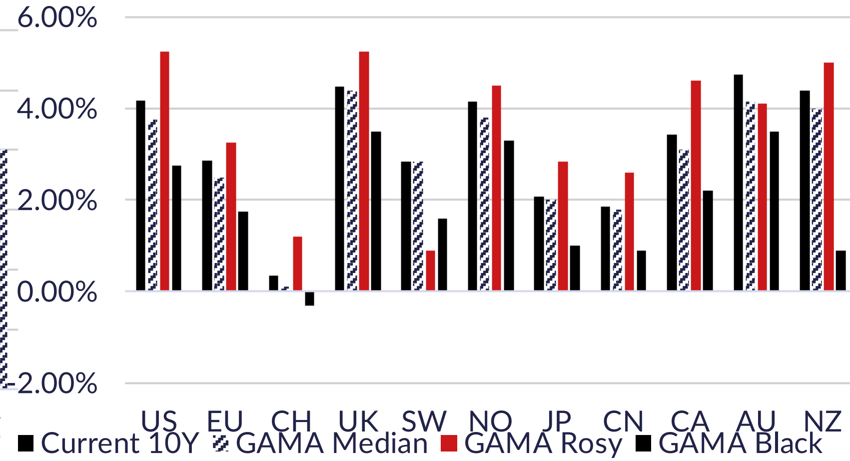
Sources: Bloomberg, GAMA

Global Rates Projections

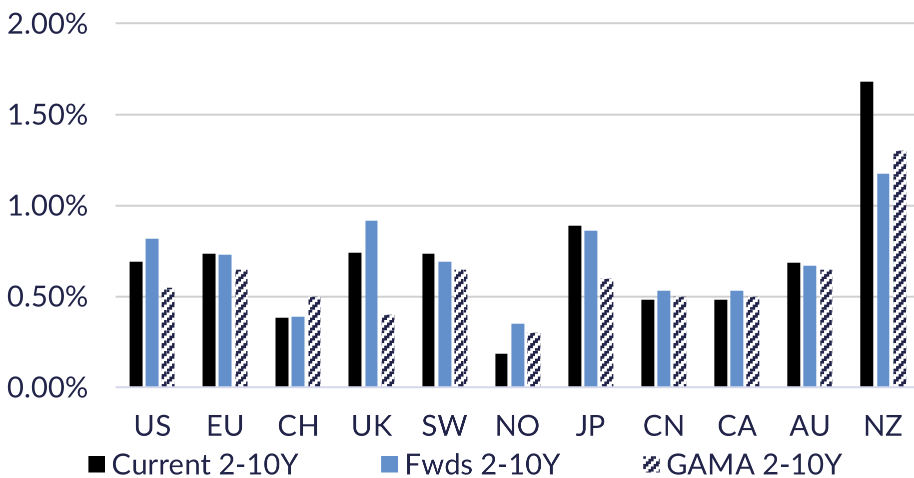
10Y PROJECTIONS (1Y)



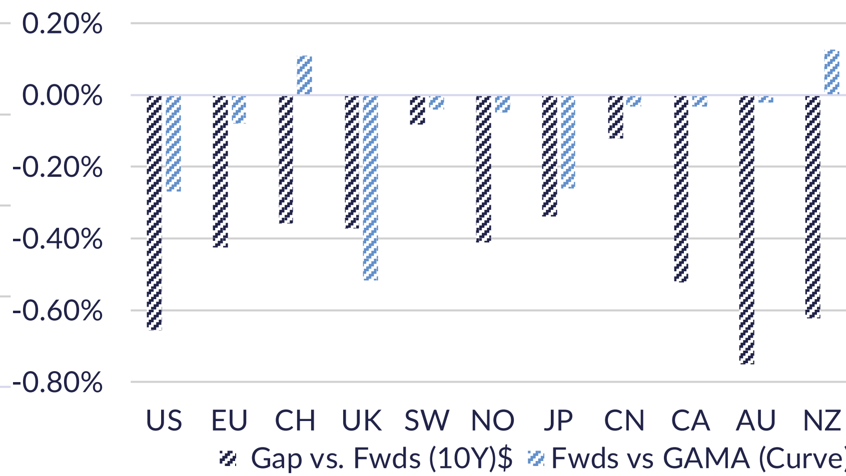
GAMA FORECASTS (1Y)



YIELD CURVE PROJECTIONS (2-10Y)



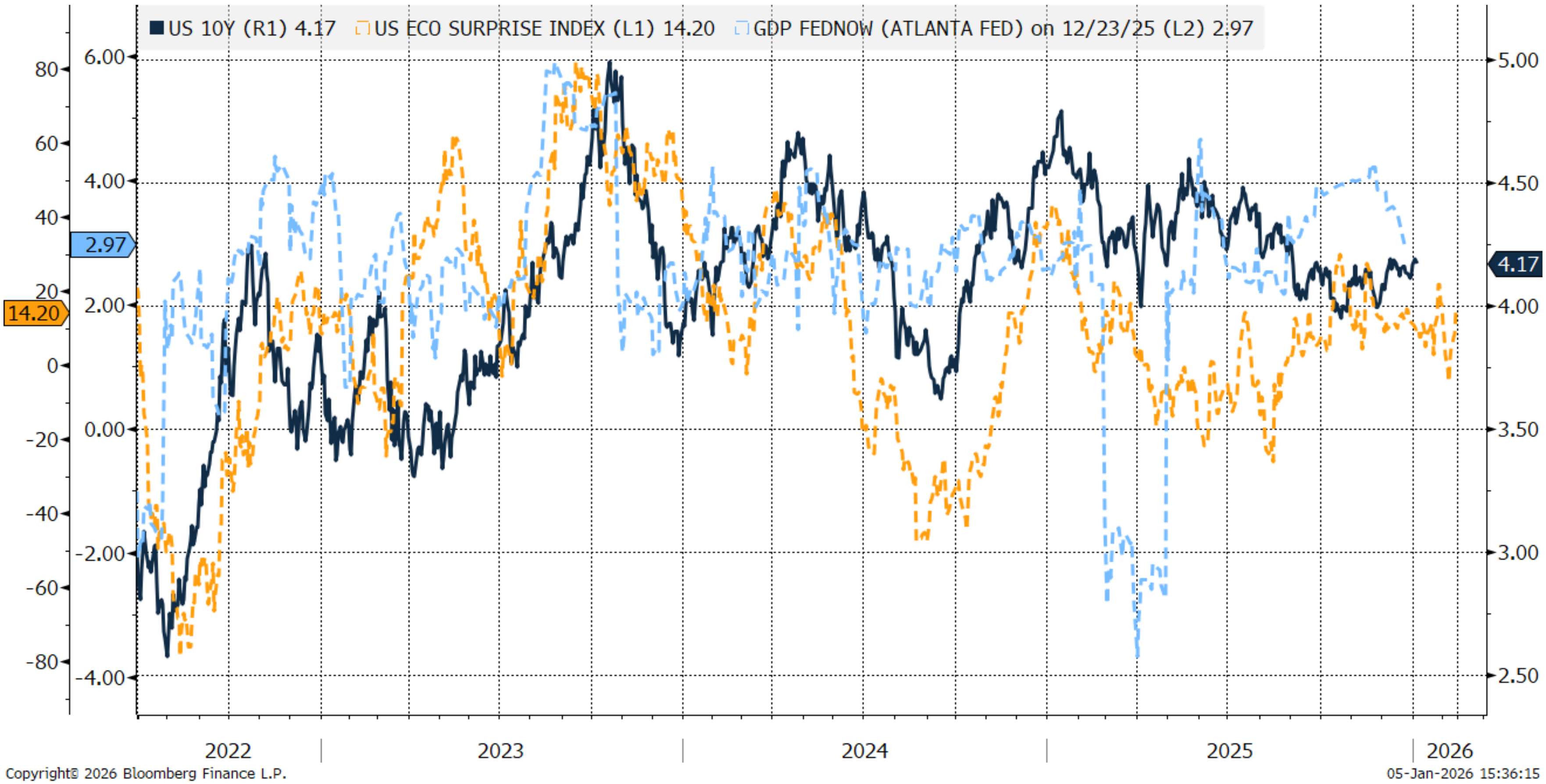
VIEWS (10Y YIELDS & CURVE vs. FWDS)



Sources: Bloomberg, GAMA

US Economic Surprises

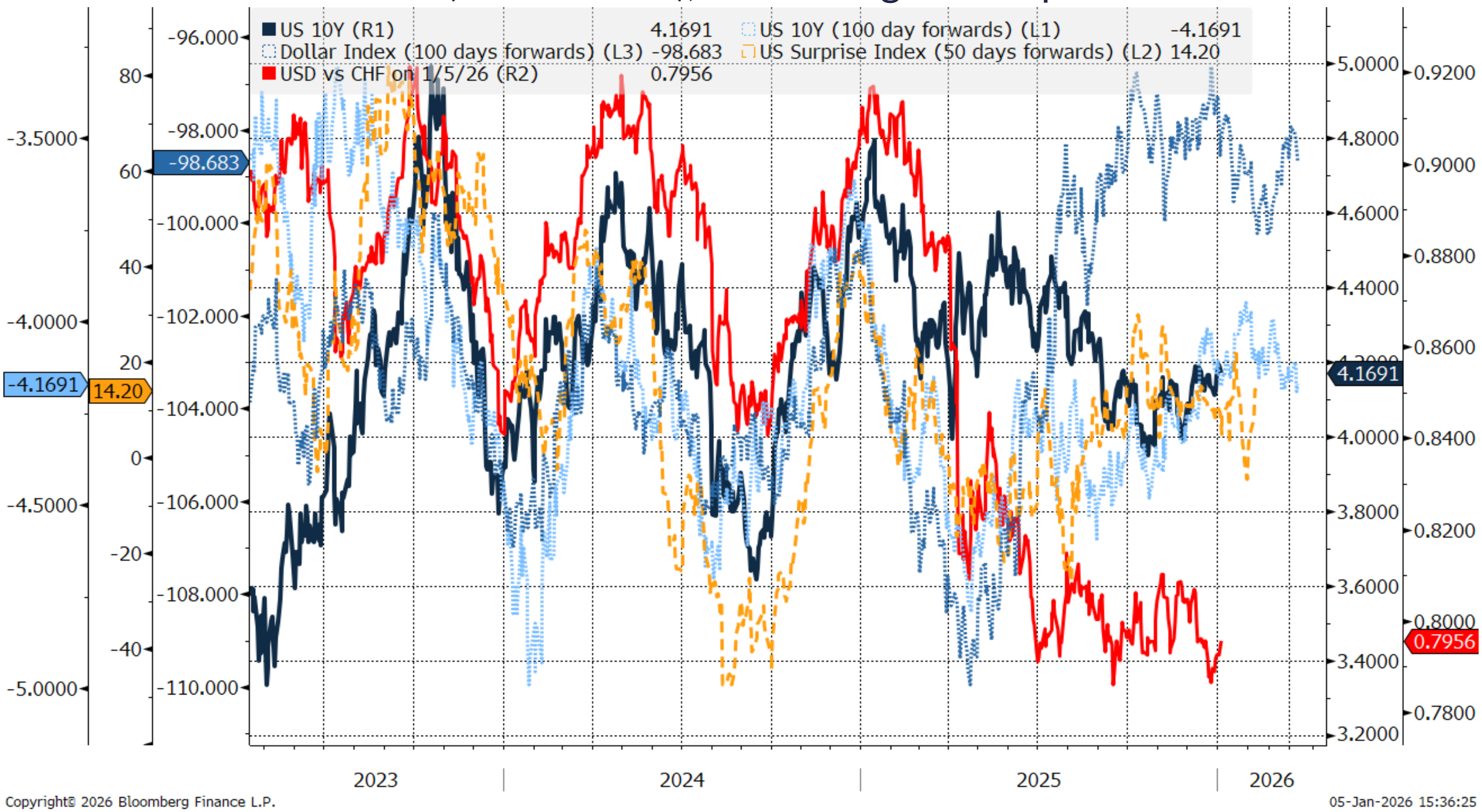
US economic surprises driving US 10Y in the short-term but with some divergence



Source: Bloomberg, GAMA Calculations

US 10Y, Economic Surprises and Financial Conditions

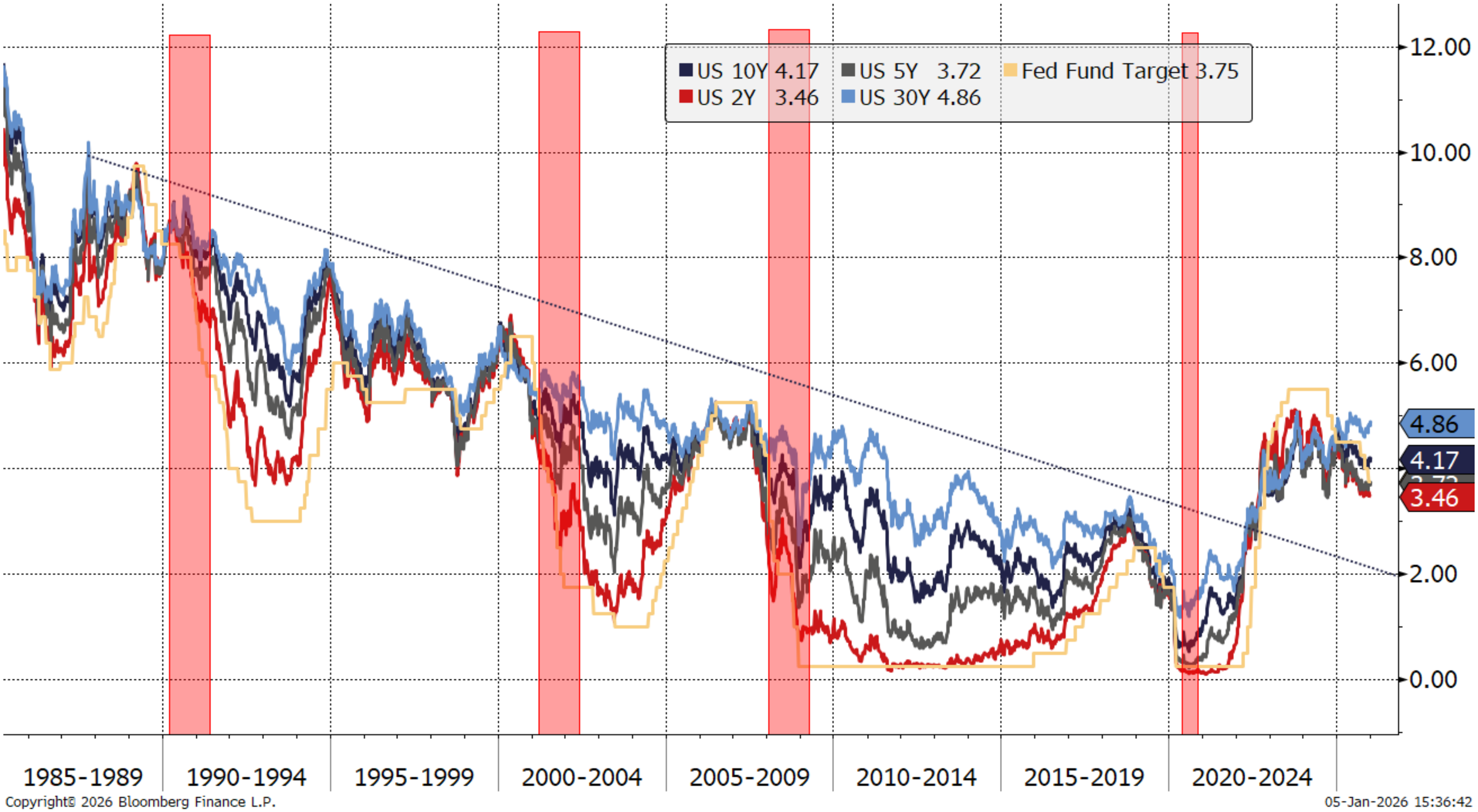
US Financial Conditions (rates & USD), are leading eco surprises and then US 10Y



Sources: Bloomberg, GAMA

US Treasury Yields

US yield curve has steepened significantly with 30-year yields the highest



Source: Bloomberg

GAMA Multi-Scenarios

US Treasury

					Bull Flattening		*Vs Spot*			*Bull Flattening*		*Vs Forwards*		
	Time	Rates	1Y Fwds	1Y Fcst Median	1Y Fcst Rosy	1Y Fcst Black	1Y E® Median	1Y E® Rosy	1Y E® Black	Stability	> Cash	> Cap. Prot.	Roll-Down	Weighted
0.25	3M	3.63%	3.45%	3.00%	4.75%	1.75%	3.24%	4.41%	2.38%	3.63%	-	-	0.00%	3.11%
1	1Y	3.47%	3.47%	3.09%	4.87%	1.76%	3.47%	3.47%	3.47%	3.47%	3.31%	7.20%	0.00%	3.47%
2	2Y	3.47%	3.59%	3.20%	5.00%	1.80%	4.21%	0.84%	6.77%	3.48%	3.49%	5.45%	0.00%	4.60%
3	3Y	3.54%	3.73%	3.31%	5.08%	1.92%	4.49%	-0.52%	8.45%	3.66%	3.63%	4.97%	0.13%	5.12%
4	4Y	3.63%	3.83%	3.41%	5.13%	2.08%	4.81%	-1.64%	9.97%	3.89%	3.75%	4.77%	0.26%	5.65%
5	5Y	3.73%	3.94%	3.50%	5.15%	2.25%	5.13%	-2.51%	11.18%	4.07%	3.88%	4.71%	0.34%	6.10%
6	6Y	3.83%	4.03%	3.57%	5.17%	2.39%	5.59%	-3.06%	12.27%	4.31%	4.00%	4.71%	0.48%	6.63%
7	7Y	3.94%	4.13%	3.62%	5.19%	2.50%	6.18%	-3.41%	13.36%	4.50%	4.08%	4.70%	0.56%	7.25%
8	8Y	4.02%	4.22%	3.67%	5.21%	2.59%	6.67%	-3.84%	14.31%	4.47%	4.16%	4.72%	0.46%	7.77%
9	9Y	4.09%	4.22%	3.71%	5.23%	2.67%	7.25%	-4.14%	15.32%	4.60%	4.24%	4.75%	0.51%	8.36%
10	10Y	4.17%	4.40%	3.75%	5.25%	2.75%	7.88%	-4.32%	16.35%	4.73%	4.31%	4.77%	0.56%	9.02%
11	11Y	4.23%	4.47%	3.80%	5.27%	2.83%	8.40%	-4.51%	17.23%	4.73%	4.31%	4.77%	0.50%	9.56%
20	20Y	4.79%	4.89%	4.30%	5.30%	3.50%	11.11%	-1.57%	21.67%	5.56%	4.89%	5.20%	0.77%	12.90%
30	30Y	4.84%	4.93%	4.30%	5.15%	3.75%	13.52%	0.10%	22.66%	4.92%	4.92%	5.17%	0.08%	14.71%

Sources: Bloomberg, GAMA calculations

GAMA Multi-Scenarios

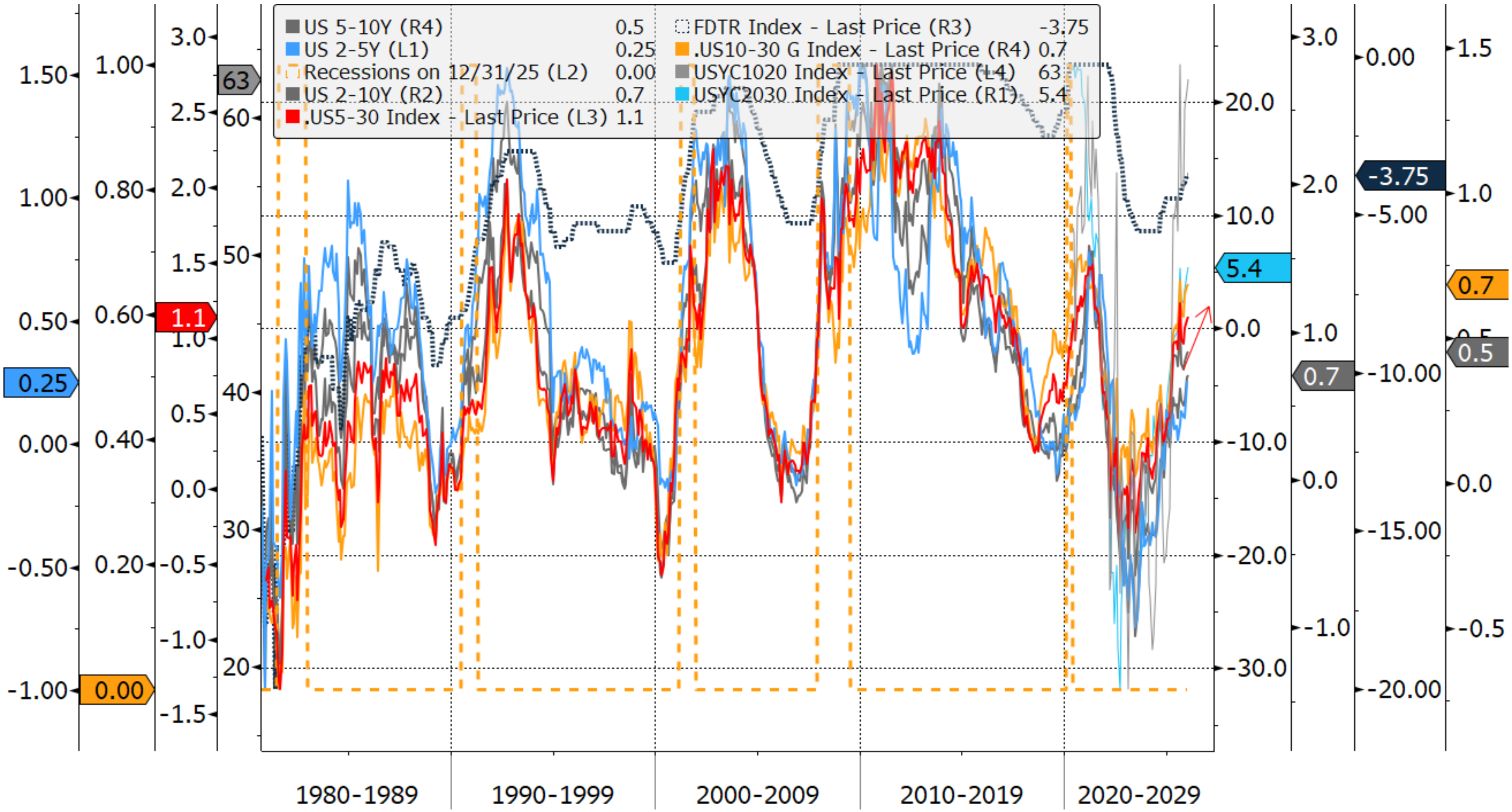
US Corporates BBB

		BBB CURVE BETAS:		0.90	0.70	1.80	Median	Rosy	Black	Stability				
	Time	BBB Rates	BBB Sprd	1Y Fcst	1Y Fcst	1Y Fcst	1Y E®	1Y E®	1Y E®	Stability	> Cash	> Cap. Prot.	Roll-Down	Weighted
0.25	3M	4.08%	0.45%	3.41%	5.07%	2.56%	3.71%	4.81%	3.17%	4.08%	-	-	0.00%	3.68%
1	1Y	4.08%	0.61%	3.64%	5.30%	2.86%	4.08%	4.08%	4.08%	4.08%	4.14%	8.57%	0.00%	4.08%
2	2Y	4.11%	0.63%	3.77%	5.44%	2.94%	5.00%	1.88%	6.48%	4.13%	4.31%	6.56%	0.02%	5.05%
3	3Y	4.23%	0.69%	3.93%	5.57%	3.16%	5.51%	0.90%	7.82%	4.46%	4.50%	6.04%	0.23%	5.62%
4	4Y	4.39%	0.76%	4.10%	5.66%	3.45%	6.04%	0.18%	8.84%	4.83%	4.67%	5.85%	0.44%	6.14%
5	5Y	4.54%	0.82%	4.24%	5.72%	3.79%	6.51%	-0.31%	9.39%	5.09%	4.83%	5.79%	0.55%	6.50%
6	6Y	4.69%	0.85%	4.34%	5.77%	3.93%	7.01%	-0.59%	9.33%	5.32%	4.98%	5.81%	0.63%	6.68%
7	7Y	4.83%	0.89%	4.42%	5.82%	4.11%	7.70%	-0.61%	10.11%	5.56%	5.11%	5.84%	0.73%	7.30%
8	8Y	4.96%	0.94%	4.52%	5.87%	4.29%	8.44%	-0.56%	10.52%	5.70%	5.24%	5.90%	0.75%	7.82%
9	9Y	5.08%	0.99%	4.60%	5.93%	4.46%	9.12%	-0.48%	10.72%	5.88%	5.35%	5.95%	0.80%	8.24%
10	10Y	5.19%	1.02%	4.67%	5.97%	4.59%	9.75%	-0.39%	10.85%	5.96%	5.41%	5.97%	0.77%	8.61%
20	20Y	5.85%	1.06%	5.26%	6.04%	5.41%	12.91%	3.67%	11.05%	6.60%	6.01%	6.40%	0.75%	10.87%
30	30Y	5.95%	1.11%	5.30%	5.92%	5.74%	15.23%	6.30%	8.86%	6.08%	6.09%	6.41%	0.13%	11.66%

Sources: Bloomberg, GAMA calculations

US Treasury Yields

20Y and 30Y the cheapest part of the yield curve now



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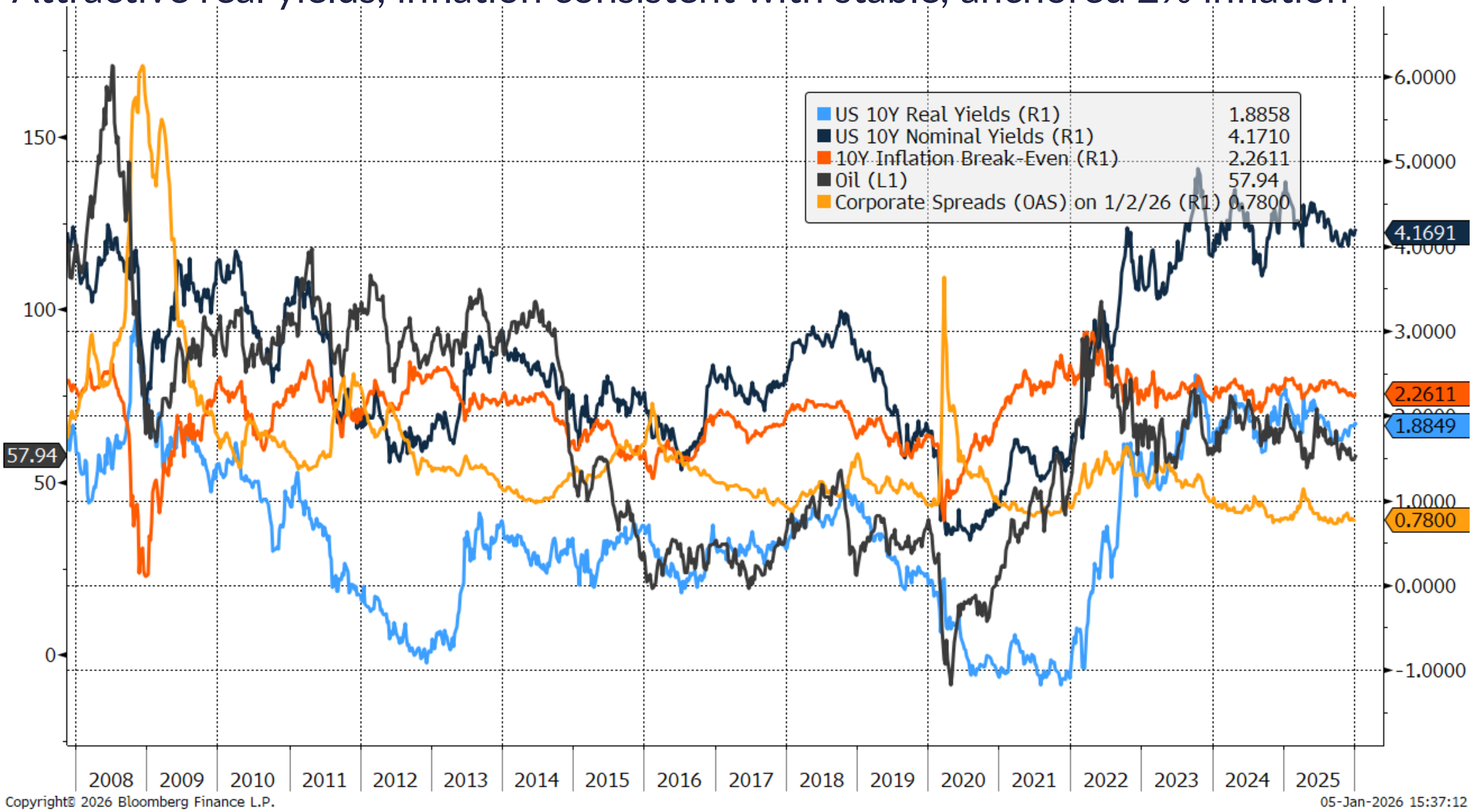
Source: Bloomberg

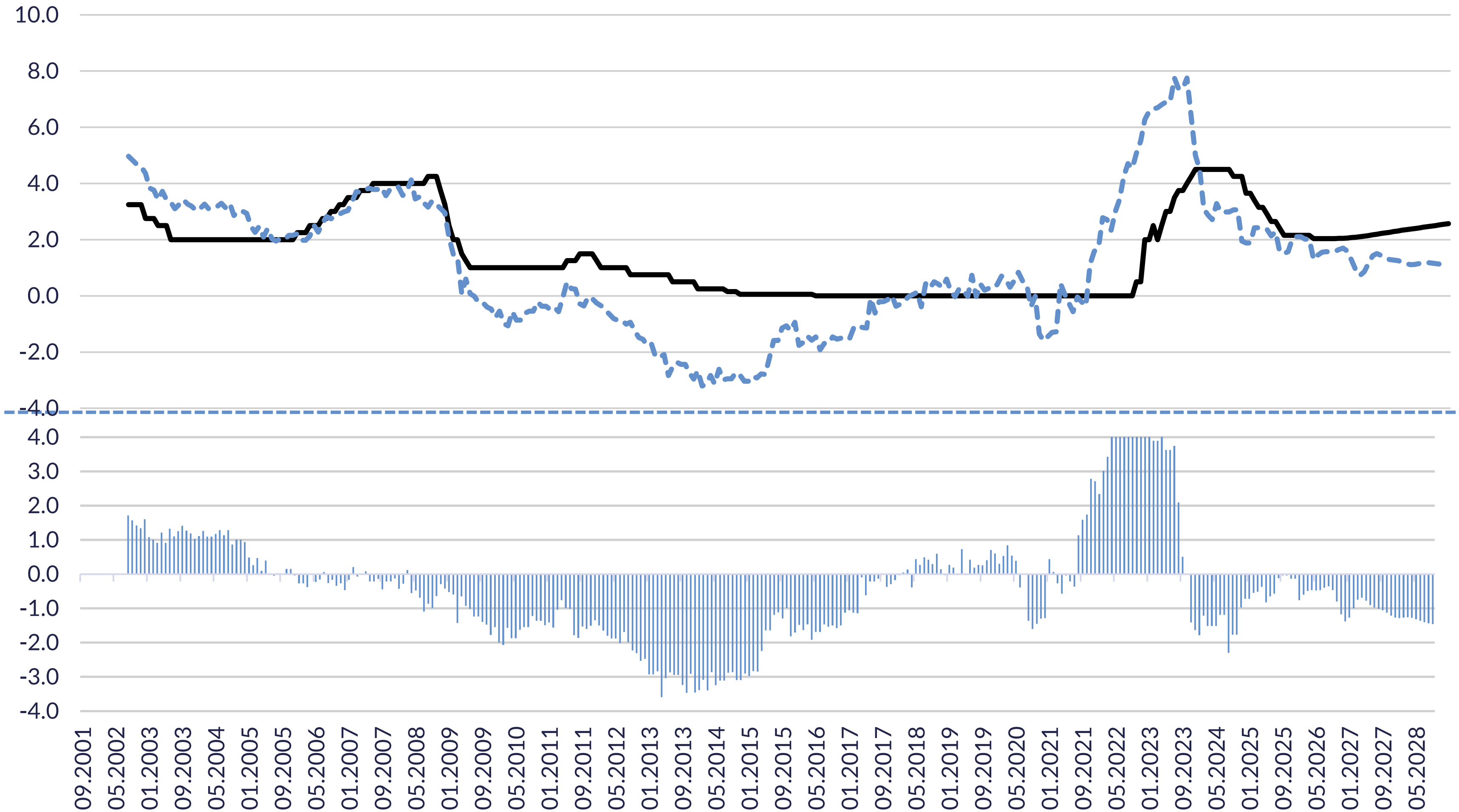
US TIPS

Attractive real yields, inflation consistent with stable, anchored 2% inflation



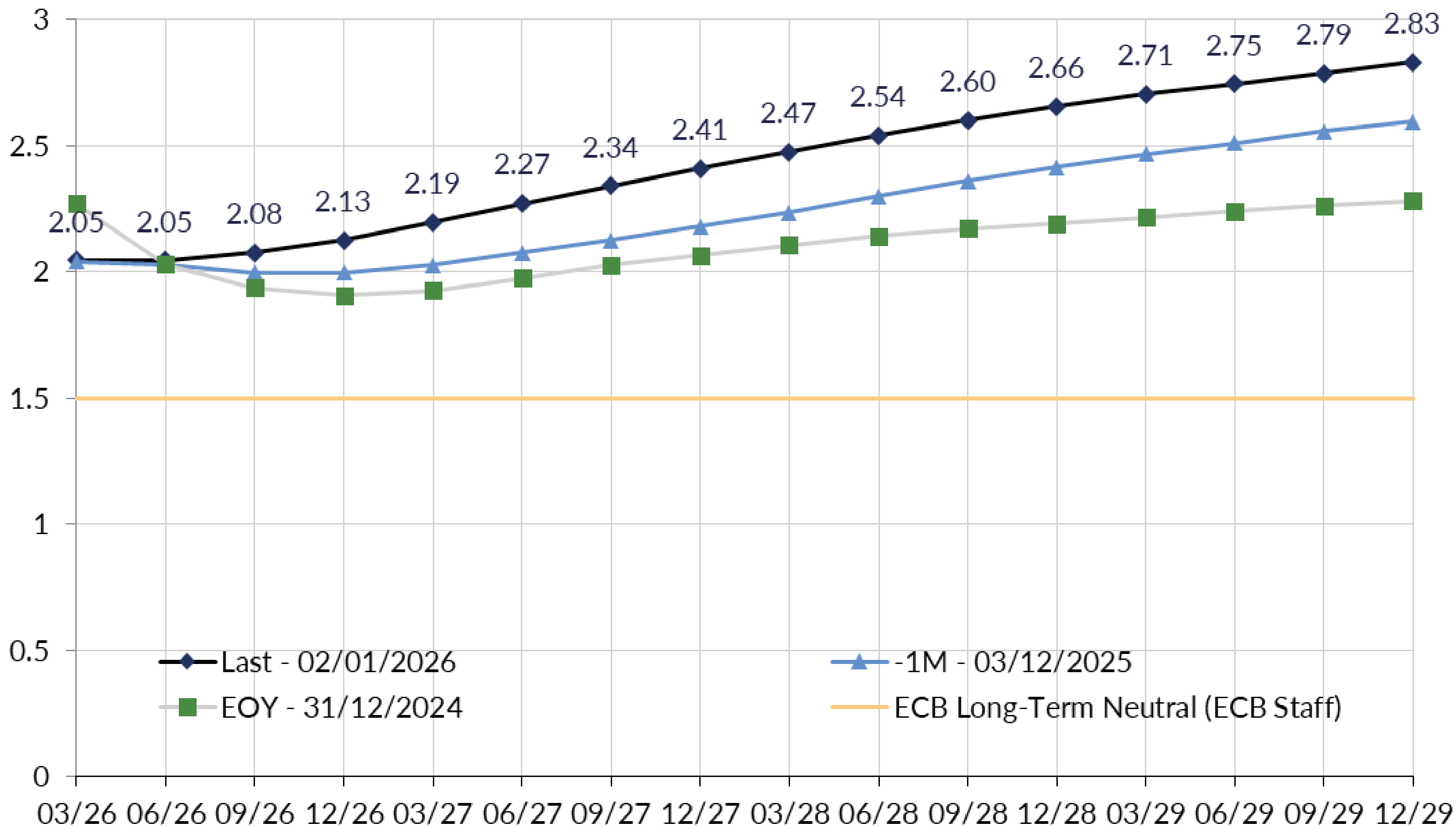
Source: Bloomberg

ECB Rate versus Equilibrium Rate



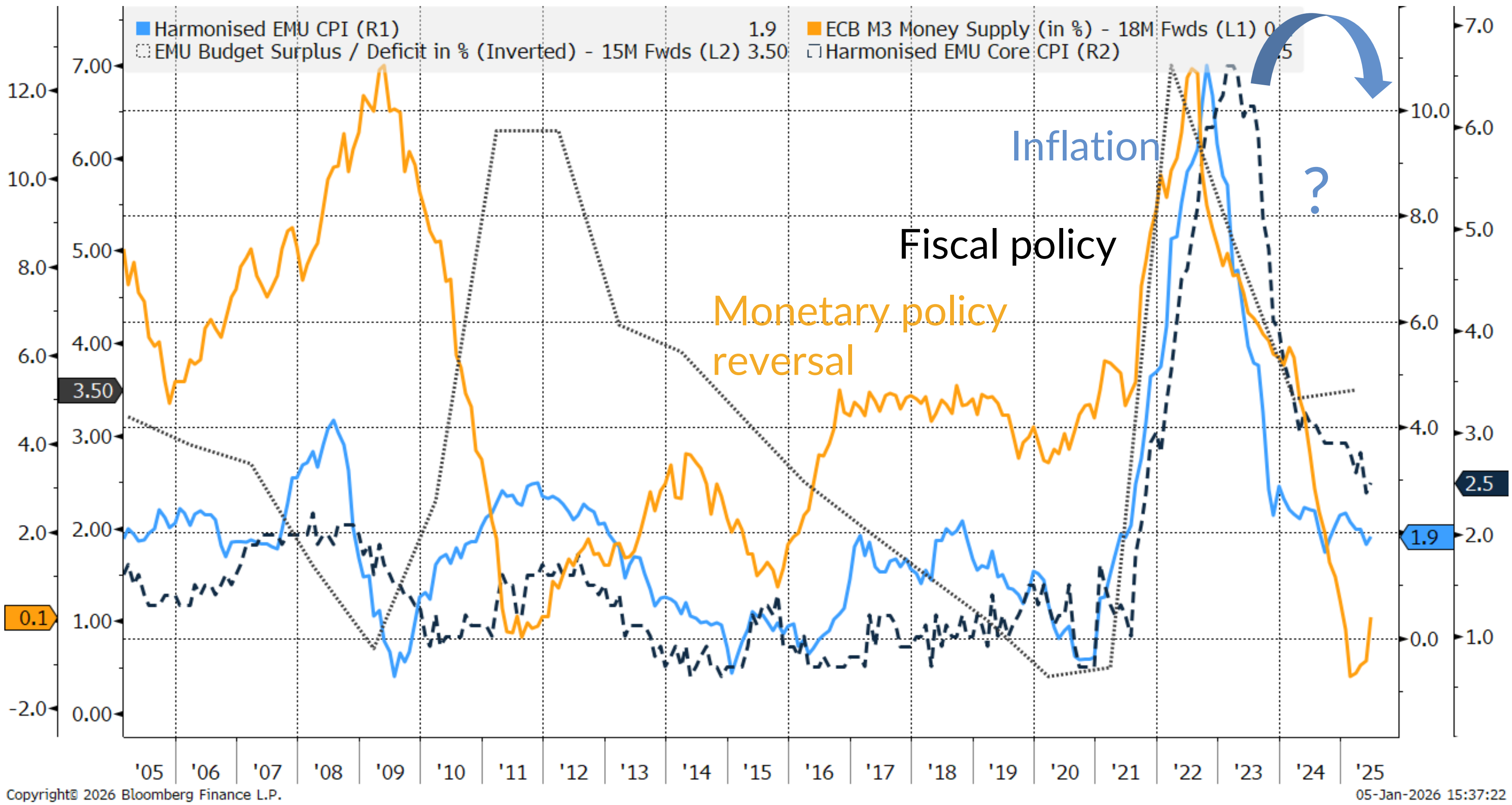
Source: Bloomberg, GAMA Rule-based equilibrium rates, using Bloomberg macroeconomic consensus.

EUR Money Market Curve Repricing



Sources: Bloomberg, GAMA calculations

EMU: Still pressure coming from stimulus (lag vs. US)

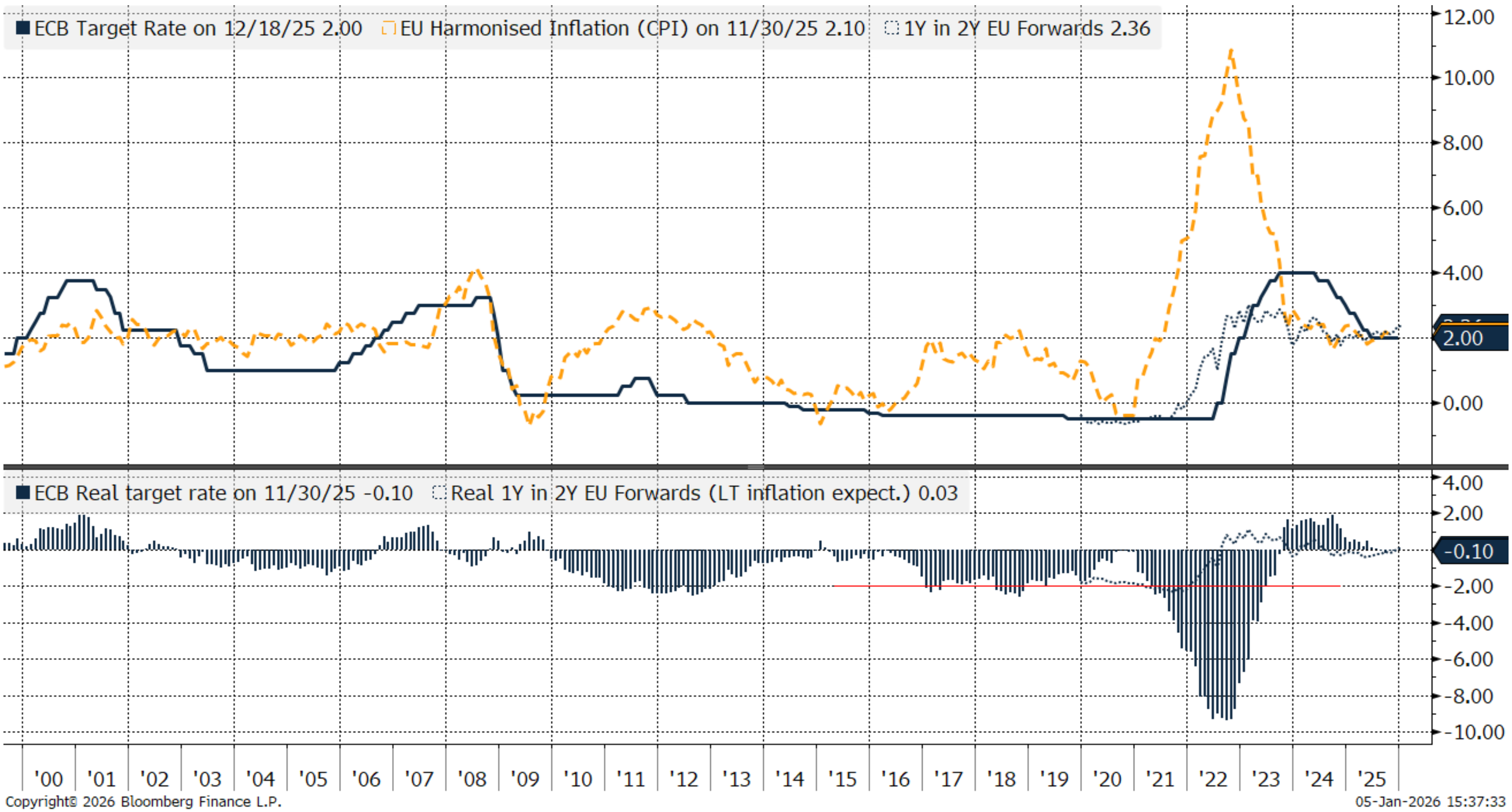


Sources: Bloomberg, GAMA calculations

ECB Target Rate

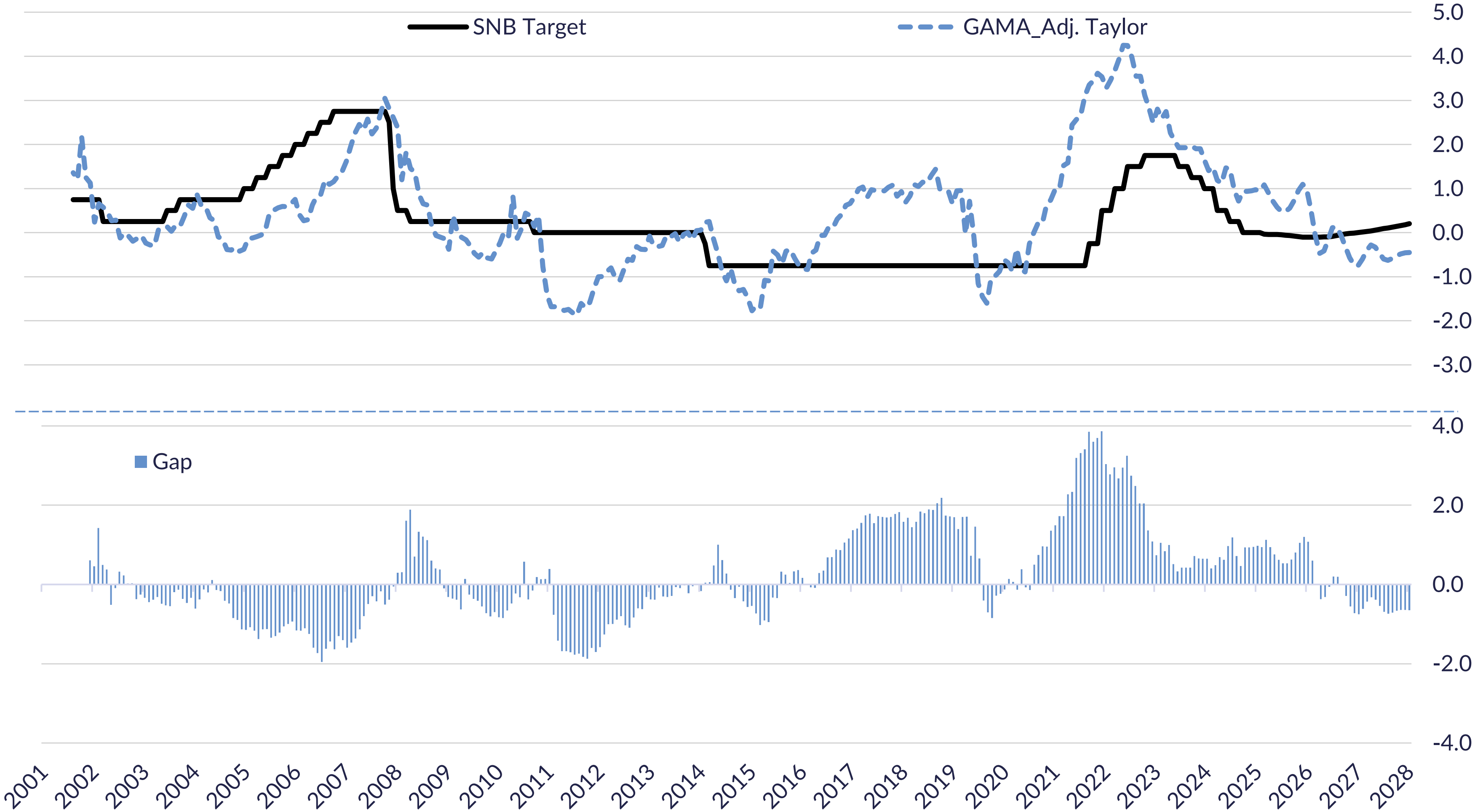
GAMA

The ECB is expected to move rate towards 2%, with risks skewed downwards



Source: Bloomberg

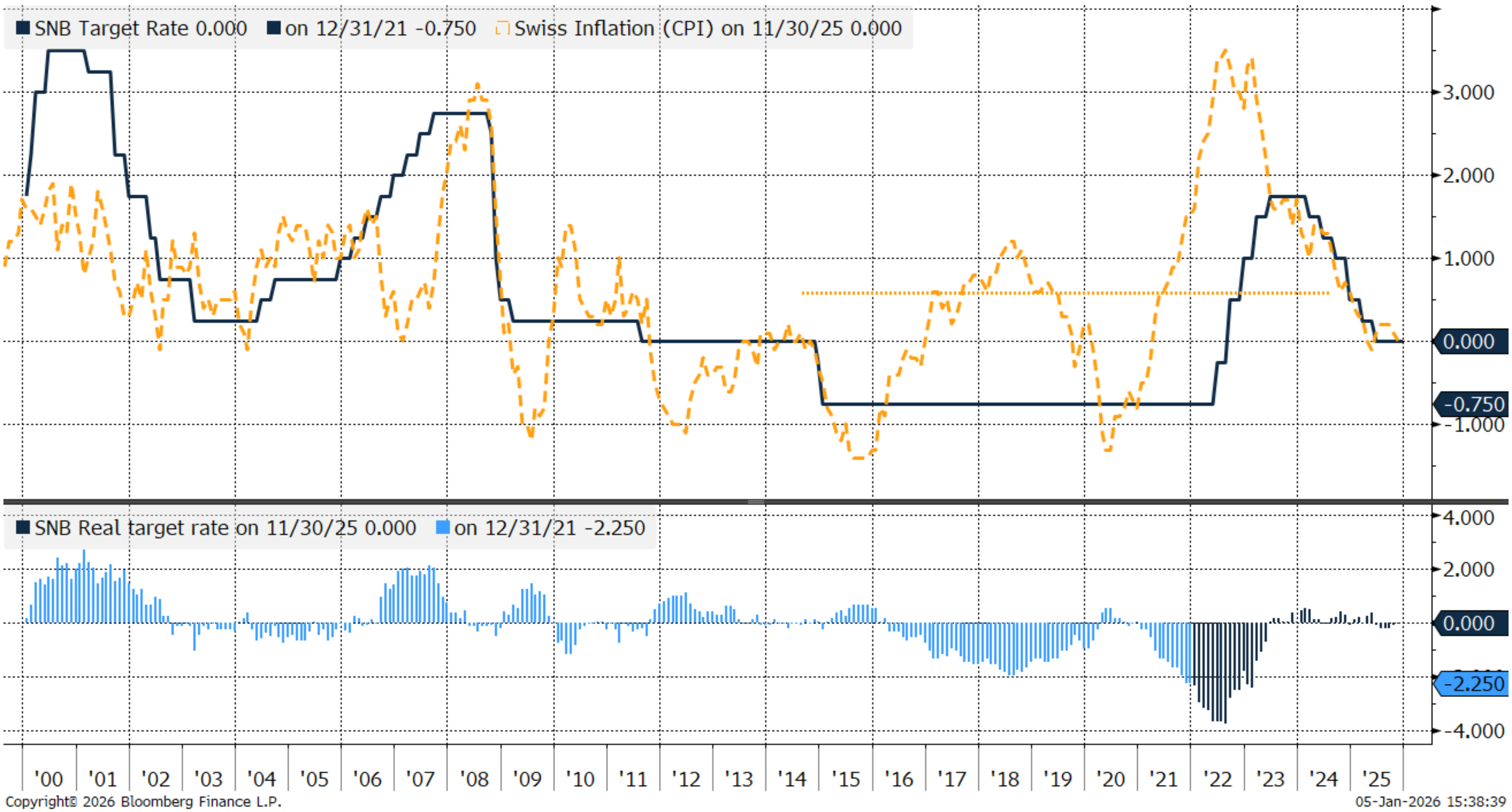
SNB Rate versus Equilibrium Rate



Source: Bloomberg, GAMA Rule-based equilibrium rates, using Bloomberg macroeconomic consensus.

SNB Target Rate

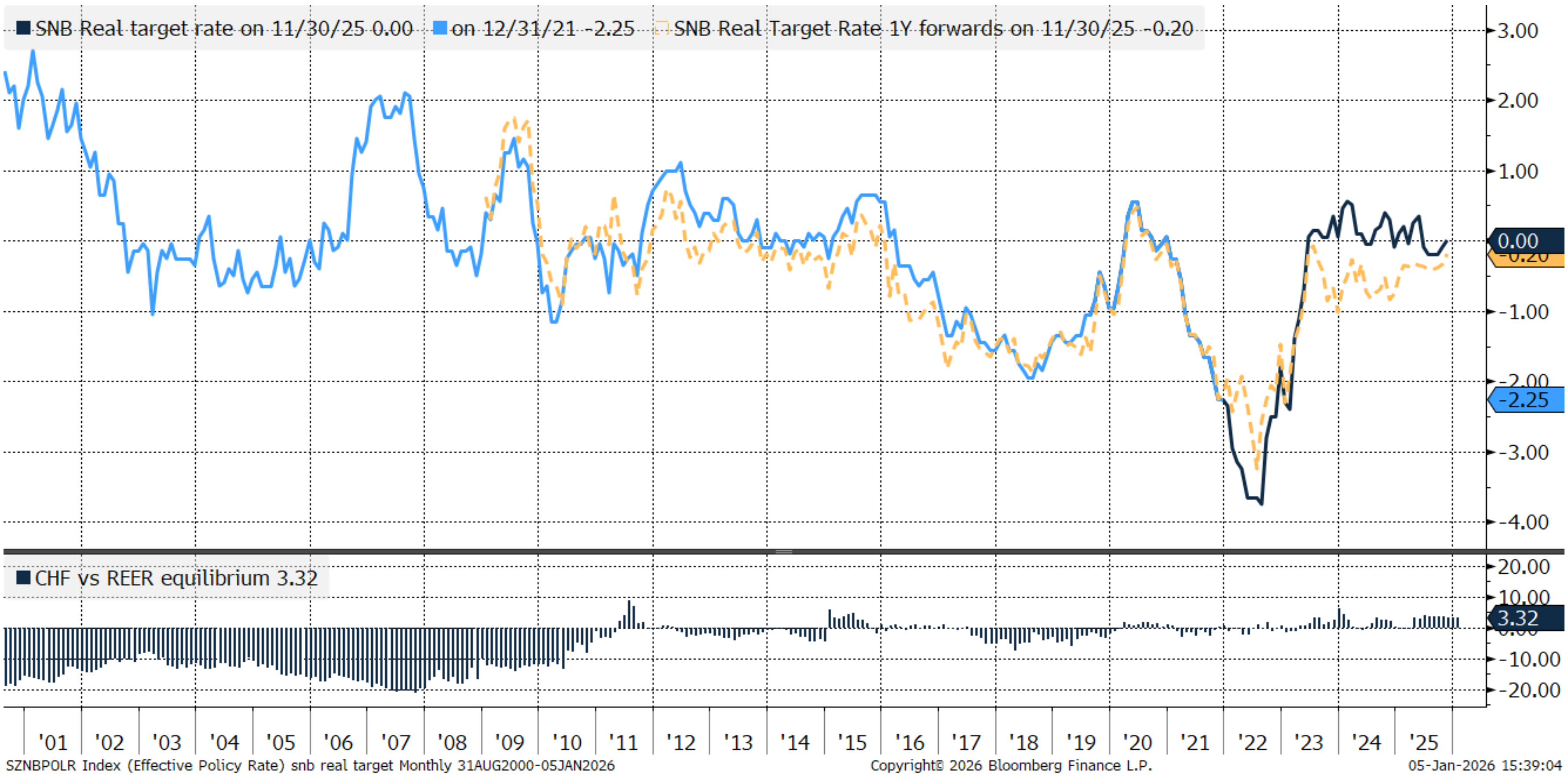
The SNB likely to move interest rate back towards 0% in the next 2 years



Source: Bloomberg

Swiss Real Rate R*

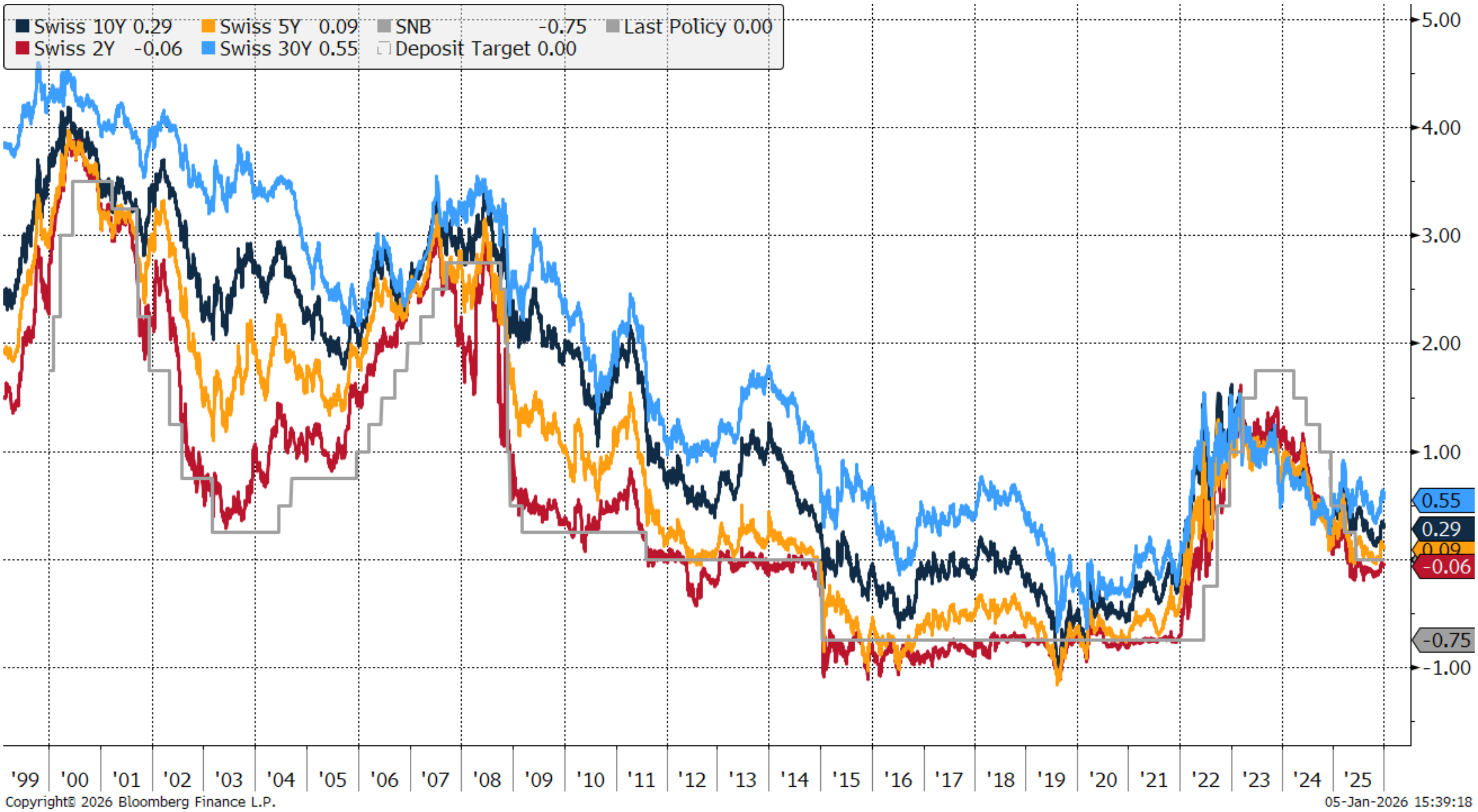
Theoretically right, practically too optimistic (i.e too high), with CHF strength



Sources: GAMA

Swiss Confederation Bond Yields

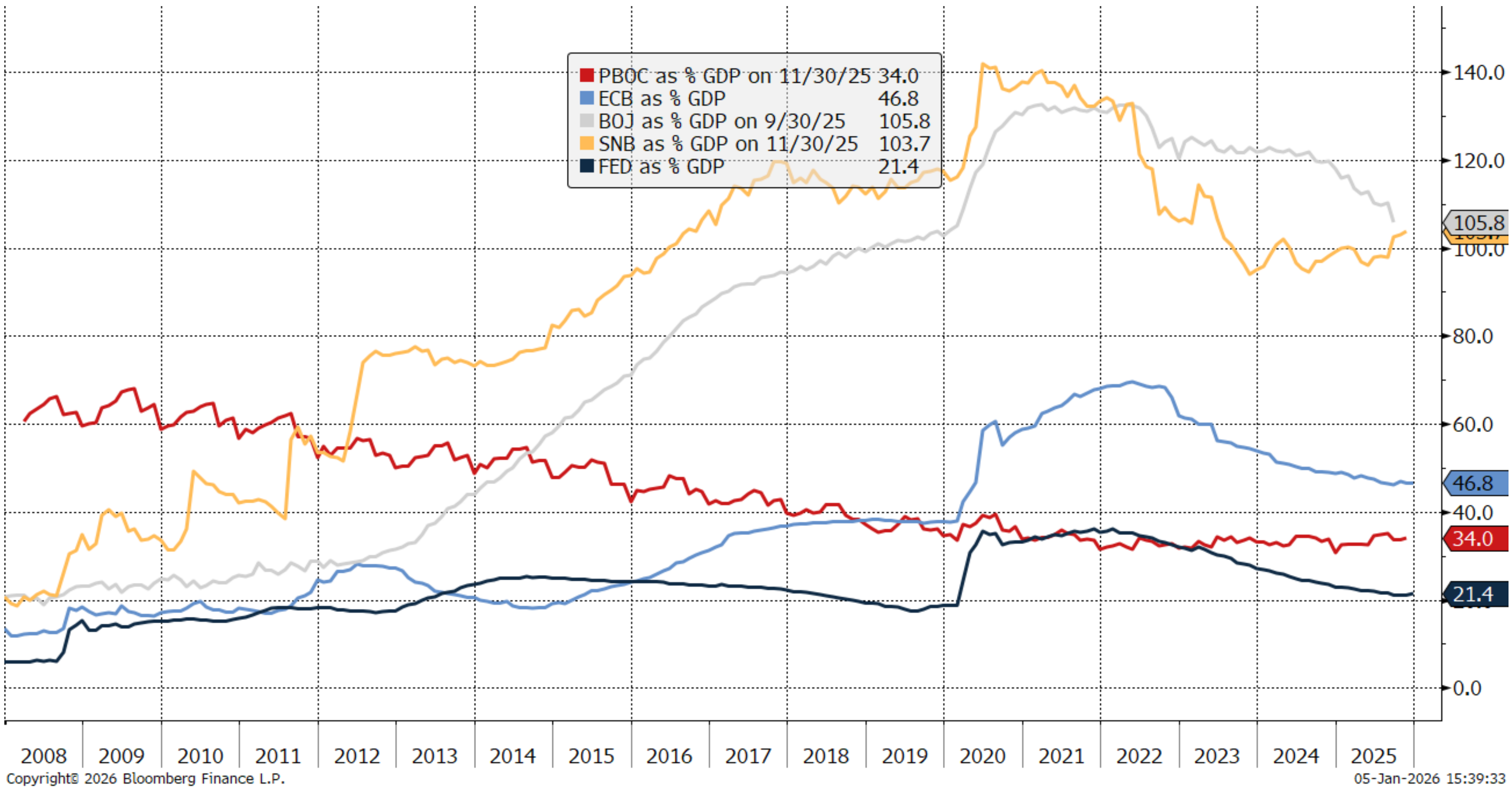
Swiss yield curve is significantly inverted with SNB's target rate the highest



Source: Bloomberg

Central Banks Balance Sheets

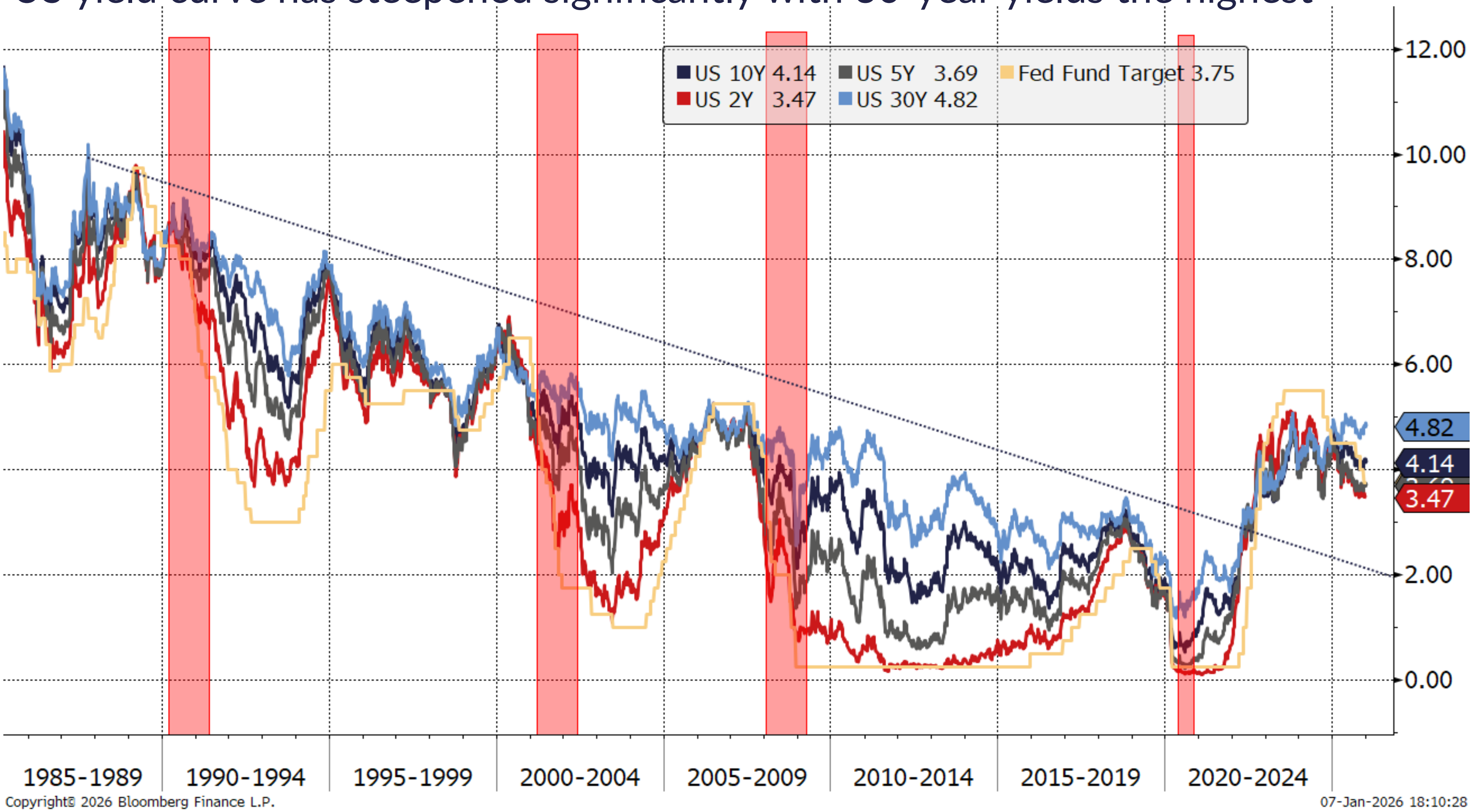
Monetary expansion by central banks has slowed materially



Sources: Bloomberg, GAMA calculations

US Treasury Yields

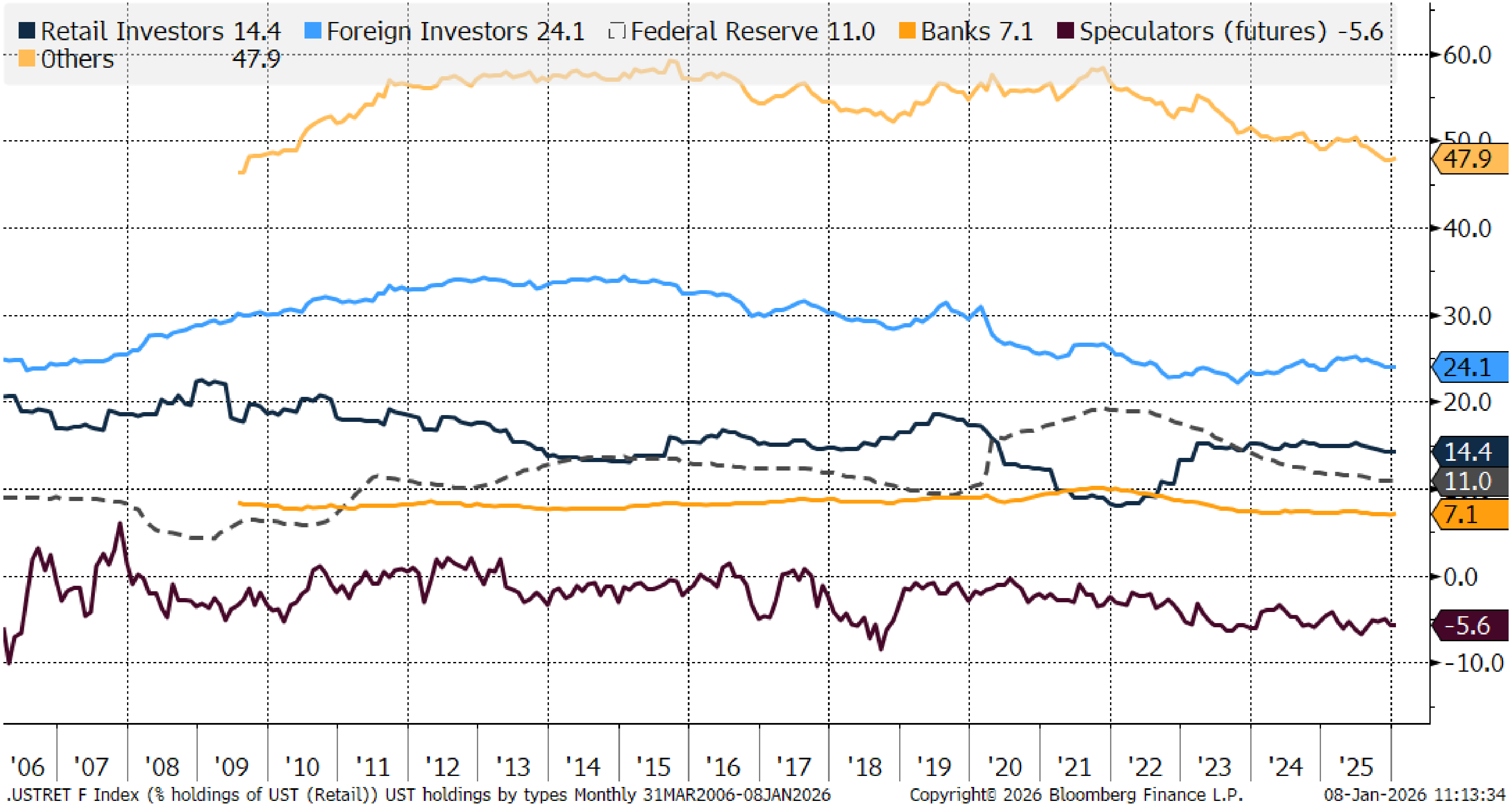
US yield curve has steepened significantly with 30-year yields the highest



Source: Bloomberg

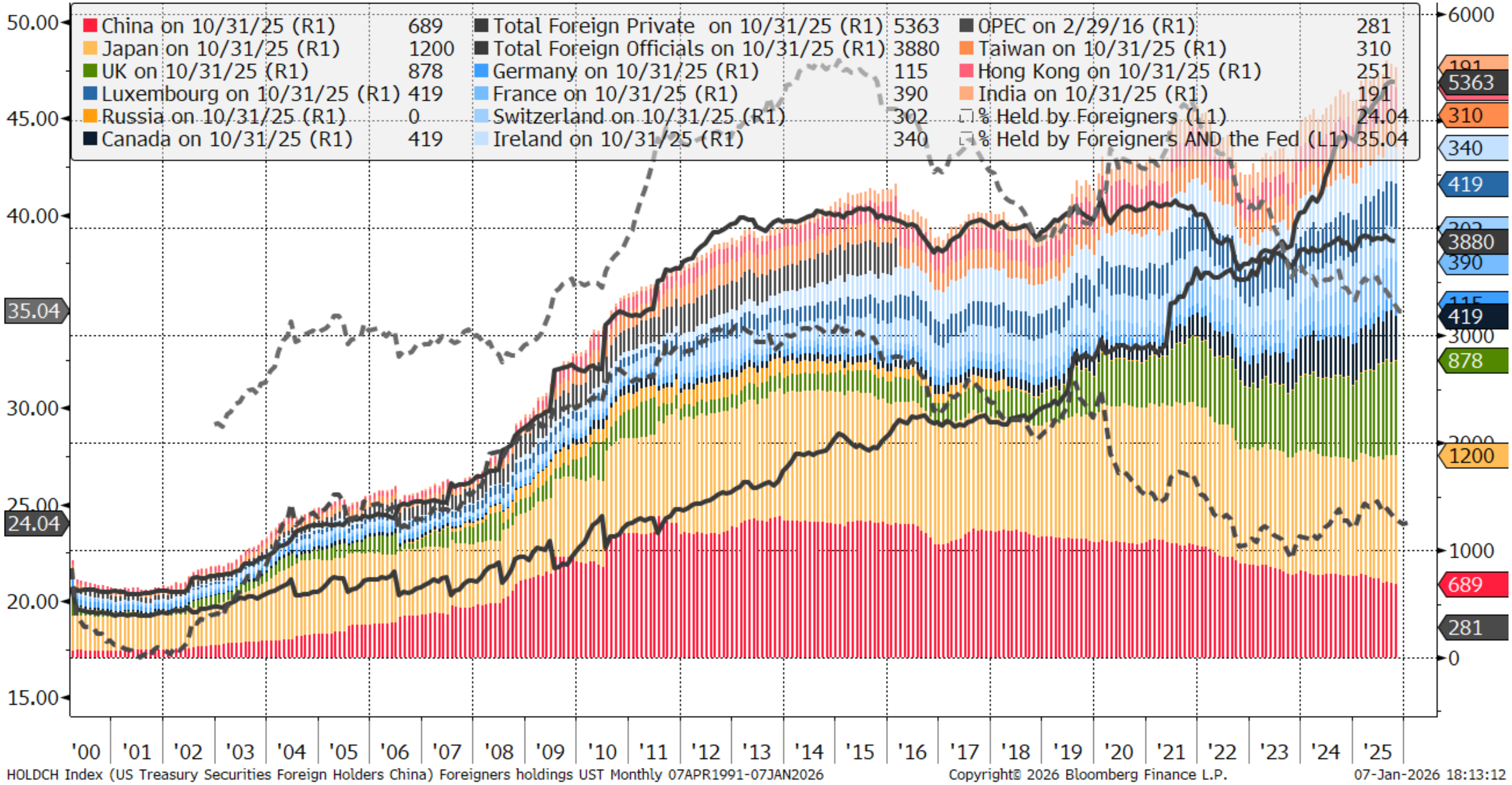
US Treasury Holdings

Holdings by category: as % of Total, Higher retail buyers and low Fed / banks



Foreign Holders of Treasuries

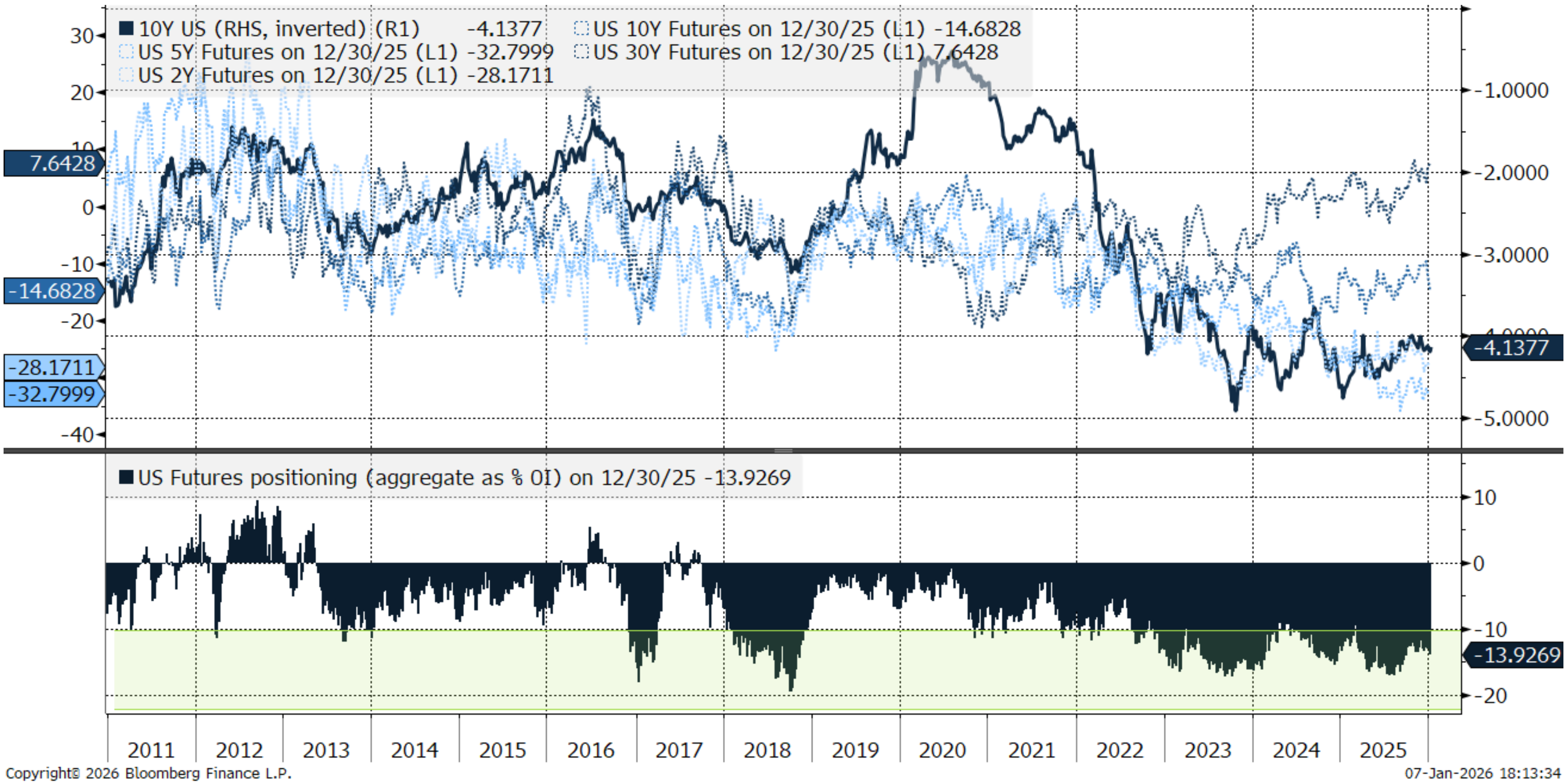
Slowdown of foreign officials but not private foreigners (5 trillion USD)



Sources: Bloomberg, GAMA calculations

Speculative Positioning

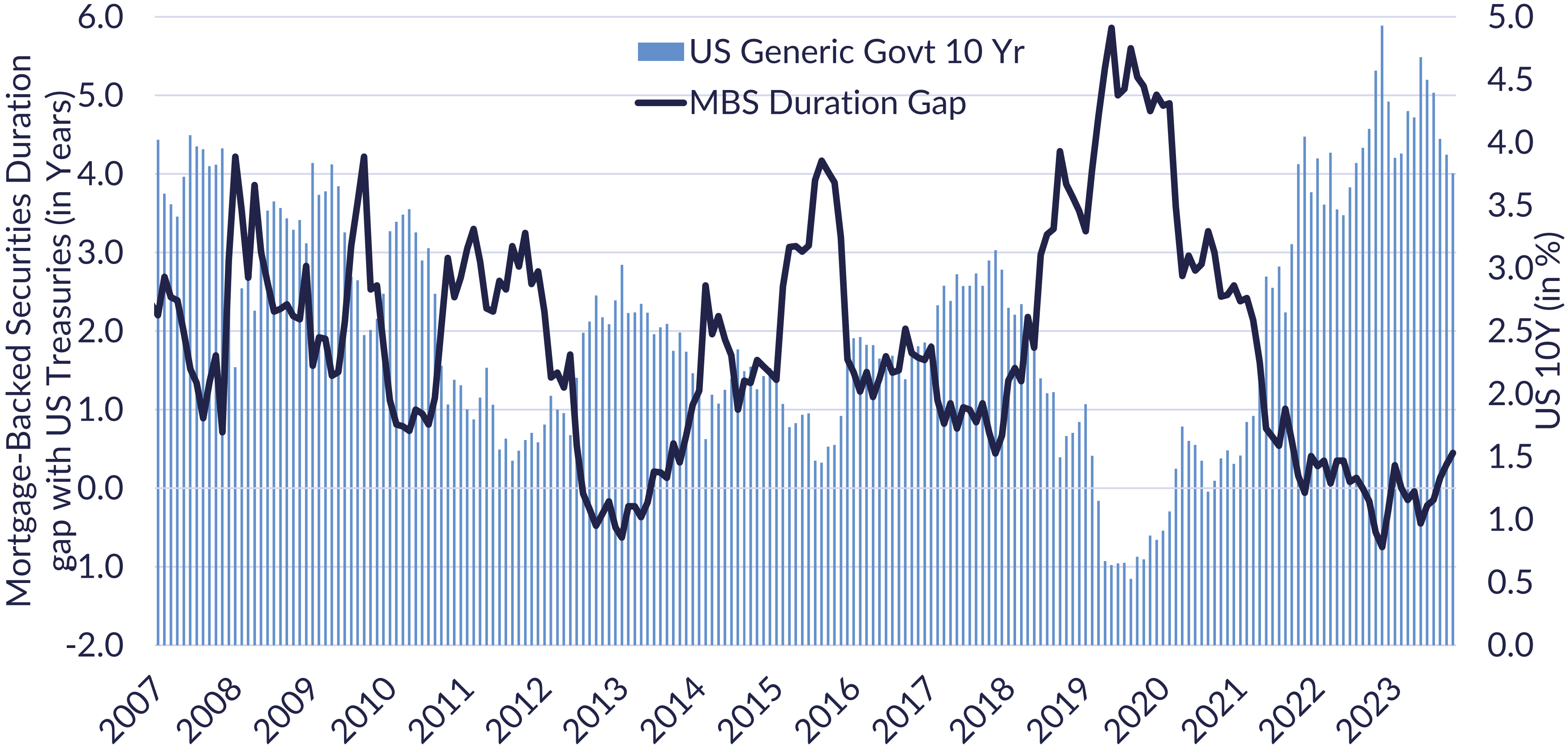
Net commitment of traders (speculative accounts) – still very short



Sources: Bloomberg, GAMA calculations

MBS and US Treasuries

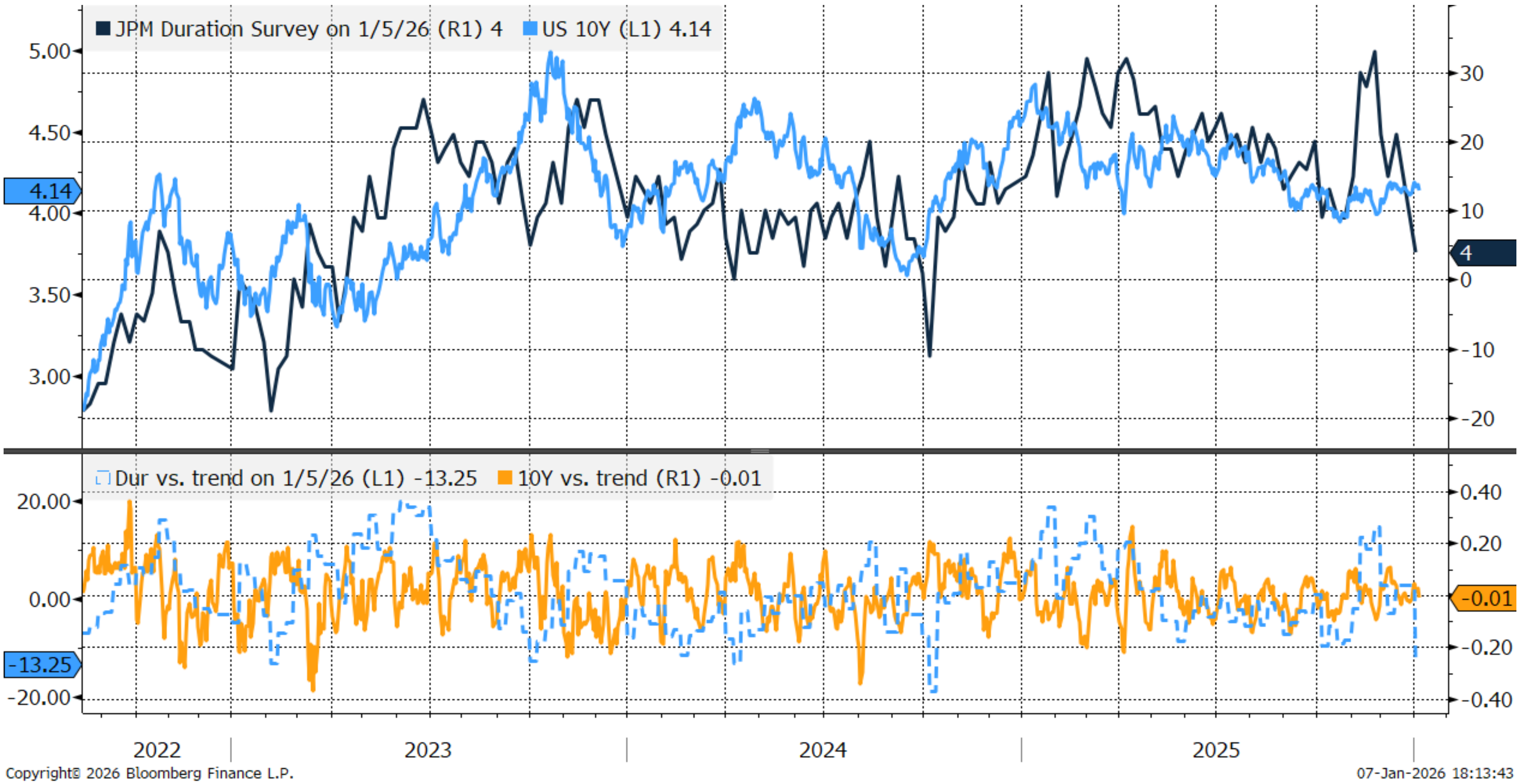
Duration gap between MBS and UST low, risks of convexity hedging turning favourably



Sources: Bloomberg, GAMA calculations

Asset Manager Duration Survey (JPM)

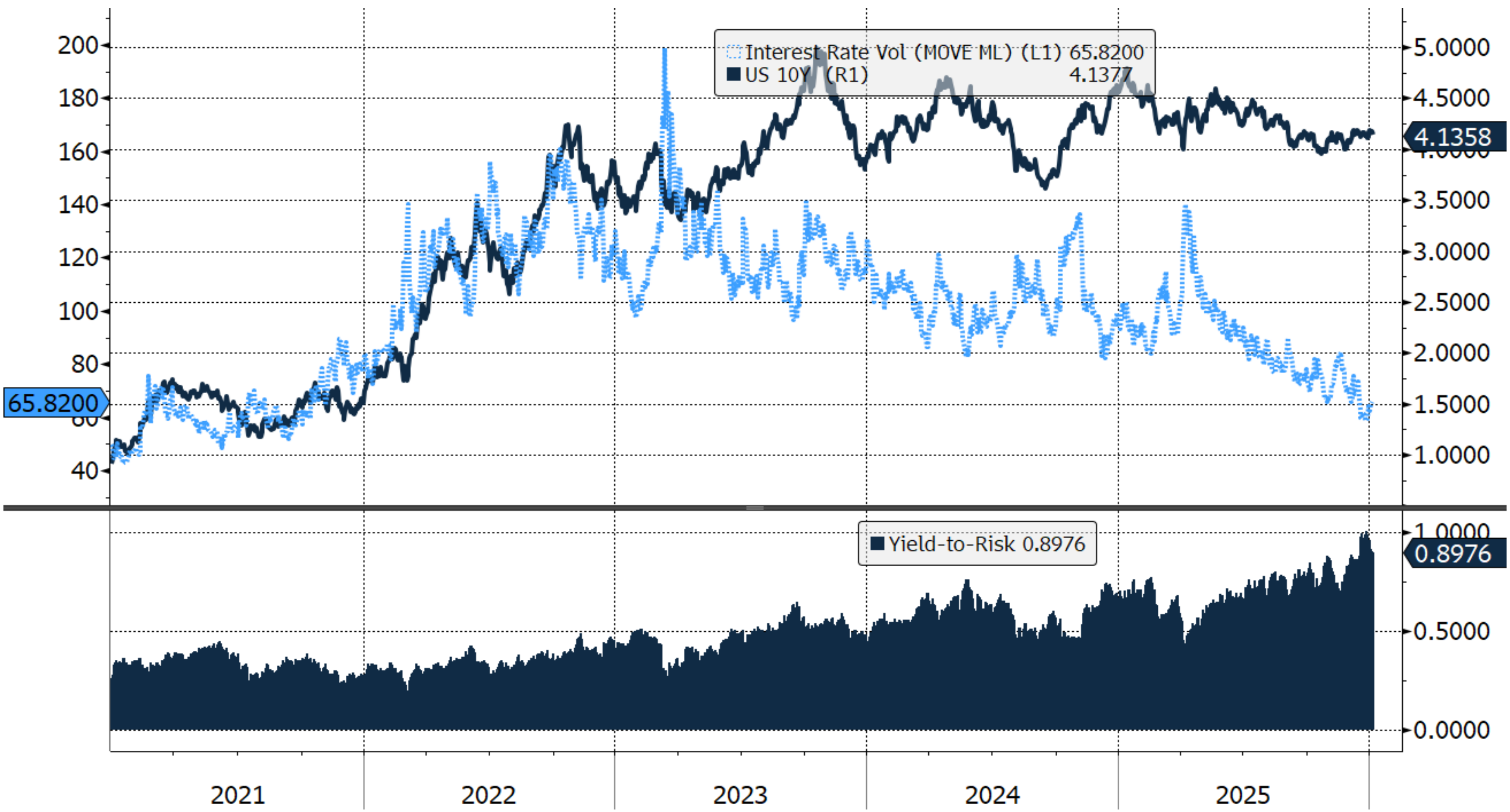
Net positioning by real money managers: long duration but don't fight them!



Sources: Bloomberg, GAMA calculations

10Y and Interest Rate Volatility

Improving yield to volatility ratio



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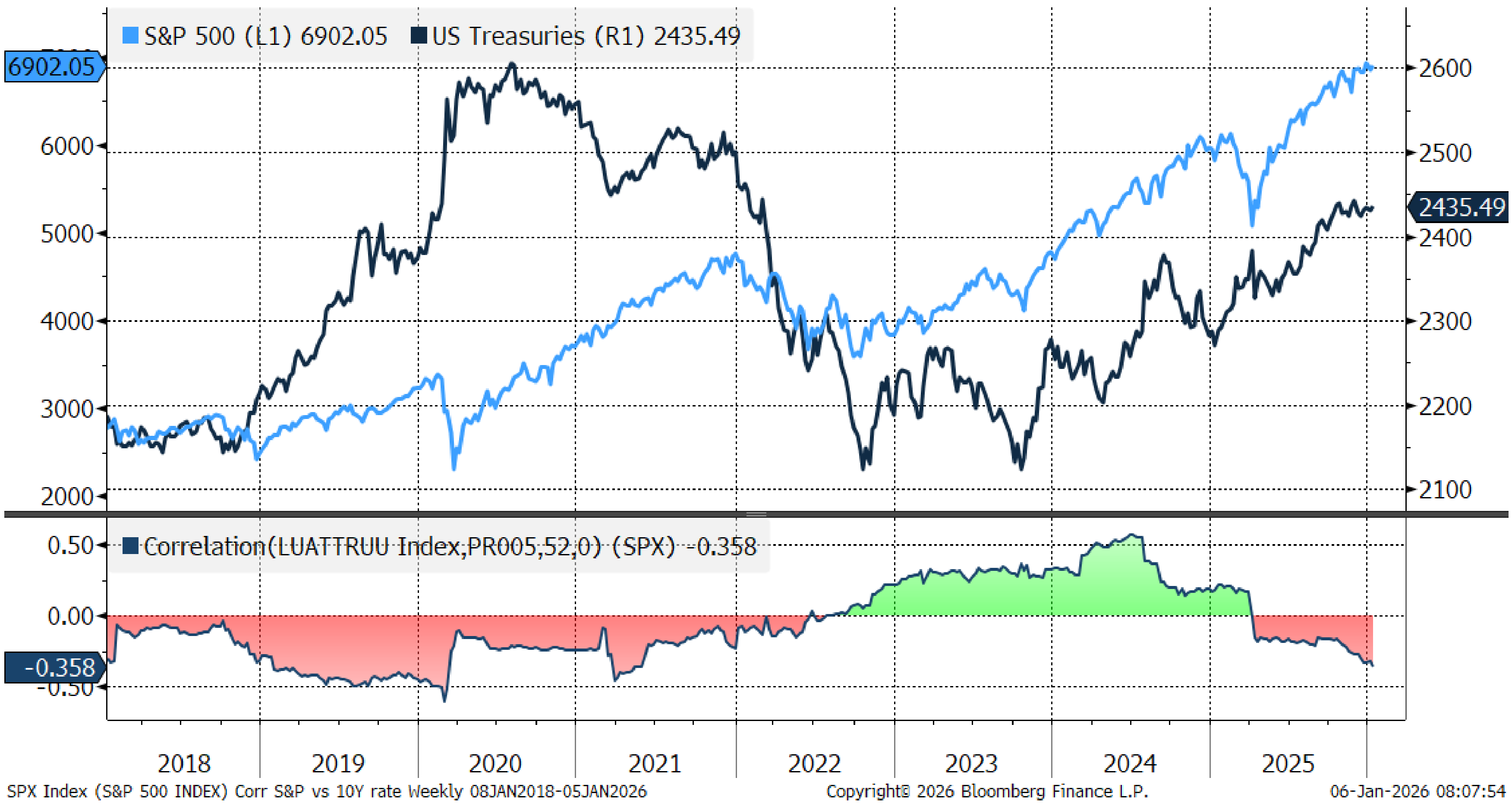
Sources: Bloomberg, GAMA calculations

Equities-Bonds Correlations Have Normalised

As inflation has declined, bonds have resumed their portfolio stabilization role



Sources: Bloomberg, GAMA calculations,

Sovereigns are regaining diversification power

CORRELATION MATRIX

Daily Correlation (6M)

	x	SOV	INFL	CORP	HY	EMD	EML	CONV	DEQ	EEQ	HF	GOLD	OIL	$JPY	EUR	Avge
Global Sovereigns	SOV	1.00	0.90	0.90	0.34	0.68	0.23	(0.02)	0.06	0.03	0.10	0.19	(0.35)	(0.56)	(0.56)	0.21
Inflation-Indexed	INFL	0.90	1.00	0.90	0.32	0.59	0.22	(0.03)	0.07	0.06	0.17	0.18	(0.22)	(0.44)	(0.35)	0.24
DM Corporates	CORP	0.90	0.80	1.00	0.51	0.81	0.32	0.11	0.21	0.12	0.23	0.18	(0.36)	(0.58)	(0.48)	0.27
High Yield	HY	0.34	0.32	0.51	1.00	0.67	0.56	0.61	0.70	0.44	0.55	0.07	(0.19)	(0.17)	(0.30)	0.37
Emerging Debt ($)	EMD	0.68	0.59	0.81	0.67	1.00	0.37	0.17	0.28	0.16	0.30	0.06	(0.24)	(0.40)	(0.40)	0.29
Emerging Local	EML	0.23	0.22	0.32	0.56	0.37	1.00	0.43	0.52	0.61	0.53	0.14	(0.20)	(0.36)	(0.46)	0.28
Convertibles	CONV	(0.02)	(0.03)	0.11	0.61	0.17	0.43	1.00	0.80	0.48	0.62	0.17	(0.07)	0.08	(0.03)	0.31
Developed Equities	DEQ	0.06	0.07	0.21	0.70	0.28	0.52	0.80	1.00	0.58	0.72	0.05	(0.15)	(0.05)	(0.18)	0.33
Emerging Equities	EEQ	0.03	0.06	0.12	0.44	0.16	0.61	0.48	0.58	1.00	0.72	0.05	(0.15)	(0.05)	(0.18)	0.28
Hedge Funds (Macro)	HF	0.10	0.17	0.23	0.55	0.30	0.53	0.62	0.72	0.72	1.00	0.37	(0.01)	(0.09)	(0.29)	0.35
Gold Index	GOLD	0.19	0.18	0.18	0.07	0.06	0.14	0.17	0.05	0.05	0.37	1.00	0.03	(0.22)	(0.34)	0.14
Oil	OIL	(0.35)	(0.22)	(0.36)	(0.19)	(0.24)	(0.20)	(0.07)	(0.15)	(0.15)	(0.01)	0.03	1.00	0.31	0.29	(0.02)
USD/JPY	$JPY	(0.56)	(0.44)	(0.58)	(0.17)	(0.40)	(0.36)	0.08	(0.05)	(0.05)	(0.09)	(0.22)	0.31	1.00	0.72	(0.06)
EUR/USD	EUR	(0.40)	(0.35)	(0.48)	(0.30)	(0.40)	(0.46)	(0.03)	(0.18)	(0.18)	(0.29)	(0.34)	0.29	0.72	1.00	(0.10)

CORRELATION MATRIX

Z-Score (3Y)

	x	SOV	INFL	CORP	HY	EMD	EML	CONV	DEQ	EEQ	HF	GOLD	OIL	$JPY	EUR	Avg. Abs.
Global Sovereigns	SOV	-	0.18	(0.09)	(0.13)	(0.58)	(1.02)	(0.57)	(0.07)	(0.65)	1.68	0.10	(1.78)	(1.01)	(0.89)	0.63
Inflation-Indexed	INFL	0.18	-	(0.09)	(1.05)	(2.56)	(1.04)	(1.35)	(0.71)	(1.21)	1.19	(0.51)	(2.07)	(0.34)	(0.87)	0.94
DM Corporates	CORP	(0.09)	(2.48)	-	(0.56)	(1.71)	(0.84)	(1.26)	(0.66)	(1.22)	1.36	(0.53)	(2.50)	(1.08)	(0.84)	1.08
High Yield	HY	(0.13)	(1.05)	(0.56)	-	(0.64)	0.20	(1.27)	0.68	(0.46)	1.32	(0.40)	(1.88)	(0.16)	(0.38)	0.65
Emerging Debt ($)	EMD	(0.58)	(2.56)	(1.71)	(0.64)	-	(1.08)	(1.31)	(0.37)	(1.30)	1.17	(1.17)	(1.53)	0.06	(0.40)	0.99
Emerging Local	EML	(1.02)	(1.04)	(0.84)	0.20	(1.08)	-	0.43	1.34	0.72	1.98	(1.73)	(1.13)	0.71	1.77	1.00
Convertibles	CONV	(0.57)	(1.35)	(1.26)	(1.27)	(1.31)	0.43	-	(1.78)	(0.76)	1.26	(0.13)	(1.24)	0.35	0.74	0.89
Developed Equities	DEQ	(0.07)	(0.71)	(0.66)	0.68	(0.37)	1.34	(1.78)	-	0.49	1.42	(0.91)	(1.60)	(0.40)	0.13	0.75
Emerging Equities	EEQ	(0.65)	(1.21)	(1.22)	(0.46)	(1.30)	0.72	(0.76)	0.49	-	1.42	(0.91)	(1.60)	(0.40)	0.13	0.81
Hedge Funds (Macro)	HF	1.68	1.19	1.36	1.32	1.17	1.98	1.26	1.42	1.42	-	0.83	(1.20)	(1.05)	(1.72)	1.26
Gold Index	GOLD	0.10	(0.51)	(0.53)	(0.40)	(1.17)	(1.73)	(0.13)	(0.91)	(0.91)	0.83	-	(1.96)	0.99	0.47	0.76
Oil	OIL	(1.78)	(2.07)	(2.50)	(1.88)	(1.53)	(1.13)	(1.24)	(1.60)	(1.60)	(1.20)	(1.96)	-	1.32	1.84	1.55
USD/JPY	$JPY	(1.01)	(0.34)	(1.08)	(0.16)	0.06	0.71	0.35	(0.40)	(0.40)	(1.05)	0.99	1.32	-	1.51	0.67
EUR/USD	EUR	(0.89)	(0.87)	(0.84)	(0.38)	(0.40)	1.77	0.74	0.13	0.13	(1.72)	0.47	1.84	1.51	-	0.83

Sources: Bloomberg, GAMA calculations

Credit Outlook

Credit Outlook - Spreads

Credit spreads are tight, but investor demand continues amid low volatility

WIDENING SPREAD RISKS

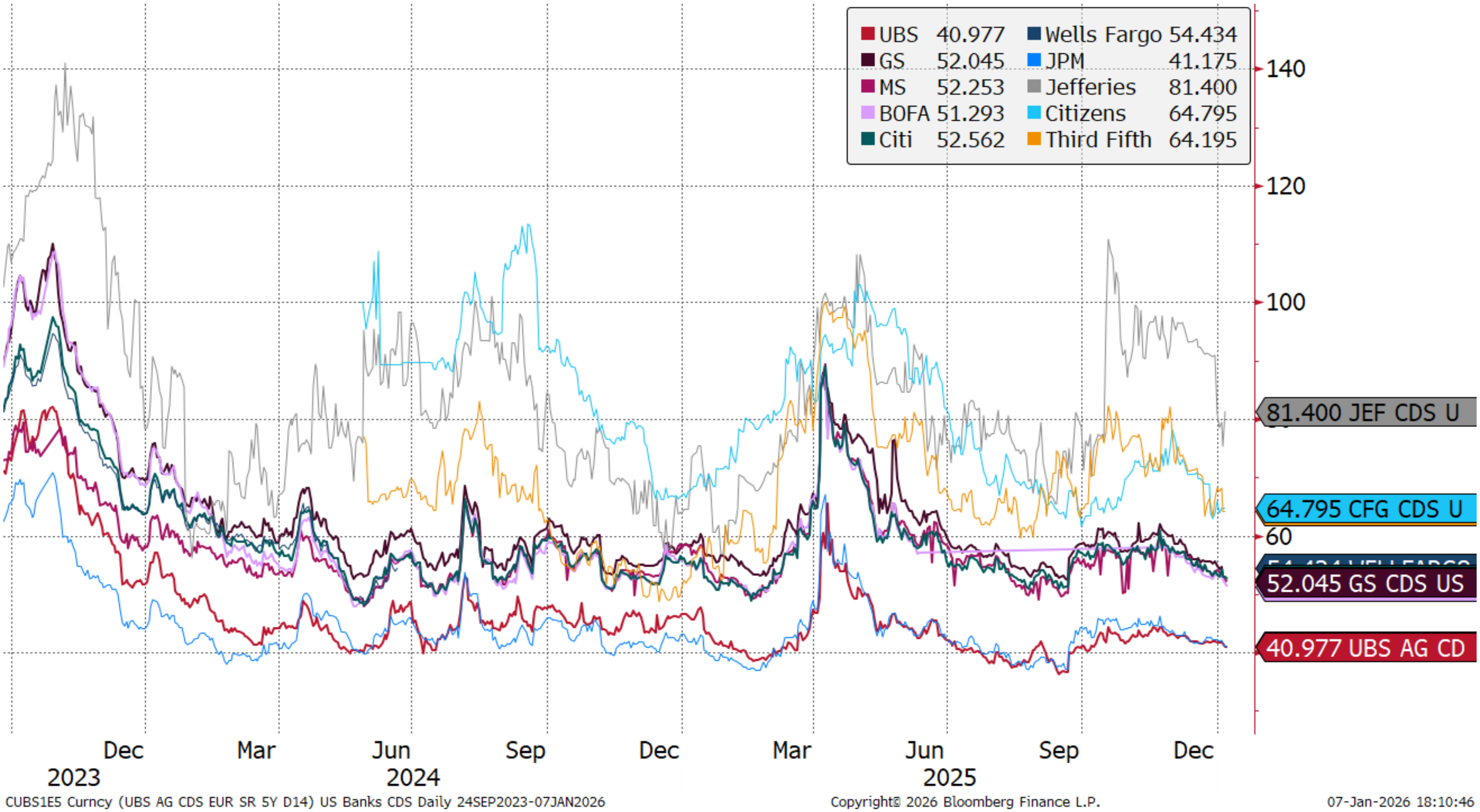
- Historically low level of spreads (especially in BB), priced for perfection
- Deteriorating fundamentals (historically low Interest Rate coverage, deteriorating leverage)
- Overly optimistic expectations of Fed rate cuts
- Tariffs could weigh on exporters

NARROWING SPREAD RISKS

- Strong technical: funds inflows, positive supply technical, low dealers inventories, chase for carry)
- Resilient economy
- Resilient economy
- Lower Corporate Supply

Despite tight spreads and select macro risks, strong technicals and resilient fundamentals support staying invested. Investors should continue to benefit from the carry, especially amid stable volatility and persistent demand.

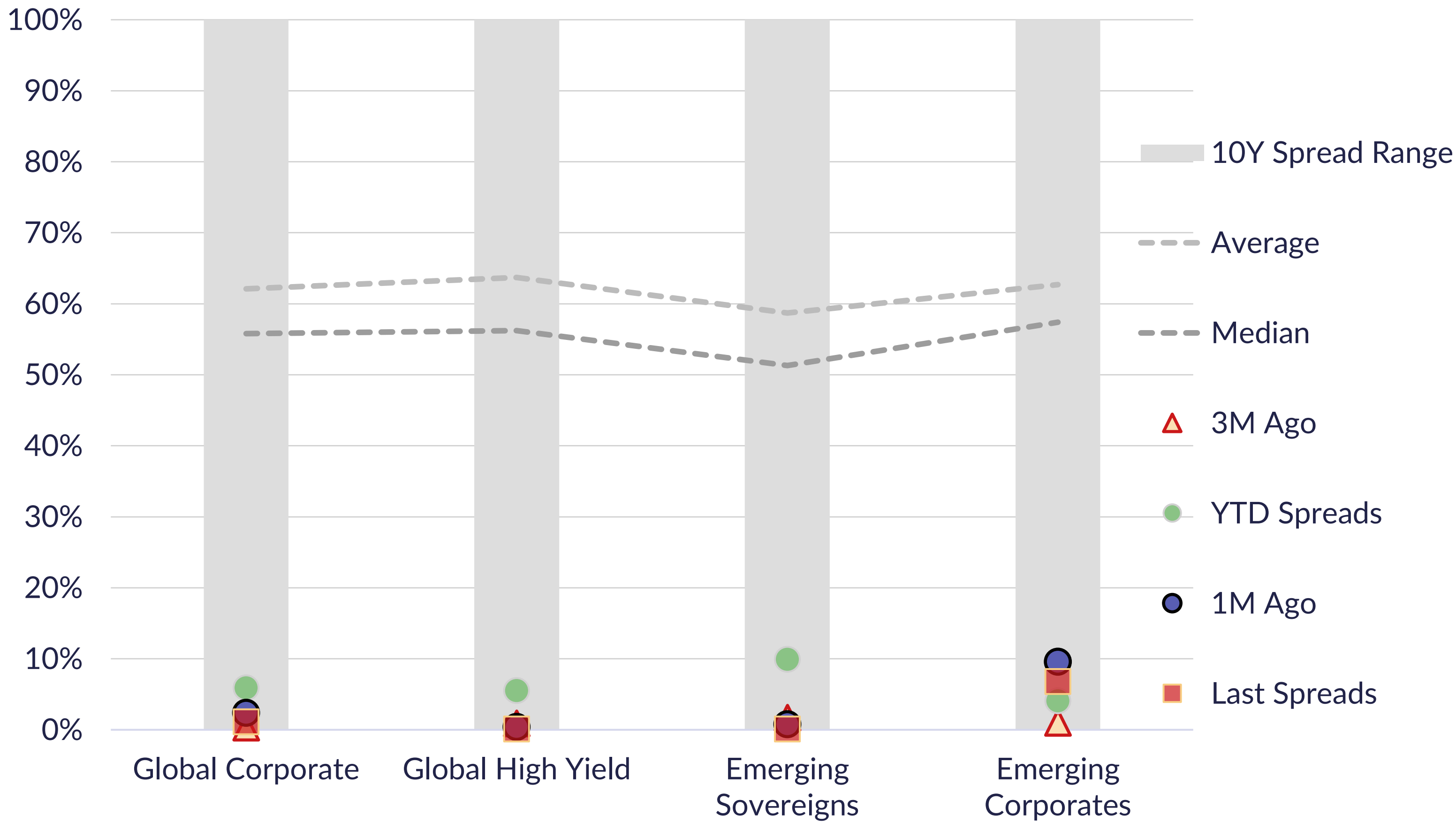
US Banks (and UBS) CDS Levels



Source: Bloomberg, GAMA,

Credit Spreads

All credit spreads outside emerging sovereigns testing their lowest levels in 10Y



Sources: Bloomberg, GAMA calculations

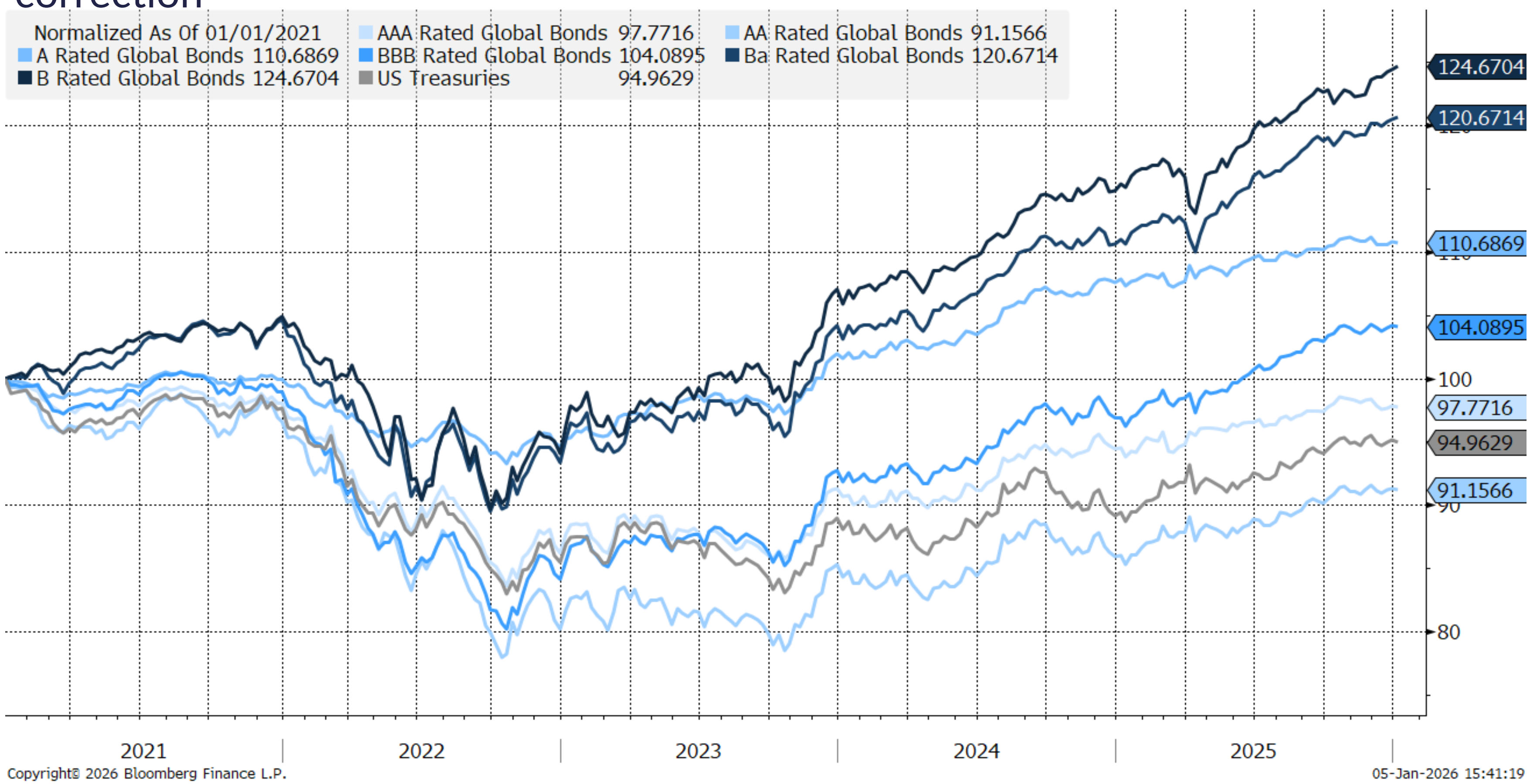
Developed Credit - Spreads vs. Rates

Spreads as a % of all-in yields quite low historically, a factor of caution on credit

Source: Bloomberg, GAMA calculations, Spreads calculated as a % of All-in Yields

Total Returns By Rating

Highly-rated bonds total returns still deeply in negative territory following 2022 correction



Source: Bloomberg global indices

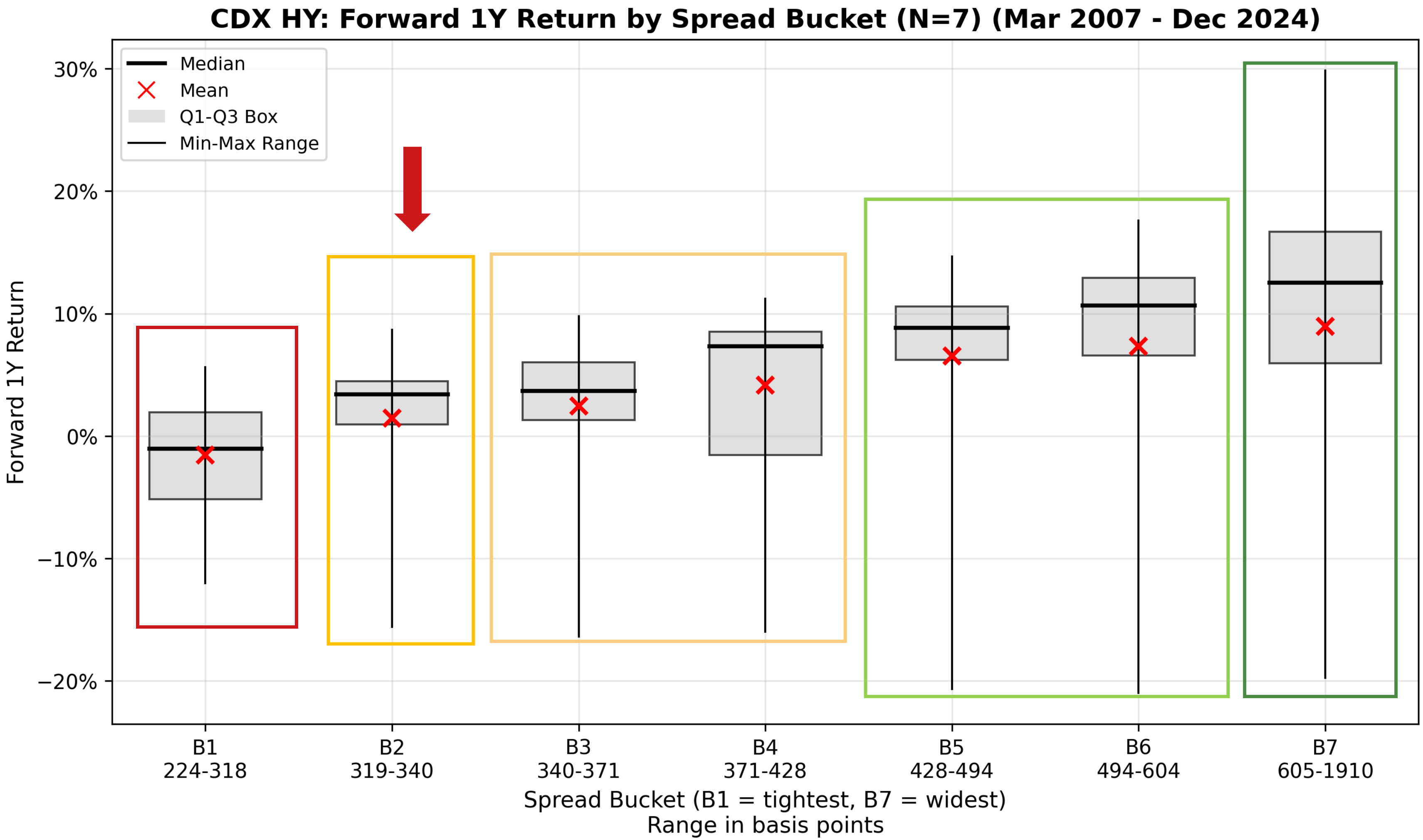
High Yielding Strategies

Synthetic High Yield versus Cash bonds High Yield spreads

Source: Bloomberg

CDX High Yield Returns Based On Starting Spreads

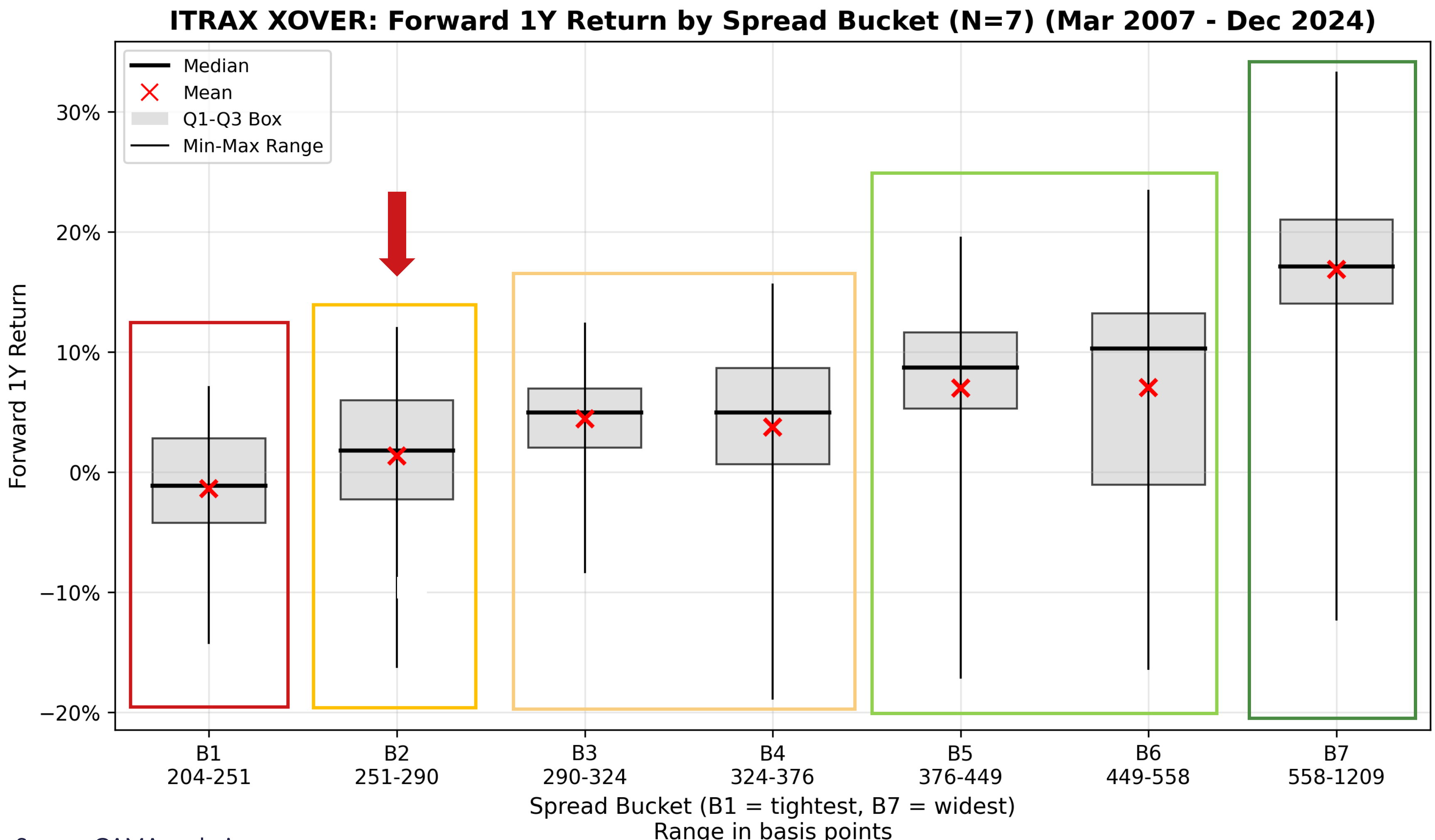
Return distribution over the following year based on spreads at the start of the year



Source: GAMA analysis

ITRAX XOVER Returns Based On Starting Spreads

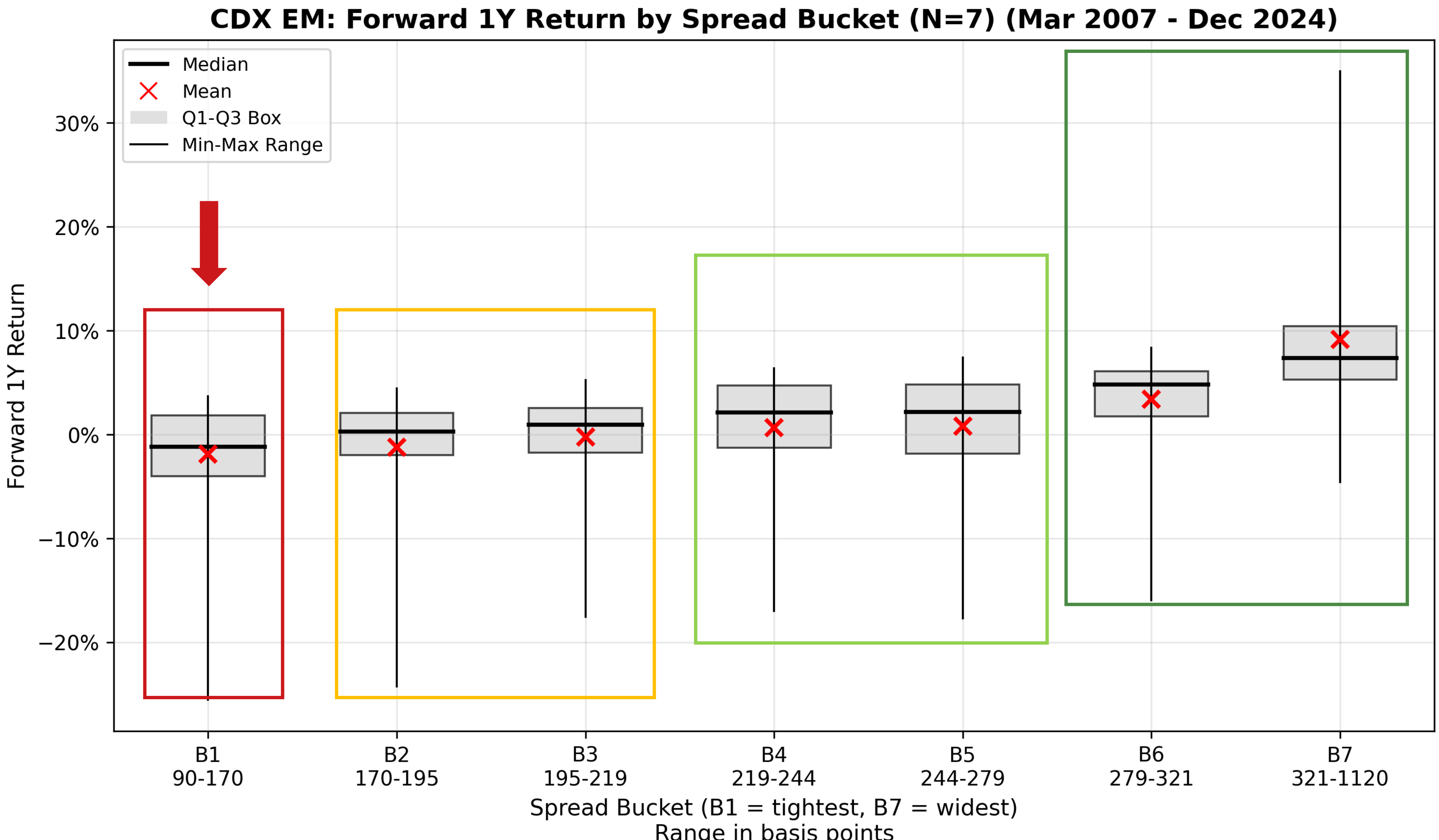
Return distribution over the following year based on spreads at the start of the year



Source: GAMA analysis

CDX EM Returns Based On Starting Spreads

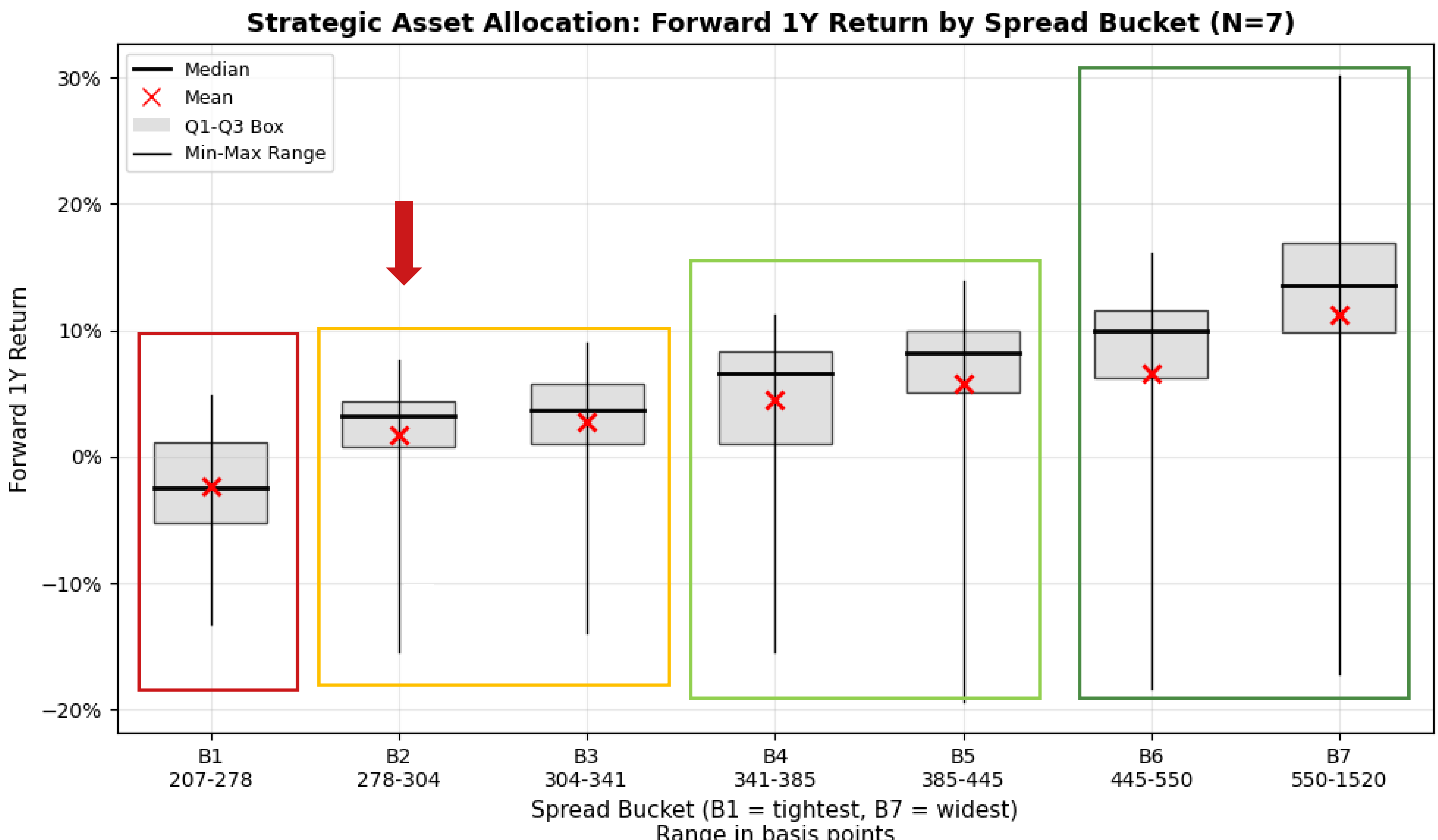
Return distribution over the following year based on spreads at the start of the year



Source: GAMA analysis

SAA Returns Based On Starting Spreads

Return distribution over the following year based on spreads at the start of the year



Source: GAMA analysis

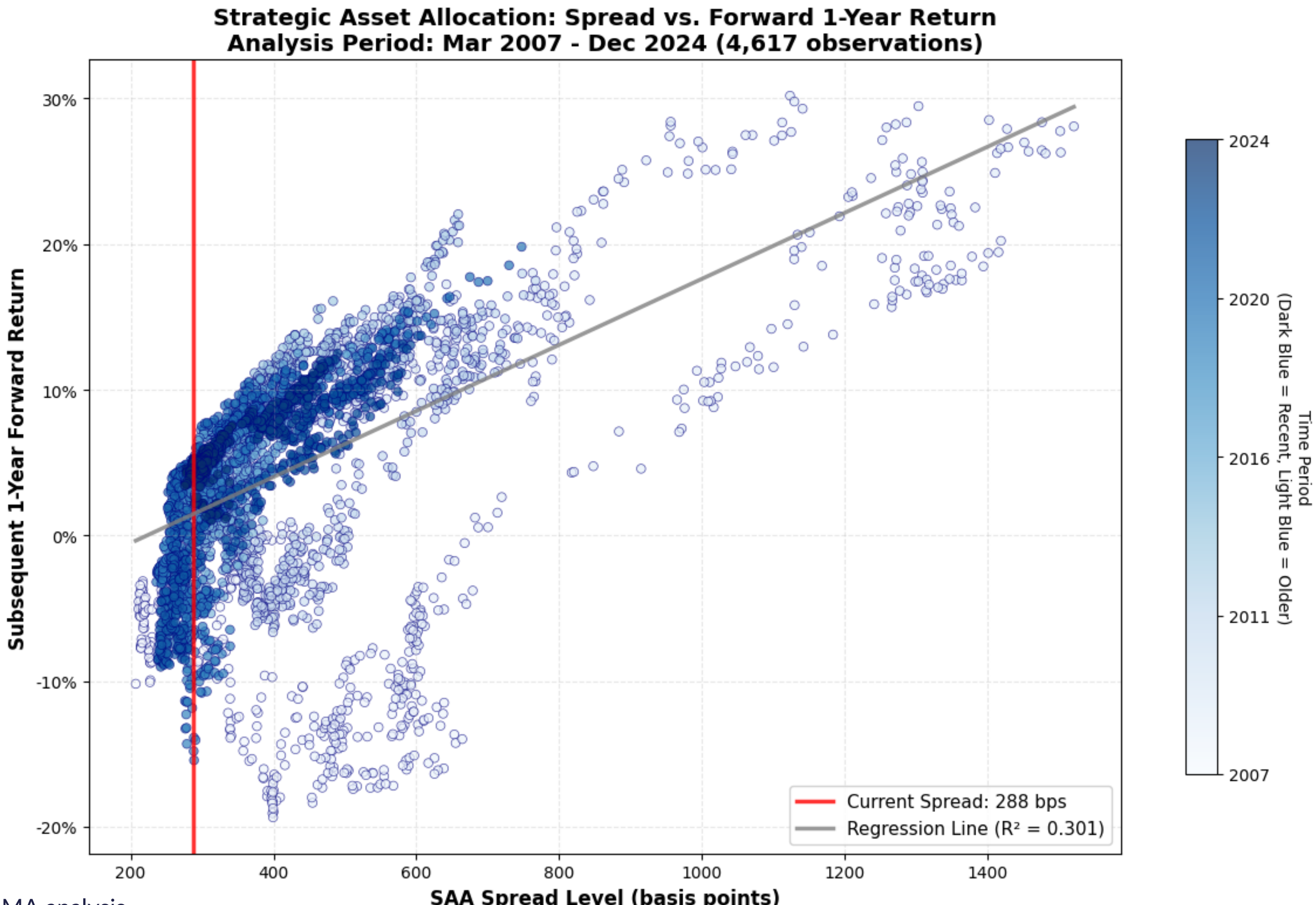
High Yielding Strategies

Synthetic High Yield versus Cash bonds High Yield spreads

Source: Bloomberg

SAA Returns Based On Starting Spreads

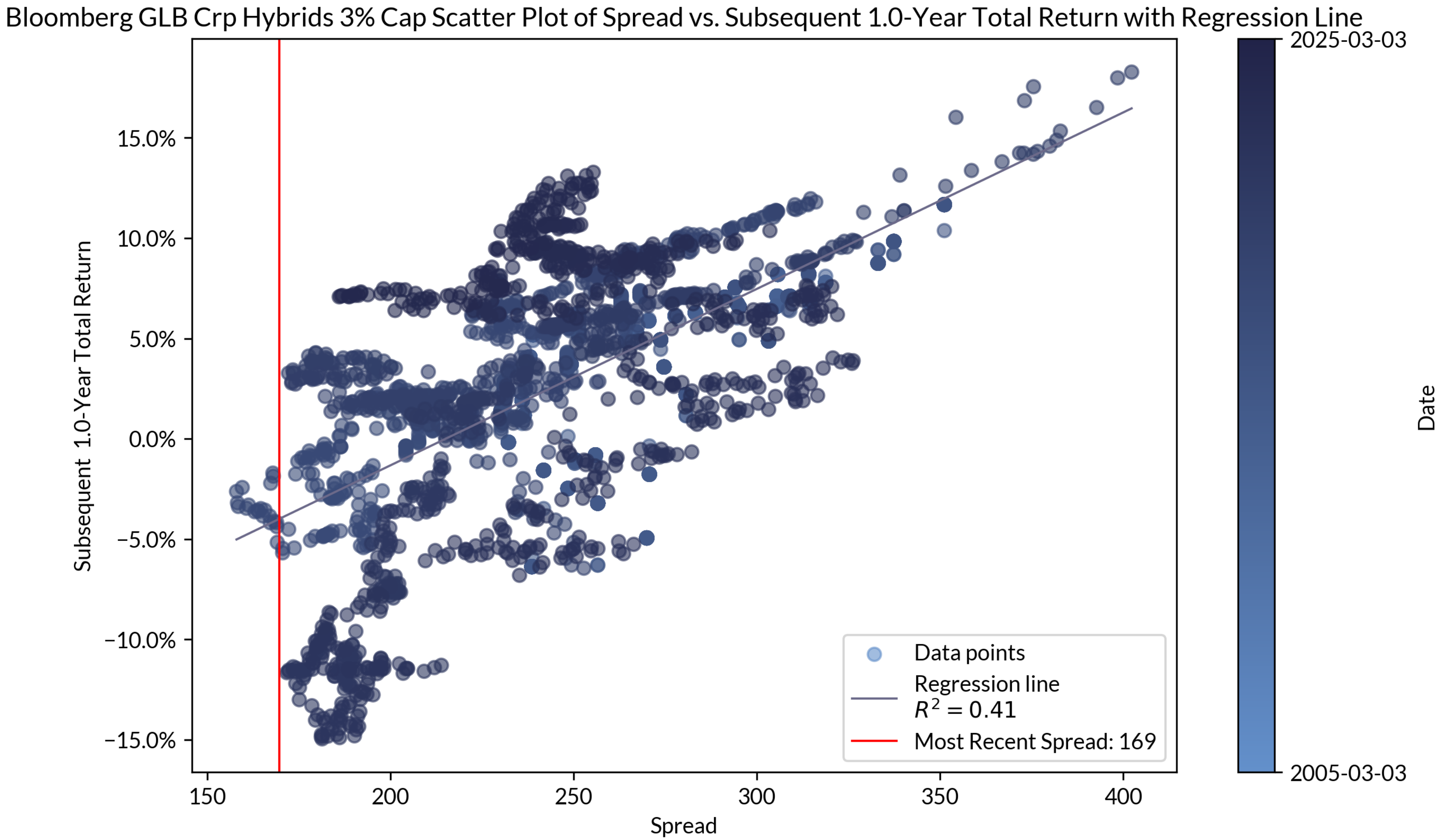
Return distribution over the following year based on spreads at the start of the year



Source: GAMA analysis

Global Corporate Hybrids Based On Starting Spreads

Return distribution over the following year based on spreads at the start of the year

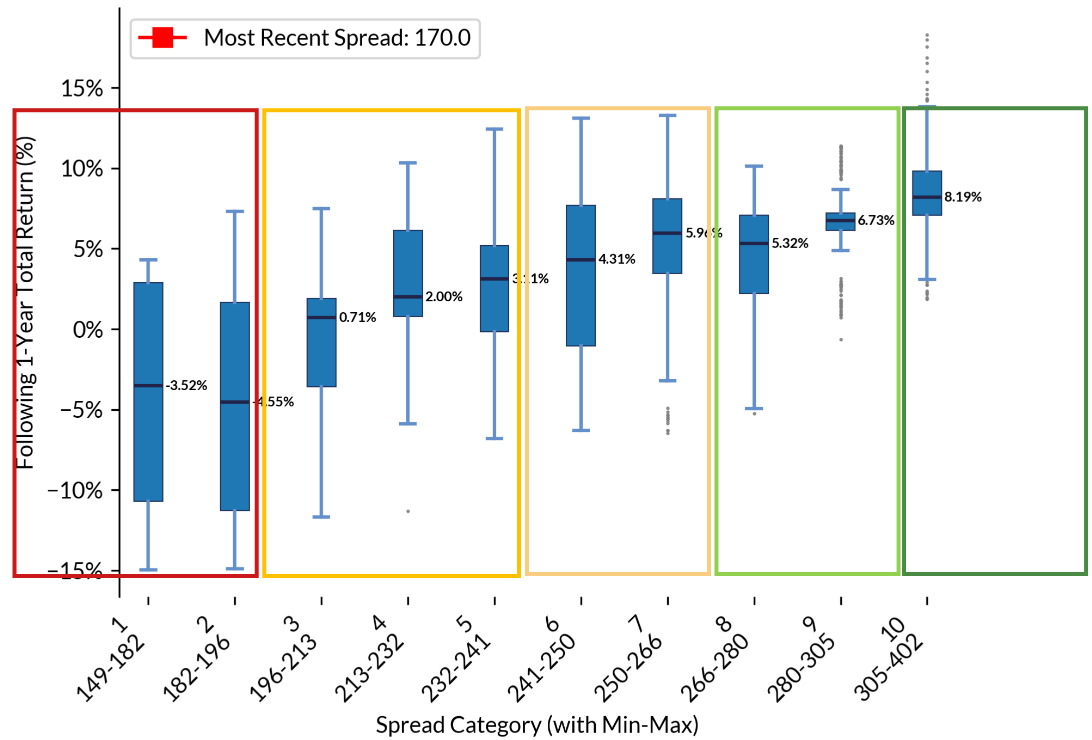


Source: GAMA analysis

Global Corporate Hybrids Based On Starting Spreads

Return distribution over the following year based on spreads at the start of the year

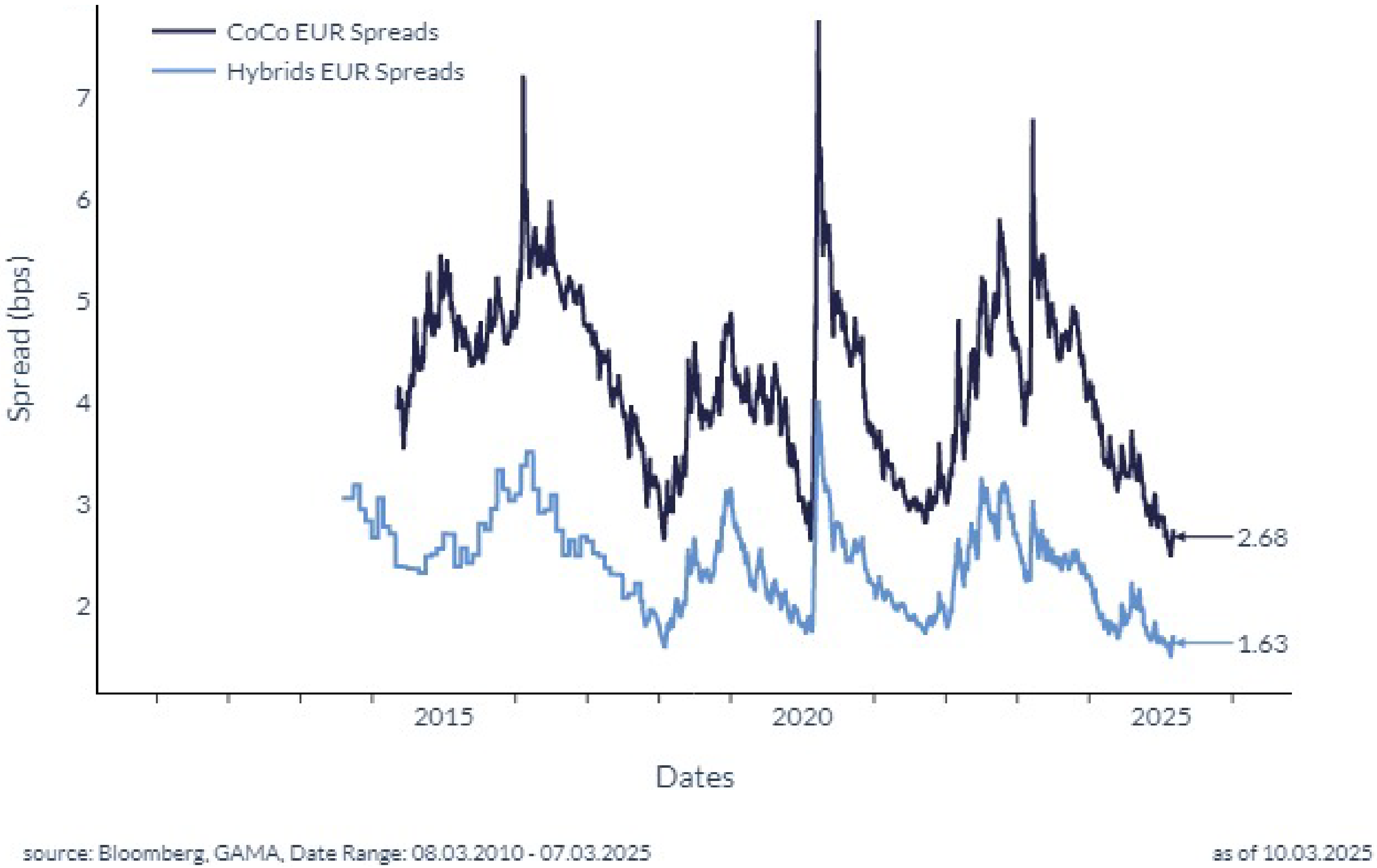
Bloomberg GLB Crp Hybrids 3% Cap Spreads: 20-year Observed Buckets and Subsequent 1-Year Total Return Distribution



Analysis based on 20 years of data of Bloomberg GLB Crp Hybrids 3% Cap.
Spreads are divided in 10 buckets of equal number of observations
with box plots representing the subsequent 1.0-Year Total Return Distribution.
Most recent data as of 03-Mar-2025.

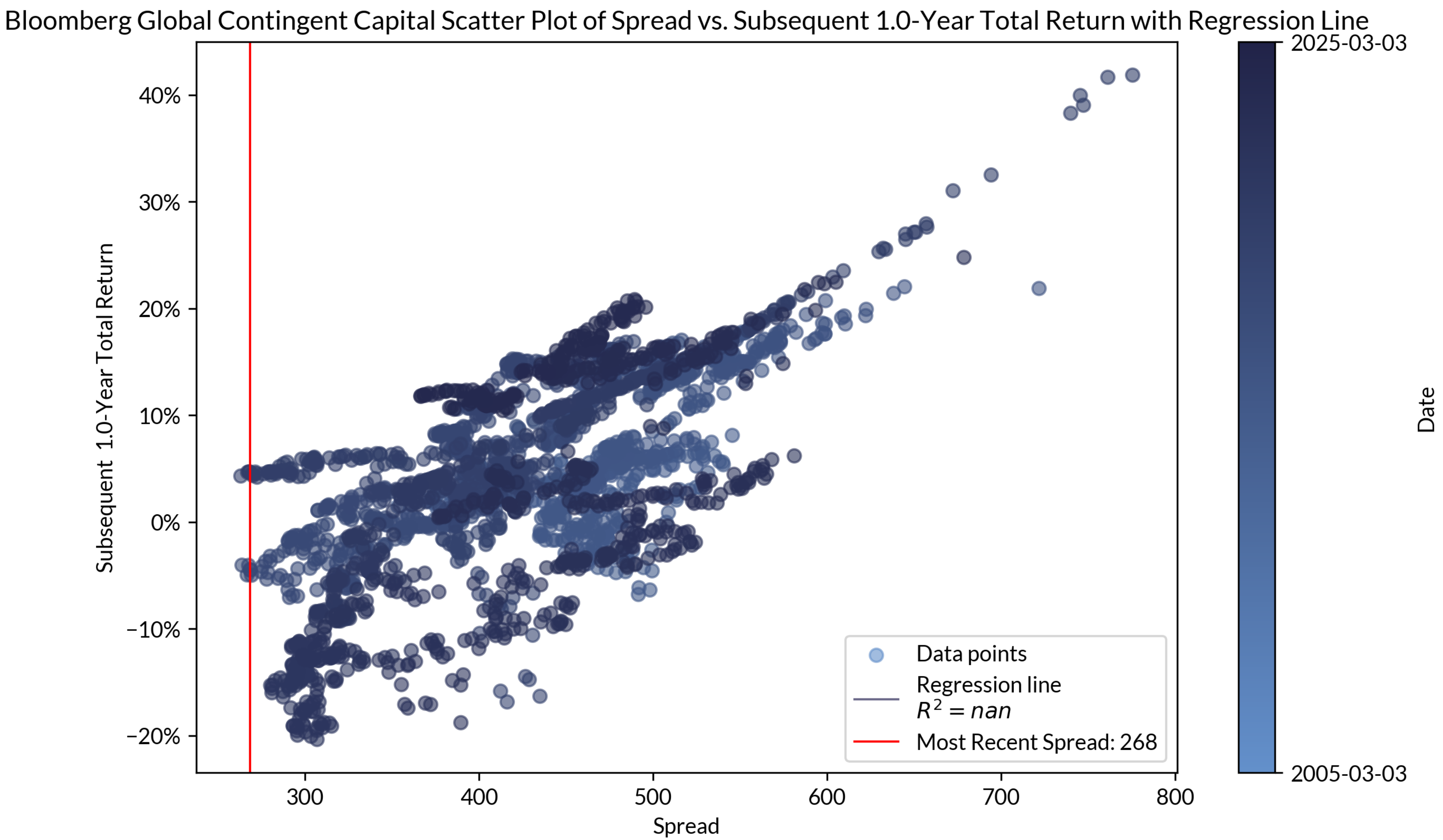
Source: GAMA analysis

Spread Evolution of Hybrids And Coco (AT1)

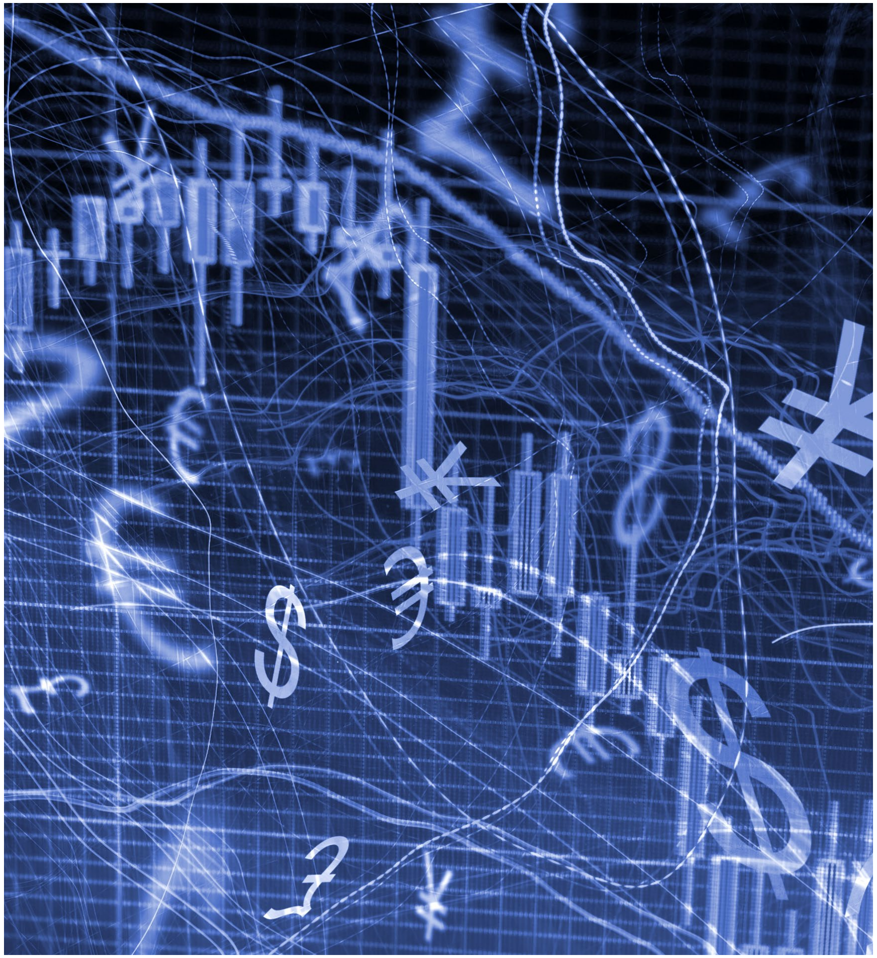


Source: GAMA analysis

Contingent Capital (Coco) Based On Starting Spreads



Source: GAMA analysis



Currency Outlook

FX Outlook - USD

GAMA

US dollar is fundamentally expensive, and US policies are triggers for weakness

BEARISH USD RISKS

- US exceptionalism at risk
- USD safe-haven status in question
- Degradation of Fed's independence
- Expected Fed easing
- Still elevated USD fundamental valuation
- US Administration's policy objective to boost manufacturing requires a lower dollar
- US dollar cycles last many years, and we are only 9 months into the move

BULLISH USD RISKS

- High US yields favour USD carry
- Global consensus for a weaker US dollar
- In the case of a severe risk-off scenario, EM currencies will underperform
- US dominates technological innovation which continues to attract capital
- Europe remains weak and fragmented
- China will keep very low yields

The US dollar can continue weakening. One short-term solution to increase US manufacturing exports is to debase the currency

Long-Term FX Outlook – EUR/USD

US dollar is fundamentally expensive, and US policies are triggers for weakness

LT BEARISH USD RISKS

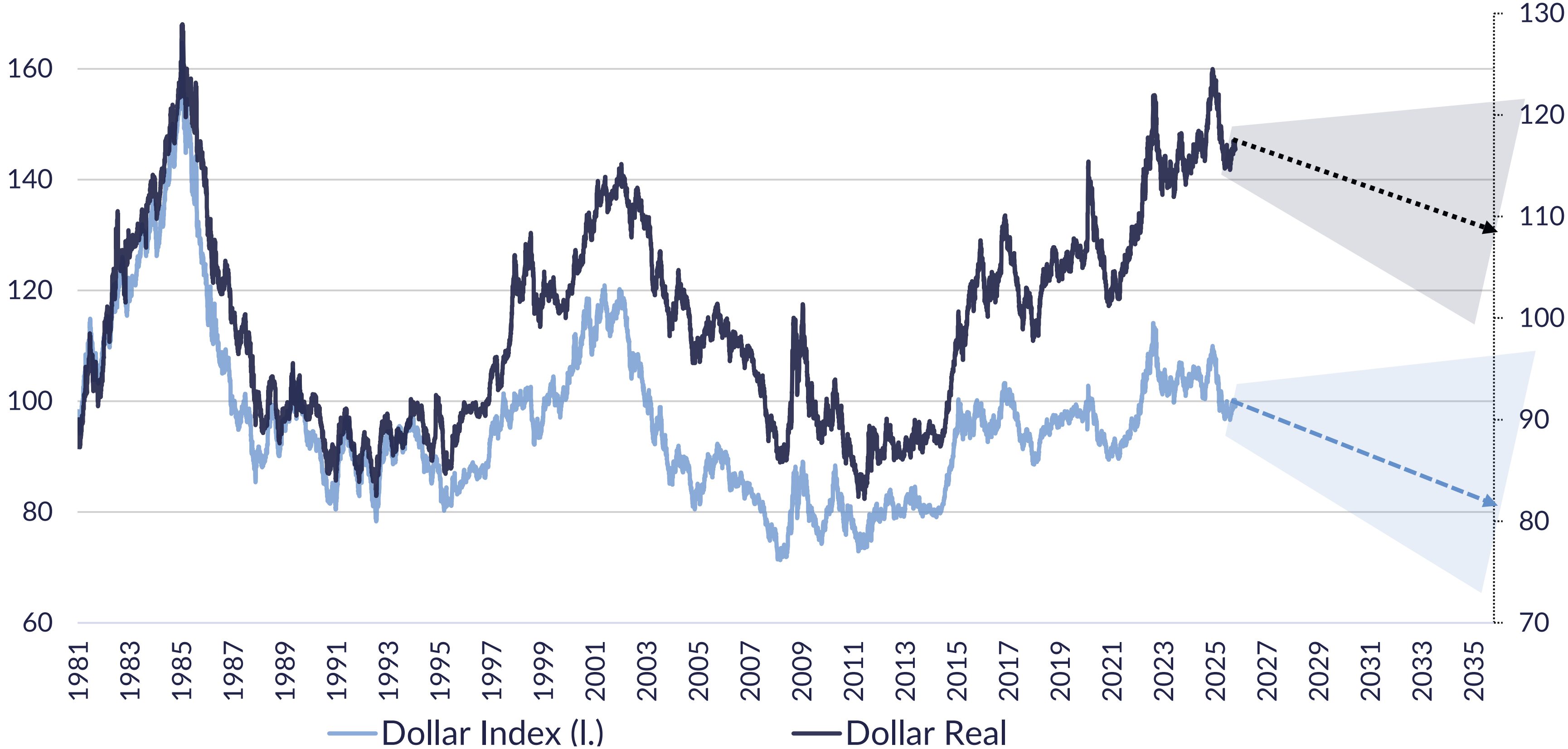
- Persistent current account and fiscal deficit needs foreign funders
- US dollar is fundamentally overvalued based real effective exchange rate and purchasing power parity
- US institutions are being gradually weakened
- A component of US innovation advantage has been its ability to attract exceptional talent into its universities, that is being reversed
- Degradation of Fed's independence is just starting
- US dollar cycles last many years, and we are only 9 months into the move

LT BULLISH USD RISKS

- High US real yields will attract global capital
- The US dominates technological innovation, which continues to attract capital
- In the case of a severe risk-off scenario, EM currencies will underperform
- Demographics favour the US over Europe, Japan, and China
- The US remains the pre-eminent military power

USD Weakness Ahead

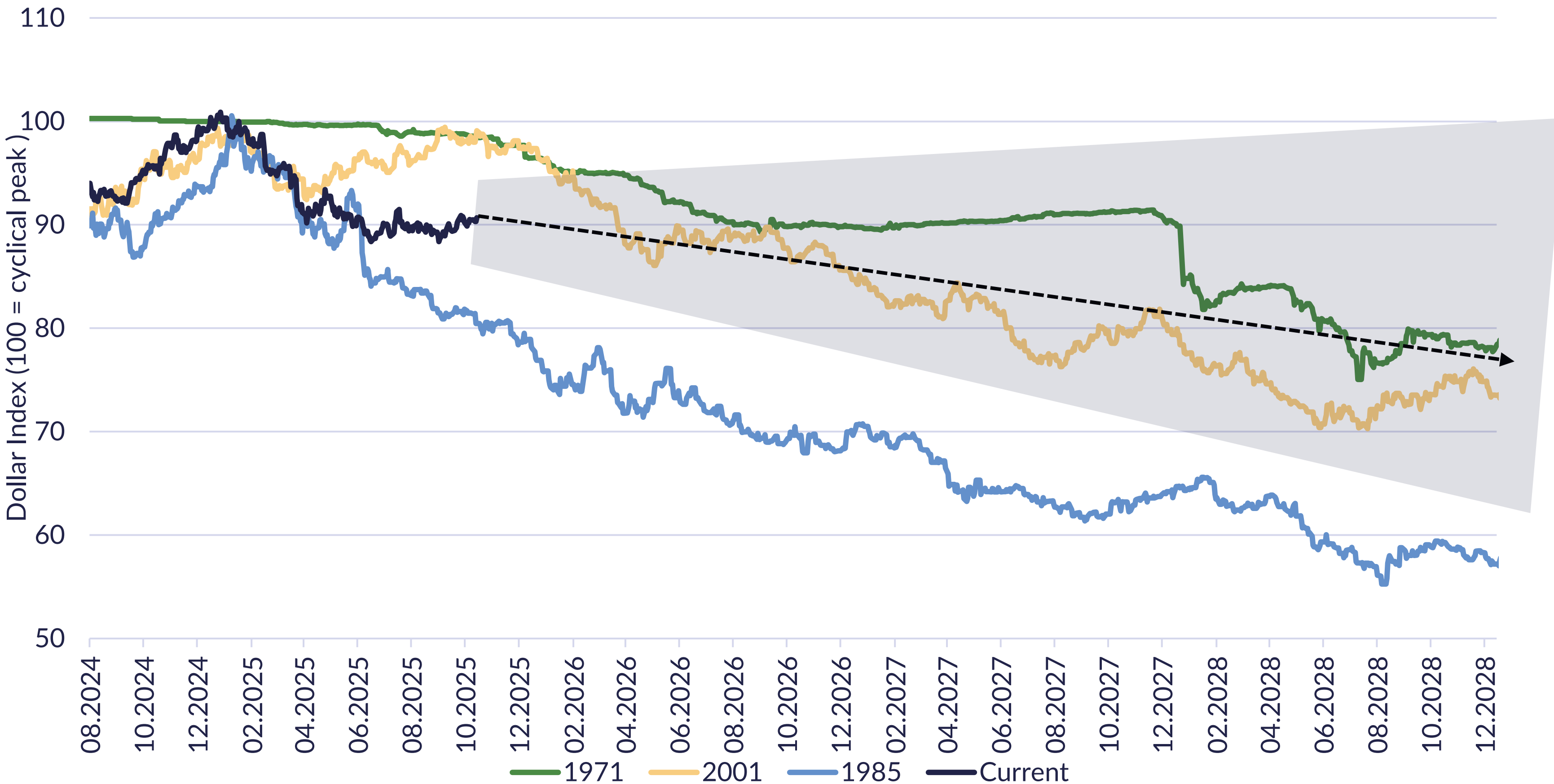
USD evolution in nominal and real terms, with projected path assumptions



Sources: Bloomberg, Goldman Sachs, GAMA calculations

USD Weakness Ahead

Bearish USD Cycles versus current weaknesses, more weakness ahead ?



Sources: Bloomberg, GAMA calculations

KEY LONG-TERM FX DIVERSIFICATION

Currencies we like:

- **NOK**: Solid fundamentals and appealing value
- **BRL:** Strong *real* carry with appreciation potential
- **ZAR:** Risks well discounted… and rewarded
- **CHF:** Strong fundamentals With SNB in a corner
- **IDR:** Good mix of value, real yields with low vol
- **MXN:** Good carry-to-risk with attractive real rates

Currencies we dislike:

- **USD:** Long-term overvaluation, US Administration objective to reduce current account deficit and volatile economic policies has increased risk premium
- **GBP:** Double deficit with low real yields & rich valuation
- **PLN:** Mixed fundamentals, but among the richest FX

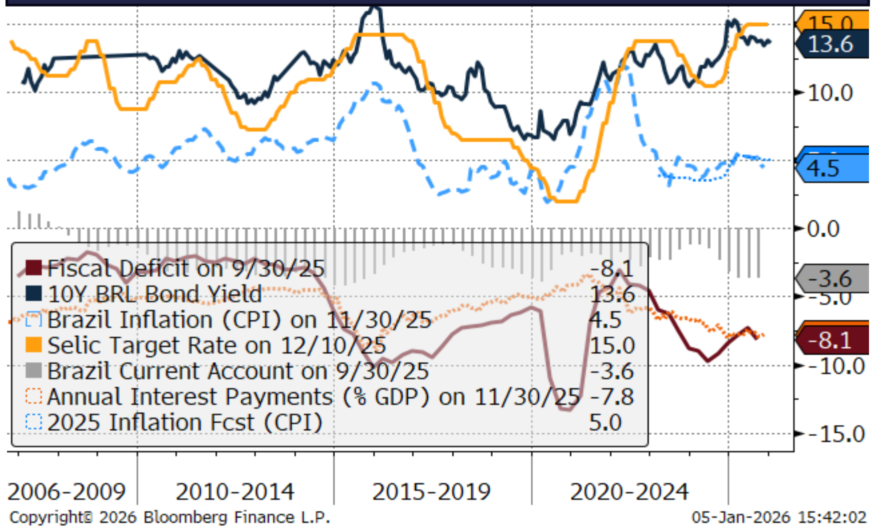
Source: GAMA

BRL – Strong *Real* Carry with Appreciation Potential

BRL / USD

- High yields after inflation
- A long-term undervalued exchange rate based on real effective exchange rate measures
- A probable beneficiary of trade tensions with increasing agricultural exports to China
- But fiscal deficit remains high, and growth is structurally weak

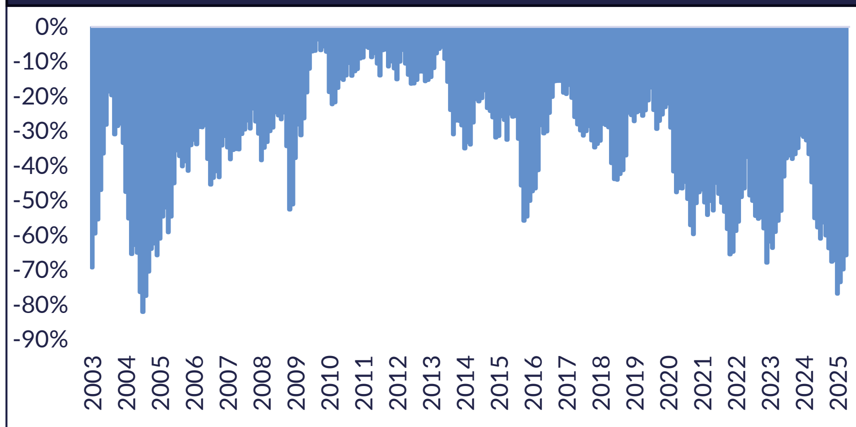
Fundamentals



Key Facts

BRL/USD	5.55 BRL per USD
12M Carry	8.88% (13.24% BRL vs 4.44%$)
CPI	5.3%
5Y Local Yield	13.7%
CDS (5Y)	153 bps
Valuation (CAR-adj.)	-58%
Implied Exp. Returns	>20%
Impl. & Realised Vol (1Y)	14.2% / 13.2%

Real Effective FX



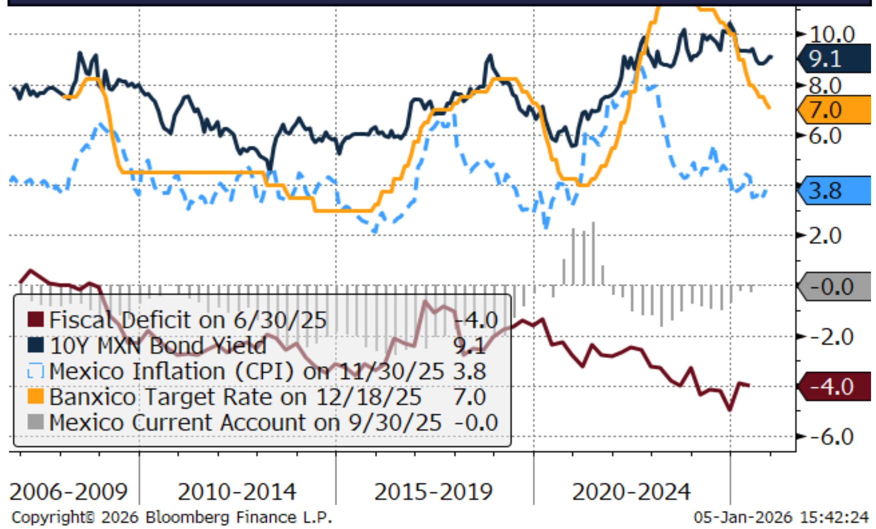
MXN – Good Carry-to-Risk with attractive real rates

GAMA

MXN / USD

- High yields after inflation
- Part of the USMCA isolates Mexico from extreme trade dislocation
- Weak growth, Balanced trade position
- But, political power concentration a concern for foreign investors
- USMCA will be renegotiated by year end

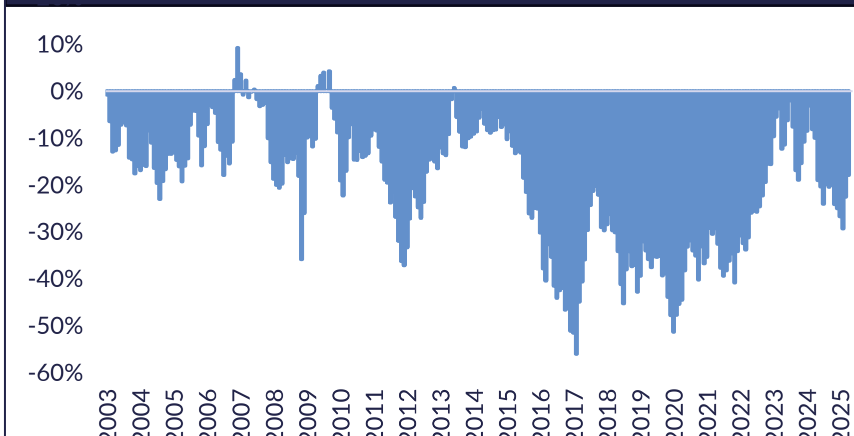
Fundamentals



Key Facts

MXN/USD	18.99 MXN per USD
12M Carry	8.71% (13.24% MXN vs 4.44%$)
CPI	4.4%
5Y Local Yield	8.7%
CDS (5Y)	110 bps
Valuation (CAR-adj.)	-17%
Implied Exp. Returns	14.5%
Impl. & Realised Vol (1Y)	11.5% /14.2%

Real Effective FX

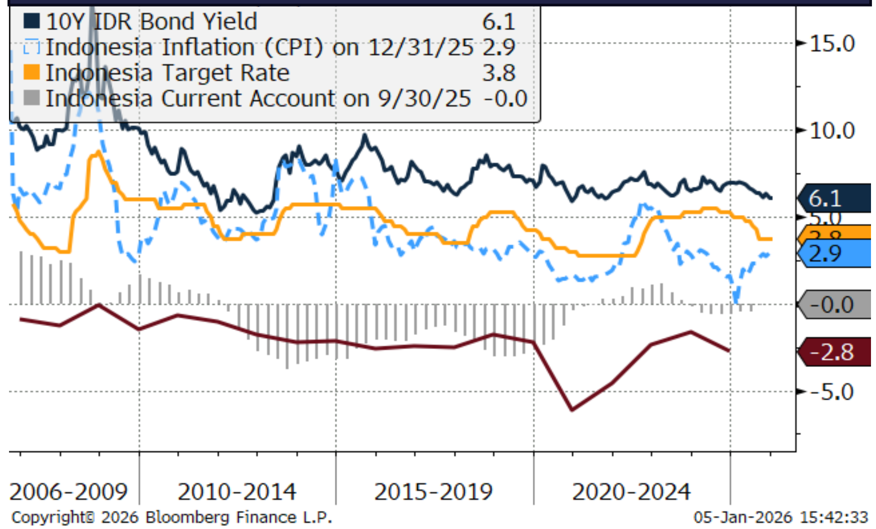


IDR – Good mix of value, real yields with low vol

IDR / USD

- High yields after inflation
- Close to balanced trade position
- Low inflation rate well within Central Bank target
- But, concerns about the weakening of 20-year-old fiscal discipline

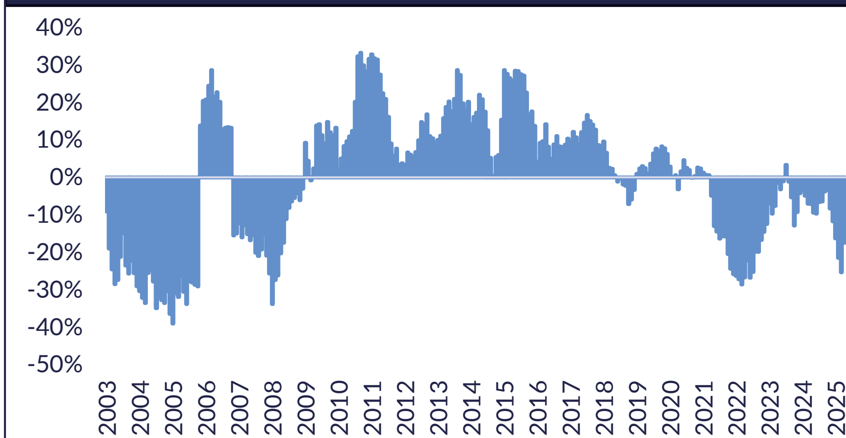
Fundamentals



Key Facts

IDR/USD	18.99 IDR per USD
12M Carry	2.1% (6.54% IDR vs 4.44%$)
CPI	4.4%
5Y Local Yield	6.5%
CDS (5Y)	72 bps
Valuation (CAR-adj.)	-15%
Implied Exp. Returns	11.2%
Impl. & Realised Vol (1Y)	8.3% /6.5%

Real Effective FX

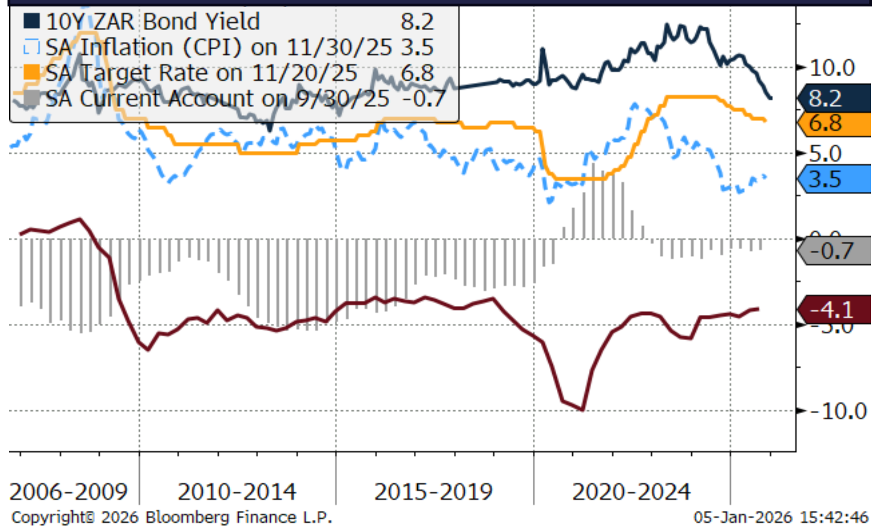


ZAR – Risks Well Discounted and Rewarded

ZAR / USD

- Positive yields after inflation
- Addressing structural headwinds such as deficient energy distribution
- Improving terms of trade
- But, weak growth, high unemployment rate

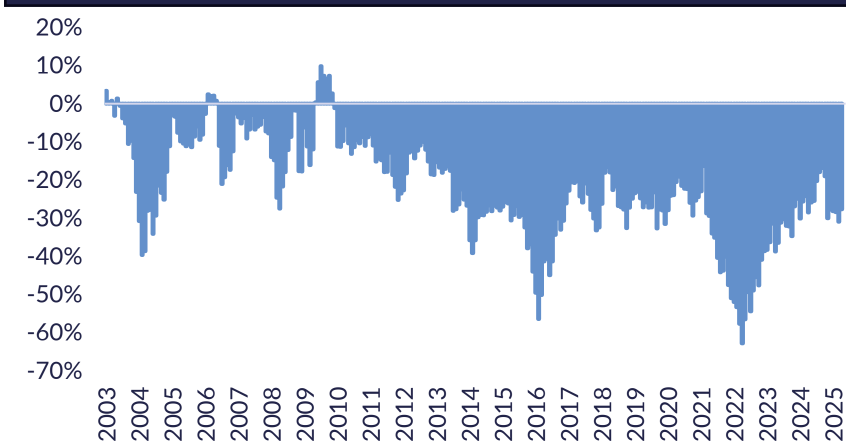
Fundamentals



Key Facts

ZAR/USD	17.75 ZAR per USD
12M Carry	3.1% (7.54% ZAR vs 4.44%$)
CPI	2.8%
5Y Local Yield	8.7%
CDS (5Y)	187 bps
Valuation (CAR-adj.)	-25%
Implied Exp. Returns	11.6%
Impl. & Realised Vol (1Y)	13.8% /12.2%

Real Effective FX

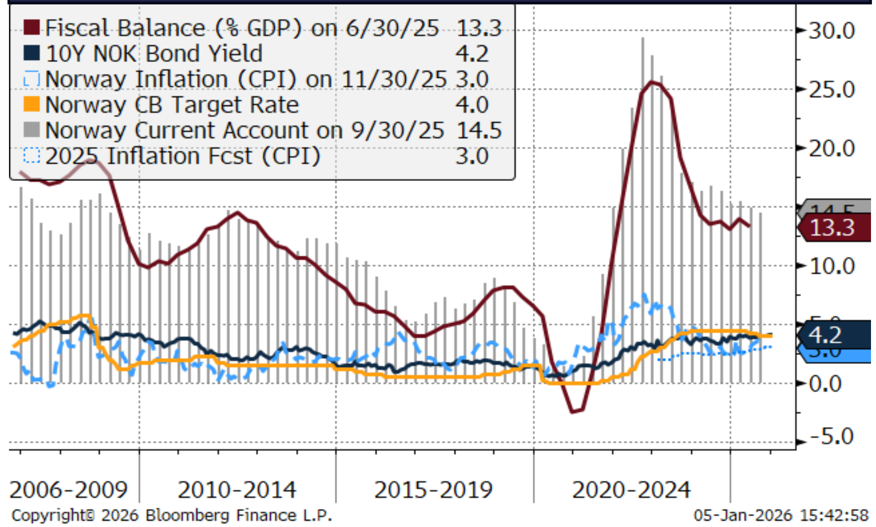


NOK – Strong Fundamentals and Appealing Value

NOK / USD

- Long-term undervalued exchange rate
- Very large current account surplus
- Massive foreign currency reserves
- Shift in FX policy by Norges Bank (FX reserve accumulation).
- Very solid fiscal position

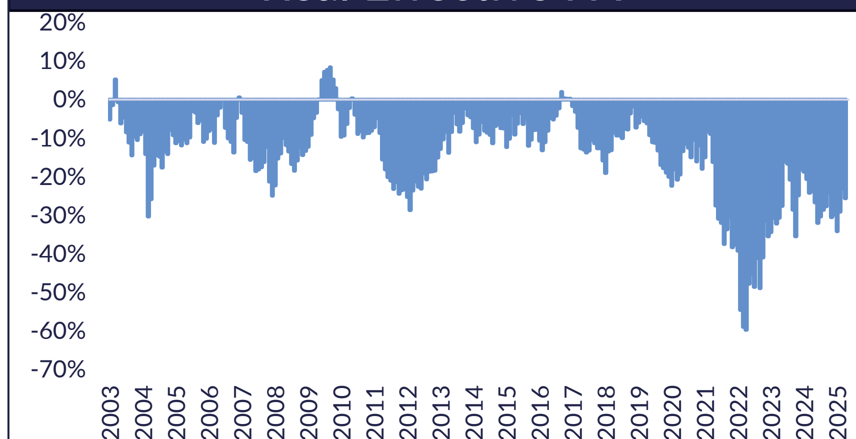
Fundamentals



Key Facts

NOK/USD	10.08 NOK per USD
12M Carry	-0.1% (4.35% NOK vs 4.44%$)
CPI	3.0%
5Y Local Yield	3.9%
CDS (5Y)	10 bps
Valuation (CAR-adj.)	-28%
Implied Exp. Returns	9.1%
Impl. & Realised Vol (1Y)	10.8% /11.7%

Real Effective FX

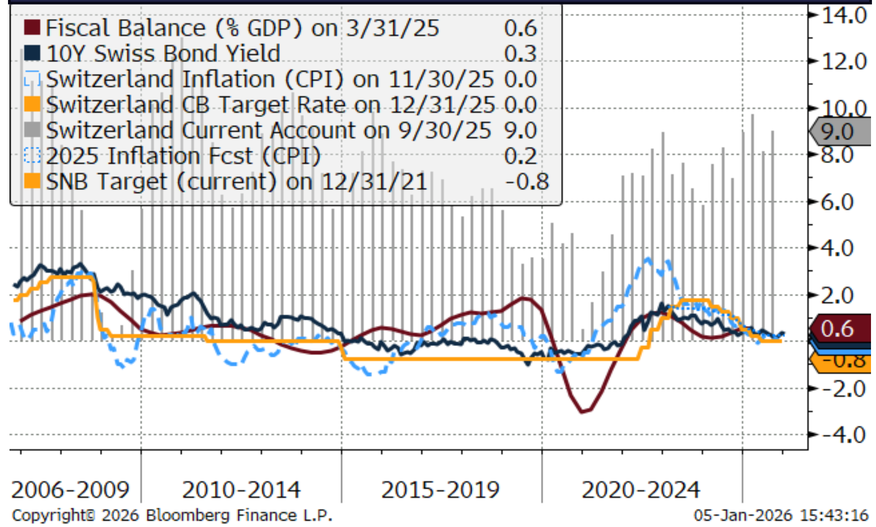


CHF – Strong Fundamentals With SNB In A Corner

CHF / USD

- Large current account surplus
- Ongoing trade negotiations with the US constrains the Swiss National Bank from intervening to weaken the Franc
- Remains a favorite risk off currency
- But, zero yields cause long CHF positions or hedges into CHF expensive

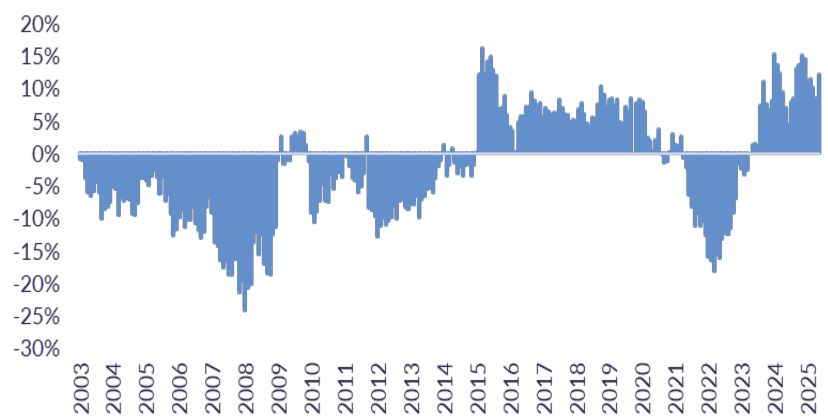
Fundamentals



Key Facts

CHF/USD	0.8201 CHF per USD
12M Carry	-4.4% (0.0% CHF vs 4.44%$)
CPI	-0.1%
5Y Local Yield	0.3%
CDS (5Y)	8 bps
Valuation (CAR-adj.)	+8%
Implied Exp. Returns	-0.9%
Impl. & Realised Vol (1Y)	8.2% /8.6%

Real Effective FX

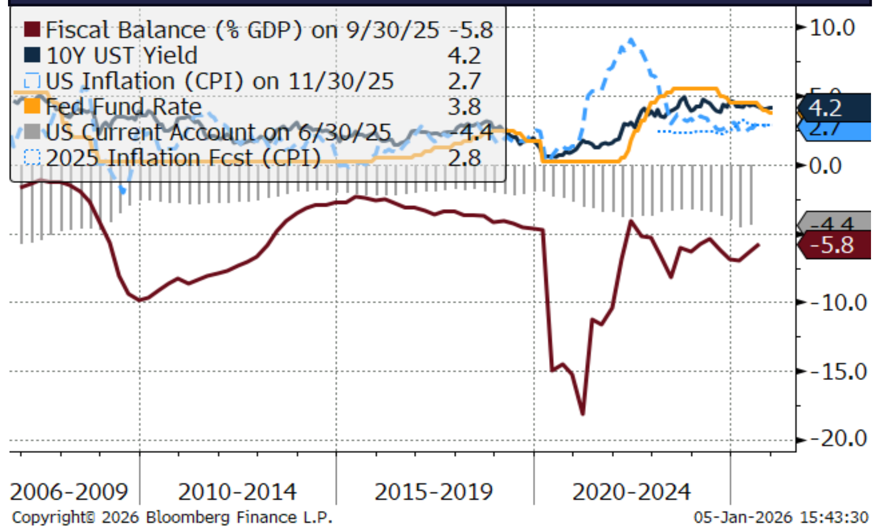


USD – Shift in “US exceptionalism” and LT Flows

USD

- Significantly overvalued currency which in real effective exchange rate terms has reached similar levels to past peaks in 1985 and 2000.
- The US Administration believes that the strong US dollar is an important reason for the persistently large current account deficit.
- Heightened policy uncertainty is pushing global investors to require a higher risk premium for US assets.
- Foreign investors exposure has grown to high levels leading to an increase in hedges.

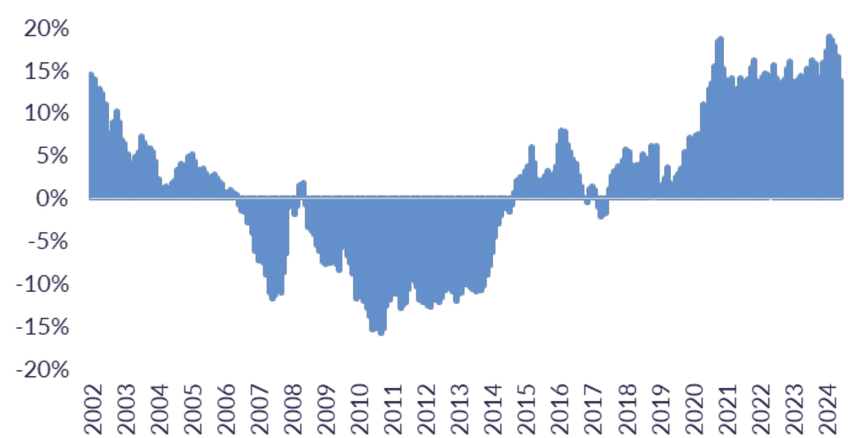
Fundamentals



Key Facts

Dollar Index	97.87
12M Carry	4.44%$
CPI	2.4%
5Y Local Yield	4.35%
CDS (5Y)	48 bps
Valuation (CAR-adj.)	+17%
Implied Exp. Returns	4.4%
Impl. & Realised Vol (1Y)	- /9.1%

Real Effective FX

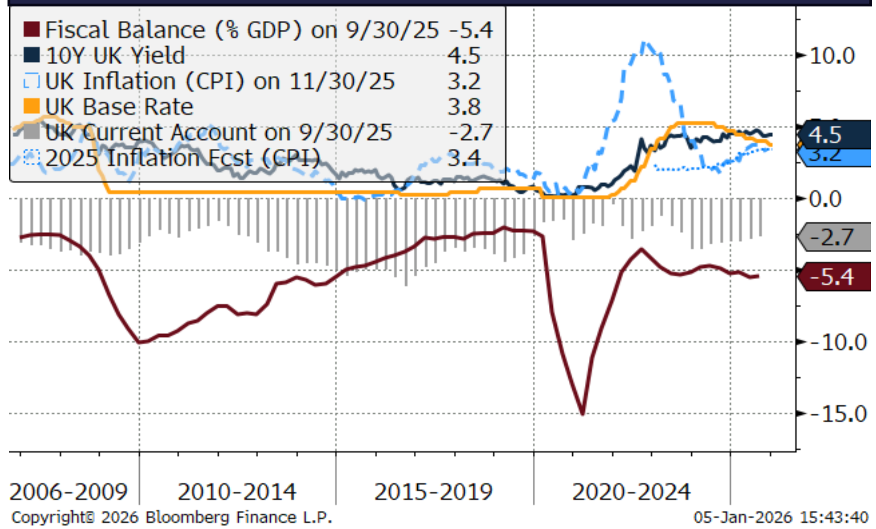


GBP – Double deficit with low real yields & Rich

GBP / USD

- Large twin deficits with negative dynamics
- Low productivity and deteriorating basic balance of payments
- Low real yields
- Risk-on currency, i.e. vulnerable to risk-off shocks
- Expensive currency along with the USD, with 10% real appreciation versus the EUR since 2021, despite deteriorating current account balance

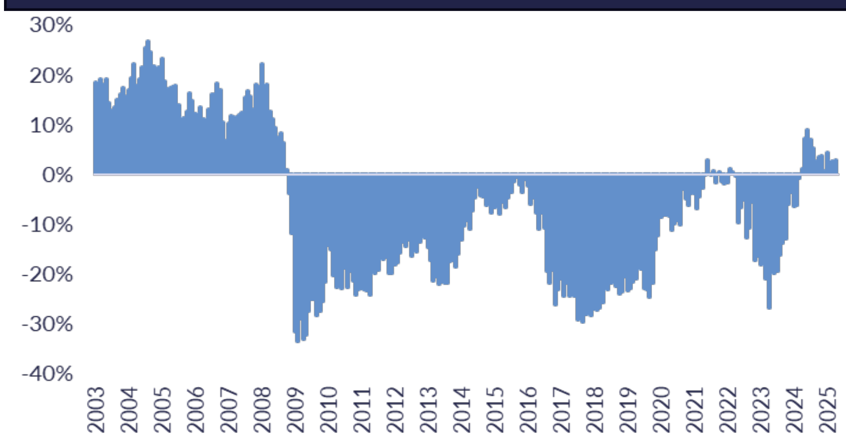
Fundamentals



Key Facts

GBP/USD	1.3581 USD per GBP
12M Carry	-0.1% (4.3% CHF vs 4.4%$)
CPI	-3.5%
5Y Local Yield	4.5%
CDS (5Y)	17 bps
Valuation (CAR-adj.)	+3%
Implied Exp. Returns	+1.1%
Impl. & Realised Vol (1Y)	7.8% /7.4%

Real Effective FX

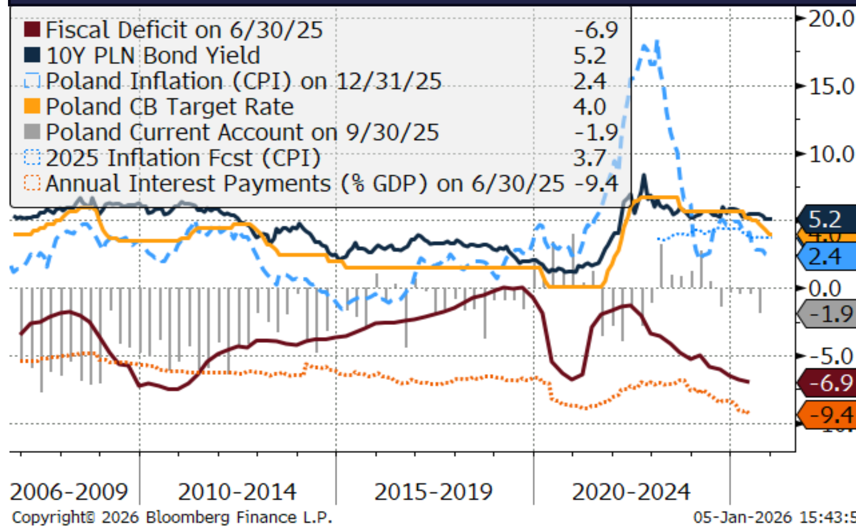


PLN – Mixed fundamentals, among the Richest FX

PLN / USD

- Among the richest currencies following a strong outperformance (20% real appreciation versus the EUR since 2021)
- Low real yields despite large fiscal deficit
- Positive demographics and solid growth
- Low implied returns over the long run

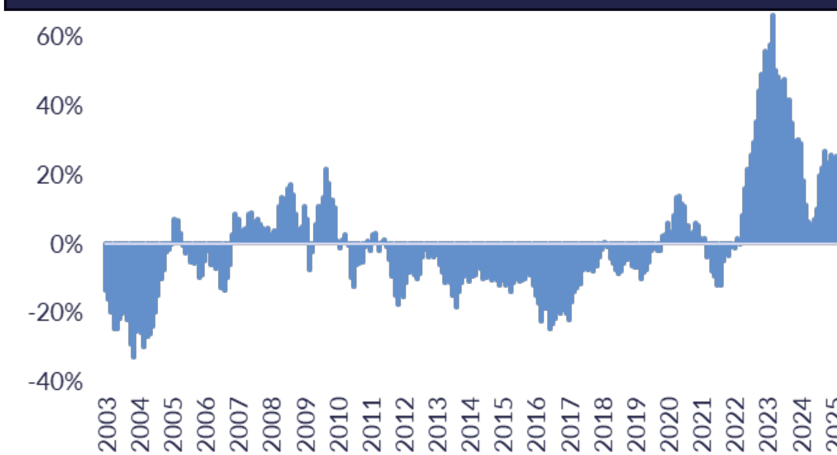
Fundamentals



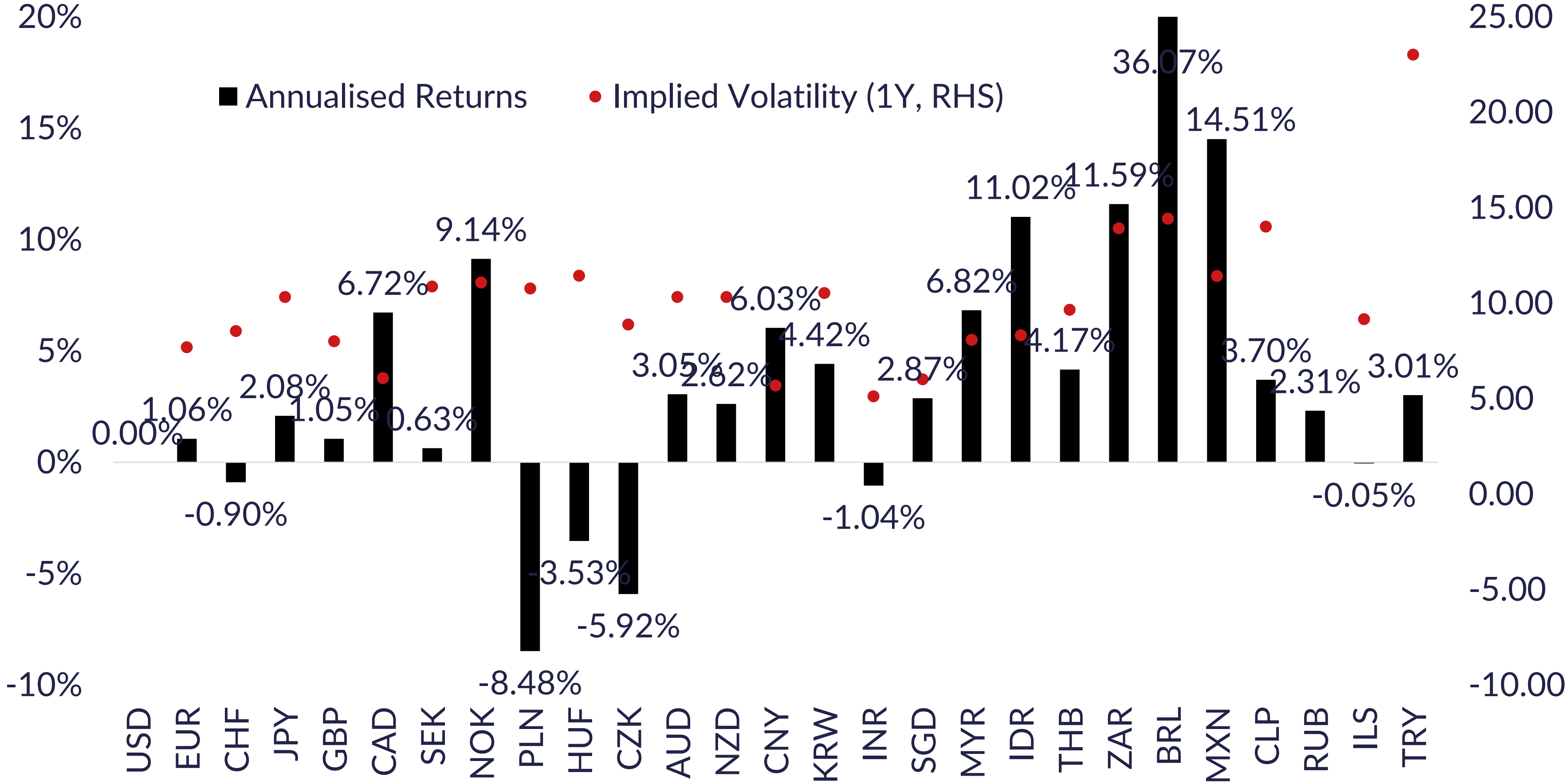
Key Facts

PLN/USD	3.68 PLN per USD
12M Carry	0.7% (5.0% PLN vs 4.4%$)
CPI	4.1%
5Y Local Yield	5.5%
CDS (5Y)	70 bps
Valuation (CAR-adj.)	+23%
Implied Exp. Returns	-8.8%
Impl. & Realised Vol (1Y)	10.7% /7.4%

Real Effective FX

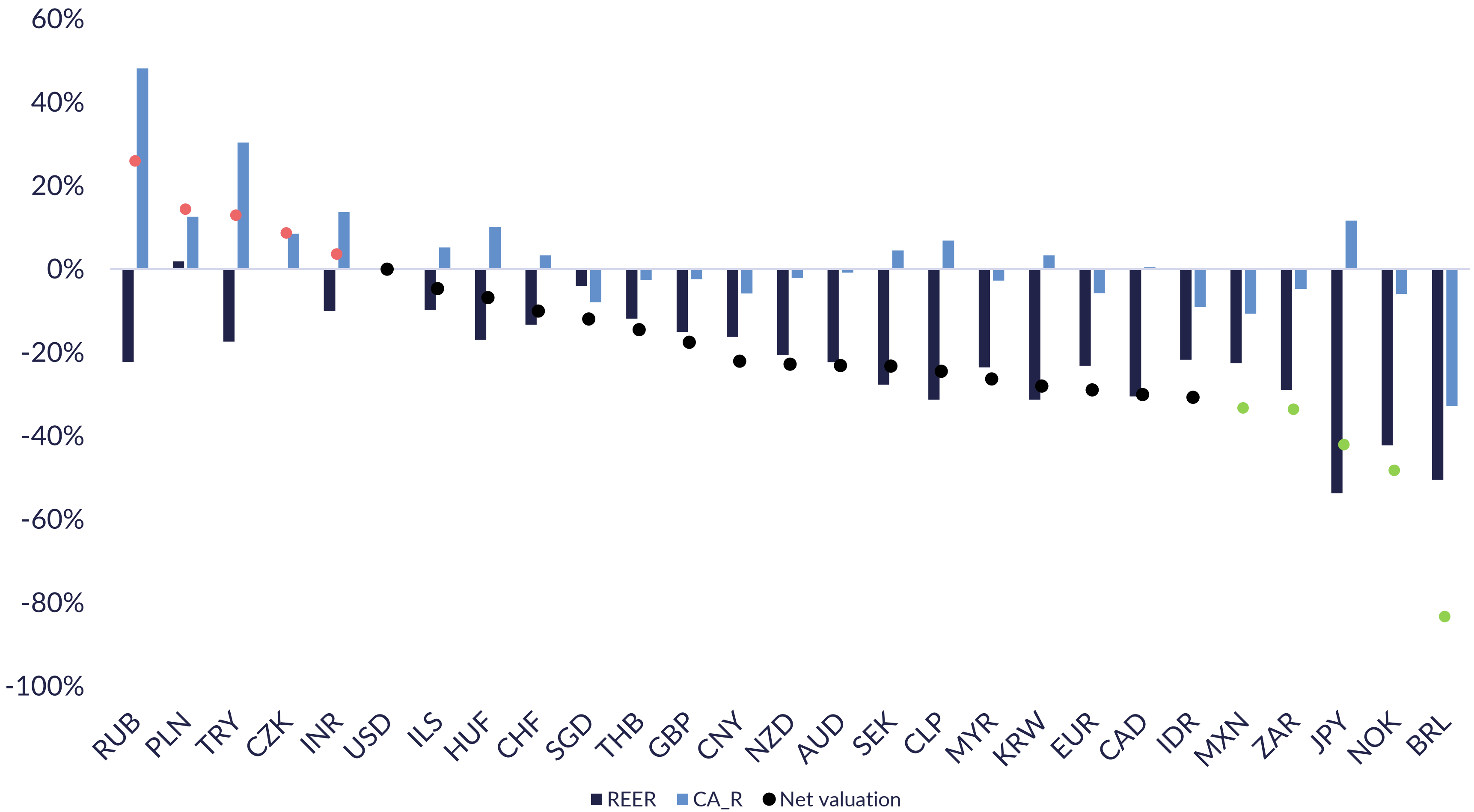


FX Valuation-implied Forward Returns



Sources: Bloomberg, GAMA calculations, derived from existing valuations with mean-reversion assumptions over 5Y and real yields.

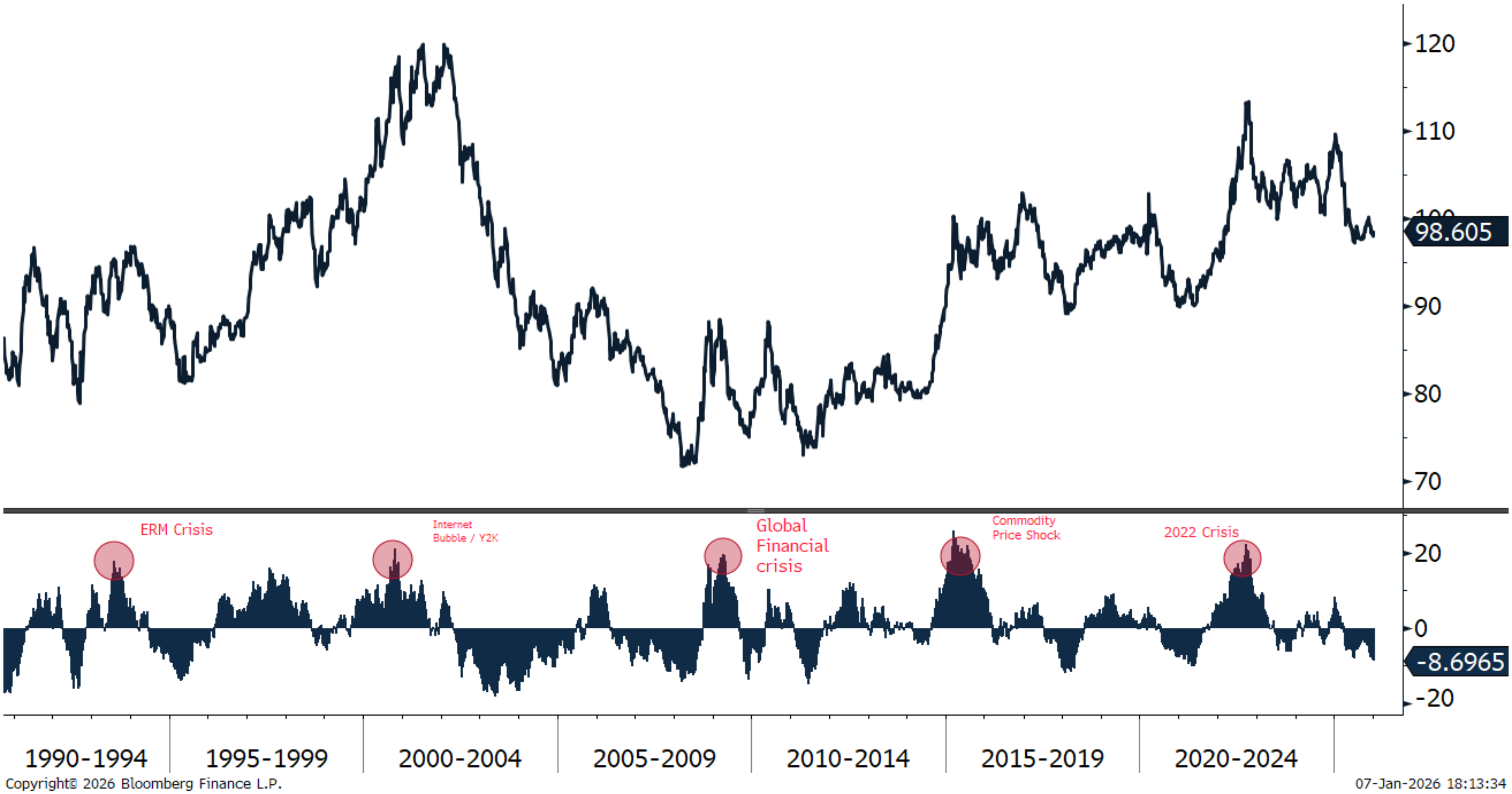
FX Valuations



Sources: Bloomberg, GAMA calculations

USD And Financial Crisis

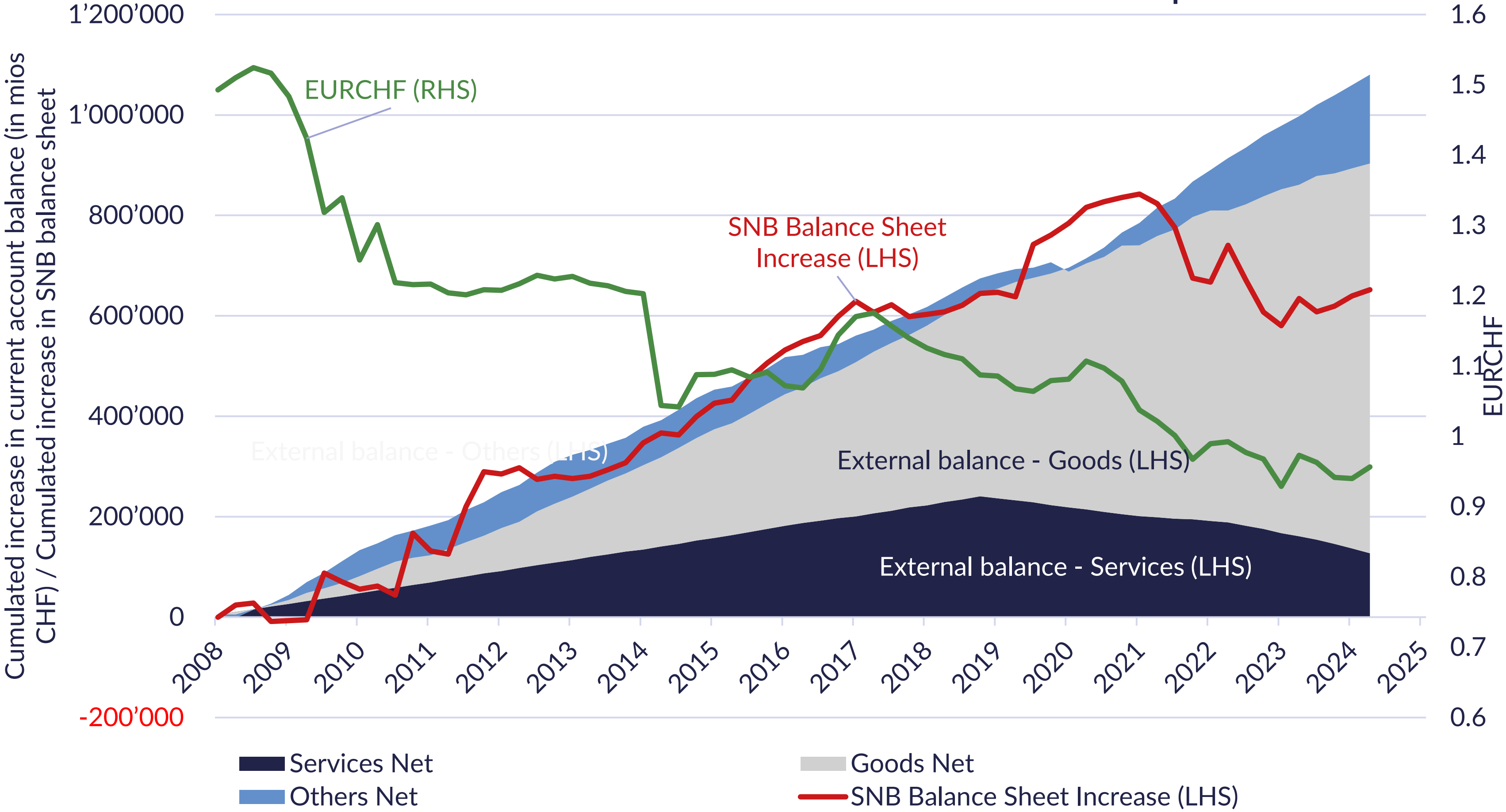
Strat of a new USD bear cycle ?



Sources: Bloomberg, GAMA calculations

SNB Adding to Natural Demand of CHF

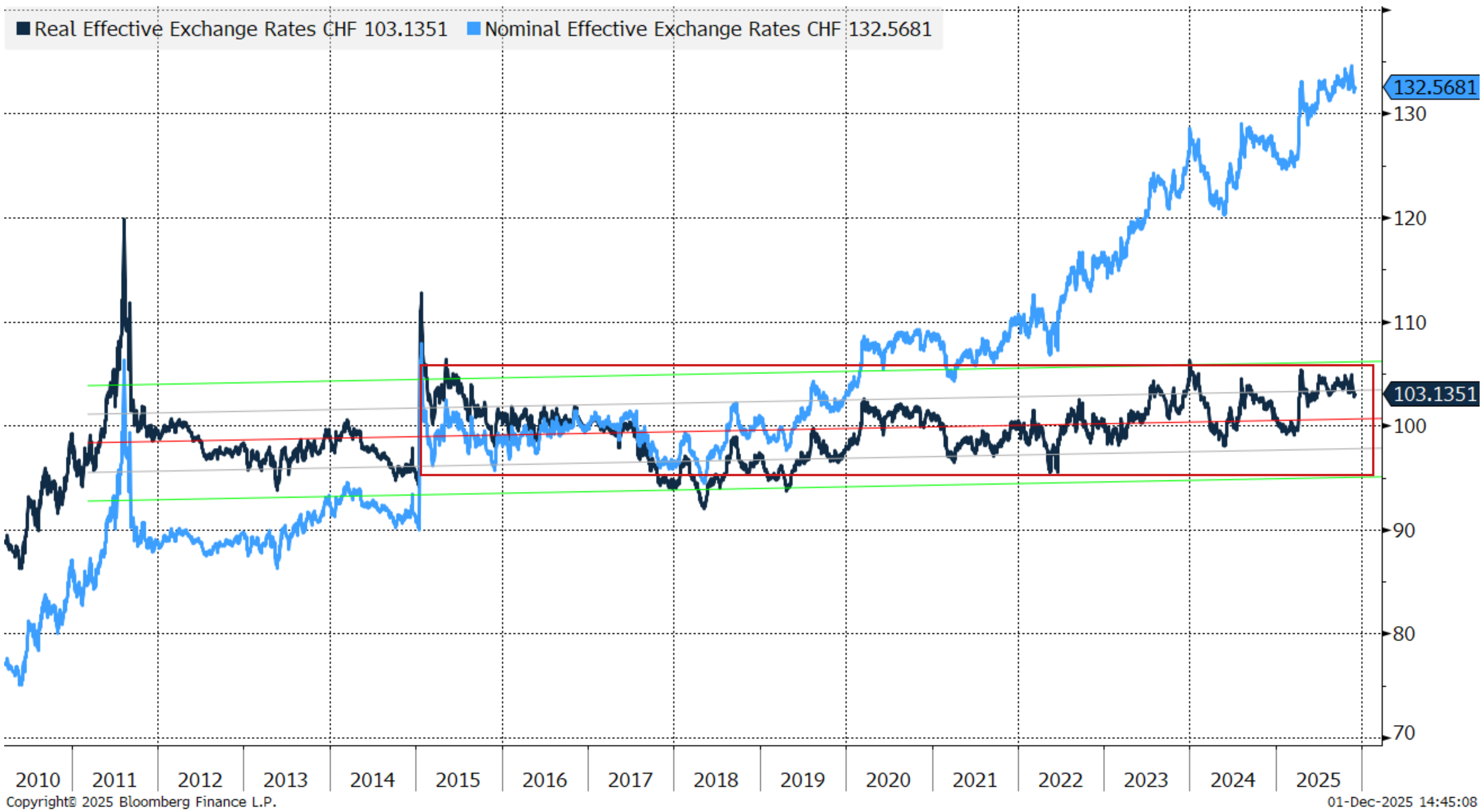
Has the SNB's balance sheet contracted too far ? CHF to shoot up ?



Source: Bloomberg

The CHF Rebounded Last Quarter

As measured by real and nominal effective exchange rates



Source: Citigroup, Bloomberg

Asset Allocation

Megatrends 2026-2036

Ranked by estimate of impact (+ or -) on global growth/inflation over the next 10 years

1 China's Challenges	2 Technological Advancement (AI)	3 Populist Policies / State Interventionism	4 High Deficits and Debts
5 Tense International Relations	6 Changing Globalization	7 Demographics and Immigration	8 Erosion of US Financial Dominance
9 Climate Change	10 Robotization	11 Digital Currencies	12 Emerging Markets Convergence

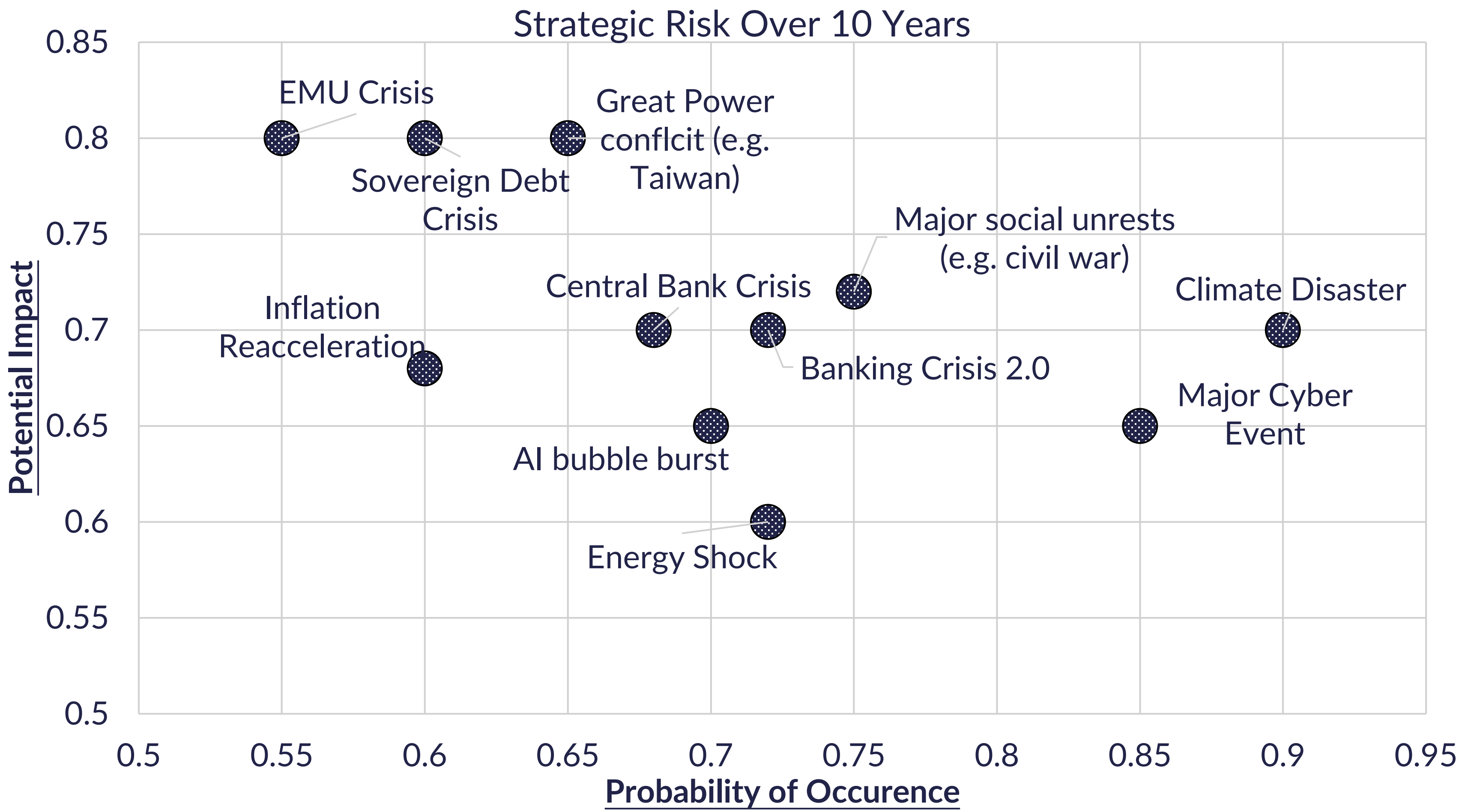
Red: Increasing importance, Light blue: Adjusted megatrend, Gray: Fading importance, Dark blue: Unchanged versus last year

Megatrends: Weights and Scenarios

GAMA

Megatrend	Weight	Impact on Base		
		Growth	Inflation	Others
1 China Challenges	❈❈❈❈	--	-	
2 Technological Advancement (AI)	❈❈❈	++	-- (+ ST)	**Volatility**
3 Populist Policies	❈❈❈	-	+	**Volatility**
4 High Deficits and Debt	❈❈❈	-	+	**Volatility**
5 Tense International Relations	❈❈	-	+	**Volatility**
6 Changing Globalization	❈		+	
7 Demographics & Immigration	❈	-	-	
8 Erosion of US Financial Dominance	❈	-	+	
9 Climate Change	❈	-	+	
10 Robotization	❈	+	-	
11 Digital Currencies	❈	+		
12 Emerging Markets Convergence	❈	+	-	

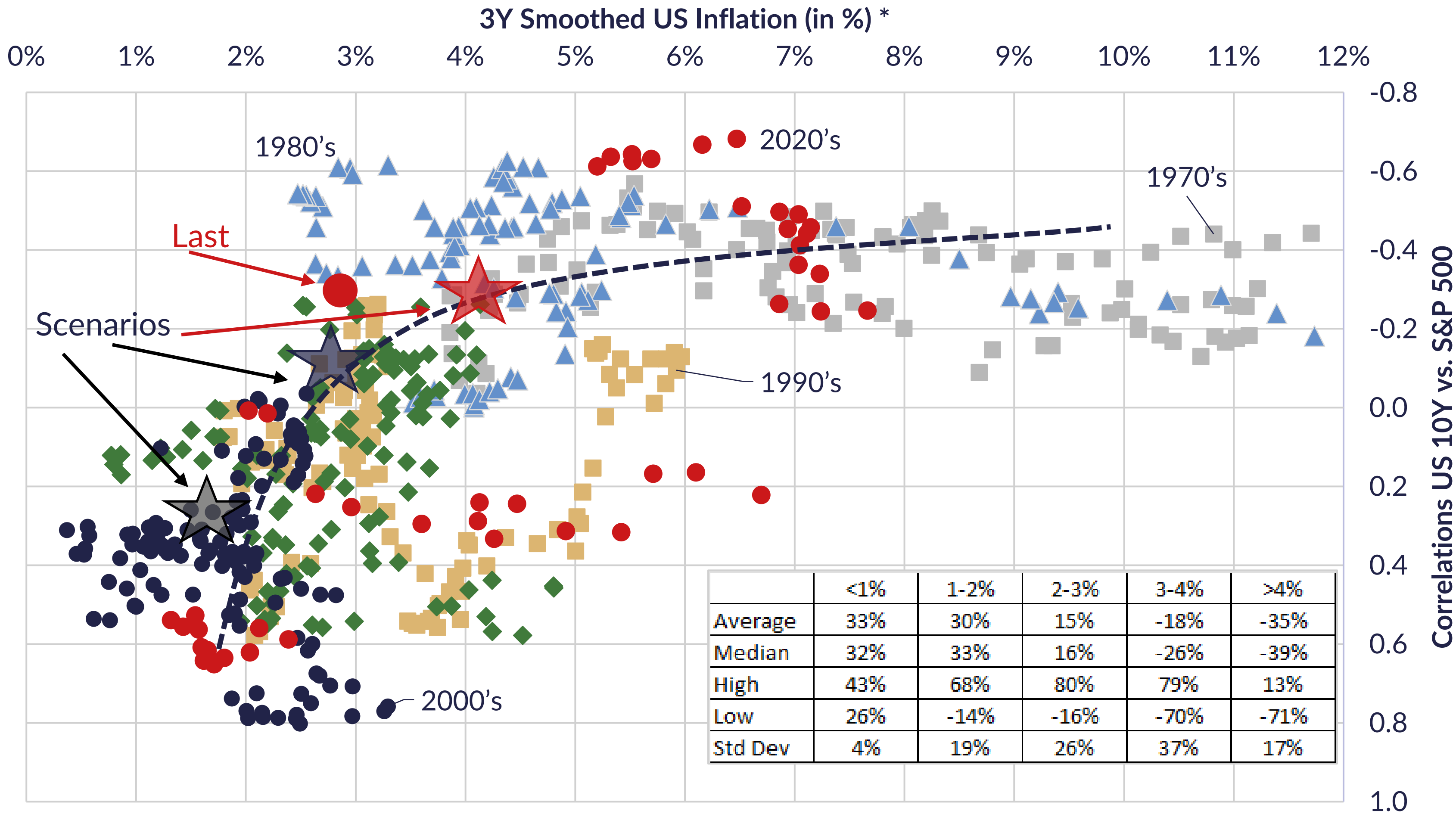
Major Risks for Strategic Horizon



Sources: GAMA

Correlation Regimes vs. Inflation

Lower inflation should restore the positive correlation between yields and equities

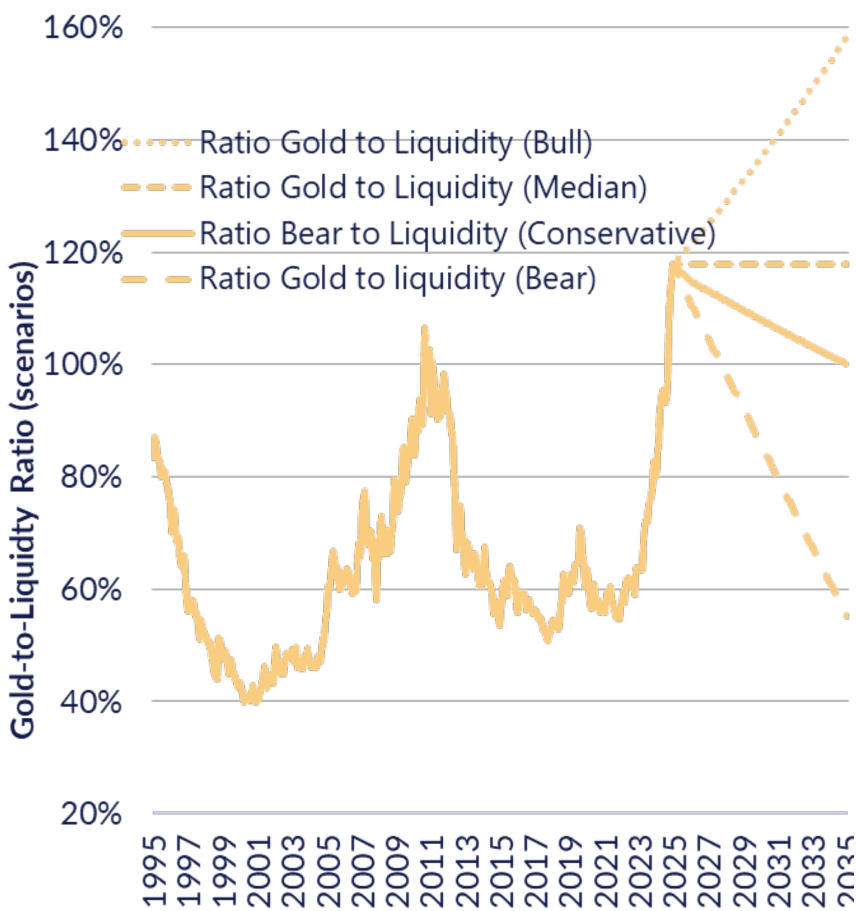


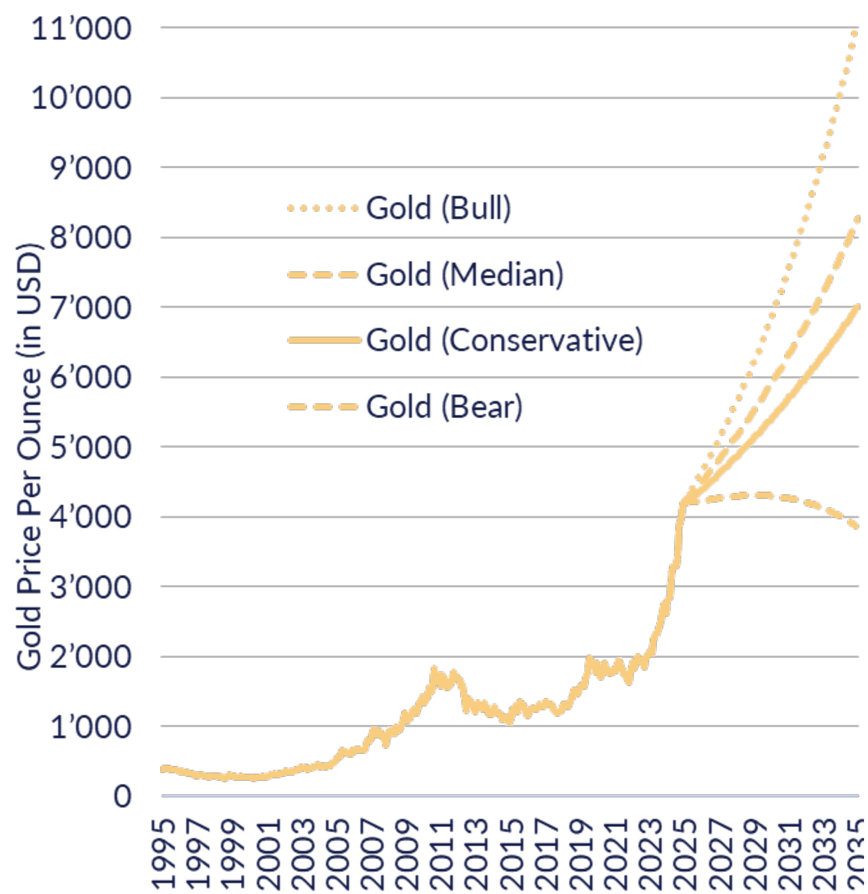
	<1%	1-2%	2-3%	3-4%	>4%
Average	33%	30%	15%	-18%	-35%
Median	32%	33%	16%	-26%	-39%
High	43%	68%	80%	79%	13%
Low	26%	-14%	-16%	-70%	-71%
Std Dev	4%	19%	26%	37%	17%

Sources: GAMA Calculations, Bloomberg, Smoothed 3Y inflation with exponential adjustment, 3Y monthly correlations with exponential adjustments.

Gold

Gold forecasts in USD Derived from Liquidty-to-gold ratio





Sources: GAMA 2025 Gold assumptions in USD;

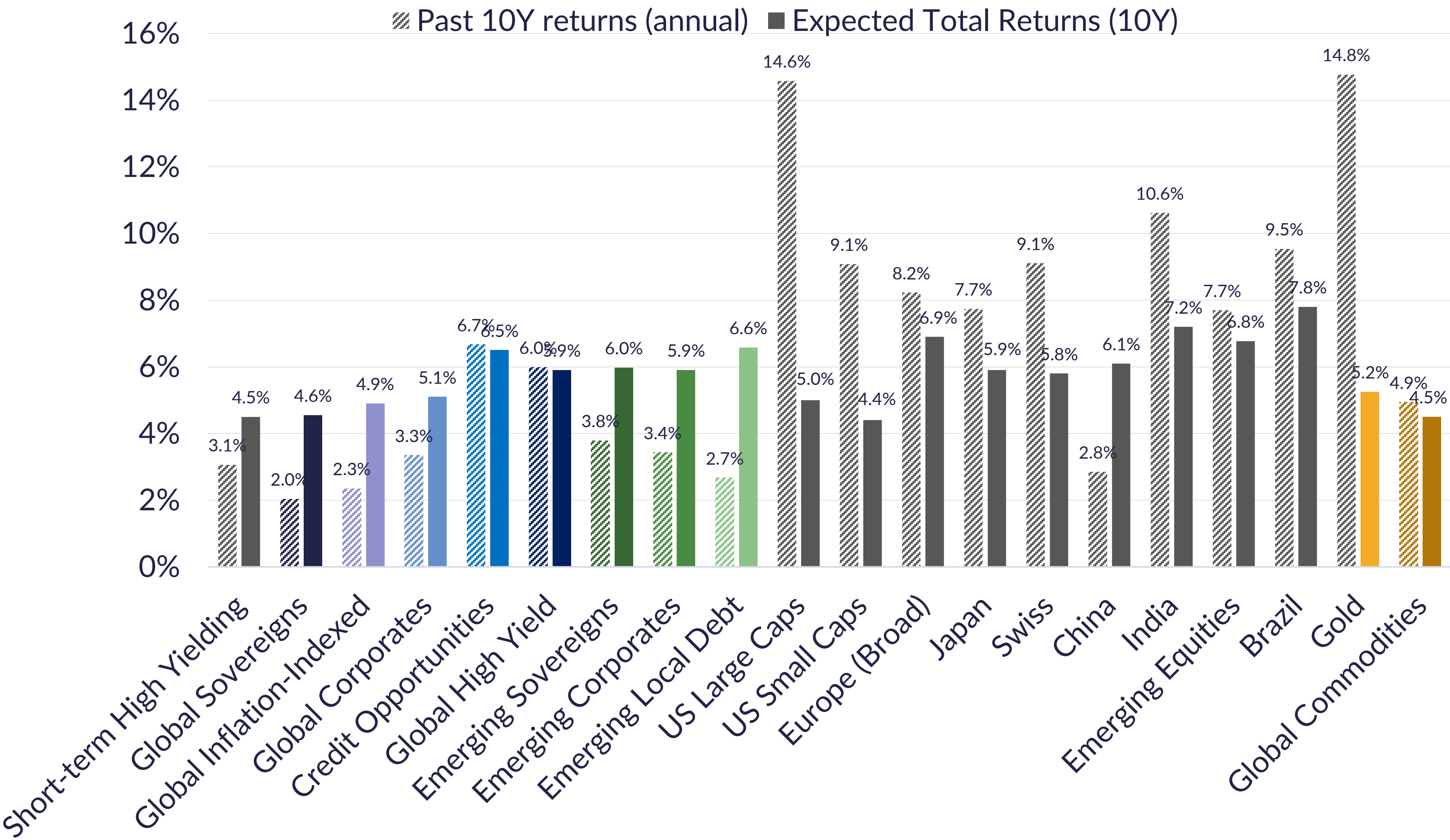
Improved Fixed Income Returns Relative to Equities

GAMA

in Local currency			Expected Excess Returns (10Y)			Past Returns (per year)			Historical Risk (past 15Y)			
Segments	Asset Classes	SAA	Median	Black	Rosy	5Y	10Y	15Y	Low (1Y)	High (1Y)	ES (1Y)	Volatility
Cash	Cash	USD	2.75%	1.50%	4.00%	3.1%	2.0%	1.4%	0.01%	5.49%	0.02%	0.53%
Short-term High Yielding	Fixed Income	H USD	4.5%	3.8%	5.5%	3.2%	3.1%	3.2%	-7.1%	20.2%	-4.8%	3.2%
Global Sovereigns	Fixed Income	H USD	4.6%	5.2%	4.3%	-0.4%	2.0%	2.8%	-13.5%	12.6%	-8.4%	4.0%
Global Inflation-Indexed	Fixed Income	H USD	4.9%	5.4%	4.6%	1.7%	2.3%	3.1%	-17.4%	16.6%	-10.9%	5.8%
Global Corporates	Fixed Income	H USD	5.1%	5.6%	4.7%	0.8%	3.3%	3.8%	-17.1%	22.9%	-10.7%	5.2%
Credit Opportunities	Fixed Income	H USD	6.5%	5.1%	6.3%	7.2%	6.7%	7.2%	-32.0%	64.0%	-16.5%	8.8%
Global High Yield	Fixed Income	H USD	5.9%	3.9%	6.6%	5.0%	6.0%	6.2%	-29.7%	64.4%	-16.6%	9.1%
Emerging Sovereigns	Fixed Income	H USD	6.0%	5.1%	5.8%	1.8%	3.8%	4.4%	-24.4%	42.9%	-16.6%	9.3%
Emerging Corporates	Fixed Income	H USD	5.9%	4.9%	6.4%	0.8%	3.4%	3.8%	-34.8%	74.0%	-17.1%	10.7%
Emerging Local Debt	Fixed Income	USD	6.6%	4.8%	8.0%	0.1%	2.7%	1.5%	-22.9%	35.9%	-12.2%	8.2%
US Large Caps	Equities	USD	5.0%	1.1%	7.5%	15.2%	14.6%	14.5%	-43.3%	59.1%	-31.7%	15.3%
US Small Caps	Equities	USD	4.4%	2.1%	6.3%	7.6%	9.1%	10.0%	-42.4%	98.6%	-32.1%	20.6%
Europe (Broad)	Equities	EUR	6.9%	3.5%	7.7%	11.4%	8.2%	7.6%	-52.2%	66.4%	-40.3%	17.9%
Japan	Equities	JPY	5.9%	3.8%	7.8%	7.3%	7.7%	7.5%	-38.0%	66.6%	-29.4%	16.1%
Swiss	Equities	CHF	5.8%	3.6%	7.4%	6.2%	9.1%	9.0%	-45.6%	89.7%	-36.9%	19.5%
China	Equities	CNY	6.1%	3.9%	7.8%	-3.4%	2.8%	2.7%	-69.8%	328.8%	-49.5%	26.0%
India	Equities	INR	7.2%	4.3%	8.2%	12.4%	10.6%	6.9%	-62.5%	116.8%	-44.0%	22.6%
Emerging Equities	Equities	USD	6.8%	4.1%	8.1%	4.6%	7.7%	4.1%	-56.6%	91.6%	-43.0%	20.5%
Brazil	Equities	BRL	7.8%	4.5%	8.8%	9.0%	9.5%	-2.0%	-55.2%	152.2%	-49.6%	29.3%
Gold	Commodities	USD	5.2%	7.0%	-1.0%	18.7%	14.8%	7.8%	-27.4%	58.1%	-20.6%	16.5%
Global Commodities	Commodities	USD	4.5%	2.8%	6.5%	10.2%	4.9%	-0.2%	-27.4%	58.1%	-14.1%	16.5%
EUR/USD	Currency		1.5%	-0.5%	2.0%	-0.9%	0.7%	-0.9%	-24.9%	17.0%	-20.3%	9.3%
EUR/CHF	Currency		-2.0%	-3.1%	0.4%	-2.9%	-1.5%	-1.9%	-18.3%	9.9%	-16.2%	6.0%
USD/JPY	Currency		-2.5%	-4.5%	1.5%	8.4%	2.6%	4.4%	-20.9%	24.9%	-17.4%	10.1%
USD/CNY	Currency		-2.1%	-2.1%	-3.4%	1.6%	0.9%	0.5%	-11.4%	7.4%	-10.0%	4.7%
USD/INR	Currency		-1.0%	0.0%	-2.5%	4.2%	3.1%	4.8%	-12.2%	24.6%	-10.7%	8.0%
USD/BRL	Currency		1.0%	1.5%	-1.5%	0.4%	3.0%	8.1%	-28.3%	48.2%	-25.0%	17.7%
SAA - Global Bonds	Fixed Income	H USD	5.3%	4.9%	5.5%	2.0%	3.4%	3.8%	-13.9%	26.8%	-9.3%	4.4%
Industry Benchmark	Global Aggregat	H USD	4.7%	5.3%	4.4%	0.4%	2.4%	2.9%	-12.4%	10.8%	-8.4%	5.0%

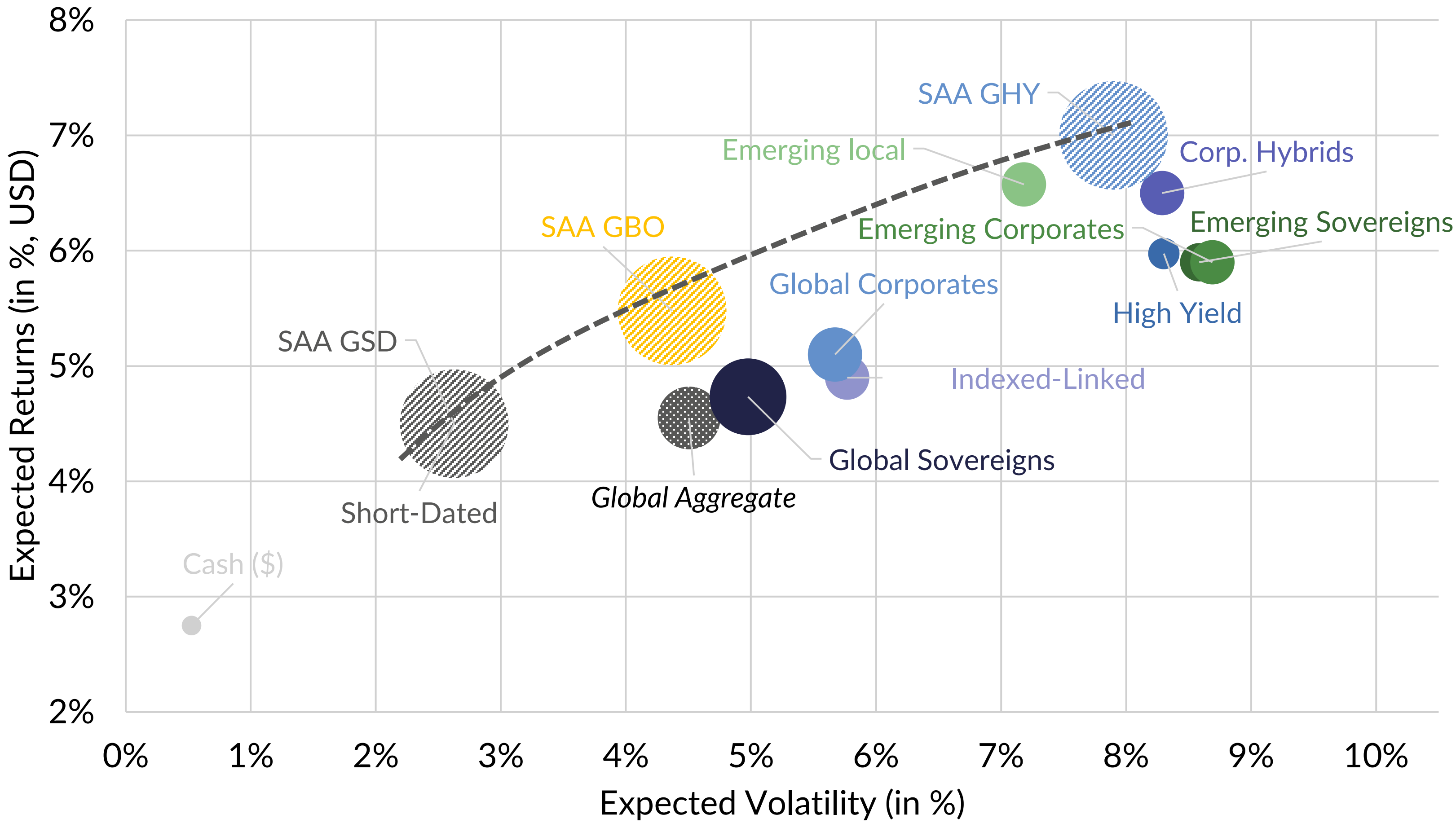
Sources: GAMA 2025 Assumptions in USD; Fixed Income indices are hedged against reference currency, Equities unhedged.

10Y Expected Returns



Sources: GAMA 2025 Assumptions in USD, Fixed Income indices are hedged against reference currency, Equities unhedged in local, Commodities in USD.

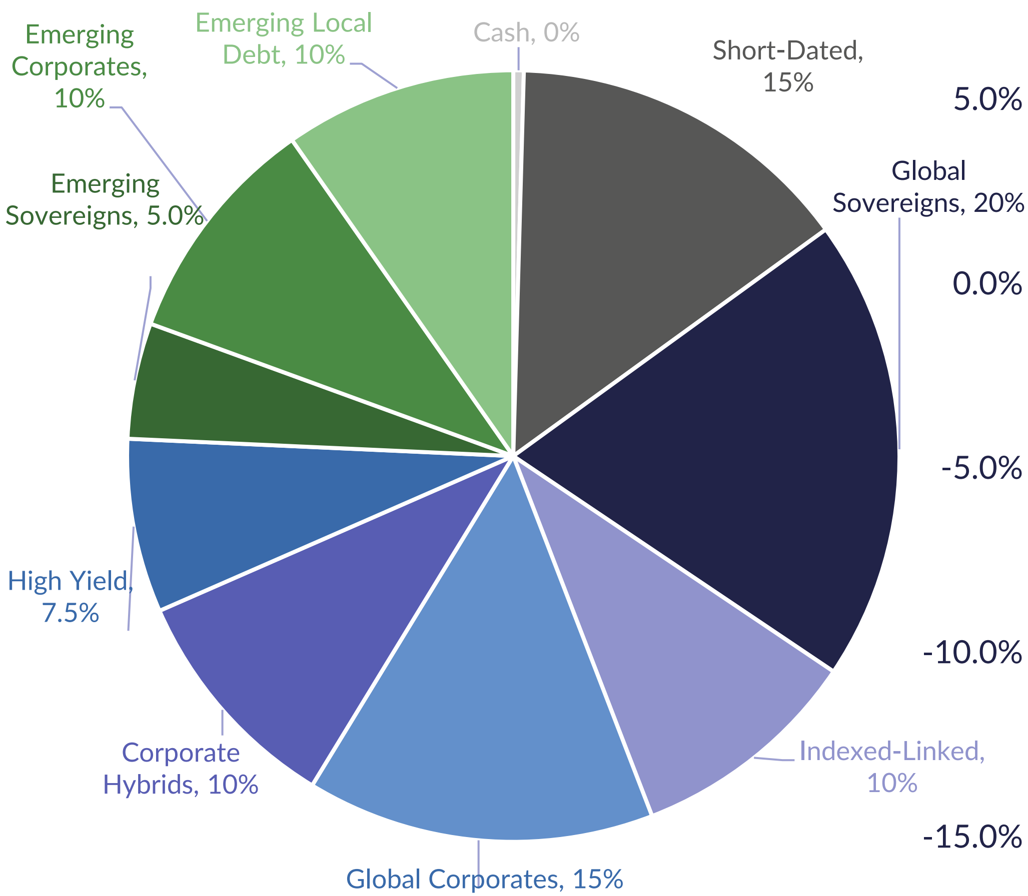
Fixed Income Strategic Asset Allocation



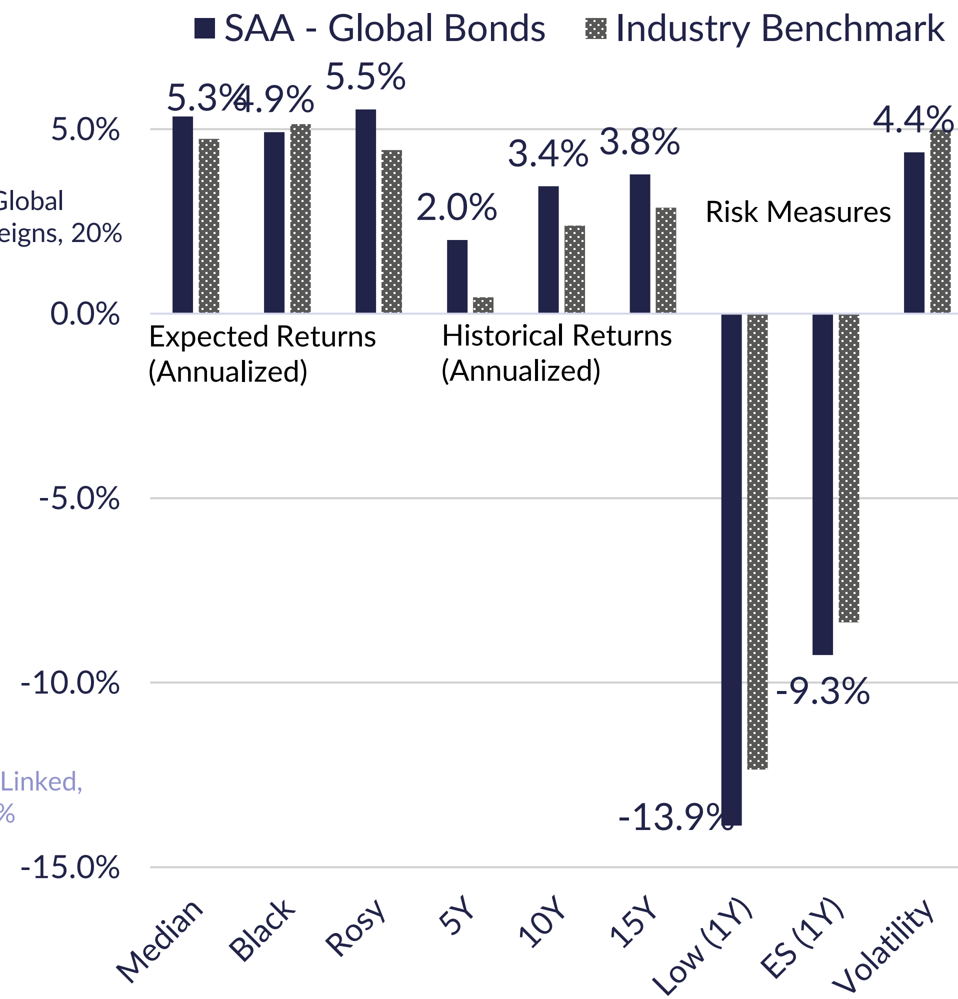
Sources: Bloomberg, GAMA calculations derived from risk premia projections and assuming constant rebalancing with stable duration and linear shift from current yield to terminal yields. Main differences coming from roll-down effect , some capital appreciation with default assumptions.

Strategic Asset Allocation (SAA)

SAA For Global Bonds

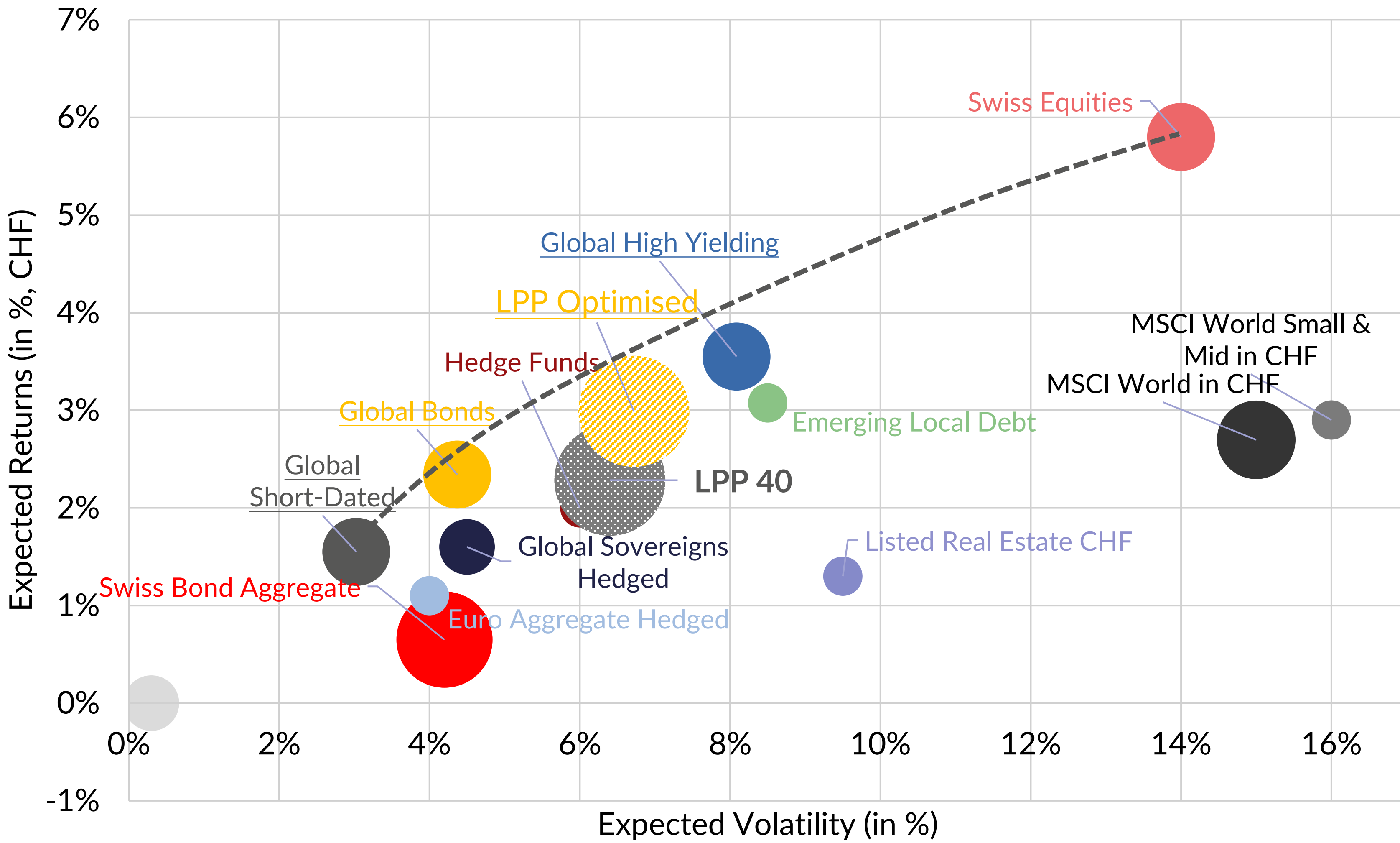


Key Statistics



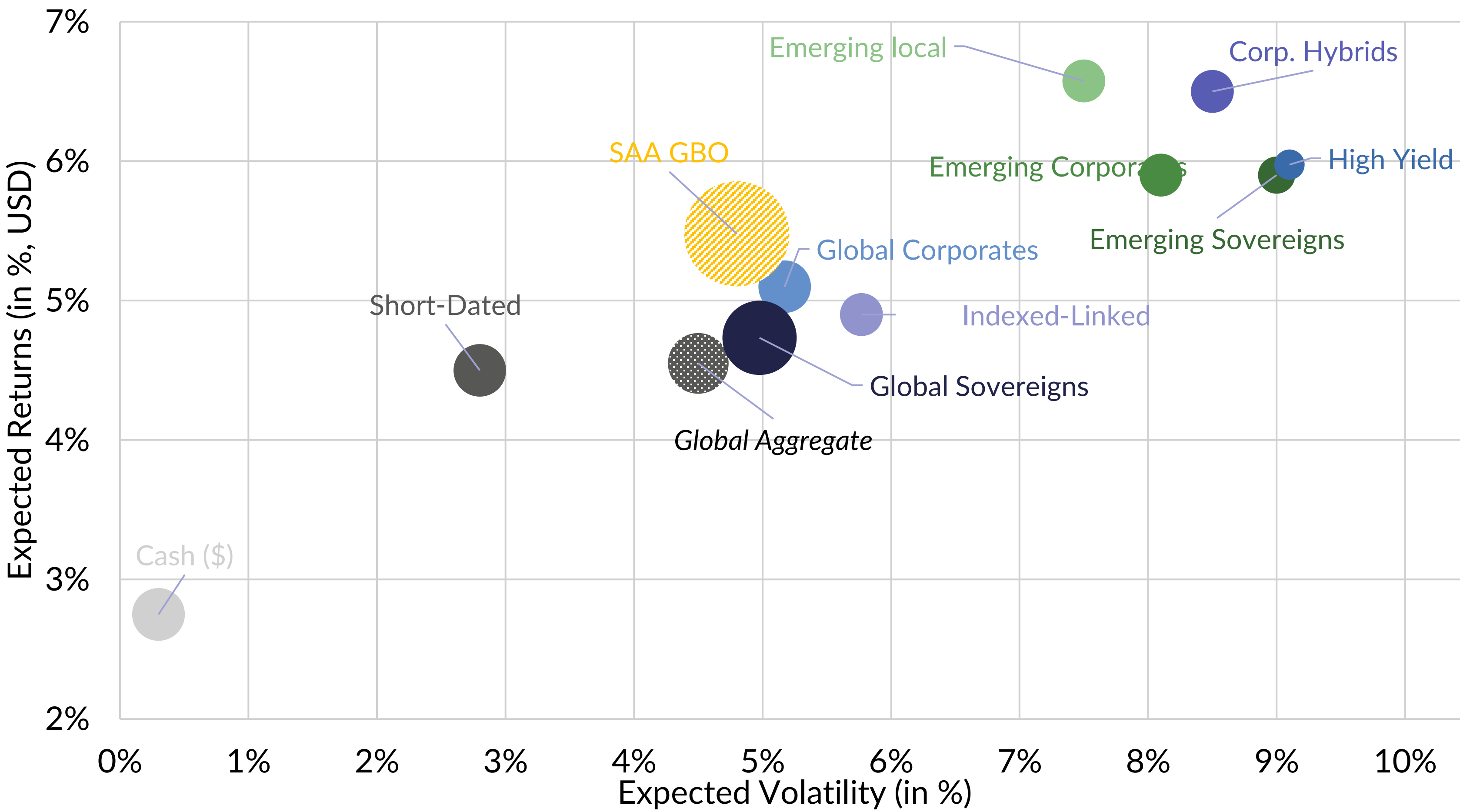
Source: Bloomberg, GAMA calculations (USD reference)

LPP-Style CHF Strategic Asset Allocation



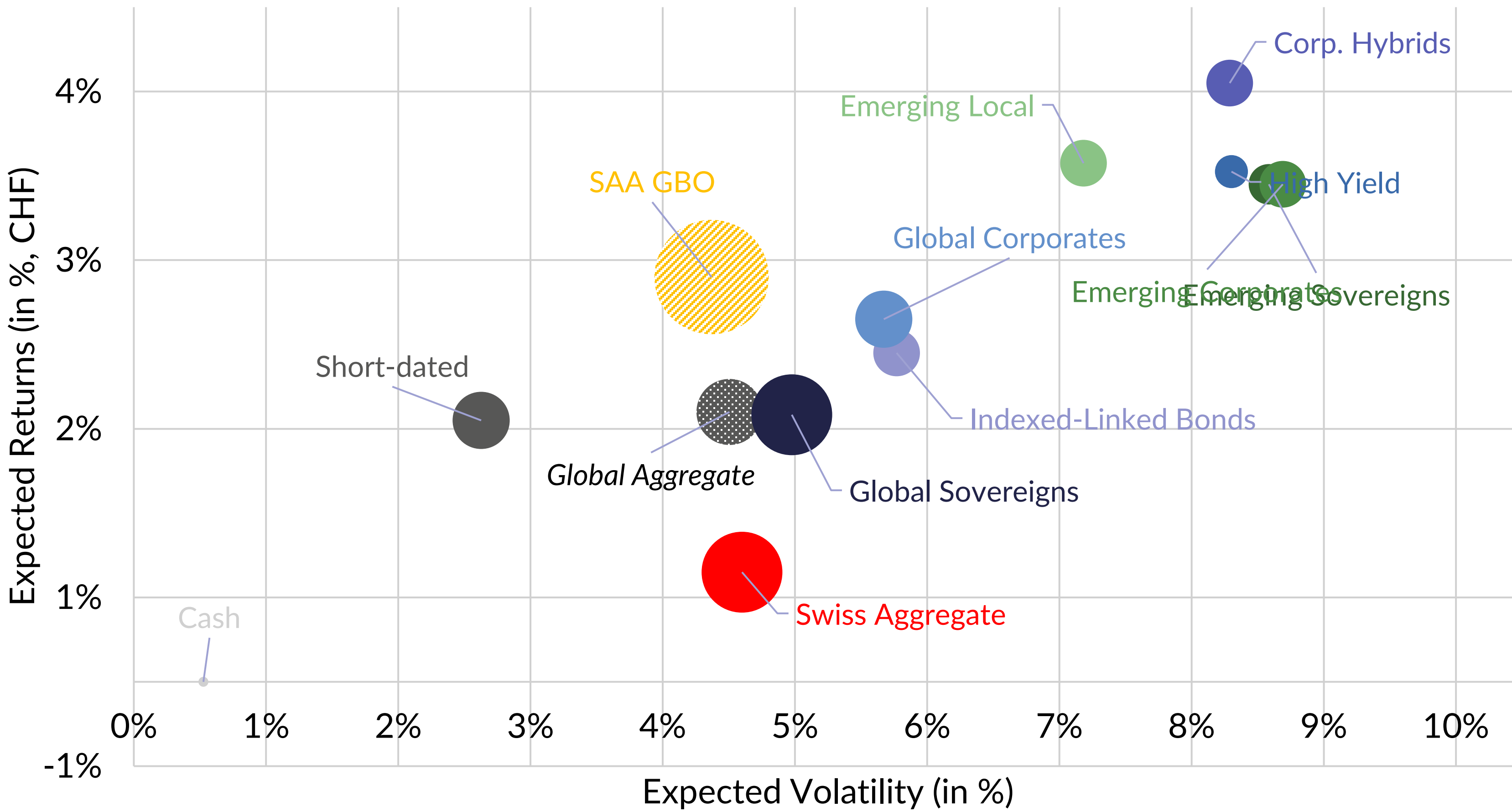
Sources: Bloomberg, GAMA calculations derived from risk premia projections. LPP 40 – 2015 version are used. Weights are LPP 40 weights and modelled using 15% for each of the three global bond strategies (Short-dated, Global Bonds and Global High Yielding).

Fixed Income Strategic Asset Allocation (EUR)



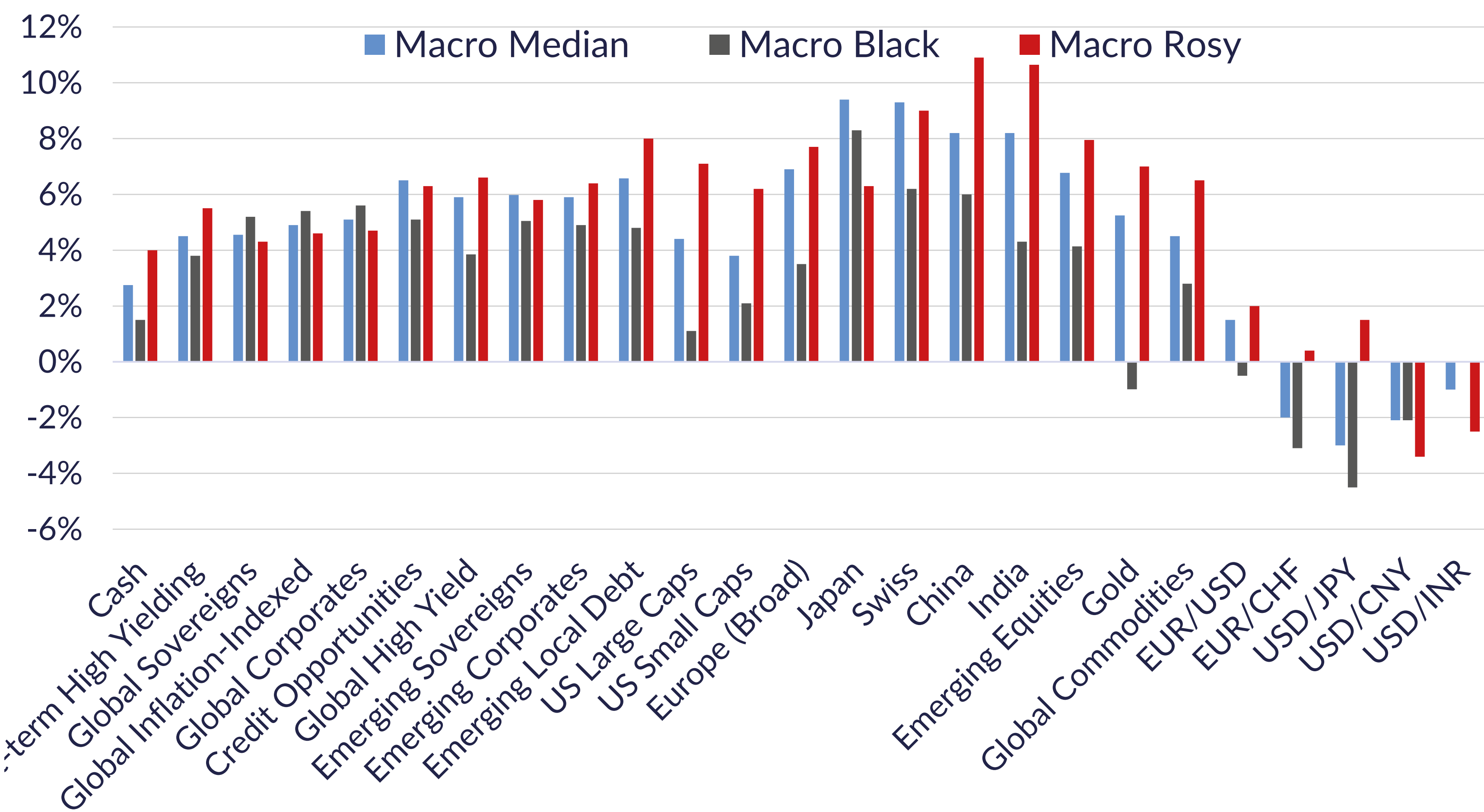
Sources: Bloomberg, GAMA calculations derived from risk premia projections and assuming constant rebalancing with stable duration and linear shift from current yield to terminal yields. Main differences coming from roll-down effect , some capital appreciation with default assumptions.

Fixed Income Strategic Asset Allocation (CHF)



Sources: Bloomberg, GAMA calculations derived from risk premia projections and assuming constant rebalancing with stable duration and linear shift from current yield to terminal yields. Main differences coming from roll-down effect , some capital appreciation with default assumptions.

10Y Expected Returns (USD Réf.)

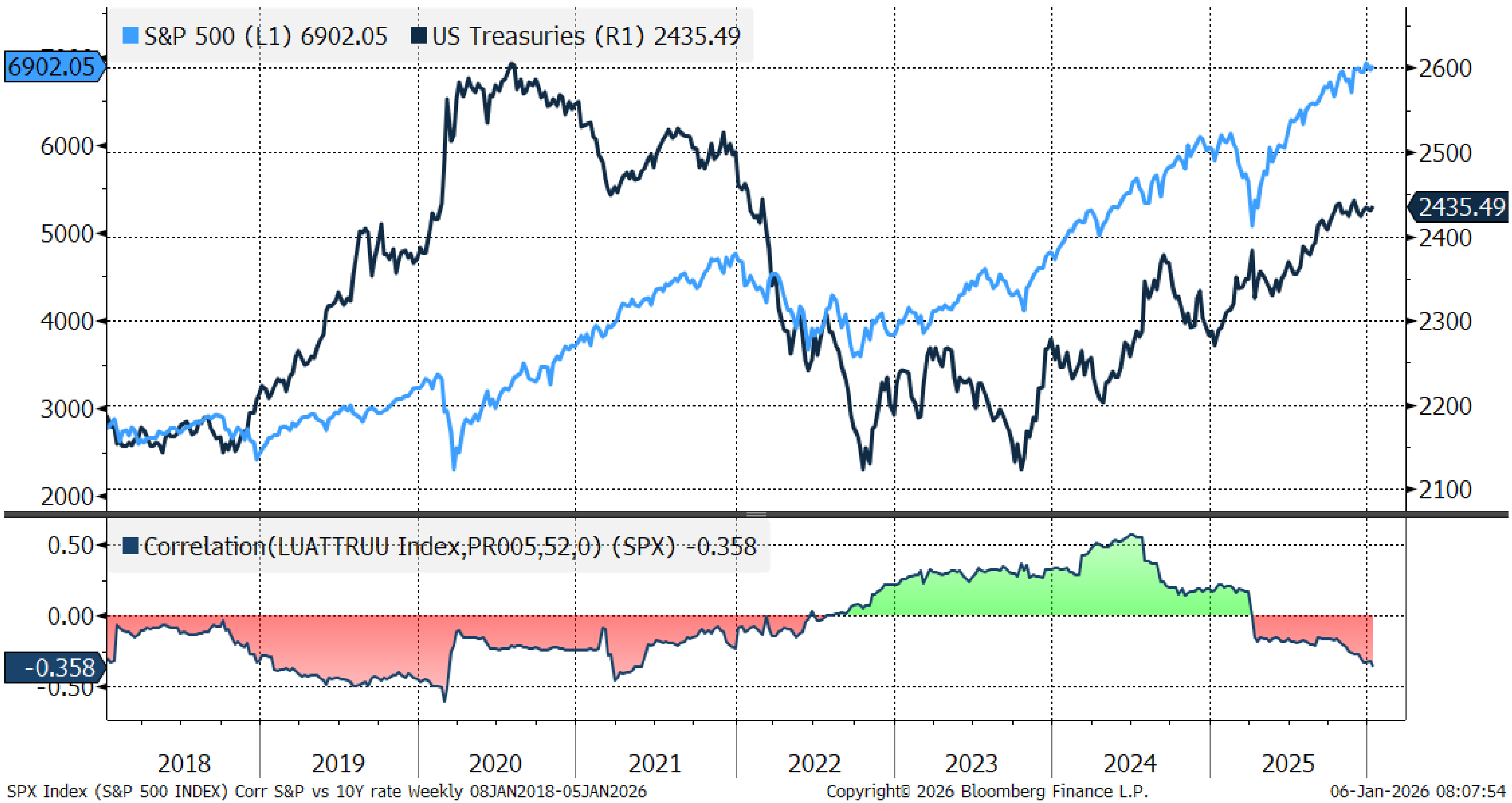


Sources: GAMA 2024 Assumptions in USD, Fixed Income indices are hedged against reference currency, Equities unhedged.

Equities-Bonds Correlations Have Normalised

GAMA

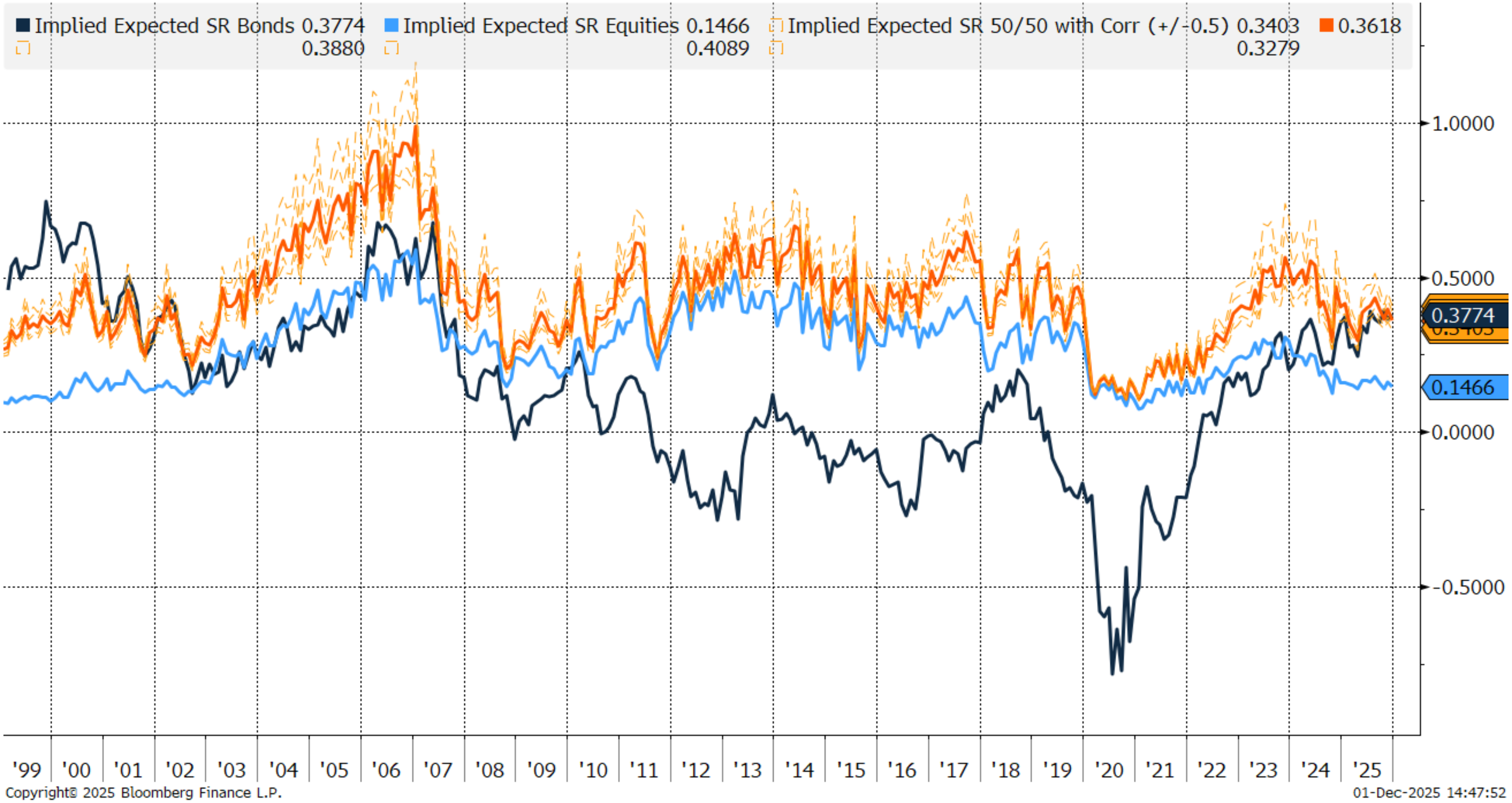
As inflation has declined, bonds have resumed their portfolio stabilization role



Sources: Bloomberg, GAMA calculations,

TAA Cross Assets

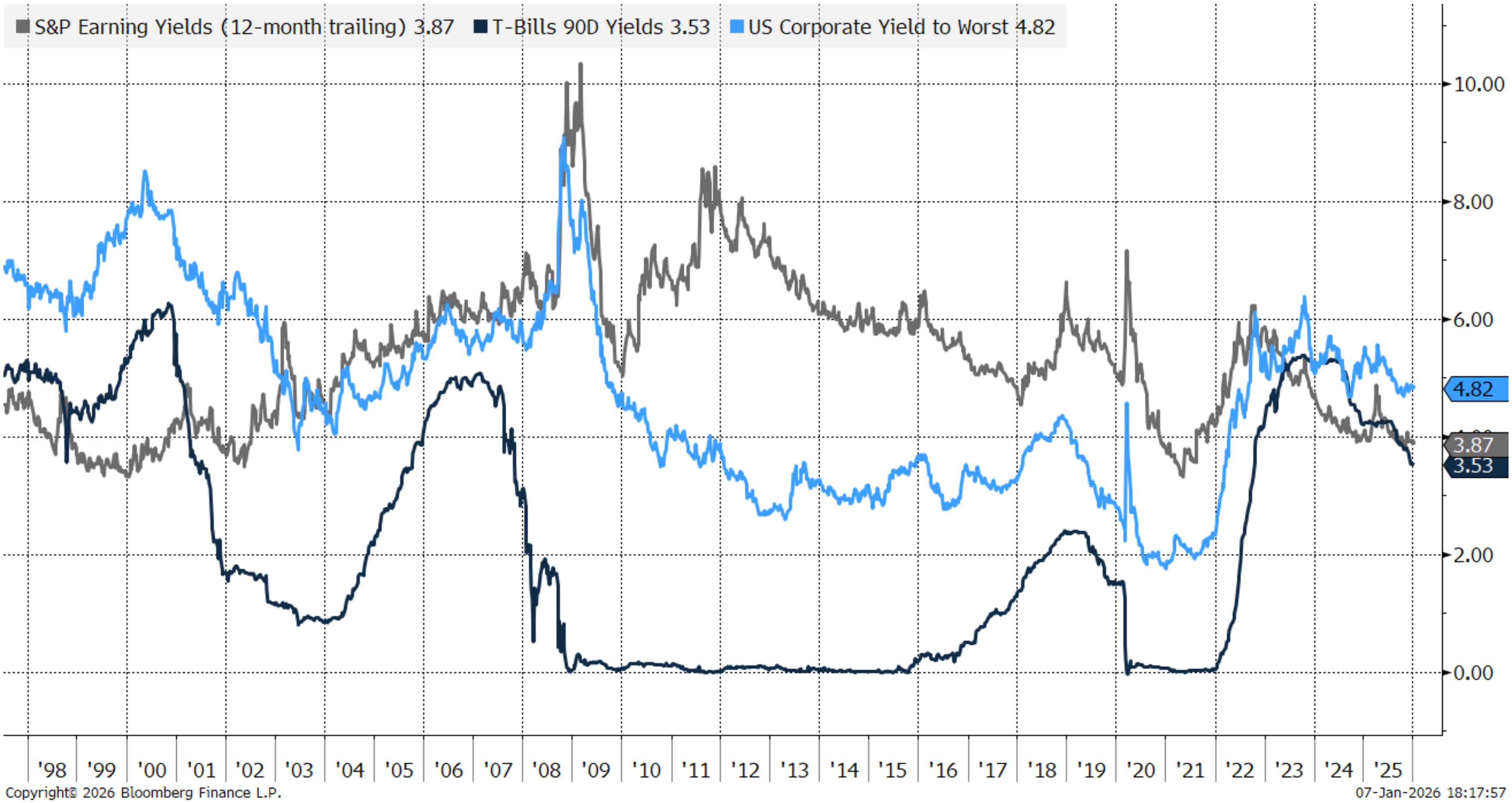
Expected Sharpe Ratios: Bonds, Equities and 50/50 with correlation assumptions



Sources: Bloomberg, GAMA calculations. Expected returns per unit of implied volatilities (VIX and MOVE). For 50/50 portfolio, total risk using various correlation assumptions (from +0.5 to -0.5).

Cash, Bonds & Equity Yields

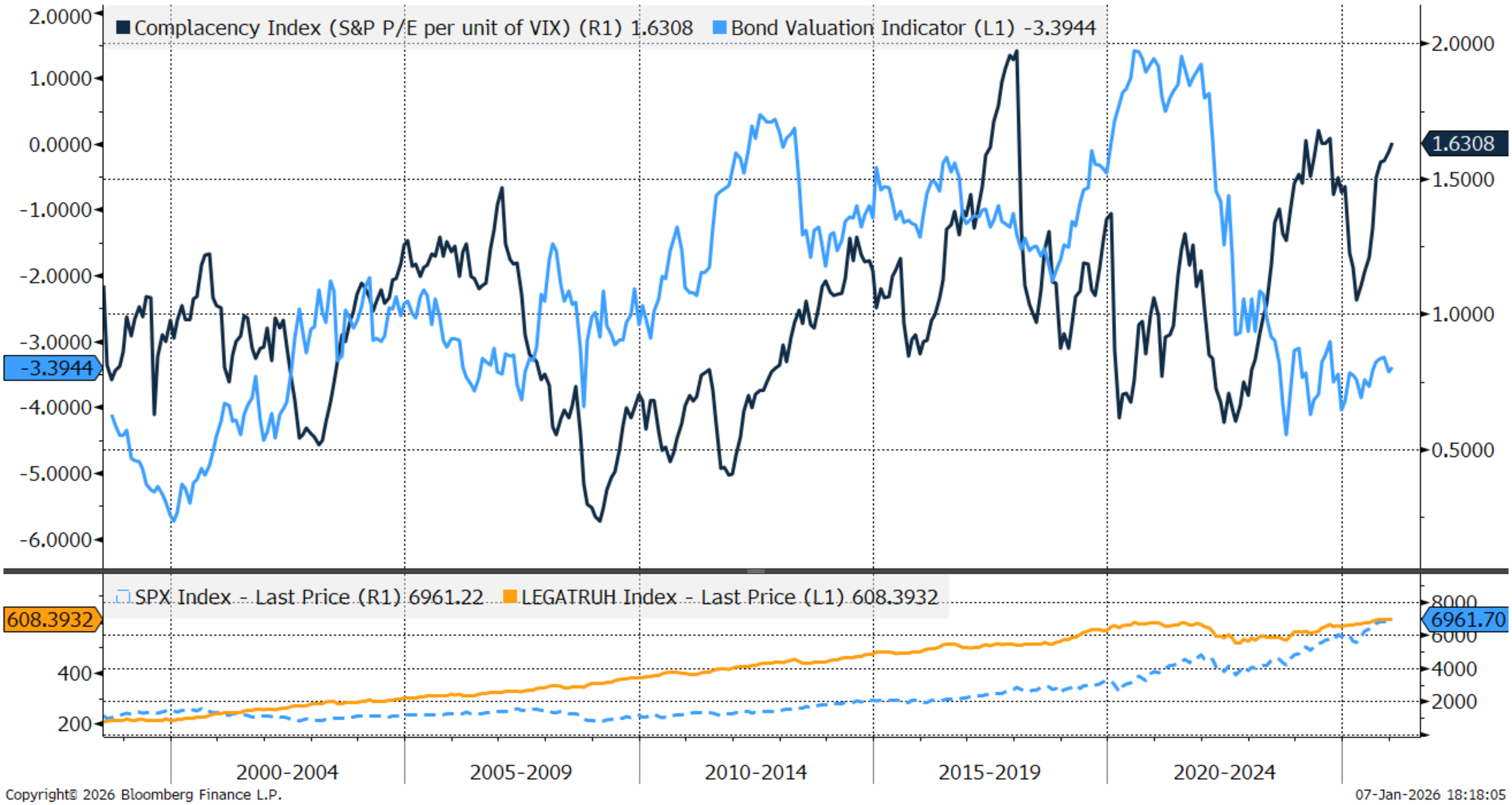
Corporate bonds yields back above cash and US earning yields.



Sources: Bloomberg, GAMA calculations, *Derived from 10 global different fixed income segments

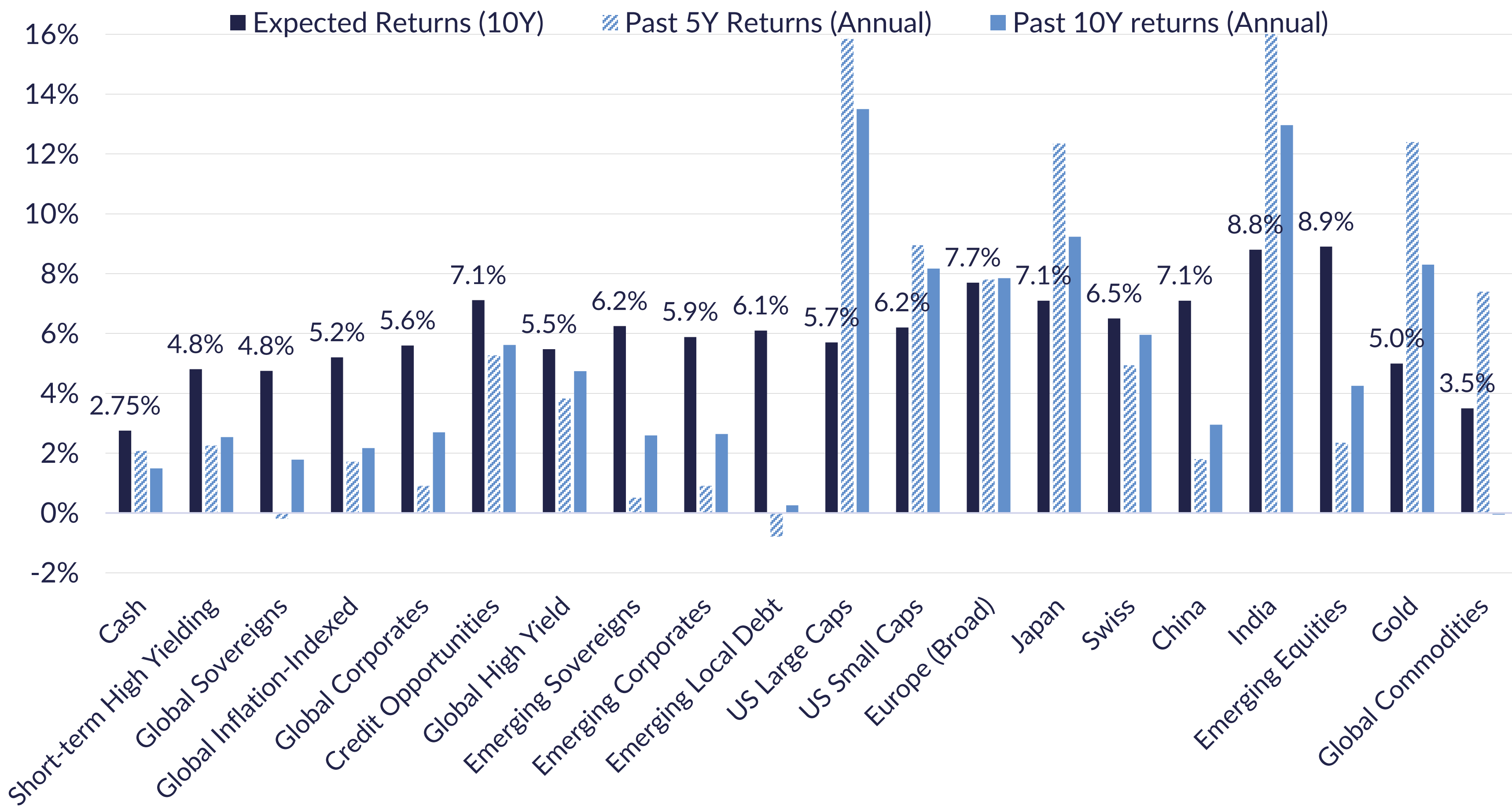
TAA Cross Assets

Bonds are cheap, while equities are rarely as vulnerable.



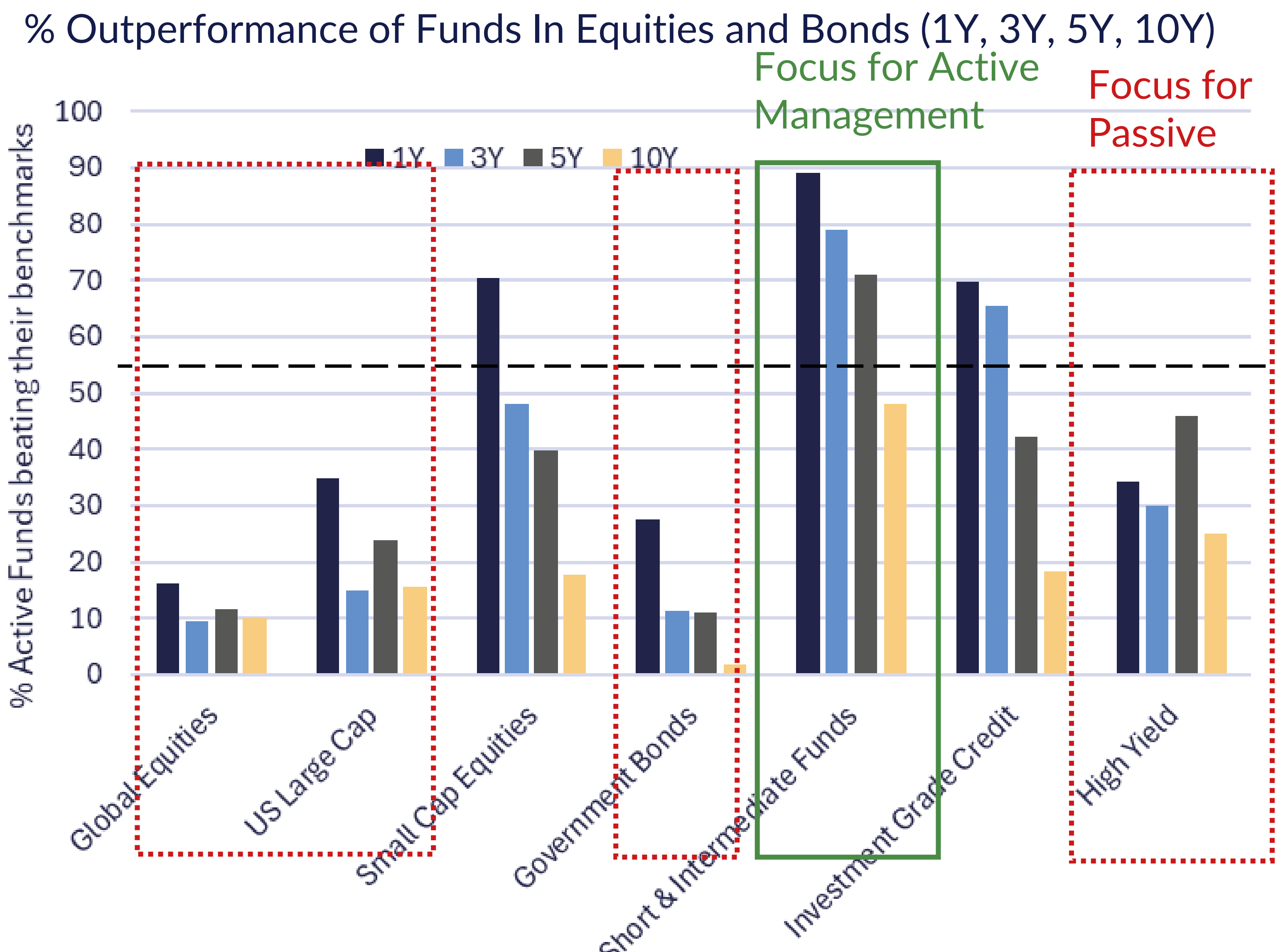
Sources: Bloomberg, GAMA calculations. Bond valuation index derived from forward looking real yields and 10Y excess yield over long-term equilibrium rates (Laubach-Williams)

10Y Expected Returns



Sources: GAMA 2024 Assumptions in USD, Fixed Income indices are hedged against reference currency, Equities unhedged.

Active Fund Outperformance: Equities and Bonds



Sources: S&P Capital, 31.12.2024, https://www.spglobal.com/spdji/en/research-insights/spiva/#us

The “Fiscal” Impact

GAMA

Most governing tax law across jurisdictions* favours a minimization of income

Country	Switzerland	Switzerland	France	UK	Belgium
Investor Status	Lump-Sum Taxation[1]	Ordinary Tax-Payer[1]	Resident Private Investor	Ord. Private Tax-Payer	Ord. Private Tax-Payer
Income Tax	Taxed on presumed yield and declared wealth ("forfait")	44.75%[2], capital gain exempt if duly reported to SFTA distinctly from other income	Tax deferred but accumulation increases the NAV	Progressive up to 45% Deemed distribution is added to base cost for capital gains tax[4]	ACC: Tax deferred DIS: 30% (+municipal surcharge for non-EU/EEA)
Capital Gains Tax	0%	0%, Exempted if Funds have a reporting status with AFC, if not 44.75%	30% unless the option for Progressive Tax regime is exercised (+ max 4% CEHR[3]). Advance tax payment of 30% and 2778-DIV	24%, on NAV difference	None (but possible change since 1.1.2026), but subject to TOB[5]
Key Manager Adjustments	Avoid CH domestic income (☑ UCITS umbrella)	Offer transparent reporting, minimise coupon distribution & high accrued interest, use CDS for non-taxable carry	Promote tax-efficient wrappers (e.g., life insurances); minimize coupon, use CDS for non-taxable carry	Offer accumulation vs distribution classes; allow ISA/SIPP wrappers; minimise coupon, use CDS for non-taxable carry	Use accumulation class; promote tax-efficient wrappers (e.g., insurances); minimize coupon, use CDS for non-taxable carry
Preferred Share Class	ACC or DIS	ACC or DIS	ACC (Tax Deferred)	DIS	ACC (Tax Deferred)
Improved with minimal income	☒	☑	☑	☑	☑
Required Reporting Status	SFTA	SFTA	None	UK reporting status, HMRC approved	None

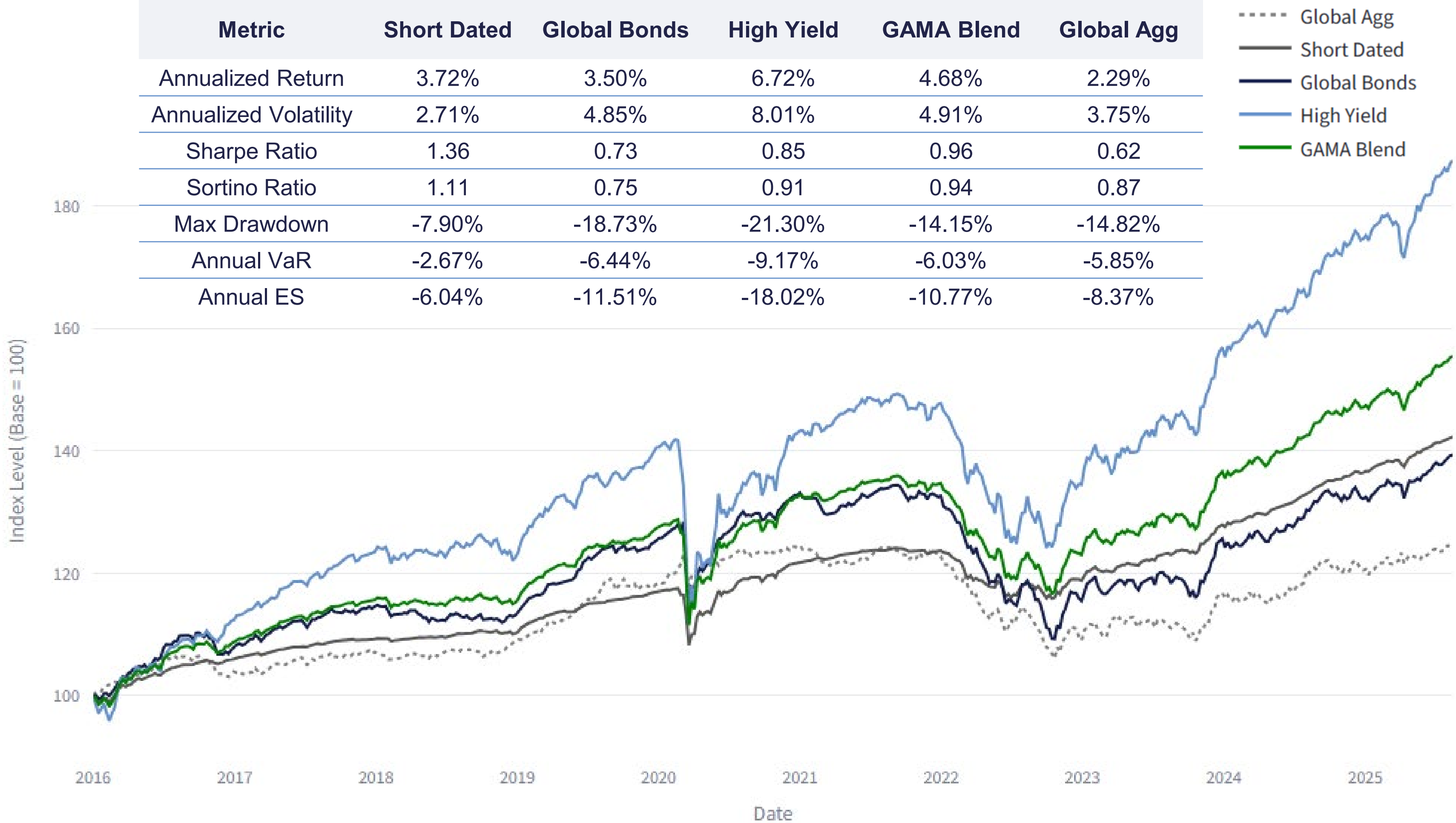
[1]Fund tax reporting obligations towards the Swiss Federal Tax Adminsitration (SFTA) apply to any investment funds (distributing, accumulating or mixed) that are registered or publicly offered in Switzerland. (Kursliste: https://www.ictax.admin.ch/extern/fr.html#/ratelist/2024).
[2]Maximum income tax rate (GE) but depends on canton of tax residency. Cantons generally levy also wealth tax, fiscal value on 31.12 is assessed on nominal value expressed in CHF – for the Funds with reporting status, value can be found on SFTA website.
[3]CEHR - Exceptional contribution on high incomes
[4]The capital gain is calculated on the difference between the sale price less fees and the base cost adjusted by the undistributed income taxed annually.
[5]Tax on stock exchange orders (0,12%-1,32%) at the time of acquisition

*For illustrative purposes only. The information below does not constitute tax advice and must be reviewed by the client’s qualified tax advisor.
Source: GAMA, reviewed by external tax advisor - BRP Bizzozero & Partners SA.

GAMA Strategies

GAMA Individual Strategies*, Equal Weighted Blend of the 3 and Global Aggregate

Metric	Short Dated	Global Bonds	High Yield	GAMA Blend	Global Agg
Annualized Return	3.72%	3.50%	6.72%	4.68%	2.29%
Annualized Volatility	2.71%	4.85%	8.01%	4.91%	3.75%
Sharpe Ratio	1.36	0.73	0.85	0.96	0.62
Sortino Ratio	1.11	0.75	0.91	0.94	0.87
Max Drawdown	-7.90%	-18.73%	-21.30%	-14.15%	-14.82%
Annual VaR	-2.67%	-6.44%	-9.17%	-6.03%	-5.85%
Annual ES	-6.04%	-11.51%	-18.02%	-10.77%	-8.37%



Source: Bloomberg, GAMA calculations, *GAMA Strategies are the three strategic asset allocation performances gross of fees expressed in USD; Bloomberg global aggregate hedged in USD is the industry benchmark for global bonds.

Key GAMA Publications

Full Article (Click)

Full Article (Click)

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GAMA ASSET MANAGEMENT

GAMA Fixed Income Focus – Quarterly

Bond Benchmarks: Good Servants but Bad Masters – Rethinking and Optimizing Fixed Income Strategic Allocation

Bond benchmarks provide true advantages to measure risk, compare performance, and control costs. Yet their debt-weighted construction creates structural biases. Are bond benchmarks truly the right way to invest in fixed income? And if not, what are the alternatives? What are their advantages and limitations?

- Bond benchmarks provide an indispensable framework to measure risk, compare performance, and control costs. Yet their debt-weighted construction creates structural biases that need to be properly understood.
- At GAMA, we use indices as strategic anchors with weight revisited on an annual basis but rely on active, selective management to generate alpha, enhance risk-adjusted returns, and build more resilient portfolios.

FOR FINANCIAL PROFESSIONALS AND INSTITUTIONAL INVESTORS ONLY

GAMA ASSET MANAGEMENT SA
GAMA Fixed Income Focus – Quarterly

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GAMA ASSET MANAGEMENT

GAMA Fixed Income Focus – Monthly

The Case for Active Bond Management: Numbers speak louder than words"

GAMA's monthly bond report analyzes current bond market dynamics and offers recommendations for optimal positioning in a global bond portfolio. This month, we focus on the power of fixed income active management and why it makes a lot of sense forinvestors to chose actively managed strategies, particularly on quality credit segments.

- The superior performance of active bond management compared to equities stems from intrinsic characteristics of bonds, including more predictable performance dispersion and asymmetry, as well as fundamental differences in the composition of bond indices versus equity indices.
- These specific features offer opportunities that fixed income active managers can exploit to generate value.

FOR FINANCIAL PROFESSIONALS AND INSTITUTIONAL INVESTORS ONLY

GAMA ASSET MANAGEMENT SA
GAMA Fixed Income Focus – Monthly

Full Article (Click)

GAMA Fixed Income Focus – Quarterly

Negative yield spectrum in Switzerland ? Which fixed income opportunities for a CHF-Based Investors

GAMA's quarterly bond report analyzes current bond market dynamics and offers recommendations for optimal positioning in a global bond portfolio. This month, we focus on opportunities for a CHF-based investors in a particularly challenging environment where the return to negative yield on cash deposit is becoming more and more likely.

- The specter of negative interest rates in CHF is prompting investors to reconsider reinvestment risk, favoring global bond strategies mostly fully hedged.
- Today, well-diversified international bonds across various segments offer a better risk-return profile than those denominated in Swiss francs, provided that tax implications, fees, and the choice between active or passive management are well managed, depending on the market segments.

FOR FINANCIAL PROFESSIONALS AND INSTITUTIONAL INVESTORS ONLY

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