

FIXED INCOME ALLOCATION



**Global Fixed Income Forecast
& Allocations**
Short Term & Long Term Views

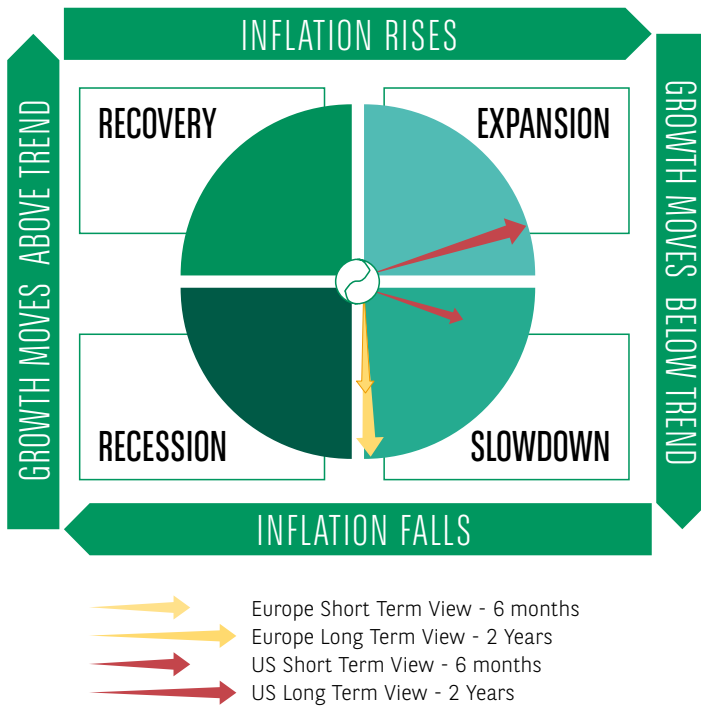


BNP PARIBAS
ASSET MANAGEMENT

The sustainable
investor for a
changing world




In this document, the Global Fixed Income Team at BNP Paribas Asset Management presents you their market outlook and based on it three proposals for allocations to fixed income strategies, with alternatives for short- and long-term investment horizons.

MACRO OUTLOOK



- The economic indicators recently released appeared to fully support the scenario of a soft landing, with still solid growth and slowing inflation.
- US economy is expected to be more resilient in 2024 while Eurozone stagnation continues.
- Inflation could progressively join the Central Bank target all along 2024.

GFI MARKET FORECAST

			
Rates	ECB rate	Fed Fund	
	€ 10 years	\$ 10 years	
	€ 2-10	\$ 2-10	
Spreads	€ Investment Grade	\$ Investment Grade	Emerging Sovereign
	€ High Yield	\$ High Yield	Emerging Corporate
Currencies		EUR/USD	

Our View for the next 6 months:

- Rate cuts are on the agenda in 2024 in the US and within eurozone, but central bankers have tried to push back the presumption of an imminent cut in key rates. We do expect June to be the start the first round of cuts.
- Following the recent widening of rates, we have increased our exposure towards duration to an overweight. We do prefer Euro duration vs the US duration. We still prefer the 0 - 3 years segment that could benefit from this context.
- We expect the curve to steepen as cuts emerge at a time where supply may put additional pressure on the long end.
- With a low growth in Europe, High yields spreads appear a bit stretched to us and we do consider Emerging market debts in hard currency to be more resilient in this context.

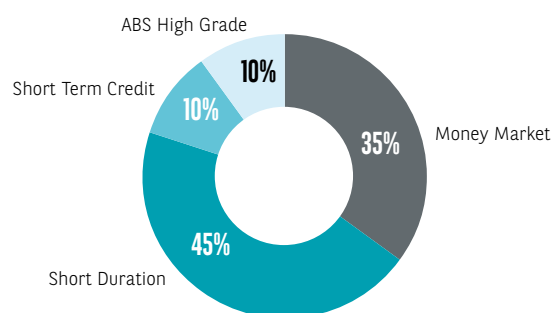
DEFENSIVE ALLOCATION

1st allocation to diversify from a money market portfolio and to protect against erosion due to inflation

STRATEGIES CONSIDERED

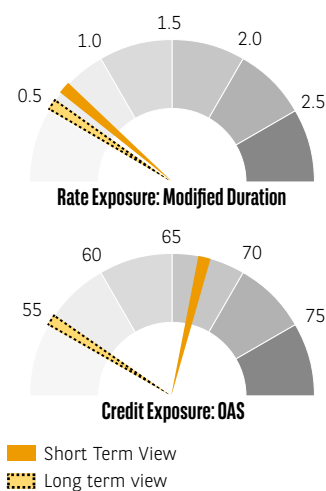
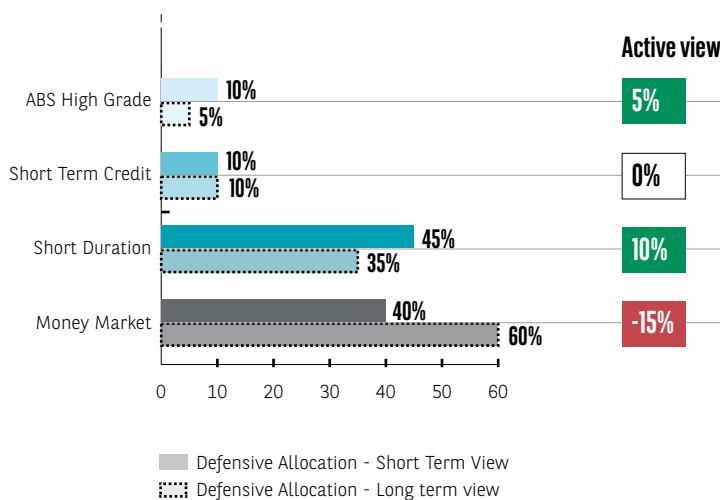
- **Money Market**
- **Short Duration:** Aggregate flexible strategies in long short and long only with a maximum duration of 3.
- **Short Term Credit:** IG & HY active strategies with a maximum duration of 3
- **ABS High Grade:** AAA and Investment Grade ABS in floating rates

Defensive Allocation - Short Term View



▼ Defensive

TACTICAL POSITIONING LINKED TO MARKET OUTLOOK



MAIN INDICATORS

	SRI	Yield to Maturity	Modified Duration	OAS	Effective Rating	1 year Return	Annualized 52 weeks Volatility	Maximum Drawdown
Long term view	1,50	4,29%	0,57	55	A	3,49%	0,38%	-0,02%
Short Term View	1,65	4,38%	0,63	67	A	3,68%	0,43%	-0,03%

Source: Internal BNPP AM - March 2024

Source effective rating: S&P rating

SRI: Summary Risk Indicator

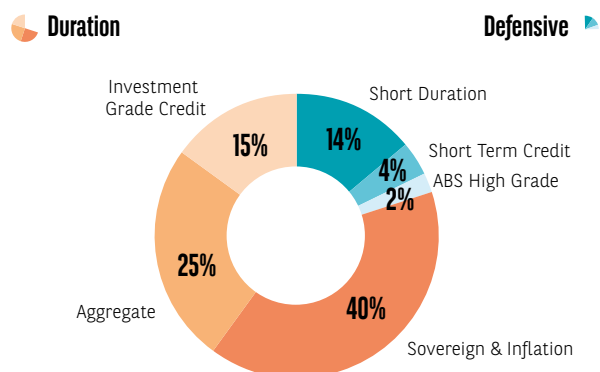
DURATION ALLOCATION

2nd Allocation to increase the duration of your exposition to rates

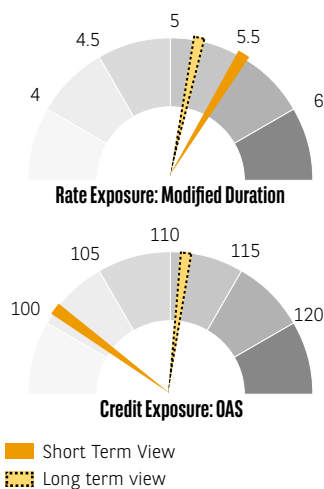
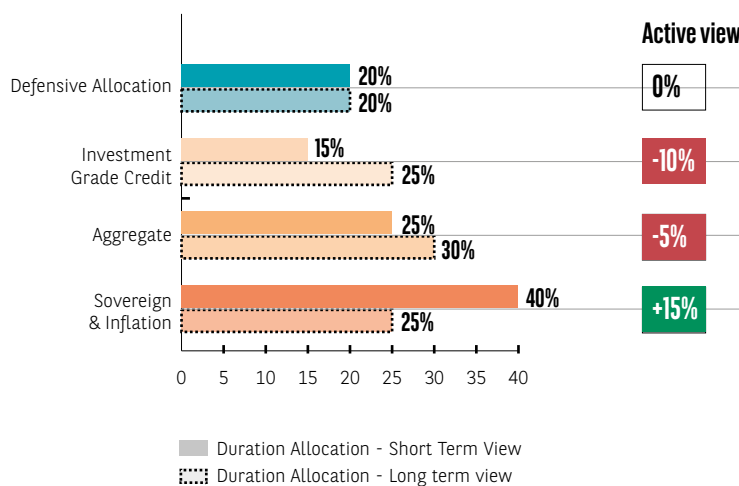
STRATEGIES CONSIDERED

- **Defensive Allocation**
- **Sovereign & Inflation:** Euro & global government bond strategies and inflation-linked
- **Aggregate:** Euro & global aggregate and thematic strategies
- **Investment Grade Credit:** Euro & global IG credit strategies

Duration Allocation - Short Term View



TACTICAL POSITIONING LINKED TO MARKET OUTLOOK



MAIN INDICATORS

	SRI	Yield to Maturity	Modified Duration	OAS	Effective Rating	1 year Return	Annualized 52 weeks Volatility	Maximum Drawdown
Long term view	2,83	4,60%	5,18	111	A-	4,65%	4,69%	-2,25%
Short Term View	2,92	4,40%	5,54	101	A	4,21%	4,86%	-2,64%

Source: Internal BNPP AM - March 2024

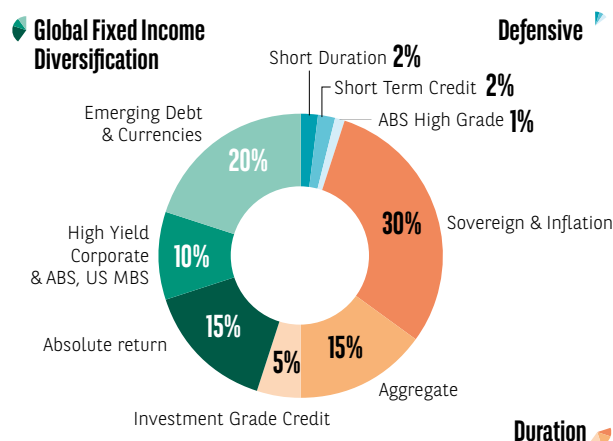
GLOBAL FIXED INCOME ALLOCATION

A diversified fixed income allocation mixing a large range of BNPP AM capabilities

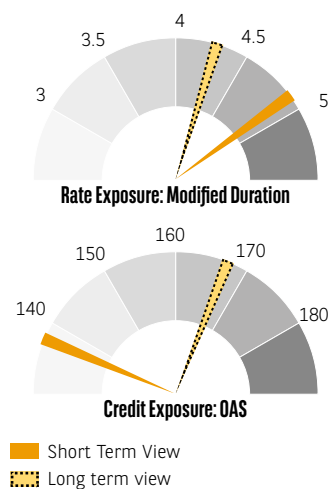
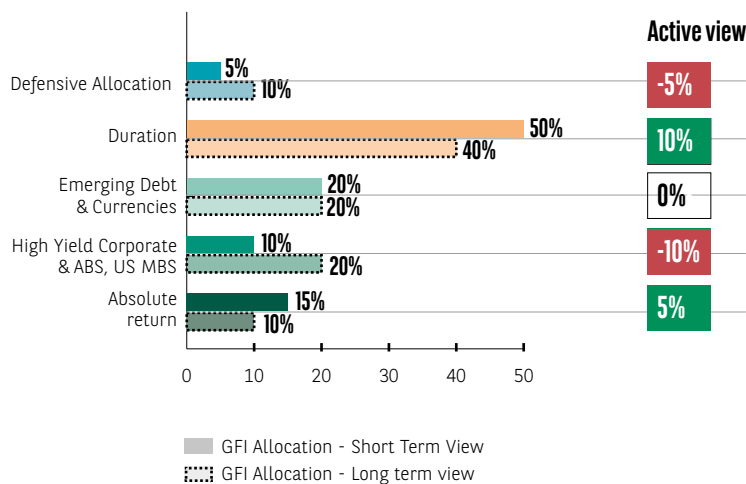
STRATEGIES CONSIDERED

- **Defensive Allocation**
- **Duration Allocation**
- **Absolute Return:** Long short & long only euro and global strategies
- **High Yield Corporate & ABS, US MBS:** Euro & global HY in fixed income and ABS
- **Emerging Debt & Currencies:** Emerging debt both in hard & local currencies and short-term US dollar

Global Fixed Income Allocation - Short Term View



TACTICAL POSITIONING LINKED TO MARKET OUTLOOK



MAIN INDICATORS

	SRI	Yield to Maturity	Modified Duration	OAS	Effective Rating	1 year Return	Annualized 52 weeks Volatility	Maximum Drawdown
Long term view	2,67	5,06%	4,27	167	A	4,86%	3,74%	-1,74%
Short Term View	2,72	4,56%	4,89	138	A	3,89%	4,26%	-2,18%

Source: Internal BNPP AM - March 2024

APPENDIX : INDICATORS PER STRATEGIES

Strategies	SRI	Yield to Maturity	Modified Duration	OAS	Effective Rating	1 year Return	Ann. 52 weeks Volatility	Maximum Draw-down
Money Market	1,00	4,00%	0,18	11	A+	3,35%	0,08%	-
Short Duration	2,00	4,23%	0,82	59	A-	4,19%	0,48%	-0,06%
Short Term Credit	2,00	5,51%	1,85	213	BBB-	5,65%	1,97%	-0,81%
ABS High Grade	2,00	5,25%	0,12	158	AA+	5,91%	0,72%	-0,35%
Sovereign & Inflation	3,00	2,85%	7,87	59	A+	1,77%	5,79%	-4,64%
Aggregate	2,25	3,42%	6,21	85	AA	3,58%	5,13%	-3,88%
Investment Grade Credit	2,40	4,62%	5,16	146	BBB+	6,31%	4,69%	-2,23%
Absolute return	2,00	3,95%	-0,62	72	A	3,54%	1,86%	-0,76%
High Yield Corporate & ABS, US MBS	3,00	6,38%	3,02	283	BBB+	8,49%	3,60%	-2,07%
Emerging Debt & Currencies	3,30	7,44%	5,39	272	BBB+	6,06%	6,24%	-3,49%

Source: Internal BNPP AM – March 2024

For illustrative purpose only, do not constitute any investment recommendation.

Past performances or achievement is not indicative of current or future performance.

For more information on risks, please see the "Investment risks" section of the Fund's prospectus, which is available at www.bnpparibas-am.com

Please contact your BNPP AM Client relationship manager to discuss further about your need of diversification of fixed income investment.

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VIEWPOINT



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