Global Investment Views

No. 2 – Dec 2023

Trust must be earned

Amundi ASSET MANAGEMENT

Receding inflation is good news

Falling pace of inflation has been driving the markets but central banks' job is not complete yet. We also see pressures on consumption that could affect economic growth and corporate earnings, calling for a cautious and diversified stance.

The bonds story has just started

We see recession risks in US and sluggish economic growth in Europe. This, along with inflation coming down, keeps us constructive and flexible on US government bonds.

Emerging Markets offer opportunities amid divergences

We believe Emerging Market's diversity and strong economic growth potential make them a key opportunity for global investors. We see opportunities in bonds in Mexico, Brazil as well as in equities for instance in India, Indonesia.

Differentiate in credit to enhance income

Credit offers attractive returns but we focus on high grade companies, such as those in EU, that have low debt and can maintain cash flows. We are cautious on low rated names with high refinancing needs.

Look beneath the surface in equities

Large cap segments in US and Europe are expensive. However, if we dig deeper, there are areas such as US value, quality and Japan that are attractive, and show strong balancesheets.

March forward with bonds, EM assets in your armoury

We see a positive backdrop for bonds, quality EM assets and corporate credit. Overall, we believe investors should stay balanced, with a tilt to quality assets.

Glossary

1. Inflation: Increase of the general level of prices for goods and services, decreasing purchasing power as a result.

2. Central bank: Institution that manages the currency and monetary policy of a country or monetary union, ensuring economic and financial stability.

3. US Treasuries: Refer to government bonds issued by the Unites States.

4. Investment grade: Refers to securities for which the Standard & Poors rating is greater than or equal to BBB- and considered by them as having a low risk of non-repayment.

5. Value: Refers to an investment strategy in undervalued companies, with a price deemed too low and with an attractive potential of recovery.

6. EM = Emerging markets, **DM** = Developed markets.

IMPORTANT INFORMATION

Amundi Asset Management - Amundi AM, French joint stock company (Société par actions simplifée) with a capital stock of 1 143 615 555. Portfolio management company approved by the French Financial Markets Authority (Autorité des marchés Financiers - AMF) under no.GP 04000036 Head office: 91-93, boulevard Pasteur, 75015 Paris – France

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