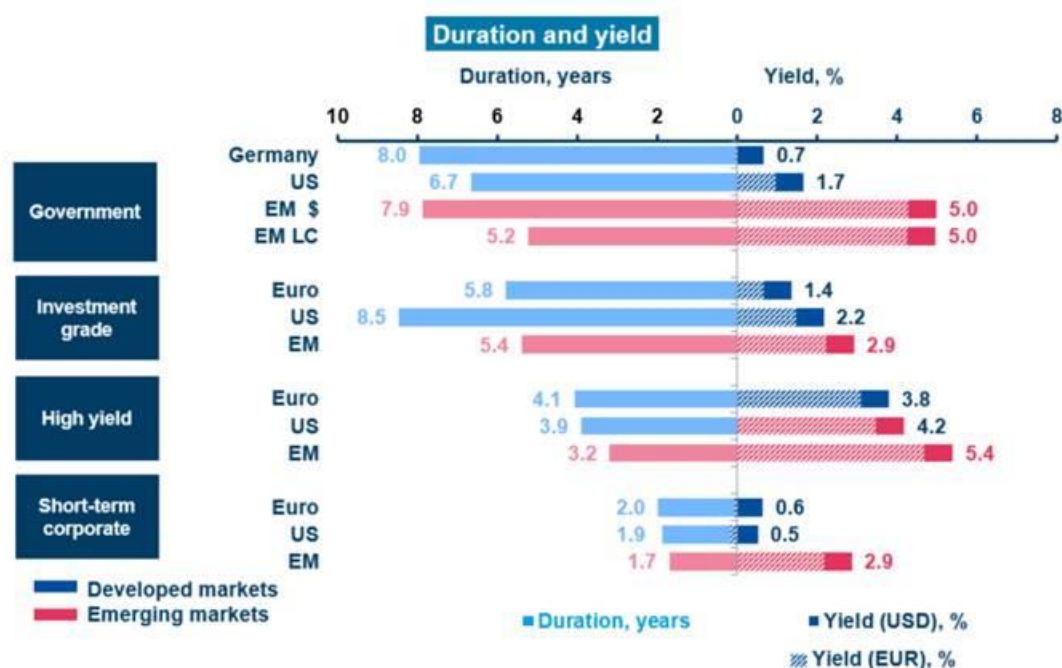


INFLATION REVIVAL: IS YOUR PORTFOLIO PREPARED?

June 2021

THE INFLATION MOMENT

- Inflation has remained dormant for a long time, with years of below-target and weak inflation, but we are now reaching a delicate juncture where inflation is taking the driver's seat in financial markets. We think this is the start of a journey towards a mid-to long-term period of higher inflation and lower growth.
- We believe now is the time to reduce duration. Bond investors should stick to short, active duration and moderately long credit. At the same time, investors should be agile in playing duration at this stage as phases of undershooting and overshooting can offer tactical opportunities. Yet while reducing some of their short stance when the time comes, investors should resist the temptation to go long duration.
- Investors should remain flexible to include instruments such as securitised credit, floating notes and inflation-linked bonds, as well as **High Yield** and **Emerging Market** debt to try to increase the income of portfolios. This is because some of the more traditional indices have significant duration risk, which could affect portfolios at a time when rates may rise.



Source: Amundi analysis on Bloomberg data as of 23 May 2021. Euro short term as on 21 May 2021.

FOR BONDS, KEEP IT SHORT!

- We believe that Fixed Income investors should look at opportunities in short duration higher yielding assets such as High Yield and Emerging Markets bonds with a short duration bias.
- **LOOK FOR A COMBINATION OF INCOME AND CAPITAL GROWTH**

Amundi Funds Pioneer Global High Yield Bond offers clients a top-down and bottom-up strategy, investing across US, Euro and EM corporate and sovereign credit, with a strong emphasis on security selection, particularly in the B-rating category. Active currency positioning and investing in select convertible bond opportunities diversifies risk. The investment process is designed to maximize total return through thoughtful risk-taking

- **SEEK YIELD POTENTIAL WITH LIMITED RISK EXPOSURE**

Amundi Funds Emerging Markets Short-Term Bond offers clients lower interest rate risk with high yield potential. A short duration profile allows us to minimise rising interest rate risk, while our active, value driven, fundamentally oriented selection approach allows us to invest in emerging market issuers with attractive yields, while aiming to avoid capital impairment risks.

DISCOVER MORE OF AMUNDI'S CONVICTIONS



[Global Investment View](#)



[The Inflation Moment – Strategies to protect portfolios from inflation risk](#)



[Emerging Markets Charts & Views](#)

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