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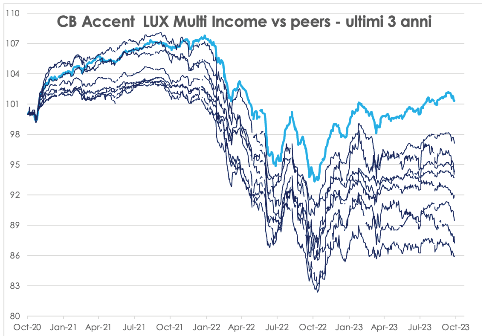
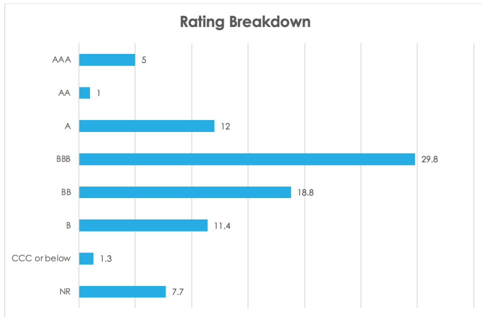
ALL IN OR HOLD

2023 is proving to be particularly tough for investors, after three equally tricky years, except for those invested exclusively in the Nasdaq index. The elements that characterised the rest of year and will define at least part of 2024 are the following:





- **The highest levels of interest rates in 15 years** driven by expectations of robust economic growth and of high interest rates forever.
- **The marked regression in the inflation rate during the year**, which followed the run-up: Despite the possibility of greater resilience in the coming months, the inflation trend seems to be downward due to the lagged effects of some very important subcomponents.
- **In addition, the market is definitely overestimating the economic outlook**, which has proved resilient only thanks to the 'doping' effect of subsidies during the pandemic and the extremely accommodative monetary policy. The party is over, and we will soon see the negative effects of the most aggressive global monetary policy of the last decades.
- **The monetary tightening cycle is over.** Real rates are now generally above potential growth and are in any case inconsistent with the very high levels of public and private debt, which would require a high nominal growth instead. We are playing with fire.

During the last few weeks investors witnessed one of the most violent interest rates hike in decades, and 2023 could become the third year in a row of negative returns in government bonds, constituting an unprecedent situation.
Nonetheless, **our Multi Income fund has remained remarkably stable** with a performance above 4% YTD. Either we are on the verge of a sharp economic slowdown with spreads widening moderately but rates falling sharply, or growth (and rates) will miraculously remain at current levels and bonds will take home their full carry, which is finally much "juicier" than in the past and now very competitive versus the equity asset class.
Our **CB-Accent Lux - Multi Income** fund, with a history of almost five years, shows the following characteristics:

- **A careful bond selection** that blends corporate strength and profitability, with a preference for the BBB segment, in order to maximise the yield-to-maturity ratio;
- **A broad sector and issuer diversification** in the HY component to benefit from an additional extra return;
- **An average duration of less than 4 years**, low currency risk and an attractive **YTM of 6%**, with an **average rating of BBB**;
- **An optimal and reasoned allocation of final maturities** spread over several years, in order to exploit the full potential of the curve and capture market opportunities;
- **A high degree of flexibility and fast adjustment to changing market situations** by dynamically varying exposures across the rating curve;
- A **weighted portion** (max 10%) **of high-dividend equity blue chips** that allows a moderate participation in market upturns, but without jeopardising the stability characteristics of the bond asset class.