



ONE YEAR LATER

As February 2023 comes to an end, let us return to the economic consequences of a year of war in Ukraine.

The most visible ones relate to energy security. Thankfully, the Euro Zone has avoided gas shortages this winter. However, the war in Ukraine is partly responsible for the extension of the global inflationary pressure on commodities and goods prices. Today, although energy inflation has fallen off its peaks, it has expanded to services and wages, making it even more difficult for central bankers to fight against inflation. Nervousness is therefore unsurprisingly back: investors are readjusting their terminal rate expectations upwards. Overall, because the energy shock is a long-lasting one, the war in Ukraine should deeply change the EU's economic profile. A less competitive industrial production due to high energy prices means less productivity gains and a weaker potential growth, and the transition from a situation with a current account surplus to one with a slight deficit. This is all the more difficult as investment needs are numerous and growing (energy transition, expansion of military programs, etc.). One year after war returned to Europe, we underline two main financial effects of the hostilities: the upward pressure on short-term interest rates (central banks' reactions to inflation) and on long-term ones (increased investment needs) and the return of market volatility, especially on rates.

MAIN TAKE AWAY

CATHERINE HUGUEL WILL ATTEND THE 39TH ANNUAL NATIONAL ASSOCIATION OF BUSINESS ECONOMICS (NABE) ECONOMIC POLICY CONFERENCE ON MARCH 28-30, 2023 IN WASHINGTON DC.

ARRANGED AROUND THE THEME "ORIENTING POLICY FOR A POLARIZED WORLD", THE CONFERENCE WILL BE A GOOD OPPORTUNITY TO MEET WITH CENTRAL BANKERS AND GRASP INFORMATION AT THE SOURCE ON THE NEXT MONETARY POLICY MOVES TO EXPECT

2023 PERFORMANCE TARGETS CONFIRMED...

...following the performances achieved in February, thanks to the issuances picked by our fund managers and the current yields on board in our funds.

HUGAU GESTION FIXED-INCOME FUNDS 2023 EXPECTED RETURNS

(based on current yield)



HUGAU MONETERME :	3/3.5%
HUGAU OBLI 1-3 :	4/5%
HUGAU OBLI 3-5 :	4.5%
HUGAU 12M :	4% Dedicated AIF 1 year (*)

(*) from March 15, 2023 to the end of April 2024, AIF investment period



Past performance is no guarantee of future performance



OUR TOP PICK - HUGAU OBLI 3-5

ISIN CODE FR0010731513



FOR MORE INFORMATION ON OUR 2023 INVESTMENT STRATEGY OR OUR FUNDS: CONTACT US



YOUR USUAL CONTACTS REMAIN AT YOUR DISPOSAL



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Tailored so as to offer performance through a corporate bond strategy based on an investment horizon of 18 to 24 months.

In this fund, short/medium term corporate bonds with maturities ranging from 3 to 5 years are held to maturity after they are selected by our internal credit analysis team.

In 2022, a difficult year for markets, Hugau Obli 3-5 held up well, outperforming its benchmark thanks to our fund managers' ability to quickly adapt to unfolding events and their judicious hedging strategies implemented very early on, coupled with the reduction of duration risk. This made it possible to limit the drop in the fund's net asset value to -3.87% compared to -9.91% for its benchmark index.

In 2023, the context is brighter with interest rates finally on an upward trend. Still, cautiousness remains the key to benefit from the rise in yields and avoid related capital losses.

In 2023, investors should benefit from the fund's short duration, an effective hedging policy, and an attractive current yield of around 5%. Management will still favor strong sector diversification, but with a slight upturn in the euro financial sector in line with the strengthening of banks' balance sheets in the Euro Zone and an overweight of cash-rich sectors (energy, telecoms, etc.).

In this context, we anticipate a performance of around 4.5% this year.

PERFORMANCE OF OUR MUTUAL FUNDS AS OF 03/10/2023

	FLAT CUMULATIVE PERFORMANCE					
	% 1 month	% 3 months	% YTD	% 1 year	% 3 years	% 5 years
HUGAU MONETERME - I FR0013267663	0,20%	0,58%	0,46%	0,50%	0,21%	-0,06%
HUGAU OBLI 1-3 - I FR0010613521	-0,02%	2,03%	1,73%	1,22%	1,63%	-0,46%
HUGAU OBLI 3-5 - C FR0010731513	-0,26%	1,62%	1,62%	1,08%	0,99%	-1,12%
HUGAU PATRIMOINE FR0010027862	-0,50%	1,40%	1,56%	-0,82%	18,01%	7,70%
HRENDEMENT RESPONSABLE - C FR0010401075	1,40%	8,48%	11,64%	13,39%	73,21%	33,29%
HUGAU ACTIONS MONDE FR0011653773	-2,73%	0,82%	0,38%	2,50%	62,61%	52,49%

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