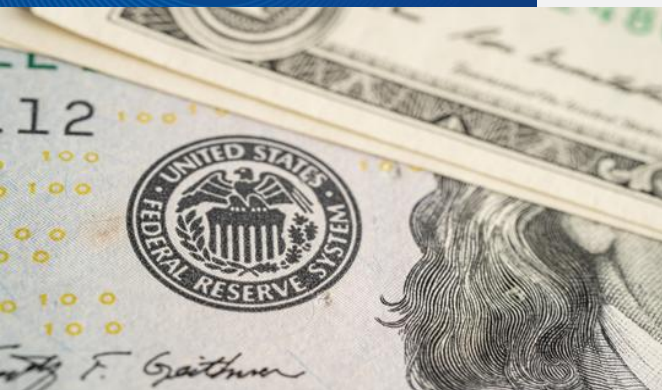




**HUGAU GESTION**  
Banque Richelieu

# HUGAU GESTION MONTHLY LETTER

MARCH 2025 - N°23



## REPORT ON THE NABE CONFERENCE FROM MARCH 02 TO 04, 2025 IN WASHINGTON DC BY CATHERINE HUGUEL CONSULTANT STRATEGIST

### Key players :

- Philip Swagel**, Director, Congressional Budget Office
- Alberto G. Musalem**, President and CEO, Federal Reserve Bank of St. Louis
- Charles Evans**, Former President and CEO, Federal Reserve Bank of Chicago

### US economy in 2025

**I. A solid economy, but with structural imbalances that have so far been easily financed by international confidence in the dollar.**

#### I.1.) 2025 starts on a strong footing.

##### I.1.1. Solid domestic demand:

- consumption (full employment + wealth effect),
- investment (equipment + intellectual property products, especially software, R&D),
- the only weak sector is housing (affordability, low inventory, lack of land; mortgage rate = 7%) with important geographical imbalances.

I.1.2. Inflation decelerating, helped by productivity gains which reduce the rise in unit labor costs due to wages (+4% year-on-year). Alberto G. Musalem, President of the St Louis Fed, indicates that the difference between corporate revenues and profits growth is a good proxy of productivity gains.

#### I.2.) Structural imbalances financed easily so far.

I.2.1. A huge federal budget deficit financed by the liquidity of financial markets.

I.2.2. A huge trade and current account deficit filled by inflows from abroad (USA = Net debtor).

## II. The shock of the Trump program on the US economy and the rising new risks.

II.1.) Revision of the Rule of Law by the DOGE (Department of Government Efficiency).

II.2.) Fiscal stimulus in an economy in full employment: extension of the tax cut balanced by lower spending including a willingness to reduce healthcare.

II.3.) The trade war is coming.

-Upward effect on prices (imports from Mexico and Canada). Some examples: fruits and vegetables, cars, construction materials, etc.

-dampening effect on growth (call into question of the USMCA). Example of spare parts in cars, the fragility of small businesses).

II.4.) The fight against illegal immigration reduces the pool of available labor as the US economy ages => upward effect on wages.

II.5.) Economic agents' confidence is weakened by the DOGE and potential cuts on Medicaid (Budget Resolution expected in April 2025).

II.6.) The rise in asset prices was the driver of "overconsumption" in 2024. Now, the opposite market trend could dampen consumption (see performances since 12/31/24).

## III. Review of the Hugau Gestion investment scenario for 2025: what will the FED do in this new configuration?

a/ wait,

b/ then navigate according to the relative evolution of its two foundation objectives (full employment/ price stability at 2%). The trigger for a change in the monetary policy stance: the possible drift of inflation expectations on the one hand, and the health of the labour market on the other,

c/ exit the QT soon monetary as reserves become less abundant.

### Hugau Gestion 2025 forecasts

#### USA:

- Fed Funds (upper bound) 4%
- 10-year Treasury 4 / 4,50%
- € / \$ 1,1
- US equity markets **underweight**:
  - Expensive market,
  - Risk of downward revisions of profits in 2H25 (slowdown),
  - Dollar depreciation,
  - Reallocation to domestic sectors (life insurance, telecommunications, utilities, retail banking) and laggards (health, oil).

## 2025 ANNUAL PERFORMANCE TARGETS

(based on current yields)

**HUGAU MONETERME - FR0013267663 : €STR +35 bps**

**HUGAU OBLI 1-3 - FR0010613521 : +4%**

**HUGAU OBLI 3-5 - FR0010731513 : +4.5 / 4.75%**

**HUGAU OBLI 2028 - FR001400KCR8 : +6%**

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## FOCUS ON HUGAU 12M

## HUGAU 12M: OPENING OF THE SUBSCRIPTION PERIOD

**HUGAU 12M is an AIF dedicated to 20 investors**, aimed at a professional clientele. **The subscription/redemption period for our fund will run every Friday from March 21st to April 25th, 2025 included.**

**HUGAU 12M FR0011201896** offers an alternative to open-ended mutual funds and bank term deposits for investors with a 10 to 12-month horizon who want to optimize the risk/return trade-off while investing their free cash.

Since its creation in 2012, the fund has posted a steady cumulative **performance of +23.3%** vs. 2.62% for a renewed investment of the 1y OAT. Between 03/31/2024 and 02/10/2025, the fund gained +4.86% (+3.1% OAT 1Y; +3.1% €ster).

The portfolio consists of corporate bonds (VEOLIA, TELEFONICA VODAFONE, EDF, etc.) and a 30% portion of bank debt (BNP, BPCE, GOLDMAN, etc.) with a YTM of 4% and a sensitivity of 0.90.

Given the current situation, and as the ECB is expected to deliver additional rate cuts, the re-subscription period comes at just the right time to capture the still attractive yields.

**Expected performance from March 2025 to March 2026 is +4%, versus the 1-year OAT, at +2.2%.**

**There are still a few available spots in our AIF HUGAU 12M for investors looking to make the most of the value of their "cash at bank".**

[Link to Hugau 12M presentation](#)

## Hugau 12M - FR0011201896

The fund's subscription/redemption period runs from March 15 until the last business day of April each year. The fund is closed for one year, offering an attractive return for the investment of long cash balances.

**Buy and hold strategy** of corporate bonds of good credit quality with maturities of 12 to 18 months

Companies of good credit quality issuing mainly in Euros, selected after a thorough **in-house credit analysis**

**Portfolio:** focus on sectors & companies with recurring cash flows

A "Niche" fund to seek Alpha through the bond-picking of large and mid-sized issues

**Balanced risk:** No structured products (ABS, RMBS, etc.)

**Currency:** Bonds denominated mainly in Euros. No currency risk

## HUGAU 12M Fund characteristics

**ISIN code:** FR0011201896

**Classification:** AIF Bonds & Other debt securities in Euros, dedicated to a maximum of 20 investors

**SFDR classification:** Article 8 of Regulation (EU) 2019 / 2088

**Benchmark:** for each March N / March N+1 financial year, the OAT maturing April N+1 (chained performance)

**Recommended investment period: 1 year**

**Subscription/Redemption:** centralization every Friday D before 11:30 a.m. on the NAV calculated on D+1, settlement on D+1. The fund's subscription period runs from 15/03 to the last business day of April (inclusive) of each year.

**Managing Director:** Johan Bigot

## PERFORMANCE OF OUR MUTUAL FUNDS

As of 03/07/2025

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## FLAT CUMULATIVE PERFORMANCES

	% 1 M	% 3 M	% YTD	% 6M	% 1 Y	% 3 Y
HUGAU MONETERME - I FR0013267663	0,23%	0,78%	0,57%	1,69%	3,82%	8,37%
HUGAU OBLI 1-3 - I FR0010613521	-0,02%	0,99%	0,94%	2,72%	5,79%	13,26%
HUGAU OBLI 3-5 - C FR0010731513	-0,27%	0,63%	0,70%	2,53%	6,13%	13,44%
HUGAU PATRIMOINE FR0010027862	-0,27%	1,94%	3,40%	7,49%	7,14%	16,78%
HUGAU RENDEMENT RESPONSABLE - C FR0010401075	7,32%	13,80%	17,24%	20,26%	17,03%	54,97%
HUGAU ACTIONS MONDE FR0011653773	-7,36%	-5,11%	-2,88%	9,37%	5,85%	33,73%
HUGAU 12M FR0011201896	0,12%	1,05%	0,91%	2,44%	5,20%	12,24%
HUGAU OBLI 2028 - C FR001400KCR8	-0,34%	1,03%	1,11%	3,77%	8,27%	(*)

(\*) Start date 10/16/2023

For more information on our investment strategy or our funds : contact us



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