

GAMA Presentation

 SwissTreasurer

**Exploring short-term fixed income opportunities
within the Treasury context**

February 2024

Agenda



1. Introduction
2. Short-dated fixed income opportunities for Treasurers
3. Deep-dive into a short-dated fund
4. Questions and round table discussions

SwissTreasurer

The ACTSR offers a platform to Corporate Treasurers or other people, who by reason of their profession are interested in the cash and risk management techniques, corporate finance, and other treasury related issues and processes commonly used by companies.

Membership

The Association welcomes the application of practitioners involved in corporate treasury activities.

Questions?

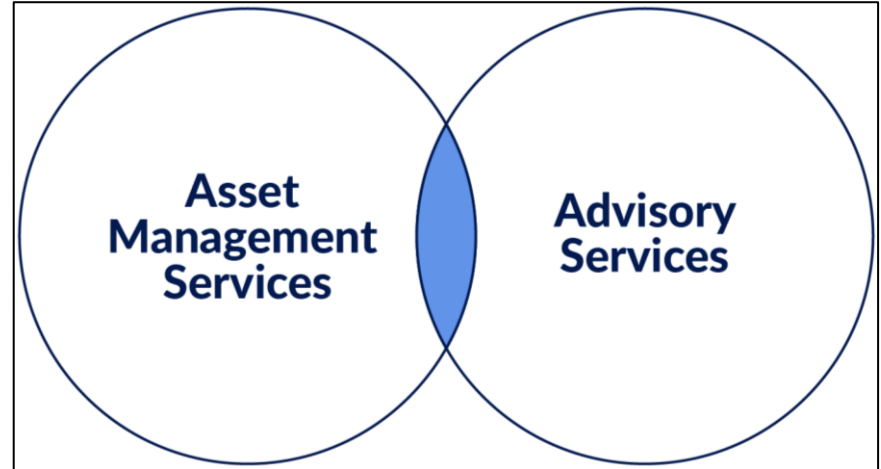
Contact us at:
info@swisstreasurer.ch

GAMA – Key Highlights



GAMA Asset Management SA

- 🕒 GAMA is an independent macro and fixed-income boutique founded and majority-owned by seasoned investment professionals.
- 🕒 GAMA provides global active solutions through funds or mandates and tailor-made investment services.
- 🕒 Our clients are exclusively professional and institutional investors willing to strengthen their fixed income, macro or asset allocation capabilities.
- 🕒 GAMA is regulated by the FINMA as a manager of collective assets (art. 24 FinIA) and authorized by the CSSF (Luxembourg)



Facts And Figures

- 🕒 Company Founded in Geneva in **2019**
- 🕒 Team of **6** investment specialists
- 🕒 **3** Luxembourg UCITS funds (GAMA Funds)
- 🕒 Assets under management **CHF 450 mm**
- 🕒 **3** independent board members

GAMA Asset Management



Manuel Streiff, CFA, FRM

Founding Partner



Prior to founding GAMA, Manuel headed the fixed income franchise of Lombard Odier's private banking arm, where he established a solid unconstrained investment framework that led to successful performance and asset growth over his 18 years in the Bank. He was a member of Lombard Odier's investment committee for 15 years. Manuel started his career in 1998 as an economist for Synthesis Bank, where he also launched and managed a Luxembourg global bonds fund.

Manuel has been a CFA charterholder since 2003 and a FRM charterholder since 2007. He holds an MA in international relations from the Graduate Institute of International and Development Studies (IHEID) in Geneva.

Jérôme Strecker, CFA, FRM

Senior Credit Analyst, Partner



Jérôme is a senior credit analyst specialized in high yield bonds. He has more than 15 years of experience, has managed several high-yield portfolios and has led a team of five credit analysts. Jérôme focuses particularly on developing quantitative tools to supplement his fundamental research.

Jérôme was previously head of credit research at Banque Lombard Odier & Cie SA in Geneva. Prior to that, he was a deputy head of the fixed income trading desk at HSBC Private Bank Suisse SA and fixed income portfolio manager at SAF & Co Financial Services SA. Jérôme started his career in 2005 as a fixed income portfolio and analyst at Lombard Odier.

Jérôme has been a CFA charterholder since 2007 and a FRM charterholder since 2006. He holds a Master in Banking and Finance (MBF) from HEC Lausanne and a MA from HEC Geneva.

What would be the main reasons for a Treasurer to invest reserves in short-dated fixed income instruments (<3Y)?

Benefit from increase in rates in the future

Efficient liquidity mgmt

Cash management

Diversification

Security

Yield opportunity

Yield

Avoiding duration

Flexibility

Yield is compelling

Peer thinking

Liquidité

Investment vehicle

Diversification on broader asset allocation



Part 1: Short-Dated Fixed Income Opportunities Within The Treasury Context

Core Treasury Functions



CASH MANAGEMENT

- Liquidity
- Cashflows projections
- Bank account management
- Intercompany transactions

INVESTMENTS

- Optimize cash balance
- Risk/Return/liquidity trade-offs
- Define limits, checks and balances

FUNDING

- ST & LT borrowings
- Bank lines (revolving or non-revolving)
- Other fundings

TRADE MANAGEMENT

- Front office execution
- Middle office
- Limits, checks and balances

RISK EXPOSURE MGT

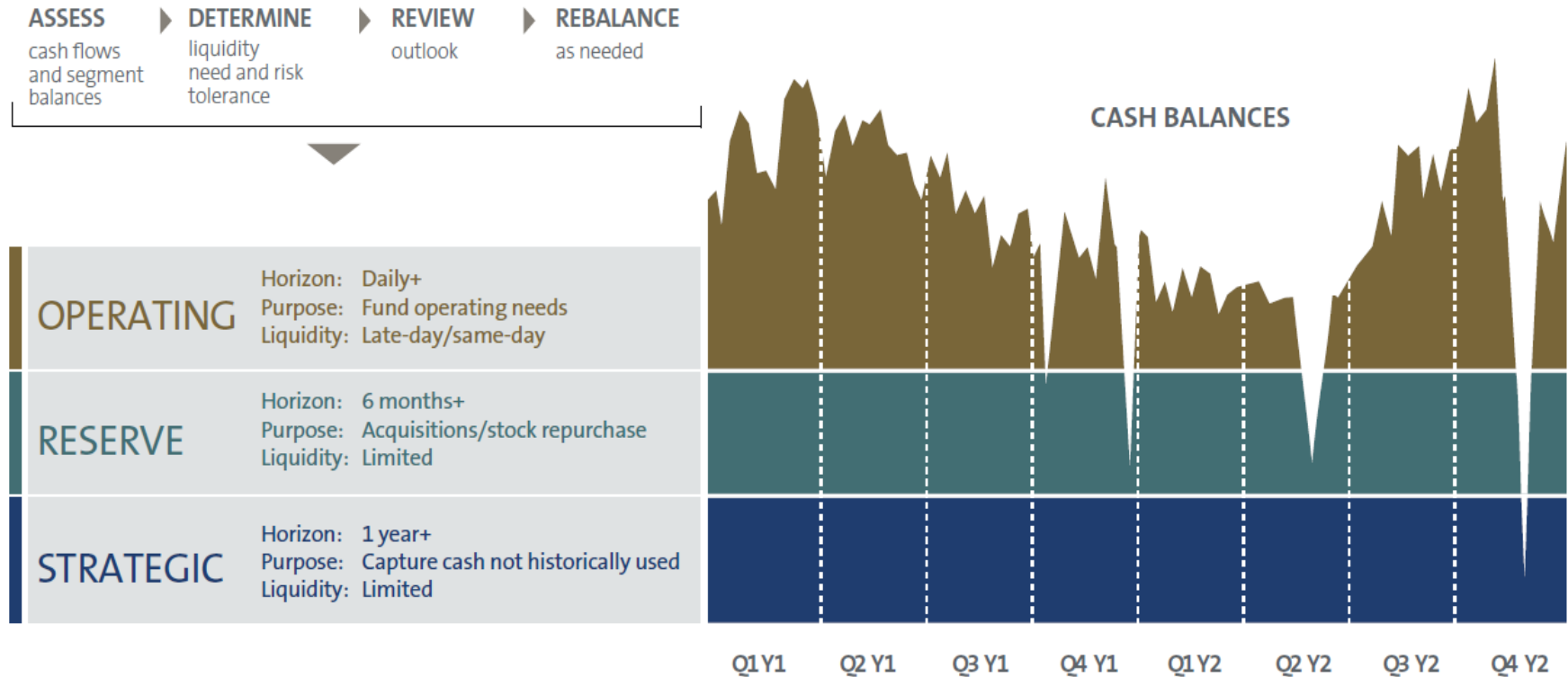
- Identify risk exposures
- FX risk overlay
- Hedges implementation

FINANCE AND ACCOUNTING

- Maintain books and records
- Valuations, ALM
- Cash accounting

Source: Bloomberg

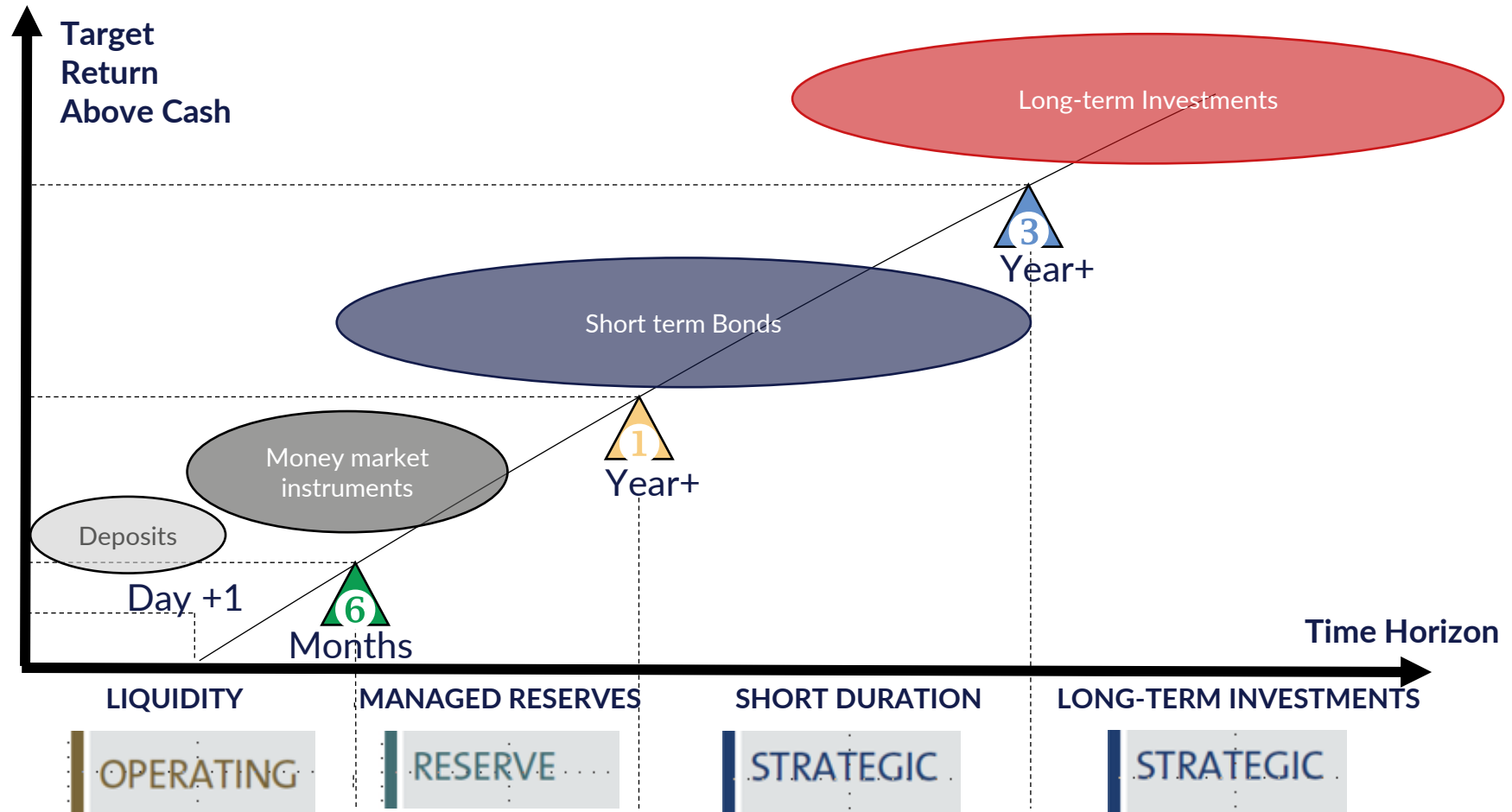
Understanding Your Cash Needs



Source: J.P. Morgan

Time Horizon And Risk Appetite

Asset-liability management exercise to match future needs



Source: J.P. Morgan, GAMA

Microsoft Example



June 30,

2023

In %

Assets

Current assets:

Cash and cash equivalents

\$ 34,704

8%

Short-term investments

76,558

18%

Total cash, cash equivalents, and short-term investments

111,262

Accounts receivable, net of allowance for doubtful accounts of \$650 and \$633

48,688

Inventories

2,500

Other current assets

21,807

Total current assets

184,257

Property and equipment, net of accumulated depreciation of \$68,251 and \$59,660

95,641

Operating lease right-of-use assets

14,346

Equity investments

9,879

2%

Goodwill

67,886

Intangible assets, net

9,366

Other long-term assets

30,601

7%

Total assets

\$ 411,976

100 %

Source: Microsoft, 2023 Annual Reporting

Microsoft Example



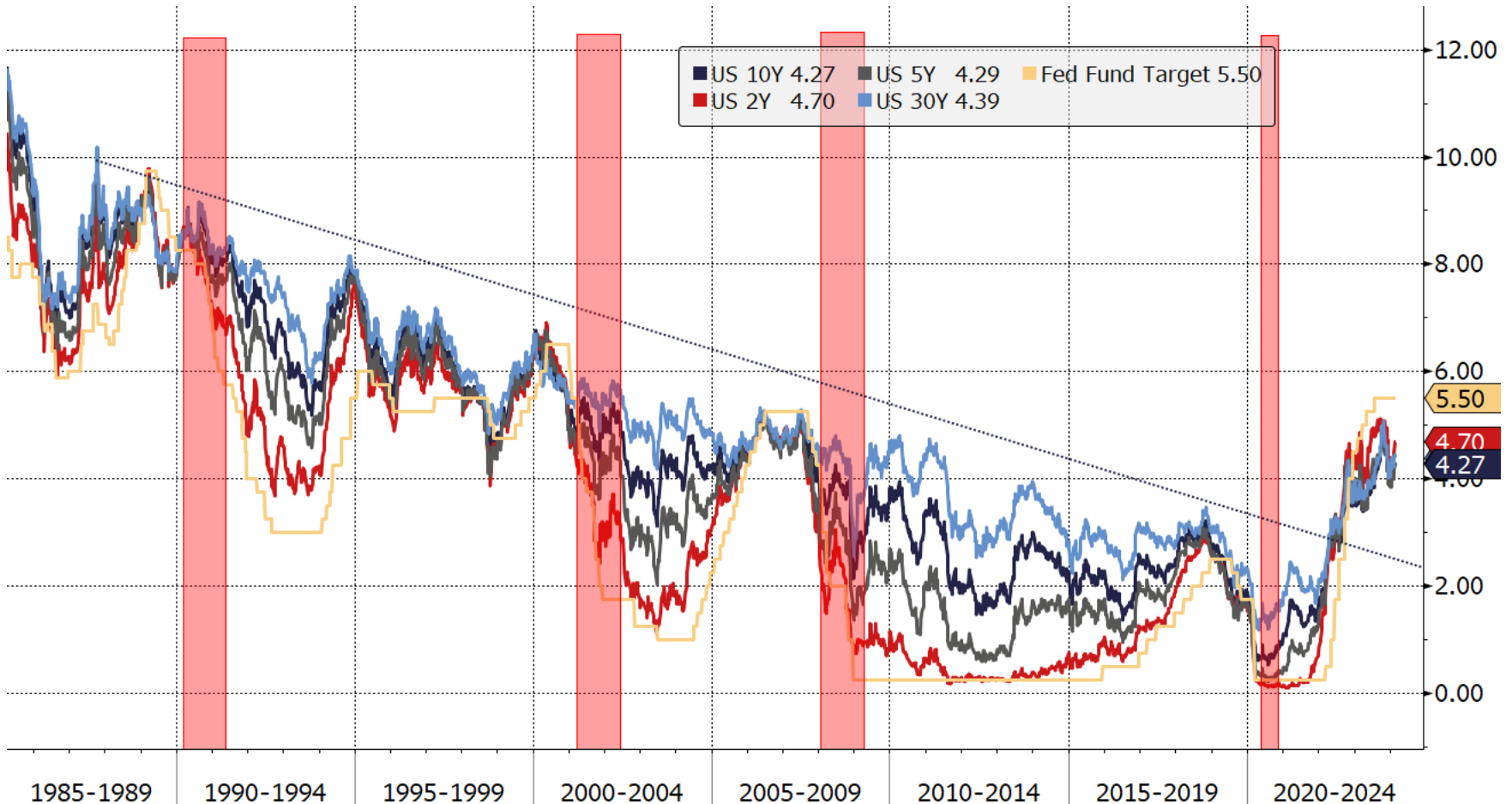
“Our short-term investments are primarily intended to facilitate **liquidity and capital preservation**. They consist **predominantly of highly liquid investment-grade fixed-income securities, diversified** among industries and individual issuers. The investments are predominantly U.S. dollar-denominated securities, but also include foreign currency-denominated securities to diversify risk. Our fixed-income investments are exposed to **interest rate risk and credit risk**. The credit risk and average maturity of our fixed-income portfolio are managed to achieve economic returns that correlate to certain fixed-income indices. The **settlement risk** related to these investments **is insignificant** given that the short-term investments held are **primarily highly liquid investment-grade fixed-income securities.**”

Source: Microsoft, 2023 Annual Reporting

US Treasury Yields



US Yields at highest since 2011, with highest points in short maturities



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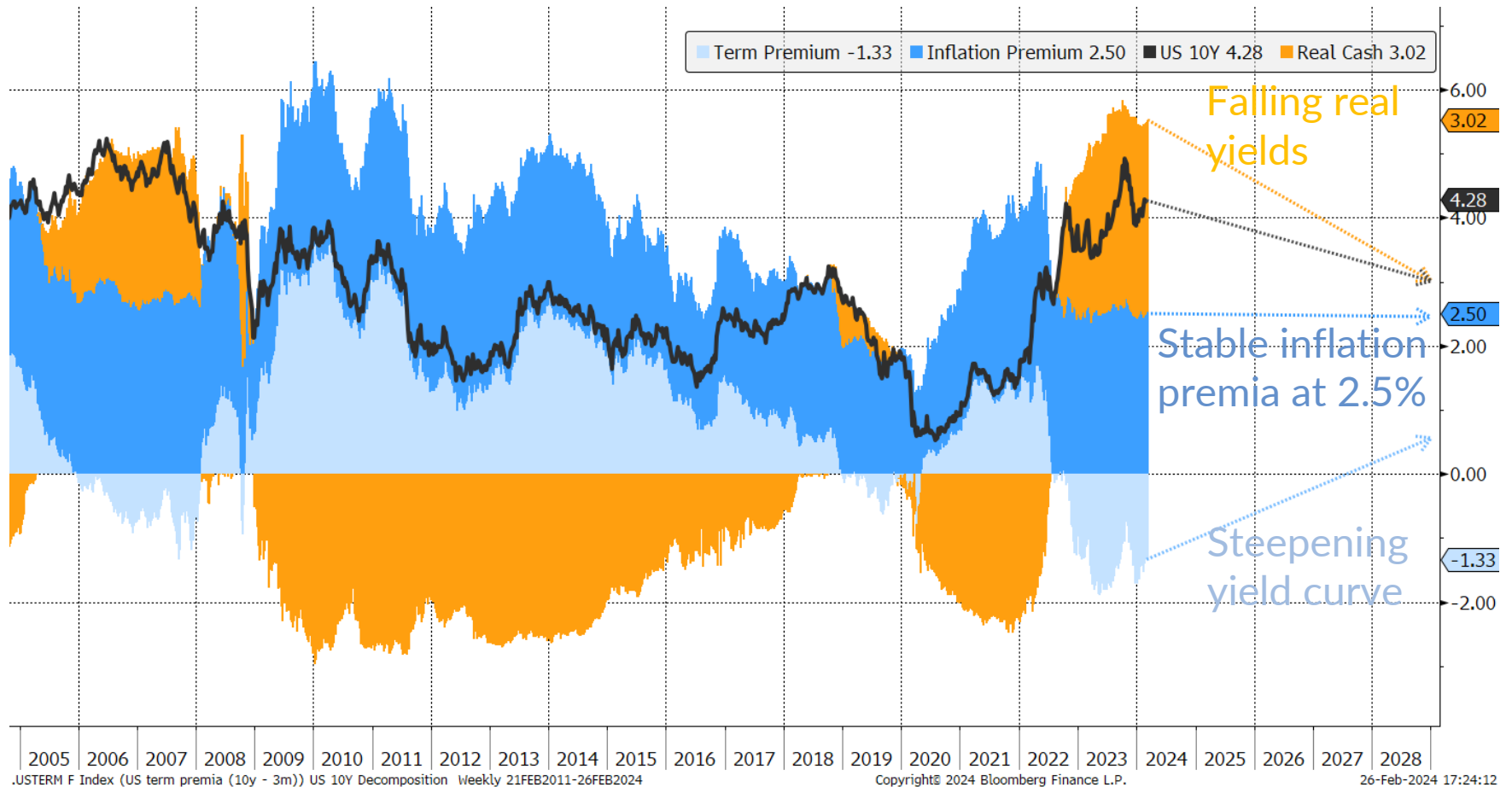
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Source: Bloomberg

US Treasury Yields



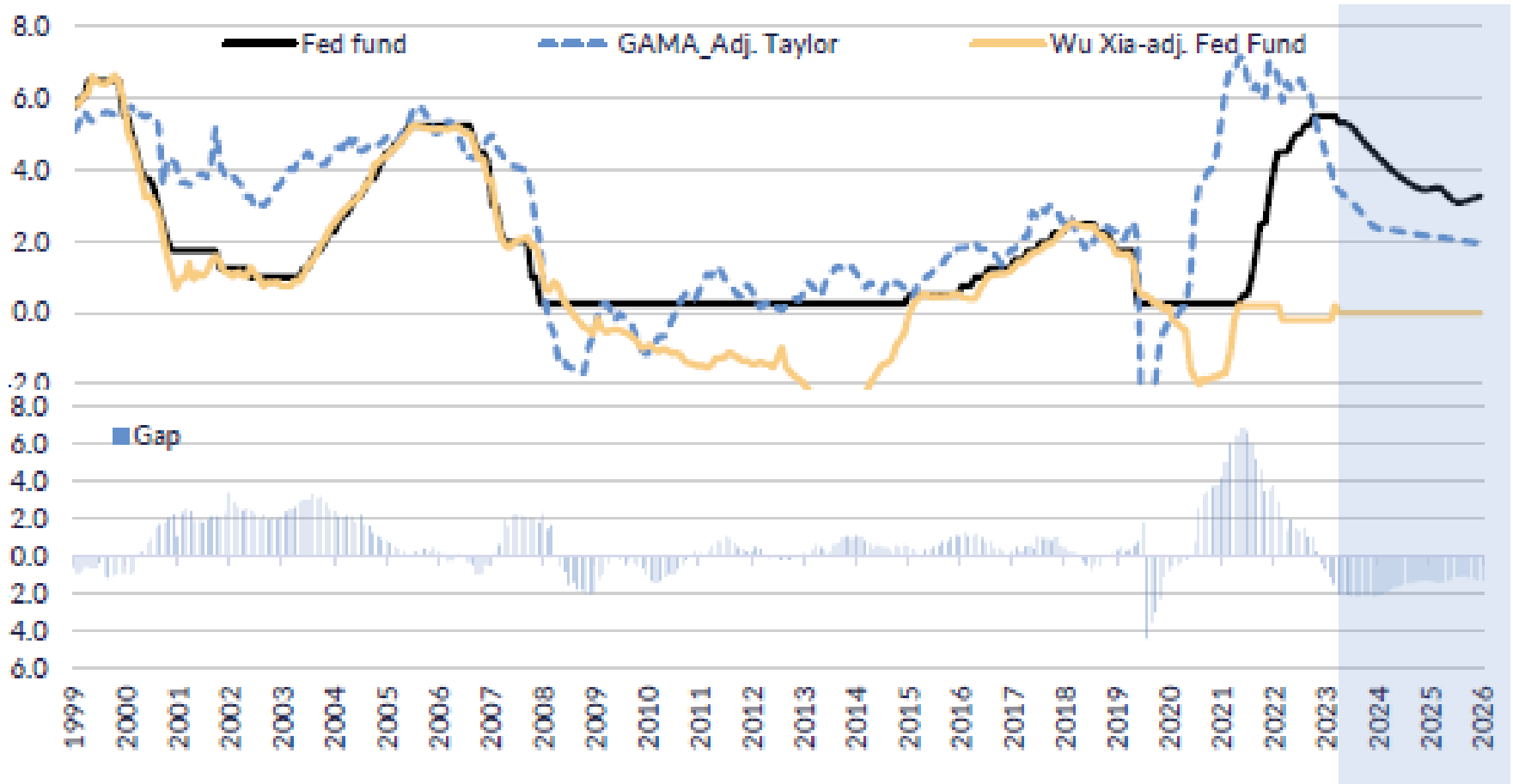
Long-term US yields should converge towards 3% in the long run



Source: Bloomberg

Fed In Restrictive Territory

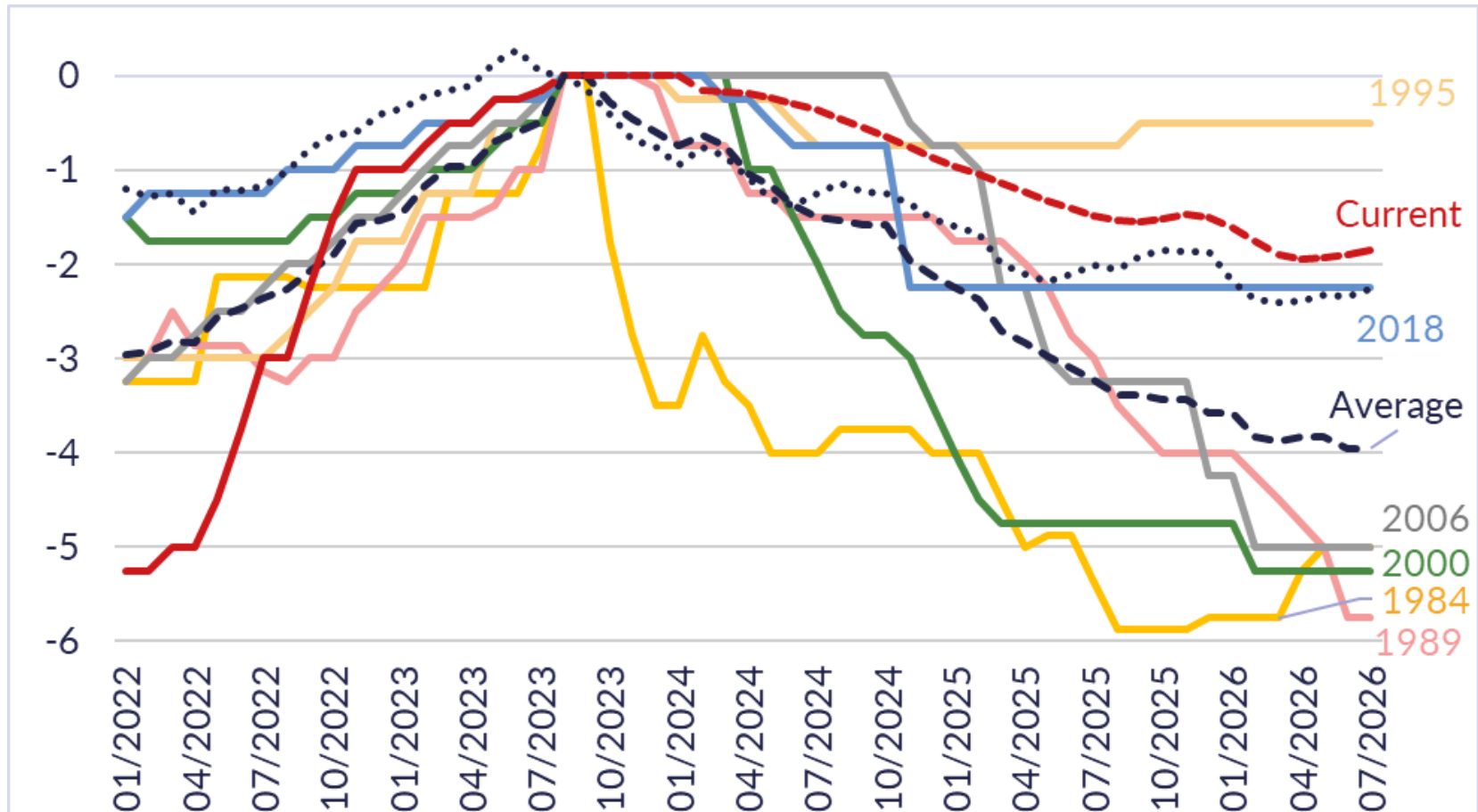
Taylor rule points towards lower equilibrium rate on lower inflation



Sources: Bloomberg, GAMA calculations, A So-called taylor rule defines the adequate level of short-term rate depending on unemployment rate and inflation target (versus respective long-term targets) .

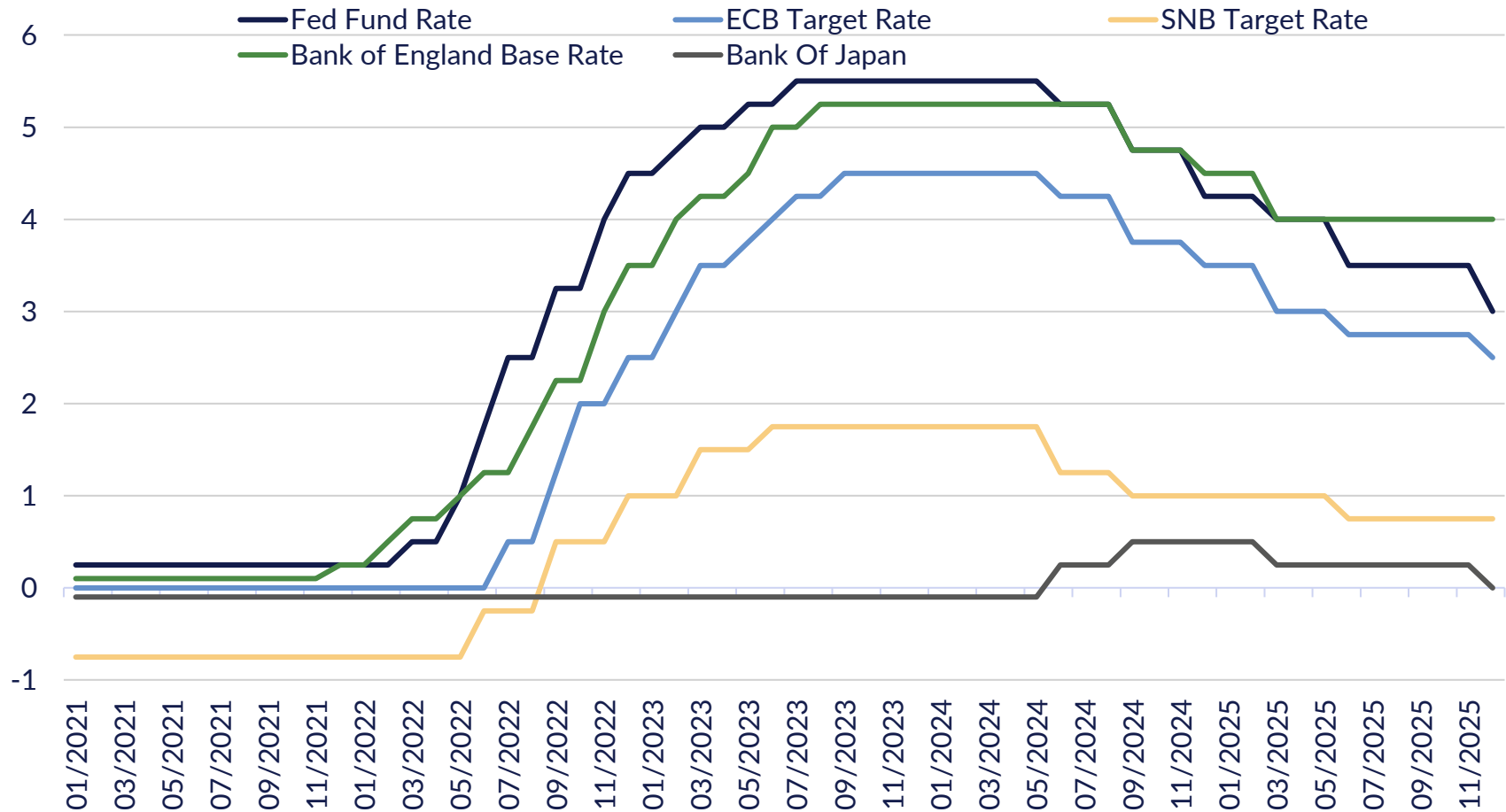
Peak in Fed Fund Rates ? What is Next ?

On average, the Fed starts cutting rate 6-7 months after the peak, by 200 bps a year



Source: Bloomberg, GAMA, Current based on SOFR future implied rates.

Main Central Bank Rate Projections

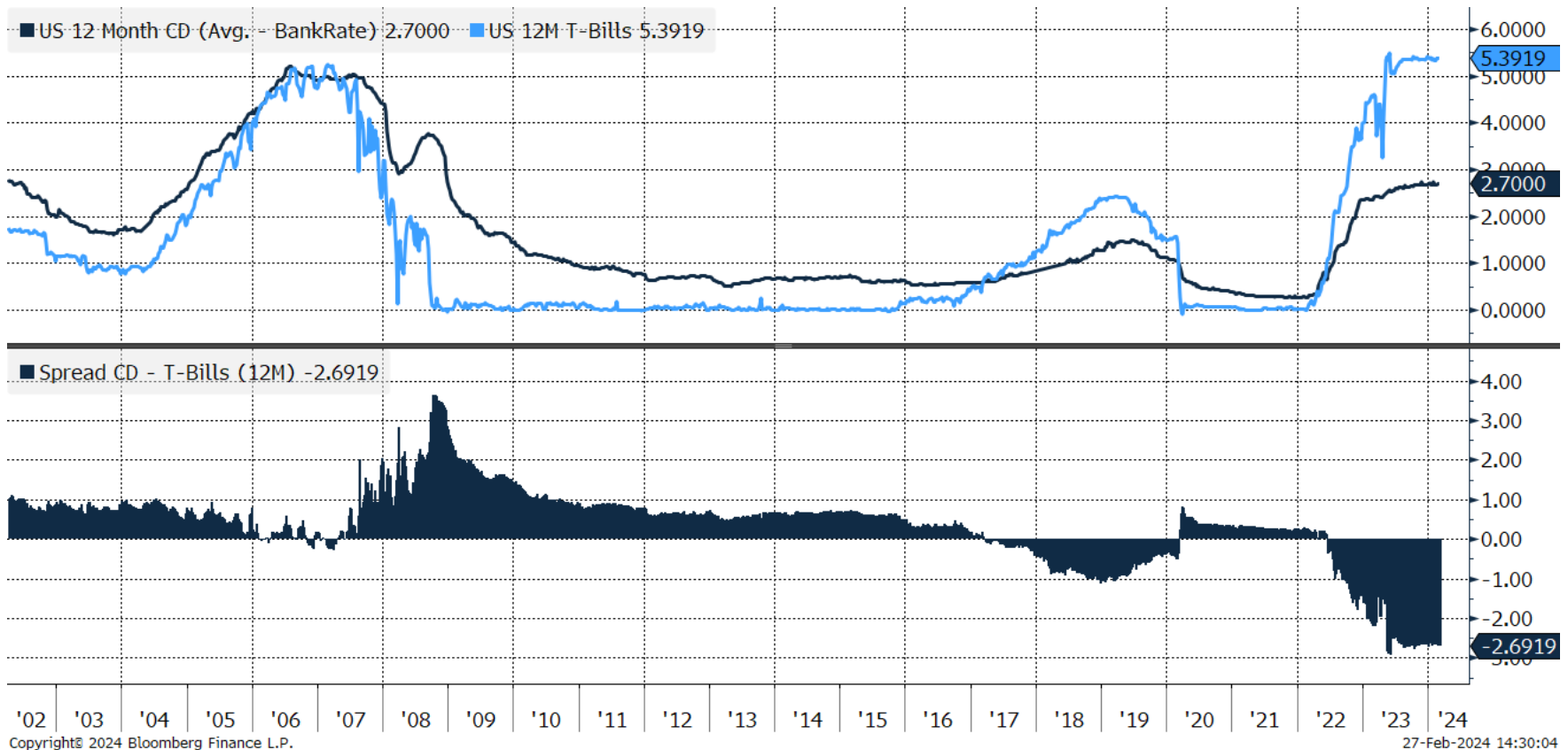


Source: Bloomberg, GAMA projections

Banking – Risks of Deposit Outflows



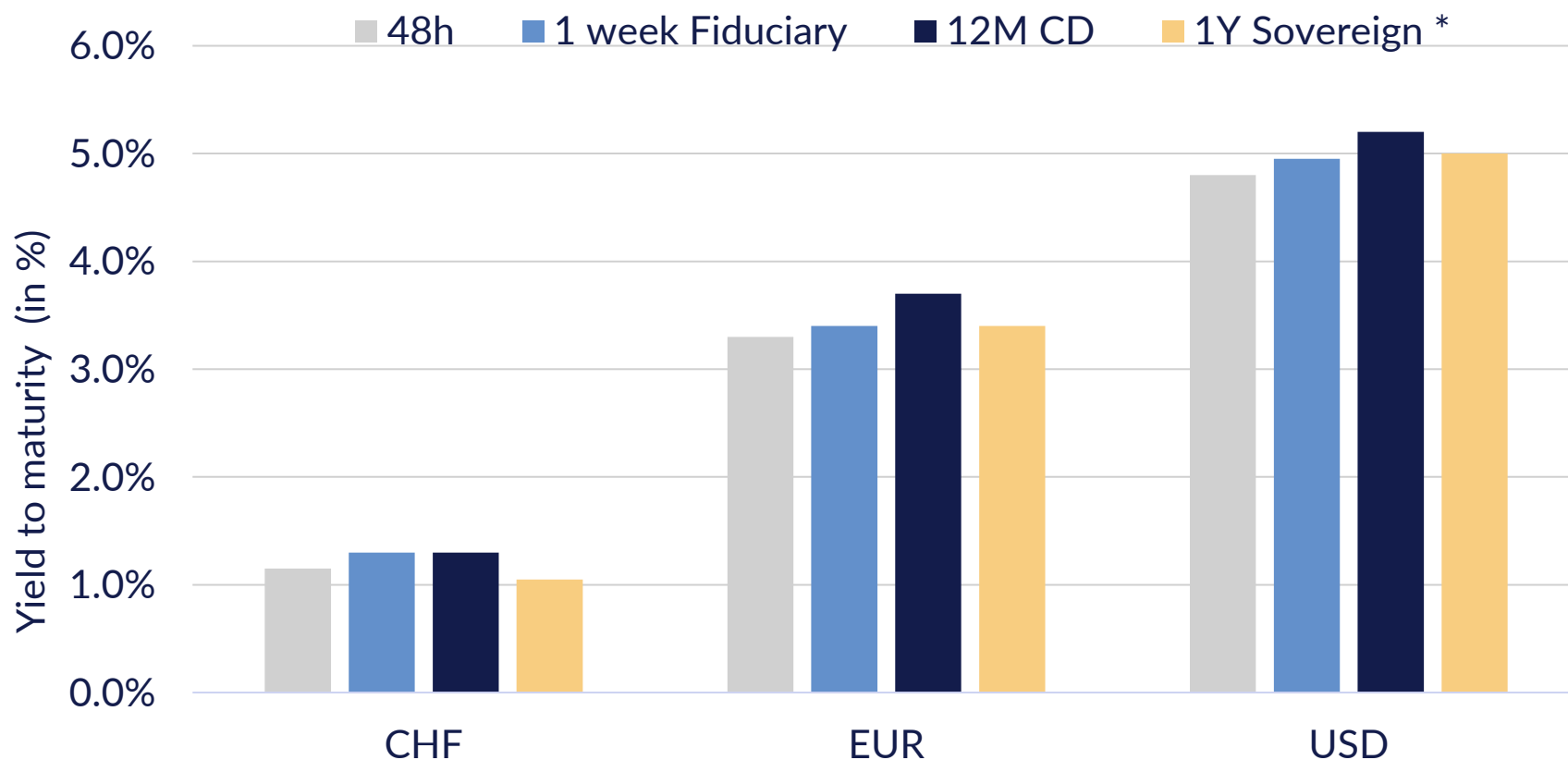
US Treasuries offer a record pickup to CDs



Source Bankrate, Bloomberg. More on the topics: <https://research.stlouisfed.org/publications/economic-synopses/2022/12/16/where-do-you-keep-your-liquid-wealthbank-deposits-or-t-bills>

Money Market Yields

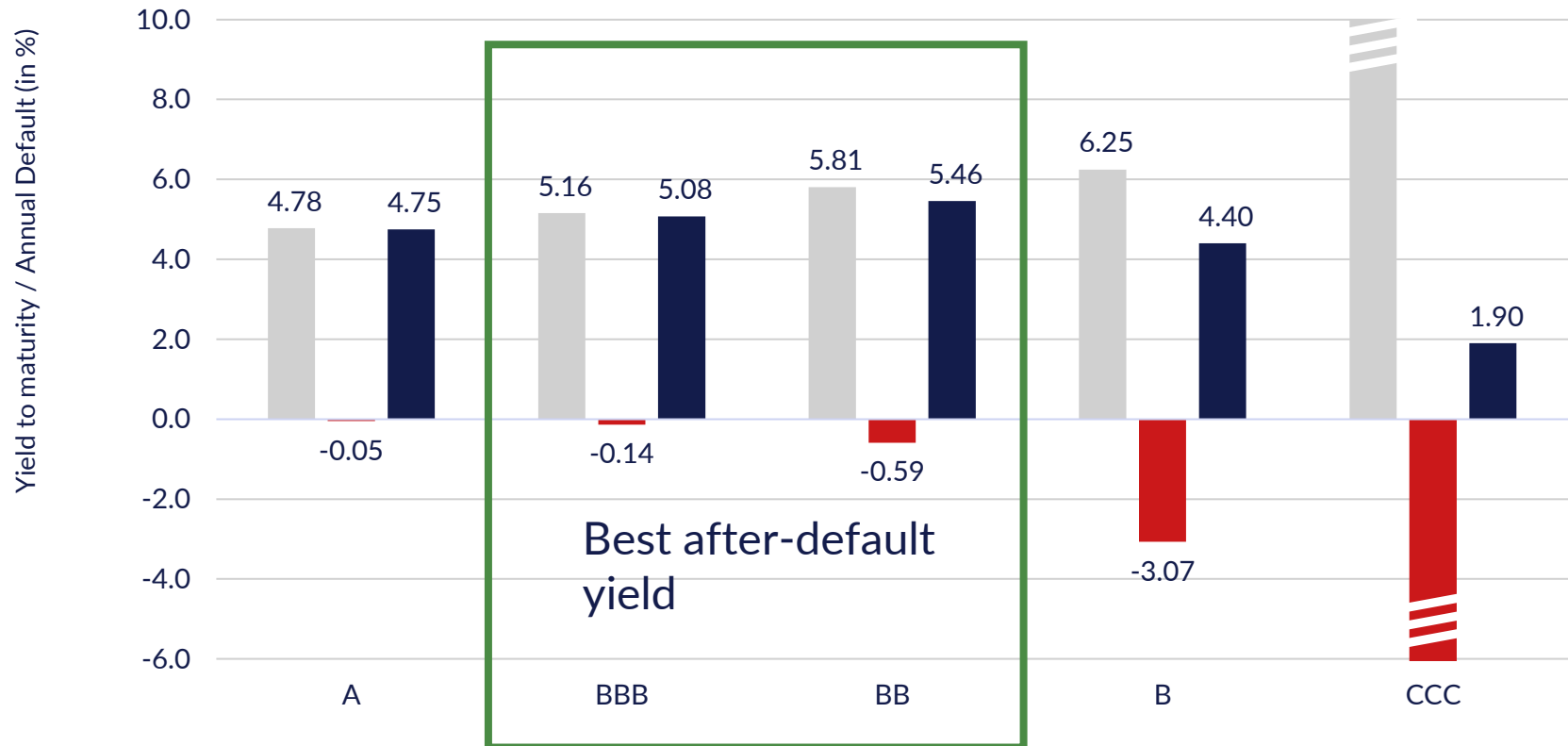
Various money market opportunities in CHF, EUR and USD



Sources: Bloomberg, Pictet, Indicative Data as of 23/2/2024, 48h A-rated bank, 1 week Fiduciary average of 3 big banks A-rated, 12M CD 1-rated bank. 1Y Sovereign with Confédération, German Bund and US Treasuries.

Credit - Default-Adjusted Yield

The sweet spot for after-default 2Y yields (using average historical default) is BBB-BB, worsening below BB- and lower

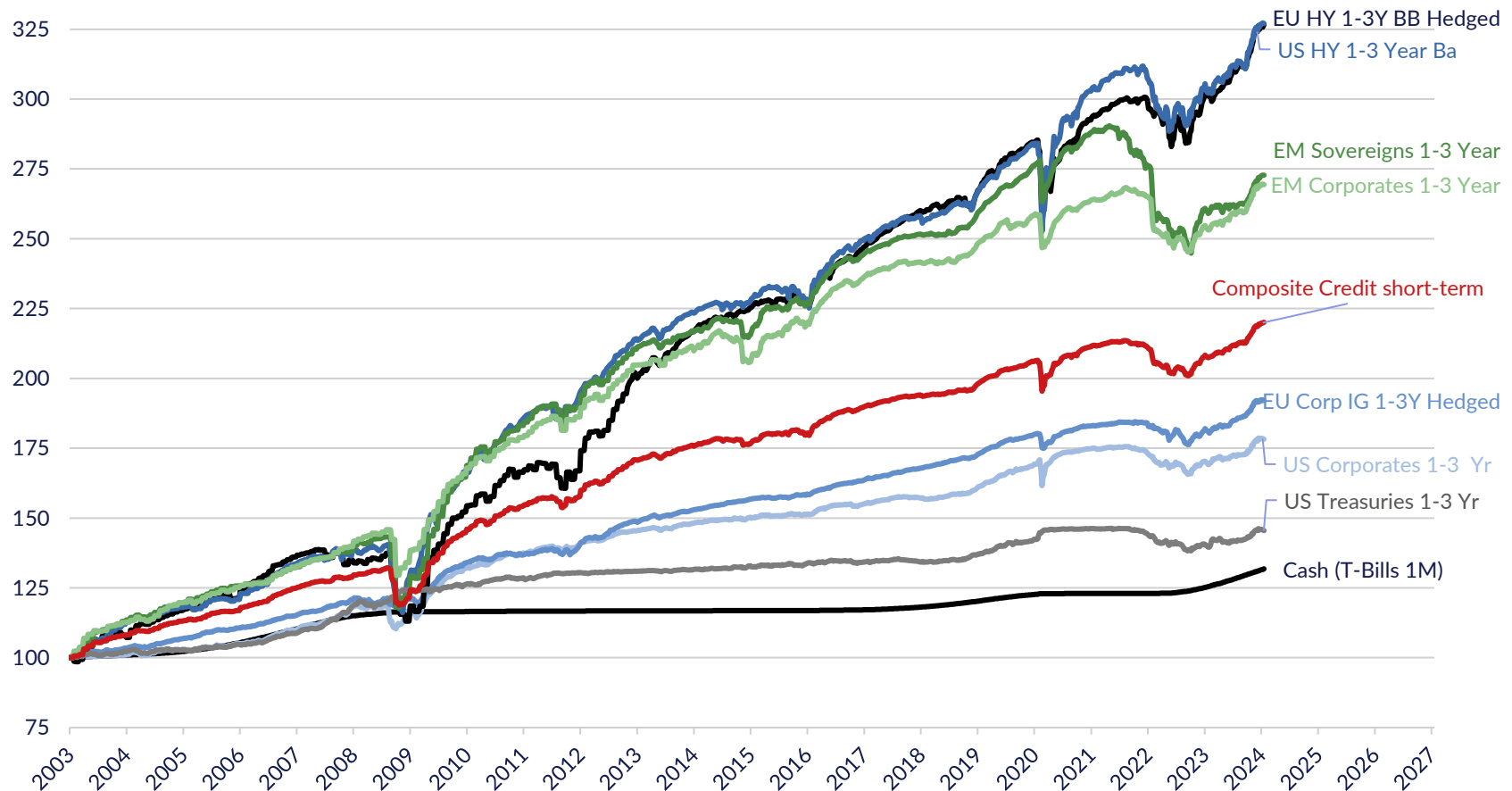


Sources: Bloomberg, GAMA Calculations using S&P average historical default Rates and 40% recovery assumptions; Note that CCC/CC default rate equals 25%.

Short-Dated Fixed Income Segments



Long-term Total Returns Short-Dated segments (<3Y)

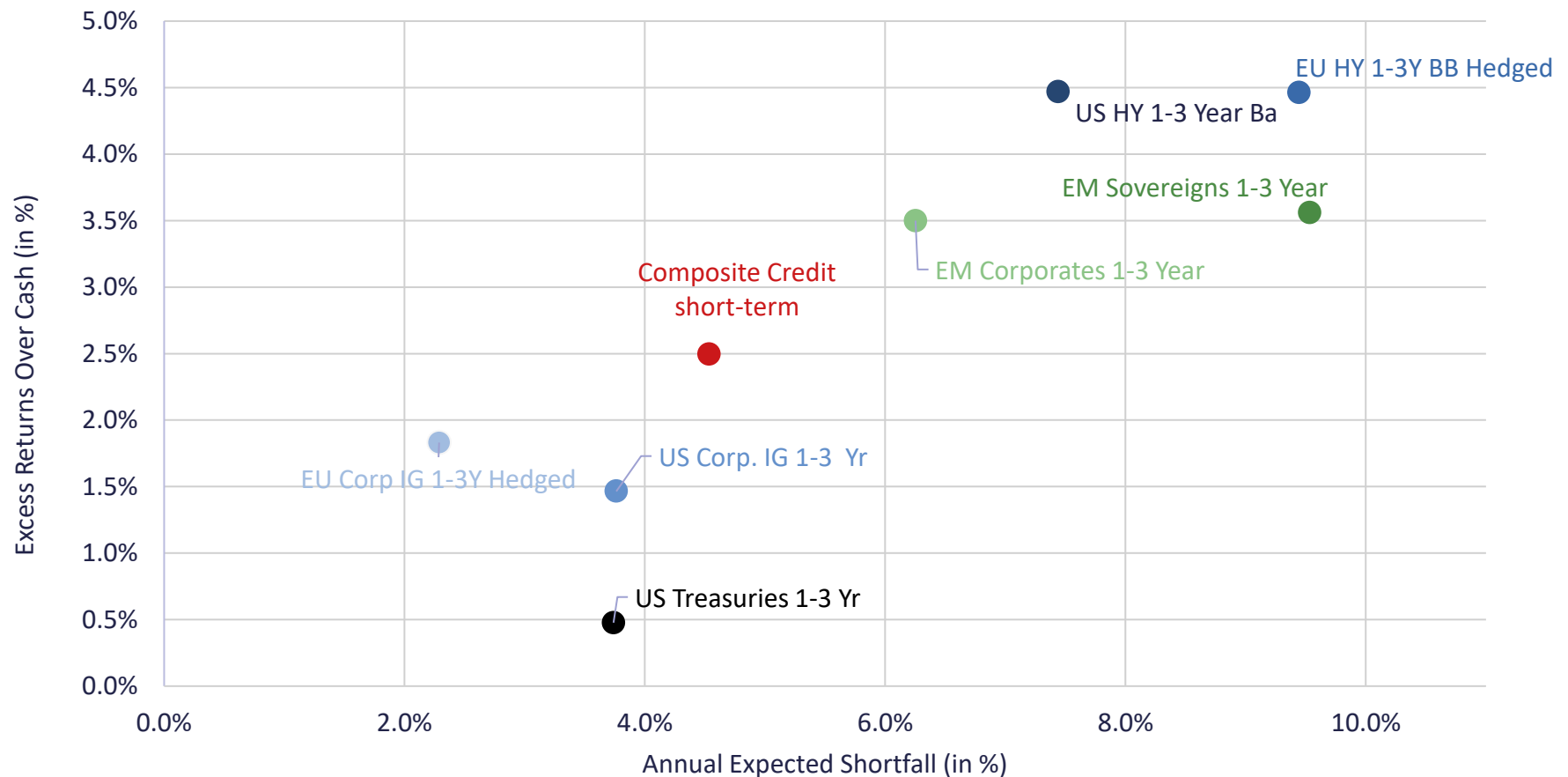


Sources: Bloomberg indices, GAMA Calculations, Composite Short-term (0-3Y maturities), composed of 1/3 of T-Bills, 1/3 of Credit >Ba EUR-hedged and USD, 1/6 of Emerging Sovereign and 1/6 of Emerging Corporates

Annual Returns Versus Risk



Annualised Total returns per unit of Annual Expected ShortFall

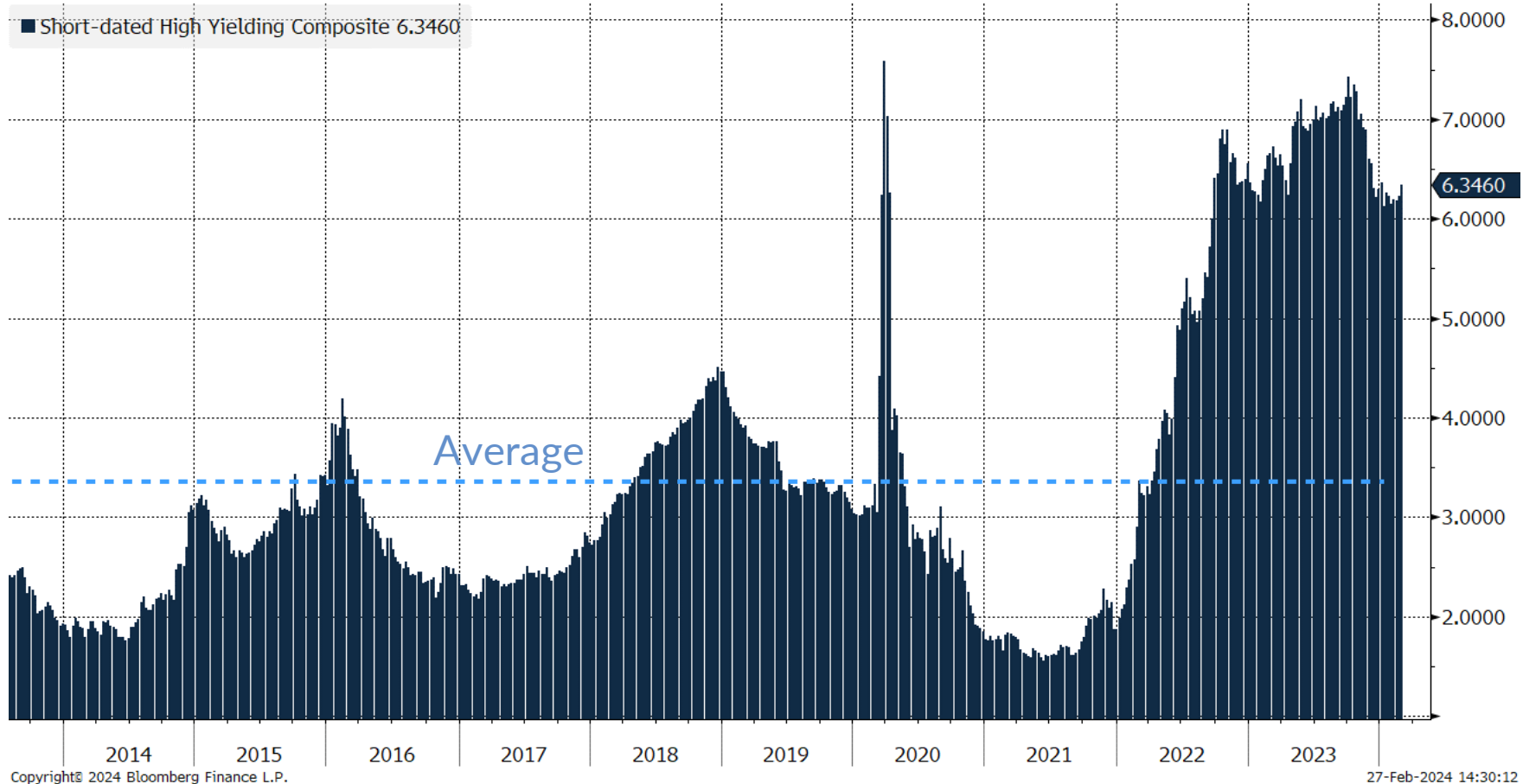


Sources: Bloomberg, GAMA Calculations, Shortfall calculated as the average 5% of the worst rolling 1Y total returns since 2003

Short-dated Yields Are Close To Record Highs



Short-dated High Yielding composite near its decade's record

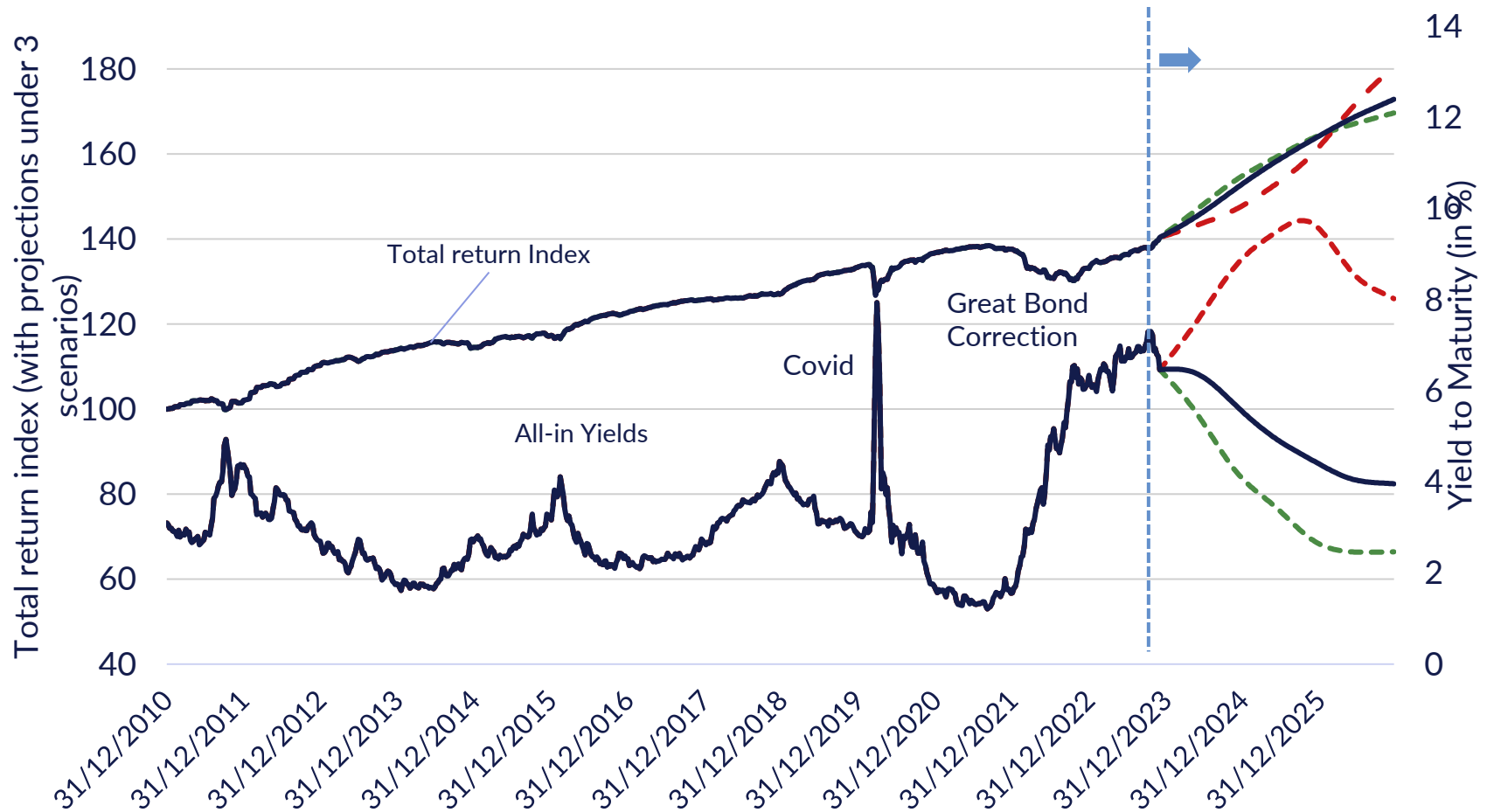


Source: Bloomberg, GAMA calculations, Short-dated high yielding composite, with 1/3 Developed credit, 1/3 Emerging Credit and 1/3 T-Bills in USD.

GAMA Short-Dated Strategy



All-in Yields and Projected total returns under 3 yield scenarios over 3 years



Sources: Bloomberg, GAMA calculations, *Derived from 5 global different fixed income segments

Key Risks Of Short-Dated Bonds Investing



RISK SCREENING

☐ **Duration Risk**

☒ Very low (<1Y) / Low (<3Y) / Medium (< 5Y)

☐ **Credit Risk**

☒ High Quality (IG), Medium (IG/HY), Low (HY)

☐ **Liquidity Risk**

☒ Liquidity scoring (1-20), secondary market turnover, presence of loans or illiquid assets

☐ **Currency Risk**

☒ 100% hedged, Not Fully hedged

☐ **ESG Factor**

☒ SFDR Article 6, 8 or 9, restrictions, etc.

☐ **Cost / Tax**

☒ Management fees, operating fees, tax (Swiss or Luxembourg stamp duty)

☐ **Track-record**

☒ Stable, consistent

☐ **Others (e.g
Extension, conversion**

☒ Risk maturity extension? floating rate with higher maturities?, diversification, transparency

Please rank the following factors in order of importance within your reserve management strategy:

1. Capital Preservation



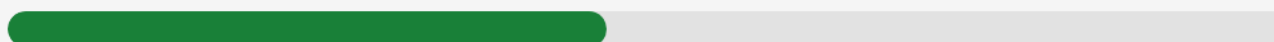
2. Liquidity



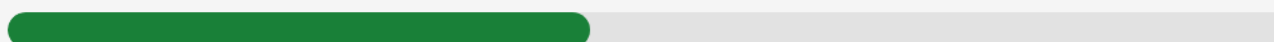
3. Yield



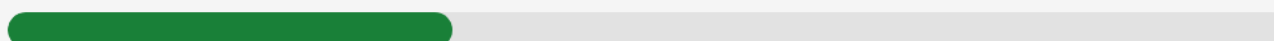
4. Reinvestment Risk



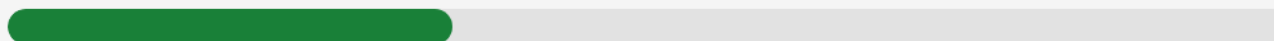
5. Fund Track Record



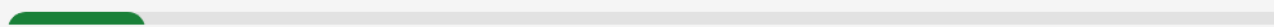
6. ESG



6. Tax Efficiency



8. Other



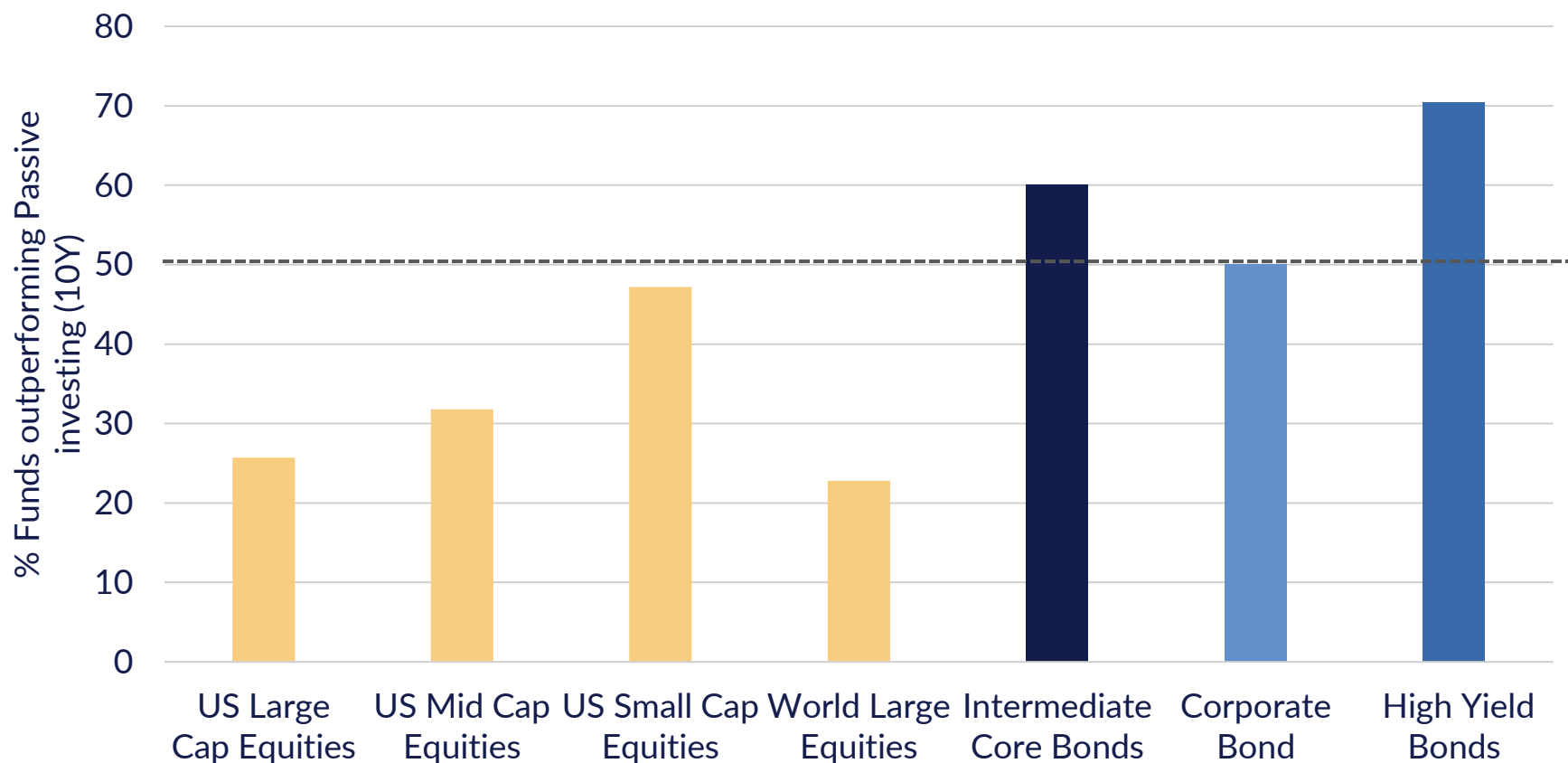


Part 2: Deep dive into a short-dated Fund – The view from the manager

The Case For Active Fixed Income Management



In contrast to equities, the majority of fixed income funds are beating passive investments over 10Y.



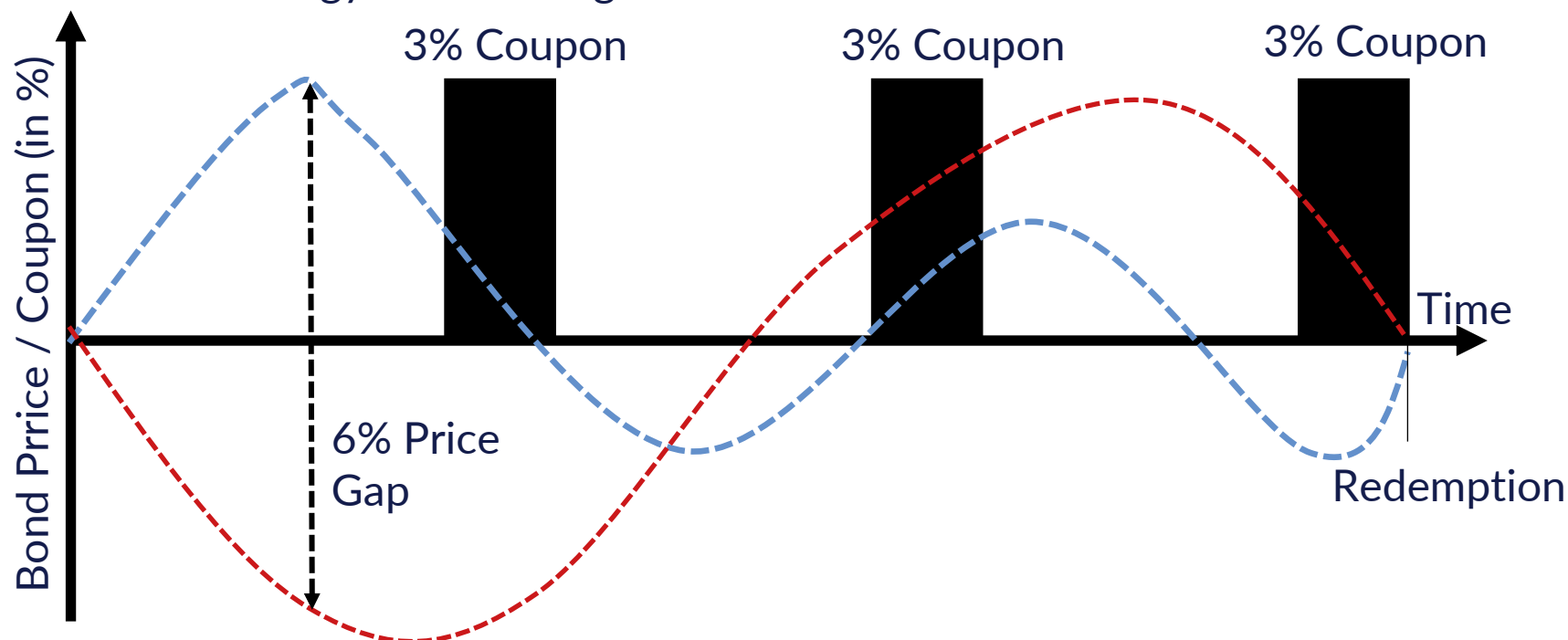
Source: Morningstar, Data and calculations as of 31.12.2022, focusing on funds in the low fee quintile that beat their benchmarks.

The Case For Active Fixed Income Management



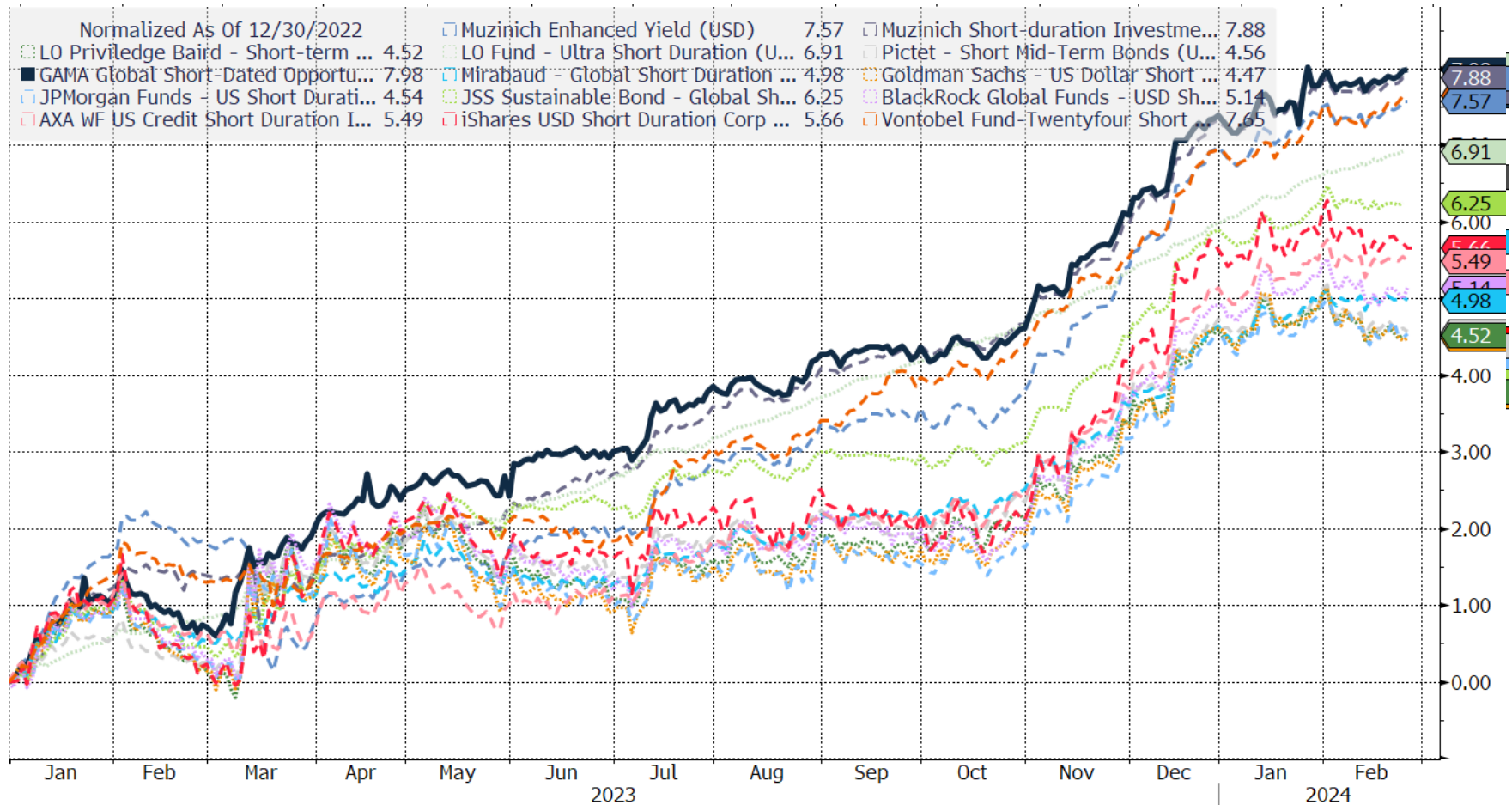
Imagine a world with 2 different 3Y bonds (IG), with same yield and coupon (3%): **Corporate A** and **Corporate B**. After 6 months, we observe a 6% price gap differential...

- Passive strategy* or bad luck / bad skills active strategy** = 3% annual
- Active strategy with luck / good skills*** = >5% annual



Source: *Passive strategy would invest 50% in each bonds assuming the same weight in the index, **bad luck or bad skills strategy would invest 100% in the Corporate B; ***good luck or skills strategy would invest 100% in Corporate A and switch into company B to capture a capital gain and beat passive investing

Global Short-Dated Opportunities - Peer Group (2023)



2% Above
Cash Yield

Daily
Liquidity

Among BEST
funds

Hedged Yield
@ **7.15%** in \$, **5.65%**
in €, **3.29%** in CHF

Worldwide

>150 issuers

Maximum
3-year maturity

BBB

Fundamental
credit
selection

>3Y Track-record

ESG: Article 8 (SFDR)

>150mios EUR Aum

GAMA Short Dated Main Rules



3-years max. legal maturity

- No perpetuals with call date below 3 years
- No amortizing bond with 3 year avg. maturity
- Max 10% in above 3 years: currently 3.5% in bonds below 3.25-years maturity

No loans, no private debt

- Avoid liquidity issues
- Avoid valuation issues
- Increase transparency

Investment Grade

- Targets average rating in the Investment Grade category

Main Risks



Credit Risk

- Risk of loss due to a borrower defaulting on a bond

Interest Rate Risk

- Risk of reduction in portfolio value if interest rate increase

Reinvestment Risk

- Risk of reduction in returns on reinvested cash flows if interest rate decrease

Inflation Risk

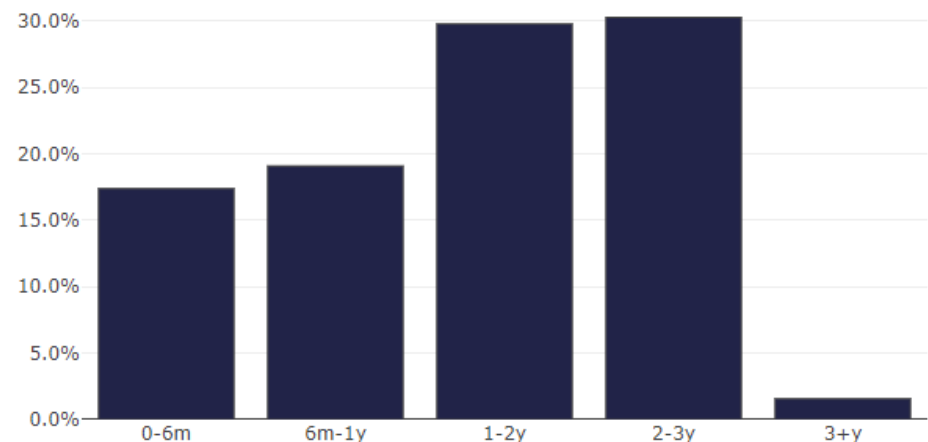
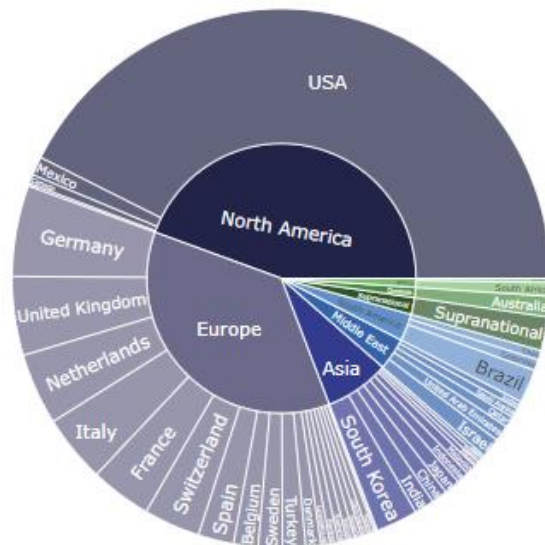
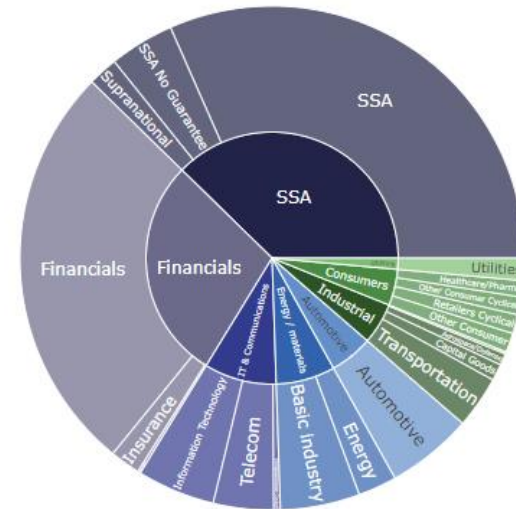
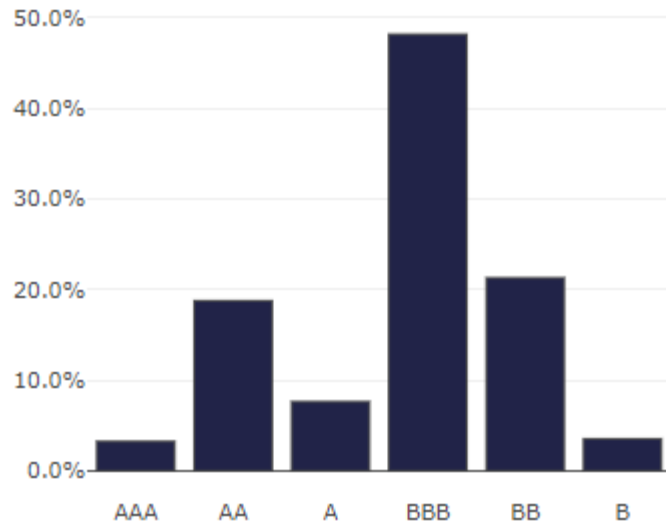
- Risk of reduction of real returns if inflation is higher than expected

FX Risk

- Risk of depreciation of FX rate of bonds held in a different currency

Credit Risk: Diversification Is Key

Across Rating, Sector, Countries, Maturities

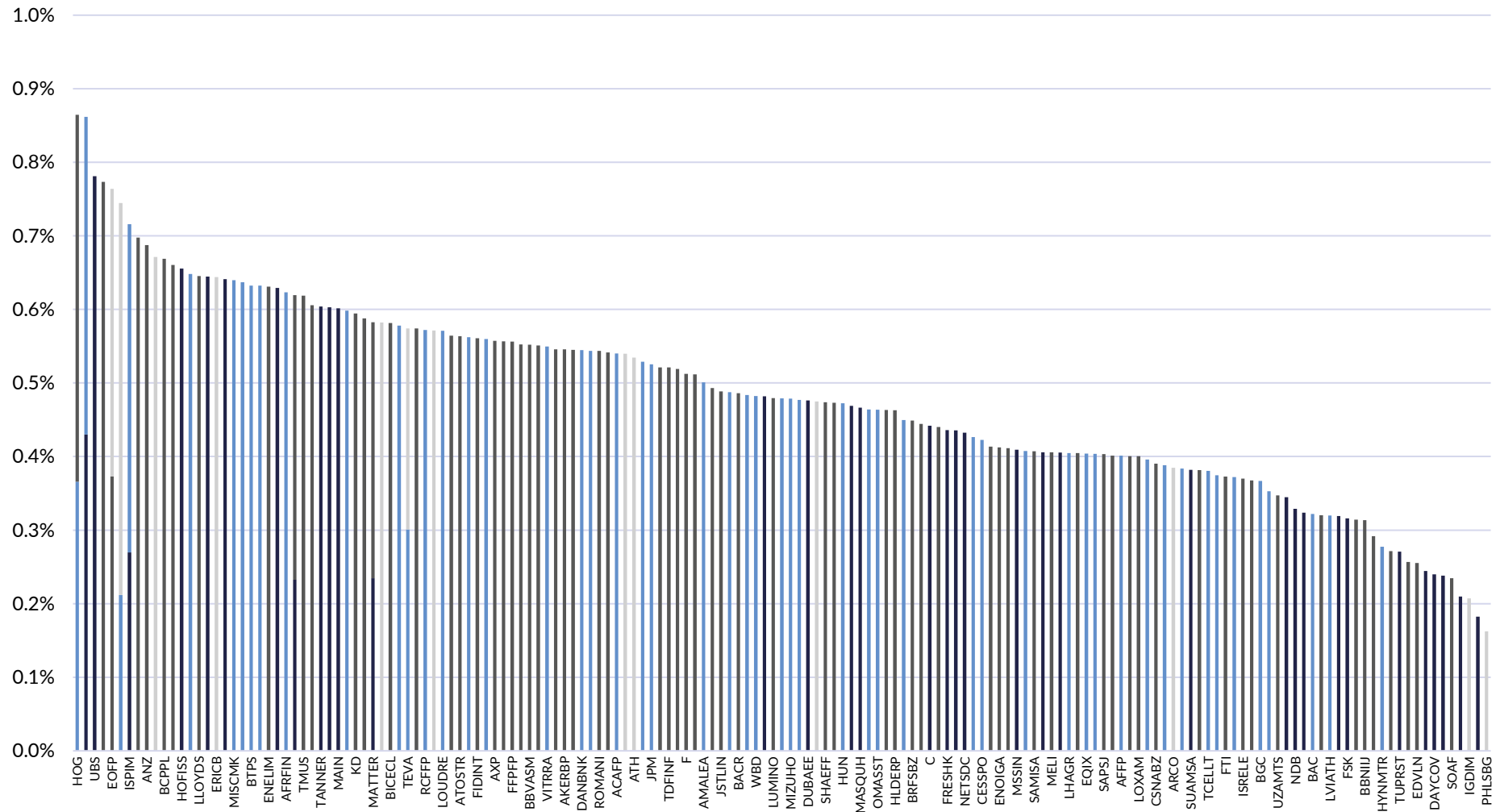


Sources: GAMA Calculations

Credit Risk: Diversification Is Key



175 Issuers, 183 Issues



Sources: GAMA Calculations

ESG Exclusions

- Entities that derive more than 5% of their revenue from:
 - Tobacco
 - Nonconventional fossil fuel
 - Adult entertainment
 - Gambling
 - Nuclear Weapon (2%)

Top-Down Input

- Liquidity conditions
- Risk appetite
- Sector preferences
- Regional preferences
- Cyclical views

Credit Analysis

- Industry and Business Analysis
- Non-Financial Analysis (ESG)
- Financial Analysis
- Management/Ownership Analysis
- Capital Structure
- Covenants

Security Analysis

- Liquidity
- Valuation
- Technical
- Upside/Downside Assessment

Portfolio Considerations

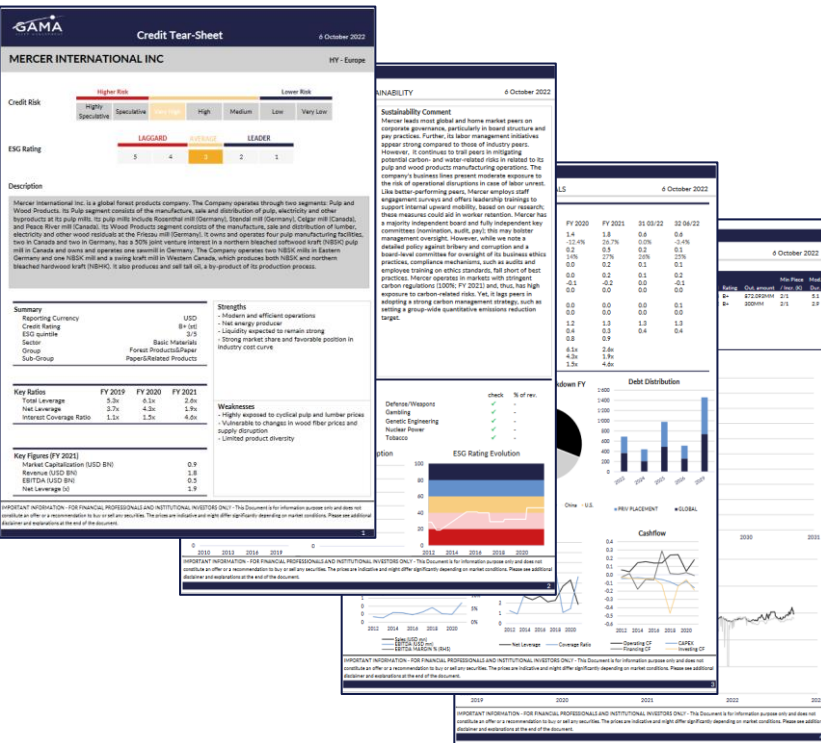
- Currency
- Maturity
- Rank and types (senior, hybrid, subordination...)

Credit Risk: Fundamental And Relative Value Analysis

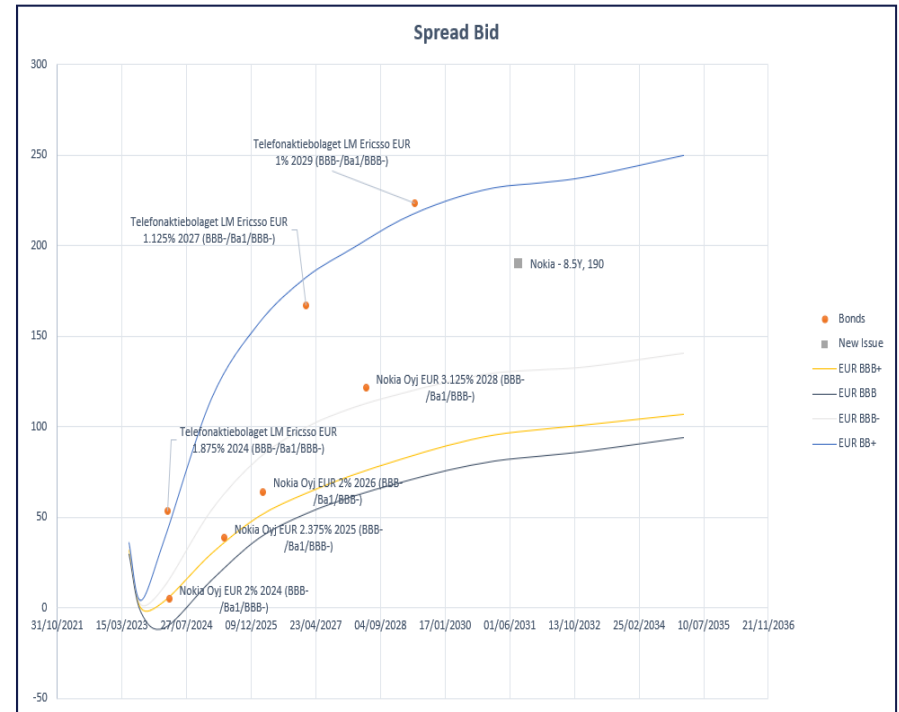
Credit Selection: qualitative and quantitative tools

Issuer Summary Document for Investment, including:

- Financial Metrics
- Sustainability Elements
- Relative Value



Relative Value Analysis for Specific Bonds



Sources Of Alpha



Credit Selection

- Careful credit selection

Maturity Extension

- Take advantage of steeper credit curves

Relative Value

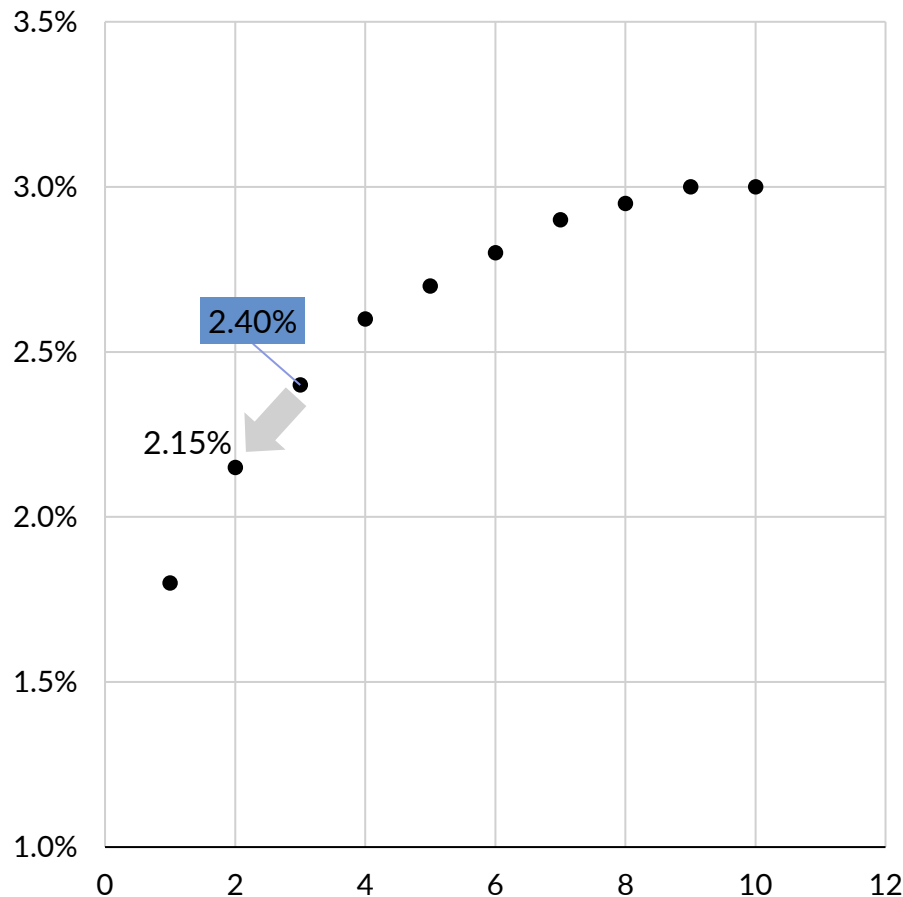
- Switches
- Yield after currency hedges
- Primary

Convexity

- Optionality of bonds trading to maturity with call feature
- Corporate actions

Maturity Extension: Performance From Carry And Roll Down

Positively sloping curves generate performance



Purchase a 3-year bond
with a duration of 2.5
(Assumption curve does not move):

Carry of the bond over 1 year:
2.4%

+

Roll-down:
 $\Delta \text{yield} \times \text{duration} (*)$
 $\approx (2.4\% - 2.15\%) \times 2.5$
 $\approx 0.625\%$

=

Total return approximation
over 1 year (*):
 $\approx 2.4\% + 0.625\%$
 $\approx 3.025\%$

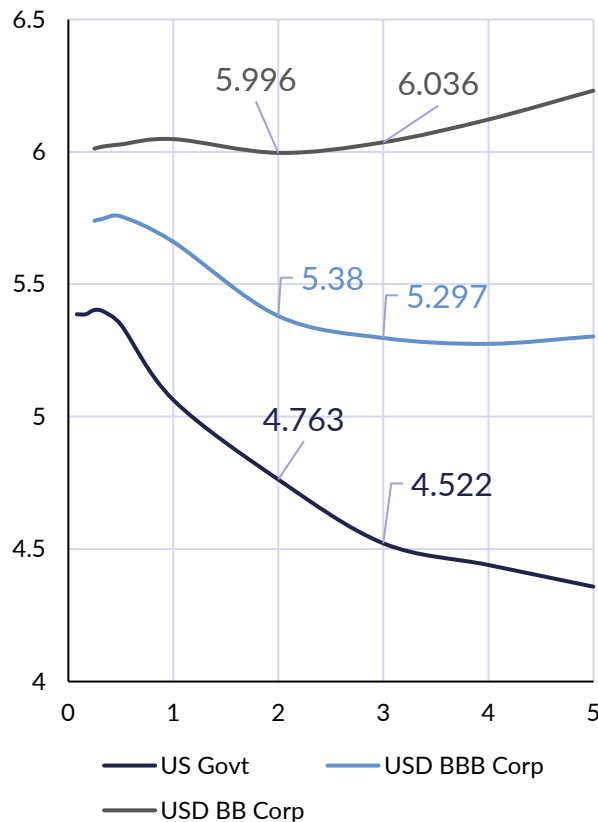
*Simplified model grounded in specific assumptions. For illustrative purposes, it may not fully capture all real-world intricacies

Government Curves Are Challenging



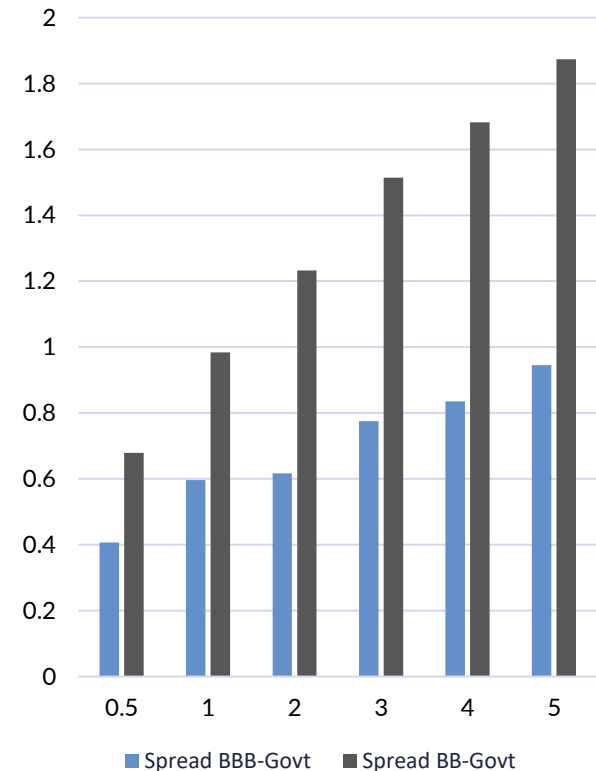
But credit curves offer some steepness

USD Curves



USD Carry-Roll
Down on a 3-year
bond:

- Govt: 3.92% (3.92%*)
- BBB: 5.09% (4.80%*)
- BB: 6.14% (4.95%*)



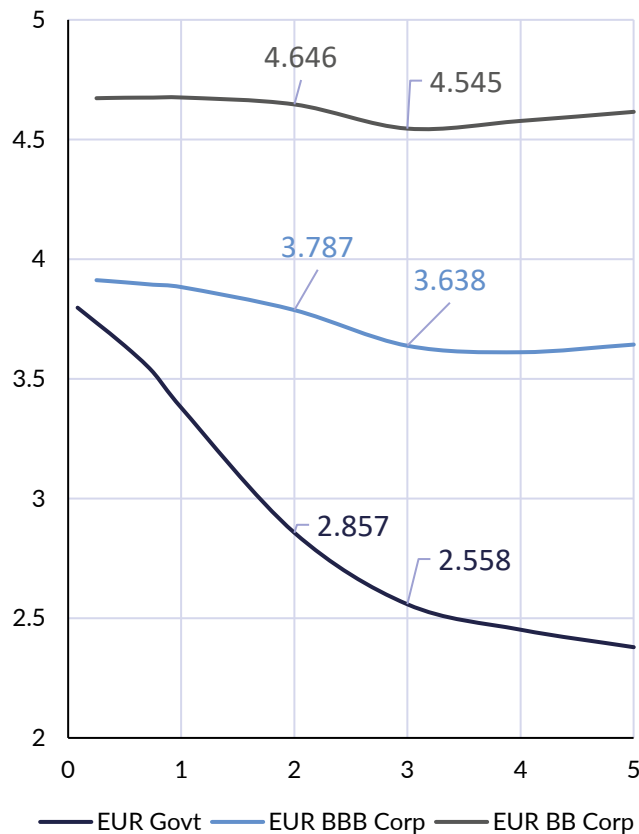
*Yield after default with default assumption based on long term average multiplied by 2 for IG and 3 for HY. Historical default rates: US & EU govt 0%, US BBB- 0.24%, US BB 0.66%, EU BBB- 0.18%, EU BB 0.28% and 40% recovery rate

Government Curves Are Challenging



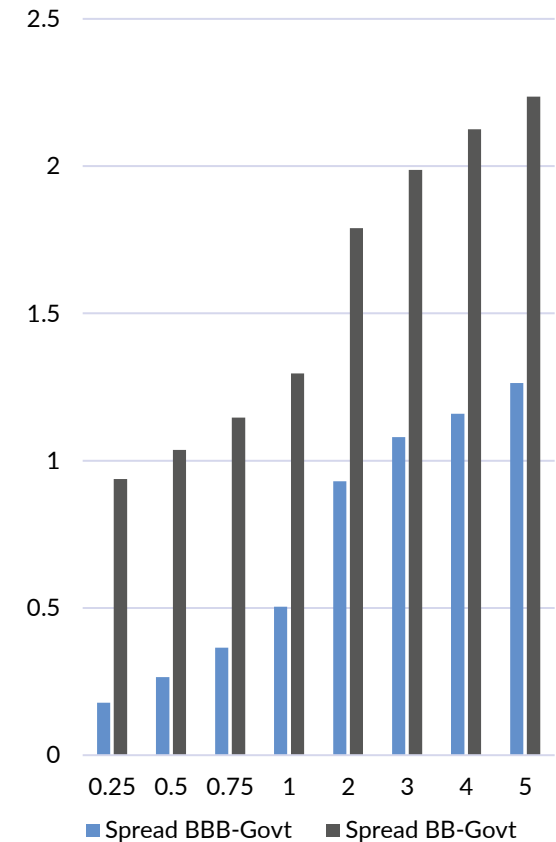
But credit curves offer some steepness

EUR Curves



EUR Carry-Roll Down on a 3-year bond:

- Govt: 1.81% (1.81%*)
- BBB: 3.27% (3.05%*)
- BB: 4.29% (3.79%*)



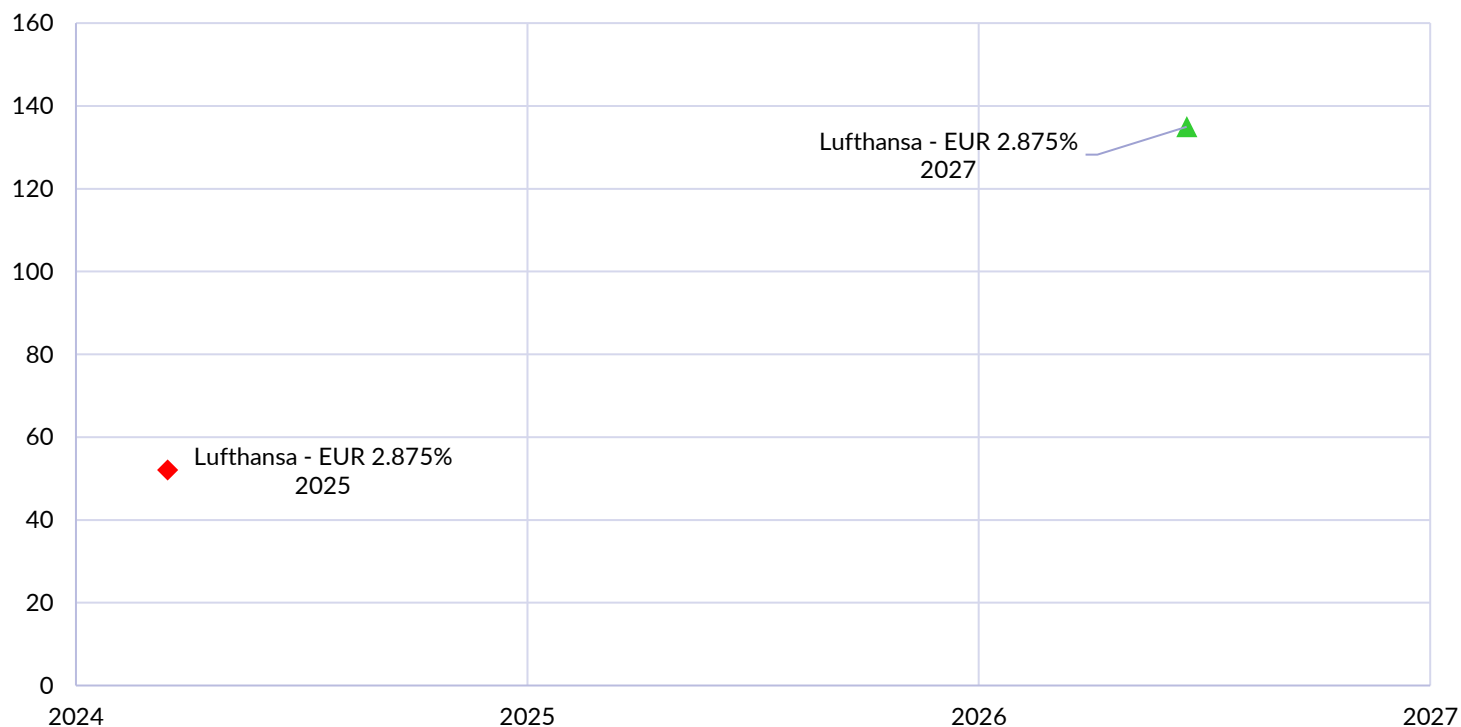
*Yield after default with default assumption based on long term average multiplied by 2 for IG and 3 for HY.
Historical default rates: US & EU govt 0%, US BBB- 0.24%, US BB 0.66%, EU BBB- 0.18%, EU BB 0.28% and 40% recovery rate

Maturity Extension



Example with Luftansa done yesterday

| Trade | Name | CCY | Cpn | Maturity | Rank | Rating | Trade Price | Yield | G-Spread | Spread vs Swap |
|-------|-----------|-----|-------|------------|--------------|--------|-------------|-------|----------|----------------|
| Sell | Lufthansa | EUR | 2.875 | 11/02/2025 | Sr Unsecured | BBB- | 98.88 | 4.10 | 59 | 52 |
| Buy | Lufthansa | EUR | 2.875 | 16/05/2027 | Sr Unsecured | BBB- | 96.289 | 4.13 | 153 | 135 |



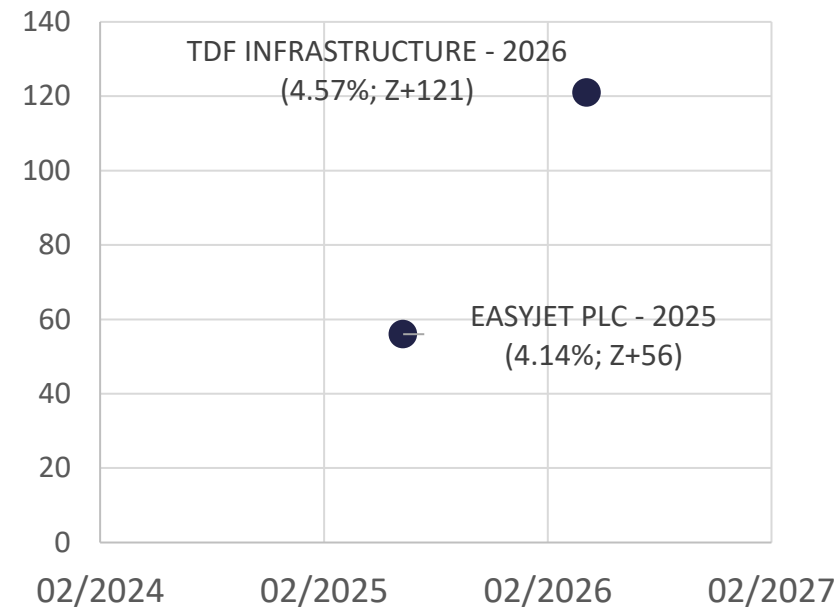
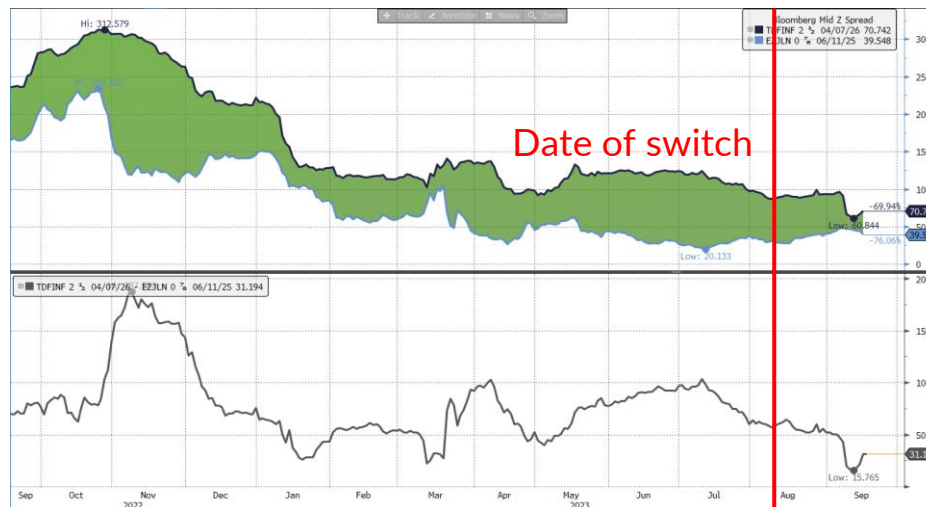
Relative Value



As a rule of thumb, aim at BBB papers above Z+100-120. For HY buy above Z+200.

- Switch out of paper that have tightened and invest in higher spreads

| Trade | Issuer | Cpn | Maturity | Rank | Rating | CCY | Trade price | YTW | G-Spread | Z-Spread |
|-------|--------------------|-------|------------|--------------|--------|-----|-------------|-------|----------|----------|
| Sell | EASYJET PLC | 0.875 | 11/06/2025 | Sr Unsecured | BBB- | EUR | 94.229 | 4.14% | 95 | 56 |
| Buy | TDF INFRASTRUCTURE | 2.5 | 07/04/2026 | Sr Unsecured | BBB- | EUR | 94.85 | 4.57% | 167 | 121 |



Relative Value - FX Hedge Cost



Cost of hedging USD in EUR with 3mth forwards



Relative Value - FX Hedge Cost



| Name | CCY | Cpn | Maturity | Rank | Ask Price | Yield | Hedged yield in EUR | G-Spread | Spread vs Swap |
|----------|-----|-------|------------|--------------|-----------|-------|---------------------|----------|----------------|
| Softbank | USD | 6 | 30/07/2025 | Sr Unsecured | 99.684 | 6.34 | 4.84 | 147 | 157 |
| Softbank | EUR | 4.75 | 30/07/2025 | Sr Unsecured | 101.6 | 3.91 | 3.91 | 52 | 34 |
| Ineos | USD | 7.5 | 15/04/2029 | Secured | 100.13 | 7.60 | 6.10 | 331 | 362 |
| Ineos | EUR | 6.375 | 15/04/2029 | Secured | 100.85 | 6.29 | 6.29 | 378 | 341 |



Sources: Bloomberg, GAMA Calculations

Bond With Optionality – Stena EUR 3.75% 2025



- Was trading to maturity at a 5-5.5% yield to maturity for a EUR BB+
- Market was only pricing partially the call
- The bond was callable anytime starting February 2022
- Stena refinanced the bonds in the primary and called the bond in January 2024



Sources: Bloomberg, GAMA Calculations

Bond With Optionality – Embraer 5.05% 2025



- Embraer 5.05% did not have a proper call schedule but had a make-whole call provision @T+40
- Bonds had tightened strongly following a tender at 99 end of June that saw 50% participation
- Finally, tendered the remaining at T+40 (at 100)



EK964786 Corp (EMBRBZ 5.05 06/15/25) embraer Daily 17SEP2022-07SEP2023

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Sources: Bloomberg, GAMA Calculations

Key Factors Of GAMA Short-Dated Opportunities



RISK SCREENING

☐ Duration Risk

☒ Average 1.5 years, Low (<3Y)

☐ Credit Risk

☒ Average Rating > BBB, Medium (IG/HY)

☐ Liquidity Risk

☒ High liquidity: daily, no loans nor private debt



☐ Currency Risk

☒ 100% hedged

☐ ESG Factor

☒ SFDR Article 8: inclusion and exclusions process

☐ Cost / Tax

☒ Management fees (0.2%), Operating (0.15%), with Luxembourg stamp duty (0.15% one-off)

☐ Track-record

☒ 1st quartile over YTD, 1Y, 2Y, 3Y

☐ Others (e.g
Extension, conversion

☒ No extension risk, focus on legal maturity < 3Y

For Reserves management with > 1Y time horizon, what is the best investment vehicle you would consider ?

Actively managed Swiss domiciled vehicles



Internalisation (you manage the investments internally)



Actively managed Luxembourg vehicles



I would keep it 100% in cash or equivalent



A dedicated mandate (external manager)



ETFs or Passive Funds





Addendum

The GAMA Investment Team



Manuel Streiff, CFA, FRM

Founding Partner,
Senior Portfolio Manager

25 years of experience
TAA, IG credit, currencies



Rajeev De Mello

Global Macro Portfolio Manager

36 years of experience

Macro Overlay, Equities & Commodities, EM



Jérôme Strecker, CFA, FRM

Senior Credit Analyst

19 years of experience
Credit analysis, especially HY



Christophe Forest

Senior Credit Analyst and Portfolio Manager

18 years of experience
Credit analysis, Emerging Debt



Alexis Baeriswyl

Portfolio Manager

9 years of experience
Portfolio construction



Akimou Ossé, PhD, MBF

Independent Risk Management Consultant

24 years of experience



GAMA Strategies



Global Short-Dated Opportunities

Short-term bond fund for investors seeking a higher yield than money market funds over one year or more.

Global Bonds Opportunities

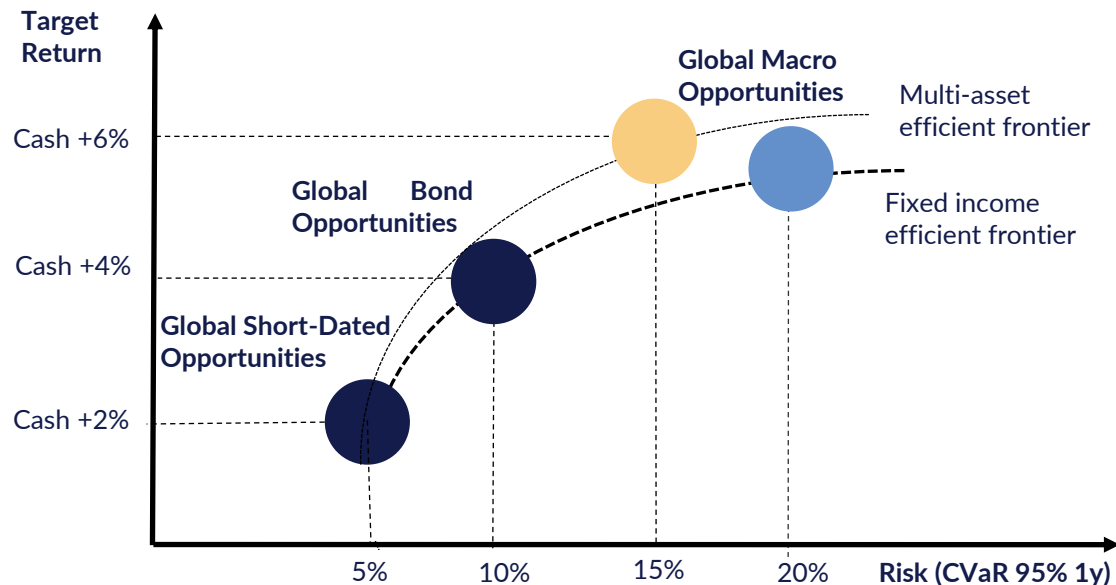
Unconstrained global bond fund intended as a core fixed income holding for investors with a time horizon of three years or more.

Global Macro Opportunities

Global macro fund combining a bond portfolio with a liquid equity and commodities overlay. For investors seeking high returns and having a time horizon of three years or more.

Global High Yielding Opportunities

Portfolio of high yielding fixed income opportunities with focus on diversified source of high yielding fixed income (High yield, emerging debt, credit opportunities, hybrid bonds)



GAMA Funds - Global Short-Dated Opportunities



INVESTMENT STRATEGY

Short-term bond fund for investors seeking a higher yield than that of money market funds over one year or more.

- Estimated forward-looking return: cash + 2%
- Capital preservation and income with short-dated bonds (max. 20% allowed in bonds >3y) and CDS indices (up to 5y)
- Credit selection broadly diversified across countries & sectors with currency exposures hedged into the base currency

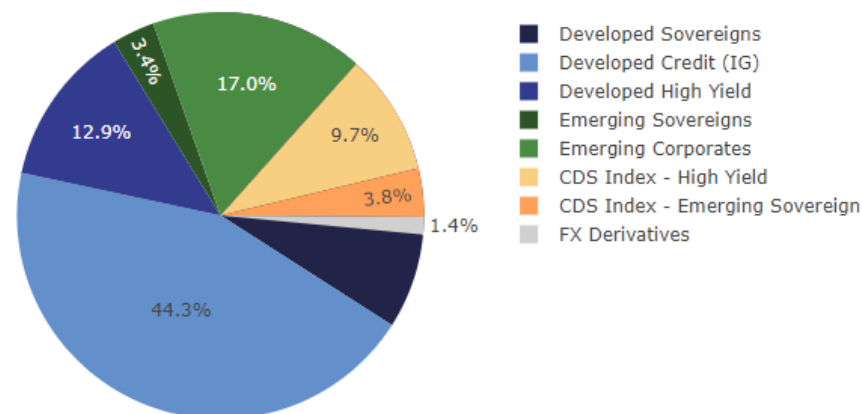
| | | |
|------------------------|----|--------------|
| Credit Exposure | ↗↗ | Medium |
| Interest Rate Exposure | ↗ | Low |
| Currency Exposure | - | Fully hedged |

PORTFOLIO CHARACTERISTICS

Hedged Yield (USD/EUR/CHF) 6.42%/4.85%/2.43%

| | |
|----------------------------------|------|
| Average yield ex currency hedges | 4.85 |
| Average effective maturity (y) | 2.05 |
| Average interest-rate duration | 1.57 |
| Average spread duration | 1.83 |
| Average credit rating of bonds | BBB |
| Average credit spread (bps) | 155 |
| Number of issuers | 175 |

BREAKDOWN BY SEGMENT



Portfolio characteristics may change at any time. Please refer to the fund prospectus for the investment guidelines.

GAMA Short Dated Opportunities - Monthly Returns



| MONTHLY RETURNS (IN USD, NET OF FEES) | | | | | | |
|---------------------------------------|------|--------------|--------------|---------------|--------------|--------------|
| | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
| January | - | - | 0.09% | -0.76% | 1.10% | 0.49% |
| February | - | - | 0.27% | -2.20% | -0.38% | - |
| March | - | - | 0.40% | -1.04% | 1.31% | - |
| April | - | - | 0.27% | -1.10% | 0.45% | - |
| May | - | - | 0.20% | 0.46% | -0.08% | - |
| June | - | - | 0.27% | -1.37% | 0.58% | - |
| July | - | - | 0.08% | 0.96% | 0.81% | - |
| August | - | - | 0.28% | -0.04% | 0.41% | - |
| September | - | -0.46% | -0.12% | -0.83% | 0.09% | - |
| October | - | 0.28% | 0.12% | 0.41% | 0.24% | - |
| November | - | 1.32% | -0.68% | 1.30% | 1.41% | - |
| December | - | 0.46% | 0.40% | 0.44% | 1.21% | - |
| Year | - | 1.61% | 1.59% | -3.75% | 7.38% | 0.49% |

Source: GAMA Asset Management SA, Class USD F

Global Funds – Global Short-Dated Opportunities



| Share Class | Class R | Class P | Class N | Class F |
|-----------------|------------------|------------------|------------------|------------------|
| Min. Investment | 1'000 | 1 Mios | 5 Mios | 20 Mios |
| Management fees | 0.60% | 0.40% | 0.30% | 0.20% |
| EUR | ACC LU2092459143 | ACC LU2092460075 | ACC LU2092460828 | ACC LU2092461800 |
| | DIS LU2092458764 | DIS LU2092459655 | DIS LU2092460406 | DIS LU2092461479 |
| CHF | ACC LU2092459226 | ACC LU2092460158 | ACC LU2092461040 | ACC LU2092461982 |
| | DIS LU2092458848 | DIS LU2092459739 | DIS LU2092460588 | DIS LU2092461552 |
| USD | ACC LU2092459499 | ACC LU2092460232 | ACC LU2092461123 | ACC LU2092462014 |
| | DIS LU2092458921 | DIS LU2092459812 | DIS LU2092460661 | DIS LU2092461636 |
| GBP | ACC LU2092459572 | ACC LU2092460315 | ACC LU2092461396 | ACC LU2092462105 |
| | DIS LU2092459069 | DIS LU2092459903 | DIS LU2092460745 | DIS LU2092461719 |

Minimum investment amount defined in the currency of each share class.

Blue = active share classes, grey = available but inactive. To activate a new share class, please contact us.

Dedicated Web Portal – Beyond Transparency



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Welcome Manuel Streiff

GAMA-AM

| Bond Selection | Strategy | Cockpit | Funds | Central Banks Watch |
|--|---|---|--|---|
| ↓ Issuer Matrix ↓ Bond List | ↓ GAMA Flash - Banking Crisis ↓ Investment Strategy ↓ Investment Strategy Summary ↓ GAMA Weekly Update | ↓ TAA Monthly Cockpit ↓ Weekly Cockpit | ↓ Funds Update ↓ Global Bond Opportunities ↗ Global Bonds ↗ Short-Dated ↗ Global Macro | ↓ FED ↓ SNB ↓ ECB |

Key Highlights

Investment Themes – Key Highlights

Moderating inflation and growth, weak China

Themes

- Inflation is moderating:** many indicators confirm a decline though the labor market remains strong, supporting wages. The **Fed and the ECB are close to the end** of their tightening cycles and will only slowly cut rates
- Higher real yields and quantitative tightening are keeping financial conditions tight
- China's post reopening growth spurt has stalled.** Authorities should be announcing new supporting measures. US-China relations are thawing
- Japan's BoJ remains very accommodative** and is inching away from its ultra-accommodative

Investment strategy

- Maintaining bond positions, favoring 2-7-year part of the yield curve with a diversification on 20Y area.
- Neutral duration stance
- Staying defensive on US equities and gold.
- Prefer Corporate hybrids to high yield bonds
- Diversification in US TIPS
- Maintaining China exposure on expectations of more significant policy measures. Valuations are cheap.
- Long Japanese equities
- Looking to short Japanese government bonds before

Latest News

WPP

| | | |
|------------|--|-----------|
| 26.10.2023 | Altice Keeps Cash and Won't Call Bond in Rare Refinancing Move Altice France, Altice International Sarl | Bloomberg |
| 26.10.2023 | Citi Sees Venezuela Bondholder Losses of 40% in Restructuring Petroleos de Venezuela SA, VENEZUELA GOVERNMENT INTERNA | Bloomberg |
| 26.10.2023 | Newmont 3Q Net Earnings Down, Sees Newcrest Deal Closing Nov 6 NEWMONT CORP | Bloomberg |

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Portfolio Construction – Five Steps



Client's needs

Short duration strategy with lower risk and additional return over bank deposits

1

Strategic asset allocation

Treasury bills, US and Europe investment grade and high yield, emerging markets hard currency.

2

Tactical asset allocation

Tactical adjustments of weights according to our investment strategy

3

Security selection

To achieve a high degree of effective diversification while increasing yield

4

Dynamic management of portfolio exposures

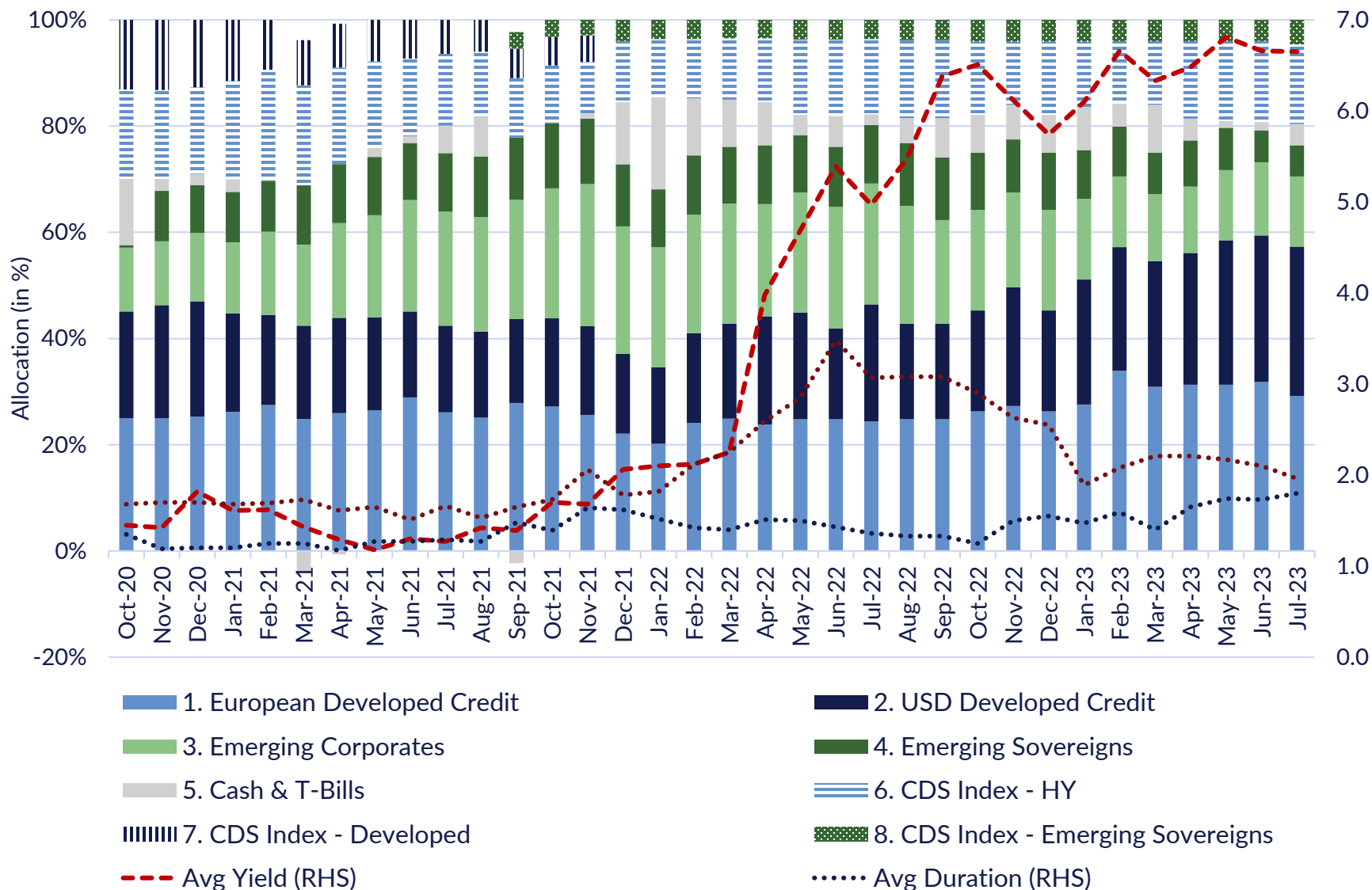
Adjusting portfolio exposures to limit downside risk and exploit short-term opportunities

5

Currency hedging

Currency exposures are fully hedged back to base currency.

Tactical Asset Allocation



Source: GAMA Asset Management SA, Short-dated Opportunities



RISK – 4 PILLARS IN OUR RISK MANAGEMENT

- **Several layers of risk management:** Three different and independent levels of risk monitoring, starting 1) at the portfolio management level, 2) with an independent consultant firm working with 3) our chief risk officer, and monitoring risk through different lenses.
- **Investment constraints:** We limit our risk at the portfolio level (e.g., maximum 1-year expected shortfall of 5%, average rating minimum BBB-), at the country levels and issuer levels (max 1% of fund for a BBB issuer).
- **Fundamental diversification:** we look beyond statistical measures of risk and diversification to fundamental diversification by analyzing sensitivity to various macro factors (e.g. USD, oil, interest rates, geopolitical risk).
- **Multi-scenarios and stress tests:** We calculate expected return under three scenarios and stress test the portfolio under various assumptions.



THREE PILLARS OF ESG POLICY AND EXTERNAL CHALLENGE

- ❑ **Exclusion:** restrict the investment in issuers that do not meet minimum fundamental responsibilities or are active in controversial activities.
 - ❑ **Integration:** favor issuers that best address the sustainability risks they face and adapt their business models and strategies to these new challenges.
 - ❑ **Engagement:** encourage the promotion of good corporate behaviors through constructive and open dialogue with the issuers.
- **ESG Board:** We benefit from the support of an independent ESG Board to support us in terms of sustainable finance and ESG positioning.

Principles for Responsible Investment (PRI)



GAMA is signatory to the Principles for Responsible Investment (PRI*) since February 2021.



GAMA is member of the Institutional Investor Group on Climate Change since April 2023



GAMA has taken various initiatives as an employer, including the encouragement of eco-mobility, to minimize carbon footprint and transparency

(i) Sector Exclusion



Exclusion

Securities issued by corporate entities that are directly or indirectly involved in the production or distribution of biological and chemical weapons, cluster bombs as well as depleted uranium munitions and in companies that violate, in a very severe one or more of the ten principles of the Global Compact.

Exclusion Based On Sector revenue

Controversial Weapons

- Maximum 2% of revenue

Tobacco

- Maximum 5% of revenue

Unconventional fossil fuels including shale gas and tar sand

- Maximum 5% of revenue

Adult entertainment

- Maximum 5% of revenue

Gambling activities

- Maximum 5% of revenue

(ii) Integration



Integration

Based on a bottom-up issuer analysis process which systematically integrates material ESG issues and opportunities.

Examples of element used for assessment

Corporates

Environment

- Water consumption
- Carbon Gas Emission and Footprint
- Toxic Waste
- Exposure to Coal

Social

- Health and Safety
- Human Capital Development
- Human Right Compliance

Governance

- Corporate Governance Practice
- Governance Exposure

Sovereigns

Environment

- Natural Resources Risks
- Sovereign Warming Potential
- Energy Security Risk
- Energy Productivity

Social

- Human Capital Performance
- Income Inequality

Governance

- Political Stability
- Institutional Strength
- Level Of Corruption

(iii) Engagement



GAMA's level

Engagement with companies to discuss ESG issues and promote the improvement of their environmental and social characteristics, especially when a specific issue has been detected.

Encourage appropriate disclosure of material information in public reports.

Collaboration

Given its size and in order to have more influence on the targeted companies, GAMA engages in coordination with other investors.

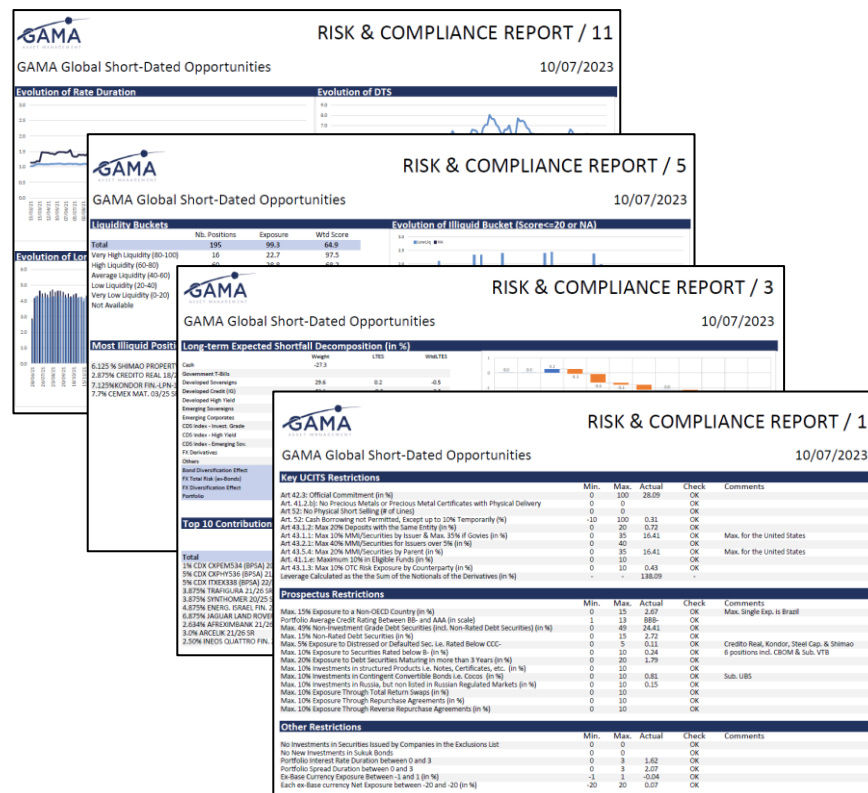
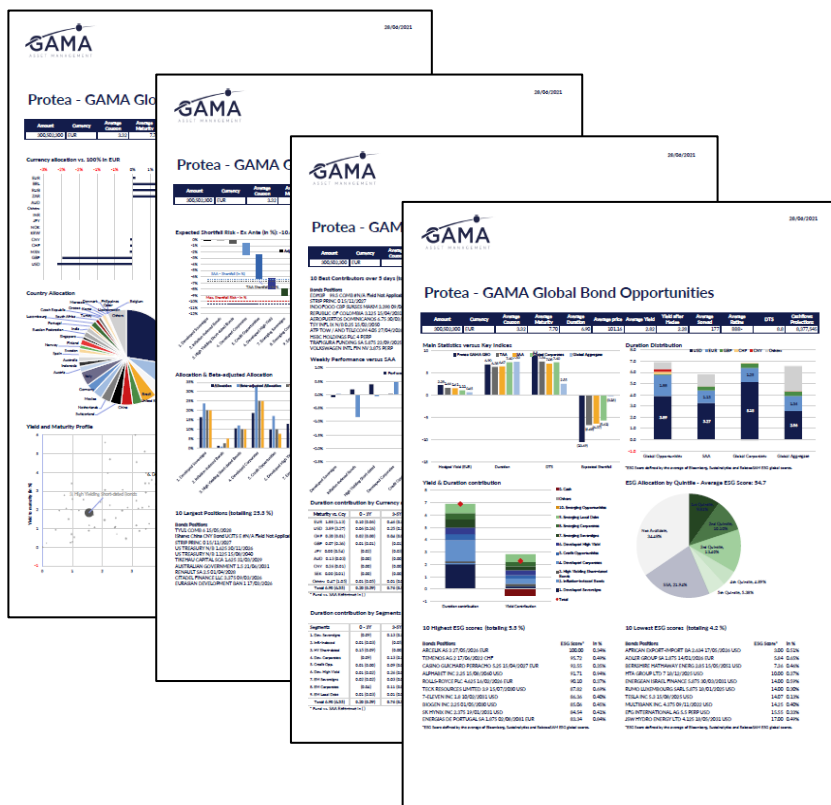
GAMA is member of the Institutional Investor Group on Climate Change since April 2023.

Fund Managers And Risk Officer Reportings



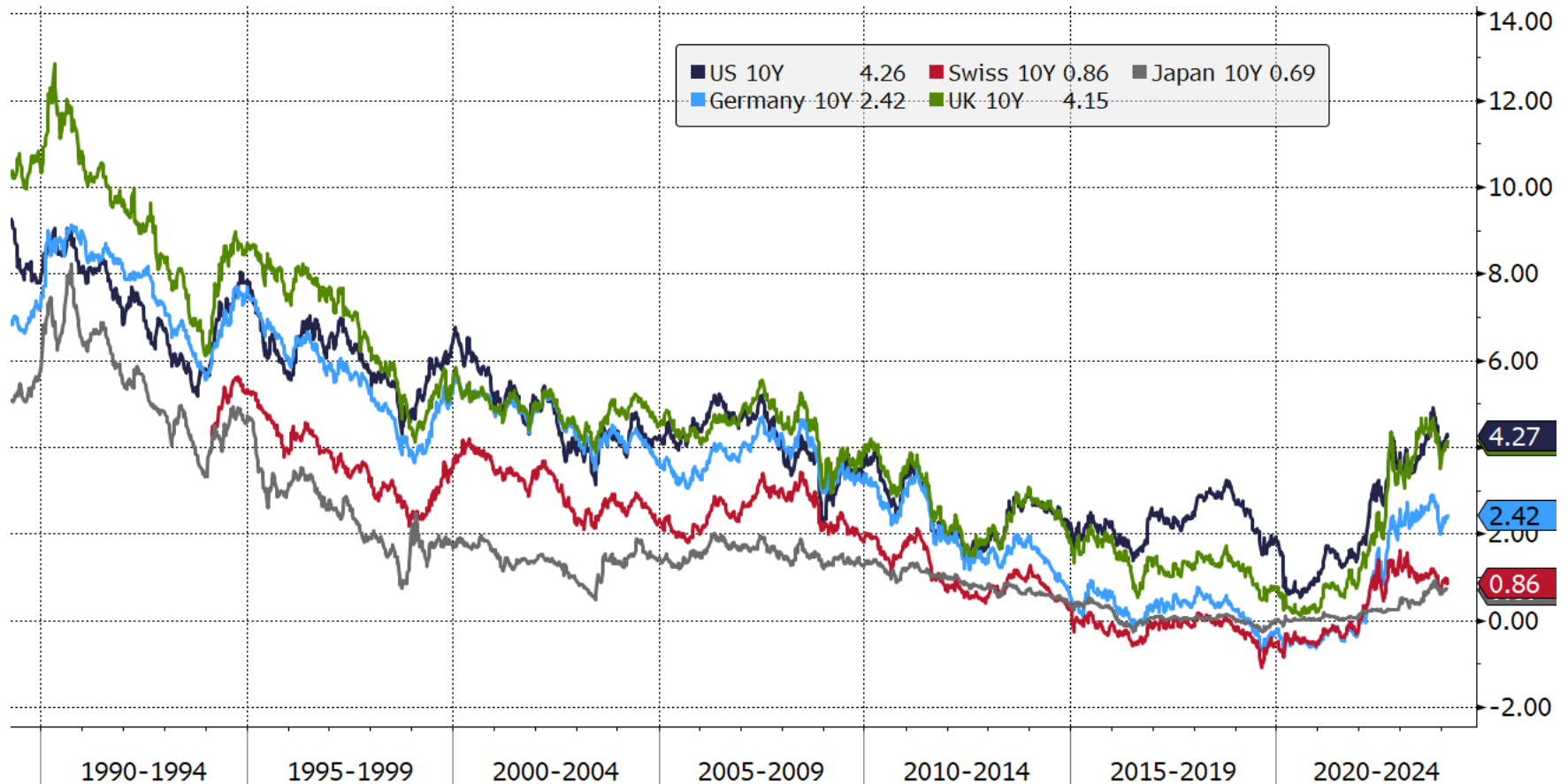
Fund manager level: proprietary exposure reports

Risk Officer level: risk & compliance reports



Long-Term Sovereign Yields

Is the Bond Bear market over ?



Sources: Bloomberg

Disclaimer



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risks, or liquidity risks, as well as regulatory, legal and tax risk. The investments mentioned in this document may carry risks that are difficult to assess and quantify and those risks may significantly change over time. Some bond segments with specific features might be considered as complex instruments and may involve a high degree of risks and may be appropriate investments only for sophisticated investors who are capable of understanding and assuming the risks involved. They might therefore be aimed only for those investors that are able to understand the risks involved and are ready to bear their associated risks. Before entering any transaction, investors should consult their investment advisor and, where necessary, get independent professional advice in respect to the risks and suitability of the investment. The liquidity of an instrument may not have a well-established secondary market or in extreme market conditions may be difficult to value, to buy or sell. Tax treatment depends on the individual circumstances of each person and may be subject to change in the future. GAMA does not provide tax advice. Therefore, each investor must verify with his/her external tax advisors whether the securities are suitable for her/his circumstances. GAMA may or may not hold positions in securities as referred to this document in the funds or portfolios managed on behalf of its clients.

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