



SAFFRONWEALTH
FUND MANAGEMENT

Global and SA Interest Rates:

SOURCES & STRATEGIES FOR FIXED INCOME ALPHA IN VOLATILE GLOBAL MARKETS

7 MAY 2024

SAFFRON WEALTH INVESTMENT TEAM



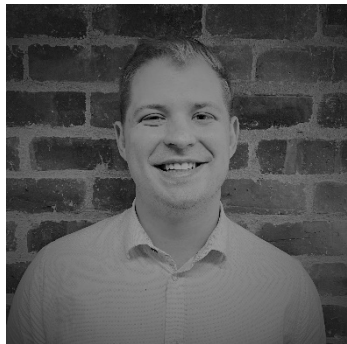
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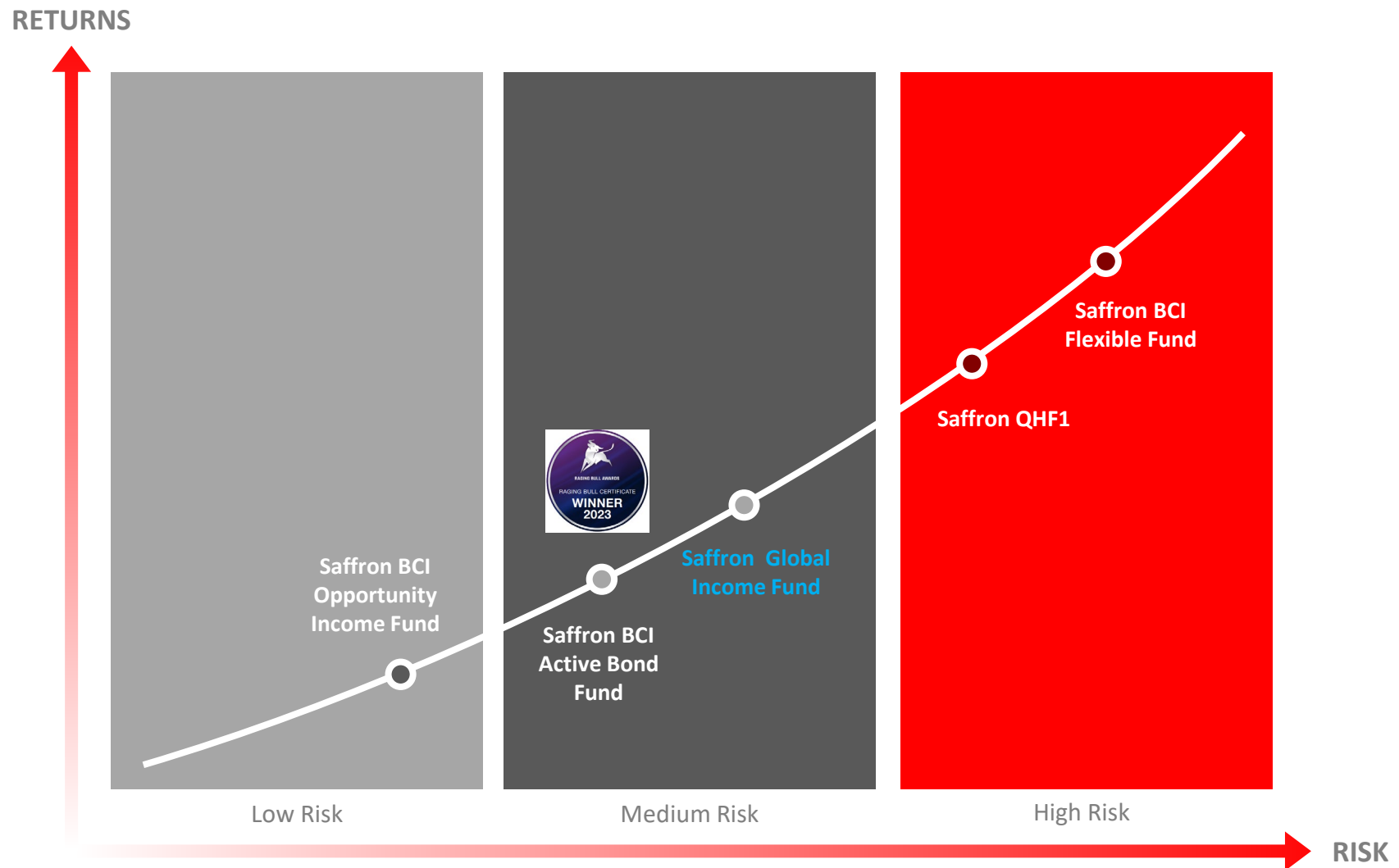


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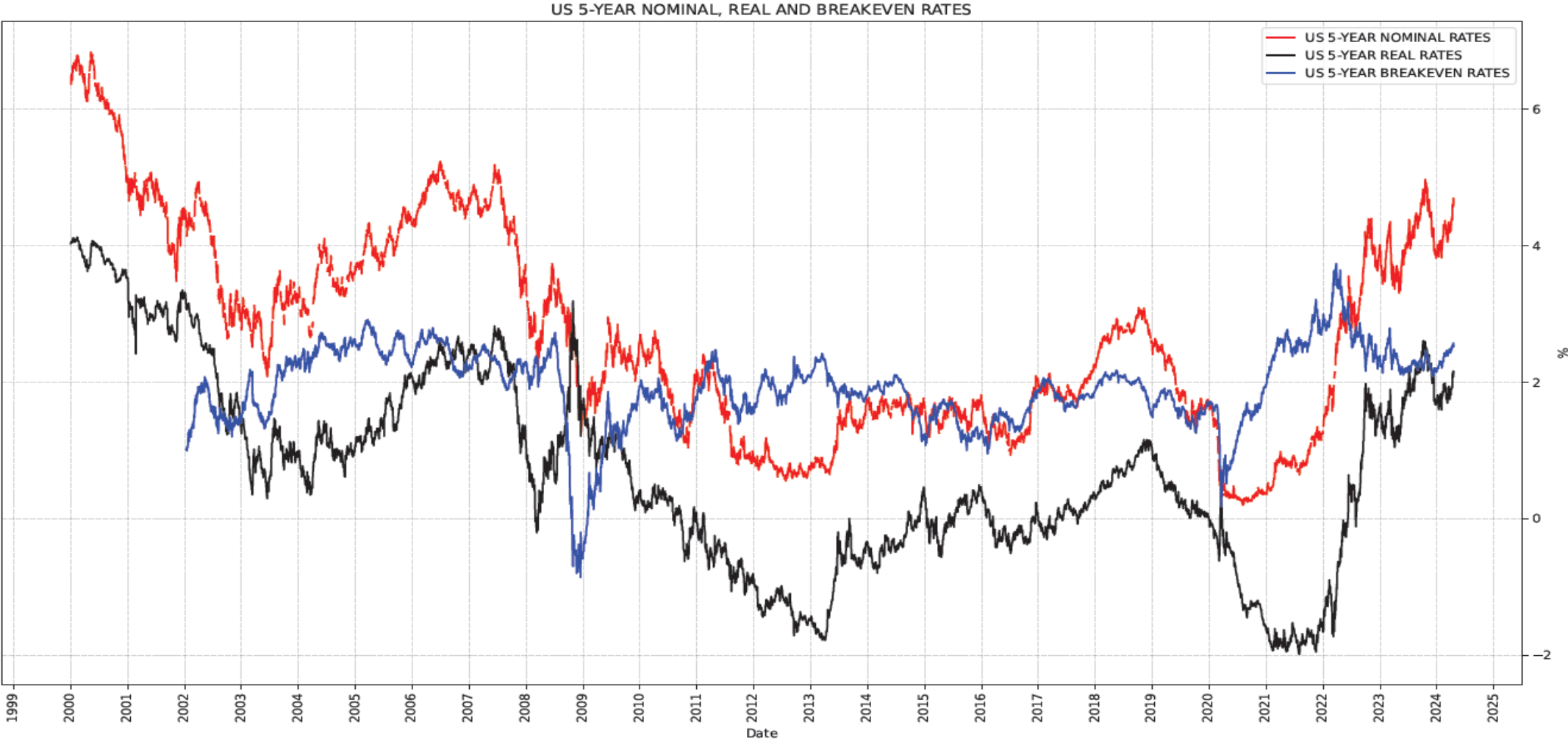
SAFFRON INVESTMENT STRATEGIES



SAFFRON MARKET VIEW

US Treasury yields have been more volatile and will drive fixed income total returns...

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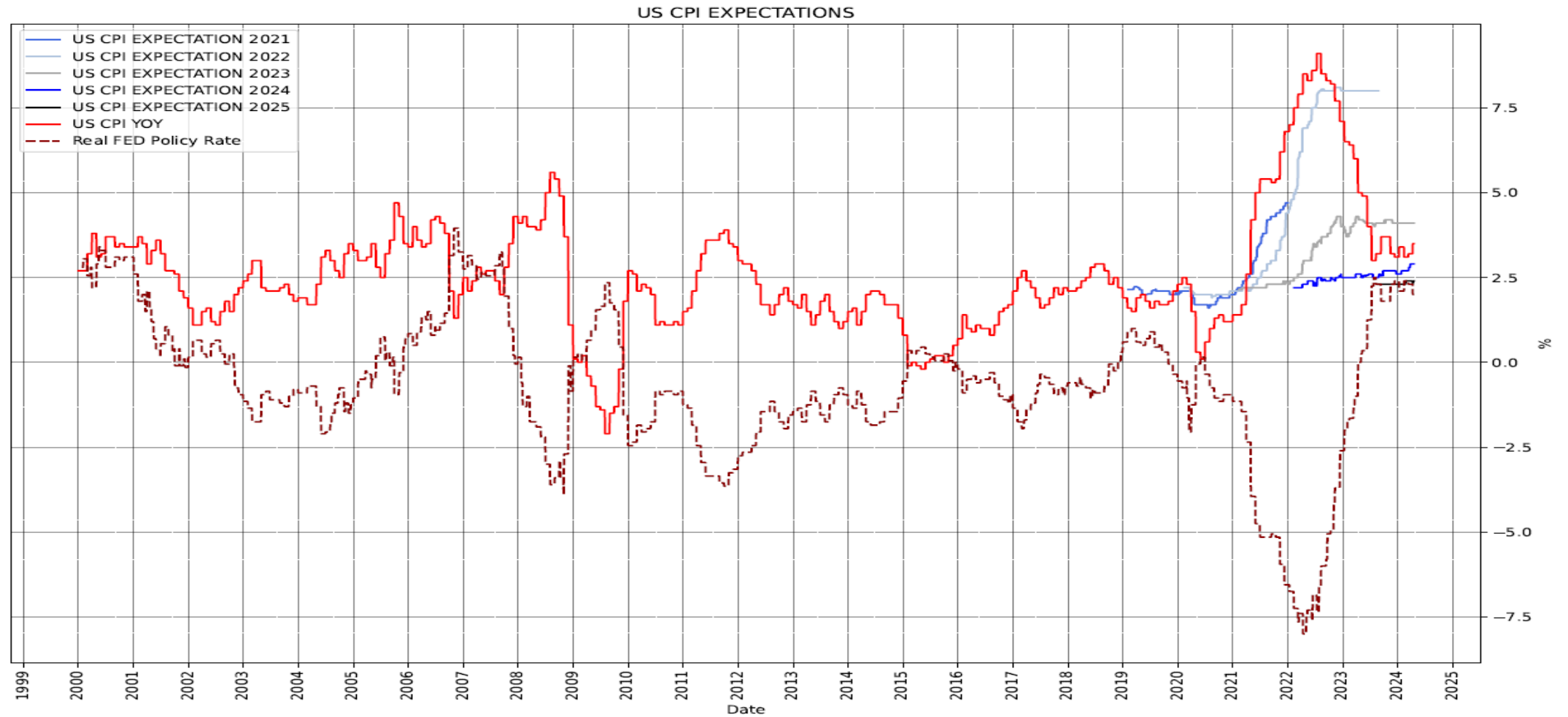


Source: Bloomberg and Saffron Wealth

SAFFRON MARKET VIEW

Whilst headline inflation following a welcome path, core inflation metrics worrisome...

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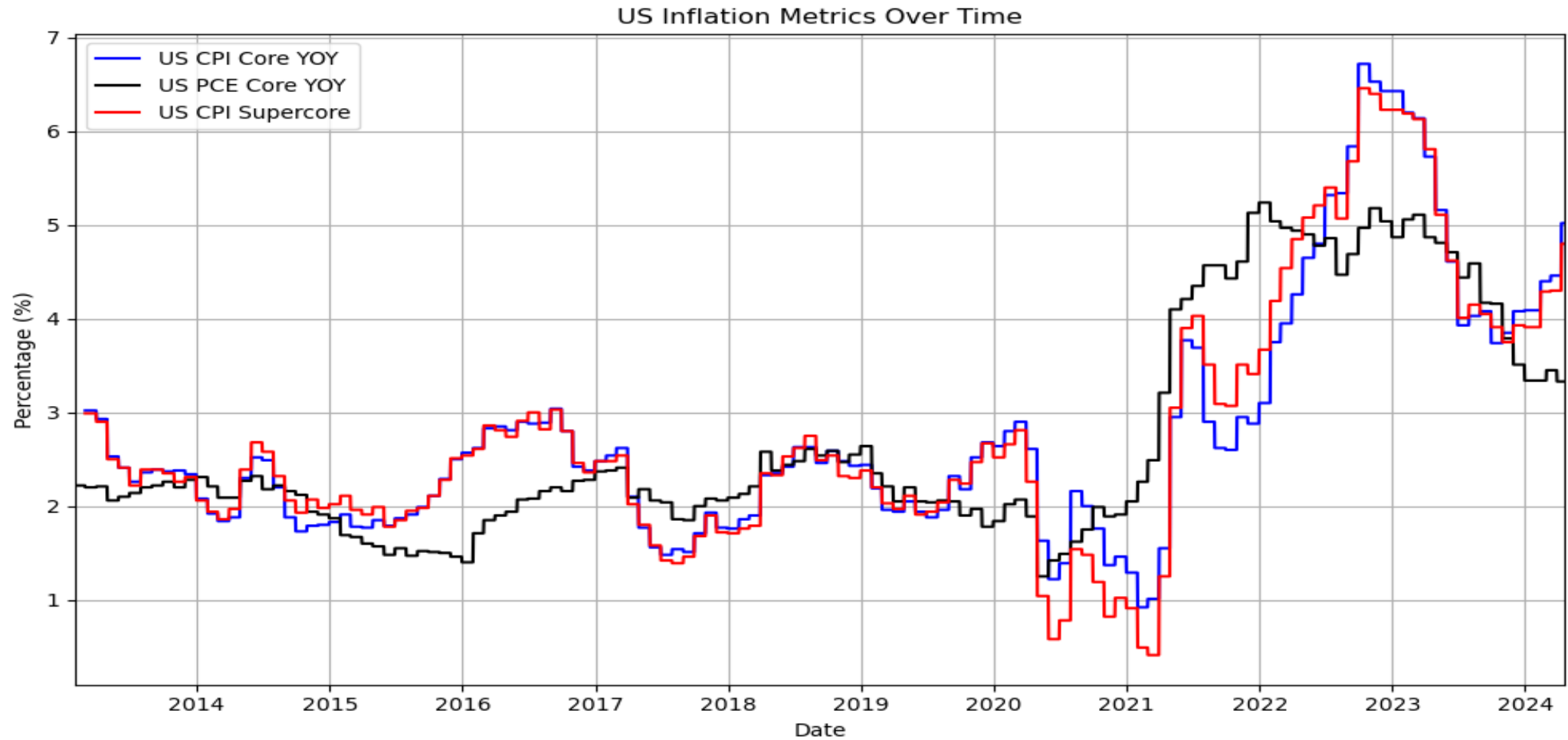


Source: Bloomberg and Saffron Wealth

SAFFRON MARKET VIEW

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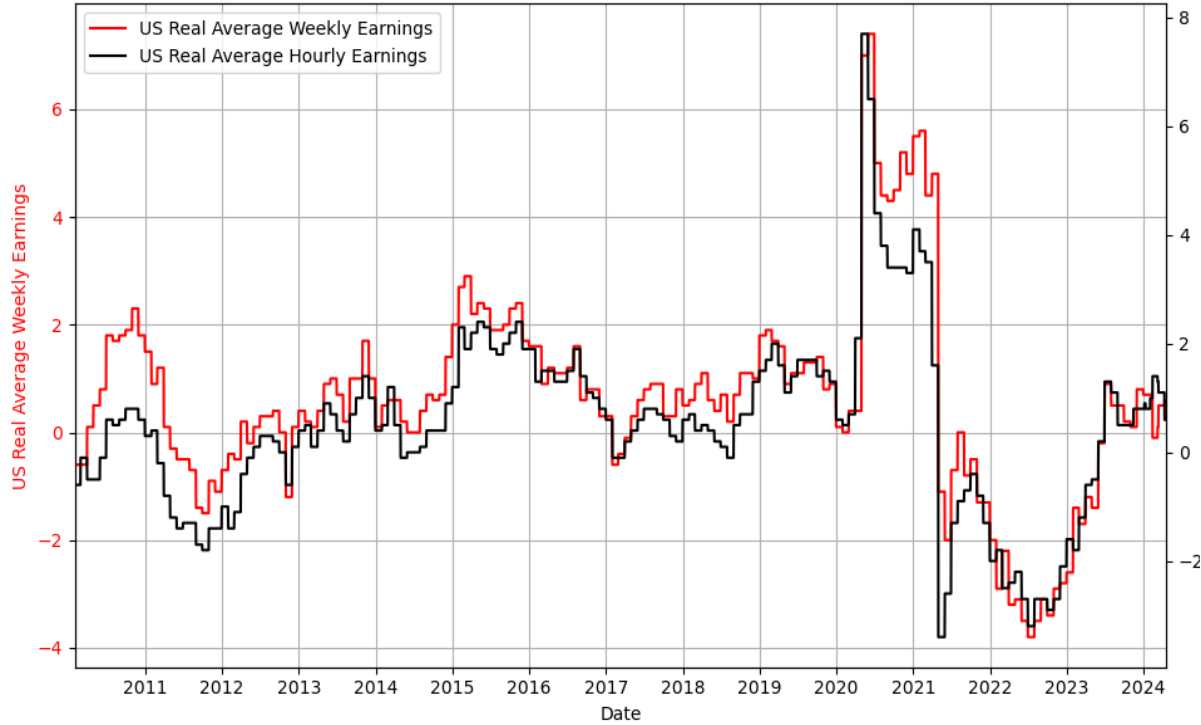
Source: Bloomberg and Saffron Wealth

SAFFRON MARKET VIEW

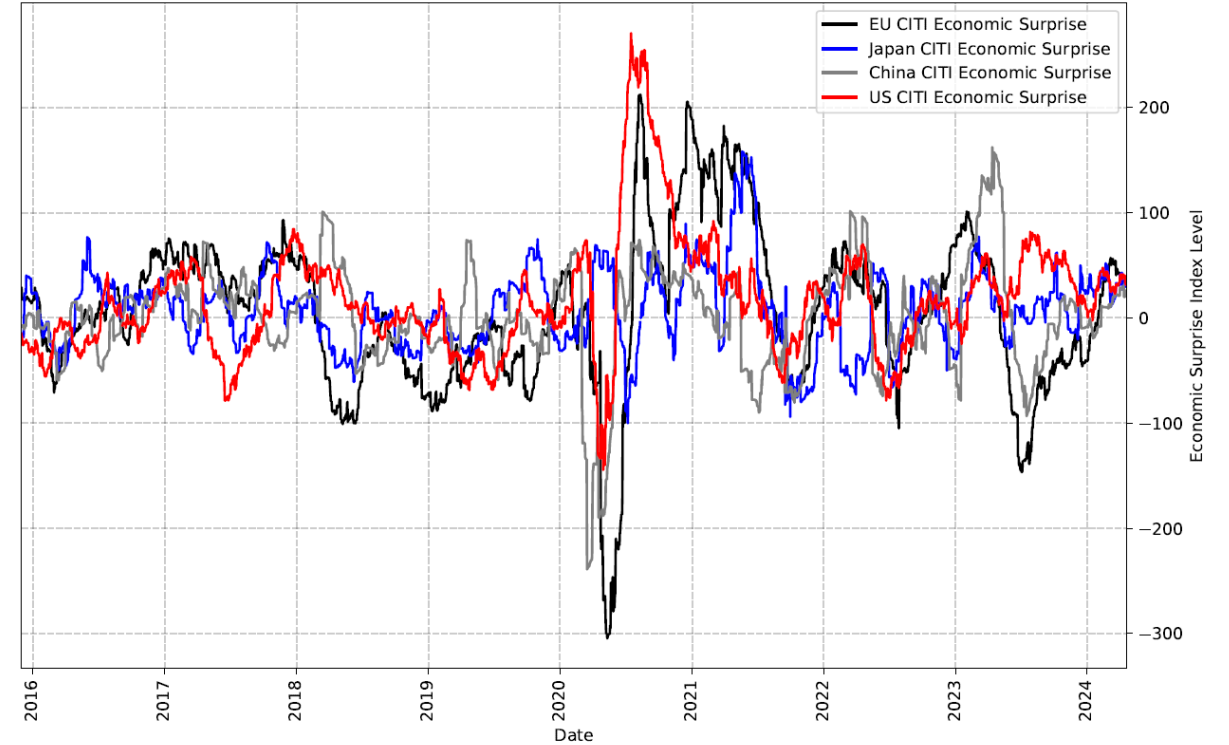
Despite high Real Policy Rates, US Economy remains resilient

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US Real Earnings Over Time



Global Economic Surprise

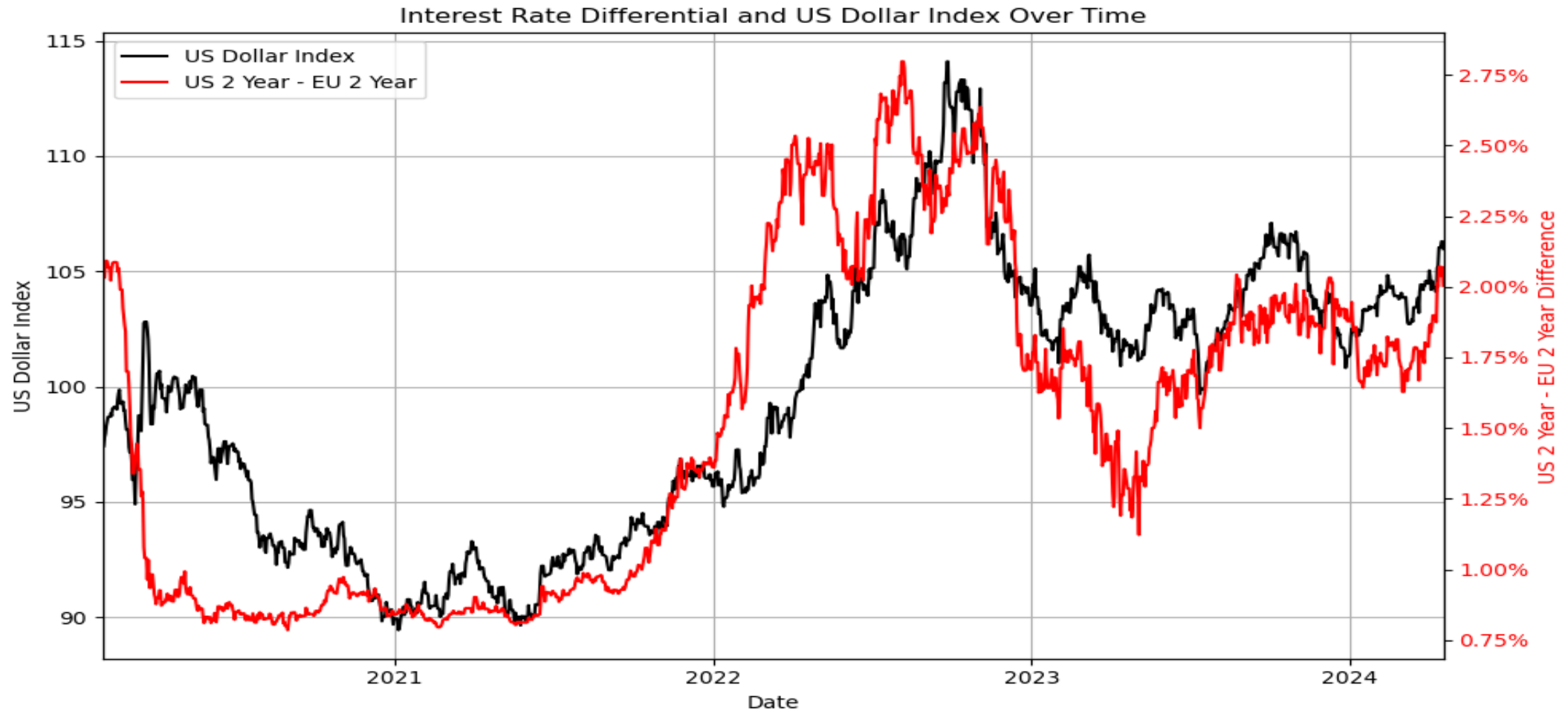


Source: Bloomberg and Saffron Wealth

STRONG US CARRY SUPPORTING USD AND IMPORTS

Currency impacts terms of trade

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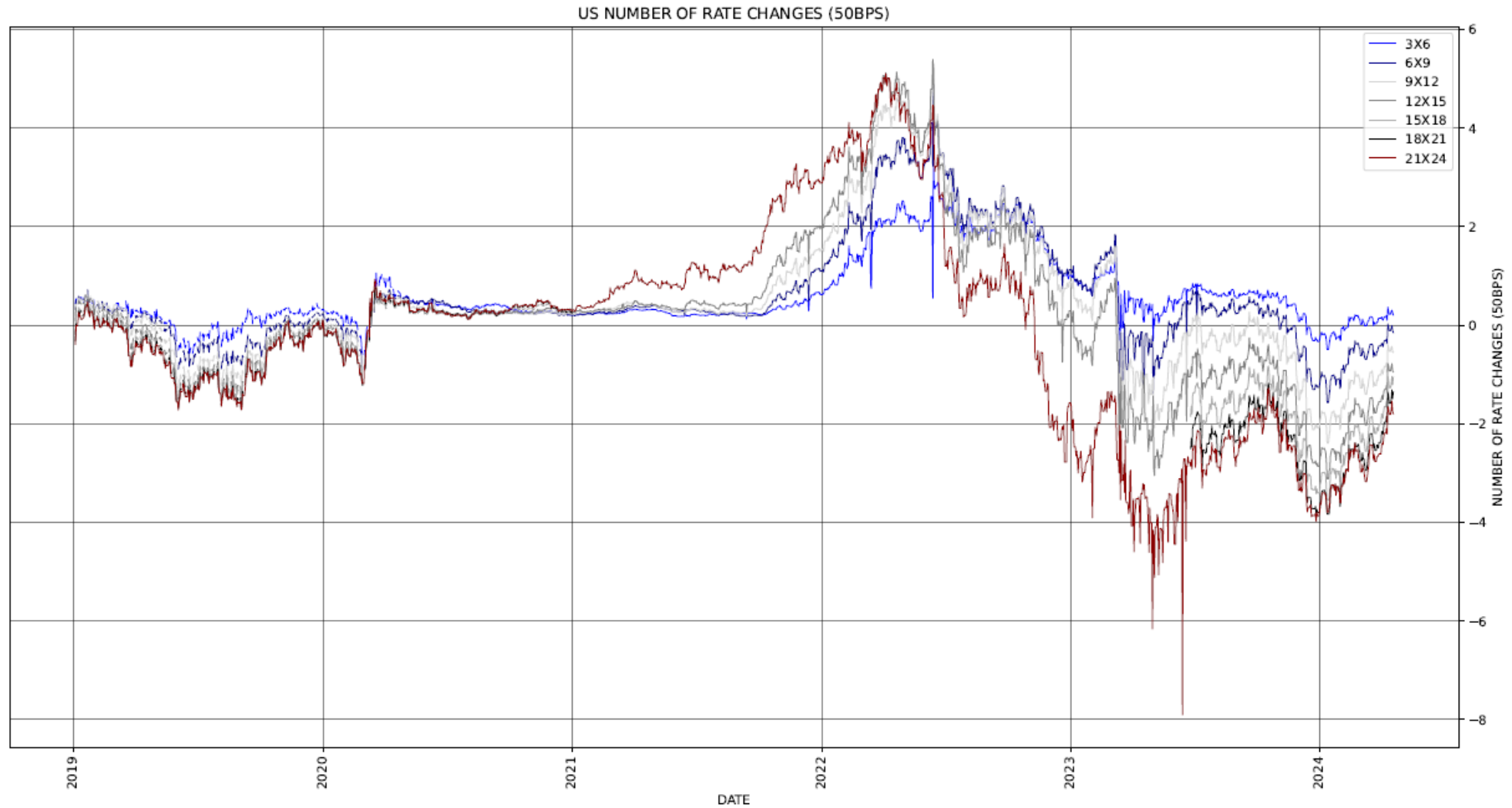


Source: Bloomberg and Saffron Wealth

EXPECT TO SEE RATE CUTS IN 2024

Expect central banks, especially the Fed, to start easing monetary conditions – 2025 growth tailwind

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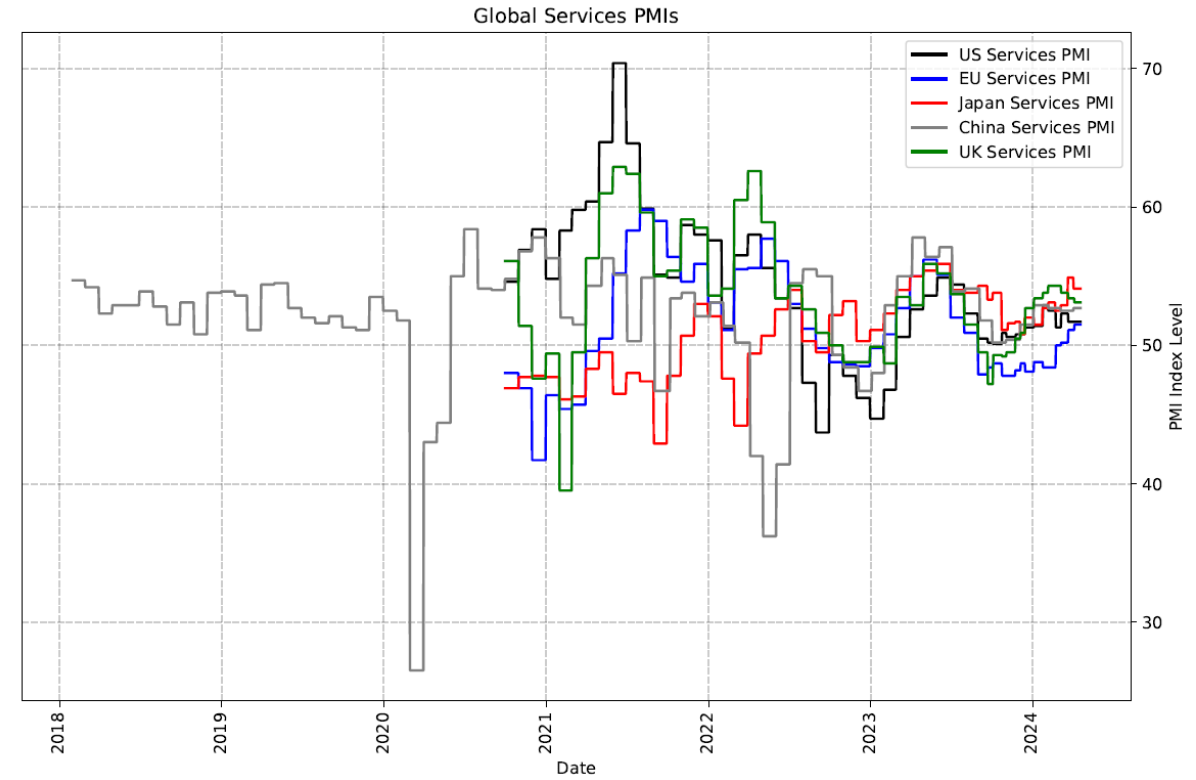
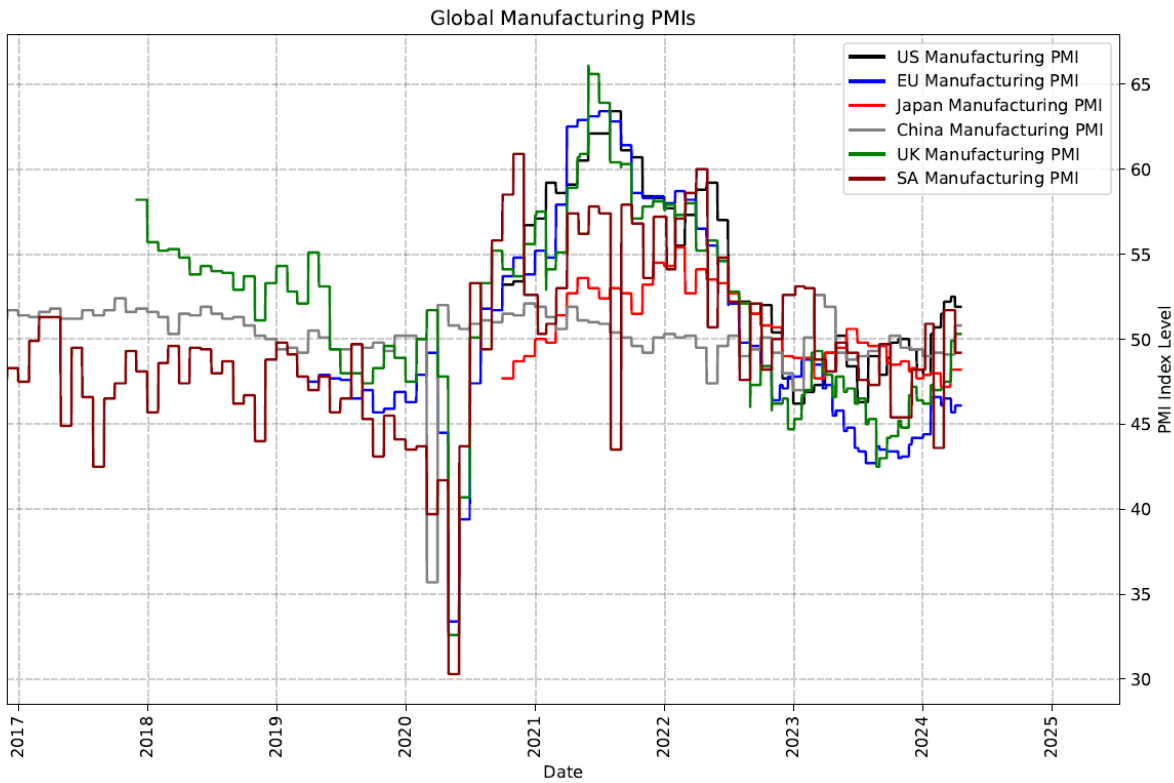


Source: Bloomberg and Saffron Wealth

GLOBAL GROWTH 2024

Outside the US less clear but still moving in right direction albeit at a slower pace

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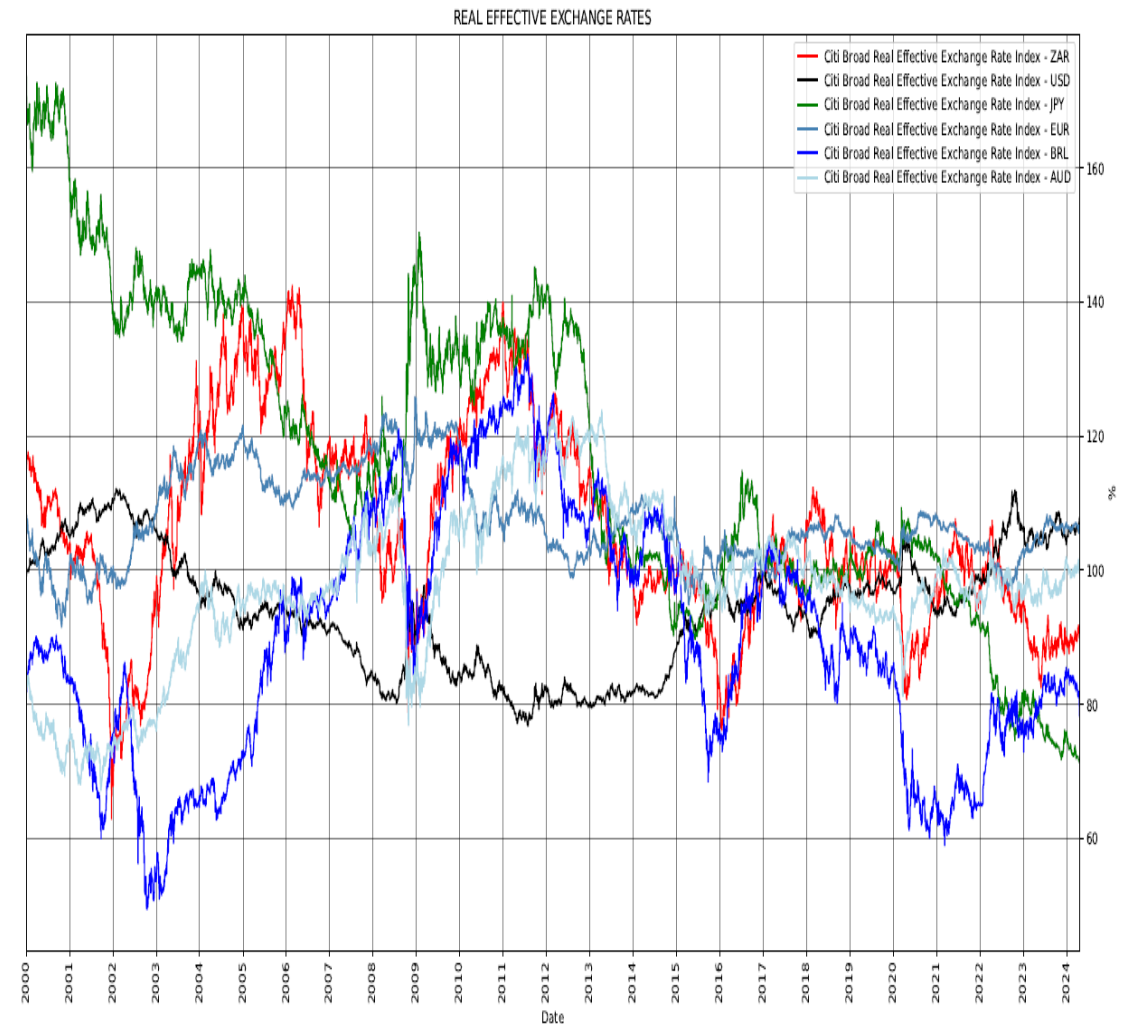
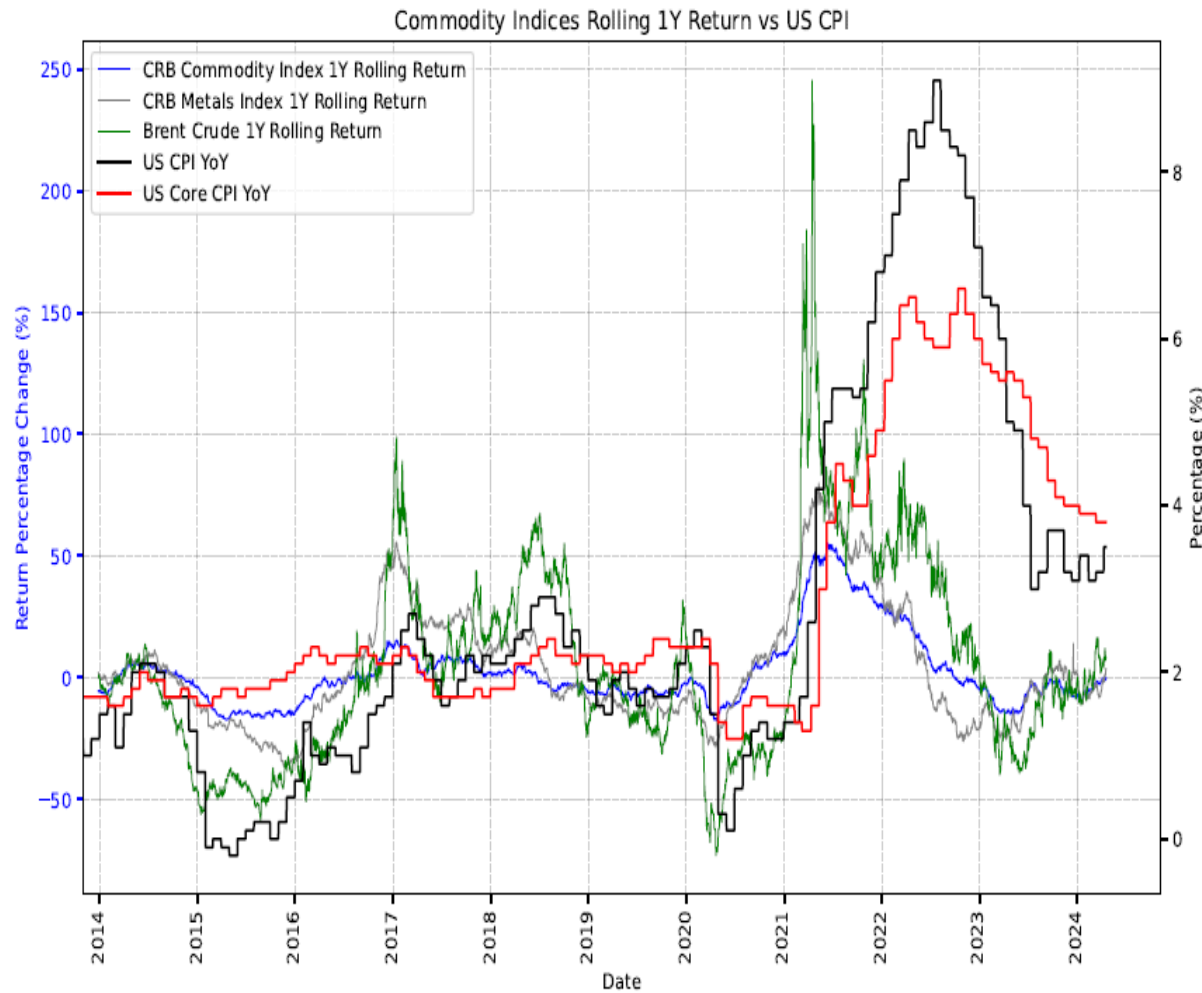
Source: Bloomberg and Saffron Wealth

SAFFRON MARKET VIEW

A BIFURCATED WORLD

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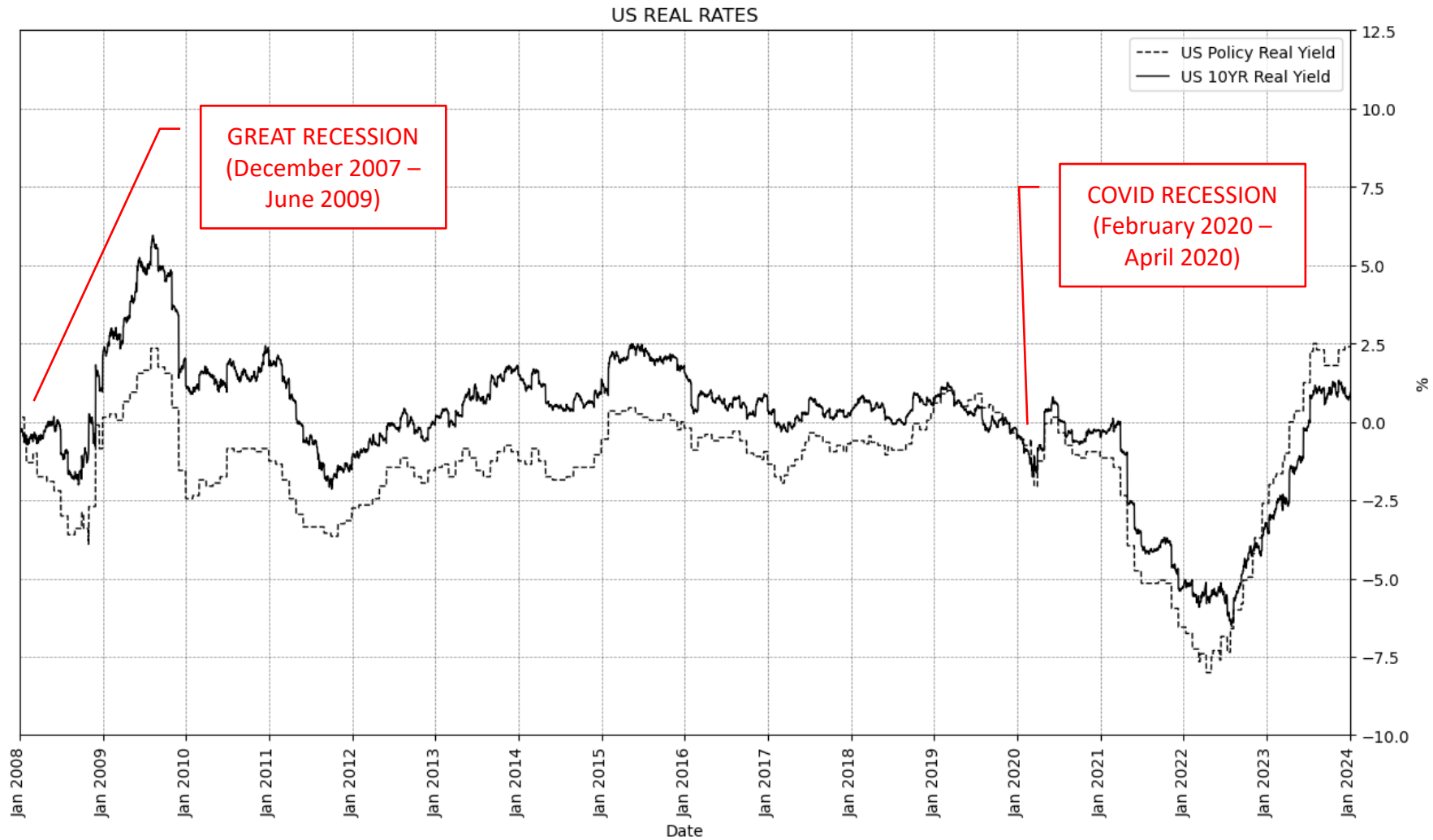
WHEREAS OTHER PARTS OF THE WORLD :



Source: Bloomberg and Saffron Wealth

SOURCES & STRATEGIES FOR FIXED INCOME ALPHA IN VOLATILE GLOBAL MARKETS

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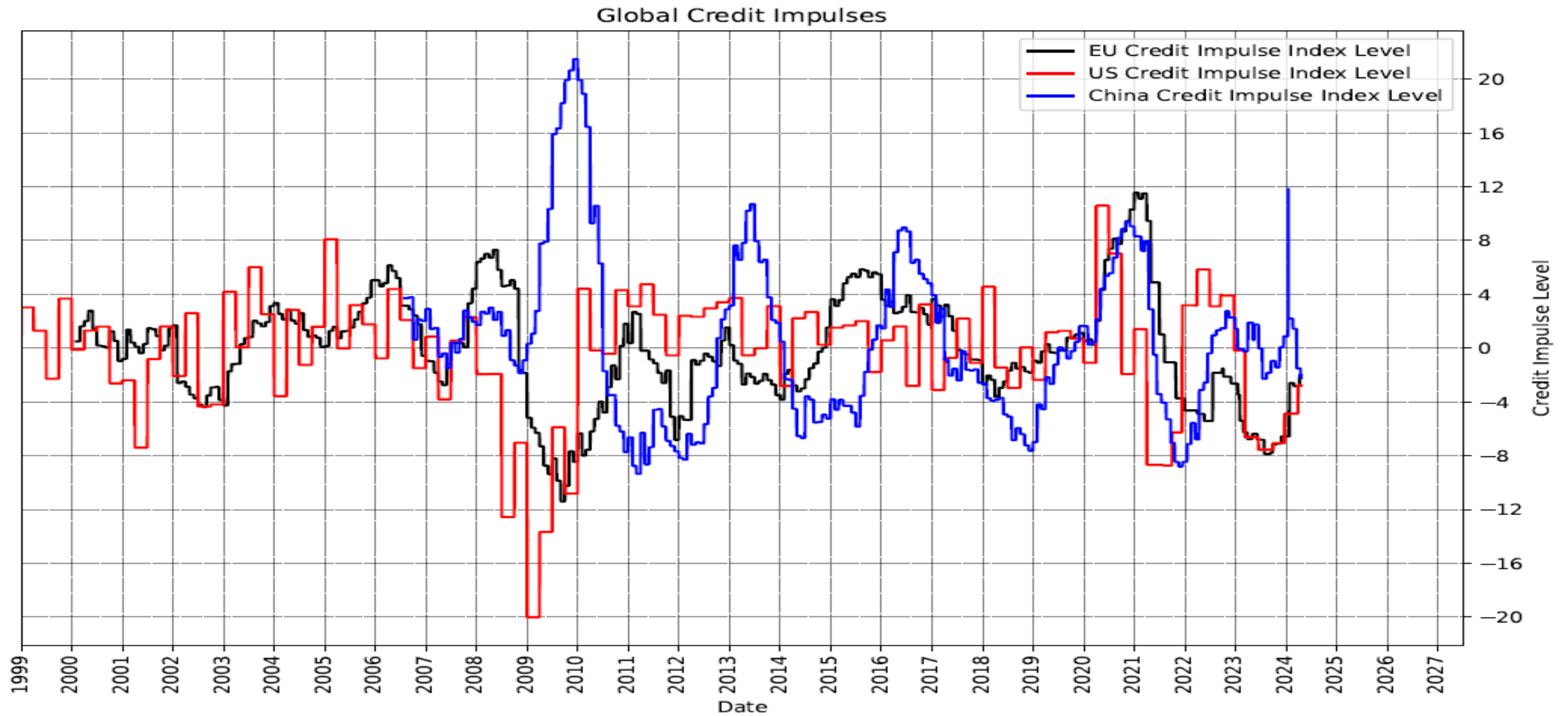


Source: Bloomberg and Saffron Wealth

SAFFRON MARKET VIEW

New credit issued as a % of GDP

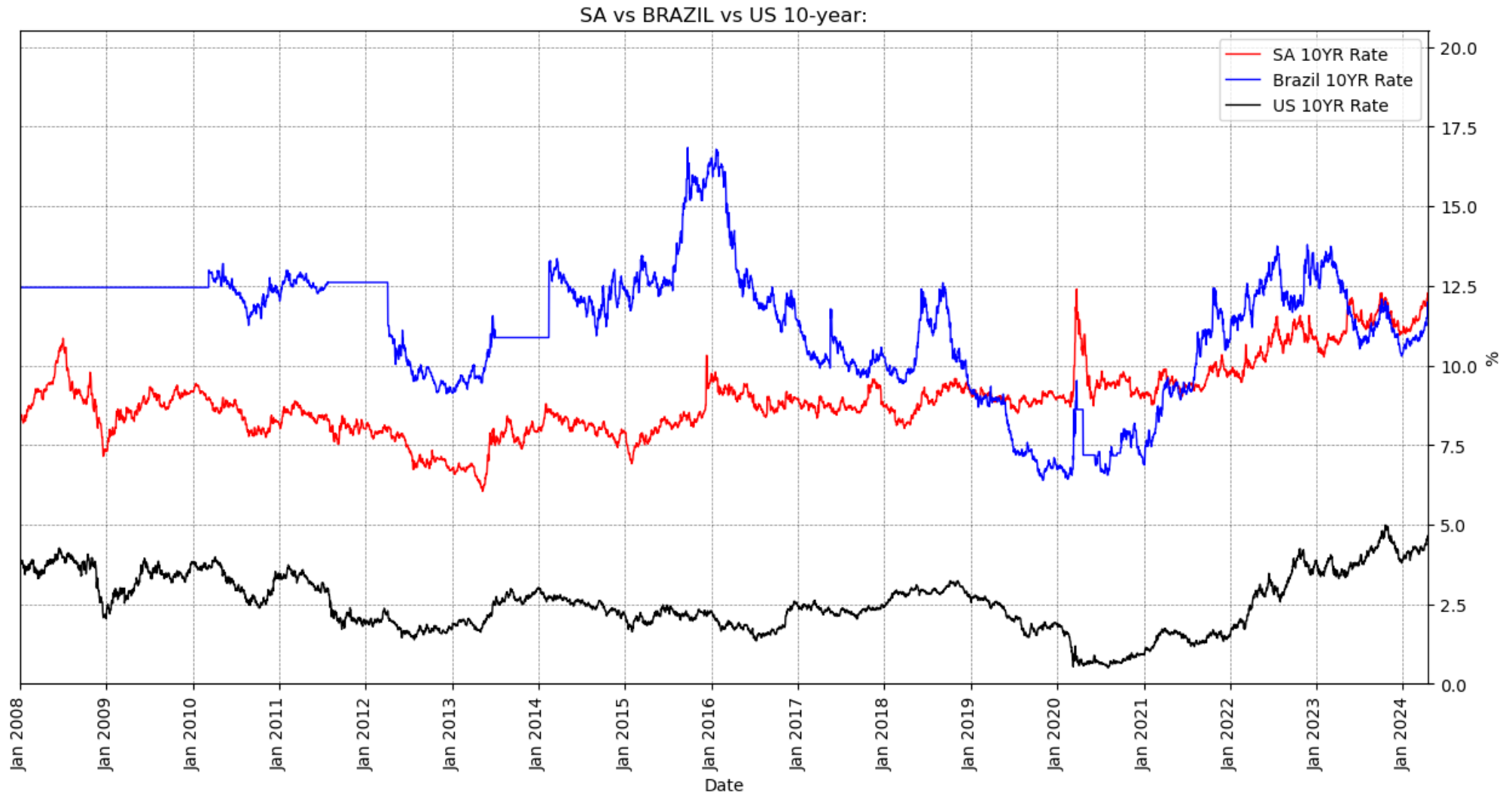
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Source: Bloomberg and Saffron Wealth

EM Spreads

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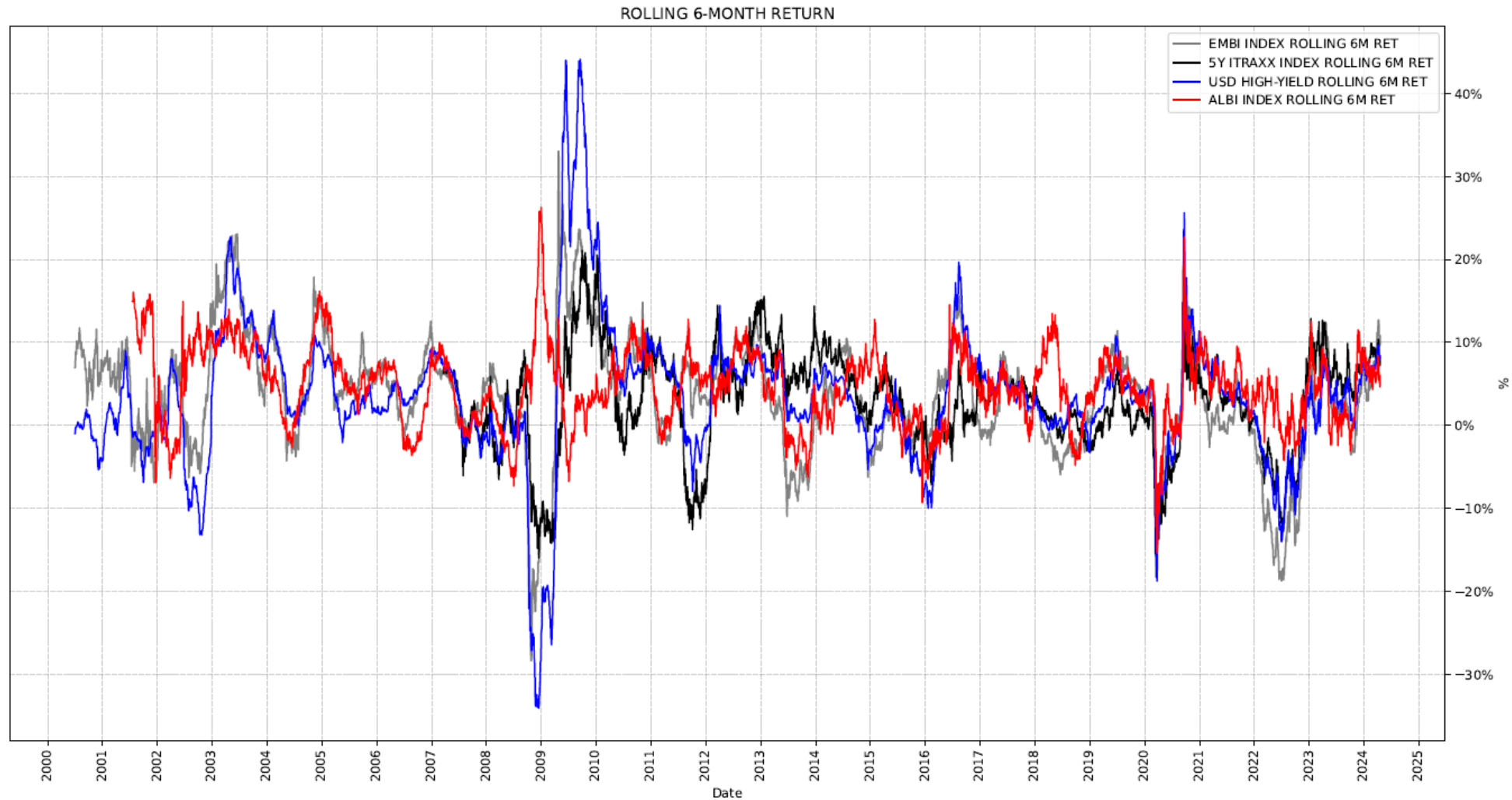


Source: Bloomberg and Saffron Wealth

DIVERSIFICATION OF CREDIT RISK

Rolling 6-month returns : Emerging Market Bond Index, EU Itraxx CrossOver Index, USD High Yield Index, ALBI Index

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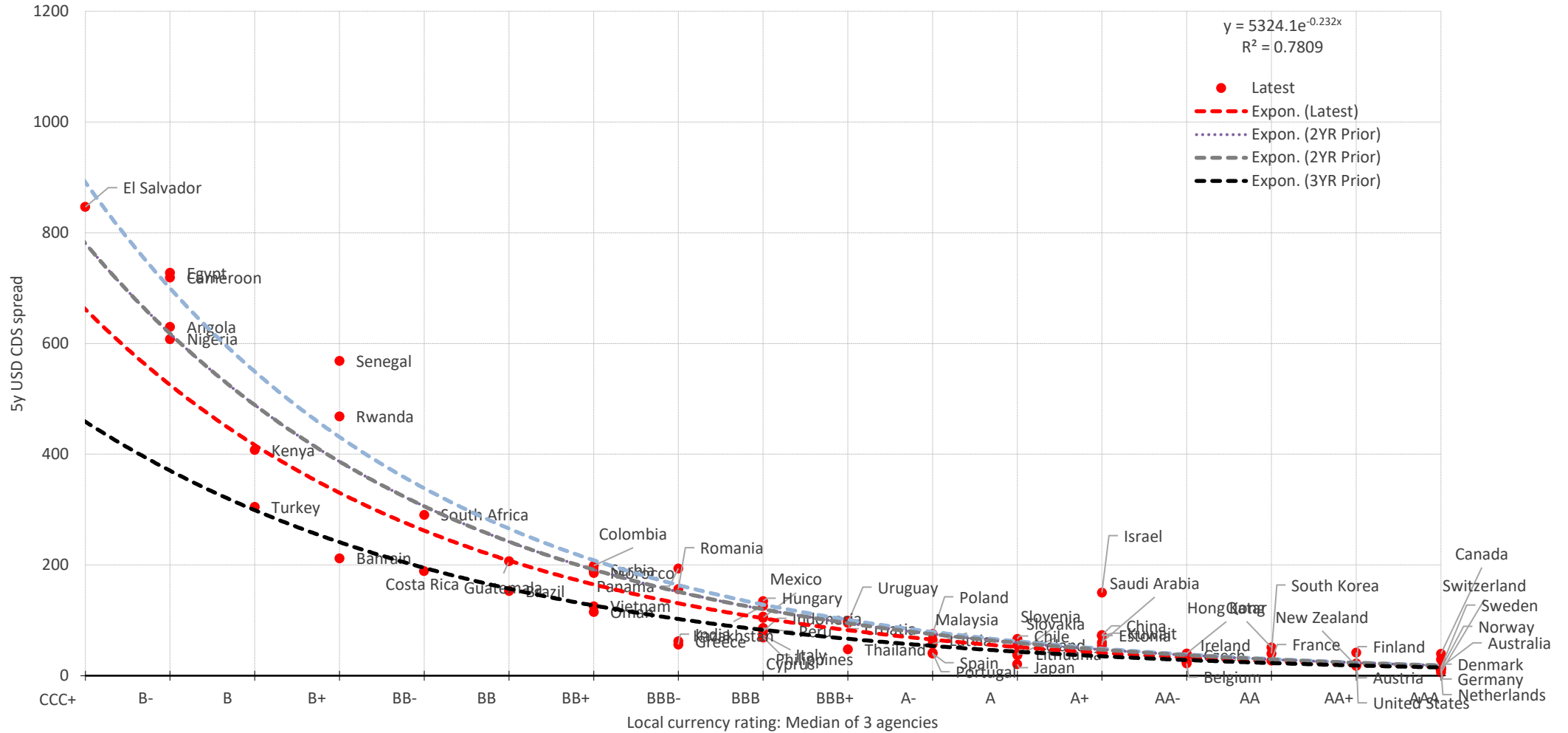
Source: Bloomberg and Saffron Wealth

SOVEREIGN CDS

EM Debt Relative Value

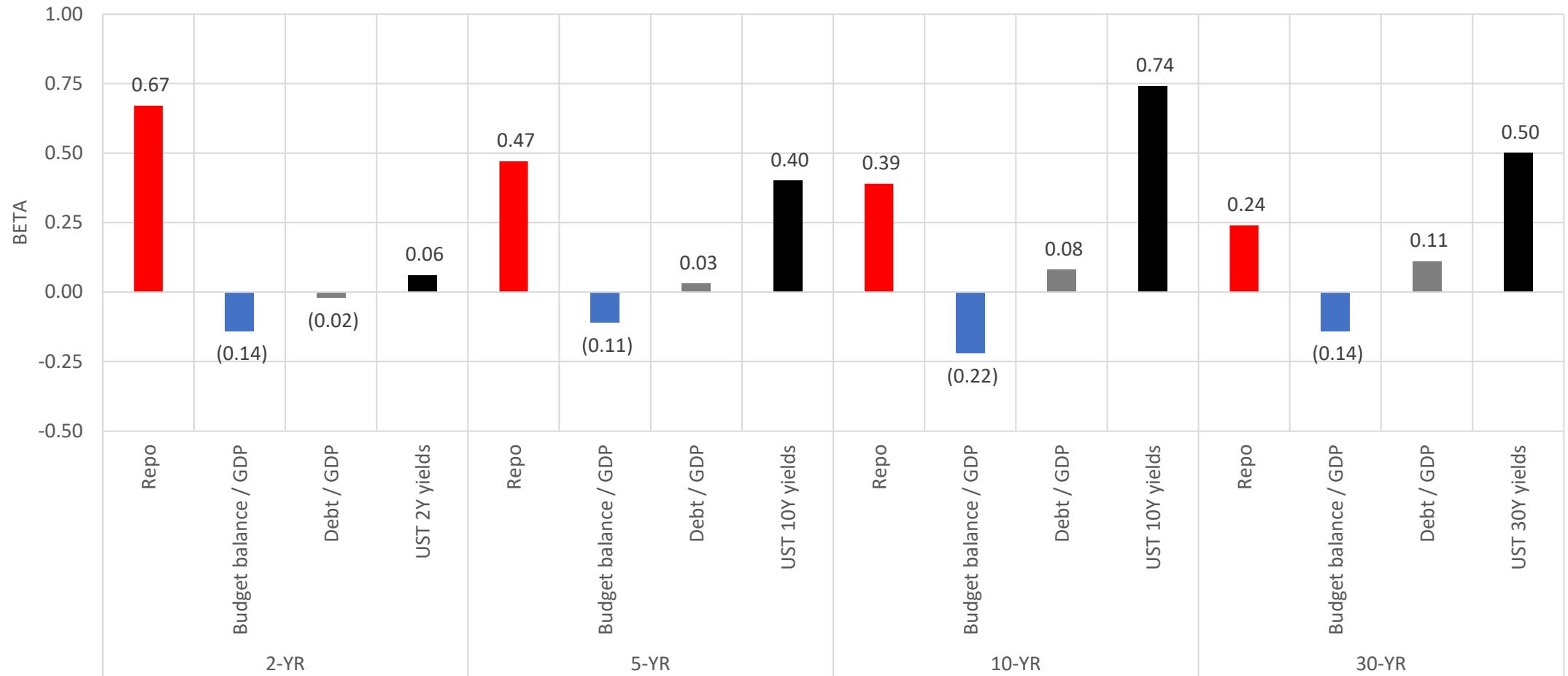
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CDS & CREDIT RATINGS



Source: Bloomberg and Saffron Wealth

FACTOR ANALYSIS OF THE IMPACT OF MONETARY AND FISCAL POLICY ON THE SAGB YIELD CURVE



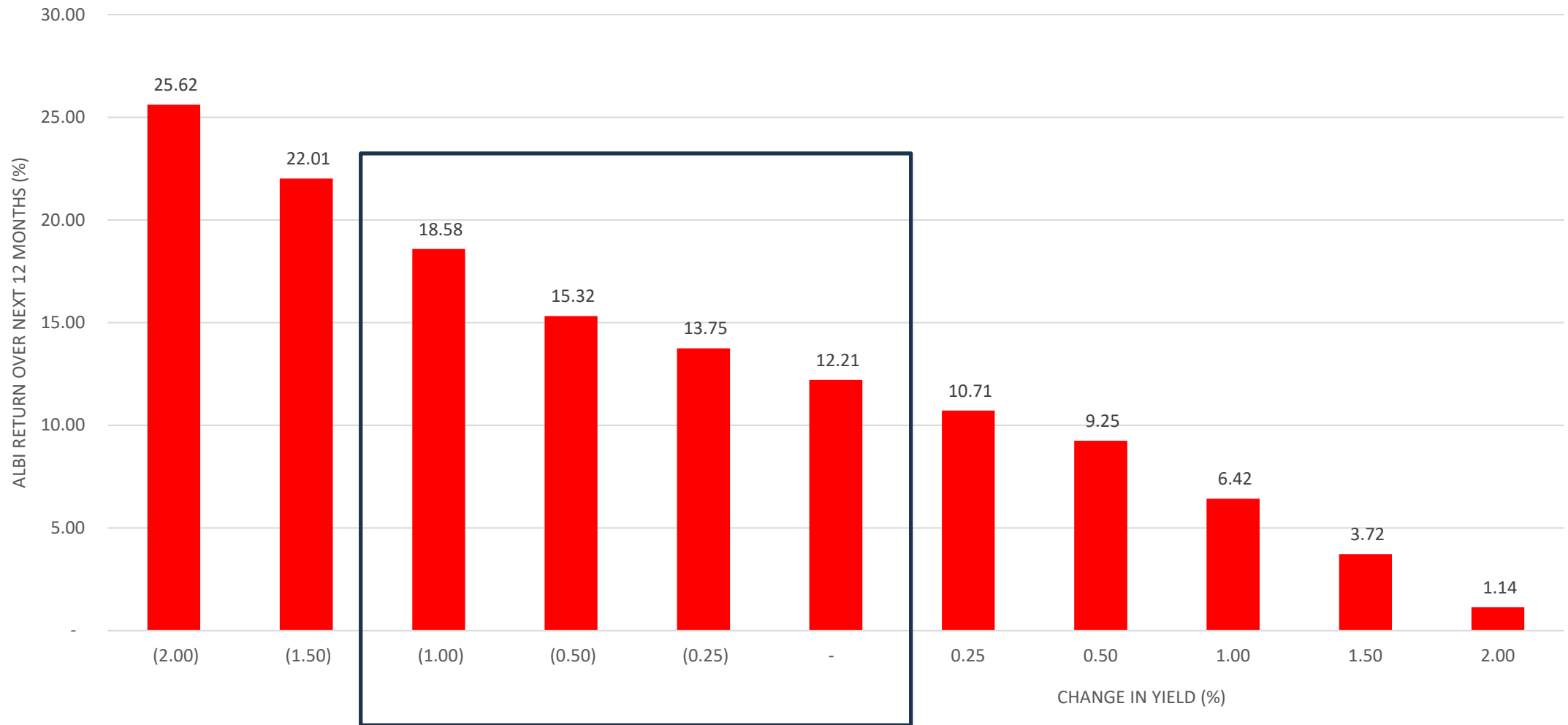
Source: Bloomberg and Saffron Wealth

ALBI STRESS TEST

Significant Upside

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ALBI RETURN OVER NEXT 12 MONTHS GIVEN A CHANGE IN YIELDS

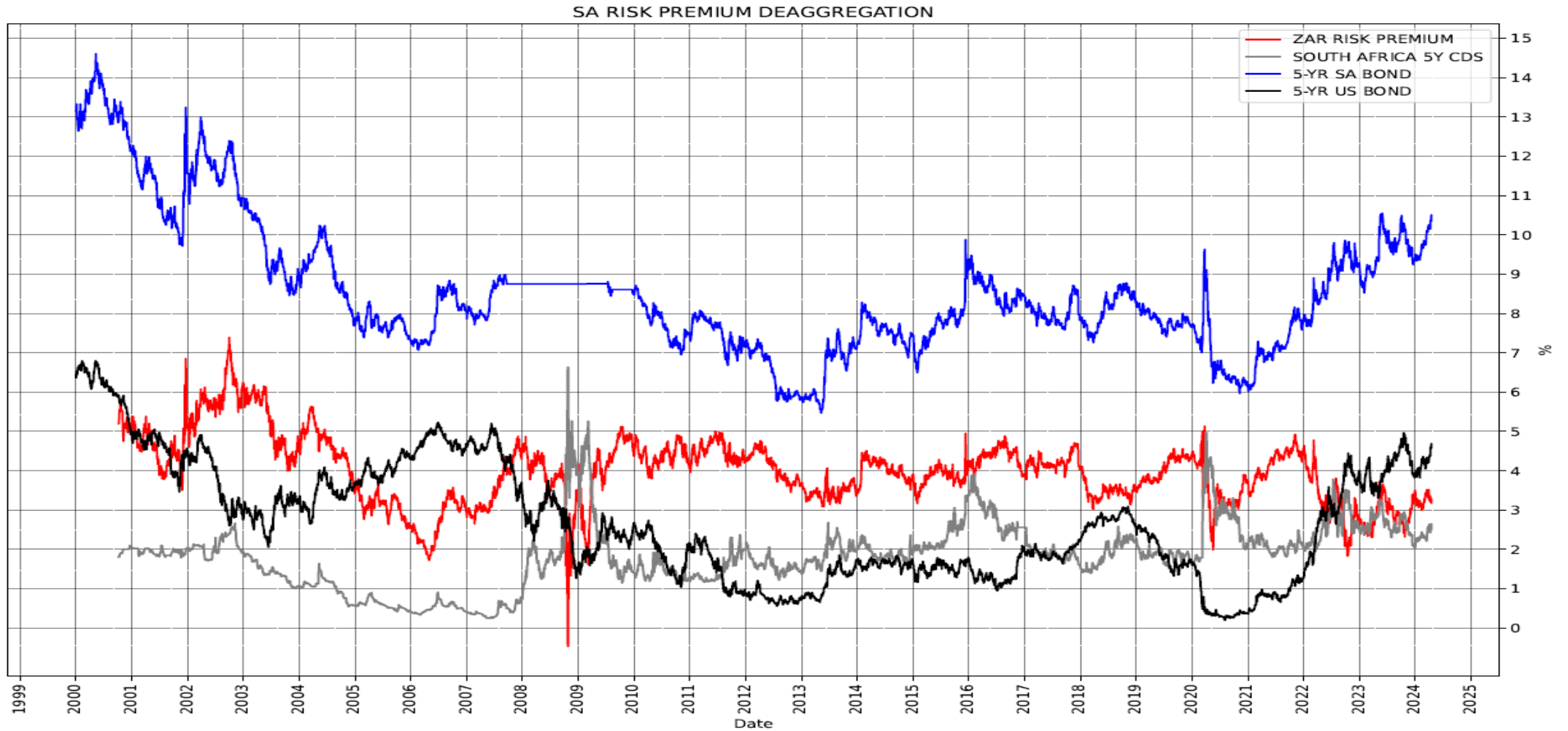


Source: Bloomberg and Saffron Wealth

SAFFRON MARKET VIEW

SA 5Y De-Aggregated

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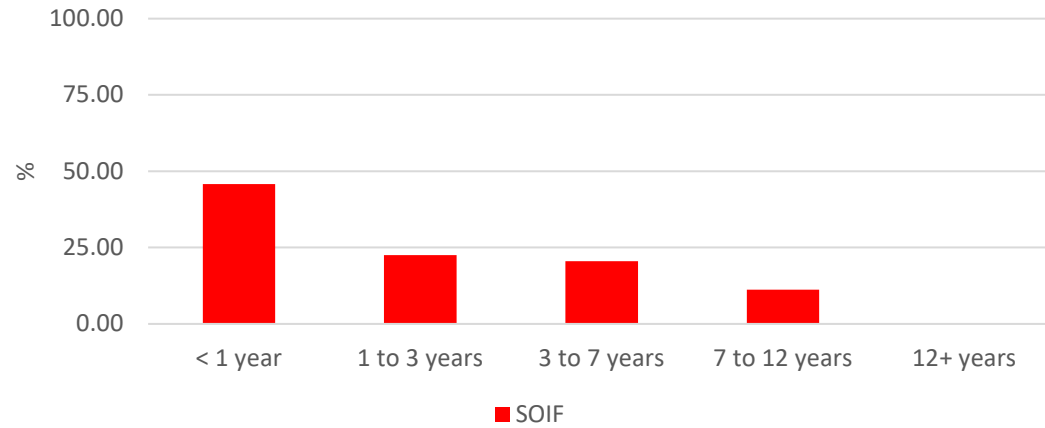


Source: Bloomberg and Saffron Wealth

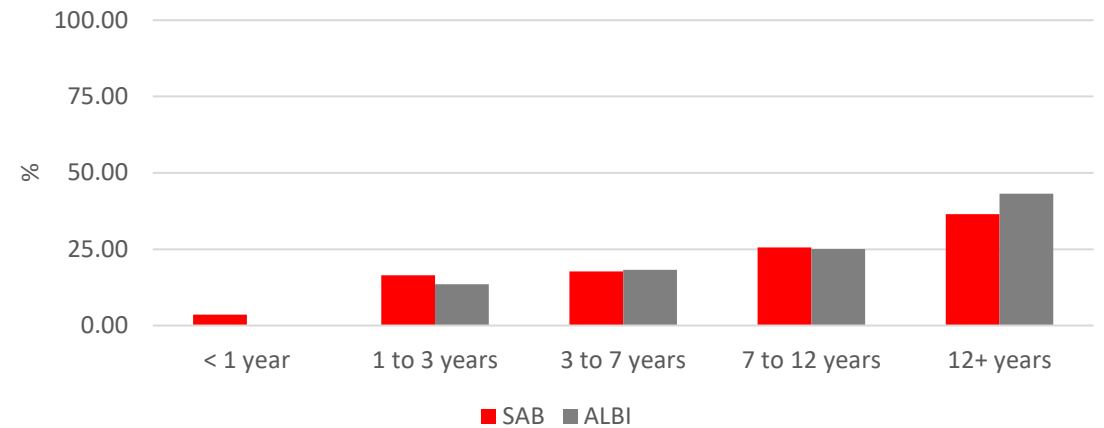
SAFFRON DURATION EXPOSURE

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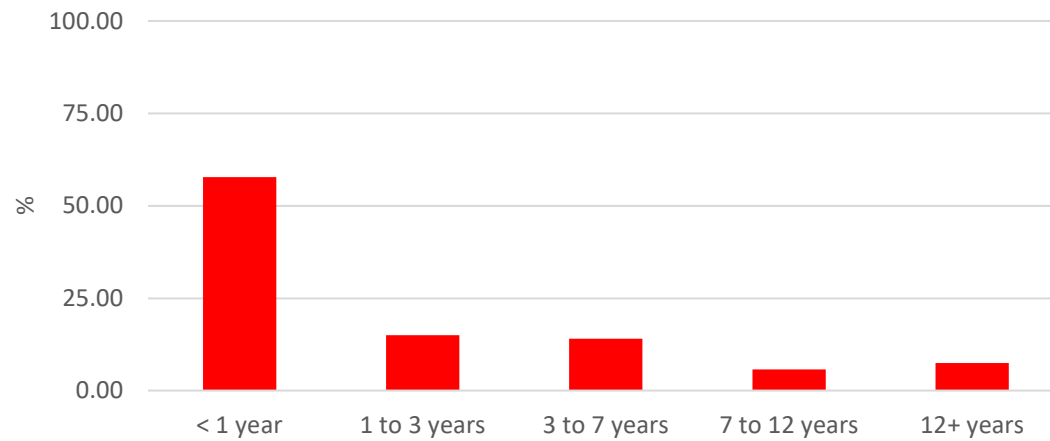
SAFFRON BCI OPPORTUNITY INCOME FUND



SAFFRON BCI ACTIVE BOND FUND vs ALBI



SAFFRON USD GLOBAL ENHANCED INCOME FUND



Source: Bloomberg and Saffron Wealth

THANK YOU

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