

Multi Index Income

10 / 2025

Fund commentary

October was another positive month for financial markets, with gains in both equities and fixed income. Throughout the month, several indices reached new all-time highs, including the S&P 500 and Nasdaq in the United States, the EuroStoxx 50 in the Eurozone, and the Nikkei in Japan. This momentum was supported by a strong third-quarter earnings season and the Federal Reserve's further interest rate cut at its October meeting. On the macroeconomic front, the partial US government shutdown prevented the release of some key data, such as third-quarter GDP and September employment figures. Nevertheless, indicators from private sources point to sustained growth and a moderate slowdown in the labor market. In the Eurozone, third-quarter GDP surprised slightly on the upside, increasing by 0.2% compared to the previous quarter. In fixed-income markets, the month was marked by a notable decline in yields and an increase in sovereign bond prices, driven by expectations of further interest rate cuts in the US. This movement moderated toward the end of the month, with the yield on the German two-year bond settling at 1.97% and the ten-year bond at 2.63%. In the currency market, the dollar appreciated 1.7% against the euro, closing the month at \$1.1540/€.

During the month, we made adjustments to the portfolio's regional exposures to align positioning with the current outlook. Overall, the equity level was increased, notably with a rise in the United States and a partial reduction in Europe. Global equity positions were also unwound to redistribute exposure among key regions, reinforcing the diversified approach. At month-end, total exposure stood at 48.2%, with the largest weighting in the United States, followed by Europe, emerging markets, and Japan, thus maintaining a balance between developed and emerging markets.

The portfolio duration closed at 2.40 years, maintaining a cautious approach considering interest rate developments. The allocation is primarily focused on European corporate credit, complemented by Eurozone sovereign debt, high yield, emerging market debt, and a tactical position in US Treasury bonds, which provides geographical diversification. During the month, the European government duration was reduced to increase the allocation to Treasuries, as well as to the high yield and emerging market debt segments, seeking to optimize the risk-return balance.

Exposure to the US dollar closed the month at 22.6%, a 1.3% decrease compared to the previous month. This reduction is the result of an active management decision, following the purchase of EUR/USD futures during the period, with the aim of partially reducing exposure to the currency.

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