

## Performance Update

Mirabaud - Global Climate Bond Fund I cap. EUR returned 1.09% in March, while the Index returned 0.78%.

Global economic data continued to surprise to the upside in March, with notably strong US labour market data and a second month of higher-than-expected core inflation. Central banks leaned more "hawkish", with the Federal Reserve moving its 2025 "dot plot" of expected interest rates higher, and the Bank of Japan ending its negative interest rate policy after 8 years. This resulted in high volatility in government bond markets; the 10-year US Treasury traded in a wide range from 4.07% to 4.32% but ultimately finished the month -5bps tighter at 4.20%. Market pricing of 2024 interest rate cuts decreased from 3.4 to 2.7, below the Federal Reserve's own estimates.

The market narrative fully embraced "no recession", which saw a grab for risk, tighter credit spreads and compression across fixed income assets; however, there were early signs of the damage that higher-for-longer rates can do. Several large over-levered CCC capital structures finally came under pressure where they had been waiting for lower rates to refinance debt, and the market is now questioning whether this will come in time.

Given the spread compression and outperformance of credit versus government bonds, most of the outperformance came from overweight allocations to investment grade, sub-financials and high yield, offset by the underweight to developed sovereigns and asset-backed securities. On a sector basis, our overweights in financials, utilities and consumer discretionary all performed ahead of the benchmark.

## Portfolio Activity

The fund had an inflow so we topped up existing positions – including recent new issues in European investment grade from Enel, Telefonica and Deutsche Telecom, and some GBP high yield in the gym space that offers value against EUR high yield. We maintained lower duration than the benchmark and used credit hedges to protect the fund from volatility around central bank meetings. We removed the credit hedge at the end of the month.

## Annual Performance (%)

	2019	2020	2021*	2022	2023	YTD 2024
Mirabaud - Global Climate Bond Fund I cap. EUR	-	-	-0.65	-15.52	7.73	-0.12
Bloomberg Global-Aggregate Total Return Index Hedged EUR	-	-	-0.19	-13.27	4.73	-0.37

\*Shareclass Inception date: 28/06/2021. All data sourced from Mirabaud Asset Management and Bloomberg.

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