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Principal Investor Perspectives Q4/2024

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Executive summary

- In our view, the market gyrations we saw in midsummer are unlikely to be a precursor to a top formation that could signal the beginning of the end of the bull market in risk assets. Nonetheless, the internal structure of equity advances could well be changing, and such a rotation should be welcomed by passive investors and stock pickers alike.
- The macroeconomic backdrop remains benign globally, as inflation rates have come down sufficiently for central banks to have already started an easing cycle. Our portfolio positioning retains a pro-growth stance while also keeping some dry powder for future buying opportunities.
- Japan is a case in point when it comes to demonstrating that small policy changes can have a large impact. Despite the turmoil it has already created, the normalization of monetary policy is set to continue, with the Bank of Japan being the only central bank in the developed world to incrementally tighten – rather than loosen the reins.
- Japan's economy is performing well in an international comparison, with growth around potential and rising wages but moderate inflation. While the coordination of monetary policies and fiscal spending that is geared towards social welfare, infrastructure and defense are unlikely to change much going forward, the rise of a new Prime Minister signals that the extraordinary fiscal and monetary largesse of the Abenomics era has ended.
- Hedge funds have always been a vital and integral part of the LGT Endowment's asset allocation. Their highly flexible and actively managed strategies can provide uncorrelated and complementary sources of return – a feature that is particularly valued in times when traditional market betas fail to deliver.
- Historically, hedge funds have also helped mitigate the downside for investment portfolios in periods of high uncertainty and large drawdowns in equity markets.
- We believe that hedge funds can perform well in the current macro and market environment as there are now more opportunities to profit from dispersion through arbitrage and relative value trades. Hedge fund strategies can also profit from shorting securities and earning interest on the borrow, which is arguably a significant advantage in today's environment.

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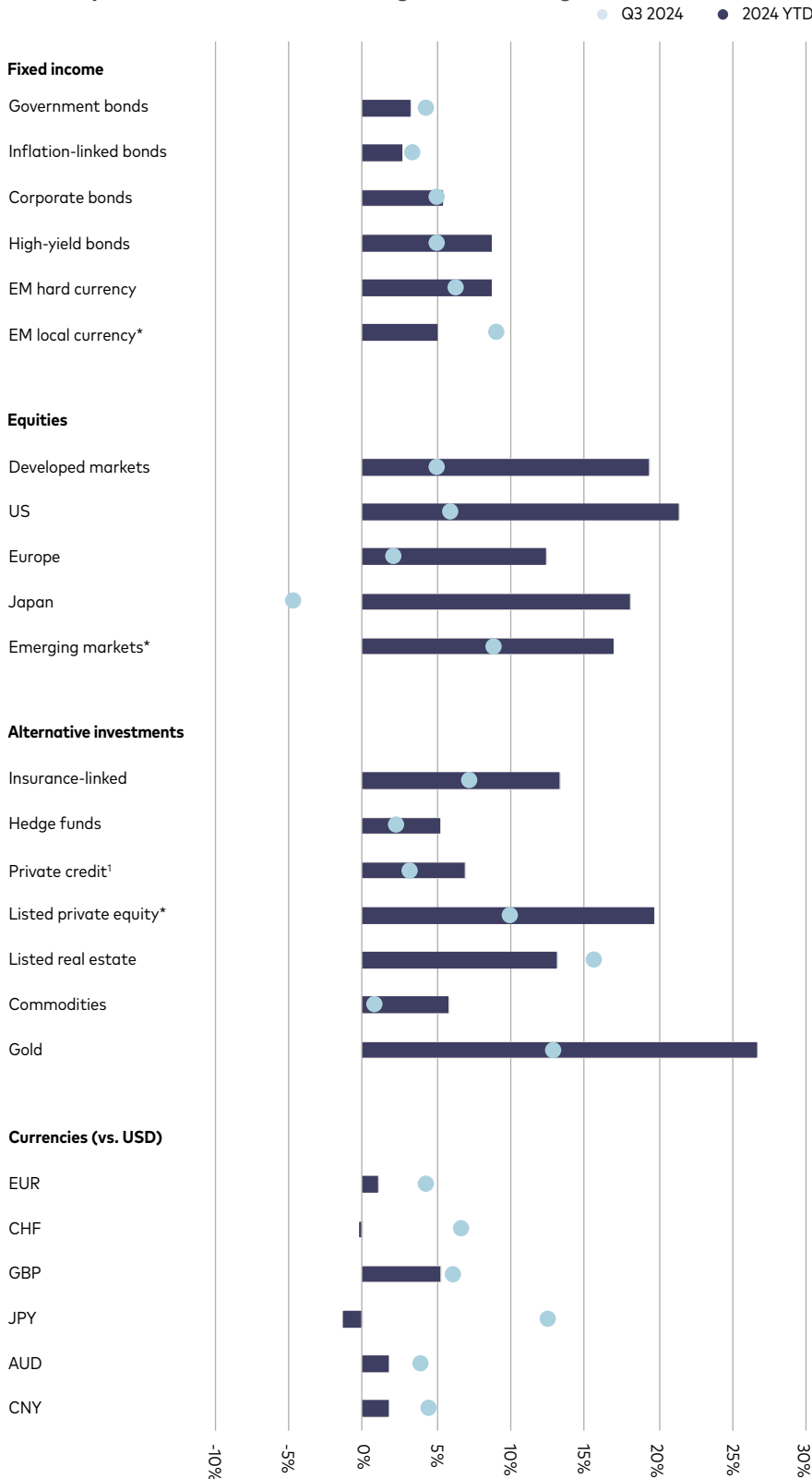


Boris Pavlu
Investment Strategist

Review of the past quarter

Risk-on sentiment prevailed

Market performance (index returns, gross, USD hedged)



* These asset classes are not currency hedged.

¹ Private credit: measured by global leveraged loans.

Source: LGT Capital Partners, Refinitiv, Bloomberg, Data as of 30 September 2024

Past performance is not a guarantee, nor an indication of current or future performance.

An extended cycle

The third quarter of 2024 proved volatile, but it was also a period of sustained economic momentum. At the beginning of August, an interest rate hike by the Bank of Japan led to an unwinding of carry trades. Together with a confluence of factors, ranging from seasonal market illiquidity to temporary recession fears, this resulted in a sharp global sell-off. However, markets recovered quickly on the back of investors' rate cut expectations, which were partly realized at the end of the quarter, as the Fed delivered a jumbo cut of 50 basis points. Shortly afterwards, China announced broad-based measures to stimulate its economy. These developments largely contributed to the risk-on sentiment and extended the upcycle.

The "almost everything rally"

Against this backdrop, the third quarter was characterized by an "almost everything rally": apart from Japan, major equity markets posted gains, as did all fixed income segments, with emerging markets delivering the strongest quarterly returns in both asset classes.

Alternatives also ended the last three months in positive territory. The Fed's rate cut particularly benefited REITs and gold, which are interest-rate sensitive assets, but added pressure on the US dollar, which depreciated against other major currencies.

The US yield curve steepened further during the quarter, as the short end of the curve priced the entire rate cut cycle already in.

Macro and market perspectives

A market regime change in the making?

- From a behavioral finance perspective, the recent market turmoil is unlikely to herald the end of the bull market in risk assets
- A potential change in the internal structure of equity markets should be welcomed by passive investors and stock pickers alike
- Our portfolio positioning retains a pro-growth stance while also keeping some dry powder for future buying opportunities

Top formation not very likely

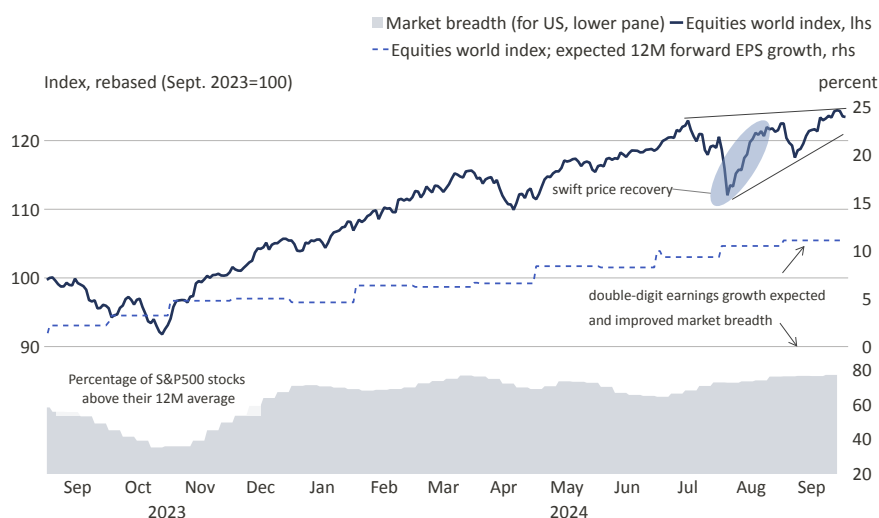
After a relatively long period of plain sailing, the month of August brought a summer storm in financial markets, with a spike in volatility, a drop in equity indexes and an unwinding of carry trades. From a behavioral finance perspective, this correction occurred somewhat naturally. Sentiment and positioning data had already suggested that investors may have become overly one-sided in certain segments and hence overly complacent in their risk-taking. The question we should now ask is: Was the summer turbulence just about clearing up extended positions or are markets trying to tell us something more? Initially, the possibility of market regime change could not be ruled out. Equity bull markets often die in euphoria and bear markets usually unfold months before hard economic data turns sour. Having since analyzed market dynamics, however, we do not believe there is a particularly strong case for the bear thesis.

A welcome change in underlying market structure

The speed and quality of the subsequent market recovery were impressive. Especially the widening market breadth, which had already improved even before the rout, means that major equity indexes are no longer solely being carried by a few big names in US tech. In recent months, sectors that were previously lagging behind, such as real estate, utilities or healthcare, ranked among the best-performing sectors. The number of individual stocks in a medium- to long-term uptrend is higher today than it was until the previous quarter. This points to a broadening of the market structure – an evolution that should be welcomed by passive investors and stock pickers alike. However, it might be premature to suggest that this marks the start of a prolonged upturn carried by a new market structure. This will largely depend on how the global economy fares in the near future.

Global equity markets after the summer storm

Performance index and expected EPS growth for global equities, market breadth for the US



Source: Macrobond, LGT Capital Partners

This time is different for the global economy

The state of the global economy is the other main factor that does not really support the bear market thesis. Yes, growth rates have slowed and labor markets are softening, but that has been a necessary development to bring inflation back in check. At this point, central banks have all but declared victory in restoring price stability and most have already pivoted to easing monetary policy. The latter policy action will provide further support for the economy overall and for interest rate-sensitive businesses more specifically.

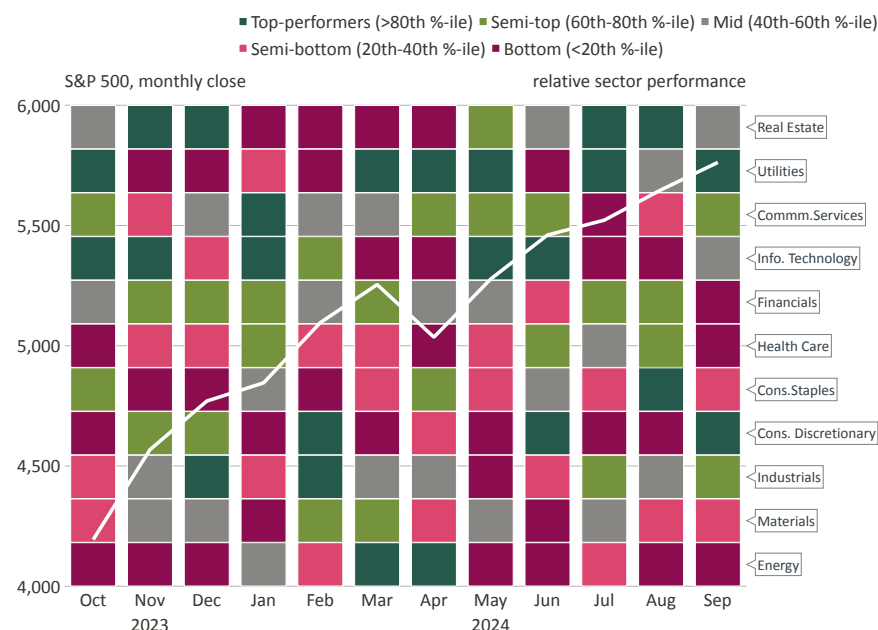
What remains is a tail risk of monetary easing coming too late and economies falling into contraction in spite of it. Historically reliable recession indicators, such as the inverted yield curve or the Sahm rule¹, have however so far sent out false signals, as economies have stayed remarkably robust. In principle, this is still due to past stimulus programs and pent-up consumer demand. However, as the long shadow of post-pandemic distortions finally recedes, consumer behavior, the business cycle and economic policies are all set to normalize again. Finally, history suggests that periods when central banks loosen the reins while economic growth is still solid can be a boon for equities, although the risk of reviving inflation certainly remains.

Cautiously optimistic portfolio positioning

In our baseline scenario, the global economy continues to expand at a more moderate pace than in the quarters before. We therefore do not believe that the bull market will end, and we see sector rotations and possible leadership changes as healthy structural developments. Our asset allocation therefore remains pro-growth (see chapter on Portfolio positioning), although we have used the latest market rebound to reduce equity exposure somewhat, as we believe that holding some dry powder is warranted for the coming months. Hedge funds have always been a vital part of our long-term asset allocation (see Principal insight), and we believe that they are particularly well suited to navigate current conditions.

Healthy sector rotation underway

Industry percentiles on monthly returns, colors denote relative sector performances



Source: Macrobond, LGT Capital Partners

¹ Named after Claudia Sahm, an economist and advisor formerly with the Federal Reserve Board of Governors. The rule states that an increase in the three-month average of the US national unemployment rate of +0.5%-points or more compared to the previous 12-month low signals the start of a recession. Claudia Sahm herself recently described this as more of an indicator for policymakers to provide prompt economic relief rather than a fixed rule to mark a recession.

Spotlight

Politics in Japan – where nuance matters

Just two months after Japan's unexpected shift in monetary policy, the ruling Liberal Democratic Party (LDP) surprised markets by replacing its leader with a critic of Abenomics, who promptly called for a snap general election by month's end.

Compared to the political polarization in the United States and much of Europe, Japan's political landscape may seem stable. However, recent market turbulence shows that even subtle policy changes can significantly impact investors.

These shifts cumulatively suggest that Japan is moving away from the era of extraordinary monetary-fiscal expansion and shareholder-friendly reforms known as Abenomics.

Small rate hike, big response

In July, the Bank of Japan (BOJ) raised its policy rate from 0.1% to 0.25%. Despite being the smallest rate hike among major economies, it signaled an important policy change, leading to a surge in the yen and a record decline in the Nikkei as investors unwound short yen/long equity positions. The unwinding of these carry trades briefly impacted global markets, though they have largely recovered.

Political uncertainty amid leadership changes

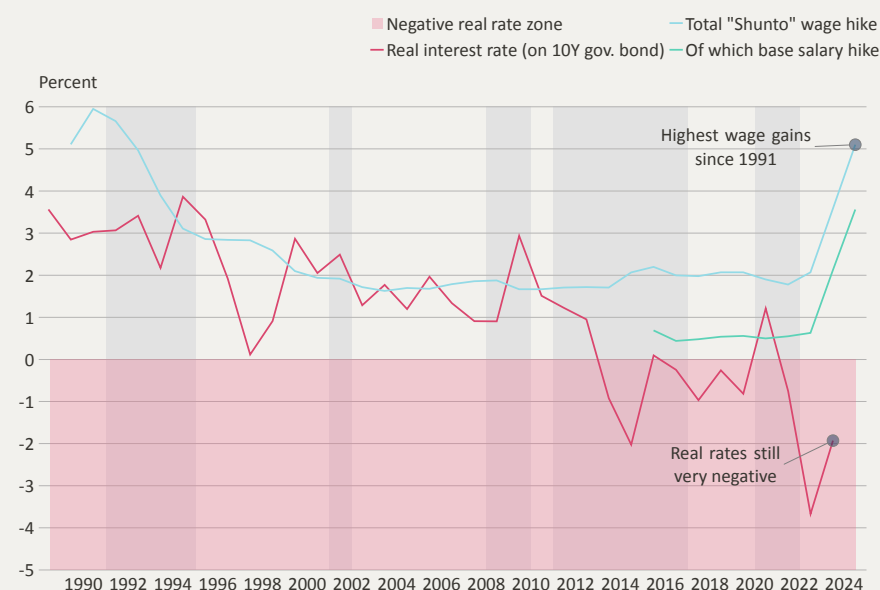
Japan's politics are in flux. In August, former Prime Minister Fumio Kishida, facing low approval ratings due to a funding scandal, initiated the process to elect a new party leader. After a more competitive contest than usual, veteran lawmaker Shigeru Ishiba

emerged as the winner, narrowly defeating a pro-Abenomics candidate. In anticipation of an early national poll, the LDP's junior coalition partner, Komeito, and the largest opposition party, the Constitutional Democratic Party (CDP), also elected new leaders.

Significant policy shifts are unlikely due to a broad consensus on key issues. While some BOJ officials suggest that the policy rate may gradually rise to 1% over the next one to two years, Japan would still maintain the most negative real interest rates among major economies. Fiscal tightening will likely be limited, with a continued focus on increasing defense spending and maintaining generous infrastructure and welfare expenditures. Policy coordination between the BOJ and the government will persist, supported by Japan's position as a creditor economy.

Land of rising wages and negative real rates

Wage hikes negotiated by unions, real interest rates



Notes: Grey areas show years with recessions. Wages negotiated by trade union confederation Rengo, representing ~5,000 unions, during the annual "Shunto" talks.

Sources: Nikkei News, Rengo, Macrobond

Economic opportunities and future uncertainties

What remains uncertain is how much priority Ishiba will give to structural reforms, such as addressing Japan's aging labor market and promoting investor-friendly corporate governance. With decades of deflation and cultural tendencies to hoard cash, Japanese companies and households hold approximately USD 9 trillion in reserves, about 214% of GDP. Unlocking even a fraction of these dormant reserves through reforms could significantly drive investment and economic growth.

Another concern is the stability of the new prime minister, who may struggle to hold power for more than a couple of years due to potential infighting or election

losses. Such instability could weaken the alignment of monetary and fiscal policies and threaten the progress achieved under Abenomics.

Comparison with global peers

Japan's economy is currently performing well compared to international peers. Growth and inflation have returned at, respectively, sustainable and manageable levels, and wages are rising at rates last seen during the late 1980s boom. A weak yen has boosted corporate profits to historic highs, enhancing the country's capacity for reinvestment and innovation. Geopolitical shifts have also increased Japan's attractiveness for foreign commerce and

investment.

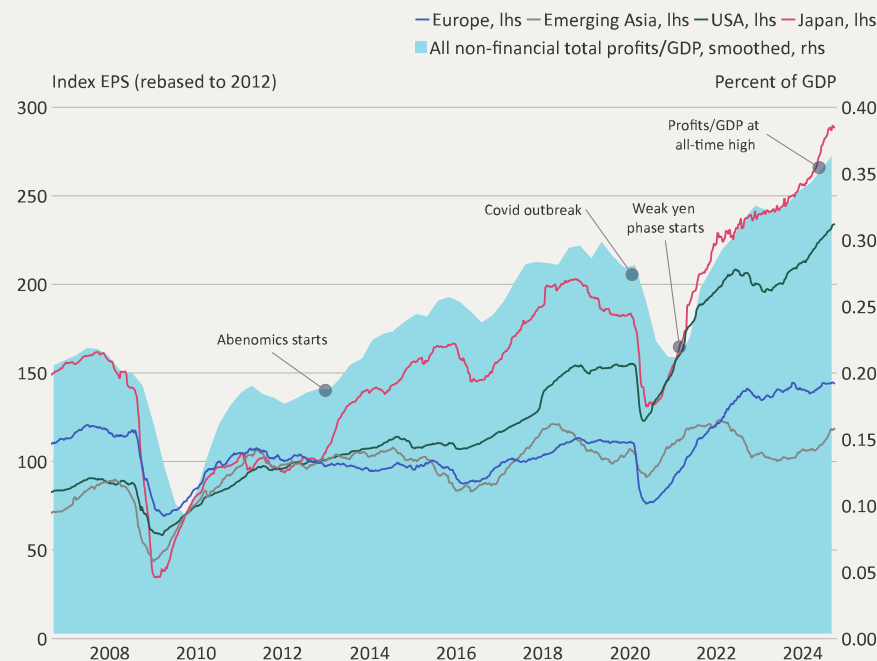
However, uncertainty around long-term policy direction could hinder the full potential of these strengths. And even if future economic policies will not diverge significantly, their consistent and sustained implementation will be crucial to ensuring success.

Asset allocation implications

Recent market volatility and the uncertain political outlook have led us to adopt a neutral stance on Japanese equities. We are, however, keeping the strategic allocation to Japanese yen in place as the currency is fundamentally undervalued, benefits from monetary policy convergence, and can act as a partial portfolio hedge in periods of risk aversion.

Surging profits of Japanese corporations

Equity index¹ EPS for major economies and total profits/GDP for Japan



Note: Earnings per share data in local currency used for public companies. Profits/GDP data goes back to 1960 and is smoothed using 1-year average value.

Sources: Ministry of Finance of Japan, Japanese Cabinet Office, Bloomberg, Macrobond

Principal insight

How we invest in hedge funds

Benefits of hedge funds in a traditional portfolio

Hedge funds employ a broad range of actively managed strategies to capitalize on market inefficiencies and generate alpha. Unlike traditional investments bound by benchmarks, hedge funds have the freedom to seek profits across diverse asset classes and markets. Their distinct ability to take long or short positions distinguishes them from other traditional and alternative investments and enables them to generate returns irrespective of market directionality, while often offering better liquidity relative to other alternative investments.

Through their highly flexible approach, hedge funds can bring additional and complementary sources of returns to traditional portfolios. This allows investors to improve expected risk-adjusted returns at the overall portfolio level. This ability becomes especially valuable in an uncertain economic environment and when equity markets are at all-time highs. For the LGT Endowment, hedge funds serve as a source of additional returns, diversification and liquidity.

Despite these benefits, institutional investors have been under-allocated to hedge funds in the recent past. However, this trend is starting to reverse as the current market regime provides a favorable environment for many hedge fund strategies.

Handling the complexity of hedge funds

Hedge funds can invest in a wide range of strategies, including equity long/short, relative value, event driven, global macro, managed futures and quantitative equity. The evaluation of these strategies requires expertise in and the consideration of various areas, including the organization, strategy and portfolio construction, as well as quantitative, operational and legal reviews. To add to this complexity, the level of transparency that hedge funds provide also varies, depending on the way in which the hedge fund is being accessed. For example, commingled vehicles typically provide the least transparency for end investors, while accessing hedge funds through managed accounts provides full transparency for the underlying clients.

Stable and positive performance while preserving capital during equity market downturns

Past performance does not predict future returns

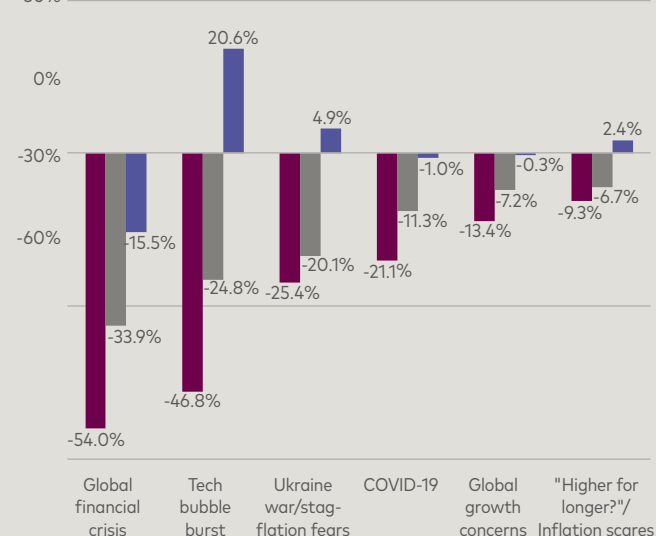
Cumulative performance (indexed)

● LGT Hedge Funds ● 60% MSCIW/40% JPM GGBI ● HFRX Global Hedge Fund



Performance through times of equity market turmoil

● MSCI World (USD) (NR) ● 60% MSCIW/40% JPM GGBI ● LGT Hedge Funds



Note: Since 31 December 2020, dynamic protection is no longer part of the LGT Endowment hedge fund allocation. Please note that the 3% allocation to the dynamic protection strategy is an overlay strategy and is thus not added to the overall sum of assets allocated. LGT Hedge Funds refers to the hedge fund component of the LGT Endowment, which is not available to investors as a single component. LGT Hedge Funds in USD net of fees and all costs charged by the underlying funds, gross of all LGT fees. Fees and other costs will reduce the performance to the investor. Data ranges from 31 October 1999 to 31 August 2024. Returns may increase or decrease as a result of currency fluctuations.

Source: LGT Capital Partners, Refinitiv

Our approach to hedge fund investing

At LGT Capital Partners, we have been investing in hedge funds for more than 25 years. We currently manage approximately USD 7 billion in hedge funds, and our hedge fund strategies are designed to deliver absolute returns across market cycles with strong downside protection. The overall strategy is implemented with low directionality in terms of broad market risks, meaning that it has the ability to perform well in both up and down markets.

We always strive for the highest level of transparency in our hedge fund investments. To achieve this objective, we established our proprietary managed account platform back in 2000. This platform not only gives us transparency but also ensures that we hold ownership of the assets, safeguarding against unfavorable scenarios. Furthermore, this platform enables us to customize hedge fund strategies, allowing for greater leverage and better efficiency in capital allocation.

We currently invest in more than 35 hedge fund managers on our platform. Around half are discretionary strategies, meaning that there are specialized teams behind them that generate profits through deep fundamental analysis in the form of single security selection, investing in events like mergers & acquisitions and various segments of global credit markets. The other half comprises systematic strategies or quantitative hedge funds with strategies such as trend-following CTAs, quantitative macro, short-term trading, equity-market-neutral quant and AI/machine learning. The key difference between discretionary and systematic hedge funds is that discretionary hedge funds are traded by people, whereas systematic hedge funds are run by computer models that generate investment signals.

Our hedge fund manager selection team comprises 11 investment professionals located at our offices in New York, London, Switzerland and Hong Kong. This expert team focuses on screening the universe of 15,000 managers globally and identifying new talent for our portfolios.

Hedge funds are both exciting and innovative. They are at the forefront of new investment techniques and explore new markets and unique data sources. This enables them to generate alpha that is hard to replicate through traditional investments.

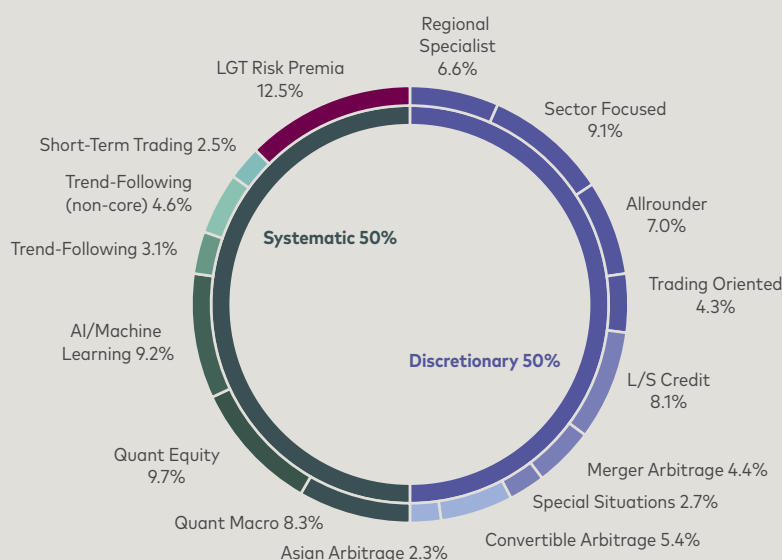
Hedge funds in the portfolio context and the current market environment

Hedge funds are a valuable addition to any portfolio, especially in the current market environment. They offer a variety of benefits, such as alpha generation, downside protection, and diversification away from traditional asset classes. Furthermore, hedge funds tend to perform well in higher interest rate environments, which create more opportunities for dispersion and arbitrage. Hedge funds can also profit from shorting securities and earning interest on the borrow, which becomes more significant in higher rate environments.

While hedge funds offer attractive benefits, it is essential to remember that they may be subject to higher fees than traditional investments and they are not without risks. Their performance may, for example, vary widely, depending on the strategies selected, the skill of the hedge fund managers and market conditions. Rigorous due diligence must therefore be conducted before making an investment.

Hedge funds play an integral role in the LGT Endowment

Strategic style allocations within LGT Hedge Funds*



*Data as of 31 July 2024. The quotas above represent the long-term, strategic asset allocation as of the dates indicated. The actual, invested asset allocation can deviate considerably from these numbers for tactical and portfolio management reasons. The LGT Endowment follows the same investment strategy as the Princely Family of Liechtenstein. The strategy's investors include the Princely Family of Liechtenstein as well the LGT Group's employees and clients. The LGT Endowment is referenced for illustrative purposes only and is not an investment opportunity available to US persons.

Source: LGT Capital Partners



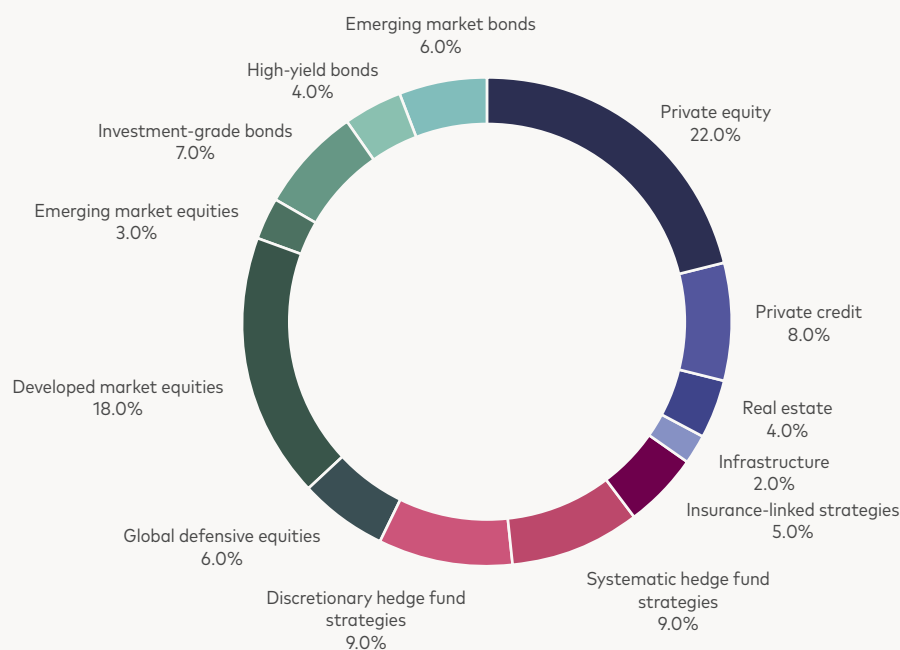
Portfolio positioning

Long-term allocation and current focus areas

LGT Capital Partners has been investing on behalf of the Princely Family of Liechtenstein since 1998. Our flagship fund, the LGT Endowment, is an unconstrained portfolio that combines global opportunities in traditional, alternative and private market investments.

The LGT Endowment is today one of the largest funds of its kind in Europe. Its assets under management include substantial sums from LGT's sole shareholder and from key investment professionals at LGT Capital Partners, driving the strong alignment of interests between the firm's owner, our investment team and our investors.

Long-term asset allocation of the LGT Endowment¹



Small overweight in equities, short bond duration, short the Swiss franc

Overall, the outlook for the global economy remains positive in our view, with robust consumer spending, declining inflation and easing financing costs. However, financial markets have already priced in this confluence of benign factors to a certain degree. We have therefore recently decreased our equity overweight on the back of the swift market recovery. As a result, we now hold a small overweight in developed equities and a neutral allocation in emerging markets equities.

In the absence of an economic recession, the landscape of interest

rates should normalize further, in our view, and we should see yield curve steepening continue over the medium term. Central bank policy actions in the coming months are now also likely to offer trading opportunities in currencies. We are currently banking on the relative weakness of the Swiss franc against the euro and the US dollar, and on the appreciation of the Australian dollar against the Canadian dollar.

Select opportunities in private markets and liquid alternatives

In private markets, we continue to commit to private credit strategies on an opportunity set that we deem highly attractive. In private equity, we are pacing our commitments in

a steady but conservative manner and are looking to add to them opportunistically through co-investments and secondary deals. We are also considering select deals in repriced real estate assets and in infrastructure segments with secular tailwinds. Meanwhile, hedge funds (see chapter on Principal insight) and insurance-linked strategies continue to be a source of uncorrelated returns, and we regard the current market environment as conducive to these cash-plus asset classes and flexible trading strategies.

¹ Please note that the sum of all asset classes amounts to 103%. This includes leverage of 3%. In addition, the portfolio holds a 3% allocation to the dynamic protection strategy, which is an overlay strategy and is thus not added to the overall sum of assets allocated. The quotas above represent the long-term, strategic asset allocation. The actual, invested asset allocation can deviate considerably from these numbers for tactical and portfolio management reasons.
Source: LGT Capital Partners

Overview of focus areas and tactical positioning per major asset class







Public equity	<ul style="list-style-type: none"> Overall, slight tactical overweight with a focus on developed market equities on the back of a benign global economic outlook and robust market metrics Asian emerging markets were raised to neutral following China's coordinated policy stimulus plans, which could fuel a medium-term relief rally in beaten-down risk assets 	Defensive =
		Developed +2%
		Emerging =
Fixed income	<ul style="list-style-type: none"> Investment-grade bonds are held at underweight and duration is slightly below benchmark, reflecting the risks of a higher-for-longer rate outlook High-yield bonds with a neutral allocation on positive fundamentals but tight credit spreads Emerging market bonds are neutral but with a focus on extra returns from high-yielding local frontier market issuers with resilient public finances and undervalued currencies 	IGB -3%
		High yield =
		EMD =
Private equity	<ul style="list-style-type: none"> More challenging exit and fundraising environment drives secondaries and co-investment opportunities, and our allocation to these segments Our overweight is on established assets, in context of more muted activity in the growth space, with a balanced allocation between Europe and the US, in addition to select regional managers in Asia Growing impact investment opportunity set with specialists and generalist managers expanding into the impact space 	
Private credit	<ul style="list-style-type: none"> We are deploying capital in resilient and high-quality opportunities to avoid cyclical industries or investments that have significant re-financing risk We seek optimal and dynamic allocation across 12 sub-segments globally, with attractive credit solutions, such as NAV loans, Significant Risk Transfer trades, Off the run and niche opportunities as well as European direct Lending 	
Real estate	<ul style="list-style-type: none"> Real Estate market likely bottoming out in early 2025, with values expected to move up again in strongest segments There is still limited competition for deals and attractive risk-adjusted returns on go-forward debt are available, while deal flow has picked up with high quality core+ assets and value-add deals are expected to follow in 2025 	
Infrastructure	<ul style="list-style-type: none"> Infrastructure can provide stable, uncorrelated returns across market cycles and can serve as a partial inflation hedge Current investment opportunity in infrastructure is driven by structural needs to decarbonize, digitize, and upgrade ageing social infrastructure, and attractive return profiles are available across segments – but selectivity remains key 	
Insurance-linked	<ul style="list-style-type: none"> Demand for reinsurance capacity remains firm, supporting ILS yield indications above historical averages "Hard market" conditions allowed us to de-risk and re-position portfolios while still harvesting high premiums We are refocusing on private ILS transactions, as their relative attractiveness versus cat bonds has increased again 	
Systematic hedge funds	<ul style="list-style-type: none"> We are focused on uncorrelated strategies with positive convexity, i.e. favorably asymmetric return profiles Exposures are implemented in a balanced fashion across quantitative equity and systematic macro managers We are adding two additional systematic global macro managers in order to further enhance our portfolio 	
Discretionary hedge funds	<ul style="list-style-type: none"> We continue to favor sector specialists, as they are best positioned to take advantage of the current high-dispersion market environment Activist managers have been in focus with the addition of two strategies – one equity market-neutral fund centered on mid-cap stocks and one fund employing an event-driven, credit-focused approach 	
Currency and overlays	<ul style="list-style-type: none"> Long AUD, short CAD on divergent scope for local central banks to lower rates; the BoC is expected to cut more/faster, whereas the RBA is battling sticky inflation in Australia Long EUR, short CHF and long USD, short CHF as the SNB has leeway to lower rates and to weaken the Swiss franc as inflation rates in Switzerland are already the lowest in the G10 Yield curve-steepening trade remains active (short 10Y/long 2Y US Treasury futures) 	AUD/CAD +2%
		EUR/CHF +2%
		USD/CHF +1%
		Curve +2%
		Cash 1%

Source: LGT Capital Partners



Appendix

Economic data and market fundamentals

Economic fundamentals ¹		World	USA	China	Eurozone	Japan	UK
Nominal GDP (USD bn)	2024	70'989	28'781	18'533	16'069	4'110	3'495
Real GDP growth (%YoY)	2024	3.1%	2.6%	4.8%	0.7%	0.0%	1.1%
	2025	3.1%	1.8%	4.5%	1.3%	1.2%	1.4%
Inflation (CPI, %YoY)	2024	-	2.9%	0.5%	2.4%	2.5%	2.6%
	2025	-	2.2%	1.4%	2.1%	2.0%	2.4%
Leading indicator	latest	52.8	54.4	50.3	48.9	52.5	52.9
(PMI Composite)	last 6M						
Gross government debt	2024	-	123%	89%	89%	255%	104%
Structural budget balance	2024	-	-7%	-7%	-3%	-7%	-3%
Current account balance	2024	-	-3%	1%	2%	3%	-3%
Short-term rate	Policy rate	-	5.0%	4.4%	3.7%	0.25%	5.0%
	Deposit rate (3M)	-	4.8%	1.9%	3.3%	0.0%	5.0%
Government bond yield	2Y	-	3.6%	1.5%	2.0%	0.4%	3.9%
	10Y	-	3.7%	2.2%	2.0%	0.9%	3.9%
Implied inflation (CPI Swaps)	Next 10Y	-	2.4%	-	2.0%	1.2%	3.5%
FX valuation (REER) ²	latest	-	7.9%	-7.2%	2.0%	-20.8%	8.5%

Public equities		World	USA	China	Eurozone	Japan	EM ³
Market capitalization (USD bn)	latest	78'227	50'256	2'302	5'883	3'920	8'276
Sales growth (%YoY)	next 12M	9%	7%	13%	2%	3%	16%
Earnings growth (%YoY)	next 12M	15%	14%	17%	5%	9%	27%
Valuation (P/E)	next 12M	19.9	24.4	11.7	14.3	14.9	14.0
Cash flow multiple (EV/EBITDA)	last 12M	13.2	16.1	11.0	10.7	7.1	9.9
Earnings yield	last 12M	4.5%	3.7%	7.4%	6.9%	6.3%	6.2%
Dividend yield	last 12M	1.8%	1.3%	2.3%	3.1%	2.1%	2.5%

Private equity		North America		Europe		Global
Entry valuation (EV/EBITDA)	2023	11.4x		10.4x		11.3x
EBITDA growth (% p.a.)	last 3Y	10.7%		17.3%		13.8%
Discount to NAV (for listed PE)	latest	-		-		-14.9%

Credit markets		US corporate bonds	US high-yield bonds	US leveraged loans	US middle market loans	EM sovereign USD bonds	EM sovereign local bonds
Yield	latest	4.7%	7.0%	9.1%	10.6%	7.5%	6.1%
Credit spreads (in bps)	latest	89	295	423	786	361	-
Modified duration (in years)	latest	7.3	3.4	-	-	6.9	5.3

¹ Economic fundamentals are based on IMF forecasts and Bloomberg consensus estimates. Government debt, budget balance and current account all in %GDP.

² Based on current difference to the 10-year average of the real effective exchange rate (REER).

³ EM: Emerging Markets (broad index)

Sources: Bloomberg, Refinitiv, Pitchbook, LGT Capital Partners; data retrieved on 1 October 2024

Important information

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