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Investment Solutions

Trust must be earned

Searching for bright spots in a trickier phase

Recent US inflation data makes central banks' task difficult. But overall the inflation trajectory is likely to slow. This, coupled with resilient growth, calls for a slightly positive risk stance through markets with strong earnings potential.

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Higher yields keep bonds attractive

Market's assessment of rate cuts by central banks has caused yields to rise recently. Government bonds such as those in the US and UK may continue to offer good risk-free returns.

Economic growth, earnings could drive equities

Improving growth prospects in regions such as Europe and EM (India, Indonesia) may open up opportunities. Globally, value and quality sectors are also attractive.

Aim for quality credit across the world

Companies with strong business models and low interest costs are preferred. For instance, high grade EU credit and select countries in Asia, Latin America offer such opportunities.

Build resilience to withstand geopolitical tensions

Geopolitical risks in Middle East may affect market volatility and commodities such as oil could help withstand these risks. In addition, gold could act as a good diversifier[1] in times of stress.

[1]Diversification does not guarantee a profit or protect against a loss.

Recalibrate but do not increase risks

As the economy evolves, investors may look to adjust their stance, in favour of attractively-priced global equities in select regions with robust growth outlooks.

Glossary

1. Inflation: Increase of the general level of prices for goods and services, decreasing purchasing power as a result.

2. Central bank: Institution that manages the currency and monetary policy of a country or monetary union, ensuring economic and financial stability.

3. Commodities: Refer to raw materials used to create the products consumers buy, from food to furniture to gasoline or petrol.

4. Value: Refers to an investment strategy in undervalued companies, with a price deemed too low and with an attractive potential of recovery.

5. EM = Emerging markets,
DM = Developed markets.

IMPORTANT INFORMATION

Amundi Asset Management - Amundi AM, French joint stock company (Société par actions simplifée) with a capital stock of 1 143 615 555. Portfolio management company approved by the French Financial Markets Authority (Autorité des marchés Financiers - AMF) under no.GP 04000036 Head office: 91-93, boulevard Pasteur, 75015 Paris – France

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