Rothschild & Co
Asset Management

Fixed Income Quarterly Strategy — April 2025

Emmanuel Petit
General Partner, Head of Fixed Income

Julien Boy
Fixed Income Portfolio Manager
Specialisation: Govies & Inflation

Samuel Gruen
Fixed Income Portfolio Manager
Specialisation: Relative Value

While the gradual normalization of monetary policies was well underway, the trade war initiated by Donald Trump has reinforced expectations of rate cuts, against a backdrop of growing fears of an economic slowdown in the US.

From desynchronization to convergence

Since last year, on both sides of the Atlantic, the normalization of monetary policies had been quietly underway before being disrupted by a resurgence of geopolitical and trade tensions, with Donald Trump's recent announcement of new tariffs. These protectionist measures rekindled market volatility and uncertainty about the trajectory of global growth.

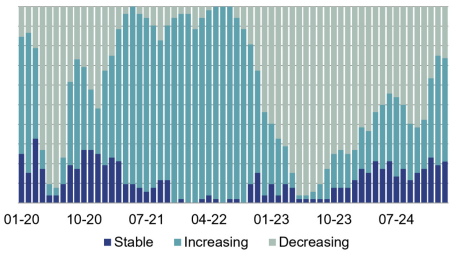
In Europe, the beginning of the year was marked by a rise in yields, particularly on the long end of the curve, triggered by the announcement of fiscal stimulus measures in Germany and the increase in European defense budgets. The 10-year rate thus rose to 2.90%, i.e. +53 basis points (bps), while at the same time the 2-year rate remained stable[1], giving rise to a steepening movement[2]. Conversely, since the start of the year, yields across the Atlantic have been on a downward trend, with the US 10-year at 4.21%[1], as markets have turned their attention more to geopolitical and trade developments, in particular the new US tariffs.

Investors are concerned about the impact of these measures on growth and inflation in the US and Europe. In this climate of uncertainty, monetary policy expectations have been revised. As of April 11, the market now anticipates just over three further rate cuts by the

ECB and the Fed in 2025, which would bring deposit rates down to 1.50% - 1.75% and 3.50% - 3.75% respectively by the end of 2025[3].

World - Change in global inflation

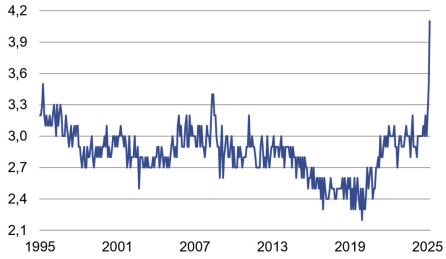
% of countries, 3m/3m



Source : OECD, Rothschild & Co Asset Management, April 2025

United States - LT inflation expectations

in %, University of Michigan survey



Source : Macrobond, Rothschild & Co Asset Management, April 2025

Caution prevails in the face of US slowdown

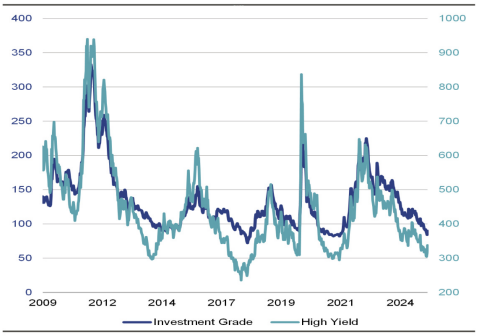
The current market configuration, marked by a return to less risky assets, has resulted in credit spreads4 widening. At the same time, European yields are easing, particularly on German bonds, whose 10-year yield has fallen to close to 2.50%[1].

In this environment, Investment Grade[5] bonds logically outperformed the High Yield[6] segment, with the former gaining +0.48% versus -0.86% for the latter, for yields of 3.4% and 6% respectively. From a sector point of view, cyclical stocks such as the automotive sector underperformed, while the financial and real estate sectors, which are more oriented towards domestic markets, posted better performances.

Despite this volatile backdrop, European credit continues to demonstrate a certain resilience, underpinned by solid fundamentals overall. Carry trade remains an attractive driver, with yields still high compared with the last ten years.

Spreads Investment Grade and High Yield

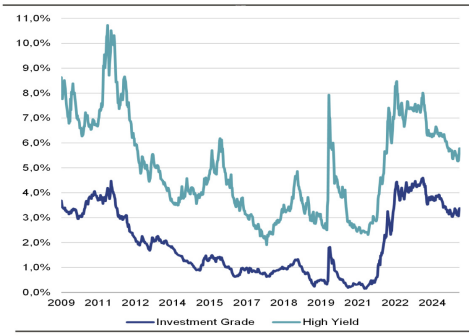
in basis point



Source: Bloomberg, Rothschild & Co Asset Management – 14/03/2025

Investment Grade and High Yield returns

in %



Source: Bloomberg, Rothschild & Co Asset Management – 14/03/2025

Our positioning in the credit market

Widening spreads and uncertainties about global growth call for caution, but they should not prevent us from managing with conviction, flexibility and opportunism. Adjusting duration and rigorously selecting issuers, with particular attention to credit quality, will be key over the coming months. In this context, financial subordinated bonds, despite their recent volatility, continue to offer attractive entry points. Similarly, maturity funds remain attractive for investors seeking visibility in a turbulent environment.

Our new generation of Maturity Funds is now available!

Discover R-co Target 2029 HY, a credit fund based on a bond-to-maturity strategy invested in High Yield bonds, and R-co Target 2030 IG, a similar strategy invested exclusively in the Investment Grade segment. These investment solutions are open for subscription until December 31, 2025. With over 15 years' experience, we are pioneers in the distribution of maturity funds. Over the years, we have managed more than €5 billion through this expertise. We offer only pure strategies, invested exclusively in High Yield or Investment Grade segments, and not including any perpetual bonds.

Before making any investment, it is essential to carefully read the PRIIPS KID and prospectus of the OPC, particularly the section on risks and fees, available on Rothschild & Co Asset Management's website: am.eu.rothschildandco.com.

R-co Conviction Credit Euro

SRI: 2/7

The risk indicator assumes you keep the product for 3 years. The actual risk can be significantly different if you choose to exit before maturity, and you may get back less. The synthetic risk indicator provides an assessment of the level of risk of this product compared to others. It indicates the likelihood of this product incurring losses in the event of market movements or if we are unable to pay you. We have classified this product as being in risk category 2 out of 7, which is a low risk class. This reflects primarily its positioning on private debt products while maintaining a sensitivity between 0 and +8. In other words, the potential losses from the product's future performance are low, and if markets were to deteriorate, it is very unlikely that our ability to pay you would be affected. This product does not include any protection from future market performance or a capital guarantee, so you could lose some or all of your investment.

R-co Target 2029 HY

SRI: 3/7

The risk indicator assumes you keep the product until December 31, 2029. The actual risk can be significantly different if you choose to exit before maturity, and you may get back less. The synthetic

risk indicator provides an assessment of the level of risk of this product compared to others. It indicates the likelihood of this product incurring losses in the event of market movements or if we are unable to pay you. We have classified this product as being in risk category 3 out of 7, which corresponds to a low to medium risk level. This reflects primarily its positioning on credit risk and fixed-income products with a maximum residual maturity of December 31, 2029. In other words, the potential losses from the product's future performance are low to medium, and if markets were to deteriorate, it is unlikely that our ability to pay you would be affected. This product does not include any protection from future market performance or a capital guarantee, so you could lose some or all of your investment.

R-co Target 2030 IG

SRI: 2/7

The risk indicator assumes you keep the product until December 31, 2030. The actual risk can be significantly different if you choose to exit before maturity, and you may get back less. The synthetic risk indicator provides an assessment of the level of risk of this product compared to others. It indicates the likelihood of this product incurring losses in the event of market movements or if we are unable to pay you. We have classified this product as being in risk category 2 out of 7, which is a low risk class. This reflects primarily its positioning on credit risk and fixed-income products with a maximum residual maturity of December 31, 2030. In other words, the potential losses from the product's future performance are low, and if markets were to deteriorate, it is very unlikely that our ability to pay you would be affected.

R-co Valor Bond Opportunities

SRI: 2/7

The synthetic risk indicator provides an assessment of the level of risk of this product compared to others. It indicates the likelihood of this product incurring losses in the event of market movements or if we are unable to pay you. The risk indicator assumes you keep the product for 3 years. The actual risk can be significantly different if you choose to exit before maturity, and you may get back less. We have classified this product as being in risk category 2 out of 7, which is a low risk class. This reflects primarily a discretionary management approach that diversifies exposure to fixed-income markets over the medium term. In other words, the potential losses from the product's future performance are low, and if markets were to deteriorate, it is very unlikely that our ability to pay you would be affected. This product does not include any protection from future market performance or a capital guarantee, so you could lose some or all of your investment.

Main risks: Discretionary management risk, interest rate risk, credit risk, high-yield ("speculative") credit risk, counterparty risk, performance risk, capital loss risk, risks related to the use of derivatives, specific risk associated with the use of complex subordinated bonds (so-called "CoCos"), currency risk, equity risk, risk related to exposure to non-OECD countries (including emerging markets). Before making any investment, it is essential to read the PRIIPs KID and the fund prospectus carefully—particularly the sections on risks and fees—available on the Rothschild & Co Asset Management website: am.eu.rothschildandco.com.

Más información sobre los fondos

R-co Valor Bond Opportunities

R-co Target 2030 IG

R-co Conviction Credit Euro

R-co Target 2029 HY

Consulte este documento en nuestro sitio web

(1) Source: Bloomberg, 03/31/2025
(2) Phenomenon occurring when creditors demand higher risk premiums to lend on long maturities.
(3) Source: Consensus, April 2025.
(4) Yield differential between a bond and a loan of equivalent maturity considered “risk-free”.
(5) Debt securities issued by companies or governments rated between AAA and BBB- by Standard & Poor's.
(6) High-yield bonds are issued by companies or governments with a high credit risk. Their financial rating is below BBB- on the Standard & Poor's scale.

Advertencias

Advertencias de publicidad. La información, los comentarios y los análisis contenidos en este documento se facilitan a título meramente informativo y no pueden considerarse un consejo de inversión, un consejo fiscal, una recomendación o un consejo de inversión por parte de Rothschild & Co Asset Management. La información, las opiniones y los datos contenidos en este documento, considerados legítimos y correctos el día de su publicación, de conformidad con el entorno económico y financiero vigente en esa fecha, pueden evolucionar en cualquier momento. Aunque este documento ha sido preparado con sumo cuidado a partir de fuentes consideradas fiables por Rothschild & Co Asset Management, no ofrece ninguna garantía de la exactitud y exhaustividad de la información y las apreciaciones que contiene, que solo tienen un valor indicativo y pueden modificarse sin previo aviso. Rothschild & Co Asset Management no ha procedido a una verificación independiente de la información contenida en este documento y, por lo tanto, no puede ser responsable de ningún error u omisión ni de la interpretación de la información contenida en este documento. Todos estos datos se basan en información contable o de mercado. No todos los datos contables han sido auditados por un auditor. Además, habida cuenta del carácter subjetivo de determinados análisis, conviene subrayar que la información, las proyecciones, las estimaciones, las previsiones, las hipótesis y/o las opiniones eventuales no son necesariamente puestas en práctica por los equipos de gestión de Rothschild & Co Asset Management o de sus afiliados, que actúan en función de sus propias convicciones. Algunas previsiones se preparan sobre la base de ciertas hipótesis, que probablemente podrán diferir, ya sea parcial o totalmente, de la realidad. Cualquier estimación hipotética es, por naturaleza, especulativa y es posible que algunas, si no todas, de las hipótesis relativas a estas ilustraciones hipotéticas no se materialicen o difieran significativamente de las determinaciones actuales. El presente análisis sólo es válido en el momento de redactar el presente informe. R-co Conviction Credit Euro y R-co Valor Bond Opportunities son subfondos de la Société d 'Investissement à Capital Variable de derecho francés "R-Co", con domicilio social en 29, avenue de Messine -75.008 París, inscrita en 844.443.390 RCS PARIS. R-co Target 2027 HY y R-co Target 2029 IG son subfondos de la Sociedad de Inversión de Capital Variable "R-co 2", con 889.511.747 RCS PARIS. La información no presume de la adecuación de la IIC presentada al perfil y a la experiencia de cada inversor individual. Rothschild & Co Asset Management no puede ser considerado responsable de ninguna decisión adoptada sobre la base de los elementos contenidos en este documento o inspirada por ellos. En caso de duda, y antes de tomar cualquier decisión de invertir, le recomendamos que se ponga en contacto con su asesor financiero o fiscal. El Organismo de Inversión Colectiva (OIC) presentado anteriormente está organizado según la ley francesa y regulado por la Autoridad de los Mercados Financieros (AMF). La inversión en participaciones o acciones de cualquier OIC no está exenta de riesgos. Ante todo, es imperativo leer atentamente el DIC PRIIPS y el folleto de la IIC y, en particular, su sección relativa a los riesgos. Cada inversor debe asimismo asegurarse de las jurisdicciones en las que se registren las participaciones o acciones de la IIC. El DIC PRIIPS/folleto completo está disponible en nuestra página web: www.am.eu. Rothschildandco.com. El valor liquidativo (VL)/valor liquidativo (VL) está disponible en nuestra página web. La información presentada no está destinada a ser difundida ni constituye en ningún caso una invitación a nacionales de los Estados Unidos o a sus representantes. Las participaciones o acciones de la IIC presentadas en este documento no están ni estarán registradas en los Estados Unidos con arreglo a la U.S. Securities Act de 1933, en su versión modificada ("Securities Act 1933"), ni admitidas en virtud de ninguna ley estadounidense. Estas participaciones o acciones no deben ofrecerse, venderse ni transferirse a los Estados Unidos (incluidos sus territorios y posesiones) ni beneficiarse, directa o indirectamente, a una "Persona estadounidense" (tal como se define en el Reglamento S de la Securities Act de 1933) y asimiladas (tal como se contempla en la Ley estadounidense denominada "HIRE" de 18/03/2010 y en el dispositivo FATCA). Las cifras citadas se refieren a los años pasados. La rentabilidad histórica no es un indicador fiable de la rentabilidad futura y no es constante a lo largo del tiempo. El valor de las inversiones y de los ingresos derivados de ellas puede subir o bajar, y no está garantizado. Por lo tanto, es posible que no rechacen el importe inicialmente invertido. Las variaciones de los tipos de cambio pueden afectar tanto al alza como a la baja al valor de las inversiones y de los ingresos derivados de ellas, cuando la divisa de referencia del OIC sea diferente de la divisa de su país de residencia. Las IIC cuya política de inversión se dirige más concretamente a mercados o sectores especializados (como los mercados emergentes) son generalmente más volátiles que los fondos más generalistas y de asignación diversificada. En el caso de un OIC volátil, las fluctuaciones pueden ser especialmente importantes, por lo que el valor de la inversión puede caer bruscamente de forma significativa. Las rentabilidades presentadas no tienen en cuenta los eventuales gastos y comisiones percibidos en el momento de la suscripción y el reembolso de las participaciones o acciones de la IIC de que se trate. Las carteras, productos o valores presentados están sujetos a las fluctuaciones del mercado y no puede garantizarse su evolución futura. El tratamiento fiscal depende de la situación individual de cada inversor y puede ser objeto de modificaciones. Rothschild & Co Asset Management, Sociedad gestora de cartera con un capital de 1.818.181,89 euros, 29, avenue de Messine -75.008 París. Acuerdo AMF N° GP 17000014, RCS París 824.540.173. Está prohibida toda reproducción parcial o total de este documento, sin la autorización previa de Rothschild & Co Asset Management, so pena de procesamiento.

Acerca de la división de gestión de activos de Rothschild & Co

La división especializada en gestión de activos del grupo Rothschild & Co ofrece servicios personalizados de gestión a una amplia clientela de inversores institucionales, intermediarios financieros y distribuidores. Articulamos nuestro desarrollo alrededor de una gama de fondos abiertos aprovechando nuestras aptitudes y competencias de gran recorrido en gestión activa y convicción, así como en gestión delegada. Con sede en París y delegaciones en 10 países de Europa, gestionamos más de 50 mil millones de euros y contamos con un equipo de 200 colaboradores(1).
Más información en: www.am.eu.rothschildandco.com

(1) Fuente: Rothschild & Co Asset Management, 31/07/2026.

France

29, Avenue de Messine
75008 Paris
+33 1 40 74 40 74

Bélgica – Países Bajos – Luxemburgo

Rue de la Régence 52
1000 Bruxelles
+32 2 627 77 30

Suiza

Rothschild & Co Bank AG
Rue de la Corraterie 6
1204 Genève
+41 22 818 59 00

Italia

Passaggio Centrale 3
20 123 Milano
+39 02 7244 31

Alemania – Austria

Börsenstraße 2 - 4
Frankfurt am Main 60313
+49 69 299 8840

España

Paseo de la Castellana 40 bis
28046 Madrid
+39 02 7244 31