

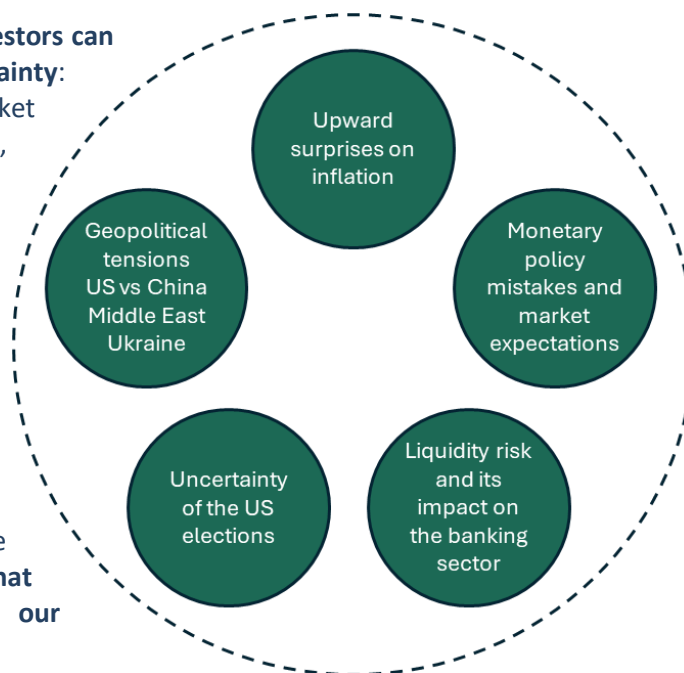
G Fund - Alpha Fixed Income – GAFI and GAFI Plus

A range of defensive and opportunistic investment solutions in periods of market volatility

The multiplication of sources of tension in 2024

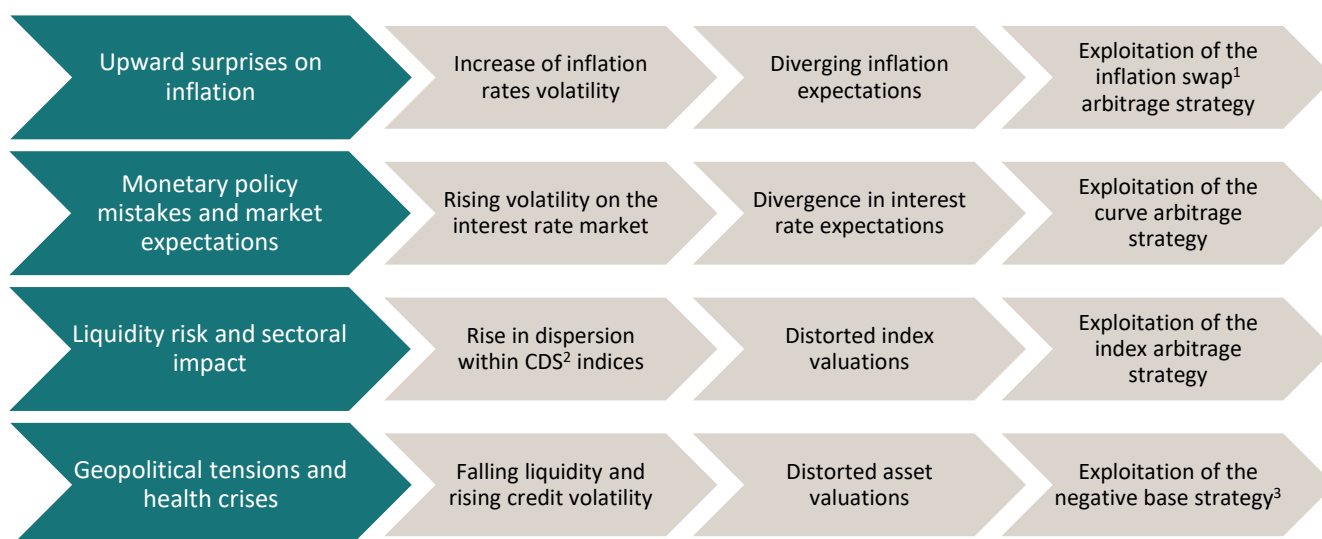
Volatility is currently at historic lows. However, we see several risks that could lead to spikes in volatility this coming year.

- There are a number of ways in which **investors can protect themselves against uncertainty**: remaining invested in money market instruments, setting up temporary hedges, or investing in funds that do not make directional bets.
- **Non-directional does not mean no performance.**
- LGAFI's range of non-directional absolute return funds aims to deliver performance while **generating alpha by exploiting market inefficiencies.**
- The spikes in volatility that we expect to see this year are **sources of opportunities that we will be trying to capture through our arbitrage strategies.**



The emergence and identification of inefficiencies

Each type of risk leads to market conditions that might be favourable to the emergence of specific, sometimes predictable, inefficiencies, making it possible **to implement arbitrage strategies at the right time.** As an example, we can identify opportunities related to these types of risk.

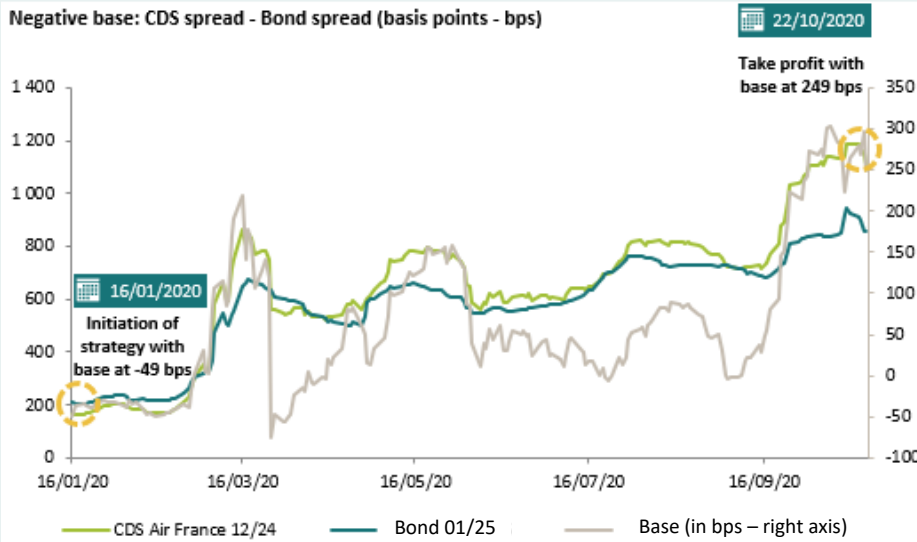
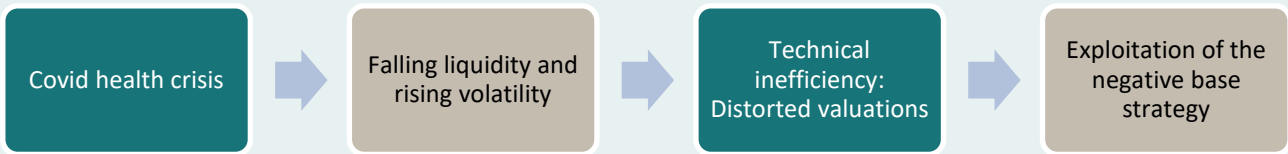


¹ Swap: exchange of flows at a given horizon.

² CDS: Credit Default Swap – Credit risk hedging product.

³ Negative base: Purchase of a bond and its CDS with interest-rate risk hedging.

Example of a negative base strategy implemented on Air France

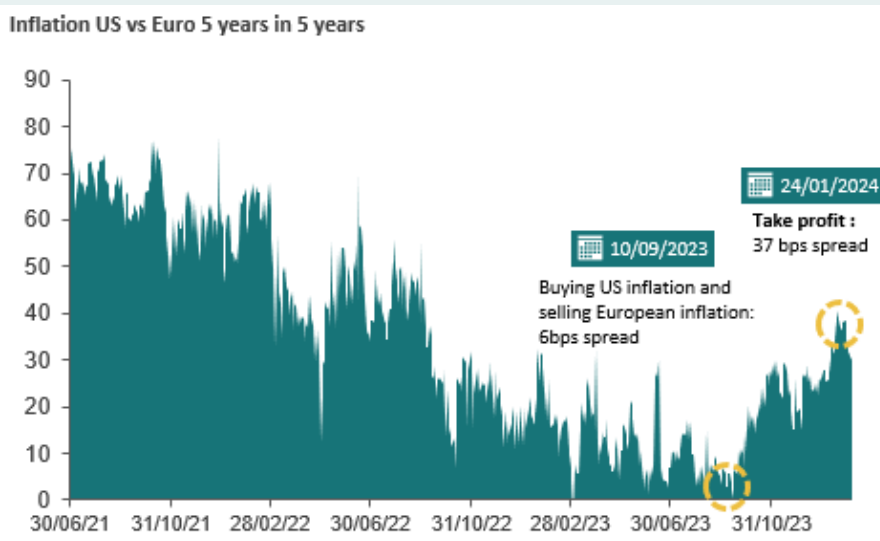


Analysis: Uncertainty during the health crisis led investors to massively sell the securities of companies considered to be at risk, such as Air France.

Because of the lack of liquidity during a period of high stress, bonds and their hedging products (CDS), which are generally correlated, saw their risk premiums diverge sharply, creating an arbitrage opportunity.

Source: Bloomberg – Groupama AM – This example is for illustrative purposes only.

Example of an arbitrage strategy between US and European inflation rates



Analysis: US inflation is historically higher due to more dynamic growth and a more flexible labour market.

During 2023, the inflation differential, which was close to 0 in September, did not, in our view, reflect this structural difference between the two regions.

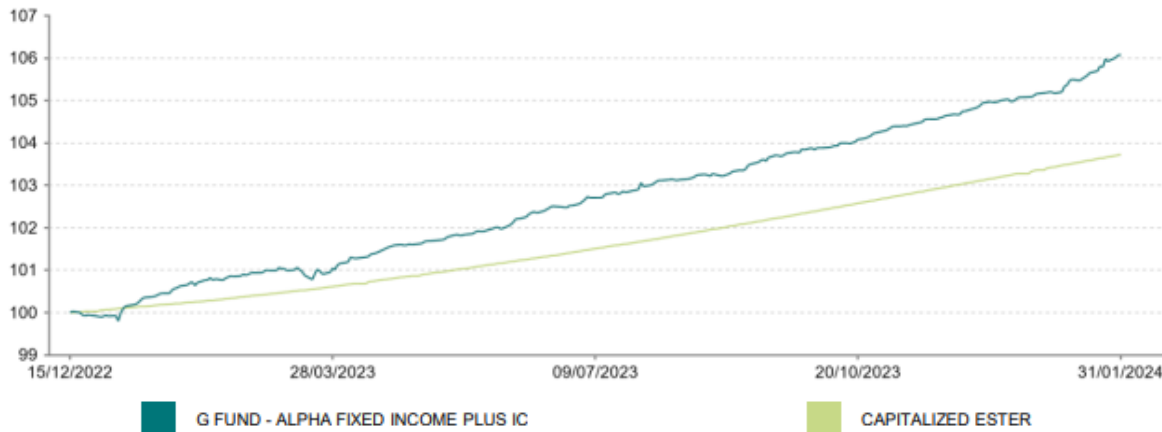
We therefore initiated an arbitrage strategy between long-term inflation rates, with positive exposure to the United States and negative exposure to Europe.

Source: Bloomberg – Groupama AM – This example is for illustrative purposes only.

Performance and volatility of GAFI and GAFI Plus

Net annual performances	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013	1-year volatility	3-years volatility
G Fund - Alpha Fixed Income - IC	3,93%	0,08%	0,35%	0,84%	2,31%	-1,82%	0,71%	1,68%	1,17%	1,43%	1,86%	0,35%	0,45%
G Fund - Alpha Fixed Income Plus - IC	5,25%											0,53%	
Capitalized Ester index	3,28%	-0,03%	-0,50%	-0,46%	-0,39%	-0,37%	-0,36%	-0,32%	-0,11%	0,10%	0,09%	0,08%	0,25%

Chart of the return of G Fund - Alpha Fixed Income Plus (IC share) since its inception (12/2022)



Source: Groupama AM

Past performance does not predict future returns and may vary over time. Performances shown relate to the IC share, which is reserved for institutional investors.

For more information on our absolute return funds:

- **G Fund Alpha Fixed Income** – IC Share: LU0571101715 (Institutional share class)
- **G Fund Alpha Fixed Income Plus** – IC Share: LU2550878602 (Institutional share class)

Document written on 08/02/2024.

Main risks

Capital risk, Interest rate risk, Credit risk, Liquidity risk, Risk linked to investments in derivative products.

Please refer to the prospectus for a complete list of risks.

Disclaimer

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Past performance does not predict future returns and may vary over time.

The investment poses a risk of capital loss.

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