BASE INVESTMENTS SICAV

DURATION VIEW — AUGUST 2025

Below is the view of our managers Giuliano Flematti (Bonds Value) and Giorgio Bertoli (Flexible Low Risk Exposure)

We are positive on duration risk overall, and this is reflected in product allocations.

Ours is a structural view that largely ignores the short-term economic outlook for growth and inflation (which, however, we believe could develop positively for bonds).

We believe that in the United States they came to the conclusion that the only way to manage the high level of public debt is through some form of financial repression; rates will therefore be kept low even if inflation is slightly above target, thus making public finances more sustainable. We therefore see an asymmetry in returns on bonds: if the economy continues to prove solid, rates will likely remain stable; while, in the event of a recession, they could fall substantially. We consider it highly unlikely that the Fed will have to resume raising rates from this level, both given the current economic dynamics and the strong political pressure it is submitted.

Similar considerations may apply to euro curves, but unlike the Fed, the ECB is already well along in its rate cuts cycle. We therefore prefer dollar duration, although ten-year euro bonds also remain a fairly attractive investment, more so compared to BTPs than to Bunds, despite the spread being at its lowest levels.

Finally, the GBP curve offers the best value on paper, with higher nominal yields than the US, especially at the long end, but with very weak economic growth. However, the UK is heavily dependent on foreign capital flows, making its bond market particularly unstable and volatile, which is why we keep significantly lower weightings.

Portions of the government bond market we particularly like:

- 5-year US bond (to be implemented via futures with some leverage): It can benefit well from a cycle of rate cuts, without suffering too much if rates remain at current levels.
- Long dollar inflation-linked bonds: The 30-year inflation-linked bond yields 2.60% above inflation; we believe that in a financial repression regime, real yields will be lower, so locking in these returns over a long time horizon offers excellent value.
- Long UK curve: Greater theoretical value but higher risk, to be implemented with a more speculative approach.

The underlying ideas are shared by both products, which implement them differently depending on their management style. The Flexible Low Risk has a duration of 7, with short-term tactical activity that has a relatively low impact, while the Bonds Value has a duration of 16, with much more pronounced tactical activity and higher return targets.

This document is a MARKETING COMMUNICATION. It does not constitute in any way a solicitation or an offer to invest in countries where such sale or solicitation is not authorized.