

Trust must be earned

The late-cycle environment plays out

We expect US economic activity to decelerate in the near future. But in such a late-cycle phase of the economy, we could still see some move up in risk assets. Investors could look for opportunities particularly in Europe and Asia.



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Play rotations in equity with Europe and Japan

The late cycle may further support equity markets. But after the recent strong rally, we favour what we believe are quality names in Europe and we continue to be positive in Japan.



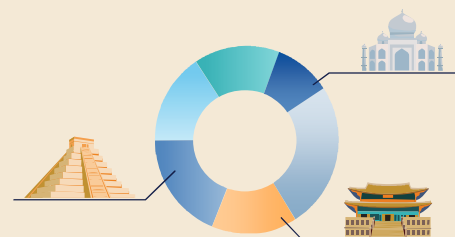
Central banks divergences may favour global bonds

While the Fed and the BoE are looking to reduce policy rates, the BoJ recently hiked rates. Upcoming interest rate cuts and regional divergences may offer opportunities in global bonds.



Seek income in credit

Corporate credit may offer good income potential but focus should be on high quality sectors such as EU Investment Grade. We are cautious on companies that have high debt and high interest costs.



Explore EM Asia and India

EM Asia and LatAm are showing strong growth potential, with opportunities in Indian bonds and equities backed by domestic demand. Investors may also consider Indonesian and South Korean equities.



Look across geographies and asset classes

Positive market sentiment could further support quality credit and select equity markets. Overall, a well-diversified* stance that includes gold, may be beneficial.



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. US Treasuries: Refer to government bonds issued by the United States.

4. Investment grade: Refers to securities for which the Standard & Poors rating is greater than or equal to BBB- and considered by them as having a low risk of non-repayment.

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

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

7. Fed = Federal Reserve, **BoE** = Bank of England, **BoJ** = Bank of Japan.

IMPORTANT INFORMATION

*Diversification does not guarantee a profit or protect against a loss.

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