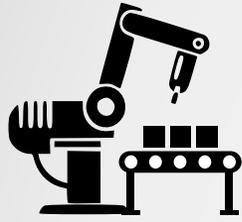


Global economic growth is weaker. Manufacturing sector is affected the most

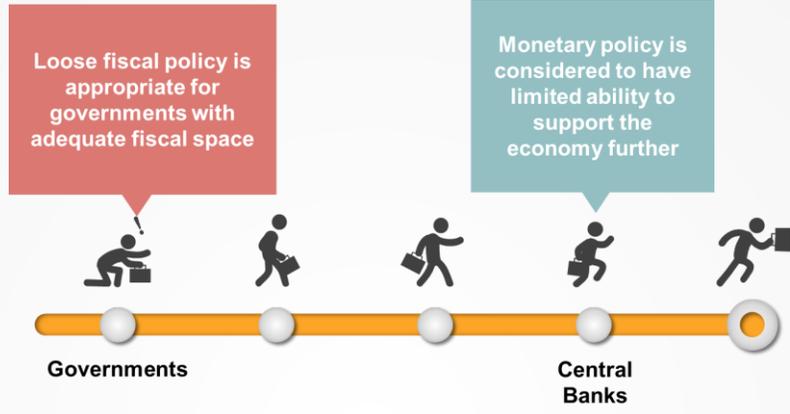


Manufacturing sector deteriorates due to escalation in trade tensions

Satisfactory figures on the **service sector**, supporting the global economy



Fiscal policy is required to supplement the supportive stance of Central Banks



Asset Allocation

Medium Term Investment Horizon (6 to 12 months)



Equities

The deterioration of macroeconomic data and the increased geopolitical uncertainty justifies cautiousness for high risk investments. Underweight Europe, EM and Japan. Neutral stance on the US, as it is possible to have favorable performance in the medium term and the market exhibits the best behavior in times of turmoil. If the outcome of the US-China trade dispute and Brexit is clarified, an upward revision is possible.



Bonds

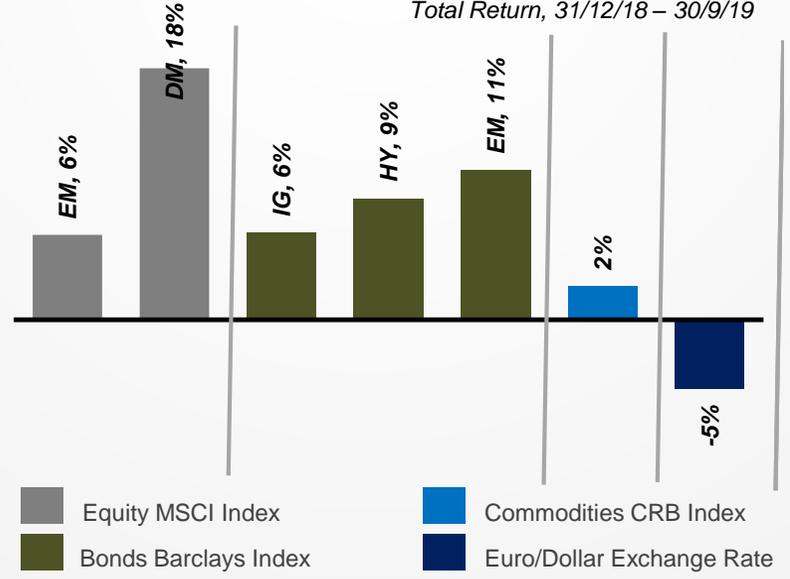
Concerns about the strength of global economic growth coupled with expansionary monetary policy measures are favoring high grade bond prices. Underweight on the German government bonds due to the lack of income and overvaluation worries from medium term perspective. Overweight stance on IG corporate bonds is appropriate. Underweight on high yield bonds as they are considered overvalued.

Trade negotiations are ongoing, outcome is uncertain



Markets Performance

Total Return, 31/12/18 – 30/9/19



Alternative Investments

The tensions in the Middle East are affecting the price of crude oil upwards, but the upside is offset by weaker demand. During the period of interest rate cuts and geopolitical episodes, the price of gold strengthens. In periods of downside risks, gold and alternative investments are expected to offer diversification benefits. Weaker than expected China's economic growth has a negative impact on base metals.



Cash

Overweight position on cash is considered appropriate in case of turbulent events. Taking into account that more attractive entry levels for high risk investments may emerge, we expect the outcome of important pending issues (US-China trade, Brexit, US-Iran relations) and the evolution of economic data.



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