Multi Asset Portfolio
Make reflation great again

OUR SCENARIO

US: sub 2.5% growth and muted Fed tightening, a Goldilocks for markets. Expect 2H reacceleration

Trump and Brexit act as boosters to pro-European projects. French reforms coming - finally!

Quiet China until Politburo meeting in October/November
EM countries: better fundamentals

CURRENCIES
Pause expected in the long-term bull case for EUR/USD
Sterling vulnerable to hard Brexit

GOVERNMENT BONDS
US 10Y treasuries at 2.7% end-2017
Term premium normalisation expected (US, Euro, JP, UK)

EM ASSETS
Increase exposure further on local currency bonds
Take profits on China offshore

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COMMODITIES
Fundamentals should prevail: re-weight oil now (and CAD)

OUR STORY

We expect Trump's tax changes to be voted in by Congress, boosting sentiment and growth in the US, and risk appetite globally.

Invest more in regions with structural reforms: euro area and Japan. Dangers in the UK after the election.

KEY RISKS
UK recession
Trump impeachment
Early ECB tightening

EQUITY
Prefer reformist regions (euro area, Japan, EM)
Global value on its way up

CREDIT
Corporate bonds more resilient than sovereign bonds
M&A a clear risk

OUR STRATEGY

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Key Call 2: Bullish on the commodity complex
Key Call 3: Favourable backdrop for emerging markets
Key Call 4: UK: prepare for Brexit pain
Key Call 5: Eurozone finally standing up – time to get real
Key Call 6: Acceleration of the M&A cycle
Key Call 7: Portfolio protection in a low-volatility environment

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