Wealth Management Advisory

Standard Chartered
Private Bank

Improving fundamentals

Global Market Brief

July 2018

Investment strategy

Improving fundamentals

- Equity market fundamentals continue to improve. Earnings expectations are rising, return on equity recovering and valuations are less stretched. While liquidity is being gradually withdrawn, monetary policies are still generally loose and stimulatory. This argues for equity markets to make new highs before the bull market concludes.
- Investors need to answer three key questions: 1) where are we in the economic cycle (critical to global risk appetite); 2) what is the outlook for the USD (key for geographical allocations); and 3) how high will US government bond yields go (important for choice of bond investments).
- Our bearish bias for the USD leaves us with a preference for US equities (within Developed Markets) and EM assets. Within bonds, EM USD government bonds are preferred given our view of only a limited rise in US Treasury yields and attractive valuations and yields.

Global equities are up around 3% year-to-date and 5% since we released our 2018 Outlook in early December, outperforming cash, bonds and alternatives. Only commodities, a much more volatile asset class, have outperformed equities.

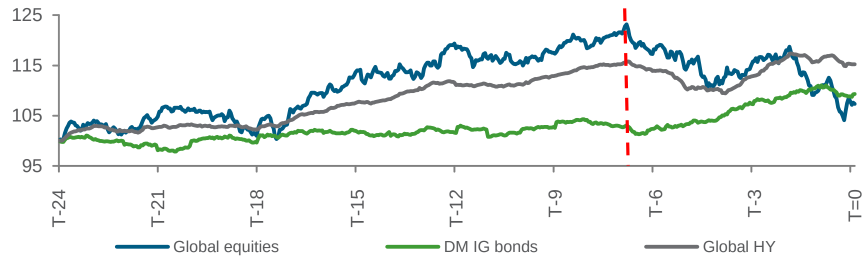
Three key questions

Looking forward, there are three key questions for investors. The first is, where are we in the global economic cycle? Equities have generally peaked 6-9 months ahead of a US recession. We believe the economic recovery will extend into H2 2019, and possibly beyond, as there is still some spare capacity in the labour market and inflation pressures have been relatively muted. Together with still supportive monetary policy settings, this makes us optimistic about the equity market outlook for the next 6-12 months. Meanwhile, corporate earnings fundamentals are supportive. We expect trade tensions to peak in the next three months as US President Trump is keen to strike a deal ahead of November's mid-term elections.

Figure 1

Stage of economic cycle is key

Equities typically peak around 6-9 months ahead of a US recession, but rally strongly before that



Source: Bloomberg, Standard Chartered

IMPLICATIONS
FOR INVESTORS

Global equities our preferred asset class

Relative preference for US equities and EM USD government bonds

Don't be too defensive, but ensure you are diversified

Preference for US equities and EM assets

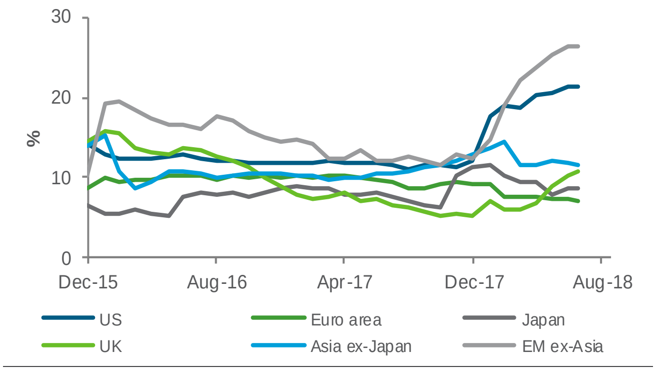
The second key question is, what is the outlook for the USD? After troughing in Q1, the USD has rallied 7%, retracing roughly half of its losses in 2017 and early 2018. Our view is this decline was caused by two things. First, speculators were very short the USD entering the year and therefore the number of new sellers was limited – it is for exactly this reason that we expected a short-term USD bounce at the start of the year. Second, relative economic surprises moved sharply in the USD's favour as US tax cuts supported the US economy and Euro area data started to disappoint.

We believe both these themes have largely played out, and, therefore, the USD is likely to peak in the coming weeks/months. In that case, it argues for a preference for US equities as companies benefit from a weaker dollar when translating overseas revenues back into dollars, and EM assets, which generally benefit from fund inflows when the USD is weaker.

Figure 2

Earnings expectations have generally remained buoyant despite the negative news flow

Consensus 2018 earnings per share growth estimates (by region)



Source: FactSet, MSCI, Standard Chartered

EM USD government bonds preferred

The final key question is, how far and fast will US bond yields rise? This is an important factor when it comes to potential bond market returns. We saw bond yields spike in Q1, but, interestingly, inflation expectations rose only modestly. Our view is US 10-year Treasury yields will continue to drift higher, but is unlikely to sustainably break through 3.25% over the next 12 months.

This is one of the reasons for our preference for interest rate-sensitive EM USD government bonds, in addition to the attractive yield (above 6%) available and the increase in credit quality of the asset class, negative headlines notwithstanding.

We also continue to like both EM local currency bonds, given the USD view outlined above, as well as Asian corporate bonds given the still strong corporate earnings outlook. That said, for the latter, we retain our preference for Investment Grade (IG) bonds given China's emphasis on deleveraging the economy, which is feeding through to an increase in (mainly onshore) corporate defaults.

Don't be too defensive, but be diversified

One of the themes we have seen rising in recent months is the shift to more defensive and domestically focused companies. While this is understandable given the increased trade rhetoric and disappointment in Euro area economic data, we believe there is a dichotomy in corporate fundamentals and market sentiment. This view has been reinforced by the recent US earnings season, which saw banks announcing huge share buyback programmes of up to 10% of their shares.

Assuming trade tensions wane in the coming months, ahead of the mid-term elections as US President Trump tries to strike a deal, this could lead to a rally in the more growth-focussed areas of the market. This is why we continue to prefer a more balanced allocation that has significant exposure to cyclical areas of the equity market, rather than a multi-asset income approach that allocates to more defensive, high-yielding areas of the equity market.

We acknowledge that judging the timing of an economic recession is notoriously difficult. Therefore, we recommend investors do not focus entirely on equity investments, but maintain a diversified allocation, including an exposure to IG bonds, to buffer against potential equity market volatility.

It is for this reason that we still like a multi-asset income approach, even if we expect it to underperform a more growth-tilted allocation in the coming 6-12 months. This approach embeds a diversified allocation to income-generating assets with very different economic drivers. Therefore, we believe a multi-asset income approach still makes sense for those focused purely on generating income.

Macro overview

Fears of a trade war bite

- **Core scenario:** We expect global growth to remain positive (growing above trend), although growth momentum has moderated in Europe, Japan and China. The strong USD is a challenge to Emerging Markets (EMs), although we do not expect this to persist.
- **Policy outlook:** We expect the Fed to hike rates two more times in 2018, the ECB to end bond purchases by December and hike once in 2019. The BoJ is unlikely to change its policy stance, while the PBoC shifts its focus away from pursuing structural reforms towards propping up growth.
- **Key risks:** Rising prospects of a tit-for-tat trade war, worsening market liquidity conditions and a further escalation in other geopolitical developments are risks.

IMPLICATIONS
FOR INVESTORS

The Fed to raise rates 2 more times in 2018

The ECB is likely to end bond purchases by December 2018 while the BoJ remains accommodative

China likely to balance domestic-driven growth with structural reforms

Core scenario

The Global Investment Committee assigns a 65% probability to a scenario of moderate-to-strong growth with limited inflation unfolding in the next 12 months. We continue to expect global growth to remain resilient in spite of rising US protectionism and increased fragility within the Euro area. Trade tensions are a key risk, which could exacerbate inflationary pressures in the near term. That said, our central scenario is for trade tensions to ease in the coming months.

Figure 3

Investors continue to display optimism with respect to the US economy

Region	Growth	Inflation	Benchmark rates	Fiscal policy	Comments
US	Green	Amber	Amber	Green	Economic data remains robust. Fed to pursue a gradual pace of rate hikes
Euro area	Amber	Amber	Green	Amber	Growth to stabilise; ECB to end bond purchases by December
UK	Amber	Amber	Amber	Amber	Nature of Brexit critical. BoE rate hike likely going forward as wages accelerate
Japan	Amber	Amber	Green	Amber	Economy likely to recover from Q1 contraction, although at a slower pace than recent years. BoJ unlikely to switch policy stance amid still-low inflation
Asia ex-Japan	Amber	Amber	Green	Dark green	China's growth to moderate; Further stimulus likely. PBoC focus shifting towards propping up domestic growth
EM ex-Asia	Dark green	Amber	Green	Amber	Pressure on non-Asia EMs likely to ease as USD strength fades; China to remain stable

Source: Standard Chartered Global Investment Committee

Legend: Green: Supportive of risk assets; Amber: Neutral; Red: Not supportive of risk assets

Bonds

Trade tensions in focus

- EM USD government bonds remain our preferred area in bonds given the attractive yields and cheaper valuations. While escalation of trade tensions is a key risk, our bearish bias for the USD is a key assumption supporting our positive view.
- We continue to expect 10-year US Treasury yields to rise modestly to 3.0%-3.25% over the next 12 months. Given the small difference between short-term and long-term yields, we believe that shorter maturity bonds (less than 5 years) offer the best risk-reward.
- We maintain Asian USD bonds as a core holding as the recent increase in yield, to over 5%, is balanced by growing risks from tighter liquidity conditions in China. Valuations remain expensive in DM HY bonds, but easy lending conditions should help cap default rates in the near future and lead us to adopt a balance view on the asset class.

Figure 4
Bond sub-asset classes in order of preference

Bond asset class	View	Rates policy	Macro factors	Valua-tions	FX	Comments
EM USD government	Preferred	Not Supportive	Supportive	Neutral	NA	Attractive yields, relative value and stabilising credit quality are positive
EM local currency	Core	Not Supportive	Supportive	Neutral	Neutral	Attractive yield balanced by changing central bank stance and currency risks
Asian USD	Core	Not Supportive	Supportive	Neutral	NA	High credit quality, defensive allocation. Influenced by China risk sentiment
DM HY corporate	Core	Not Supportive	Neutral	Not Supportive	Supportive	Attractive yields on offer, offset by expensive valuations
DM IG corporate	Core	Not Supportive	Neutral	Neutral	Supportive	Likely to outperform DM IG government bonds. Yield premium is relatively low
DM IG government	Less Preferred	Not Supportive	Neutral	NA	Supportive	Normalising Fed and ECB policy to challenge returns

Source: Standard Chartered Global Investment Committee

Legend: Supportive Neutral Not Supportive Preferred Less Preferred Core

A brief breather, but challenges ahead

Bonds had a decent month with most areas within bonds delivering positive returns. Though government bond yields increased modestly, corporate bonds benefitted from positive risk sentiment that helped reduce yield premiums and largely offset the rise in government bond yields.

IMPLICATIONS
FOR INVESTORS

Prefer EM USD government bonds

Expect 10-year US Treasuries to trade in the 3.0%-3.25% range

Favour shorter maturity profile (less than 5 years) for USD-denominated bonds

Figure 5
Where markets are today

Bonds	Yield	1m return
DM IG government (unhedged)	*1.55%	-0.1%
EM USD government	6.21%	2.6%
DM IG corporates (unhedged)	*3.04%	0.6%
DM HY corporates	6.24%	0.9%
Asia USD	4.97%	0.6%
EM local currency government	6.62%	1.0%

Source: Bloomberg, JPMorgan, Barclays, Citigroup, Standard Chartered
*As of 30 June, 2018

Equities

Equities rally on share buybacks

- Global equities remain our preferred asset class. Global corporate earnings are forecast to rise 16% in 2018, underpinning the positive outlook for equity markets.
- US equities are preferred. In the Q2 earnings season, results from US banks and technology companies stand out. Banks have announced share buybacks valued up to 10% of their market capitalisation. Earnings announcements in the tech sector have been positive with 93% beating expectations.
- Asia ex-Japan is a core holding. The region's economy is exposed to US/China trade tensions. However, domestic demand is a more important driver of equity markets across the region outside of Korea and Taiwan. This is reflected in the resilient earnings growth this year and next, despite downward revisions to economic growth.
- Euro area equities are a core holding. A continuation of low borrowing costs may result in a pick-up in investment. UK equities are also a core holding. The risks of a 'no deal' Brexit may be offset by the recent trend of an increase in earnings growth expectations.
- Emerging Markets (EM) ex-Asia is a core holding. Corporate earnings expectations for 2018 are rising, despite the negative news flow surrounding political developments in many countries.
- Risks to our equity view: Continued USD strength, US trade policies.

Figure 6

US equities are our preferred region

Equity	View	Valuations	Earnings	Return on equity	Economic data	Bond yields	Comments
US	Preferred	Neutral	Supportive	Supportive	Supportive	Neutral	Robust earnings growth, share buybacks underway. Trade war retaliation a risk
Asia ex-Japan	Core Holding	Supportive	Neutral	Neutral	Supportive	Neutral	Earnings recovery, improving margins, fair valuations. Trade war a risk
Euro area	Core Holding	Neutral	Neutral	Neutral	Neutral	Supportive	Improving credit growth is a positive. Trade war a risk
EM ex-Asia	Core Holding	Neutral	Neutral	Neutral	Neutral	Neutral	Elevated oil prices a positive, but rising US rates are weighing on markets
Japan	Core Holding	Supportive	Not Supportive	Supportive	Neutral	Neutral	Strong balance sheets, falling net debt to equity. Trade war a risk
UK	Core Holding	Neutral	Neutral	Not Supportive	Neutral	Neutral	Rising commodity prices boosting FTSE100. No deal Brexit a risk

Source: Standard Chartered.

Legend: Supportive Neutral Not Supportive Preferred Less Preferred Core Holding

IMPLICATIONS
FOR INVESTORS

Global equities our preferred asset class

US is our preferred market

Prefer China within Asia ex-Japan

Figure 7

Where markets are today

Market			Index level
P/E ratio	**P/B**	**EPS**	
US (S&P 500)			
17x	3.2x	15%	**2,837**
Euro area (Stoxx 50)			
14x	1.6x	9%	**3,509**
Japan (Nikkei 225)			
13x	1.3x	7%	**22,587**
UK (FTSE 100)			
13x	1.7x	9%	**7,663**
MSCI Asia ex-Japan			
12x	1.5x	12%	**678**
MSCI EM ex-Asia			
11x	1.4x	20%	**1,408**

Source: FactSet, MSCI, Standard Chartered.

Note: Valuation and earnings data refer to MSCI indices, as of 26 July 2018

Alternative strategies

Global macro performs this month

- Our alternatives allocation has delivered 0.1% this year and 1.2% since *Outlook 2018*
- Our most preferred strategy, Equity Hedge, is up 1.7% YTD, and continues to receive support from positive Q2 US earning results
- We continue to keep Global Macro and Relative Value as core holdings, noting both strategies are also positive YTD.

Performance review of alternatives strategies

Over the past month, our diversified alternatives allocation has posted a modest gain of 0.5% with good contributions from Equity Hedge and Global Macro. As we maintain our conviction in a reflationary scenario despite trade tensions, we continue to favour Equity Hedge over other strategies. Positive equity market momentum is a major driver for Equity Hedge; therefore, expectation of strong late cycle equity performance is key behind our preference.

Global Macro has outperformed most other strategies over the past month. This is attributable primarily to trend-following strategies (a sub-strategy within Global Macro) benefiting from renewed USD strength. Historically, Global Macro has shown low correlation with traditional assets, especially during pullbacks. As we expect higher market volatility ahead (See previous section), we believe Global Macro's role as a "diversifier" in an investment allocation will be beneficial.

Our alternatives strategies allocation remains unchanged: Equity Hedge 46%, Relative Value 28%, Event Driven 8% and Global Macro 18%. For more information on our alternatives allocation, please refer to *Outlook 2018*.

Figure 8

Traffic light framework alternatives strategies

		Description	View	Drivers for strategies to perform	
Substitutes	Equity Hedge	In essence, buying undervalued stocks and selling overvalued stocks	▲	• Positively trending equity markets	● Supportive
				• Rising equity market dispersion	● Neutral
	Relative Value	Looking to take advantage of differences in pricing of related financial instruments	◆	• Falling interest rates/cost of funding	● Neutral
				• Narrowing credit spreads	● Neutral
	Event Driven	Taking positions based on an event such as a merger or acquisition	▼	• Positively trending equity markets	● Supportive
				• Rising mergers and acquisitions	● Not Supportive
				• Narrowing credit spreads	● Neutral
Diversifier	Global Macro	Looking to exploit themes, trends and asset class relationships (correlations) at a global level, generally with leverage	◆	• Rising volatility and credit spreads	● Neutral
				• Increasing cross asset dispersion	● Neutral
				• Clear market trends (up/down)	● Neutral

Source: Standard Chartered

Legend: ● Supportive ● Neutral ● Not Supportive ▲ Preferred ▼ Less Preferred ◆ Neutral

IMPLICATIONS
FOR INVESTORS

Equity Hedge (most preferred) supported by our reflationary scenario

Global Macro and Relative Value are core holdings

Global Macro as a "Diversifier" in an investment allocation likely to be beneficial

Figure 9

Where markets are today

Alternatives	YTD	1m return
Equity Long/Short	1.7%	1.4%
Relative Value	2.2%	0.0%
Event Driven	-5.2%	-0.7%
Macro CTAs	-2.3%	0.3%
Alternatives Allocation	0.1%	0.5%

Source: Bloomberg, Standard Chartered

FX

USD: Bearish bias medium term

- We maintain a bearish USD bias on a 6-12 months basis. However, in the short term, the outlook is less clear given still elevated trade tensions
- EUR is likely to strengthen over the next 12 months, but technical appear biased to the downside near term
- JPY outlook is unclear; safe-haven status could be supportive near term, but BoJ inaction means interest rates differentials are likely to widen in the USD's favour
- Rapid CNY weakening jolts global and EM FX. Likely to track DXY

Figure 10

Foreign exchange; key driving factors and outlook

Currency	View	Real interest rate differentials	Risk sentiment	Commodity prices	Broad USD strength	Comments
USD	Less Preferred	Not Supportive	Not Supportive	NA	NA	Medium-term rate differentials to narrow
EUR	Preferred	Supportive	Supportive	NA	Supportive	Monetary policy normalisation medium term
JPY	Neutral	Not Supportive	Not Supportive	NA	Supportive	Range-bound amid opposing constraints
GBP	Neutral	Neutral	Neutral	NA	Supportive	Brexit dependency
AUD	Neutral	Neutral	Neutral	Neutral	Supportive	RBA policy and commodity price risks
EM FX	Neutral	NA	Neutral	Neutral	Supportive	Global growth and liquidity dependent

Source: Bloomberg, Standard Chartered Global Investment Committee

Legend: Supportive, Neutral, Not Supportive, Preferred, Less Preferred, Neutral

USD – Bearish bias for the USD remains intact

The USD has held onto the gains seen in the April-June period. The DXY posted a new 12-month high at 95.65 before President Trump's expression of disappointment with Fed rate hikes and accusations of EU and China currency manipulation. As an escalation of trade war rhetoric and action continues to be an overhang on markets. The USD (DXY) index is trading in the 93.20-95.65 band. Speculative long USD positions are increasing, but are not yet extended, allowing for a possible break higher in the coming weeks.

Our longer-term view is for the USD rally to peak when market shifts attention to the likely narrowing of USD-Euro interest rate differentials that are at historical extremes in favour of the USD. This may also bring back into focus the US's twin deficits problem, as well as a potential shift in reserve assets away from the USD.

IMPLICATIONS
FOR INVESTORS

USD bearish bias medium term

EUR to rebound medium term

USD strength near term

Figure 11

Where markets are today

FX (against USD)	Current level	1m change
Asia ex-Japan	105	-2.0%
AUD	0.74	-0.2%
EUR	1.16	0.0%
GBP	1.31	-0.9%
JPY	111	-1.1%
SGD	1.36	0.0%

Source: Bloomberg, Standard Chartered

Multi-asset

Stay invested in risk assets, but diversify

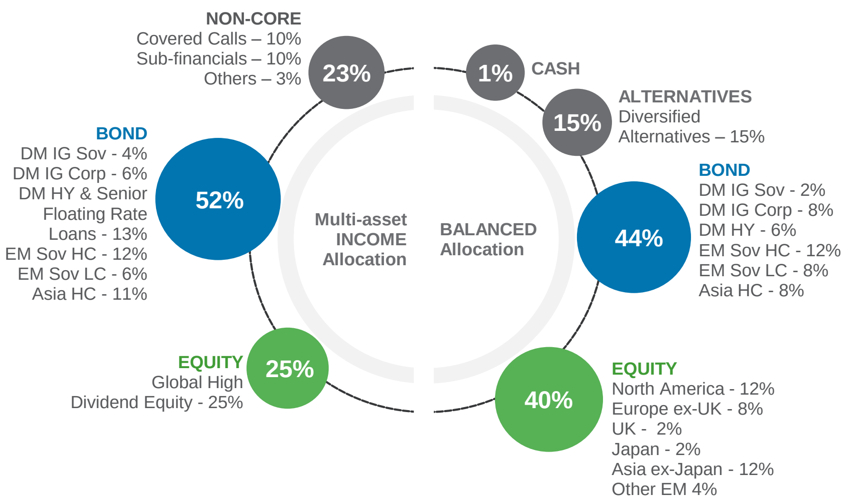
- We believe in staying invested in diversified allocations as it is the most prudent approach to manage risk in a late-stage economic cycle
- We continue to believe a balanced allocation will outperform an income allocation, given our preference for growth-oriented assets
- For income-seeking investors, a multi-asset income allocation can continue to help an investor's regular income goal

In our *Mid-Year Outlook*, we updated two distinct asset allocations focusing on goals for i) capital growth investors, and ii) income focused investors (Figure 45).

This year, our multi-asset income allocation is outperforming our balanced allocation by around 1.1% as headwinds from trade tensions; rising yields and a strengthening USD have impacted Emerging Markets (EM) assets. However, US equities have recovered from drawdowns earlier in the year, buoyed by a number of factors including strong company earnings growth, share buybacks, improved US equity market valuations and supportive US fiscal policy. We continue to prefer equities among asset classes and maintain exposure within our allocations.

Figure 12

Breakdown of our Multi-asset Income and Balanced allocations



Source: Standard Chartered

IMPLICATIONS
FOR INVESTORS

Focus on aligning investment return expectations with your appetite for risk

Put together your allocation using "building blocks" which are diversified across asset classes

Tailor your overall multi-asset allocation in line with your return expectations and risk appetite

Figure 13

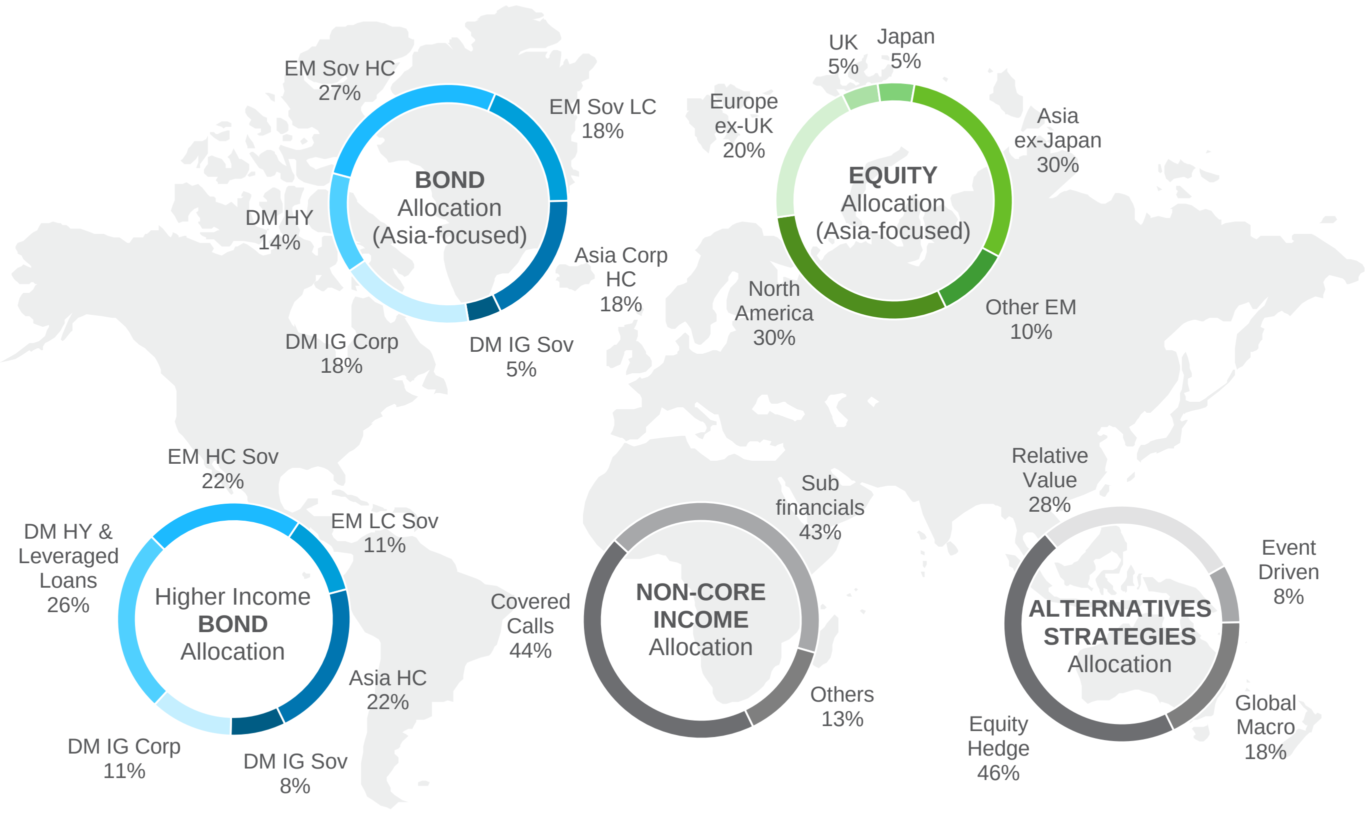
Key multi-asset views

Allocation performance	YTD	1m return
Total return balanced	0.7%	1.6%
Multi-asset income	1.8%	1.9%

Source: Bloomberg, Standard Chartered

Our recommended allocations

Asset class sleeves



Tailoring a multi-asset allocation to suit an individual's return expectations and appetite for risk

- We have come up with several asset class "sleeves" across major asset classes driven by our investment views
- Our modular allocations can be used as building blocks to put together a complete multi-asset allocation
- These multi-asset allocations can be tailored to fit an individual's unique return expectations and risk appetite
- We illustrate allocation examples for both Global and Asia-focused investors, across risk profiles

BOND Allocation (Asia-focused)	Higher Income BOND Allocation	EQUITY Allocation (Asia-focused)	NON-CORE Income Allocation	ALTERNATIVES STRATEGIES Allocation
• For investors who want a diversified allocation across major fixed income sectors and regions • Asia-focused allocation	• For investors who prefer a higher income component to capital returns from their fixed income exposure • Includes exposures to Senior Floating Rate bonds	• For investors who want a diversified allocation across major fixed income sectors and regions • Asia-focused allocation	• For investors who want to diversify exposure from traditional fixed income and equity into “hybrid” assets • Hybrid assets have characteristics of both fixed income and equity • Examples include Covered Calls, REITs, and sub-financials (Preferred Shares and CoCo bonds)	• For investors who want to increase diversification within their allocation • Include both “substitute” and “diversifying” strategies

Asset allocation summary

Tactical Asset Allocation - (12m). All figures are in percentages.

		ASIA FOCUSED				GLOBAL FOCUSED			
Summary	View	Conservative	Moderate	Moderately Aggressive	Aggressive	Conservative	Moderate	Moderately Aggressive	Aggressive
Cash	🔴	10	1	0	0	8	0	0	0
Fixed Income	🟡	66	44	35	10	66	45	35	10
Equity	🟢	24	40	50	80	26	40	50	80
Alternative Strategies	🟡	0	15	15	10	0	15	15	10

		ASIA FOCUSED				GLOBAL FOCUSED			
Asset class	View	Conservative	Moderate	Moderately Aggressive	Aggressive	Conservative	Moderate	Moderately Aggressive	Aggressive
USD Cash	🔴	10	1	0	0	8	0	0	0
DM Government Bonds*	🔴	3	2	2	0	5	3	3	1
DM IG Corporate Bonds*	🟡	12	8	6	2	15	11	8	2
DM HY Corporate Bonds	🟡	9	6	5	1	12	8	6	2
EM USD Sovereign Bonds	🟢	18	12	10	3	16	11	8	3
EM Local Ccy Sovereign Bonds	🟡	12	8	6	2	9	6	5	1
Asia Corporate USD Bonds	🟡	12	8	6	2	9	6	5	1
North America	🟢	8	12	15	24	13	20	25	40
Europe ex-UK	🟡	5	8	10	16	3	4	5	8
UK	🟡	1	2	2	4	1	2	2	4
Japan	🟡	1	2	3	4	1	2	3	4
Asia ex-Japan	🟡	6	12	15	24	5	8	10	16
Non-Asia EM	🟡	3	4	5	8	3	4	5	8
Alternative Strategies	🟡	0	15	15	10	0	15	15	10
		100	**100**	**100**	**100**	**100**	**100**	**100**	**100**

Source: Bloomberg, Standard Chartered

For illustrative purposes only. Please refer to the disclosure appendix at the end of the document.

*Note: 1. For assets assigned small allocations, investors may prefer to instead allocate to a broader category. 2. We are changing the way we cover 'Commodities' from our asset class categories. *FX-hedged*

🔴 Least preferred 🟡 Core holding 🟢 Most preferred

Market performance summary*

Equity

	Year to date	1 month
Global Equities	2.9% ↑	3.5% ↑
Global High Dividend Yield Equities	0.1% ↑	3.7% ↑
Developed Markets (DM)	4.0% ↑	3.6% ↑
Emerging Markets (EM)	-4.5% ↓	2.6% ↑
BY COUNTRY		
US	7.1% ↑	4.2% ↑
Western Europe (Local)	2.3% ↑	3.8% ↑
Western Europe (USD)	-0.7% ↓	3.5% ↑
Japan (Local)	-1.6% ↓	2.2% ↑
Japan (USD)	-0.2% ↓	1.1% ↑
Australia	-0.5% ↓	1.1% ↑
Asia ex- Japan	-3.5% ↓	1.0% ↑
Africa	-12.1% ↓	6.1% ↑
Eastern Europe	-0.7% ↓	6.6% ↑
Latam	-2.8% ↓	10.2% ↑
Middle East	17.7% ↑	3.4% ↑
China	-2.0% ↓	-0.7% ↓
India	-3.4% ↓	3.3% ↑
South Korea	-11.2% ↓	-2.4% ↓
Taiwan	3.4% ↑	5.3% ↑
BY SECTOR		
Consumer Discretionary	5.6% ↑	1.3% ↑
Consumer Staples	-3.8% ↓	2.8% ↑
Energy	7.3% ↑	3.4% ↑
Financial	-2.8% ↓	3.9% ↑
Healthcare	7.2% ↑	5.3% ↑
Industrial	-0.3% ↓	4.2% ↑
IT	12.3% ↑	4.5% ↑
Materials	-1.6% ↓	2.5% ↑
Telecom	-8.3% ↓	1.7% ↑
Utilities	2.2% ↑	2.7% ↑
Global Property Equity/REITS	0.0% ↑	1.8% ↑

Bonds

	Year to date	1 month
SOVEREIGN		
Global IG Sovereign	-1.4% ↓	-0.1% ↓
US Sovereign	-1.6% ↓	-0.3% ↓
EU Sovereign	-1.7% ↓	0.3% ↑
EM Sovereign Hard Currency	-2.7% ↓	2.6% ↑
EM Sovereign Local Currency	-4.3% ↓	1.0% ↑
Asia EM Local Currency	-4.7% ↓	-0.5% ↓
CREDIT		
Global IG Corporates	-2.8% ↓	0.6% ↑
Global HY Corporates	-1.3% ↓	0.9% ↑
US High Yield	1.0% ↑	0.5% ↑
Europe High Yield	-3.1% ↓	0.8% ↑
Asia High Yield Corporates	-1.9% ↓	0.6% ↑

Commodity

	Year to date	1 month
Diversified Commodity	-2.7% ↓	-1.7% ↓
Agriculture	-6.5% ↓	0.0% ↓
Energy	7.7% ↑	-0.6% ↓
Industrial Metal	-11.5% ↓	-6.4% ↓
Precious Metal	-8.5% ↓	-3.4% ↓
Crude Oil	15.1% ↑	-2.1% ↓
Gold	-6.2% ↓	-2.9% ↓

FX (against USD)

	Year to date	1 month
Asia ex- Japan	-3.9% ↓	-2.0% ↓
AUD	-5.5% ↓	-0.2% ↓
EUR	-3.0% ↓	0.0% ↓
GBP	-3.0% ↓	-0.9% ↓
JPY	1.3% ↑	-1.1% ↓
SGD	-2.0% ↓	0.0% ↓

Alternatives

	Year to date	1 month
Composite (All strategies)	-0.7% ↓	0.3% ↑
Relative Value	2.2% ↑	0.0% ↓
Event Driven	-5.2% ↓	-0.7% ↓
Equity Long/Short	1.7% ↑	1.4% ↑
Macro CTAs	-2.3% ↓	0.3% ↑

Source: MSCI, JPMorgan, Barclays, Citigroup, Dow Jones, HFRX, FTSE, Bloomberg, Standard Chartered

*All performance shown in USD terms, unless otherwise stated

*YTD performance data from 31 December 2017 to 26 July 2018 and 1-month performance from 26 June 2018 to 26 July 2018

Events calendar

AUGUST

02	FOMC policy decision

SEPTEMBER

X	Japan LDP President election where Prime Minister Abe faces challengers
13	ECB policy decision
19	BoJ policy decision
27	FOMC policy decision

OCTOBER

7	Brazil elections – 1st round
25	ECB policy decision
28	Brazil elections – 2nd round
31	BoJ policy decision

NOVEMBER

06	US House (all 435 seats) and Senate (33 out of 100 seats) elections
09	FOMC policy decision
12-18	APEC Summit

DECEMBER

13	ECB policy decision
20	FOMC policy decision
20	BoJ policy decision

JANUARY

31	Fed policy meeting

FEBRUARY

16	Nigeria general election due
X	Thailand to hold general elections

MARCH

29	UK to leave the EU

APRIL

10	ECB policy decision
17	Indonesia general election due

MAY

02	FOMC policy decision
X	India general election due

JUNE

06	ECB policy decision
20	FOMC policy decision

JULY

25	ECB policy decision

Legend: X – Date not confirmed | **ECB** – European Central Bank | **FOMC** – Federal Open Market Committee (US) | **BoJ** – Bank of Japan

The team

Our experience and expertise help you navigate markets and provide actionable insights to reach your investment goals.

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Disclosure appendix

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