Wealth Management Chief Investment Office
15 October 2021

# Weekly Market View

## Taper but no tantrum

The stars are aligning for the Fed to start tapering bond purchases this year, though tapering and rate hikes have historically not stood in the way of equity market gains till monetary policy becomes outright tight. We continue to favour US and Euro area equities.

In China, though, the focus remains on property sector stress. We continue to believe a broader crisis is unlikely, but a catalyst in the form of less uncertainty or policy easing may be needed to trigger a bottom in Asian High Yield (HY) bonds.

**Equities:** A further rise in US Treasury yields would support value-style equities, such as our preference for energy and financials sectors in the US and Euro area

**Bonds:** Asian HY bonds continue to offer long-term value, but a bottoming of bond prices may require a policy catalyst

**FX:** Risk/reward of chasing the USD higher from here is poor, in our view. USD/JPY likely to run into resistance around 114.50-115.50

What could signal a bottom in Asian HY bond prices?

What are the market implications of tapering?

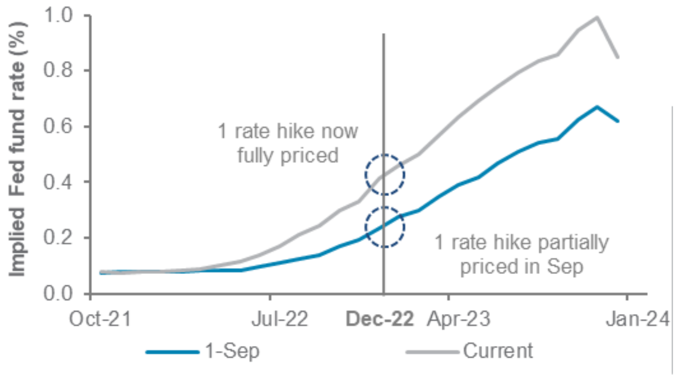
Does risk/reward favour chasing the USD higher?

Important disclosures can be found in the Disclosures Appendix.

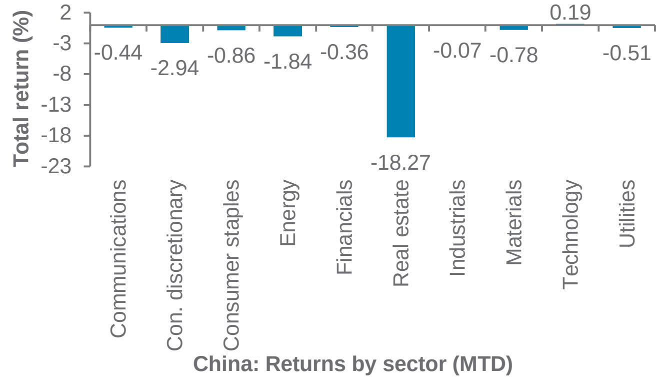
# Charts of the week: Bond market signals

**Markets have fully priced an end-2022 Fed rate hike; China HY bond stress largely contained to property sector so far**

Fed rates as priced by US money markets




China HY bonds sector total returns (MTD)




Source: Bloomberg, Standard Chartered

# Editorial

## Taper but no tantrum

The stars are aligning for the Fed to start tapering bond purchases this year. Markets are now pricing in a rate hike in late 2022 following the September US inflation print, but we note rate hikes usually do not stand in the way of further equity market gains until monetary policy turns outright tight. In China, though, the focus remains on property sector stress. We continue to believe a spillover into a broader crisis is unlikely, but a catalyst in the form of less uncertainty or policy easing may be needed to trigger a High Yield (HY) bond price bottom.

In the US, minutes from the Fed's last meeting illustrated that policymakers appeared to be uniting around a bond purchase taper that starts in the next 1-2 months and completes by mid-2022. Recent economic data may help strengthen conviction around this. Employment data last week may have disappointed relative to expectations, but jobs gains may have been sufficient for it to not stand in the way of tapering plans. CPI inflation, meanwhile, surprised slightly to the upside, which could help cement a taper.

For risky assets like equities, though, bond purchase tapering has generally not had much of an impact, except in 2013 when it came as a surprise. Markets are currently looking for a total of about 3 rate hikes by end-2023, with at least one of those coming by December 2022. As we noted earlier, though, rate hikes by themselves are unlikely to stand in the way of equity market gains until policy becomes tight.

It is crucial that growth remains well supported for risky assets to continue to perform. However, as detailed last week, we believe the case for stagflation (ie. low growth/high inflation, often a challenging environment for risky assets) remains weak and the level of growth indicators, such as the ISM surveys, and further upgrades in earnings expectations for the coming earnings season continue to offer room for optimism.

Hence, we view the Fed's policy as reflective of increased confidence in the economy and supportive of our preference for US and Euro area equities, with higher bond yields consistent with our preference for Value-style sectors and US/European HY bonds (see page 4).

For the USD, though, the fact that a directional turn in the Fed's policy is increasingly priced means chasing the USD higher from current levels may offer a poor risk/reward, especially given the USD index has failed to break higher thus far. We believe the AUD and the JPY offer the most attractive short-term opportunities today (see page 5).

In China, though, the continued focus on property sector stresses offers a different policy outlook. Over the past week, stresses intensified as Evergrande missed a third bond payment and more developers either missed, or warned of missing, upcoming bond payments. China HY USD bonds continued to weaken as markets sold off across the property sector, regardless of quality or rating buckets. As the chart of the week illustrates, though, the sell-off has thus far remained largely contained to the China HY property sector.

An overshoot in bond prices is not entirely surprising – previous episodes of single-bond stresses have shown that low liquidity can exacerbate moves during sell-offs. We have argued before that today's valuations argue in favour of attractive returns on a longer 12-month horizon. However, a bottoming of bond prices is likely to require a catalyst in the form of policy easing (either monetary or housing policy) and/or more visibility on how Evergrande's challenges are likely to be concluded. In this regard, recent reports of loosening restrictions on home loans is a positive (see page 5 for more).

— **Manpreet Gill,** *Head FICC Investment Strategy*

## The weekly macro balance sheet

**Our weekly net assessment:** On balance, we see the past week's data and policy as negative for risk assets

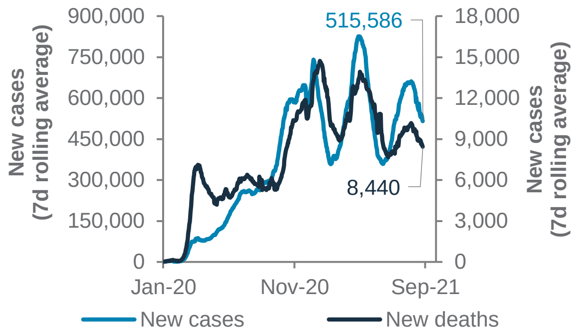
**(+) factors:** Start of reopening borders, fiscal support

**(-) factors:** Growth data disappointment, rising inflation

| | Positive for risk assets | Negative for risk assets |
|---|---|---|
| COVID-19 | • New cases, deaths in the US, Euro area, Japan, Latin America and Asia continued to fall as vaccinations rose<br>• The US to relax Canada/ Mexico land borders for the vaccinated; Singapore opened more 'travel lanes' to vaccinated travellers; Thailand waives quarantine from low-risk countries | • New Zealand extended its lockdown in Auckland |
| | **Our assessment: Positive** – Improving global cases count, more borders starting to reopen | |
| Macro data | • China Sep export growth accelerated to 28.1%, import growth slowed to 17.6%<br>• US Sep PPI rose 8.6% y/y, slightly below consensus<br>• China Sep CPI rose 0.7% y/y, below consensus | • US Sep non-farm payrolls rose 194k, below expectations of 500k<br>• US Sep CPI up 5.4% y/y, slightly above consensus<br>• China Sep PPI up 10.7% y/y, the highest since 1995<br>• The IMF cut 2021 global growth forecast to 5.9% |
| | **Our assessment: Neutral –** Strong China exports, higher US job gain vs higher inflation, downside surprises | |
| Policy developments | • US Congress cleared short-term debt ceiling increase through Dec<br>• | • India looking at simplifying goods and services tax structure<br>• China launched corruption investigation into 25 biggest financial institutions and regulators |
| | **Our assessment: Neutral –** Temporary US debt ceiling respite | |
| Other developments | • Putin said Russia could export record natural gas to Europe to meet shortages | • Flooding in key China mining regions worsened coal price rise |
| | **Our assessment: Negative –** Energy supply constraints | |

**COVID-19 cases falling globally**

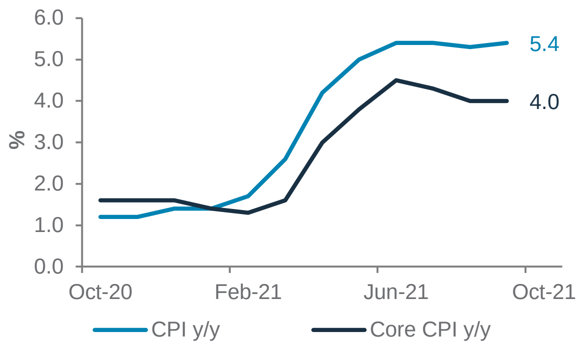
COVID-19 new cases and deaths; seven-day rolling average




Source: Our World in Data, Standard Chartered

**Supply chain disruptions have held US inflation close to recent peaks, though core inflation has eased slightly**

US CPI and Core (ex-food and energy) CPI inflation




Source: Bloomberg, Standard Chartered

**China exports have remained well supported, with export growth to the US accelerating**

China exports y/y (total and to the US)


Source: Bloomberg, Standard Chartered

# Top client questions

**What are the likely equity and bond market implications of Fed tapering?**

We believe the rise in the US 10-year Treasury yield, on the back of expectations of Fed tapering and higher inflation, are key to equity and bond markets.

From an equities point of view, we expect this will lead to a further rotation into Value sectors. As such, we believe it is attractive to rebalance towards our preferred Value-style sectors, such as energy and financials. Crude oil prices have witnessed sustained gains as demand continues to recover with economic reopening while supply remains disciplined. We see this as an additional tailwind for energy sector equities, adding to our catch-up view on energy sector equities, which have lagged the rebound in oil prices. In financials, large US banks reported Q3 earnings this week, and positive surprises from the release of loan loss provisions continued to be a positive driver thus far. This is supportive of our preferred view on Financials.

Some market volatility is possible as tapering causes a reassessment of the long-term policy rate outlook. However, we would see this as an opportunity to add exposure to equites. As we note in the editorial, we believe the Fed's taper-talk reflects its confidence in the US growth outlook, while in the Euro area, increasing prospects of fiscal expansion from a new German coalition government could lead to an upside growth surprise. We view both US and Euro area equities as preferred.

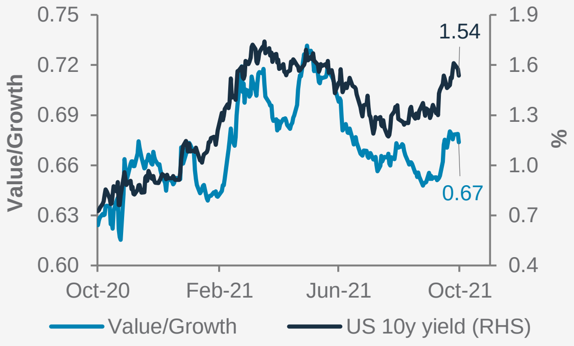
The implications for bond markets are likely to be more differentiated. The move higher in the US 10-year Treasury yield appears to be following prior patterns of a sharp rise in yields ahead of an actual tapering announcement. While US Treasury yields have subsequently moved sideways following past tapering announcements, in the current instance, we believe market expectations of the timing and pace of Fed hiking cycle are likely to push the US 10-year Treasury yield higher. Markets are now pricing in a Fed rate hike in December 2022.

However, we believe Developed Market (DM) HY corporate bonds and Asian USD bonds are well positioned to outperform given the recent spread widening (cheapening valuations), low interest rate sensitivity and positive correlation with corporate profitability. However, the reduction in the global monetary impulse, combined with lagging vaccination rates and inflation, mean that, similar to 2013, EM local currency bonds are likely to underperform.

— **Daniel Lam, CFA,** *Senior Cross-asset Strategist*
— **Fook Hien Yap,** *Senior Investment Strategist*
— **Abhilash Narayan,** *Senior Investment Strategist*

**A higher bond yield outlook is consistent with outperformance of value-style equities**

MSCI AC World Value/Growth equities vs US 10-year Treasury yield




Source: Bloomberg, Standard Chartered

**Rate hike expectations have been a key driver of 10-year US Treasury yields over the past few months**

10-year US Treasury yields and Fed Fund Futures implied rate in December 2023


Source: Bloomberg, Standard Chartered

## Top client questions (cont'd)

### What signposts could indicate whether Asian HY credit spreads are close to peaking or could widen further?

Asian HY bonds remained under pressure on the back of more property sector bond missed payments and low secondary market liquidity. Much of the pain in Asian HY bonds has thus far remained contained to the property sector. Having said that, near-term downside pressure could remain in place and a turning point may not be forthcoming till one of the following catalysts presents itself:

1. Significant weakness in economic data or widening social unrest, which may prompt authorities to step in
2. A reversal of city-/province-specific property-tightening policy
3. Targeted policy measures to support sector liquidity

A bumpy short-term outlook notwithstanding, we continue to believe Asian HY bonds are likely to perform well on a 12-month horizon:

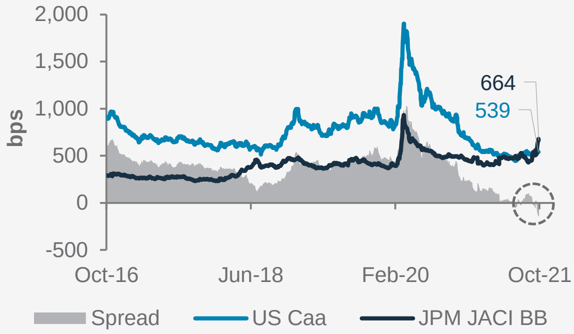
1. Longer US and European credit market history shows us credit spreads have historically peaked before defaults peak. This suggests that while Asia HY defaults could still rise, credit spreads could very well peak (ie. bond prices could bottom) in the coming months should a policy catalyst be forthcoming
2. Credit spreads for BB-rated Asian HY bonds are currently wider than those for US CCC-rated bonds. While sentiment can explain this in the near term, such discrepancies rarely last long

Hence, we believe retaining exposure to Asian HY bonds within the context of a well-diversified investment allocation remains attractive (noting Asia USD bonds would usually constitute 8-10% of a moderate risk allocation – see our *Global Market Outlook* for more).

— **Abhilash Narayan,** *Senior Investment Strategist*

**Highest-rated group of Asian HY bonds now trade at a wider credit spread than lowest-rated group of US HY bonds**

Credit spreads; US Caa bonds vs Asia BB-rated bonds and their difference




Source: Bloomberg, Standard Chartered

### Does risk-reward favour chasing the USD higher?

It has been a frustrating year for USD bears. Fundamental bearish USD drivers in the form of relative yield differentials have been, and still are, in place, but catalysts to trigger them have been absent.

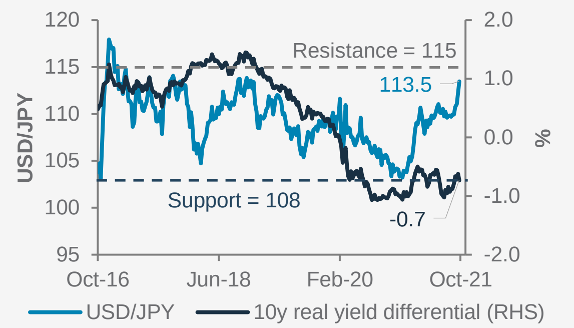
However, technicals show the USD (DXY) index has pushed into, but not through, key resistance. This is key as fundamentals continue to point to a weaker USD. There is arguably more room for hawkish surprises in Europe and Japan. If the Fed reinforces its Average Inflation Targeting (AIT) policy and only hikes in end-2022, the USD is likely to struggle to break higher.

US exceptionalism has lasted for longer than expected, but we may be in the final stage of the USD's 'fatal attraction' and the frustrated bear's 'final capitulation'. Therefore, we believe the risk/reward of chasing the USD higher from here is poor.

High LNG and coal prices have improved Australia's Terms of Trade (export prices rising vs import prices). The AUD has strengthened on this and could rise further. High oil prices and rising US yields have had the opposite impact on Japan, and USD/JPY has surged to near three-year highs. We expect USD/JPY will run into strong technical resistance at 114.50-115.50 and then fall in line with the USD.

**Relative yield differentials still point to a weaker USD long-term. USD/JPY is a good example**

USD/JPY vs 10-year US-JP real yield differentials



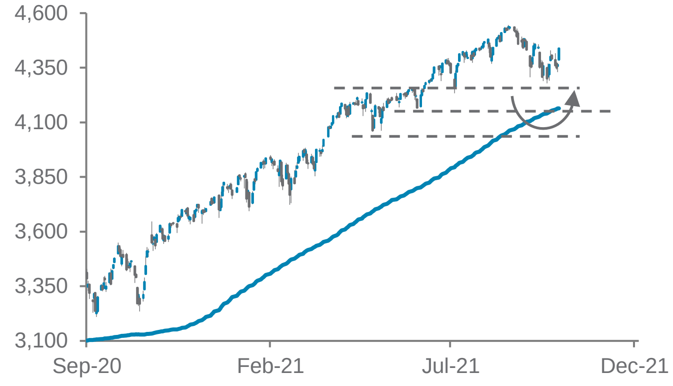

Source: Bloomberg, Standard Chartered

# Technical charts of the week

**Manish Jaradi**
*Senior Investment Strategist*

### S&P 500: Attempting to form a floor

S&P 500 index daily chart with 200DMA




Source: Bloomberg, Standard Chartered

> The retreat in the S&P 500 index is more of a pause than a reversal of the uptrend, that is, a range scenario rather than a meaningful downtrend. Indeed, the index has plenty of support on the downside, and it could well be in the process of forming a base.

### USD: May have run its course

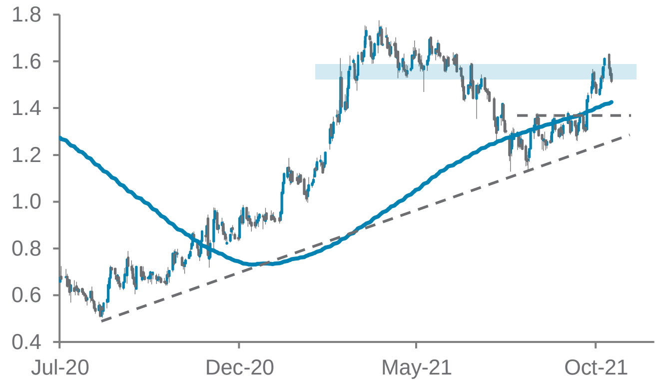
DXY index weekly chart with 200WMA


Source: Bloomberg, Standard Chartered

> The rebound this year is a continuation of the broad range and not a sign of a start of a new (up) trend, at least yet. The DXY index is now around the middle of the range. The rally is showing signs of fatigue as it faces major converged resistance, raising the odds that it is near a top.

### US 10-year Treasury yield: Runs into tough resistance

US 10-year Treasury yield daily chart with 200DMA

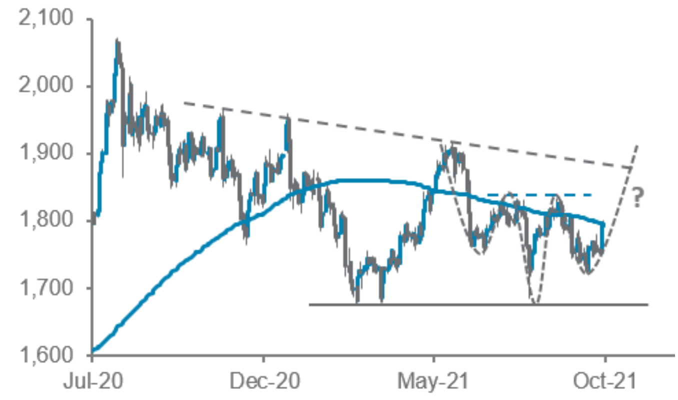



Source: Refinitiv, Standard Chartered

> The US 10-year Treasury yield has run into a key hurdle at 1.53%-1.60%. The resistance is important as it marks a few inflection points and has defined the area where the yield has spent quite a bit of time in recent months. The yield needs to break above the hurdle for the uptrend to reassert.

### Gold: Keeping an open mid

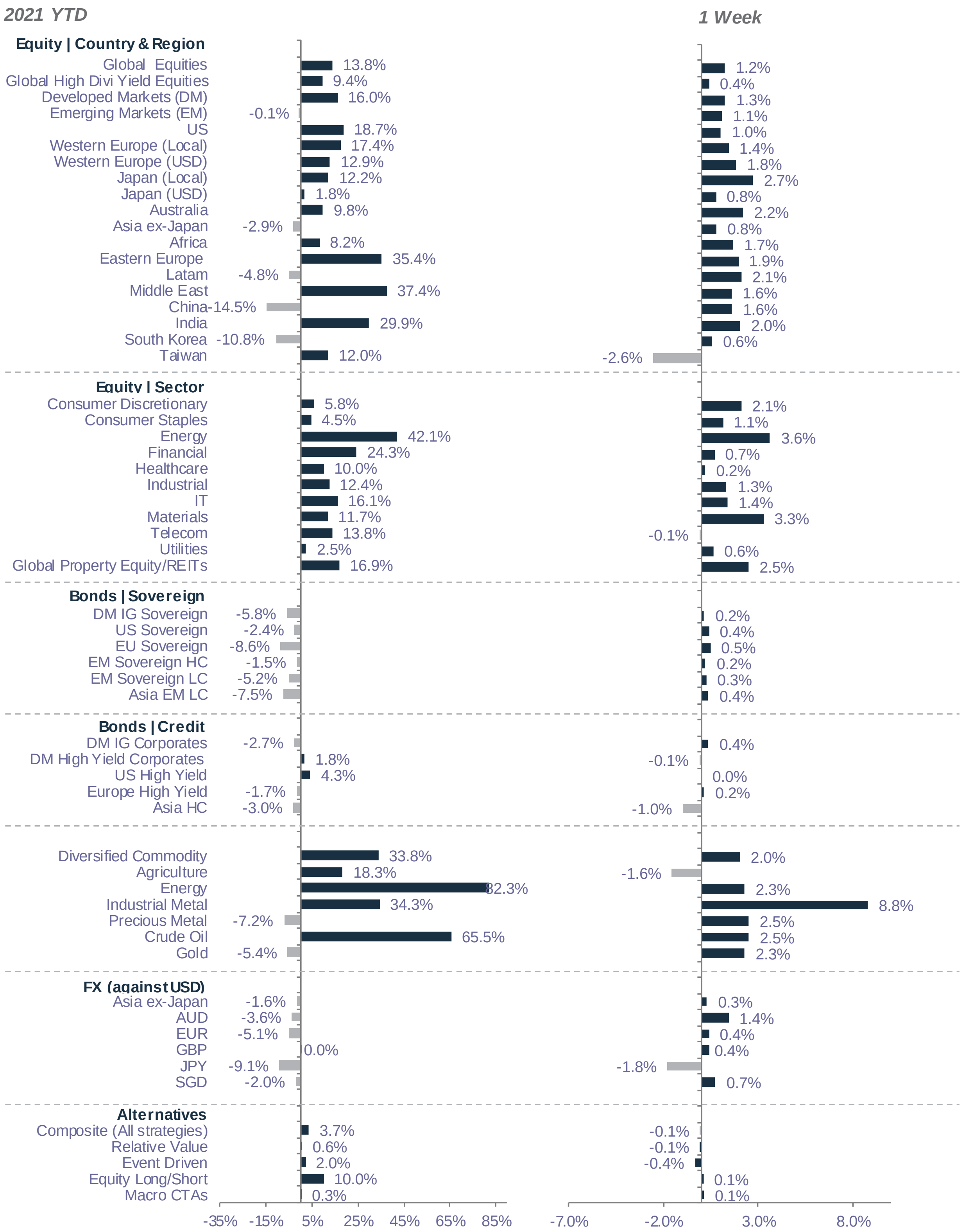
XAU/USD daily chart with 200DMA




Source: Refinitiv, Standard Chartered

> While it is too soon to conclude that gold is out of the woods, this week's rebound is encouraging for bulls. Any break above key resistance at 1,835 would trigger a reverse head and shoulders pattern, pointing to a rise towards the January high of 1,959. Immediate/stiff resistance is on the 200DMA.

# Market performance summary *




Sources: MSCI, JP Morgan, Barclays Capital, Citigroup, Dow Jones, HFRX, FTSE, Bloomberg, Standard Chartered

*Performance in USD terms unless otherwise stated, 2021 YTD performance from 31 December 2020 to 14 October 2021; 1-week period: 7 October 2021 to 14 October 2021

### Our asset class views at a glance

| Asset class | | | |
|---|---|---|---|
| **Equities** | ▲ | **Alternatives** | ◆ |
| Euro area | ▲ | Equity hedge | ▲ |
| US | ▲ | Event-driven | ◆ |
| UK | ◆ | Relative value | ▼ |
| Asia ex-Japan | ▼ | Global macro | ◆ |
| Japan | ◆ | | |
| Other EM | ◆ | **Cash** | ▼ |
| | | USD | ▼ |
| **Bonds (Credit)** | ◆ | EUR | ▲ |
| Asia USD | ▲ | GBP | ▲ |
| Corp DM HY | ▲ | CNY | ◆ |
| Govt EM USD | ▲ | JPY | ◆ |
| Corp DM IG | ▼ | AUD | ▲ |
| | | NZD | ▲ |
| **Bonds (Govt)** | ▼ | CAD | ◆ |
| Govt EM Local | ▼ | | |
| Govt DM IG | ▼ | **Gold** | ◆ |

Source: Standard Chartered Global Investment Committee

**Legend:** ▲ Most preferred | ▼ Less preferred | ◆ Core holding

### Economic and market calendar

| | Event | Next week | Period | Prior |
|---|---|---|---|---|
| MON | CH | GDP y/y | 3Q | 7.9% |
| | CH | Retail Sales y/y | Sep | 2.5% |
| | CH | Industrial Production y/y | Sep | 5.3% |
| | CH | Fixed Assets Ex Rural YTD y/y | Sep | 8.9% |
| | US | Industrial Production m/m | Sep | 0.4% |
| TUE | US | Housing Starts | Sep | 1615k |
| WED | EC | ECB Current Account SA | Aug | 21.6b |
| THUR | EC | Consumer Confidence | Oct A | -4 |
| FRI/SAT | EC | Markit Eurozone Composite PMI | Oct P | 56.2 |
| | US | Markit US Composite PMI | Oct P | 55.0 |

Source: Bloomberg, Standard Chartered

Prior data are for the preceding period unless otherwise indicated. Data are % change on previous period unless otherwise indicated

P - preliminary data, F - final data, sa - seasonally adjusted, y/y - year-on-year, m/m - month-on-month

### 10-year bond yield not far from technical support

Technical indicators for key markets as on 14 October 2021

| Index | Spot | 1st support | 1st resistance |
|---|---|---|---|
| S&P500 | 4,438 | 4,380 | 4,467 |
| STOXX 50 | 4,149 | 4,086 | 4,180 |
| FTSE 100 | 7,208 | 7,133 | 7,245 |
| Nikkei 225 | 28,551 | 28,337 | 29,201 |
| Shanghai Comp | 3,558 | 3,541 | 3,586 |
| Hang Seng | 24,963 | 24,894 | 25,381 |
| MSCI Asia ex-Japan | 806 | 800 | 809 |
| MSCI EM | 1,267 | 1,258 | 1,271 |
| Brent (ICE) | 84.0 | 83.1 | 85.2 |
| Gold | 1,796 | 1,768 | 1,810 |
| UST 10Y Yield | 1.51 | 1.49 | 1.59 |

Source: Bloomberg, Standard Chartered

### Investor diversity remains normal across major assets

Our proprietary market diversity indicators as of 14 October

| Level 1 | Diversity | 1-month trend | Fractal dimension |
|---|---|---|---|
| Global Bonds | ◐ | ↓ | 1.37 |
| Global Equities | ● | ↑ | 1.69 |
| Gold | ● | ↑ | 1.67 |
| **Equity** | | | |
| MSCI US | ● | ↑ | 2.04 |
| MSCI Europe | ● | → | 1.56 |
| MSCI AC AXJ | ◐ | → | 1.46 |
| **Fixed Income** | | | |
| DM Corp Bond | ◐ | ↓ | 1.36 |
| DM High Yield | ● | → | 1.52 |
| EM USD | ◐ | ↑ | 1.50 |
| EM Local | ◐ | ↓ | 1.44 |
| Asia USD | ◐ | ↓ | 1.42 |
| **Currencies** | | | |
| EUR/USD | ◐ | → | 1.37 |

Source: Bloomberg, Standard Chartered; **Fractal dimensions below 1.25 indicate extremely low market diversity/high risk of a reversal**

**Legend:** ● High | ◐ Low to mid | ○ Critically low

## Disclosures

This document is confidential and may also be privileged. If you are not the intended recipient, please destroy all copies and notify the sender immediately. This document is being distributed for general information only and is subject to the relevant disclaimers available at https:// www. sc. com/en/regulatory-disclosures/#market-commentary-disclaimer. It is not and does not constitute research material, independent research, an offer, recommendation or solicitation to enter into any transaction or adopt any hedging, trading or investment strategy, in relation to any securities or other financial instruments. This document is for general evaluation only. It does not take into account the specific investment objectives, financial situation or particular needs of any particular person or class of persons and it has not been prepared for any particular person or class of persons. You should not rely on any contents of this document in making any investment decisions. Before making any investment, you should carefully read the relevant offering documents and seek independent legal, tax and regulatory advice. In particular, we recommend you to seek advice regarding the suitability of the investment product, taking into account your specific investment objectives, financial situation or particular needs, before you make a commitment to purchase the investment product. Opinions, projections and estimates are solely those of SCB at the date of this document and subject to change without notice. Past performance is not indicative of future results and no representation or warranty is made regarding future performance. Any forecast contained herein as to likely future movements in rates or prices or likely future events or occurrences constitutes an opinion only and is not indicative of actual future movements in rates or prices or actual future events or occurrences (as the case may be). This document must not be forwarded or otherwise made available to any other person without the express written consent of the Standard Chartered Group (as defined below). Standard Chartered Bank is incorporated in England with limited liability by Royal Charter 1853 Reference Number ZC18. The Principal Office of the Company is situated in England at 1 Basinghall Avenue, London, EC2V 5DD. Standard Chartered Bank is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and Prudential Regulation Authority. Standard Chartered PLC, the ultimate parent company of Standard Chartered Bank, together with its subsidiaries and affiliates (including each branch or representative office), form the Standard Chartered Group. Standard Chartered Private Bank is the private banking division of Standard Chartered. Private banking activities may be carried out internationally by different legal entities and affiliates within the Standard Chartered Group (each an “SC Group Entity”) according to local regulatory requirements. Not all products and services are provided by all branches, subsidiaries and affiliates within the Standard Chartered Group. Some of the SC Group Entities only act as representatives of Standard Chartered Private Bank and may not be able to offer products and services or offer advice to clients. #ESG data has been provided by Sustainalytics. Refer to https://www.sustainalytics.com/esg-data for more information.

 CFRA content is not investment advice and a reference to or observation concerning a security or investment provided in the CFRA SERVICES is not a recommendation to buy, sell or hold such investment or security or make any other investment decisions. The CFRA content contains opinions of CFRA based upon publicly-available information that CFRA believes to be reliable and the opinions are subject to change without notice. This analysis has not been submitted to, nor received approval from, the United States Securities and Exchange Commission or any other regulatory body. While CFRA exercised due care in compiling this analysis, CFRA, ITS THIRD-PARTY SUPPLIERS, AND ALL RELATED ENTITIES SPECIFICALLY DISCLAIM ALL WARRANTIES, EXPRESS OR IMPLIED, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE, to the full extent permitted by law, regarding the accuracy, completeness, or usefulness of this information and assumes no liability with respect to the consequences of relying on this information for investment or other purposes. No content provided by CFRA (including ratings, credit-related analyses and data, valuations, model, software or other application or output therefrom) or any part thereof may be modified, reverse engineered, reproduced or distributed in any form by any means, or stored in a database or retrieval system, without the prior written permission of CFRA, and such content shall not be used for any unlawful or unauthorized purposes. CFRA and any third-party providers, as well as their directors, officers, shareholders, employees or agents do not guarantee the accuracy, completeness, timeliness or availability of such content. In no event shall CFRA, its affiliates, or their third-party suppliers be liable for any direct, indirect, special, or consequential damages, costs, expenses, legal fees, or losses (including lost income or lost profit and opportunity costs) in connection with a subscriber’s, subscriber’s customer’s, or other’s use of CFRA’s content.

### Market Abuse Regulation (MAR) Disclaimer

Banking activities may be carried out internationally by different branches, subsidiaries and affiliates within the Standard Chartered Group according to local regulatory requirements. Opinions may contain outright “buy”, “sell”, “hold” or other opinions. The time horizon of this opinion is dependent on prevailing market conditions and there is no planned frequency for updates to the opinion. This opinion is not independent of Standard Chartered Group’s trading strategies or positions. Standard Chartered Group and/or its affiliates or its respective officers, directors, employee benefit programmes or employees, including persons involved in the preparation or issuance of this document may at any time, to the extent permitted by applicable law and/or regulation, be long or short any securities or financial instruments referred to in this document or have material interest in any such securities or related investments. Therefore, it is possible, and you should assume, that Standard Chartered Group has a material interest in one or more of the financial instruments mentioned herein. Please refer to https://www.sc. com/en/banking-services/market-disclaimer.html for more detailed disclosures, including past opinions/ recommendations in the last 12 months and conflict of interests, as well as disclaimers. A covering strategist may have a financial interest in the debt or equity securities of this company/issuer. This document must not be forwarded or otherwise made available to any other person without the express written consent of Standard Chartered Group.

**Country/Market Specific Disclosures**

**Botswana:** This document is being distributed in Botswana by, and is attributable to, Standard Chartered Bank Botswana Limited which is a financial institution licensed under the Section 6 of the Banking Act CAP 46.04 and is listed in the Botswana Stock Exchange. **Brunei Darussalam:** This document is being distributed in Brunei Darussalam by, and is attributable to, Standard Chartered Bank (Brunei Branch) | Registration Number RFC/61. Standard Chartered Bank is incorporated in England with limited liability by Royal Charter 1853 Reference Number ZC18 and Standard Chartered Securities (B) Sdn Bhd, which is a limited liability company registered with the Registry of Companies with Registration Number RC20001003 and licensed by Autoriti Monetari Brunei Darussalam as a Capital Markets Service License Holder with License Number AMBD/R/CMU/S3-CL. **China Mainland:** This document is being distributed in China by, and is attributable to, Standard Chartered Bank (China) Limited which is mainly regulated by China Banking and Insurance Regulatory Commission (CBIRC), State Administration of Foreign Exchange (SAFE), and People's Bank of China (PBOC). **Hong Kong:** In Hong Kong, this document, except for any portion advising on or facilitating any decision on futures contracts trading, is distributed by Standard Chartered Bank (Hong Kong) Limited ("SCBHK"), a subsidiary of Standard Chartered PLC. SCBHK has its registered address at 32/F, Standard Chartered Bank Building, 4-4A Des Voeux Road Central, Hong Kong and is regulated by the Hong Kong Monetary Authority and registered with the Securities and Futures Commission ("SFC") to carry on Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activity under the Securities and Futures Ordinance (Cap. 571) ("SFO") (CE No. AJI614). The contents of this document have not been reviewed by any regulatory authority in Hong Kong and you are advised to exercise caution in relation to any offer set out herein. If you are in doubt about any of the contents of this document, you should obtain independent professional advice. Any product named herein may not be offered or sold in Hong Kong by means of any document at any time other than to "professional investors" as defined in the SFO and any rules made under that ordinance. In addition, this document may not be issued or possessed for the purposes of issue, whether in Hong Kong or elsewhere, and any interests may not be disposed of, to any person unless such person is outside Hong Kong or is a "professional investor" as defined in the SFO and any rules made under that ordinance, or as otherwise may be permitted by that ordinance. In Hong Kong, Standard Chartered Private Bank is the private banking division of Standard Chartered Bank (Hong Kong) Limited. **Ghana:** Standard Chartered Bank Ghana PLC accepts no liability and will not be liable for any loss or damage arising directly or indirectly (including special, incidental or consequential loss or damage) from your use of these documents. Past performance is not indicative of future results and no representation or warranty is made regarding future performance. You should seek advice from a financial adviser on the suitability of an investment for you, taking into account these factors before making a commitment to invest in an investment. To unsubscribe from receiving further updates, please click here. Please do not reply to this email. Call our Priority Banking on 0302610750 for any questions or service queries. You are advised not to send any confidential and/or important information to the Bank via e-mail, as the Bank makes no representations or warranties as to the security or accuracy of any information transmitted via e-mail. The Bank shall not be responsible for any loss or damage suffered by you arising from your decision to use e-mail to communicate with the Bank. **India:** This document is being distributed in India by Standard Chartered Bank in its capacity as a distributor of mutual funds and referrer of any other third-party financial products. Standard Chartered Bank does not offer any 'Investment Advice' as defined in the Securities and Exchange Board of India (Investment Advisers) Regulations, 2013 or otherwise. Services/products related securities business offered by Standard Charted Bank are not intended for any person, who is a resident of any jurisdiction, the laws of which imposes prohibition on soliciting the securities business in that jurisdiction without going through the registration requirements and/or prohibit the use of any information contained in this document. **Indonesia:** This document is being distributed in Indonesia by Standard Chartered Bank, Indonesia branch, which is a financial institution licensed, registered and supervised by Otoritas Jasa Keuangan (Financial Service Authority). **Jersey:** The Jersey Branch of Standard Chartered Bank is regulated by the Jersey Financial Services Commission. Copies of the latest audited accounts of Standard Chartered Bank are available from its principal place of business in Jersey: PO Box 80, 15 Castle Street, St Helier, Jersey JE4 8PT. Standard Chartered Bank is incorporated in England with limited liability by Royal Charter in 1853 Reference Number ZC 18. The Principal Office of the Company is situated in England at 1 Basinghall Avenue, London, EC2V 5DD. Standard Chartered Bank is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and Prudential Regulation Authority. The Jersey Branch of Standard Chartered Bank is also an authorised financial services provider under license number

44946 issued by the Financial Sector Conduct Authority of the Republic of South Africa. Jersey is not part of the United Kingdom and all business transacted with Standard Chartered Bank, Jersey Branch and other SC Group Entity outside of the United Kingdom, are not subject to some or any of the investor protection and compensation schemes available under United Kingdom law. **Kenya:** This document is being distributed in Kenya by, and is attributable to Standard Chartered Bank Kenya Limited. Investment Products and Services are distributed by Standard Chartered Investment Services Limited, a wholly owned subsidiary of Standard Chartered Bank Kenya Limited (Standard Chartered Bank/the Bank) that is licensed by the Capital Markets Authority as a Fund Manager. Standard Chartered Bank Kenya Limited is regulated by the Central Bank of Kenya. **Malaysia:** This document is being distributed in Malaysia by Standard Chartered Bank Malaysia Berhad. Recipients in Malaysia should contact Standard Chartered Bank Malaysia Berhad in relation to any matters arising from, or in connection with, this document. **Nigeria:** This document is being distributed in Nigeria by Standard Chartered Bank Nigeria Limited (“the Bank”), a bank duly licensed and regulated by the Central Bank of Nigeria. The Bank accepts no liability for any loss or damage arising directly or indirectly (including special, incidental or consequential loss or damage) from your use of these documents. You should seek advice from a financial adviser on the suitability of an investment for you, taking into account these factors before making a commitment to invest in an investment. To unsubscribe from receiving further updates, please click the link at the bottom of this email or send an email to clientcare.ng@sc.com requesting to be removed from our mailing list. Please do not reply to this email. Call our Priority Banking on 01-2772514 for any questions or service queries. The Bank shall not be responsible for any loss or damage arising from your decision to send confidential and/or important information to the Bank via e-mail, as the Bank makes no representations or warranties as to the security or accuracy of any information transmitted via e-mail. **Pakistan:** This document is being distributed in Pakistan by, and attributable to Standard Chartered Bank (Pakistan) Limited having its registered office at PO Box 5556, I.I Chundrigar Road Karachi, which is a banking company registered with State Bank of Pakistan under Banking Companies Ordinance 1962 and is also having licensed issued by Securities & Exchange Commission of Pakistan for Security Advisors. Standard Chartered Bank (Pakistan) Limited acts as a distributor of mutual funds and referrer of other third-party financial products. **Singapore:** This document is being distributed in Singapore by, and is attributable to, Standard Chartered Bank (Singapore) Limited (Registration No. 201224747C/ GST Group Registration No. MR-8500053-0, “SCBSL”). Recipients in Singapore should contact SCBSL in relation to any matters arising from, or in connection with, this document. SCBSL is an indirect wholly owned subsidiary of Standard Chartered Bank and is licensed to conduct banking business in Singapore under the Singapore Banking Act, Chapter 19. Standard Chartered Private Bank is the private banking division of SCBSL. IN RELATION TO ANY SECURITY OR SECURITIES-BASED DERIVATIVES CONTRACT REFERRED TO IN THIS DOCUMENT, THIS DOCUMENT, TOGETHER WITH THE ISSUER DOCUMENTATION, SHALL BE DEEMED AN INFORMATION MEMORANDUM (AS DEFINED IN SECTION 275 OF THE SECURITIES AND FUTURES ACT, CHAPTER 289 (“SFA”)). THIS DOCUMENT IS INTENDED FOR DISTRIBUTION TO ACCREDITED INVESTORS, AS DEFINED IN SECTION 4A(1)(a) OF THE SFA, OR ON THE BASIS THAT THE SECURITY OR SECURITIES-BASED DERIVATIVES CONTRACT MAY ONLY BE ACQUIRED AT A CONSIDERATION OF NOT LESS THAN S$200,000 (OR ITS EQUIVALENT IN A FOREIGN CURRENCY) FOR EACH TRANSACTION. Further, in relation to any security or securities-based derivatives contract, neither this document nor the Issuer Documentation has been registered as a prospectus with the Monetary Authority of Singapore under the SFA. Accordingly, this document and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the product may not be circulated or distributed, nor may the product be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons other than a relevant person pursuant to section 275(1) of the SFA, or any person pursuant to section 275(1A) of the SFA, and in accordance with the conditions specified in section 275 of the SFA, or pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA. In relation to any collective investment schemes referred to in this document, this document is for general information purposes only and is not an offering document or prospectus (as defined in the SFA). This document is not, nor is it intended to be (i) an offer or solicitation of an offer to buy or sell any capital markets product; or (ii) an advertisement of an offer or intended offer of any capital markets product. Deposit Insurance Scheme: Singapore dollar deposits of non-bank depositors are insured by the Singapore Deposit Insurance Corporation, for up to S$75,000 in aggregate per depositor per Scheme member by law. Foreign currency deposits, dual currency investments, structured deposits and other investment products are not insured. This advertisement has not been reviewed by the Monetary Authority of Singapore. **Taiwan:** Standard Chartered Bank (“SCB”) or Standard Chartered Bank (Taiwan) Limited (“SCB (Taiwan)”) may be involved in the financial instruments contained herein or other related financial instruments. The author of this document may have discussed the information contained herein with other employees or agents of SCB or SCB (Taiwan). The author and the above-mentioned employees of SCB or SCB (Taiwan) may have taken related actions in respect of the information involved (including communication with customers of SCB or SCB (Taiwan) as to the information contained herein). The opinions contained in this document may change, or differ from the opinions of employees of SCB or SCB (Taiwan). SCB and SCB (Taiwan) will not provide any notice of any changes to or differences between the above-mentioned opinions. This document may cover companies with which SCB or SCB (Taiwan) seeks to do business at times and issuers of financial instruments. Therefore, investors should understand that the information contained herein may serve as specific purposes as a result of conflict of interests of SCB or SCB (Taiwan). SCB, SCB (Taiwan), the employees (including those who have discussions with the author) or customers of SCB or SCB (Taiwan) may have an interest in the products, related financial instruments or related derivative financial products contained herein; invest in those products at various prices and on different market conditions; have different or conflicting interests in those products. The potential impacts include market makers' related activities, such as dealing, investment, acting as agents, or performing financial or consulting services in relation to any of the products referred to in this document. **UAE:** DIFC - Standard Chartered Bank is incorporated in England with limited liability by Royal Charter 1853 Reference Number ZC18.The Principal Office of the Company is situated in England at 1 Basinghall Avenue, London, EC2V 5DD. Standard Chartered Bank is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and Prudential Regulation Authority. Standard Chartered Bank, Dubai International Financial Centre having its offices at Dubai International Financial Centre, Building 1, Gate Precinct, P.O. Box 999, Dubai, UAE is a branch of Standard Chartered Bank and is regulated by the Dubai Financial Services Authority ("DFSA"). This document is intended for use only by Professional Clients and is not directed at Retail Clients as defined by the DFSA Rulebook. In the DIFC we are authorised to provide financial services only to clients who qualify as Professional Clients and Market Counterparties and not to Retail Clients. As a Professional Client you will not be given the higher retail client protection and compensation rights and if you use your right to be classified as a Retail Client we will be unable to provide financial services and products to you as we do not hold the required license to undertake such activities. For Islamic transactions, we are acting under the supervision of our Shariah Supervisory Committee. Relevant information on our Shariah Supervisory Committee is currently available on the Standard Chartered Bank website in the Islamic banking section at: https://www .sc. com/en/banking/ islamic-banking/islamic-banking-disclaimers/ **UAE:** For residents of the UAE – Standard Chartered Bank UAE does not provide financial analysis or consultation services in or into the UAE within the meaning of UAE Securities and Commodities Authority Decision No. 48/r of 2008 concerning financial consultation and financial analysis. **Uganda:** Our Investment products and services are distributed by Standard Chartered Bank Uganda Limited, which is licensed by the Capital Markets Authority as an investment adviser. **United Kingdom:** Standard Chartered Bank (trading as Standard Chartered Private Bank) is an authorised financial services provider (license number 45747) in terms of the South African Financial Advisory and Intermediary Services Act, 2002. **Vietnam:** This document is being distributed in Vietnam by, and is attributable to, Standard Chartered Bank (Vietnam) Limited which is mainly regulated by State Bank of Vietnam (SBV). Recipients in Vietnam should contact Standard Chartered Bank (Vietnam) Limited for any queries regarding any content of this document. **Zambia:** This document is distributed by Standard Chartered Bank Zambia Plc, a company incorporated in Zambia and registered as a commercial bank and licensed by the Bank of Zambia under the Banking and Financial Services Act Chapter 387 of the Laws of Zambia.