Standard Chartered

Global Market Outlook

Policy tailwinds

Policy stimulus, positive earnings surprises and a falling USD suggest the economic recovery is likely to remain intact. However, a potentially stormy campaign ahead of the US Presidential election and rising COVID-19 infections in Europe are risks.

These risks mean a short-term pullback remains a possibility. However, low and falling real bond yields mean we remain comfortable adding equities, credit and gold on dips and selling volatility on spikes to generate income.

Within equities, we prefer the US, Euro area and Asia ex-Japan. In credit, we prefer Developed Market High Yield and USD-denominated bonds in Emerging Markets and Asia. The AUD, GBP and EUR offer the most attractive FX exposure against further USD weakness.

This commentary reflects the views of the Wealth Management Group of Standard Chartered Bank

Contents

Investment strategy

IMPLICATIONS
FOR INVESTORS

- Global equities, credit and multi-asset income strategies likely to outperform government bonds and cash over a 12-month horizon
- Gold likely to extend gains on falling real yields, while the USD is likely to fall
- Within bonds, we believe DM HY, EM USD and Asia USD bonds are attractive
- Within equities, we have a slight preference for US, Asia ex-Japan and Euro area equities

Policy tailwinds

- Policy stimulus, positive earnings surprises and a falling USD suggest the economic recovery is likely to remain intact. However, a potentially stormy campaign ahead of the US Presidential election and rising COVID-19 infections in Europe are risks.
- These risks mean a short-term pullback remains a possibility. However, low and falling real bond yields mean we remain comfortable adding equities, credit and gold on dips and selling volatility on spikes to generate income.
- Within equities, we prefer the US, Euro area and Asia ex-Japan. In credit, we prefer DM HY and USD-denomnated bonds in Emerging Markets and Asia. The AUD, GBP and EUR offer the most attractive FX exposure against further USD weakness.

Equities gain, while gold corrects

Global equities continued their gradual pace of gains, rising 5.6% over the past month, with US equity implied volatility (measured by the VIX index) falling for most of August, despite it usually being a seasonally volatile month. The 10-year US Treasury yield rose above 0.75%, while gold corrected sharply.

Why are ‘real’ bond yields important?

From an investor’s point of view, we believe ‘real’, or net-of-inflation, bond yields are key, both in terms of explaining major asset class behaviour so far this year and in offering an insight into how they are likely to evolve over the next 6-12 months.

For instance, the suppression of real bond yields by central banks this year (i.e. bond yields remained range-bound after March, even as inflation expectations rose) helped drive gold prices and equity valuations higher, in our assessment. The Fed’s new average-inflation-target policy means it is likely to tolerate higher inflation, further supressing real yields.

We see the same drivers supporting higher equity valuations and gold prices in the coming year, since there is a reasonably strong chance of real bond yields grinding lower in the next 6-12 months. On one hand, recent comments from the Fed and other major central banks suggest they are likely to help keep nominal bond yields capped. On the other hand, inflation expectations could continue edging higher if the economic recovery continues, as we expect.

Fig. 1 Falling real bond yields increasingly supportive of equity market valuations

S&P 500 valuations (12m forward price/earnings ratio) vs. US 10y real* government bond yields (proxied by 10y TIPS yield)

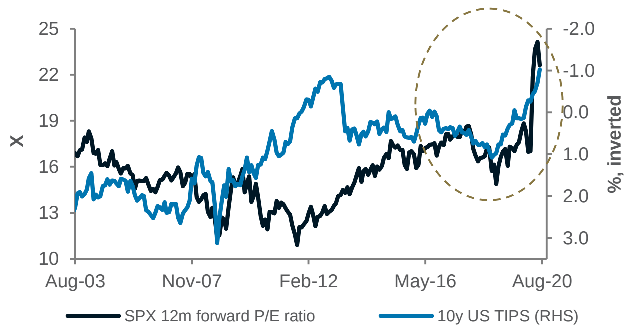
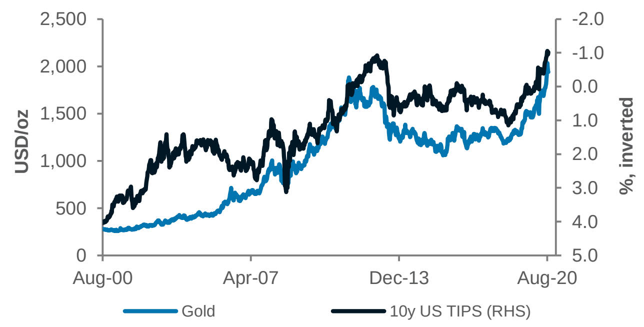


Fig. 2 Lower real yields likely to drive further gains in gold

Gold price vs. US 10y real* government bond yields (proxied by 10y TIPS yield)



Source: Bloomberg, Standard Chartered; *Nominal yield minus expected inflation

Economic data, USD positive for risky assets

A broad cross-section of data and events lead us to believe that the economic recovery remains largely on track:

(i) Major economic indicators continue to strengthen in most regions. While pockets of weakness in consumer confidence or small business openings remain, major indicators, such as PMIs, continue to indicate expansion.

(ii) The Q2 US earnings season was 'less bad' than initially expected and earnings are expected to recover through the rest of this year and next.

(iii) US policymakers are signalling they may be close to agreeing on a new stimulus package, while Fed minutes show that any rise in policy rates is not on their forecast horizon.

(iv) The USD has continued to weaken. Falling relative US real interest rates and increasingly plentiful USD liquidity continue to support a bearish USD view, but technicals are also turning increasingly bearish.

In our assessment, these four factors, in addition to falling real bond yields, are supportive of our positive view on equities, credit (corporate and EM bonds) and gold.

What could go wrong?

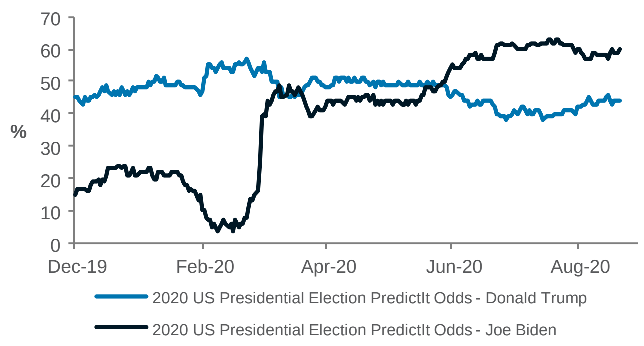
The above-mentioned positive case notwithstanding, what could go wrong? We see three likely candidates.

The first is technicals and positioning, some of which point to the risk of a short-term pullback. US equity markets and the EUR/USD are testing key resistance levels, where a period of consolidation is likely. This comes alongside some relatively stretched positioning indicators – our proprietary market diversity indicator is pointing to heightened pullback risk in select bond and currency markets.

The second candidate is (geo)political risk. Upcoming US elections could raise domestic policy uncertainty (the risk a Biden win revives worries of higher taxes, for example) or geopolitical risk (Trump continues to escalate tensions with China to burnish his credentials as a 'war President', for example). In our view, this also has the potential to create short-term pullbacks, particularly if US-China tensions continue to rise and/or there is any uncertainty over the election's outcome.

Fig. 3 Prediction markets currently point to a likely Biden victory in the 2020 Presidential election

2020 US Presidential election PredictIt Odds



Source: PredictIt, Standard Chartered

The third factor is a renewed rise in COVID-19 cases. While the number of new cases in the US appear to have peaked, they are rebounding in Europe and parts of Asia. While we do not expect a repeat of Q2's widespread economic shutdowns, resurgent infections do pose the risk of authorities imposing localised lockdowns, thus slowing the recovery.

We would continue to buy-the-dip

Overall, a number of factors argue the risk of a short-term pullback in Q3 remains elevated, with US elections a key risk. However, low and falling real bond yields (and broadening policy stimulus) create a strong tailwind for equities and corporate/EM bonds over 6-12 months, in our assessment.

Therefore, our preferred strategy remains unchanged. We would continue to use any pullbacks to add to our preferred equity and bond markets and gold, while using any rebound in volatility to generate income.

Fig. 4 **Our tactical asset allocation views (12m) USD**

Asset class	Sub-asset class	Relative outlook	Rationale (+ Positive factors II – Negative factors)
Multi-asset Strategies	Multi-asset income	▲	**+ Bond yields capped, still-wide credit spreads || - Equity volatility** 4-5% yield remains achievable via a diversified allocation, in our view
	Multi-asset balanced	◆	**+ Diversification benefits || - Equity volatility** Equity tilt likely to support gains, near-term pullback risk notwithstanding
	Alternatives	◆	**+ Diversifier characteristics || - Equity, corporate bond volatility** Diversifier characteristics help amid volatility
Equities	US	▲	**+ Low bond yields, growth rebound || - Geopolitics** Exceptional policy response bearing fruit, but US election remains a risk
	Asia ex-Japan	▲	**+ Low bond yields, weak USD || - Geopolitics** Low yields, weak USD are positives, but US-China tensions a risk
	Euro area	▲	**+ Low bond yields, policy support || - Geopolitics, COVID-19 rebound** EU stimulus agreement likely a game changer, but COVID-19 risks persist
	Japan	◆	**+ Low bond yields, high cash levels || - Reduced buybacks** Corporate cash levels positive, but few catalysts for sustained outperformance
	Other EM	◆	**+ Inexpensive valuations || - Deteriorating earnings outlook, COVID-19** Global trade uncertainty, ongoing COVID-19 outbreak are key risks
	UK	▼	**+ Attractive valuations || - Brexit, lagging earnings rebound** Valuations remain attractive, but Brexit a risk
Bonds	DM HY corporate	▲	**+ Attractive yield, attractive value || - Credit quality** Yields and valuations still attractive, but rise in defaults is key risk
	EM government (USD)	▲	**+ Attractive yield, attractive value || - Sentiment to EMs a risk** Higher yields than local currency peers illustrate attractive value
	Asian USD	▲	**+ Moderate yield, low volatility || - Risk of slower China recovery** High credit quality, low volatility are attractive, but China concentration a risk
	EM government (local currency)	◆	**+ Moderate yield, weak USD view || - FX volatility** Weak USD a positive, but falling yields, lagging EM FX are risks
	DM IG corporate	▼	**+ Moderate yield, policy support || - Deteriorating credit quality, valuation** Central banks very supportive, but little value left
	DM IG government	▼	**+ High credit quality, policy support || - Low yields** Risk of rebound in growth, inflation expectations leading to capital loss
Currencies	AUD	▲	**+ Policy stimulus, growth rebound || - Geopolitics** AUD remains good proxy for China growth rebound
	EUR	▲	**+ Policy stimulus, growth rebound || - COVID-19, Geopolitics** USD weakness, game-changing EU stimulus agreement are positives
	GBP	▲	**+ Undervaluation, eventual Brexit deal || - Brexit uncertainty, deficits** Coordinated policy stimulus a positive, but Brexit a key source of uncertainty
	JPY	◆	**+ Safe-haven demand, real yields || - Japanese foreign asset demand** JPY caught between global safe-haven status and outflows seeking returns
	CNY	◆	**+ Policy stimulus, growth rebound || - Low global demand, geopolitics** Policy focus on stability likely to keep CNY range-bound
	USD	▼	**+ Safe-haven demand || - Rate and growth differentials, Fed liquidity** Rising confidence in global recovery likely to reduce demand for USD

Source: Standard Chartered Global Investment Committee

Legend: ▲ Preferred ◆ Core holding ▼ Less preferred

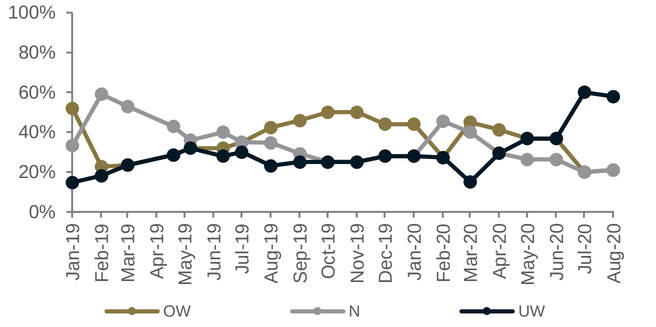
Major brokers’ and investors’ views

As part of our Investment Philosophy, we strive to achieve diversity of insights by constantly monitoring a wide array of investment views and analysis. This part of our process is what we call the Inside View, where we gather lots of research and analysis, consider the specifics of the situation, and combine them with our analysis of historical probabilities – the Outside View – to create scenarios for the future.

The below charts show the percentage of investment research (broker and independent) houses and asset management companies who are Overweight, Underweight and Neutral on different asset classes.

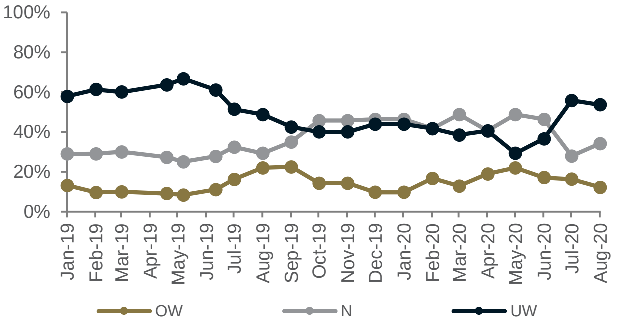
Cash

OUR VIEW
UW



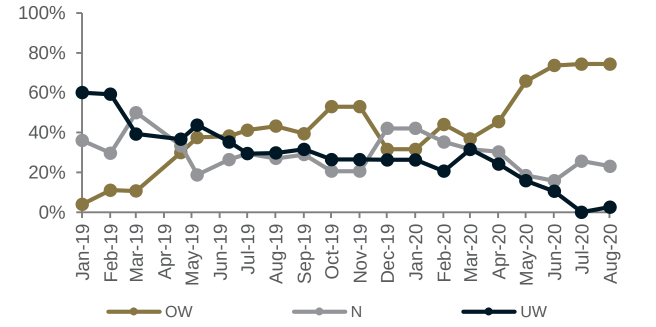
Bonds

OUR VIEW
UW



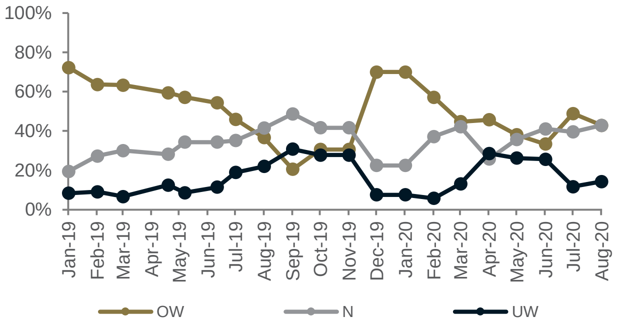
Credit

OUR VIEW
OW



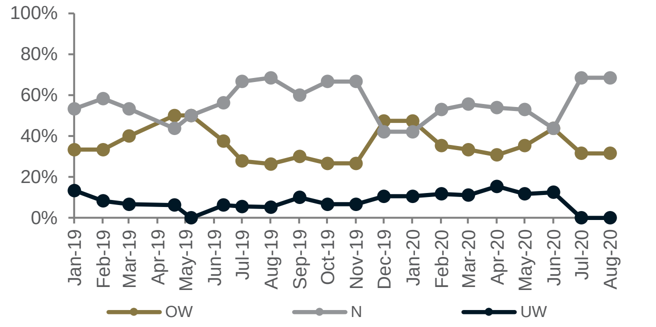
Equities

OUR VIEW
OW



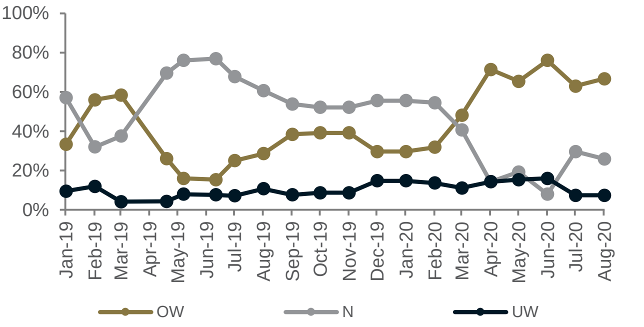
Alternatives*

OUR VIEW
N



Gold

OUR VIEW
OW



Source: Standard Chartered Global Investment Committee

*Alternatives represent a combination of views on liquid and private alternative strategies, as well as real estate

Perspectives on key client questions

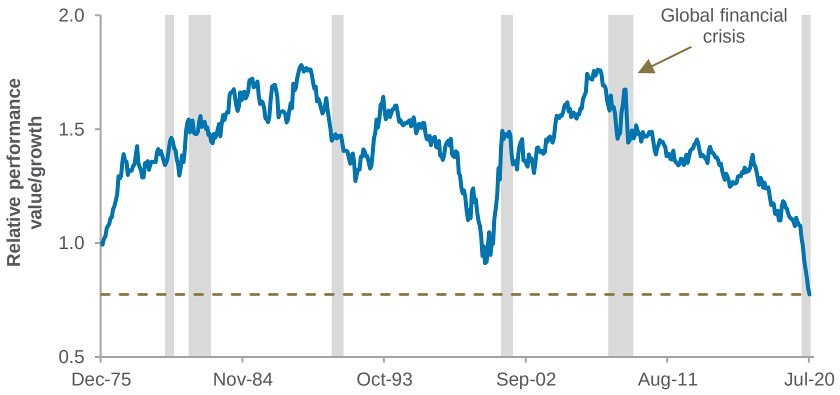
Is it time to rotate equity exposure into 'Value'-based investment strategies?

Based on our recent re-assessment of the fundamentals underpinning Value-based investment strategies for both US and global equities, we conclude that it is not yet time to rotate into this investment style on a 12-month investment horizon.

We show that, while some of the key drivers for Value-style investing have improved recently, uncertainty around them remains high, suggesting we may need stronger evidence of a sustainable improvement before shifting our preferences.

Fig. 5 **In the US, 'Value' strategies have reached their most extreme point of underperformance against 'Growth' strategies in 45 years**

MSCI US Value Total Return Index divided by the MSCI US Growth Total Return Index



Source: Datastream, Standard Chartered
Data rebased to 1 as of 31 Dec 1975
Shaded areas indicate US recessions

Growth vs. Value in the post financial crisis era

At its core, 'Value' investing implies buying stocks at relatively low valuations with the goal of achieving high returns over a long time horizon, while trying to minimise exposure to 'value traps' (ie. stocks or sectors that are inexpensive, but fail to revalue higher because of structural challenges). This investment strategy has been at the centre of academic and professional research for over a century as studies have shown Value strategies to outperform benchmark indices over long time periods and has been the fundamental tenet of many legendary investors. However, the performance of Value since the early days of the Global Financial Crisis has significantly lagged Growth- or Quality-style investing.

Value's underperformance has extended under the current pandemic environment, causing researchers to further debate what market factors may be driving this. While some additional catalysts may exist (e.g. the higher weightage of technology stocks in benchmark indices, or accounting measures failing to correctly capture the value of patents and intangibles on firms' balance sheets), Value investing continues to have a high degree of correlation to nominal government bond yields, inflation expectations and valuation metrics, as we explain in more detail below. Valuation metrics clearly point in favour of this strategy both in the US and in global equities given the relative valuation gap versus other strategies. However, the COVID-19 pandemic and the stimulus response to it has increased uncertainty around the first two factors - nominal bond yields and inflation expectations.

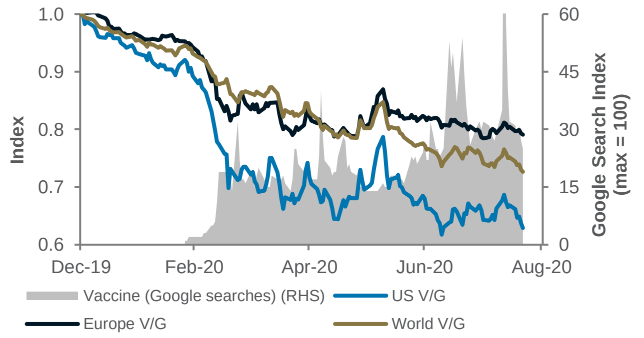
The unclear path ahead doesn't bode well for 'Value' yet

A solid upturn in key drivers is needed for Value to start outperforming Growth. Here are the drivers in more detail:

- **Economic growth:** Value generally outperforms when real economic growth is strong. However, high frequency activity indicators have recently plateaued short of pre-COVID-19 levels, while early business sentiment indicators (PMIs) for August are also showing a slowdown in momentum. Still high rates of infections in EMs and a resurgence of cases in parts of Europe may be primarily responsible for this development. While we believe economic growth will recover, we may not see the typical high rates of growth that accompany rallies in Value stocks.
- **Bond yields:** Historically, Value stocks have a positive correlation with nominal bond yields – i.e. when yields rise, Value-style strategies generally outperform. We believe the Fed and other DM central banks will work to maintain rates lower for longer to stimulate the economic recovery, which is likely to weigh on Value. Moreover, growth stocks remain attractive as they tend to benefit from lower interest (or discount) rates (this is due to the long maturity profile of their expected cash flows). We would need to see a significant jump higher in bond yields for a rotation toward Value to happen.
- **Inflation expectations:** High inflation expectations can benefit Value stocks as they represent a large portion of cyclical sectors of the economy (e.g. Financials, Energy). 10-year inflation expectations have rebounded from March lows (now c. 168 bps in US, c. 160 in Europe) as they tend to move closely with assets, such as oil prices (on which we have a positive view). However, inflation expectations may need to rise sustainably higher, closer to central bank targets, to become a tailwind for Value.

Fig. 6 Recent COVID-19 vaccine discoveries were not enough to propel Value higher against Growth indices globally

MSCI Value vs MSCI Growth performance vs. news on vaccines



Source: Datastream, Google Trends, Standard Chartered as of 21 Aug 2020
Indices rebased to 1.0 as on 31 Dec 2019

- **COVID-19 vaccine/cure:** The prospects of a quick macroeconomic recovery are dependent on the discovery and distribution of a vaccine/cure for COVID-19 which would, in turn, benefit Value stocks. Recent studies by various research houses indicate that markets are inferring an approximately 25-40% chance of a successful vaccination programme by mid-2021. Therefore, investors may need more credible vaccine developments in order to believe in a faster economic recovery and turn to Value strategies.
- **US election:** Finally, should the US elections in November result in a Democratic sweep, we may witness a rotation out of large-cap technology stocks on fears of stronger antitrust regulation, which would likely benefit Value names. The impact on Value from policy measures under a divided Congress is less clear, however.

On balance, after having considered the above factors, we conclude a rotation toward Value stocks is not justified yet.

What style preference does SCB have for the next 12-months then?

Given our assessment that it is not quite the time to switch into Value-based investment strategies, we maintain our preference for the Quality style (i.e. firms with high return on equity, low earnings volatility and low debt levels) within both US and global equities. In the US, we also prefer Growth style.

As the table below illustrates, Quality has offered an attractive risk-reward trade-off. As global central banks provide a backstop by cutting interest rates, flushing markets with liquidity and easing credit conditions in response to the COVID-19 pandemic, they are likely to maintain an environment favourable to fast-growing firms with strong balance sheets as lower discount rates inflate the valuation of future cash flows.

Fig. 7 The Quality style universe appears to offer the best risk-adjusted performance

Performance measures for MSCI Quality, Value and Growth indices

	Measure	Quality	Value	Growth
United States	Annualised Return	12.7%	10.9%	11.6%
	Max drawdown	-40.5%	-54.9%	-68.5%
	Annual volatility	14.9%	14.8%	16.5%
	Sharpe ratio*	0.44	0.33	0.32
World	Annualised return	11.9%	10.6%	9.8%
	Max drawdown	-44.5%	-56.3%	-81.0%
	Annual volatility	14.2%	14.7%	15.4%
	Sharpe ratio*	0.42	0.31	0.24

Source: Datastream, Standard Chartered
Data since 31 Dec 1975
*Sharpe ratio: measures the return of an index per unit of volatility after subtracting a 'risk-free' rate, such as the US 3m Treasury Bills yield

Macro overview – at a glance

Key themes

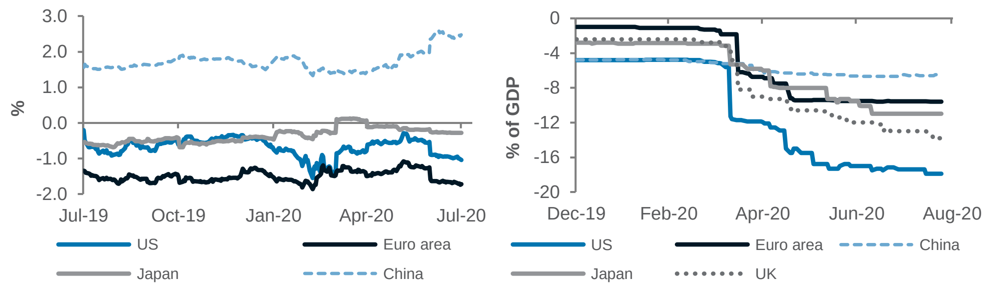
We expect the global economy to return to growth in H2 20 and continue to expand in 2021 after a lockdown-induced sharp contraction in H1 20. China is leading this recovery, being the first major economy to return to growth in Q2. We expect the US and Europe to follow in Q3 as restrictions on activity are gradually eased. A key risk is a resurgence of COVID-19 in parts of Europe, forcing authorities to slow the pace of economic re-openings, which in turn could slow the recovery. The global recovery so far has been primarily driven by government-led infrastructure investments in China and fiscal stimulus in the US and Europe, while service sectors remain a drag. We expect continued fiscal and monetary stimulus worldwide as authorities focus on reviving growth, given subdued inflation. The Fed, in particular, is likely to tolerate higher inflation under its new policy. The US elections could intensify US-China tensions near-term, as President Trump, trailing in the polls, seeks to revive his electoral prospects.

Key chart

Our Global Investment Committee expects the global economy to start growing again in H2 20 and continue to expand in 2021 as economic restrictions are eased and monetary and fiscal stimuli are expanded further.

Fig. 8 **Highly accommodative monetary policy, reflected in negative real (inflation-adjusted) bond yields, and growing fiscal stimulus are driving the recovery in global growth**

Real (inflation-adjusted) 10y government bond yields; Consensus estimates of 2020 budget deficits



Source: Bloomberg, Standard Chartered

US	The US economy to return to growth in H2 20 after a deep-but-short recession in H1. The Congress is likely to pass another stimulus package in H2 and the Fed appears set to keep monetary policy accommodative for years under its new policy. US-China tensions ahead of November's polls and a third pandemic wave are key risks	○ Growth	○ Inflation	○ Benchmark rates	● Fiscal deficit
Euro area	The Euro area to grow again in H2 20, after a deep-but-short recession in H1, as governments and the ECB extend record fiscal and monetary stimulus. We see the EUR 750bn regional recovery fund agreement cementing the economic union, lowering breakaway risk. The revival in COVID-19 cases in parts of Europe is a key risk	○ Growth	○ Inflation	○ Benchmark rates	● Fiscal deficit
China	China, which returned to growth in Q2 20, is likely to emerge as the only major economy to report y/y expansion in 2020. Government-led infrastructure investments to lead the recovery, while service sector activity and consumption gradually return to pre-pandemic levels. US-China tensions ahead of the US elections are a key risk	○ Growth	○ Inflation	○ Benchmark rates	● Fiscal deficit
Japan	Japan to see a slow recovery from a prolonged contraction following last year's sales tax hike and the pandemic. There is growing expectation of another stimulus amid PM Abe's sliding popularity and weak global trade outlook	○ Growth	○ Inflation	○ Benchmark rates	● Fiscal deficit
UK	The UK, the last major economy to ease lockdowns, to return to growth in H2 20 amid record fiscal and monetary stimulus. Proposed withdrawal of UK's job-support programme in H2 and Brexit talks with EU are key risks	○ Growth	○ Inflation	○ Benchmark rates	● Fiscal deficit

Source: Standard Chartered Global Investment Committee

Legend: ○ Weaker/lower in 2020 | ◐ Neutral | ● Stronger/higher in 2020

FX – at a glance

Key themes

The USD's decline extended further during the first half of August, with our preferred currencies, the EUR, GBP and AUD, making new YTD highs. A brief USD rebound is likely under way, which should relieve short-term oversold technical conditions. In our view, the USD downtrend will continue over the next 3- and 12-month periods. We expect EUR/USD to rise towards 1.25.

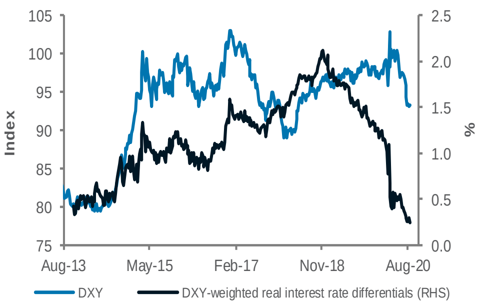
Our base case is that real interest rates and growth differentials will work against the USD, with the rising US twin deficits adding to investor concerns. We expect this to prompt outflows of long-term foreign investments from the USD and reduce USD reserve allocations. The US election process and results could trigger uncertainty and increase USD volatility.

Key chart

Real rate differentials suggest the USD has further to fall in the medium term. Peaking US COVID-19 data and rising Euro area cases may support a brief USD rally as shown in the PMI data chart, but we see ample Fed liquidity and US political risk weighing on the USD.

Fig. 9 Real interest rate differentials, a key driver of USD weakness

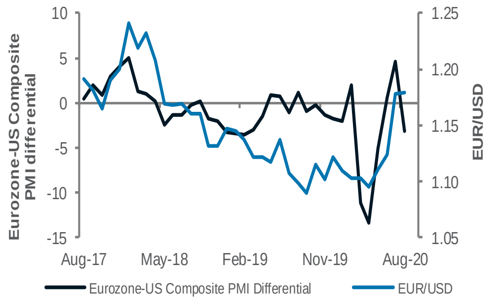
DXY Index, DXY-weighted real rate differentials



Source: Bloomberg, Standard Chartered

Fig. 10 COVID-19 and PMI data can give brief USD respite

EUR/USD, Euro area-US Composite PMI



Source: Bloomberg, Standard Chartered

Currency	View	Summary	Drivers		
USD (DXY)	▼ ◇ △	Core medium-term USD supports have faded, and momentum for the USD downtrend should be persistent	○ Relative interest rates	◐ Relative growth rates	○ Flows & sentiment
EUR/USD	▽ ◇ ▲	The EU recovery plan is a game-changer for fiscal unity; we expect EUR/USD to reach 1.25 over 12 months	● Relative interest rates	◐ Relative growth rates	● Flows & sentiment
GBP/USD	▽ ◇ ▲	Brexit deal uncertainty may keep GBP steady near term; we expect a deal and a GBP rally to 1.37 medium-term	◐ Relative interest rates	◐ Relative growth rates	● Flows & sentiment
USD/CNY	▽ ◆ △	Chinese stimulus and currency management should see stable USD/CNY despite rising US-China tensions	○ Relative interest rates	○ Relative growth rates	◐ Flows & sentiment
USD/JPY	▽ ◆ △	Monetary, fiscal stimulus and safe-haven flows will balance yield-seeking outflows, likely keeping USD/JPY range-bound	○ Relative interest rates	◐ Relative growth rates	◐ Flows & sentiment
AUD/USD	▽ ◇ ▲	Global economic recovery from the pandemic shock should support an AUD/USD rally towards 0.73 medium term	● Relative interest rates	● Relative growth rates	● Flows & sentiment

Source: Standard Chartered Global Investment Committee

Legend: ▲ Bullish view | ▼ Bearish view | ◆ Range view | ○ Not supportive | ◐ Neutral | ● Supportive | ▭ Key driver

Events calendar

SEPTEMBER 2020

10	ECB policy decision
16	FOMC policy decision
15-22	UN General Assembly in New York
17	BoJ policy decision
17	BoE policy decision
29	First US presidential election debate

OCTOBER 2020

15	Second US presidential election debate
15-16	G20 finance ministers and central bankers meet
22	Third US presidential election debate
29	BoJ policy decision
29	ECB policy decision

NOVEMBER 2020

03	US presidential and congressional elections
05	FOMC policy decision
05	BoE policy decision
08-12	APEC Summit in Malaysia
21-22	G20 Summit in Saudi Arabia

DECEMBER 2020

10	ECB policy decision
16	FOMC policy decision
17	BoE policy decision
18	BoJ policy decision
31	End of Brexit transition period

JANUARY 2021

20	US presidential inauguration day
21	ECB policy decision
27	FOMC policy decision

FEBRUARY 2021

04	BoE policy decision

MARCH 2021

11	ECB policy decision
18	BoE policy decision

APRIL 2021

22	ECB policy decision

MAY 2021

06	BoE policy decision

JUNE 2021

10	ECB policy decision
24	BoE policy decision

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

The team

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

Alexis Calla
Chief Investment Officer
Chair of the Global Investment Committee

Steve Brice
Chief Investment Strategist

Christian Abuide
Head
Discretionary Portfolio Management

Clive McDonnell
Head
Equity Investment Strategy

Manpreet Gill
Head
FICC Investment Strategy

Manish Jaradi
Senior Investment Strategist

Audrey Goh, CFA
Senior Cross-asset Strategist

Daniel Lam, CFA
Senior Cross-asset Strategist

Rajat Bhattacharya
Senior Investment Strategist

Belle Chan
Senior Investment Strategist

Francis Lim
Senior Investment Strategist

Fook Hien Yap
Senior Investment Strategist

Abhilash Narayan
Senior Investment Strategist

Cedric Lam
Investment Strategist

DJ Cheong, CFA
Investment Strategist

Sean Pang
Investment Strategist

Ajay Saratchandran
Senior Portfolio Manager

Samuel Seah, CFA
Senior Portfolio Manager

Thursten Cheok, CFA
Senior Portfolio Strategist

Trang Nguyen
Portfolio Strategist

Marco Iachini, CFA
Cross-asset Strategist

Contacts Information
Wealth Management, Vietnam

Lu Quoc Thien
Head of Wealth Management
Thien.Lu-Quoc@sc.com

Vu Kim
Head of WMPS
Kim.vu@sc.com

Chu Thi Minh Anh
WMPS Dealer
Anh-Thi-Minh-Chu@sc.com

Nguyen Thanh Tung, CFA, CMT
FX Product Manager
Tung.Nguyenthanh@sc.com

Nguyen Huong Giang
Treasury Specialist
Giang.NguyenHuong2@sc.com

Le Thu Trang
Treasury Specialist
Trang.LeThu@sc.com

Vu Duy Thang
Treasury Specialist
Thang.VuDuy@sc.com

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. They serve as points of contact only.

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 Limited 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, a bank duly licensed and regulated by the Central Bank of Nigeria. **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. **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.