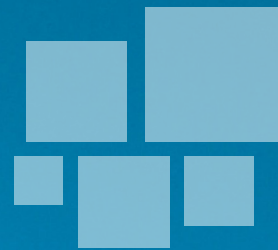
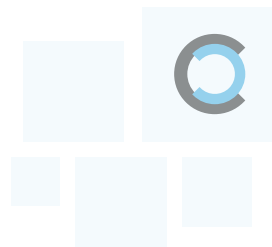


House View

APRIL - MAY 2021

US 10-Y Treasury Note
Value Vs. Growth
Inflation

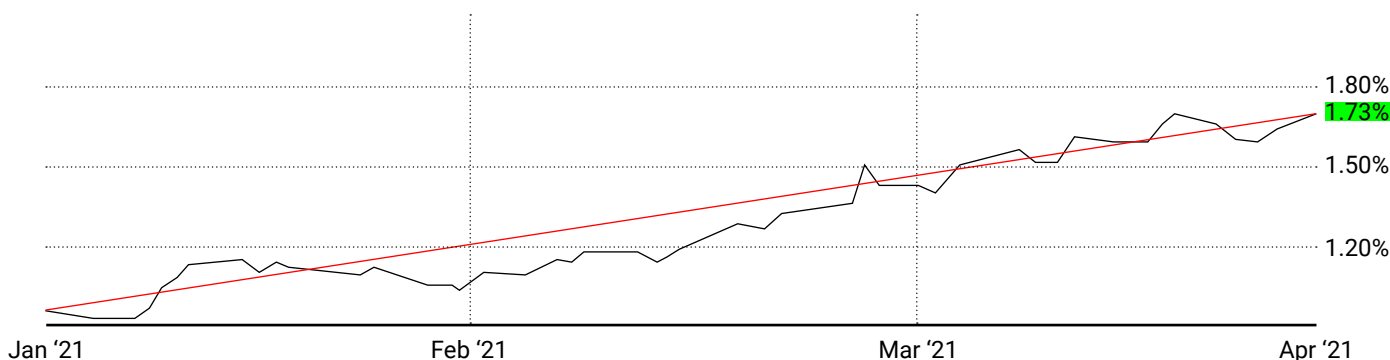




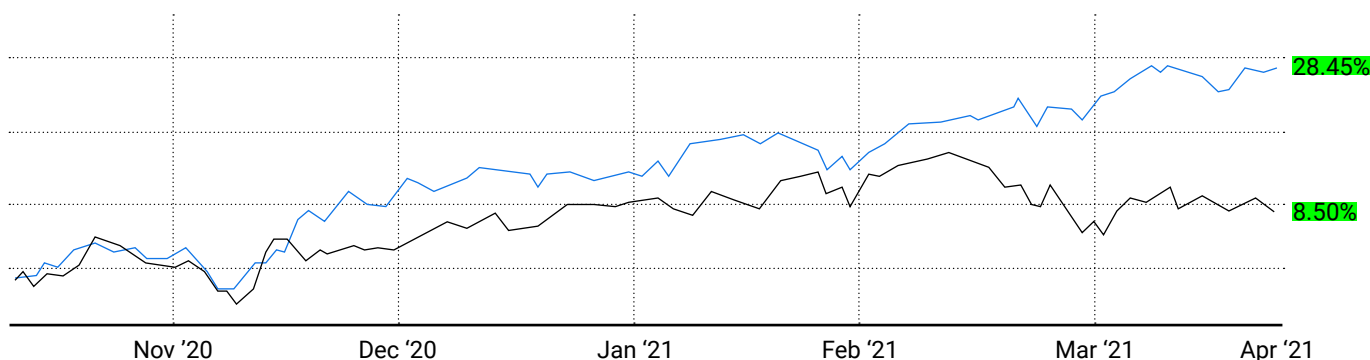
Key Highlights

- We are entering the reflation phase of the recovery, which will be characterized by high growth, rising inflation, and low policy interest rates.
- Just weeks after US President Biden signed a pandemic relief package (USD 1.9T), his economic advisers are pulling together a USD 3T package to be invested in infrastructure, education, workforce development, and climate change.
- Thanks to vaccines and fiscal stimulus the global economy is poised to rebound sharply in the second half of 2021 as restrictions are gradually lifted.
- Reopening trade to favour equities over bonds, value over growth and non-US over US stocks.
- Inflation and interest rates are likely to increase without endangering equity medium-term upside.

US 10 Year Treasury Rate, as of 29 March 2021



iShares Russell 1000 Value Vs. iShares Russell 1000 Growth, as of 29 March 2021





Macroeconomic View

World

GROWTH VACCINES

- Economic data continues to exceed expectations.
- The prospects for a sustained reopening of economies through the second half of 2021 appear promising.
- Vaccination rollout and prior COVID-19 infections should result in a 60-70% immunity of the population of most developed economies by Q3.
- The global economic outlook has improved significantly in recent months, and we see strong growth ahead with contained inflation pressures.

USA

INFLATION GDP CONSUMERS

- The pace of vaccinations has increased and new COVID-19 cases are falling.
- US is leading in terms of fiscal support and as a result is likely to be the fastest growing developed economy in 21 (GDP +6.5% FED estimates).
- Consumers have accumulated USD 1.6T in excess savings that are likely to be spent once the economy fully reopens.
- Inflation rise will be temporary, US monetary policy will continue to be very accommodative and the FED will buy assets until the economy is healthier.

Europe

GDP VACCINES

- Slow vaccine rollout and small fiscal stimulus results in a lag in terms of economic performance.
- Post-lockdown recovery is likely to be extremely strong and GDP should bounce back to 5%.
- The ECB is monitoring financial conditions and is set to increase the pace of bond purchases.

Emerging Markets

LATAM ASIA

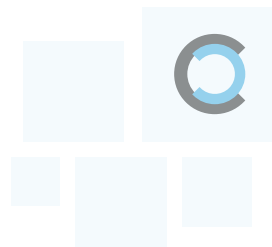
- There is increasing divergence across EM regions.
- Asia leads the world's economic expansion.
- In Latin America, the improvement in growth will be concentrated in the second half of the year.
- Brazilian negative political developments cloud the country's outcome.

Base Scenario

- Vaccines will gradually lead the world to normality.
- Return to pre-COVID GDP by Q4-21 / 22.
- Return to pre-COVID earnings by Q4-21 / 22.
- Restrained inflation with temporary spikes.
- Expansive monetary policy.

Risks on the Base Scenario

- Vaccines ineffective against new COVID variants.
- Return to pre-COVID GDP by Q4-22 / Q1-23.
- Insufficient fiscal policy to sustain economic growth.
- Unexpected inflation growth.
- Geopolitical events.



Market View

Liquidity

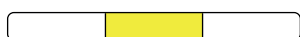
Tactical 3 Months

Strategic 12 Months

Liquidity



Liquidity



- Use tactically as dry powder.

Equities

Tactical 3 Months

Strategic 12 Months

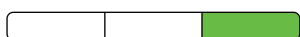
USA



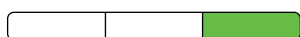
USA



Europe



Europe



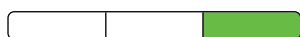
Switzerland



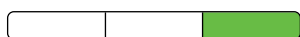
Switzerland



Emerging Markets



Emerging Markets



- Markets and rising bond yields are positive correlated
- Rotation away from technology-heavy growth stocks toward more cyclical value stocks, is underway.

Gold

Tactical 3 Months

Strategic 12 Months

Gold



Gold



- Central Banks and still negative real rates supportive in the medium term.
- Nice to have as a partial hedge to equity exposure.

Fixed Income

Tactical 3 Months

Strategic 12 Months

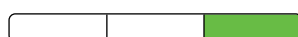
Investment Grade



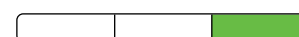
Investment Grade



High Yield



High Yield



- Avoid, if possible. Unfavourable risk/reward ratio.
- Still some value left in EUR and USD HY and EM bond in hard currency (watch out duration).

FX

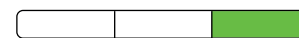
Tactical 3 Months

Strategic 12 Months

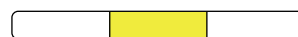
EUR/USD



EUR/USD



EUR/CHF



EUR/CHF



USD/CHF



USD/CHF



- Short term resistance around 1.20 for EUR/USD.
- USD as a counter-cyclical currency likely to underperform in the mid-term.

Oil

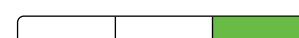
Tactical 3 Months

Strategic 12 Months

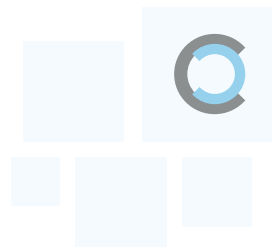
Oil



Oil



- Recent lower oil demand has in part been driven by temporary factors
- Return to mobility will support oil demand recovery.



Insights & Calendar

World Indices

As of 31/03/21

	1 Month	YTD
DJIA	● 6.62%	● 7.76%
S&P 500	● 1.82%	● 5.77%
NASDAQ	● 1.41%	● 1.58%
Nikkei 225	● 0.93%	● 7.09%
Euro Stoxx 50	● 7.78%	● 10.32%
SMI	● 4.99%	● 3.21%

Commodities

As of 31/03/21

	1 Month	YTD
Crude Oil WTI	● 0.28%	● 24.70%
Natural Gas	● 6.12%	● 2.68%
Gold	● 0.37%	● 9.47%
Silver	● 7.93%	● 7.34%
Copper	● 2.42%	● 13.54%

Rates 10 Years

As of 31/03/21

Perf. Perf.

	Actual	1 Month	YTD
USA	1.71	● 21.00%	● 87.00%
Germany	-0.30	● 14.00%	● 48.00%
Italy	0.65	● 14.00%	● 21.00%
Spain	0.32	● 22.00%	● 595.00%
UK	0.84	● 2.00%	● 325.00%
Japan	0.11	● 30.00%	● 439.00%

Currency / Crypto

As of 31/03/21


	1 Month	YTD
USD/EUR	● 2.50%	● 3.90%
EUR/GBP	● 1.60%	● 5.00%
EUR/CHF	● 0.70%	● 2.60%
USD/CHF	● 3.20%	● 6.40%
Bitcoin/USD	● 21.00%	● 103.00%
Litecoin/USD	● 14.00%	● 59.00%

April

April 1, 2021

Initial Jobless Claims 

April 2, 2021


Unemployment Rate 

April 28, 2021

FED Interest Rate Decision 

May

May 11, 2021

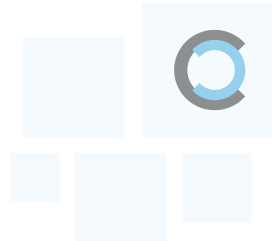
Short-Term Energy Outlook 

June

June 16, 2021

FED Interest Rate Decision 

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