INDOSUEZ WEALTH MANAGEMENT

Marketing Material

# MONTHLY HOUSE VIEW

February 2023

## The recession that wasn't?

*Architects of Wealth*

• Table of contents

# 01 • Editorial
## WILL THERE BE NO LANDING IN 2023?

Delphine
DI PIZIO TIGER
Global Head
of Asset Management

Dear Reader,

In July 2022, when peak pessimism was reached, the word "recession" featured more than 50'000 times in articles on Bloomberg[1]. Over the last 12 to 14 months, we have seen consistent negative revisions of macroeconomic forecasts with the consensus systematically revising growth down and inflation up for 2022 and 2023. But, after a while, the *momentum* slows and reverses. The real question is whether we have reached this inflection point.

In 2023, the consensus is for a soft landing for the global economy with a slowdown, but no recession. Is this really credible? Isn't the risk rather that there will be no landing? It may indeed be possible that growth will accelerate much faster than expected, thanks in particular to the impetus of China and a less fragile American consumption in a context of disinflation. Europe is effectively flirting with recession, but the first quarter may harbour some surprises, positively supported by these factors and by a less severe winter than expected.

Will that be enough to solve all our problems, especially those caused by rising interest rates and inflation?

Only partly, because in the current environment, interest rate hikes seem to take longer to impact the real economy than in the past and their impact will probably be less extreme:

- Indeed, a majority of American and Euro Area households have long-term fixed-rate debt and are therefore not impacted immediately by this rise in mortgage rates. While the 30-year mortgage rate in the United States has risen from 3.5% pre-COVID to 6.5% today, only 10% of households have adjustable-rate mortgages (compared to 35% before the 2008 crisis).
- In addition, household levels of indebtedness are lower than they were before the pandemic (at 66% of GDP vs. 85% in 2008).
- The labour market also continues to provide support. With an unemployment rate in the US of 3.5%, we are back at levels last seen when the first man walked on the moon!
- Finally, bond-issuing companies in both the US and Europe will be under less pressure when repaying debts that mature this year.

In terms of inflation, the situation is set to improve. Our scenario resembles that of the square root in that inflation may, in the short-term, fall much more rapidly than forecast due to the most volatile factors (energy, etc.) as a result of base effects[2], a milder winter in Europe, increased levels of supply with the reopening of China and levels of demand that are falling slightly in developed countries. In time, however, our view is that inflation will stabilise at a higher level than forecast by central banks. While many central banks in emerging countries (other than China) are likely to begin lowering their key rates this year, the European and US central banks will probably also soften their restrictive tones on interest rates.

The key element remains China, which, despite some long-term indebtedness, is in the process of opening up with significant potential for short-term internal consumption. Chinese tourists are the first global consumers: their consumption in 2019 was twice that of US tourists. We are currently far from pre-crisis levels of potential. We know from surveys that Chinese households are intending to take significantly more weeks of holiday than normal, starting with the Chinese New Year period, and thereby may begin to significantly increase their levels of consumption, just like the Americans and Europeans did when the lockdowns ended. China will then normalise its production capacity and this should give impetus to the global economy.

As we enter the Chinese year of the water rabbit, the symbol of prosperity, peace, adaptation, wealth and luck, all the teams join me in wishing you an excellent year 2023 and hope you enjoy reading this Monthly House View.

1 - A financial data platform for finance professionals.
2 - Inflation is measured over one year and, following the very sharp acceleration in prices last year, the level of inflation that serves as a reference is currently particularly high.

# THE RECESSION THAT WASN'T?

Bénédicte KUKLA
Senior Investment Officer

For months now, we have been pointing to an excess of pessimism regarding the Euro Area. Yet, so far, Europe seems to have fared relatively well in its first winter without Russian gas... but this is not its last and the aftershocks are far from over. In the short-term, we can afford to be more optimistic on the zone.

Inflation still more than

4 TIMES ECB TARGET

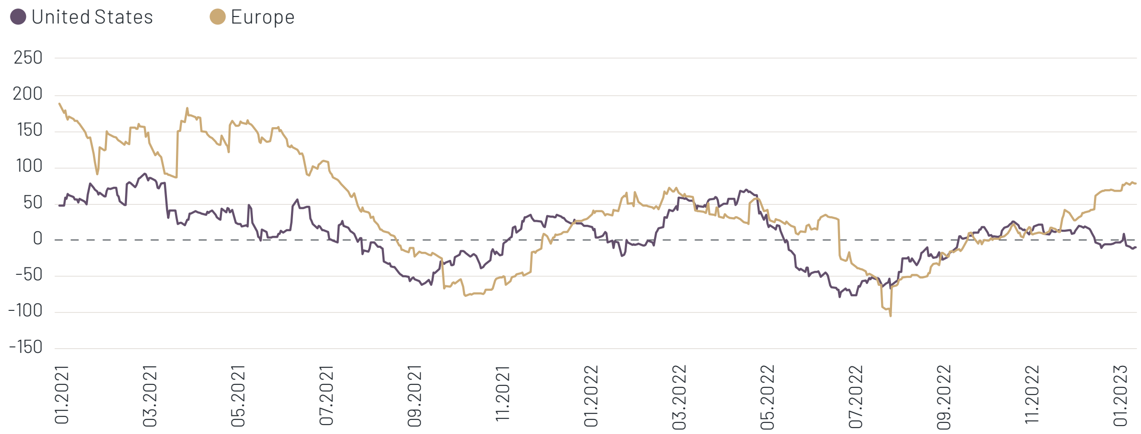
## MORE RESILIENCE THAN EXPECTED IN Q4

European activity data has tended to surprise on the upside over the last few months (Chart 1). The Euro Area has proved more resilient than expected, notably in production terms (industrial production grew 2% year-on-year (YoY) in November vs. 0.5% expected by the consensus). On the consumption side, retail sales have slipped less than expected after a surge in 2021 (-2.8% YoY in November compared to -3.3% expected). Some of this resilience is due to sheer luck with warmer weather limiting gas import needs and pressure on prices (Chart 2), but also thanks to the help of government energy support measures.

The Euro Area's exceptional trade deficit is progressively reabsorbing itself. The post-COVID-19 services recovery has also provided support in 2022.

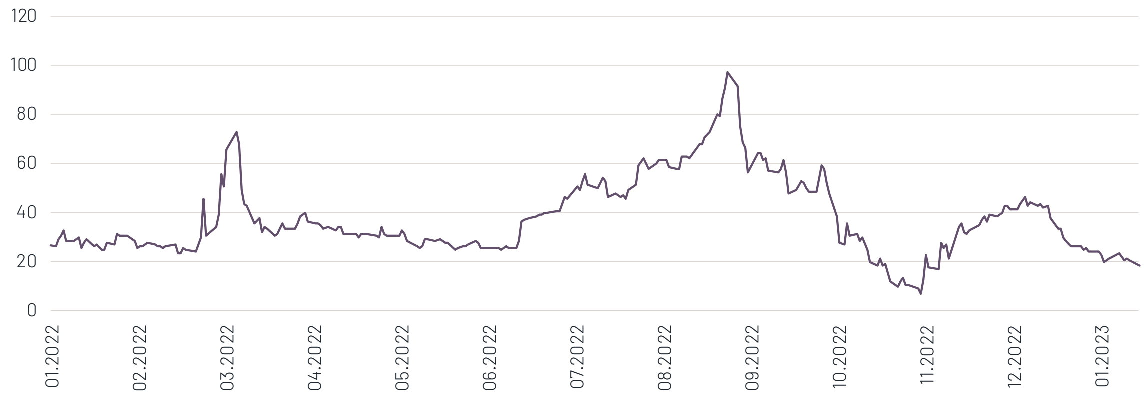
At the country level, the German economy particularly defied expectations. Despite historical inflation, retail sales resisted and grew 0.3% in Germany over the full year. The Federal Statistical Office hinted that Germany avoided recession on again in Q4 2022. Despite problems in energy-intensive sectors, industrial production has moved sideways, partly because the easing of supply chain issues has allowed companies to clear their order books.

CHART 1: CITI ECONOMIC SURPRISES INDEX




Source: Citigroup, Bloomberg, Indosuez Wealth Management.

CHART 2: RISE AND FALL OF EUROPEAN GAS PRICES, DUTCH TTF, EUR/MWH




Source: Datastream, Indosuez Wealth Management.

## 2023: THE WORST IS BEHIND US?

The situation in Europe remains difficult and fragmented, but we appear to have put aside the worst case growth scenario, for now. The reopening of China is expected to revive European export demand in 2023. Inflation has now peaked, but this is purely thanks to energy prices, as core inflation (excluding volatile energy and food prices) continues to rise (to 5.2% YoY) as energy prices diffuse into the rest of goods and services prices. The record low unemployment rate and structural labour shortages will support wage growth in 2023 and restore some purchasing power lost in 2022 as inflation recedes. Fiscal policy will remain accommodative, notably in Germany and France.

Consumer balance sheets remain relatively solid: the personal savings ratio has returned to its historical average (13.2% vs. 2.3% in the US). Finally, inventory rebuilding could also support activity in the beginning of 2023, as China reopens and purchasing managers maintain the higher stockpiling habits implemented during the pandemic. Finally, financing costs are increasing, but when corrected from inflation, real rates will remain negative in the Euro Area in 2023, easing the pain on European corporates. Thus far, average mortgage rates in the Euro Area have increased to just under 3% as of November 2022 (compared to around 6% in the US in January 2023).

Headwinds remain, however:

- **The current low gas prices may not be permanent,** even if storage levels are still at historical highs (at 82% capacity, up from 50% a year ago and the 5-year seasonal norm of 70%), but Europe will need to do without Russian gas contribution next winter, especially as Europe's willingness to support that war strengthens. Competition with Asia for US liquefied natural gas (LNG) imports will put pressure on prices, while weather conditions may deteriorate increasing demand.
- **The European Central Bank (ECB) will proceed tightening, with caution.** In 2022, the ECB hiked its reference rates significantly by 250 bps (to 2.5% for the refinancing rate), albeit less than the Federal Reserve (Fed) (+400 bps to 4.25%). In the face of an energy supply shock, the impact of the ECB's rate hikes may prove limited compared to the Fed that faces a post-pandemic demand-driven inflation shock. Markets anticipate that the ECB will attain its terminal rate mid-2023 at 3.3% (compared to 5% in the US).
- **Finally, while we see fiscal sustainability as a manageable threat in 2023,** we expect a return to fiscal discipline to be a recurring theme in the market this year, along with debt mutualisation. The sustainability of Italian debt should be put into perspective in the short-term, as nominal growth (supported by inflation) is expected at around 6% in 2023, well above the average or implicit interest rate applied to the entire stock of Italian debt (at 2.45% in 2022 versus 2.38% in 2020). Nevertheless, some market pressure could emerge in Q2 2023, when large issuances come to market and the ECB ends its purchase programs.

## 2023: THE EUROPEAN EQUITY UNDERDOG

As a direct result in this change of economic sentiment on the Euro Area, the euro has gained some colour and European equities have had the best start of the year in several decades (EURO STOXX is up 7% since the start of the year, the German DAX 8.7%), surpassing their global peers including the US (4.2% for the S&P 500), and now standing 7% behind their 2022 starting point. European well-provisioned banks appear particularly attractive to markets, as their revenues should receive a boost to interest income from expected increases in the ECB's key rates (even if the latter are historically less sensitive to interest rate hikes than the US) and non-performing loans should remain limited in the context of low unemployment.

# THE REVENGE OF THE CHINESE CONSUMER

Bénédicte KUKLA
Senior Investment Officer

The reopening of world's second largest economy has many asking questions on the impact it may have on the rest of the world. Most central banks in developed economies should welcome China's reopening as supply side tensions should easy further, even if commodity prices could reignite, but only partially as Chinese consumers are not expected to fully compensate the impact the softness of US consumers in 2023.

1/3 of Chinese INCOME SAVED in 2022

## THE WORLD AWAITS THE RECOVERY OF THE CHINESE CONSUMER

Despite market's rampant enthusiasm, it is still too early to see any significant progress in the Chinese economic situation since the fast-track reopening began early December. Data is lagging and the bumpy road to reopening is expected to peak in the first quarter of 2023. Some green shoots are forming, with infections already peaking in most cities and mobility rebounding in most parts of the country. For the time being, Chinese consumer surveys paint a rather gloomy picture of consumer sentiment (at record lows since April 2022). Nevertheless, we can note that the unemployment rate is declining (from 5.7% to 5.5% for the urban sector, comparable to pre-pandemic levels) and the government appears to have taken a more accommodative stance on policy and regulation. Inflation remains inexistent (at 1.8% YoY, holding still over the month).

According to NBS[3] statistics, nominal disposable income per capita rose 5.3% while savings deposits have swelled by over 250% since 2019. According to Bloomberg reports, Chinese consumers have saved one-third of their income in 2022 (compared to 17% before the crisis) and deleveraged (household credit is down 5% YoY). Households are therefore in a more solid financial state than before the crisis.

Restoring confidence, notably in the property sector, and the continued fall in the unemployment rate, will be key to unlocking the accumulated excess savings built up from lack of spending in 2022.

We have revised up our forecasts for China (Table 1), while remaining prudent as we believe that Chinese households will be going out again, although cautiously in the short-term during the Lunar New Year, while the production side is expected to take off faster.

## TABLE 1: MACROECONOMIC FORECAST 2022 - 2024, %

● Revised down since last month ● Revised up

| | GDP GROWTH | | | INFLATION | | |
|---|---|---|---|---|---|---|
| | 2022 | 2023 | 2024 | 2022 | 2023 | 2024 |
| **World** | 3.4 | 2.2 | 2.8 | 8.2 | 6.2 | 4.0 |
| United States | 2.0 | 0.9 | 0.6 | 8.1 | 4.3 | 2.3 |
| Euro Area | 3.3 | -0.5 | 0.8 | 8.5 | 7.3 | 3.2 |
| Japan | 1.3 | 0.5 | 1.2 | 2.4 | 0.5 | 0.4 |
| China | 3.0 | 4.4 | 4.9 | 2.0 | 2.2 | 2.1 |
| Brazil | 3.1 | 0.5 | 1.7 | 9.3 | 4.5 | 4.3 |
| India | 7.0 | 5.4 | 6.0 | 6.7 | 5.4 | 5.9 |

Source: Amundi (January 2023 Forecasts), Indosuez Wealth Management.

3 - National Bureau of Statistics.

CHINESE EXPORTS
to ASEAN members
UP 7.5% YOY

## FURTHER RELEASE OF SUPPLY CHAIN TENSIONS

Freight prices have been normalising since Q3 2022. The reopening of China is expected to improve the functioning of supply chains (notably for consumer goods and automobile sector), even if the pandemic has admittedly had a permanent effect on inventory stockpiling. The improvement in supply-side conditions was highlighted by PMI surveys in the US and Germany with an improvement in lead times and prices for input materials, which should reduce inflationary pressure in the short-term, as recently highlighted by the OECD. Exports from China have yet to recover (-8.7% in November), but with producer prices (PPI) in negative territory for a third straight month, additional Chinese goods will have deflationary impact on global goods.

The impact of China's reopening on commodity prices has thus far been muted. We nevertheless expected oil prices to recover after falling to below 80 dollars per barrel, China is one the demand drivers, but supply side issues are the main trigger being an absence of US strategic reserves supply in 2023, Russian oil complications and OPEC internal supply tensions. China's demand for LNG gas in 2023 may however have a stronger impact as competition with Europe's growing needs.

All in all, we consider China's reopening as more deflationary than inflationary, especially for core prices (excluding food and energy) which are the main concern for central banks.

## AN ANTIDOTE TO THE GLOBAL RECESSION RISKS?

Exports to the US and the Euro Area from China have recently slumped, as demand in these countries has weakened (-19.5% YoY and -17.5% respectively), while they advanced with ASEAN peers (+7.5%) and Australia (+8%). Countries with strong trade links with China, and that suffered in 2022, including South Korea, Japan, Taiwan and Chile, are expected to recover in 2023, especially with revived regional tourism. Global growth is indeed expected to be driven by emerging markets in 2023, with the full reopening of China not yet completely factored into our scenario. A number of emerging markets are expected to introduce less stringent monetary policy as of 2023, with Latin American countries in particular ahead of the tightening curve in 2022 and needing to ease the pain in the face of lacklustre global demand. Chinese consumers are indeed not expected to fully compensate for the softness in US consumer demand in 2023, even if the faster drop in inflation than wages is expected to ease purchasing power. Inflation in the US is indeed expected to fall to 3% by Q4 2023 (compared to just under 5% in the Euro Area), as pandemic linked supply tension ease in the goods and real estate rental markets, while the prices in services sector could still prove inflationary given the tightness in labour market conditions in this sector.

# 2023 A NEW START FOR FIXED INCOME INVESTMENT

Thomas GIQUEL
Head of Fixed Income

With the contribution
of the Fixed Income Team

Fixed income markets historically underperformed in 2022. This was driven first by central banks removing their accommodative monetary policy, then self-sustained as investors withdraw their funds. Pockets of opportunities arose in 2022, selectivity and agility are needed to shift into 2023.

FED
RATE HIKE
expected up to
5% IN Q2 2023

## CENTRAL BANKS

The Fed is expected to hike rates at a slower pace and up to 5% by Q2 2023 and keep them higher for longer. The bond market is challenging this view and the yield curve keeps on flattening.

The flattening pressure on the US yield curve is now on the front end as the highest tenor is now the 6-month Treasury bill, meaning the market is now expecting rate cuts as early as end of 2023.

We find the rate cuts priced in the US yield curve are overdone. Conditions for these cuts are probably a recession with inflation at lower levels than expected at the end of the year. For now, the jobs market remains tight, core inflation is still trending at uncomfortable levels and hard data have not confirmed the pessimism of soft data. With consecutive lower inflation numbers the next hike might be a 25 bps step, but it will surely not be the last.

The inflation swaps and inflation breakeven curves, which collapsed alongside energy markets, are at levels consistent with inflation going back to target quickly and staying there over the long-term.

As a result, real interest rates have stopped going higher since the Jackson Hole symposium and are now in a range between 1.2% and 2% on the 5-year tenor. This level that could be restrictive for US growth, with the economy already slowing. It could explain the absence of upside pressure on nominal yields.

As China is reopening, we could see renewed pressure on energy markets (notably gas prices), thus pushing higher breakevens. In addition, oil prices are also expected to recover in 2023.

The EUR yield curve is showing the same behaviour than the US yield curve, but with a lag.

The ECB started its tightening cycle later and even though the ongoing reduction of the balance sheet should be more brutal than in the US, the quantitative tightening (QT) has not yet started and rates are still not above the 3% level announced by ECB members. This means there is room for more inversion of the EUR curve.

The 2-10 year, 2-5 year segments are rapidly inverting and the ECB stance is keeping upward pressure on the front end of the curve, even though it softened mid-January after dovish comments from some ECB governors. We think for now the lag is still in place, but acknowledge that a further fall in US yields could drag with them their other developed market counterparts.

Gas prices are trading at January 2022 levels in European markets as the winter has been mild for now; this with fiscal spending lowered headline inflation and smoothed the path to recession which may or may not come (see Focus, page 4). The actual environment leaves some room for the ECB to be more hawkish.

For now, the ECB has been through a historic tightening of monetary policy, hiking rates several times, doing "jumbo" hikes (75 bps) and reducing its balance sheet (Chart 3); peripheral member state and credit spreads in general are complying.

The Italian BTP-bund spread is at high levels, but more widening has been avoided thanks to lower energy prices, fiscal support from the EU and most likely the ECB backstop tool (Transmission Protection Instrument, TPI).

## CREDIT

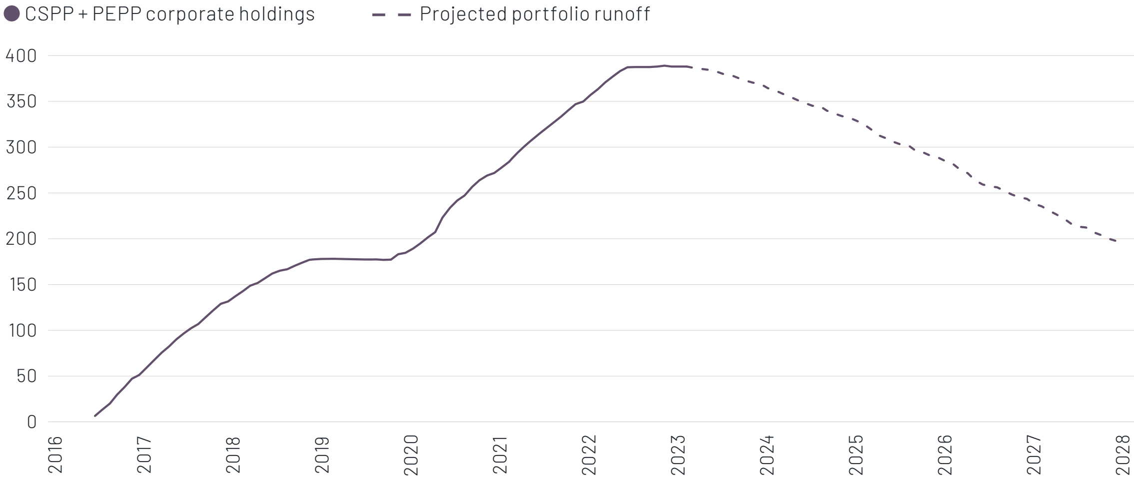
Regarding credit in developed markets, we still favour short dated investment grade (IG) investments to benefit from carry. The long-term maturities encompass too much duration risk, for a small pickup in yields. The activity on primary markets in Europe and in the US draws investors' interests on all parts of the market, from covered bonds to deeply subordinated debt. Few high yield (HY) deals are priced, attracting investors with the highest coupons for the last decade.

Peripheral spreads are also proxies of risk markets and tend to be correlated to corporate credit spreads.

## EMERGING MARKETS

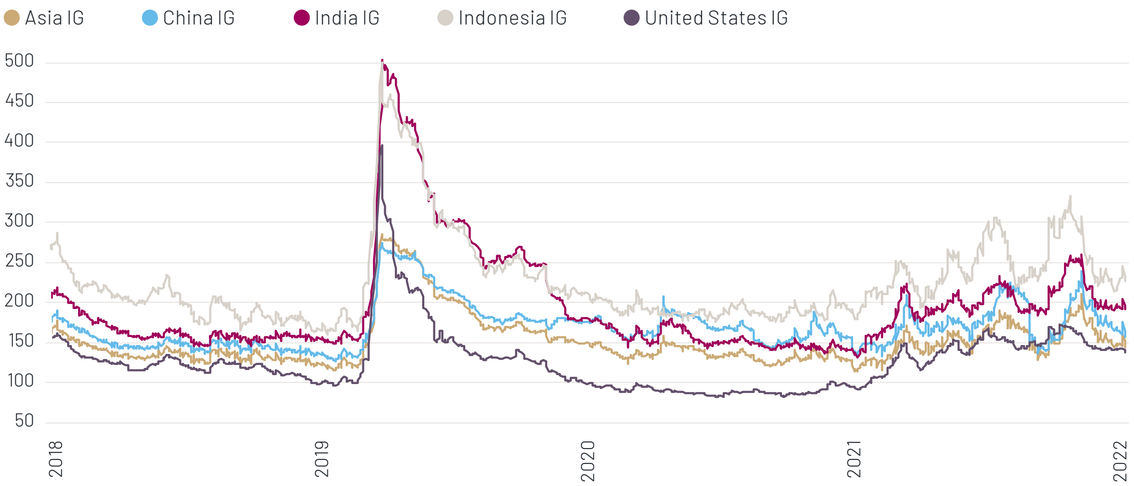
In emerging markets, fundamentals have been stable through 2022 for Asia Investment Grade. Low net supply and return of fund flows to Asia to add support to the market (Chart 4). For Asia HY, we remain cautious on the fundamentals and are waiting for clear signs of policy transmission for China HY Property.

### CHART 3: ECB'S CORPORATE BOND HOLDINGS TO SHRINK TO AROUND EUR 200 BILLION BY THE END OF 2027, EUR BILLION




Source: Goldman Sachs, Indosuez Wealth Management.

### CHART 4: RALLY IN TREASURIES HAVE SPURRED INVESTOR DEMAND FOR ASIAN CREDIT, BASIS POINTS




Source: ICE BofA Asian Dollar Indices, Indosuez Wealth Management.

05 • Equities

# RETURN TO MARKET OPTIMISM?

Laura CORRIERAS
Equity Portfolio Manager

With the contribution of the Equity Team

Finally come good news to start the New Year 2023: the reopening of China economy, an energy crisis thus far avoided in Europe, receding US inflation and economies that have overall proved to be more resilient than expected. This seemingly more favourable environment was reflected by the rise in global equity markets. However, until the Fed pivots, equity markets are to remain volatile, thereby limiting the sustainable upside.

S&P 500:
65 to 35 companies issue negative vs. positive EPS guidance

## EARNINGS SEASON

With the Q4 2022 earnings season around the corner, we remain cautious about possible downward EPS (earnings-per-share) revisions. However, the pre-announcement ratio is suggesting that it should not be so bad: 20% of the S&P 500 companies have made preannouncements over the past three months, of which 65 have issued negative EPS guidance and 35 have issued positive one (that's below the 25-year average and in line with the 10 year average).

## UNITED STATES

At the beginning of this year, we have been witnessing a major *momentum* shock. Indeed, companies with the lowest earnings revisions are outperforming companies with the best earnings revisions. However, this change in leadership seems to be related to investors covering short positions, rather than a change in fundamentals.

Investor sentiment shows a certain euphoria in the short-term, especially when we look at the level of the volatility index (VIX). However, we must remain vigilant about this level as we have now fallen below 20, indicating either excessive euphoria or a possible change in the volatility regime.

On the macro side, concerns about inflation, recession and overly restrictive monetary policy are still major risks for the equity market and validate a cautious approach. It should be noted that the US market remains more expensive than other markets, notably because of the higher valuations of US mega cap companies (>USD 200 billion valuation), which due to their sizable weight in indices can lift (or drop) an entire index performance.

## EUROPE

The Euro Area seems to be moving away from recession: the mild weather has saved the zone from the energy crisis, gas prices have fallen sharply and finally, and finally, the war in Ukraine has not further escalated for now. The reopening of China should also benefits the Euro Area, along with a still weak euro that helps renew competitiveness of European companies.

Moreover, between better macroeconomic figures, rather positive comments from corporates and a possible shift in Central Bank monetary policies... Cyclicals, technology and more generally the most punished stocks last year have now regained some colour. Nevertheless, at this point, we still see more attractiveness in Europe relative to the United States, but it is now more difficult to increase exposure to the zone in the short-term after the size and speed of the current rally.

## EMERGING MARKETS

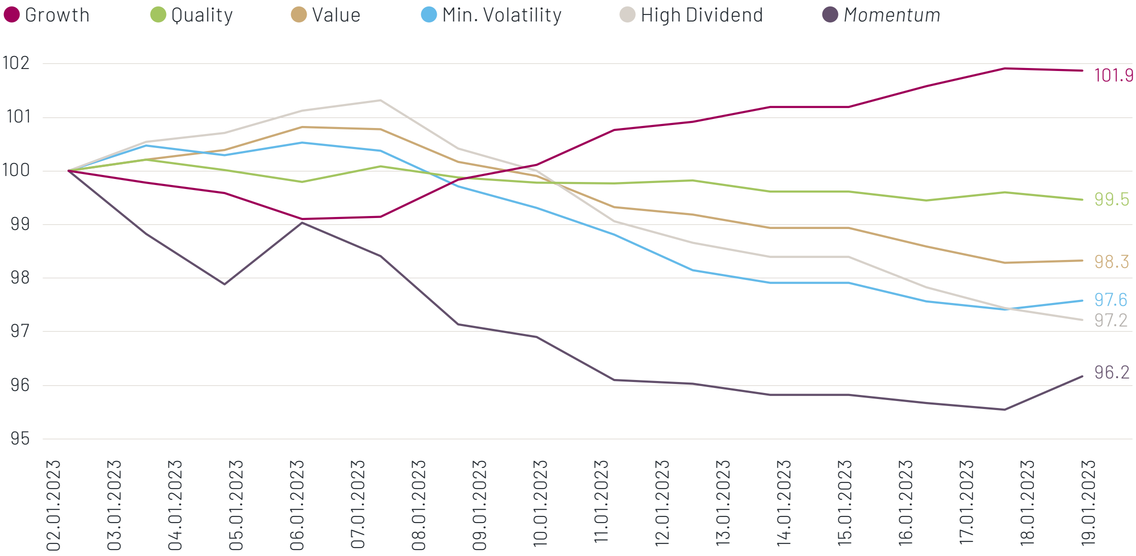
The MSCI China index has surged by over 50% since its 31 October 2022 low point[4] (+11.2% year-to-date). We believe that discounted valuations, EPS expectations that have probably troughed in late 2022, potentially massive investment flows back to China and greatly improved global investor sentiment make for an attractive investment case for Chinese equities (H- and A- shares) in 2023. This strong rally has mainly been due to the "Xi Jinping pivot": total of 30 measures to lift DZC (Dynamic zero-COVID) policy and specific support measures targeted at the property sector. Moreover, the Party's official rhetoric has been hinting at the completion of the "regulatory rectification" in the internet sector. This should remove a major overhang for global investor sentiment vis-a-vis the sector. In 2023, actual reopening and unleashed pent-up demand ("revenge spending") bode well for massive rebounds in Chinese equity markets down the line.

## INVESTMENT STYLE

We start the new year with a cautious message. Indeed, some uncertainties remain about a potential recession or the impact of the Fed's monetary policy. For these reasons, we are still focused on Quality style stocks (in particular companies offering a good and sustainable return to shareholders). However, we believe some opportunities may arise throughout the year, notably on Cyclicals stocks and the Growth style. The full reopening in China is indeed a catalyst for several European Value stocks with strong exposure to the Chinese economy and consumption. Moreover, the continuing decline in energy prices with the normalisation of the supply chain are still supportive for industrials globally.

Finally, we are now a little more constructive on the Growth style. Growth stocks have some potential for a rebound in 2023 (Chart 5), on the back of the view that US bond yields are likely peaking, given the poor run for the style last year and the level of valuations.

## CHART 5: EQUITY INVESTMENT STYLE PERFORMANCES RELATIVE TO THE MSCI US, 100=01.01.2023




Source: Bloomberg, Indosuez Wealth Management.

4 - Source: Bloomberg (through 17 January 2023, in USD).

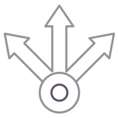
# THE DOLLAR AGAINST EVERYTHING ELSE

Muriel ABOUD SCHIRMANN
Head of Active Advisory

Hugo DE VASCONCELOS
Active Advisor

Stéphane MAGNAN
Active Advisor

The beginning of 2023 is characterised by great uncertainty – the market is embracing an "inflation is going to correct" narrative whilst there are still significant risks in many directions.



The great DIVERGENCE: what the FED SAYS vs. what INVESTORS THINK

## USD

### More downside?

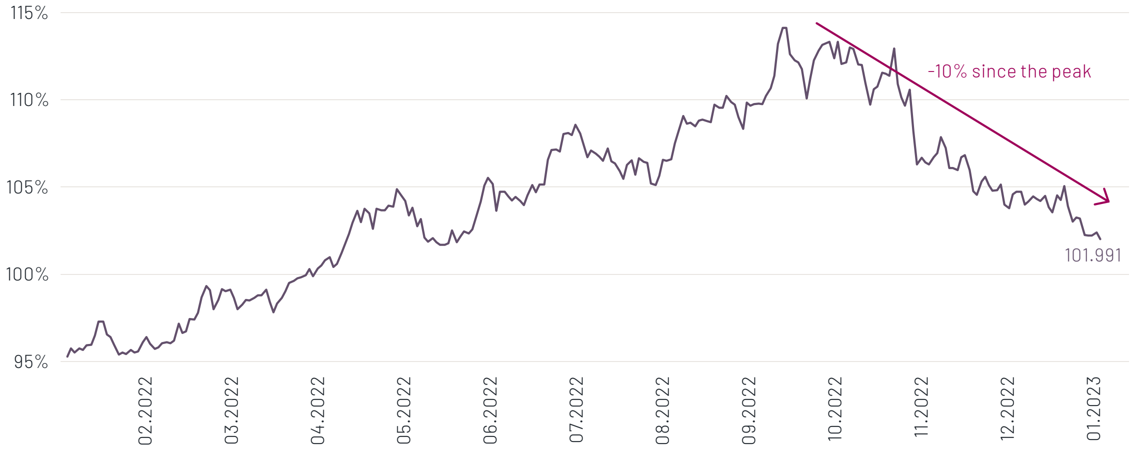
The greenback has been a source of headache for most investors that are following the Fed's guidelines. Since the peak in September 2022, the US dollar index (DXY)[5] (Chart 6) has lost more than 10% and this downtrend was fuelled by data showing inflation decreasing month after month. On one hand, the market is extrapolating the most recent trends in US macro data (softening inflation, nervous activity indicators) to price in lower rates before the end of the year and the wished-for "pivot". On the other hand, the Fed does not want to repeat the same mistakes as in the 1970's, when inflation remained elevated because Fed policy was not restrictive enough. The Fed has said they will keep rates high "until the job is done". Should investors follow the Fed or the market? To us the odds feel too finely balanced in either direction, and thus we are neutral on the USD.

## EUR

### A strong start

The beginning of the year was very volatile for the euro which was supported by several factors, already mentioned in this publication (the mild European winter pushing energy prices lower, recent data surprising to the upside and pushing the Euro Area Surprise Index at its highest levels since the first semester 2021, rising core inflation forcing the ECB to turn more hawkish in December, and, finally, the reopening of the Chinese economy which has reinforced market hopes for a soft landing). At this level, a lot of the positives are already in the price of the EUR and we do not believe that the recent gains will continue for now.

CHART 6: USD INDEX IS 10% BELOW ITS 2022 PEAK, %




Source: Bloomberg, Indosuez Wealth Management.

5 - A measure of the value of the US dollar relative to a basket of foreign currencies.

## GBP

### Back to higher levels

The pound has been flexing renewed strength at the start of 2023, thanks to the same improved sentiment in markets which has helped equity markets stay resilient. Some idiosyncratic events – progress towards resolution in Northern Ireland Brexit talks, peaking UK inflation, and a mild winter (i.e. lower energy prices) – have also helped the currency to regain a footing. However amongst G10 currencies we think the GBP faces the greatest headwinds to a firm recovery, as it faces almost all the problems of others and some of its own. Whilst it is still trading at weaker levels relative to years gone by, we see any bounce as being limited by better fundamentals in other economies.

## JPY

### Rollercoaster

The Japanese yen as seen an enormous amount of volatility as the Bank of Japan's (BoJ) surprise tweak to Yield Curve Control (YCC) policy in December precipitated an enormous amount of speculation that they would make further moves at their January meeting.

They did not, and thus the JPY has been on a massive 10% rollercoaster, but the ride is not over yet. The December move, strong inflation and a looming change of BoJ Governor in April will keep the market betting on the BoJ-pivot narrative. Whether the BoJ likes it or not, if they are to remain dovish, it will take some time for the market to believe them once more. Thus we turn neutral JPY, as the risks are significant in either direction.

## AUD

### China Reopening

We expect the AUD to benefit from China reopening which will have significant impact on Australian exports. China is Australia's most important trading partner and the largest export destination for several high value exports such as iron ore. Australia's trade balance remains at record highs. We maintain our constructive view on the currency.

# INVESTMENT SCENARIO AND ALLOCATION CONVICTIONS

## INVESTMENT SCENARIO

- **Growth:** No hard landing in the US, recession risks pushed back to end 2023/2024. Economic activity in Europe is proving more resilient, benefiting from the reopening in China and a milder winter, even if headwinds persist. Overall, global growth will slow in 2023 and will be driven by emerging markets.
- **Inflation:** The process of global disinflation has started, helped by: easing of supply chain tensions, the fall in energy prices (but watch out for the reopening of China) and yearly base effects. In the medium-term, core prices should remain stickier due to services and wages.
- **Fiscal policy:** Still supportive in Europe, but fewer announcements to come on fiscal side after major efforts in 2022. US divided government will also put a cap on further spending. Overall, although we see fiscal sustainability as a manageable threat in 2023, we expect the return to fiscal discipline to be a recurrent market theme this year.
- **Central banks:** Still focus on fighting inflation. A less worrying growth outlook leaves more room for central banks to continue raising rates, albeit with a smaller amplitude than in the past. We maintain our scenario of a high rate plateau for an extended period.
- **Earnings:** Negative revisions are expected to continue as the global macroeconomic slowdown continues, but at a slower pace that previously observed. Profitability will be key to monitor as margin risks remain on the downside for Q4 2022 releases.
- **Risk environment:** Cross asset volatility has contracted, indicating short-term market complacency. External risks to watch include geopolitical risk (Ukraine, Taiwan) and financial risk (Euro Area financial fragmentation). The longer term risk is still linked to higher debt levels in the global financial system.

## ALLOCATION CONVICTIONS

### EQUITIES

- We maintain an overall cautious positioning on equities, especially after the rally at the beginning of the year, as the rise in interest rates coupled with high inflation-induced costs should further weigh on corporate margins and limit their ability to raise capital.
- As the economic activity prove more resilience, we reduced our underweight on equities early January and are now gradually reallocating our exposure from defensive stocks to highly discounted sectors. We remain cautious and selective on growth stocks as we expect monetary policy to remain restrictive for several more quarters.
- Our underweight on European equities has been reduced as the region has recorded attractive valuation levels and should continue to benefit from the reopening of China and the lower energy crisis risk. Nonetheless, we consider that the interest rate risk is still too high and does not justify an overweight on the region. We maintain our position on Chinese equities as the *momentum* in the region continues. Long-term caution is due to the ongoing deleveraging process and less favourable policy and regulatory environment.

### FIXED INCOME

- We remain cautious on duration risk, as the risk of monetary changes to more tightening due to the good economic resilience and accelerating inflation in Japan could lead to more volatility in the short-term. In this environment we remain patient and are waiting for a consolidation to add back government bonds. Meanwhile, we continue to take advantage of the attractive carry provided by short-term US government bonds.
- Euro rates are sensitive to the ECB's hawkish rhetoric, while this year's net supply could be a concern, especially for some countries that are still expected to have high issuance next year, and the ECB will start quantitative tightening (QT) in Q2 2023.

- We maintain our positive view on high-quality corporate debt, as the higher yield starting point provides good protection against moderate default risk while remaining cautious on HY.
- We continue to like local currency emerging debt, as we see it as a good diversifier for 2023. The asset class can benefit from USD weakness and a more accommodative stance from some emerging central banks next year.

## FOREX MARKETS

- Directional bets perceived as risky on the EUR/USD parity as the pair now incorporates much of the improved sentiment on the Euro Area and the short position on the dollar has increased significantly. As a result, we prefer to take a neutral position and wait for more visibility on the currency's future trajectory.
- The CHF remains an interesting currency, as Swiss fundamentals are more convincing than those of the Euro Area and the currency is reaching levels against which the Swiss National Bank had started to be active last summer. Conversely, we maintain a negative view on sterling as UK fundamentals remain poor and the Bank of England's dovish bias cannot be ruled out.
- We continue commodity currencies as good diversification tools, especially AUD which could benefit from China's reopening. The yen has regained attractiveness after the Bank of Japan's mid-December meeting and is still seen as a good macro hedge in portfolios.

## ALTERNATIVE INVESTMENTS

- Global Macro[6] and CTA[7] alternative funds remain a centre of interest, with the still elevated volatile environment expected in 2023. Long/Short[8] equity strategies should thrive thanks to higher dispersion risk within the equity universe that open new opportunities while the higher rate environment is benefiting to the short leg of these type of strategies.

6 - Global Macro - Discretionary or systematic investment strategy in general markets based on macroeconomic views. Typical investments include fixed income, foreign exchange, equity indices, sovereign debt and commodities. Most funds use derivatives (and therefore leverage) and options.

7 - CTA (Commodity Trading Advisors) - Discretionary or systematic (notably Trend following) investment strategy based on managed futures (futures contracts) with a multi-asset investment universe (equity, bond, currency and commodity futures).

8 - Long/Short Market Equity: A strategy that consists of holding stocks (long positions) that are expected to outperform, relative to "short" stocks that are expected to underperform. The strategy is said to have a long bias when the sum of the long positions is greater than the sum of the shorts, and it is neutral if there are as many longs as shorts. Because of the neutrality of the portfolio, this type of strategy has little correlation with traditional strategies.

## KEY CONVICTIONS

| | TACTICAL VIEW (ST) | STRATEGIC VIEW (LT) |
|---|---|---|
| **FIXED INCOME** | | |
| **GOVERNMENTS** | | |
| Core EUR 10-Year (Bund) | =/- | = |
| EUR Periphery | - | =/- |
| US 2-Year | =/+ | =/+ |
| US 10-Year | =/- | = |
| US 30-Year | = | =/+ |
| EUR Breakevens Inflation | = | = |
| US Breakevens Inflation | = | = |
| **CREDIT** | | |
| Investment grade EUR | =/+ | + |
| High yield EUR/BB- and > | =/- | = |
| High yield EUR/B+ and < | =/- | =/- |
| Financials Bonds EUR | = | = |
| Investment grade USD | =/+ | + |
| High yield USD/BB- and > | =/- | = |
| High yield USD/B+ and < | =/- | =/- |
| **EMERGING DEBT** | | |
| Sovereign Debt Hard Currency | =/- | =/+ |
| Sovereign Debt Local Currency | =/+ | =/+ |
| Latam Credit USD | = | = |
| Asia Credit USD | = | = |
| Chinese Bonds CNY | = | = |
| **EQUITIES** | | |
| **GEOGRAPHIES** | | |
| Europe | =/- | =/+ |
| United States | = | = |
| Japan | =/- | =/- |
| Latin America | =/- | = |
| Asia ex-China | =/+ | =/+ |
| China | =/+ | =/- |
| **STYLES** | | |
| Growth | =/- | + |
| Value | =/+ | = |
| Quality | =/+ | = |
| Yield | + | =/+ |
| Cyclical | =/- | =/+ |
| Defensive | =/+ | =/- |
| **FOREX** | | |
| United States (USD) | = | =/- |
| Euro Area (EUR) | = | = |
| United Kingdom (GBP) | =/- | = |
| Switzerland (CHF) | =/+ | =/+ |
| Japan (JPY) | = | = |
| Brazil (BRL) | =/+ | = |
| China (CNY) | = | = |
| Gold (XAU) | =/- | = |
| Commodity currencies (NOK, NZD, CAD) | =/+ | =/+ |

Source: Indosuez Wealth Management.

# OVERVIEW OF SELECTED MARKETS

DATA AS OF 19 JANUARY 2023

| GOVERNMENT BONDS | YIELD | 4 WEEKS CHANGE (BPS) | YTD CHANGE (BPS) |
|---|---|---|---|
| US Treasury 10-year | 3.39% | -28.71 | -48.33 |
| France 10-year | 2.48% | -41.20 | -62.40 |
| Germany 10-year | 2.06% | -29.90 | -50.70 |
| Spain 10-year | 2.99% | -43.50 | -66.00 |
| Switzerland 10-year | 1.09% | -41.50 | -52.90 |
| Japan 10-year | 0.42% | 3.00 | 0.80 |

| BONDS | LAST | 4 WEEKS CHANGE | YTD CHANGE |
|---|---|---|---|
| Government Bonds Emerging Markets | 35.8 | 3.32% | 3.14% |
| Euro Government Bonds | 197.67 | 1.83% | 2.60% |
| Corporate EUR high yield | 198.85 | 2.82% | 2.75% |
| Corporate USD high yield | 307.99 | 2.55% | 3.80% |
| US Government Bonds | 300.99 | 1.40% | 1.90% |
| Corporate Emerging Markets | 44.12 | 3.01% | 3.18% |

| CURRENCIES | LAST SPOT | 4 WEEKS CHANGE | YTD CHANGE |
|---|---|---|---|
| EUR/CHF | 0.9921 | 0.55% | 0.26% |
| GBP/USD | 1.2391 | 2.93% | 2.55% |
| USD/CHF | 0.9161 | -1.61% | -0.91% |
| EUR/USD | 1.0833 | 2.24% | 1.20% |
| USD/JPY | 128.43 | -2.96% | -2.05% |

| VOLATILITY INDEX | LAST | 4 WEEKS CHANGE (POINTS) | YTD CHANGE (POINTS) |
|---|---|---|---|
| VIX | 20.52 | -1.45 | -1.15 |

| EQUITY INDICES | LAST PRICE | 4 WEEKS CHANGE | YTD CHANGE |
|---|---|---|---|
| S&P 500 (United States) | 3'898.85 | 2.00% | 1.55% |
| FTSE 100 (United Kingdom) | 7'747.29 | 3.72% | 3.97% |
| STOXX 600 | 450.45 | 5.43% | 6.02% |
| Topix | 1'915.62 | 0.39% | 1.26% |
| MSCI World | 2'685.32 | 3.47% | 3.17% |
| Shanghai SE Composite | 4'156.01 | 8.34% | 7.35% |
| MSCI Emerging Markets | 1'027.91 | 6.62% | 7.48% |
| MSCI Latam (Latin America) | 2'266.46 | 5.65% | 6.49% |
| MSCI EMEA (Europe. Middle East. Africa) | 197.09 | 3.49% | 2.66% |
| MSCI Asia Ex Japan | 667.77 | 6.92% | 7.84% |
| CAC 40 (France) | 6'951.87 | 6.66% | 7.39% |
| DAX (Germany) | 14'920.36 | 7.23% | 7.16% |
| MIB (Italy) | 25'596.28 | 7.49% | 7.97% |
| IBEX (Spain) | 8'793.10 | 6.30% | 6.85% |
| SMI (Switzerland) | 11'258.97 | 4.50% | 4.94% |

| COMMODITIES | LAST PRICE | 4 WEEKS CHANGE | YTD CHANGE |
|---|---|---|---|
| Steel Rebar (CNY/Tonne) | 4'101.00 | 2.94% | 0.15% |
| Gold (USD/Oz) | 1'932.24 | 7.79% | 5.93% |
| Crude Oil WTI (USD/Bbl) | 80.33 | 3.66% | 0.09% |
| Silver (USD/Oz) | 23.87 | 1.68% | -0.71% |
| Copper (USD/Tonne) | 9'305.50 | 11.97% | 11.15% |
| Natural Gas (USD/MMBtu) | 3.28 | -34.49% | -26.82% |

Source: Bloomberg, Indosuez Wealth Management.
Past performance does not guarantee future performance.

## MONTHLY INVESTMENT RETURNS, PRICE INDEX

FTSE 100 · Topix · MSCI World · MSCI EMEA · MSCI Emerging Markets
STOXX 600 · S&P 500 · Shanghai SE Composite · MSCI Latam · MSCI Asia Ex Japan

BEST PERFORMING

| OCTOBER 2022 | NOVEMBRE 2022 | DECEMBER 2022 | 4 WEEKS CHANGE | YTD (19.01.2023) |
|---|---|---|---|---|
| 9.59% | 18.69% | 0.48% | 8.34% | 7.84% |
| 7.99% | 14.64% | -0.39% | 6.92% | 7.48% |
| 7.11% | 9.81% | -1.60% | 6.62% | 7.35% |
| 6.28% | 6.80% | -1.64% | 5.65% | 6.49% |
| 5.09% | 6.75% | -3.12% | 5.43% | 6.02% |
| 4.17% | 6.74% | -3.44% | 3.72% | 3.97% |
| 2.91% | 5.38% | -4.34% | 3.49% | 3.17% |
| -3.15% | 4.55% | -4.70% | 3.47% | 2.66% |
| -6.13% | 2.91% | -4.73% | 2.00% | 1.55% |
| -7.78% | -0.82% | -5.90% | 0.39% | 1.26% |

WORST PERFORMING

Source: Bloomberg, Indosuez Wealth Management.
Past performance does not guarantee future performance.

**Basis point (bp):** 1 basis point = 0.01%.

**Blockchain:** A technology for storing and transmitting information. It takes the form of a database which has the particularity of being shared simultaneously with all its users and generally does not depend on any central body.

**BLS:** Bureau of Labor Statistics.

**BNEF:** Bloomberg New Energy Finance.

**Brent:** A type of sweet crude oil, often used as a benchmark for the price of crude oil in Europe.

**CPI (Consumer Price Index):** The CPI estimates the general price level faced by a typical household based on an average consumption basket of goods and services. The CPI tends to be the most commonly used measure of price inflation.

**Cyclicals:** Cyclicals refers to companies that are dependent on the changes in the overall economy. These stocks represent the companies whose profit is higher when the economy is prospering.

**Defensives:** Defensives refers to companies that are more or less immune to the changes in the economic conditions.

**Deflation:** Deflation is the opposite of inflation. Contrary to inflation, it is characterised by a sustained decrease in general price levels over an extended period.

**Duration:** Reflects the sensitivity of a bond or bond fund to changes in interest rates. This value is expressed in years. The longer the duration of a bond, the more sensitive its price is to interest rate changes.

**EBIT (Earnings Before Interest and Taxes):** Refers to earnings generated before any financial interest and taxes are taken into account. It takes earnings and subtracts operating expenses and thus also corresponds to non-operating expenses.

**EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortisation):** EBITDA takes net income and adds interest, taxes, depreciation and amortisation expenses back to it. It is used to measure a company's operating profitability before non-operating expenses and non-cash charges.

**ECB:** The European Central Bank, which governs the euro and Euro Area member countries' monetary policy.

**Economic Surprises Index:** Measures the degree of variation in macro-economic data published versus forecasters' expectations.

**Economies of scale:** Decrease in a product's unit cost that a company obtains by increasing the quantity of its production.

**EPS:** Earnings per share.

**ESG:** Non-financial corporate rating system based on environmental, social and governance criteria. It is used to evaluate the sustainability and ethical impact of an investment in a company.

**Fed:** The US Federal Reserve, i.e. the central bank of the United States.

**FOMC (Federal Open Market Committee):** The US Federal Reserve's monetary policy body.

**GDP (Gross Domestic Product):** GDP measures a country's yearly production of goods and services by operators residing within the national territory.

**Gig economy:** system characterised by flexible, temporary or freelance jobs.

**Growth:** Growth style refers to companies expected to grow sales and earnings at a faster rate than the market average. As such, growth stocks are generally characterised by a higher valuation than the market as a whole.

**IEA:** International Energy Agency.

**IMF:** The International Monetary Fund.

**Inflation breakeven:** Level of inflation where nominal bonds have the same return as inflation-linked bonds (of the same maturity and grade). In other words, it is the level of inflation at which it makes no difference if an investor owns a nominal bond or an inflation-linked bond. It therefore represents inflation expectations in a geographic region for a specific maturity.

**Inflation swap rate 5-Year, 5-Year:** A market measure of what 5-Year inflation expectations will be in five years' time. It provides a window into how inflation expectations may change in the future.

**IPPC:** The Intergovernmental Panel on Climate Change.

**IRENA:** International Renewable Energy Agency.

**ISM:** Institute for Supply Management.

**Japanification of the economy:** Refers to the stagnation the Japanese economy has faced in the last three decades, and is generally used to refer to economists' fears that other developed countries will follow suit.

**Metaverse:** A metaverse (portmanteau of meta and universe) is a fictional virtual world. The term is regularly used to describe a future version of the internet where virtual, persistent and shared spaces are accessible via 3D interaction.

**OECD:** Organisation for Economic Co-operation and Development.

**Oligopoly:** An oligopoly occurs when there is a small number of producers (supply) with a certain amount of market power and a large number of customers (demand) on a market.

**OPEC:** Organization of the Petroleum Exporting Countries; 14 members.

**OPEC+:** OPEC plus 10 additional countries, notably Russia, Mexico, and Kazakhstan.

**PMI:** Purchasing Managers' Index.

**Policy mix:** The economic strategy adopted by a state depending on the economic environment and its objectives, mainly consisting of a combination of monetary and fiscal policy.

**Pricing power:** Refers to the ability of a company or brand to increase its prices without affecting demand for its products.

**Quality:** Quality stocks refers to companies with higher and more reliable profits, low debt and other measures of stable earnings and strong governance. Common characteristics of Quality stocks are high return to equity, debt to equity and earnings variability.

**Quantitative easing (QE):** A monetary policy tool by which the central bank acquires assets such as bonds, in order to inject liquidity into the economy.

**SEC (Securities and Exchange Commission):** The SEC is an independent federal agency with responsibility for the orderly functioning of US securities markets.

**Spread (or credit spread):** A spread is the difference between two assets, typically between interest rates, such as those of corporate bonds over a government bond.

**Secular stagnation:** Refers to an extended period of little or no economic growth.

**SRI:** Sustainable and Responsible Investments.

**Stagflation:** Stagflation refers to an economy that is experiencing simultaneously an increase in inflation and stagnation of economic output.

**TPI :** An addition to the Eurosystem's toolkit that can be activated by the ECB to counter unwarranted, disorderly market developments if these pose a serious threat to the smooth transmission of monetary policy across the euro area. The ECB Governing Council approved the instrument on the 21 July 2022.

**Uberisation:** Term derived from the name of US company Uber which develops and operates digital platforms that connect drivers and riders. It refers to a new business model that leverages new digital technologies and is part of the sharing economy, insofar as it puts customers in direct contact with service providers, at a reduced cost and with lower prices.

**Value:** Value style refers to companies that appear to trade at a lower price relative to its fundamentals. Common characteristics of value stocks include high dividend yield, low price-to-book ratio, and a low price-to-earnings ratio.

**VIX:** The index of implied volatility in the S&P 500 Index. It measures market operators' expectations of 30-day volatility, based on index options.

**WTI (West Texas Intermediate):** Along with Brent crude, the WTI is a benchmark for crude oil prices. WTI crude is produced in America and is a blend of several sweet crude oils.

**WTO:** World Trade Organization.

# DISCLAIMER

This document entitled "Monthly House View" (the "Brochure") is issued for marketing communication only.

The languages in which it is drafted form part of the working languages of Indosuez Wealth Management.

The information published in the Brochure has not been reviewed and is not subject to the approval or authorisation of any regulatory or market authority whatsoever, in whatever jurisdiction.

The Brochure is not intended for or aimed at the persons of any country in particular.

The Brochure is not intended for persons who are citizens, domiciled or resident in a country or jurisdiction in which its distribution, publication, availability or use would contravene applicable laws or regulations.

This document does not constitute or contain an offer or an invitation to buy or sell any financial instrument and/or service whatsoever. Similarly, it does not, in any way, constitute a strategy, personalised or general investment or disinvestment recommendation or advice, legal or tax advice, audit advice, or any other advice of a professional nature. No representation is made that any investment or strategy is suitable and appropriate to individual circumstance or that any investment or strategy constitutes a personalised investment advice to any investor.

The relevant date in this document is, unless otherwise specified, the editing date mentioned on the last page of this disclaimer. The information contained herein are based on sources considered reliable. We use our best effort to ensure the timeliness, accuracy, and comprehensives of the information contained in this document. All information as well as the price, market valuations and calculations indicated herein may change without notice. Past prices and performances are not necessarily a guide to future prices and performances.

The risks include, amongst others, political risks, credit risks, foreign exchange risks, economic risks and market risks. Before entering into any transaction you should consult your investment advisor and, where necessary, obtain independent professional advice in respect of risks, as well as any legal, regulatory, credit, tax, and accounting consequences. You are advised to contact your usual advisers in order to make your decisions independently, in light of your particular financial situation and your financial knowledge and experience.

Foreign currency rates may adversely affect the value, price or income of the investment when it is realised and converted back into the investor's base currency.

CA Indosuez a French company, the holding company for the Crédit Agricole group's wealth management business, and its related subsidiaries or entities, namely CA Indosuez (Switzerland) SA, CA Indosuez Wealth (Europe), CFM Indosuez Wealth, their respective subsidiaries, branches, and representative offices, whatever their location, operate under the single brand Indosuez Wealth Management. Each of the subsidiaries, their respective subsidiaries, branches, and representative offices, as well as each of the other Indosuez Wealth Management entities are referred to individually as the "Entity" and collectively as the "Entities".

The Entities or their shareholders as well as its shareholders, subsidiaries, and more generally companies in the Crédit Agricole SA group (the "Group") and respectively their corporate officers, senior management or employees may, on a personal basis or in the name and on behalf of third parties, undertake transactions in the financial instruments described in the Brochure, hold other financial instruments in respect of the issuer or the guarantor of those financial instruments, or may provide or seek to provide securities services, financial services or any other type of service for or from these Entities. Where an Entity and/or a Crédit Agricole Group Entity acts as an investment adviser and/or manager, administrator, distributor or placement agent for certain products or services mentioned in the Brochure, or carries out other services in which an Entity or the Crédit Agricole Group has or is likely to have a direct or indirect interest, your Entity shall give priority to the investor's interest.

Some investments, products, and services, including custody, may be subject to legal and regulatory restrictions or may not be available worldwide on an unrestricted basis taking into consideration the law of your country of origin, your country of residence or any other country with which you may have ties. In particular, any the products or services featured in the Brochure are not suitable for residents of US and Canada. Products and services may be provided by Entities under their contractual conditions and prices, in accordance with applicable laws and regulations and subject to their licence. They may be modified or withdrawn at any time without any notification.

Please contact your relationship manager for further information.

In accordance with applicable regulations, each Entity makes the Brochure available:

- **In France:** this Brochure is distributed by CA Indosuez, a public limited company with a capital of 584'325'015 euros, a credit institution and an insurance brokerage company registered with the French Register of Insurance Intermediaries under number 07 004 759 and with the Paris Trade and Companies Register under number 572 171 635, whose registered office is located at 17, rue du Docteur Lancereaux - 75008 Paris, and whose supervisory authorities are the Prudential Control and Resolution Authority and the Autorité des Marchés Financiers.
- **In Luxembourg:** the Brochure is distributed by CA Indosuez Wealth (Europe), a limited company (société anonyme) under Luxembourg law with share capital of euros 415.000.000, having its registered office at 39 allée Scheffer L-2520 Luxembourg, registered with the Luxembourg Companies Register under number B91.986, an authorised credit institution established in Luxembourg and supervised by the Luxembourg financial regulator, the Commission de Surveillance du Secteur Financier (CSSF).
- **In Spain:** the Brochure is distributed by CA Indosuez Wealth (Europe) Sucursal en España, supervised by the Banco de España (www.bde.es) and the Spanish National Securities Market Commission (Comision Nacional del Mercado de Valores, CNMV, www.cnmv.es), a branch of CA Indosuez Wealth (Europe), a credit institution duly registered in Luxembourg and supervised by the Luxembourg financial regulator, the Commission de Surveillance du Secteur Financier (CSSF). Adress: Paseo de la Castellana numero 1, 28046 Madrid (Spain), registered with the Banco de Espana under number 1545. Registered in the Madrid Trade and Companies Register, number T 30.176,F 1,S 8, H M-543170, CIF (Company tax ID): W-0182904-C.
- **In Belgium:** the Brochure is distributed by CA Indosuez Wealth (Europe) Belgium Branch, located at 120 Chaussée de la Hulpe B-1000 Brussels, Belgium, registered with the Brussels Companies Register under number 0534 752 288, entered in the Banque-Carrefour des Entreprises (Belgian companies database) under VAT number 0534.752.288 (RPM Brussels), a branch of CA Indosuez Wealth (Europe).
- **In Italy:** the Brochure is distributed by CA Indosuez Wealth (Europe), Italy Branch based in Piazza Cavour 2, 20121 Milan, Italy, registered in the Register of Banks no. 8097, tax code and registration number in the Business Register of Milan, Monza Brianza and Lodi n. 97902220157.
- **Within the European Union:** the Brochure may be distributed by Indosuez Wealth Management Entities authorised to do so under the Free Provision of Services.
- **In Monaco:** the Brochure is distributed by CFM Indosuez Wealth, 11, Boulevard Albert 1er - 98000 Monaco registered in the Monaco Trade and Industry Register under number 56S00341, accreditation: EC/2012-08.
- **In Switzerland:** the Brochure is distributed by CA Indosuez (Switzerland) SA, Quai Général-Guisan 4, 1204 Geneva and by CA Indosuez Finanziaria SA, Via F. Pelli 3, 6900 Lugano and by their Swiss branches and/or agencies. The Brochure constitutes marketing material and does not constitute the product of a financial analysis within the meaning of the directives of the Swiss Bankers Association (SBA) relating to the independence of financial analysis within the meaning of Swiss law. Consequently, these directives are not applicable to the Brochure.
- **In Hong Kong Special Administrative Region:** the Brochure is distributed by CA Indosuez (Switzerland) SA, Hong Kong Branch, Suite 2918, Two Pacific Place - 88 Queensway – Hong Kong. No information contained in the Brochure constitutes an investment recommendation. The Brochure has not been referred to the Securities and Futures Commission (SFC) or any other regulatory authority in Hong Kong. The Brochure and products it may mention have not been authorised by the SFC within the meaning of sections 103, 104, 104A or 105 of the Securities and Futures Ordinance (Cap. 571) (SFO).
- **In Singapore:** the Brochure is distributed by CA Indosuez (Switzerland) SA, Singapore Branch 168 Robinson Road #23-03 Capital Tower, 068912 Singapore. In Singapore, the Brochure is only intended for accredited investors, institutional investors or expert investors as defined by the Securities and Futures Act 2001 of Singapore. For any questions concerning the Brochure, recipients in Singapore can contact CA Indosuez (Switzerland) SA, Singapore Branch.
- **In the DIFC:** the Brochure is distributed by CA Indosuez (Switzerland) SA, DIFC Branch, Al Fattan Currency House, Tower 2 – Level 23 Unit 4 DIFC PO Box 507232 Dubai – UAE a company regulated by the Dubai Financial Service Authority ("DFSA"). This Brochure is intended for professional client and/or market counterparty only and no other person should act upon it. The financial products or services to which this Brochure relates will only be made available to a client who meets the DFSA professional client and /or market counterparty requirements. This Brochure is provided for information purposes only. It is not to be construed as an offer to buy or sell or solicitation of an offer to buy or sell any financial instruments or to participate in any particular trading strategy in any jurisdiction.
- **In the UAE:** the Brochure is distributed by CA Indosuez (Switzerland) SA, Abu Dhabi Representative Office, Zayed - The 1st Street- Al Muhairy Center, Office Tower, 5th Floor office 504, P.O. Box 44836 Abu Dhabi, United Arab Emirates. CA Indosuez (Switzerland) SA operates in the United Arab Emirates (UAE) via its representative office which comes under the supervisory authority of the UAE Central Bank. In accordance with the rules and regulations applicable in the UAE, CA Indosuez (Switzerland) SA representation office may not carry out any banking activity. The representative office may only market and promote CA Indosuez (Switzerland) SA's activities and products. The Brochure does not constitute an offer to a particular person or the general public, or an invitation to submit an offer. It is distributed on a private basis and has not been reviewed or approved by the UAE Central Bank or by another UAE regulatory authority.
- **Other countries:** laws and regulations of other countries may also limit the distribution of this Brochure. Anyone in possession of this Brochure must seek information about any legal restrictions and comply with them.

The Brochure may not be photocopied or reproduced or distributed, in full or in part, in any form without the prior agreement of your Bank.



Photo credits: Getty Images.

Edited as per 20.01.2023.