CBH Compagnie Bancaire Helvétique

Quarterly Insight

Autumn Edition 2017

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Imprint

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ALLOCATION MONITOR

Weight	Asset class	Segment	Benchmark allocation	Currency	Underweight			Neutral	Overweight				Chg
8%	Cash	Libor 3m	5%	USD			0%						
		Euribor 3m		EUR								15%	
53%	Government	1 - 5 years	10%	USD		6%							
				EUR	4%								
		5 - 10 years	10%	USD		6%							
				EUR	4%								
	Corporate Inv. Grade	1 - 5 years	15%	USD				15%					
				EUR	6%								
		5 - 10 years	10%	USD			8%						-2%
				EUR		6%							
	Corporate High Yield	1 - 5 years	5%	USD						8%			
				EUR						8%			-4%
		5 - 10 years		USD				0%					
				EUR				0%					
	Emerging markets	Hard currency										5%	2%
		Local currency								2%			1%
	Others	Senior loans							2%				
		Convertible										8%	
37%	Equities	North America	15%				13%						
		Europe	13%				11%						-2%
		Japan	4%				3%						
		Asia Pacific (ex-Japan)	4%						5%				1%
		China	2%					2%					
		Emerging Markets	2%						3%				1%
0%	Precious metals	Gold	2%		0%								-2%
3%	Other investments	Other investments	3%					3%					-2%

ALLOCATION COMMENTARY

To decide about the strategic choices of asset allocation is always an opportunity to take time for reflection. However, it must be admitted that nowadays it becomes a challenging task that could be described as schizophrenic so much the view of bulls and bears seems to diverge. Indeed, when reading or discussing with global asset allocators and professional investors, we have rarely experienced a period of such contrasting financial market anticipations.

On the one hand, we can refer to the Nobel Prize for Economics Robert Shiller affirming that financial markets are as highly priced as they were in 1929. Another example are long-term technicians arguing that Elliot Wave Theory is pointing toward the end of a wave 5 (last upward movement) and the potential start of wave A (the first correction move that could drive markets substantially lower).

On the other hand, the search for yield continues to bring new investors into the risky asset universe (former pure bond investors that, in a risk-on and low interest rate environment, see dividend or high yield bonds as a safe haven). These newcomers sustain markets by increasing the demand for risky assets. Momentum indicators, low implied volatility levels and narrowing credit spreads also argue for a continuation of the incredible and hardly sustainable rally of equity markets and high-risk bonds (HY, perpetual, subordinated or EM).

Despite being pragmatic and having some common sense, it is not an easy task to disentangle the complex problem we are facing and to construct a clear and trustworthy market scenario and asset allocation. A perfect description of the environment we are investing in is a metaphor recently employed by R. Shiller when describing financial market health: “I wouldn't call it healthy, I'd call it obese. But you know, some of these obese people live to be 100 years, so you never know.”

Compared to our Strategic Asset Allocation (SAA), and despite recognizing some red flags arguing in favor of a conservative approach, we maintain a constructive aggressive Tactical Asset Allocation (TAA). Indeed, despite a slight underweight in the equity exposure (37% vs 40% for the benchmark), we strongly overweigh risky investment on the bond universe, where we favor High Yield, Emerging Market (both in hard and local currencies) and Convertible bonds. Our TAA has therefore an ex-ante Value at Risk that is slightly higher than the one of the benchmark, but given our low duration positioning and yield cushion this is seen as an affordable risk.

For our global bond portfolio, we continue to underweight government bonds and investment grade corporate bonds denominated in euros, a region where we favor the segment of high-yield short dated bonds. In dollars, yields are slightly higher which allows us to adopt a more constructive bond allocation for US dollar portfolios where we can invest all over the curve and in all segments of the universe (Govies, IG and HY).

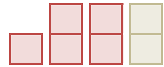
In our quest for positive returns, we continue to favor crossover bonds (rated BBB- and BB-), emerging bonds denominated in hard currency and convertible bonds which, although riskier, display an appealing risk / return ratio. We also continue to advise the lower capital structure (subordinated bonds) of companies having strong balance sheets and dominant market positions and favor in this segment large financial institutions. For all these asset classes, we recommend investors to favor global diversified instruments such as mutual funds and exchange traded funds (ETF).

On the Equity side, we maintain a global underweight given the level of risk taken in the bond spectrum. From a geographical point of view we are more conservative in North America, Europe and Japan, favoring the Asian region and Emerging Markets. At the sector level we continue to see value in large technological companies as well as the financial sector.

In line with the anticipations exposed in the last edition, we took our profits on gold when it breached the 1300 level and now have zero exposure on the precious metal.

GOVERNMENT BONDS

1 - 5 years USD 6% EUR 4%

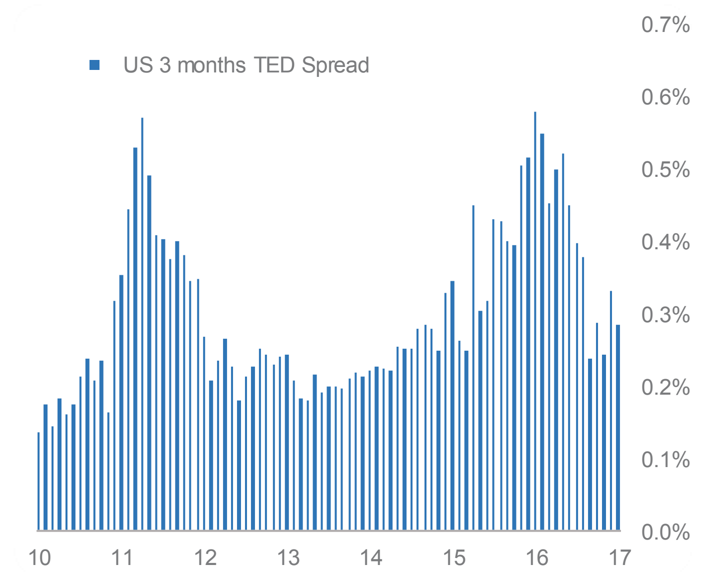


Short-term interest rates divergence in developed markets should continue to accentuate in the near future. The 3 month USD LIBOR climbed above 1.32% and we expect the Fed to increase again rates by 25bps in December. The equivalent rates continued to remain at depressed levels in the EU (-0.33%), in Japan (-0.03%) and in Switzerland (-0.73%). This highlights the divergent monetary policies applied in major economies.

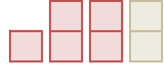
In line with our view, FOMC members continue to expect one more rate hike this year and three additional hikes in 2018, with the long run estimate revised a bit lower to 2.8%. This outcome is more hawkish than what the market was pricing in.

In the rest of the industrialized world, short-term interest rates are expected to remain at low levels. However, we expect the ECB to prepare the ground to start normalizing its monetary policy in 2018. This should start with a gradual reduction in the quantitative easing (QE) program. In conclusion, short-term rates should stay low in the EU, but could start to mildly normalize in the 1-2Y bracket in line with the expected forthcoming normalization path. The major surprise was the BoE, which hinted at the possibility of a rate hike in coming months. We think this is more a strategy to “talk up the currency” in order to control inflation.

US TED Spread
Source: CBH, Bloomberg Financial L.P.



5 - 10 years USD 6% EUR 4%



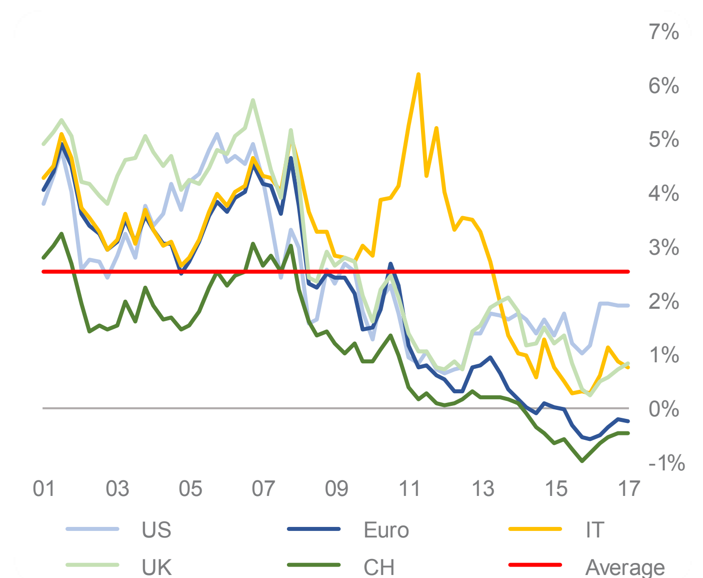
The Fed expects continued strength in the labor market and moderate economic growth. Hurricanes impact should be short term in nature and not alter the direction of the economy in the medium term.

The Fed also outlined an explicit path of balance sheet reduction, by lowering the holdings of treasuries and MBS respectively by $10bn, $20bn, $30bn, $40bn in the first, second, third and fourth quarter of implementation and by $50bn in subsequent quarters. This tapering will start in October.

The path laid out for interest rates and the balance sheet, combined with “soft” dollar the potential for more expansionary fiscal policy and tighter central banks overseas should apply more upward pressure on long term bond yields going forward. We expect 10Y treasury yields to break above 2.5% and likely test this year highs at 2.64%. That said, we expect the yield curve to remain rather flattish, and become flatter over the long term as structural factors will keep long end rates low.

In Europe, we continue to expect the ECB to change its forward guidance and start normalizing its monetary policy in 2018. The market is highly distorted and bonds are grossly overvalued. This means that the risk/reward is unattractive and yields could likely trend upward in coming quarters.
In conclusion, we maintain our underweight on government bonds.

5 YEARS INTEREST RATES
Source: CBH, Bloomberg Financial L.P.

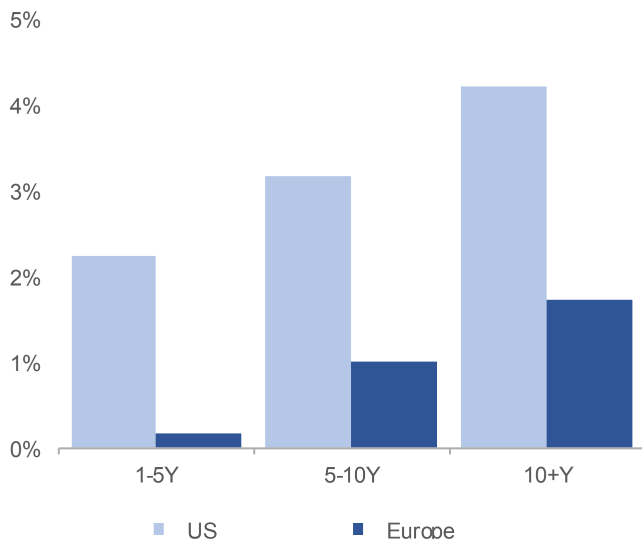


INVESTMENT GRADE BONDS

1 - 5 years USD 15% EUR 6%

INVESTMENT GRADE CURVES

Source: CBH, Bloomberg Financial L.P.

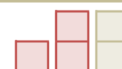


Investment Grade (IG) corporate bonds have maintained their positive momentum during the last quarter. Government bond yields have remained at depressed levels and this sustained the asset class. Moreover, despite a series of negative headlines ranging from North Korea nuclear tests to a series of hurricanes battering the US, risk assets outperformed while Treasuries declined. It appears that a sense of complacency has set in as investors look past the negative headlines to focus on generally positive global economic data.

We think that this "goldilocks" environment is likely to last also in the coming months. The FED has reiterated its normalization path and bond valuations have adjusted accordingly. Therefore, short term (USD) IG bonds should continue to perform well.

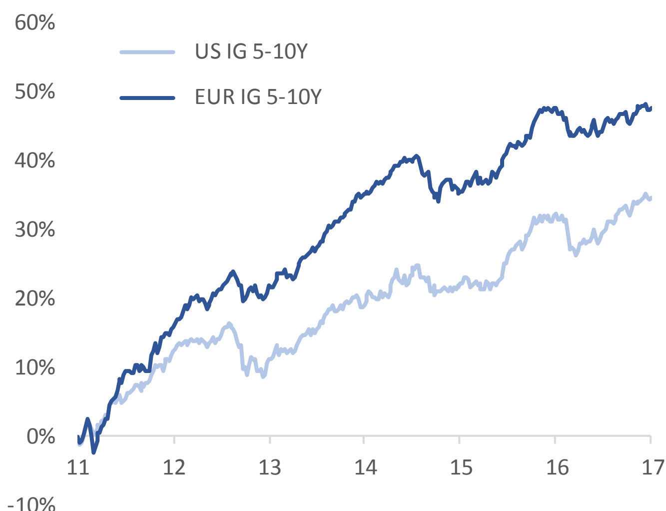
Even if we have a positive view, we think that at current yield levels, a short duration approach is warranted for USD bonds. EUR bonds are strongly overvalued and we see risks, but hardly any value on them (especially net of fees). We reiterate our underweight on EUR IG bonds.

5 - 10 years USD 8% EUR 6%



INVESTMENT GRADE BOND TOTAL RETURN

Source: CBH, Bloomberg Financial L.P.

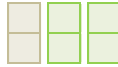


Longer duration IG bonds registered another positive quarter, sustained by positive macro data and the fall in base rates during the last quarter.

Spread compression was limited during the quarter and performance was more linked to falling yields and coupon clipping. We think this is likely to be the case also in the future, considering that spreads are near all time lows. We think global credit markets are likely to follow the playbook seen in 2005-06, with spreads moving sideways, in a world were central banks accommodation remains abundant, the normalization path is gradual and predictable, and fundamentals and technicals remain constructive. With the risk of a US government shut down (debt ceiling) delayed to 2018 and the potential of a revival of tax reform conversations, the environment should remain supportive for credit markets.

In the old continent, EUR IG bonds are strongly overvalued and this is one of the reasons that suggest to us to stay underweight. Investors are obliged to take some duration risks in order to earn positive yields. However, we would favor low high grade (BBB rated) issuers, given their stronger roll down and carry profiles, which should also be relatively less sensitive to higher yields.
In conclusion, the risk/reward matrix for EUR bonds is unappealing. We therefore privilege USD IG credits over EU ones and overweight the BBB rating bracket. For investors with higher risk tolerance, we think lower rated cross-over (BBB-BB) and HY bonds offer a better risk/reward potential.

HIGH YIELD BONDS

1 - 5 years	USD 8% EUR 8%	

High Yield (HY) bonds continued to perform very well during the last quarter sustained by decent growth dynamics, falling inflation and base rates, low default rates, solid fundamentals and strong technicals.

Geopolitical turmoil and US political infighting have led to some volatility in the last months and some spread widening, but this was more than offset by the fall in Treasury yields. These negative movements were also short-lived as investors have taken the opportunity to increase their positions.

In fact, the search for yield remains strong, still attracting inflows into the asset class. Spreads have now fallen to the lowest level reached in 2014 and further compression is likely to be limited going ahead. However, their higher yield and improving macro fundamentals should continue to attract investors, as HY bonds show positive relative value compared to other fixed income segments. Moreover, corporate earnings are expected to remain robust, financial conditions have eased further in recent months and economic growth remains solid.

Therefore, we expect that short-term HY should continue to attract investors' interest thanks to their short maturity, providing some protection also in a scenario of a further tightening in central banks' monetary policies. We would keep an overweight position and use any material selloff as an opportunity to increase positions.

5 - 10 years	USD 0% EUR 0%	

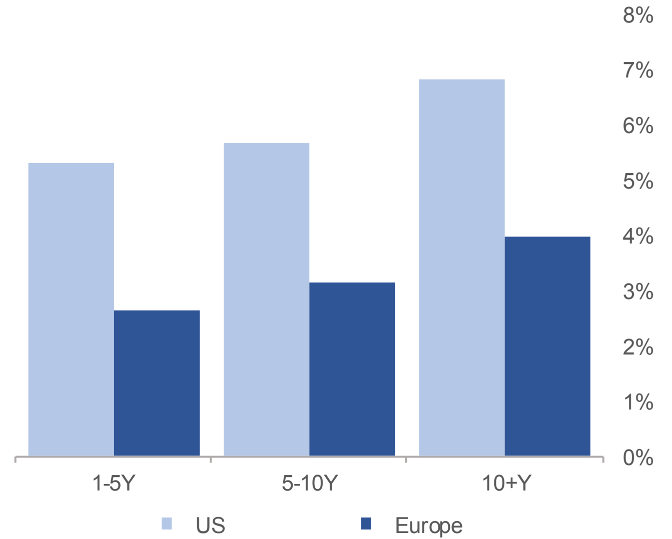
Thanks to retracing risk free yields and decent macroeconomic dynamics, long-term HY bonds registered another strong quarter.
We continue to privilege USD HY over EU ones. Investors are accepting the lowest pay-out for EU junk bonds in more than a decade. European HY spreads are now at historically tight levels and at much lower levels compared to US HY. In fact, US HY bonds also seem to be "overvalued", but the absolute yield and spread level is higher.

It is possible that spreads will continue to tighten as the fundamental and technical factors underpinning the asset class remain supportive. In fact, identifying the catalyst for a possible change or reversal in conditions, and predicting when it will happen, is difficult. However, valuations call for a cautious approach, especially in EU HY bonds.

In conclusion, we would take profit on EU HY were valuation are no more compelling and prefer US over EU HY bonds. We think that the better risk/reward lies in the short-term HY class. For qualified investors, we also continue to like senior bank loans, via a dedicated investment vehicle. Convertible bonds also show an attractive payoff in the current environment.

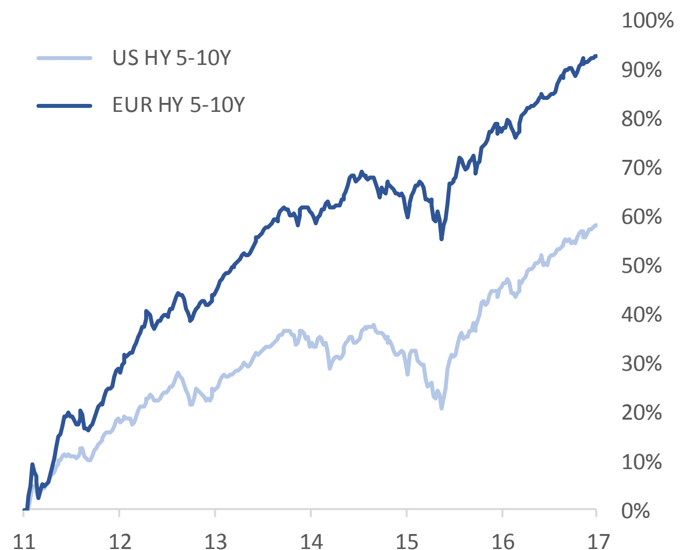
HIGH YIELD CURVES

Source: CBH, Bloomberg Financial L.P.



HIGH YIELD BOND TOTAL RETURN

Source: CBH, Bloomberg Financial L.P.

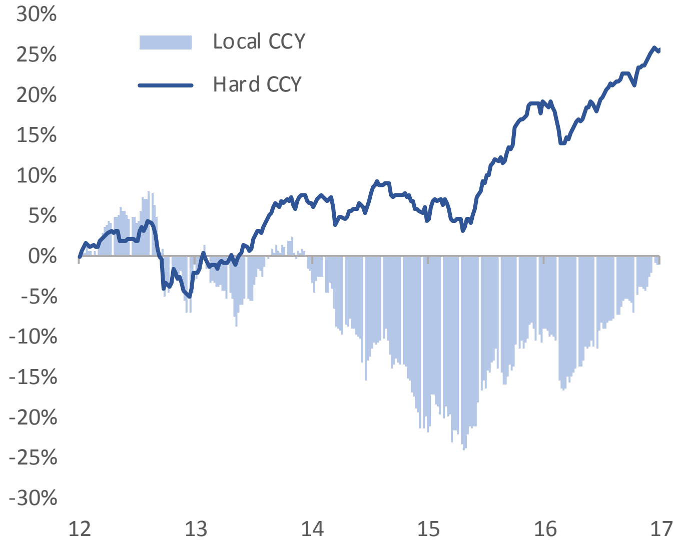


EMERGING MARKET BONDS

Hard currency	5%	
Local currency	2%	

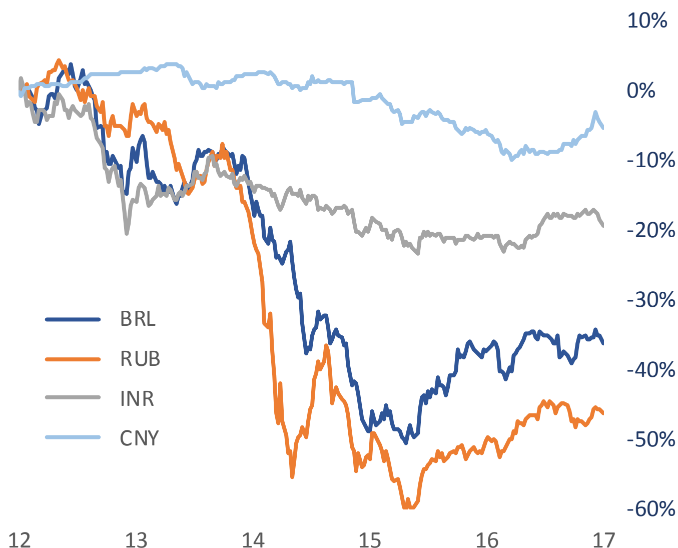
EMERGING MARKET BOND TOTAL RETURN

Source: CBH, Bloomberg Financial L.P.



BRIC's CURRENCIES

Source: CBH, Bloomberg Financial L.P.



Hard Currency

Emerging Markets (EM) bonds remain the best-performing fixed income asset class in our universe on a quarter-to-date and year-to-date basis.

Valuations are no longer as attractive as some quarters ago, but compare favorably to US corporate and EUR high yield sectors. Spread compression is likely to be limited considering current levels, and spreads should trend sideways. However, EM spreads compare favorably to other fixed income investments and still attractive yield levels should continue to sustain the asset class. The risk that investors could decide to lock in profits may pressure the asset class, but we don't expect any large sell off, and we would use this potential weaknesses to increase positions.

The EM business cycle is generally lagging that of the US, which should support EM bonds going ahead. Economic growth is accelerating in LatAm and EMEA countries and Asian growth rates remain strong. This is reflected in better credit fundamentals and falling default rates. Stable to higher commodity prices should also benefit EM assets (especially commodity exporters).

Less accommodative monetary policies are a risk, but we think central banks will only move very gradually, meaning that liquidity conditions should remain favorable for EM.

Considering the heterogeneity of EM, selectivity is needed. We would focus on markets with a positive structural reform outlook and improving business cycle dynamics. In contrast, we would avoid (underweight) countries exposed to sluggish dynamics and/or lower yielding and expensive credits.

Therefore, on a regional level, we think that the best risk-reward is currently offered by LatAm bonds (Brazil, Argentina, Mexico, and Colombia), followed by EMEA (Kazakhstan, Ukraine, Turkey and Russia) and finally by Asia. On a duration basis, we would overweigh short to intermediate maturity EM bonds.

Local Currency

The asset class is benefiting from improving fundamentals: global growth is more balanced, valuations in EM are better and external accounts are more solid. Although developed market yields are set to increase, this should be a gradual normalization path, and EM local debt continues to offer relatively attractive yields. On the FX side, the dollar strengthening cycle is maturing, with valuations supporting EM currency strength in the medium term.

Active management strategies are key to approach this heterogeneous asset class. Identifying countries with the most promising fundamentals, technical factors and valuations is imperative in order to unlock value and avoid risks. Specifically, we like exposure to Mexico and Turkey on a rates and FX basis. We also like Brazil and Russia for rates. We therefore advise to approach this asset class via dedicated investment funds.

EQUITY

North America 13%

The US economic picture seems beautiful. US consumer confidence still manage to linger close to the 16-year high while the Philadelphia Fed's survey suggested a vigorous pace of activity. Inflation remains mysteriously low and job market is getting close to full employment. As a result, the latest comment from Janet Yellen played in favor of a steady pace of interest increase in order to avoid any market overheat and potential inflationary problem.

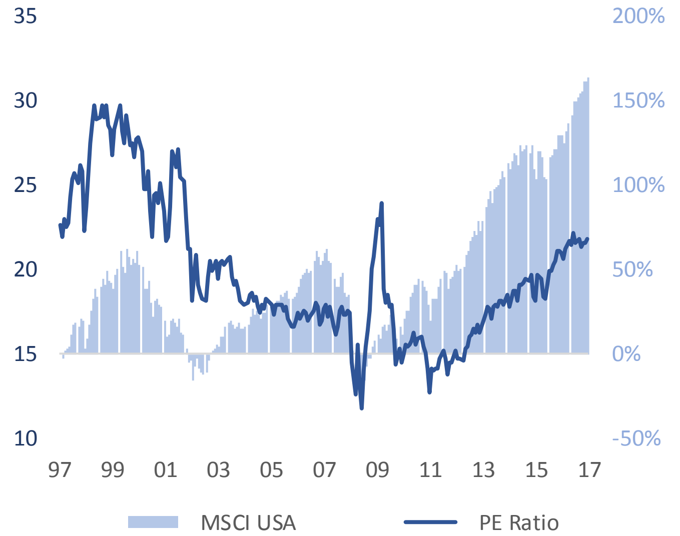
On our screens, the S&P 500 index continues to draw an historical rally, recently broke 2'500 and despite a few consolidation phases, does not show any sign of momentum turnover. The index trades well above its main moving averages which are all heading upwards. However, on the shorter term, our contrarian indicators have entered the overbought territory and suggest a limited correction over the coming weeks.

This scenario is very probable, especially given the current high P/E levels (current and Shiller), the potential recovery of the USD against the other major currencies, and potential spikes of volatility due to geopolitical events such as North Korea escalating tensions.

In that context, we decide to secure part of our profit and keep a defensive stance on US equities for the end of the year

MSCI USA vs P/E RATIO

Source: CBH, Bloomberg Financial L.P.



Europe 11%

The Euro-Area posted 1.1% GDP growth over the first semester and project 2.2% at the end of the year with a slight job improvement. The German IFO survey points to extremely fast growth, only tempered by PMIs which indicate growth slowed in 3Q. The French output gap is progressively closing, helping reduce unemployment and leading inflation to accelerate. Italy may mark a new phase of expansion and the latest survey suggest Spain, the fastest-growing of the euro-area's four largest countries, will continue to expand at a robust pace.

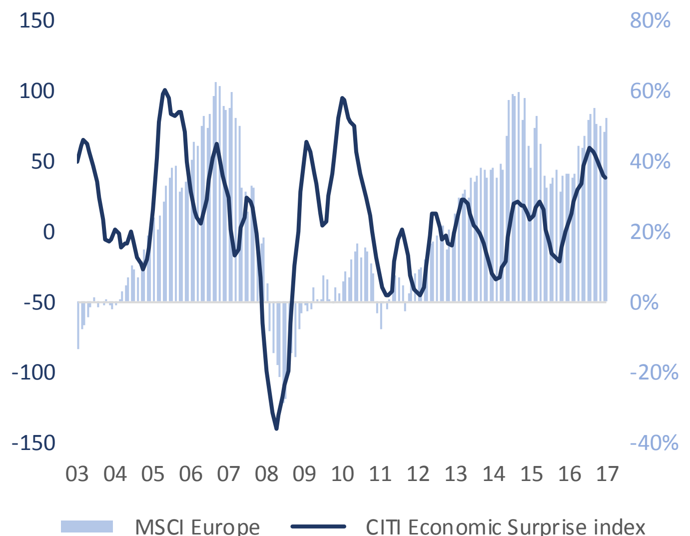
Chart wise, the DJ Eurostoxx 50 confirmed 3'400 is a good support by drawing a beautiful rebound on the 200d moving average at the end of August. This confirms the positive momentum started last year is still there. In addition, our short term contrarian indicators are slightly hot but not yet in the overbought territory, which leaves some room for the index to reach 3'670 again.

Given the current strong economic sentiment and positive technical configuration, we think the change of a negative surprise are significant. The geopolitical environment continues to (ie. North Korea), extreme parties are rising in all European countries (ie. France and German general elections), the Brexit terms are still unknown, and Italian elections are coming soon.

In that context, as we prefer to secure part of our profit and keep a defensive stance on European equities for the end of the year.

MSCI EUROPE vs CITI Economic Surprise Index

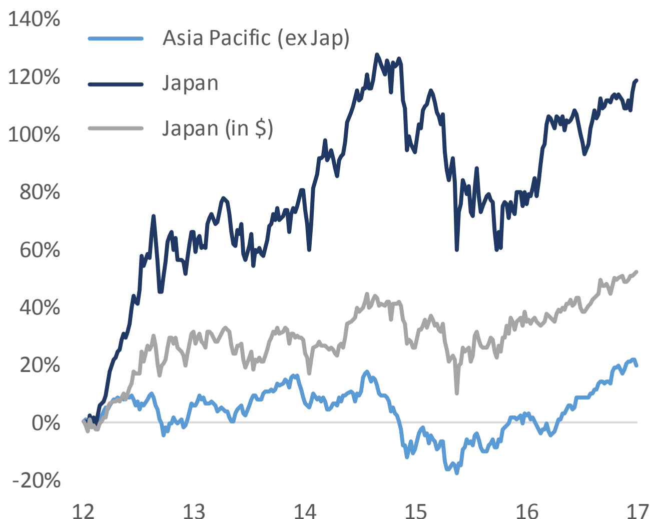
Source: CBH, Bloomberg Financial L.P.

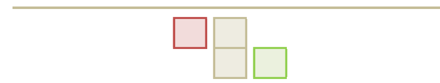


EQUITY (ASIA AND EMERGING)

MSCI ASIA (ex Japan) and JAPAN

Source: CBH, Bloomberg Financial L.P.





Asian equities continue to rally in Q3 with the MSCI Asia Pacific index breaking its all-time highs in September despite heightened geopolitical risk and concerns with North Korean as investors discounted the extreme outcome to remain in status quo.

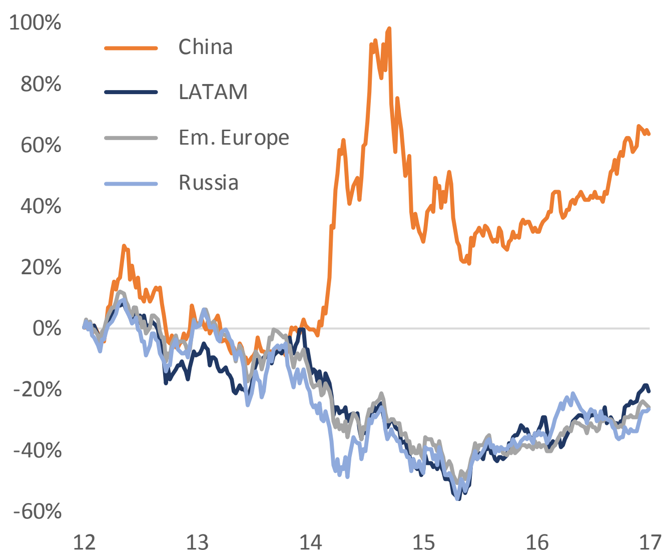
In Japan, the economic backdrop continues to grow at its strongest pace reinforced by the lowest jobless rate in more than two decades. The nation's latest current account surplus came to US$95 billion, the highest figure since the 2008 financial crisis reflecting robust oversea demand from the weaker Japanese yen. In addition, Japanese companies are reporting better corporate earnings growth compared to analyst estimates.

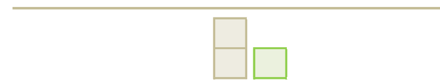
The outlook for Asian Pacific equities continue to be positive as valuations are still attractive in global terms and reasonable in historical terms. In addition, corporate earnings growth in the region is becoming more sustainable as both Bank of Japan (BoJ) and People Bank of China (PBoC) remain supportive with their monetary policies as inflation continues to be contained and serves as a tailwind for growth in the region.

As such, we have upgraded our allocation to Asia Pacific and Japanese equities to a slight overweight.

EM EQUITIES TOTAL RETURNS

Source: CBH, Bloomberg Financial L.P.





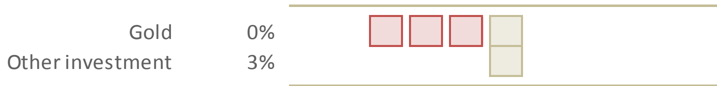
The MSCI Emerging Markets Index reached its 52-week highs in September and is approaching its 2011 highs as emerging markets equities' performance continue to catch up after underperforming the developed markets for half-a-decade.

The 19th national congress of the Communist Party of China that will take place on Oct 18, 2017 is an event that is being closely monitored by global investors as this is a key gathering which takes place once every five years in China to introduce the upcoming leadership for the next five years. It is fairly certain that president Xi Jinping, the head of the Communist Party and China's military would serve a second five-year term. Post meeting, the Party would provide the world with the nation's strategies in the coming five years, this is vital information for investors especially with polices relating to the Chinese yuan.

We believe earnings for emerging markets would continue to accelerate as companies are more focus on profit generation rather than expansion over years of corporate reforms as observed from the latest corporate earnings. Valuation for the emerging world continue to trade at a deep discount to the developed markets (MSCI EM P/E is at 16.1x vs. 21.5x for the S&P 500) and we expect the gap to close as emerging markets continue to grow faster (+4.5% y/y) than developed markets (+2.25% y/y) supported by stronger fundamentals.

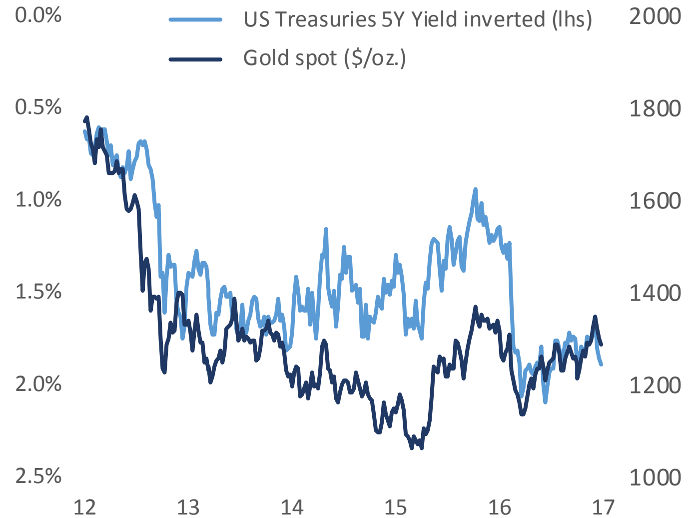
As such, we have upgraded our allocation to Emerging market equities to a slight overweight.

GOLD



GOLD and US 5Y

Source: CBH, Bloomberg Financial L.P.



Last quarter, the demand for the safe-haven asset has been unexpectedly strong. The continuation of the USD depreciation move, still falling bond yields as well as strong strategic purchases from central banks, participated to the rebound in gold prices. In addition, the geopolitical situation in the Korean Peninsula and uncertainties around the Qatar-GCC diplomatic crisis generated some "Fear trades".

This has amplified the rebound of the yellow metal, which briefly reached $1'350/oz., a 1 year-high, before ending the 3Q'17 at around $1'300/oz. (up 12% YTD), thus beating our anticipations.

While we assume the North Korean conflict should remain a war of words, major escalations in the clash would again trigger strong investment flows and send Gold back above $1'350.

Nevertheless, despite a second consecutive quarter of rebound of the Indian demand (Chinese demand lagged again), global physical demand continues to be weak in a long-term context. Moreover, with the US economy maintaining its growth rate, no immediate risk of inflation, the continuation of the FED normalization process and the potential rebound of the greenback, gold price could enter a pressure zone.

We therefore would advise to take profit on gold positions as we expect better entry points in the following months.

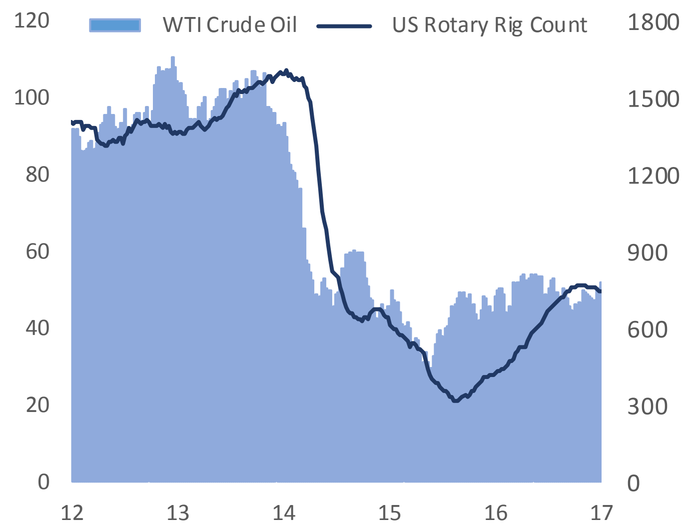
OIL

Driven by robust global economic growth, rising stockpiles as well as the hurricane season, Q3 recorded a solid increase in Oil demand. Moreover, the OPEC's worthwhile materialization of production cut, intervened after two months of dropping prices that brought oil 20% lower, sustained the WTI barrel, which rebounded by 13% (18% for Brent) and ended the quarter above $50/bbl ($58/bbl. for Brent).

Despite the recent rally, oil is still down 10% YTD and its current equilibrium remains fragile. The focus is clearly on the supply side, where the US crude production continues to increase and to become more efficient (breakeven costs around $40-45/bbl.). At the same time, the production in Libya and Nigeria continues to recover as both countries were exempt to comply with the cuts agreement amid internal conflicts. Under these circumstances, we expect WTI prices to stabilize around $50/bbl. (Brent around $55), a level we consider as a potential new normal but which stays highly dependent on OPEC's stranglehold on oil markets.

OIL price and Rotary Rig

Source: CBH, Bloomberg Financial L.P.

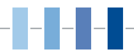


CURRENCIES MARKET EXPECTATIONS

The table below provides an overview of market forecasts for major currencies. It is composed of dozens of individual forecast providers and delivers a consensus forecast. These consensus forecasts represent a median number and all forecasts evaluated correspond to calendar quarter-end dates.

			Q417	Q118	Q218	Q318	Q418
MAJOR CURRENCIES	EURUSD	1.18	1.18	1.19	1.19	1.20	1.21
	EURCHF	1.15	1.14	1.14	1.15	1.15	1.16
	EURGBP	0.88	0.90	0.91	0.91	0.91	0.91
	EURJPY	133	131	133	133	133	134
	EURNOK	9.41	9.20	9.10	9.00	8.90	8.78
	USDCAD	1.24	1.24	1.24	1.23	1.22	1.21
	USDCHF	0.97	0.97	0.97	0.97	0.97	0.96
	USDJPY	113	111	112	112	110	111
	USDCNY	6.65	6.64	6.65	6.70	6.70	6.70
	GBPUSD	1.34	1.30	1.30	1.31	1.31	1.32
	NZDUSD	0.72	0.72	0.72	0.73	0.73	0.74
	AUDUSD	0.78	0.78	0.78	0.78	0.79	0.80
OTHER CURRENCIES	USDMXN	18.2	18.0	18.3	18.5	18.5	18.4
	USDBRL	3.19	3.17	3.23	3.30	3.30	3.30
	USDARS	17.50	17.75	18.13	18.20	18.27	18.60
	USDTRY	3.56	3.53	3.60	3.68	3.78	3.72
	USDILS	3.52	3.55	3.54	3.53	3.50	3.49
	USDHKD	7.81	7.80	7.80	7.80	7.80	7.80
	USDINR	65.3	64.3	64.5	64.5	64.2	64.0
	USDRUB	57.8	58.0	58.0	59.0	59.5	60.0
	USDPLN	3.64	3.56	3.50	3.46	3.47	3.46

Source: CBH, Bloomberg Financial L.P.



MARKET RETURNS

	Name	QTD *	YTD**	2016	2015	2014	2013	2012	2011
Cash	LIBOR 3m Total Return	0.3%	0.8%	0.6%	0.2%	0.1%	0.2%	0.4%	0.2%
	EURIBOR 3m Total Return	-0.1%	-0.3%	-0.2%	-0.1%	0.3%	0.2%	1.0%	1.4%
Government bonds	US 1-5	0.4%	1.2%	1.0%	1.0%	1.3%	-0.2%	0.9%	3.4%
	Eurozone 1-5	0.3%	0.0%	0.9%	1.1%	3.6%	2.2%	6.5%	0.8%
	US 5-10	0.6%	2.8%	1.1%	1.9%	6.3%	-4.5%	3.4%	12.8%
	Eurozone 5-10	0.8%	0.7%	2.9%	2.0%	14.5%	3.4%	14.3%	1.9%
Corporate bonds IG	USD Corp 1-5	0.8%	2.7%	2.8%	1.2%	1.9%	1.6%	5.9%	3.0%
	EUR Corp 1-5	0.6%	0.8%	2.3%	0.6%	3.6%	2.3%	8.2%	2.8%
	USD Corp 5-10	1.4%	5.1%	5.3%	0.6%	7.6%	-1.5%	11.6%	8.1%
	EUR Corp 5-10	1.2%	1.7%	5.9%	-0.9%	12.2%	2.1%	19.1%	2.7%
Corporate bonds HY	USD Corp 1-5	1.8%	6.2%	16.7%	-2.7%	-1.1%	7.8%	13.1%	3.9%
	EUR Corp 1-5	1.4%	3.8%	6.9%	-0.2%	3.7%	7.6%	22.0%	-0.5%
	USD Corp 5-10	2.2%	7.4%	16.9%	-3.8%	2.1%	6.1%	14.6%	6.3%
	EUR Corp 5-10	1.7%	6.3%	11.1%	0.8%	7.4%	9.8%	30.1%	-2.9%
EM bonds (in $)	Hard currency	2.6%	8.2%	10.8%	-0.3%	5.6%	-3.4%	15.7%	6.4%
	Local currency	2.3%	11.3%	5.9%	-10.4%	-1.9%	-4.3%	15.1%	0.3%
	Chinese Yuan	1.4%	2.8%	-4.7%	3.6%	8.0%	0.0%	4.7%	10.1%
Other	S&P Senior Loan Index	1.0%	2.9%	10.2%	-0.7%	1.6%	5.3%	9.7%	1.5%
	Global Convertible	1.0%	6.4%	4.6%	-0.8%	3.8%	15.0%	15.4%	
Equities	North America	4%	12%	9%	-1%	11%	30%	14%	0%
	Europe	2%	6%	0%	5%	4%	16%	13%	-11%
	Japan	4%	9%	-3%	8%	8%	52%	19%	-21%
	Asia Pacific (ex Japan)	5%	28%	3%	-11%	2%	1%	19%	-19%
	China	4%	20%	-7%	-7%	62%	-15%	11%	-19%
	Emerging Markets	6%	24%	9%	-17%	-5%	-5%	15%	-20%
Other investments	HFRX Alternative	2%	4%	3%	-4%	-1%	7%	4%	-9%
	VIX	-14%	-31%	-23%	-5%	40%	-24%	-23%	32%
	G7 Currency Volatility	12%	-24%	22%	-6%	14%	5%	-34%	-2%
	DJ Global Commodity	2%	-3%	11%	-25%	-17%	-10%	-1%	-13%
	Gold	4%	12.2%	8%	-11%	-1%	-28%	7%	10%
	Industrial metals	11%	17%	20%	-27%	-7%	-14%	1%	-24%
	Agriculture index	-7%	-10%	2%	-16%	-9%	-14%	4%	-14%
	WTI Oil	12%	-4%	45%	-30%	-46%	7%	-7%	8%
Currencies (vs. $)	Dollar Index	-3%	-9%	4%	9%	13%	0%	-1%	1%
	EM Currency Index	1%	5%	1%	-16%	-12%	-8%	3%	-10%
	Euro	3%	12%	-3%	-10%	-12%	4%	2%	-3%
	British Pounds	3%	8%	-16%	-5%	-6%	2%	4%	0%
	Swiss Francs	-1%	5%	-2%	-1%	-11%	3%	3%	0%
	Japanese Yen	0%	4%	3%	0%	-12%	-18%	-11%	6%
	Australian Dollar	2%	9%	-1%	-11%	-9%	-14%	2%	0%

* Last quarter
** Year to date

Source: CBH, Bloomberg Financial L.P.

General e-mail address
am@cbhbank.com
www.cbhbank.com/news-and-publications

CBH - Compagnie Bancaire Helvétique SA
Asset Management
Boulevard Emile-Jaques-Dalcroze 7
P.O.Box 3754
CH - 1211 Geneva 3

Amos PONCINI, CFA
CIO - Head of Asset Management

Corrado VARISCO, CIIA
Economist & Fund Manager

Maxime HECKEL
Portfolio & Fund Manager

Ken HATAM
Portfolio & Fund Manager

Erwan LE JOLLEC, CQF
Head of Investment Advisory

Vincent PERRUCHOUD, CEFA
Investment Advisor

Anton RATCHINSKI
Investment Advisor

Kevin LIEM, CFA
CIO - Asia

Jimmy IP
Investment Analyst - Asia

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