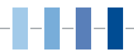
CBH Compagnie Bancaire Helvétique

Quarterly Insight

Summer Edition 2018



CONTENTS

Allocation Monitor	3
Allocation Commentary	4
Government bonds	5
Corporate bonds	6
Equity markets	9
Gold & other investments	11
Currencies	12
Market performances	14
Contacts	15

Imprint

Publication date : July 2, 2018
Prices as of : June 30, 2018

ALLOCATION MONITOR

			BENCHMARK ALLOCATION		CBH GROUP STRATEGIC ALLOCATION (Underweight – Neutral – Overweight)	Chg
11.5%	Cash	Libor 3m	5%	USD	5%	
		Euribor 3m		EUR	18%	
45.5%	Government	1 - 5 years	10%	USD	6%	2%
				EUR	1%	
		5 - 10 years	10%	USD	10%	2%
				EUR	4%	
	Corporate Inv. Grade	1 - 5 years	15%	USD	13%	
				EUR	11%	
		5 - 10 years	10%	USD	6%	
				EUR	6%	
	Corporate High Yield	1 - 5 years	5%	USD	5%	
				EUR	5%	
		5 - 10 years		USD	0%	
				EUR	0%	
	Emerging markets	Hard currency			2%	-2%
		Local currency			2%	
	Others	Senior loans			2%	
		Convertible			6%	
36.0%	Equities	North America	15%		15%	3%
		Europe	13%		11%	
		Japan	4%		2%	
		Asia Pacific (ex-Japan)	4%		4%	-1%
		China	2%		2%	
		Emerging Markets	2%		2%	-4%
0.0%	Precious metals	Gold	2%		0%	
7.0%	Other investments	Other investments	3%		7%	

ALLOCATION COMMENTARY

The first half of 2018 ended with the majority of financial indices closing (all assets combined) in the red, highlighting their relative fragility. The only indices which ended the semester in the green are steel (+ 35%) and oil (+ 18%) in the raw materials segment, the IT sector in equities (+ 11%, continuing to benefit from the "disruptive revolution") and the Dollar Index (+ 5%).

Even if international investors maintain a positive attitude, anticipating a continuation of the upward cycle, and that the figures published by companies remain well oriented, some market indicators suggest the maintenance of our conservative investment approach.

The first factor is the equity volatility index. During the first quarter, driven by the anticipation of interest rate hikes and the return of moderate inflation, volatility recorded one of its strongest gains since the index inception. Since then, volatility has dropped, but has not yet reached the end of 2017 levels.

If we turn to the bonds' universe, we cannot ignore three factors that force us to question the health of the asset class: the widening of credit spreads, the tension on the TED spread as well as the sharp correction of emerging markets bonds (in hard and local currencies).

The third factor of caution is the magnitude of corrections: in equities in the first quarter and in high yield and emerging market bonds in the second quarter. Both movements have surprised by their amplitude and rapidity.

Also, we believe that markets have reached relatively high valuation levels, especially in view of an upward movement of rates. Moreover, the fact that only one sector seems to support the market is reminiscent of what happened at the end of the millennium.

In our last macro-economic release, in March of this year, our models identified three risks that could create instability and cause bearish movements:

- the rise of a trade war with the upsurge of protectionist measures initiated by the USA, and their contagion all over the world;

- the divergence of central bank policies, which could strengthen the US dollar, increase its financing costs worldwide and thereby indirectly penalize emerging market economies and commodity prices that are highly dependent on the evolution of the greenback;

- the relatively high valuation of equity markets, justified by low discount rates (WACC), which increases the value of companies. Raising key rates and adjusting valuation models to include higher financing costs could lead to a revaluation of share prices below current levels.

These factors, which partially materialized in the second quarter, remain relevant today and lead us to maintain a relatively cautious investment approach. Despite a possible resurgence of instability, the situation of the real economy remains relatively positive and markets could find new breath in the short term.

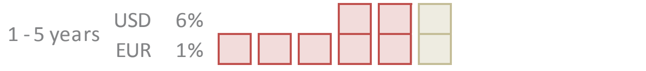
In our global bond portfolio, we continue to underweight government and investment grade corporate bonds in the Eurozone in favor of the high-yield short-term bonds. As USD yields are higher, we prefer to position ourselves across the curve and across all segments of the universe (government bonds, investment grade and high-yield). In dollar terms, we continue to strengthen our exposure to longer term government bonds to hedge against extreme risks. We notice that for the first time in a decade, the US government's short-term yield is offering a higher yield than the expected dividend rate of the S&P 500.

In our quest for positive returns, we continue to favor crossover bonds (whose ratings range from BBB- to BB-) and convertible bonds, which, although riskier, continue to offer an attractive risk / return profile. We continue to find the bottom end of the capital structure (subordinated bonds) of companies with a strong balance sheet and dominant market position attractive. In this segment, we are focusing on large financial institutions. For the moment, we are adopting a more conservative stance regarding the emerging-debt segment, whether it is denominated in hard or local currency. For all these asset classes, we recommend investors to favor diversified global instruments such as mutual funds and exchange traded funds (ETFs).

In commodity markets, we maintain a fundamentally negative view on gold and keep a more positive stance on oil which, other than fundamentals, appears to be supported by a solid "momentum".

With regard to the equity allocation, we are maintaining an underweight position due to the high risk level we already hold in the bond universe. In terms of geographic allocation, we have a more defensive positioning vis-à-vis the emerging markets, Europe and Japan. We favor Asian countries and the US. At a sector level, we believe the current downtrend is an opportunity to strengthen our exposure to large technology companies as well as the financial sector (which could see its margins increase with rising interest rates). After the strong downtrend, which originated in Trump's anti-competitive positioning, we believe the auto sector should find a support and offer attractive upside potential in the longer term.

GOVERNMENT BONDS

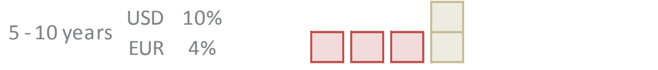


Short-term interest rates divergence in developed markets should continue to accentuate in the near future. The FED confirmed that will continue normalize its monetary policy. The other major central banks are preparing markets for a future normalization, but will keep their policy rates unchanged this year.

During its last meeting, the FED hiked rates by 25bps to 1.75-2%, citing a very robust economic outlook, low unemployment and inflation close to its target. Moreover, the guidance for further rate hikes shifted up, with two additional rate hikes this year and three in 2019. The FOMC dots median year-end Fed Fund Rate target shifted up to 2.375% in 2018, 3.125% in 2019 and 3.375% in 2020, with the longer term rate down to 2.875%. The FED seems therefore to be front-loading its rate hikes.

In contrast, the ECB was able to announce a "dovish tapering". The ECB will gradually reduce its monthly purchases until December, when it will stop the program, but delivered a dovish interest rate guidance by committing itself to unchanged interest rates until summer 2019.

In conclusion, in this environment, we believe short term government bonds remain an unappealing investment proposition. However, the cost of "de-risking" is falling, as cash in USD is an asset again: US Treasury 2Y yields are back above S&P500 dividend yield for the first time in 10 years!



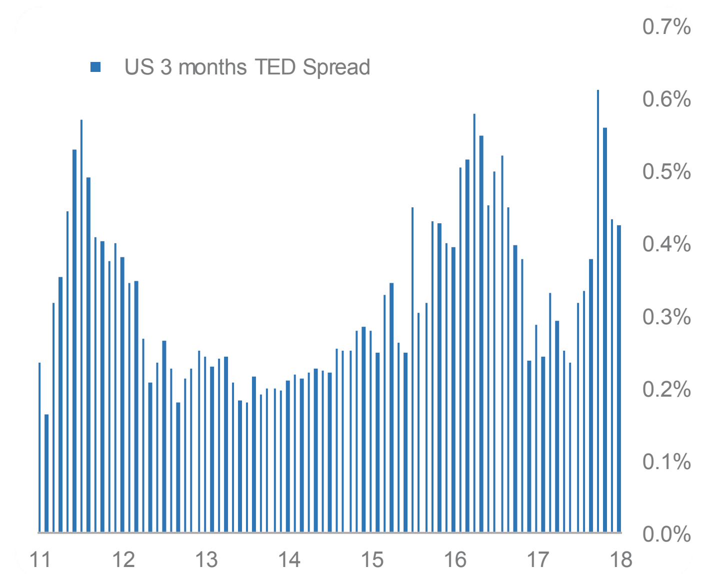
The global macroeconomic outlook remains positive. The global economy is indeed lifting, but this is almost entirely due to the US. The rest of the world seems to be growing at a much slower rate. Europe is yet to rebound on a more solid base, China is pursuing its objective to "soft land" its economy, and several EM (like Brazil, Argentina and Turkey) are downshifting and feeling the pressure linked to the normalization of the FED's policy (and stronger USD) and internal political agenda.

In this environment, and especially in the US, we expect some further upward pressures on long-term government yields. Based on consensus forecasts, 10Y Treasury yields are expected to top 3.15% at the end of 2018 and 3.5% in 2019. That said, the yield curve is expected to "bear flatten" as the short-term yields will increase more than longer term ones. Upward pressure on long-term yields should also be apparent in Europe, where the economy is strengthening and the ECB is preparing the market for higher rates. German Bund 10Y yields should approach 0.9% at the end of 2018 and 1.4% in 2019.

The current background render this asset class unappealing. However, in the US, we think that the increase in yields is gradually rendering Treasury bonds more attractive (positive carry) and, as 2018 progresses, could represent a buying opportunity, especially for "Balanced portfolios", where holding long term government bonds could be useful insurance against a potential sell-off in equities, even if correlations are higher compared to the historical norm.

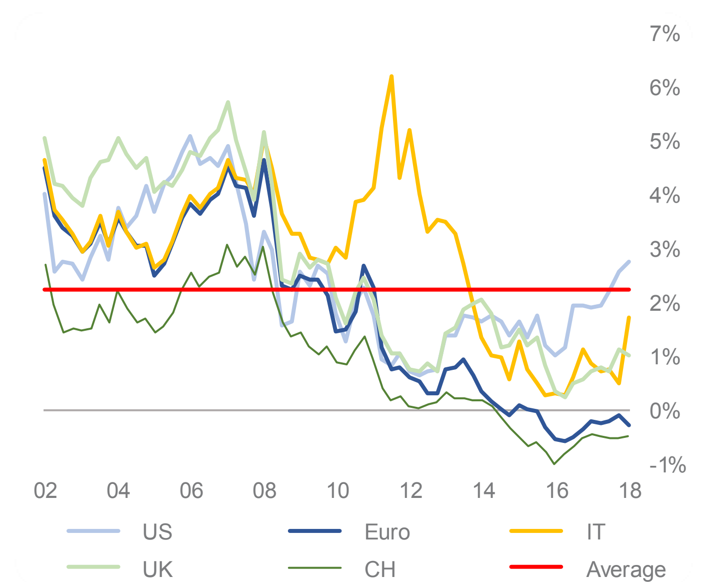
US TED Spread

Source: CBH, Bloomberg Financial L.P.



5 YEARS INTEREST RATES

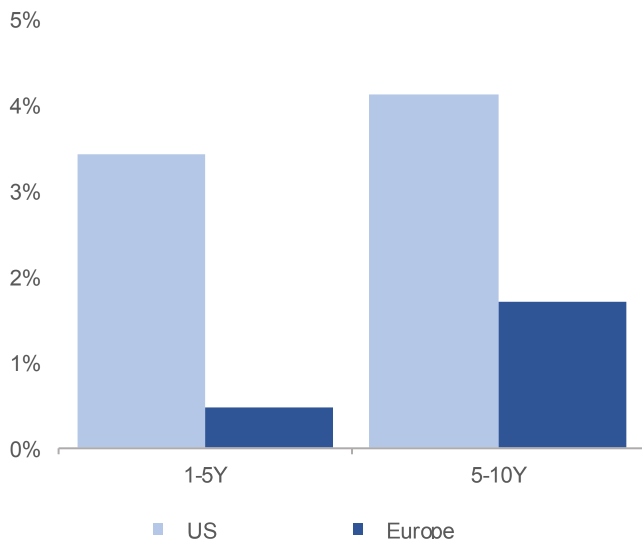
Source: CBH, Bloomberg Financial L.P.



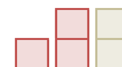
INVESTMENT GRADE BONDS

INVESTMENT GRADE CURVES

Source: CBH, Bloomberg Financial L.P.



1 - 5 years USD 13% EUR 11%



Investment Grade (IG) short term corporate bonds have registered a flat performance during the last quarter, but remain in the red since the start of the year.

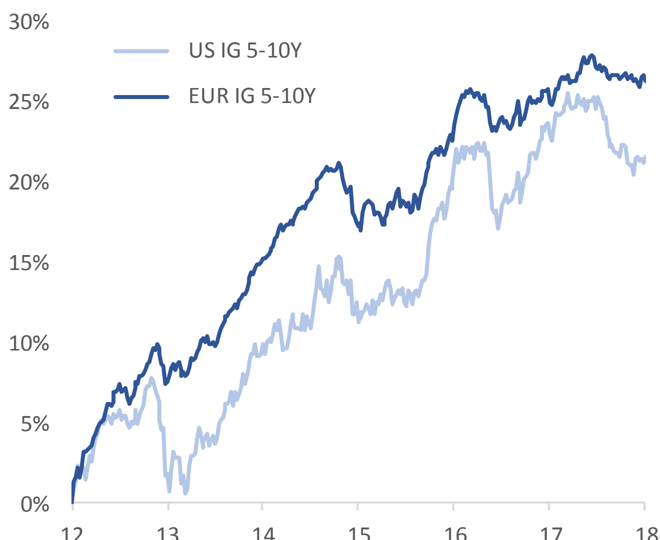
In Europe, negative short term yields and low spread cushion keep us negative on this asset class.

In the US, short-term yields now provide a thicker cushion against further rate rises than longer maturities. Rates would need to jump by almost 1.5 percentage points to wipe out a year of income in a BBB-rated portfolio with an average maturity of 3 years. This is more than double the level present a year ago. This is why we expect that current US IG yield levels will gradually attract investors' interest and drain money from riskier parts of the fixed income universe. Higher US rates are largely an illusion for hedged European and Japanese investors. These non-US dollar investors pay higher costs for hedging US dollar exposure.

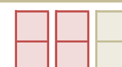
In conclusion, we are gradually turning more constructive on $-denominated short term IG papers. They could remain volatile but, for a buy and hold investor, their value is now more compelling.

INVESTMENT GRADE BOND TOTAL RETURN

Source: CBH, Bloomberg Financial L.P.



5 - 10 years USD 6% EUR 6%



Longer duration IG bonds have clearly suffered more than short term bonds, because the strong back up in yield (especially in the US) was amplified by their higher duration.

The underperformance of IG bonds has raised concerns about whether the credit market could be flashing warning signs about an impending recession. We don't think so. Historically, IG bond performance alone has been an insufficient indicator of recession risk. In fact, the economic outlook seems constructive, corporate credit fundamentals remain strong and the default outlook is still benign as evidenced by still historically tight credit spreads.

The mild spread widening we witnessed since the start of the year, combined with the sharp rise in rates, has led to an increase in the amount of low dollar price debt in the market. This debt has significantly better convexity than higher-price counterparts and created an opportunity to swap into these bonds.

In conclusion, going ahead, we expect spreads to move sideways to somewhat higher in the remaining of 2018. We expect fundamentals to remain strong, but technical to weaken. Judging by yields, valuations have improved in the last few months, which could lead us to expect better returns. We continue to prefer IG credits to sovereign bonds. However, even if more attractively valued, long-term IG corporate bonds could continue to suffer in a rising rate environment and this suggests us to adopt a cautious small underweight position on this segment.

HIGH YIELD BONDS

1 - 5 years	USD	5%	
	EUR	5%	

In contrast to our expectations, short duration High Yield (HY) showed a remarkable resilience compared to other asset classes like EM, IG and government bonds, helped by their higher yield and spread cushion. $-denominated HY bonds outperformed EUR ones, and short term HY behaved better than long term ones.

Going ahead, we remain convinced that, even if we don't expect a meltdown, is the right time to turn more cautious and repatriate some money on less risky fixed income sectors. In fact, HY valuations remain tight and the relative attractiveness of these bonds is decreasing as the FED continues normalize its monetary policy. This is already evident looking at increased volatility and the sudden risk-on/risk-off movements affecting the market. Economic growth is expected to remain supportive, but rising $-funding costs are taking a toll on HY issuers that rely on continuous external funding to cover their cash deficits.

In conclusion, we prefer to reduce our active risk and keep some dry powder. We suggest increasing the average quality of HY bond portfolios targeting less risky issuers (BB rating). We now advice clients to favor EU high yield bonds over US ones, as EU HY spreads have widened (sometimes unjustifiably and indiscriminately) much more than US HY and now offers a more attractive risk/return potential (also on a hedged $ basis).

5 - 10 years	USD	0%	
	EUR	0%	

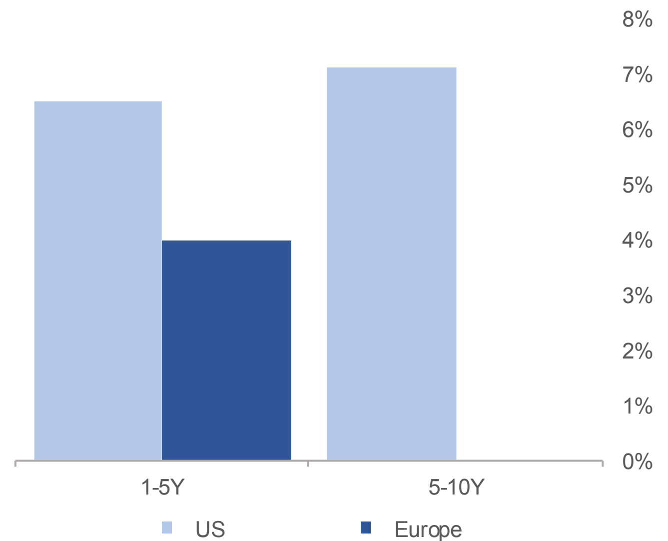
Long-term HY bonds registered a weaker performance compared to short term ones. In the US, the tax reform and fiscal stimulus are tailwinds, but inflation is a risk. The trade dispute with China and other countries remains a key risk, even if we don't expect a meaningful impact on growth over the short term. It is almost impossible to time a correction in credit markets, but some elements are clearly advising for a cautious approach. Credit spreads in many markets ($ in particular) are trading at the lowest levels as a percentage of their overall yield in a decade. This is leading to a rising correlation with rate swings and makes credits less effective in cushioning against rising rates. In Europe, spreads tightened strongly thanks to the ECB purchases of corporate debt, and the risk of shifting policy adds uncertainty, even if the ECB is trying to deliver a dovish "tapering" message.

During the first half of the year, we witnessed multiple period of risk-on/risk-off movements, which have led to phases of heightened volatility and a dry up in liquidity. This combination could trigger an unwinding of leveraged positions, potentially resulting in a material correction of higher beta credits.

With the normalization of monetary policies, safer IG credits are gradually becoming more attractive, reducing the attractiveness of HY bonds. We therefore prefer to be cautious and maintain a neutral exposure to HY bonds. For balanced portfolios, we suggest to repatriate some cash in IG bonds, also thanks to their lower correlation to equites compared to HY bonds. In HY, we are now turning more positive on EU over US HY on better valuations. And for the "brave", the indiscriminate sell off in European banking sector offers a medium-term opportunity.

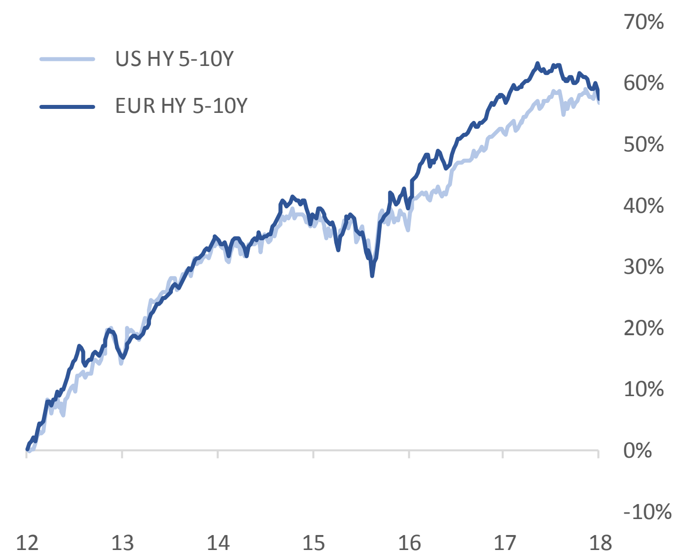
HIGH YIELD CURVES

Source: CBH, Bloomberg Financial L.P.



HIGH YIELD BOND TOTAL RETURN

Source: CBH, Bloomberg Financial L.P.

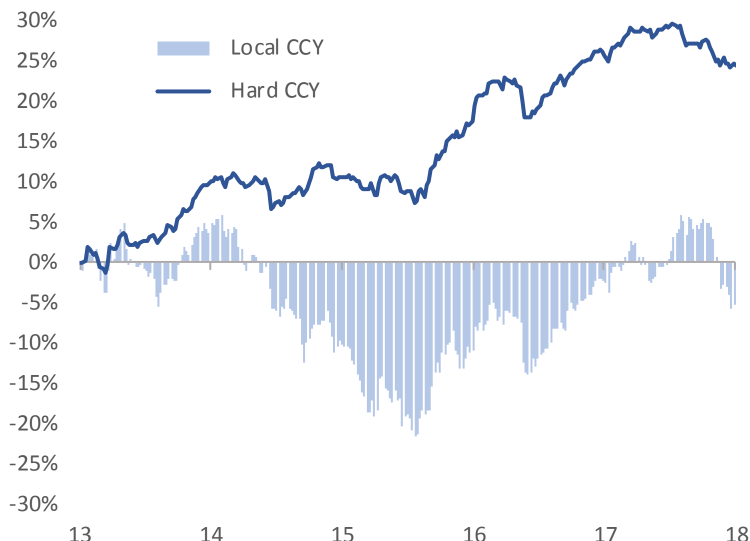


EMERGING MARKET BONDS

Hard currency	2%	
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) have clearly suffered from the hawkish stance adopted by the US FED, which led to higher yields and stronger USD, and increasing “trade war” fears. Moreover, a charged political agenda in some key countries (Turkey, Mexico, Brazil, etc.) has led to increased volatility in EM financial assets. These factors have led to a risk-off attitude of market participants and to outflows from the asset class, which have clearly penalized EM bonds prices. EM bonds were one of our strongest conviction at the start of the year, but recent events suggest us to be cautious in our bond picking, even if EM debt now looks cheap compared to USD credits. In fact, the combination of relatively strong global growth and increasing commodity prices should generally sustain the asset class. Instead, higher US rates, which should attract more flows in DM bond markets going ahead, and lower liquidity, should continue to be a headwind for EM.

The technical backdrop has become less conducive to EM debt, but the valuation one as clearly improved following recent spread widening. Even if spreads remain at historically low levels, they have widened by almost 1% YTD. We are tempted to advise to start averaging back into EM assets, based on these improved measures, but the myriad of domestic EM issues still lack clear outcomes (i.e.: July elections and NAFTA for Mexico, Brazil elections in October, Turkey post June 24 elections, IMF and fiscal/monetary mix in Argentina and Turkey). These factors suggest to us to be cautious in the short term, even if we maintain a positive medium term outlook. We still await catalysts to become more bullish and for the time being we would invest only in $-denominated debt of stronger companies, in export-oriented sectors, avoiding too much leveraged issuers. In conclusion, even if we maintain a medium-term positive outlook on EM (hard currency) bonds, we prefer to adopt a more neutral stance and “repatriate” some money to DM bonds, but are ready to step back in the asset class later in the year (post summer holidays?).

Local Currency

The asset class more than reversed all the gains registered during the first quarter of the year. If we look at the JPM EM Currency Index, the index lost more than 10% from the peak reached in February and is approaching the lows registered in 2016.
Considering the FED’s hawkish message, EM local currency markets are likely to stay volatile also in the coming months. The FED’s tightening cycle is slowly reaching the point at which rising $-funding costs are triggering stress in the $-sensitive balance sheets. This is particularly the case for some EM countries (like Turkey, Indonesia, Argentina to name a few).

Tailwind from favorable global economic backdrop and rising commodity prices should generally support EM economies and counterbalance negative effects coming from a stronger greenback. Active management strategies are key to approach this heterogeneous asset class and identify countries with the most promising fundamentals, technical factors and valuations. We advise to approach this asset class via dedicated investment funds. In conclusion, we prefer to adopt a slight underweight position on EM local currency bonds.

EQUITY

MSCI USA vs P/E RATIO
Source: CBH, Bloomberg Financial L.P.

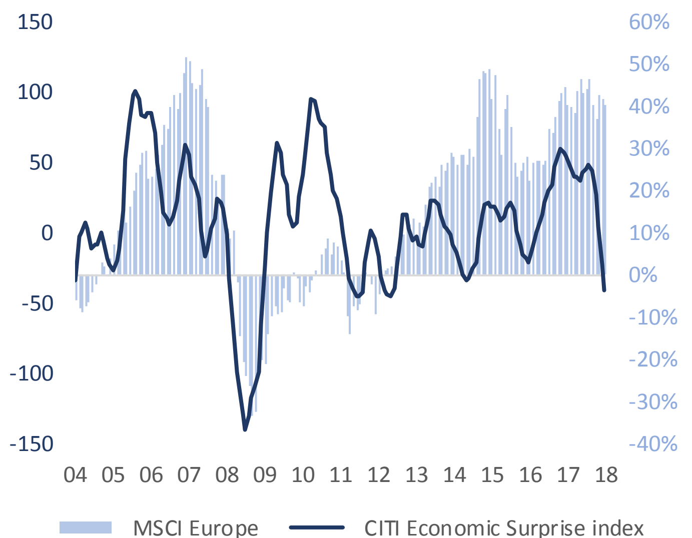
Over the past quarter, US equities have been quite resilient thanks to Energy led by a constructive momentum of crude price, Consumer Discretionary surfing robust consumer spending figures and Information Technology reaching new highs and still on its way to disrupt even more traditional businesses.

Despite a sentiment deterioration due to escalating trade war, the US economy is running at full speed. Tax reform's tailwind provides a robust buffer against the current trade tensions and the Fed reacts cautiously in order to limit pressure on the current economic momentum. In that context, the second half of 2018 should continue to primarily benefit from strong consumer spending thanks to wage gains and tax cuts.

In fact, June consumer confidence report shows households hardly acknowledge downside economic risk and rather focus on labor market. If jobs continue to be created, consumption should be tolerant of trade tariff escalation from Trump administration.

Given the mixed investment conditions with a strong US economic momentum on one side and the potential threat of an escalating trade war on the other one, we prefer to keep our neutral stance on US equities for the time being.

MSCI EUROPE vs CITI Economic Surprise Index
Source: CBH, Bloomberg Financial L.P.



In Europe, equities ended the second quarter in slightly positive territory, especially thanks to Energy and Information technology, but the situation is economically and politically different. In the early stage of the economic cycle, the euro area is on its way to complete a decade of recovery.

Unemployment is still too high but down to 8.5% far from its peak of 2013 and wage growth accelerates. Also core and services inflation shows signs of pick-up, above 1% in May, which allowed the ECB to announce an end to its bond asset purchase. The Governing Council even suggested a first limited interest rate increase by September 2019.

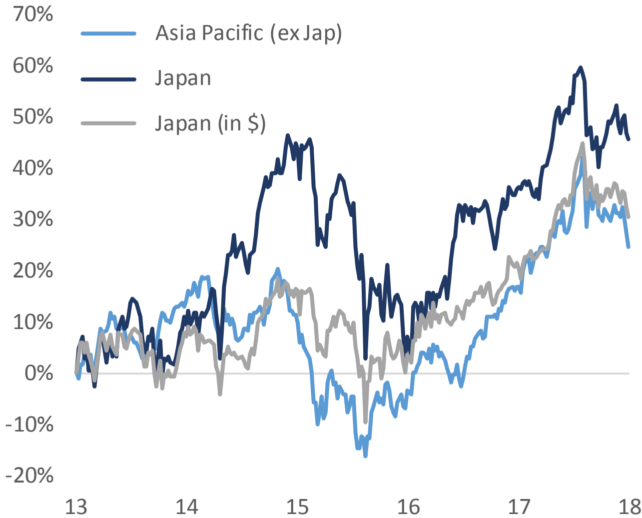
However, the new populist coalition in Italy has become a real concern. Their plans to send the debt-to-GDP of the country to the roof could prompt another systemic crisis for Europe and ruin all the recent improvement of economic environment in the area.

Even if our main scenario does not include an Italian drama and the macro environment is picking up, the additional uncertainty on European businesses due to new Trump tariffs leads us to remain cautious for the time being.

EQUITY (ASIA AND EMERGING)

MSCI ASIA (ex Japan) and JAPAN

Source: CBH, Bloomberg Financial L.P.



Japan	2%
Asia Pacific (ex Japan)	4%

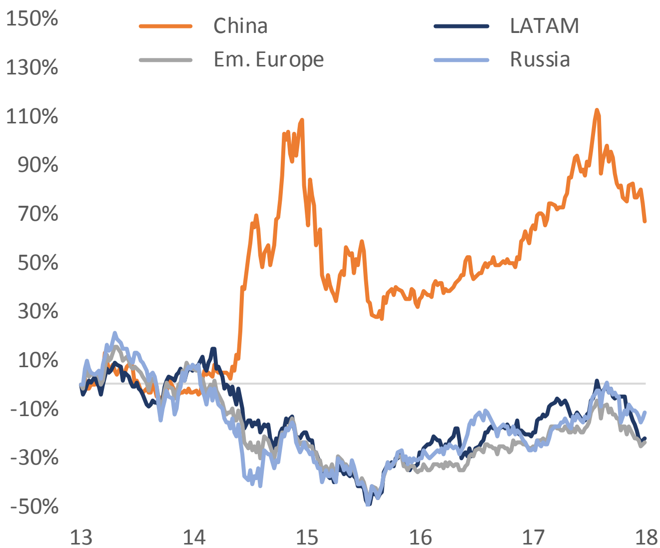
Escalating trade tensions as well as global growth uncertainty have sent stocks across the Asian Pacific region lower for 2018Q2. For Japan, the latest economic data marked the end of eight consecutive quarters of growth ending the nation's longest expansion since the 1980s. Economists are expecting growth to return to the positive territory in 2018Q2 driven by a rebound in domestic consumption and an acceleration in Capex. Japanese automakers underperformed the broad market in 2018Q2 as the Trump administration was considering tariffs up to 25% on imported cars.

Bank of Japan decided to keep its monetary policy unchanged in its June meeting with a high likelihood to maintain its zero-rate policy for another 15 to 18 months until the scheduled consumption tax hike in Oct 2019 despite rising U.S. rates to prevent an appreciating yen.

Considering the mixed macro situations, we remain neutral to slightly negative with both Asia Pacific and Japanese equities for 2018Q3 as the region are more sensitive to trade war discussion compared with other developed markets. Nonetheless, we will stay constructive in the medium/long term given the favorable monetary policies and continue improvement in ROE with Japanese companies.

EM EQUITIES TOTAL RETURNS

Source: CBH, Bloomberg Financial L.P.



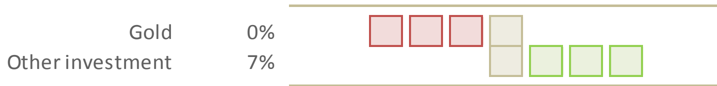
China	2%
Emerging Markets	2%

Emerging market equities were under pressured in 2018Q2 as geopolitical environments and a stronger US dollar have dampened sentiment in the region. Chinese markets have come under pressure following White House's plan to restrict U.S technology related export into China along with restrictions on Chinese investment in American companies.

The Chinese onshore stock markets underperformed all other major equity indices with the Shanghai Composite plunging to its lowest level in two years. It was down 20% from its recent January high driving Asia's largest equity market into official bear market territory obliterating US$1.6 trillion in total value.

The negative headlines for the region have weighed on sentiment in the region. Emergence of geopolitical issues and potential escalation of trade war concern is likely to persist for the near future making EM vulnerable for 2018Q3. However, we remain neutral for the region as we believe the fears are overdone considering the solid fundamentals and the valuation of this asset class.

GOLD



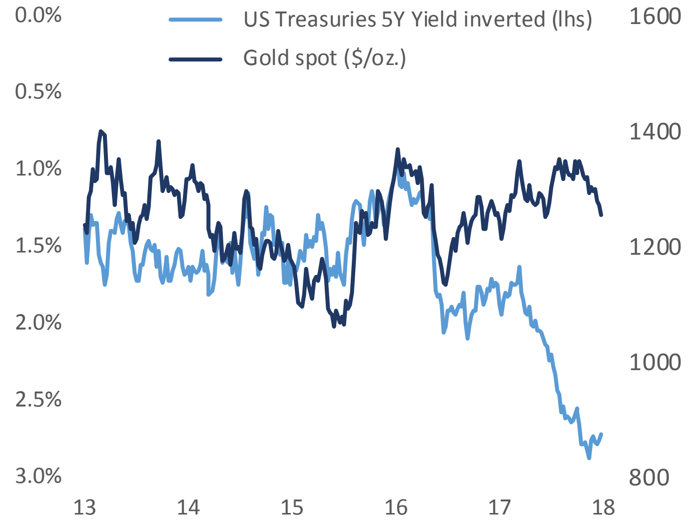
After a positive start of the year, supported by increasing volatility of financial markets and commercial tensions between the US and China, the Gold ounce pulled back by 6% in the last three months on the back of strong USD.

Usually seen as a safe store of value during political uncertainty, Gold has recently found only limited support from investors as they are speculating on another temperament toward trade tariffs on China by U.S. President Trump.

Looking at fundamentals, the top consumer China physical gold demand remains low in a long-term context but steady. In India, a country that represents a fifth of global demand, gold demand is currently sluggish. Hence, we continue to believe that the fundamental demand should not be sufficient in and of itself to push up gold prices.

Finally, investment demand, after having rebounded in the 1Q18, remains lackluster on a medium term horizon, as a stronger dollar and higher rates reduce the attractiveness of this “non-yielding” asset. To conclude, we believe the ounce is at risk to pause near or below $1’250/oz. and, therefore, maintain a bearish view as we expect better entry points in the following months.

GOLD and US 5Y
Source: CBH, Bloomberg Financial L.P.



OIL

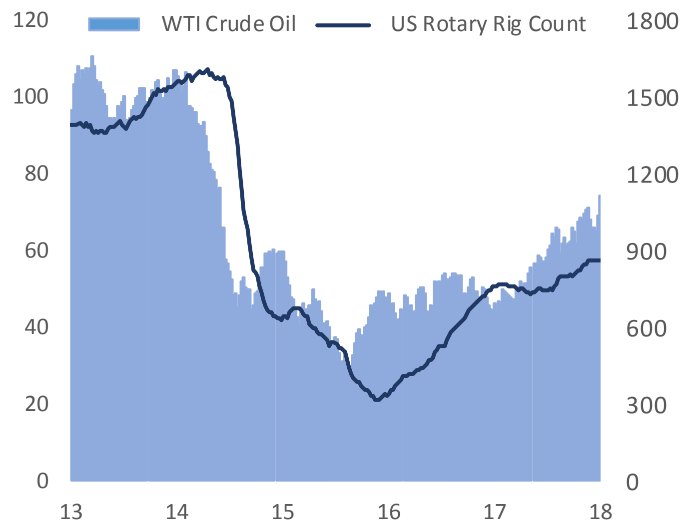
Oil prices are rallying, boosted by strong demand and concerns on supply, reaching a 4 years-high during this quarter, with WTI trading near $68/bbl. (+14.5% YTD) and the Brent barrel around $75/bbl. (+15.3% YTD).

We expect global demand to continue to be healthy during the third quarter amid supportive macroeconomic data, and should be mainly sustained by emerging markets, especially Asia (China and India in particular). On the supply side, tensions in the Middle East (Iran), North Africa (Libya) and Latin America (Venezuela) can lead to supply disruptions and pressures on prices later this year.

The OPEC decided during its last meeting to increase their target output by one millions of barrels per day and Saudi Arabia plans to boost output to a record 10.8 mb/d. This moderate increase in output will not likely have a significant impact in the demand-supply dynamics, because the reduction in spare capacity by OPEC leaves pricing risk exposed to the upside.

Therefore we believe the market will remain tight in the oncoming future.

OIL price and Rotary Rig
Source: CBH, Bloomberg Financial L.P.

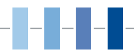


CURRENCIES MARKET EXPECTATIONS

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.

			Q318	Q418	Q119	Q219	Q419
MAJOR CURRENCIES	EURUSD	1.17	1.18	1.19	1.22	1.24	1.26
	EURCHF	1.16	1.17	1.18	1.19	1.20	1.22
	EURGBP	0.88	0.88	0.88	0.89	0.89	0.88
	EURJPY	129	129	130	132	132	133
	EURNOK	9.48	9.40	9.30	9.20	9.12	9.00
	USDCAD	1.32	1.29	1.28	1.27	1.26	1.25
	USDCHF	0.99	0.99	0.99	0.98	0.97	0.95
	USDJPY	111	109	109	108	108	104
	USDCNY	6.65	6.42	6.45	6.43	6.43	6.28
	GBPUSD	1.32	1.34	1.35	1.37	1.39	1.42
	NZDUSD	0.67	0.70	0.70	0.71	0.72	0.73
	AUDUSD	0.74	0.76	0.76	0.77	0.78	0.79
OTHER CURRENCIES	USDMXN	19.7	19.6	19.5	19.2	19.0	18.0
	USDBRL	3.91	3.70	3.60	3.53	3.53	3.40
	USDARS	28.29	25.60	26.10	26.94	28.75	31.00
	USDTRY	4.68	4.54	4.60	4.60	4.73	4.83
	USDILS	3.66	3.62	3.60	3.54	3.55	3.51
	USDHKD	7.85	7.84	7.83	7.82	7.81	7.80
	USDINR	68.7	67.9	68.0	68.0	67.5	67.3
	USDRUB	63.2	62.4	62.0	61.2	61.0	60.0
	USDPLN	3.77	3.67	3.63	3.53	3.39	3.25

Source: CBH, Bloomberg Financial L.P.



MARKET RETURNS

	Name	QTD *	YTD **	2017	2016	2015	2014	2013	2012
Cash	LIBOR 3m Total Return	0.7%	1.1%	1.1%	0.6%	0.2%	0.1%	0.2%	0.4%
	EURIBOR 3m Total Return	-0.1%	-0.2%	-0.4%	-0.2%	-0.1%	0.3%	0.2%	1.0%
Government bonds	US 3-5	0.0%	-0.7%	1.0%	1.3%	1.6%	2.2%	-1.0%	1.6%
	Eurozone 3-5	-0.8%	-0.4%	0.1%	1.5%	1.8%	5.6%	2.4%	8.7%
	US 7-10	-0.1%	-2.0%	2.6%	0.8%	1.7%	8.8%	-5.9%	4.0%
	Eurozone 7-10	-0.5%	0.6%	1.3%	3.5%	2.1%	16.9%	2.9%	14.9%
Corporate bonds IG	USD Corp 1-5	0.3%	-0.5%	2.6%	2.9%	1.2%	2.1%	1.5%	6.2%
	EUR Corp 1-5	-0.1%	-0.1%	1.2%	2.6%	0.6%	4.0%	2.6%	10.0%
	USD Corp 5-10	-0.6%	-3.0%	5.6%	5.6%	0.9%	7.3%	-1.6%	11.6%
	EUR Corp 7-10	-0.6%	-1.6%	4.2%	7.0%	-1.5%	15.3%	2.0%	22.0%
Corporate bonds HY	USD Corp 1-5	1.1%	0.3%	7.0%	16.5%	-4.5%	1.9%	7.6%	15.2%
	EUR Corp 1-5	-1.3%	-1.8%	6.9%	9.1%	1.0%	5.8%	10.1%	27.3%
	USD Corp 5-10	0.0%	-0.5%	7.6%	7.3%	1.8%	4.8%	16.9%	15.8%
	EUR Corp 5-10	-1.8%	-2.9%	8.0%	10.8%	0.4%	7.3%	9.7%	28.0%
EM bonds (in $)	Hard currency	-2.4%	-3.8%	8.2%	9.9%	1.3%	4.8%	-4.1%	17.9%
	Local currency	-8.1%	-5.5%	14.3%	5.9%	-10.4%	-1.9%	-4.3%	15.1%
	Chinese Yuan	-3.0%	2.7%	5.0%	-4.7%	3.6%	8.0%	0.0%	4.7%
Other	S&P Senior Loan Index	0.7%	2.2%	4.1%	10.2%	-0.7%	1.6%	5.3%	9.7%
	Global Convertible	2.6%	2.8%	7.2%	4.6%	-0.8%	3.8%	15.0%	
Equities	North America	3%	2%	19%	9%	-1%	11%	30%	14%
	Europe	2%	-3%	7%	0%	5%	4%	16%	13%
	Japan	1%	-5%	18%	-3%	8%	8%	52%	19%
	Asia Pacific (ex Japan)	-6%	-6%	39%	3%	-11%	2%	1%	19%
	China	-8%	-12%	32%	-7%	-7%	62%	-15%	11%
	Emerging Markets	-9%	-8%	34%	9%	-17%	-5%	-5%	15%
Other investments	HFRX Alternative	0%	-1%	6%	3%	-4%	-1%	7%	4%
	VIX	-19%	46%	-21%	-23%	-5%	40%	-24%	-23%
	G7 Currency Volatility	-2%	4%	-36%	22%	-6%	14%	5%	-34%
	DJ Global Commodity	0%	-1%	1%	11%	-25%	-17%	-10%	-1%
	Gold	-5%	-4%	14%	8%	-11%	-1%	-28%	7%
	Industrial metals	1%	-6%	28%	20%	-27%	-7%	-14%	1%
	Agriculture index	-9%	-7%	-12%	2%	-16%	-9%	-14%	4%
	WTI Oil	14%	23%	12%	45%	-30%	-46%	7%	-7%
Currencies (vs. $)	Dollar Index	5%	3%	-10%	4%	9%	13%	0%	-1%
	EM Currency Index	-9%	-7%	6%	0%	-16%	-12%	-7%	3%
	Euro	-5%	-3%	14%	-3%	-10%	-12%	4%	2%
	British Pounds	-6%	-2%	10%	-16%	-5%	-6%	2%	4%
	Swiss Francs	-4%	-2%	5%	-2%	-1%	-11%	3%	3%
	Japanese Yen	-4%	2%	4%	3%	0%	-12%	-18%	-11%
	Australian Dollar	-4%	-5%	8%	-1%	-11%	-9%	-14%	2%

* 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

Ken HATAM
Portfolio & Fund Manager

Daniel ESTEVES
Junior Portfolio & Fund Manager

Erwan LE JOLLEC, CQF
Head of Investment Advisory

Vincent PERRUCHOUD, CEFA
Investment Advisor

Kevin LIEM, CFA
CIO - Asia

Jimmy IP
Investment Analyst - Asia

Disclaimer

This publication is for information purpose only and does not constitute any offer, inducement, and recommendation by CBH Compagnie Bancaire Helvétique SA or any other members of its group. Particularly, this publication does not constitute a prospectus, and the published information is not to be understood to be an offer of sale of any securities or an investment proposal of any kind. It is general information based on proprietary knowledge, information furnished by third parties, and publicly accessible sources. It is not solely the result of independent financial research, therefore the legal requirements regarding the independence of financial research do not apply. The information and opinions expressed in this publication were published by CBH Compagnie Bancaire Helvétique SA, as of the date of writing and are subject to change without notice, in particular any prices indicated are current as of the date of this publication, and are also subject to change without notice.
Investments in the asset classes mentioned in this publication may not be suitable for all recipients and may not be available in all countries. This publication is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of, or located in, any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation. This publication has been prepared without taking account of the objectives, financial situation or needs of any particular investor. Before entering into any transaction, investors should consider the suitability of the transaction to individual circumstances and objectives. Professional advice, including tax advice, should be sought if investors are in doubt. The value of investments and the income from them may fall as well as rise and is not guaranteed, therefore they may not get back the original amount invested; the value of an investment may fall suddenly and substantially; past performance is not a guide to future performance; and levels and basis of, and reliefs from, taxation may change from time to time. Changes in foreign exchange rates may have an adverse effect on the price, value or income of an investment.
No representation is made with respect to the accuracy and completeness of this publication, and this publication should not be relied on. Possible errors or incompleteness of the information contained in this publication do not constitute grounds for liability. Neither Compagnie Bancaire Helvétique SA nor any other members of its group are liable for the information contained in this publication.
This publication may only be distributed in countries where its distribution is legally permitted by CBH's local entities. This publication is not directed to any person in any jurisdiction where (by reason of that person's nationality, residence or otherwise) such publications are prohibited.

Important Distribution Information

Switzerland - This publication is distributed by CBH Compagnie Bancaire Helvétique SA, an authorized and regulated entity by the Swiss Financial Market Supervisory Authority FINMA in Switzerland.
Bahamas - This publication is distributed to clients of CBH (Bahamas) Ltd. and is not intended for distribution to persons designated as a Bahamian citizen or resident for the purposes of the Bahamas Exchange Control Regulations and rules. Thus, it is only intended for persons who are designated or who are deemed non-residents.
Hong-Kong – This publication is published by CBH Compagnie Bancaire Helvétique SA, and is distributed by CBH Asia Limited on its own behalf to its clients. CBH Asia Limited is a company licensed with the Hong Kong Securities and Futures Commission (SFC), and registered with the Mandatory Provident Fund Schemes Authority (MPFA) and the Hong Kong Confederation of Insurance Brokers (CIB).
UK - This publication is distributed to clients of by CBH Europe Ltd., authorized and regulated in the United Kingdom by the Financial Conduct Authority. It is only directed at and should be relied on by persons outside the UK or persons inside the UK for matters that are not regulated by the Financial Services Authority.
United States - NEITHER THIS PUBLICATION NOR ANY COPY THEREOF MAY BE SENT, TAKEN INTO OR DISTRIBUTED IN THE UNITED STATES OR TO ANY US PERSON.

This publication may contain information obtained from third parties, including ratings, scoring measures, prices and other data. Reproduction and distribution of third-party content in any form is prohibited except with the prior written permission of the related third-party. Third-party content providers do not guarantee the accuracy, completeness, timeliness or availability of any information, including ratings, and are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, or for the results obtained from the use of such content. Third-party content providers give no express or implied warranties, including, but not limited to, any warranties of merchantability or fitness for a particular purpose or use. Third-party content providers shall not be liable for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including lost income or profits and opportunity costs) in connection with any use of their content, including ratings. Credit ratings are statements of opinions and are not statements of fact or recommendations to purchase, hold or sell securities. They do not address the market value of securities or the suitability of securities for investment purposes, and should not be relied on as investment advice.

Copyright and database rights protection exists in this publication and it may not be reproduced, distributed or published by any person for any purpose without the prior express consent of CBH Compagnie Bancaire Helvétique SA. All rights are reserved.