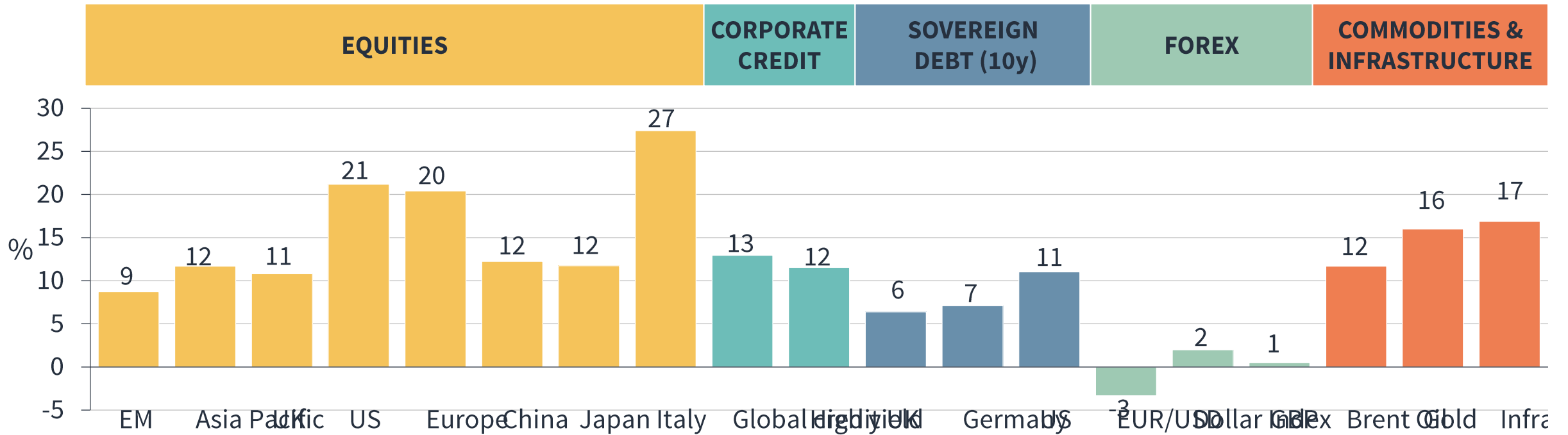


# World Market Review

# STRONG YEAR FOR MOST ASSET CLASSES

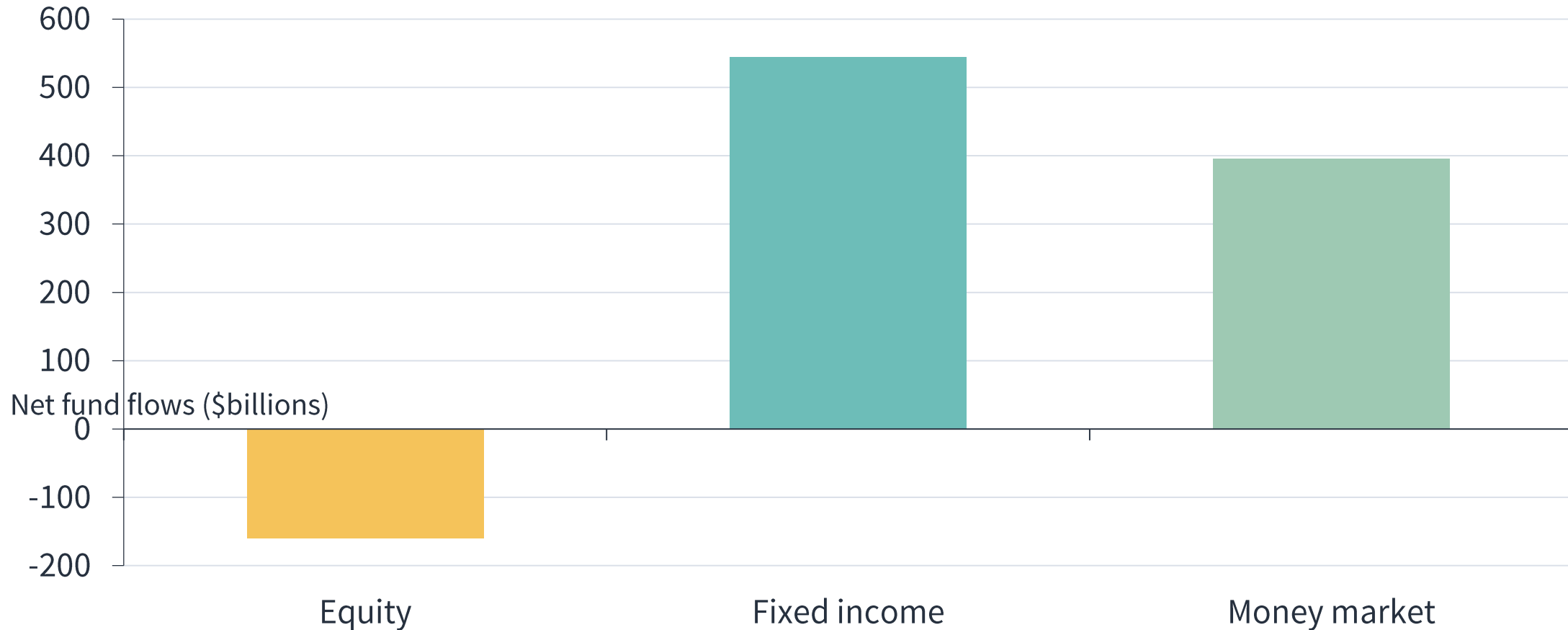
## 2019 LOCAL YEAR TO DATE RETURNS



Source: Datastream, Morningstar Direct, as at 16.10.2019. Past performance is not a guide to future performance. The value of investments, and any income, can go down as well as up and your client may not get back the amount they invested. Returns are in local currency.

# INVESTORS HAVE REDUCED RISK SO FAR IN 2019

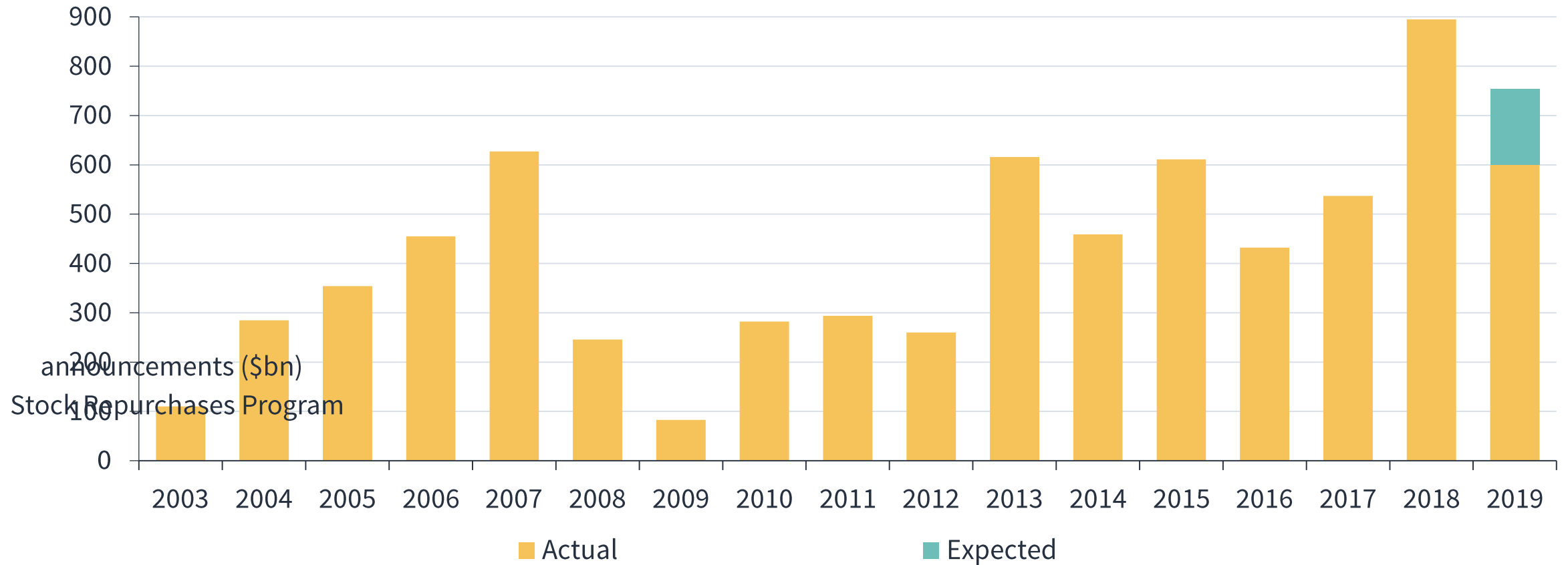
## NET GLOBAL FUND FLOWS



Source: Morningstar, as at 31.08.2019. Worldwide OE & MM, FoF and Feeder funds, Including Obsolete Funds.

# CAN SHARE BUYBACKS KEEP PROPPING UP EQUITY MARKETS?

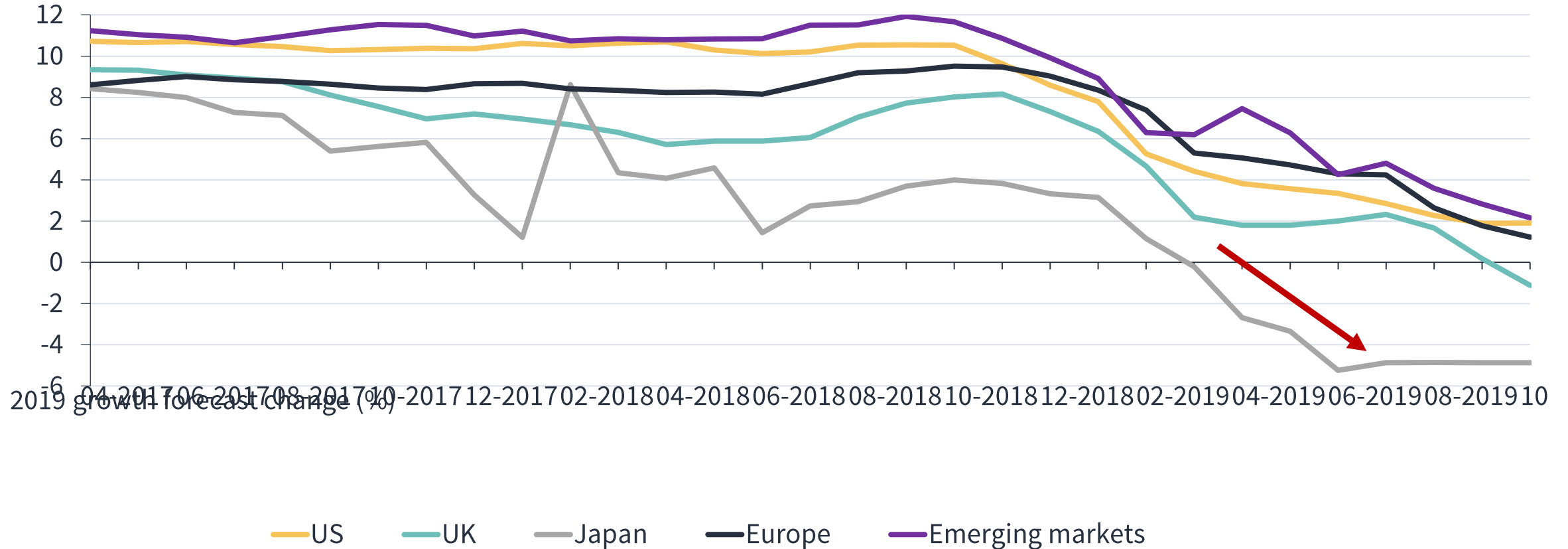
## STOCK BUYBACKS ARE SET TO FALL IN 2019



Source: Goldman Sachs Global Investment Research, as at 14.10.2019.

# 2019 GLOBAL EARNINGS EXPECTATIONS STILL FALLING

## WEAKENING GLOBAL GROWTH

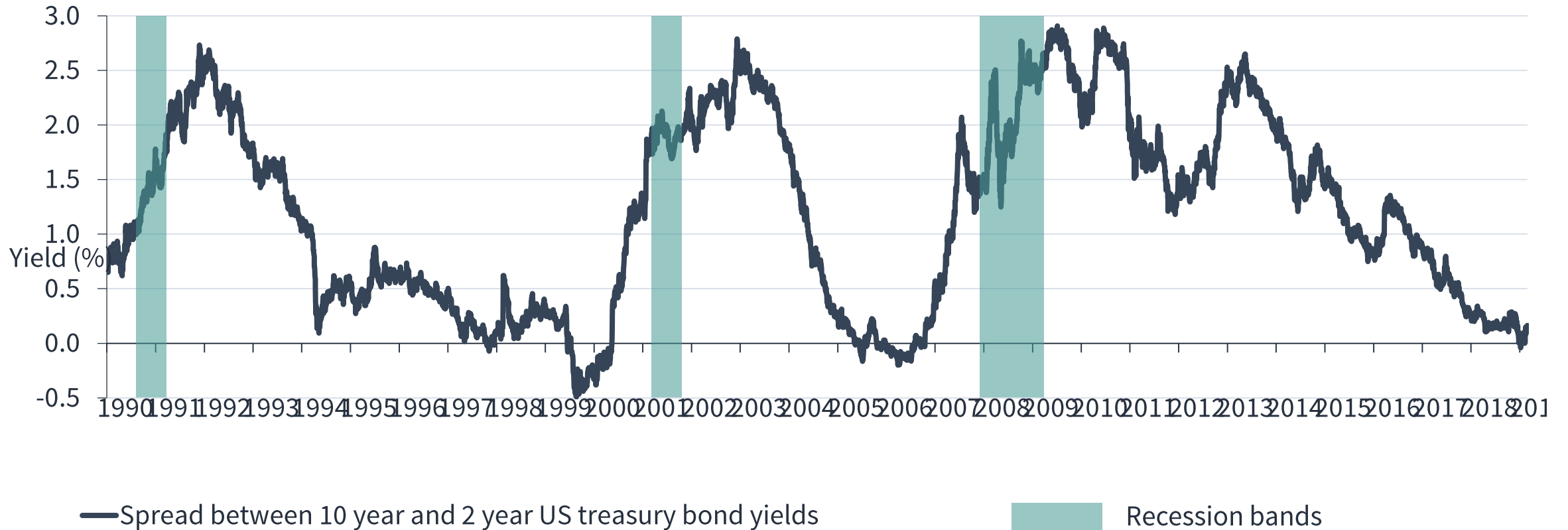


Source: Datastream, IBES forecasts, as at 01.10.2019.

# YIELD CURVE INVERSION HAS ARRIVED

## SELF-FULFILLING PROPHECY?

Spread between 10 year and 2 year US treasury bond yields



Source: Datastream, as at 16.10.2019.

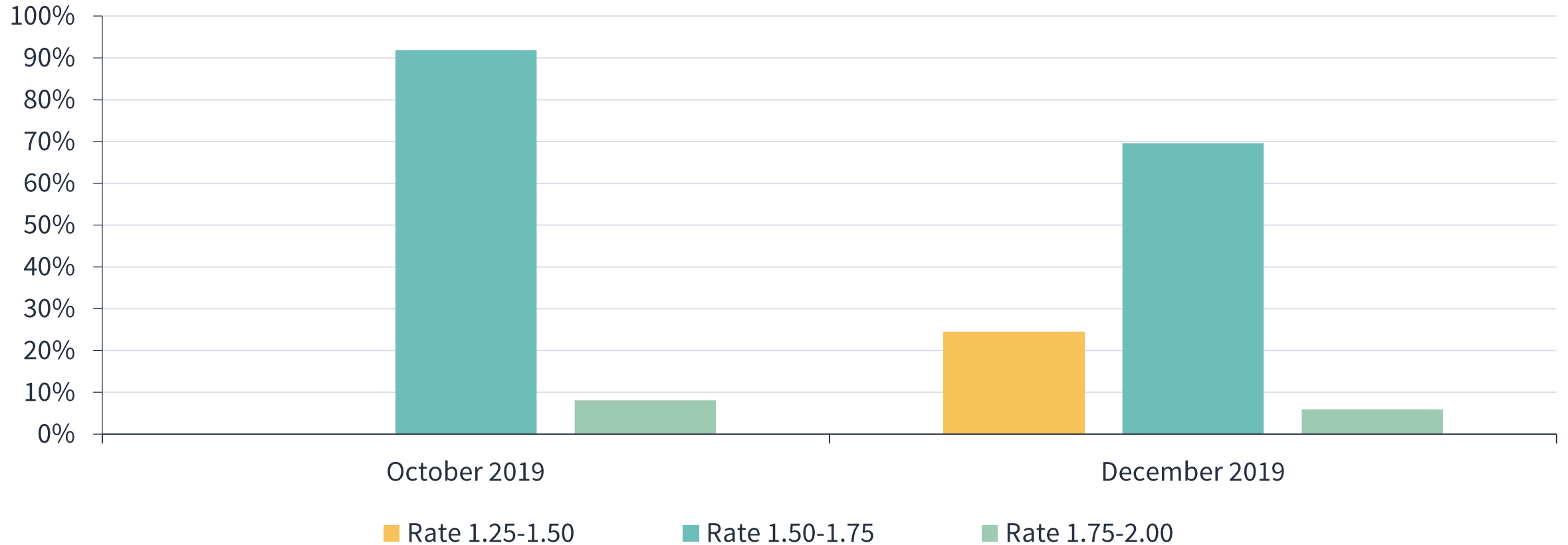
# CAN CENTRAL BANKS COME TO THE RESCUE AGAIN?

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# PROBABILITY OF US RATE CUTS

## TARGET RATE PROBABILITIES FOR FEDERAL RESERVE IN 2019



Source: Federal Rate Monitor Calculator, based on CME Group 30 day Fed Fund Future prices. Data as at 22.10.2019.

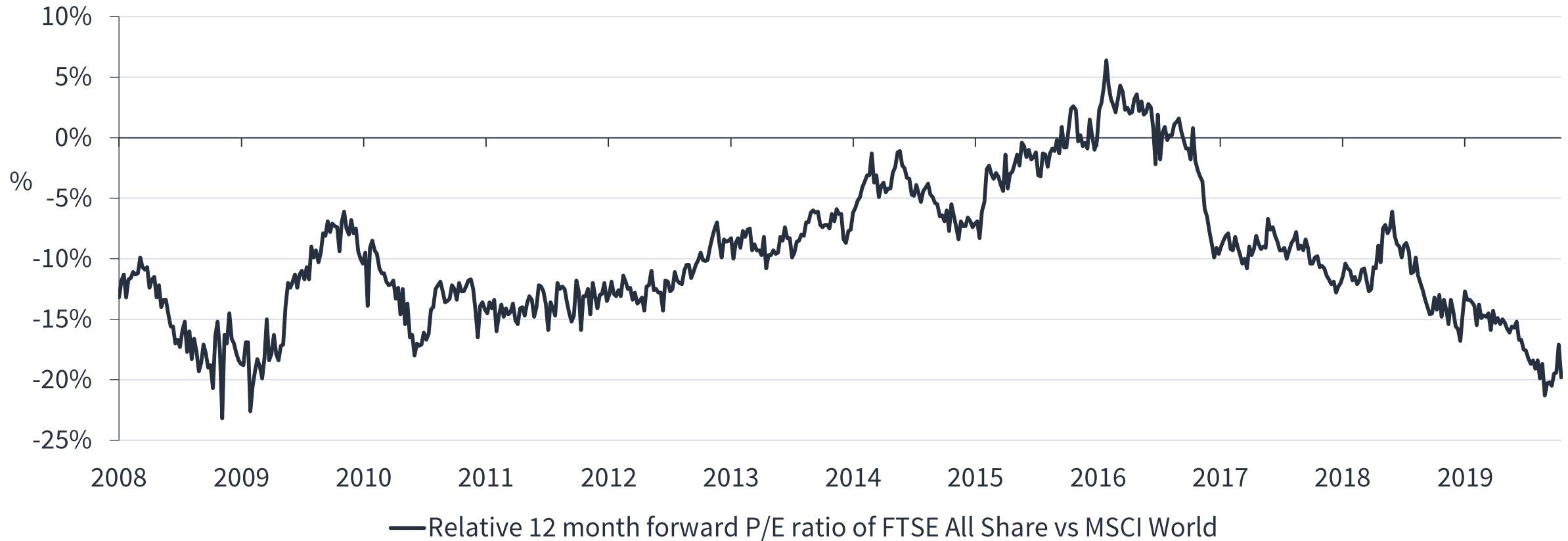


# UNITED KINGDOM



# UK EQUITIES CHEAPEST IN 10 YEARS

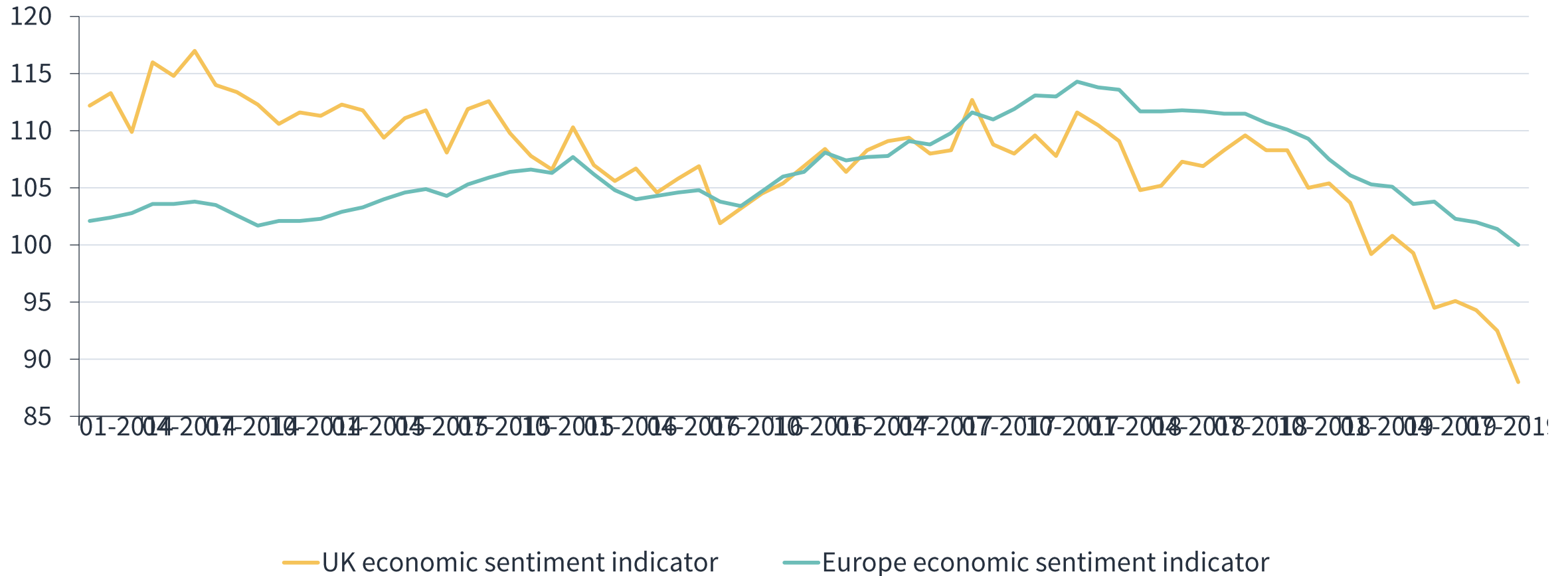
## RELATIVE VALUATION OF FTSE ALL SHARE VS MSCI WORLD



Source: Datastream, IBES Forecasts, as at 15.10.2019.

# ECONOMIC UNCERTAINTY WORSE IN UK THAN EUROPE

BREXIT SHADOW HAS BEEN WEIGHING HEAVILY ON THE UK ECONOMY



Source: Datastream, as at September 2019.

# ANOTHER 'DEAL' BETWEEN UK AND EU

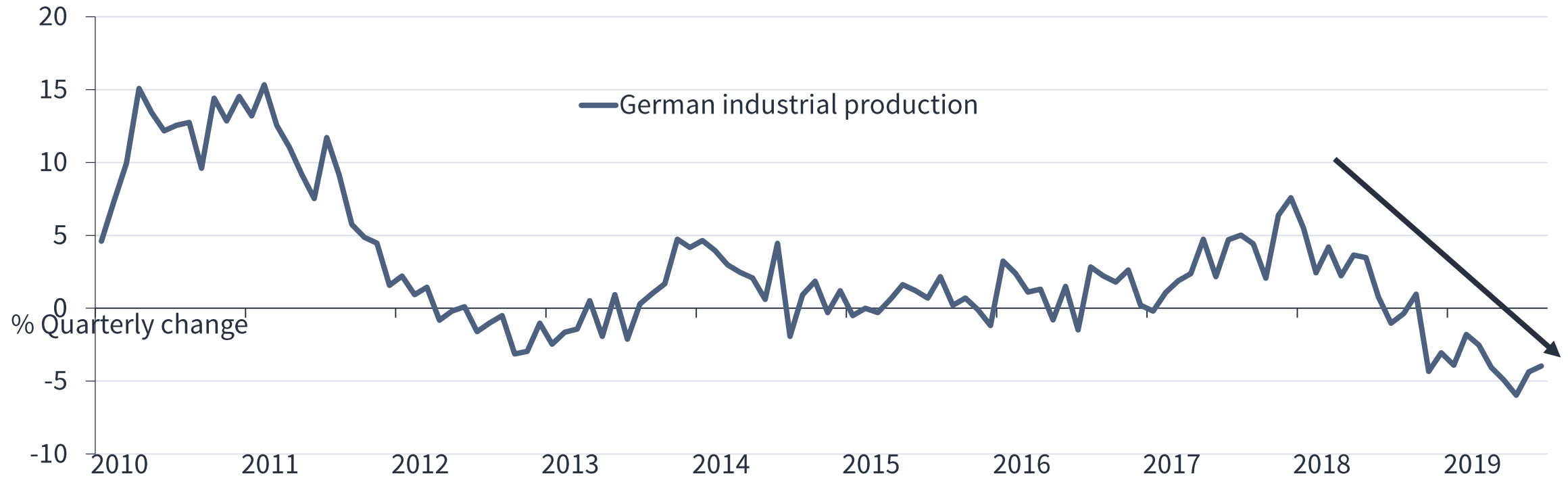


# EUROPE



# GERMAN ECONOMIC DATA IS WORRYING

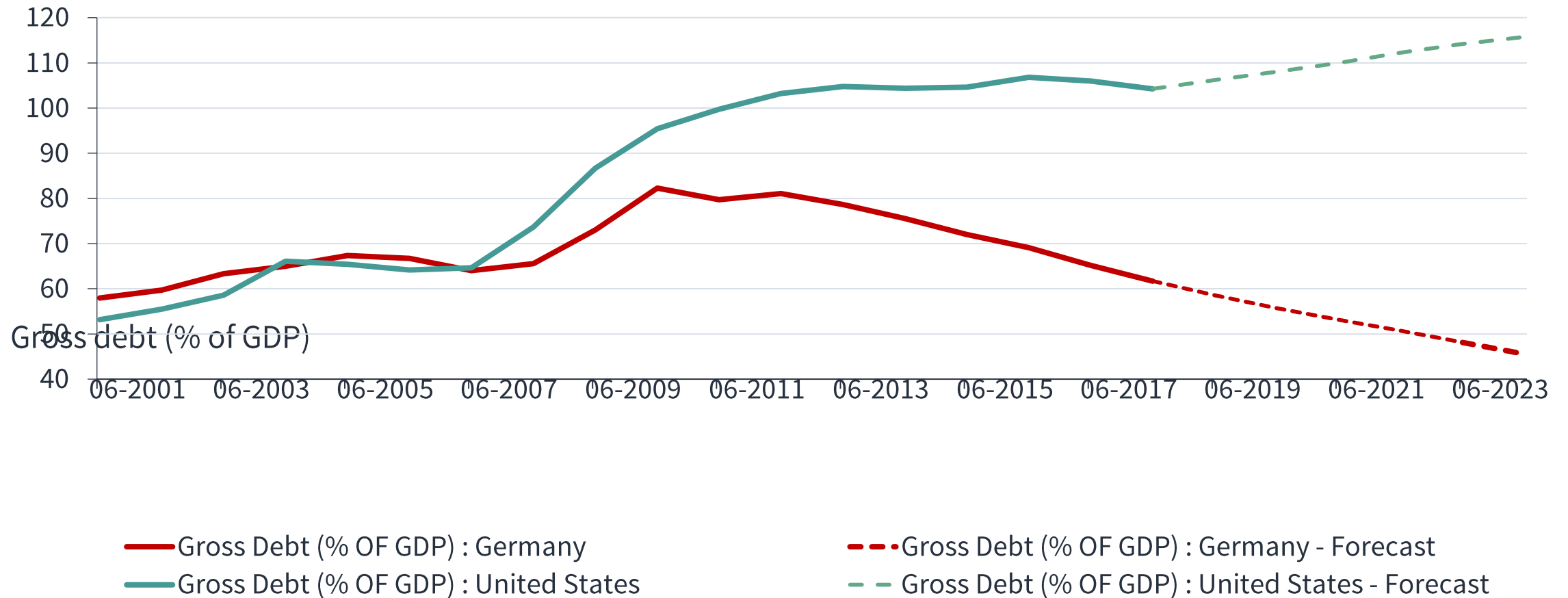
## ECB HAS STEPPED IN TO SUPPORT EURO AREA ECONOMY



Source: Datastream, as at 30.06.2019.

# GERMANY HAS ROOM FOR FISCAL STIMULUS

BUT UNLIKELY WHILE MERKEL STILL IN POWER



Source: Datastream, as at October 2019.

# SENTIMENT IN EURO AREA REMAINS MIXED

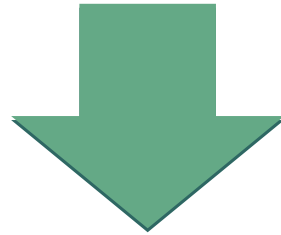
## NO SHORTAGE OF POLITICAL RISK

Risk of Europe/US trade war still present  
(France targeted lately due to tech tax)



Far-left 5 Star Movement and the centre-left Democratic Party have formed a new coalition.

Long-term viability of this partnership remains unclear



Merkel health concerns and Coalition still at risk

New elections in next 12m not impossible which could lead to CDU/Green coalition



Outcome less uncertain  
but stress is quite certain



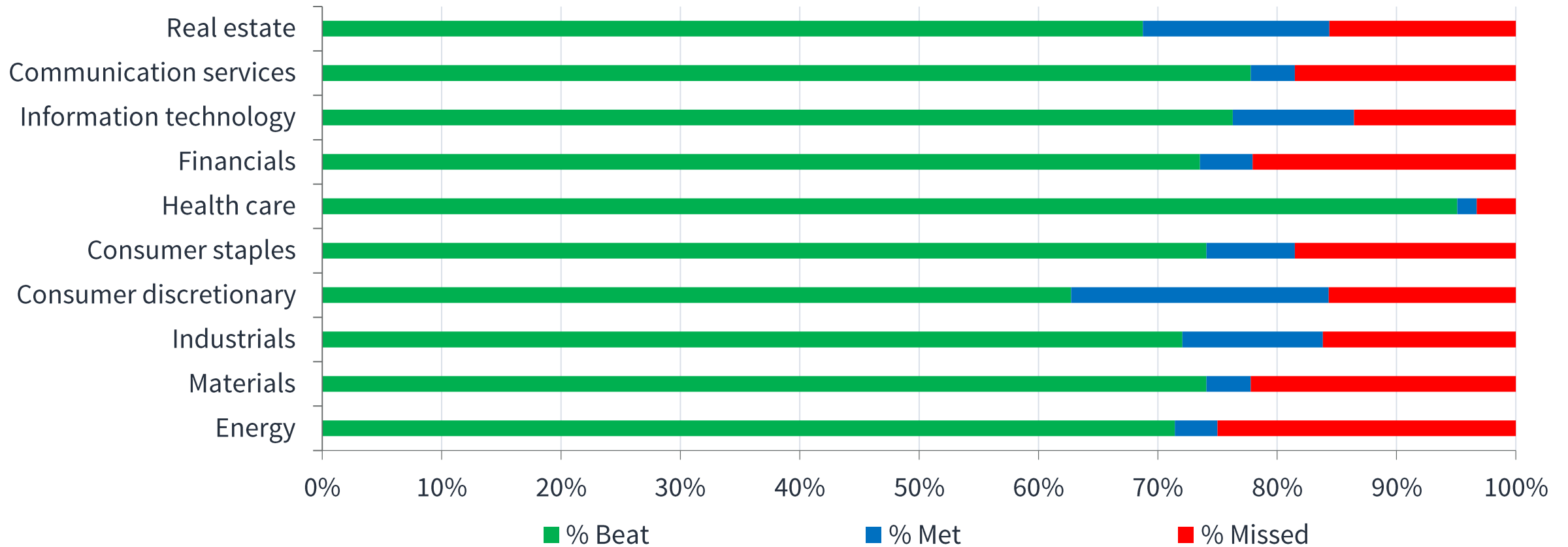


# UNITED STATES



# US EARNINGS AHEAD OF EXPECTATIONS

## Q2 2019 EARNINGS REPORT FOR S&P 500



Source: Datastream, as at 21.08.2019.

# UNCERTAINTY IMPACTING COMPANY CAPEX PLANS

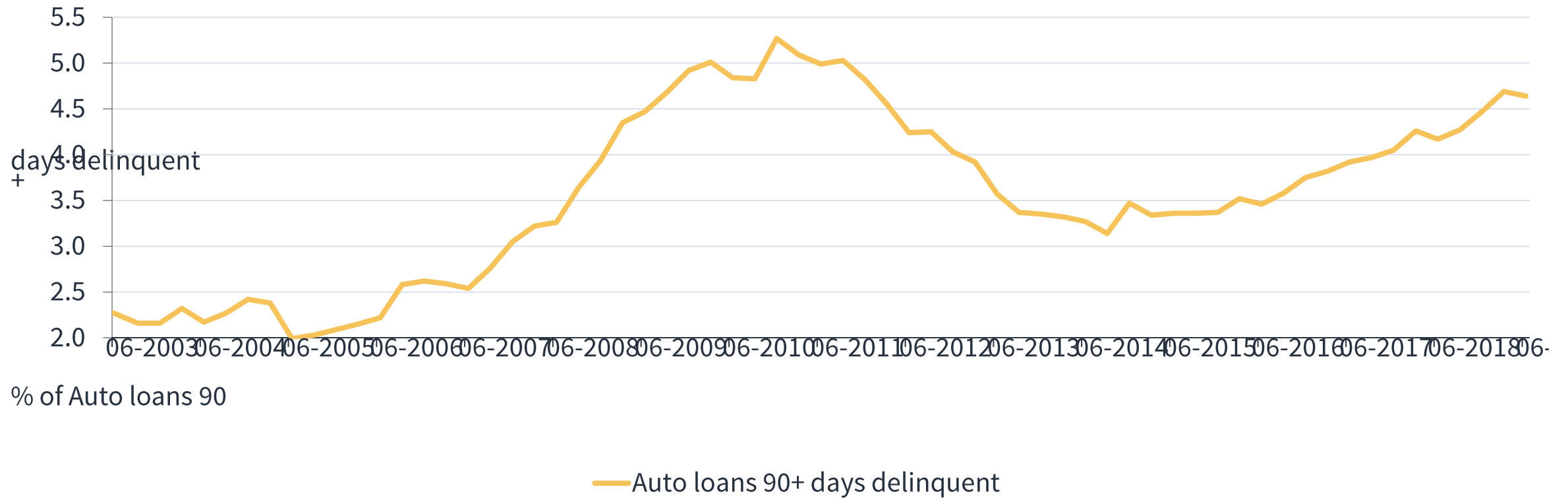
% OF US COMPANIES PLANNING TO INCREASE CAPITAL EXPENDITURE IN 3 TO 6 MONTHS



Source: Datastream, as at September 2019.

# US AUTO LOAN DELINQUENCY RATE MOVING HIGHER

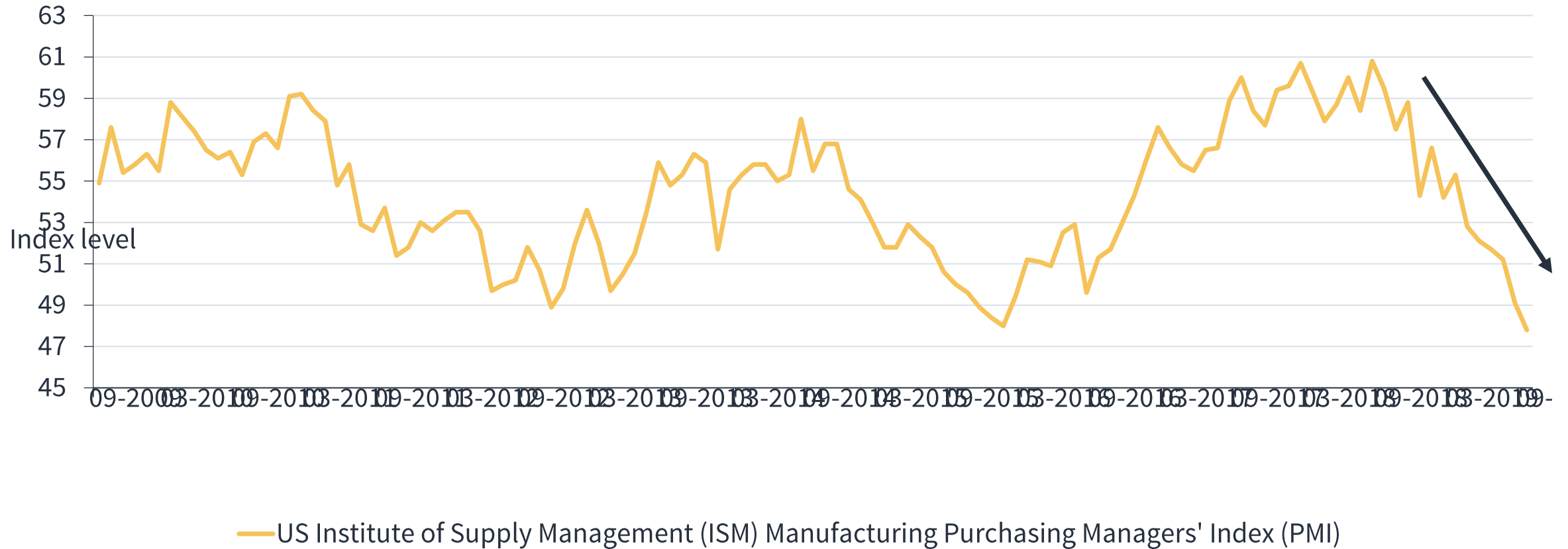
EARLY WARNING SIGN OF SLOWING US CONSUMER SENTIMENT



Source: Datastream, as at 30.06.2019.

# US MANUFACTURING SECTOR OFFICIALLY IN RECESSION

TRADE WAR HAS HAD AN IMPACT ON THE US ECONOMY



Source: Datastream, as at September 2019.

# STAGE ONE OF TRADE DEAL TO BE SIGNED IN NOVEMBER?

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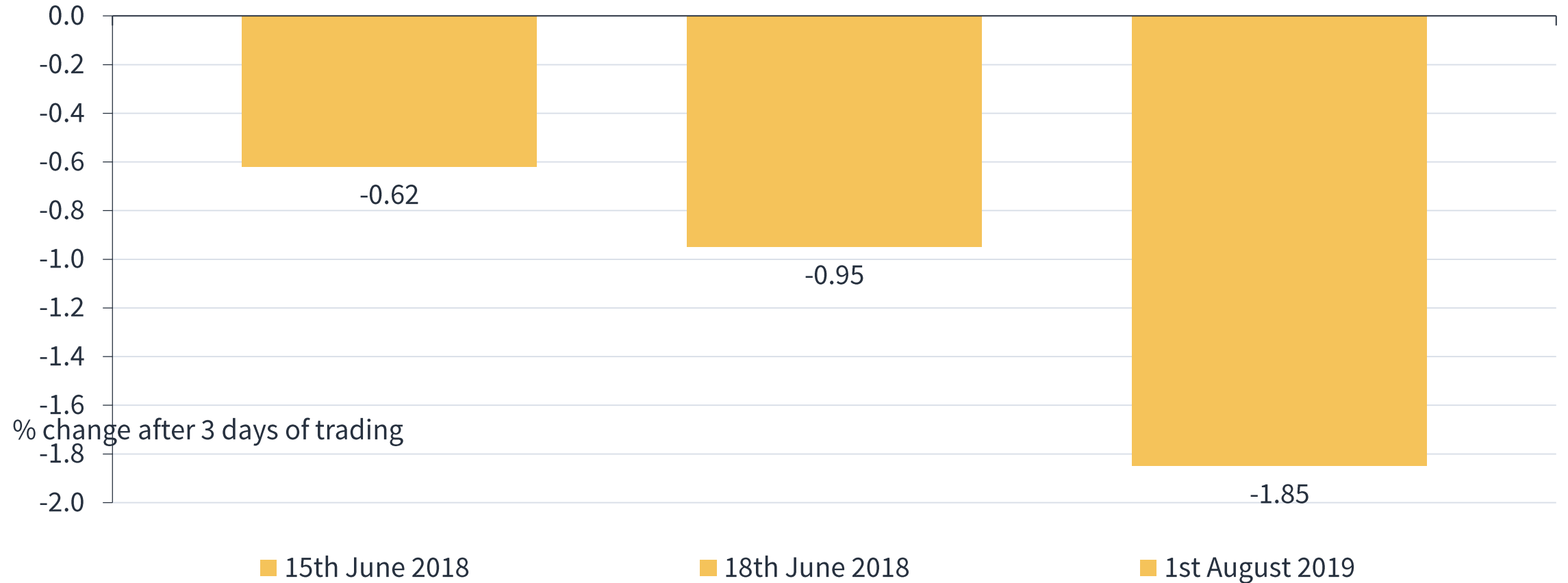


An aerial photograph of Rio de Janeiro, Brazil, showing the bay, mountains, and city buildings. The text "EMERGING MARKETS AND ASIA-PACIFIC" is overlaid in the center.

**EMERGING MARKETS  
AND ASIA-PACIFIC**

# CURRENCY 'INTERVENTION' ANOTHER STORY

## CHINA RENMINBI DEVALUATIONS FOLLOWING US TARIFF ANNOUNCEMENTS

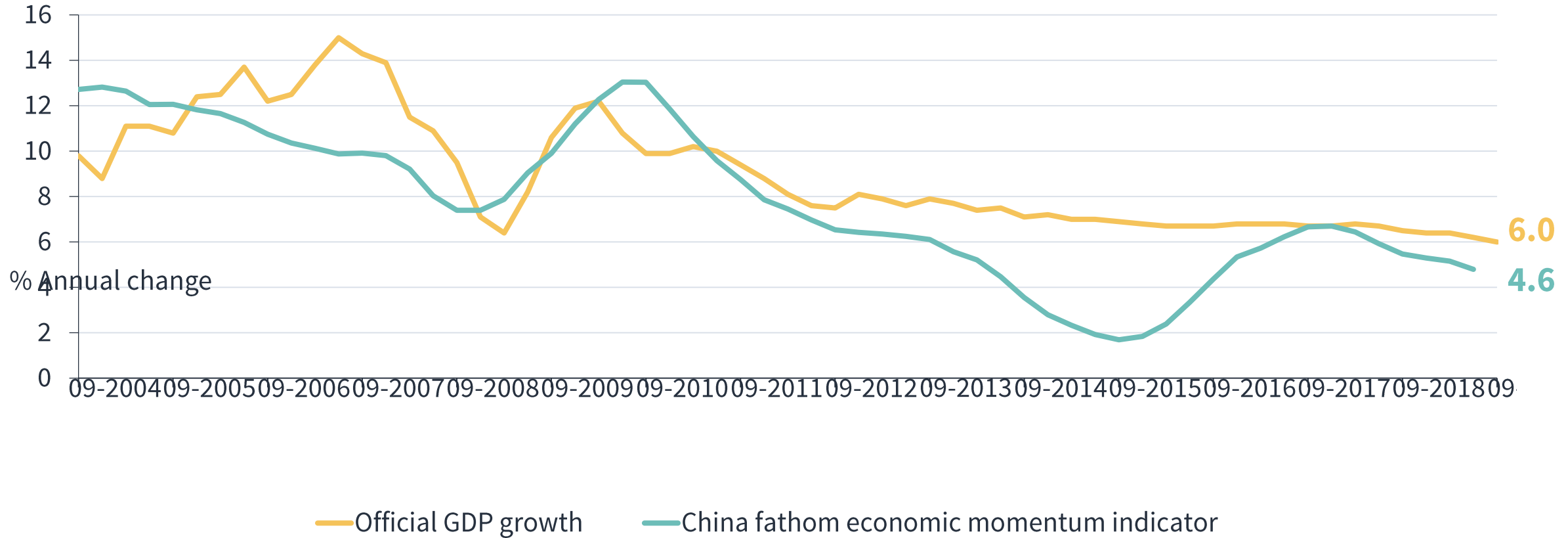


Source: Datastream, as at August 2019.



# CHINA NOT IMMUNE TO GLOBAL SLOW DOWN

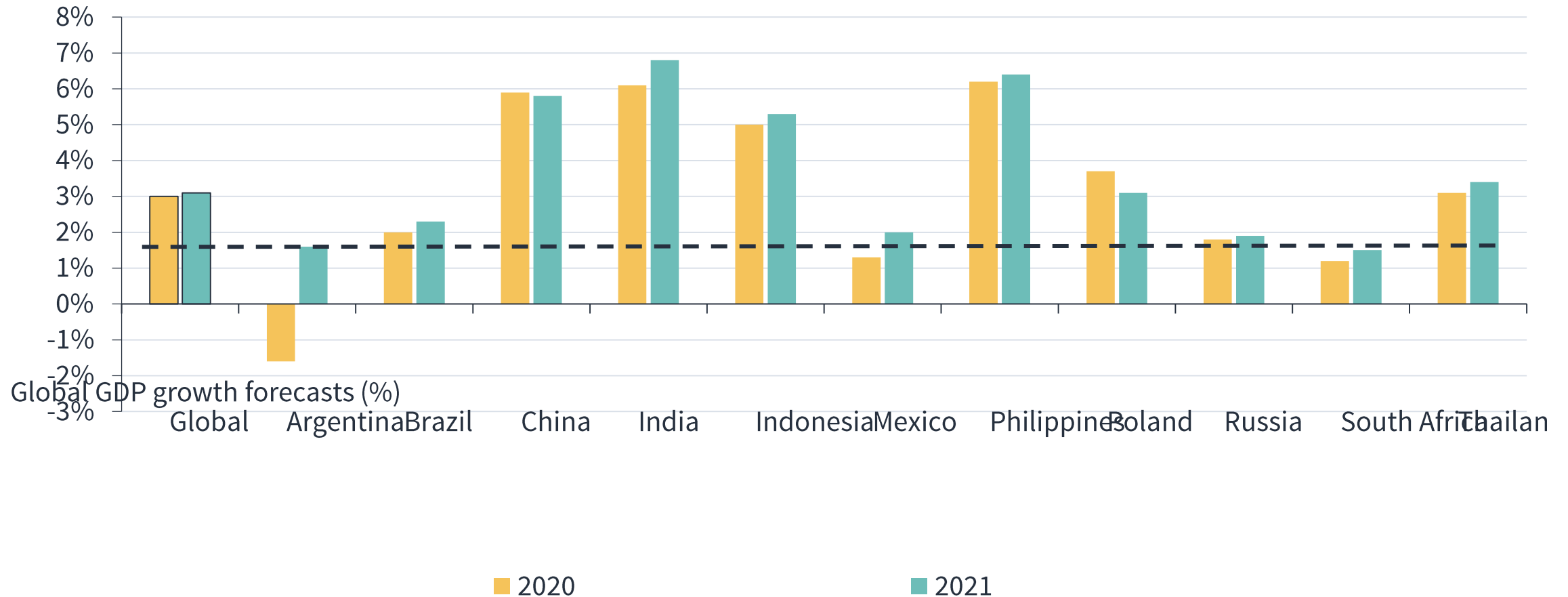
ACTUAL GROWTH LIKELY TO BE LESS THAN CHINA HAS REPORTED



Source: Datastream, as at 30.09.2019.

# EMERGING MARKET GROWTH FORECASTS ARE MIXED

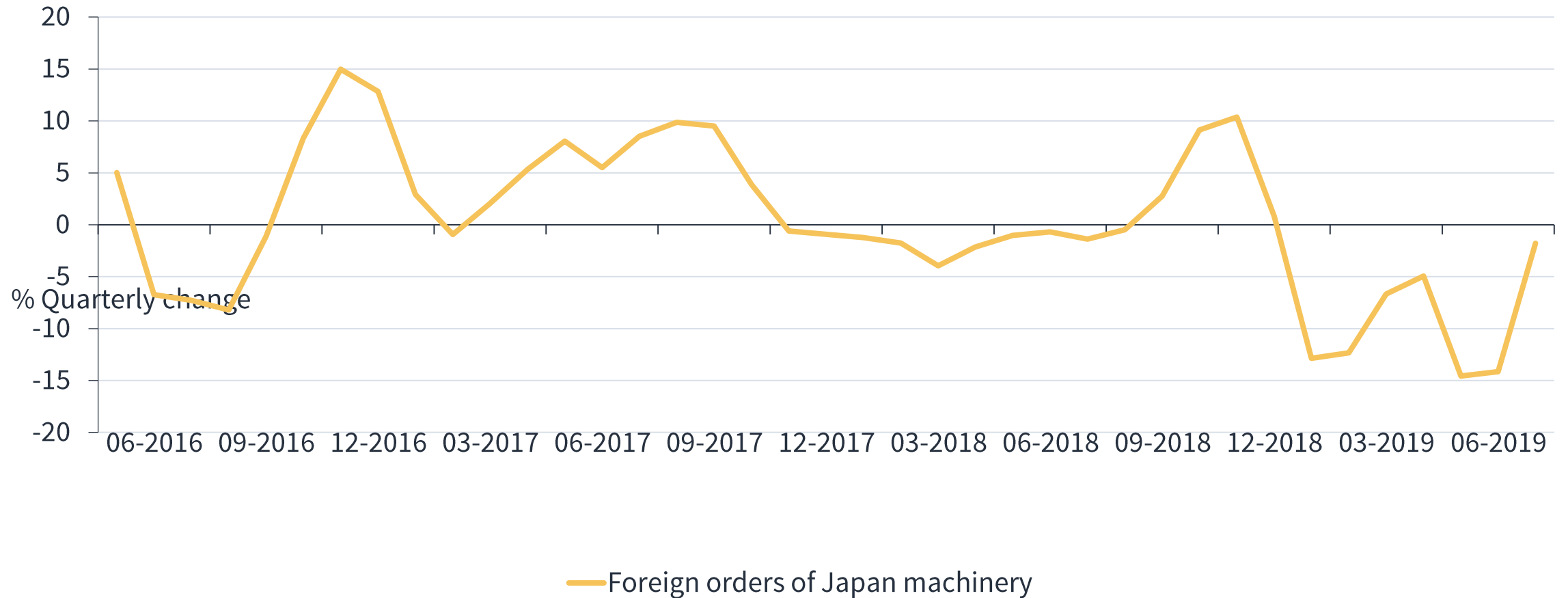
## ASIA PACIFIC OFFERING BETTER GROWTH PROSPECTS



Source: Datastream, as at 21.08.2019.

# SIGNS OF GREEN SHOOTS FOR JAPAN EXPORTS

## FOREIGN ORDERS OF JAPAN MACHINERY



Source: Datastream, as at August 2019.

# TACTICAL ASSET ALLOCATION

## ARCHITAS VIEW

	Underweight	Moderately underweight	Neutral	Moderately overweight	Overweight
<b>Equities</b>		●			
North America			●		
Europe (ex UK)		●			
UK			●		
Japan			●		
Developed Asia / Japan			●		
Emerging markets			●		

Source: Architas, as at 21.10.2019.

# TACTICAL ASSET ALLOCATION

## ARCHITAS VIEW

	Underweight	Moderately underweight	Neutral	Moderately overweight	Overweight
<b>Fixed income</b>			●		
Duration			●		
US Government			●		
Europe (ex UK) Government		●			
UK Government			●		
Corporates		●			
EM Debt/ High yield				●	
<b>Property</b>			●		
<b>Alternatives</b>				●	
<b>Cash</b>				●	

Source: Architas, as at 21.10.2019.

# IMPORTANT INFORMATION

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