

INVESTMENT OUTLOOK

In this issue:

- Don't fight the Fed...
- ...but risks are rising

July
2019



"The Federal Reserve came to the rescue once again in the first half. Trade talks and interest rates will determine where we go next"

By Tom Stevenson,
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Outlook at a glance

Please note that this information is not a personal recommendation for any particular investment. If you are unsure about the suitability of an investment, you should speak to an authorised financial adviser.

Asset classes	Current View	3 Month Change	
Shares	☐	▶	There is plenty to worry about but a strong case can be made for shares if trade tensions subside and the Fed delivers expected rate cuts.
Bonds	☐	▶	Bonds have enjoyed a strong first half on the back of the Fed's easier stance this year. After a big fall in yields, the gloomier outlook is priced in.
Property	☒	▶	Falling interest rates will help prolong investors' love affair with property. But yields are too low for comfort and in the UK retail looks vulnerable.
Commodities	☐	▶	The oil price looks to be locked into a wide trading range. Gold on the other hand could have further to go as a safe haven if the dollar falls further.
Cash	☑	▶	Cash is losing what little income attraction it had as interest rates fall again. But it's always good to have some dry powder in volatile markets.
Regions	Current View	3 Month Change	
US	☐	▶	Valuations are still high, but Wall Street continues to lead global markets higher. A lot depends on the Fed and Trump's pre-election push.
UK	☑	▶	There's no shortage of uncertainty this summer around leadership, Brexit and the economy. But the bad news is well and truly priced in.
Europe	☑	▶	Vulnerable to trade tensions, Europe is out of favour. But the ECB is supportive and stock-pickers can still find plenty of good opportunities.
Asia Pacific ex-Japan	☐	▶	China needs to find a solution to the trade stand-off with America but has the power to stimulate its economy. India is stable post-election but pricy.
Japan	☑	▶	A perennial disappointment to investors, Japan is the ultimate contrarian play. Unpopular but very cheap and with potential to improve.

Current View: ☑ Positive ☐ Neutral ☒ Negative

3 Month Change (since the last Investment Outlook): ▲ Upgrade ▶ Unchanged ▼ Downgrade

For more market data including full 5 year performance figures see page 10 ▶

Important information: Please be aware that past performance is not a reliable indicator of future returns. The value of investments and the income from them can go down as well as up, so you may not get back what you invest. When investing in overseas markets, changes in currency exchange rates may affect the value of your investment. Investments in small and emerging markets can be more volatile than those in other overseas markets. Reference to specific securities or funds should not be construed as a recommendation to buy or sell these securities or funds and is included for the purposes of illustration only. This information does not constitute investment advice and should not be used as the basis for any investment decision nor should it be treated as a recommendation for any investment. Investors should also note that the views expressed may no longer be current and may have already been acted upon by Fidelity. Fidelity Personal Investing does not give personal recommendations. If you are unsure about the suitability of an investment, you should speak to an authorised financial adviser.

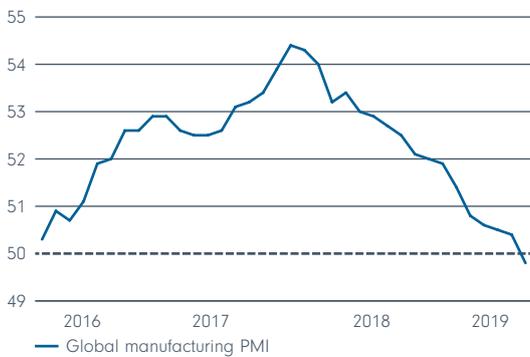
Q2 in three charts

Inflation – not such great expectations

Wherever you look around the developed world, inflation expectations are falling dramatically. The turnaround since 2016 is remarkable, with the optimism that greeted the election of Donald Trump evaporating as his promises of deregulation, tax reform and infrastructure spending have morphed into the pessimism of protectionism and trade tariffs. In the two regions of the world where disinflation is most entrenched – Japan and Europe – investors are now factoring in price falls again within the next two years. In the UK and US, central bank price targets look increasingly unattainable. For those of us brought up in an inflationary era, stable prices feel instinctively like a good thing but after years of monetary stimulus it is worrying that expectations are so subdued. Central banks seem to be ‘pushing on a string’. As investors we face an extended period of lower for longer interest rates.



Source: Refinitiv, 26.6.19. 2Y, 2Y Forward inflation expectation (expected inflation over 2 year period, starting in 2 years)



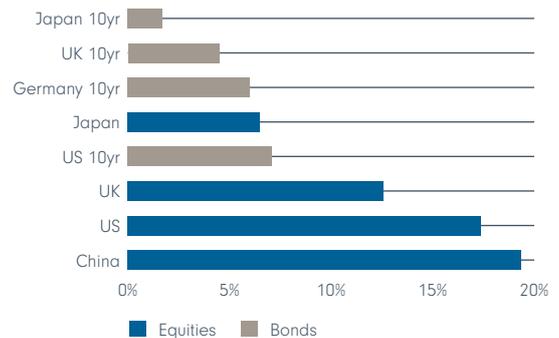
Source: Refinitiv, 15.5.19

Trade wars – no easy wins

Trade tensions continue to have a negative impact on sentiment. The performance of stock markets over the past year or so has been closely tied to the ebb and flow of the on-off negotiations between China and the US. What is only just becoming apparent, however, is the impact of the dispute on actual economic activity. For example, shipments of goods captured by the first tariffs, on \$50bn of Chinese exports to the US, have fallen by 30% compared with a year ago. Those on the subsequent \$200bn are starting to follow suit. This chart shows the broader impact on manufacturing activity. A reading above 50 shows expansion while contraction is indicated below this level. Fortunately, making and exporting things delivers a smaller contribution to overall growth than it used to. But few will agree with Donald Trump’s belief that trade wars are winnable – everyone loses when countries retreat into isolationism.

Investment returns – looking on the bright side

There is a well-known investment adage that says: ‘don’t fight the Fed’. The performance of the main indices so far this year confirms the wisdom of that saying. The New Year marked a turnaround in the Federal Reserve’s approach to monetary policy and the market response was almost immediate. The dreadful investment performance of the last three months of 2018 turned on a sixpence at the start of 2019 and, while things have slowed somewhat in the second quarter as trade tensions intensified, the power of the US central bank to bolster sentiment has been remarkable. Whether you have been in shares, bonds or property, it’s been a good time to be fully invested. Of course, the Fed needs to follow through now. Expectations of lower interest rates during the rest of the year are now firmly baked into prices. The scope for disappointment is significant.



Source: Refinitiv, 26.6.19, Returns year to date.

Past performance is not a reliable indicator of future returns. When investing in overseas markets, changes in currency exchange rates may affect the value of an investment. There is a risk that the issuers of bonds may not be able to repay the money they have borrowed or make interest payments. When interest rates rise, bonds may fall in value. Rising interest rates may cause the value of your investment to fall. For full 5 year performance figures please see page 10.

Acknowledgements

I would like to thank the many knowledgeable and experienced people within the wider Fidelity organisation who have helped me develop the ideas in this Investment Outlook. Although the views expressed here do not represent the shared opinion, or house view, of Fidelity’s investment team, the combined expertise of over 380 investment professionals in 13 countries is a very significant resource on which I have been able to lean. In particular, I would like to thank Gary Monaghan, Investment Director in Hong Kong, Jeremy Osborne, Investment Director in Tokyo, Leigh Himsworth, UK Portfolio Manager, Neil Cable, Head of Real Estate, Andrea Ianelli, Investment Director for Fixed Income, Kasia Kiladis, Investment Director, US, Natalie Briggs, Investment Director, Europe, Bill McQuaker, Portfolio Manager, and Ayesha Akbar, Portfolio Manager.

Asset classes

SHARES

Q2: directionless



Source: Refinitiv, 26.6.19 total returns in local currency

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The past three quarters have been very different for stock markets around the world. The final three months of 2018 were ghastly, as slowing growth clashed with a still tightening Federal Reserve. The first quarter of this year saw a V-shaped bounce back as the Fed changed its tune. The last three months have been undecided, as the chart shows – strong April, weak May on trade fears, strong June on trade hopes and an easing bias from the Fed.

Looking forward, with shares close to their all-time high and plenty still to worry about, it is probably right to be more cautious. The mixture of a late-cycle economy, nervous bond markets, in some cases high valuations, trade risks and complacency about the Fed is combustible. Markets could go

either way from here, so balance and defensiveness are likely to pay off.

Looking from the bottom up, our analysts see positive, albeit lower, growth in earnings this year compared with last. The growth slowdown reflects less of a positive impact from tax reform, slower sales and rising costs. The view from the top-down is less obviously supportive with risks from a global slowdown, heightened trade tensions, geo-political risks and rising volatility.

An interesting note from Credit Suisse recently weighed up the arguments for what it calls an equity market melt-up and melt-down. On the positive side of the ledger it lists: valuations; an improvement in earnings revisions; sustainably high margins; unduly cautious investor sentiment, leading to an unfair underweight in shares; fewer bad economic surprises; and supportive central banks.

Turning to the case for lower stock markets, Credit Suisse's list runs as follows: a negative message from the bond market, which is pointing to a recession; the lack of electoral pressure on Donald Trump in the short term to back off from his trade war with China; the unattractiveness of corporate bonds and the fact that none of the main drivers of markets in recent years (taxes, borrowings and profit margins) are likely to improve from here.

It's a balanced charge sheet and big bets look unwise. The swing factors here are how trade tensions are, or are not, resolved and just how aggressive the Fed feels it can be in supporting and extending the cycle. History suggests that central-bank-fuelled late-cycle rallies can be strong, however. For that reason, it looks worth remaining invested for now.

PROPERTY

An interesting development in the European real estate market over the past few months has been the emergence of a clear divide between the UK and the continent. Until relatively recently the same trends were in evidence. A wall of money into prime markets, driving prices higher and yields lower. Berlin or London, it made little difference.

Today, as the Brexit fiasco rumbles on, investors are becoming more discerning. Demand is starting to dry up in the UK while the bubble continues to inflate in the rest of the region. With the mood music from the European Central Bank sounding ever more dovish, the reach for yield in Europe looks set to continue with international – especially Asian – buyers still prepared to accept as little as 2.5% income from a well-positioned property. With even a logistics warehouse paying less than 4% to its owner, this cycle has already gone a lot further than most of us could have imagined.

In the UK, the main area of concern remains the retail sector, where the adoption of so-called Company Voluntary Arrangements (CVAs) has changed the rules of the game.

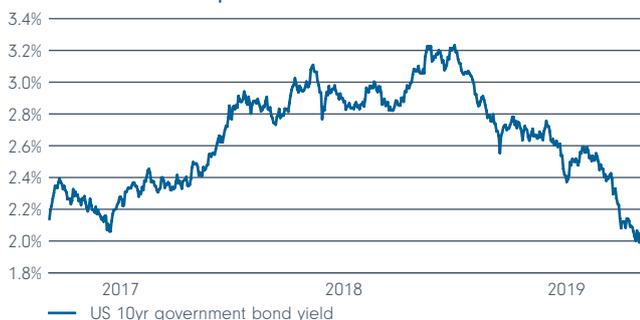
The playing field has tilted in favour of tenants and away from landlords, who believe with some justification that the shareholders of retail chains are simply taking advantage of a mechanism to reduce their costs by negotiating lower rents. With retail a significant (if reduced) proportion of many portfolios, investors need to look carefully under the bonnet of any property fund they invest in to understand exactly what they are buying. The pain in the retail sector could continue for a fair while yet.

Property is clearly expensive today. But with interest rates set to fall again, who's to say it won't remain that way for the foreseeable future?

Important information: Funds in the property sector invest in property and land. These can be difficult to sell so you may not be able to cash in the investment when you want to. There may be a delay in acting on your instructions to sell your investment. The value of property is generally a matter of a valuer's opinion rather than fact.

BONDS

US bonds' round-trip



Source: Refinitiv, 27.6.19

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Bond investors tend to be more pessimistic than their counterparts on the equity desks and Fidelity's fixed income team thinks that, while a full-blown recession is unlikely, the risks of a meaningful economic slowdown are growing. That view is certainly backed up by the changing mood music from the Fed between the fourth quarter of 2018 and the second quarter of 2019. The market now anticipates more than four quarter point cuts over the next 12 months compared with expectations of two or three hikes as recently as November.

When investors are prepared to accept a lower income from their bond investments they are, by definition, prepared to pay a higher price for the fixed pay-outs from those bonds. Falling yields therefore equate to rising prices. This can sometimes be taken to apparently ludicrous extremes. In Germany, for example, investors are so worried about the outlook that they are prepared to accept a small negative yield on government bonds – they are in other words prepared to pay for the security

of a more or less guaranteed return of capital when the bonds mature. Around the world, these negative-yielding assets are worth \$13trn, a remarkable state of affairs.

The picture is less clear cut for the bonds issued by companies, where prices are driven by a combination of interest rates and the outlook for corporate health and profitability. When the outlook darkens, investors demand a higher income to compensate them for companies' greater risks – the gap, or spread, between government and company bond yields widens. In this case, higher yields equate to lower prices. Corporate bonds can help investors secure a higher income compared to government bonds. However, given rising risks globally, the preference should be for the higher-quality part of the investment universe, so-called investment grade bonds rather than high-yield bonds.

Risks are clearly rising around the world. In the US, companies have taken on high levels of debt which makes them vulnerable to an economic slowdown. In Italy, the European elections have emboldened the government of Matteo Salvini to challenge the European Commission's disapproval of its populist spending plans.

In an uncertain environment, bonds have a role to play in a balanced portfolio and prices will be supported if the Federal Reserve delivers on expectations for lower interest rates. However, there is more of a question than there was three or six months ago about how much gloomy economic news is already priced in.

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COMMODITIES

Political uncertainty is having a significant impact on two key commodity markets but in rather different ways. When it comes to oil there is a two way pull resulting in a range-bound market as America's stand-off with Iran threatens pricier crude while the trade war with China pushes it lower. As for gold, things are a bit simpler. Uncertainty and a cheaper dollar are combining to push the precious metal higher.

There are lots of moving parts when it comes to determining the oil price. At the moment they are not all moving in the same direction. The bullish case for oil focuses on the ongoing disagreement between America and Iran. Donald Trump admitted that he came close to approving military action against Iran which would most likely drive the oil price higher. Also supportive of a higher price is Saudi Arabia's desire to co-ordinate Opec production cuts to boost the price and in turn its revenues.

But there's plenty else going on to suggest the next move might be lower. Top of the list is the deepening trade tensions between China and America. That's curbing economic activity worldwide which is feeding into cheaper oil. Lower demand is just one driver of a lower oil price. Equally important is abundant supply with American Shale stepping in to fill any gaps emerging in the Middle East.

Put it all together and oil is likely to stay in the middle of its current trading range where oil companies make enough profit to stay in the game but not so much that American consumers start to turn on their President ahead of next year's election.

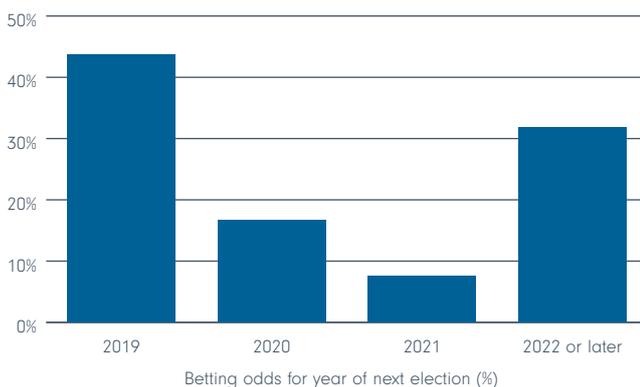
As for gold, it's a simpler story. The price has risen for two reasons. Gold bugs love uncertainty. They like a weak dollar even more. Lower US interest rates will take the edge off the US currency and that makes gold cheaper for buyers with rupees and renminbi in their pockets.

Stock markets around the world



UK

Are we heading for a general election?



Source: Refinitiv, 26.6.19

Past performance is not a reliable indicator of future returns.

Later this month we will know the identity of the UK's next Prime Minister. At the time of writing, Boris Johnson remains the favourite although Jeremy Hunt is landing a few blows thanks to questions over Johnson's Brexit strategy, tax plans and, inevitably, his private life.

Politics will remain the key driver of market sentiment in the UK for the foreseeable future and certainly between now and the end of October when we are once again due to leave the EU. Investors need to consider a couple of issues when weighing up their desired exposure to the UK stock market.

The first of these is the possibility of a snap general election being called, which then raises the related question of what a Corbyn-led Labour government might mean for our personal finances and investment portfolios.

The odds of a general election this year are rising. There are several ways one could be triggered: because a new Prime Minister benefits from a surge in popularity and sees an

opportunity to achieve a parliamentary majority; because Brexit grinds to a halt and an election is seen as a preferable route out of the impasse to a second referendum; or following a vote of no-confidence as the new PM tries to drive through a no-deal Brexit against the will of Parliament.

Were a Corbyn-led government to gain a majority, there would be a number of implications, including the prospect of nationalisations in the utilities and transport sectors, possible windfall taxes, pressure on the pound and gilts, even capital flight. The reality is that none of Labour plans would be easy to achieve and impossible in the likely event of a hung parliament. The beauty of political chaos is that it becomes hard for politicians to do anything too damaging!

UK shares are cheap. As a multiple of earnings, they are better value even than the out of favour markets of Europe and Japan. When it comes to dividend yield, investors are spoilt for choice. When I last looked, there were 10 shares yielding more than 7% in the FTSE 100, another eight with a 6% or better yield. Nearly a third of FTSE 100 constituents yield more than 5%.

Hardest hit have been those stocks with a high domestic exposure or vulnerable to political risk. Goldman Sachs has tracked the performance of a basket of these shares versus the FTSE 100. They have been left trailing ever since the summer of 2016, resulting in some attractive valuations.

Clearly, some of these companies deserve to trade at a discount. But when there is a big sentiment swing like this, many babies are thrown out with the bathwater. Arguably, the areas most likely to be affected by a disorderly Brexit are not captured by the stock market. Listed companies will continue to benefit from overseas earnings, secular trends in technology and healthcare and still pretty robust consumer spending.

The risks for the UK economy are high, less so for the UK stock market. On valuation grounds we remain positive on our home market.

US

US market: valuations looking more stretched



Source: Refinitiv 11.6.19

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The last six months have once again supported the adage that you should never bet against the US. Since the beginning of the year, Wall Street has outperformed all its major rivals despite being at the epicentre of the unfolding trade war.

Our base case for the American economy is for weaker growth in the three months just finished followed by a reacceleration in the rest of the year as higher wages and lower mortgage rates boost consumption and financial conditions ease on the back of the Federal Reserve's swing back to easier monetary policy.

Obviously, a deterioration of the trade situation could knock growth back towards zero next year but the looming Presidential election at the end of 2020 makes this unlikely.

The outlook for corporate earnings is not great thanks to the unwinding of last year's tax reform gains and the impact of

wage growth, cost inflation and higher taxes on the bottom line. But there are positives too. The fundamentals for the US consumer and the US housing market are reasonable.

The big unknown in the US is the political situation. We don't know who will be standing against Donald Trump in November 2020 so can't judge how real the Democratic threat to the President will be. What we do know is that increased populism on the left and right makes more fiscal spending likely. Whether this is enough to stay the Fed's hands when it comes to interest rate cuts remains to be seen.

The big question for investors in the US is when the next recession starts. Despite the worrying messages from the bond market (where a flat yield curve points to a slowdown), recession does not feel imminent. However, stock markets tend to pre-empt a downturn by up to a year, so this is definitely something for investors to keep an eye on.

The other major concern for investors is the relatively high valuations of US stocks. While multiples in Europe, the UK and Japan are below their long-term averages the same cannot be said of Wall Street which looks much more stretched, as the chart shows.

Long-term, US growth is likely to outpace the rest of the developed world thanks to its better demographics and lead in high-growth areas like technology. If a new industrial revolution in nanotechnology or artificial intelligence or some as yet unknown technology lifts global markets to the next level it would be unwise to bet against it emerging in the US.

Those are the long-term reasons to stick with the US. In the short-term, the Fed's easing cycle is going to support the growth stocks that America specialises in. Put it all together and it is hard to avoid the conclusion that investors should retain a decent exposure to the US market.





JAPAN

First half rally passes Japan by



Source: Refinitiv 26.6.19, price index rebased to 100

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The time to get interested in an investment is when you can't find anyone to say a good word about it. Japan is looking like a classic example of this contrarian kind of investment. It has fallen off everyone's radar; it's cheap and no-one seems to care.

The scale of Tokyo's unpopularity with investors has been underscored by its performance both during the fourth quarter collapse in global markets and their subsequent recovery. Japan undershot on the way down and has staged a more tepid recovery on the way back up again, as the chart clearly shows. Overseas investors don't need much persuading to shed their holdings and they are hard to convince that it's time to get back in.

There are some good reasons to be cautious about Japan. Although first quarter GDP growth was a bit better than expected, trade was negative and the biggest positive contribution came from inventory build. By its nature that is not sustainable and it doesn't augur well for the second quarter data due to be announced shortly.

Exports fell in May for the sixth month on the trot, with demand from Europe and China dragging the total lower. Machine tool orders were a notable disappointment. Manufacturing survey data is marginally in contraction territory.

That's the bad news. On the positive side, the services part of the Japanese economy is in better shape. Domestic demand is resilient. The labour market is tight, with the jobs-to-applicants ratio higher than at any point since the 1970s. Consumption picked up in the long Golden Week holiday around the accession to the throne of Japan's new emperor.

As we've commented before, inbound tourism is a big positive with the figure for May hitting a new record. Easier visa requirements and more flights saw volumes from China up 13%. With the Rugby World Cup and Olympics around the corner, that situation should improve further.

Looking ahead to the rest of the year, the imposition of a higher VAT rate in the autumn is a negative but a number of offsetting measures, including exemptions and new tax reliefs, should limit the fiscal drag when compared with a similar hike in 2014.

From a corporate perspective, the outlook is not bad. Yes, the profit outlook has weakened but we may be close to the trough of those downward revisions. Meanwhile company balance sheets are healthy, with 60% of the value of the Topix index accounted for by cash. Putting even some of that to work will boost returns, even if it is only used to buy back shares, a trend that is already emerging.

Looking at valuations, Japan remains one of the world's cheapest major markets. Japanese stocks priced in a lot of the trade risk at the end of 2018 when the market fell to little more than 10 times expected earnings. It is still only around 12 times. There is even reasonable dividend support these days.

Japan tests the patience of even the most zen-like investors. I remember one former colleague drily commenting that 'it's never too late to short Japan'. However, there really is a price for everything. I think Japan has reached it.

EUROPE

Mario Draghi may be on his way out of the European Central Bank but his words retain the power to move markets. His recent comments at the ECB forum in Sintra, near Lisbon, were not as significant as his earlier 'whatever it takes' bombshell but they did signal a greater urgency to act should the current downward pressures on Euro area growth persist.

The central bank is considering a wide range of options, including further rate cuts and additional asset purchases. Unsurprisingly, markets responded positively to the lower-for-longer outlook with bond yields falling (in the case of France to zero for the first time; Germany is already in negative territory). As far as equities go, the picture is mixed – negative for banks, which struggle to make a profit with yields this low, more positive for growth stocks and for dividend payers, which look increasingly attractive in a low-rate world.

Europe is particularly vulnerable to the impact of trade tensions. Again the impact varies from sector to sector. For those industries where there is a lot of local competition, tariff barriers are a big problem. It's pretty easy for a Chinese consumer to switch to a Chinese car rather than a VW, for example. Businesses with more unique brands (luxury goods like LVMH, for example) are better placed. So, as ever, stock picking is important.

The good news for investors in Europe is that the bad news is well recognised. European shares trade at multi-decade lows when measured against other stock markets around the world and they are cheap compared with alternative asset classes like negative-yielding bonds and cash. The domestic situation is not bad either, with positive consumer sentiment, retail sales and employment data.

ASIA AND EMERGING MARKETS

Trade wars: activity slows



Source: Refinitiv, 15.5.19

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Chinese shares have tracked the global trend – terrible 2018, V-shaped recovery in the first quarter and more recent sideways-moving volatility. That reflects uncertainty about the trade situation tempered by the feeling that China's economy has stabilised after its central bank eased monetary conditions at the end of last year.

Looking forward, China is expected to manage its new relationship with the US reasonably well. Exports to America account for less than 20% of its total overseas sales and, even if a 25% tariff is applied to all its exports to the US, the impact on its GDP would probably only be 1 percentage point this year and next. It could neutralise that with further targeted stimulus.

Probably more important is the impact that the Huawei ban could have on the development of China's technology sector. It's bound to at least delay progress. It will certainly lead to more of a focus on consumption-led growth. The best regional fund managers will position their portfolios to reflect these changing dynamics.

The other big economy in Asia has also had an interesting time of it since the last Outlook. The re-election of Prime Minister Modi was a vote of confidence in his promise (so far unfulfilled) to push through a step-change in India's economy. The first five-year term delivered less than might have been expected on the basis of his 2014 election pledges.

Far from creating 10 million new jobs a year, the Modi administration has actually presided over rising unemployment. The jobless rate is the worst for two years. Graduate unemployment is more than 15%.

But there is good news too. GDP growth is above 7% and faster than China's. The services sector, accounting for 60% of the economy, is globally competitive. Consumer spending is rising fast and India could within a few years become the world's third largest consumer market after the US and China.

Market data

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INVESTMENT VALUATION AT A GLANCE

	Price-earnings ratio 2019E	Dividend yield 2019E		Redemption Yield
Shares		%	Bonds	%
US	16.8	2.1	ML Global High Yield	6.0
Europe	13.9	4.0	German 10-Year Bunds	-0.3
UK	12.4	5.0	ML Global Corporates	2.5
Japan	13.4	2.7	UK 10-Year Gilts	1.3
Asia Pac ex Japan	13.6	3.2	US 10-Year Treasuries	1.9
Emerging Market Asia	13.0	2.8		
Latin America	12.4	3.4		
Central East Europe, Middle East & Africa	9.9	4.5		

INVESTMENT PERFORMANCE AT A GLANCE

% (as at 30th June)	3 m	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019
Shares						
S&P 500	4.2	7.3	3.5	17.9	14.5	11.2
FTSE All Share	3.5	3.1	1.8	17.6	7.1	3.4
FTSE 100	3.6	0.8	3.2	16.6	6.5	4.6
FTSE 250	2.8	14.3	-4.4	20.6	9.5	-1.8
FTSE Small Cap	2.9	8.5	-1.3	27.3	8.1	-1.3
Euro STOXX	5.8	10.2	-13.5	25.3	0.0	7.8
Shanghai SE	-4.2	90.0	-25.1	9.0	-13.2	9.7
Shenzhen	-5.8	64.2	-19.8	3.8	-8.2	-5.9
MSCI Emerging Markets	0.5	-5.8	-11.2	23.9	7.1	3.6
Nikkei 225	1.4	35.7	-22.1	30.3	10.9	1.9
MSCI World	4.0	1.0	-6.1	15.9	12.1	2.0
TOPIX	-1.4	28.7	-23.9	0.0	5.0	-6.2
Bonds						
US 10-Year Treasuries	5.2	4.5	10.6	-5.7	-2.4	11.1
UK 10-Year Gilts	2.7	9.0	14.4	-0.8	1.6	7.6
German 10-Year Bunds	3.0	5.3	11.1	-4.4	3.4	8.0
JPM Emerging Markets Bond Index	4.3	-1.2	10.6	4.9	-2.6	12.1
ML Global High Yield	2.8	-3.8	2.4	12.0	1.8	8.0
ML Global Corporates	4.2	-4.8	6.6	2.3	0.3	8.1
Commodities						
CRB Commodities Index	-4.0	-26.9	-13.3	-8.8	13.7	-7.8
Crude Oil (Brent)	-10.0	-44.0	-22.1	2.3	56.1	-18.2
Gold Spot	9.7	-12.2	15.1	-9.1	1.8	14.2
LME Copper	-8.5	-19.1	-15.2	20.6	10.5	-10.1
GSCI Soft Commodities	-3.6	-27.0	18.9	-23.1	-2.9	-9.9
Silver	0.7	-28.0	24.4	-19.4	-2.6	-4.6

Source: Refinitiv, 30.6.19. in local currency terms. Valuations: Source Citigroup Global Equity Strategist - Citi Research, MSCI, Worldscope, FactSet Consensus estimates as at 7.6.19. Bond Yields: Source Refinitiv, as at 30.6.19.

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