

# Milan IFTA Conference "Sailing to the Future"

October 2017

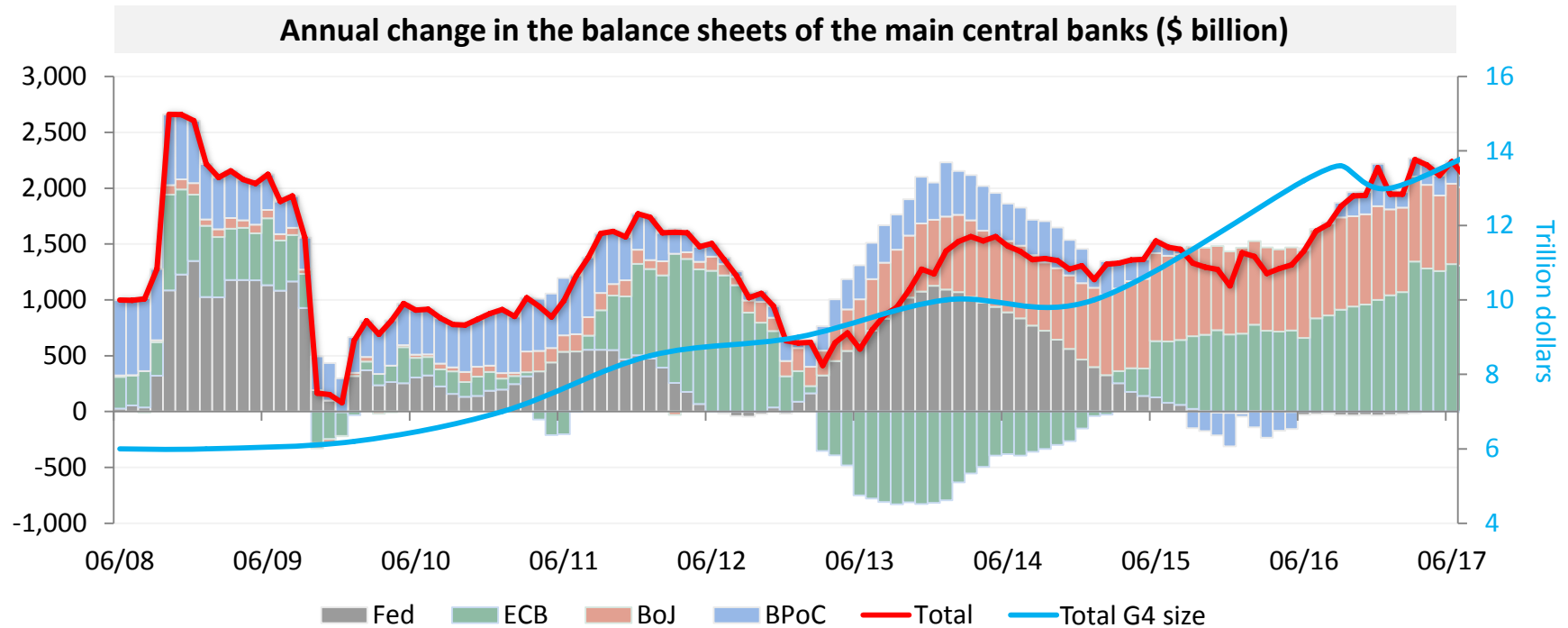


# Frédéric Leroux

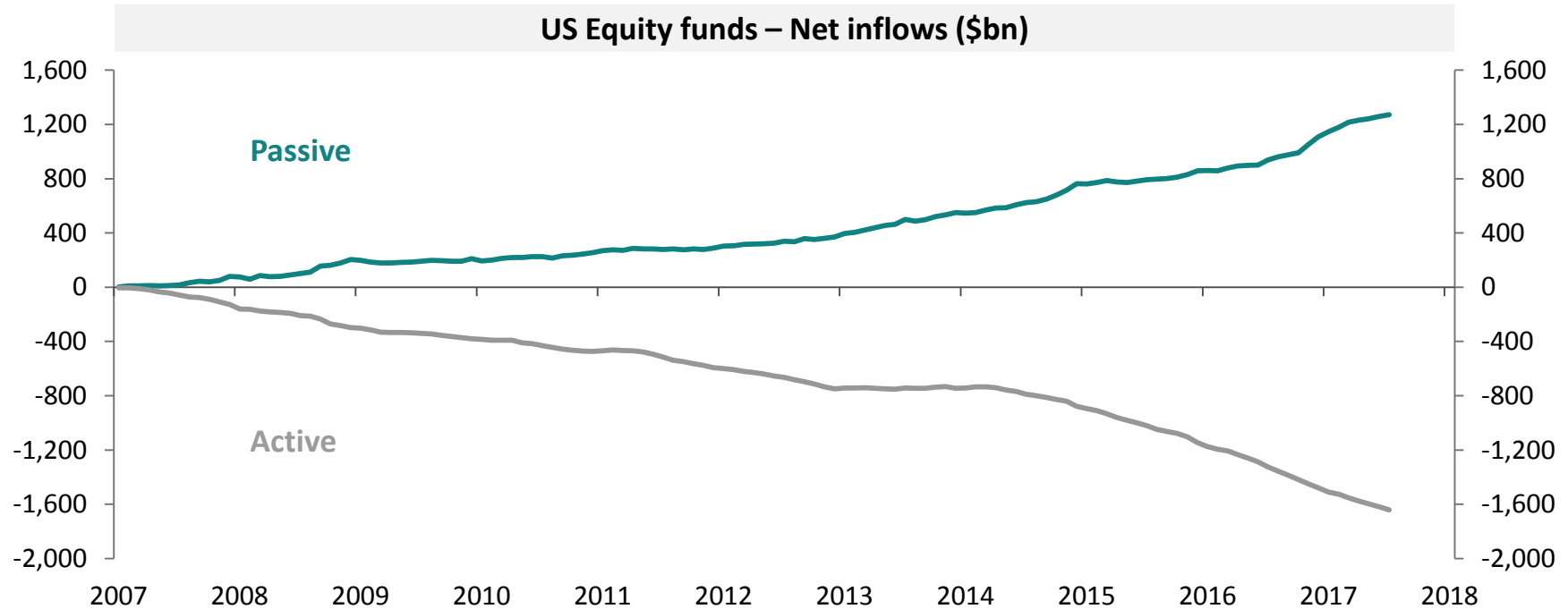
Global Fund Manager – Head of Cross Asset Team

# The Importance of Being a Risk Manager

# Over the Past 10 Years, Central Banks Have Given Themselves the Mission to Save the World

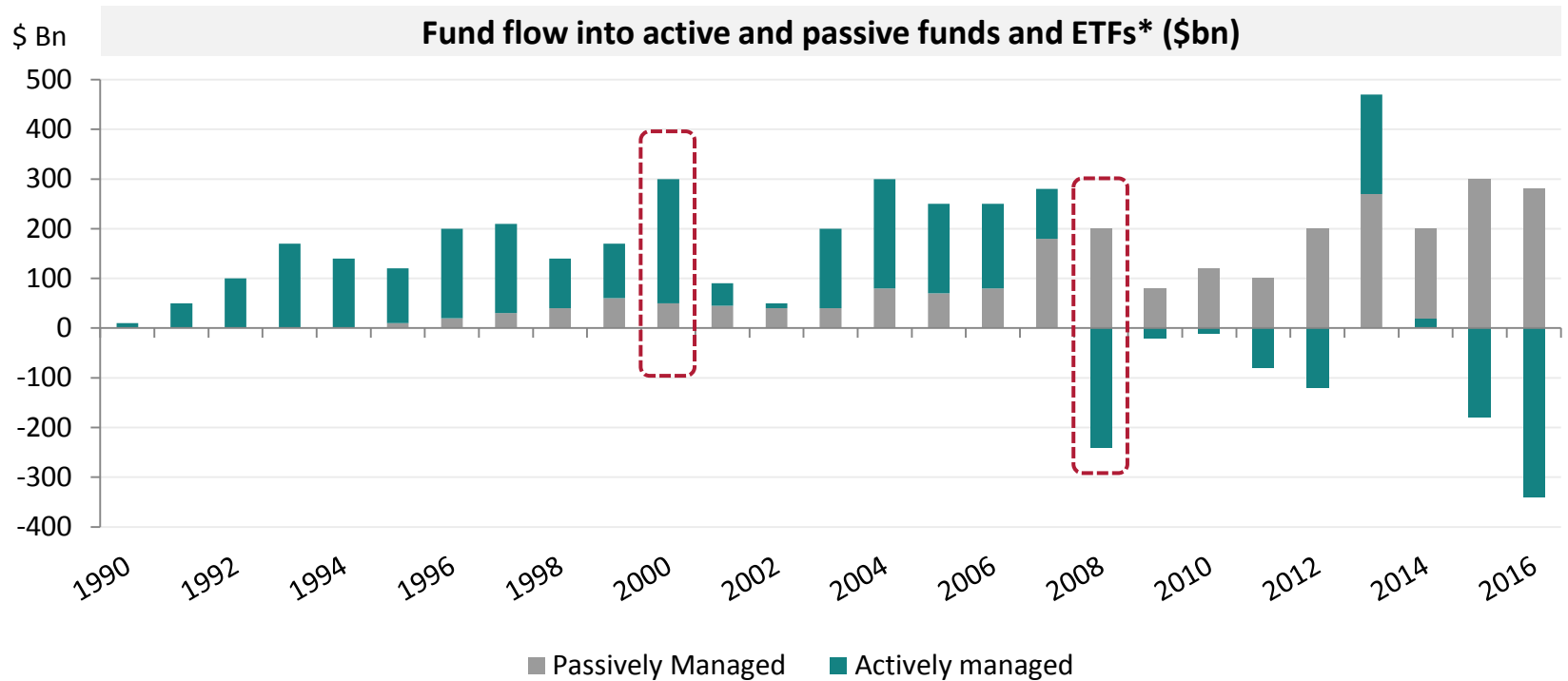


# And Savers Have Accelerated their Allocation from Active Funds to Passive Funds



Source: Bloomberg, 28/09/2017

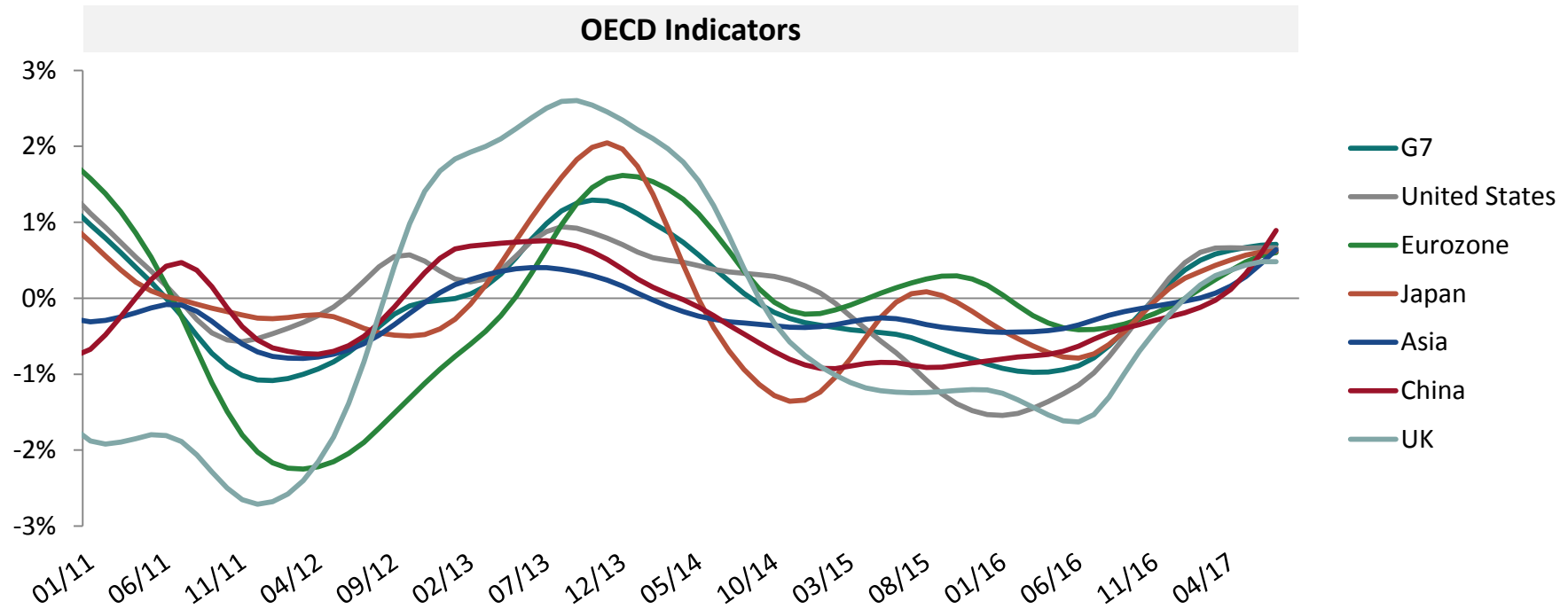
# This Trend Started 20 Years... with some Backfires



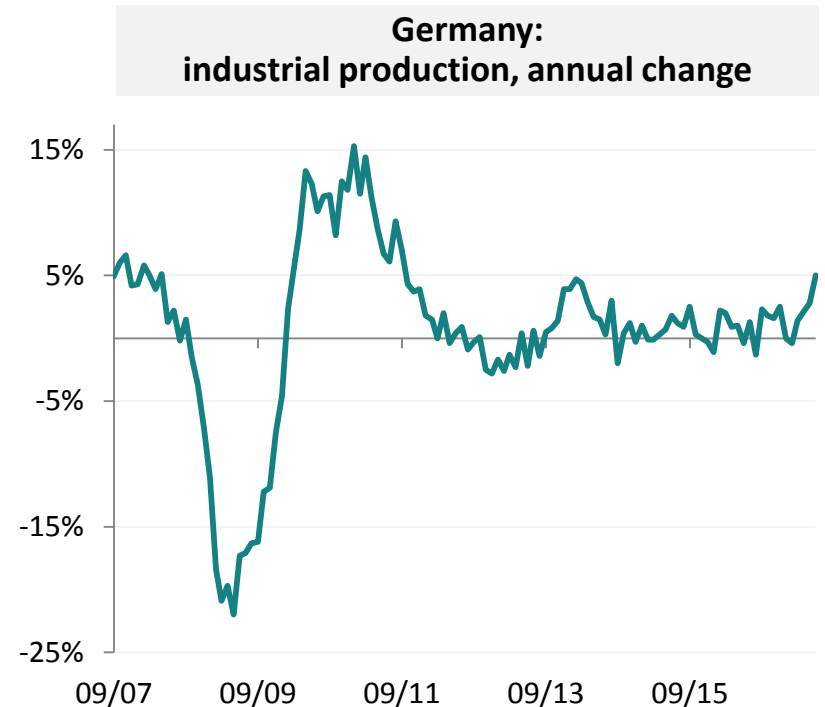
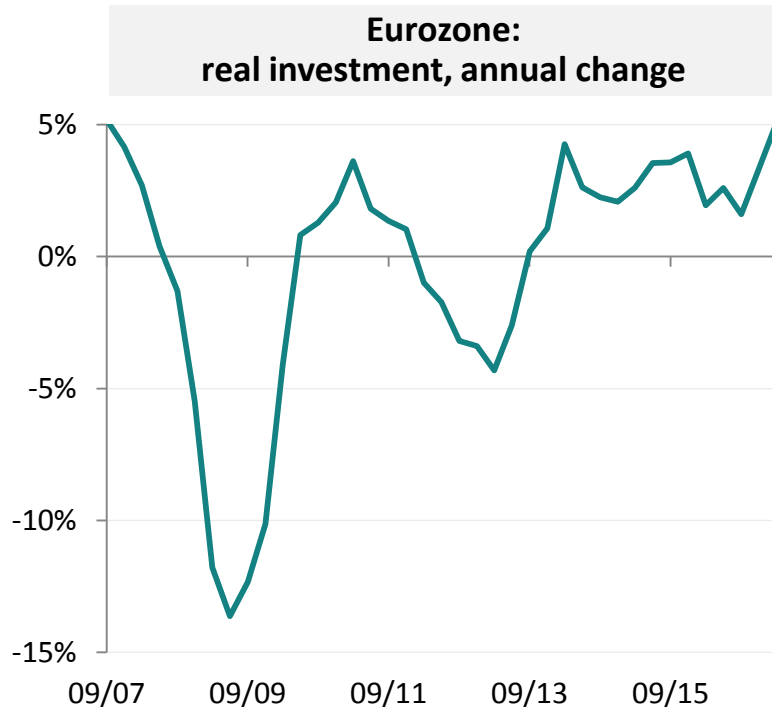
\*US domestic equity, from 1990 to 2016

Source: Financial times, June 2017

# Central Banks Seem to have Succeeded in Synchronizing the World Economy



# Eurozone: Investment at its Highest Level since the Crisis



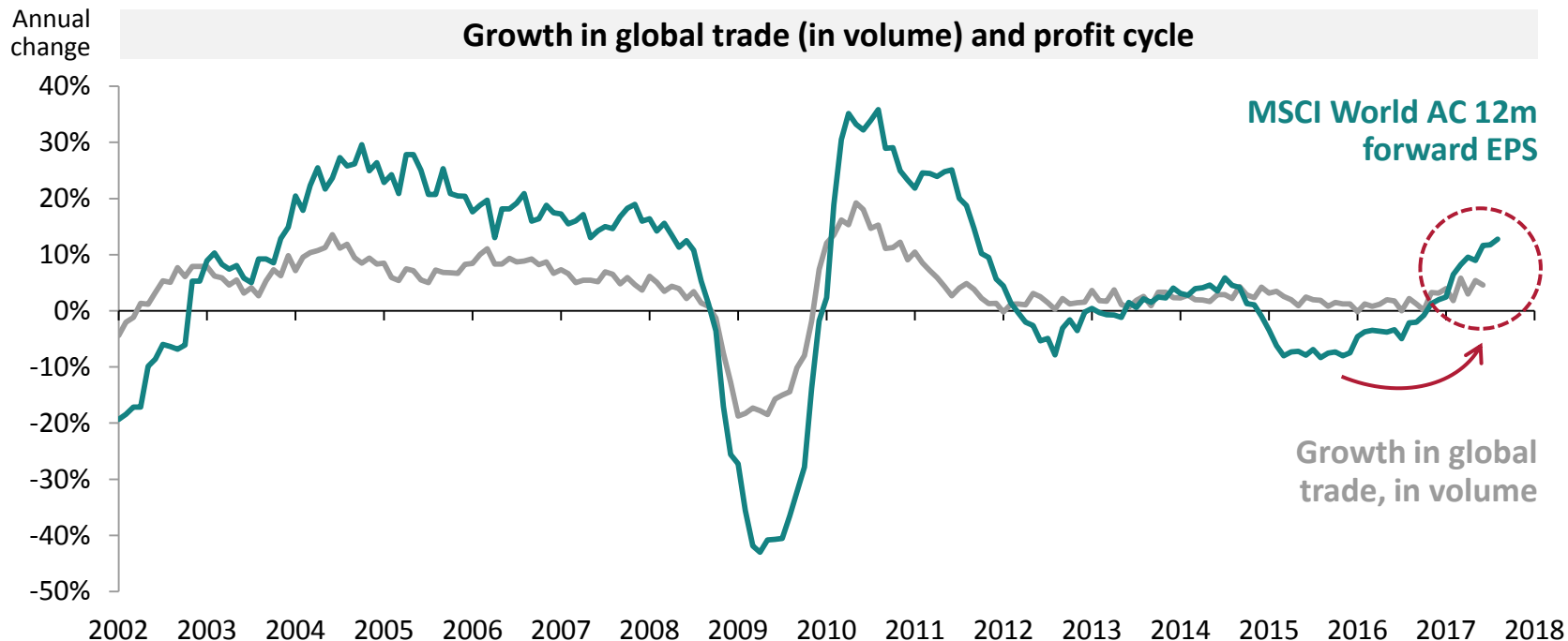


# Emerging Markets: the Simultaneous Improvement Continues

		Emerging Markets: PMI* evolution																
		Apr.16	May16	Jun.16	Jul.16	Aug.16	Sep.16	Oct.16	Nov.16	Dec.16	Jan.17	Feb.17	Mar.17	Apr.17	May17	Jun.17	Jul.17	Aug.17
<b>Emerging Markets</b>		49,6	49,6	49,4	50,4	50,1	50,1	50,9	50,7	51,2	50,8	51,3	51,6	50,8	50,6	50,8	50,9	51,7
<b>Asia</b>																		
	China	50,1	50,1	50	49,9	50,4	50,4	51,2	51,7	51,4	51,3	51,6	51,8	51,2	51,2	51,7	51,4	51,7
	India	50,5	50,7	51,7	51,8	52,6	52,1	54,4	52,3	49,6	50,4	50,7	52,5	52,5	51,6	50,9	47,9	51,2
	Indonesia	50,9	50,6	51,9	48,4	50,4	50,9	48,7	49,7	49	50,4	49,3	50,5	51,2	50,6	49,5	48,6	50,7
	South Korea	50	50,1	50,5	50,1	48,6	47,6	48	48	49,4	49	49,2	48,4	49,4	49,2	50,1	49,1	49,9
	Taiwan	49,7	48,5	50,5	51	51,8	52,2	52,7	54,7	56,2	55,6	54,5	56,2	54,4	53,1	53,3	53,6	54,3
<b>Latin America</b>																		
	Brazil	42,6	41,6	43,2	46	45,7	46	46,3	46,2	45,2	44	46,9	49,6	50,1	52	50,5	50	50,9
	Mexico	52,4	53,6	51,1	50,6	50,9	51,9	51,8	51,1	50,2	50,8	50,6	51,5	50,7	51,2	54,1	51,2	52,2
<b>EMEA</b>																		
	Russia	48	49,6	51,5	49,5	50,8	51,1	52,4	53,6	53,7	54,7	52,5	52,4	50,8	52,4	50,3	52,7	51,6
	Turkey	48,9	49,4	47,4	47,6	47	48,3	49,8	48,8	47,7	48,7	49,7	52,3	51,7	53,5	54,7	53,6	
	South Africa	54,9	51,9	53,7	52,5	46,3	48,5	45,9	48,3	46,7	50,9	52,5	52,2	44,7	51,5	46,7	42,9	44
	Poland	51	52,1	51,8	50,3	51,5	52,2	50,2	51,9	54,3	54,8	54,2	53,5	54,1	52,7	53,1	52,3	52,5
	Czech Republic	53,6	53,3	51,8	49,3	50,1	52	53,3	52,2	53,8	55,7	57,6	57,5	57,5	56,4	56,4	55,3	54,9
	Hungary	52,1	52,2	50,9	53,8	51,3	57,2	57	56,6	52,2	56,5	59,5	56	55,9	62,1	57,2	54,2	56,6

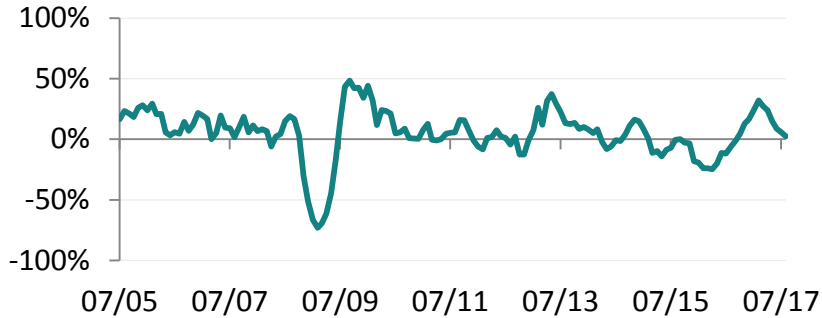
\*Purchasing Managers' Index  
Source: Bloomberg, 31/08/2017

# Will the Global Trade Recovery Continue to Support Global Earnings Growth and Investment?

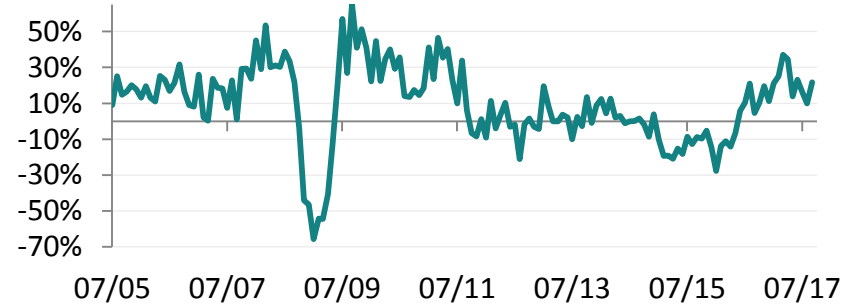


# Not that Sure!

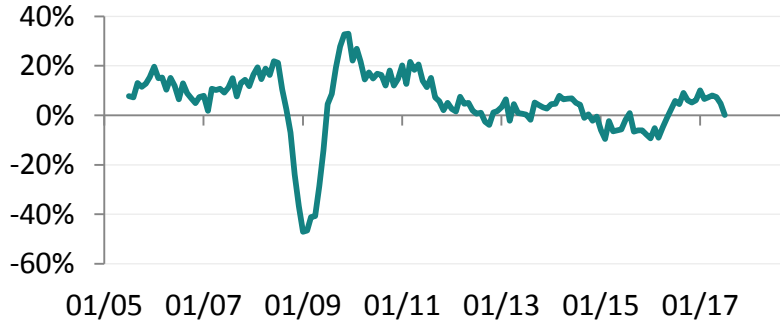
**Japan: Global Trade, annualized 6-month**



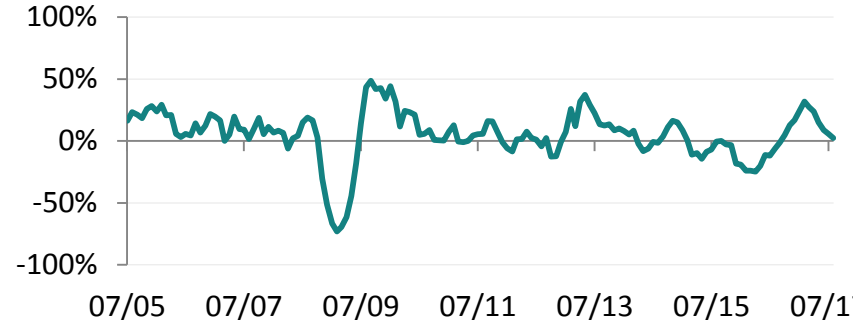
**South Korea: Global Trade, annualized 6-month**



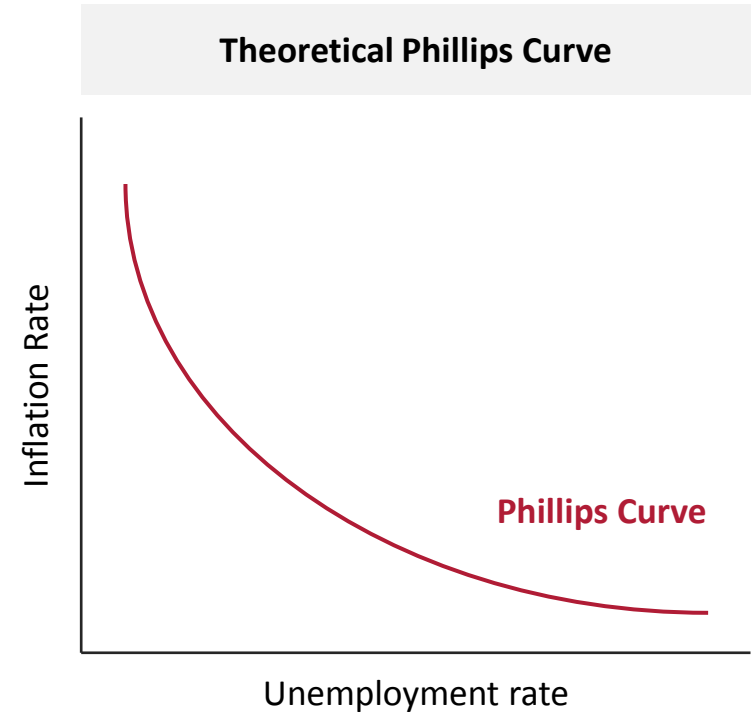
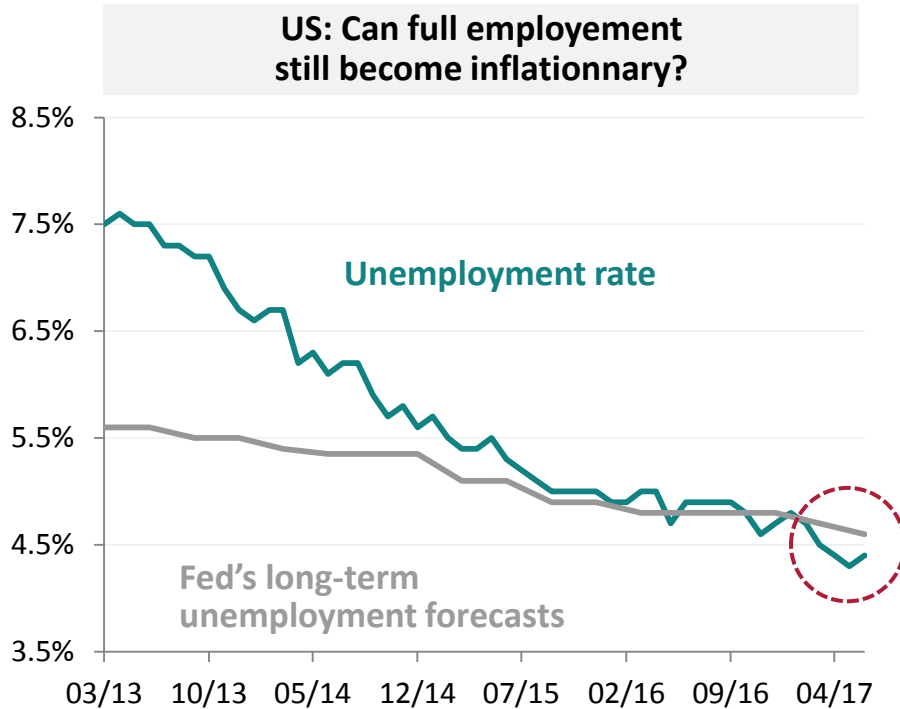
**United States: Global Trade, annualized 6-month**



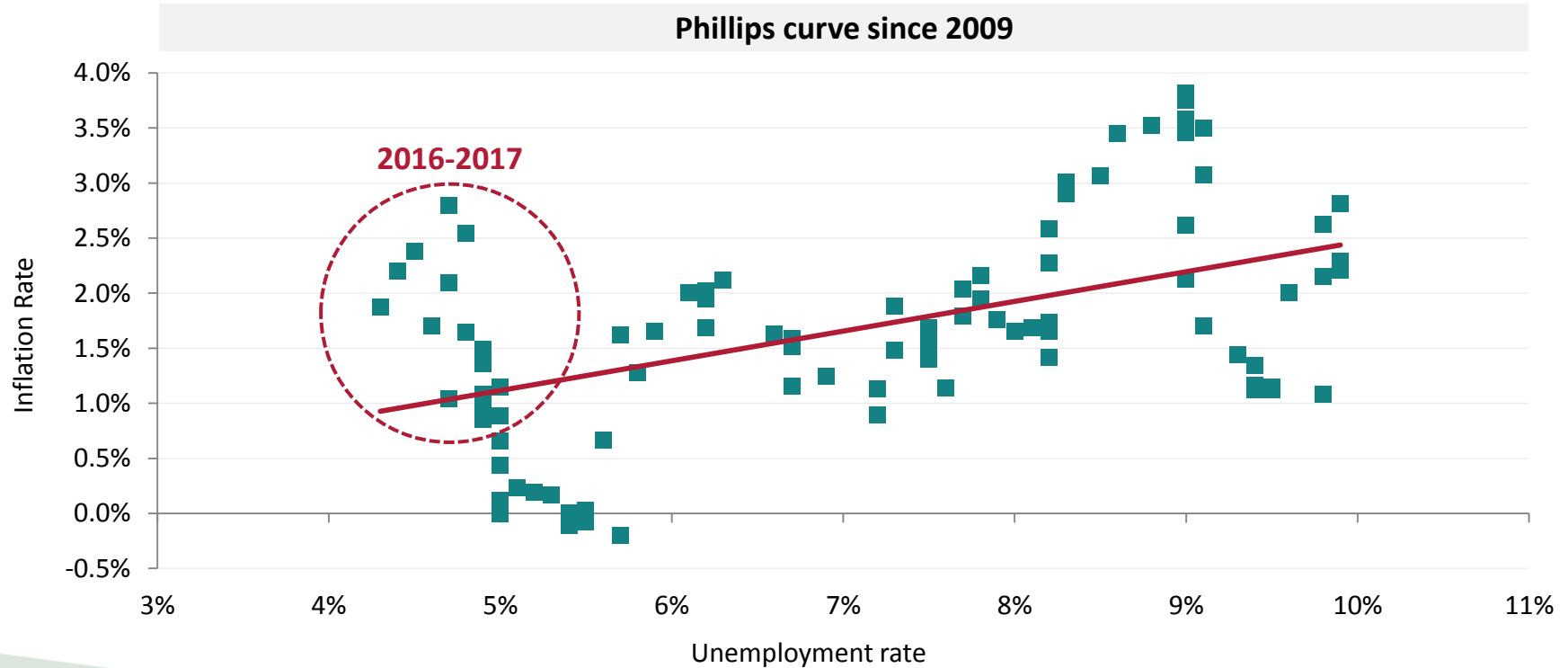
**Germany: Global Trade, annualized 6-month**



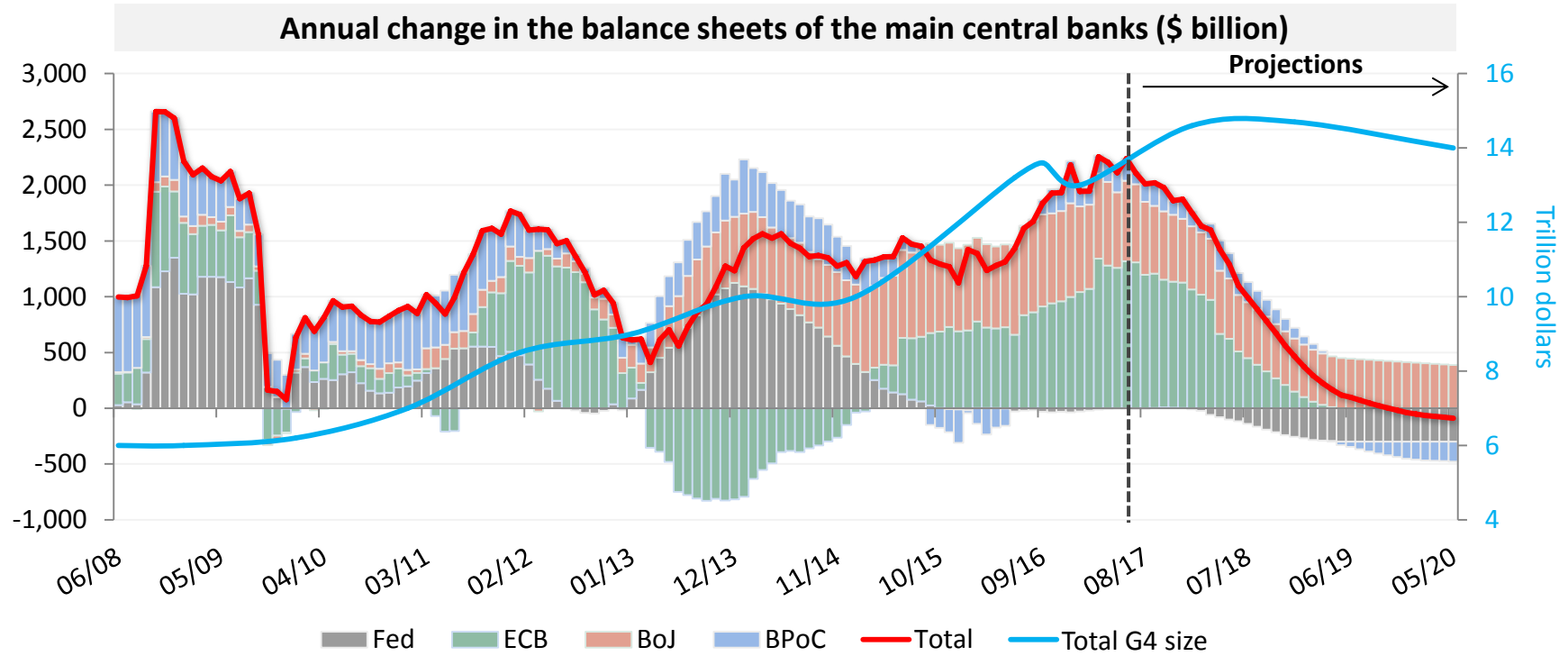
# However Central Banks are Seeking all the Excuses to Normalize



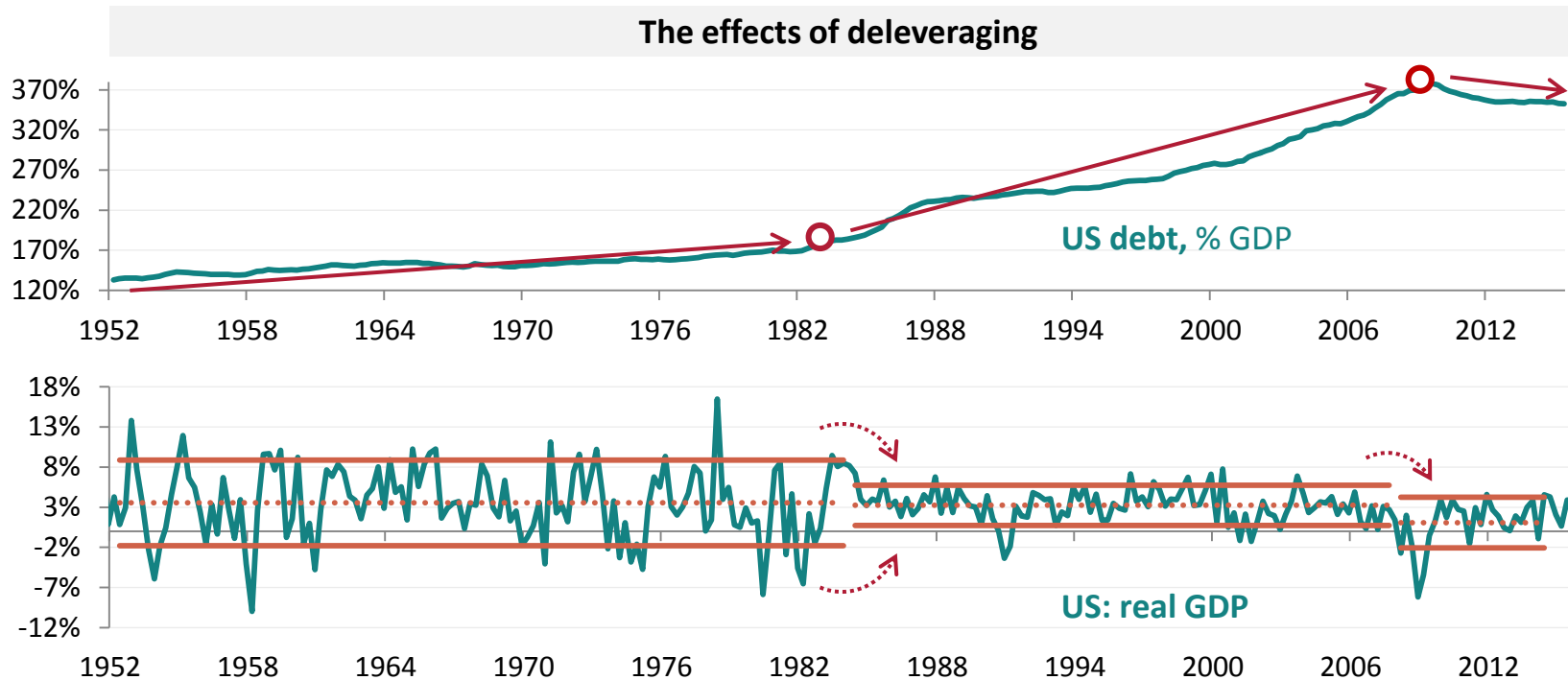
# Is Inflation Really the Justification for the FED's Monetary Policy Normalization?



# Yet Here's What They Are Planning to Do



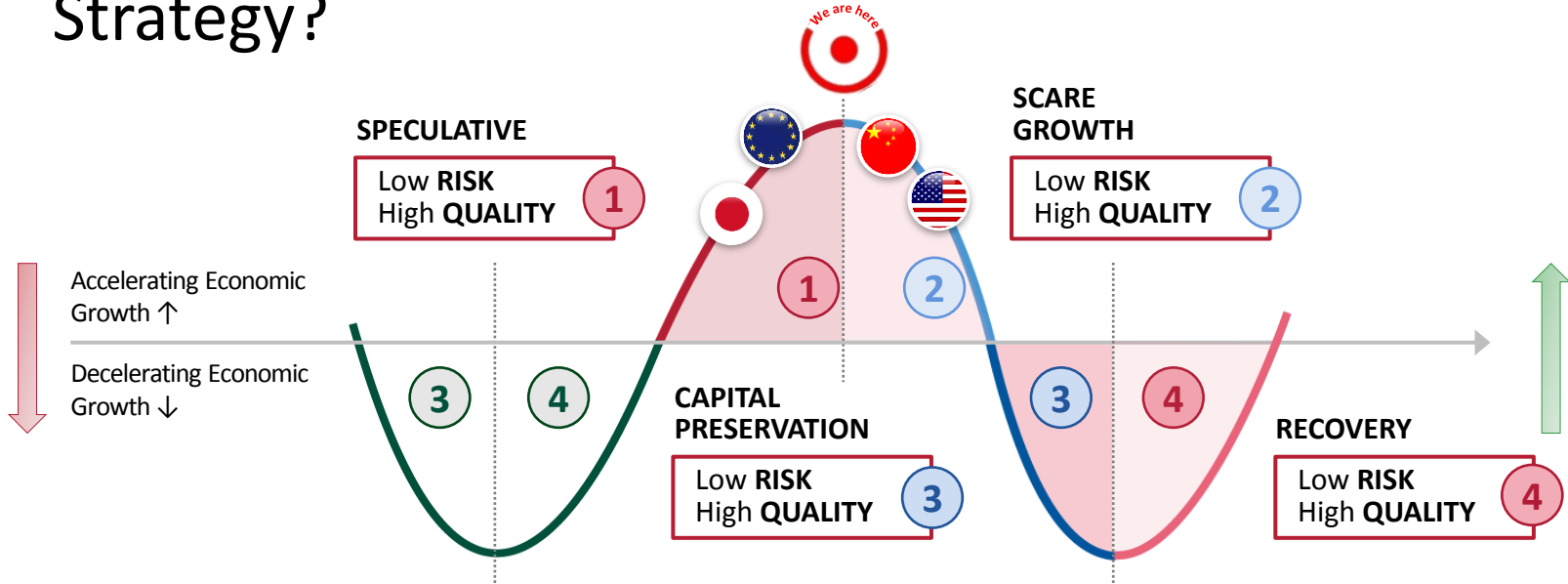
# Monetary Policy Normalization is all the More Risky as the Weakness of Growth is Structural



# How to Translate these Macroeconomic data into an Investment Strategy?

Sectors with the largest number of values sensitive to a recovery (high risk/ low quality) :

- Energy
- Materials
- Industrials
- Financials

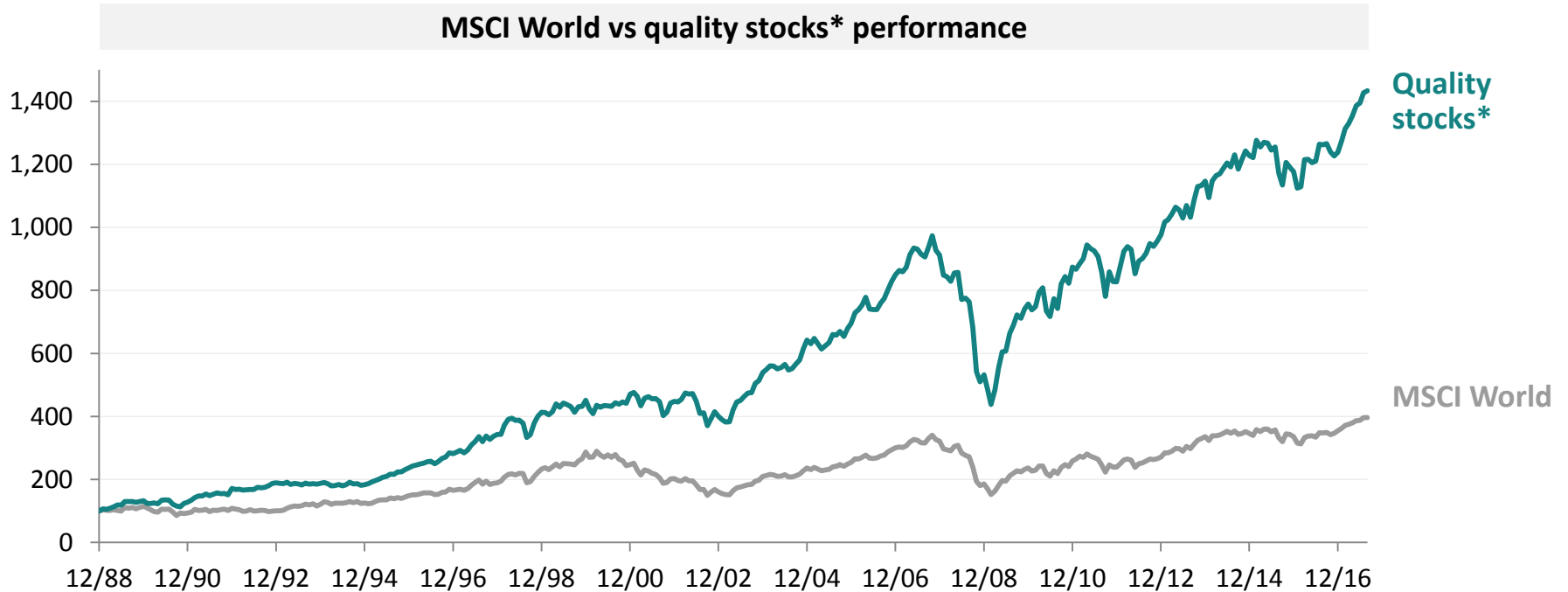


Sectors with the largest number of values sensitive to a scarce growth (low risk/ high quality) :

- Healthcare
- Consumer staples
- Utilities



# High vs Low Quality Stocks Performance



Quality stocks\*

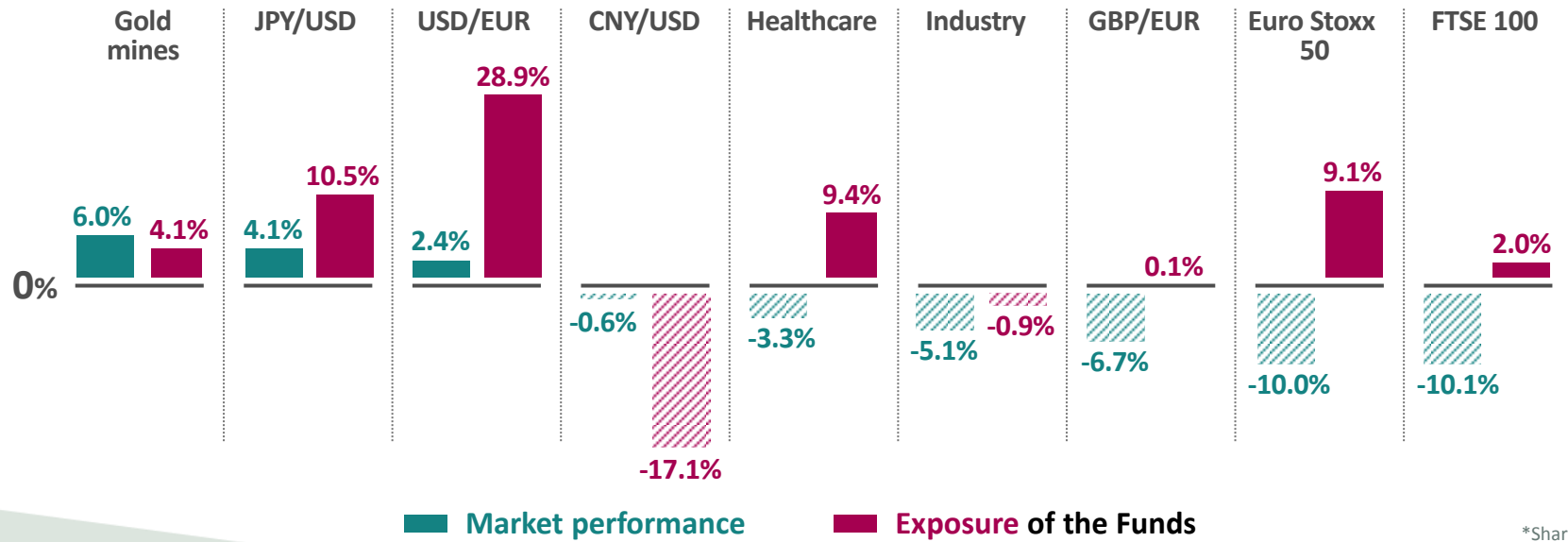
MSCI World

# Brexit as a Case Study of Risk Management

24<sup>th</sup> of June 2016  
 Performance of the  
 EuroStoxx 50: -8.62%  
 Performance of the  
 MSCI World Index: -3.17%

Performance of the fund  
 as of the 24 June: -0.31%

**Brexit Day (24/06/2016):  
 market performance and net exposure of a diversified strategy\***



\*Share A Eur ACC

Source: Carmignac, Bloomberg, 24/06/2016  
 Past performance is not an indication of future results.

Performance is shown net of fees (excluding any entry charges payable to the distributor)

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