

Milan IFTA Conference "Sailing to the Future"

October 2017

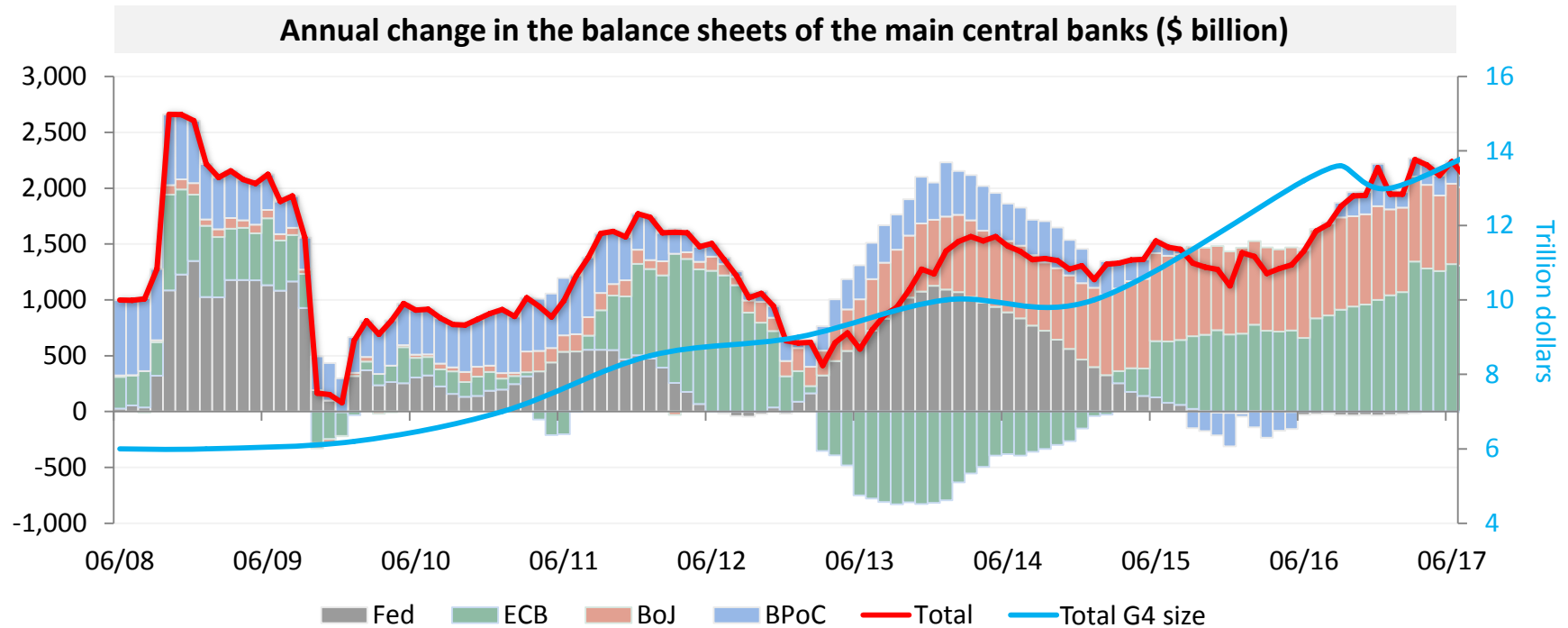


Frédéric Leroux

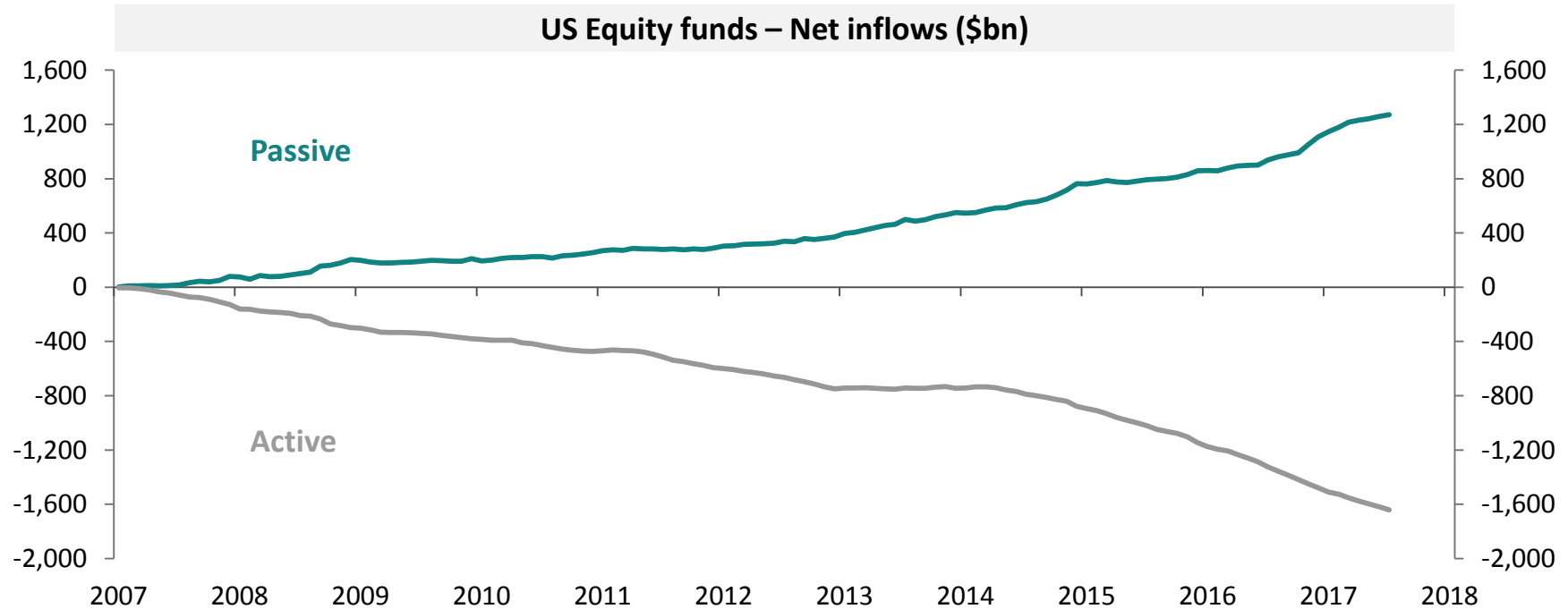
Global Fund Manager – Head of Cross Asset Team

The Importance of Being a Risk Manager

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

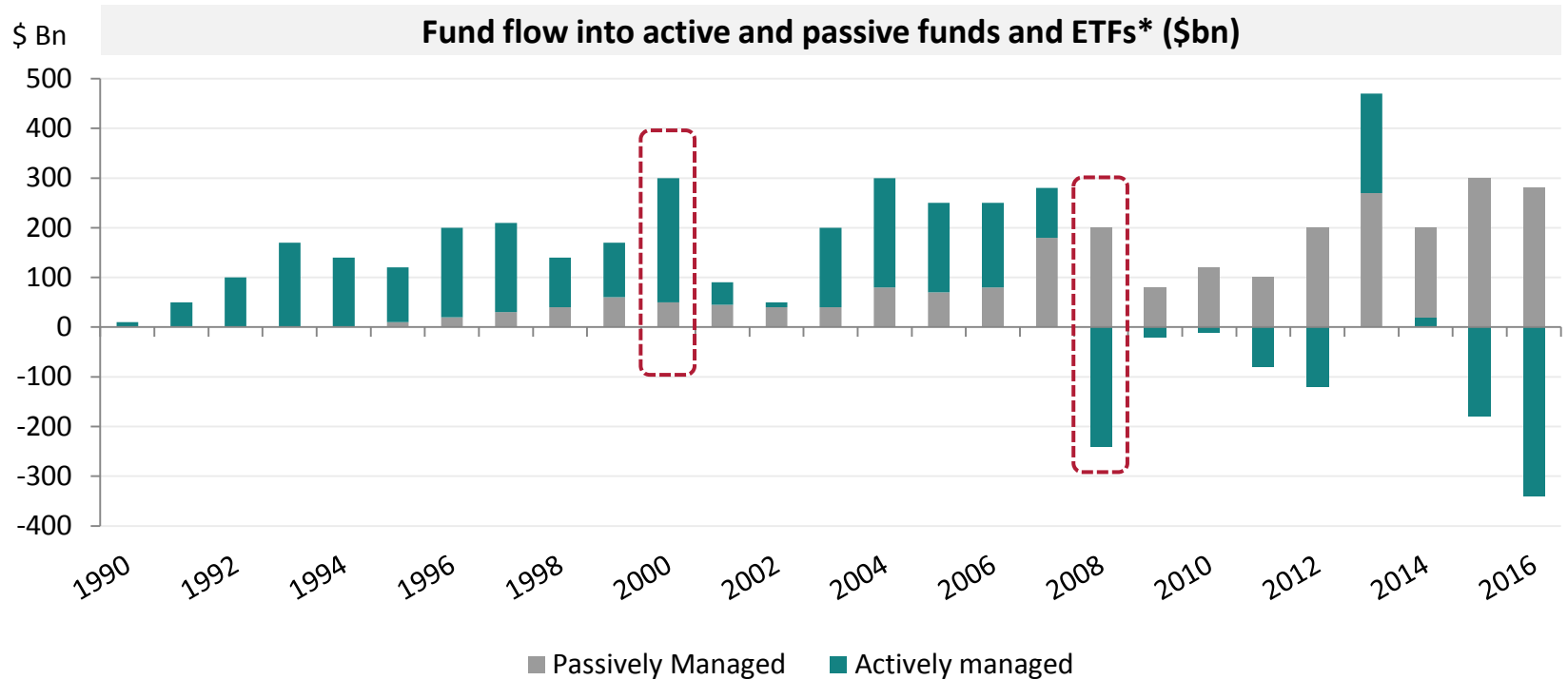


And Savers Have Accelerated their Allocation from Active Funds to Passive Funds



Source: Bloomberg, 28/09/2017

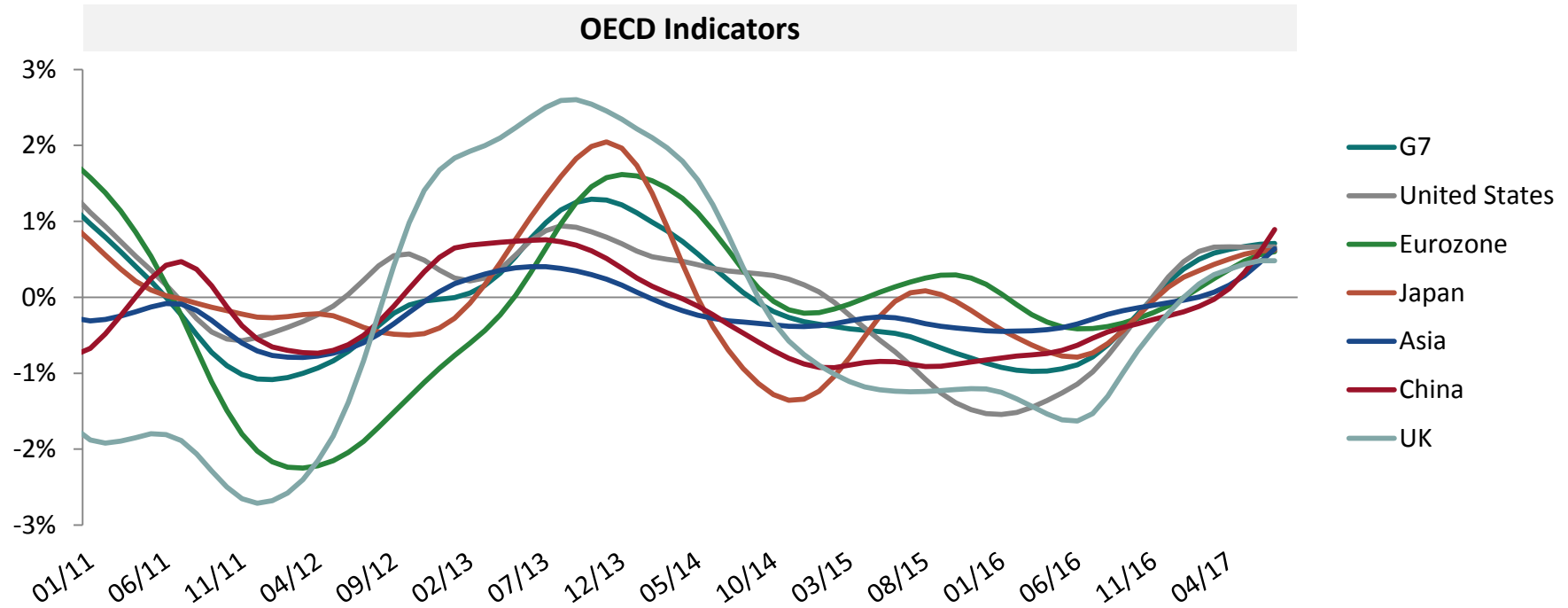
This Trend Started 20 Years... with some Backfires



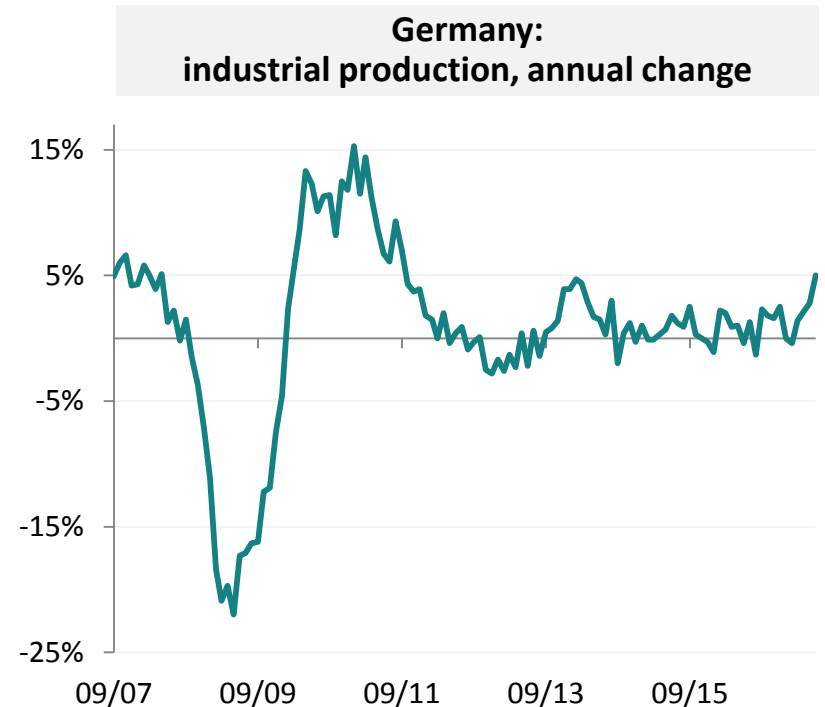
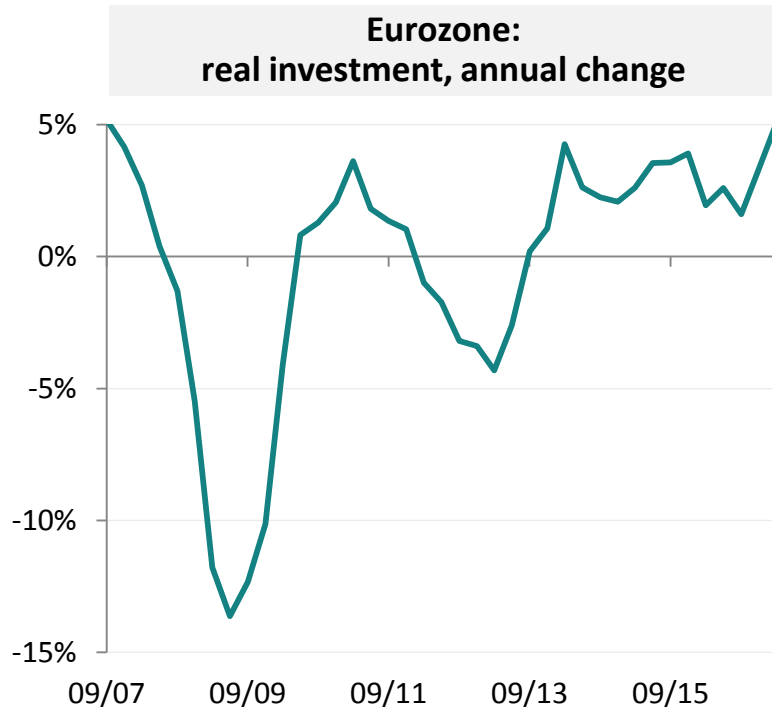
*US domestic equity, from 1990 to 2016

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

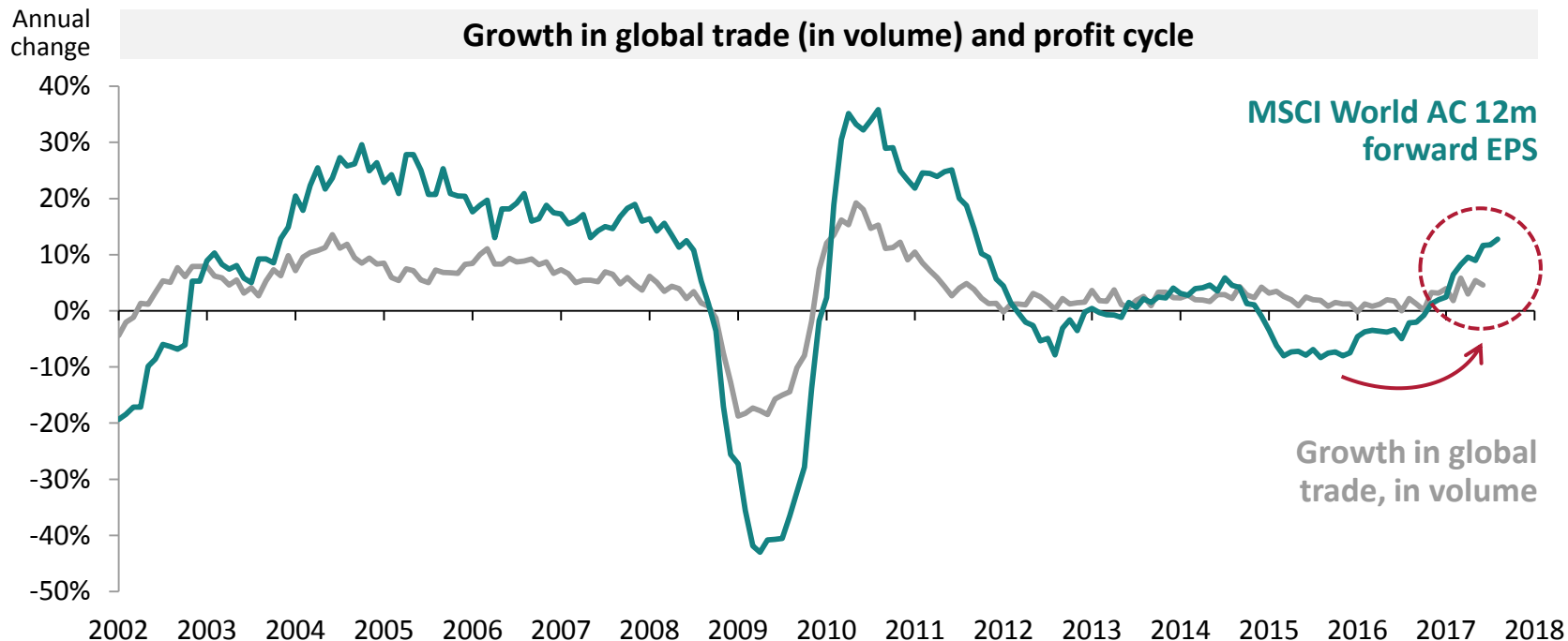


Emerging Markets: the Simultaneous Improvement Continues

		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
Emerging Markets		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
Asia																		
	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
Latin America																		
	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
EMEA																		
	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

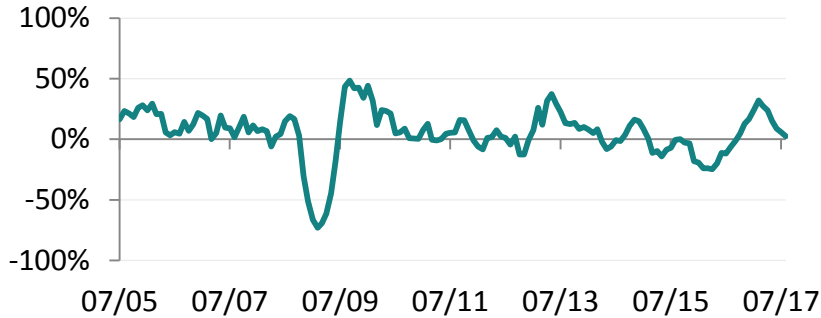
*Purchasing Managers' Index
Source: Bloomberg, 31/08/2017

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

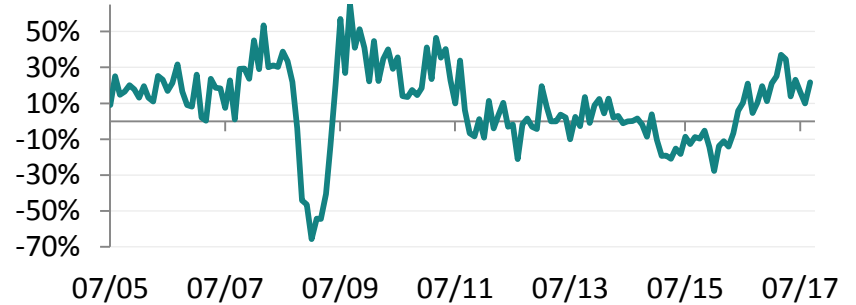


Not that Sure!

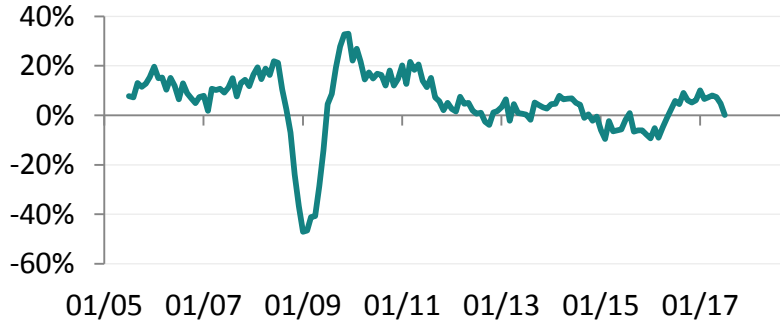
Japan: Global Trade, annualized 6-month



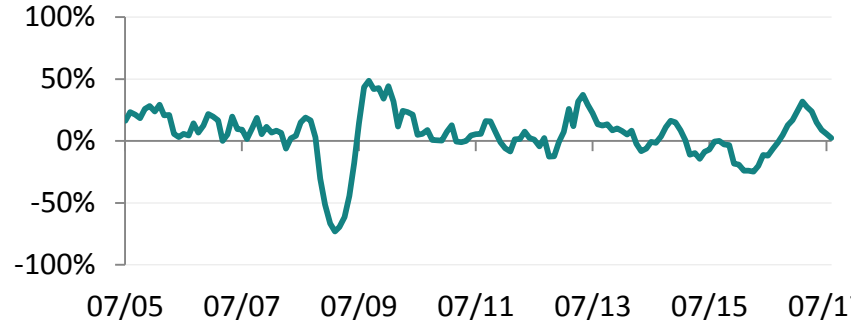
South Korea: Global Trade, annualized 6-month



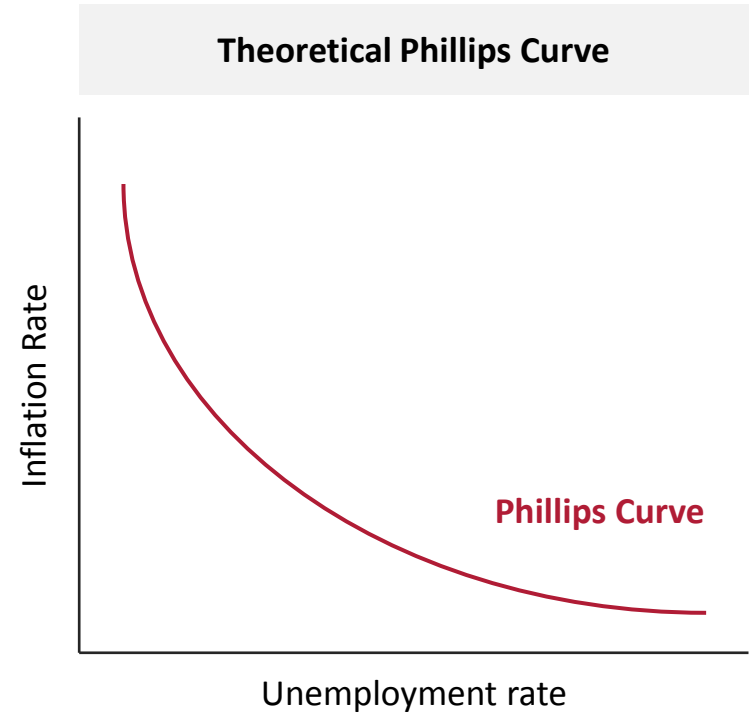
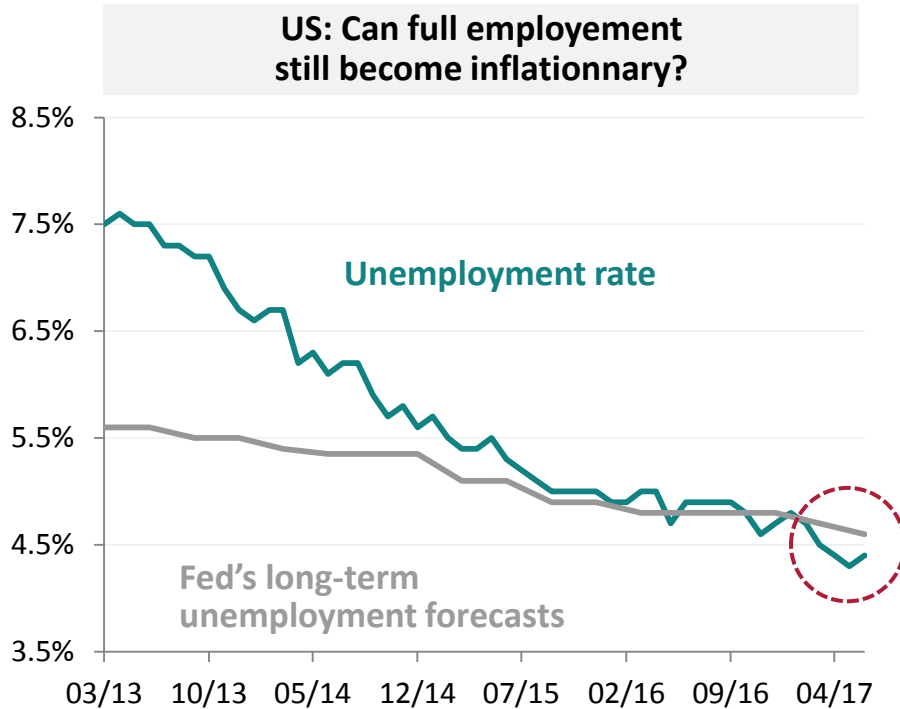
United States: Global Trade, annualized 6-month



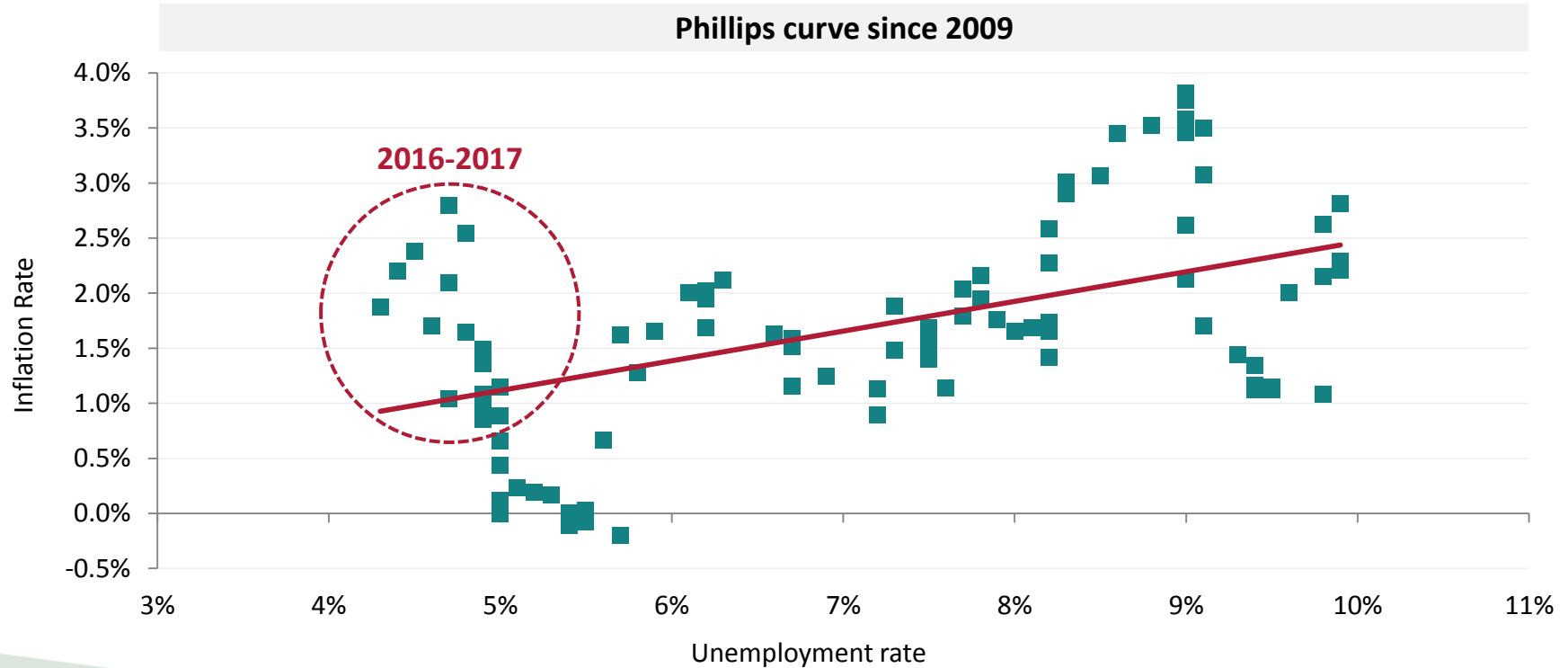
Germany: Global Trade, annualized 6-month



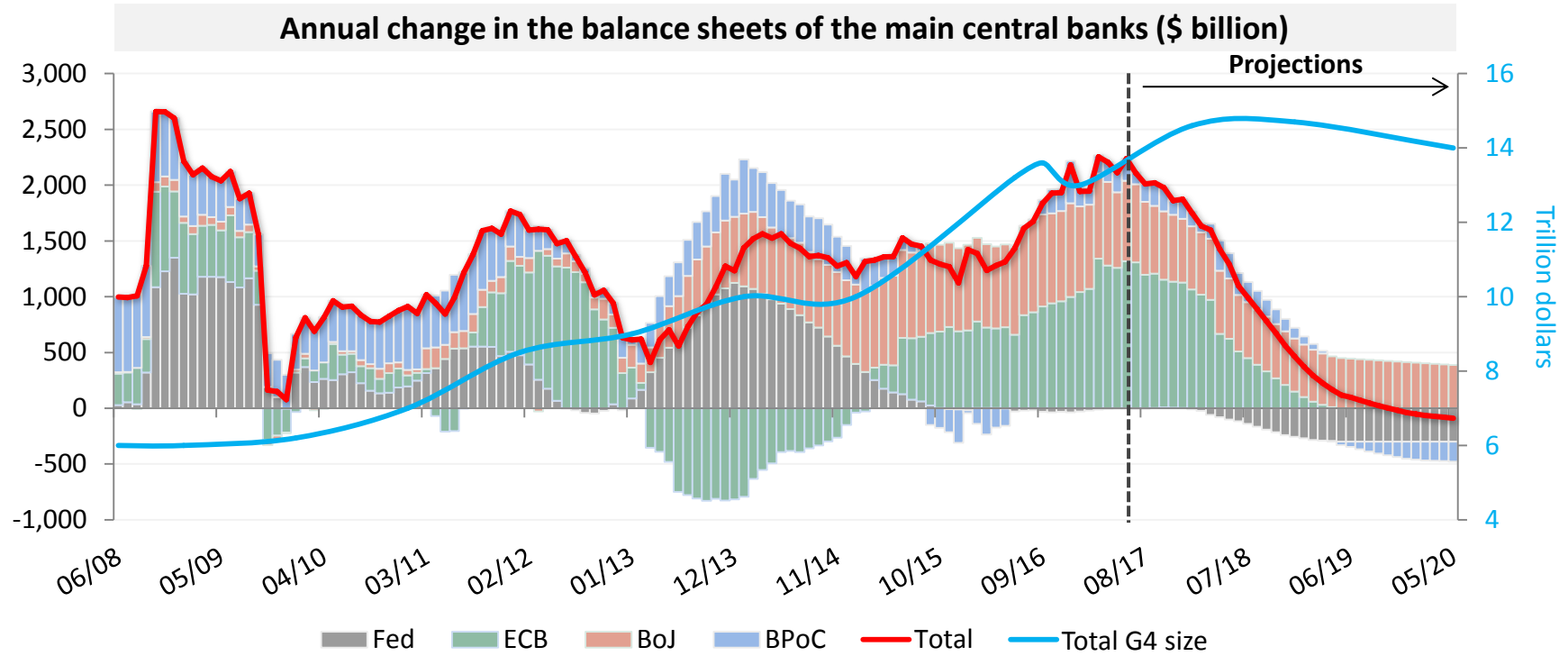
However Central Banks are Seeking all the Excuses to Normalize



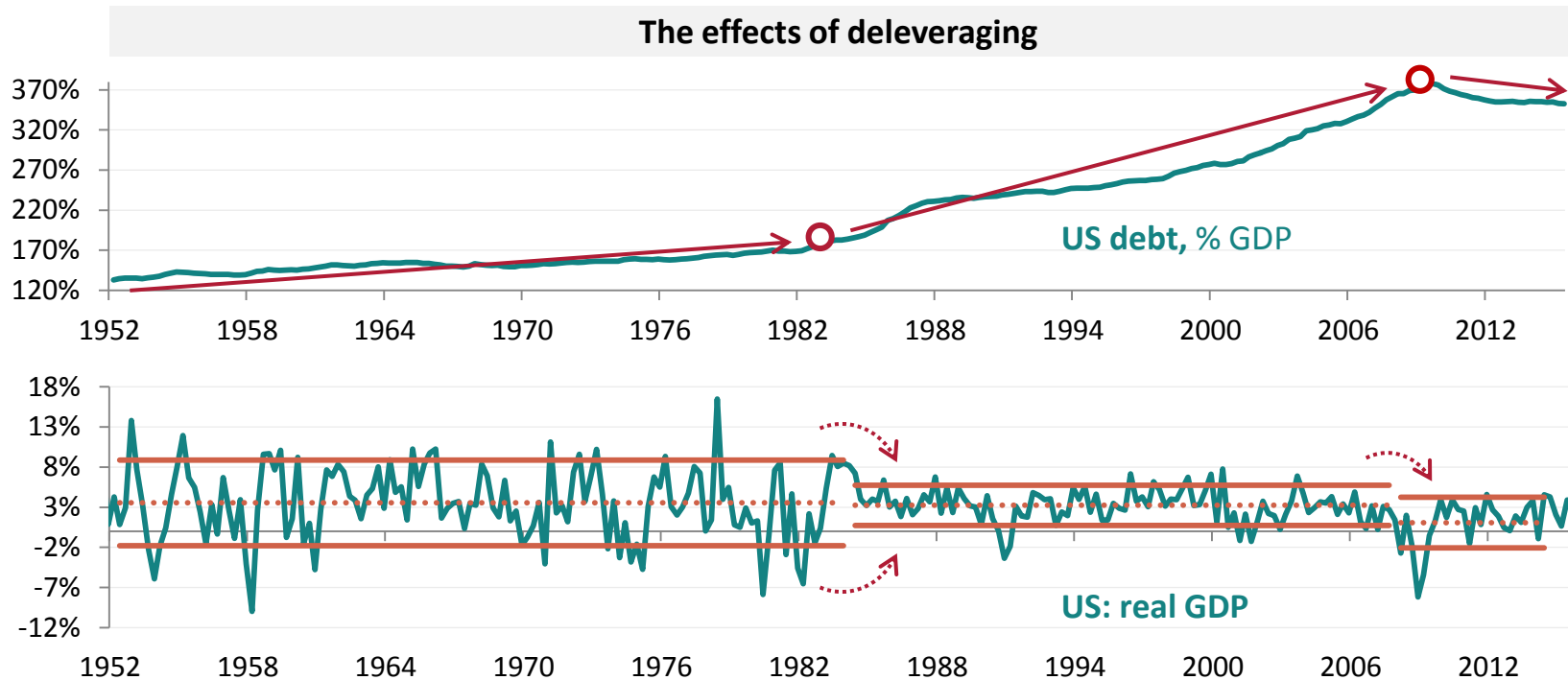
Is Inflation Really the Justification for the FED's Monetary Policy Normalization?



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



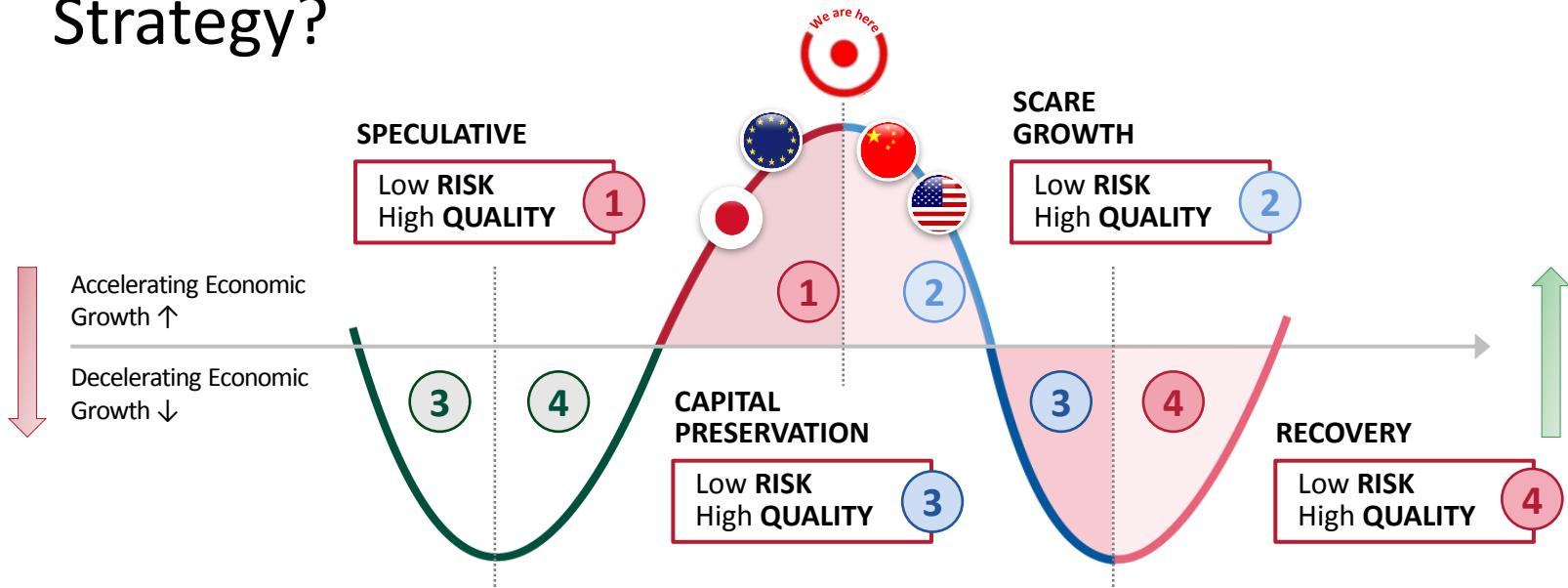
Industrials



Materials



Financials



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



Healthcare

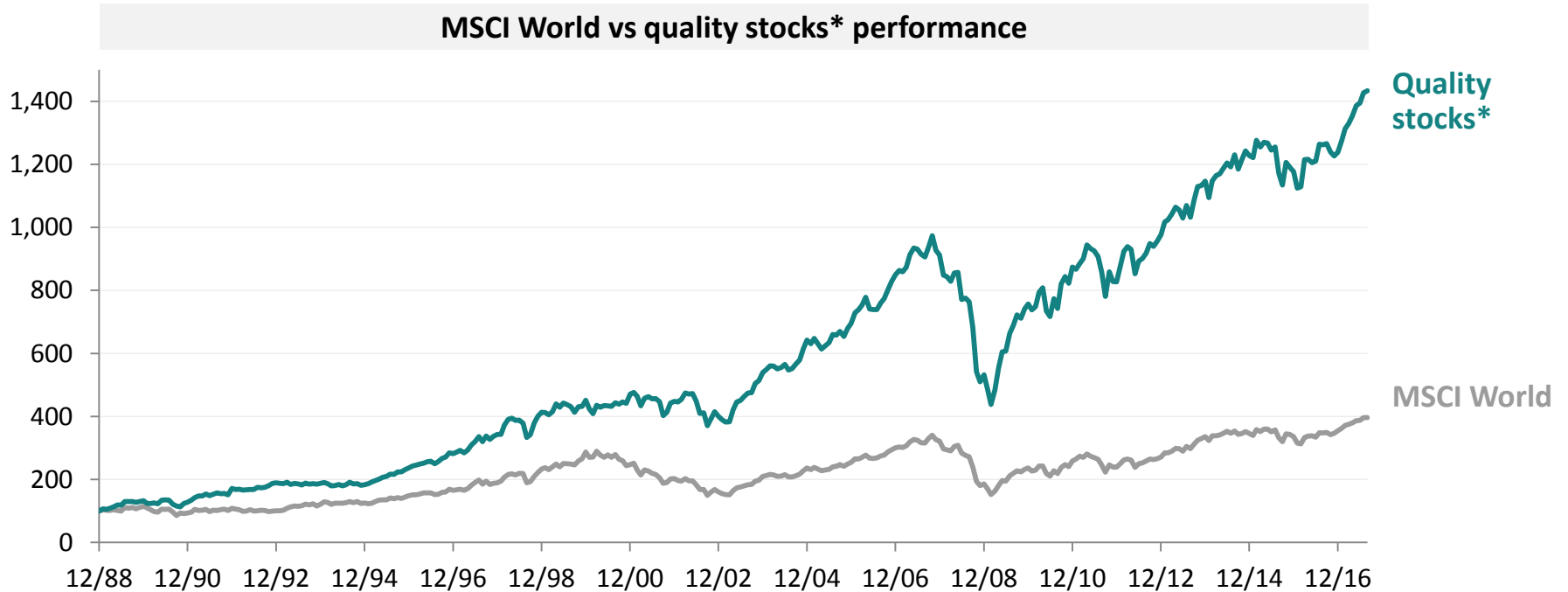


Utilities



Consumer staples

High vs Low Quality Stocks Performance



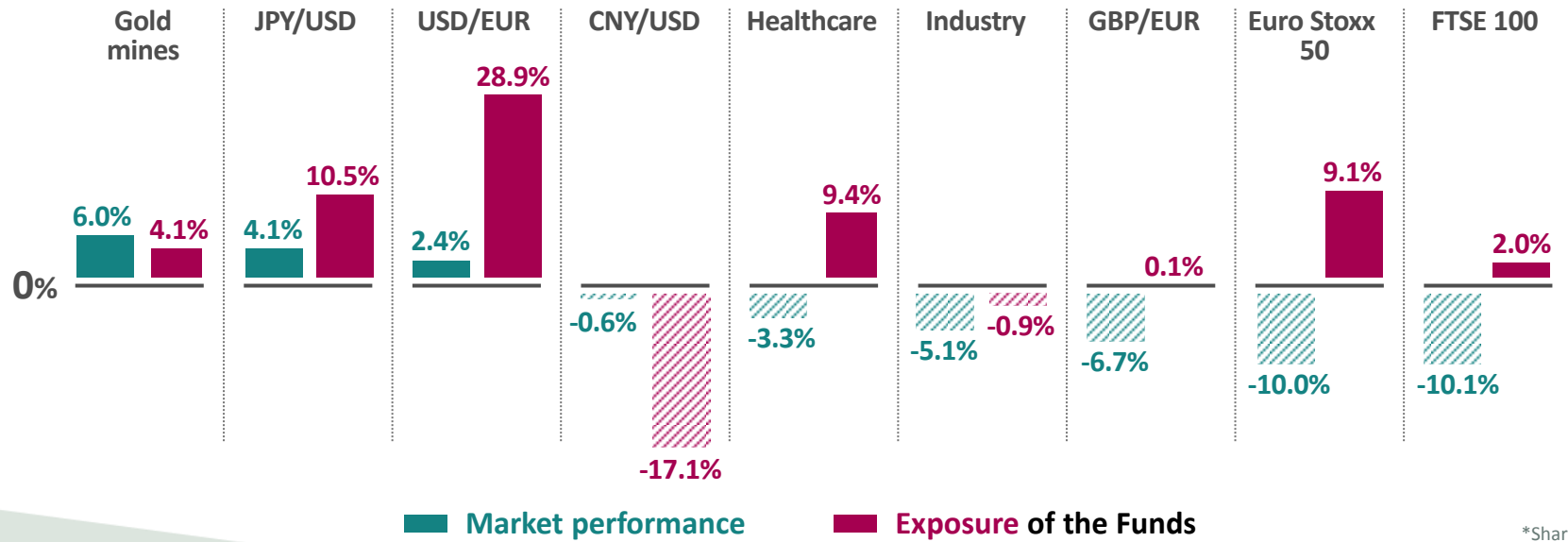
*Quality stocks are stocks with a high visibility on return on equity and return on assets
Source: Carmignac, Bloomberg, 31/08/2017

Brexit as a Case Study of Risk Management

24th 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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