CBH Compagnie Bancaire Helvétique

Quarterly Insight

Autumn Edition 2018

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Imprint

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ALLOCATION MONITOR

			BENCHMARK ALLOCATION		CBH GROUP STRATEGIC ALLOCATION										
					Underweight					Neutral				Overweight	Chg
9.5%	Cash	Libor 3m	5%	USD							3%				
		Euribor 3m		EUR										16%	
45.5%	Government	1 - 5 years	10%	USD				6%							
				EUR	1%										
		5 - 10 years	10%	USD						10%					
				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%			
		Local currency										2%			
	Others	Senior loans									2%				
		Convertible											6%		
36.0%	Equities	North America	15%							15%					
		Europe	13%						11%						
		Japan	4%					2%							
		Asia Pacific (ex-Japan)	4%							4%					
		China	2%							2%					
		Emerging Markets	2%							2%					
2.0%	Precious metals	Gold	2%							2%					2%
7.0%	Other investments	Other investments	3%										7%		

ALLOCATION COMMENTARY

While the European markets and emerging markets are still lacking in oxygen after the downturn in the third quarter, the US market is taking off by recording the best quarter (+7%) of the last five years, driven by the rebound in the healthcare sector, industrials and by the Giants of the Silicon Valley.

Investors in “risk-on” mode and in search for returns have also supported two other segments we continue to favor: high yield debt and convertible bonds, which ended the quarter up 2.4% and 1.7% respectively.

Looking at the fourth quarter, we expect that after the US mid-term elections, Trump will have less need to show the muscles to seduce his voters, and that this will be the starting point for a normalization of trade relations with China. This possible return to calm, coupled with end-of-year sales, could be the catalyst allowing the US market to continue its upward movement.

If we continue to believe in the potential of the North American market, our analyses highlight several factors that could create instability and downward movements in the coming quarters:

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

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

- an increase in economic and political tensions in Italy, where the banking sector remains under pressure (jeopardized by the forthcoming closure of the ECB's purchasing program) and where we find it hard to believe in the stability and the long term potential of a joint government between the “Movimento 5 Stelle” and the “Lega”.

These factors let us to maintain a relatively cautious investment approach, even if the real economy is in a positive shape and corporate earnings remain positive. Regarding our asset allocation, this situation leads us to maintain a position similar to the one adopted in the last quarter.

On our global bond portfolio, we underweight government bonds and euro area investment grade corporate bonds in favor of short-term high-yield bonds. As US bonds show higher yields, we are positioning ourselves across the entire curve and across all segments of the bond’s universe (government, investment grade and high yield).

For dollar portfolios, with a 10-year government rate close to 3%, we continue to strengthen our exposure, with the objective of protecting portfolios from extreme risks.

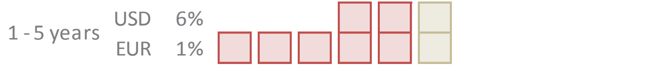
In our pursuit of returns, we continue to favor crossover bonds (whose rating oscillates between BBB- and BB-) and especially convertible bonds which, although riskier, continue to offer an attractive risk / return profile and represent our greater overexposure to our strategic allocation.

We continue to find attractive the bottom end of the capital structure (subordinated bonds) of companies with a strong balance sheet and a dominant market position. In this segment, we focus on large financial institutions. In the emerging-country debt segment, whether it is denominated in hard currency or local currency, we are adopting a more defensive attitude but maintain our current exposure.

In the commodities markets, we keep a fundamentally negative view on agricultural products and industrial metal, a constructive view on gold and a more positive view on oil, which, in addition to its fundamentals, seems to be driven by a solid "dynamic ".

In terms of equity allocation, we are maintaining an underweight position due to the high level of risk to which we are already exposed in the bond universe. For the geographic allocation, our positioning is more defensive vis-à-vis the emerging markets and Europe. We prefer instead the Asian countries and the United States, the only market that continues to show a solid "momentum". In addition, end-of-year sales and a decrease in the tussle with China could provide a catalyst for the continuation of the upward movement of the summer.

GOVERNMENT BONDS



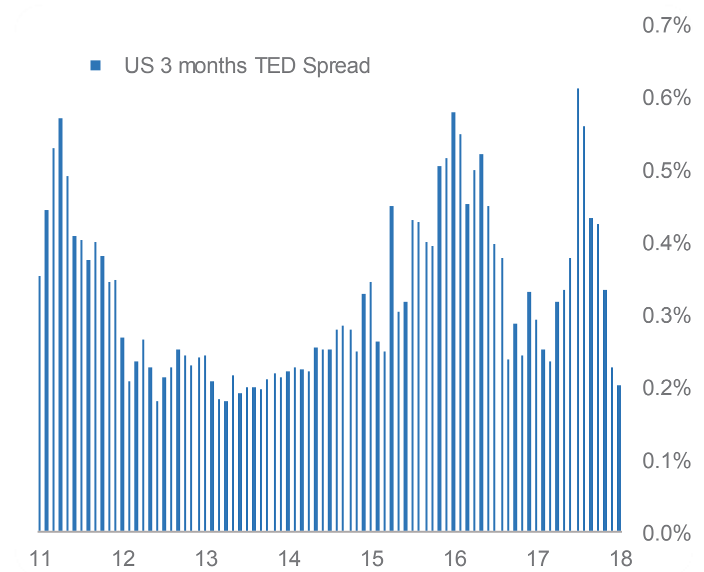
Short-term interest rates in developed markets should continue to diverge in the near future. The FED continues unabated its monetary policy normalization, while other major central banks are only gently preparing markets for a future normalization. In fact, during its September meeting, the FED hiked rates by 25bps to 2.00-2.25%, citing a very robust economic outlook, low unemployment and inflation close to its target. We expect another 25 bps rate hike in December this year and two additional rate hike in 1H19, with a terminal rate near 2.75-3.00%. The FOMC dots median year-end Fed Fund Rate target remained at 2.375% in 2018, 3.125% in 2019 and 3.375% in 2020, with the longer term rate at 3%. The FED seems therefore to be front-loading its rate hikes and is guiding for one more rate hike in 2018 and three in 2019.

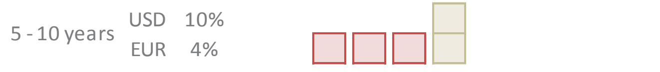
On the other hand, the ECB announced a “dovish tapering”. The objective is to gradually reduce its monthly purchases program until December, when it will suspend it. However, the ECB has committed to keep interest rates unchanged until the end of summer 2019.

In conclusion, we believe short term government bonds remain an unappealing investment proposition, except in $-terms, where the US Treasury 2Y yields are back above S&P500 dividend yield for the first time in 10 years!

US TED Spread

Source: CBH, Bloomberg Financial L.P.





The global macroeconomic outlook remains positive with the US economy firing on all cylinders thanks to Trump’s fiscal package boosting activity and inflation. This is likely to exert upward pressure not only on short term rates, but also on longer term ones.

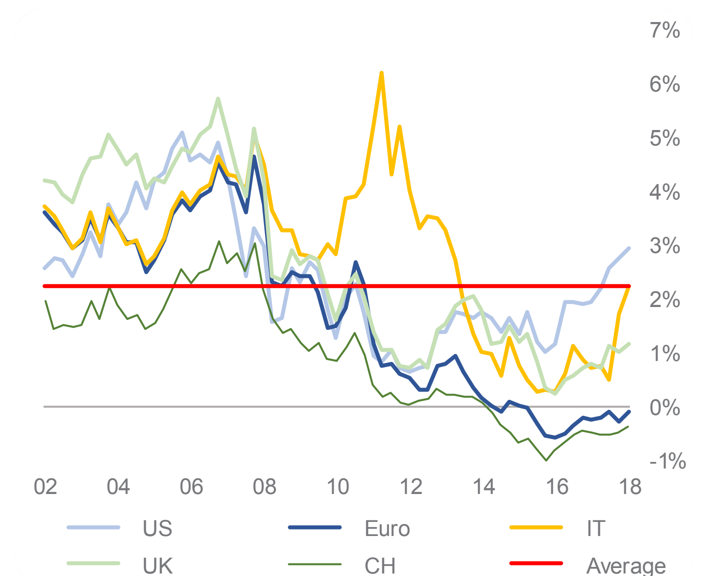
In addition, negative technicals are likely to put upward pressures on yields. In fact, Central banks are shrinking their balance sheets and in 2019 more than $1,200bn additional treasury bonds will need to be refinanced in the market. Also, companies preferred to contribute to their pension plans, receiving the old 35% tax deduction instead of the new 21% rate, instead of buying treasury bonds, contributing to the latest spike in US 10Y yields.

Consensus forecasts anticipate 10Y Treasury yields at 3.06% at the end of 2018, 3.32% in 2019 and 3.45% in 2020. That said, the yield curve is expected to “bear flatten” as the short-term yields are expected to increase more markedly. 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 0.62% at the end of 2018 and 1.03% in 2019.

In conclusion, we think that government bonds should remain under pressure and privilege US market over other G4 markets. That said, we believe that starting increasing duration with US 10Y yields above 3% could be a rewarding strategy over the medium term as we expect the FED will probably pause near half 2019 and the curve will probably be flattish or even inverted at that time.

5 YEARS INTEREST RATES

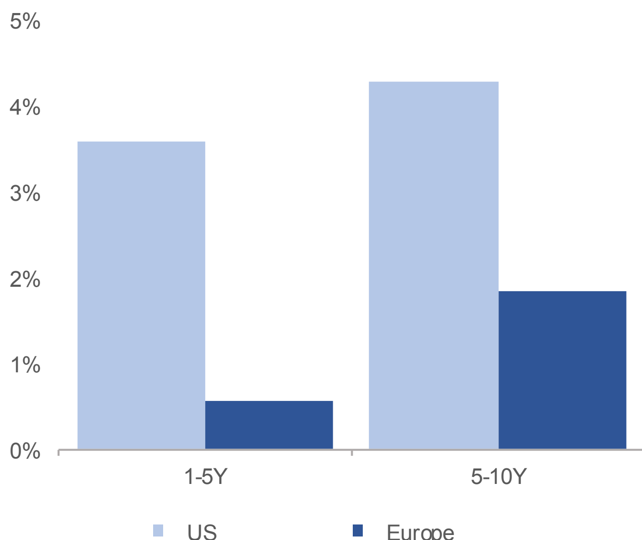
Source: CBH, Bloomberg Financial L.P.



INVESTMENT GRADE BONDS

INVESTMENT GRADE CURVES

Source: CBH, Bloomberg Financial L.P.



1 - 5 years USD 13% EUR 11%

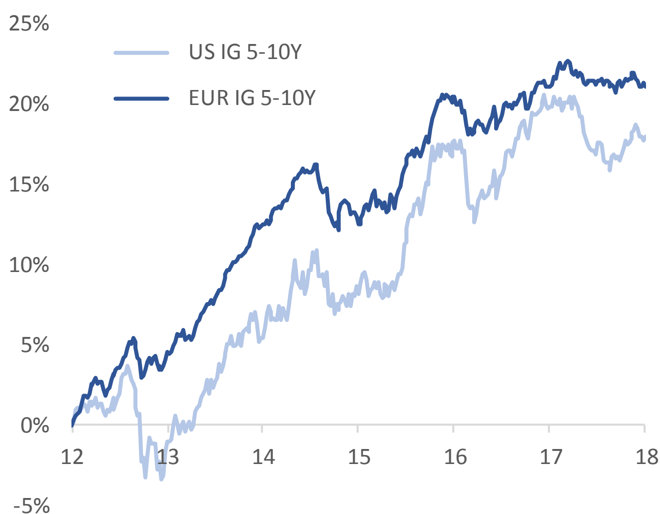
Investment Grade (IG) short term corporate bonds have shown some recovery during the last quarter, but remain flat to negative since the start of the year.

US short term IG papers have behaved better than their EU peers as their higher yield and spread cushion play in their favor. In fact, in Europe, negative short term yields and low spread cushion keep us negative on this asset class. With the ECB just at the beginning of the normalization process, we think that there can be at least two more years of pain for EU bond investors (and even more for CHF investors).

In contrast, 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 a 3 years maturity. This is more than double the level present a year ago. Therefore, 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 performed more or less in line with short term ones, but are in negative territory YTD. US have underperformed EU ones, undermined by the tighter monetary policy adopted by the FED.

The mild spread widening we witnessed since the start of the year, combined with the sharp rise in rates, has increased the amount of lower priced dollar debt in the market. At this level, bond convexity has improved, offering a more defensive profile and creating an opportunity to swap into these bonds.

We think that credit valuations remain attractive in a non-recessionary environment and have the potential to perform well during the last quarter of the year. Also, the fundamental framework remains rather benign in the US, but also in the EU.

Going ahead, we expect spreads to move sideways or slightly higher in the remaining of 2018. We expect fundamentals to remain strong but technicals to weaken as new supply is likely to enter the market. Judging by yields, valuations have improved in the last few months, hence we can expect better returns and we continue to prefer IG credits to sovereign bonds.

Even cheaper, long-term IG corporate bonds could nevertheless continue to suffer in a rising rate environment and this suggests us to adopt a cautious small underweight position on this segment. Tactically, as the US 10Y Treasury yields seems to be fluctuating inside a wide 2.8-3.13% range, active investors could start increasing duration on the upper band of this range and reduce it on the lower band.

HIGH YIELD BONDS

1 - 5 years	USD	5%
	EUR	5%

High Yield (HY) bonds – with senior loans and convertible bonds – were one of the best fixed income subsectors over the last quarter and YTD. Short duration 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.

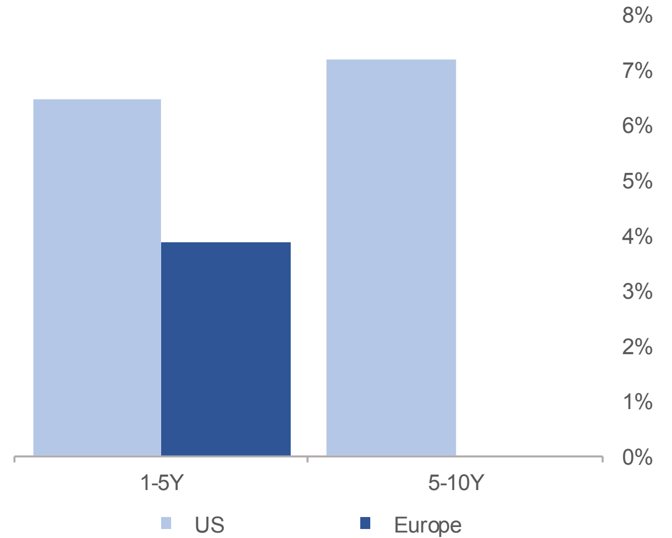
Risk on sentiment in the US was supported by generally solid corporate earnings and outlooks, no default on loans or bonds, and reduced spillover from EM volatility. Moreover, HY benefitted from limited new issuance and positive inflows.

With no surprise, EU short term HY underperformed their US counterparts, more negatively impacted by the headwind of Turkey and Italy. These two issues led to some “contagion” via the European financial segment which is exposed to these two countries.

Going ahead, we think the positive growth dynamics should sustain the asset class, but valuations are less compelling than the other (risky) fixed income subsectors (like EM bonds). Therefore, we suggest improve the average quality of HY bond portfolios by targeting less risky issuers (BB-B rating).

HIGH YIELD CURVES

Source: CBH, Bloomberg Financial L.P.



5 - 10 years	USD	0%
	EUR	0%

Long-term HY bonds registered a strong rebound during the last quarter, but have underperformed short term ones YTD, undermined by the back up in government yields.

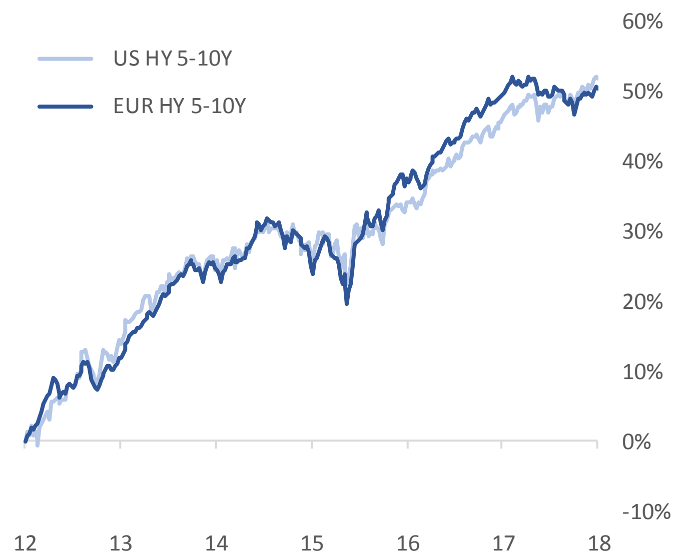
In one hand, trade dispute between the US, China and other countries remains a key risk, even if we do not expect a meaningful impact on growth over the short term. In the other hand, fundamentals of the asset class remain positive, growth dynamics are strong and the default outlook is benign. At the end, we think a cautious approach is adapted to the current valuations and given the current stage of the economic cycle.

Moreover, with the normalization of monetary policies, safer IG credits are gradually becoming more compelling, reducing the attractiveness of HY bonds. We have probably been too much cautious on HY bonds over the last quarter but, it is almost impossible to time credit markets. Hence, we prefer to stay cautious and maintain only a small positive exposure to HY bonds.

In contrast, we are turning more positive on Europe with more attractive valuations and a better positioning in the economic cycle. In fact, 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).

HIGH YIELD BOND TOTAL RETURN

Source: CBH, Bloomberg Financial L.P.

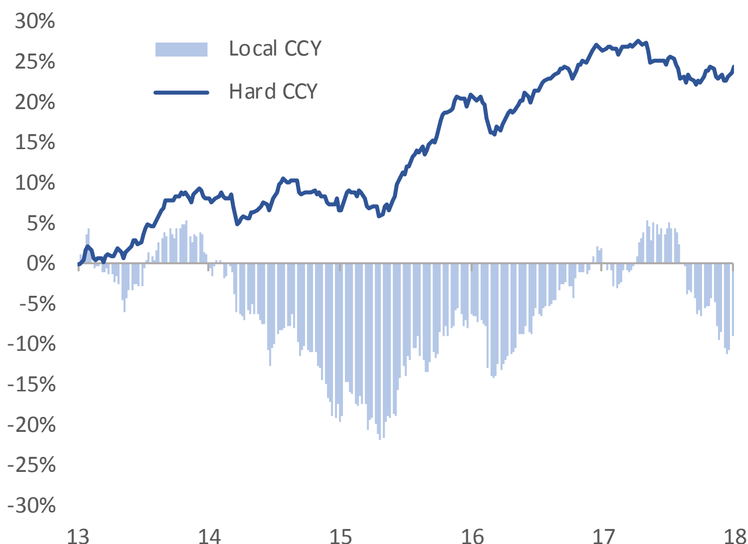


EMERGING MARKET BONDS

Hard currency	2%	
Local currency	2%	

EMERGING MARKET BOND TOTAL RETURN

Source: CBH, Bloomberg Financial L.P.



Emerging Markets (EM) financial assets have registered another roller-coaster quarter. Sentiment, undermined by global trade worries, and light summer liquidity provided the backdrop for a volatile and poor quarter of performances for EM fixed income markets.

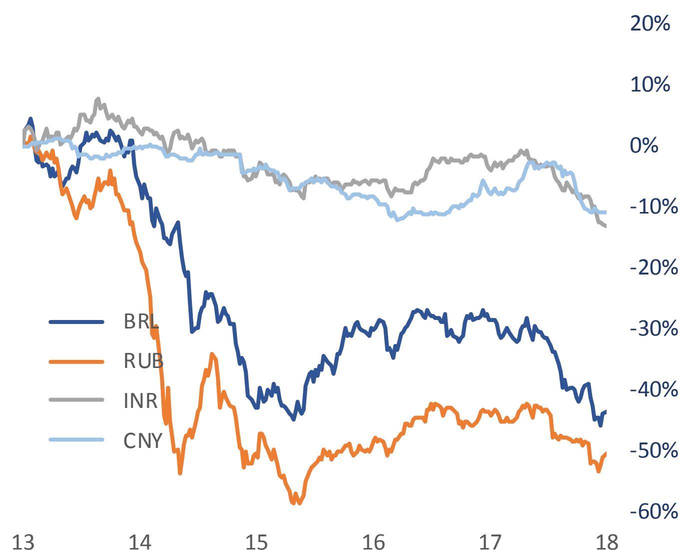
The normalization of US monetary policy is leading to a reduction in global liquidity and is causing the market to focus on countries with external vulnerabilities. Economies characterized by important twin deficits (current account and fiscal) are those which have seen their assets and currencies suffering the most during the last few months (see for example Argentina, Turkey and South Africa). Higher interest rates and a stronger greenback is causing big headaches to the weakest EM economies, which are dependent from outside capital flows to finance their external debts.

Even if some contagion has been evident in the EM space, and asset prices for those particular countries have fallen to distressed levels, a broader contagion has been limited, at least for now. We believe that EM fundamentals remain generally solid and we have noticed the adoption of some proactive measures by policymaker in order to contain negative spillover effects.

During the last quarter, dollar denominated bonds continued to outperform local debt and corporate bonds tended to behave better than sovereign bonds. We think this is likely to be the same in the last quarter of the year.

BRIC's CURRENCIES

Source: CBH, Bloomberg Financial L.P.



Going ahead, we keep a selectively constructive view on EM debt, as a set of risks may adversely impact asset returns in the near term. Among global factors, trade issues are at the top of the agenda, followed by the Fed normalization policies and its effects on global rates and currency markets. Other idiosyncratic factors (Turkey's next steps to address its ongoing crisis, Argentina's revamped IMF program, Brazilian elections, etc.) can have negative spillovers effects into other EM countries.

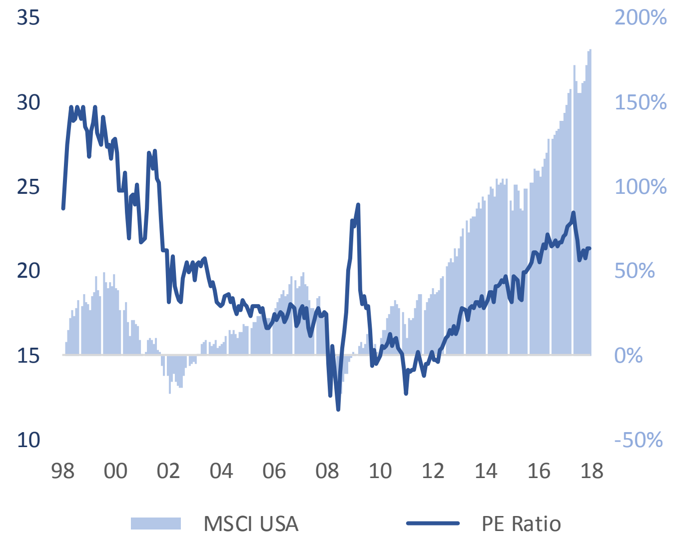
However, even if it's difficult to see any catalyst for an improvement in sentiment in the near future, we are encouraged by the proactive policy response in many EM economies (i.e.: tighter monetary and fiscal policies) and the attractive valuations of many EM assets. The YTD negative performance of EM debt is considerable and among the worst in the asset class' history. EM debt returns have historically been strong after similar retracements and investors may be rewarded for staying invested. We think that selectivity is needed, but it appears to us that the selloff is overdone in countries with stable to improving fundamentals, offering an attractive carry and entry point.

In conclusion, we maintain a small overweight to EM bonds favoring hard currency bonds of solid issuers over local currency debt.

EQUITY

MSCI USA vs P/E RATIO

Source: CBH, Bloomberg Financial L.P.



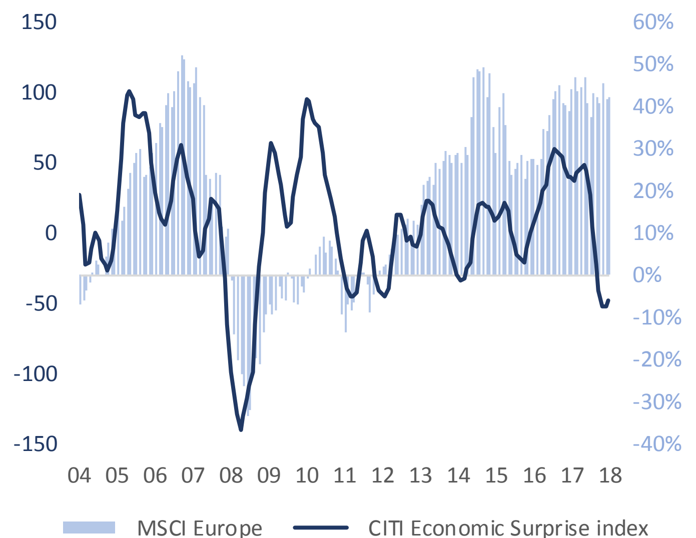
The past quarter has been mostly occupied by the risk of global trade war. But, in contrast with the other area, this headwind has not been strong enough to stop US equities. The counter wind came from a US economic cycle which entered its 10th year without displaying any late cycle characteristics such as wages pressure, high inflation or elevated interest rates. In fact, the economic growth has been spurred by personal consumption while business investment remained robust.

In that context, US equities continued to trend upward, led by Healthcare and Industrials and posted a new historical high (S&P 500 above 2900$). Even if the momentum looks overdone for some investors, the index is “only” trading in the middle of its long term range. Also, shorter term indicators such as MACD or RSI did not enter the sell territory on a weekly basis. Along with acceptable forward P/E (E18 at 18 and E19 at 16), we do not see any negative signal for the time being.

However, we would not be surprised to observe a volatility increase over the coming months given the conflicting forces ahead from tax cut, trade war, and overheating risk in a lesser extent. Therefore, we will continue to favor US equities over the other areas but also we continue to be slightly underweight in our global equity allocation.

MSCI EUROPE vs CITI Economic Surprise Index

Source: CBH, Bloomberg Financial L.P.



On top of the global threats, Europe likes to add its own political headwinds such as the Brexit or more recently the vote for an extensive Italy budget which revived the spectrum of an European sovereign debt crisis. Nevertheless, the main statistics show a robust business cycle and inflation, even at half of the ECB target, is well oriented.

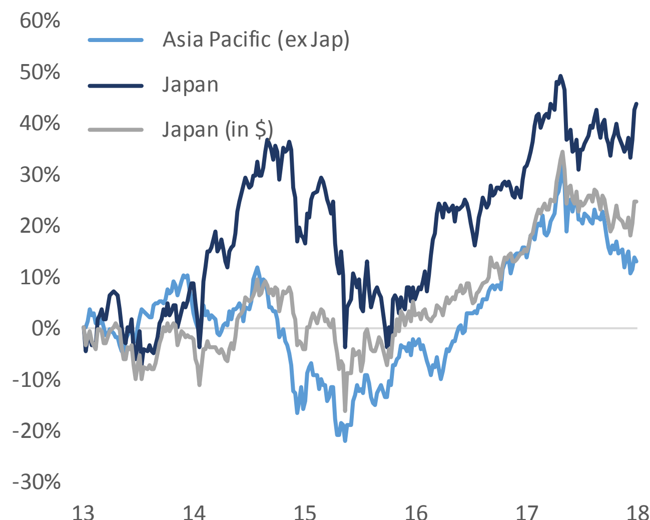
This complex geopolitical environment used to cap the rebound of European equities, especially compared with the US, and 2018 is not different. Negative this year and stuck sideways since the end of 2016, the market adds nevertheless some good components. Healthcare showed a steady quarter with almost 5% return while Industrials and Financials performed more than 2%. In contrast, Telecom was the short of the year and remains badly oriented.

In conclusion, we would like to see the old continent follow the path of the US market but the Fed policy normalization will probably put some pressure on the ECB agenda. The central bank will definitely need to rebuild some munitions in case of another crisis and the chance of a global European fiscal stimulus to take the lead is very low. Hence, we will continue for the time being to underweight the European equity market.

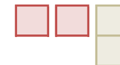
EQUITY (ASIA AND EMERGING)

MSCI ASIA (ex Japan) and JAPAN

Source: CBH, Bloomberg Financial L.P.



Japan	2%
Asia Pacific (ex Japan)	4%



Prime Minister Shinzo Abe is now on course to become Japan's longest-serving prime minister after being re-elected as the president of the ruling Liberal Democratic Party (LDP) and extended his term in office by another three years. His continue leadership is currently supported by a solid foundation as Japan's economy in the second quarter was growing at the fastest pace (annualized rate of 3%) since 2016 due to increase in capital expenditure from Japanese corporations. Corporates are increasing their investment in logistics operations, artificial intelligence and robotics due to a labor shortage as jobless rate is currently at 2.5%, the lowest level in more than 25 years.

For Japanese equities, the Nikkei 225 is testing its January high. The strong top-line growth from 2018Q2 earnings season exceeded conservative analyst's estimates and resulted in an upturn positive earnings revision. For the Nikkei 225, the latest price-earnings (P/E) ratio is trading at c.17.2x together with a return on equity (ROE) of 11.1% which is notably higher compared to the average of c.8.5% observed in the past few years. The improvement in ROE was encouraged by the corporate governance reform driving companies to better manage their excess cash by increasing both dividends and buybacks.

Despite improved long term prospect for Japanese equities, we remain slightly negative with our allocations for Japanese equities as the scheduled increase in Japan's consumption tax next year and U.S. President Trumps threats' to impose tariffs on imported vehicles continue to overshadow the asset class.

EM EQUITIES TOTAL RETURNS

Source: CBH, Bloomberg Financial L.P.

China	2%
Emerging Markets	2%

Emerging market equities were under pressure in 2018Q3 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 investments in American companies.

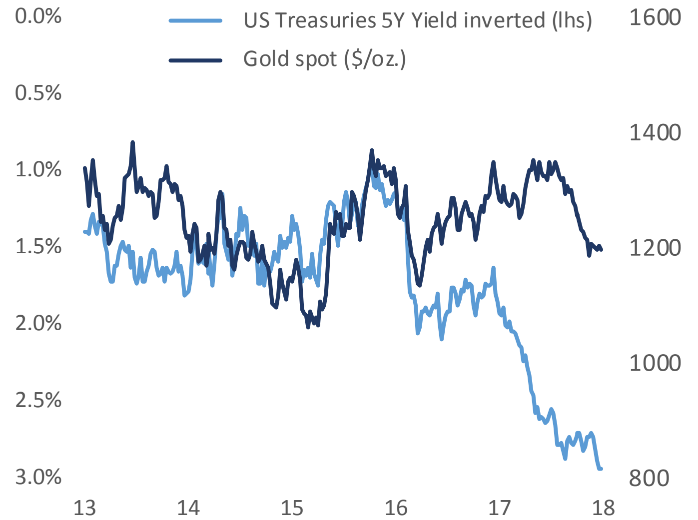
The Chinese onshore stock markets underperformed all other major equity indices with the Shanghai Composite plunging to its lowest level in two years. It was down 20% from its recent January high driving Asia's largest equity market into official bear market territory obliterating US$1.6 trillion in 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 2018Q4. 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

GOLD and US 5Y

Source: CBH, Bloomberg Financial L.P.



Gold prices tumbled this year by 8%, falling to a 20-month low amid sharp Emerging Markets currency depreciation (negative impact on demand) and sluggish demand. Usually seen as a safe store of value during political uncertainty, Gold has recently found only limited support from investors which remained sellers despite the trade tensions and increasing economic and political uncertainties.

The quarter ended with an increasingly short speculative positioning in gold futures. History have shown that large increases in short positions have been followed by sharp rallies for the yellow metal. The current market configuration presents therefore an attractive long-term buying opportunity for investors as growth and inflation concerns should return to financial markets.

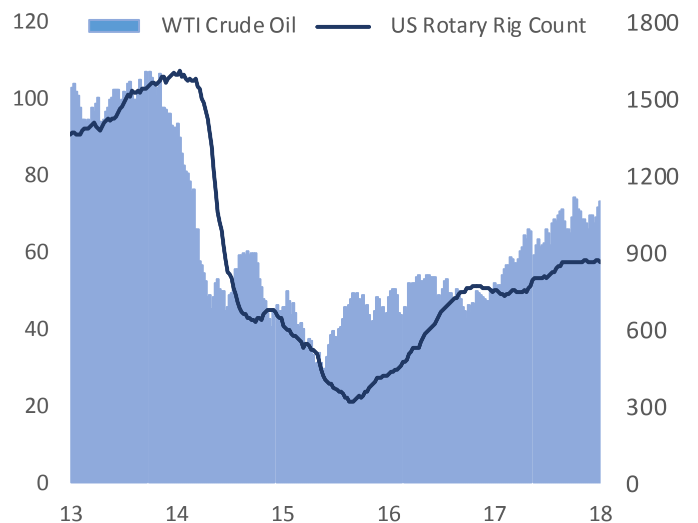
Looking at fundamentals, recent price pullback will likely support consumer demand. Gold demand from China increased so far in 2018 as gold is often used as a Yuan hedge. In India, a country that represents a fifth of global demand, gold demand is expected to grow by the end of the year as consumers prepare for their traditional buying period.

To conclude, we believe the ounce could enter a positive environment and current price represents an attractive risk-return profile for long-term investors.

OIL

OIL price and Rotary Rig

Source: CBH, Bloomberg Financial L.P.



Oil prices rallied this quarter, with WTI and Brent breaking upward their respective price ranges in place since April, amid ongoing global supply concerns over Venezuela's production decline (political turmoil and economic meltdown of the country) and US sanctions on Iran that come into force in November. In a bullish territory, oil prices set a new 4 years-high, with WTI trading currently at $72.5/bbl. (+20.0% YTD) and the Brent barrel around $82/bbl. (+22.6% YTD).

We expect the global demand to continue to be healthy during the last quarter of the year. Without offsetting production increases (US or Saudi Arabia), oil prices should continue to rise (and stay volatile) toward the end of the year as the demand-supply dynamics are at a turnaround. Based on a fundamental and technical analysis, our models point for a medium term target around $85/bbl. for the WTI.

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.

			Q418	Q119	Q219	Q319	Q419
MAJOR CURRENCIES	EURUSD	1.15	1.16	1.18	1.20	1.22	1.23
	EURCHF	1.14	1.14	1.15	1.16	1.18	1.20
	EURGBP	0.87	0.89	0.89	0.89	0.89	0.89
	EURJPY	130	130	130	132	133	134
	EURNOK	9.47	9.49	9.37	9.28	9.18	9.00
	USDCAD	1.29	1.30	1.28	1.26	1.26	1.25
	USDCHF	0.99	0.98	0.98	0.98	0.97	0.97
	USDJPY	113	112	110	110	109	108
	USDCNY	6.92	6.90	6.85	6.80	6.80	6.70
	GBPUSD	1.32	1.30	1.32	1.33	1.35	1.37
	NZDUSD	0.65	0.66	0.66	0.67	0.67	0.69
	AUDUSD	0.71	0.72	0.72	0.73	0.74	0.75
OTHER CURRENCIES	USDMXN	19.0	19.0	19.0	18.8	18.8	18.7
	USDBRL	3.71	4.00	3.90	3.90	3.85	3.70
	USDARS	37.13	42.00	43.50	45.50	47.95	49.83
	USDTRY	6.11	6.50	6.50	6.64	6.80	6.90
	USDILS	3.63	3.60	3.58	3.58	3.56	3.50
	USDHKD	7.84	7.85	7.82	7.83	7.83	7.81
	USDINR	74.2	72.2	72.0	70.8	71.4	70.5
	USDRUB	66.1	67.8	66.8	66.5	66.0	65.2
	USDPLN	3.75	3.68	3.65	3.61	3.52	3.45

Source: CBH, Bloomberg Financial L.P.

MARKET RETURNS

	Name	QTD *	YTD **	2017	2016	2015	2014	2013	2012
Cash	LIBOR 3m Total Return	0.1%	1.7%	1.1%	0.6%	0.2%	0.1%	0.2%	0.4%
	EURIBOR 3m Total Return	0.0%	-0.3%	-0.4%	-0.2%	-0.1%	0.3%	0.2%	1.0%
Government bonds	US 3-5	-0.3%	-1.2%	1.0%	1.3%	1.6%	2.2%	-1.0%	1.6%
	Eurozone 3-5	-0.5%	-1.7%	0.1%	1.5%	1.8%	5.6%	2.4%	8.7%
	US 7-10	-1.0%	-3.7%	2.6%	0.8%	1.7%	8.8%	-5.9%	4.0%
	Eurozone 7-10	-0.9%	-1.4%	1.3%	3.5%	2.1%	16.9%	2.9%	14.9%
Corporate bonds IG	USD Corp 1-5	-0.2%	0.0%	2.6%	2.9%	1.2%	2.1%	1.5%	6.2%
	EUR Corp 1-5	0.0%	-0.1%	1.2%	2.6%	0.6%	4.0%	2.6%	10.0%
	USD Corp 5-10	-0.8%	-2.8%	5.6%	5.6%	0.9%	7.3%	-1.6%	11.6%
	EUR Corp 7-10	-0.4%	-2.0%	4.2%	7.0%	-1.5%	15.3%	2.0%	22.0%
Corporate bonds HY	USD Corp 1-5	-0.7%	2.0%	7.0%	16.5%	-4.5%	1.9%	7.6%	15.2%
	EUR Corp 1-5	-0.3%	-0.4%	6.9%	9.1%	1.0%	5.8%	10.1%	27.3%
	USD Corp 5-10	-0.5%	1.7%	7.6%	7.3%	1.8%	4.8%	16.9%	15.8%
	EUR Corp 5-10	-0.2%	-0.7%	8.0%	10.8%	0.4%	7.3%	9.7%	28.0%
EM bonds (in $)	Hard currency	-0.9%	-3.2%	8.2%	9.9%	1.3%	4.8%	-4.1%	17.9%
	Local currency	-1.1%	-6.8%	14.3%	5.9%	-10.4%	-1.9%	-4.3%	15.1%
	Chinese Yuan	-0.4%	-1.3%	5.0%	-4.7%	3.6%	8.0%	0.0%	4.7%
Other	S&P Senior Loan Index	0.2%	4.2%	4.1%	10.2%	-0.7%	1.6%	5.3%	9.7%
	Global Convertible	-1.9%	2.4%	7.2%	4.6%	-0.8%	3.8%	15.0%	
Equities	North America	-1%	8%	19%	9%	-1%	11%	30%	14%
	Europe	-3%	-4%	7%	0%	5%	4%	16%	13%
	Japan	-3%	-2%	18%	-3%	8%	8%	52%	19%
	Asia Pacific (ex Japan)	-7%	-14%	39%	3%	-11%	2%	1%	19%
	China	-5%	-14%	32%	-7%	-7%	62%	-15%	11%
	Emerging Markets	-5%	-14%	34%	9%	-17%	-5%	-5%	15%
Other investments	HFRX Alternative	-1%	-2%	6%	3%	-4%	-1%	7%	4%
	VIX	32%	44%	-21%	-23%	-5%	40%	-24%	-23%
	G7 Currency Volatility	3%	8%	-36%	22%	-6%	14%	5%	-34%
	DJ Global Commodity	2%	-1%	1%	11%	-25%	-17%	-10%	-1%
	Gold	0%	-9%	14%	8%	-11%	-1%	-28%	7%
	Industrial metals	1%	-12%	28%	20%	-27%	-7%	-14%	1%
	Agriculture index	4%	-9%	-12%	2%	-16%	-9%	-14%	4%
	WTI Oil	2%	24%	12%	45%	-30%	-46%	7%	-7%
Currencies (vs. $)	Dollar Index	1%	4%	-10%	4%	9%	13%	0%	-1%
	EM Currency Index	0%	-11%	6%	0%	-16%	-12%	-7%	3%
	Euro	-1%	-4%	14%	-3%	-10%	-12%	4%	2%
	British Pounds	1%	-3%	10%	-16%	-5%	-6%	2%	4%
	Swiss Francs	-1%	-2%	5%	-2%	-1%	-11%	3%	3%
	Japanese Yen	1%	0%	4%	3%	0%	-12%	-18%	-11%
	Australian Dollar	-2%	-9%	8%	-1%	-11%	-9%	-14%	2%

* Last quarter
** Year to date

Source: CBH, Bloomberg Financial L.P.

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