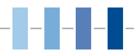
CBH Compagnie Bancaire Helvétique

Quarterly Insight

Spring Edition 2018



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Imprint

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ALLOCATION MONITOR

			BENCHMARK ALLOCATION ↓		CBH GROUP STRATEGIC ALLOCATION										
					Underweight					Neutral				Overweight	Chg
11.5%	Cash	Libor 3m	5%	USD							7%				
		Euribor 3m		EUR										16%	
45.5%	Government	1 - 5 years	10%	USD			4%								
				EUR	1%										
		5 - 10 years	10%	USD					8%						4%
				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											4%		-2%
		Local currency										2%			
	Others	Senior loans									2%				
		Convertible											6%		-2%
36.0%	Equities	North America	15%						12%						-3%
		Europe	13%						11%						2%
		Japan	4%					2%							
		Asia Pacific (ex-Japan)	4%								5%				
		China	2%							2%					
		Emerging Markets	2%									4%			1%
0.0%	Precious metals	Gold	2%				0%								
7.0%	Other investments	Other investments	3%										7%		

ALLOCATION COMMENTARY

The first quarter of 2018 ended on a note of bitterness. While we could welcome the allocation proposed at the beginning of the year, which allowed us to identify the indexes offering the best relative performances, this first quarter showed the current fragility of the markets, most of which closed in the red zone.

While macroeconomic and corporate data continue to be robust, with a declining unemployment rate, well-targeted economic and profit growth and the North American economy on the way to the longest period of growth, some market indicators call for caution.

The first indicator we are interested in is the equity market volatility index. In the first correction movement of late January, initiated by expectations of rate hikes and a return of moderate inflation, volatility has indeed recorded one of the largest increases since the creation of the index. The VIX index has been multiplied by three in only two sessions, from 12% to 36%, and has since maintained an average level above 20%, twice the level of 2017.

If we now turn toward the interest rates universe, we cannot ignore two movements that we witnessed during the second correction phase started in March: the increase in credit spreads and a slight tension in the TED spread. Also, if we consider the rise in reference rates to be healthy, the 0.40% widening of the interest rates spread on Investment Grade and High Yield bond issues and the doubling of the TED spread, which went from 0.30% at the end of February to 0.60% at the end of the quarter, are the second sign of caution.

The third prudence signal is related to the amplitude of the correction movements. The market is at fairly high valuation levels, and as soon as a movement of weakness was identified, we were surprised by the amplitude and speed of the two corrections when considering a relatively poor news feed. This type of reaction demonstrates the nervousness of financial stakeholders.

If we come back to the current situation, our models identified three factors that are now challenging international investors and that could create some downward movements :

- the recrudescence of a trade war and protectionist policies, initiated by the US, that are wide spreading worldwide;
- the divergence in central bank policies, which could at some point sustain the US dollar, increase the global financing costs in US dollar terms and therefore indirectly penalize Emerging Markets economies and commodity prices which are strongly dependent on the greenback evolution;
- the relative high valuation of equity markets, justified by low actualization rates (WACC) that rise company’s valuation. The increase in reference rate and the adaption of valuation models to integrate the higher financing costs could create a revaluation movement of stock prices that could bring indices below current levels.

Consequently, we do not want to ignore the recent indicators of prudence, but we consider that despite a possible increase in the instability of financial markets, the situation of the real economy remains in a positive shape. We therefore maintain a constructive view for our asset allocation, while slightly reducing our exposure to risky assets.

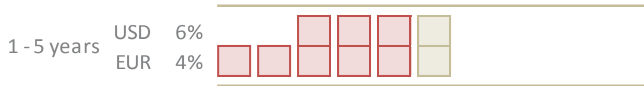
For our global bond portfolio, we continue to underweight government bonds and investment grade corporate bonds denominated in euros, a region where we favor the segment of high-yield short dated bonds. In dollars, yields are slightly higher which allow us to adopt a more constructive bond allocation for US dollar portfolios where we can invest over all the curve and on all the segment of the universe (Govies, IG and HY). We consider rising the exposure to long term government bonds as an edge against adverse tail-risks.

In our quest for positive returns, we continue to favor crossover bonds (rated BBB- and BB-), emerging bonds denominated in hard currency and convertible bonds which, although riskier, shows an appealing risk / return ratio. We also continue to advice to prefer the lower capital structure (subordinated bonds) of companies having strong balance sheets and dominant market positions and favor in this segment large financial institutions. For all these asset classes, we recommend investors to favor global diversified instruments such as mutual funds and exchange traded funds (ETF).

In commodities, we continue to keep a fundamentally negative view in gold (and wait for lower prices to tactically open long positions) and have a neutral to mildly positive view in Energy.

Concerning our equity allocation, we maintain a global underweight position given the level of risk taken in the bond spectrum. From a geographical point of view, we are more conservative in Europe, Japan and now the US, favoring the Asian region and Emerging Markets. At the sector level, we see the current downward movement as an opportunity to reinforce our exposure toward large technological companies, where the disruptive revolution could sustain the sector, as well as the financial sector that, with higher interest rates, should materialize higher margins.

GOVERNMENT BONDS



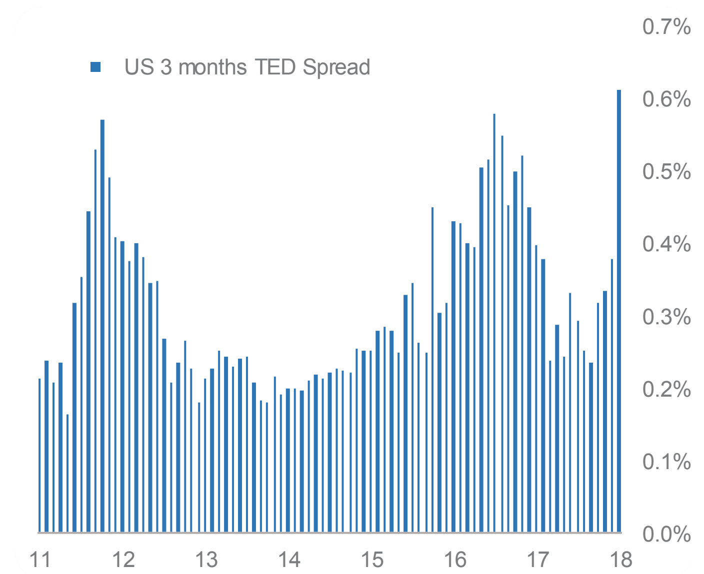
Short-term interest rates divergence in developed markets should continue to accentuate in the near future, as the FED will continue its monetary policy normalization and other major central banks will keep their policy rates unchanged.

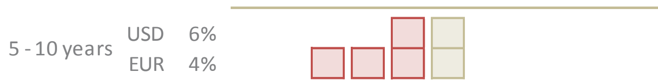
The 3-month USD LIBOR has now climbed above 2.25% and will increase further in next quarters. In March, the FED increased again interest rates by 25 bps to 1.75%. In addition, the central bank delivered a more upbeat forecast for the US economy compared to its last projections in December. In fact, FOMC members still see two more rate hikes this year (three rate hikes in 2018), but increased projections for 2019 to three rate hikes and to two in 2020, signaling confidence that the current record long expansion will last. The median FOMC members' projection for the federal funds rate is 2.1% at the end of 2018, 2.9% in 2019 and 3.4% in 2020. The Committee is clearly guiding market for further gradual increases in rates and, in our view, risks are tilted on the upside (four rate hikes in 2018) as raising rates too slowly would raise the risk that monetary policy would need to tighten abruptly down the road, jeopardizing the economic expansion. Other major central banks will keep their current monetary policy stance, but are likely to gradually prepare the market for a reduction of this extraordinary stimulus, notably in Europe.

In conclusion, we believe short-term government bonds remain an unappealing investment proposition.

US TED Spread

Source: CBH, Bloomberg Financial L.P.





The global macroeconomic outlook remains positive. Based on consensus expectations, global growth is expected to accelerate to 3.8% in 2018, driven by EM economies (+5%). Developed markets growth rate is expected to accelerate to 2.5%, driven by the US (2.8%). EU is expected to lag at 2.3%, considering recent weaker than expected growth data.

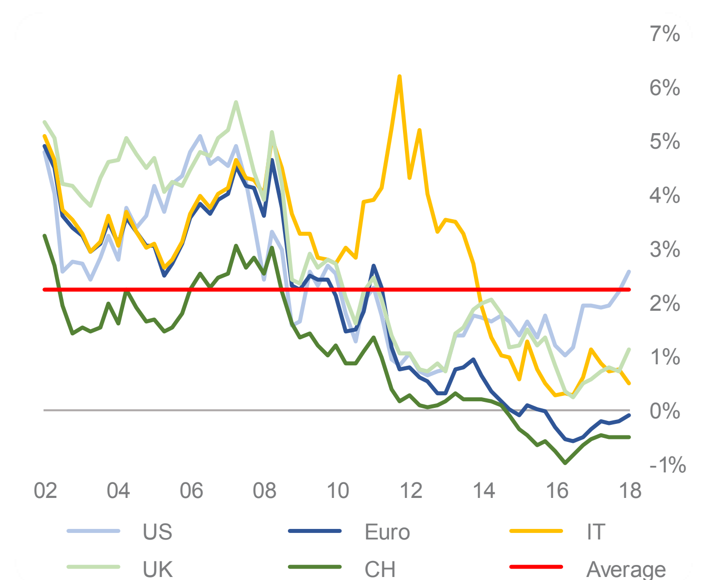
However, globally, this positive growth outlook, united with increasing inflation pressures and expansive fiscal policy, is calling for a gradual normalization of monetary policy. This is especially the case for the US, where growth is approaching potential, unemployment is expected to fall below 4% and the CPI is gradually converging to the 2% long run target.

In this environment, we expect some further upward pressures on long-term government yields. Based on consensus forecasts, 10Y Treasury yields are expected to top 3.15% at the end of 2018 and 3.5% in 2019. That said, the yield curve is expected to "bear flatten" as the short-term yields will increase more than longer term ones. 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 1% at the end of 2018 and 1.35% in 2019.

The current background render this asset class unappealing. However, in the US, we think that the increase in yield is rendering Treasury bonds gradually more attractive (positive carry) and, as 2018 progresses, could represent a future buying opportunity.

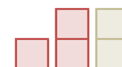
5 YEARS INTEREST RATES

Source: CBH, Bloomberg Financial L.P.



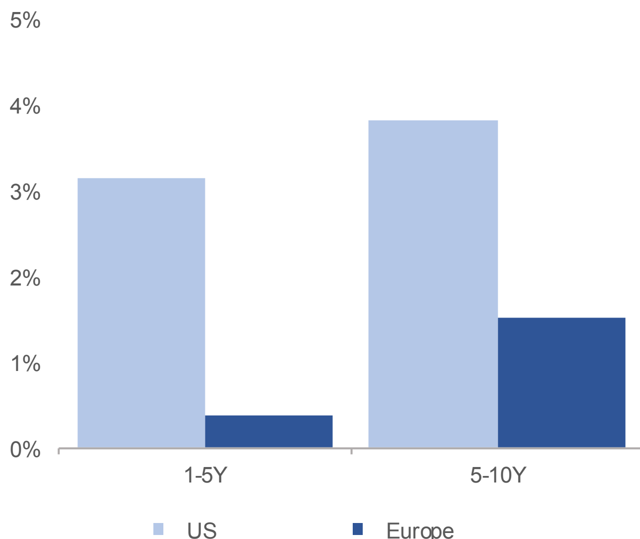
INVESTMENT GRADE BONDS

1 - 5 years USD 15% EUR 6%



INVESTMENT GRADE CURVES

Source: CBH, Bloomberg Financial L.P.



Investment Grade (IG) corporate bonds have registered a negative start of the year. USD denominated bonds suffered more than EUR denominated ones, as the material rise in Treasury yields united with some moderate spread widening have resulted in a negative total return in excess of 0.9% YTD (in contrast to -0.2% for EUR bonds).

In Europe, stable short-term government yields were able to limit the spillover effect from the selloff in USD denominated credit markets. This is likely to be the case also in the future.

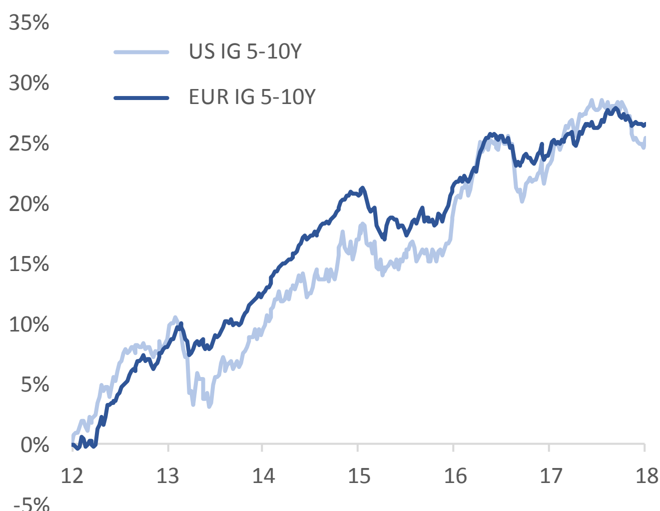
IG bonds also suffered more compared to HY bonds because their lower spread cushion was unable to compensate for the strong rise in reference base yields.

In conclusion, we maintain a neutral view on short-term IG bonds. USD bonds are likely to remain volatile but, for a buy and hold investor, their value is now more compelling. For short-term IG bonds in EUR, the environment should be more constructive, but for fees paying clients, the expected return remains negative considering the actual yield level. That is the reason why we keep our underweight stance.

5 - 10 years USD 8% EUR 6%

INVESTMENT GRADE BOND TOTAL RETURN

Source: CBH, Bloomberg Financial L.P.



Longer duration IG bonds have clearly suffered, even more compared to short-term bonds, because the strong back up in yield was amplified by their higher duration.

After a strong 2017, volatility came back in force in equity and fixed income markets. Investors have many things to watch going forward: rates, global central banks and Washington political developments (a new trade war?). Inflation seems to be more an issue for the US credit markets.

Despite all of this, corporate credit fundamentals remain strong and the default outlook is still benign as evidenced by still historically tight credit spreads. In contrast, deteriorating technicals and growing hurdle for global trade may however not be compatible with spreads remaining near all-time lows. For the next few quarters, we expect spreads to move sideways to somewhat higher.

In conclusion, we expect fundamentals to remain strong, but technicals to weaken. Judging by yields, valuations have improved in the last few months, which could lead us to expect better returns. We continue to prefer IG credits to sovereign bonds. However, even if more attractively valued, long-term IG corporate bonds could continue to suffer in a rising rate environment and this suggests us to adopt a cautious small underweight position on this segment.

HIGH YIELD BONDS

1 - 5 years	USD	8%	
	EUR	8%	

Short duration High Yield (HY) denominated in EUR and USD registered a negative total return since the start of the year, but showed a remarkable resilience compared to IG and government bonds thanks to their higher yield and spread cushion.

Going ahead, we maintain a mildly positive view on this subsector, but, as already announced in our last two publications, we are gradually turning more cautious, as valuations remain tight and the relative attractiveness of these bonds is decreasing.

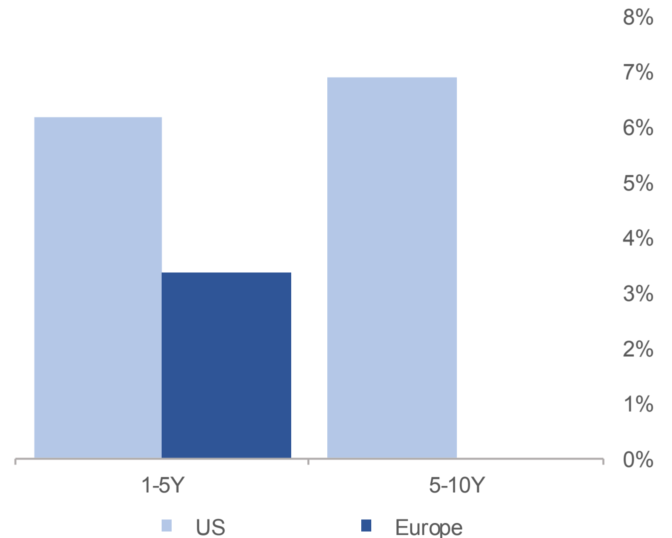
We advise clients to privilege US over EU high yield bonds. Moreover, we prefer to increase the average quality of HY bond portfolios targeting less risky issuers (BB rating).

Economic growth is expected to remain supportive for the asset class, but this seems to be already priced in. In contrast, potentially more hawkish central banks and historically tight valuations could induce further spreads' widening for HY bonds.

We therefore prefer to reduce our active risk and keep some dry powder to be deployed on future opportunities arising in the fixed income market.

HIGH YIELD CURVES

Source: CBH, Bloomberg Financial L.P.



5 - 10 years	USD	0%	
	EUR	0%	

Long-term HY bonds corrected only marginally since the start of the year, strongly outperforming their government and IG peers.

In the US, we observed a steeper increase in credit spreads for IG than for HY bonds. Valuations remain tight and we fear that we could witness a more material correction in long-term HY bonds.

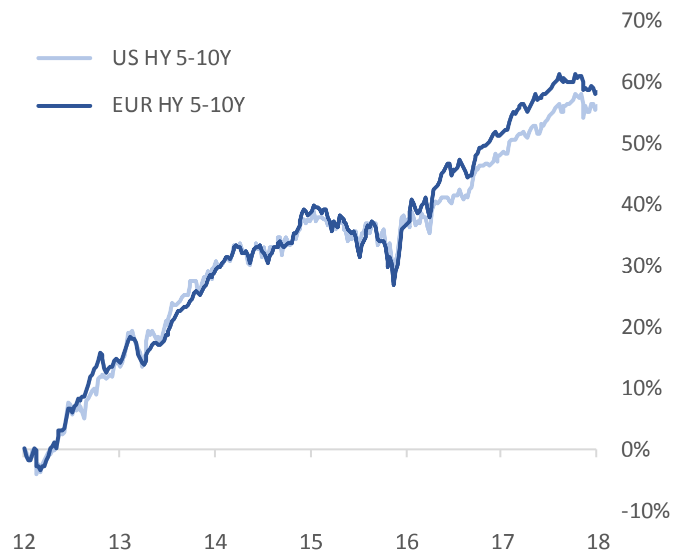
It is almost impossible to time a correction in credit markets, but some elements are clearly advising for a cautious approach. In fact, HY seems to be between a “rock and a hard place”. We are probably approaching the end of the economic cycle and, if the economy will remain strong, the FED is likely to continue to increase rates, and refinancing costs to increase. In contrast, US trade policy could result in a trade war, increasing risk of a recession, which would result in higher default rates.

Moreover, economic expectations are extremely positive and this increase the risk of future negative surprises. In conjunction, central banks continue to prepare the market for a normalization of their monetary policy. This combination could trigger an unwinding of leveraged positions, potentially resulting in a material correction of higher beta credits.

With the normalization of monetary policies, safer IG credits are gradually becoming more attractive, reducing the attractiveness of HY bonds. We therefore prefer to be cautious and advice to further reduce exposure to long-term HY bonds, privileging short duration HY papers.

HIGH YIELD BOND TOTAL RETURN

Source: CBH, Bloomberg Financial L.P.

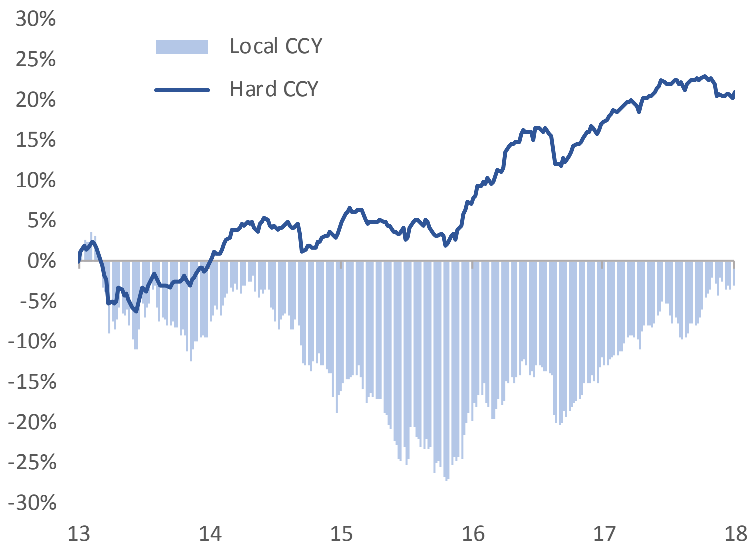


EMERGING MARKET BONDS

Hard currency	5%	
Local currency	2%	

EMERGING MARKET BOND TOTAL RETURN

Source: CBH, Bloomberg Financial L.P.



Hard Currency

Emerging Markets (EM) have clearly suffered from the increase in reference yields, but have nonetheless showed remarkable resilience compared to other asset classes. EM bonds were one of our strongest conviction at the start of the year and our view remains unchanged, even if recent events suggest us to be cautious in our bond picking.

EM corporates have been resilient in the wake of volatility and US trade war, but the asset class remains vulnerable to external risk. Although not our base case, our security selection takes into account this risk and we prefer to avoid, or limit, exposure to issuers that could be more negatively impacted in this scenario (i.e.: EM exporters highly dependent on the US, like some Mexican corporations, mining companies, etc.).

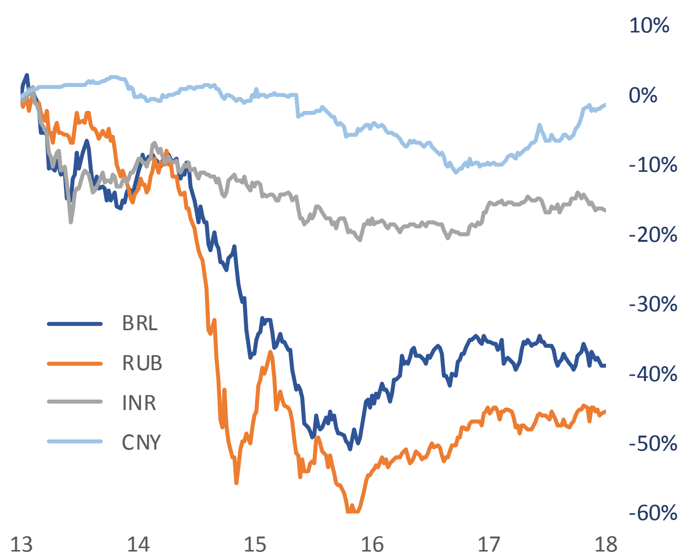
Looking at flows dynamic, we notice opposing forces driving EM sentiments and flows. Positive macroeconomic momentum and constructive policy trends are encouraging inflows. In contrast, global financial volatility and the risk of more protectionist policies are weighing on sentiments. Our base case is that a trade war should be averted and, therefore, we would expect flow momentum into EM to remain strong going ahead.

On a valuation point of view, we consider EM bonds as attractive on a relative and absolute basis.

Considering the heterogeneity of EM, selectivity is needed. We would focus on markets with a positive structural reform outlook, improving business cycle dynamics and less export dependent economies. In contrast, we would avoid (underweight) countries exposed to sluggish dynamics and/or lower yielding and expensive credits. On a duration basis, we would overweigh short to intermediate maturity EM bonds.

BRIC's CURRENCIES

Source: CBH, Bloomberg Financial L.P.



Local Currency

The asset class registered a positive performance YTD thanks to positive macroeconomic dynamics and the generalized dollar weaknesses. The asset class is benefiting from improving fundamentals: global growth is more balanced, valuations in EM are better and external accounts are more solid. Although developed market yields are set to increase, this should be a gradual normalization path, and EM local debt continues to offer relatively attractive yields. We therefore expect the asset class to continue to perform well in future quarters, but prefer to reduce our overweight considering recent political developments.

Active management strategies are key to approach this heterogeneous asset class. Identifying countries with the most promising fundamentals, technical factors and valuations is imperative in order to unlock value and avoid excessive unpaid risks. We therefore advise to approach this asset class via dedicated investment funds.

EQUITY

North America 13%

MSCI USA vs P/E RATIO

Source: CBH, Bloomberg Financial L.P.

Since the beginning of the year, markets have switched back to volatility mode amid take-profit moves, monetary tightening concerns and Trump announcement of an hard core tariff to rebalance the US trade deficit with the rest of the world, especially China.

However, macro statistics continue to show a wealthy economy with jobs creation, improving consumer confidence and increasing inflation expectations.

In that context, only Information Technology and Consumer Discretionary are positive, up around 1% YTD, while all other sectors are negative with Consumer Staples and Telecom Services down around 10%, suffering from a strong disruption effect of new technology comers. However, the technical configuration of the S&P 500 remains positively oriented with two tests of the 200d moving average (last one just below 2'600) which has proven to be a significant support.

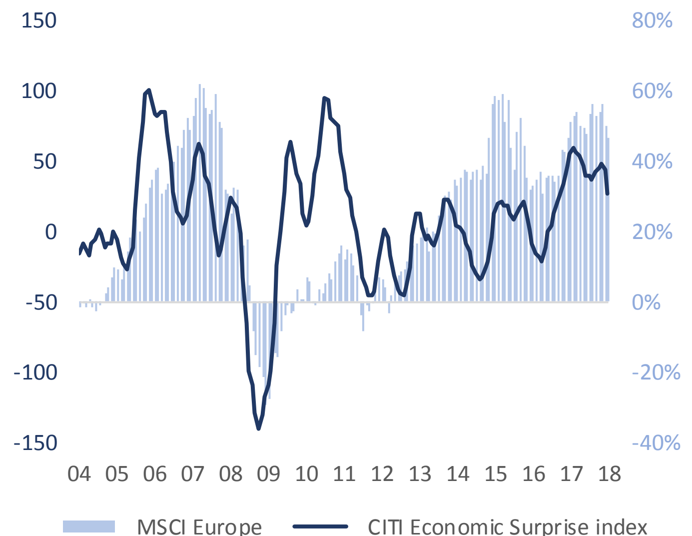
While the Fed is progressively tapering, investors need to recall what the real downside of risky assets is, especially equities. But the global view remains positive, technical are still upward oriented and the recent correction offers attractive entry points for risk takers.

Given the past outperformance of US equities as well as rising geopolitical tensions, we prefer to slightly reduce our exposure from neutral to slightly underweight for the time being.

Europe 11%

MSCI EUROPE vs CITI Economic Surprise Index

Source: CBH, Bloomberg Financial L.P.



The old continent finally shows signs of encouraging growth in 2018 but the latest data are mixed. Optimism slipped in March for the region's five biggest economy, underlying inflation shows few signs of life and Britain's departure is another threat to trade if not smooth. In contrast, corporate earnings are improving with margins progressively recouping with the US ones.

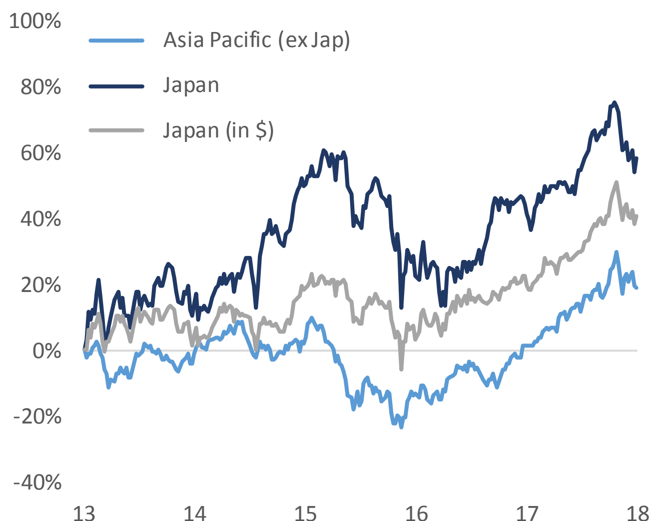
Marketwise, the MSCI Europe is down more than 5% this year, led by Telecom Services and Consumer Staples. Consumer Discretionary and Information Technology remain the best performers but still negative. While the 200d average played a strong support role since 2016, the February sell-off switched momentum indicators to sell mode. In contrast, oscillators have progressively built a bullish divergence since mid-February and are sending significant buy signals.

As our clear underweight stance on Europe was paid full over the last quarter, we decide to trust our short term signals and increase our exposure to slightly underweight for the coming months.

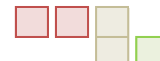
EQUITY (ASIA AND EMERGING)

MSCI ASIA (ex Japan) and JAPAN

Source: CBH, Bloomberg Financial L.P.



Japan	3%
Asia Pacific (ex Japan)	5%



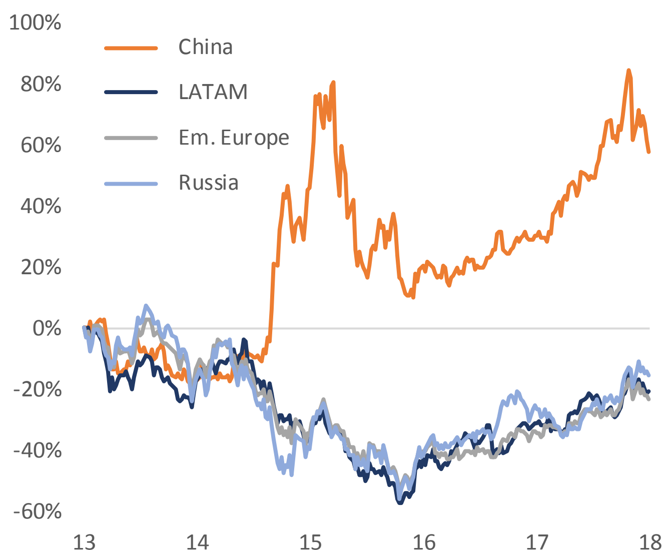
Current Asian valuations are more attractive, supported by strong corporate earnings and double-digit growth expectation for the rest of 2018. Our team continues to prefer secular growth stories rather than cyclical sectors in this region and the trend of rising disposable income continues to be structural tailwind for these businesses. Geopolitical risks between North Korea and the US have receded as Trump has agreed to meet with Kim Jong Un to discuss the possibility to dismantle its nuclear program.

Japan has now expanded for eight straight quarters marking its longest run of growth in 28 years, with the tightest labor market since the 1970s and record profits for Japan Inc. Nonetheless, wage growth expectation is only at 1% this year and inflation is unlikely to accelerate so long as wages remain depressed. Hence, it is unlikely for the Bank of Japan (BoJ) to roll back its ultra-loose monetary stimulus program in the near future as achieving its 2% inflation target seems highly unlikely in the near term. From a market perspective, drawdowns for Japanese equity markets have been more severe compared to other developed markets due to its export driven and cyclical nature.

In that context, we continue to slightly overweight the Asia Pacific region, but remain underweight on Japan.

EM EQUITIES TOTAL RETURNS

Source: CBH, Bloomberg Financial L.P.



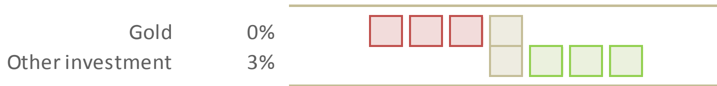
China	2%
Emerging Markets	3%

It has been an eventful first quarter for China and it has been grabbing global media headlines, most notably with Chinese parliament re-elected Xi Jinping as its president after repealing the presidential term limits. In addition, the appointment of Yi Gang as head of PBoC was seen to represent continuity with the pro-market reforms. China announced its 2018 annual growth target at 6.5% signaling a slowdown from last year's 6.9% expansion rate with the purpose to emphasize on quality over quantity. The greatest uncertainty facing China is whether the Trump administration will further escalate its existing measures to reduce the annual US-China trade imbalance and whether China will heighten its retaliation with US imports.

Despite the aftermath of corruption, extremist leadership and the government's decision to delay the reform of the country's liberal pension system, Brazil is the best performing market of the quarter, up 11% in dollar terms. The economic growth has accelerated notably in the last quarter of 2017 supported by a recovery in fixed investment and a stabilizing employment market. More importantly, Brazil is no longer in a recession and emerging market equities can benefit from this turnaround on attractive valuations compared to its global peers.

Despite the rising risk of a trade war with the US on short term, we decide to follow the positive Emerging Market momentum and reinforce our overweight in the area.

GOLD



Last quarter, the Gold ounce came back above $1’350/oz., posting a 2% return. The beginning of the year was an extremely positive environment for the yellow metal. In fact, the USD depreciation, inflation pickup, increasing commercial tensions between the US and China, positive seasonal demand as well as renewed volatility on financial markets all constitute positive factors for prices.

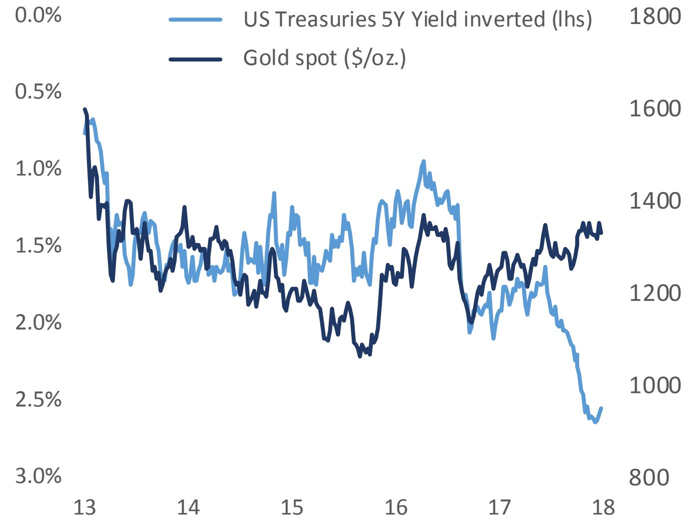
However, even in this context, the ounce did not break its January highs, and the yellow metal still kept a strong dependence on speculative investment demand (ETF known holdings of gold reached 5 year-high in March ‘18), the most difficult sector to forecast. In addition, although being overlooked for the moment by investors due to the above-mentioned external factors, the new FED chairman Powell's recent hawkish testimony and the increase in global interest rates since the beginning of the year are not-to-ignore factors that could put negative pressures on the precious metal prices.

Fundamentally, the top consumer China physical gold demand remained low in a long-term context but steady. In India, a nation that represents a fifth of global demand, if prices remain at the current levels, demand is at risk to remain subdued due to import tariffs. Hence, we continue to believe that the fundamental demand should still not be sufficient in and of itself to maintain gold prices at near or above the 1’350 level. Also, on a more global context, the expected slightly declining fundamental demand in 2018 should offset the anticipated decreased supply, therefore not representing a major upside risk to our scenario.

To conclude, we believe the ounce is at risk to come back near or below $1’250/oz. and, therefore, maintain our modestly bearish view as we expect better entry points in the following months if geopolitical factors do not escalate significantly.

GOLD and US 5Y

Source: CBH, Bloomberg Financial L.P.



OIL

In the 1Q’18, oil prices continued to rally and reached an almost 4 year-high with WTI trading near $65/bbl. (+7.5% YTD) and the Brent barrel reaching $70/bbl. (+5% YTD).

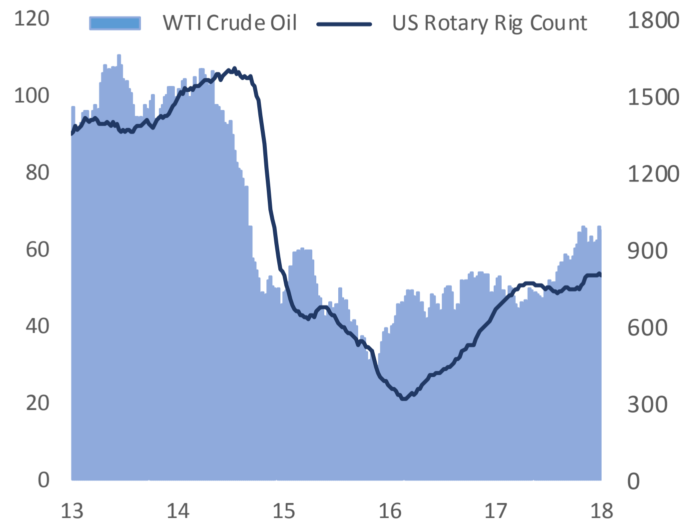
On the demand side, we expect global demand to continue to be healthy during the second quarter amid strong macroeconomic data, and should be mainly sustained by emerging markets, especially Asia.

On the supply side, solid global production as well as increasing inventories could put pressures on prices. However, tensions in the Middle East could lead to supply disruptions. In addition, the impressive compliance of OPEC and some non-member producers to cut their oil outputs limits price depreciation. The next OPEC meeting in June will be key, but members are expected to extend the cut deal.

Consequently, we believe WTI prices should stabilize near $60/bbl. (Brent $65/bbl.), but not to decrease lower.

OIL price and Rotary Rig

Source: CBH, Bloomberg Financial L.P.

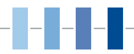


CURRENCIES MARKET EXPECTATIONS

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.

			Q218	Q318	Q418	Q119	Q419
MAJOR CURRENCIES	EURUSD	1.23	1.23	1.25	1.26	1.27	1.30
	EURCHF	1.18	1.17	1.18	1.18	1.19	1.21
	EURGBP	0.88	0.88	0.88	0.88	0.89	0.89
	EURJPY	131	132	133	135	136	138
	EURNOK	9.65	9.40	9.30	9.20	9.20	8.95
	USDCAD	1.29	1.27	1.25	1.25	1.24	1.22
	USDCHF	0.96	0.96	0.95	0.95	0.94	0.93
	USDJPY	106	108	108	109	109	104
	USDCNY	6.28	6.35	6.40	6.37	6.37	6.28
	GBPUSD	1.41	1.39	1.40	1.42	1.43	1.44
	NZDUSD	0.73	0.72	0.73	0.74	0.74	0.74
	AUDUSD	0.77	0.78	0.78	0.80	0.80	0.82
OTHER CURRENCIES	USDMXN	18.2	19.1	19.0	18.6	18.3	18.0
	USDBRL	3.31	3.26	3.30	3.30	3.28	3.28
	USDARS	20.14	20.11	21.00	21.40	22.01	23.00
	USDTRY	3.98	3.95	4.00	4.03	4.05	4.15
	USDILS	3.52	3.50	3.45	3.41	3.40	3.45
	USDHKD	7.85	7.83	7.83	7.83	7.81	7.80
	USDINR	65.0	65.0	64.7	64.6	64.4	65.0
	USDRUB	57.6	57.3	57.8	58.3	58.2	59.0
	USDPLN	3.42	3.44	3.41	3.34	3.39	3.28

Source: CBH, Bloomberg Financial L.P.



MARKET RETURNS

	Name	QTD *	YTD **	2017	2016	2015	2014	2013	2012
Cash	LIBOR 3m Total Return	0.4%	0.4%	1.1%	0.6%	0.2%	0.1%	0.2%	0.4%
	EURIBOR 3m Total Return	-0.1%	-0.1%	-0.4%	-0.2%	-0.1%	0.3%	0.2%	1.0%
Government bonds	US 3-5	-0.7%	-0.7%	1.0%	1.3%	1.6%	2.2%	-1.0%	1.6%
	Eurozone 3-5	0.4%	0.4%	0.1%	1.5%	1.8%	5.6%	2.4%	8.7%
	US 7-10	-1.9%	-1.9%	2.6%	0.8%	1.7%	8.8%	-5.9%	4.0%
	Eurozone 7-10	1.1%	1.1%	1.3%	3.5%	2.1%	16.9%	2.9%	14.9%
Corporate bonds IG	USD Corp 1-5	-0.8%	-0.8%	2.6%	2.9%	1.2%	2.1%	1.5%	6.2%
	EUR Corp 1-5	0.0%	0.0%	1.2%	2.6%	0.6%	4.0%	2.6%	10.0%
	USD Corp 5-10	-2.4%	-2.4%	5.6%	5.6%	0.9%	7.3%	-1.6%	11.6%
	EUR Corp 7-10	-1.0%	-1.0%	4.2%	7.0%	-1.5%	15.3%	2.0%	22.0%
Corporate bonds HY	USD Corp 1-5	-0.8%	-0.8%	7.0%	16.5%	-4.5%	1.9%	7.6%	15.2%
	EUR Corp 1-5	-0.5%	-0.5%	6.9%	9.1%	1.0%	5.8%	10.1%	27.3%
	USD Corp 5-10	-0.5%	-0.5%	7.6%	7.3%	1.8%	4.8%	16.9%	15.8%
	EUR Corp 5-10	-1.2%	-1.2%	8.0%	10.8%	0.4%	7.3%	9.7%	28.0%
EM bonds (in $)	Hard currency	-1.5%	-1.5%	8.2%	9.9%	1.3%	4.8%	-4.1%	17.9%
	Local currency	2.9%	2.9%	14.3%	5.9%	-10.4%	-1.9%	-4.3%	15.1%
	Chinese Yuan	5.8%	5.8%	5.0%	-4.7%	3.6%	8.0%	0.0%	4.7%
Other	S&P Senior Loan Index	1.4%	1.4%	4.1%	10.2%	-0.7%	1.6%	5.3%	9.7%
	Global Convertible	0.3%	0.3%	7.2%	4.6%	-0.8%	3.8%	15.0%	
Equities	North America	-1%	-1%	19%	9%	-1%	11%	30%	14%
	Europe	-5%	-5%	7%	0%	5%	4%	16%	13%
	Japan	-6%	-6%	18%	-3%	8%	8%	52%	19%
	Asia Pacific (ex Japan)	0%	0%	39%	3%	-11%	2%	1%	19%
	China	-4%	-4%	32%	-7%	-7%	62%	-15%	11%
	Emerging Markets	1%	1%	34%	9%	-17%	-5%	-5%	15%
Other investments	HFRX Alternative	-1%	-1%	6%	3%	-4%	-1%	7%	4%
	VIX	81%	81%	-21%	-23%	-5%	40%	-24%	-23%
	G7 Currency Volatility	6%	6%	-36%	22%	-6%	14%	5%	-34%
	DJ Global Commodity	-1%	-1%	1%	11%	-25%	-17%	-10%	-1%
	Gold	2%	2%	14%	8%	-11%	-1%	-28%	7%
	Industrial metals	-7%	-7%	28%	20%	-27%	-7%	-14%	1%
	Agriculture index	3%	3%	-12%	2%	-16%	-9%	-14%	4%
	WTI Oil	7%	7%	12%	45%	-30%	-46%	7%	-7%
Currencies (vs. $)	Dollar Index	-2%	-2%	-10%	4%	9%	13%	0%	-1%
	EM Currency Index	2%	2%	6%	0%	-16%	-12%	-7%	3%
	Euro	3%	3%	14%	-3%	-10%	-12%	4%	2%
	British Pounds	4%	4%	10%	-16%	-5%	-6%	2%	4%
	Swiss Francs	2%	2%	5%	-2%	-1%	-11%	3%	3%
	Japanese Yen	6%	6%	4%	3%	0%	-12%	-18%	-11%
	Australian Dollar	-2%	-2%	8%	-1%	-11%	-9%	-14%	2%

* Last quarter
** Year to date

Source: CBH, Bloomberg Financial L.P.

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