

# NAVIGATOR 2023

A SPECIAL YEAR-END EDITION OF THE TRAMONDO QUARTERLY

Tramondo's take on markets, monetary policy, politics and economics. And resulting investment opportunities that successful individuals, families, and institutional investors need to be aware of today.



Q1 2023

## FINDING A NEW EQUILIBRIUM

# INTRODUCTION

Calling 2022 a challenging environment for market participants would be quite an understatement. While lingering price pressure was already a concern at the beginning of the year, the onset of the Ukraine war in February ignited an inflation fire that put the economy, corporates and consumers to a hard acid test. In response, central banks, first and foremost the Federal Reserve in the US, kicked off a historical rate hiking campaign demonstrating their determination to bring down inflation. To make matters worse, economic growth has been slowing throughout the year, with the Eurozone having probably already slipped into recession. On the back of rising bond yields, assets on equity and fixed income markets underwent a painful resetting process which caused multi-asset portfolios to experience their worst drawdown in more than 80 years.

After a financial market rollercoaster ride this year, investors will face many challenges heading into 2023. After all, financial conditions are expected to remain tight for the foreseeable future while economic momentum is prone to weaken further. With that, companies around the world will have to face a reality check in 2023. Although on the one hand, earnings growth held up surprisingly well this year – the S&P 500 posted an earnings growth rate of 6.1% until the end of Q3 2022 – softening consumer demand and ongoing pressure on input costs may endanger profit margins. With that, equity markets' repricing cycle that already caused severe losses in 2022 may also cast a shadow in 2023. On the other hand, investor positioning and asset valuations already point to some degree of bearishness, reducing further downside potential of equity markets in the quarters ahead. Turning to fixed income markets, the outlook looks somewhat more unambiguous. The central bankers' unconditional fight against inflation looks mature, given the first reliable signs that consumer prices are levelling off. Thus, government bond yields may have already peaked, offering nominal assets some tailwinds heading into the new year.

We believe that 2022 taught us all a valuable lesson: preserving wealth is a challenging task. In 2023, we are, once again, fully committed to maintaining your capital's purchasing power, even as the global financial markets continue to reset. In the quarters ahead, stocks and bonds will be subject to increased volatility, and the road to a new equilibrium – after the resetting process is completed – will remain bumpy. With that, we recommend that investors adhere to a disciplined investment process, seek broad diversification, and stick to an active management style.

In this special year-end publication, we would like to cast the spotlight on addressing a few key questions that our investors and clients kept asking us recently. As usual, we do not intend to provide forecasts and strongly advocate for an adaptive and flexible asset allocation. However, in this special issue of our quarterly publication, we would like to offer some food for thought on a few key topics, which, we believe, will have a lasting impact on next year's market roadmap. With that, we hope the following pages can provide you with good waypoints for navigating the various market challenges in 2023.

We wish you and your family only the very best for the upcoming festive season. Furthermore, we hope you will find some time to recharge your energy reserves for 2023, a year that certainly will have a few surprises in store again.



Raphael Müller, CEO



Andreas Schranz, CIO

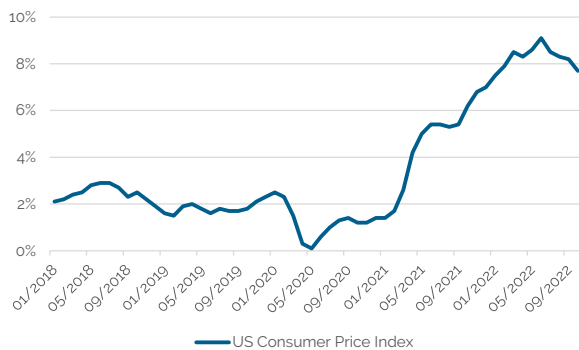
# MARKET COMPASS FOR 2023

## KEY QUESTION NO. 1

### WHERE DO YOU SEE INFLATION HEADING IN 2023?

No doubt, inflation dynamics – and the central banks' corresponding reaction – will be crucial in terms of financial market performance in 2023. Looking at economic history, most notably the high-inflation regime in the 1970s and 1980s, inflation typically occurs in wave patterns. After the first (jumbo) wave hit the global economy in 2022, we think that current pricing pressure – US consumer price inflation stood at 7.1% in November – will slow down considerably during 2023. In that context, lagged effects of tighter monetary policy, easing supply-side disruptions – stemming from the COVID-19 period – and supportive base effects will be the driving factors pushing down inflation.

#### US CONSUMER PRICE INDEX



CPI YOY INDEX; SOURCE: BLOOMBERG

Furthermore, shelter inflation – covering housing costs such as household insurance and rent, among others – is finally showing early signs of a slowdown after keeping consumer prices heightened since late summer. With mortgage rates rising to their highest levels in more than 20 years in Q4 2022, real estate prices most recently began to head south. While average home prices reached a record high of USD 392'000 in June, prices fell to USD 359'000 in October, dropping more than 8% within a few months. With that, we expect rent prices to start rolling over soon. Dominantly weighted at nearly 35% in the US consumer price basket, a sustainable change in shelter inflation would definitely bode well for short-term inflation dynamics.

Overall, we expect US consumer prices to cool down to a rate level of 3.0% to 5.0% by late summer 2023. With moderate pricing pressure, we believe the Federal Reserve will finally be able to pause one of its most aggressive rate hiking campaigns in modern history. In other words, we anticipate Chairman Powell raising rates until a terminal rate level of around 5.0% in early 2023 before transitioning into a "wait and see" phase. At that stage, starting in Q3 2023 latest, the bank's economists will closely monitor the lagged effects of their policy on growth and inflation, allowing them to recalibrate their roadmap if necessary.



AS IN THE PAST, THERE IS A RESIDUAL RISK FOR INFLATION TO RETURN, PROBABLY ALREADY IN LATE 2023.

However, anyone already cheering the defeat of the "inflation monster" might be in for a nasty surprise. As in the past, there is a residual risk for inflation to return, probably already in late 2023. As inflation comes down in the quarters ahead, real disposable income will rise. Furthermore, US consumers are still sitting on record-high savings. During the COVID-19 crisis, private households have accumulated excess liquidity equivalent to more than 10% of annual domestic consumption. Accordingly, higher (real) income and consumers' above-average financial strength may later foster a comeback of beaten-down consumer sentiment. As such, contrary to the popular opinion of most Wall Street economists, we cannot rule out that the world's largest economy could experience a consumer-driven rebound kicking off a second round of inflation in late 2023.

**Investment conclusion:** We expect inflation pressure to ease in 2023, reaching 3.0% to 5.0% by the end of Q3 2023. With that, we believe government bond yields may already have reached their cyclical high in 2022. Consequently, we would not be surprised to see respective rates continue their rerating process in the months ahead. However, as we cannot completely rule out an inflation comeback later in 2023, we still believe that the short end of the yield curve sticks out due to an attractive combination of risk and reward.

## KEY QUESTION NO. 2

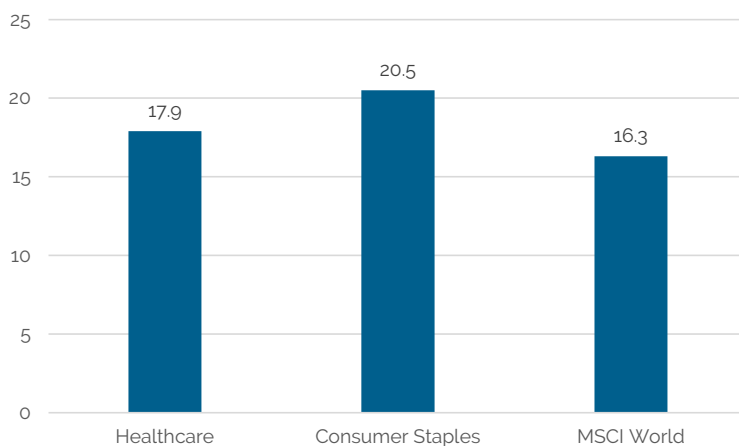
### WHICH SECTORS IN EQUITY MARKETS DO YOU PREFER?

In terms of global equity markets resetting, we believe the worst is behind us. Still, we think the underlying market landscape is prone to remain bumpy until a new market equilibrium emerges. As such, we stick to an equity barbell strategy, which should allow us cope with increased market volatility that may lie ahead

of us during the last stage of this resetting process. In that context, we are convinced that a combination of defensive (healthcare, consumer staples), value (energy) and growth sectors (technology) will be a good formula to tackle next year's increased level of uncertainty.

Investor positioning is already bullish regarding healthcare and consumer staples, our preferred picks in the defensive camp. However, we believe these two sectors will again have the ability to outperform the broader equity market thanks to their strong price

## EQUITY MARKET VALUATION



EQUITY PRICE-EARNINGS-RATIOS;  
SOURCE: BLOOMBERG

**WE REITERATE OUR OVERWEIGHTED POSITION IN HEALTHCARE AND CONSUMER STAPLES AND WOULD USE TACTICAL BREATHERS TO SCALE UP EXPOSURE TO RESPECTIVE MARKET LEADERS.**

ing power, defensiveness and a high degree of earnings resilience. Moreover, evidence suggests that both sectors stand out in a stagflationary environment characterized by above-average inflation and sluggish economic growth. As such, the macro roadmap for 2023 should bode well for these defensive stocks. Both sectors are trading at a premium to global equity markets levels. Still, given the mature stage of the current economic cycle, underlying valuations look fair (consumer staples) or even attractive (healthcare). Summing up, we reiterate our overweighted position in healthcare and consumer staples and would use tactical breathers to scale up exposure to respective market leaders.

After its outstanding ride in 2022, the energy sector is prone to a tactical consolidation. However, we believe energy stocks should also be kept on investor shopping lists in 2023 as the sector enjoys tailwinds from healthy fundamentals and supportive supply and demand dynamics. After a record-breaking year, the sector's growth trajectory will be tested by a high comparison base. Still, even if underlying companies fail to exhibit growth in 2023, absolute revenue and earnings levels will ensure that the sector will post another outstanding year. With that, the sector's free cashflow yield of 12.4% looks exceptionally cheap as the sector usually traded with a yield between 3.5% and 5.5% during the last three decades. Seasoned investors may argue that current valuations are skewed due to sustainability considerations. We fully understand and support this argument but would emphasize that the sector's discount looks overly stretched.

From a top-down perspective, the energy sector is also well supported by demand and supply dynamics, where primarily the latter should provide an additional tailwind in 2023. Since 2014, energy companies cut back their exploration budgets by roughly 60% as management boards obviously began to question the economic prospects of traditional fossil fuels. In 2022, even skyrocketing oil prices could not reverse this trend. Furthermore, the Organization of Petroleum Exporting Countries (OPEC) most recently stuck to its plan to keep production levels low as the powerful organization still sees an oversupplied market in 2023. With that, the supply side looks fairly constrained in the quarters ahead, promising a bright outlook for both oil prices and respective energy companies.

**WE BELIEVE THAT, LATER IN 2023, MARKET PARTICIPANTS WILL TURN AWAY FROM MONETARY POLICY AND ITS BATTLE AGAINST INFLATION TO FOCUS AGAIN ON FUNDAMENTALS.**

Last but not least, a word about the technology sector, the problem child of 2022. As already mentioned, we believe that equity markets still need some time to find a new equilibrium. With that, technology stocks may be exposed to some further selling pressure in 2023. However, we upgraded the sector to neutral during Q3 2022 as valuations of high-quality market leaders started to look like a bargain, especially for those with a medium- to long-term investment horizon. We believe that, later in 2023, market participants will turn away from monetary policy and its battle against inflation to focus again on fundamentals. Technology stocks will shine again at such a moment as the sector still stands out due to healthy cashflow generation, outstanding bal-

ance sheet quality and attractive secular growth stories. Thus, we believe market participants should revisit technology stocks in 2023 while adhering to a disciplined stock selection process.

**Investment conclusion:** We recommend investors sticking to an equity barbell strategy considering market-leading companies from the healthcare, consumer staples, energy and technology sectors. While healthcare and consumer staples stocks should do well in an environment of softening growth and elevated inflation, the valuation of energy stocks is just too attractive to ignore. Furthermore, technology stocks are prone to a comeback in later 2023 as investor attention will shift towards underlying fundamentals again.

### KEY QUESTION NO. 3

## WHAT ARE YOUR FAVORITE INVESTMENT THEMES FOR THE NEXT YEAR?

We believe that the ongoing resetting in global equity markets may ultimately trigger a change in market leadership. Looking at recent history, market leadership has regularly changed in reaction to a dynamic economic and political landscape. With that, we believe that investors should start identifying future leaders that may arise from the current resetting process. In this publication, we would like to highlight two promising investment themes (the first one broken into two subthemes) with the potential of taking a market-leading role in the coming decade.

**WE BELIEVE THE ONGOING ENERGY TRANSITION IS ONE OF THE MOST COMPELLING INVESTMENT THEMES OFFERING UNTAPPED POTENTIAL THAT WILL CONTINUE TO LEAVE TRACES IN 2023.**

For one, we believe the ongoing energy transition is one of the most compelling investment themes offering untapped potential that will continue to leave traces in 2023. After this year's geopolitical events in Eastern Europe, we think the coming quarters still offer a timely period for investors to seek entry into this structural trend. As the underlying investment universe is rather broad and heterogenous, we would like to highlight two subthemes worth looking at in 2023.

Solar is the first subtheme that we believe has enormous potential to pave the way toward a new energy regime. Under the Net Zero Emissions framework outlined by the United Nations - that foresees drastic greenhouse gas emissions reductions by 2050 - solar will be the fastest-growing renewable energy sector. Over the coming decade, we expect the sector to reveal annual growth rates north of 25%, indicating that solar should account for 19% of global electricity by 2030 (up from 3% in 2020). Furthermore, solar energy production costs have decreased significantly over the last ten years making solar the cheapest source of electricity. Today, electricity generated by photovoltaics is two to three times more affordable than that produced by gas or coal. Looking at equity markets, we believe that the valuations of solar

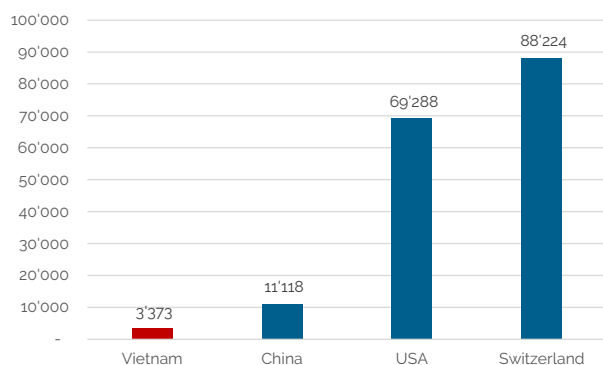
companies started to incorporate these supportive fundamentals. However, given its outstanding growth profile, the sector still offers ample return potential. Nevertheless, we recommend that clients consider a dedicated fund or ETF strategy to implement this promising subtheme, as company-specific risks in the solar sector are rather high.

As a second subtheme, we believe that base metals enabling the energy transition reveal attractive secular growth. Demand for certain base metals will explode over the following decades. Leading industry experts predict that, by 2035, USD 1'700 billion should be invested to meet the growing demand for aluminium, nickel, copper, cobalt and lithium. This amount would be three times the capital budget spent on these base metals over the last 15 years. In that context, specialized mining companies that explore these metals will be among the biggest winners. On the back of massive underinvestment in the sector over the last decade, we believe that the supply side will not be able to catch up with strong industrial demand. As a result, mining companies will enjoy record-high margins and healthy free cashflows thanks to inflated base metal prices. As we enter 2023, these positive sector prospects are not yet reflected in underlying valuations. Mining companies still trade with a significant discount to the broad equity market. As in the case of the solar sector, we suggest that investors rely on active funds or ETFs to gain exposure to this investment theme.

#### WE BELIEVE THAT A LONG-OVER-LOOKED COUNTRY IN SOUTHEAST ASIA OFFERS ATTRACTIVE LONG-TERM POTENTIAL.

As the second investment theme, we believe that a long-overlooked country in southeast Asia offers attractive long-term potential. Vietnam could emerge as one of the big winners of the growing polarization between the US and China. Since 2018, which marks the escalating trade war between the two economic powerhouses, US and European companies have made great efforts to source manufacturing hubs outside China. For example, Apple already produces a significant proportion of its popular AirPods earphones in Vietnam – in the meantime, it is also testing watch and laptop production there. With that, Vietnam may soon become one of the most important business partners for Western countries regarding manufacturing. Looking at macroeconomic fundamentals, the Vietnamese population is growing and still very young. More than 70% of its population is under the age of 65. Its GDP per capita is just USD 3'373, which is a third of China's figure. On the back of these fundamentals, we expect Vietnam to outgrow its Asian peers for the foreseeable future.

#### GDP PER CAPITA (IN USD)



GDP/CAPITA (IN USD); SOURCE: BLOOMBERG

Furthermore, another supportive factor for Vietnam might be its upgrade to Emerging Market status (from its current Frontier Market status). Given the rapid pace of domestic reforms, we think the upgrade could be implemented as soon as 2025. Evidence suggests that an index upgrade might translate into an equity market upside of between 15% and 20%.

Furthermore, the upgrade would improve market liquidity, likely broadening the institutional investor base.

Vietnam had to endure a challenging year concerning its equity market as the regional equity benchmark lost 30% since the start of 2022. With a price/earnings multiple of somewhat below 15, the Vietnamese equity market trades at its lowest valuation since 2012. Given its supportive fundamentals, we think underlying valuation multiples do not adequately reflect Vietnam's secular growth story yet. Hence, Vietnam offers an attractive opportunity for long-term investors who can bear increased volatility. However, we recommend relying on active funds to cover this investment theme.

**Investment conclusion:** The current resetting process in financial markets will open up attractive investment opportunities for market participants who can identify hidden stars. We believe the investment themes energy transition (solar and base metals) and Vietnam have the potential to shake up the current equity market pecking order.

#### KEY QUESTION NO. 4

### WHAT IS YOUR OUTLOOK FOR COMMODITIES, ESPECIALLY GOLD?

Commodity markets enjoyed a veritable rollercoaster ride in 2022. Physical markets already came into the year with a rather tight supply. The war in Eastern Europe and its impact on global supply chains added further pressure and caused prices to spike. In the meantime, the situation eased with commodity prices normalizing as central banks tightened, and inflated price levels started to curb consumption in early summer.

Regarding next year's outlook, it is important to understand that commodities reveal varying degrees of cyclicity: industrial metals and energy are most sensitive to the global business cycle, while precious metals are seen as more defensive.

OVERALL, INDUSTRIAL METALS WILL CONTINUE TO TRADE IN RESPONSE TO GROWTH PROSPECTS IN CHINA.

As we enter 2023, the macro landscape might be unfavorable for some cyclical industrial metals, but we still see supply and demand dynamics generally supporting prices in the quarters ahead (please see the answer to key question no. 3 for further details). Overall, industrial metals will continue to trade in response to growth prospects in China. As Chinese authorities have been rolling out stimulus programs and relaxing their strict COVID-19 policy most recently, we think the downside potential for industrial metals looks fairly limited. Therefore, we consider the outlook for the segment to be neutral while having a clear preference for metals that foster the already discussed energy transition (e.g., copper, lithium).



Regarding oil, we think current price levels mark the lower boundary of next year's trading range. Even though demand might soften further in 2023 in accordance with economic momentum, constrained supply will dictate short- and medium-term price developments. As such, we expect oil prices to trade between USD75 and USD100 in 2023, while in case of a global recession, the lower boundary may have to be reduced to \$60.

Lastly, a word about gold. The gold price is mainly dominated by real interest rates, physical demand and geopolitical risks. Since Q3 2021, real interest rates have been shooting up, exerting heavy selling pressure on the precious metal. However, there is growing evidence that real rates might reverse their uptrend, as easing inflation will help to push down nominal interest rates.

#### GOLD PRICE (IN USD)



GOLD PRICE (IN USD); SOURCE: BLOOMBERG

Regarding physical demand, central banks around the world most recently increased their gold reserves. The latest data indicates that central banks bought 399 tons of gold last quarter, setting a new record for quarterly purchases. During times of increased economic and geopolitical uncertainty, banks appear to be turning to gold as a store of value. Furthermore, industry experts also report that there is increasing demand from China and India, the two most important markets for physical gold. In October, local gold prices

traded at a significant premium to international prices, which indicates that domestic demand exceeds underlying supply. Overall, we expect physical demand for gold to remain robust in 2023, and particularly in China a more relaxed COVID-19 regime may spur further demand next year.

Obviously, the last factor, geopolitical risks, can hardly be forecasted. However, we would argue that the political constellation in the US and China, as well as the growing polarization in global politics, may keep these risks rather heightened in 2023.

Overall, we believe this year's headwinds for gold may dissipate soon; hence, we stick to an overall constructive view on gold.

**Investment conclusion:** Overall, we believe commodities have further room to run. While we keep a neutral positioning towards industrial metals and gold, we think oil prices look attractive at current levels. However, due to the increased volatility of commodity investments, we would use periods of weakness to build up further exposure.

## KEY QUESTION NO. 5

## THIS YEAR HAS SHOWN THAT THE TRADITIONAL 60/40 PORTFOLIO IS FINALLY DUE FOR A FACELIFT – WHAT ARE YOUR LESSONS LEARNED REGARDING PORTFOLIO CONSTRUCTION?

2022 has been challenging for a traditional multi-asset portfolio, to say the least. The so-called 60/40 portfolio – reflecting a balanced approach with a strategic weight of 60% equity and 40% fixed income – experienced a painful drawdown of more than 20%. However, compared to the past, it is not just an equity market selloff that caused such a poor performance. Instead, it

is because both, equity and fixed income assets sold off at the same time. Evidence shows that this (positive) correlation regime typically occurs when inflation runs above central bank targets. It forces policymakers to aggressively tighten monetary policy, leading to increased risk premia for equity and fixed income.

At Tramondo, we advocate that the traditional 60/40 portfolio framework has been long due for a facelift. The 2022 historical selloff is merely the final piece of evidence underpinning our thesis. In order to be prepared for the next storm on global financial markets – that may already await us in 2023 – we think that investors should follow the following portfolio construction principles.

The first principle calls for active risk management, allowing investors to prevent large portfolio drawdowns in times of increased market stress, as seen in 2022. Investors who insist on sticking to their long-term strategic asset allocation with-

out any tactical overlay run the risk of finding themselves with their backs against the wall – in other words, jeopardizing their capital's purchasing power. In times of heightened uncertainty, a flexible asset allocation in combination with asymmetric option strategies can reduce market risk while preserving a balanced portfolio's upside potential. Thus, we highly recommend that investors employ an active and adaptive approach toward risk management.

Furthermore, we recommend that investors not compromise on quality. Neither in 2023 nor the foreseeable future. In that context, we fully agree with star investor Warren Buffett who once said: "It's only when the tide goes out that you learn who has been swimming naked." In the past decade, low-quality companies have been riding the wave of cheap central bank money. In 2022, this big wave finally broke and receded as record-high inflation forced central banks to change course. With that, com-

### THE LAST EIGHT TIMES THE S&P 500 WAS DOWN IN A CALENDAR YEAR, FIXED INCOME FINISHED THE YEAR IN POSITIVE TERRITORY

Year	US Equity Market Return	US Fixed Income Return
1977	-7.2%	3.0%
1981	-4.9%	6.2%
1990	-3.2%	9.0%
2000	-9.1%	11.6%
2001	-11.9%	8.4%
2002	-22.1%	10.3%
2008	-37.0%	5.2%
2018	-4.4%	0.0%
2022 YTD	-17.7%	-15.7%

US EQUITY VS US FIXED INCOME RETURNS DURING NEGATIVE S&P 500 CALENDAR YEARS; SOURCE: BLOOMBERG

WE FULLY AGREE WITH STAR INVESTOR WARREN BUFFETT WHO ONCE SAID: "IT'S ONLY WHEN THE TIDE GOES OUT THAT YOU LEARN WHO HAS BEEN SWIMMING NAKED."

panies with a dubious track record, low profitability and high valuations found themselves on Wall Street's selling list. We believe that the market's resetting process is not complete yet, indicating that investors should uphold a quality bias at all costs.

Finally, we think that alternative investments should attract more attention in portfolio construction. In times of positive correlation between stocks and bonds – as seen in 2022 – assets that can diversify a multi-asset portfolio should receive a higher allocation. At Tramondo, we focus on liquid alternative investments in the area of commodities and hedge funds. While we already outlined our commodity outlook in our answer to key question no. 4, hedge funds will continue to shine in an environment of heightened volatility.

**Investment conclusion:** We believe that traditional approaches for portfolio construction, such as the well-known 60/40 portfolio, are outdated. At Tramondo, we manage multi-asset portfolios built on three principles - active risk management, quality, and the use of alternative investments – allowing us to enhance the risk/return characteristics of our investment solutions.

# FINDING A NEW EQUILIBRIUM

## INVESTMENT CONCLUSION

Financial markets face no shortage of headwinds as we look ahead to 2023. Central banks attempt to get a grip on soaring inflation, and economic growth is prone to soften while Europe is in the middle of an energy crisis. Furthermore, China's economy – a reliable source of growth in past crises – is stuck in first gear. On the back of these challenges, we expect financial markets to remain trapped in an environment of heightened volatility. At the moment, we recommend that investors warrant a defensive positioning. Market participants should stick to an up-in-quality approach regarding security selection until financial markets complete their resetting process and a new equilibrium sets in.

AS WE ENTER THE NEW YEAR, WE THINK THAT EQUITY MARKETS HAVE REACHED THE UPPER END OF THEIR SHORT-TERM TRADING RANGE, INDICATING THAT WE WOULD NOT CHASE STOCKS ON CURRENT LEVELS.

While keeping an underweight position in equities during almost all of 2022, we upgraded the asset class to neutral mid-October. Back then, supportive seasonality patterns and an overly bearish investor sentiment prompted us to take advantage and scale up risks again. As we enter the new year, we think that equity markets have reached the upper end of their short-term trading range, indicating that we would not chase stocks on current levels. From a regional point of view, we reiterate our overweighted position in Swiss equities as the sector decomposition looks favorable given the prevailing macro backdrop. Furthermore, we keep a neutral positioning towards US equities until we see clear evidence that the underlying bottoming process has concluded. In that context, we think high-quality technology stocks might be worth revisiting in 2023, as weakening growth and softening inflation should bode well for the sector.

WE STICK TO A NEUTRAL VIEW OF NOMINAL ASSETS AS THE BUSINESS CYCLE'S MATURE STAGE WILL KEEP SOME PITFALLS READY FOR CARELESS INVESTORS.

Regarding nominal assets, the outlook definitely brightened up during 2022. With that year's historical repricing, fixed income reflects a genuine alternative to equity markets for the first time in almost a decade. With that, we stick to a neutral view of nominal assets. However, as in equity markets, we strongly advise clients not to compromise on quality as the business cycle's mature stage will keep some pitfalls ready for careless investors. Therefore, we still believe that high-quality corporate bonds offer the most attractive opportunity set. Then again, conservative investors may consider government paper a tail-risk hedge if the world economy cannot prevent a severe recession.

Summing up, the resetting process initiated in Q1 2022 will also cast its shadows into 2023. With that, next year's financial market roadmap offers a supportive backdrop for investment managers who can capitalize on heightened volatility. Furthermore, we believe that new market leaders will emerge once a new equilibrium is in place.



Finally, as already outlined in this publication, thematic investments offer attractive exposure to secular growth that may lift underlying valuations. As such, even if dark clouds might overshadow the economic outlook, financial markets provide opportunities that have never been that exciting in the last decade.

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