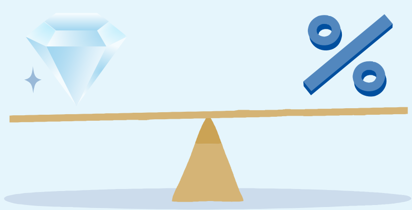
Global Investment Views
March 2024

Markets, economy and valuations: debate rages on

Markets have remained buoyant on the back of resilient economic activity so far. But high valuations in some segments and indications of weak economic growth ahead keep us vigilant. We explore areas with attractive earnings prospects.

A recent move up in yields keep bonds attractive

Government bonds for instance in the US and UK, may be a good way to earn yields when the economic backdrop is weak. On the other hand, interest rate cuts by central banks should further boost this asset class.



Strike a balance between quality and yield in credit

This is a time for increased differentiation in the markets where low-rated credit may feel pressures from slowing economic activity. In our opinion, Investors should explore high grade credit in the EU and US, without compromising too much on quality.

As stocks hit new highs, earnings strength in focus

We focus on company fundamentals, segments offering high dividends and above-market earnings growth. These traits may be found in select European banks, US Value and Japanese businesses.

India continues to deliver strong growth in EM

Indian and South Korea equities offer a strong case based on a combination of domestic consumption and exports. Even bonds in Latin America and selectively in Asia offer potential for robust returns.

A multi-asset, flexible approach in focus

Equities and bonds performances have been diverging lately. Thus, bonds seem a good diversifier*, and complement to equities in times of slowing economic activity.

Glossary

1. Inflation: Increase of the general level of prices for goods and services, decreasing purchasing power as a result.

2. Central bank: Institution that manages the currency and monetary policy of a country or monetary union, ensuring economic and financial stability.

3. US Treasuries: Refer to government bonds issued by the Unites States.

4. Investment grade: Refers to securities for which the Standard & Poors rating is greater than or equal to BBB- and considered by them as having a low risk of non-repayment.

5. Value: Refers to an investment strategy in undervalued companies, with a price deemed too low and with an attractive potential of recovery.

6. EM = Emerging markets,
DM = Developed markets.

IMPORTANT INFORMATION

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