COLOMBO

Lugano | Zürich | Genève

feb
07
2020

Monthly Market Update

Monthly focus on Financial Markets

Contents

- Market Analysis
- Executive Summary
- Trade Ideas
- Central Banks
- Trade War/Geopolitics
- Macro
- Commodities
- Forex

Alberto Tocchio - CIO
alberto.tocchio@colombo.swiss

"We started the year with expensive valuations, falling profit growth but still generous central banks and high investor expectations on the back of a strong 2019 for most asset classes. Few would have had Corona virus on their list of concerns for 2020, but expensive markets are more susceptible to shocks, wherever they may come from."

Market Analysis

2019 was a "bull market in everything" closing on a very high risk-on note. We started 2020 with a similar tone as investors were afraid to miss the new rally. As we noted over the last newsletter, when everyone is so consensual, in general, it doesn't work out so well especially with several red flagging lights.

While in 2019 we had all 18 asset classes providing positive returns versus inflation, this year seems to be different as just half of those are showing positive returns. As we warned last time, we are expecting a volatile year.

We explained that it would have been difficult to have the VIX index, (Volatility on S&P), in the 1st percentile for the past 100 years despite the 3 largest Central Banks in the World (FED, ECB, BOJ), which are continuing to expand their balance sheets by $100 billion per month, in addition to the FED's overnight Repo operations. We were right indeed.

The Coronavirus has proved to be the best excuse for a market retracement as increasing concerns have pushed the market in a risk-off mood over the last week, with commodities and Emerging Markets equities suffering the most.
We were suggesting that there was little room for a negative surprise and as, it always happens, a few-day correction could easily erase the little gains achieved in a longer period.

It is obviously a very disrupting component for markets, but it wouldn't have had the same effect if positioning wasn't so high, along with stretched valuations and record low volatility across different asset classes.

Only a month ago, a Morgan Stanley client polling was showing that 2.5x more clients were saying that their positioning was above the average, exactly the opposite of a year ago when markets were more than 20% lower than current levels.

The virus was the spark and after having the S&P without a 1% drop session in 73 days, we had the classical risk-off period where investors sold huge amount of futures.
The 3-Month/10-Year US yield curve inverted for the 1st time since October reviving memories of growth fears we had last year.

<u>The question today is no longer if, but how hard, the virus will damage the Chinese economy and its trading partners in Q1</u>. Besides being a key automobile manufacturing hub, Wuhan is also a strategic national transportation and logistics hub, with the city representing a main transit point between two major North-South and East-West high-speed rail lines. The recent city lockdown has restricted the movement of goods and people, resulting in broader negative implications for trade, consumption and investment amid supply chain disruptions.
We know that 14 provinces and cities have said businesses need not start operations until at least next Monday and they accounted for almost 69% of China's gross domestic product in 2019 and 90% of exports.

The latest estimates are mentioning a Chinese Gdp negative impact between 1% and 2% in Q1 and 0.5% for the whole year but earning impact is harder to estimate. In a worst-case scenario (long-standing impact), a sharp weakness could continue for the whole 2020.

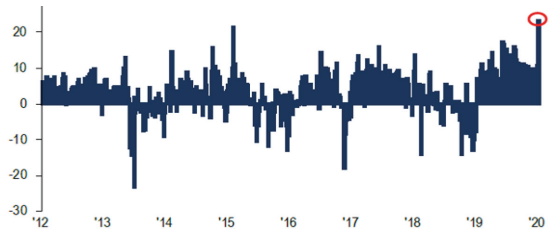
Importantly, we now believe that Chinese policymakers will add more fiscal and monetary stimulus to support economic activity, and this may represent upside risk to some negative forecasts. The virus outbreak is also a disruption for global operations as several US and European companies are already estimating the potential severe negative effects with most car manufacturers halting production in China and Apple worried of not being able to deliver the new phones on time.

The Bond market has been very efficient this year as we have witnessed the best start ever in January with almost $72 billion of inflows, along with 56-week inflow streak which is very close to the record of 60-week of the great financial crisis.

In the first two weeks of the year, issuers from China, Indonesia, Japan and the US joined local borrowers in tapping Europe's super-low funding costs and increasingly mature bond market.

Were those investors worried about a potential downturn of equities?

WEEKLY BOND FUND FLOWS ($ BILLION)



Sovereign bonds recorded a sharp pick-up in interest at the expense of high yield corporates in the latest weeks, mainly due to the virus. The amount of negative yielding bonds has rapidly topped $14 trillion again.

BLOOMBERG BARCLAYS GLOBAL NEGATIVE YIELDING DEBT INDEX

Over this newsletter, we will briefly have a look at the major areas where we could spot the first important signs to better understand the market direction for the next weeks.

Executive Summary

We started the year with expensive valuations, falling profit growth but still generous central banks and high investor expectations on the back of a strong 2019 for most asset classes. Few would have had Coronavirus on their list of concerns for 2020, but expensive markets are more susceptible to shocks, wherever they may come from.

2020 is almost certainly going to be more binary than 2019, as it will be a case of either equities (as we think) or bonds to do well this time, not both. As we suggested over the last newsletter, asset allocators will likely be further challenged by lower yields and rising relative volatility dampening the diversifying nature of bonds. Some firms are predicting the S&P500 to return 5% per year for the next decade, while returns for Bonds close to 3% per year. Investors will likely face a lower and flatter frontier compared to prior decades with a considerable higher volatility.

If we want to witness a sustainable further rally on risky assets, now we will need growth to drive returns and while Chinese activity is likely to experience a significant hit in the near term, it seems that credit backdrop, housing market and external liquidity are better than previous viral outbreaks and if the situation will soon be contained, economic growth should recover fairly quickly.

Besides the uncertainty of the virus implications we are getting the evidence of global PMIs inflecting higher, earnings momentum improving, labor markets remaining very resilient and central banks staying extremely accommodative.

On the positive side, the situation seems to be quite favorable for Equities, at least in H1, while on Bonds we are keen to strategically invest on names with low duration. As you know, we have already started to reduce bond exposure in a multi asset portfolio as the risk-reward trade-off is no longer as favorable as it was, especially on corporate credit exposure.

One of the signatures of this potential “Bond bubble” is the price insensitive buyers and at the top of the list, of course, we find the different Central Banks. This is the area where we would focus our fears as it could potentially generate a serious risk off.

Aside for the virus developments, we should be looking at the US elections events, Brexit lingering execution risk as negotiations commence, Trade wars (talks of Phase 2 deal? China already seeking flexibility on Phase 1?).

As an example, the market is not yet pricing the spike of volatility that is typically associated with the US Super Tuesday, due on the 3rd of March.

Given the lack of a clear winner in Iowa and the confusion about the final result, it will enable several candidates to claim momentum and question the results. What seems to be clear so far is that Joe Biden had a major setback and markets have been celebrating this result.
The action now shifts to New Hampshire primary on the 11th but to have more clarity we should really look to Nevada and South Carolina for a better signal.

In the meantime, Trump’s approval rating reached 49% in Gallup’s latest poll of American sentiment toward the nation’s leader, as his support increased both within the Republican Party and among voters who describe themselves as independents. He enjoys the support of 94% of Republicans and 42% of independents, that's the most support he's ever enjoyed within his party and ties for his highest level of support among independents.

Knowing that volatility should increase getting closer to the Super Tuesday, we are willing to accumulate Equity exposure on the downside as it is very unlikely to witness a US recession in H1.

A complicated and volatile geopolitical landscape has added further complexity to investors' decision-making and a potential near-term reduction of geopolitical uncertainty wouldn't negate concerns around the increasingly late cycle nature of the global economy and more risks of a spate of further earning downgrades.

We think the market is underestimating the impact on a number of industry supply chains and there is a chance we might be talking about this virus well through the end of Q2. That said, in the absence of any incremental bad news the dominant narrative remains lower real rates, easy money and multiple expansion.

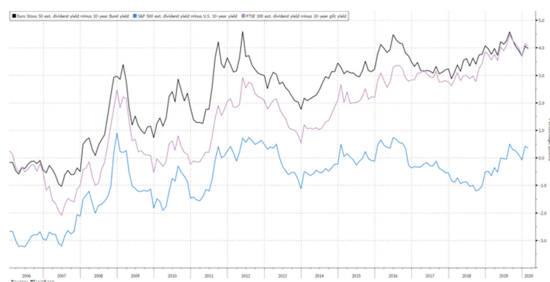
Let's now analyze the **current positive vs negative factors for the market** (please note that these factors are not all comparable in terms of timing, some factors are short-term while others mid to long-term oriented):

POSITIVE FACTORS (10):

- **Attractiveness of Equities (TINA)**: as flagged several times, there is still a massive amount of liquidity on the market. Negative-yielding debt makes up 25% of global debt, with the Euro area driving the most recent rise in negative-yielding assets. Even if you consider a decent cut, especially for commodity-related stocks, dividends would still be more attractive than Bond yields.

  The earning yield on SXXP (Eurostoxx 600) is above 7% and dividend yield alone is 3.5%, the S&P 500 dividend and buyback yield is at 5.3%, vs the 10-year US Treasury's yield of 1.6%.

EUROSTOXX DIVIDEND YIELD MINUS 10Y BUND (BLACK), S&P DIVIDEND YIELD MINUS US 10Y (BLUE), FTSE100 DIVIDEND YIELD MINUS 10Y (PURPLE)

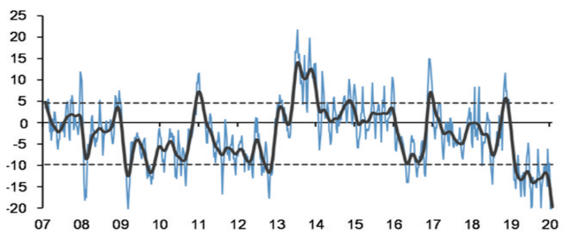


  In Europe, almost 90% of European companies have a dividend yield higher than corporate bond yields, while in US the same percentage accounts for 40%.

% STOXX EUROPE DIVIDEND YIELD > CORPORATE BOND YIELD (DARK)
% S&P500 DIVIDEND YIELD > CORPORATE BOND YIELD (LIGHT)

At the same time, the difference between Equity versus Bond fund flows has reached a new low and could possibly reverse during 2020.

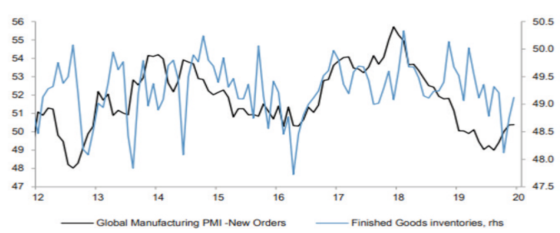
EQUITY VS BOND FLOWS



- **Macro numbers getting better from very deep levels**: we started paying attention to this point already in the middle of the last year, explaining how 2019 would have been different from 2018 given favorable base effects, reduction in inventory overhang and the bottoming out in M1 (Monetary Mass) in all key regions.

  The global manufacturing PMI showed broad-based improvement in January, back to the expansionary territory with 60% of the economies reporting an improvement. New orders, the key forward-looking sub-index, rose significantly to 51.1, the highest since March 2019, with 75% of the economies reporting an improvement. The pickup in new orders in turn lifted the new orders/inventory ratio to a 16-month high since September 2018.

GLOBAL MANUFACTURING PMI NEW ORDERS (BLACK) AND INVENTORIES (BLUE)



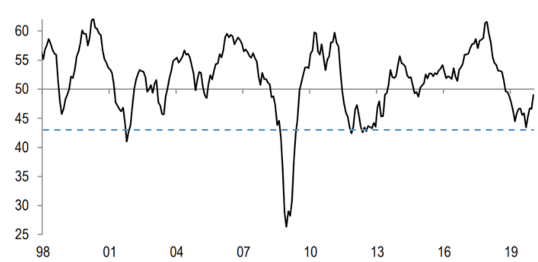
PMI internals are supportive, with inventories coming down and some of the lead indicators, such as Taiwan export orders, suggest the improvement should continue.

Importantly, Chinese dataflow was picking up before the virus struck. China Caixin PMI has moved to near three years high.

Needless to mention that if the activity momentum stabilizes, the recent slowing in the EPS growth rate will stabilize too. Profits and margins remain operationally leveraged to economic growth.

In US, Strong Macro data in January with ISM Manufacturing increasing to 50.9, expansion territory and largest monthly move since 2013. Also, strong improvements in the order and production components, respectively 52 vs 47.7 consensus, an eight month-high and 53.3 vs 51 consensus, the largest gain in six years.
Economical data is surprising to the upside more in the Eurozone than anywhere else and the hurdle rate is still low in the historical context for Europe. The PMI component of new orders were below current levels only during 2008 when credit markets stopped working.

EUROPEAN MANUFACTURING PMI NEW ORDERS



With the outbreak of Coronavirus, we should expect temporary weakness in February-March data from China and, to some extent, the rest of the world, particularly those economies more exposed to China's growth dynamics. However, if the virus is contained within a short period and given that the fundamental growth drivers are still intact, we should get back onto the recovery path from Q2 onwards.

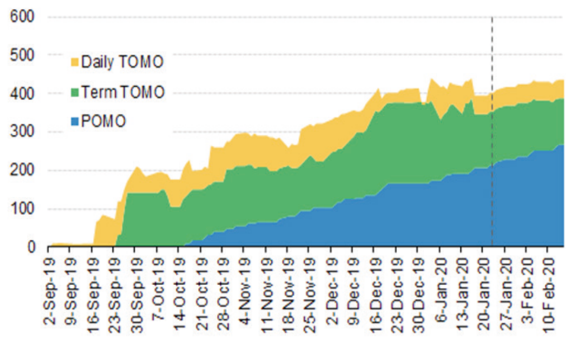
- **Central Banks stabilizing global growth** and sustaining equity markets. Global Central Banks are having the most synchronized global easing cycle in a decade with the majority of Central Banks participating. The only difference vs the past is that this time the stock market is close to an all-time high.

  <u>As discussed, the actual combined effect of FED, ECB, PBOC and BOJ since October is very powerful and is helping the markets to continue trending higher with a high correlation</u>.

  With $ 1.2 trillion in annualized balance sheet expansion, it will be difficult for stocks having a sharp sell-off and we continue to view Central Banks activity as an important driver of asset prices in the near term.

  Since the Fed has rarely expanded its balance sheet at the pace it has been on, since October, there is limited history to analyze, but we found some evidence that periods of balance sheet expansion have lined up with above average equity returns and, whether or not a coincidence, the S&P 500 has risen 1% for each 1% increase in the Fed's balance sheet.

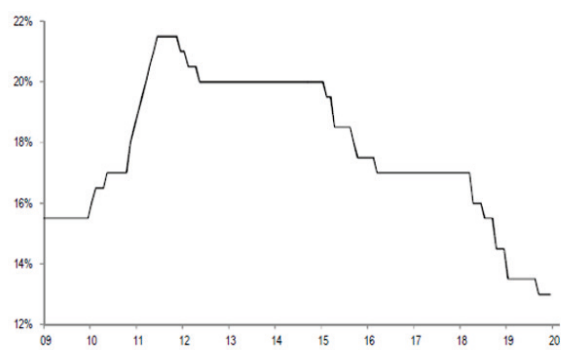
CUMULATIVE FED LIQUIDITY ADD IN BILLION $



It is estimated that Fed liquidity will trail off from H2 19 at $ 360 billion, to H1 20 at $ 133 billion, and H2 20 at $ 93 billion; the opportunity for Fed to signal the end of liquidity intervention is likely to be on the Fed meeting due on the 17th of March. If the Fed begins to slow or stop these purchases it will certainly weigh on stocks and bonds.

We expect the PBOC to stay growth supportive for the whole year.

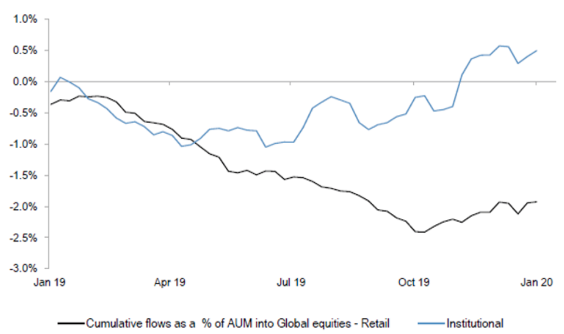
CHINA RRR FOR MAJOR BANKS



- **Flows**. Despite equities being the best asset class last year, money has flowed out of equity funds into bonds and cash.

However, splitting overall flows into Retail and Institutional, we find that it is the retail investor who has significantly reduced investments in equities. This appears to have started changing most recently as retailers have been buying equities since the beginning of the year.

CUMULATIVE FUND FLOWS INTO GLOBAL EQUITY MARKETS (BLACK) VS INSTITUTIONAL (BLUE)



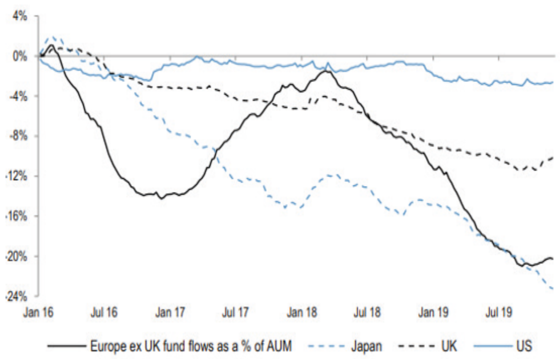
In absence of recession or policy mistakes, in 2020, it is highly likely to see a rotation by retail investors away from Bond funds into Equity funds, after they have been selling the latest at the strongest pace since 2008.

We will need to carefully analyze retailer's flows as they might become the largest market buyers.

If we look at cumulative fund flows into regional funds it is pretty obvious that Europe has been left behind as we have highlighted many times over the last year.

An orderly Brexit resolution, better Macro data, decent Q4 numbers could help global equity investors to re-allocate the European region this year.

EUROPE EX UK FUND FLOWS (DARK) VS JAPAN (DOTTED LIGHT) VS UK (DOTTED BLACK) VS US (LIGHT)



- **Q4 reporting season not as negative as expected**. The Q4 reporting season is well underway in the US, with nearly 50% of the S&P market cap having reported so far. In Europe and Japan, we are a bit behind but we can already say that <u>results set an optimistic tone, with positive earnings surprises in both the US and Europe, 4% and 2% respectively.</u>

In US, 73% of the S&P500 companies that have reported have beaten EPS estimates. EPS growth is running at +6% yoy, surprising positively by 4%. Most sectors are seeing positive earnings surprises, with Tech earnings being particularly strong. Keep in mind that over the course of the 4th quarter, analysts collectively revised their Q4 earnings estimates lower by 4.1%.

Interestingly, of the 152 companies that have beaten earnings estimates so far, only half of them would have beaten Q4 earnings estimates as of the start of Q219. Of these same 152 companies, only 109 of them would have beaten expectations as of October 1st, 2019.

In Europe, 65% of Stoxx600 companies that have reported have beaten EPS estimates, the highest level since 2017. EPS growth is negative at -3%y/y, but still 2% ahead of expectations. Ex-Energy the earnings growth is faring much better.

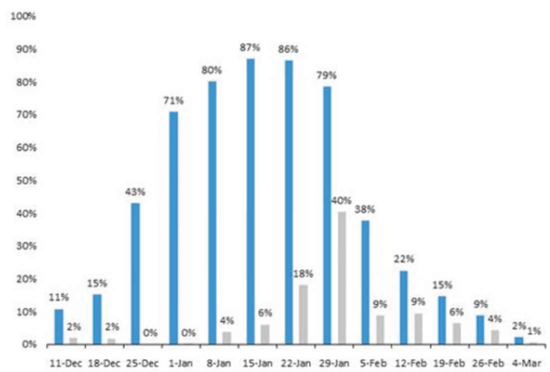
In Japan, 55% of Topix companies that have reported have beaten EPS estimates, with overall growth at -4% y/y. Topline growth is coming in at -1%y/y with only 32% of companies beating estimates.

<u>Important to note that European companies that are beating earnings are being rewarded by investors, while misses are not being proportionately penalized</u>. This is in contrast to what was observed in previous quarters, and also to what is seen in the US thus far.

<u>The overall takeaway so far is that earnings have been "better than feared"</u>. If this trend holds, Q4 could reveal a meaningful improvement in corporate operating leverage, which notably deteriorated over the course of last year amid varying and persistent margin pressures (trade, labor costs, etc.).

- **Buybacks should continue to support markets in 2020**: Buybacks have been a key theme through this cycle with S&P500 companies returning $5 trillion to shareholders since 2009 and contributing 2% to annual EPS growth. This week is the end of the blackout window for most of the market cap of S&P. This should mitigate some of the market's move.

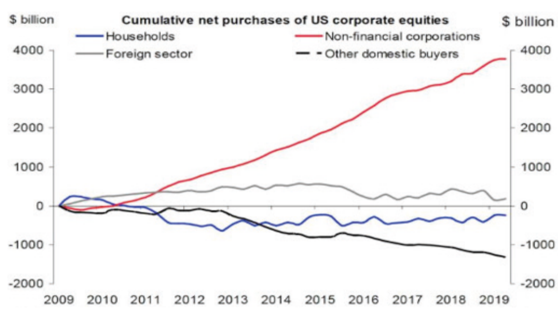
% S&P500 MARKET CAP IN BLACKOUT PERIOD (BLUE)
% S&P500 MARKET CAP IN REPORTING PERIOD (GREY)



One of the biggest drivers of the rally on equities since 2009 is definitely the buyback effect as shown on chart.

The pace of repurchasing has reached the slowest pace in 18 months and the daily average is now down 35% week on week vs the YTD average but it is still a very important factor for markets.

CUMULATIVE NET PURCHASES OF US CORPORATE EQUITIES – NON FINANCIAL CORP (RED)



Furthermore, the lack of market liquidity, as measured by the S&P 500 turnover (the ratio of trading volume vs free float market capitalization) has exacerbated the impact of share repurchases on US equities. Trading volume has been on a downtrend since 2008, and we expect this to continue.

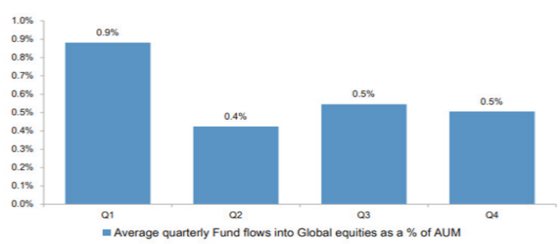
Reduced trading liquidity in US equites for the S&P, an all-time low!

A recent analysis from JPMorgan shows that just 10% of US equity markets' trading volumes now comes from fundamental stock investors with most of the rest coming from index derivatives and passive funds.

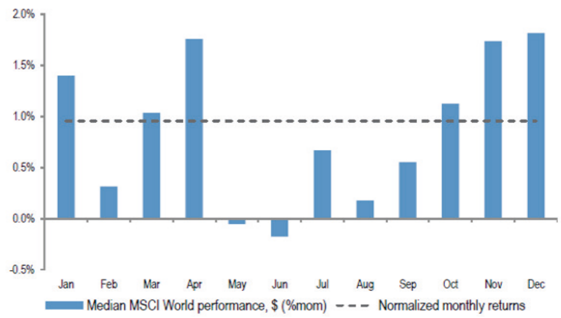
US TRADING VOLUME

- **Seasonality**: Looking back over the past years, markets were up most of the time into US elections and over the last 20 US election cycles, there have been only two instances of the markets down in the 12 months leading to the election results. On top of that, inflows into equities tend to be higher in Q1 when compared to the rest of the year.

AVERAGE QUARTERLY FLOWS INTO GLOBAL EQUITIES

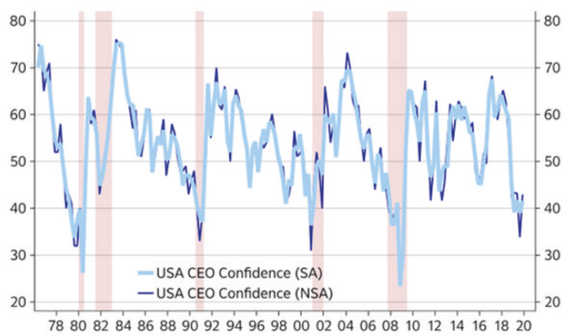


MEDIAN MONTHLY MSCI WORLD PERFORMANCE



- **CEO / CFO Confidence**. Conference Board's CEO confidence jumped to 43 from 34 in Q4. Seasonally adjusted, it however only rose marginally and is still in "recession risk" territory.

US CEO CONFIDENCE



The signing of the Phase One deal between US and China removes a key source of corporate uncertainty in the near-term. We expect corporate sentiment could improve, at least in H1 20. Capex plans are up strongly, future expectations of output have inflected higher and CEO confidence is better as well.

- **US housing getting more bullish**. The ingredients are in place for the US housing market to continue accelerating across a number of the national metrics we are tracking. Robust demand and tighter supply are aided by better affordability, leading to accelerating HPA, increasing existing and new home sales, and climbing single-family housing starts. This is in contrast to the view we had last year.

Buyers snapped up new US homes over the past two months at the fastest pace in more than 12 years, adding to signs of sturdy housing demand amid lower prices and borrowing costs.
New York is currently seeing the biggest home-building boom in years, the highest pace since 2015 which reflects a strong optimism in the American economy.

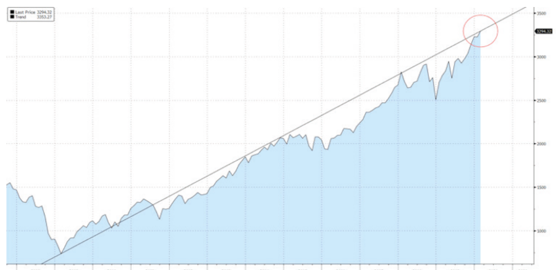
- **Global M&A**: activity has slowed during the Christmas/New Year period but it is starting to pick up now and if we see a continuation of the trend we had in November/December last year it would definitely be a positive factor for markets. This week in Europe we had the interesting purchase of Ingenico for a 24% premium from Worldline.

NEGATIVE FACTORS (10):

- **Technical**. Over our last monthly newsletter and daily comments, we have been highlighting several technical indicators which have been successfully calling for a market correction.
Quite surprisingly all short-term indicators are not in such a bad shape as before but there is still the risk given by medium to long term ones.

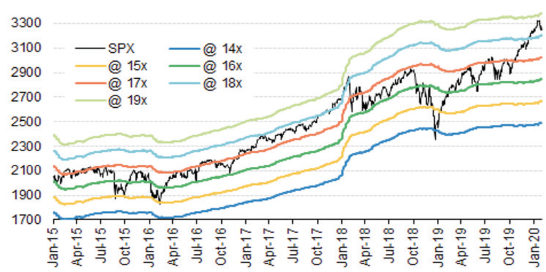
Aside from the DeMark famous 13 selling signals (still in place), the best and easiest is possibly given by the uptrend line on the S&P that has been working since 2009, which the index has been unable to break since 2011.

S&P500 TECHNICAL ANALYSIS



- **Valuations are expensive with Economic momentum shifting downwards**. Thanks to a staggering market performance, the S&P has managed to trade close to 19x forward P/E multiple for the first time since January 2018; we can actually find many similarities to that period in terms of positioning and volatility. 2019 saw the second largest multiple expansion for global stocks since 1988. Only 2009 saw it larger.

S&P FORWARD P/E MULTIPLES



Despite the small correction we had last week, the US market remain at 90%-99% valuation percentiles as the table below is clearly showing. Almost every single valuation metric is at historic extremes.

S&P500 VALUATION METRICS

	Aggregate index		Median stock	
Valuation metric	Current	Historical %ile	Current	Historical %ile
US market cap / GDP	203 x	100 %	NA	NA
EV / sales	2.6 x	99	3.0 x	99
EV / EBITDA	12.9 x	95	13.1 x	100
Price / book	3.7 x	90	3.5 x	100
Forward P/E	18.8 x	90	18.8 x	98
Cyclically adjusted P/E (CAPE)	28.3 x	90	NA	NA
Cash flow yield (CFO)	7.2 %	85	7.5 %	81
Free cash flow yield	4.0 %	55	4.0 %	63
Yield gap vs. 10-year UST	341 bp	30	NA	NA
Median metric		**90 %**		**99 %**

Morgan Stanley widely followed proprietary US Cycle Indicator model has predicted the beginning of the downturn for the 1st time since 2007 already five months ago. This phase-change has historically meant a worse backdrop for returns and higher chances of recession or a bear market in the medium to long term horizon.

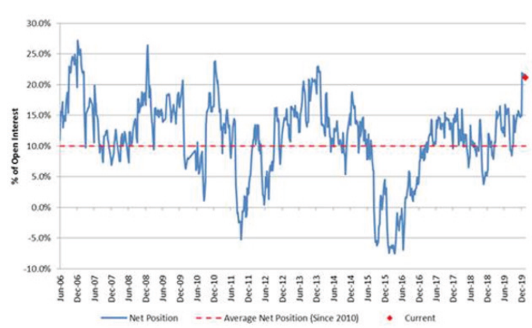
US CYCLE INDICATOR

- **Positioning is not light anymore / Poor market protection**. We have been stressing this very important factor over our last newsletter as positioning has continued to climb and next move could be to start selling, certainly not buying aggressively. The consolidated equity positioning generated by Deutsche Bank is showing us a very stretch positioning.

CONSOLIDATED EQUITY POSITIONING

As US futures rallied into year end and over the first few weeks of 2020, we saw notable amounts of new longs being added and prior to the pull back over the last couple of days, the 30-day build in net longs on S&P and Nasdaq was over 2x greater than the average over last year. With the recent sell-off we have seen some recent long being liquidated but no new shorts added. <u>Shorts on the market stay extremely low for the moment.</u>

AGGREGATE POSITIONING ON S&P, NASDAQ, RUSSELL, S&P MID-CAP AND DOW JONES IS STILL SUBSTANTIALLY ABOVE THE AVERAGE

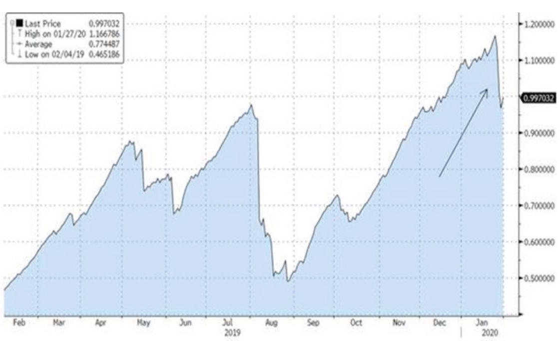


<u>Looking more broadly at the EM space</u>, the pace of capital inflows into risky as-

sets slowed down last week when concerns about the coronavirus increased. Exchange-traded funds focused on emerging markets attracted $ 311.7 million in the week ending January 14. This was significantly lower than $ 3.16 billion in the previous week. The impressive run of 16 consecutive weeks of inflows may come to an end if risk aversion continues to rise.

Looking instead at Systematic investors, some equity sell flows have already hit the market. However more have possibly yet to come considering the fragile scenario and increased volatility.
Volatility control have partly de-risked but are still quite long vs their average.

VOLATILITY CONTROL STRATEGY POSITIONING



On CTA funds, so far, the de-risking has been small on US equities while more pronounced on non-US equities. The situation is however getting more interesting now as it would only take a further decline of just under 2% from current levels to start pushing shorter-term signals into negative territory and generating substantial amounts of sell orders.

Net exposure on Hedge Funds has decreased but it is still above the average of the last years.

HEDGE FUND NET EXPOSURE

Mutual fund cash levels are at multi-year lows.

MUTUAL FUND CASH LEVEL (BLUE) VS S&P500 (BLACK)

Another important aspect is about crowding. Look at the recent statistics about crowding between Hedge Funds which is at an historical high.

This means that most Hedge Funds have a similar portfolio and if there is a de-risking, only few funds could lead to a contagion like negative feedback.

- **Passive bubble?** With the recent positive US reporting season, we had the news of four $ 4 trillion companies in US for the

1st time ever: Apple, Amazon, Microsoft and Google.

If you add Facebook, you get the top 5 biggest firms by market capitalization and they compose an amazing 18% of the S&P. Another way of looking at this is that the market cap of a full 282 companies in the S&P 500 now equals the same as the top 5 behemoths.

We shouldn't be surprised if Apple and Microsoft alone count for 15% of the upward move of the S&P in 2019!

HEDGE FUND CROWDING

Of course, ETFs have helped this situation as over the past years we have seen a huge turn towards passive investments and a surge of money going into ETFs. A paper done by the Federal Reserve explains that passive funds in 2018 now account for 39% of the combined US Mutual Fund and ETF assets under management, up from just 3% in 1995 and 14% in 2005. According to the paper, passive investing is pushing up the prices of index constituents and there is a risk that rising prices can lead to more indexed investing, and the resulting "index bubble" eventually could burst.

A study done by Factset shows that in some instances of the largest market cap stocks that are held within ETFs, they represent more than 30 days of the average daily trading volume of the individual security that is traded on the exchanges. This means, for example, if only 10% of ETF holders decide to sell the security on any given day, it will represent three times the entire volume that is traded on the NYSE. Therefore, what we have is a condition where investors have become overcrowded in a few positions–just like what has occurred in previous market tops.

However, this time the situation is even more extreme, in 2008 there was just $ 700 billion invested in ETFs, today we are at $ 5 trillion.

In terms of valuations, the market-cap weighted S&P is now at 10-year highs in price relative to the Equal Weight S&P and while peak of relative price in SPX/SPW is far from the market cycle highs we saw in 2000 and 2008, it is at a statistically significant +2.8 standard deviation since 1990 (mid-panel on the chart). On relative P/E (bottom panel), the spread of SPX-SPW is 2.5 turns now, the 'wides' in 2008 were 3.5x, and in 2000, it was 8x but it's still very wide.

SPX (MARKET CAP WEIGHTED) VS SPW (EQUAL WEIGHTED)

- **US elections / Primaries**. As we know election years do typically see increase in economic policy uncertainty with the first potential volatile period when the primaries get under way.
  Markets could be vulnerable to misprice and therefore be more volatile with lack of reliability of the duration and direction of those reactions.

  It is definitely too early to talk about the election potential effect but it is still important to bear in mind that a second Trump term would enhance stability on taxes and could restart the trade war in 2021 while a Democratic win of the Presidency and both houses of Congress would probably mean a significant shift to the left including increased tax policy.

  Let's also consider that US government is running a $1 Trillion deficit in 2020; it means the US spends $1.28 for every $1 that it collects in revenue. Also, the current massive deficit, 4.3% as a share of GDP is set to last through 2030 at least. It would be the longest stretch of budget deficits exceeding 4% of GDP over 100 years. In this context, US growth is slowing to 1.7% in 2021 from 2.3% average through 2018, with unemployment at record low in 50-year, circa 3.5% in December.

  The situation seems pretty clear. On one side Republicans want to extend those tax cuts (so far, fiscal easing lasts until the end of 2025); on the other Democrats are calling for tax increases. Low interest rates have provided a fiscal cushion and kept deficits from growing faster. Is this all sustainable? Just bear in mind some stats and make your own considerations; The federal debt is projected to hit a record 174% of GDP by 2049, 30% higher than what is forecast for today. Also consider that debt held by the public is projected to be 81% of GDP in 2020 and reach a staggering 98% by 2030.

- **Some concerns on US consumer**: Nominal growth of consumer spending in 2019 has slowed to its weakest growth rate in three years, with many traditional retailers seeing no growth in top-line sales.

  Confidence among Americans climbed to a 20-year high amid record optimism about personal finances and the buying climate. The latest Bloomberg Consumer comfort jumped to 67.3 vs 66 consensus, the highest since the peak of the DotCom bubble in 2000. It's not a coincidence the strong positive correlation between consumer confidence and S&P500 index as this indicator is backward looking.

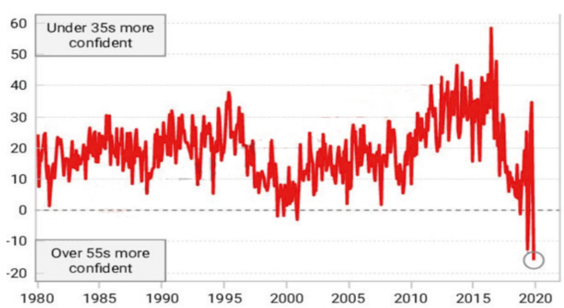
CONSUMER CONFIDENCE (RED) VS S&P500 (BLUE)

On the surface, the growth of consumer borrowing is not excessive, but what is excessive is how much it costs consumers to borrow. Personal loan rates at commercial banks stand at 10%, and average credit card rates stand at 17%, at 25-year highs.

In 2018, the percentage of people that would cover $400 of emergency expenses using a credit card has increased to 61% from 50% in 2013.
In short, rising interest expenses are drying the "spending power" of the consumer. Retail is already seeing the impact and banks will soon see it as well. At the same time, it is important to note that US consumer credit-card delinquencies, the precursor of charge-offs, rose to a 16-year high in the second quarter among smaller commercial banks. Federal Reserve data show that delinquency rates (those that are 30 days past due) climbed to 6.3%, double the level of three years ago and Auto Loans delinquencies have reached a 7-year high.

If you break down the recent positive statistics about consumer sentiment, numbers reveal an historic spread between Boomers (over 55) and Millennials (under 35).

CONSUMER SENTIMENT



Furthermore, the opportunities for younger generations fall with their credit rating, young people have lower credit scores.

US consumer is still strong but there are reasons to expect that strength to slacken. There are signs that suggest a danger for US elections.

- **Cash spending**: Low yields have helped a shift toward taking on more debt. More than a year on from the tax reform, Goldman reports that non-financial S&P500 cash balances have declined by $185 billion, or 11%, during the past 12 months, the largest percentage decline since at least 1980. Meanwhile, S&P500 firms increased debt by $410 billion, or 9%.

TRAILING 12-MONTH CHANGE S&P500 EX-FINANCIAL: DEBT (LIGHT) VS CASH (DARK)

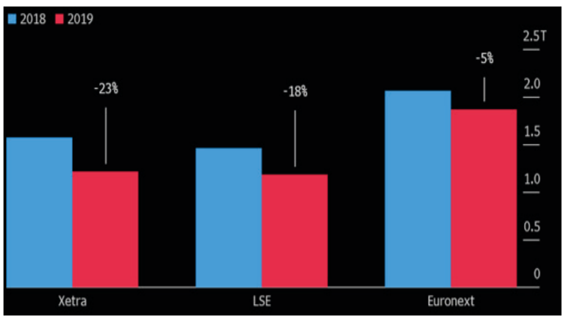
The corporate sector isn't acting as politicians wanted, and indeed is thwarting their policies. Ability of Governments to urge companies doing things they don't want to do is limited.

- **Lack of volumes**. 2019 delivered fresh reminders of the fragility of fixed income market microstructure. The post-crisis deterioration in market liquidity conditions remains a major source of vulnerability for investors. We think the bid for illiquid risk in credit markets will likely remain poor, as it has been in 2019.

On Equities, even as Indexes climbed to

record highs last year, trading volume slid. One reason could be an increasing number of managers turning to more static strategies to gain exposure, with a minimal churn during market swings.

TRADING VOLUME 2018 (BLUE) VS 2019 (RED)



- **IPOs & Private Equities**. Investors had extremely difficult time stomaching big IPOs throughout 2019.
  While we had seen record supply in Corporate Bond issuance recently, the supply on the equity side was relatively light. So far in 2020, there have been 16 IPOs filed, with 17 IPOs filed in Q419. In total there are 67 IPOs on file with the SEC that have yet to launch...interesting times ahead of us.

  At the same time, on the Private Equity front, the share of capital going to companies not categorized as profitable as increased to an all-time high. This could be dangerous considering that Private Equities are normally using a leverage of 3x to 4x.

- **Bond bubble?** We started the year with a record increase in issuance volumes which could put some strains on Credit spreads over the next months.

Global debt has hit $255 trillion at the end of 2019, over the last 9 months, global debt surged by $7.5 trillion, of which China and US accounted for 60% of the increase (US deficit to increase further).

A decade of easy money has left the world with a record $250 trillion of government, corporate and household debt. That's almost three times global economic output and equates to about $32,500 for every man, woman and child on earth. The IMF recently warned that $19 trillion, almost 40% of global corporate debt are at risk of default in case of a massive crisis.

US Junk-bond yields are hitting a new post-2014 low at 5.08%, just 25bps away from the all-time low of 4.83%.

We have already expressed our concern about the BBB rated debt which accounts for 60% global Investment Grade (was 38% in 2009 before the crisis), as much as twice of Junk rated bonds. The difference between BBB and BB US corporate bond spreads collapsed further as investors continued chasing yield in the highest-rated junk bonds. The compression is making it, such that investors may have to start reaching even further down the ratings spectrum to find value.

Currently there are 26 US BBB issuers (out of 198, so 13%) with high gross leverage above 4x which is traditionally reserved for junk bonds.

The gap between spreads on BB and BBB rated bonds has now fallen to the lowest in history.

BLOOMBERG BB – BBB OAS (WHITE)

The main point here is, if credit rating companies were wrong (overvaluing firms), then we would assist at a falling angels sell-off process (the market is selling BBB due to weakening financial conditions, turning into Junk rating).

Trade Ideas

CURRENT CONVICTIONS

Call replacement on Single Names/Sectors
It was a good trade as Call options were very cheap. After the market became more shacky and volatility spiked, we would suggest not to use this strategy as much as we did over the end of 2019.

On our daily updates we timely suggested to buy Put options on Indexes. Timing is crucial on those trades.

Long European oil sector, SXEP (to be progressively sold)
The Index is down 5.5% from our last newsletter and flat since our call, with the virus outbreak the scenario has dramatically changed and crude oil lost nearly 22% top to bottom in just few weeks, briefly trading below 50$.

<u>We still like the sector but we would progressively step out now waiting for more clarity on the virus effects in terms of Macro data</u>.

Energy stocks had the steepest January loss in 30 years and oil price is severely oversold. The sector is cheap and interesting with a FCF yield for 2020 of 9% and dividend yield of 6%.

Energy's relative valuations are on historical lows as they have only been cheaper during the 2016 oil price crash (when Brent fell below $30/bbl).

Long European Banking sector, SX7E
The sector is up 1% since our last newsletter, it has closed 2019 up 11% and is still down 38% since July 2015 highs and down 28% since March 2018 highs.

The promotion of the Banking Union concept is the key missing piece before we can see more (any) M&A amongst European Banks.

The latest speeches from ECB members were also quite constructive on the capital requirement outlook. Lagarde and the Governing Council are also attentive to potential side effects of their monetary policy measures. Willingness of ECB to acknowledge the negative impacts on banks (via depo tiering) is a clear positive.

Bond Yields stabilizing is also another important topic along with steeper curves and a rise in the Euro. There are no more deposit rate cuts, European curves are steepening and of course, further Macro stabilization are all positives for the sector.

Valuations are of course depressed and may have bottomed following a wave of negative revisions and with lower political risk and stabilization in depo rate expectations we could potentially see a gradual re-rating in the sector.

European banks had 85% of beats on Q3 earnings and while it is still early to judge Q4 results (so far has reported about half of the whole sector), the message we got is reassuring as every bank has beaten on Capital (supporting capital return thesis) and aggregate pre-tax profits were up more than 15% yoy. Revenues increased mainly supported by non-NII income (fees and trading both good).

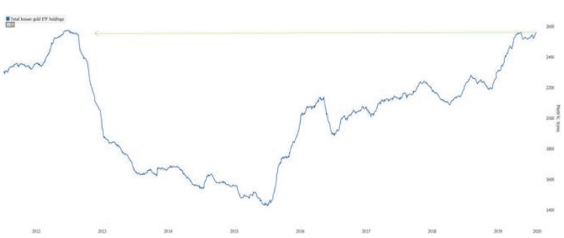
<u>Q4 numbers are therefore showing the long-awaited earning stabilization</u>.
In terms of positioning, Investors are still massively underweight.

Long Gold (to be reduced)
We have been successfully suggesting to increase Gold positioning since October 2018 and is now up 30% from those levels but we have now suggested on our daily updates to take profit.

It is a consensual long position and the price/action shows it all. Aside from a daily break at 1600$ during the US/Iran escalation, gold has failed to work as a good hedge during the last virus sell-off.

Gold futures has registered a steady build in new longs from mid-December until last week with about 17bn$ of new longs (15% of total open interest) built just over the last 30 days. At the same time, gold holdings in ETFs rose to the highest level since January 2013.

GOLD ETF HOLDINGS

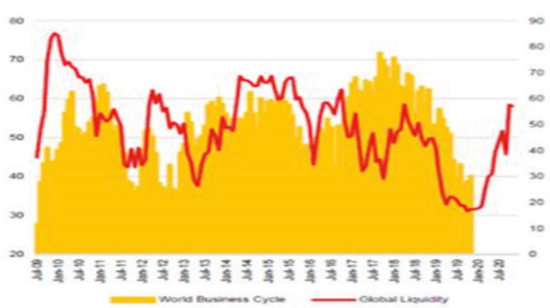


How is then possible that with exceptionally large buying orders, Virus/Macro concerns and compression on Yields (inverse correlation with gold) the gold price is not spiking up? We believe that it is still good to keep some gold in client's portfolios but we would reduce it taking some profit as it is at risk of a correction simply because of the extremely heavy positioning and we would buy it back at lower prices.

Central Banks

As we extensively discussed in our previous updates, the global economy is heading towards a liquidity trap. The more Central Banks are providing expansionary measures, the higher the need for new capital injections into the economy (vicious circle). Global liquidity has surged to new multi-year highs over the past few months. All else being equal, we should expect business activity to follow. However, the bad news is that we have all conditions for speculation to run riots, although we are still early in the cycle.

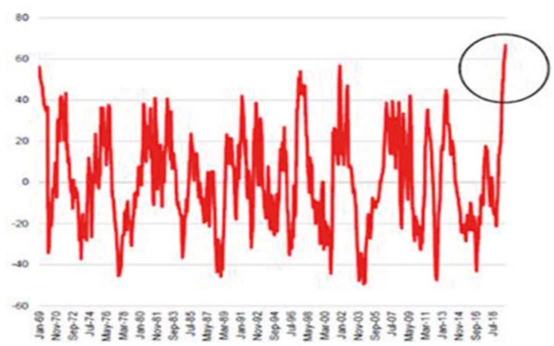
GLOBAL LIQUIDITY (RED) VS WORLD BUSINESS CYCLE (YELLOW)



With a synchronized action, global central banks succeeded into flooding the market with excess liquidity. In particular, the Federal Reserve changed course of its policy in just twelve months, cutting rates three times and building its balance sheet again to calm the repo market. Interestingly, the FED carried out its greatest liquidity boost ever in the past 12-month (chart), while the PBOC (China) started injecting a large amount of liquidity to multi-year highs (chart), in an attempt to deal with negative spillovers from US-China trade war and the most recent Corona virus.

Taking into consideration the global economic impacts of the China's virus, we should expect more PBOC expansionary measures (more liquidity) in the short run, in order to support the real economy and the market.

12-MONTH CHANGE IN US FED LIQUIDITY INDEX

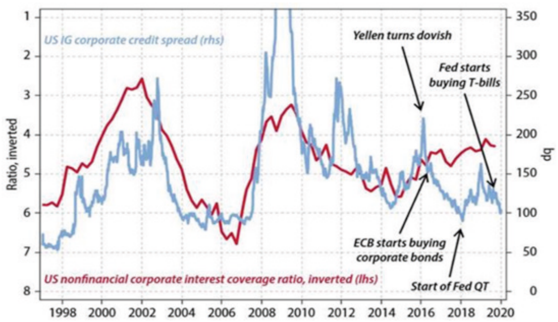


PEOPLE'S BANK OF CHINA (PBOC) NET LIQUIDITY INJECTIONS

Excess liquidity is also very important for the global Fixed Income industry. That's another example of why we do not see central banks returning to monetary normality.

US corporate credit spreads lost touch with fundamentals but this excessive narrowing of credit spreads compared with interest coverage ratios poses no imminent threat as long as liquidity remains plentiful (chart). So, the keyword is again excess liquidity...

US IG CREDIT SPREAD (BLUE) VS US NON-FINANCIAL INTEREST COVERAGE RATIO



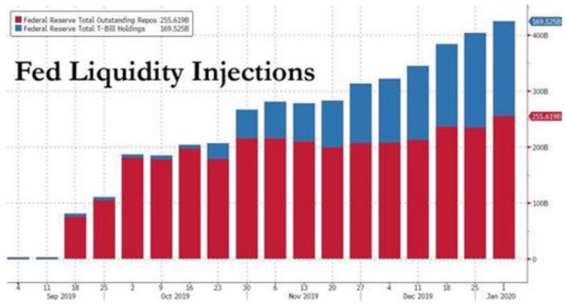
Overall, we had more than 750 interest rate cuts since the 2008 great financial crisis (more than 129 cuts in 2019).

All things being equal (excluding a sharp slowdown), Developed Market central banks should remain on hold with a dovish tilt, while Emerging Market central banks, on average, should continue providing extraordinary measures to stimulate the economy. In January, South Africa unexpectedly cut its interest rate to 6.25% from 6.5% while Turkey joined the club of negative real interest rates, after the main benchmark was cut for the fifth straight time to 11.25% from 12%.

Many countries among which India, Euro-area, Hong Kong, Australia, UK, Japan, Turkey, Canada etc. currently have negative real interest rates (some of them even nominal), and might be struggling to tackle future downturns with monetary policy instruments.

In its recent meeting, the Fed left its rate target range unchanged at 1.5-1.7%, as widely expected. Overall a non-event. According to Powell, rates are currently appropriate to support growth, jobs and inflation. The FOMC also realigned its IOER (secondary interest rate covering bank excess reserves) by 5bps to 1.6%, a pure technical operation. A related tool, the rate on overnight repo rates rose by 5bps to 1.5%. Overall the FOMC will support liquidity, injecting funds via repo operations at least through April, compared with January previously and buying Treasury Bills at least into the second quarters.

OUTSTANDING REPO (RED) VS T-BILLS HOLDINGS (BLUE)



POSITIVE CORRELATION SPX INDEX VS FED REPO OPERATIONS

On the hawkish side, Fed Chairman Powell recently started preparing the market, reiterating that the Fed intend to slow down its intervention later this year as soon as the amount of cash swilling around the system reaches an ample level. This is expected to happen in Q2. Since October last year, the Fed's balance sheet has grown to $4.1 trillion, and Bank reserves up to $1.6 trillion. If the Fed adjusted its policy stance, we might see a tightening of financial conditions along with a potential market re-pricing.

It's very important to mention the recent stimulus of PBOC (China) which announced several measures to calm the market after the virus outburst. A total of 1.2 trillion yuan ($170 billion) will be injected into the market via reverse repo to support Equities. In addition, the central bank will intervene to stabilize the currency and decrease interest rates and the required reserve ratio to increase the money supply in the economy.

Trade War/Geopolitics

Brexit: the UK has left the European Union on 31 January 2020, shifting instantly into an 11-months transition period that aims to shape the future relationship in terms of trade and services between the UK and the European bloc. During this period the UK effectively remains in the EU's customs union and single market and continues to obey EU rules, but it's not part of the European parliament anymore. Here below the next steps of this saga:

- 25 Feb 2020: EU27 meet to agree the new negotiating mandate
- Early Mar: talks likely to start
- 26-27 Mar 2020: EU Council Summit
- 18-19 Jun 2020: EU Council Summit
- 30 Jun 2020: Scheduled deadline for requesting an extension to transition period
- 15-16 Oct 2020: EU Council Summit
- 10-11 Dec 2020: EU Council Summit
- 31 Dec 2020: Scheduled end to transition period

The first priority will be to negotiate a trade deal with the EU. The UK wants as much access as possible for its goods and services to the EU. On on hand, Ursula von der Leyen, new EU Commission head, warned it would be impossible to agree a full comprehensive deal within the 11-month transition period. On the other Boris Johnson said there is no need for a free trade agreement to involve accepting EU rules on competition policy, subsidies, social protection, the environment or anything similar, any more than the EU should be obliged to accept UK rules. The two positions seem to be diverging.

Importantly, if no trade deal has been agreed and ratified by the end of the year, then the UK faces the prospect of tariffs on exports to the EU and reverse.

The EU risks tariffs on €47 billion. Of the $332 billion of goods exported in 2018, circa €47.3 billion (16% total), would likely be exposed to the new tariffs. All this sum up to €5 billion of extra cost for EU products. Needless to say, Germany would be the most hit country (Auto sector) with €19 billion of goods subjected to tariffs. Among the list of potential tariffs, the list includes more than 500 goods from cheese to tires.

US-China trade war: on January 15 2020, the first signs of a truce were seen, when the two sides signed the Phase One Deal, which officially agreed to the rollback of tariffs, expansion of trade purchases, and renewed commitments on intellectual property, technology transfer, and currency practices. The outbreak of the virus might impact ongoing bilateral discussions and the implementation of the phase one agreement, especially areas that require further negotiations as well as planned purchases. On contrary, in a gesture of goodwill, China has decided to cut tariffs on $75 billion of US imports to 5% from 10% on some goods, while levies on some other items will be reduced to 2.5% from 5% from the beginning of February.

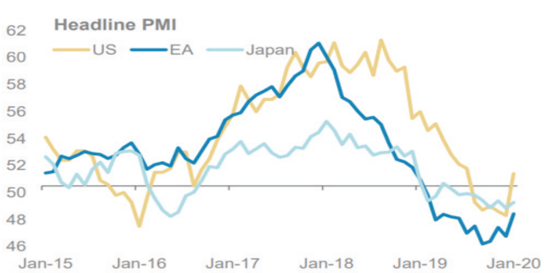
US Impeachment: Senate acquitted President Trump on charges of abuse of power and obstruction of Congress on February 5 2020, as expected.

Macro

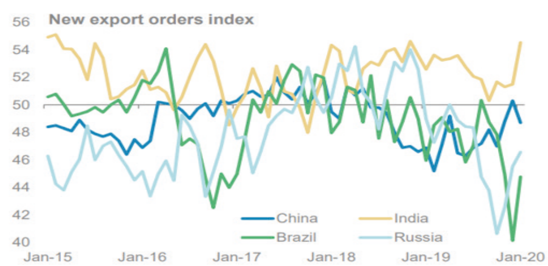
Global growth has again improved in January with Macro data further stabilizing, although the recent outburst of China's virus will definitely hit the economy in the next quarters. The ultimate effects are unknown to anyone at the moment. According to different scenarios, it depends by how bad the virus outbreak gets in the next few weeks (how long the economy is being frozen for). It has been forecast that the impact on the global economy will be far more significant than during the SARS pandemic of 2003, which is estimated to have provoked a global economic loss of $40 billion and a hit of 0.1% on global GDP. If the crisis is prolonged, then numbers can get worse. On average, the typical slowdown phase lasts for 1-3 months, cutting one quarter's annualized GDP growth by several percentage points in the most affected countries. Market consensus is currently forecasting a China GDP loss of about 2% in the first quarter which would be the lowest in decades as a base case scenario.

The global CAI (Current Activity Indicator), an alternative measure of GDP, is up 2.9% in January, the strongest reading since May 2019. In addition, core inflation remained quite resilient, although weak on historical average, in US 1.6% YoY and Europe 1.3% YoY. Beyond this, inflation has risen sharply in a number of emerging economies.

HIGHER PMIS IN LEADING ECONOMIES
US (YELLOW) VS EUROPE (BLUE) VS JAPAN (LIGHT)



RISING NEW EXPORT ORDERS INDEX
CHINA (BLUE) VS INDIA (YELLOW) VS BRAZIL (GREEN) VS RUSSIA (LIGHT)



Europe

Improving, but still weak data in the Euro-area in January, although Q4 numbers are still signaling persistent weakness. Euro-area Q4 GDP came at 0.1% vs 0.2% consensus QoQ, and at 1% vs 1.1% consensus YoY, the weakest quarter in almost seven years. Q4 GDP in France and Italy unexpectedly contracted. Interestingly, Italy's Q4 2019 drop in output was the biggest since 2013. On contrary, some of the forward-looking components are strongly rebounding.

Positive

January Zew Survey expectations 26 vs 15 consensus
January Germany PMI Service, Composite beating (strong in expansion territory)
January UK Manufacturing, Service, Composite beating
January Italy Manufacturing 48.9 vs 47.3

Negative

January IFO expectations 92.9 vs 94.8 consensus
January France PMI Manufacturing, Service, Composite missing (weak but in expansion territory)
January Euro-area PMI Service, Composite missing (weak but still in expansion territory)

USA

Stronger data in January, with Current Activity indicator tracking at 2%, bouncing from 1.8% in December. The ISM came pretty strong, with Manufacturing increasing to 50.9, expansion territory and largest monthly move since 2013. US Q4 GDP came at 2.1% vs 2% consensus, growth came slightly above but the details were weaker, with personal spending missing expectations, growing at the slowest pace in three quarters, and business investment weakening again, registering a third straight drop for the longest slump since 2009.

Positive

January US PMI Manufacturing, Service, Composite beating (in expansion territory)
January ISM order and production components (eight month-high, the largest gain in six years)
January Empire Manufacturing, Philadelphia Fed, Richmond Fed all beating
January Consumer confidence 131.6 vs 128 consensus

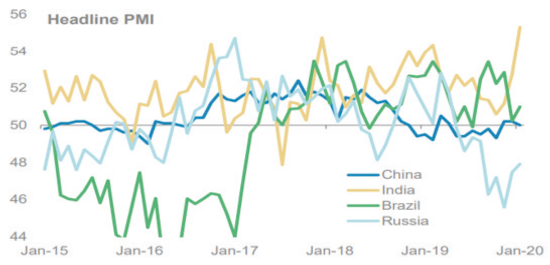
Negative

Q4 Personal Consumption 1.8% vs 2% consensus (consumers are the largest component of GDP)
Q4 Core PCE (inflation) 1.3% vs 1.6% consensus
January Durable and Capital Goods missing (weak)
January Personal income missing

China

Set to lose roughly 2% of GDP in Q1 due to the virus effect, the lowest growth in decades. Overall January PMIs were weak/in-line although January industrial production, fixed asset investment and retail sales data will be released in March together with February data due to holidays.

HEADLINE PMI
CHINA (BLUE) VS INDIA (YELLOW) VS BRAZIL (GREEN) VS RUSSIA (LIGHT)



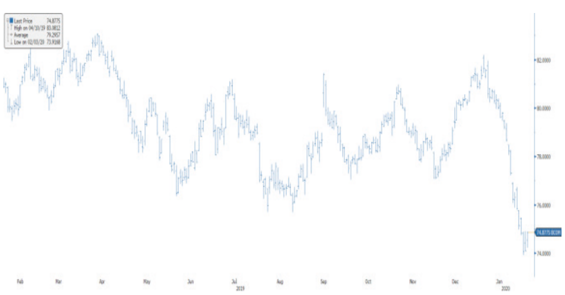
Interestingly, all PMIs rose in BRIC Emerging markets except for China (chart).

Commodities

The recent crisis completely hammered the Commodity sector which is very correlated to Chinese demand. In just a couple of weeks, the Bloomberg Commodity index lost approximately 8%, something that hasn't happened since October 3rd, 2011. The 14-day RSI in the Bloomberg Commodity index now has a 16 handle, you would have to go back to 1998 to find a lower reading. We believe this virus-led sell-off is definitely overdone, although the effects of this crisis are still unknown. Since we understood the Commodity market correction as soon as the epidemic was made public, we would remain neutral positioned in the short run in order to assess future developments.

Since our last update 8/01, the Bloomberg Commodity index is down 8.1%, multi-year low almost 20% from 2018 high. For sure the Coronavirus had an impact on Commodity prices. Brent is down 18% YTD, coffee more than 24%, copper vs gold ratio back at 2016 lows, iron ore smashed at -10% YTD, with most of them being limit down at the opening of the Chinese exchanges.

BLOOMBERG COMMODITY INDEX



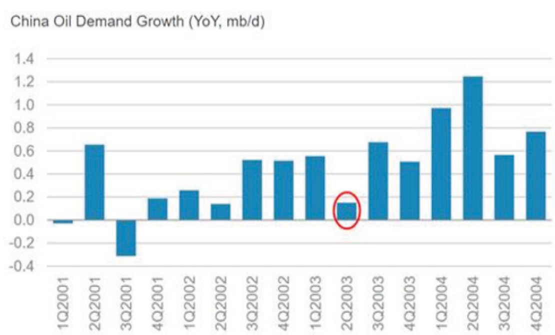
Among its main detractors (index weight order) since past month high: Gold -3.5%, Natural Gas -18%, WTI and Brent -25%, Copper -10%%, Soybean -8%, Corn -3% and Silver -7%.

Oil

<u>We are **neutral** on the asset class</u>, mainly due to the virus negative externalities. In January, WTI and Brent were down respectively 15.5% and 12% while since the outburst of the crisis, both lost approximately 15/16%, sliding into bear-market territory.

It's very important to highlight that no one knows the future impact on the oil industry. Without any doubt, this crisis will hurt the global economy by reducing demand for gasoline, diesel and jet fuel in an already well-supplied market, along with lowered consumption in different industries, sectors and countries.

CHINA OIL DEMAND GROWTH YOY

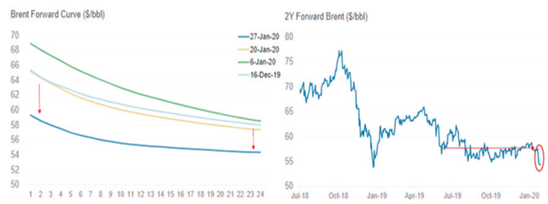


<u>It might even be the biggest demand shock for worldwide crude markets since the global financial crisis more than a decade ago</u>. It seems that so far, around 20% of total oil demand in China was already trimmed, with oil imports dropping by 3 million barrels/day to 8.05 million barrels/day over last weeks compared with a seven-day moving average in the first half of January.

These concerns are not necessarily unfounded as Chinese demand might even be lower than the peak of SARS in 2003 (chart).

Also, let's consider the effects on oil prices on financial markets as we saw a huge movement on the whole Oil curve, with Brent forward slumping sharply, which is typical of demand concerns (chart).

BRENT FORWARD CURVE



And we should also consider that oil is hovering around key levels which might trigger negative gamma events (traders are managing exposures by selling futures collapsing the price even further).

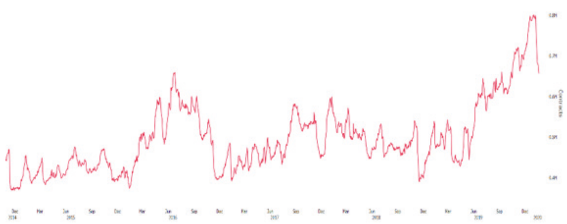
CBOE NYMEX OIL VOLATILITY INDEX

Gold

We called the recent market correction very well here and we suggested on our daily updates to take profit now, while maintaining a strategic bullish allocation in the mid-long run.

Gold price has risen more than 18% in 2019 against a backdrop of falling interest rates, lower dollar, economic uncertainty and geopolitical tensions. In January gold was up more than 3.5%, then we decided to take profit as the asset class retraced almost 3% since February high.

FUTURE GOLD POSITIONING



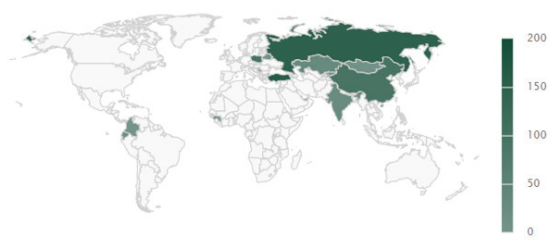
As also discussed in the trade idea section, gold positioning looks very stretched, with future positioning remaining pretty high on historical levels (chart).

However, we still believe that gold has a strong potential in the mid-long run.

Central Bank demand totaled 650t in 2019, the 10th consecutive year of annual net purchases and the second highest level of annual purchases for 50 years. We should not ignore the importance of Central Banks in long term gold valuation. Just think that global official reserves are now 5,000t higher than the end of 2009, at 34,700t.

Also, interestingly, Emerging Market Central Banks continue to dominate Central Bank gold buying (chart). We expect a strong net purchasing activity also in the next years.

CENTRAL BANK PURCHASES: EMERGING MARKETS LEADING (GREEN)



Forex

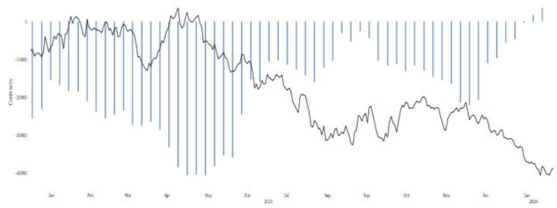
Since our last update, the **USD Bloomberg Index** is almost up 1%, mainly buoyed by stronger US Macro data and rising Macro uncertainty. We have seen a build-up on long USD positioning since the beginning of the year while the dollar strengthened 1.8% vs Euro year-to-date. It's also important to note that volatility in global currencies has slumped to the lowest level ever.

USD FUTURE POSITIONING (HISTOGRAM) VS USD INDEX (BLACK LINE)

JP MORGAN GLOBAL FX VOLATILITY INDEX

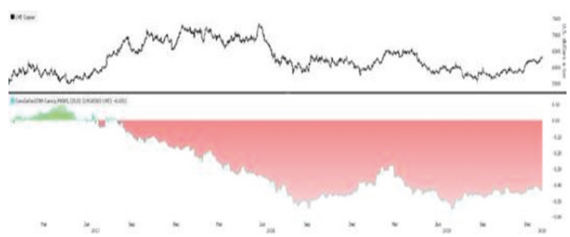
The CHF and JPY have strengthened in the past few weeks due to deteriorating Macro conditions. The swiss Franc positioning swung from net short to net long (chart). Now the currency is definitely overbought according to PPP parity. The SNB seems to be ready to intervene as President Thomas Jordan mentioned in Davos.

CHF FUTURE POSITIONING (HISTOGRAM) VS EURCHF (BLACK LINE)



Since our last update the USDCNY has been riding on a roller-coaster; after testing its 6-month low at 6.8/6.85 (stronger Renminbi due to trade truce, bullish market), the virus outburst weakened the yuan which jumped back to the psychological level of 7.

COPPER (BLACK) VS – RED AREA (INVERSE CORR COPPER VS CNYUSD)



Interestingly, we figured out a multi-year strong negative correlation between the USD/CNY and copper (chart). The stronger the yuan, the lower the cost for the industries that take copper (higher copper demand). China accounts for 40% global copper demand.

Disclaimer

This information has been issued by Colombo Wealth SA (“Colombo”). Colombo is an investment management company authorized and regulated by the Swiss Financial Market Supervisory Authority FINMA. Colombo performs its financial activities solely in Switzerland.

This is a marketing tool. This document has been prepared solely for information purposes and is intended for qualified investors only. Under no circumstances should the information contained herein, and/or this document as a whole, be used or considered as an offer to sell, or solicitation of an offer to buy any security, nor shall it be considered as a public offering of any securities. This document is intended for educational, illustration, commercial and/or discussion purposes only.
This document may include information that is based, in part or in full, on hypothetical assumptions, models and/or other analysis. No representation or warranty is made as to the reasonableness of any such assumptions, models or analysis.

The information set forth above has been obtained from or based upon sources believed by Colombo to be reliable, but Colombo does not represent or warrant its accuracy or completeness. This material does not purport to contain all of the information that an interested party may desire. In all cases, interested parties should conduct their own investigation and analysis of the information presented and of the data set forth in the document. Actions or omissions resulting from the information contained herein are at the investor’s sole risk.

Investing in financial products involves risks, including in particular those associated to market volatility and exchange rates fluctuations as well as the inherent risk of every product type. The value and the return may fall as well as rise and are not guaranteed. Past performance is no guarantee for future results and investors may not get back the amount originally invested

COLOMBO
Lugano | Zürich | Genève

Colombo Wealth SA

colombo.swiss