

Quarterly Market and Equity Commentary

25.04.2022

Market Commentary

2022 Prudence and Opportunities:

- Risk of Higher inflation, lasting longer potentially creating stagflation fears
- Bottlenecks in the supply chain to remain and persist beyond 2022
- Central Banks: quantitative measures come to an end but regional divergence to remain:
 - FED expected to accelerate rate hike whilst ECB start discussion about potential hike
- Global growth is slowing down
- Unemployment: record employment rate and back to pre-pandemic (Euro Zone) or close to it (US)
- Companies Valuations: fairly valued from a global standpoint but divergence amongst countries, regions and assets
- Increased political risk:
 - Ukraine war
 - Deglobalization risk/fears
 - US: midterm elections: Biden administration proof of fire
 - Europe: wake-up call
- COVID-19: from global to local, but smaller impact on outlook

2022 Global Equity Views

From Overweight to Neutral:

- “TINA” is fading and we see rising risks which makes us more cautious on the outlook
- Equity markets continue their normalization phase
- Company profits are seen as the next potential pressure point
- Geopolitical uncertainty (Ukraine, China) represents one of the main risks in the short term
- Interest rate hikes and tight monetary policy do not mean negative equity performance as it all depends on the speed and intensity of those actions

Emerging Markets

Emerging and Frontier Markets remain attractive in the near future

- Performances within EM & Frontier countries will continue to diverge in 2022
- Influence of the US dollar and commodities on EM Equity returns
- Discounted valuations are attractive and remains below long-term averages
- Normalization of EMS’ economies might be increased by China’s slow down

Switzerland

Strong fundamentals and resilience:

- Swiss macro data continue to beat expectations
- Switzerland is not immune from the global inflationary pressures but to a lesser extent
- The Swiss economy is more resilient, but the CHF appreciation could be a drag
- Switzerland is also in a normalization phase, but the economy can count on its market leaders
- Attention must be paid to the Swiss equity market structure and its growth/quality bias
- Balanced portfolio of defensive/cyclical and large/mid & small caps should be the right play

Europe & US

Interest rate increases and sector rotations:

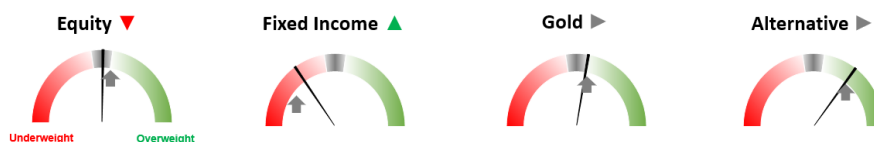
- Europe has emerged stronger from the pandemic: GDP expectations are higher in Europe than in the US (for next year), while European companies are at cheaper relative valuations
- In Europe, fiscal and monetary policies are likely to continue to be more accommodative for longer than in the US
- Europe still needs a solid catalyst while unemployment remains challenging but improving
- The ECB is now expected to start to increase rates... Quid on how markets will react
- Cyclical sectors have more scope for further rises in earnings expectations, which should help offset any drag from a potential rising discount rate

2022 Trillium Sentiment

Global sentiment ▼/▶



Asset class views



Source: Trillium

DISCLAIMER

This document constitutes marketing material of Trillium SA. Past performance must not be considered as an indicator or guarantee of future performance, and the recipients of this document are fully responsible for any investments they make. No express or implied warranty is given as to future performance. The information contained is neither directed to, nor intended for distribution or use by, any person or entity who is a citizen or resident or located in any locality, state, country or jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation. The latest versions of the KIID, prospectus, articles of association, annual and semi-annual reports should be consulted prior to any investment decision. For the Luxembourg umbrella, these documents are freely available on www.fundsquare.net, or at FundPartner Solutions (Europe) S.A., 15 Avenue J.F. Kennedy, L-1855 Luxembourg, or at the Swiss representative FundPartner Solutions (Switzerland) SA, Route des Acacias 60, 1211 Genève 73, Suisse. For the Swiss umbrella, these documents are freely available on www.swissfunddata.ch, or at SOLUFONDS S.A., Rue des Fléchères, 1274 Signy-Centre, Suisse. The information and data presented in this document are not to be considered as an offer or solicitation to buy, sell or subscribe to any securities or financial instruments. Information, opinions and estimates contained in this document reflect a judgment at the original date of publication and are subject to change without notice. The authors of this document have not taken any steps to ensure that the securities referred in this document are suitable for any particular investor and this document is not to be relied upon in substitution for the exercise of independent judgment. Tax treatment depends on the individual circumstances of each investor and may be subject to change in the future. Before making any investment decision, investors are recommended to ascertain if this investment is suitable for them in light of their financial knowledge and experience, investment goals and financial situation, or to obtain specific advice from an industry professional. The value and income of the securities or financial instruments mentioned in this document are based on information from the customary sources of financial information and may fluctuate. The market value may vary on the basis of economic, financial or political changes, the remaining term, market conditions, the volatility and solvency of the issuer or the benchmark issuer. Moreover, exchange rates may have a positive or negative effect on the value, the price or the income of the securities or the related investments mentioned in this document.

PRIVACY NOTE

If you have provided Trillium and/or Manavest or a member of our team with your details in the past, we may hold limited personal information about you. Trillium and/or Manavest holds this data for the sole purpose of providing you with information relating to our funds and services and similar email correspondence. We treat the personal data that we hold with the utmost respect, and it is held and processed exclusively for the purposes like those mentioned above. You will always be able to immediately and permanently unsubscribe when receiving any of our communications. Your data may be shared with third parties such as our website host, our email delivery system, or other parties who provide these types of services to us or if we are required to do so by law. We never give your details to third parties for their own use or for reasons that do not fall within the scope of this policy. We consider personal data to be information specific to and individual. Our system predominantly holds your name and your email address for sending electronic correspondence. Trillium and/or Manavest do not use cookies on its website. Without your written notice, we consider that you accept to receive future correspondence from us. Should you wish to update your details or unsubscribe from our newsletter or other email communication that you receive from us at any time, please send us and email at: info@manavest.ch