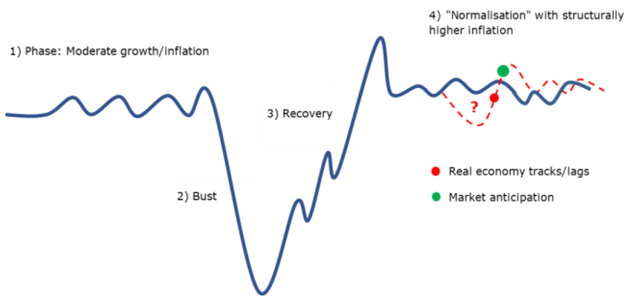
Quarterly Investment Letter – Q1 2025

Trump 2.0: Make America Grow Again

The fourth quarter of 2024 highlighted a complex global economic environment shaped by **geopolitical developments**, **monetary shifts** and **fiscal policies**. US equity markets reached record highs, supported by **disinflationary trends** and **robust growth**, though **cooling consumer spending** and **labour market headwinds** tempered enthusiasm. Central banks played a pivotal role, with Federal Reserve rate cuts and European Central Bank easing measures aimed at sustaining growth and aligning inflation with targets.

Chart 1: No recession (so far), markets at all-time-high



Source: Alpinum Investment Management

Donald Trump's November presidential victory drove significant market responses, including a surge in small- and mid-cap US equities amid **expectations of deregulation** and **expansionary fiscal measures**. However, heightened tariff policies escalated stagflation risks globally, particularly for trade-reliant regions like China and Europe. **China's economic struggles persisted** as the property sector downturn and limited fiscal measures constrained growth below 5%. While policymakers emphasised domestic consumption and innovation, **external pressures from tariffs weighed on prospects**. Commodities experienced heightened volatility due to geopolitical tensions and demand fluctuations, while the US dollar's strength pressured emerging market assets.

Summary Points

- The **US economy showed resilience**, with 2.8% GDP growth driven by robust consumer spending and AI investments, despite vulnerabilities from subdued business and government expenditures.
- **Donald Trump's presidential victory prompted market shifts**, driving gains in US small- and mid-cap equities on deregulation expectations, while tariff policies amplified global stagflation risks, particularly in trade-dependent regions.
- **US equity markets hit record highs**, driven by disinflation and solid growth, albeit tempered by cooling consumer spending and labour market challenges.
- **Eurozone GDP grew by 0.4% quarter-over-quarter** in Q3, supported by recovering domestic demand, despite ongoing challenges in the manufacturing sector.
- **China's economic challenges endured**, with growth constrained below 5% by a property sector downturn and limited fiscal measures, as policymakers prioritised domestic consumption amid external pressures from tariffs.
- **Conclusion:** With a **severe recession unlikely**, the positive bias on risky assets remains, though equity exposure may be adjusted if economic growth deteriorates. **Active management is essential in a low-growth environment**, given heightened disparities across companies and sectors. Credit investments, particularly **loans and non-cyclical short-term high-yield bonds** offering 7–9% yields, are favoured. While equities maintain appeal, the current market environment supports an absolute return strategy over a traditional relative value approach.

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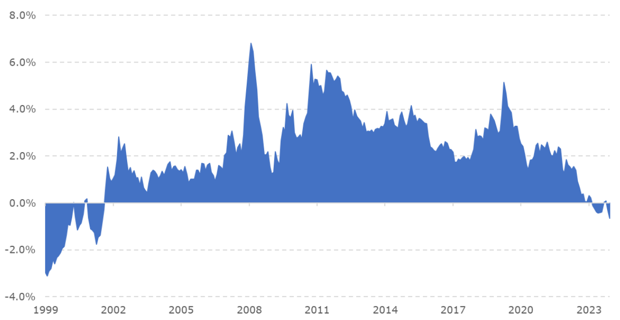
United States

The **US economy** demonstrated **resilience in Q4** 2024, despite facing mixed signals across growth, inflation and labour markets. Real GDP grew 2.8% quarter-over-quarter, driven by strong consumer spending and AI investments, though weaker business and government spending revealed vulnerabilities. **The housing market** showed **signs of stabilisation**, benefitting from lower interest rates, but household consumption displayed moderation. Labour market conditions softened, with unemployment easing to 4.2% from its mid-year peak of 4.3%. Layoffs remained low, but slower hiring and weak job openings raised labour market concerns. However, November's 227,000 job gains highlighted resilience. **Inflation trends were nuanced**, with core PCE edging higher at 0.3% m/m in October but holding steady at 2.2% y/y, reinforcing the broader disinflationary trend. **Service-sector inflation persisted**, complicating the Federal Reserve's outlook. The **Fed cut rates twice in Q4**, reducing the target range to 4.50%-4.75%, citing softening economic conditions and inflationary pressures.

Chart 2: S&P 500 earnings yield vs. 10-year US Treasury yield



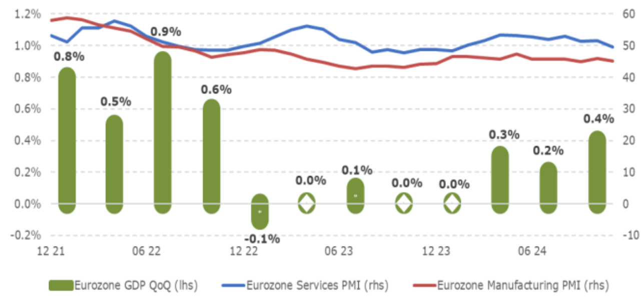
Source: Alpinum Investment Management

Equity markets posted strong gains, led by large-cap tech stocks and small-cap equities, with the S&P 500 **on track for a 25%+ annual increase**. However, stretched valuations, with forward P/E ratios exceeding historical averages, heightened correction risks amid softening earnings growth estimates. Treasury markets experienced volatility, with **10-year yields peaking at 4.5%** before stabilising at 4.3%, reflecting shifting policy expectations. The quarter also marked a pivotal political shift, as Donald Trump's electoral victory and **"America First" policies stirred market uncertainty**. Tariff threats and potential policy changes added complexity to an already cautious economic landscape, balancing optimism for a soft landing against looming risks.

Europe

Europe's economic and financial landscape in Q4 2024 was marked by subdued growth, evolving monetary policy, and intensified geopolitical challenges. **Eurozone GDP expanded by 0.4% quarter-over-quarter in Q3**, driven by domestic demand recovery amid persistent manufacturing sector weaknesses. Consumer confidence remained fragile, constrained by stagnant real wages and enduring economic uncertainties. **Inflation trends were mixed**. Headline HICP rose to 2.3% year-over-year in November, surpassing October's 2.0%, mainly due to energy base effects. Core inflation held steady at 2.7%, underpinned by elevated service sector costs. The European Central Bank (ECB) responded with **a third consecutive 25 bps rate cut in October**, reducing the deposit facility rate to 3.25%. ECB President Lagarde emphasised confidence in the disinflation trajectory, citing subdued global demand and softening service-sector sentiment as mitigating inflationary pressures. **European sovereign bond markets** reflected **heightened volatility**. Benchmark 10-year Bund yields declined to 2.03%, while peripheral bond yields outperformed as political uncertainty grew following the collapse of Germany's government.

Chart 3: Eurozone GDP resilient despite weak manufacturing



Source: Alpinum Investment Management

Geopolitical factors added to the complexity. **Donald Trump's re-election** as US president heightened **trade policy concerns**, threatening Europe's export-driven economies. **Domestic political instability in Germany** further weighed on investor sentiment. Equities underperformed, with cyclicals pressured by earnings downgrades in the automotive and consumer sectors, while defensive sectors and sovereign bonds attracted risk-averse investors. The **growth outlook remains precarious**. While monetary easing and resilient service-sector activity provide some support, **geopolitical tensions** and **Europe's reliance on global trade present significant risks**.

China and emerging markets (EM)

China's economic recovery remained tepid, as GDP growth slowed to 4.6% year-over-year in Q3, reflecting persistent headwinds from property sector weakness, subdued domestic demand and deflationary risks. **Stimulus measures from the People's Bank of China** (PBoC), including record-low lending rates and anticipated reserve requirement ratio cuts, have yet to catalyse a robust turnaround. Consumer inflation moderated to 0.3% in November, underscoring **rising deflationary pressures**, while industrial output and retail sales showed modest gains. The urban unemployment rate declined to 5%, its lowest in four months, signalling a **marginally improving labour market**. Manufacturing activity provided a glimmer of optimism as the Caixin PMI rose to 51.5 in November, the fastest pace of expansion since June, driven by export growth and increased output. However, services activity softened slightly, with the Services PMI declining to 51.5, indicating uneven sectoral growth. Despite incremental improvements, business confidence remains cautious amid lingering trade tensions and global demand uncertainties.

Chart 4: China's monetary support continues to strengthen

Source: Alpinum Investment Management

Equity markets in China and broader Asia underperformed due to ongoing geopolitical frictions, a strong US dollar and tepid domestic sentiment. The Shanghai Composite edged lower, while government bonds found favour as investors sought safety in the face of deflation risks and sluggish economic activity. **Property sector measures**, including credit expansion for developers, **fell short of market expectations**, further weighing on equities. Geopolitical volatility, such as **South Korea's political instability, added to market uncertainties**. Sustained growth in Asia hinges on more aggressive fiscal and monetary policy interventions to stimulate confidence, bolster demand and mitigate external risks.

Investment conclusions

The current economic outlook reflects a **late-cycle environment with moderate growth**, resilient private consumption, and normalized capital costs. **Inflation is stabilising around 2.5-3.0%**, although structural pressures, including de-globalisation and energy transition, alongside geopolitical tensions, present ongoing challenges. **Equity valuations remain elevated**, with more attractive opportunities outside the US, while **credit markets appear constructive** amid an ongoing interest rate cutting cycle. Although recession risks persist due to tighter financial conditions, resilient corporate margins, strong US housing and robust large-cap tech sectors support a cautiously optimistic view. This fragile yet adaptable economic environment emphasises the importance of **strategic diversification, disciplined risk management and selective investment opportunities** to navigate periods of heightened volatility.

Chart 5: "Credit" outperformed "rates", led by bank loans

Source: Alpinum Investment Management

Bonds: Fixed income offers **selective opportunities** amid global monetary policy shifts. While credit tightening persists, **elevated default rates remain manageable**. **Favor short-duration high-yield and loans**, with duration providing effective diversification. Anticipate steepening yield curves.

Equities: Equities present fair valuations supported by lower rate expectations and moderate economic growth. Maintain a **positive bias with a blended style approach**, noting limited upside in large-cap US equities.

The **tactical stance favours a balanced approach**, with a limited **bias toward value and cyclicals** due to resilient economic growth. **Neutrality in duration** is maintained, with a neutral position on IG bonds and USTs, and an **overweight on short-term HY and loans**, alongside selective exposure to below-IG-rated bonds and hybrids.

Market Consensus Forecasts

GDP growth (%)	2022	2023	2024e	2025e
World	3.5	3.0	3.1	3.0
United States	1.9	2.5	2.7	2.1
Eurozone	3.4	0.5	0.8	1.1
Germany	1.8	-0.1	-0.1	0.6
France	2.5	0.9	1.1	0.8
Italy	4.0	0.7	0.5	0.8
United Kingdom	4.5	0.3	0.9	1.4
Switzerland	2.7	0.8	1.4	1.4
Japan	1.0	1.9	-0.2	1.2
Emerging economies	2.5	3.9	4.0	4.2
Asia Ex-Japan	4.1	4.6	4.6	4.6
Latin America	3.9	1.8	2.0	2.6
EMEA region	1.8	2.4	2.6	2.6
China	3.0	5.2	4.8	4.5
India	9.7	7.0	7.8	6.5
Brazil	3.0	3.0	3.1	2.0
Russia	-1.2	3.3	3.5	1.5

Inflation (%)	2022	2023	2024e	2025e
World	8.7	6.0	4.5	3.7
United States	8.0	4.1	2.9	2.5
Eurozone	8.4	5.4	2.4	2.0
Germany	8.6	6.0	2.4	2.1
France	5.9	4.9	2.3	1.7
Italy	8.7	5.8	1.1	1.7
United Kingdom	9.1	7.3	2.5	2.5
Switzerland	2.8	2.1	1.1	0.8
Japan	2.5	3.3	2.6	2.1
Emerging economies	6.4	5.8	6.5	3.5
Asia Ex-Japan	3.1	1.1	0.9	1.8
Latin America	18.2	23.9	33.0	9.3
EMEA region	21.3	19.3	16.7	10.8
China	2.0	0.2	0.4	1.0
India	6.7	6.6	4.8	4.8
Brazil	9.3	4.6	4.3	4.2
Russia	13.8	6.0	8.2	6.9

Central bank rates (%)	2022	2023	2024e	2025e
US Fed Funds	4.50	5.50	4.50	3.75
ECB Main Refinancing	2.50	4.50	3.15	2.20
China 1yr Best Lending	4.35	4.30	n.a.	n.a.
Bank of Japan Overnight	-0.02	0.00	0.30	0.80
UK Base Rate	3.50	5.25	4.75	3.70
Swiss 3mth CHF	n.a.	1.75	0.70	0.45

Commodities	2022	2023	2024e	2025e
NYMEX WTI oil USD/barrel	74	76	67	65
ICE Brent oil USD/barrel	78	80	71	69
Iron Ore USD/metric ton	118	109	99	93
Copper USD/metric ton	8372	9181	8984	9192
Gold USD/troy oz	1824	2401	2664	2787
Silver USD/troy oz	24.0	28.5	30.0	31.5

Major interest rates (%)	2022	2023	2024e	2025e
USA 3mth rate	4.8	5.4	4.4	3.5
USA 10yr gov't bonds	4.4	4.6	4.1	3.7
Eurozone 3mth rate	3.9	4.1	4.3	4.1
Eurozone 10yr gov't bond	2.1	4.0	2.9	2.1
China 3mth rate	2.7	3.0	2.1	1.9
China 10yr gov't bond	2.6	2.6	2.3	2.3
UK 3mth rate	2.4	2.4	1.8	1.6
UK 10y gov't bond	2.3	2.4	1.6	1.5
Swiss 3mth rate	2.8	2.6	1.9	1.9
Swiss 10y gov't bond	0.0	0.1	0.5	0.9

Exchange rates	2022	2023	2024e	2025e
EURUSD	1.07	1.07	1.06	1.05
EURCHF	0.99	0.96	0.94	0.94
USDCHF	0.92	0.90	0.89	0.89
EURJPY	140.40	159.00	161.00	156.00
EURGBP	0.89	0.87	0.83	0.82
USDJPY	131.12	149.00	152.00	145.00
GBPUSD	1.21	1.23	1.28	1.28
USDCNY	6.90	7.23	7.20	7.35
USDBRL	5.28	4.99	5.75	5.90
USDRUB	74.19	90.00	98.00	109.00

Performance table

		Performance		
Global equity markets	Price	Q4	Ytd Q4	Div.yld
MSCI World (USD)	3696	-0.7%	16.6%	1.8
MSCI World (USD) hedged	2041	1.7%	21.4%	n.a.
S&P 500	5867	1.8%	23.0%	1.3
Russell 1000	3215	2.2%	22.6%	1.3
Nasdaq 100	21111	5.2%	25.5%	0.7
Stoxx Europe 600	507	-3.1%	5.8%	3.5
MSCI Emerging Markets	1082	-7.6%	5.7%	90.6
Nikkei 225	38814	2.4%	16.0%	1.8
China CSI 300	3945	-1.8%	15.0%	2.6

	Forward		EPS growth	
Equity market valuations	PE	PB	2024e	2025e
MSCI World (USD)	21.4	3.4	3%	11%
MSCI World (USD) hedged	n.a.	n.a.	n.a.	n.a.
S&P 500	24.9	4.9	6%	15%
Russell 1000	24.9	4.7	6%	16%
Nasdaq 100	33.6	7.9	13%	28%
Stoxx Europe 600	14.2	1.9	-5%	7%
MSCI Emerging Markets	13.7	1.7	14%	14%
Nikkei 225	19.0	2.1	67%	-2%
China CSI 300	14.7	1.6	-1%	14%

		Performance		
Global gov't bonds	Yield	Q4	Ytd Q4	YtW
10yr US Treasury	4.56	-4.7%	-0.7%	n.a.
10yr Euro gov't bond	2.30	-0.5%	1.7%	n.a.
10yr German gov't bond	2.30	-1.0%	0.2%	n.a.
10yr Italian gov't bond	3.47	0.6%	6.2%	n.a.

		Performance		
Global bond indices	Price	Q4	Ytd Q4	YtW
Barclays Global Corporate IG	275	-4.1%	1.1%	4.8
Barclays US Corporate IG	3285	-3.2%	2.0%	5.4
Barclays Euro Corporate IG	258	0.9%	4.8%	3.2
Barclays Emerging Market USD	1247	-1.5%	6.5%	6.7
Barclays US Corporate HY	2676	-0.1%	7.9%	7.5
Barclays Pan-European HY	479	1.9%	9.0%	6.0

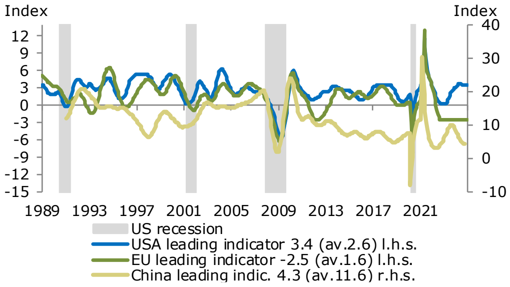
		Performance	
Commodities and currencies	Price	Q4	Ytd Q4
Brent oil	73	-16.7%	-5.4%
US Energy Services	69	-9.6%	-17.6%
Copper	8809	0.2%	3.8%
Gold	2594	-1.5%	25.7%
EURUSD	1.04	-6.9%	-6.1%
EURCHF	0.93	-1.1%	0.3%

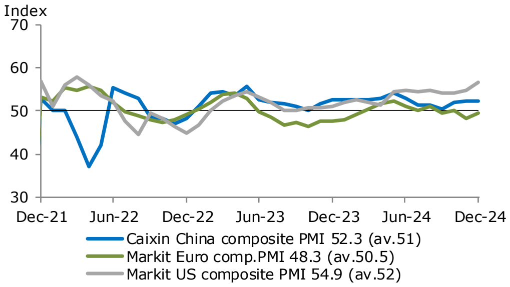
Source: Alpinum Investment Management (additional sources in appendix)
Note: Q4 = data as of 19 December 2024 / PE=price-earnings / PB=price-book / EPS=earnings per share / YtW=yield-to-worst

Key Economic Charts

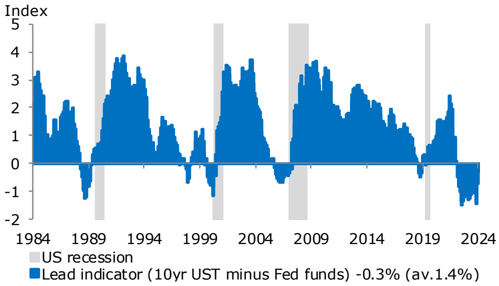
Leading indicators and manufacturing

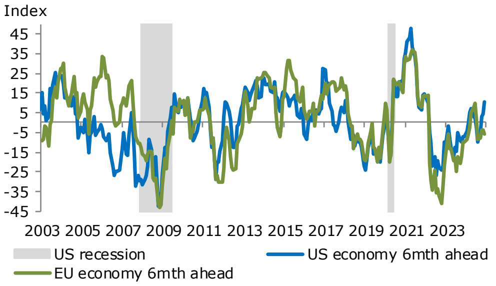
Source: Alpinum Investment Management



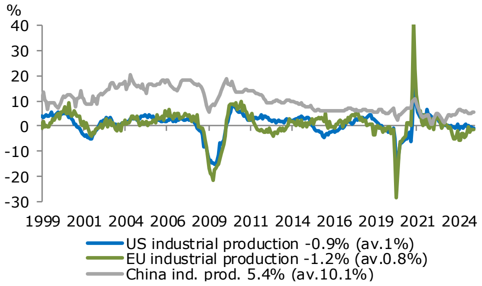


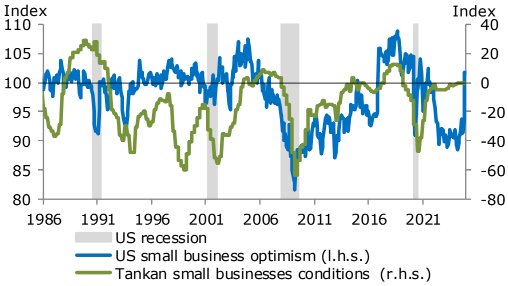
Recession indicator



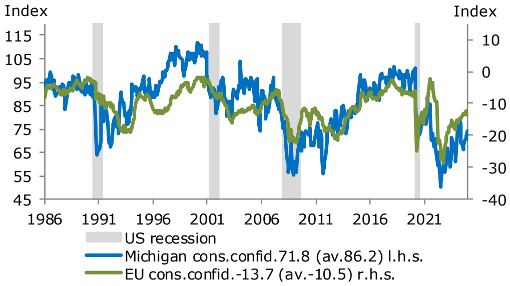


Industrial production and small businesses

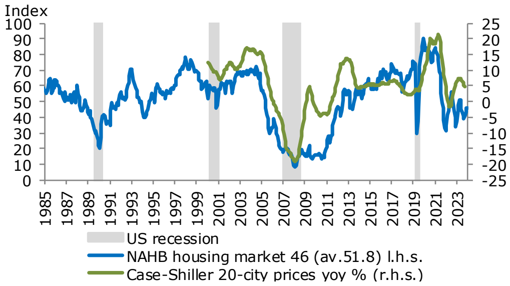


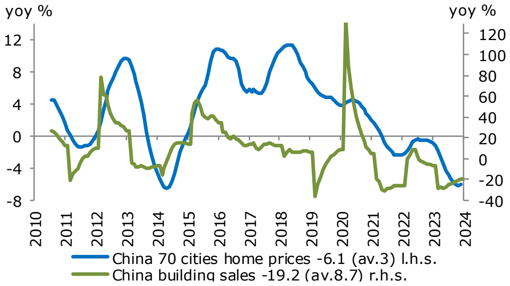


Consumer confidence



Housing market





Source: Alpinum Investment Management (additional sources in appendix)

Scenario Overview 6 Months

Base case 75%

- **US:** Low real GDP growth of ~2% with solid ~4-5% nominal growth, which keeps the economy rolling. Some inflation forces still weigh on consumer demand and challenge the persistency of companies' profit margins. High capital costs and geopolitical tensions are a concern for the economic outlook, but expected deregulation & low(er) taxes are a backwind for corporates. Elevated house prices and wage increases of 4% YoY keeps private consumption up. Government spending (i.e. infrastructure, old/new energy, defence) remains the other source of growth.
- **Eurozone:** Stagnation. 0%-growth environment for core Europe. Slow growth dynamic caused by high input prices, political deadlock, war impact. But continuing fiscal impulse, solidarity payments, defence & green energy spending are supportive.
- **China:** GDP grows towards ~4% thanks to government support incl. various credit impulse measures.
- **Oil:** OPEC+ targets elevated energy prices, but soft global growth prospect limits upside potential.

Investment conclusions

- **Equities:** Positive tilt, but equities are confronted with profit margin pressure risk due to limited economic growth and the risk of a vicious wage-price spiral. Equities lack a sustained upside potential with a S&P forward P/E multiple of ~23. We recommend a balanced approach in terms of equity style.
- **Interest rates:** Neutral outlook on rate exposure, but a second wave of inflation is a risk. US duration exposure serves as a valuable diversifier and tail hedge in case of an evolving (severe) recession.
- **Credit:** Credit spreads are fairly priced and remain selectively attractive, despite an increase of corporate default rates towards 3-4%. We prefer loans, short-term HY, senior exposure in structured credit and on a selective basis, also some Emerging Debt-local exposure and low-duration IG bonds.
- **Commodities/FX:** USD gets short-term support but is highly valued. Energy gets support from OPEC/limited supply; structural higher inflation supports the commodities bloc.

Bull case 15%

- **US:** GDP growth rate of 3% (~6% nominal). Fed succeeds and inflation trends at <3%. Consumer spending remains robust, supported by continued wage increases of ~4% (+1% real growth). Energy prices stabilize, tax cuts, firms keep capex alive. Economy transitions into a "new normal".
- **Europe:** Temporary growth halt followed by minimal growth; peripherals backed by continued fiscal/monetary policy support; "standing together" spirit holds; High defence/green energy/infrastructure spending.
- **China/EM:** Chinese government stimulus gets more momentum, stabilizing private consumption. Easing monetary policy provides support for manufacturing & property sector. No major escalation with the West.

Investment conclusions

- **Equities:** Corporates have been fast in adapting to lower growth prospects via cost cuttings to maintain earnings strength. Firms favour capital vs. expensive labour to increase (keep) profitability. If a de-escalation in the Russia-Ukraine conflict can be reached, markets will experience an upwards lift. However, inflation pressure and high rates keep valuations largely in check. Further upside potential.
- **Interest rates:** (Long-term) Rates move up, bear steepening curve; inflation pressure persists.
- **Credit:** Corporate default rates are in check at long-term averages. Credit in general and short-term HY bonds/loans in particular benefit the most.
- **Commodities/FX:** Bid for cyclical commodities/metals. EUR and selective EM FX rates recover.

Bear case 10%

- **US:** Mild recession with the risk of lasting longer, but still positive nominal GDP growth. Low unemployment rate combined with resilient inflation kicks off a slight wage-price spiral. Fed rate cuts disappoint in size.
- **Europe:** Moderate recession with a risk of lasting economic weakness due to war/geopolitics. Political deadlock in core Europe continues or accelerates. Peripherals & France suffer from yield increases and Germany from high (energy) input costs.
- **China/EM:** Chinese regulators fail to ease credit and regulatory measures enough, leading to <4% GDP growth in 2025 and disappointing exports. Emerging markets (ex-commodity exporters) suffer as global trade is held back. EM FX decline does not stop.

Investment conclusions

- **Equities:** Equities fall double digits. Highly priced US equities and cyclicals will lead the correction, followed by Europe.
- **Interest rates:** Long-term rates drop the most (yield curve inverses anew), but limited potential apart from US rates. Support for high-quality assets (Treasuries, A/AA bonds, agency bonds). Cash is king!
- **Credit:** Corporate default rates climb and approach the higher end of long-term average levels. Severe default cycle is avoided, but credit markets suffer. Favour short dated high-quality bonds and cash.
- **Commodities/FX:** Negative for cyclical commodity prices. USD, CHF and JPY act as a safe haven again.

Tail risks

- Liquidity shock due to external event/bank failure.
- An Italian sovereign debt crisis, EUR break up.
- Military conflict in the South China Sea.
- Pandemic crisis re-emerges/new virus variants.
- Nuclear escalation resulting in World War III.
- Emerging market meltdown similar to 1998.

Asset Class Assessment

Equities

- With the prospect of a pro-business economic policy from the new US-administration corporates' profit margins will be bolstered. Significant boost of (US) M&A activity in 2025 is highly likely.
- Positive wealth effect driven by rising equity markets, higher wages and stabilizing/higher house prices provide support to US consumption and corporates' revenues as a consequence.
- A negative factor for equities remains the "competition" of other asset classes, namely the positive real rates of US Treasuries or HY bonds yielding ~7% p.a.
- Non-US equities trade with more attractive valuations and are poised to outperform if a de-escalation in the Ukraine conflict emerges and/or if the USD loses strength.

Comment

- Current elevated S&P P/E ratio of ~23 translates into an earnings yield of only 4.3%. If negative earnings surprises come up, US equities will fall double digits.
- Market consensus estimates that US earnings will grow around 13% in 2025 and 9% in 2026, which poses a risk for disappointment.
- Military conflict leads to more structural inflation pressure (less globalization/productivity, less efficient/safe supply chains, more protectionism).
- US equities incorporate advanced valuations compared to other regions. However, the economy is also more resilient, less impacted by the Ukraine conflict and supported by big tech earnings. Hence, a certain valuation premium is justified.

Credit/Fixed Income

- **Rates:** We have entered a new interest rate regime with the yield spike in 2022/23. "Duration" as an asset class & diversifier is back on track. Fed funds are grinding a bit lower, but inflation is not yet fully tamed. We have a neutral stance on duration. Duration acts again as a valuable portfolio diversifier.
- **IG:** We hold minimal US investment grade bonds and only selective European IG bonds. A number of EM/Asia IG bonds look attractive, but we hold only very little exposure.
- **High yield:** Loans and high yield bonds offer fair relative and attractive absolute yields. Overall, we favour selective US short-term non-cyclical bonds, European loans & senior/mezzanine CLO tranches.
- **Emerging debt:** Selective opportunities exist, but caution is still warranted. We keep a close eye on fund flows. As soon as USD strength starts to fade, selective local currency bonds gain our attention.

Comment

- With the stress in the banking system in H1 2023 and the provoked regulatory actions, borrowing costs are still elevated.
- Further rate cuts in H1 2025 are priced in for the Fed rate to reach 4% and 2% for the ECB rate. If cyclical inflation holds up in H2 2025, rates could follow suit.
- Credit spreads look fairly valued in general. Current spread levels compensate for a slow growth economic outlook, but not for a recession. Corporate default rates will average at around 3%.
- We like the structured credit market, such as selective US non-agency RMBS or European CLOs.
- Consider harvesting the illiquidity premium from direct loans (corporate/mortgage-backed loans).
- We also identify attractive yield in new alternatives, but selection and a proper liquidity management are paramount.

Alternatives

- Credit long-short strategies identify plenty of relative value trades, both long and short.
- Equity long-short strategies benefit from high volatility and elevated performance dispersion.
- Alternative lending as an asset class is in the spotlight as yields have never been higher.

Comment

- Active managers benefit from the current fragile economic environment. Moreover, innovative disruption leads to more price dispersion among single securities, industries, etc.
- Global macro managers benefit from sharp market movements in either direction (i.e. rates/FX).

Real Assets, Digital Assets

- Commodities benefit partly from de-globalization (protective measures), supply-side constraints and the recent cyclical economic uptick.
- Gold benefits when real and/or nominal interest rates fall & vice versa; currently a tailwind for gold.
- Crypto currencies experience strong momentum and support with Trump-win and the administration's aspiration to become the leading crypto hub.

Comment

- Elevated inflation is beneficial for commodity prices, but a softer economy is negative. Chinese growth hopes have not yet materialized as an additional support level for commodities.
- Supply-side disruption has faded on a global scale.
- Friendly environment for digital assets with more regulation & hopefully clearer guidelines ahead. A major negative factor has reversed to the positive.

Asset Class Conviction Levels

			Conviction Level over 6 Months		
Equities	**Underweight**	←	**Neutral**	→	**Overweight**
North America	☐	☐	☑	☐	☐
Europe	☐	☐	☐	☑	☐
Switzerland	☐	☐	☑	☐	☐
China	☐	☐	☑	☐	☐
Japan	☐	☐	☑	☐	☐
Asia - Emerging Markets	☐	☐	☐	☑	☐
Others - Emerging Markets	☐	☐	☐	☑	☐

			Conviction Level over 6 Months		
Fixed Income	**Underweight**	←	**Neutral**	→	**Overweight**
US - Treasury Bonds	☐	☐	☑	☐	☐
Euro - Government Bonds	☐	☑	☐	☐	☐
US - Investment Grade Bonds	☐	☐	☑	☐	☐
Europe - Investment Grade Bonds	☐	☑ ←	☐	☐	☐
US High Yield	☐	☐	☑	☐	☐
US Short Term High Yield	☐	☐	☐	☐	☑
US Loans	☐	☐	☐	☑	☐
US Municipal Bonds	☐	☐	☑	☐	☐
European High Yield	☐	☐	☑	☐	☐
European Short Term High Yield	☐	☐	☐	☑	☐
European Loans	☐	☐	☐	☐	→ ☑
US/EUR Preferred Securities	☐	☐	☐	☑	☐
US/EUR Asset Backed Securities	☐	☐	☑	☐	☐
Emerging Market Local Currency	☐	☐	☐	☑	☐
Emerging Market Hard Currency	☐	☐	☑	☐	☐
Emerging Market High Yield	☐	☐	☑	☐	☐

			Conviction Level over 6 Months		
Commodities	**Underweight**	←	**Neutral**	→	**Overweight**
Gold	☐	☐	☑	☐	☐
Oil (Brent)	☐	☐	☑	☐	☐
Digital Assets	☐	☐	☐	☑	☐

			Conviction Level over 6 Months		
Hedge Fund: Strategies	**Underweight**	←	**Neutral**	→	**Overweight**
Equity Long-Short	☐	☐	☐	☑	☐
Credit Long-Short	☐	☐	☐	☐	☑
Event-Driven - Corporate Actions	☐	☑ ←	☐	☐	☐
Global Macro	☐	☐	☑	☐	☐

			Conviction Level over 6 Months		
Hedge Fund: Regional Focus	**Underweight**	←	**Neutral**	→	**Overweight**
Hedge Fund: North America	☐	☐	☐	☑	☐
Hedge Fund: Europe	☐	☐	☑	☐	☐
Hedge Fund: China / Japan	☐	☐	☐	☑	☐
Hedge Fund: Emerging-Markets	☐	☐	☑	☐	☐

Note: The above conviction table reflects on the one hand our view on the relative expected return of an asset class versus well-recognized benchmarks such as BarCap Global aggregate (for bonds) and MSCI World (equities), but on the other hand also incorporate our view on the absolute expected return versus cash.

Appendix: Data and Price Sources

Alpinum Investment Management
Bank of America Merrill Lynch indices
Bloomberg
Federal Housing Finance Agency
Federal Reserve Bank of St. Louis
J.P. Morgan
Markit CDS indices
Moody's Investors Service
Palmer Square indices
Preqin
S&P
The Federal Reserve
US Census Bureau

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Contact Information:
Alpinum Investment Management AG
Talstrasse 82
CH-8001 Zurich
Tel: +41 43 888 79 33
Fax: +41 43 888 79 31
alpinumim.com