Vontobel

Investors' Outlook

Stitching fraying seams

June 2025
For US, Canadian and Latin American Clients

Vontobel Swiss Financial Advisers AG

Content

Imprint

Publishing by
Vontobel Swiss Financial Advisers AG
Gotthardstrasse 43
8022 Zürich
Switzerland

Editors
Vontobel editing team

G.J. Midge Brown
Business Developer,
Vontobel SFA

Authors*
Dr. Pascal Köppel
Chief Investment Officer (CIO),
Vontobel SFA
Dr. Pieter Jansen
Chief Investment Strategist,
Vontobel SFA
Christoph Windlin
Deputy Head Investment Management,
Vontobel SFA
Susanne Knorr
Head Managed Solutions,
Vontobel SFA
Philipp Wartmann
Senior Investment Adviser,
Vontobel SFA

Frequency
Ten times per year
(next issue July 10, 2025)

Concept
MetaDesign AG

Creation & Realization
Vontobel

Images
Getty Images, Vontobel

Input deadline for this edition
May 30, 2025

Remarks
* Legal information on page 13

Stitching fraying seams

—
Dr. Pascal Köppel
Chief Investment Officer,
Vontobel SFA

Dear readers,

Risk assets came under pressure in April before recovering in May as macro and geopolitical news exceeded expectations. Markets responded positively to the de-escalation of trade tensions and the announcement of trade agreements, boosting hopes that the U.S. economy might regain momentum after a slow start to the year, partly due to rising imports.

Diplomatic efforts—from trade talks to developments in the Russia-Ukraine war—have been constructive, though we do not see this as a return to full stability. In our view, markets may have been quick to price in the positives. When optimism becomes consensus, it can limit further upside potential.

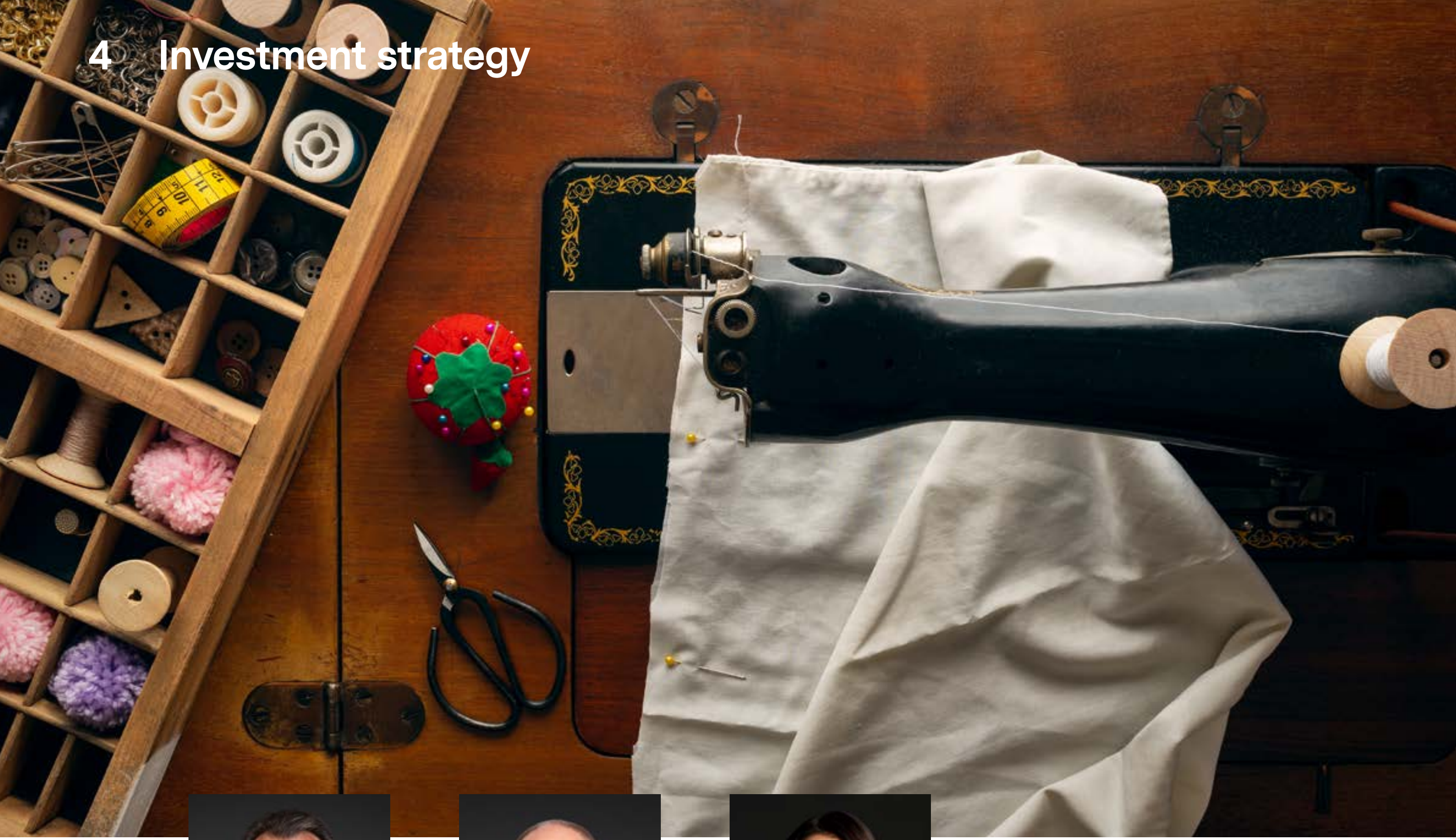
A key question is whether temporary policy relief can restore confidence before deeper economic strains emerge. In the U.S., hiring and consumer spending have slowed. The labor market appears to be in a holding pattern: companies aren't hiring aggressively, but layoffs haven't accelerated either.

The Federal Reserve appears similarly cautious. Unlike past cycles, the stress in April did not trigger emergency action, and the Fed has indicated it will wait for more data before making decisions, balancing concerns about inflation and employment.

Moody's recent downgrade of the U.S. credit outlook has drawn renewed attention to fiscal issues, including the persistent budget deficit and potential tax policy changes. These concerns have contributed to negative sentiment around U.S. Treasuries and the dollar.

Recent months have underscored the importance of diversification across geographies and asset classes. While the dollar has weakened and de-dollarization debates have grown louder, not all dollar-denominated assets have performed alike. U.S. Treasuries faced pressure, but U.S. corporate debt and equities have shown resilience, even as U.S. stocks lag other regions year to date.

The road ahead is unlikely to be seamless—but as active managers, we don't pull at every loose thread.



—
Dr. Pascal Köppel
Chief Investment Officer,
Vontobel SFA

—
Christoph Windlin
Deputy Head
Investment Management,
Vontobel SFA

—
Susanne Knorr
Head Managed Solutions,
Vontobel SFA

Threading the needle

Markets have experienced elevated volatility since the end of February, given the market's sharp decline through March and early April and a notable rebound through late April and May. Investor sentiment has been highly reactive to developments in trade policy—particularly around tariffs and potential agreements—as well as broader macroeconomic signals.

Recent news of trade de-escalation and deal progress has helped restore some investor confidence, prompting renewed interest in risk assets. That said, macroeconomic visibility remains limited. Survey-based indicators suggest a cautious stance among consumers and businesses, while hard data on real economic activity has not yet shown a definitive slowdown. Interpreting the data has been complicated by potential frontloading of demand earlier in the year, as evidenced by rising imports.

Looking ahead, incoming data may provide greater clarity on the U.S. economic trajectory. Meanwhile, prospects in other regions have been supported by monetary policy actions and expectations of fiscal stimulus—especially in Europe and, to a lesser extent, in emerging markets. Because U.S. momentum often influences global growth economic patterns, these developments may provide a degree of support to international markets.

An uncertain economic outlook also contributes to uncertainty around corporate earnings. From a cyclical standpoint, the outlook remains mixed. In this context, we believe that maintaining a diversified, balanced approach may be prudent. Within fixed income, higher-quality assets with longer durations may offer relative resilience. Additionally, gold has historically been viewed as a portfolio diversifier during periods of elevated geopolitical and macroeconomic uncertainty, and demand from emerging market central banks has remained strong.

	UNDERWEIGHT significantly	UNDERWEIGHT slightly	NEUTRAL	OVERWEIGHT slightly	OVERWEIGHT significantly	
1 Liquidity	→					We maintain a lower allocation to liquidity assets, reflecting our current view that fixed income may offer more favorable risk-adjusted return potential than cash in the current environment.
2 Bonds					→	The outlook for high-quality fixed income remains constructive, supported by a moderately upward-sloping yield curve and positive real yields. Within fixed income, our current positioning continues to emphasize investment-grade credit. We continue to favor higher-quality issuers and hold a reduced exposure to high-yield bonds. In our view, companies with weaker balance sheets and a greater dependence on external financing may face more challenges if the economic outlook deteriorates. Current valuations, in our opinion, do not fully reflect that risk, based on the spreads between high-yield and investment-grade securities.
3 Equities			→			The near-term outlook for economic growth is uncertain, and downside risks have increased. At the same time, investor sentiment remains notably bearish. While weaker sentiment could create space for a rebound on positive macro or geopolitical developments, earnings expectations remain vulnerable to disappointment. Given this balance of risks, we currently view a neutral stance on equities as appropriate. Regionally, we continue to favor a relative overweight in Swiss equities compared to UK equities.
4 Commodities / Gold			→			We continue to hold a positive view on gold. The yellow metal rallied strongly in 2023 and 2024, and got off to a strong start in 2025 too. Heightened geopolitical and macroeconomic uncertainties, and ongoing strategic purchases of gold, especially by central banks in emerging markets, remain positive drivers.

Changes month-on-month: same → higher ↗ lower ↘

Have we entered a US dollar bear market?

Investors familiar with foreign exchange know that the dollar has long been considered the dominant global currency. Since the end of World War II, the greenback has served as the world's reserve currency. That said, dollar bear markets do occur. There have been three such periods since WWII: in the 1970s, between the mid-1980s and mid-1990s, and again from 2002 to 2008.

—
Dr. Pieter Jansen
Chief Investment Strategist,
Vontobel SFA

These historical bear markets often coincided with conditions such as: an overvalued dollar, large U.S. trade and fiscal deficits, slowing U.S. economic outperformance, investor rotation toward non-U.S. assets, relatively greater monetary policy flexibility in the U.S., and elevated geopolitical tensions.

Given current market dynamics, some investors are asking whether another dollar bear market may be unfolding. The political appetite for a weaker dollar has returned, and from a purchasing power parity (PPP) perspective, the dollar appears richly valued—an environment that has historically preceded periods of dollar weakness. In addition, the U.S. trade deficit remains substantial[1]. According

Chart 1: USD reserve currency status not challenged yet

Attributes of key currencies and alternatives

CURRENCY ATTRIBUTES	USD*	EUR*	CNY*	JPY*	GBP*	INR*	BTC*	GOLD
Store of value	High	High	High	High	High	High	Low	High
Medium of exchange	High	High	High	High	High	High	High	Medium
Unit of account	High	High	High	High	High	High	Medium	Medium
ECONOMIC FACTORS								
Open capital account	High	High	Low	High	High	Low		
Can politically sustain current account deficit	High	High	Medium	High	High	High		
Sizable economy	High	High	High	Medium	Medium	Medium		
Share of global trade	High	High	High	Medium	Medium	Medium		
Financial markets: Size, depth and openness	High	High	Medium	High	High	Medium	Low	Low
Currency use as peg/anchor	High	High	Low	Medium	Medium	Low		
Stable economy	High	High	High	High	High	Medium		
GEOPOLITICS								
Strong geopolitical alliance system	High	High	Medium	High	Low	Low		
Dominant naval, air and cyber power	High	Medium	Medium	Low	Low	Low		

■ High ■ Medium ■ Low

* USD = US dollar, EUR = Euro, CNY = Chinese yuan, JPY = Japanese yen, GBP = British pound, INR = Indian rupee, BTC = Bitcoin

Source: Atlantic Council's Dollar Dominance Monitor, Alpine Macro, Vontobel; as of May 2025.

to the Bureau of Economic Analysis, the U.S. goods and services deficit was USD 140.5 billion in March 2025. A weaker dollar has historically supported U.S. trade by making exports cheaper and imports more expensive.

Investor sentiment has also cooled somewhat toward U.S. assets. This has contributed to outflows from dollar-denominated holdings and coincided with a period of relative dollar weakness.

No decrowning

While current conditions may resemble past dollar bear markets, there are also counterpoints. A potential pickup in U.S. growth or a prolonged period of higher U.S. interest rates could support the dollar in the near term.

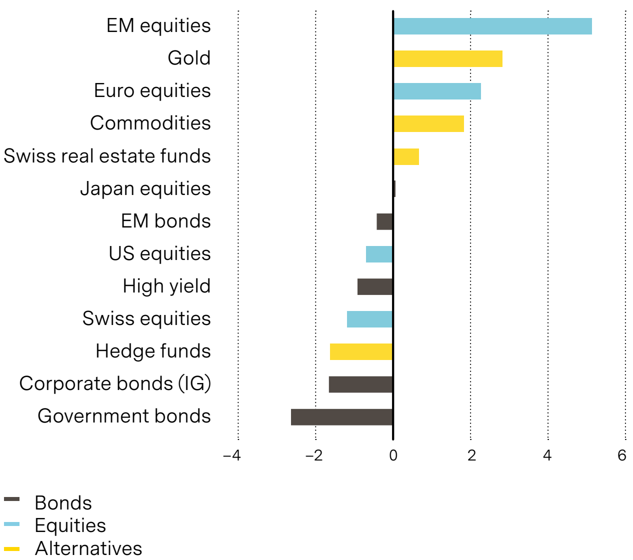
Discussions about the dollar's reserve currency are nothing new. Over the years, BRICS[2] nations have explored alternatives, including efforts to build a new reserve currency framework. China's 2013 Belt and Road Initiative[3] has been seen as part of this strategy, and freezing of the Russian foreign exchange reserve after the Ukraine invasion has further spurred interest in de-dollarization. At the 2024 BRICS summit in Kazan, Russia, participants revisited the idea of a reserve currency ("the Unit"), potentially backed by gold. Russian President Putin even presented a sample BRICS banknote.

Still, we do not believe the US dollar's reserve currency role is under immediate threat. Any currency aspiring to global reserve status must fulfill three core functions: it must serve as a store of value, a medium of exchange, and a unit of account. Although there is no definitive checklist, an analysis by the US Treasury Department provides a good starting point: 1) the size of the domestic economy, 2) the importance of the economy in international trade, 3) the size, depth and openness of financial markets, 4) the convertibility of the currency, 5) the use of the currency as a peg and 6) domestic macroeconomic policies[4]. Ideally, the world's reserve currency should also fulfil several "geopolitical criteria". This means that the country issuing the currency should be able to draw on the strengths of a strong geopolitical alliance system and possess dominant naval, air and cyber power. Chart 1 suggests that while there are potential contenders, the US dollar still clearly outpaces its rivals in meeting these key criteria for reserve currency status[5].

Based on these criteria, the dollar continues to outpace potential rivals. While diversification away from the dollar may continue, it remains the leading reserve currency for now.

Chart 2: Multi Asset—what worked best in USD down markets?

Score based on historical USD correlation



Source: LSEG, Vontobel; as of May 16, 2025. Data 2008 – 2025. Returns may rise or fall due to currency fluctuations.

Asset class implications in a dollar bear market

In past dollar bear markets, certain asset classes have performed well (see chart 2). These include emerging market (EM) and European equities, gold, and commodities. Many EM countries borrow in dollars, so a weaker dollar can reduce their debt servicing costs and free up capital for investment. It can also improve their export competitiveness by making their goods cheaper for global buyers.

A weaker dollar may also lead investors to seek higher returns outside the U.S., and commodities—typically priced in dollars—often rise in value as the dollar weakens, benefiting commodity exporters.

While these patterns have been observed historically, they do not predict future outcomes.

[1] Source: Bloomberg article, published July 18, 2024. bloomberg.com/opinion/articles/2024-07-18/trump-s-weak-dollar-clashes-with-inflation-other-economic-priorities
[2] BRICS nations were originally composed of Brazil, Russia, India, China and South Africa. As of 2025, there are 10 member nations: Brazil, Russia, India, China, South Africa, Egypt, Ethiopia, Indonesia, Iran and the United Arab Emirates.
[3] China's plan to invest in roads, railways, ports and other projects around the world to make trade easier and strengthen its global reach.
[4] Source: US Treasury Department's "Report to Congress on International Economic and Exchange Rate Policies" (2009), home.treasury.gov/system/files/206/FXReport-FINALOctober152009.pdf
[5] Source: The Atlantic Council's Dollar Dominance Monitor (2025), www.atlanticcouncil.org/programs/geoeconomics-center/dollar-dominance-monitor/

Tension on the loom

—
Philipp Wartmann
Senior Investment Adviser,
Vontobel SFA

Moody's latest downgrade of the US sovereign credit rating on May 16 was more confirmation than surprise. Still, it underscored concerns about rising deficits just as markets prepare for increased Treasury issuance. With few true alternatives to US government debt, yields may remain volatile. Despite these concerns, underlying market fundamentals remain broadly intact.

Moody's action—the removal of the US's last top-tier rating—was largely symbolic. The initial downgrade by S&P in 2011 had a more material impact. Fitch's downgrade in 2023 was met with muted reaction, and Moody's move largely aligns with what many investors have already priced in: a challenging fiscal outlook and persistent political gridlock.

One open question is whether this downgrade will influence bond dynamics more broadly. Investors focus on fiscal policy has increased as concerns about rising deficits coincide with large new bond issuance. For example, proposals to extend Trump-era tax cuts, could add more than USD 3.5 trillion to the deficit in the next decade[6]. If enacted permanently, projections suggest the US debt-to-GDP ratio could approach 200 percent within a generation[7] (see chart 1)—levels currently exceeded only by Japan and Sudan.

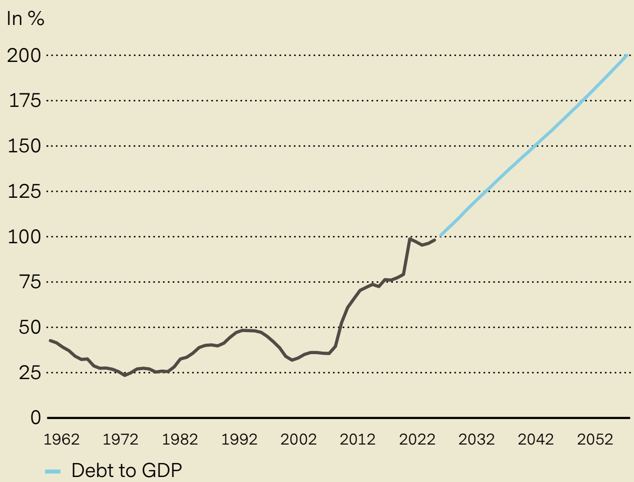
Despite this, U.S. government bonds remain deeply liquid and widely held. While fiscal pressures may contribute to elevated term premiums and periodic volatility, these factors have not undermined the structural role of Treasuries in global markets. Efforts to contain spending are also under discussion, though historically, implementing spending cuts has been more difficult than passing tax reductions.

Meanwhile, the Federal Reserve is holding a steady course. Policy makers have signaled a patient, data-dependent approach, with no immediate move to lower rates. As inflation moderates and growth slows, some market participants expect the Fed to consider easing in the next few weeks (see chart 2). However, these expectations have been revised downward in recent weeks, as near-term uncertainty—including trade policy and inflation persistence—remains.

At present, the Fed's position is clear: hold rates steady, monitor economic data, and revisit policy direction in the fall.

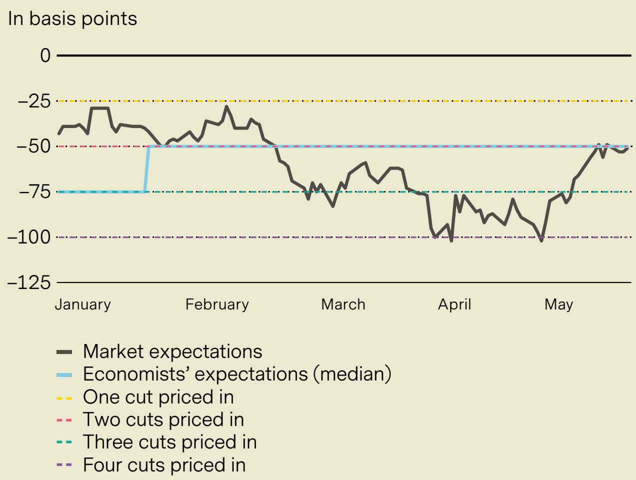
[6] Source: Reuters article, published May 22, 2025. reuters.com/world/us/us-house-republicans-set-pre-dawn-votes-get-trump-tax-bill-over-finish-line-2025-05-22/
[7] Source: Washington post article, published May 22, 2025. washingtonpost.com/business/2025/05/22/trump-tax-bill-debt-investor-bonds/

Chart 1: Budgetary effects of the May 2025 tax bill



Source: LSEG, The Budget Lab at Yale, Vontobel; as of May 21, 2025.

Chart 2: What does the market believe? Rate cuts priced in by December 2025



Source: LSEG, Vontobel; as of May 21, 2025.

Market sentiment improved on signs of trade de-escalation

—
Susanne Knorr
Head Managed Solutions,
Vontobel SFA

Market sentiment improved in May, supported by optimism surrounding trade developments and easing recession fears. While structural challenges and macroeconomic uncertainties remain, consumer confidence has been buoyed by recent progress. The announcement of a US-UK trade agreement and signs of de-escalation in US-China trade tensions have contributed to a more constructive market tone. The prospect of lower effective tariff burdens has improved growth expectations in the near term. These developments have helped reduce perceived downside risks.

Following a sharp sell-off in early April, appetite for US equities rebounded, and market volatility moderated. However, there are still concerns regarding the potential impact of trade policies on corporate profit margins. US equity valuations have increased, with the S&P 500 now modestly positive year-to-date. This valuation backdrop has prompted questions about sustainability, especially if forthcoming economic data shows signs of weakening.

European equities continued to advance, with major indices in Spain, Italy and Germany showing strong performance year-to-date especially in USD terms. These trends have drawn renewed attention to the potential benefits of geographic diversification. A continued decline in the US dollar may further support this narrative. Moody's recent downgrade of the US sovereign credit rating has added focus to fiscal concerns, which may strengthen the case for capital outflows from the US to Europe and Asia.

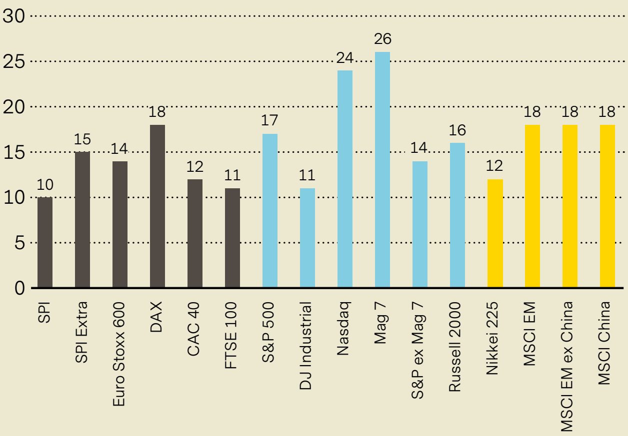
This dynamic reflects a broader pattern since the global financial crisis, where stronger U.S. growth—particularly from the technology sector—has attracted global capital, supported both by a stronger dollar and relative outperformance of U.S. equities. These flows, in turn, have supported U.S. funding needs through international investment.

With both rates and equity prices having risen in recent weeks, recession expectations have moderated. Investors continue to monitor the relationship between equity markets and long-term interest rates. The 10-year US Treasury yield recently moved above 4.5 percent, a level that in past cycles has been associated with increased market sensitivity (Chart 1).

Compared to US markets, European equities currently trade at lower price multiples, even after recent upward revisions. While not at historic lows, valuation measures remain at, near, and, in some cases, below long-term averages (Chart 2). In times of heightened uncertainty, investors look for higher growth prospects at a reasonable price. It is worth noting that very low valuations may reflect structural risks ("value traps"), while high valuations may increase exposure to volatility and risk premium shifts.

Chart 1: What happened on stock markets after April 9's announcement of the 90-day truce?

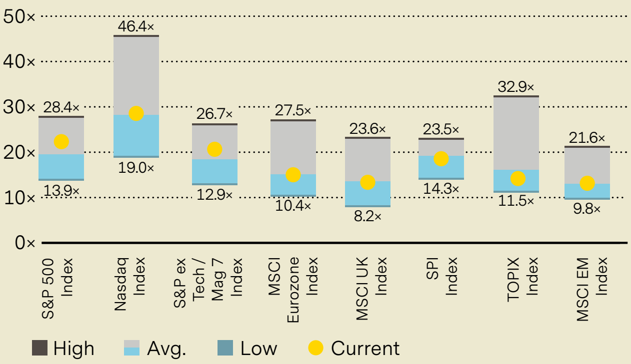
Total return in local currencies, in %



Source: LSEG, Vontobel; as of May 22, 2025.
Returns may rise or fall due to currency fluctuations.

Chart 2: Comparing forward price-to-earnings ratio* in 2025 to the last 10 years

Forward P/E estimates for 2025



*The forward price-to-earnings (P/E) ratio is a valuation metric used to assess the relative value of a company's stock on future earnings potential

Source: LSEG, Vontobel; as of May 22, 2025.

Diverging Trends in Gold and Oil

—
Christoph Windlin
Deputy Head
Investment Management,
Vontobel SFA

Gold has been on an upward trajectory again this year, supported by strong physical demand and ongoing uncertainties. In contrast, oil prices have been declining.

Looking beyond spot prices, the crude oil futures curve[8] shows front-end backwardation (downward sloping), while the longer end remains in contango (upward sloping). This structure indicates short-term tightness—such as low inventories—but also suggests market expectations of oversupply in the months ahead.

Near-term seasonal demand (e.g., the US driving season) may provide temporary support. However, broader macro trends—including a softer economic outlook—are contributing to a more subdued view on medium term demand for oil.

At the same time, OPEC+ is no longer holding back supply. The group announced larger-than-expected output increases for April, May and June—amounting to nearly one million barrels per day. Possible explanations include efforts to discipline internal overproduction or outcomes of bilateral discussions with the US, which has expressed interest in lower oil prices.

Saudi Arabia's strategy may serve multiple goals. First, Kazakhstan-often cited as a frequent overproducer-appears to have moved closer to compliance (see chart 1). Second, the policy shift has introduced new pressure on non-OPEC+ producers (see chart 2)[9].

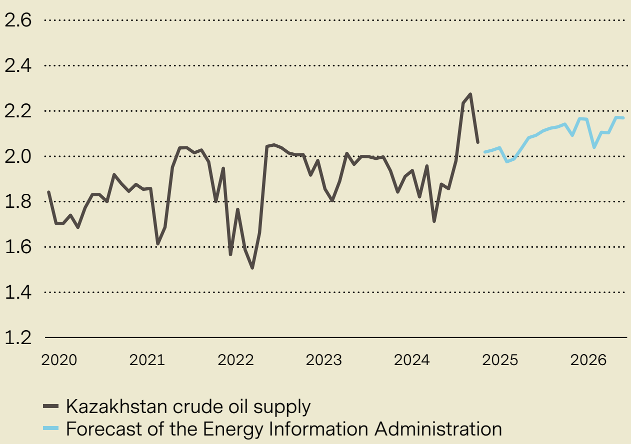
Still, it remains uncertain whether Kazakhstan will maintain lower oil production. In the past, it has committed to targets but exceeded quotas. If Kazakhstan's production surprises to the upside again, it could prompt further OPEC+ supply adjustments and add to price pressure.

These dynamics align with what some see as a structurally bearish outlook for oil—unless tension with Iran were to flare up again—for example, tensions with Iran similar to those seen during Donald Trump's first term. That said, this is not the prevailing expectation at the moment, especially given political preferences for lower oil prices.

[8] The crude oil curve, also known as the oil futures curve, is a graphical representation of the prices of futures contracts for crude oil. It shows the price of oil for delivery at different points in the future. The shape of the curve can indicate market expectations about future oil prices.
[9] Non-OPEC+ producers need much higher oil prices to "break even" than OPEC+ producers. If oil prices are too low, non-OPEC+ producers oftentimes curb their production.

Chart 1: Overproducer Kazakhstan has promised to stick to its assigned quota

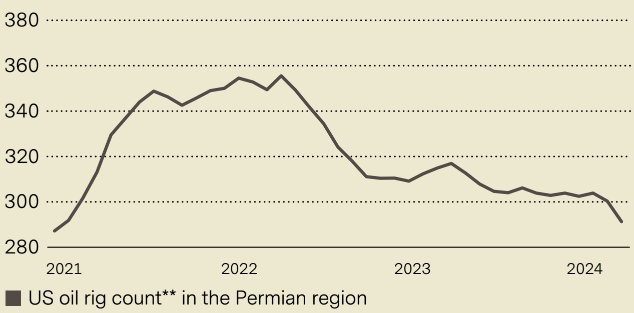
Million barrels per day



Source: LSEG, Vontobel; as of April 2025.

Chart 2: Rig declines in the Permian Basin* have accelerated

Actual rig count



*The Permian Basin stretches from eastern New Mexico and covers most of West Texas. It is considered the largest oil-producing region in the US.
** The active rig count acts as a leading indicator of demand for products used in drilling, completing, producing and processing hydrocarbons.
Source: Baker Hughes, Vontobel; as of May 21, 2025.

Currency strains

—
Dr. Pieter Jansen
Chief Investment Strategist,
Vontobel SFA

The euro has appreciated against the US dollar this year, gaining approximately 10 percent since January.

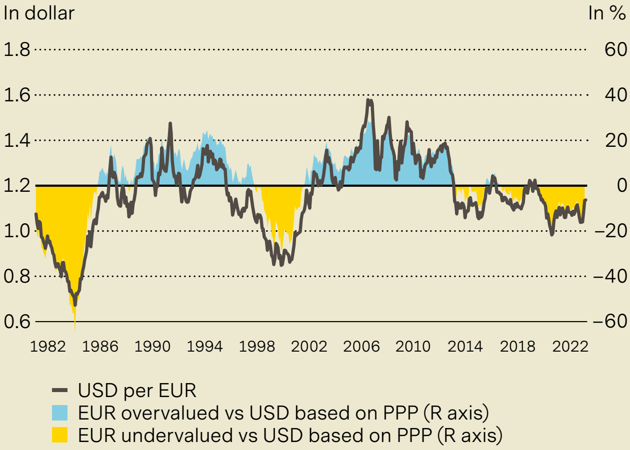
This appreciation appears to reflect two main dynamics. On the one hand, general investor sentiment towards the US dollar has turned more cautious, as previously discussed in the Market Highlights section of this Investor Outlook. On the other hand, Europe's growth outlook has improved, supported by fiscal expansion expectations, relatively low inflation, and deregulation. These factors have contributed to renewed investor in euro-denominated assets. This trend has unfolded in a context where the euro was significantly undervalued relative to the dollar based on purchasing power parity (PPP) metrics (see chart 1). While the euro may no longer be as undervalued as it was, it has not yet reached levels historically considered consistent with PPP-based fair value.

Elsewhere, Switzerland is sliding toward deflation[10] and the Swiss National Bank (SNB) is running out of options. Having begun the G10 easing cycle with a rate cut in March 2024, the SNB now faces the challenge of vanishing inflation—headline inflation is at 0.0 percent, and core inflation is just at 0.6 percent.

In this context, many observers expect the SNB to cut rates again in June, which would bring the policy rate to zero. One additional rate cut has already been priced into the market (see chart 2). Should inflation remain weak, further policy easing could be considered. This may include a returning to negative interest rates, although such measures are generally regarded as a last resort due to their side effects. These include, pressure on bank profitability and limited supportfor credit expansion. A potential benefit could be currency depreciation; however with both Fed and ECB also in easing mode, the yield differential may continue to support the franc.

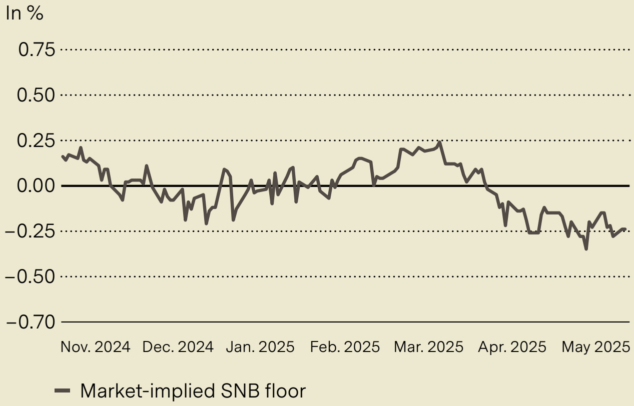
[10] Source: Wall Street Journal article, published May 5, 2025. wsj.com/finance/currencies/switzerland-nears-deflation-as-snb-mulls-rate-cuts-ad6ea1b7

Chart 1: Valuation of euro versus dollar



Source: Bloomberg, Vontobel SFA, 30th of May 2025

Chart 2: Sinking floor—markets push SNB terminal rate expectations lower



Source: LSEG, Vontobel; as of May 21, 2025.

Economy and financial markets 2024 – 2026

The following list shows the actual values, exchange rates, and prices from 2024, as well as consensus forecasts for 2025 and 2026 for gross domestic product (GDP), inflation / inflationary expectations, key central bank interest rates, 10-year government bonds, exchange rates, and commodities.

GDP (IN %)	2024[1]	CURRENT[2]	2025 CONSENSUS	2026 CONSENSUS
Global (G20)	3.0	1.5	2.2	2.3
Eurozone	0.9	0.9	0.8	1.1
USA	2.8	2.0	1.4	1.5
Japan	0.1	1.7	0.8	0.8
UK	0.9	1.3	1.0	1.1
Switzerland	1.3	1.6	1.1	1.4
Australia	1.0	1.3	1.8	2.3
China	5.0	5.4	4.3	4.0

INFLATION	2024[3]	CURRENT[4]	2025 CONSENSUS	2026 CONSENSUS	VONTOBEL VIEW IN 2025[5]
Eurozone	2.4	2.2	2.1	1.9	→
USA	3.0	2.3	3.1	2.8	→
Switzerland	1.1	0.0	0.4	0.7	↓

KEY INTEREST RATES (IN %)	2024	CURRENT	CONSENSUS IN 3 MONTHS	CONSENSUS IN 12 MONTHS	VONTOBEL VIEW IN 12 MONTHS[5]
EUR (deposit rate)	3.00	2.25	1.91	1.87	↓
USD (Fed funds rate, upper bound)	4.50	4.50	4.30	3.60	↓
CHF	0.50	0.25	0.00	0.00	→

GOVERNMENT BOND YIELDS, 10 YEARS (IN %)	2024	CURRENT	CONSENSUS IN 3 MONTHS	CONSENSUS IN 12 MONTHS	VONTOBEL VIEW IN 12 MONTHS[5]
EUR (Germany)	2.37	2.65	2.56	2.78	↓
USD	4.57	4.58	4.18	4.1	↓
CHF	0.33	0.40	0.43	0.56	↓

FOREIGN EXCHANGE RATES	2024	CURRENT	CONSENSUS IN 3 MONTHS	CONSENSUS IN 12 MONTHS	VONTOBEL VIEW IN 12 MONTHS[5]
CHF per EUR	0.94	0.93	0.94	0.95	↑
CHF per USD	0.91	0.83	0.83	0.82	↓
USD per EUR	1.04	1.13	1.14	1.16	↑

COMMODITIES	2024	CURRENT	CONSENSUS IN 3 MONTHS	CONSENSUS IN 12 MONTHS	VONTOBEL VIEW IN 12 MONTHS[5]
Brent crude oil, USD per barrel	75	64	67	69	↓
Gold, USD per troy ounce	2,625	3,312	3,048	3,103	→
Copper, USD per metric ton	8,768	9,534	9,200	9,605	↓

1 Subject to revisions (e.g., potential revisions to 4Q data)
2 Latest available quarter
3 Subject to revisions
4 Latest available month, G20 data only quarterly
5 ↑ above consensus, → in line with consensus, ↓ below consensus

Source: Vontobel, respective statistical offices and central banks; as of May 22, 2025.

Legal notice
This report has been prepared and published by Vontobel Swiss Financial Advisers AG (“Vontobel SFA”). Vontobel SFA CIO is independent. The views of the Vontobel SFA CIO may vary from the view and opinions of others Vontobel group entities.

This publication is for your information only and is not intended as an offer, or a solicitation of an offer, to buy or sell any investment or other specific product. The analysis contained herein does not constitute a personal recommendation or take into account the particular investment objectives, investment strategies, financial situation and needs of any specific recipient. It is based on numerous assumptions. Different assumptions could result in materially different results. Certain services and products are subject to legal restrictions and cannot be offered worldwide on an unrestricted basis and / or may not be eligible for sale to all investors.

All information and opinions expressed in this document were obtained from sources believed to be reliable and in good faith, but no representation or warranty, express or implied, is made as to its accuracy or completeness. All information and opinions as well as any forecasts, estimates and market prices indicated are current as of the date of this report and are subject to change without notice. Opinions expressed herein may differ or be contrary to those expressed by other business areas or divisions of Vontobel as a result of using different assumptions and / or criteria.

In no circumstances may this document or any of the information [including any forecast, value, index or other calculated amount (“Values”)] be used for any of the following purposes (i) valuation or accounting purposes; (ii) to determine the amounts due or payable, the price or the value of any financial instrument or financial contract; or (iii) to measure the performance of any financial instrument including, without limitation, for the purpose of tracking the return or performance of any Value or of defining the asset allocation of portfolio or of computing performance fees. By receiving this document and the information you will be deemed torepresent and warrant to Vontobel that you will not use this document or otherwise rely on any of the information for any of the above purposes.

Vontobel SFA and its affiliates and any of its directors or employees may be entitled at any time to hold long or short positions in investment instruments referred to herein, carry out transactions involving relevant investment instruments in the capacity of principal or agent, or provide any other services or have officers, who serve as directors, either to / for the issuer, the investment instrument itself or to / for any company commercially or financially affiliated to such issuers. At any time, investment decisions (including whether to buy, sell or hold securities) made by Vontobel SFA and its employees may differ from or be contrary to the opinions expressed in Vontobel SFA publications. Some investments may not be readily realizable since the market in the securities is illiquid and therefore valuing the investment and identifying the risk to which you are exposed may be difficult to quantify. Vontobel SFA does not maintain information barriers to control the flow of information contained in one or more areas within Vontobel SFA, into other areas, units, divisions or affiliates of Vontobel. The analyst(s) responsible for the preparation of this report may interact with trading desk personnel, sales personnel and other constituencies prior to publication of this report and those constituencies are able to consider and act on this information before it is published.

Past performance of an investment is no guarantee for its future performance. Additional information will be made available upon request. Some investments may be subject to sudden and large falls in value and on realization you may receive back less than you invested or may be required to pay more. Changes in foreign exchange rates may have an adverse effect on the price, value or income of an investment. Tax treatment depends on the individual circumstances and may be subject to change in the future. Vontobel SFA and its employees do not provide legal or tax advice and Vontobel SFA makes no representations as to the tax treatment of assets or the investment returns thereon both in general or with reference to specific client’s circumstances and needs. We are of necessity unable to take into account the particular investment objectives, financial situation and needs of our individual clients and we would recommend that you take financial and / or tax advice as to the implications (including tax) of investing in any of the products mentioned herein.

This material may not be reproduced or copies circulated without prior authority of Vontobel SFA. Unless otherwise agreed in writing Vontobel SFA expressly prohibits the distribution and transfer of this material to third parties for any reason. Vontobel SFA accepts no liability whatsoever for any claims or lawsuits from any third parties arising from the use or distribution of this material. This report is for distribution only under such circumstances as may be permitted by applicable law. For information on the ways in which Vontobel SFA manages conflicts and maintains independence of its investment views, please refer to the Vontobel SFA Wrap Fee Program Brochure (ADV Part 2A) available at vontobelsfa.com. Additional information on the relevant authors of this publication and other publication(s) referenced in this report; and copies of any past reports on this topic; are available upon request from your Wealth Management Consultant.

Vontobel Swiss Financial Advisers AG is a subsidiary of Vontobel Holding AG.

Vontobel Swiss Financial Advisers AG
Gotthardstrasse 43
8022 Zurich
Switzerland

www.vontobelsfa.com