

When Markets Diverge, Opportunities Emerge

The global economic and market outlook suggests diverging paths among regions and sectors. Last year, overall global growth looked stagnant, but trends this year suggest potential for a soft landing instead of a recession – mainly due to the continuing strength in the U.S. economy. But that resilience comes with risks: most notably, the potential for hotter inflation.

The diverging macroeconomic outlook creates compelling opportunities among asset classes.

OVERALL RISK



We are slightly overweight risk as we see early signs of a potential soft landing in the global economy. However, continued U.S. resilience presents the risk of sticky inflation. We expect regional divergence in monetary policy as the outlooks for inflation and growth differ by country. We favor higher quality exposures across asset classes and emphasize diversification in the current environment.

POSITIONING

OPPORTUNITIES

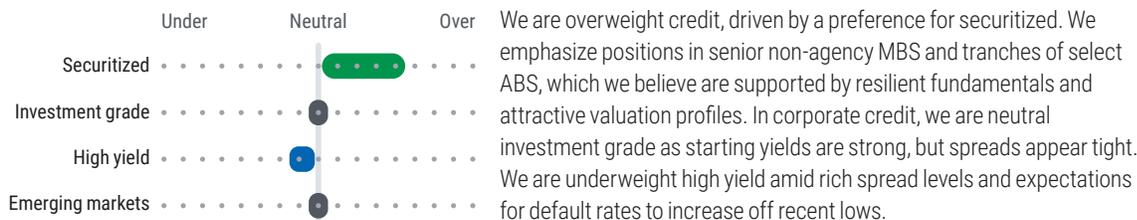
EQUITIES



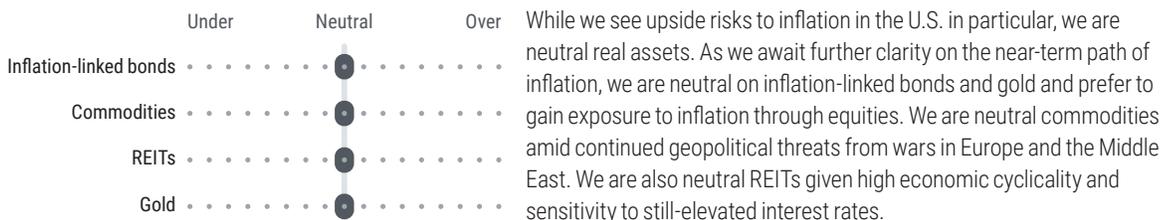
RATES



CREDIT



REAL ASSETS



CURRENCIES



	Under	Neutral	Over
USD●.....
Euro●.....
Yen●.....
Emerging markets●.....

We are overweight the U.S. Dollar amid economic resilience, relatively high carry and less demanding valuations versus recent history. We are underweight the Euro given the potential for weaker growth and more central bank easing. We are overweight the Japanese Yen as further BOJ tightening should improve carry, plus the Yen provides a risk-off hedge. In emerging markets, we are overweight select high-yielding currencies that typically offer compelling valuation and quality profiles.

Past performance is not a guarantee or a reliable indicator of future results.

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