



Huber & Co Ltd

Investment Strategy Q2 2017



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	Conviction	Rationale	Implementation
Asset Allocation	<ul style="list-style-type: none"> Cautiously constructive Diversify to balance uncertainty 	<ul style="list-style-type: none"> + Gradual economic growth goes on, better US growth prospects. CBs continue Tax stimulus despite Fed tightening. Fiscal stimulus on the way. Still see some prospects of a US fiscal stimulus but likely to be later and less ambitious - High geopolitical uncertainty especially in Europe (Brexit + elections in France and Germany). Economic cycles appear to be mature and earnings are flattering 	<p>NEURTAL on Equities</p> <p>↓ Fixed Income / <u>favour High-yield</u></p> <p>↑ Alternatives. Look for opportunistic niche investments</p>
Cash	<ul style="list-style-type: none"> Maintain cash exposure 	<ul style="list-style-type: none"> We take the opportunity to allocate some cash by adding to Emerging equities and High-Yield 	<p>↑ cash</p>
Fixed Income	<ul style="list-style-type: none"> Negative on Government Bonds Selective credit opportunities High Yield on opportunities 	<ul style="list-style-type: none"> Core government bond yields low and negative across Europe Expected returns are unattractive in EU, stay defensive Prefer High-Yield to Investment Grade Credit cycle is mature in developed markets, default rates rise Emerging Market assets were oversold in 2015. Opportunities rise to buy good credits at attractive yields. New opportunities for flexible long-short managers Rising inflation, rate hikes in the US, and mature credit cycles pose risks 	<ul style="list-style-type: none"> Be selective on fixed income allocation and reduce duration. Stay away from core fixed-income allocation Privilege yield in alternative Credit Reinforce Allocation to Emerging Market Debt
Equities	<ul style="list-style-type: none"> Prudent on the short term in the US Positive on short term in Europe/ Stock selection is a KEY 	<ul style="list-style-type: none"> US economic prospects look good. But US market valuation calls for some caution. Support from Corporate Tax cut has already been discounted In Europe we recommend the Eurozone and Switzerland rather than UK. A win of Macron will force investors to reassess their underweight in EU equities. Maintain our strategic overweight on EM equities due to low valuations. 	<p>↓ US keep exposure but we reduce US vs EU exposure</p> <p>↑ Exposure to markets with supportive monetary policy</p>



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Alternative Investments	<ul style="list-style-type: none"> • Be selective on strategies • positive near term 	<ul style="list-style-type: none"> • High volatility and increased dispersion between securities offers opportunities but also risks • Many strategies have struggled to preserve capital as markets shift suddenly on news flow • In a low return environment we favour non-directional strategies while global macro should benefit from economic divergences 	<ul style="list-style-type: none"> • Reduce exposure to less liquid, traditional HF strategies • Privilege strategy diversification and managers • Overweight HF exposure and Swiss Listed Real Estate Funds
Forex	<ul style="list-style-type: none"> • Positive on USD • Neutral on EUR • Positive on CHF • Neutral on GBP • Neutral on JPN • Positive on EM (ex. CNY) • Neutral on Gold 	<ul style="list-style-type: none"> • Geopolitical instability and return of inflation may be support gold but we maintain our neutral stance, supply-demand fundamentals still being negatives • We maintain our Neutral to negative view on GBP as our long-lasting concerns are here to stay 	<ul style="list-style-type: none"> • Maintain exposure to USD and CHF in portfolios • Limit or underweight exposure to GBP • Be prudent with Euro but a Euro relief rally could be expected with a win of Macron



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Risk allocation

Profile	Mandate	Risk Allocation			
		Cash	Bonds & Bond Funds	Equities, Equity Funds, Derivatives, Structured products	Alternative Investments, Real Estate
Y	Fixed Income	20%	80%	0%	0%
C	Conservative	15%	60%	20%	5%
B	Balanced	10%	40%	40%	10%
D	Dynamic	5%	15%	65%	15%
AG	Aggressive Growth	5%	10%	60%	25%

For our smaller client portfolios we use two investment funds to replicate the Fixed income and Equity strategies.

The Aero Cell A – for the Fixed Income Strategy: <https://www.gsx.gi/fund/3>

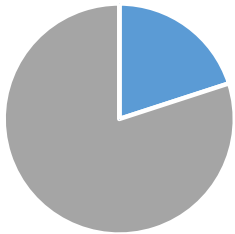
The Bellecour European Fund – for the Equity strategy: <https://www.fundsquare.net/security/summary?idInstr=83632>



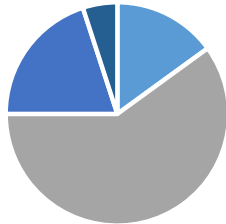
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Risk appetite

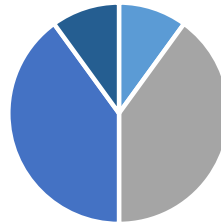
FIXED INCOME



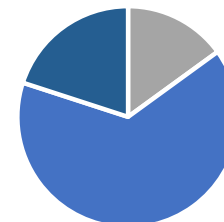
CONSERVATIVE



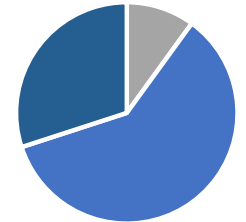
BALANCED



DYNAMIC



AGGRESSIVE GROWTH



■ CASH

■ CASH

■ CASH

■ CASH

■ CASH

■ BOND, BOND FUNDS

■ BOND, BOND FUNDS

■ BOND, BOND FUNDS

■ BOND, BOND FUNDS

■ BOND, BOND FUNDS

■ EQUITIES, STRUCTURED PRODUCTS, DERRIVATIVES

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■ ALTERNATIVE INVESTMENTS

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May be appropriate for investors who:

- Seek to preserve Capital
- Can accept the lowest Return in exchange of or Price stability

- Seek to minimise fluctuations in market values
- Take an income oriented approach with some potential for capital appreciation

- Seeks potential for capital appreciation and some growth
- Can withstand moderate fluctuations in market value

- Have a preference for growth
- Can withstand significant fluctuations in market value

- Seeks aggressive growth
- Can tolerate very wide fluctuations in market values especially over the short term

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