



Huber & Co Ltd

# Investment Strategy Q1 2018



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	Conviction	Rationale	Implementation
Asset Allocation	<ul style="list-style-type: none"> <li>Diversify to balance</li> <li>Cautiously constructive</li> </ul>	<p>Rising uncertainties related to trades, inflation and monetary policy lead to a more volatile financial market environment. Investment rigour will be a key. We maintain our pro-growth stance but seek exposure to convertible bonds a</p> <p>On going issues, geopolitical risks (Brexit + Trump), trade war, prolonged economic cycles, global debt still increasing, china debt burden</p>	<p><b>NEURTAL</b> 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"> <li>Maintain cash exposure</li> </ul>	<ul style="list-style-type: none"> <li>We allocate some cash by adding to Emerging equities and High-Yield</li> </ul>	<p>↑ cash</p>
Fixed Income	<ul style="list-style-type: none"> <li>Negative on Government Bonds</li> <li>Selective credit opportunities in EM an hybrid debts</li> <li>High Yield on opportunities</li> </ul>	<ul style="list-style-type: none"> <li>We maintain our UW position on developed market sovereign bonds</li> <li>We continue to prefer credit over sovereign bonds. Favourable financial conditions support corporates but we foresee low expected returns as spread compression is almost over</li> <li>On EM debt, our view remains positive (undervalued currencies, attractive carry)</li> </ul>	<ul style="list-style-type: none"> <li>Be selective on fixed income allocation and reduce duration</li> <li>Stay away from core fixed-income allocation</li> <li>Privilege yield in alternative Credit</li> </ul>
Equities	<ul style="list-style-type: none"> <li>Cautious in US</li> <li>Positive in Europe</li> <li>Positive on EM</li> <li>Add tactical themes</li> </ul>	<ul style="list-style-type: none"> <li>We expect decent returns this year in the US but given the advanced stage of the economic cycle upside valuation is more limited. Selectivity will be the Key</li> <li>On EU we are more optimistic than the consensus and expect a double digit earnings growth in 2018</li> <li>We maintain our OW on EM given still their reasonable valuation levels</li> </ul>	<ul style="list-style-type: none"> <li>Reduce US exposure</li> <li>OW EM given attractive valuations</li> <li>Allocate to markets with supportive monetary policy</li> </ul> <p>↑</p>



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Alternative Investments	<ul style="list-style-type: none"> <li>• Selective opportunities in niche managers</li> <li>• Selection is a KEY</li> </ul>	<ul style="list-style-type: none"> <li>• High volatility and increased dispersion between securities offers opportunities but also risks</li> <li>• In a low return environment we favour non-directional strategies while global macro should benefit from economic divergences</li> <li>• OW commodities, infrastructure and Swiss Listed Real Estate Funds on diversification potential</li> </ul>	<ul style="list-style-type: none"> <li>• Reduce exposure to less liquid, traditional HF strategies</li> <li>• Focus on a select number of niche more liquid</li> <li>• Privilege strategy diversification and managers</li> <li>• Overweight HF exposure and Swiss Listed Real Estate Funds</li> </ul>
Forex	<ul style="list-style-type: none"> <li>• Neutral on US EUR and CHF</li> <li>• Long JPY</li> <li>• Negative on GBP</li> <li>• Neutral on gold</li> </ul>	<ul style="list-style-type: none"> <li>• We expect a gradual tightening by the Fed</li> <li>• We see no catalyst for further appreciation of the EUR until ECB starts discussing its interest rates policy</li> <li>• After years of undervaluation JPY shows more risks on the upside than on the downside. The JPY is likely to benefit from his safe-haven status. The short positioning on the JPY reaches historical records</li> <li>• We see limited upside on gold price.</li> </ul>	<ul style="list-style-type: none"> <li>• Retain exposure to USD in EUR, CHF in portfolios</li> <li>• Limit or underweight exposure to GBP</li> <li>• Limit non USD exposure in USD portfolios</li> </ul>



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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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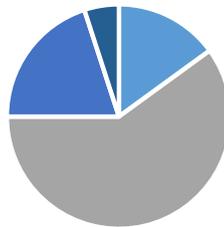
## Risk appetite

### FIXED INCOME



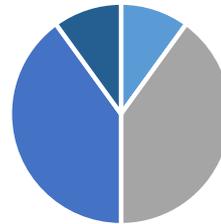
- CASH
- BOND, BOND FUNDS
- EQUITIES, STRUCTURED PRODUCTS, DERRIVATIVES
- ALTERNATIVE INVESTMENTS

### CONSERVATIVE



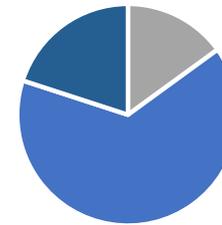
- CASH
- BOND, BOND FUNDS
- EQUITIES, STRUCTURED PRODUCTS, DERRIVATIVES
- ALTERNATIVE INVESTMENTS

### BALANCED



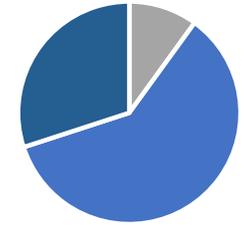
- CASH
- BOND, BOND FUNDS
- EQUITIES, STRUCTURED PRODUCTS, DERRIVATIVES
- ALTERNATIVE INVESTMENTS

### DYNAMIC



- CASH
- BOND, BOND FUNDS
- EQUITIES, STRUCTURED PRODUCTS, DERRIVATIVES
- ALTERNATIVE INVESTMENTS

### AGGRESSIVE GROWTH



- CASH
- BOND, BOND FUNDS
- EQUITIES, STRUCTURED PRODUCTS, DERRIVATIVES
- ALTERNATIVE INVESTMENTS

## 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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