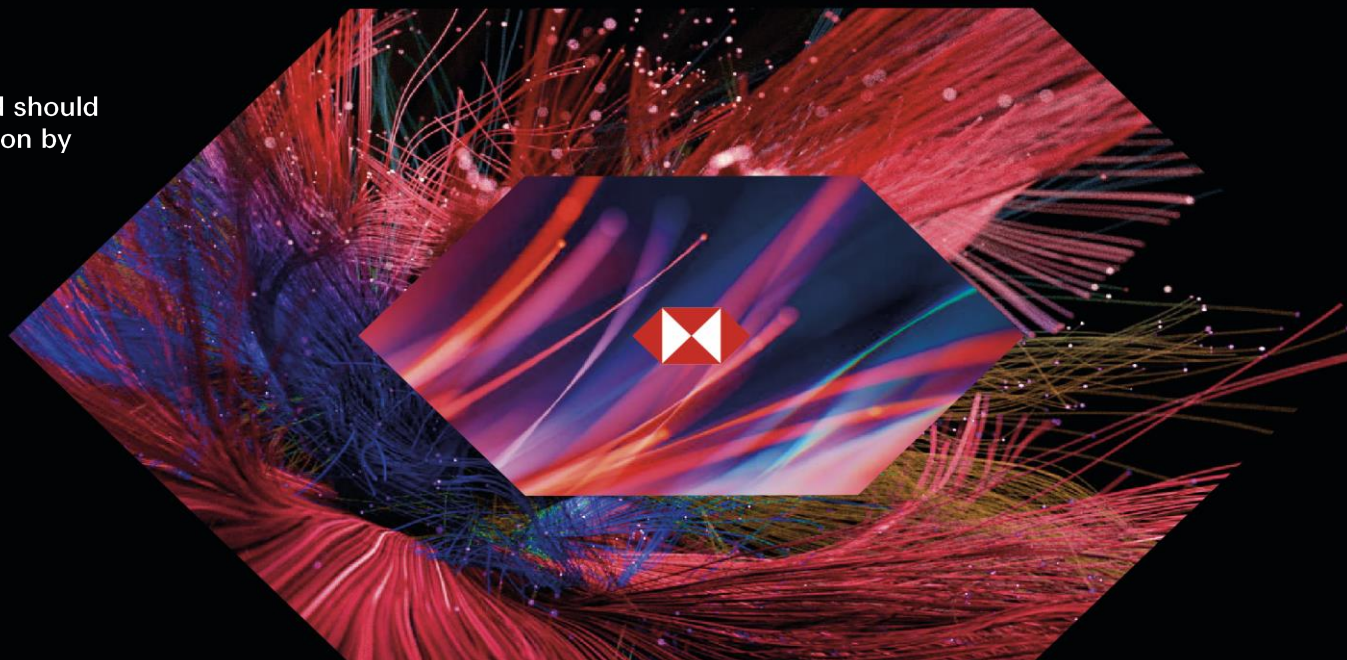


# Investment Monthly

## Broad-based rally

December 2023

For Professional Clients only and should not be distributed to or relied upon by Retail Clients.



## Macro Outlook

- ◆ **Disinflation continues in developed economies** and should persist in 2024 despite areas of 'sticky' inflation. Weaker demand and economic growth will lead central banks to begin cutting rates from Q2 2024
- ◆ **US economic activity has been resilient**, and corporate earnings have held up, but excess consumer savings are dwindling. Eurozone activity is in worse shape, while Asia is seeing lacklustre growth, especially in China
- ◆ **Our central scenario is that the US and European economies will see weaker growth in 2024** as higher interest rate bite. But there are areas of strength, with India well-positioned to perform despite global headwinds

## House View

- ◆ **Markets continue to price-in an optimistic outlook** despite indications of an elevated risk of recession and further disinflation over the next 12 months. We prefer a more defensive positioning for portfolios
- ◆ **Generally, we see good opportunities in selective areas of global fixed income.** We think **"bonds are back"** and that a higher term premium means that that duration risk is being rewarded again
- ◆ **A weaker outlook for earnings growth could compromise stocks**, but robust balance sheets mean that investment grade credit is an interesting option for investors looking for equity-like returns for bond-like risk

## Policy Outlook

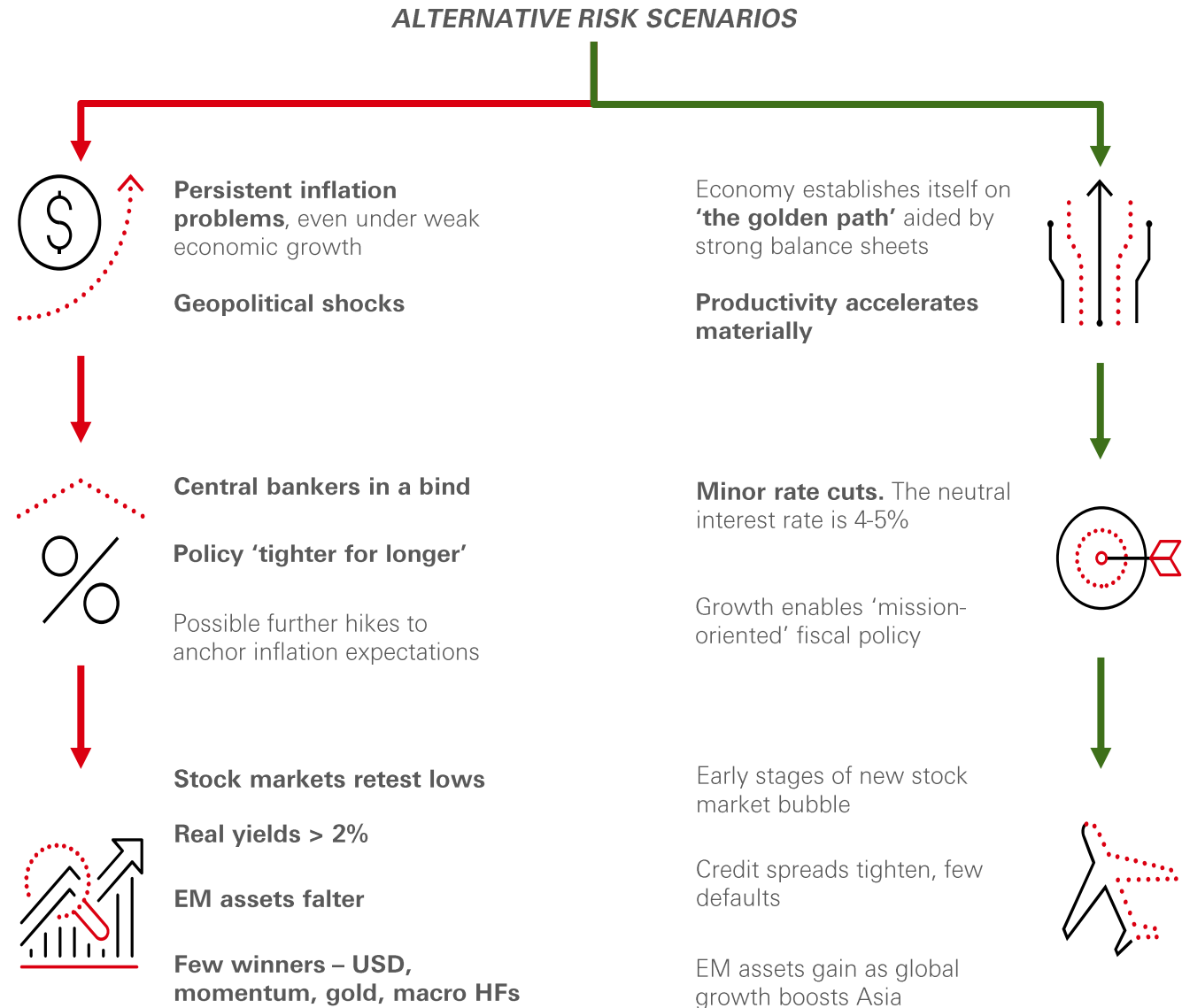
- ◆ With central banks now at the end of the policy tightening cycle, **attention turns to future rate cuts.** While policymakers have not signalled any urgency to ease rates, weaker economic conditions could force their hand
- ◆ We believe central bankers will have to **ease policy by more than markets currently expect during 2024.** In China, targeted policy support is expected to expand as officials step in to stimulate growth
- ◆ We think we are embarking on a new economic regime that will see **2% inflation become more of a floor than a ceiling**, and fiscal policy play a more important role in economies, leading to higher inflation and interest rates

## Scenarios

<b>PERSISTENT INFLATION</b>	Persistent inflation forces 'tighter for longer' policies, which damage growth and hurt risk assets
<b>PROBLEM OF INTEREST</b>	GDP and earnings weakness leads to central bank policy easing, favouring a cautious investment exposure to selective bonds and defensive growth
<b>GOLDEN PATH</b>	Economies stabilise and growth recovers on rising productivity and strong balance sheets

# Our global scenarios

CENTRAL SCENARIO: PROBLEM OF INTEREST	
M A C R O	<p><b>WEST:</b> Tight financial conditions <b>induce GDP and profits recession</b></p> <p><b>EAST:</b> Lacklustre growth in China. <b>Japan and India outperform</b></p>
P O L I C Y	<p><b>WEST:</b> <b>Mid 2024 Fed/ECB rates cuts.</b> QT on pause? Fiscal policy as mild drag</p> <p><b>EAST:</b> China policy easing piecemeal, <b>BoJ scraps YCC</b>, Asia CBs easing in H2 2024</p>
M A R K E T S	<p><b>Bonds are back</b>, but other liquid alternative diversifiers lose their shine in 2024</p> <p><b>Defensive Growth</b> favours selective approach in global and private credits, equity factors, DM country selection, and EMs</p>



Higher interest rates, recession risk and a rising cost of capital pose challenges for stock markets and the riskiest parts of the credit market. However, **selective areas of global fixed income are interesting**, with a higher term premium making longer duration bonds a potentially attractive option for investors

- ◆ **Equities** – We continue to take a defensive positioning in global stocks amid economic growth and earnings headwinds. Selective markets are in better shape to resist these frictions, including India and Japan
- ◆ **Government bonds** – Yields on 10-year US Treasuries have eased recently as investors have begun to look past the narrative of higher-for-longer rates. Broadly, we think that ‘bonds are back’ with duration risk now being rewarded
- ◆ **Corporate bonds** – Spreads have room to widen as global economic conditions deteriorate, but investment grade credits can provide good income opportunities given stable and healthy balance sheets

Equities			Government bonds			Corporate bonds			FX & Alternatives			Asian assets		
Asset Class	House view	View move	Asset Class	House view	View move	Asset Class	House view	View move	Asset Class	House view	View move	Asset Class	House view	View move
<b>Global</b>	▼	—	<b>Developed Market (DM)</b>	↔	—	<b>Global investment grade (IG)</b>	↔	—	<b>Gold</b>	▲	—	<b>Asia local bonds</b>	▲	—
US	▼	—	US	▲	—	USD IG	↔	—	<b>Other commodities</b>	↔	—	<b>RMB bonds</b>	↔	—
UK	▼	—	UK	▲	—	EUR & GBP IG	▲	—	<b>Real estate</b>	▲	—	<b>Asia ex-Japan equities</b>	▲	—
Eurozone	▼	—	Eurozone	↔	—	Asia IG	↔	—	<b>Infrastructure</b>	▲	—	China	▲	—
Japan	▲	—	Japan	▼	—	<b>Global high-yield</b>	↔	—	<b>Hedge funds</b>	▲	—	India	▲	—
Emerging Markets (EM)	▲	—	Inflation-linked bonds	▲	—	US high-yield	↔	—	<b>Private equity</b>	↔	—	ASEAN	▲	—
CEE & Latam	↔	—	<b>EM (local currency)</b>	▲	—	Europe high-yield	↔	—	<b>US dollar</b>	▼	—	Hong Kong	▲	—
Frontier	▲	—				Asia high-yield	↔	—	<b>Crypto</b>	↔	—	<b>Asia FX</b>	▲	—
						<b>Securitised credit</b>	▲	—						
						<b>EM aggregate bond (USD)</b>	▲	—						

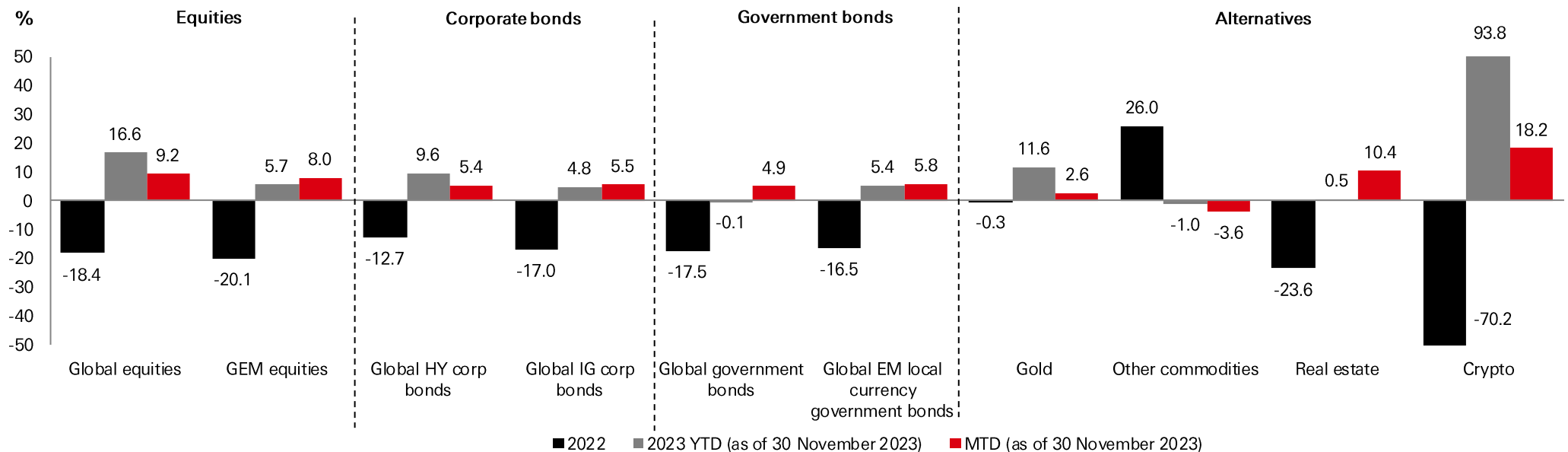
  

<p><b>House view</b> represents a &gt;12-month investment view across major asset classes in our portfolios</p>	<p>▲ Positive ↔ Neutral ▼ Negative</p>	<p><b>View move:</b> — No change ↑ Upgraded versus last month ↓ Downgraded versus last month</p>
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# Asset class performance at a glance

Global equities delivered a strong rally in November, with investors sensing that policy tightening is done and rate cuts will follow in 2024. The move reversed the losses seen in stocks since the end of July and took developed market indices back towards 12-month highs

- ◆ **Government bonds** – Yields on longer duration US Treasuries eased during November. There is an expectation that rates have peaked, especially after a lower-than-expected CPI print during the month
- ◆ **Equities** – Equities performed well in the wake of a robust Q3 earnings season and moderating bond yields, with solid returns across developed and emerging markets. Meanwhile, Chinese and ASEAN stocks struggled
- ◆ **Alternatives** – Oil prices trended slightly lower during the month amid concerns over oil demand. By contrast, gold was trading back at new highs in anticipation of Fed rate cuts



**Past performance does not predict future returns. The level of yield is not guaranteed and may rise or fall in the future.**

Source: Bloomberg, all data above as of close of 30 November 2023 in USD, total return, month-to-date terms. Note: Asset class performance is represented by different indices. **Global Equities:** MSCI ACWI Net Total Return USD Index. **Global Emerging Market Equities:** MSCI Emerging Market Net Total Return USD Index. **Corporate Bonds:** Bloomberg Barclays Global HY Total Return Index value unhedged. Bloomberg Barclays Global IG Total Return Index unhedged. **Government bonds:** Bloomberg Barclays Global Aggregate Treasuries Total Return Index. JP Morgan EMBI Global Total Return local currency. **Commodities and real estate:** Gold Spot \$/OZ/ Other commodities: S&P GSCI Total Return CME. **Real Estate:** FTSE EPRA/NAREIT Global Index TR USD. **Crypto:** Bloomberg Galaxy Crypto Index.

## Monthly macroeconomic update

<b>US</b>	<ul style="list-style-type: none"> <li>◆ GDP grew at 5% annualised in Q3 23, helped by robust consumer spending despite a fall in real incomes. With excess consumer savings dwindling, tight credit conditions and the labour market showing further signs of cooling, consumer headwinds are now building</li> <li>◆ Inflation continues to moderate and CPI came in lower-than-expected in November, meaning that a further rate hike this year is highly unlikely. With the impact of restrictive policy yet to be fully felt across the economy and consumers facing growing pressures, rates will fall in 2024, potentially by more than current market expectations</li> </ul>
<b>Europe</b>	<ul style="list-style-type: none"> <li>◆ <b>Eurozone</b> growth has stagnated for four consecutive quarters, with notable weakness in household consumption. Recent PMIs are already in recessionary territory and economic activity across the region remains sluggish amid global growth risks</li> <li>◆ <b>UK</b> growth has been weak, with consumers facing mounting pressures and near-term indicators heralding a slowing in momentum. We expect a recession is needed in 2024 to re-balance supply and demand in the labour market and bring down inflation</li> </ul>
<b>Asia</b>	<ul style="list-style-type: none"> <li>◆ <b>China's</b> October data still suggested a stabilisation of cyclical growth outside the real estate sector, but more targeted policy measures are needed to sustain momentum. Expansionary fiscal expenditures and proactive liquidity support remain likely ahead</li> <li>◆ <b>India's</b> economic growth should moderate but remains a bright spot in the global context as increasing infrastructure spending may offset some headwinds. Disinflation progress allows the RBI to shift focus towards non-price considerations</li> <li>◆ <b>Japan</b> may see growth in areas like semiconductor and inbound tourism. The central bank may end its YCC framework soon but needs further evidence of wage growth to support the sustainable inflation target and normalise monetary policy gradually</li> </ul>
<b>Other EM</b>	<ul style="list-style-type: none"> <li>◆ Disinflation continues in <b>Latin America</b>, which should give central banks room to cut rates before emerging market peers, although the region is still an EM growth laggard</li> <li>◆ Inflation is moderating quickly in <b>Eastern Europe</b>, implying that it should see significant policy loosening in 2024. Growth in Poland, Czechia and Hungary should accelerate in 2024 amid higher real incomes and lower rates</li> <li>◆ Although rising food prices are adding to volatility, inflation dynamics are relatively benign in <b>MENA</b>. Oil production curbs are likely to act as a drag on growth, but the outlook still looks robust, despite fiscal consolidation in some areas</li> </ul>

## Base case view and implications

<ul style="list-style-type: none"> <li>◆ <b>US equity</b> valuations have moderated but tech-related sectors remain stretched. Pricing continues to reflect a 'soft landing' scenario despite the likelihood of weakening pricing power and economic downturn, hence we remain cautious</li> <li>◆ <b>Bond yields</b> may remain relatively high in a structurally higher inflation regime but current pricing remains inconsistent with recession spurring significant Fed rate cuts</li> </ul>
<ul style="list-style-type: none"> <li>◆ <b>European equities</b> are likely to face pressure as firms face an uncertain earnings outlook amid sluggish economic activity, while questions persist over the expected timing of future rate cuts</li> <li>◆ A Eurozone recession could lead to some outperformance in the medium term for <b>European government bonds</b>, especially as the ECB begins easing policy next year</li> </ul>
<ul style="list-style-type: none"> <li>◆ <b>Chinese equities</b> are still favourably valued, with lingering macro concerns and policy effectiveness in focus. They can outperform should ongoing policy support revive market confidence</li> <li>◆ <b>Indian equities</b> show stable earnings growth, backed up by an appealing structural story. Rich valuations could limit upside though</li> <li>◆ <b>ASEAN equities</b> may continue to be supported by regional macro resilience, though rising global uncertainties is a downside risk. Their defensive qualities remain attractive</li> </ul>
<ul style="list-style-type: none"> <li>◆ In the <b>EM equity</b> space, parts of Asia remain vulnerable to China growth concerns, but meaningful China policy support can provide a sizable uplift. Valuations are attractive and relative EM macro resilience is a positive</li> <li>◆ Disinflationary trends are continuing to play out with many EM central banks likely to begin or continue cutting rates in 2024. This supports the <b>EM fixed income</b> outlook. Sticky inflation and growth concerns are the major risks though</li> </ul>



# Asset class positioning

House view represents a >12-month investment view across major asset classes in our portfolios

▲ Positive  
↔ Neutral  
▼ Negative

View move:  
– No change  
↑ Upgraded versus last month  
↓ Downgraded versus last month

Asset class	House view	View change	Comments	
Equities	Global	▼	–	There is continued scope for near-term gains given economic resilience, but recession risks are growing. Valuations look slightly stretched in the US, while activity is sluggish in the eurozone and Asia. Equities in Japan and India look interesting in the context of a more robust earnings outlook
	US	▼	–	Valuations have improved but continue to look stretched in places, with AI enthusiasm moderating. Risks of a recession are notable and do not appear to be priced in, with declining consumer savings and tighter credit conditions likely to challenge profitability
	UK	▼	–	The defensive and value play of UK equities can be appealing in an environment of weaker growth. Nevertheless, near-term indicators are hinting at slowing activity which creates earnings challenges, and still high wage growth creates some uncertainty about the direction of BoE policy
	Eurozone	▼	–	Eurozone activity is especially sluggish, and while the European Central Bank may be at peak interest rates, inflation remains uncomfortably high, which could mean that rates remain higher-for-longer. This creates a difficult environment for equities
	Japan	▲	–	A robust earnings outlook and attractive valuations are positives for Japanese equities. Moves by the BoJ to ease its Yield Curve Control and Negative Interest Rates policies could put pressure on valuations
	Emerging Markets (EM)	▲	–	EM risk premiums generally look generous and the growth outlook is a relative bright spot in a global context. However, China's cyclical outlook is concerning and consistent with a more cautious view of EM overall. Policy support in China has increased, but more is needed
	CEE & Latam	↔	–	In emerging Europe, cooling headline inflation is prompting rate cuts but policy announcements are divergent and activity is looking sluggish. In Latam, equities are benefiting from a positive mix of central bank rate cuts, low valuations, stable markets and upward growth revisions
	Frontier markets	▲	–	Rates are deep in restrictive territory in areas but may be near or at peaks. An active approach will be key to manage the various country-specific risks, particularly those linked to geopolitics
Government bonds	Developed Markets (DM)	↔	–	Inflation risks persist, which may prompt central banks to keep rates higher-for-longer. While this may keep yields elevated in the near-term, we believe that as recession risks crystallise, central banks may start to cut rates, boosting performance
	US	▲	–	Longer duration bond yields remain relatively elevated and have become slightly volatile as the market fixates on when the Fed will begin to cut rates. A reset in valuations and improved term premium mean that investors are being rewarded for taking duration risk
	UK	▲	–	While the Bank of England has likely reached peak rates, THE future rate trajectory remains unclear amid what is very high wage growth. This is the key upside risk to yields, but over the medium term a policy-induced recession should bring bond yields down
	Eurozone	↔	–	Inflation continues to fall but growth across the eurozone is negative and inflation risks persist. While the ECB is unlikely to raise rates further, current rates could be kept on hold well into H1 2024, limiting upside eurozone bond performance
	Japan	▼	–	The Bank of Japan has slightly relaxed its Yield Curve Control framework, and we believe there will be a gradual normalisation of policy, lifting yields. With negative bond risk premia, we remain underweight Japanese government bonds
	Inflation-linked bonds	▲	–	Valuations continue to look attractive in the US despite sticky inflation but less so in Europe where the market prices in more substantial inflation risk premium. The asset class offers good carry and can benefit as central banks begin cutting rates through next year
	EM local currency	▲	–	EM local-currency bonds have staged a recovery as the global bond sell-off has eased. Many EM local markets have favourable underlying drivers for strong medium-term performance. Disinflation is well entrenched, meaning that local bond yields will likely come down across EMs in 2024

# Asset class positioning

**House view** represents a >12-month investment view across major asset classes in our portfolios

▲ Positive  
↔ Neutral  
▼ Negative

**View move:**  
– No change  
↑ Upgraded versus last month  
↓ Downgraded versus last month

Asset class	House view	View change	Comments	
Corporate bonds	<b>Global investment grade (IG)</b>	↔	–	We see selective opportunities in global corporate bonds, particularly in global investment grade and securitized credits. With a stronger term premium in global bonds, we also prefer duration
	USD IG	↔	–	US investment grade credit appears fully priced from a valuation perspective. However, all-in yields remain attractive and fundamental credit metrics, albeit off their best levels, are still strong
	EUR and GBP IG	▲	–	We are constructive on EU IG. Spreads look reasonable with attractive carry and rolldown but careful sector selection is preferred, with non-cyclical issuers being slightly more attractive
	Asia IG	↔	–	Disinflation with resilient growth is good for carry strategies like Asia IG with manageable default risks and improving macro fundamentals. Targeted fiscal and macro-prudential support by Chinese authorities for strategic priorities is a positive
	<b>Global high-yield (HY)</b>	↔	–	Higher-for-longer rates are likely to stress high-yield issuers. Valuations in many cases do not reflect recession and accompanying default risks. Positively, healthy balance sheets and attractive yields can be of benefit
	US HY	↔	–	HY spreads have contracted because of a large rise in US Treasury yields. While the macro environment remains one of late cycle dynamics, HY corporates continue to have relatively healthy liquidity and balance sheets
	Europe HY	↔	–	A conservative stance is preferred as spread valuations are less attractive than in EU IG. Downside risks to the European macro outlook point to risks of spread widening as tighter policy feeds through to slower growth
	Asia HY	↔	–	Rising signs of cyclical stabilisation in China are a positive for the asset class. Global recession risks could be a headwind but expect dip buyers to come in at each interval given limited supply and repurchases, and manageable default risks
	<b>Securitised credit</b>	▲	–	Spreads remain close to the widest they have been since 2009 so there is long-term value in securitised credit despite recent tightening. Securities are mainly floating rate and hence the coupons paid have risen over 2022 and 2023
	<b>EM aggregate bond (USD)</b>	▲	–	EM sovereigns and EM corporates are at an inflection point after a dramatic improvement in EM creditworthiness. IMF-driven fiscal improvements and improved debt-GDP profiles bode well
FX & Alternatives	<b>Gold</b>	▲	–	Prices have strengthened this year and may be supported by peak in rates and strong central bank buying. Performance as a risk-off diversifier is unreliable, although geopolitical tensions and episodes of financial market volatility have proven to be supportive
	<b>Other commodities</b>	↔	–	A broad global slowdown is the key risk factor to the outlook. China's economic story will be a critical driver though, with a meaningful recovery likely to provide a boost to prices. OPEC+ market management will be the main influence on oil prices
	<b>Real estate</b>	▲	–	Occupier fundamentals have been resilient. Sectors like logistics benefit from embedded rental growth, healthy occupier demand and thematic tailwinds. While office fundamentals are deteriorating, best in class offices post healthy rental growth
	<b>Infrastructure</b>	▲	–	Infrastructure debt can offer better expected returns than global credits, with lower spread volatility during recessionary periods. In a recession, infrastructure equity's defensive attributes are beneficial, with thematic drivers coming from the green transition
	<b>Hedge funds</b>	↔	–	Hedge funds can be good diversifiers while we remain in a high inflation environment and should there be sharp upticks in volatility. Macro and CTA strategies can be particularly attractive alternatives to bonds when there are positive stock-bond correlations
	<b>Private equity</b>	↔	–	As tighter financial conditions raise the cost of leverage, PE funds may face challenges in delivering as strong returns. However, the possibility of recession can create good entry points for longer-term investors. The investment case is about alpha, not beta
	<b>US dollar</b>	▼	–	With the Fed expected to be at peak rates, and disinflation continuing, the dollar could weaken in the medium term. Near term resilience may come from an environment of higher-for-longer rates and relative US economic outperformance
<b>Crypto</b>	↔	–	Bitcoin prices have rallied on speculation that SEC approval might be forthcoming for a spot Bitcoin ETF. Regulatory concerns remain a key concern for the asset class, but there could be scope for upside if regulatory developments are positive	



# Asset class positioning

**House view** represents a >12-month investment view across major asset classes in our portfolios

▲ Positive  
↔ Neutral  
▼ Negative

**View move:**

– No change  
↑ Upgraded versus last month  
↓ Downgraded versus last month

Asset class	House view	View change	Comments	
Asian assets	Asia local bonds	▲	–	Asia's more resilient growth impulse should be supportive. As core inflation in the region moderates further, most central banks may have room for rate cuts in H2 2024 following a potential Fed policy easing, though bonds could stay volatile in the short run alongside moves in Treasury yields
	RMB bonds	↔	–	More proactive liquidity support is likely, in addition to the already accommodative monetary backdrop. Although long-term diversification benefits remain intact, strong primary supply could limit the upside in the medium term
	Asia ex-Japan equities	▲	–	Macro uncertainties, earnings downgrades and geopolitics remain key risks, but more policy rollouts in China to sustain growth momentum and slimmer odds of further tightening by Asian central banks ahead may offer some support. Dispersion in regional markets remains likely
	China equities	▲	–	Although risks to the outlook still linger from a prolonged property market downturn and softening external demand, a sign of cyclical growth stabilisation outside property sector following more policy support and attractive valuations may help revive some investor confidence
	India equities	▲	–	While rich valuations are a concern, Indian equities show solid earnings growth potential with a strong structural story and a resilient macro backdrop. Policy rates may have peaked but the RBI will likely hold tightening bias for a while before the potential Fed rate cuts next year
	ASEAN equities	▲	–	ASEAN's resilient growth momentum and their near-peak (or already peaked) rate hike cycles are positives. Defensive qualities are attractive and supply-chain relocation provides further support, but short-term volatility may heighten amid lingering global and Chinese macro worries
	Hong Kong equities	▲	–	Lingering global and Chinese macro uncertainties, and the faltering domestic property market remain the key downside risks to earnings outlook. But their compelling valuations, a stable job market and potential policy tailwinds should help partially offset some headwinds
	Asia FX	▲	–	Potential USD weakness remains a medium term benefit, and a stabilising RMB and lower Treasury yields could also lift sentiment. The overall macro backdrop supports the outlook but dispersion in currency pairs may extend with their divergent economic performance

# Market data

## November 2023

	Close	MTD Change (%)	3M Change (%)	1-year Change (%)	YTD Change (%)	52-week High	52-week Low	Fwd P/E (X)
<b>Equity Indices</b>								
<b>World</b>								
MSCI AC World Index (USD)	694	9.1	1.2	10.1	14.7	708	598	17.3
<b>North America</b>								
US Dow Jones Industrial Average	35,951	8.8	3.5	3.9	8.5	35,971	31,430	19.8
US S&P 500 Index	4,568	8.9	1.3	12.0	19.0	4,607	3,764	20.5
US NASDAQ Composite Index	14,226	10.7	1.4	24.1	35.9	14,447	10,207	29.9
Canada S&P/TSX Composite Index	20,236	7.2	-0.3	-1.1	4.4	20,843	18,692	14.2
<b>Europe</b>								
MSCI AC Europe (USD)	509	9.7	1.3	11.4	11.4	528	450	12.8
Euro STOXX 50 Index	4,382	7.9	2.0	10.5	15.5	4,492	3,767	12.2
UK FTSE 100 Index	7,454	1.8	0.2	-1.6	0.0	8,047	7,207	11.0
Germany DAX Index*	16,215	9.5	1.7	12.6	16.5	16,529	13,792	11.6
France CAC-40 Index	7,311	6.2	-0.1	8.5	12.9	7,581	6,388	12.3
Spain IBEX 35 Index	10,058	11.5	5.8	20.3	22.2	10,114	8,060	10.6
Italy FTSE MIB	29,737	7.2	3.1	20.8	25.4	29,914	23,353	7.8
<b>Asia Pacific</b>								
MSCI AC Asia Pacific ex Japan (USD)	506	7.3	-0.2	-0.6	0.1	563	469	14.7
Japan Nikkei-225 Stock Average	33,487	8.5	2.7	19.7	28.3	33,853	25,662	19.8
Australian Stock Exchange 200	7,087	4.5	-3.0	-2.7	0.7	7,568	6,751	15.7
Hong Kong Hang Seng Index	17,043	-0.4	-7.3	-8.4	-13.8	22,701	16,830	8.5
Shanghai Stock Exchange Composite Index	3,030	0.4	-2.9	-3.9	-1.9	3,419	2,924	11.5
Hang Seng China Enterprises Index	5,858	-0.1	-7.5	-8.1	-12.6	7,774	5,762	7.7
Taiwan TAIEX Index	17,434	9.0	4.8	17.2	23.3	17,464	13,982	18.7
Korea KOSPI Index	2,535	11.3	-0.8	2.5	13.4	2,668	2,181	9.6
India SENSEX 30 Index	66,988	4.9	3.3	6.2	10.1	67,927	57,085	21.5
Indonesia Jakarta Stock Price Index	7,081	4.9	1.8	0.0	3.4	7,110	6,543	0.1
Malaysia Kuala Lumpur Composite Index	1,453	0.7	0.1	-2.4	-2.9	1,503	1,369	14.5
Philippines Stock Exchange PSE Index	6,224	4.2	0.8	-8.2	-5.2	7,138	5,920	11.7
Singapore FTSE Straits Times Index	3,073	0.2	-5.0	-6.6	-5.5	3,408	3,042	10.2
Thailand SET Index	1,380	-0.1	-11.9	-15.6	-17.3	1,696	1,366	16.0
<b>Latam</b>								
Argentina Merval Index	813,394	40.4	24.4	382.7	302.5	936,059	162,736	7.9
Brazil Bovespa Index*	127,331	12.5	10.0	13.2	16.0	127,399	96,997	8.9
Chile IPSA Index	5,819	7.6	-3.2	10.1	10.6	6,449	5,072	0.5
Colombia COLCAP Index	1,147	5.4	6.6	-7.7	-10.8	1,348	1,045	6.3
Mexico S&P/BMV IPC Index	54,060	10.2	2.0	4.6	11.5	55,627	47,765	12.9
<b>EEMEA</b>								
Russia MOEX Index	3,166	-1.1	-1.9	45.6	47.0	3,287	2,071	#N/A N/A
South Africa JSE Index	75,534	8.4	0.8	0.9	3.4	81,338	69,128	10.1
Turkey ISE 100 Index*	7,949	5.8	0.4	59.7	44.3	8,563	4,311	5.9

### Past performance does not predict future returns.

Sources: Bloomberg, HSBC Asset Management. Data as at close of business 30 November 2023. (\*) Indices expressed as total returns. All others are price returns.

## Market data (continued)

### November 2023

	3-month Change (%)	YTD Change (%)	1-year Change (%)	3-year Change (%)	5-year Change (%)	Dividend Yield (%)
<b>Equity Indices - Total Return</b>						
Global equities	1.6	16.6	12.0	18.1	54.4	2.2
US equities	1.8	20.8	13.7	27.5	76.0	1.5
Europe equities	1.6	14.2	14.2	18.1	40.3	3.5
Asia Pacific ex Japan equities	0.3	2.6	2.1	-12.3	16.6	3.2
Japan equities	1.5	15.3	15.6	1.8	24.9	2.2
Latam equities	6.1	22.6	17.6	37.3	23.2	5.2
Emerging Markets equities	1.1	5.7	4.2	-11.6	12.3	2.9

All total returns quoted in USD terms.

Data sourced from MSCI AC World Total Return Index, MSCI USA Total Return Index, MSCI AC Europe Total Return Index, MSCI AC Asia Pacific ex Japan Total Return Index, MSCI Japan Total Return Index, MSCI Latam Total Return Index and MSCI Emerging Markets Total Return Index.

	Close	MTD Change (%)	3-month Change (%)	1-year Change (%)	YTD Change (%)
<b>Bond indices - Total Return</b>					
BarCap GlobalAgg (Hedged in USD)	544	3.4	0.9	2.6	3.8
JPM EMBI Global	810	5.8	1.3	5.8	5.4
BarCap US Corporate Index (USD)	3,087	6.0	1.2	3.6	4.0
BarCap Euro Corporate Index (Eur)	240	2.3	1.8	3.4	5.3
BarCap Global High Yield (USD)	546	4.7	2.7	9.5	9.5
BarCap US High Yield (USD)	2391	4.5	2.1	8.7	9.4
BarCap pan-European High Yield (USD)	527	3.1	3.5	10.9	11.3
BarCap EM Debt Hard Currency	400	5.4	1.5	6.3	5.1
Markit iBoxx Asia ex-Japan Bond Index (USD)	208	3.4	1.8	5.3	4.0
Markit iBoxx Asia ex-Japan High-Yield Bond Index (USD)	224	4.6	4.1	7.1	0.7

Total return includes income from dividends and interest as well as appreciation or depreciation in the price of an asset over the given period

### Past performance does not predict future returns.

Sources: Bloomberg, HSBC Asset Management. Data as at close of business 30 November 2023. Total return includes income from dividends and interest as well as appreciation or depreciation in the price of an asset over the given period.

# Market data (continued)

## November 2023

<b>Bonds</b>	<b>Close</b>	<b>End of last mth.</b>	<b>3-months Ago</b>	<b>1-year Ago</b>	<b>Year End 2022</b>
<b>US Treasury yields (%)</b>					
3-Month	5.39	5.46	5.44	4.32	4.34
2-Year	4.68	5.09	4.86	4.31	4.43
5-Year	4.27	4.85	4.25	3.74	4.00
10-Year	4.33	4.93	4.11	3.61	3.87
30-Year	4.49	5.09	4.21	3.74	3.96
<b>Developed market 10-year bond yields (%)</b>					
Japan	0.67	0.94	0.65	0.25	0.41
UK	4.17	4.51	4.36	3.16	3.66
Germany	2.45	2.80	2.46	1.93	2.57
France	3.02	3.43	2.98	2.40	3.11
Italy	4.23	4.72	4.12	3.87	4.70
Spain	3.47	3.88	3.48	2.94	3.65

	<b>Latest</b>	<b>MTD Change (%)</b>	<b>3-month Change (%)</b>	<b>1-year Change (%)</b>	<b>YTD Change (%)</b>	<b>52-week High</b>	<b>52-week Low</b>
<b>Commodities</b>							
Gold	2,036	2.6	5.0	15.1	11.6	2,063	1,766
Brent Oil	82.8	-5.2	-4.6	-3.0	-3.6	98	70
WTI Crude Oil	76.0	-6.2	-9.2	-5.7	-5.4	95	64
R/J CRB Futures Index	274	-2.7	-2.9	-2.2	-1.5	290	254
LME Copper	8,465	4.4	0.5	2.7	1.1	9,551	7,856

**Past performance does not predict future returns.**

Sources: Bloomberg, HSBC Asset Management. Data as at close of business 30 November 2023.

# Market data (continued)

## November 2023

Currencies (vs USD)	Latest	last mth.	Ago	Ago	2022	High	Low
<b>Developed markets</b>							
DXY index	103.50	106.66	103.62	105.95	103.52	107.35	99.58
EUR/USD	1.09	1.06	1.08	1.04	1.07	1.13	1.04
GBP/USD	1.26	1.22	1.27	1.21	1.21	1.31	1.18
CHF/USD	1.14	1.10	1.13	1.06	1.08	1.18	1.06
CAD	1.36	1.39	1.35	1.34	1.36	1.39	1.31
JPY	148.2	151.7	145.5	138.1	131.1	151.9	127.2
AUD	1.51	1.58	1.54	1.47	1.47	1.59	1.40
NZD	1.62	1.72	1.68	1.59	1.57	1.73	1.53
<b>Asia</b>							
HKD	7.81	7.82	7.84	7.81	7.80	7.85	7.76
CNY	7.14	7.32	7.26	7.09	6.90	7.35	6.69
INR	83.39	83.26	82.79	81.43	82.74	83.48	80.88
MYR	4.66	4.76	4.64	4.45	4.40	4.79	4.23
KRW	1,290	1,351	1,323	1,318	1,260	1,364	1,216
TWD	31.27	32.40	31.88	30.82	30.73	32.51	29.61
<b>Latam</b>							
BRL	4.92	5.04	4.96	5.19	5.29	5.48	4.70
COP	4,033	4,122	4,092	4,831	4,851	5,010	3,879
MXN	17.38	18.05	17.04	19.27	19.50	19.92	16.63
ARS	360.48	349.98	350.01	167.29	177.13	360.63	167.65
<b>EEMEA</b>							
RUB	89.91	93.39	95.70	61.23	74.19	102.36	60.88
ZAR	18.85	18.65	18.88	17.20	17.04	19.92	16.70

**Past performance does not predict future returns.**

Sources: Bloomberg, HSBC Asset Management. Data as at close of business 30 November 2023.

## Important information

### Basis of Views and Definitions of 'Asset class positioning' tables

- ◆ Views are based on regional HSBC Asset Management Asset Allocation meetings held throughout **November 2023**, HSBC Asset Management's long-term expected return forecasts which were generated as **at 31 October 2023**, our portfolio optimisation process and actual portfolio positions.
- ◆ **Icons:** ↑ View on this asset class has been upgraded – No change ↓ View on this asset class has been downgraded.
- ◆ Underweight, overweight and neutral classifications are the high-level asset allocations tilts applied in diversified, typically multi-asset portfolios, which reflect a combination of our long-term valuation signals, our shorter-term cyclical views and actual positioning in portfolios. The views are expressed with reference to global portfolios. However, individual portfolio positions may vary according to mandate, benchmark, risk profile and the availability and riskiness of individual asset classes in different regions.
- ◆ "*Overweight*" implies that, within the context of a well-diversified typically multi-asset portfolio, and relative to relevant internal or external benchmarks, HSBC Global Asset Management has (or would have) a positive tilt towards the asset class.
- ◆ "*Underweight*" implies that, within the context of a well-diversified typically multi-asset portfolio, and relative to relevant internal or external benchmarks, HSBC Global Asset Management has (or would) have a negative tilt towards the asset class.
- ◆ "*Neutral*" implies that, within the context of a well-diversified typically multi-asset portfolio, and relative to relevant internal or external benchmarks HSBC Global Asset Management has (or would have) neither a particularly negative or positive tilt towards the asset class.
- ◆ For global investment-grade corporate bonds, the underweight, overweight and neutral categories for the asset class at the aggregate level are also based on high-level asset allocation considerations applied in diversified, typically multi-asset portfolios. However, USD investment-grade corporate bonds and EUR and GBP investment-grade corporate bonds are determined relative to the global investment-grade corporate bond universe.
- ◆ For Asia ex Japan equities, the underweight, overweight and neutral categories for the region at the aggregate level are also based on high-level asset allocation considerations applied in diversified, typically multi-asset portfolios. However, individual country views are determined relative to the Asia ex Japan equities universe as of **31 October 2023**.
- ◆ Similarly, for EM government bonds, the underweight, overweight and neutral categories for the asset class at the aggregate level are also based on high-level asset allocation considerations applied in diversified, typically multi-asset portfolios. However, EM Asian Fixed income views are determined relative to the EM government bonds (hard currency) universe as of **30 November 2023**.

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