MASCAREIGNES

FINANCIAL MANAGEMENT LIMITED

MONTHLY BRIEFING MAY 2019

	Perf YTD	Perf 1yr	Perf 3 yrs	Yield / Level
Athénée Capital Model	**4.43%**			**1009.67**
Universe of comparison	3.86%			
Monetary 3 monthes Euribor				**-0.32%**
Monetary 3 monthes Suisse				**-0.68%**
Monetary 3 monthes USA				**2.50%**
Bonds 10 year Europe				**-0.20%**
Bonds 10 year Suisse				**-0.48%**
Bonds 10 year USA				**2.13%**
EUR USD	-2.63%	-3.91%	-1.78%	**1.1165**
EUR CHF	-0.82%	-2.94%	-0.64%	**1.1164**
GOLD (USD)	2.10%	1.20%	5.23%	**1309.32**
OIL (WTI) (USD)	14.22%	-16.76%	-5.33%	**53.09**

	Perf YTD	Perf 1an	Perf 3 ans	Level
MSCI Monde (USD)	**9.75%**	-1.07%	29.17%	**5939.69**
Eurostoxx 50	**9.30%**	-5.01%	9.44%	**3280.43**
SMI (CHF)	**12.99%**	10.51%	16.88%	**9523.98**
CAC	**10.08%**	-4.72%	17.77%	**5207.63**
DAX	**11.06%**	-7.84%	16.07%	**11726.84**
Footsee (GBP)	**6.44%**	-7.01%	15.33%	**7161.71**
Dow Jones (USD)	**6.38%**	0.73%	39.36%	**24815.04**
SP500 (USD)	**9.78%**	0.64%	31.10%	**2752.06**
Nasdaq (USD)	**12.33%**	-1.34%	50.80%	**7453.15**
MSCI Emerging (USD)	**3.34%**	-11.70%	22.28%	**998.00**
Nikkei (JPY)	**1.98%**	-7.94%	22.65%	**20410.88**
Shanghai Comp. (CRY)	**15.82%**	-6.07%	-1.71%	**2888.35**

(Sources Bloomberg - Indices Absolute Return au 30 avril 2019)

Portfolio Arbitrage

Information exclusively for our clients

Comments and Outlook for the coming month (Portfolios and Athénée Capital Model)

May was marked by another offensive of the Trump administration against its trading partners, notably China and Mexico. Actually it seems that the trade war between Beijing and Washington is taking a new turn, moving from traditional weapons (i.e. tariffs) to a technology war, affecting its sectors ; uncertainty, over a prolonged period, is likely to have a significant impact on companies' investment decisions. In any case, this is the message sent by the bond market (inversion of the yield curve), oil, copper and some leading indicators (such as PMIs). So far, in the escalating war, the main casualties appear to be the financial markets, with most indexes dropping between 6 and 10% over the month – we have witnessed a flight to quality on the bond market, like bees around a jam pot, even though the German 10-year Bund yields -0.21% (in this case, one should rather talk about “interest to be paid” than “yield to receive”!). Beside looking for safety, there were also some noticeable "crossmarket" discrepancies, among them: gold, the safe-haven value *par excellence*, only rose above $1,300 at the very end of May, also the US dollar stayed strong versus its pears, despite investors anticipating a slowdown in the US economy in the second half of the year and de facto two rate cuts by the Fed in 2019 (2 * 0.25% - far from being confirmed by the central bankers).

In this context of low visibility, the ultra-defensive strategy implemented by the AC model several weeks ago is fully maintained: liquidity above 25%, 10% gold exposure, fully hedged dollar risk and 95% equities protection within the model. Only opportunistic trading operations are considered, depending on investors' overreactions and macroeconomic indicators, our scenario being that of a prolonged period of limbo for stock markets, punctuated by electoral imperatives and the risks associated with the end of a cycle.