

## Market Review End of March 2018



Since the election of a new US President, in November 2016, equity markets (in USA at least) were on a tear. The US president would like to think the revival of this animal spirit comes from his charisma and business skills. If you compare it to previous cycles, the stock market evolution is a carbon copy of the one under President J F Kennedy, at least so far.

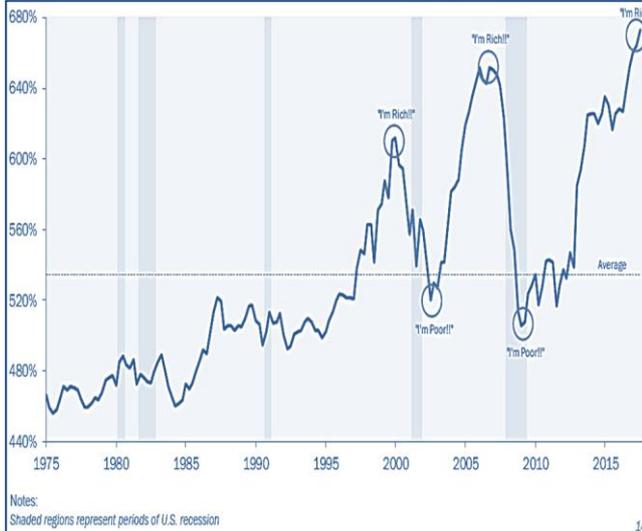


### Market moves at the end of March

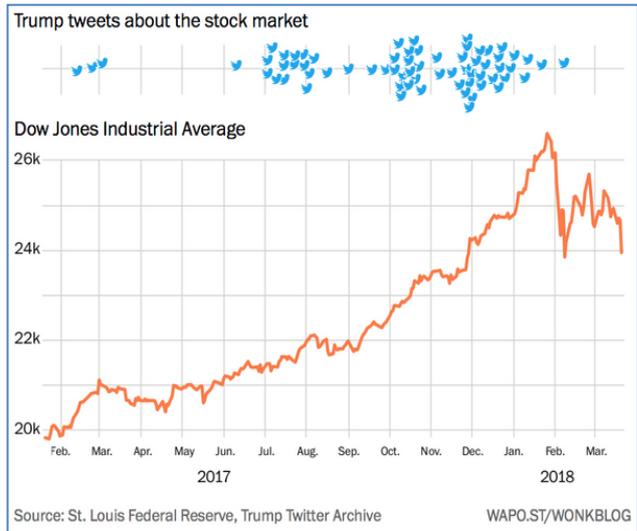
Equities in Local Currencies								
End of March	MSCI World	S&P 500	EuroStoxx	CAC	Spain	Switzerland	UK	Hong Kong
Perf 1 Month	-2.48%	-2.69%	-2.25%	-2.88%	-2.44%	-1.86%	-2.42%	-2.44%
Perf YTD	-1.80%	-1.22%	-4.07%	-2.73%	-4.42%	-6.83%	-8.21%	0.58%
Commodities			Currencies vs EUR					
End of March	WTI Oil	Gold	Copper	USD	JPY	GBP	CHF	
Perf 1 Month	5.35%	0.54%	-3.13%	-0.93%	-0.50%	0.76%	-1.92%	
Perf YTD	7.48%	1.73%	-7.35%	-2.59%	3.29%	1.04%	-0.43%	
Bloomberg Indices Bonds Total returns								
End of March	Global Aggregate	US Aggregate	Euro Aggregate	US 10 Year	German 10 Year	Emerging Sovereign	USD	
Perf 1 Month	1.06%	0.64%	1.07%	1.27%	2.62%		0.06%	
Perf YTD	1.36%	-1.46%	0.73%	-1.90%	1.11%		-1.48%	



### US household net worth % of Personal Disposal Income



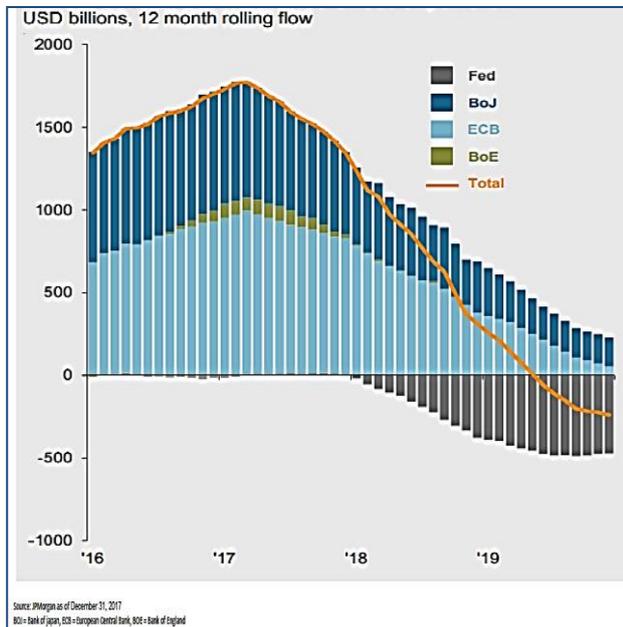
### Tweets taper off as stock market tumbles



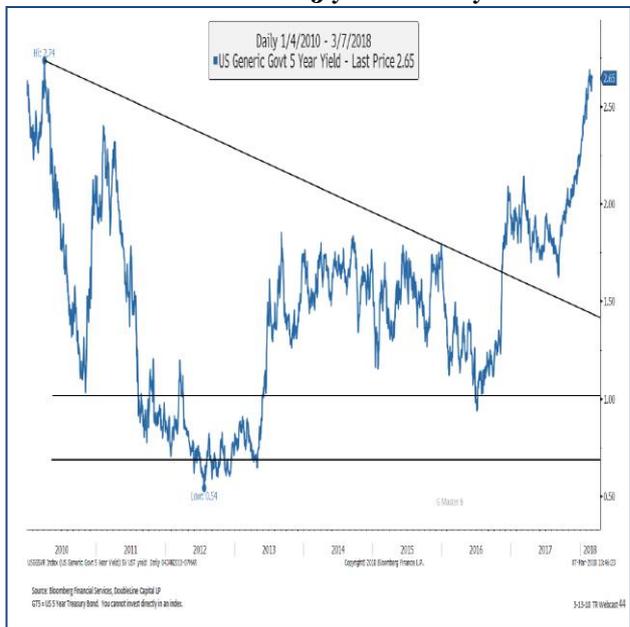
Trees do not climb up to the sky. We all know very well that economic cycles end at some point. We are not there yet. The wealth effect is always a key factor of consumer support (2/3 of US GDP) and we should not be complacent.

Central banks are slowly normalising these monetary policies. This matters a great deal as it will make credit more restrictive. And credit is the lifeline of capitalist model.

### Global Central bank balance sheets



### US 5-year Treasury



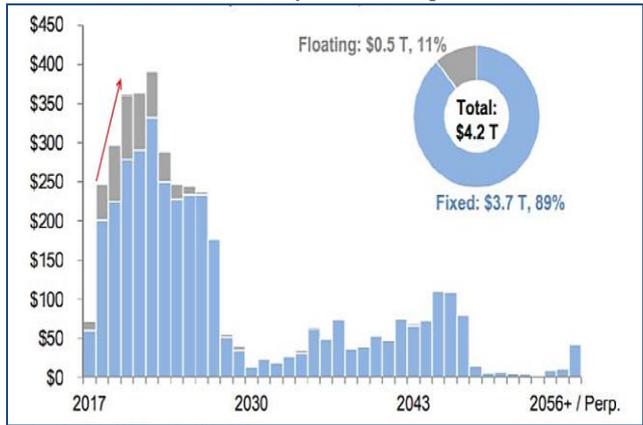
Short-term interest rates have already shot up in USA and broken their downtrend. Beyond a certain point high interest rates hurt leveraged business. Lured by low interest rates since 2008 and encourage by investors' appetite to chase yield, corporates have re-leveraged their balance sheet. A large amount of debt securities are due to mature in the next couple of years. In the current interest rate path, rolling these debt maturities will be done at higher rates.



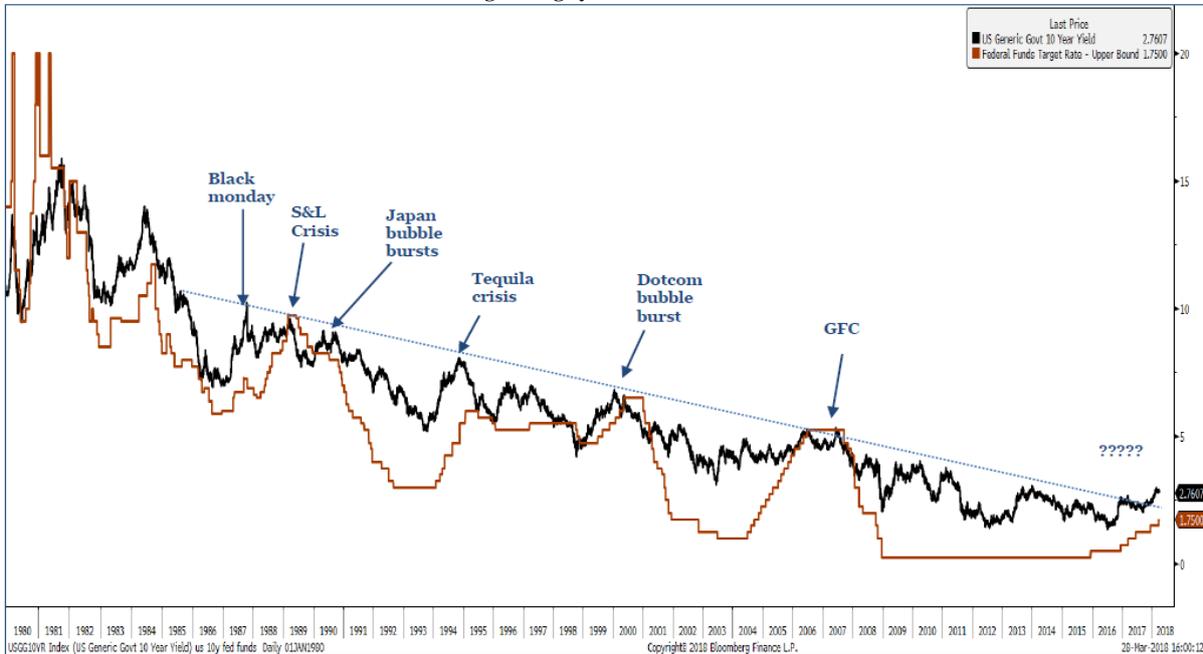
USA: corporate debt to GDP



Debt securities issued by S&P500 companies



US Fed tightening cycles and financial events



It is hard to tell what could trigger the next investors' panic. The trade war orchestrated by President Trump is certainly alarming but both China and USA have a lot to lose. The Pacific Ocean is now the economic centre of gravity. Where is Europe in this economic spat?





Under the surface, the lines are also shifting in the tech industry. The latest data scandal at Facebook is a lot more worrying than it seems. Data and networks are similar to oil and its pipelines in previous decades. Don't be misleading; this is where the new geopolitical scene is moving. Here again, where is Europe?



Market volatility offers investment opportunities. We worry very much about interest rates, credit quality. Bonds investors will have tough times in the coming months and years. For equity investors as well, it will not be an easy ride, but technological advances, geopolitical forces will present interesting and rewarding investment opportunities in our view.

**We invite you to read our monthly investment committee publication for more details on our strategy and outlook.**

**Disclaimer:**

***This document is made available exclusively to clients of Weisshorn Asset Management under discretionary portfolio management who has expressly requested to receive such information and documents (such as analysis, research, report, commentary and/or fact sheet). It shall not be communicated to any third party.***

***The information and opinions (including positioning) contained on this document are for information purposes only and is not a solicitation, offer or recommendation to sell or acquire any securities, effect any transaction or to enter into any legal relations. More particularly, no information, document or opinions (including positioning) provided on this website regarding services or products shall constitute or be construed as an offer or solicitation to sell or acquire securities or other instruments in any jurisdiction where such offer or solicitation is prohibited by law or in which the person making an offer or solicitation is not licensed or registered to do so or to any person to whom such offer or solicitation is contradictory to local law or regulation. Any such prohibited offer or solicitation is void and Weisshorn Asset Management will disregard any communication received in respect thereof.***

***Past performance should not be taken as an indication or guarantee of current or future performance, and no representation or warranty, express or implied, is made regarding future performance. Clients are urged to be assisted by professionals to assess the possibilities and risks associated with any financial operation before making any investment or other decisions.***