

Trust must be earned

Explore the broadening of the rally with Europe

Economic outlook for Europe and UK is marginally improving on the back of domestic demand and slowing inflation. This creates potential opportunities in risk assets, which we believe are attractively priced.

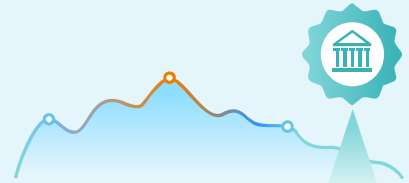


Amundi Investment Institute



Play the rotation in equities

Market segments that have lagged behind in this year's rally and are displaying earnings resilience should do well. Areas such as European and small caps equities, US value, and quality may be seen as attractive.



Slowing inflation positive for bonds

Subsiding price pressures in the US and UK create a supportive environment for government bonds. We prefer an agile stance to account for any inflation-surprise and any delay in rate cuts by central banks.



Boost potential returns through credit

Yields are attractive in corporate credit and investors may use it to enhance their returns. For instance, quality and short maturity credit in EU, and US high grade offer strong prospects.



Focus on long-term winners in emerging markets

We like structural growth stories based on internal demand and export potential. These include Indian and Indonesian equities, and select bonds in Emerging Europe, Africa and Latin America.



Diversified* and mildly positive on risk

An improved economic outlook and monetary easing are good for risk assets. Investors should be balanced and maintain safeguards in form of govt. bonds and gold.



Glossary

- 1. Inflation:** Increase of the general level of prices for goods and services, decreasing purchasing power as a result.
- 2. Central bank:** Institution that manages the currency and monetary policy of a country or monetary union, ensuring economic and financial stability.
- 3. Corporate Credit:** Credit that is earned and assigned to a corporation or business rather than an individual person.
- 4. Domestic Demand:** Total amount of money that is spent on goods and services by the people, companies, governments
- 5. Rally:** Period of sustained increases in the prices of stocks, bonds, or related indexes
- 6. Investment grade:** Refers to securities for which the Standard & Poors rating is greater than or equal to BBB- and considered by them as having a low risk of non-repayment.
- 7. Value:** Refers to an investment strategy in undervalued companies, with a price deemed too low and with an attractive potential of recovery.

IMPORTANT INFORMATION

*Diversification does not guarantee a profit or protect against a loss.

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