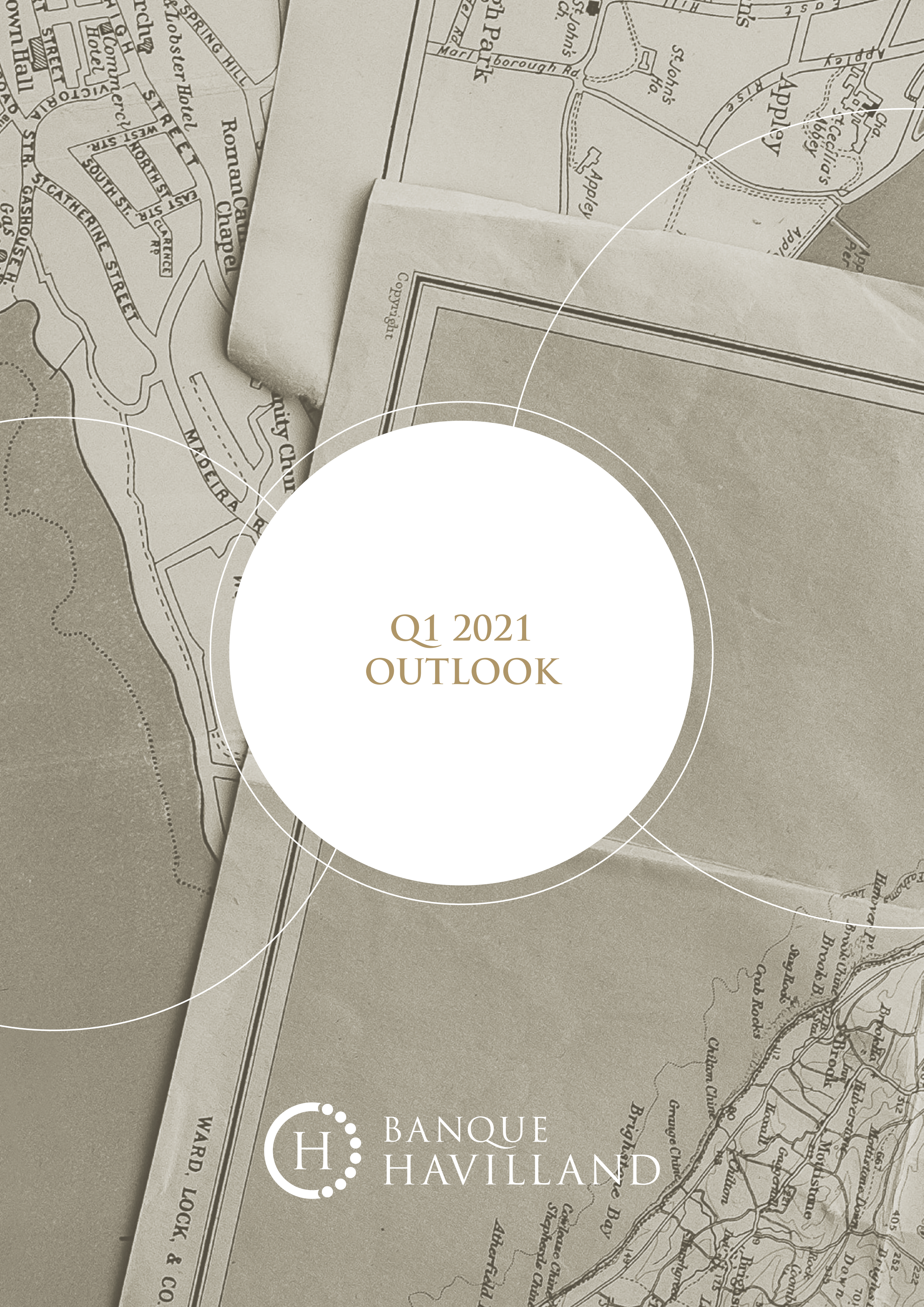

Q1 2021 OUTLOOK

BANQUE HAVILLAND

Banque Havilland is a Private Banking Group established in 2009. The Bank is headquartered in Luxembourg with offices in London, Monaco, Liechtenstein, Dubai and Switzerland. The Group provides private banking, asset and wealth management services and institutional banking services to High Net Worth families and individuals from all over the world.

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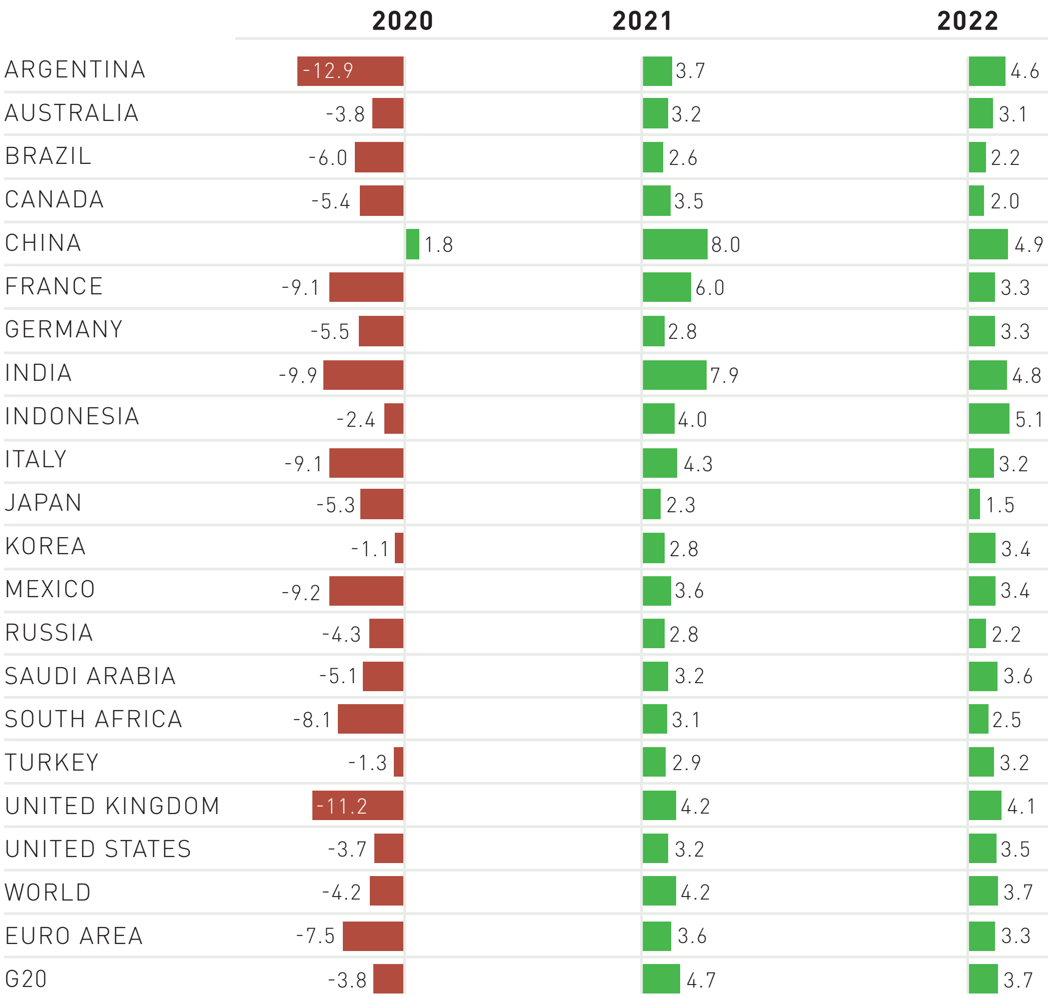
MARKET ENVIRONMENT

2020 will be a year few would wish to relive, but for investors and market participants it was something of a rollercoaster as virtually all asset classes saw wild price swings and analysts were forced to tear up previous assumptions - scrambling to adjust to an environment in which anticipating economic data to swing markets was less of a winning strategy than rolling the dice on Covid-19 vaccine headlines. Certain assets reached new peaks such as US 'mega-tech' stocks, Bitcoin and Gold while others such as Crude Oil fell to all-time lows with many sectors still languishing as lockdown-induced economic paralysis continues. Amid the chaos, the instant recession, improbable valuations and the reality of stretched global debt (that is now 365% of GDP), however, stands a theme that has been the dominant feature of markets for years – that of the central bank stimulus and the mantra of 'don't fight the FED'. Ultimately, despite the unique severity of both a supply and demand triggered recession (demand cratered as we were compelled to stay at home and not spend, supply was restricted by closed borders etc), central banks around the world reacted very quickly in unison to provide the vast liquidity and funding required to keep the economy alive. Naturally as has occurred since 2009, much of this liquidity found its way into the financial markets, either directly to bonds, or indirectly to equities (ironically the lack of income provided by bonds pushes many investors to stocks). Furthermore, governments themselves have commenced a huge fiscal push to offset the lockdown inactivity, including even directly paying into consumers' pockets. Undoubtedly, many are financially worse off and face employment uncertainty in the coming months, but it cannot be said that this is universally true as there are plenty of those whose net income has increased or stayed the same due to lack of spending opportunities, and reduced travel costs etc. As such there is good reason to suspect there may be a considerable amount of pent-up spending demand ready to explode once restrictions are finally rescinded.

In the meantime, of course, there is the difficulty of knowing when this point will come, though the vaccine breakthroughs in November would seem to have brought this point forward and the rally in risk assets in the final 2 months of the year suggests that at least some of the optimism is priced in as markets look beyond the current economic environment. And the current economic environment is pretty shaky, as the data that had given credence to a V-shaped recovery has started to soften, particularly in Europe - and this was before the latest round of social-distancing restrictions were announced in December.

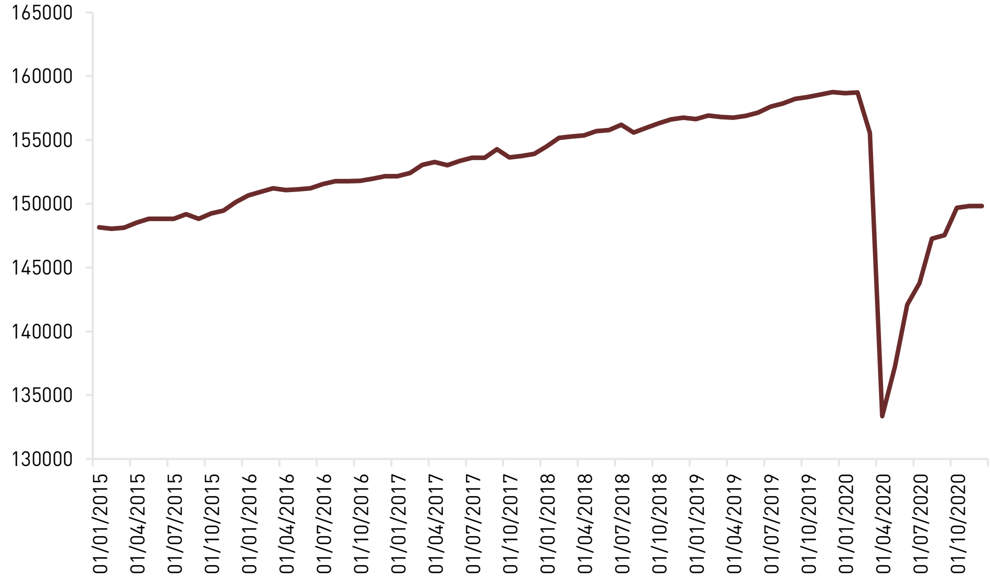
Indeed, the OECD only registered one nation as having shown any positive GDP growth at all in 2020 (China), and they observe that the pace of recovery in advanced economies remains below pre-crisis levels, according to its Composite Leading Indicators, which tend to precede economic turning points by about six months. We have posited for some time that until economies fully reopen and the various support packages end (e.g, furlough schemes end), only then will the hard indicators such as employment and retail spending start to tell a true story of the real underlying financial health. It has long been the case that financial markets do not always reflect the fundamentals, but it is hard to think of a time when risk assets have pulled so far away from the current state of economic activity. Nevertheless, the advances of medical science in developing vaccines so quickly ensures there is a return to normality on the horizon, and this has led to a broad consensus that 2021 will see a global recovery and a reflationary wind that will blow the US Dollar weaker and see equities continue to climb.

OECD World GDP Growth Outlook



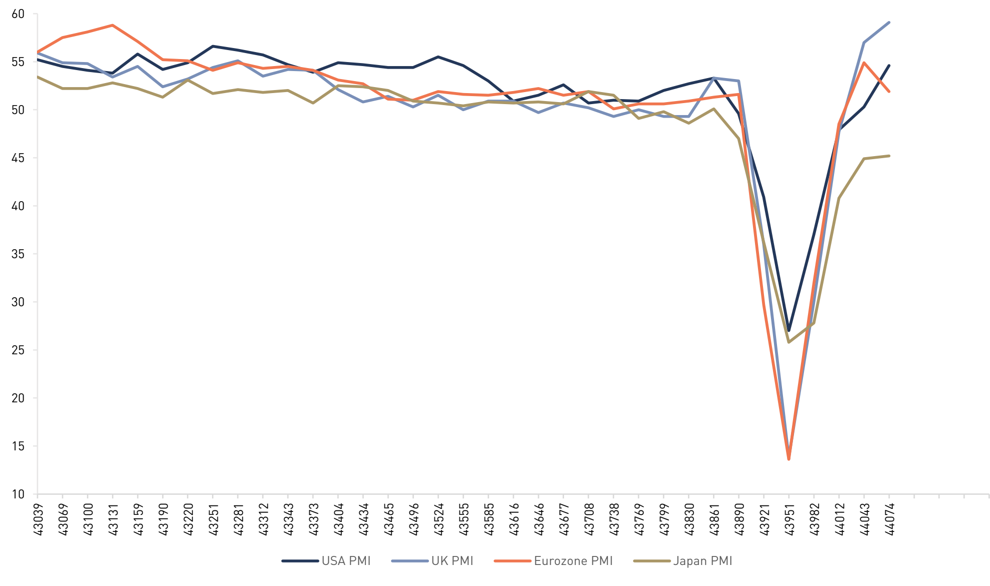
After troughing in Q2, GDP growth expectations for 2021 are back at 2019 levels. (source: Bloomberg)

US Employment Total in Labour Force



Providing further evidence that the V-shaped recovery has stalled, US employment growth has flatlined over the last two months of 2020.

Composite PMI Readings



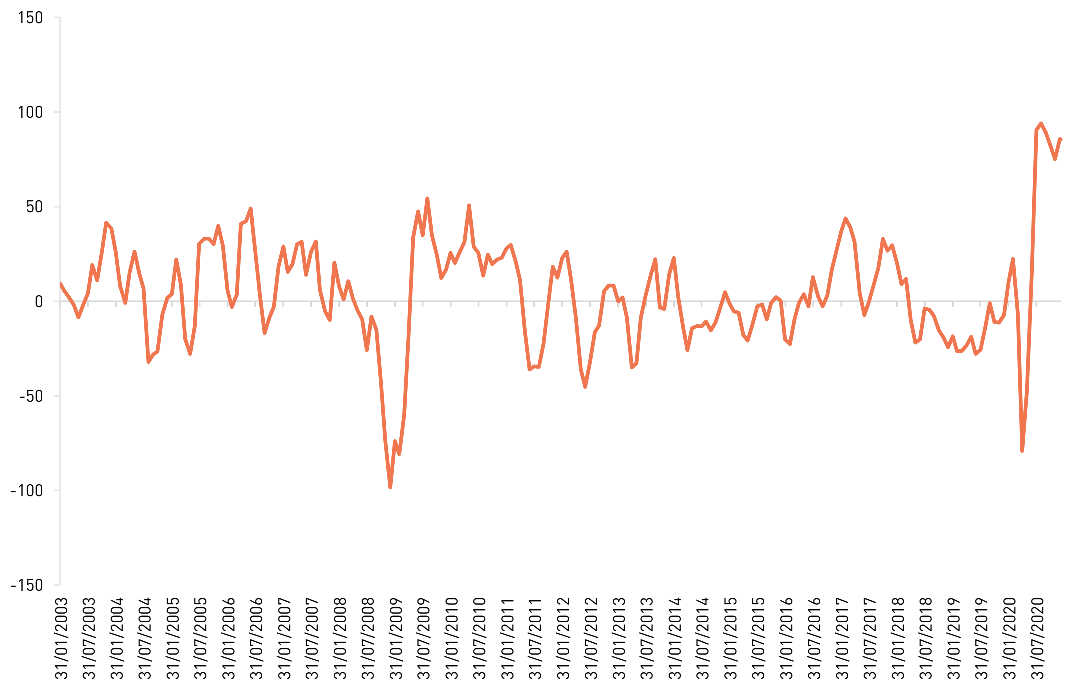
PMI's have recovered to pre-Covid expansionary levels, demonstrating the V-shaped reovery. Further lockdowns, however, will likely defer the completion of the economic rebound to later in the year.

The vaccine announcements were very much a 'line in the sand' moment that confirmed a recovery would arrive and since then a number of other potential obstacles to the burgeoning optimism of investors have fallen away. Firstly, the much-hyped US election came and went with a result that, while controversial, essentially did not change the composition of the US government to the extent that the largely market-friendly corporate environment will be under threat from any drastic policy change. Secondly, and related to the election, there was a worry that politics meant that the huge stimulus package would not see the light of the day, but late in December a $900 Billion virus relief package was duly signed – so stimulus-addicted markets breathed another sigh of relief. Finally, European stocks in particular were given a fresh impetus when a trade deal was signed at the 11th hour between Britain and the European Union, removing a headwind of uncertainty that has lingered for four and a half years since the referendum. Setting aside the likely corrections that will arise between now and the world reopening in response to negative vaccine headlines (such as logistical distribution problems, a low uptake, length of immunity, and virus mutations) the stage is set for the bull market to continue and, potentially, for the return of inflation in 2021. The significant change in market leadership that occurred with the vaccine rally gives credence to the theory that cyclical assets such as commodities will continue to outperform as long as the recovery progresses, which is naturally inflationary, though we would argue that the 'catch-up' trade is more compelling in the near term as companies that have been on life-support in 2020 are favoured for their valuation and direct exposure to increasing human economic activity. As mentioned earlier, the return of demand could be quite sudden in the US and Europe, and many businesses that have been scaling back their operations during the lockdowns may struggle to meet this demand at which point we will start to see prices move higher. Depending how soon (if and when) this happens it remains unlikely that Central banks will tighten policy while the post-vaccine recovery is in its infancy, and this points to a backdrop of cyclical growth and loose monetary policy.

Ordinarily, alarm bells would be ringing for the fixed income market but in the near term investors still require some security in their portfolios while the virus is still spreading, and most significantly central banks are still directly buying huge numbers of bonds: the latest language from the Federal Reserve language suggests that its net asset purchases will continue for several more years, while the ECB is set to extend its net asset purchases until the end of 2022. Paradoxically, the fact that bond yields look set to stay low for the foreseeable future will result in increased interest in the equity markets from income-hungry investors, and is surely at least part responsible for the phenomenon of most asset classes rising in unison - in 2020's year-end rally, stocks, bonds, commodities, precious metals and even Bitcoin surged higher as returning cash found its way to all corners.

Even in this scenario, however, there is undoubtedly scope for active investors to make extra gains as growing demand for more reasonably priced assets could result in the 'stay at home' trade of 2020 starting to unwind, and investors wary of the stretched valuations in some sectors starting to look at cheaper ones. Big dislocations had opened up prior to the Covid-19 pandemic, and some were exacerbated by the distorting effect that lockdown restrictions had – most notably the extraordinary outperformance of a handful of US tech stocks, and by proxy the US market at the expense of just about every other 'old economy' sector and region. Likewise, large defensive companies have enjoyed a purple patch for some years but now look vulnerable should a genuine and swift recovery occur, while smaller companies (in general more adversely affected by the restrictions than large caps) look to continue outperforming. In short, there were plenty of investment opportunities away from the overbought trends of recent times prior to the virus crisis, and now there even more as large swathes of assets and sectors play catch-up.

Citi Economic Surprise Index - Global

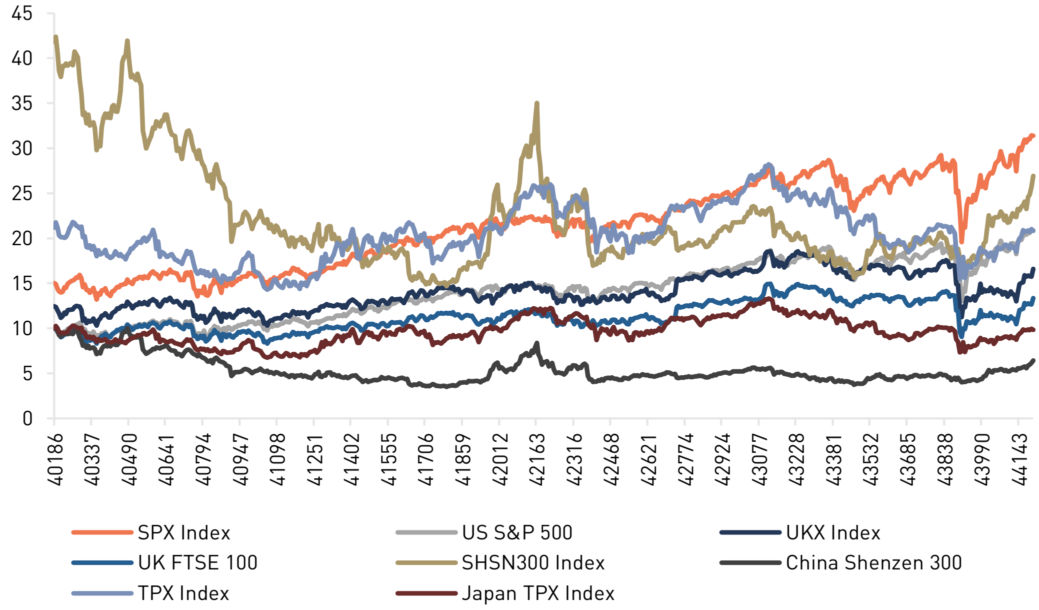


The Citi Economic Surprise Indices measure data surprises relative to market expectations. A positive reading means that data releases have been stronger than expected and a negative reading means that data releases have been worse than expected. Sentiment is strong and looking to the eventual recovery.

EQUITIES

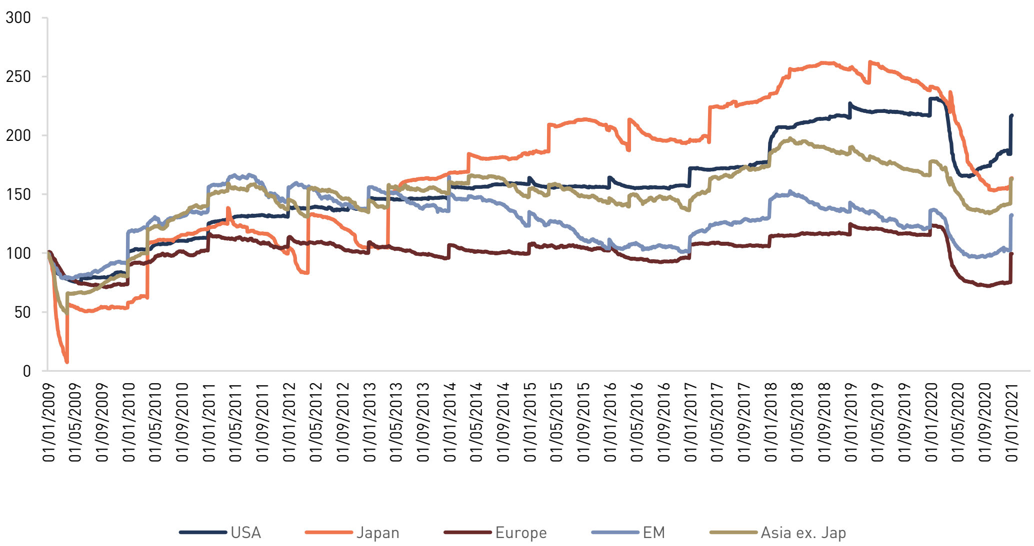
As inferred above, the triumvirate of favourable conditions in terms of the vaccine, ongoing stimulus and paltry bond yields leads us to a generally positive outlook for equities that translates into a neutral weighting within our client's portfolios, having been cautiously underweight for the best past of last year. However, we remain conscious of the historically enhanced valuations of much of the market and early signs of euphoria that do not sit comfortably with the current economic reality at ground level. While accepting that stocks are forward-looking and have factored in much of the economic devastation prompted by the virus, the speed of the recession in its both descent and recovery preclude us from being quite as bullish at this stage of the recovery as perhaps we would be in a more normal cycle. US stocks are very expensive at the moment, and the stocks that have led them to these heights are among those that have benefited the most from a disinflationary, Covid-19-wracked economy. As such it is likely that if one wishes to participate in the reflation trade, then US stocks may be one of the worst ways to play it. Even if they do not go down, just about anything else represents a far better "catch-up" bet on a return to global growth and inflationary pressure. There have been a couple of eye-catching US IPO's, in Doordash and AirBnB that would seem to demonstrate the sort of exuberance we are cautious of. AirBnB is a loss-making business that upon listing in December shot up to the point that is worth twice that of Marriot (the bricks and mortar hotel chain) – and this at a time that its core business is virtually non-existent! DoorDash, meanwhile, is just another takeaway delivery firm, like Deliveroo or Uber Eats and it is questionable how a company whose moat consists of bicycles and a software app can justify its share price doubling in the first week of trading. Alongside the dizzying advance of companies such as Tesla, the large amount of M&A activity that was reported in the final quarter of 2020, and the Nasdaq trading at its highest P/E ratio since 2001 (65x) it is clear that there is plenty of froth in the market. Much has been made of the structural acceleration of certain trends following Covid-19, most notably e-commerce and online technology solutions, and while this trend will undoubtedly sustain (and all investors should have some exposure to this theme) in the medium term we think more compelling opportunities exist as the world looks set to rebound. US stocks appear to have benefited the most from 2016-2019's late-cycle sentiment, which herded allocations within asset classes into areas that would be damaged least in a recession. This created a feedback loop in which the US stock market, which contained the most secular winners, outperformed first for having the winners, and then for the markets' growing preference for such investments almost irrespective of price. If as expected the vaccination program is in full swing by the spring early summer, then it will become apparent whether the change in market leadership is a permanent one. The FANG stocks (Facebook, Amazon, Netflix, and Google/Alphabet) in particular will also have to defend themselves against new anti-trust challenges, though with respect to the US market, the rally in small cap stocks has been strong and we prefer to look here for continued growth.

Cape/Shiller Long term PE ratios



Compared with the US and their own historical valuations, the UK, Japanese stock markets are inexpensive

Earnings Estimates (rebased to 100, 2009)



Earnings were drastically revised down last year, but have since re-rated again as analysts look to a post-covid world. Japan is lagging and therefore could improve faster from this point.

Our main equity strategy therefore is two-fold: to participate in the 'catch-up' trade and to invest in markets where there is scope for genuine growth. A quick look at regional equity indices' performance last year, shows that while most indices recovered significantly from March's low-point, many still ended the year in the red and most notably the UK FTSE which underperformed the S&P 500 by over 25%, and over 5 years this underperformance is over 80%. The UK market has been dogged by the Brexit uncertainty since 2016 and then latterly by a deeper Covid-19 recession than other developed nations – while the composition of the FTSE is dominated by banks, miners, oil companies and leisure and tourism business, i.e. the sectors most prone to virus lockdowns. Furthermore the index has historically been favoured for its higher dividend yield, and of course last year companies were cutting pay-outs en masse – meaning support from income hungry equity investors was lost. All these clouds are now beginning to clear somewhat with the completion of a Brexit deal that offers a degree of certainty, a vaccine rollout that was first out of the blocks and the prospect of a cyclical recovery that suits the index, as well a dividend yield of 3.2% that is likely to improve. Both the UK and Continental Europe could be seen as a value opportunity, aside from simply regaining lost ground, and the combination of both these factors is exciting – there are plenty of well-capitalized, profitable lockdown-sensitive stocks up for grabs at bargain prices. For growth, we look to the Far East – where the Chinese economy has continued to grow having emerged swiftly from the Covid crisis as retail sales rose 5% on the year in November and industrial production gained 7%. By the end of this year China is expected to be the same size as it would have been had there been no pandemic, and despite the Shanghai Index climbing 19% in 2020 it is not especially expensive at 19X P/E. Also, the apparent relaxation of the Peoples Bank of China towards an appreciating Yuan has given international investors more confidence in the market than before. One looming potential risk exists, however, should large international outflows occur as a result of the US's increasing clampdown on Chinese Tech and state-owned firms – this could see sharp withdrawals by Americans and ETF strategies. Across the East China Sea, we increasingly favour the Japanese market that could actually be considered both a growth and value prospect – while the export-heavy Topix is wired into the global economy so could benefit from the recovery, the valuation is also attractive with a Long Term P/E well below its 2018 level. The domestic market has a plethora of interesting companies while the resilience of Japans' currency is also valuable. Neatly tying our preference for Asian shares is the recently signed Regional Comprehensive Economic Partnership, which accounts for 30% of the global economy, with the new free trade pact with China at its centre, and will surely add to growth for the region by smoothing supply chains and reducing tariffs. Many Asian countries have managed to control the spread of Covid-19, allowing growth to reaccelerate faster than their developed market counterparts, and as these markets mature we believe carefully selected exposures to Asian assets can offer enhanced returns to a global portfolio.

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EQUITIES								**Positive vaccine developments have boosted equities towards the end of 2020 as markets look to eventual economic recovery, and a rotation into cyclical sectors has begun. Immediate headwinds are extreme, however, and bouts of volatilty are to be expected.**
US								The tech-driven momentum trade appears to be stalling, as cyclical and small cap stocks pick up the baton. We remain wary of high market level valuations.
UK								British stocks are at their cheapest versus global stocks for many years, but may well outperform with a cyclical rally. Most of the Brexit fog has now lifted.
Eurozone								Cheaper valuation versus the US has seen continental stocks rally since November. Virus vaccination rollout will be key.
Switzerland								Quality, defensive nature of the market has seen outperformance in 2020, this may end in the case of a fast global recovery.
EM								We favour emerging Asia for the long term growth story with too much political risk elsewhere. Likely to benefit disproportionately with successful virus.
Japan								Attractive valuation for a developed market, and we like the safe-haven qualities of the currency. Vast BOJ asset-buying is underpinning market, and growth is returning.

BONDS

The worst of times for the global economy are proving to be the best of times for financial assets that are now worth twice as much as world GDP, due to an explosion in debt. The closely correlated surge in valuations has made it extremely hard to identify genuine safe havens should another bout of severe risk aversion occur. Governments and companies are able to borrow limitless amounts, but bond prices are still holding up under the ever-greater supply, thanks to being matched by central bank "demand." The theory being that all this debt will build a bridge back to normal economic activity, yet governments and central banks are very quiet on what happens to this debt in the long run - no doubt they will claim that the growth stimulated will solve this, though of course any such further shock economic similar to the virus would require more debt issuance still. There is more likely to be a long term unofficial policy of inflating the debt away, and this points to a less than ideal scenario for bonds. Specifically, the strategic case for holding nominal government bonds has materially diminished with yields closer to perceived lower bounds and such low rates reduce the asset class's ability to act as ballast against equity market selloffs – though we do think inflation-linked bonds are preferable to fixed treasuries and Sovereigns. US Treasury yields along with European sovereigns have been slowly rising in the second half of 2020, suggesting the start of a longer term trend as the recovery picks up momentum, with UK Gilts the outlier as Brexit concerns persisted deep into December. As such, we recommend a minimal holding in government debt, though low-dated short duration bonds at least provide a chance of holding their value in times of crisis and we would not bet against EU periphery yields (Italy, Greece etc) further moving towards zero as investors hunt out the last remaining positive yielding Sovereigns. Investment Grade corporate bonds are a little more tricky to assess, seeing as they sold of significantly during the market correction in February, but a selective approach can provide some return for portfolios – they too are being supported by central bank purchases, but valuations are expensive with spreads against government bonds being uninspiring. Furthermore US Corporates are carrying a record 4x leverage while spreads remain near record lows.There is some yield at least, and stimulus and low interest rates should continue to be supportive in the medium term, in this respect US corporates look more appealing with a full 1% yield advantage over its EU equivalent 10yr benchmark. The ongoing recovery will help credit, though when it comes to high yield, caution, as ever is needed particularly in the wake of vast issuance last year – much of which was out of necessity to keep many businesses afloat during lockdowns (51% more High Yield debt was issued in 2020 than in 2019).

Almost 200 corporations have joined the ranks of so-called zombie firms since the onset of the pandemic, according to a Bloomberg analysis of financial data from 3,000 of the country's largest publicly traded companies. In fact, zombies (companies that aren't earning enough to cover their interest expenses) now account for nearly 20% of those firms. This is not a healthy situation for the long term of the US economy as the allocation of capital is falsely directed away from stronger businesses.

This really only leaves emerging market bonds in general – and Chinese Renminbi debt in particular – as one of the few remaining sources of positive real yield. Chinese onshore debt was recently added to mainstream indices, and with the economy already firing on all cylinders and due to actually grow this year it is little wonder that inflows into such debt have been huge. When one considers the yield on the 10 year is over 3% compared with many other economies that have negative growth prospects but with accompanying yields less than 0%, the case for China debt looks more compelling, and finally a consensus among international analysts and portfolio managers seems justified with the prospect of a stronger currency. For the other 'emerging' markets the success of the Oxford University/Astrazeneca vaccine was key as it is far more easier to transfer around not to mention cheaper than the others, thus requiring less complex infrastructure to distribute it, meaning these nations can now participate in the recovery rally and should benefit from generally being categorised as 'risk' assets. Tourist-dependent economies should disproportionately benefit from the world reopening; having declined heavily already and the less indebted regions may see their currencies appreciate giving local currency bonds a boost. With respect to our views on duration, despite the potential looming inflationary environment, central banks will be reluctant to tighten policy until the Covid pandemic is well and truly in the rear-view mirror and growth has properly returned – and as such we stick with an overall neutral duration positioning for now, while expecting to lower it as the recovery hopefully kicks on.

2 Year Bond Yields

COUNTRY	MATURITY	YIELD + / -
SWITZERLAND	02/11/23	-0.84
FINLAND	09/15/22	-0.76
AUSTRIA	09/20/22	-0.74
NETHERLANDS	07/15/22	-0.74
PORTUGAL	10/17/22	-0.72
BELGIUM	09/28/22	-0.72
GERMANY	12/15/22	-0.72
FRANCE	02/25/22	-0.71
IRELAND	03/20/23	-0.70
DENMARK	11/15/22	-0.66
SPAIN	04/30/23	-0.54
ITALY	01/15/23	-0.42
SWEDEN	06/01/22	-0.37
GREECE	01/30/23	-0.20
UNITED KINGDOM	09/07/22	-0.14
JAPAN	01/01/23	-0.14
ISRAEL	07/31/22	0.01
HONG KONG	11/23/22	0.04
AUSTRALIA	04/21/23	0.09
UNITED STATES	12/31/22	0.14
CANADA	11/01/22	0.18
SINGAPORE	09/01/22	0.23
NEW ZEALAND	04/15/23	0.25
NORWAY	05/24/23	0.28
ICELAND	10/26/22	1.29

(source: Bloomberg)

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FIXED INCOME								**Low yields and low return profile make bonds an unattractive asset class long term, though Treasuries remain a short term safe haven.**
Sovereign Bonds								Sovereigns offer safe harbour in time of market stress, but have limited upside remaining and negative real yields long-term.
Corporate I.Grade Bonds								Central bank asset-buying should be supportive for EUR and USD debt, yields not that attractive historically though. Should remain supported and total return potential.
High Yield Bonds								Rebound has been fast and the easy money has been made. Yields remain compelling, but default risks are a worry, especially later as government support dries up.
EM Bonds								Local currency appreciation in an economic recovery, together with meaningful yield pickup make certain EM bonds relatively attractive.

COMMODITIES AND CURRENCIES

2020 saw the currency markets follow the text book, with mass asset liquidations in February and March seeing a flight the world's US Dollar reserve currency at the expense of the most troubled major currencies (GBP and EUR) and emerging markets while the Swiss Franc and Japanese Yen typically held steady. From the March trough the Dollar has been steadily declining and the Euro, in particular, strengthened considerably. That the Dollar looks set for a period of weakness is consistent with the tightening of US spreads that until recent weeks all but eliminated the carry advantage of holdings Dollars over other currencies while the well-publicised twin deficit has become more of a focus now that the worst Covid headlines are in the past. In addition, the incoming Biden Presidency is likely to tilt Federal spending higher still, further inflating a swollen balance sheet – though of course all other regions will be doing the same so the distinction is not too powerful. As with other asset classes, the speed and success of the vaccine rollouts to the populations will be key to currency direction, and there is a good chance that those nations that get their populace inoculated first stand to benefit from a 'first-mover' advantage that should see confidence in the currency. At the time of writing, the UK is moving quickly in this respect, though the British economy and the Pound is likely to be held back by the prospect of another harsh and lengthy lockdown. The Euro area's structural problems persist, in terms of pulling together the interests of multiple member states and it is hard to put a direction on the currency until after the Covid relief plan has come to rest, other than being the chief beneficiary of a weaker dollar, as the ECB has extended its loose policies until June 2022. Consistent with our views on emerging market debt, EM currencies look a little undervalued versus the USD and are set to benefit most from a global reopening/recovery – if the November vaccine rally was a microcosm of how assets will behave long term, then EM FX could be in for a good run. Emerging Asian currencies would again, be our preference due to the relative stability in the region and being better placed to exit the virus restrictions earlier. The Yuan is at the highest level for 2 years, with fears of a deflationary devaluation of the Chinese currency not a concern at the moment as the authorities are prioritising attracting international investment and attracting capital rather than keeping exports cheap. China could of course devalue its currency at any time, but the fact it is in growth territory is a big tailwind for CNY.

USD v CNY 5 years

The Chinese Renminbi has been strengthening towards its 2018 highs, and while encouraging for investors this is an inflationary trend for the lobal economy.

Crude oil weathered the perfect storm of both a supply and demand shock early last year as the Saudis resorted to unlimited pumping at a time the world was shutting down, but it has since recovered to trade within the WTI $40-50 range we expected it to. Attempting to second-guess the moving parts that make up OPEC policy is tricky and often long term analysis of simple supply/demand is a better guide to determining the price direction – though this currently is subject to several contradictions. A large glut of oil was built up last year, but the International Energy Agency expects the oil glut created by the pandemic to clear by year-end as markets gradually recover from April's historic collapse as usage picks up in line with global growth. The consensus that oil is to become a relic of the past is overwhelming and indeed one day the transition to green, sustainable energy may become a reality as oil producers and governments alike jostle to demonstrate their commitment to the movement. Ironically, this itself could lead to a higher oil prices as producers neglect their traditional extraction businesses in the midst of the all the negativity, the supply slows down and future extraction becomes more expensive so demand is not met at the time a global economy is recovering – we will probably need oil longer than most are pricing in. While the short term looks volatile and the long-term points to lower prices, in the medium term the indicators are for a rise in Crude. Copper could currently be seen as the inverse trade to Oil, with its demand being driven by the expectation of an electric future as opposed to a fossil fuel driven one, but its rise from the low of last year has been relentless and has benefitted from both the green trend and China's recovery. As both themes seem to have legs, Copper seems well set for further gains. For investors looking for an asset that could benefit from a range scenarios, silver is very interesting – though it has a propensity to track the gold price it has commercial uses, not least of which is in medical science that surely will only attract more investment following the Covid outbreak. Precious metals, led by gold continue to appeal in the light of the ongoing central bank commitment to stimulus, though the $2000 level will see the yellow metal meet some resistance. Finally, a word on Bitcoin that has recently surged past the $35000: it is perhaps worth holding a small percentage of ones portfolio in the cryptocurrency if for no other reason that it is something 'different', but really, it should at this point be viewed as an investment that can afford to be lost. Its diversification qualities (other than its volatility) to equities have been limited to date as it has risen at times that risk assets have done, albeit with far greater multiples – now this may be a feature of the 'lifts all boats' stimulus/negative rate environment we are in, but we note that Bitcoin fell over 40% in March last year so a similar correction from todays' levels would be a serious wealth-destroying event! Undoubtedly, cryptocurrencies are moving more into the mainstream so more consideration of them as an asset class is warranted, but investors should approach with their eyes open – a diversified multi-asset portfolio remains the only free lunch over the longer term.

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CURRENCIES								**The dollar remains under pressure, in the absence of any shock as we saw earlier in the year. JPY and CHF are useful hedges in light of abundant risks.**
US Dollar (DXY)								US political outlook is more benign, and the prospect of a global recovery points to a lower dollar, in the absence of a rate carry.
Sterling (GBP)								The Pound has risen in relief following EU trade deal, but is now weighed down by an extended UK lockdown. Rangebound.
Euro (EUR)								The Euro has strengthened recently on the back of USD weakness, but looks overextended in the short term. Vaccine rollout and ECB policy is both risk and boost.
Japanese Yen (JPY)								Long term trend is stronger v USD. No strong view medium term, but a natural hedge against JPY stocks and portfolio diversifier.
Swiss Franc (CHF)								Virus fears and US monetary policy have seen CHF strength continue though has weakened v EUR. Nice diversifier, though global recovery could dampen demand.
EM								Weakening Dollar and prospect of an afffordable, practical virus vaccine should benefit EM nations. CNY strength reflects Chinese growth.

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ALTERNATIVES								**An increasingly important allocation with equities expensive and bond yields so low. Ideally we like holdings that are genuinely uncorrelated to the main asset classes.**
Precious Metal								Gold is off record highs, and is currently consolidating but the environment remains conducive for an extended run, and silver should follow.
Hedge Funds								Genuine alternative funds that behave in a different manner to traditional assets are a vital source of wealth preservation and diversification.
Oil/Commods								Global production cuts have put a floor under the oil price for now. Virus recovery could lead to a demand-led move later. Copper is interesting.

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