GLOBAL MARKET UPDATE

28 AUGUST TO 2 SEPTEMBER: MARIO DRAGHI'S TRICHET MOMENT IS IMMINENT

THIS WEEK'S GLOBAL EQUITY MARKET MOVERS

DEVELOPED	**Top 3:**	Japan **1.28%,** Finland **0.93%,** United States **0.93%**
	Bottom 3:	Italy **-2.52%,** Spain **-2.23%,** Belgium **-1.95%**
EMERGING	**Top 3:**	Qatar **4.57%,** Egypt **4.33%,** Russia **2.43%**
	Bottom 3:	Turkey **-4.10%,** Colombia **-3.01%,** South Africa **-3.01%**
FRONTIER	**Top 3:**	Serbia **1.57%,** Oman **0.68%,** Bangladesh **0.64%**
	Bottom 3:	Argentina **-4.61%,** Kenya **-2.77%,** Nigeria **-1.62%**

ECB President Mario Draghi and his fellow members on the European Central Bank's Governing Council have been doing everything right to commit a policy mistake, similarly to their predecessors under Jean-Claude Trichet. Mr. Trichet pulled the trigger too quickly by lifting the policy rates in 2011 contributing to the W-shaped recession in the Euro Area. Mr. Draghi is on the same trajectory, as macroeconomic developments do not warrant policy normalisation anytime soon.

Inflationary processes in the Eurozone remain quite unsettling, as both annual headline and core inflation measures decelerated compared to the previous month. In July, both headline and core CPI inflation decelerated 0.1ppt to 2% YoY and 1% YoY, respectively. The weakness in both measures was induced by sluggish services price inflation, which moderated to 1.3% YoY. Even though the headline measure has been hovering at the ECB's inflation target, the core rate that filters out volatile prices driven mostly by external forces (such as energy prices), remains extremely depressed. In addition, annual growth of the M3 monetary aggregate eased to 4% YoY in July vs. 4.5% YoY in May. The speed of M3 growth is more-or-less in line with the pace by which the European Central Bank has been scaling back its monthly asset purchase. The pace in July implies that credit growth is likely to have a neutral impact on GDP growth and is very unlikely to contribute to it anytime soon.

As the saying goes: *'When it looks like a duck, swims like a duck and quacks like a duck, then it is probably a duck.'* In this case, the Euro Area's economy perfectly exhibits the symptoms that call for further aid by the monetary authority, especially since no structural reforms are in sight in the member states that crucially need them.

Looking ahead

Developed markets face a rather exciting week, as the economic diary is packed. Most importantly, the US releases the usual monthly jobs report, which almost always moves markets. This time, nominal wage growth is in the limelight, since wage inflation are the last piece of the puzzle in the US that is needed for a steeper rate hike trajectory. Meanwhile in the Euro Area, some of the relevant

Gergely Urmossy
Macro Strategist
gergely.urmossy@alquity.com

Aaron Armstrong
Senior Investment Analyst (Asia)
aaron.armstrong@alquity.com

Florian Gueritte
Investment Analyst (Latam)
florian.gueritte@alquity.com

Temi Iyiola
Investment Analyst (Africa)
temi.iyiola@alquity.com

Chris Wehbe
CEO & Chair of Investment Committee
chris.wehbe@alquity.com

ECB policymakers will give speeches and might provide some insights on the Governing Council's intentions. On Friday, final GDP figures will be released, which finally reveals the detailed breakdown of the Euro Area's growth in Q2.

Asian countries kick off the week by releasing August manufacturing PMI figures on Monday and continue with the publication of inflation data. In the second half of the week, India publishes its current account balance that could have an impact on the rupee's exchange rate.

Latin America will be dominated by Brazilian political news flow, Argentine crisis management and NAFTA negotiations between Mexico, the US and Canada. As a result, the economic diary will be secondary this week.

African markets will be mostly influenced by developments in South Africa, where the political debate on the reform related to land expropriation is in the limelight. Furthermore, Q2 GDP release on Tuesday will shed light on the recovery of the South African economy.

UNITED STATES

S&P 2,902 +0.93%, 10yr Treasury 2.86% +5.06bps, HY Credit Index 330 +4bps, Vix 12.86 +.87Vol

Although European, and the majority of emerging and frontier markets, fared badly during the week, US stock markets headed north. The S&P 500 rose 0.93% led primarily by IT and consumer discretionary, while telecom stocks weighed on the overall performance. The broad dollar index (DXY) was virtually unchanged. The US Treasury yield steepened, since the 2-year yield rose 1bp, while the 10-year increased 5bp, lifting the 2s10s spread to 23bp.

President Trump sounded constructive on striking a new trade deal with Mexico and Canada. Negotiations may successfully come to an agreement in the coming week(s). Other countries, however, were not as lucky as Mexico and Canada. At the end of the week, the POTUS rejected the offer by the EU to remove the tariffs on cars imported from the US. In addition, the US President threatened to pull out of the World Trade Organization.

Both headline and core PCE inflation measures edged up 0.1ppt to 2.3% YoY and 2% YoY in July, respectively, matching median market estimates.

The July PCE reading was strong enough the bolster the case for the long-awaited 25bp rate hike in September by the Fed. According to the Fed funds futures, market players are almost completely convinced that the FOMC will lift the Fed funds rate to 2.00-2.25%.

Seasonally-adjusted annualised quarterly real GDP growth in Q2 was revised up 0.1ppt to 4.2%, as growth of imports was weaker than in the first read, while investments were slightly stronger than reported in the flash estimate.

The revision of Q2 GDP growth was so minor that it does not overwrite the broad macro picture in US. The question in focus remains to what extent the above-4% growth is sustainable.

EUROPE

Eurostoxx 3,392 -1.25%, German Bund 0.34% -1.90bps, Xover Credit Index 300 -11bps, USDEUR .861 +0.29%

European markets had a difficult time during the week, as most of the major European stock indices fell (in USD terms). The major indices of the big-four economies struggled, especially the Spanish and Italian ones, which lost 2.2 and 2.5% of their values in USD terms, respectively. The risk-off mode of markets was reflected in German sovereign yields as well, as the whole German curve shifted downward 1-2bp, depressing the 10-year tenor to 0.33%. Risk premia in the periphery widened, as Italian, Spanish and Portuguese yields rose substantially.

The German general government ran a budget surplus of 2.9% of GDP in 2018 H1 vs. 1.1% of GDP a year ago. The balance improved due to the larger surplus registered on the federal level led by the economic upswing and increasing employment.

Shortly after budget figures were released, the **German government announced a series of – planned – budgetary measures that provide stimulus** to households through increase pensions, reduced employees' contribution to the unemployment insurance scheme and guarantee pensions remain stable at 48% of the average salary until 2025, while raising the cap on pension contributions from 18.6% to 20%. The measures will become effective on 1st January 2019, should Parliament pass the legislation.

We think that the German government will face no meaningful hurdles in the process of passing the legislation for the aforementioned budgetary measures. The steps clearly aim to improve the broad political support of Mrs. Merkel's governing party, since from a macroeconomic point of view, such fiscal stimulus is unnecessary, as the German economy has been performing rather strongly. By providing short-term fiscal incentives to households, economic growth may further strengthen in the short-term, but is unlikely to be beneficial in the long-term. Furthermore, such pro-cyclical steps tend to generate additional inflation. Should the government continue to deliver steps that put fuel on the proverbial fire, inflation will persistently uncomfortably accelerate that could both politically and economically backfire, especially without a monetary authority to respond by tightening financial

Gergely Urmossy
Macro Strategist
gergely.urmossy@alquity.com

Aaron Armstrong
Senior Investment Analyst (Asia)
aaron.armstrong@alquity.com

Florian Gueritte
Investment Analyst (Latam)
florian.gueritte@alquity.com

Temi Iyiola
Investment Analyst (Africa)
temi.iyiola@alquity.com

Chris Wehbe
CEO & Chair of Investment Committee
chris.wehbe@alquity.com

conditions.

EU Chief Negotiator Barnier cited that the European Union stands ready to 'to offer a partnership with the UK such as has never been with any other third country.' Mr. Barnier's remark fit the speculations released during the weak that the parties might agree on extending the deadline for a Brexit deal.

Speculations have intensified about the EU's willingness to agree on a 'soft Brexit' deal, since it could send the wrong message to other renegade EU members that leaving the common European bloc has no economic or political consequences. Such speculations cite that a 'soft Brexit' would trigger a domino effect and incentivise countries, such as Italy, Poland or Hungary, to start the termination of their EU membership. We disagree with such views, since none of those countries are in such economic or financial position to detach themselves from the Eurozone or the EU. In case of Italy, it may be true that a devalued sovereign currency could help soften the economic struggle, but it would definitely not be panacea to the Italian economy's inherent structural deficiencies, while market confidence would be shaken to such a great extent that the state would be unable to fully roll over maturing debt. Therefore, the cons of leaving outweigh the benefits, at least in the short- to medium-term. In contrast with Italy, Poland and Hungary have retained their monetary sovereignty and are able to adjust through the exchange rate mechanism if needed. However, their economic growth would be severely hurt, since both countries are net beneficiaries of funds transferred from the EU and have strong trade ties with EU members. In conclusion, threats by the EU to strike a bad deal for the UK is just not credible, especially that it would hurt the EU itself as well.

The turmoil in Turkey continued, as market players are not convinced that Turkish authorities possess the operational independence that is required to deliver the appropriate policy measures to restore confidence. Losses in Turkish asset prices are amplified by the fact that Turkish authorities bring measures that are unconventional and inappropriate at the same time. Such measure last week, was increasing taxes on USD-denominated deposits held at domestic banks to 16%, while waiving the tax on long-term TRY-denominated deposits. The step provided temporary relief for the lira's exchange rate, but it is rather unlikely that it will put a permanent top to the struggle of the Turkish currency.

Unemployment in Hungary stagnated at 3.6% in the three-month rolling period between May and July 2018. Over a year, the measures dropped 0.6ppt, while labour force participation increased to 62.5%.

Hungarian investments in real terms increased 15.3% YoY in 2018 Q2. The increase in investment activity was uneven across private and public sectors, as investments by private companies grew 10.1% YoY, while projects initiated by public institutions jumped 44.1% YoY. The uneven nature of investment activity is reflected in the industry-breakdown as well, since infrastructure investments continued to outweigh the creation of productive capacities.

Such fast investment dynamics imply that Hungarian GDP growth will remain strong as long as the economy benefits from the utilisation of EU funds and interest rates in real terms are in negative territory. Once fiscal and monetary stimuli retreat, the country's economic growth will falter from the current above-4% pace and fall to its long-term growth potential that is around 1.5-2%, in our opinion.

ASIA PACIFIC

HSCEI 10,797 +0.90%, Nikkei 22,707.38 + 1.28%, 10yr JGB 0.12% +0bps, USDJPY 110.900 -0.12%

Asian markets were a mixed bag throughout the week. Taiwan did significantly better than other markets, as the Taiwanese stock index rose 2.3% in USD, while the broad MSCI Asia Pacific index (excluding Japan) rose only 1.11% in USD during the week. Indonesia continued to suffer (-1% in USD), due to be among the most externally vulnerable economies, while Pakistan lost its post-elections bliss (-2.16% in USD).

Indian real GDP surprised to the upside by growing 8.2% YoY in 2018 Q2 (or FY2019 Q1) vs. 7.7% YoY in the previous quarter. Growth was broad-based; all industries contributed to the stronger-than-expected figure. On the demand side, private consumption moderately accelerated, as it expanded 8.6% YoY. Public consumption was very strong by rising 8.6% YoY. Gross fixed capital formation growth bounced to 10% YoY due to the low base. Import volume kept its momentum by increasing 12.5% YoY, while exports strengthened to 12.7% YoY. The production side was spurred by industrial production growing 10.3% YoY led by the rebound in manufacturing output, which rose 13.5% YoY. Services growth decelerated to 7.3% YoY. Agriculture was unusually strong by rising 5.3% YoY.

Overall, GDP growth outlook is solid and looks to be set on a strong upward trajectory in FY2019. In our opinion, Indian real GDP will grow 7.5-8%, which should leave just enough room for the central bank to raise rates, should inflationary developments require. GDP deflator dynamics imply that a rate hike may be necessary soon.

The Chinese central bank (PBOC) re-introduced the counter-cyclical factor in the daily fixing mechanism to stabilise the currency by offsetting the depreciation pressures on it. The last time the adjustment mechanism was in place was in January. According to the PBOC, the counter-cyclical factor is intended to reduce the impact of 'irrational expectations,' 'herding' and to prevent 'overshooting' as much as possible. There is no publicly available transparent description of how the mechanism works.

The Chinese manufacturing PMI rose 0.1 to 51.3 in August, while Bloomberg consensus projected a slight decline. Even though the production component improved, the component for new export orders continued to decrease into contractionary territory. In contrast with new export orders, overall new orders rose, indicating the increasing domestic demand for manufacturing products. PMIs for medium and small companies rose, while they weakened for large ones – albeit all of them were in expansionary territory. The components for prices significantly increased, signalling intensifying inflationary pressure.

Gergely Urmossy
Macro Strategist
gergely.urmossy@alquity.com

Aaron Armstrong
Senior Investment Analyst (Asia)
aaron.armstrong@alquity.com

Florian Gueritte
Investment Analyst (Latam)
florian.gueritte@alquity.com

Temi Iyiola
Investment Analyst (Africa)
temi.iyiola@alquity.com

Chris Wehbe
CEO & Chair of Investment Committee
chris.wehbe@alquity.com

Overall, this is a rather positive read, in our view, as stronger domestic demand and mounting inflationary pressure imply that looser fiscal and monetary policy stance have already started to spur growth and may continue to bolster economic activity in the coming months.

Chinese lawmakers passed legislation that amends the personal income tax law. Revisions include raising the minimum threshold for personal income tax, adding special expense deductions, shifting from monthly to comprehensive annual income taxation. The higher threshold will become effective on 1st October, while some other parts of the law will be effective on 1st January 2019.

This step fits the previous communication by Chinese authorities that fiscal policy should take on a more (pro-) active role in order to support domestic economic activity. We see this measure was tailored in a way to maximise its potential impact, since mostly low income households will benefit from it, whose marginal consumption is usually significantly higher than high income families, in addition, the higher threshold becomes effective at the beginning of Q4, in which consumption reaches its intra-year peak.

According to the Philippine Finance Secretary Carlos Dominguez, the Philippines may issue Panda and Samurai bonds in the next 12 to 18 months, as the country does not want to be absent from any major market. The Secretary added that increasing the policy rate is the appropriate step to constrain consumer price inflation. In his view, the impact of tighter monetary conditions will not hamper economic growth. **The Finance Secretary emphasised that the government will not pass a fiscal package that endangers budgetary stability, as keeping the annual budget deficit below 3% of GDP is a priority.**

The Indonesian Minister of Finance Sri Mulyani reiterated that the government intends to curb imported goods without constraining economic growth.

We believe that the stated goal of the Minister is not achievable in a meaningful manner, since consumers are unlikely to be able to substitute imported goods with domestically produces ones. Ultimately, the extent of such a substitution would not significantly curb the current account deficit.

The South Korean central bank held the policy rate at 1.5%, as expected. The MPC noted that employment dynamics in the domestic Korean economy have been sluggish and expressed concerns regarding the turmoil in the broader universe of emerging markets. Furthermore, the MPC identified downside risks stemming from trade tensions. The Governor stressed that the Council remains in wait-and-see stance and is ready to deliver the appropriate measures, i.e. rate hike, should economic and financial market conditions warrant.

Vietnam released a broad set of macroeconomic indicators from August, which suggested that the economy is in a rather good shape. Industrial production slightly slowed to 13.4% YoY YTD in tandem with exports that decelerated to 14.5% YoY YTD. In contrast, expansion of imports strengthened to 11.6% YoY YTD most probably driven by stronger domestic demand, as retail sales volume expanded 11.2% YoY YTD. As a result of exports outpacing imports, foreign trade deficit narrowed to ca. USD 0.1bn.

CPI inflation moderated from July's 4.5% YoY to 4% YoY in August.

The Governor of the Thai central bank said that the monetary authority has been monitoring the capital inflow to Thailand very closely, as the degree of influx has exceeded the flow to other emerging economics within the region. Consequently, the central bank has kept a close eye on the baht's exchange rate, as it appreciated faster than its regional peers due to the inflows. The Governor hinted that the central bank might consider tightening in the not too far future.

According to the Thai Deputy Prime Minister, the economy may grow 4.5% YoY in 2018. The Deputy added that the economy is in a strong enough shape to shake off the impact of higher interest rates, should the central bank tighten.

Manufacturing production grew 4.64% YoY in July. Manufacturing growth was driven by automotive production, electronic parts, petroleum, sugar and rubber products. Since the beginning of the year, manufacturing increased 4% YoY.

Should further macroeconomic data underpin the idea that the Thai economy is in a good shape and the strong performance is sustainable, the central bank will probably consider starting the normalisation of monetary policy as early as 2018 Q4.

Pakistani CPI inflation was 5.8% YoY (0.2% MoM) in August. Core inflation hovered well above the headline measure, as the core rate hit 7.6% YoY. The gap between the headline and the core rates are due to fact that core inflation does not take into account food and energy price swings.

LATIN AMERICA

MSCI Lat Am 2,464 -1.10%

Latin American markets had a rough week. The broad MSCI Latin America index fell 1.1% in USD. All the major stock indices struggled. The Argentine stock market realised the greatest loss by falling 4.61% in USD. In contrast, the Brazilian market clearly outperformed by virtually going sideways in USD due to the favourable political news flow that former President Lula will be banned from the list of Presidential candidates.

The Mexican trade deficit widened in July, due to the higher value of imports spurred by energy. The deficit amounted to USD 2.9bn in July, while on a 12-month rolling basis, it rose by USD 1.4bn to USD 13.8bn.

The central bank of Mexico released its quarterly report on inflation for 2018 Q2. **The Mexican MPC reaffirmed its cautious stance** and its commitment to keep monitoring the pass-through of exchange rate movements into consumer prices, the risk premia offered by Mexican assets relative to US ones and the cyclical position of the economy vis-à-vis the output gap. The CB increased the forecast for annual CPI inflation 0.4ppt to 4.2% for 2018 Q4 and 0.2ppt to 3.3% for 2018 Q4. Meanwhile, GDP forecast

Gergely Urmossy
Macro Strategist
gergely.urmossy@alquity.com

Aaron Armstrong
Senior Investment Analyst (Asia)
aaron.armstrong@alquity.com

Florian Gueritte
Investment Analyst (Latam)
florian.gueritte@alquity.com

Temi Iyiola
Investment Analyst (Africa)
temi.iyiola@alquity.com

Chris Wehbe
CEO & Chair of Investment Committee
chris.wehbe@alquity.com

was adjusted downwards to 2.0-2.6% for 2018 Q4 and 1.8-2.8% for 2019 Q4.

Chilean industrial production decreased 1.6% YoY in July, vs. 4.9% YoY expansion seen in June. The output drop was broad-based, largely driven by non-metallic mining that was adversely impacted by weather conditions.

Peruvian GDP expanded 5.4% YoY in 2018 Q2 due to the very strong performance of household consumption (4.5% YoY) and investments (8.6% YoY). Investments were bolstered by both private and public activity. The build-up of inventories more than offset the drag effect of negative net exports in Q2.

The Peruvian economy is on a good track to substantially accelerate compared to last year, when it grew 2.5%. Real GDP is likely to expand 4% this year, unless the trade disputes significantly escalate in the second half of the year. Such an escalation to the extent that it considerably dampens Peru's growth outlook is unlikely, in our view.

Peru's current account deficit widened to 1.4% of GDP on a four-quarter rolling basis in 2018 Q2, vs. 1.2% in Q1. The widening of the deficit was not substantial and was primarily due to higher profit remittances by foreign mining firms and wider services deficit.

Real GDP in Brazil expanded at meagre 1% YoY (0.2% QoQ) in 2018 Q2, while growth was revised down 0.3ppt to 0.1% QoQ in Q1. Economic activity was adversely impacted by the truckers' strike in Q2. Weakness was broad-based, as many of the sectors contracted in a quarterly comparison, such as industrial output on the supply side or exports and investments on the demand side.

Although the cyclical recovery in Brazil continued in 2018 Q2, due to shaken economic confidence, the momentum of the recovery has become even more fragile. The outlook for the Brazilian economy should brighten by the end of Q3, after the elections.

According to the latest reports related to the Brazilian political scene, **former President Lula was barred from running for President in the upcoming elections.** Mr. Haddad will take over the candidacy from Mr. Lula. Although Mr. Lula was the most popular Presidential candidate, the popularity of his successor is clearly substantially lower.

This particular piece of news matched our expectations. In our opinion, Mr. Alckmin the pro-business candidate backed by the broad centrist coalition has a very good chance of winning the elections and forming a new government. Should this be the case, the Brazilian economy will bounce and asset prices gain.

The Brazilian current account deficit amounted to USD 4.4bn in July, while on a 12-month rolling basis, the deficit widened to USD 15bn or 0.8% of GDP. The rise in the deficit was caused primarily by the mounting deficit on the profits and dividend line.

Brazilian business confidence fell in the industrial sector to 99.7 in August. Details revealed that the outlook on current economic conditions deteriorated, while expectations for the future somewhat improved. Meanwhile, the uncertainty index moderately declined, but remains very high at 115.3, 12.8 points higher than in February.

According to the Argentine Treasury Minister Dujovne, the country asked the IMF for a USD 3bn disbursement in September. Furthermore, the Minister cited that the Argentine economy might contract by around 1% this year. Not long after the Minister's remarks, **Prime Minister Macri publicly announced that his government requested the early release of the USD 50bn package from the IMF.** In response, Managing Director Lagarde stressed that the IMF stands ready to assist Argentina with financial support and engineering appropriate policies to improve the country's growth outlook.

In the second half of the week, **the central bank surprised markets by lifting the policy rate 1500 basis points or 15 percentage points to 60%** in order to restore the market's confidence in Argentine financial assets and to curb volatility in the FX market. The MPC pledged not to reduce the policy rate before December.

Although the Argentine authorities are committed to resolve the on-going crisis in a – relatively – market-friendly way with the appropriate economic orthodoxy, the timing and the coherence of announcements made by prominent government officials and the conduct of monetary policy induced further unwanted and unwarranted stress in the market. This idea was clearly reflected in the post-rate hike exchange rate behaviour, as the ARS did not stop depreciating vs. the USD in spite of the aggressive tightening measures.

We are of the view that markets have overreacted to recent developments in Argentina and once market players realise that the Argentine government's commitment to the resolution of the current crisis is credible, volatility will subside and asset prices will start to recover. In order to foster the asset price recovery and the restoration of economic confidence, the government and central bank will have to change their way of communicating to strengthen the transparency of their intentions and actions and present a feasible plan that addresses the fiscal and structural challenges the country faces in addition to the gaping financing need the country faces next year.

AFRICA

MSCI Africa 812 -4.29%

African markets struggled during the week. The broad MSCI Africa index fell 4.3% in USD, led by the South African market, which plummeted 3% in USD. Egypt was the only bright spot in Africa, as the Egyptian stock index rose 4.3% in USD.

Tourism revenue in Egypt soared 77% in 2018 H1 to ca. USD 4.8bn, according to an unnamed Egyptian government official cited by Reuters. By the end of this year, tourism revenues will likely reach USD 9bn vs. USD 7.6bn last year.

Remittance inflows from abroad rose 21.1% YoY to USD

Gergely Urmossy
Macro Strategist
gergely.urmossy@alquity.com

Aaron Armstrong
Senior Investment Analyst (Asia)
aaron.armstrong@alquity.com

Florian Gueritte
Investment Analyst (Latam)
florian.gueritte@alquity.com

Temi Iyiola
Investment Analyst (Africa)
temi.iyiola@alquity.com

Chris Wehbe
CEO & Chair of Investment Committee
chris.wehbe@alquity.com

26.5bn in FY2017-18 (i.e from July 2017 to June 2018) vs. USD 21.9bn in the previous fiscal year.

Increasing revenues from tourism and the inflow of remittances are crucial for Egypt, since both are among the most important sources for foreign currency.

Private sector credit growth in South Africa slowed to 5.1% YoY in April. Meanwhile, the broad M3 monetary aggregate increased 6.4% YoY.

According to S&P rating agency, **the credit rating of South African long-term foreign currency debt is unlikely to be downgraded** deeper into the non-investment grade territory, since the country's external metrics and monetary flexibility are strong enough. Currently, S&P holds South Africa's rating at 'BB,' two notches below investment grade.

The South African Parliament withdrew a land expropriation bill passed in 2016, but never signed into law that allowed the state to make compulsory land purchases at prices determined by a government adjudicator.

This is an important step by President Ramaphosa to strengthen his own, and also his party's, credibility that they are seeking a market- and business-friendly solution. Such steps help business confidence to recuperate relatively quickly, which over time can translate into more intensive investment activity.

The Kenyan Parliament unanimously voted to postpone the imposition of the 16% VAT on petroleum products, despite being a requirement set by the IMF for the maintenance of its credit line. The government estimated to raise an additional KES 86bn (about USD 0.85bn or 1.2% of GDP) by imposing the VAT. Technically, the VAT exemption ended on Friday, but since the passed legislation has not been approved by the President yet, the tax authority has started charging the VAT on petroleum products.

The Parliament decided to scrap the deposit floor on retail deposits placed at Kenyan commercial banks, while the interest rate cap remains in force. Furthermore, MPs rejected the proposal to levy the *'Robin Hood'* tax, 0.05% on each bank transfer larger than KES 500,000 (about USD 500).

The Tunisian government foresees GDP to grow 3.5% in 2018 that is 0.6ppt higher than previously expected. The upward revision was based on the fact that tourism has started to recover, while the agricultural sector exhibited decent growth. The Tunisian Minister of Reforms cited that budget deficit may be 3.9% of GDP in 2018 instead of the originally planned 4.9%.

Nigerian economic growth disappointed in 2018 Q2, as GDP grew only 1.5% YoY. Activity in the oil sector contracted 4% YoY. Growth of the non-oil sector reached a decent pace, as it expanded 2.1% YoY. Transportation (21.8% YoY), construction (7.7% YoY) and electricity sectors (7.6% YoY) contributed to GDP growth to a great extent, while agricultural output slowed to 1.3% YoY.

Although headline growth was disappointing, details paint a promising picture of the Nigerian economy's medium-term prospects. Since the non-oil economy has finally started to recover at a decent pace, the Nigerian economy might just hop on a stronger and more sustainable growth trajectory.

THE WEEK AHEAD

	Date	Consensus
UNITED STATES		
US ISM manufacturing PMI (AUG)	Tue/04	57.6
US trade balance (JUL) bn USD	Wed/05	-50.0
US ISM non-manufacturing PMI (AUG)	Thu/06	56.6
US non-farm payroll (AUG) change th	Fri/07	193.0
EUROPE		
Eurozone Markit PMI (AUG)	Wed/05	54.4
Eurozone retail sales (JUL) % YOY	Wed/05	1.3
Poland interest rate %	Wed/05	1.5
Sweden interest rate %	Thu/06	-0.5
Eurozone GDP (Q2) % YOY	Fri/07	2.2
ASIA PACIFIC		
China Manufacturing CPI (AUG)	Mon/03	50.7
South Korea GDP (Q2) % YOY	Tue/04	2.9
Australia interest rate %	Tue/04	1.5
Malaysia interest rate %	Wed/05	3.3
Australia GDP (Q2) % YOY	Wed/05	2.8
China trade balance (AUG) bn USD	Sat/08	28.2
LATIN AMERICA		
Chile interest rate %	Tue/04	2.5
AFRICA		
South Africa GDP (Q2) % YOY	Tue/04	1.0

PLEASE CONTINUE FOR MARKET DATA

Gergely Urmossy
Macro Strategist
gergely.urmossy@alquity.com

Aaron Armstrong
Senior Investment Analyst (Asia)
aaron.armstrong@alquity.com

Florian Gueritte
Investment Analyst (Latam)
florian.gueritte@alquity.com

Temi Iyiola
Investment Analyst (Africa)
temi.iyiola@alquity.com

Chris Wehbe
CEO & Chair of Investment Committee
chris.wehbe@alquity.com

GLOBAL MARKET DATA (CONTD.)

28 AUGUST TO 2 SEPTEMBER

Market Summary — Data: Last Calendar Week

Equities			Return (USD)				YTD (Local)	Volume 1wk/3mo
Name	Country	Price	1 Week	MTD	YTD	1Y		
North America								
S&P 500 INDEX	US	2,901.52	0.93%	3.03%	8.52%	17.39%		89%
RUSSELL 2000 INDEX	US	1,740.75	0.87%	4.19%	13.37%	23.87%		84%
NASDAQ COMPOSITE INDEX	US	8,109.54	2.06%	5.71%	17.47%	26.15%		92%
S&P/TSX COMPOSITE INDEX	Canada	16,262.88	-0.88%	-1.44%	-3.77%	2.53%	0.33%	106%
S&P 500 CONS DISCRET IDX	US	929.23	1.77%	4.98%	18.32%	30.49%		87%
S&P 500 CONS STAPLES IDX	US	551.48	-0.45%	0.34%	-6.11%	-1.84%		80%
S&P 500 FINANCIALS INDEX	US	469.32	0.33%	1.18%	1.16%	14.90%		83%
S&P 500 HEALTH CARE IDX	US	1,071.38	0.98%	4.18%	12.03%	14.19%		79%
S&P 500 INFO TECH INDEX	US	1,327.21	2.03%	6.74%	19.98%	31.13%		101%
S&P 500 ENERGY INDEX	US	547.58	-0.15%	-3.79%	2.66%	18.62%		76%
S&P 500 ECO SECTORS IDX	US	2,901.52	0.93%	3.03%	8.52%	17.39%		89%
S&P 500 INDUSTRIALS IDX	US	645.72	0.44%	-0.01%	1.24%	10.95%		83%
S&P 500 MATERIALS INDEX	US	371.60	0.32%	-0.74%	-1.94%	7.81%		85%
S&P 500 REAL ESTATE IDX	US	208.46	0.86%	2.23%	2.26%	2.70%		153%
S&P 500 TELECOM SERV IDX	US	153.99	-1.67%	2.93%	-7.27%	-1.82%		69%
S&P 500 UTILITIES INDEX	US	269.70	-0.58%	0.59%	0.87%	-2.73%		83%
Europe								
Euro Stoxx 50 Pr	Europe	3,392.07	-1.25%	-4.67%	-6.61%	-3.22%	-3.17%	73%
CAC 40 INDEX	France	5,401.96	-0.72%	-2.82%	-1.84%	3.76%	1.77%	78%
DAX INDEX	Germany	12,349.11	-0.49%	-4.35%	-7.69%	0.09%	-4.29%	75%
Athex Composite Share Pr	Greece	729.62	0.41%	-5.05%	-12.30%	-13.74%	-9.07%	69%
FTSE MIB INDEX	Italy	20,327.92	-2.52%	-9.62%	-10.54%	-8.71%	-7.25%	91%
AEX-Index	Netherlands	558.75	-0.58%	-3.67%	-1.10%	5.61%	2.54%	83%
PSI All-Share Index GR	Portugal	3,211.91	-1.37%	-3.54%	4.19%	8.93%	8.03%	80%
MOEX Russia Index	Russia	2,344.79	2.43%	-6.70%	-5.19%	-0.26%	11.19%	75%
IBEX 35 INDEX	Spain	9,417.00	-2.23%	-5.67%	-9.74%	-10.94%	-6.42%	58%
OMX STOCKHOLM 30 INDEX	Sweden	1,658.93	0.37%	-1.44%	-6.01%	-6.66%	5.15%	98%
SWISS MARKET INDEX	Switzerland	8,979.23	0.42%	-0.22%	-4.01%	-0.32%	-4.35%	75%
BIST 100 INDEX	Turkey	93,051.58	-4.10%	-28.76%	-53.80%	-55.75%	-19.60%	75%
FTSE 100 INDEX	UK	7,461.13	-1.09%	-5.31%	-7.36%	0.53%	-3.32%	72%
Asia Pacific								
MSCI AC ASIA x JAPAN	MSCI Asia Ex	666.08	1.11%	-1.25%	-6.64%	0.50%	-6.64%	98%
S&P/ASX 200 INDEX	Australia	6,310.88	-0.76%	-2.76%	-4.14%	0.25%	4.19%	121%
DSE 30 Index	Bangladesh	1,960.74	0.76%	5.00%	-15.65%	-11.69%	-14.13%	
HANG SENG CHINA ENT INDX	China "H"	10,797.16	0.90%	-1.36%	-7.55%	-4.00%	-7.12%	91%
SHANGHAI SE COMPOSITE	China "A"	2,720.73	-0.53%	-5.64%	-21.73%	-21.93%	-17.60%	87%
HANG SENG INDEX	HK	27,668.15	0.79%	-2.43%	-7.22%	-0.59%	-6.79%	92%
Nifty 50	India	11,701.85	-0.44%	-0.64%	-0.06%	6.33%	10.92%	115%
JAKARTA COMPOSITE INDEX	Indonesia	5,975.47	-1.00%	-1.62%	-13.29%	-7.82%	-5.31%	100%
NIKKEI 225	Japan	22,707.38	1.28%	2.04%	1.80%	15.41%	0.44%	89%
KOSPI 200 INDEX	Korea	297.49	1.18%	0.40%	-11.39%	-2.00%	-7.60%	99%
Laos Composite Index	Laos	876.05	0.63%	-2.23%	-13.64%	-16.33%	-11.43%	24%
FTSE Bursa Malaysia KLCI	Malaysia	1,816.63	0.02%	0.22%	-0.07%	6.48%	1.27%	97%
KARACHI 100 INDEX	Pakistan	41,309.48	-2.16%	-2.53%	-7.42%	-13.35%	3.14%	81%
PSEi - PHILIPPINE SE IDX	Philippines	7,832.22	0.60%	1.23%	-14.43%	-5.88%	-8.21%	140%
STRAITS TIMES INDEX STI	Singapore	3,206.70	-0.48%	-4.04%	-8.04%	-3.02%	-5.57%	89%
SRI LANKA COLOMBO ALL SH	Sri Lanka	6,084.51	0.14%	-2.18%	-9.23%	-9.96%	-4.54%	139%
TAIWAN TAIEX INDEX	Taiwan	10,964.22	2.30%	-0.51%	0.45%	2.61%	3.96%	80%
STOCK EXCH OF THAI INDEX	Thailand	1,721.50	0.52%	2.32%	-2.51%	7.78%	-1.83%	112%
HO CHI MINH STOCK INDEX	Vietnam	989.54	0.26%	3.43%	-1.96%	23.37%	0.54%	107%
Rest of the World								
MSCI ACWI	MSCI World	522.88	0.63%	0.59%	1.92%	9.30%	1.92%	84%
MSCI EM	MSCI EM	1,055.96	0.55%	-2.90%	-8.85%	-2.92%	-8.85%	83%
MSCI Fronter Market Index	MSCI FM	2,647.24	-0.95%	-3.33%	-11.41%	-5.67%	-11.41%	107%
DFM GENERAL INDEX	Dubai	2,833.16	0.87%	-3.92%	-15.73%	-21.92%	-15.72%	68%
MSCI EM LATIN AMERICA	Latin America	2,463.79	-1.10%	-8.82%	-12.88%	-14.25%	-12.88%	90%
ARGENTINA MERVAL INDEX	Argentina	29,293.52	-4.61%	-27.18%	-51.73%	-42.65%	-2.57%	151%
MSCI BRAZIL	Brazil	1,619.13	-0.22%	-12.00%	-19.96%	-18.96%	-19.96%	86%
S&P/CLX IPSA (CLP) TR	Chile	5,270.44	-2.79%	-9.35%	-14.48%	-5.99%	-5.29%	83%
IGBC GENERAL INDEX	Colombia	12,254.88	-2.72%	-4.36%	4.64%	7.24%	6.77%	
S&P/BMV IPC	Mexico	49,547.68	-2.09%	-3.30%	2.89%	-10.48%	0.39%	88%
Bolsa de Panama General	Panama	470.42	-0.56%	-2.12%	6.21%	8.96%	6.21%	18%
S&P/BVLPeruGeneralTRPEN	Peru	19,443.11	-1.33%	-6.06%	-4.52%	8.22%	-2.66%	111%
MSCI EFM AFRICA	Africa	812.45	-4.29%	-9.36%	-19.84%	-10.77%	-19.84%	111%
EGYPT HERMES INDEX	Egypt	1,526.29	4.33%	1.95%	6.78%	25.81%	7.08%	128%
GSE Composite Index	Ghana	2,782.53	-2.12%	-2.82%	1.56%	7.60%	7.86%	68%
Nairobi SE 20 Share	Kenya	3,203.40	-2.77%	-3.02%	-11.56%	-18.72%	-13.70%	85%
MASI Free Float Index	Morocco	11,546.49	-1.14%	-1.36%	-7.56%	-7.05%	-6.80%	45%
NIGERIA STCK EXC ALL SHR	Nigeria	34,848.45	-1.62%	-5.82%	-9.37%	-2.91%	-8.88%	105%
FTSE/JSE AFRICA TOP40 IX	South Africa	52,177.90	-3.01%	-8.88%	-15.80%	-7.08%	-0.13%	111%
Global Style								
MSCI WORLD GROWTH INDEX	US	2,704.08	1.24%	2.85%	9.12%	17.49%	9.12%	91%
MSCI WORLD VALUE INDEX	US	2,810.01	0.01%	-0.83%	-2.28%	4.54%	-2.28%	87%
MSCI World Large Cap	US	1,334.03	0.64%	1.10%	3.70%	11.21%	3.70%	86%
MSCI World Mid-Cap	US	1,413.24	0.63%	0.76%	2.14%	10.04%	2.14%	97%
Average			-0.34%	-2.59%	-5.33%	-0.08%	-3.83%	90%
Top 25%			0.78%	0.59%	1.40%	8.02%	1.81%	100%
Bottom 25%			-1.20%	-4.36%	-10.97%	-7.45%	-8.37%	79%

Gergely Urmossy
Macro Strategist
gergely.urmossy@alquity.com

Aaron Armstrong
Senior Investment Analyst (Asia)
aaron.armstrong@alquity.com

Florian Gueritte
Investment Analyst (Latam)
florian.gueritte@alquity.com

Temi Iyiola
Investment Analyst (Africa)
temi.iyiola@alquity.com

Chris Wehbe
CEO & Chair of Investment Committee
chris.wehbe@alquity.com

GLOBAL MARKET DATA (CONTD.)

28 AUGUST TO 2 SEPTEMBER

FX (vs USD)			Return +ive=USD Stronger			
Name	BBG Code	Price	1 Week	MTD	YTD	1Y
DOLLAR INDEX SPOT	DXY Index	95.17	-0.01%	0.62%	3.27%	2.67%
USD-EUR X-RATE	USDEUR Curncy	0.86	0.29%	0.98%	3.70%	2.49%
Russian Ruble SPOT (TOM)	USDRUB Curncy	67.73	0.46%	8.33%	17.27%	16.30%
USD-TRY X-RATE	USDTRY Curncy	6.59	9.42%	34.25%	74.02%	90.48%
USD-GBP X-RATE	USDGBP Curncy	0.77	-0.82%	1.30%	4.35%	-0.50%
Bloomberg JPMorgan Asia Dollar	ADXY Index	105.17	-0.45%	-0.68%	-4.27%	-2.67%
USD-AUD X-RATE	USDAUD Curncy	1.39	1.95%	3.48%	8.69%	10.31%
USD-CNY X-RATE	USDCNY Curncy	6.83	0.38%	0.41%	5.28%	3.86%
USD-INR X-RATE	USDINR Curncy	70.83	1.51%	3.52%	10.98%	10.76%
USD-JPY X-RATE	USDJPY Curncy	110.90	-0.12%	-0.64%	-1.33%	0.84%
USD-KRW X-RATE	USDKRW Curncy	1,109.59	0.35%	0.47%	4.67%	-0.68%
USD-TWD X-RATE	USDTWD Curncy	30.71	0.06%	0.57%	3.50%	1.86%
USD-ARS X-RATE	USDARS Curncy	36.90	22.02%	37.36%	101.85%	116.54%
USD-BRL X-RATE	USDBRL Curncy	4.06	-0.38%	9.22%	23.59%	30.21%
USD-CLP X-RATE	USDCLP Curncy	679.93	3.08%	6.99%	10.75%	8.80%
USD-MXN X-RATE	USDMXN Curncy	19.17	1.96%	3.10%	-2.43%	8.08%
USD-EGP X-RATE	USDEGP Curncy	17.91	-0.20%	-0.21%	0.29%	1.09%
USD-NGN X-RATE	USDNGN Curncy	361.95	-0.01%	-0.04%	0.54%	1.09%
USD-ZAR X-RATE	USDZAR Curncy	14.72	2.56%	12.20%	18.61%	12.92%
Commodities			**Return (USD)**			
WTI CRUDE FUTURE Oct18	CLA Comdty	69.79	1.57%	3.21%	18.87%	39.60%
BRENT CRUDE FUTR Nov18	COA Comdty	77.84	1.98%	4.37%	21.27%	44.61%
Baltic Dry Index	BDIY Comdty	1,579.00	-6.95%	-9.62%	15.59%	33.36%
Natural Gas Futures	NG1 Comdty	2.89	-0.03%	4.82%	-1.25%	-4.08%
Gold Spot $/Oz	XAU Curncy	1,201.38	-0.45%	-2.12%	-8.12%	-8.88%
Silver Spot $/Oz	XAG Curncy	14.50	-1.89%	-6.66%	-14.81%	-16.90%
LME COPPER 3MO ($)	LMCADS03 Comdty	5,975.00	-2.13%	-5.16%	-17.55%	-11.98%
Government Bond Yields %			**Change (percentage points)**			
US Generic Govt 2 Year Yield	USGG2YR Index	2.63	0.01	-0.04	0.74	1.30
US Generic Govt 5 Year Yield	USGG5YR Index	2.74	0.03	-0.11	0.53	1.04
US Generic Govt 10 Year Yield	USGG10YR Index	2.86	0.05	-0.10	0.46	0.74
Canadian Govt Bonds 10 Year No	GCAN10YR Index	2.23	-0.03	-0.08	0.18	0.38
Mexico Generic 10 Year	GMXN10YR Index	7.92	0.08	0.16	0.26	1.07
UK Govt Bonds 10 Year Note Gen	GUKG10 Index	1.44	0.15	0.10	0.24	0.39
Switzerland Govt Bonds 10 Year	GSWISS10 Index	-0.09	0.01	-0.08	0.05	0.04
German Government Bonds 2 Yr B	GDBR2 Index	-0.60	-0.01	-0.04	0.02	0.12
German Government Bonds 5 Yr O	GDBR5 Index	-0.22	-0.01	-0.10	-0.03	0.11
German Government Bonds 10 Yr	GDBR10 Index	0.34	-0.02	-0.12	-0.10	-0.04
French Generic Govt 10Y Yield	GTFRF10Y Govt	0.69	0.00	-0.05	-0.10	0.02
Greece Generic Govt 10Y Yield	GTGRD10Y Govt	4.38	0.20	0.43	0.29	-1.11
Italy Generic Govt 10Y Yield	GBTPGR10 Index	3.19	0.08	0.52	1.22	1.19
Spain Generic Govt 10Y Yield	GSPG10YR Index	1.47	0.08	0.07	-0.09	-0.09
Portugal Generic Govt 10Y Yield	GSPT10YR Index	1.92	0.10	0.18	-0.02	-0.91
Australia Govt Bonds Generic Y	GACGB10 Index	2.52	-0.02	-0.13	-0.11	-0.20
India Govt Bond Generic Bid Yi	GIND10YR Index	7.93	0.08	0.18	0.63	1.43
KCMP South Korea Treasury Bond	GVSK10YR Index	2.31	-0.07	-0.26	-0.16	0.04
Japan Generic Govt 10Y Yield	GJGB10 Index	0.12	0.01	0.05	0.06	0.10
South Africa Govt Bonds 10 Yea	GSAB10YR Index	8.72				
Corporate Credit Indices			**Change (Bps) +ive = Widening**			
MARKIT ITRX EUR XOVER 06/23	ITRXEXE CBIL Curncy	300.13	11.17	16.60	67.12	62.37
MARKIT ITRX EUROPE 06/23	ITRXEBE CBIL Curncy	68.74	2.14	7.51	23.45	13.15
MARKIT ITRX EUR SNR FIN 06/23	ITRXESE CBIL Curncy	84.98	3.80	10.90	40.97	31.42
MARKIT ITRX EUR SUB FIN 06/23	ITRXEUE CBIL Curncy	176.82	8.71	19.13	72.18	52.96
MARKIT CDX.NA.IG.30 06/23	IBOXUMAE CBIL Curncy	60.02	0.83	2.28	11.42	1.99
MARKIT CDX.NA.HY.30 06/23	IBOXHYSE CBIL Curncy	330.12	3.94	2.65	26.24	5.34
Implied Volatility (Equity Index)			**Change (Volatility Points) +ive = Volatility Rising**			
Eurostoxx 3month ATM	SX5E Index	13.84	1.26	2.09	0.18	-0.44
FTSE 100 500 3month ATM	UKX Index	12.32	1.58	1.70	2.93	1.93
Hang Seng 3month ATM	HSI Index	17.47	0.62	1.53	2.57	2.08
Nikkei 3month ATM	NKY Index	13.66	0.28	0.54	-1.87	1.09
S&P 500 3month ATM	SPX Index	11.24	0.14	0.29	1.32	0.63
Volatility (VIX)	VIX Index	12.86	0.87	0.03	1.82	2.27
Inflation (Long term inflation expectation proxy) %			**Change (percentage points)**			
US 5Y5YF Inflation Swap		2.39	-0.01	-0.04	0.06	0.16
UK 5Y5YF Inflation Swap		3.42	-0.03	-0.03	-0.08	0.06
JPY 5Y5YF Inflation Swap		0.27	0.06	-0.13	-0.13	0.02
EUR 5Y5YF Inflation Swap		1.72	0.00	-0.03	-0.01	0.11
Economic Data Surprise (+ive/-ive = above/below expectations)						
Citi Economic Surprise Index	CESIAPAC Index	-13.50				
Citi Economic Surprise Index -	CESICNY Index	-36.50				
Citi Economic Surprise Index -	CESIEM Index	-6.40				
Citi Economic Surprise Index -	CESIEUR Index	1.40				
Citi Economic Surprise Index -	CESIG10 Index	-3.30				
Citi Economic Surprise - Japan	CESIJPY Index	-1.40				
Citi Economic Surprise Index -	CESILTAM Index	18.00				
Citi Economic Surprise - Unite	CESIUSD Index	-17.70				

Gergely Urmossy
Macro Strategist
gergely.urmossy@alquity.com

Aaron Armstrong
Senior Investment Analyst (Asia)
aaron.armstrong@alquity.com

Florian Gueritte
Investment Analyst (Latam)
florian.gueritte@alquity.com

Temi Iyiola
Investment Analyst (Africa)
temi.iyiola@alquity.com

Chris Wehbe
CEO & Chair of Investment Committee
chris.wehbe@alquity.com

All performance data is weekly and in USD unless otherwise specified.

The information in this document (this "Document") is for discussion purposes only. This Document does not constitute an offer to sell, or a solicitation of an offer to acquire, an investment (an "Interest") in any of the funds discussed herein. This Document is not intended to be, nor should it be construed or used as, investment, tax or legal advice. This Document does not constitute any recommendation or opinion regarding the appropriateness or suitability of an Interest for any prospective investor.

This material is for distribution to Professional Clients only, as defined under the Financial Conduct Authority's ("FCA") conduct of business rules, and should not be relied upon by any other persons. Issued by Alquity Investment Management Limited, which is authorised and regulated in the United Kingdom by the FCA and operates in the United States as an "exempt reporting adviser" in reliance on the exemption in Section 203(m) of the United States Investment Advisers Act of 1940.

The Alquity Africa Fund, the Alquity Asia Fund, the Alquity Future World Fund, the Alquity Indian Subcontinent Fund and the Alquity Latin American Fund are all sub-funds of the Alquity SICAV ("the Fund") which is a UCITS Fund and is a recognised collective investment scheme for the purposes of the Financial Services and Markets Act 2000 of the United Kingdom (the "FSMA"). This does not mean the product is suitable for all investors and as the Fund is invested in emerging market equities, investors may not get back the full amount invested.

This Document is qualified in its entirety by the information contained in the Fund's prospectus and other operative documents (collectively, the "Offering Documents"). Any offer or solicitation may be made only by the delivery of the Offering Documents. Before making an investment decision with respect to the Fund, prospective investors are advised to read the Offering Documents carefully, which contains important information, including a description of the Fund's risks, conflicts of interest, investment programme, fees, expenses, redemption/withdrawal limitations, standard of care and exculpation, etc. Prospective investors should also consult with their tax and financial advisors as well as legal counsel. This Document does not take into account the particular investment objectives, restrictions, or financial, legal or tax situation of any specific prospective investor, and an investment in the Fund may not be suitable for many prospective investors.

An investment in the Fund is speculative and involves a high degree of risk. Performance may vary substantially from year to year and even from month to month. Withdrawals/redemptions and transfers of Interests are restricted. Investors must be prepared to lose their entire investment, and without any ability to redeem or withdraw so as to limit losses.

References to indices herein are for informational and general comparative purposes only. There will be significant differences between such indices and the investment programme of the Funds. The Fund will not invest in all (or any material portion) of the securities, industries or strategies represented by such indices. Comparisons to indices have inherent limitations and nothing herein is intended to suggest or otherwise imply that the Fund will, or are likely to, achieve returns, volatility or other results similar to such indices. Indices are unmanaged and do not reflect the result of management fees, performance-based allocations and other fees and expenses.

All Fund performance results presented herein are unaudited and should not be regarded as final until audited financial statements are issued. Past performance is not necessarily indicative of future results. All performance results are based on the NAV of fee paying investors only and are presented net of management fees, brokerage commissions, administrative expenses, and accrued performance allocation, if any, and include the reinvestment of all dividends, interest, and capital gains. Net returns shown herein reflect those of an investor admitted at inception of the Fund, and are representative of a regular [shareholder], net of applicable expenses and reflect reinvestment of dividends and interest. In the future, the Fund may offer share in the Fund with different fee and expense structures.

The Fund's investment approach is long-term, investors must expect to be committed to the Fund for an extended period of time (3-5 years) in order for it to have an optimal chance of achieving its investment objectives.

This Document may not be reproduced in whole or in part, and may not be delivered to any person (other than an authorised recipient's professional advisors under customary undertakings of confidentiality) without the prior written consent of the Investment Manager.

SWISS INVESTORS:

The prospectus, the Articles of Association, the Key Investor Information Document "KIIDs" as well as the annual and semi-annual report of the Fund is available only to Qualified Investors free of charge from the Representative. In respect of the units distributed in Switzerland to Qualified Investors, place of performance and jurisdiction is at the registered office of the Representative. Funds other than the Luxembourg domiciled Alquity SICAV mentioned in this document may not be admitted for distribution in Switzerland.

Swiss Representative: FIRST INDEPENDENT FUND SERVICES LTD., Klausstrasse 33, 8008 Zurich.

Swiss Paying Agent: Neue Helvetische Bank AG, Seefeldstrasse 215, CH-8008 Zurich.

Gergely Urmossy
Macro Strategist
gergely.urmossy@alquity.com

Aaron Armstrong
Senior Investment Analyst (Asia)
aaron.armstrong@alquity.com

Florian Gueritte
Investment Analyst (Latam)
florian.gueritte@alquity.com

Temi Iyiola
Investment Analyst (Africa)
temi.iyiola@alquity.com

Chris Wehbe
CEO & Chair of Investment Committee
chris.wehbe@alquity.com