

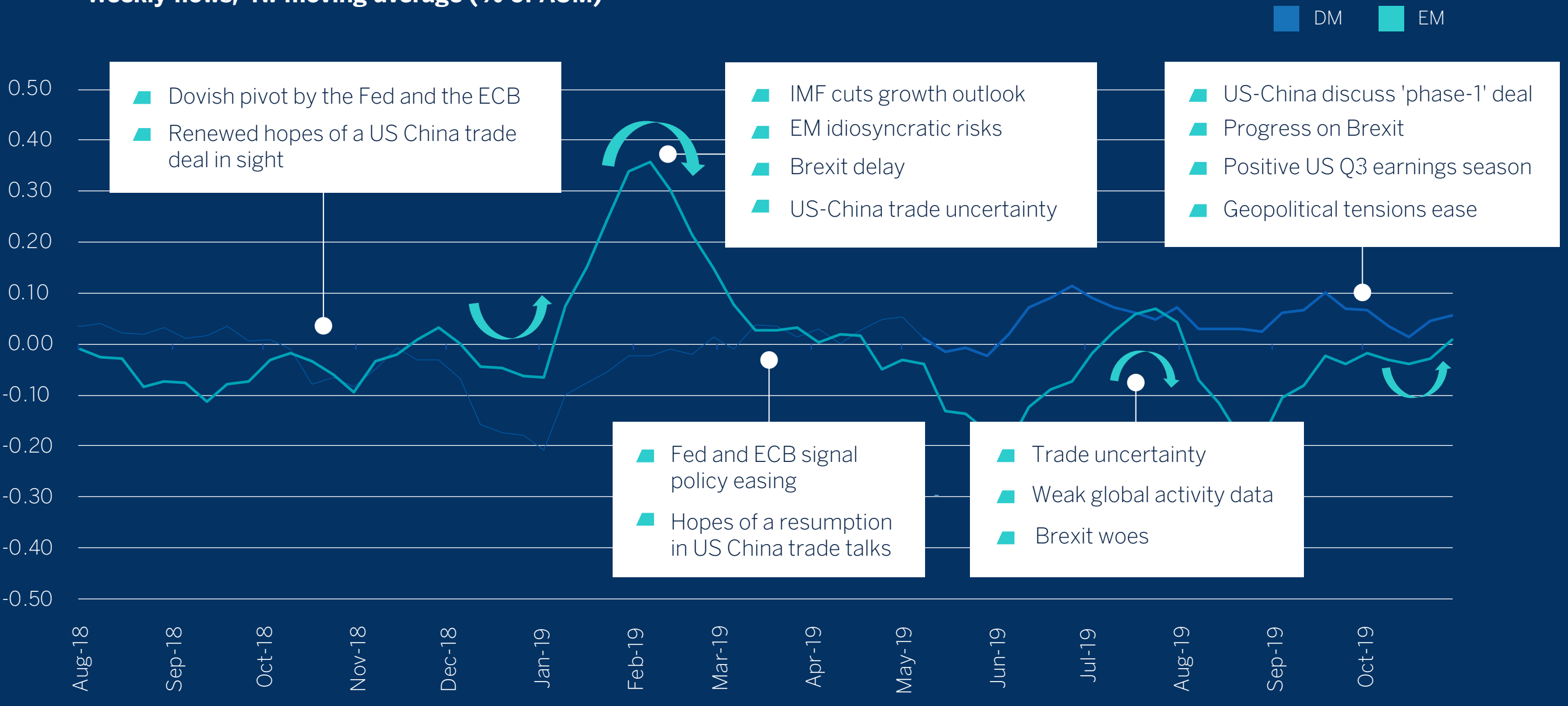
Global Funds Outlook 4Q19

EM flows on an uneven revival path

The global economy and markets remain susceptible to shocks, fueled by trade tensions, geopolitical frictions and idiosyncratic issues.

Reassuringly, recent progress on US-China trade talks and Brexit, easing US recession concerns and policy easing has revived investor sentiment.

Weekly flows, 4w moving average (% of AUM)



The need for resiliency in wake of prolific risk off episodes **continues to drive core developed market (DM) bond inflows**

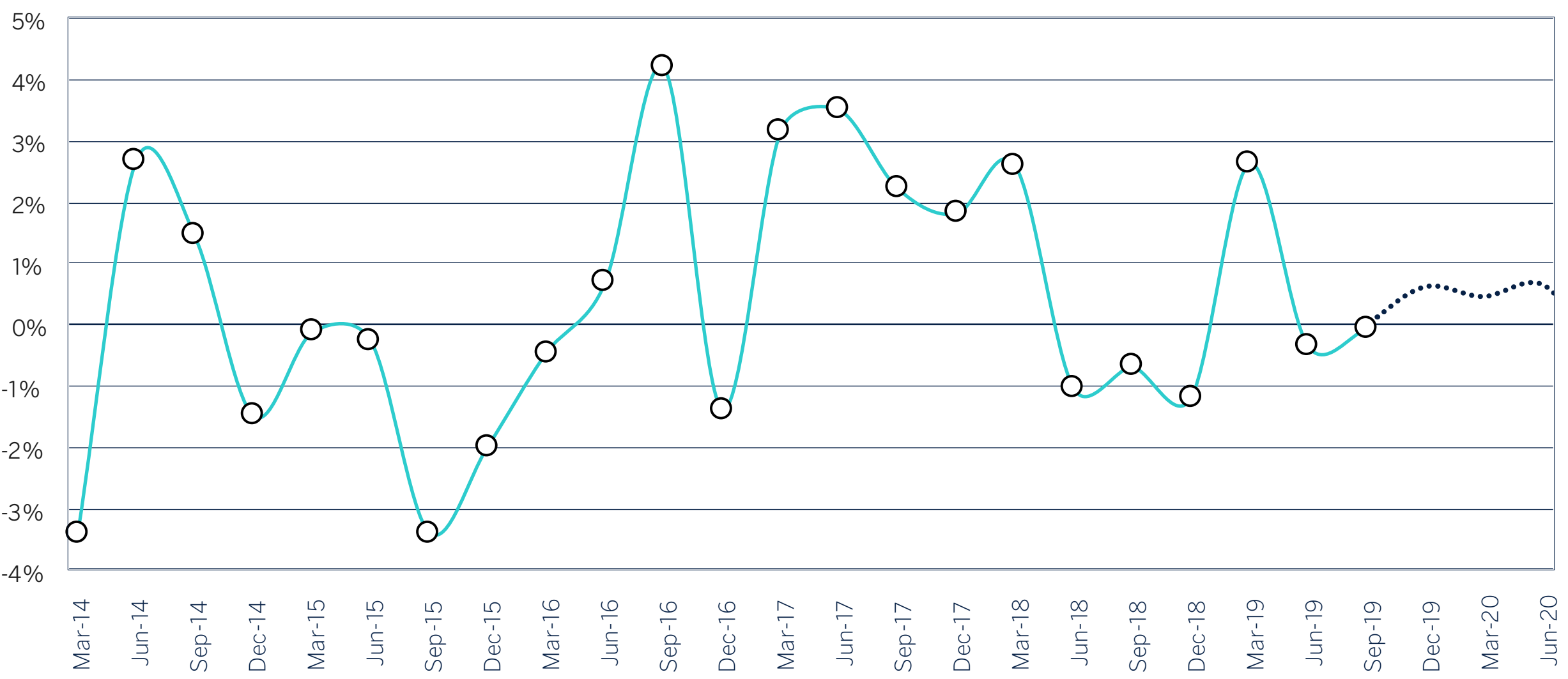
Demand for high yield and IG credit is robust, while **sovereign bonds are losing sheen although still an effective cushion during risk-off**

Going forward, **we expect ongoing easing in global uncertainties**, and policy support to sustain flows into EMs, mainly those implementing 'sound' policies and with stable currencies

Meanwhile, **search for yield** has fueled debt flows to periphery Europe and emerging markets (EMs)

Flows to money markets remain elevated. We see some rotation towards equities but not a clear appetite for EMs yet

Portfolio flows to EM: Actual and forecast as under our baseline scenario (% of AUM)



Nevertheless, concerns over underlying vulnerabilities and the potential for further bouts of cross asset volatility will restrain a sharp recovery in EM inflows.

Weekly flows, 4w moving average (% of AUM)

