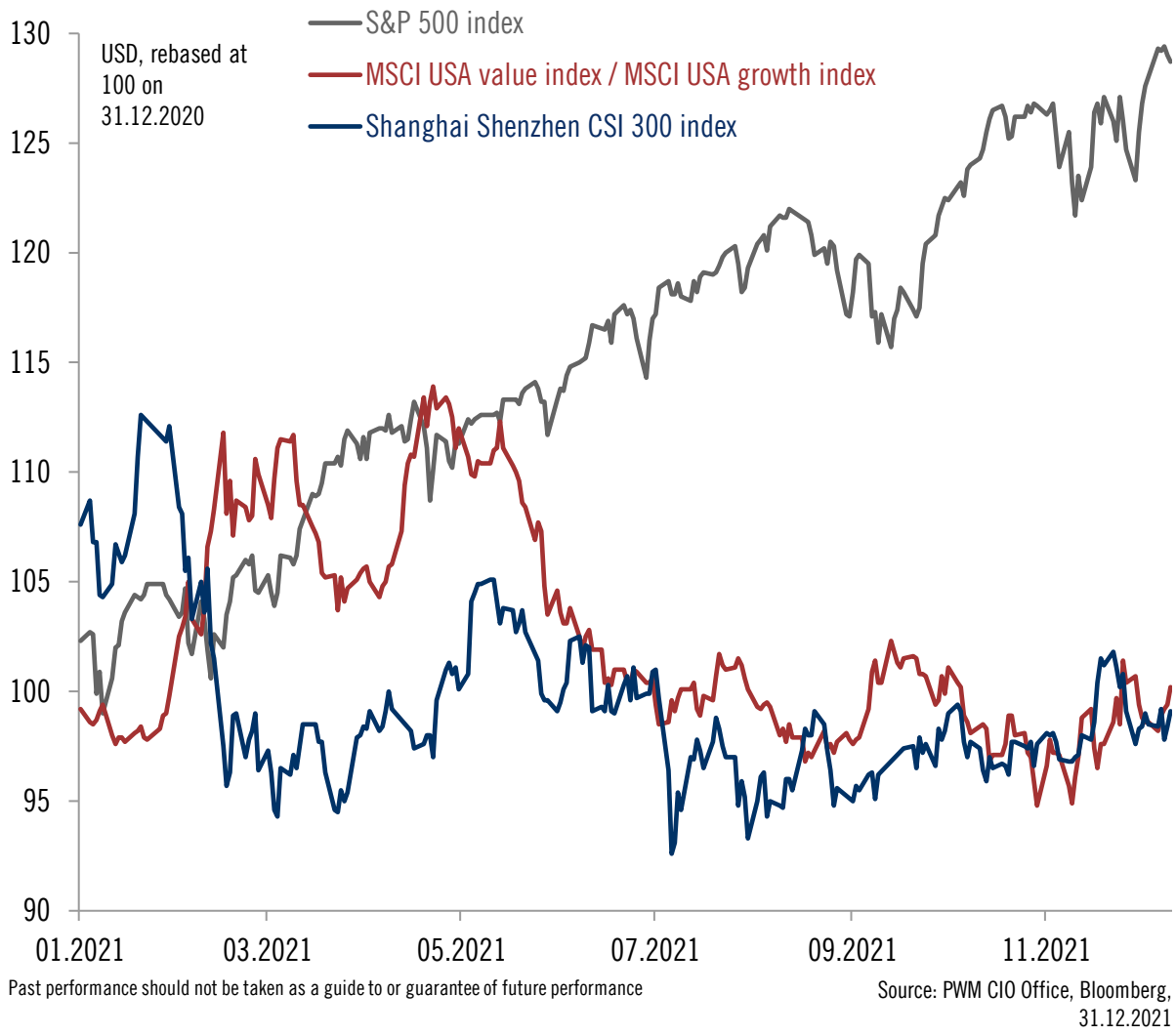


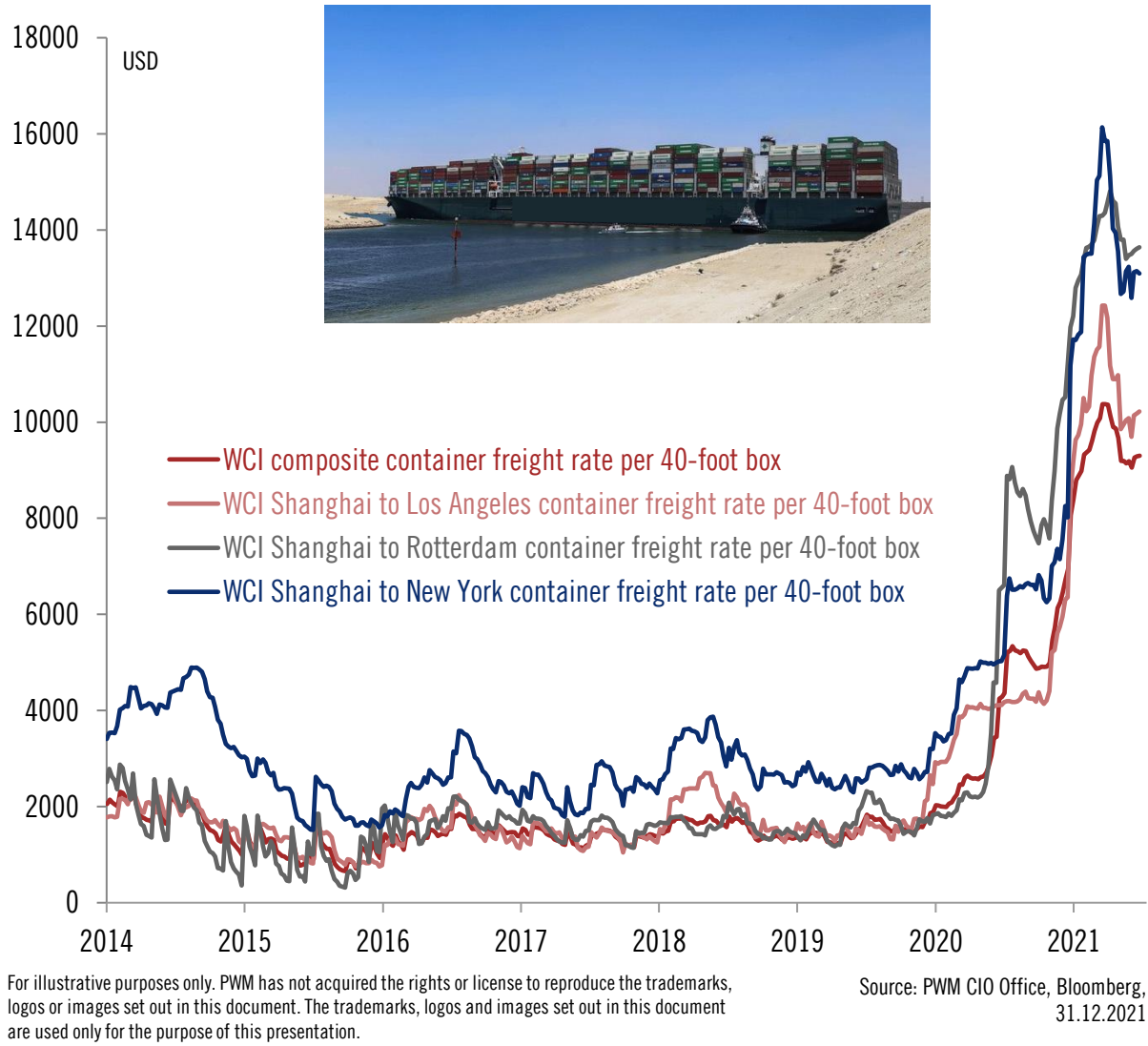


Macroeconomic background

2021 | The year of risk-on markets

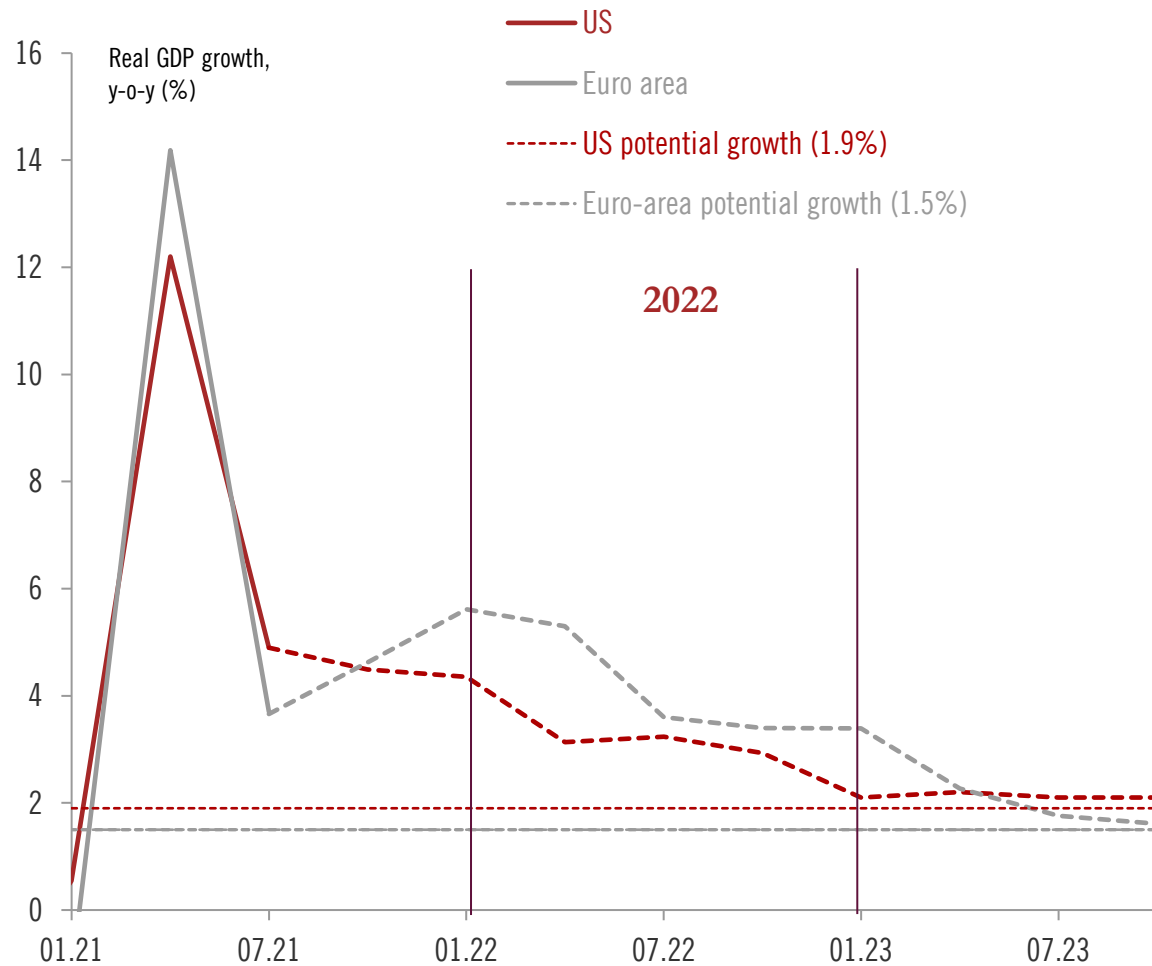


MSCI USA value vs. growth, S&P 500 index, CSI 300 index total return



Container shipping costs per 40-foot box

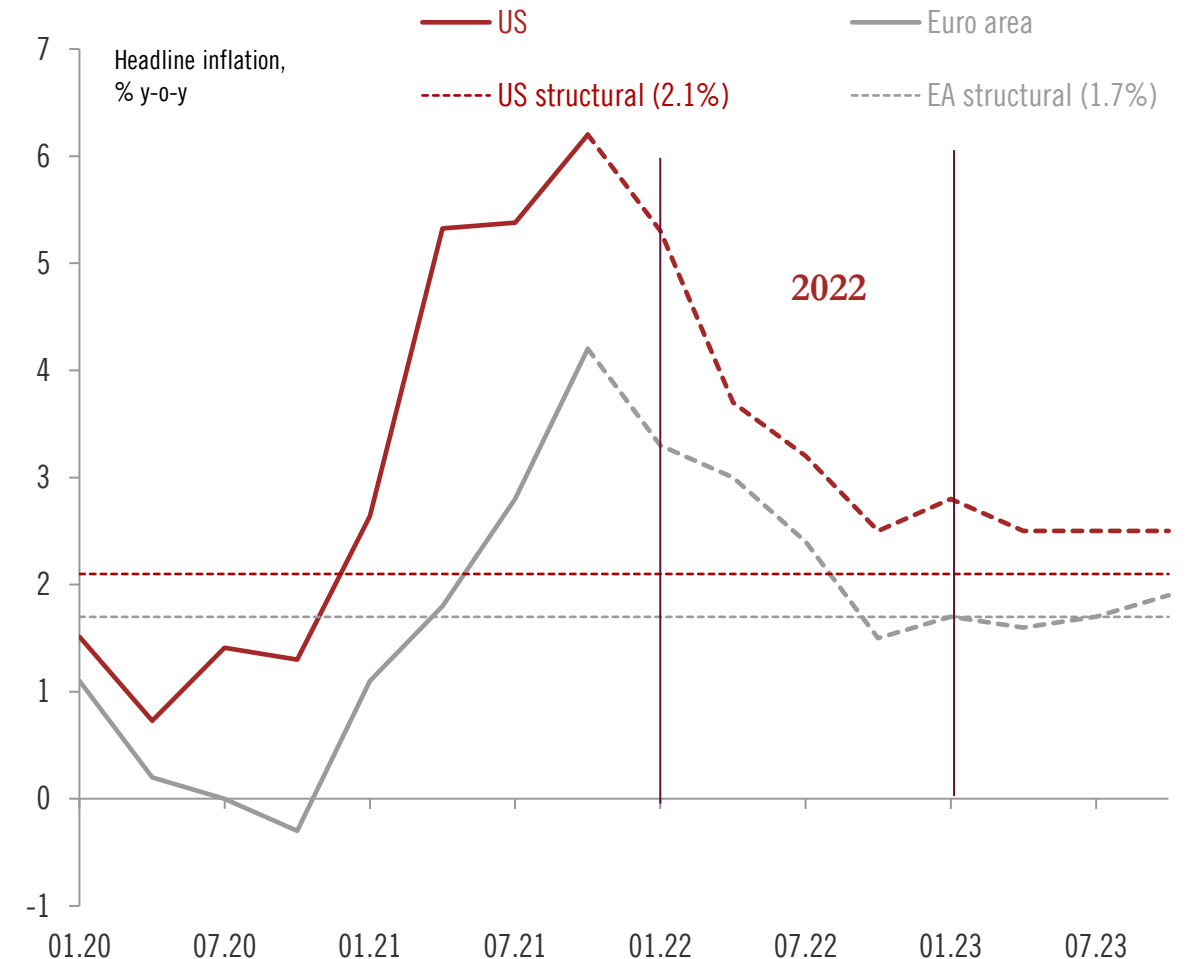
US / Euro area | The year of the soft landing for growth and inflation



For illustrative purposes only. There can be no assurance that these targets or forecasts will be achieved

Source: Pictet WM-AA&MR, Refinitiv
21.12.2021

GDP growth and our forecast: US and euro area



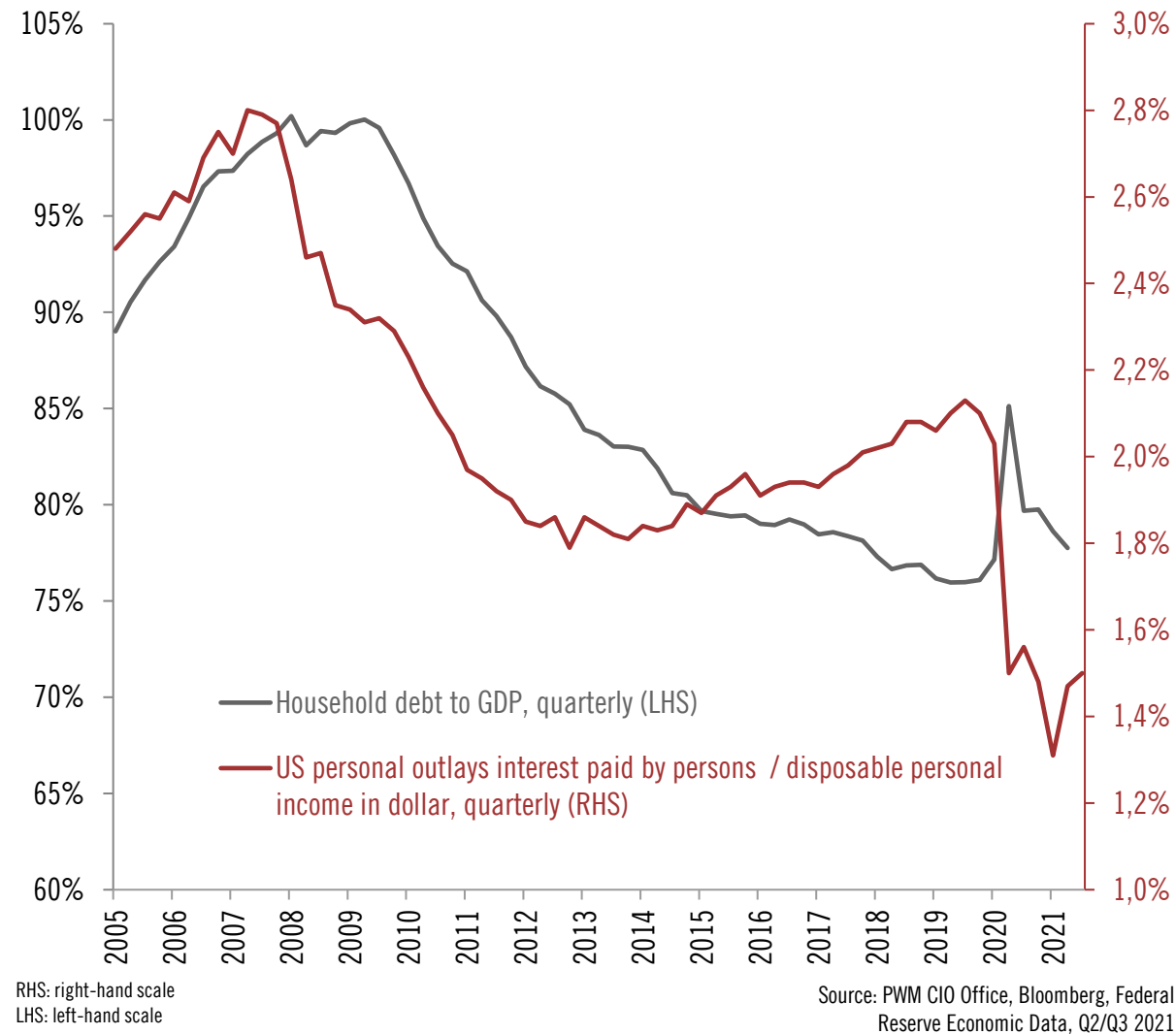
For illustrative purposes only. There can be no assurance that these targets or forecasts will be achieved

Source: Pictet WM-AA&MR, Refinitiv
21.12.2021

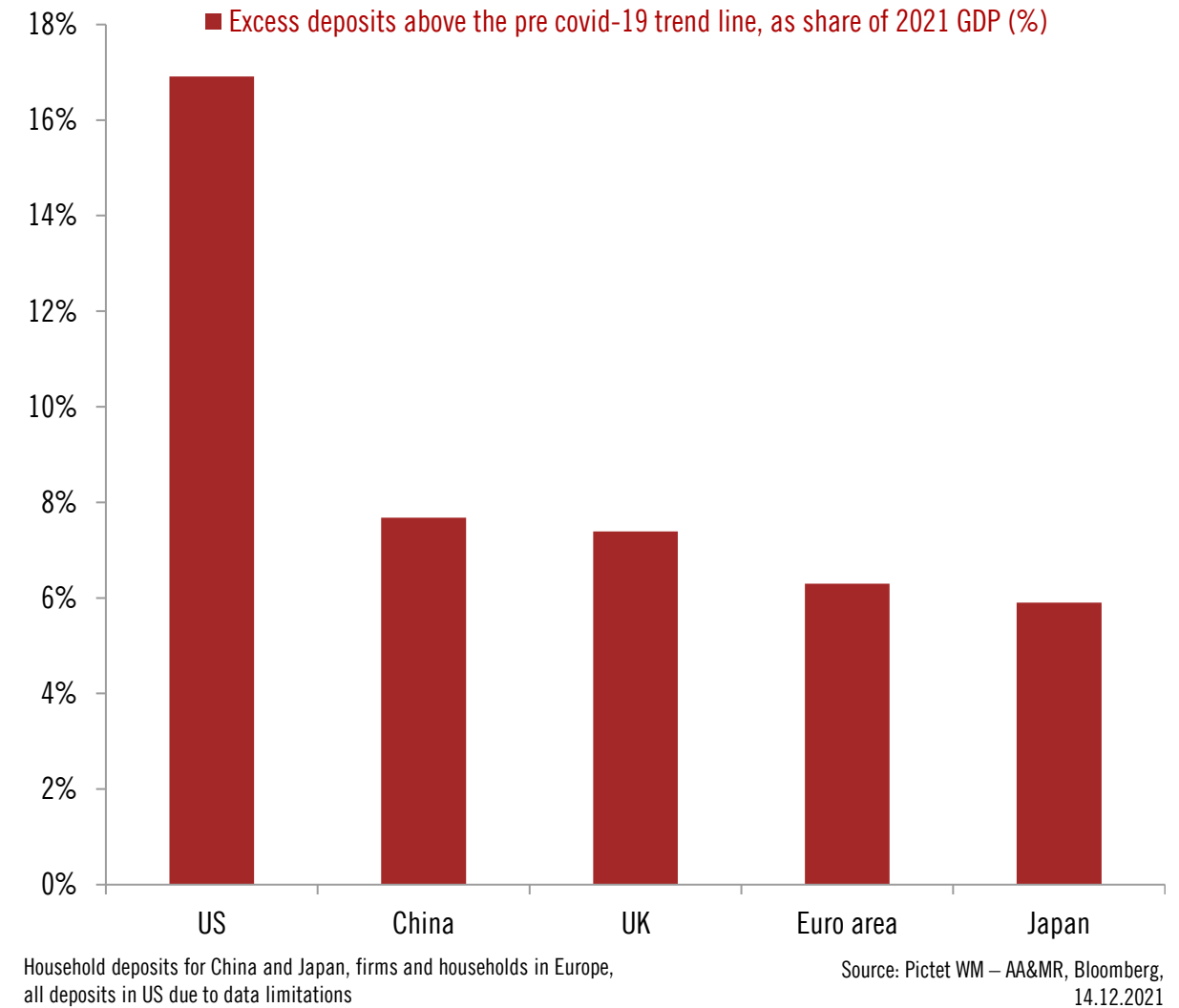
Inflation and our forecast: US and euro area



United States | Cash-rich consumers, boding well for future spending

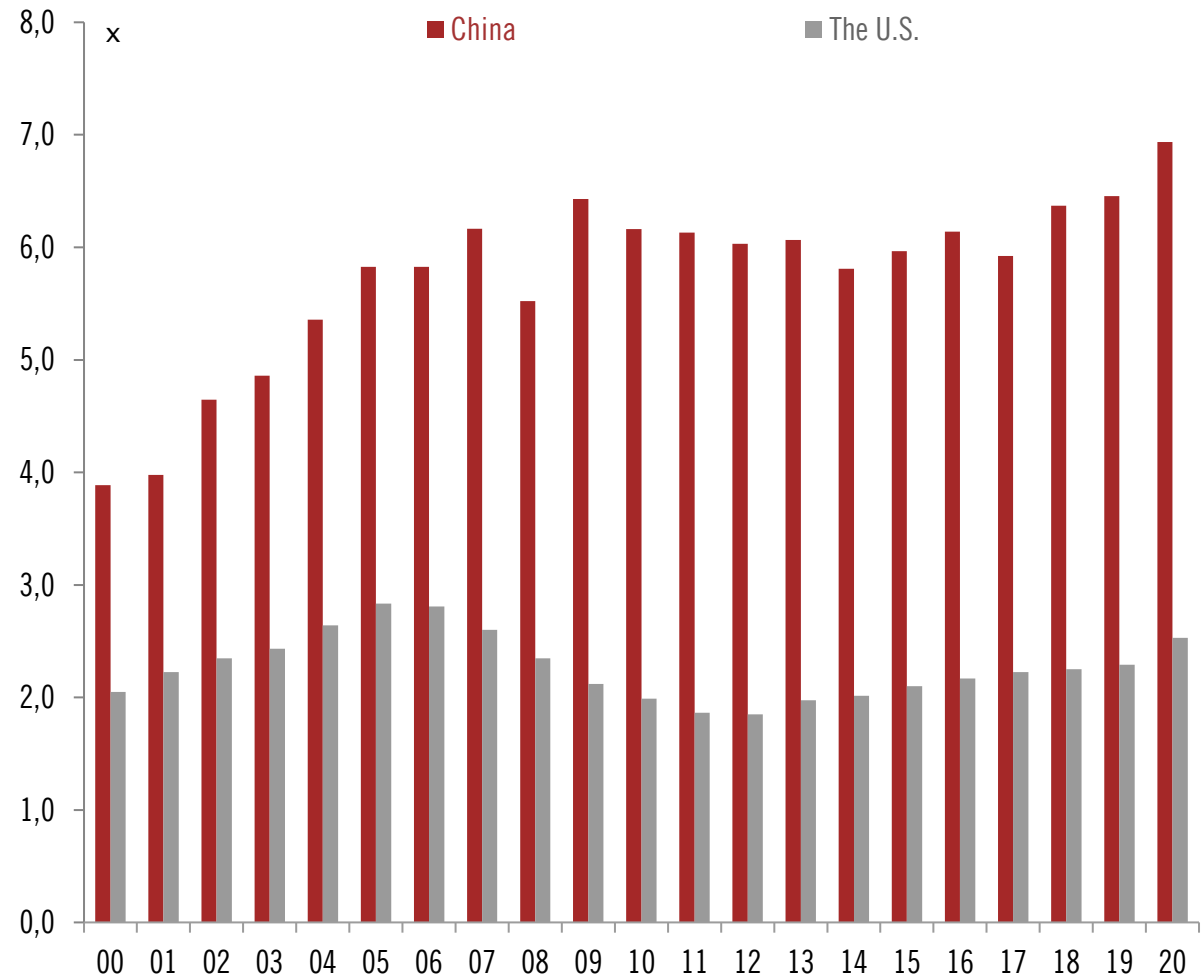


US household debt as % of GDP vs. interest paid/disposable income



Excess bank deposits, as % of 2021 GDP

China| Property deceleration remains the biggest headwind for 2022



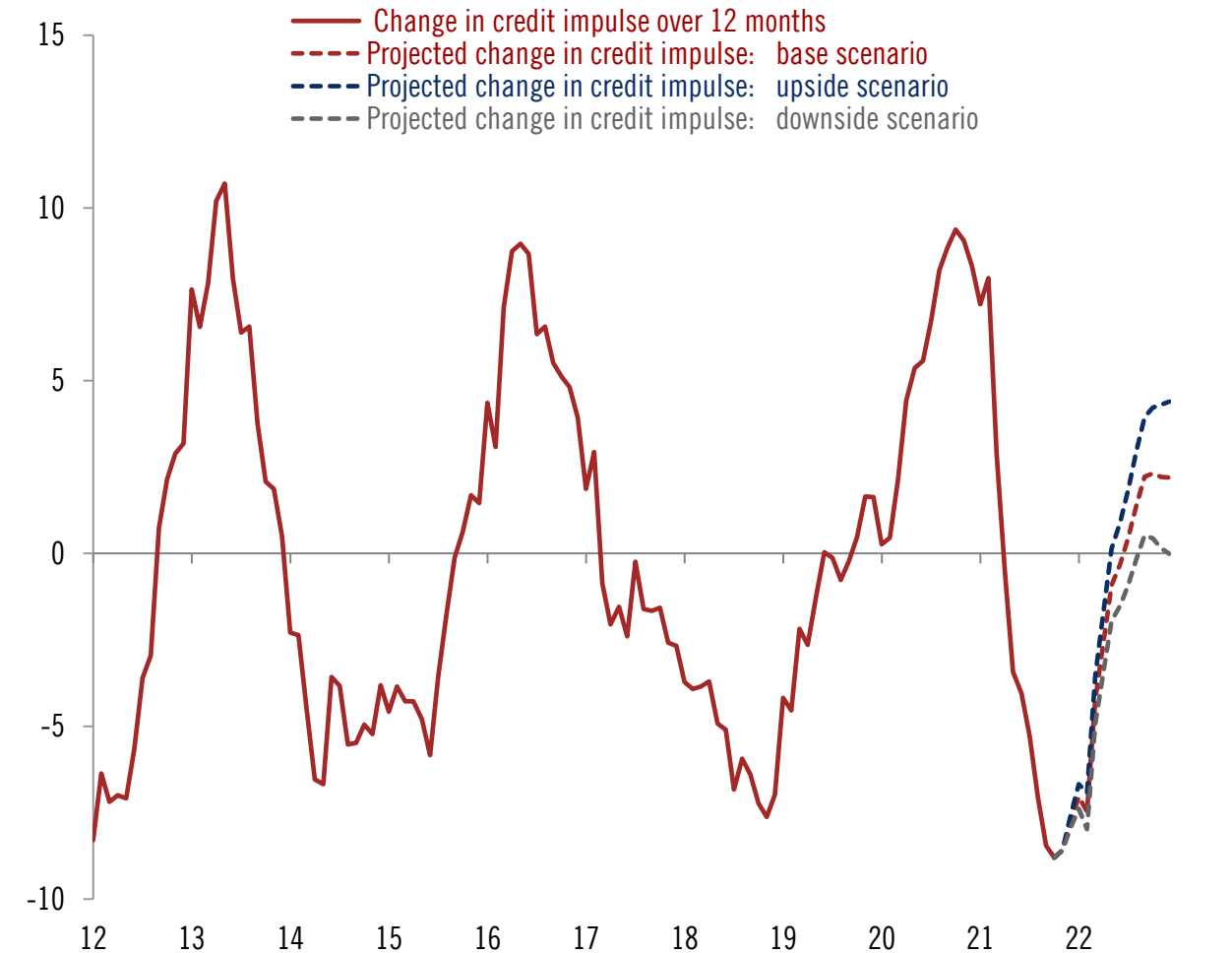
*China data includes land transactions

Source: CEIC, Federal Reserve Board, Empirical Research Partners Analysis, 23.11.2021

China and US: value of housing stock-to-personal consumption expenditures



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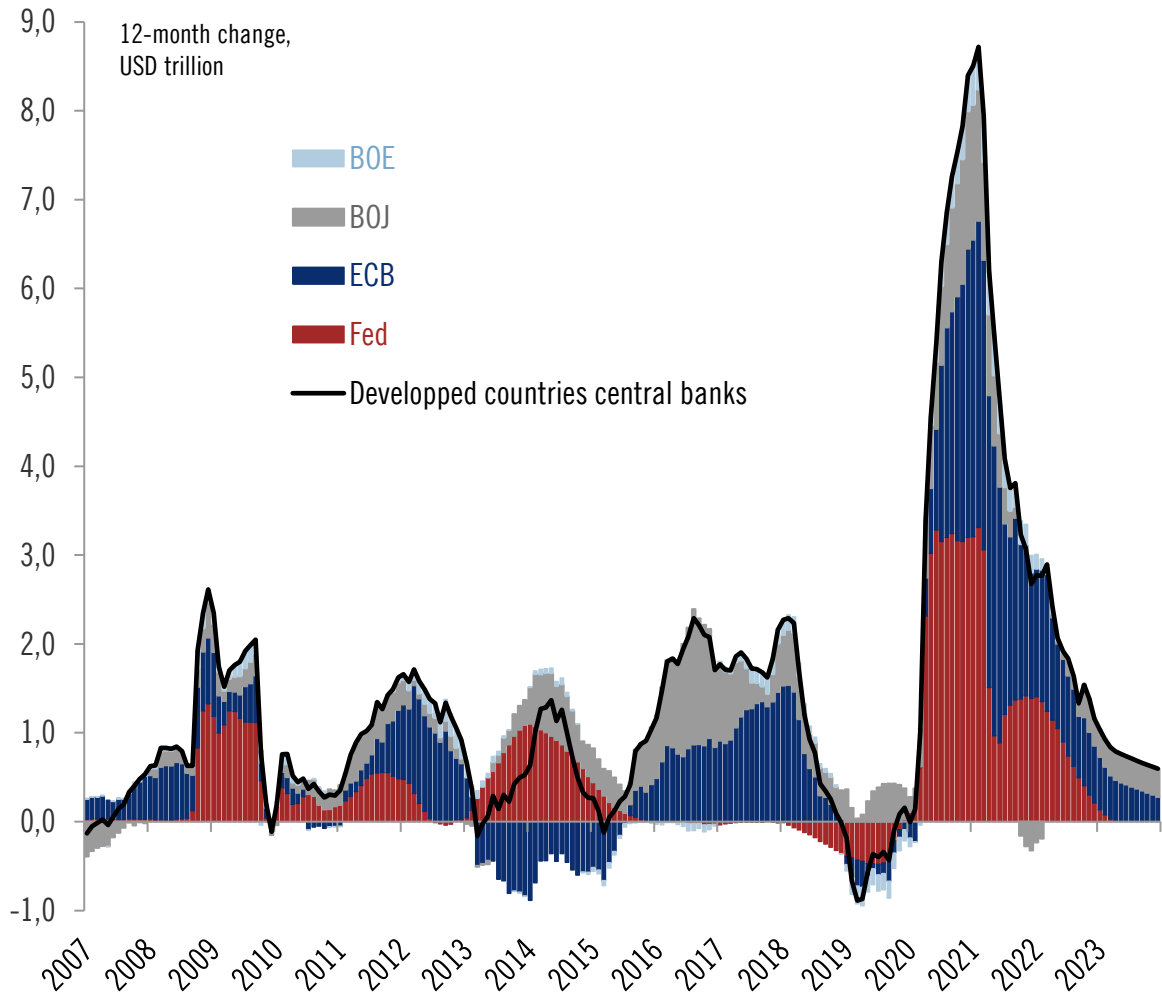


For illustrative purposes only. There can be no assurance that these targets or forecasts will be achieved

Source: Pictet WM - AA&MR, Bloomberg, PBoC, 15.12.2021

China: credit impulse (with projection)

2022 | The unbundling begins as health concerns persist

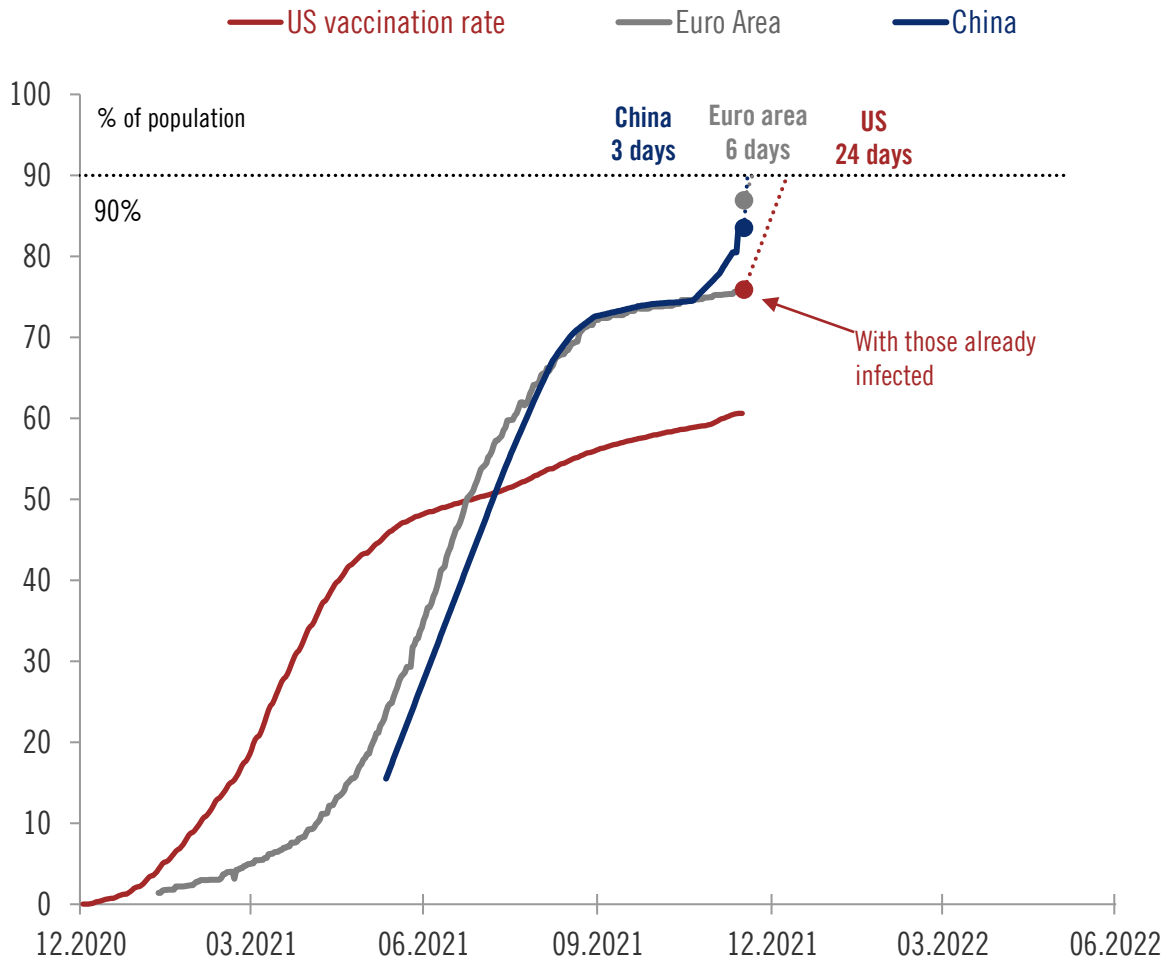


For illustrative purposes only. There can be no assurance that these targets or forecasts will be achieved

Source: Pictet WM – AA&MR, Bloomberg, 14.12.2021

BOJ: Bank of Japan ECB: European Central Bank
BOE: Bank of England Fed: Federal Reserve

Central banks: balance sheet 12-month change

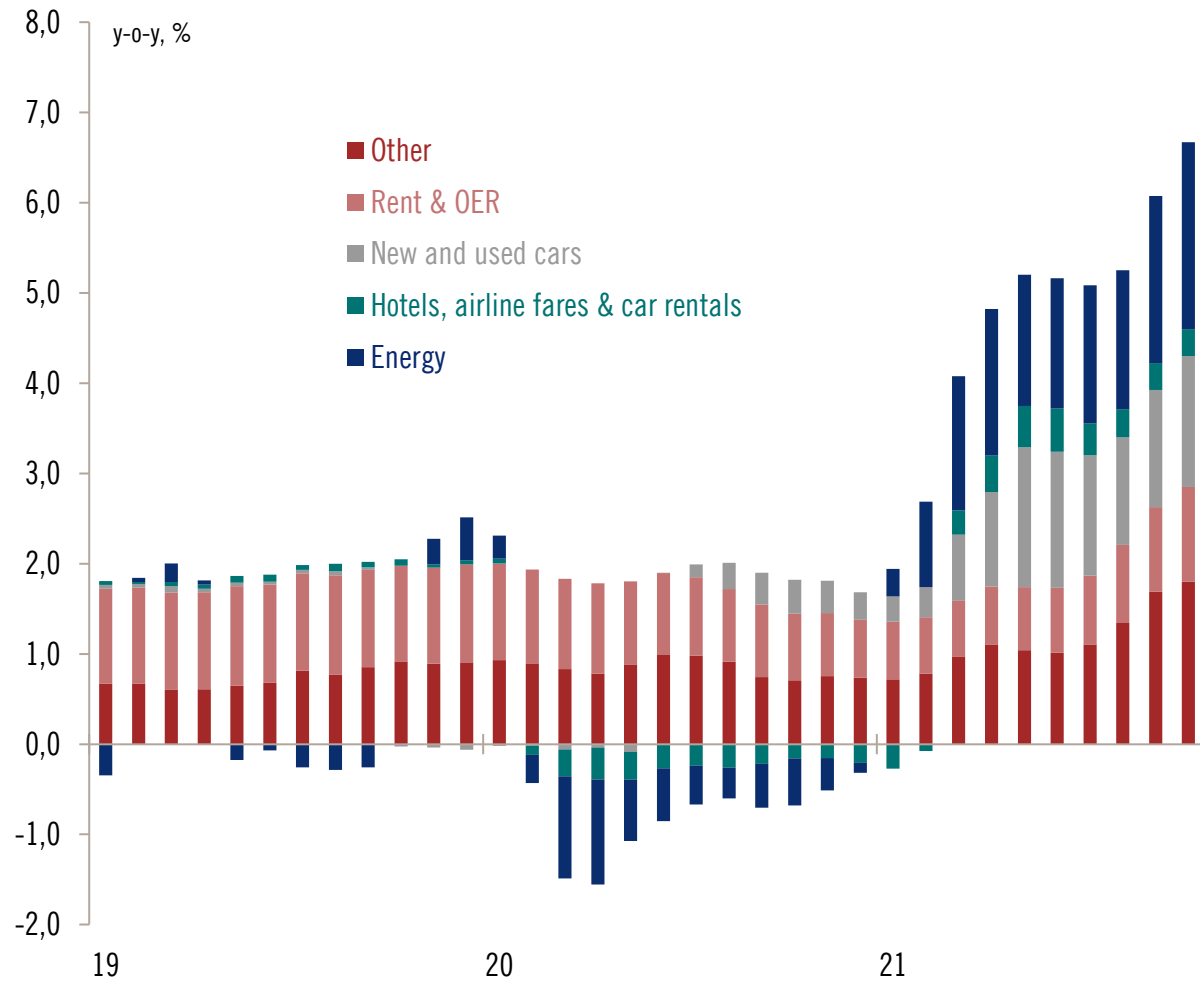


For illustrative purposes only. There can be no assurance that these targets or forecasts will be achieved

Source: Pictet WM AA&MR, WHO, Johns Hopkins, National Health Administrations, Bloomberg, 16.12.2021

US: distance to 90% herd immunity with antibody

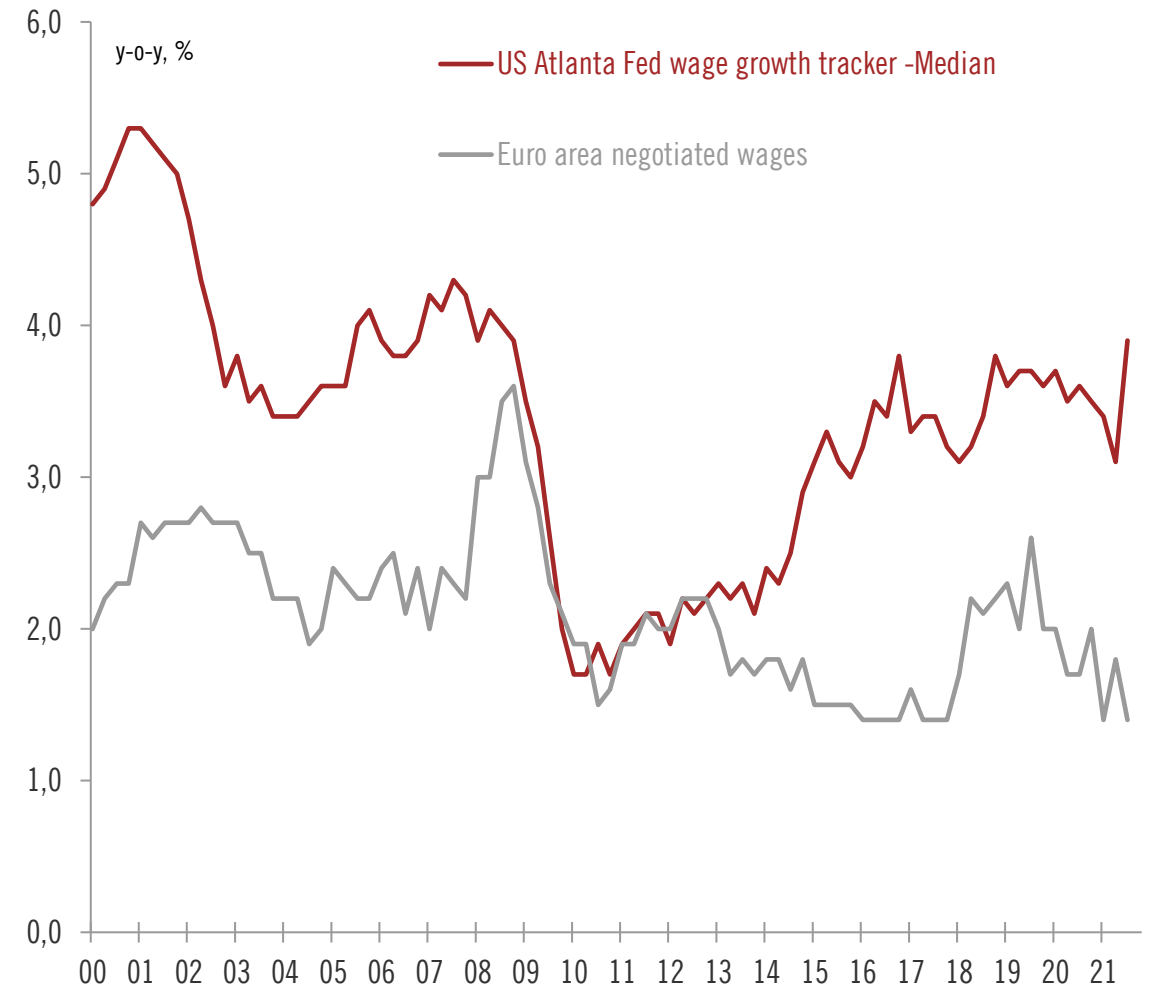
Inflation | More rapid wage growth is an upside risk, especially in the US



OER: owners' equivalent rent

Source: Pictet WM - AA&MR, Bloomberg, 17.12.2021

US CPI inflation by main category (y-o-y)

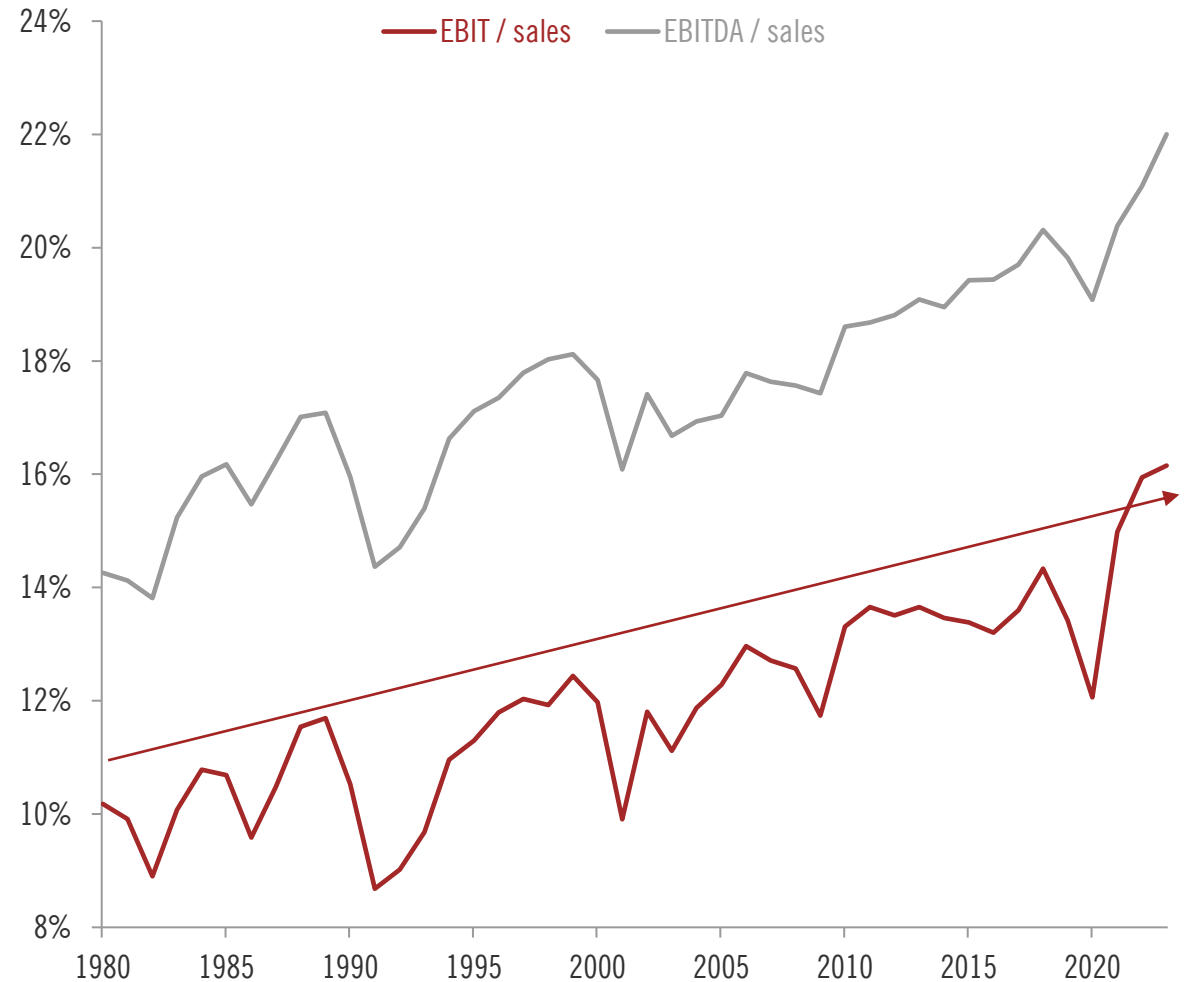


Source: Pictet WM - AA&MR, Refinitiv 21.12.2021

US and euro area: wage growth indicators

Asset Class Implications

2022 | Earnings growth to slow



EBIT: earnings before interest and taxes
EBITDA: earnings before interest, taxes, depreciation and amortisation

Source: Pictet WM - AA&MR, Factset,
21.12.2021

	S&P 500	STOXX 600	TOPIX
Earnings growth	10.0%	9.0%	6.5%
Buyback yield	2.5%	1.5%	0.5%
PE variation	-5.4%	2.7%	2.3%
Price return	7.1%	13.2%	9.3%
Dividend yield	1.5%	2.5%	2.0%
Total return	8.6%	15.7%	11.3%
Target price end-2022	5000	540	2200

For illustrative purposes only. There can be no assurance that these targets or forecasts will be achieved. Past performance should not be taken as a guide to or guarantee of future performance

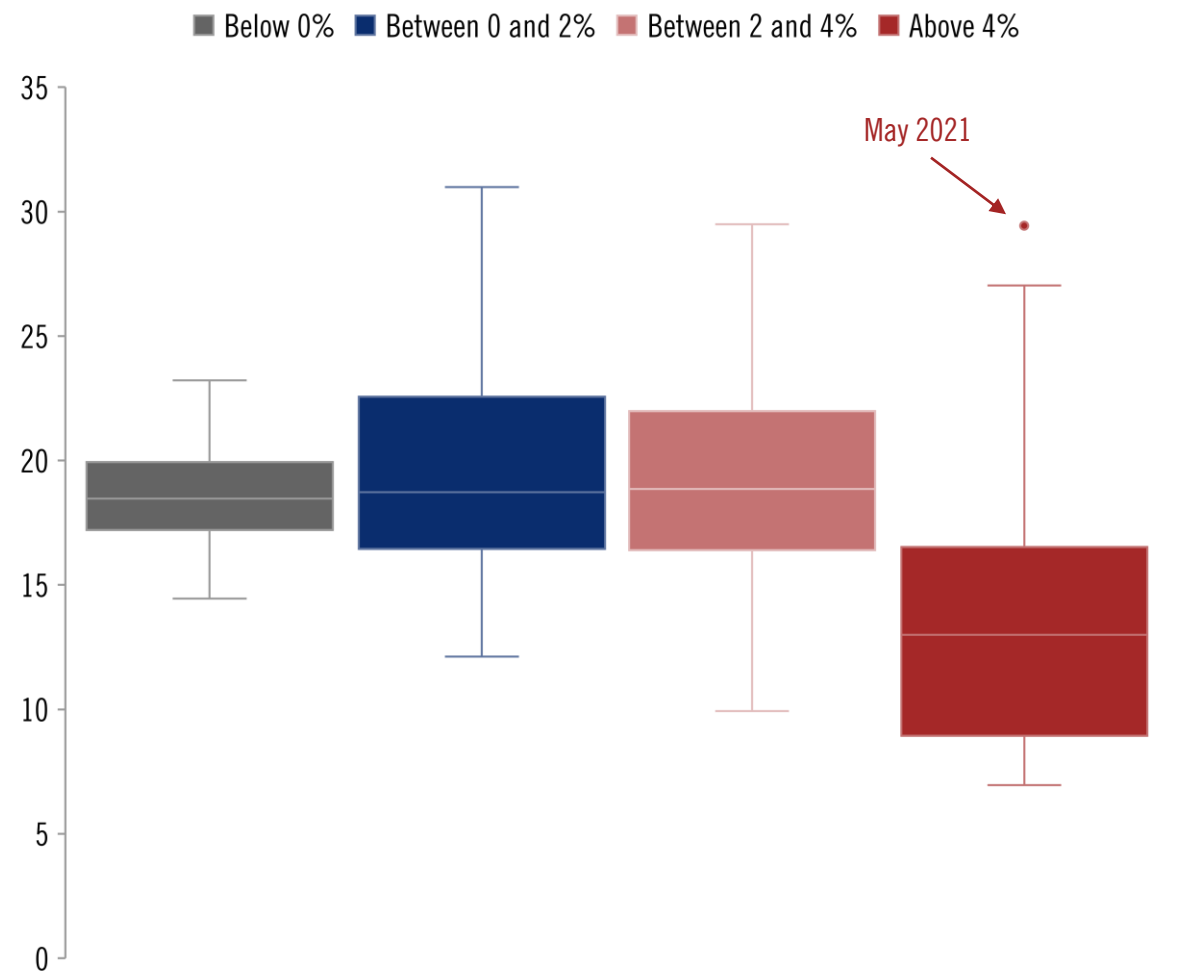
Source: Pictet WM - AA&MR, Factset,
16.12.2021

S&P 500 index: operating margin

Expected equity return and price for 2022



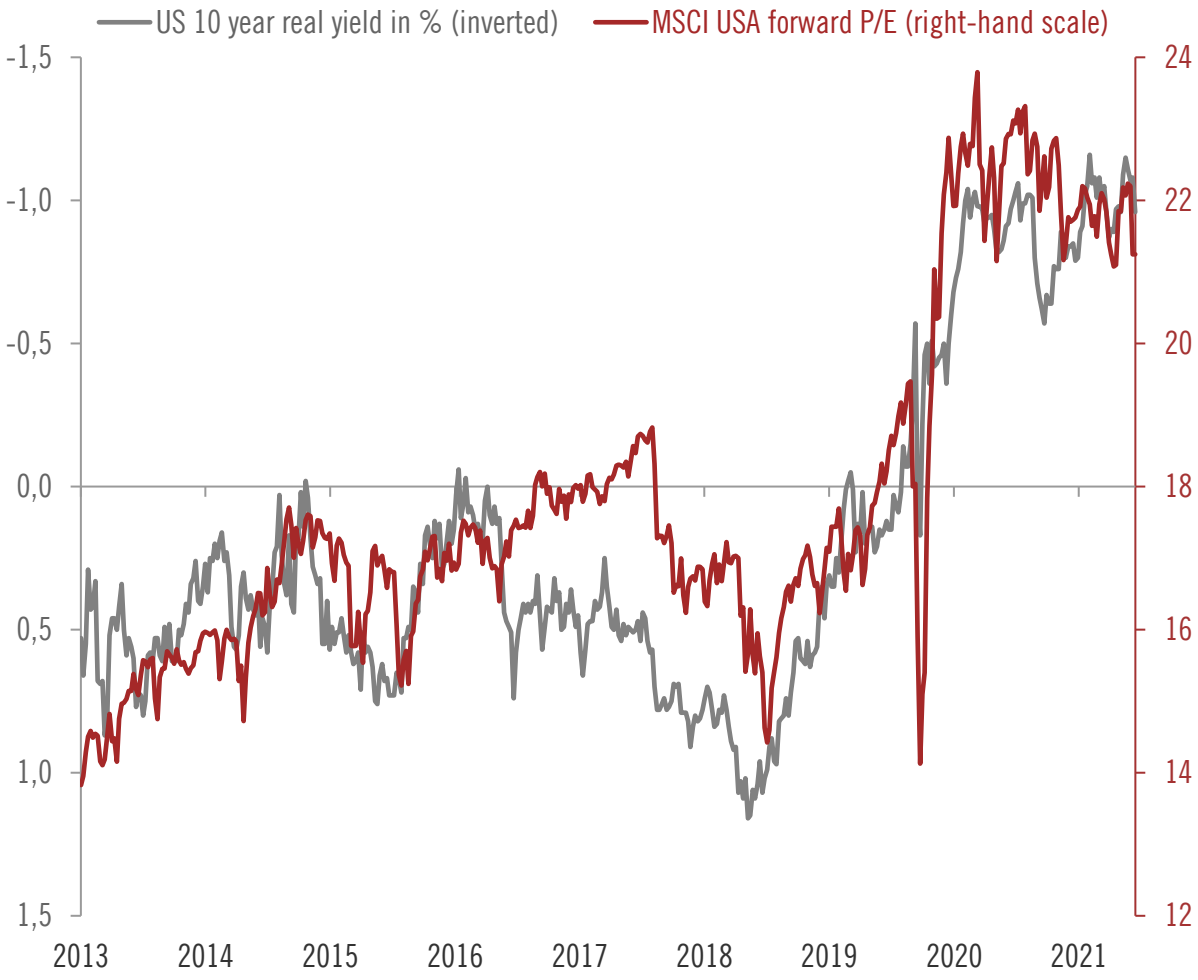
Real yields drive market multiples



P/E: price Earning ratio

Source: PWM Quantitative Research, Bloomberg, 15.12.2021

Distribution of the S&P 500 P/E ratio given various levels of inflation

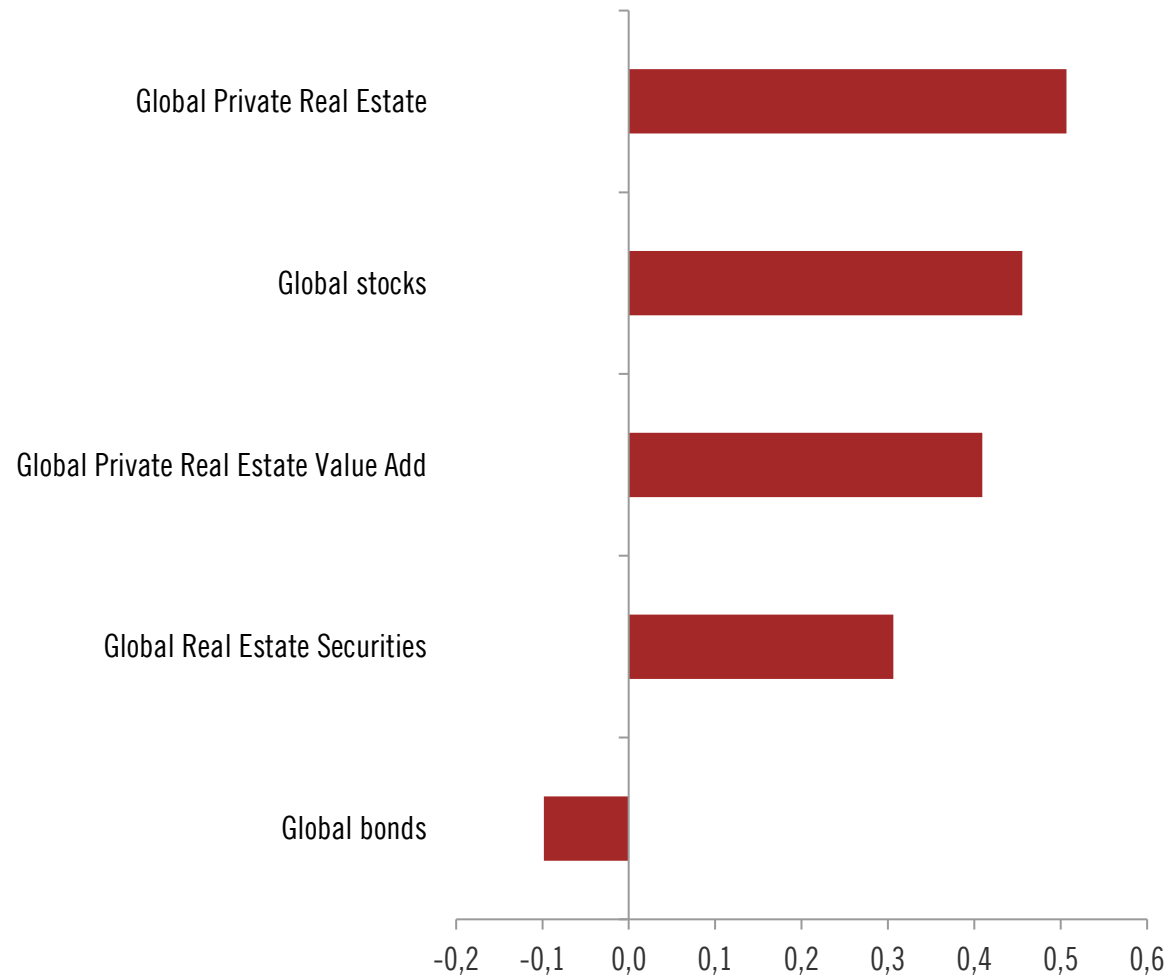


Source: PWM Quantitative Research, Refinitiv, 14.12.2021

US 10-year real yield and US forward P/E

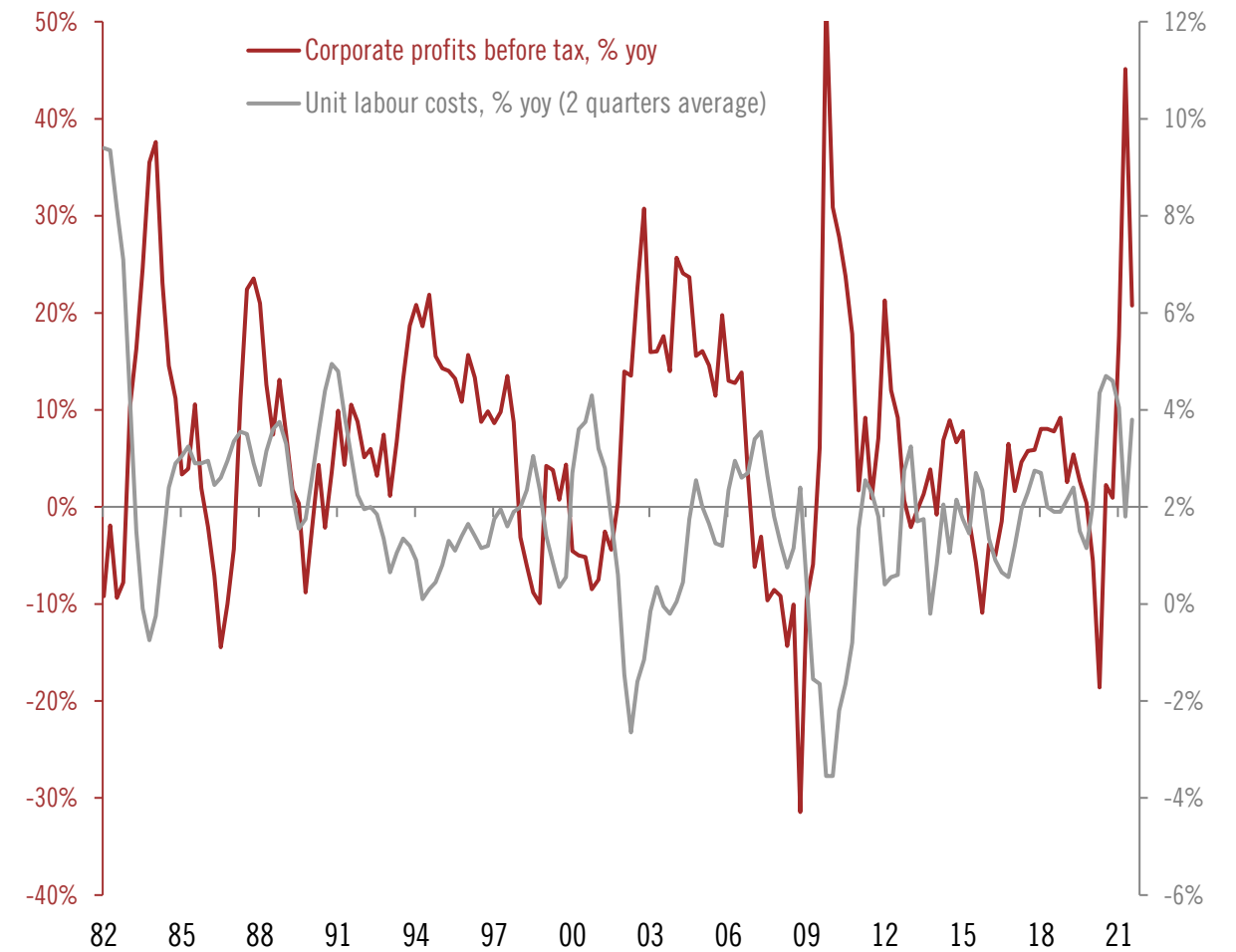
Real assets and pricing power companies as inflation hedges

INFLATION HEDGES



Source: Pictet WM - AA&MR, Factset,
21.12.2021

Quarterly asset class correlations with the US consumer price index, variation since 1990

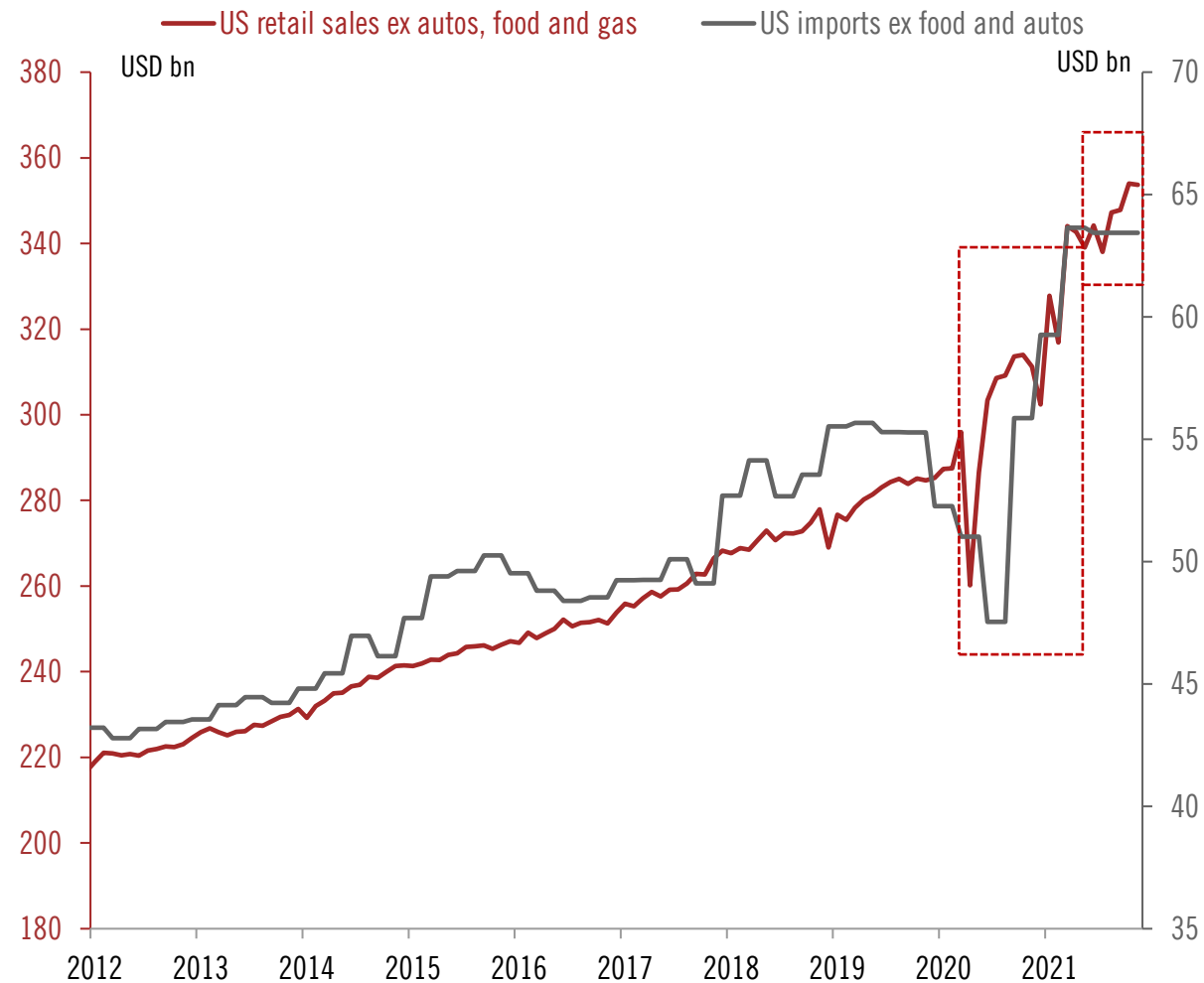


Source: PWM-AAMR, Factset,
14.12.2021

Corporate profits and unit labour cost, % year-on-year

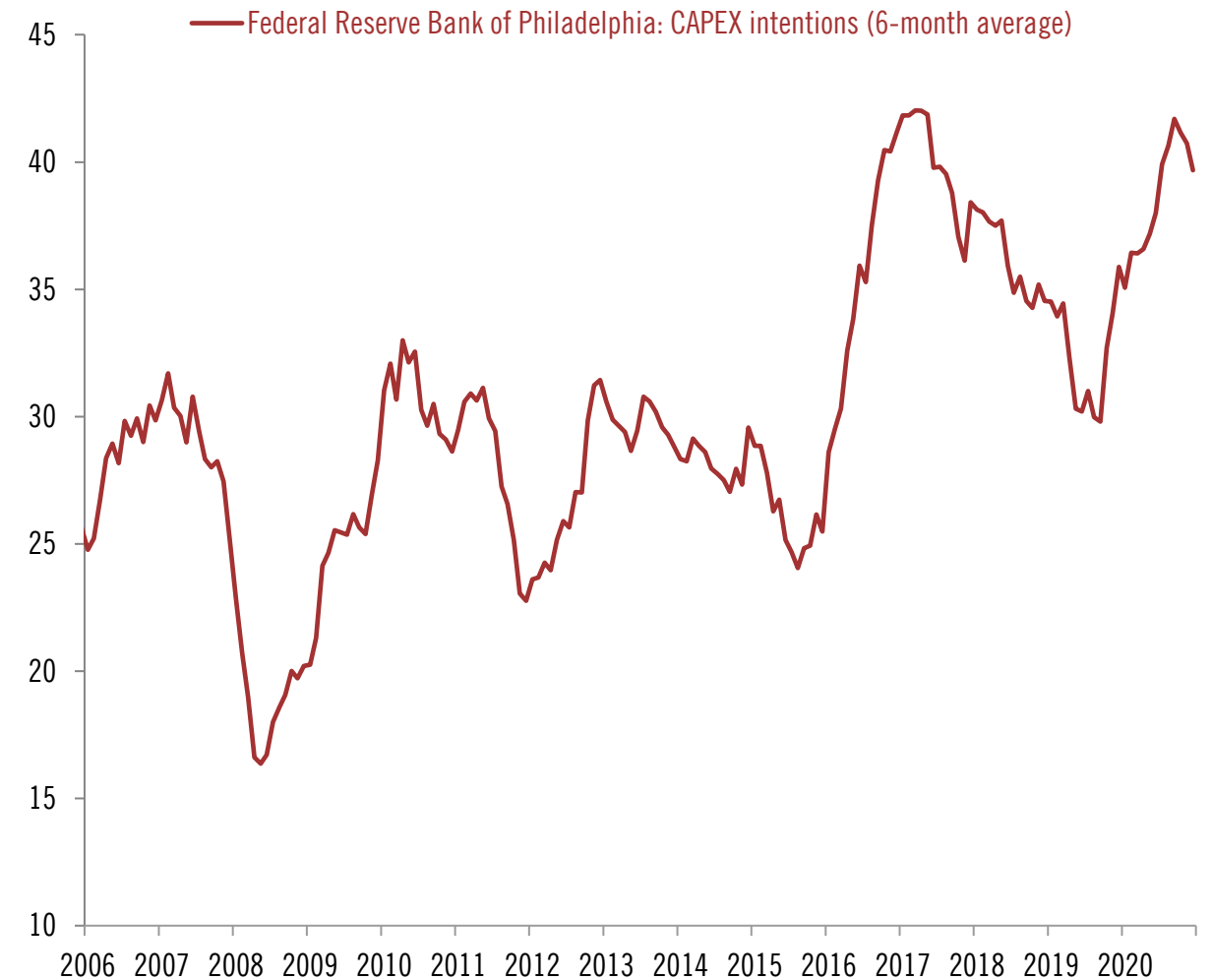
Mainly a demand shock combined with a lack of investments

CAPEX BENEFICIARIES
AND EVENT-DRIVEN



Source: Pictet WM-AA&MR, Bloomberg,
22.11.2021

**US imports excluding food and autos vs.
retail sales excluding auto, food and gas**



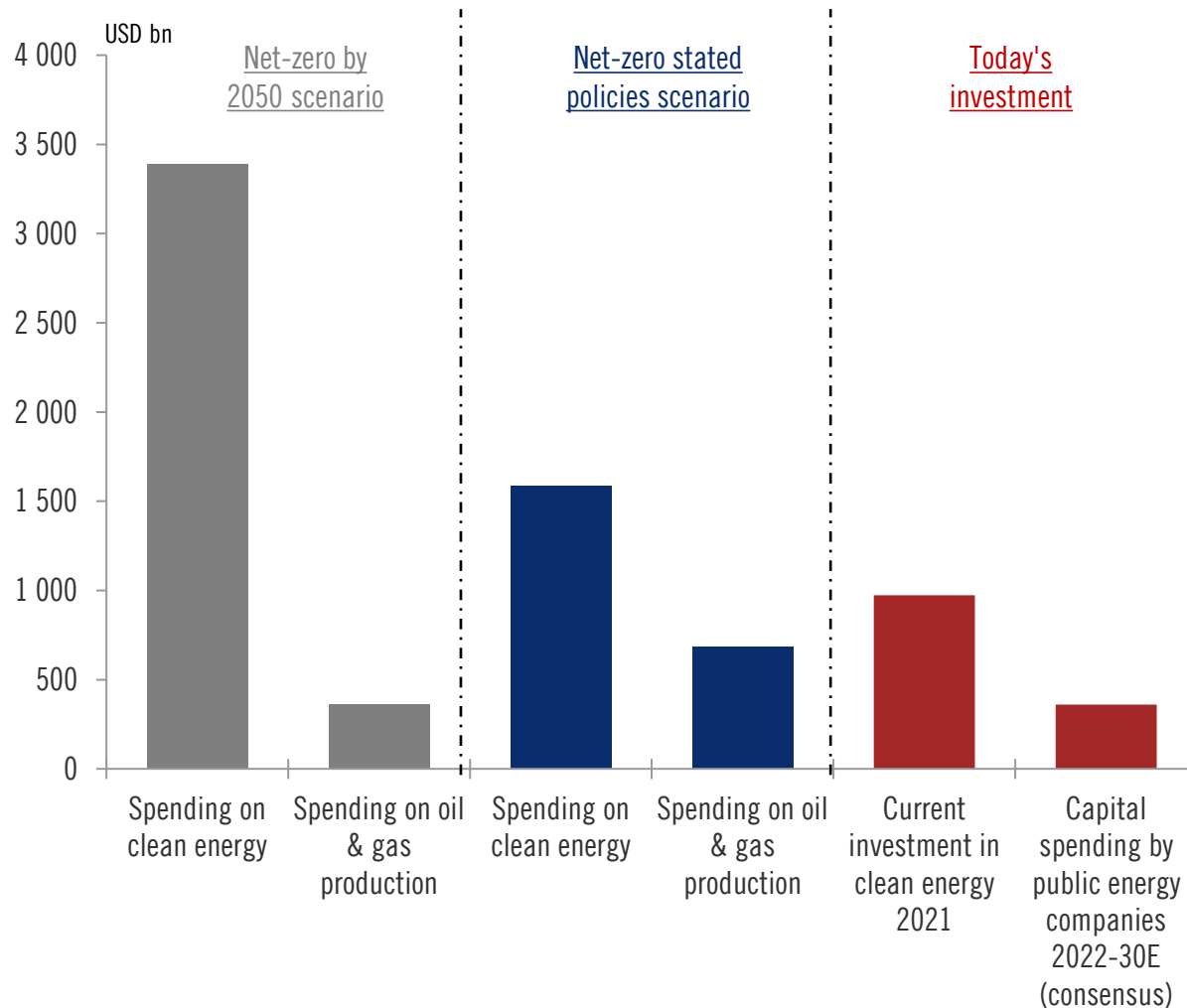
capex: capital expenditures

Source: Pictet WM - AA&MR, Factset,
14.12.2021

**Federal Reserve Bank of Philadelphia: capex
intentions (6-month average)**

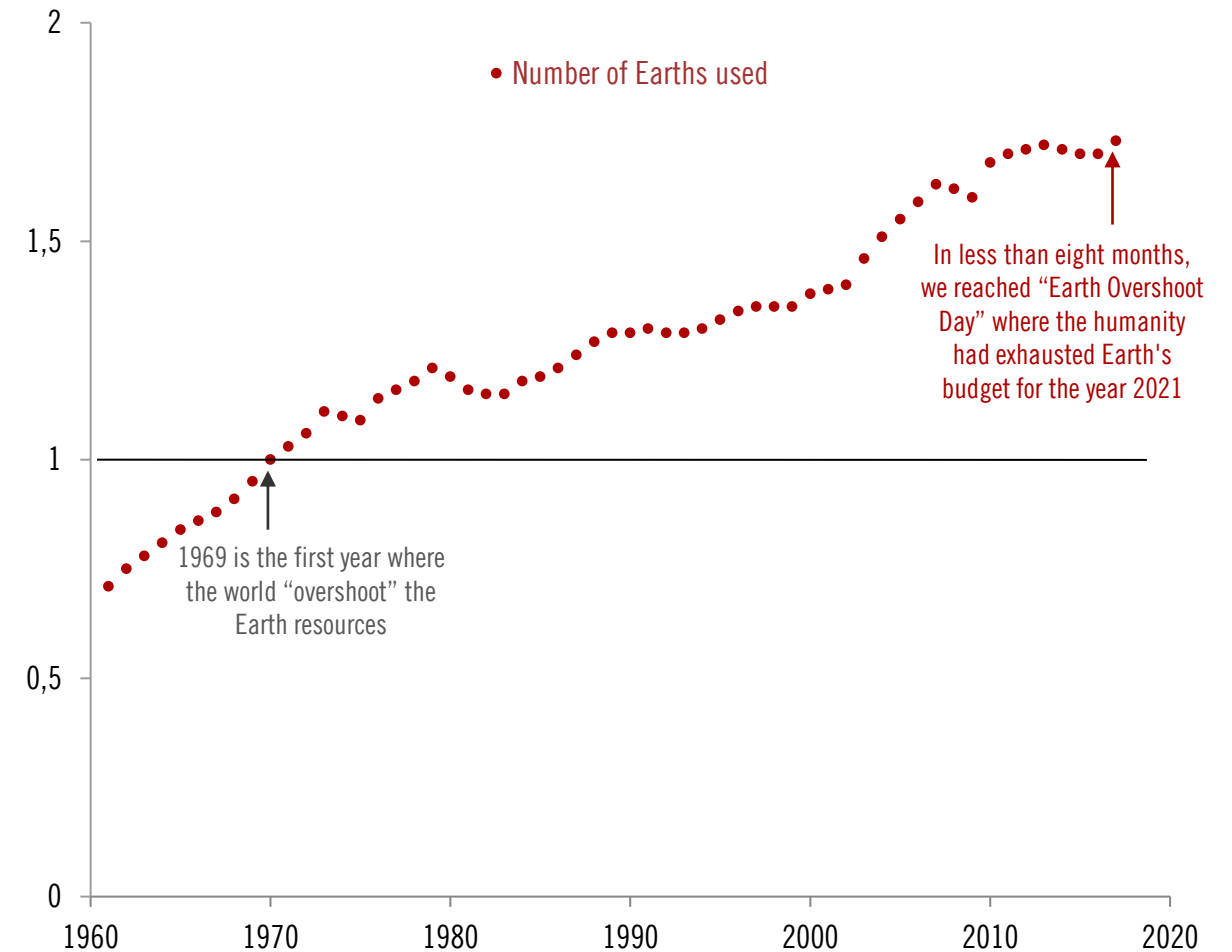
Post-pandemic green spending plans favour ESG investments

CAPEX BENEFICIARIES
AND EVENT-DRIVEN



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Source: IEA, Bloomberg, PWM AA&MR, 14.12.2021



ESG: environmental, social and governance

Source: Global Footprint Network, 29.11.2021

Required annual investments in oil & gas and clean energy

Number of Earths' resources consumed in the world each year



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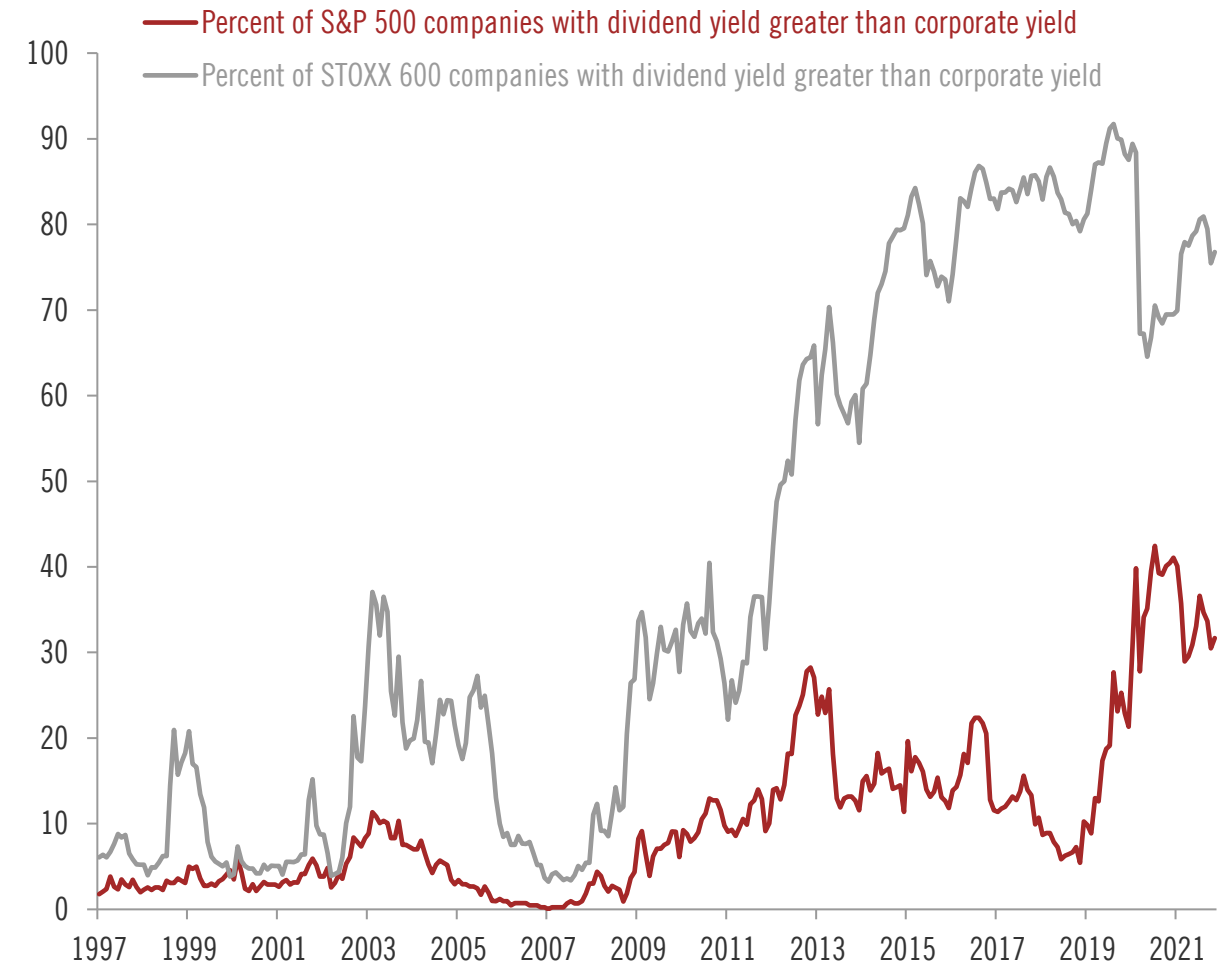
Finding returns in an environment of income repression

INCOME SOLUTIONS



Source: Pictet WM - AA&MR, Factset, GFD,
31.12.2021

**US 10-year Treasury yield and US 5-year
annualised nominal GDP growth**



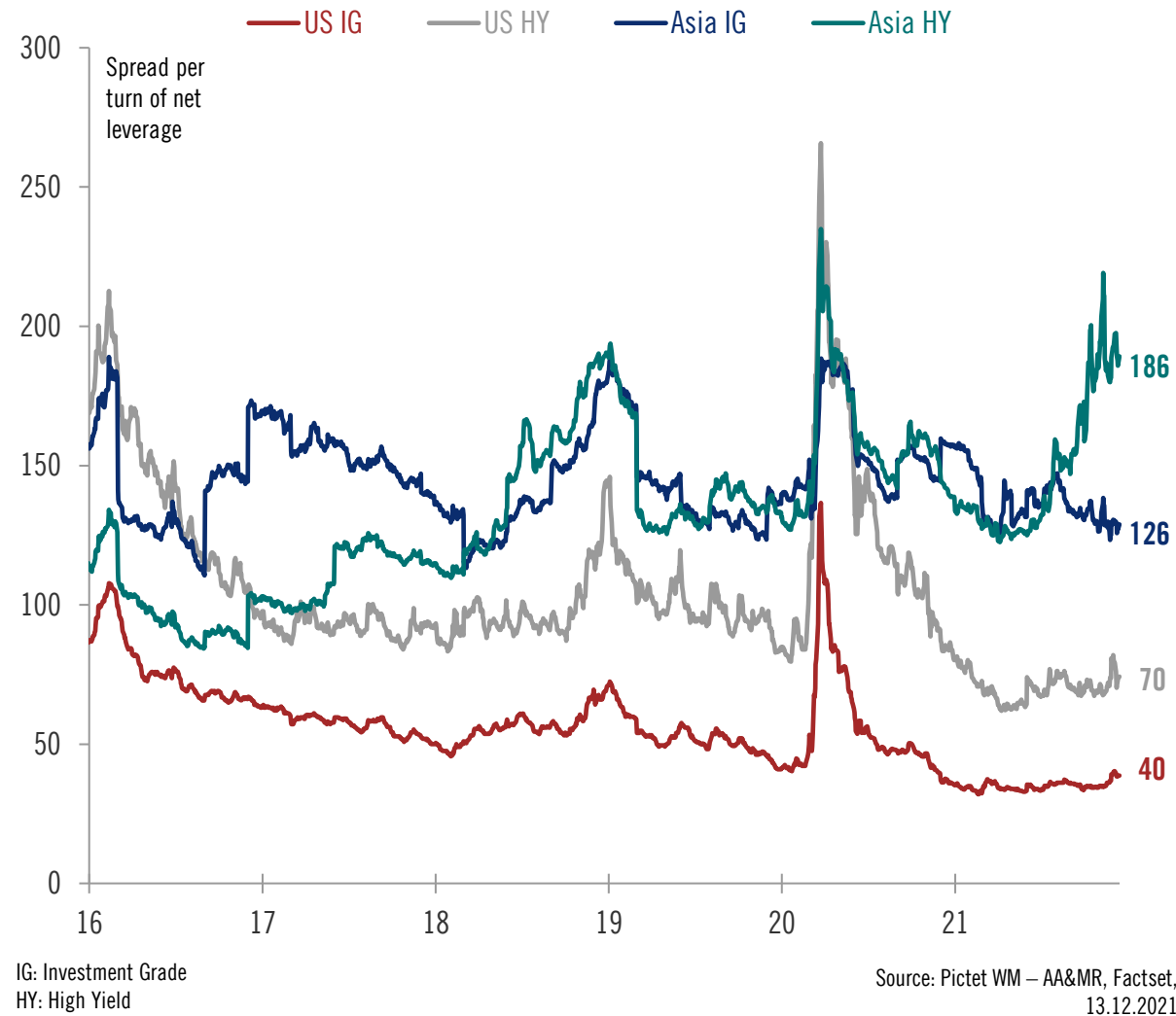
Source: PWM Quantitative Research, Refinitiv,
14.12.2021

**Percent of companies with dividend yield
greater than corporate yield**

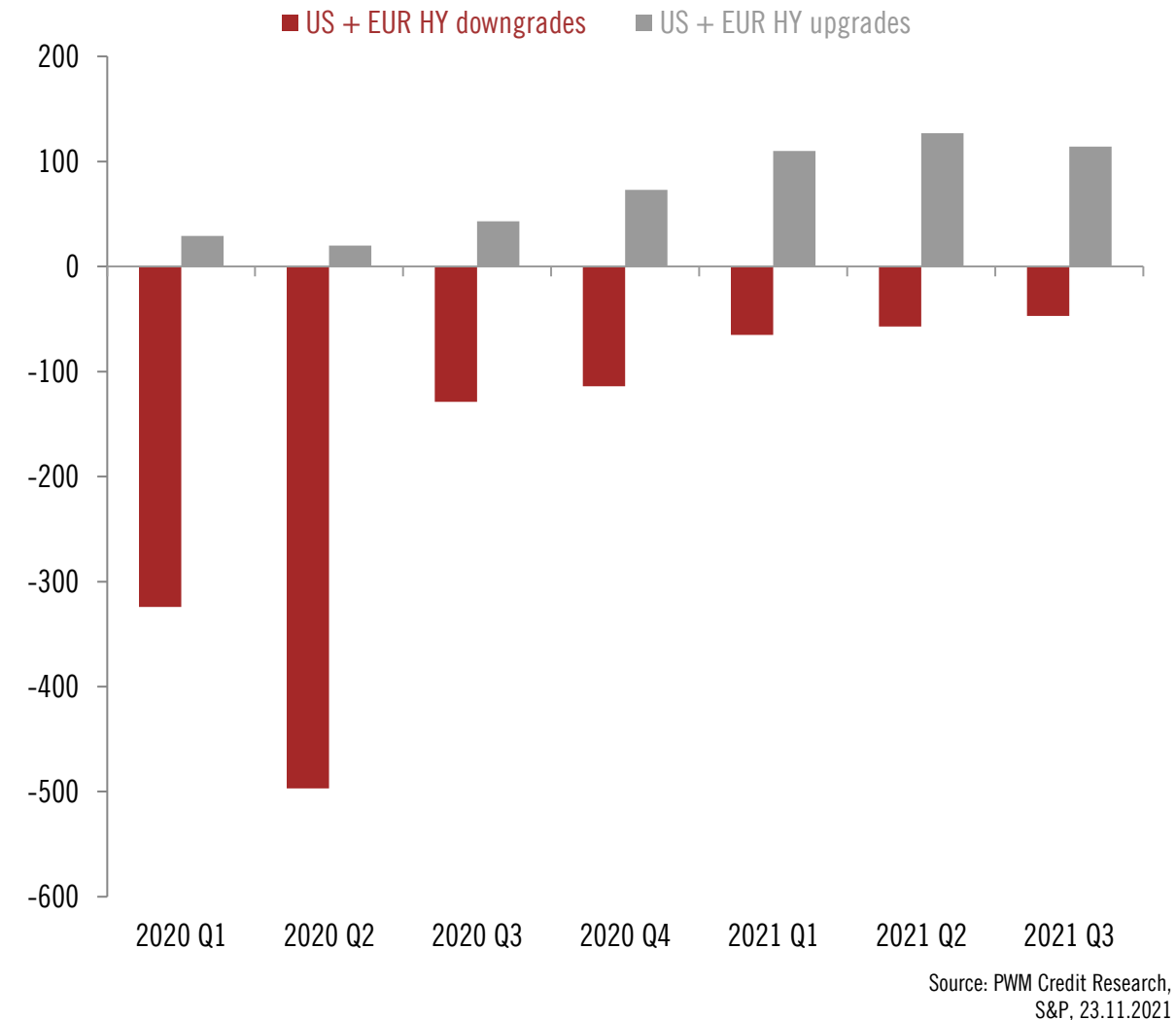


Asia credit and rising stars as alternative sources of yield

INCOME SOLUTIONS

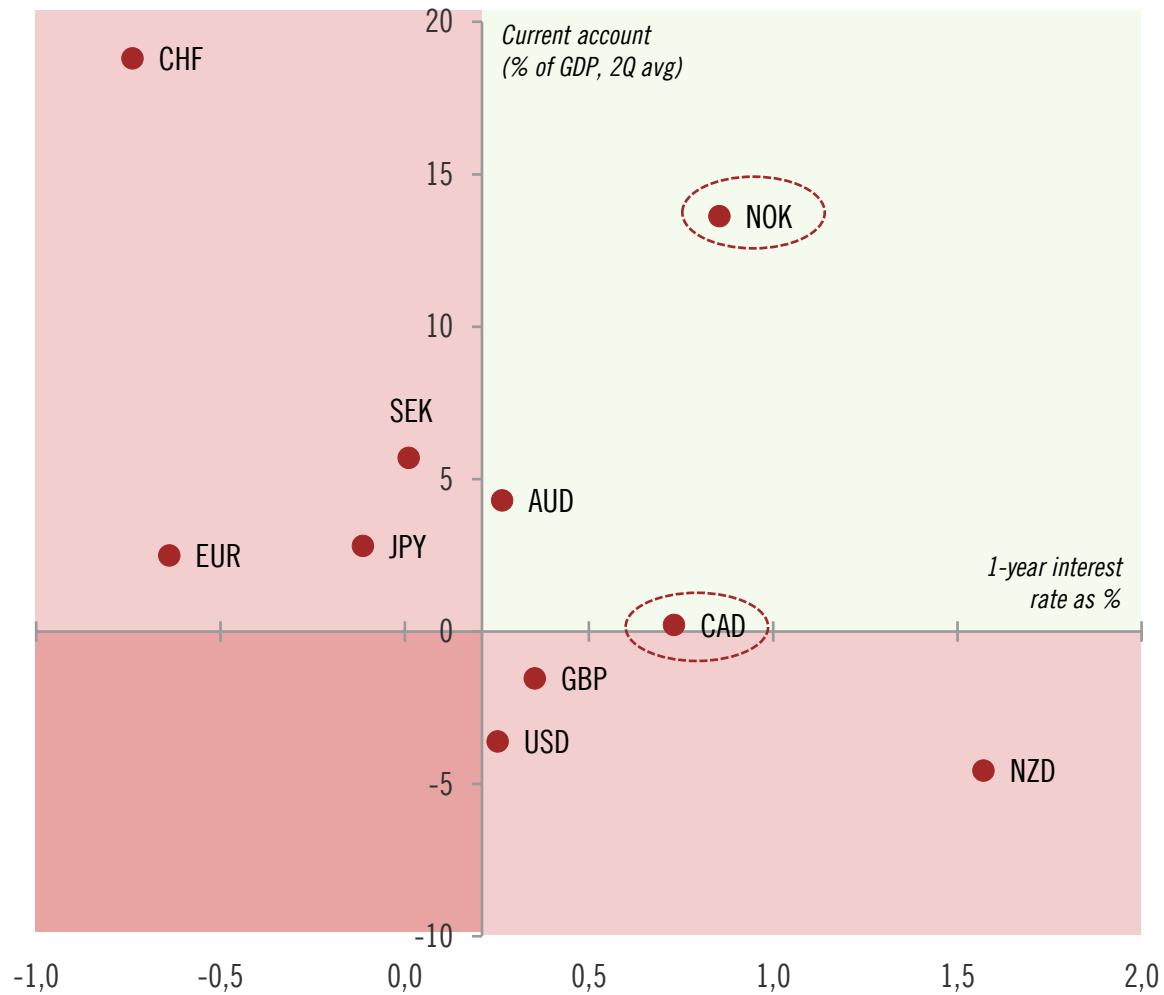


US and Asia corporate IG and HY spreads per turn of leverage



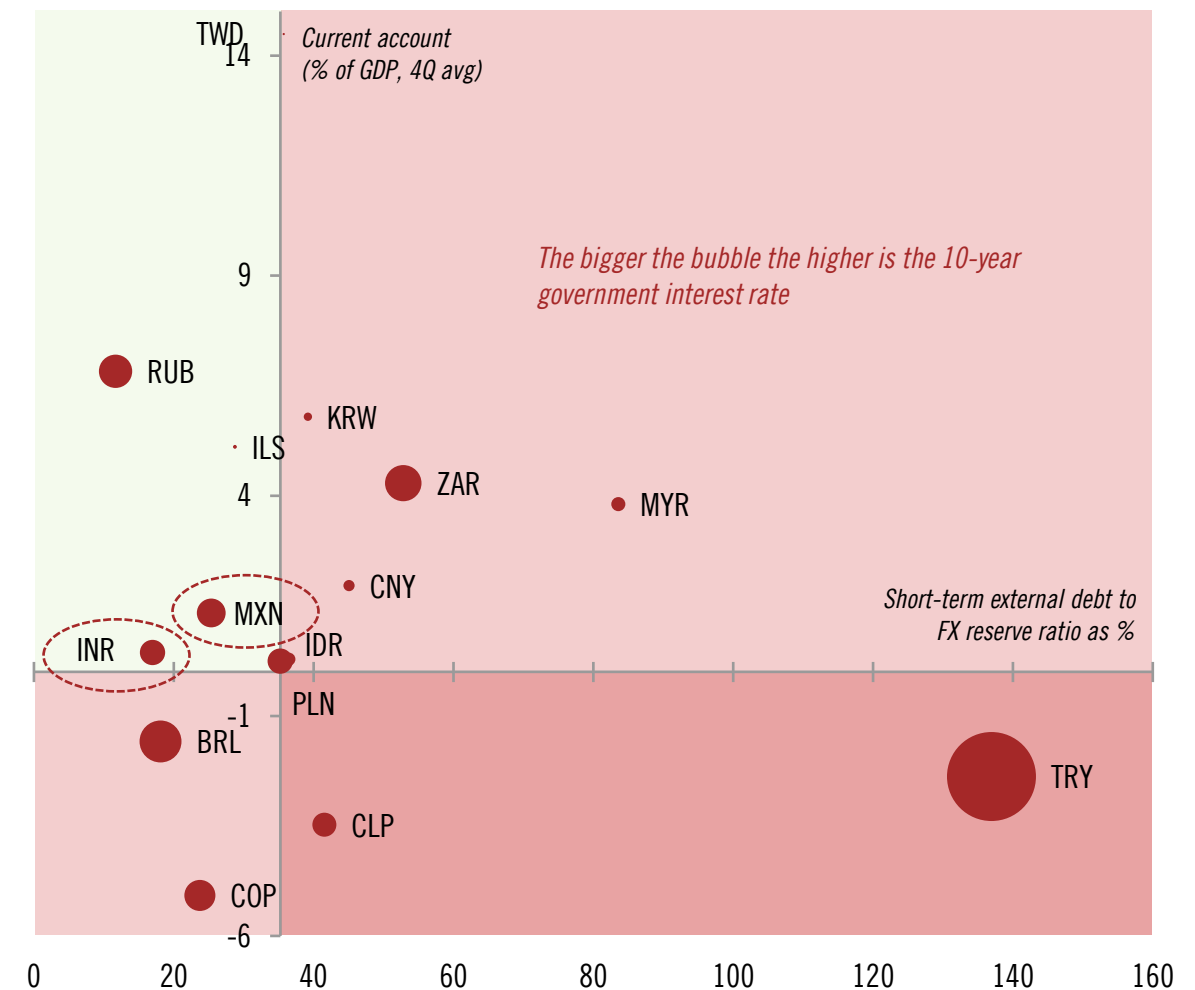
US plus EUR HY bonds downgrades versus upgrades

High quality cyclical currencies offer an attractive buffer



Source: Pictet WM - AA&MR, Refinitiv, 21.12.2021

Developed markets currencies: 1-year interest rate vs. current account as percentage

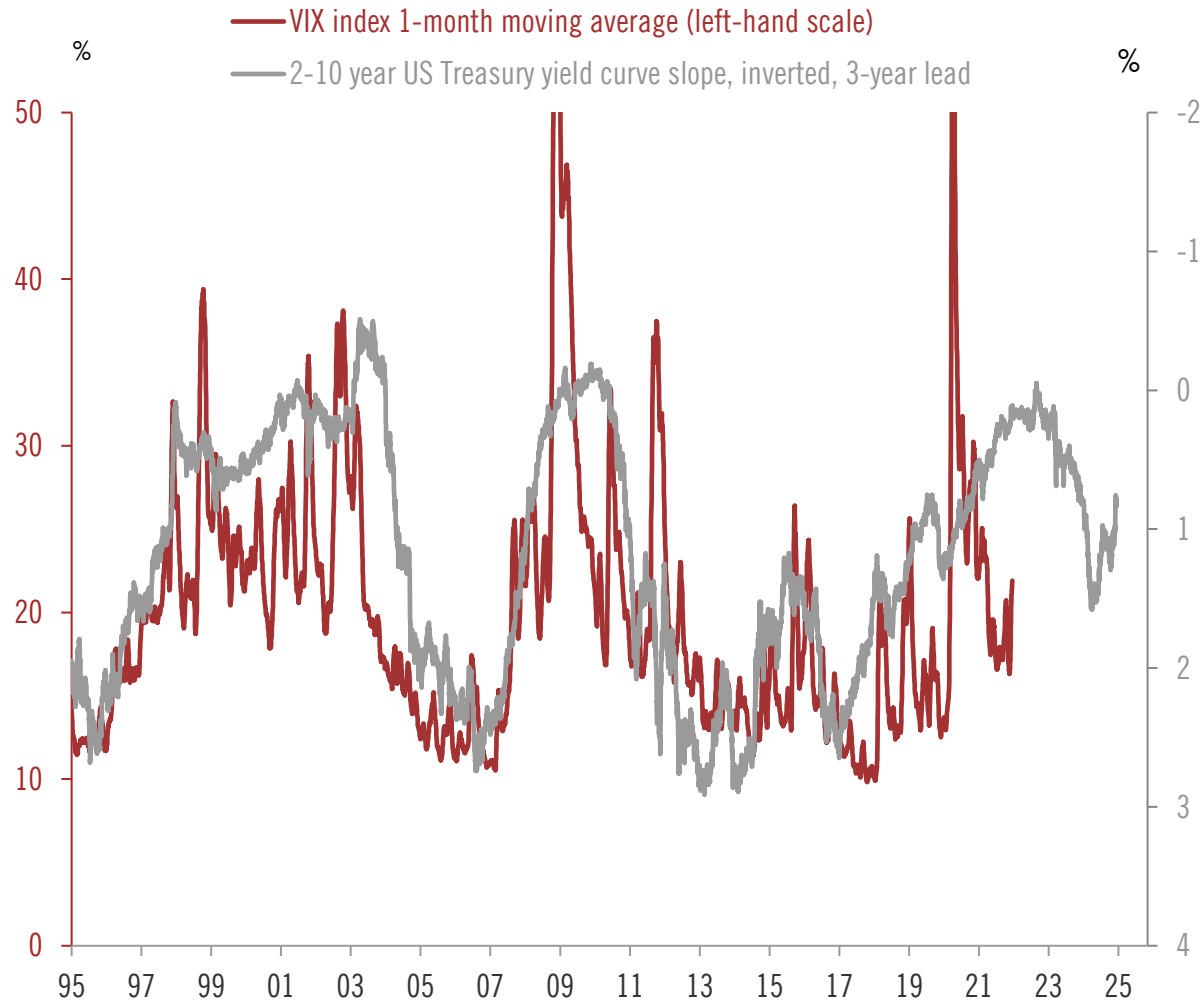


Source: Pictet WM - AA&MR, Refinitiv, 21.12.2021

Emerging markets external buffers and 10-year interest rate

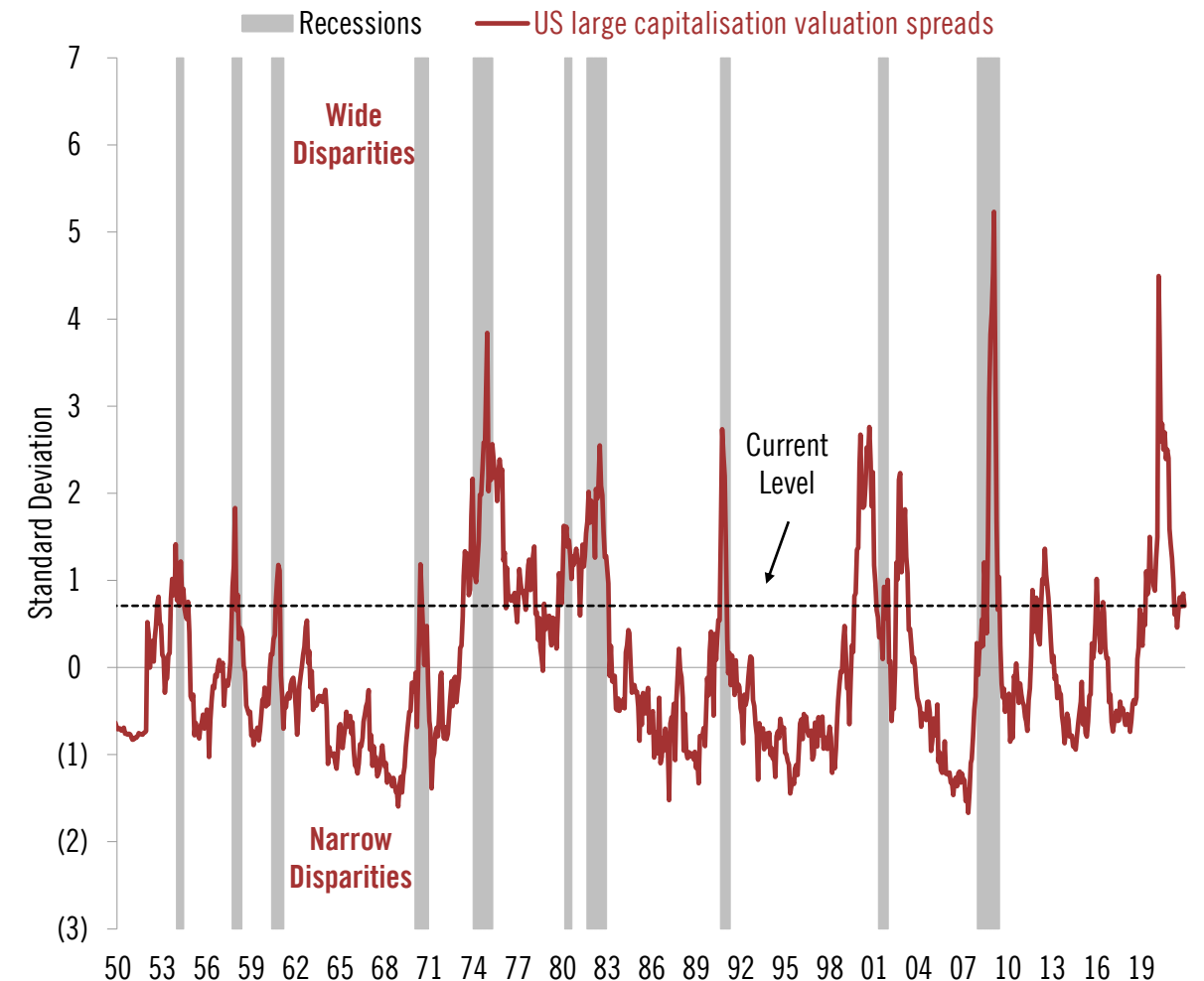
Uncertainty will bring volatility back in 2022

VOLATILITY PLAYS



Source: PWM CIO Office, Bloomberg,
15.12.2021

**VIX index and the 2–10-year US Treasury yield
curve slope (inverted scale with a 3-year lead)**



Source: Empirical Research Partners Analysis,
13.12.2021

**US large cap. valuation spreads, top quintile
compared to the average, 1926-November 2021**



Conclusion

Conclusions

CAPEX BENEFICIARIES
AND EVENT-DRIVEN

INCOME SOLUTIONS

INFLATION HEDGES

VOLATILITY PLAYS

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