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| **Summertime, but the living’s not easy – Luca Paolini, Pictet Asset Management** |
| Die Pictet-Gruppe | 10. Juli 2018 |

# KontaktOliver Möller

# Leiter Unternehmenskommunikation

# D & AUT

# +49 69 23 805 73 1430

# omoeller@pictet.com

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“Question marks over global growth prospects and evaporating central bank liquidity – not to mention the usual summer market drought – make us cautious about equities,” says **Luca Paolini**, c**hief strategist** at **Pictet Asset Management**.

“With plenty of dry tinder around, trade wars could prove the spark that starts the fire. The risk of a market correction is rising.”

“Relatively attractive yields and the US market’s safe haven status mean that we’ve lifted our stance on Treasury bonds to a full overweight.”

“Euro zone fixed income assets look less appealing. The European Central Bank is phasing out its stimulus at a time when political uncertainty in Italy could derail reform of the euro zone in areas such as banking, public spending and immigration.”

“Elsewhere, we’ve shifted to a neutral stance on the yen, mindful that the dollar is likely to strengthen in the near term. We maintain our underweight stance on the euro.”

“Whilst we raised our overall bond allocations, we have reduced equities to underweight and turned more defensive on equity sectors – albeit not where valuations remain compelling.”

“For example, we have upgraded industrials and consumer staples to neutral from underweight; and taken health care to full overweight. Simultaneously, we have reduced financials to neutral.”

“In terms of geographic regions, we have cut euro zone equities to neutral and raised Japan to a full overweight position. US stocks remain expensive.”

“Overall, with the global economy losing steam, we’ve trimmed our exposure to economically-sensitive stocks and added to sectors that are best placed to weather a downturn.”

**-Ends-**

## Note to Editors

The Pictet Group is a partnership of seven owner managers, with principles of succession and transmission of ownership that have remained unchanged since foundation in 1805. It offers only wealth management, asset management and related asset services. The Group does not engage in investment banking, nor does it extend commercial loans. With CHF 509 billion in assets under management or custody at 31 March 2018 (USD 528 billion, EUR 429 billion, GBP 376 billion), Pictet is today one of the leading Europe-based independent wealth and asset managers.

Headquartered in Geneva, Switzerland and founded there, Pictet today employs more than 4,200 people. It has 27 offices in: Amsterdam, Barcelona, Basel, Brussels, Dubai, Frankfurt, Geneva, Hong Kong, Lausanne, London, Luxembourg, Madrid, Milan, Montreal, Munich, Nassau, Osaka, Paris, Rome, Singapore, Stuttgart, Taipei, Tel Aviv, Tokyo, Turin, Verona and Zurich.

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At 31st March 2018 Pictet Asset Management managed GBP142 billion in assets, invested in equity and bond markets worldwide. PAM has seventeen business development centres worldwide, extending from London, Brussels, Geneva, Frankfurt, Amsterdam, Luxembourg, Madrid, Milan, Paris and Zurich via Dubai, Hong Kong, Taipei, Osaka, Tokyo and Singapore to Montreal.