

- Global growth remains solid
- China stimulus measures likely to have a positive impact

Core Capital Management S.A.

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Global growth has begun to reaccelerate since April and we expect good growth to continue for the rest of the year. Global GDP is very much on track for a 3.1 % expansion in 2018.

Fundamentals among major economies are robust. Nominal income and credit flows to households in developed markets are strong, and should support consumer spending. Business profitability continues to grow nicely.

The trade dispute between the US and China poses a downside risk, and could weigh on confidence. We see recent Renminbi depreciation as pre-emptive policy rather than a response to any deteriorating economic condition.

The news flow on international trade is again more conciliatory, with a NAFTA deal possibly close to completion, the resumption of US-China talks and a potential US-European Union trade deal. We hence reaffirm our pro-growth investment strategy according to which we expect commodities to recover, equities to outperform other assets and government bond yields to moderately rise.

The Italian budget process in September/October could reignite EUR weakness. Meanwhile the US mid-term elections could result in very different fiscal and trade policy trajectories going forward, with varying impact on the USD. So we adopt a neutral view for the next few months in acknowledgment of the high uncertainty.

Beyond these milestones, we believe investors will be able to reinstall directional positions with greater confidence.

We are pleased to announce that Christian Trenkel Larsen has joined our team. Prior to joining Core Capital Management S.A., Christian has spent 14 years with Danske Bank in Denmark and in Luxembourg. Christian brings along not only international experience in servicing wealthy families living outside their home country, but also a solid domestic background and strength in finding holistic solutions for investment and inheritance planning needs for wealthy families in Denmark. Christian holds a Graduate Diploma in Business Administration from Copenhagen Business School.

Markets – August 2018

Equity indices	Aug-18	2018
MSCI ACWI	0.59%	1.92%
MSCI World	1.34%	5.87%
S&P 500	3.03%	8.52%
Euro Stoxx 50	-3.76%	-3.17%
DAX	-3.45%	-4.29%
FTSE 100	-4.08%	-3.32%
NIKKEI 225	1.38%	0.44%
OMX 30	2.63%	5.15%
OMXC 20	0.50%	-0.23%

Bond indices	Aug-18	2018
Global Treasuries	-0.04%	-1.28%
Global High Yield	-1.03%	-1.94%

Currencies	Price	Aug-18
EUR/USD	1.1602	-0.76%
EUR/SEK	10.6032	3.16%
USD/SEK	9.1721	4.33%
USD/DKK	6.4258	0.81%

Interests	Aug-18
US T-Bill 3M	2.06%
Euribor FIX 3M	-0.32%
Libor FIX 3M	0.80%
Stibor FIX 3M	-0.38%
Cibor FIX 3M	-0.30%

Other	Aug-18	2018
Gold	-1.68%	-7.61%
Oil crude, Brent	4.27%	15.78%
HFRX Index	0.51%	-0.46%

Portfolio update

Portfolio composition was not changed in August.

Market outlook

- **Fixed income**

We remain negative on government bonds. We maintain positions in Floating Rate Notes as we expect interest rates to continue moving higher. Expect emerging market bonds to recover when the dust from Argentina and Turkey settles.

- **Equities**

We remain overall positive on global equities. Clearly US equities are performing much better than equivalent European equities. S&P 500 is in plus territory by almost 9 % YTD and Euro Stoxx 50 and DAX are in negative territory for the year. We are very pleased with our allocation to the Morgan Stanley US growth fund.

- **Alternative Investments**

We have no positions in hedge funds at the moment as we find the risk/reward equation unattractive.

- **Forex**

Use the recent rebound to take a neutral EUR/USD view for the next 3–6 months ahead of heightened event risk, both in the USA as well as the Eurozone. However we still expect the US Fed to raise Fed funds another 2 times in 2018 and this will bring us a stronger USD against the EUR. Numerous European events may put the EUR somewhat out of flavour in the short term.

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Holding of the Month

Morgan Stanley US Growth Fund

Morgan Stanley US Growth Fund holds US companies with a focus on long term growth and high quality. The fund favours tech companies and their holdings include Amazon, Illumina & Union Pacific.

The Fund has had a stellar performance and total return year-to-date is +26.30%, net of fees.

Morgan Stanley

INVESTMENT MANAGEMENT