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Susan Swindells [SS] Welcome to the latest Multi Asset webcast. I am Susan Swindells and I have with me today, Felix Amoako, one of the investment managers within our Multi Asset team.

Felix, the recent period has been very interesting for financial markets, what have you made of it?

Felix Amoako [FA] Susan, if you look at the financial market today, political uncertainty continues to get a lot of attention. So, after Brexit and Trump last year, there is the upcoming elections in France, Germany and now the UK. The developing tension between the US and China about North Korea is another source of potential political risk.

In contrast, the economic environment has been very positive. We have seen strong growth in many emerging and developing economies. Despite all the political uncertainty, growth in Europe is very strong. In the US, unemployment is coming down and inflation is rising, which has given policymakers the confidence to increase interest rates. The Emerging Markets today are growing stronger than before. Commodity prices have been going up which has helped many emerging economies. So, if you put everything together, the economic environment has actually dominated the politics and we have seen valuations go up.

[SS] *You have mentioned a more constructive economic environment, yet continued political uncertainty. When you take those two together, what changes have you made to portfolio positioning?*

[FA] On the back of the improving economic data, certain asset classes have experienced very good returns. We have used that as an opportunity to reduce our exposure in high yield bonds, equities and local currency government bonds. We also made some additions within the portfolio. As I mentioned, the US economy is doing well and we expect that will lead to rising inflation. So we added to our position in US inflation-linked government bonds to benefit from that. We also added to our position in Emerging Market dollar government bonds, where the valuation continues to remain attractive.

[SS] *And looking forward from here, Felix, what does the future hold?*

[FA] Our fundamental view hasn't changed very much since the beginning of the year. We continue to be optimistic about the global economy but, at the same time, we are mindful of rising valuations in certain asset classes and the developing political uncertainty. We are cautiously optimistic about the outlook for financial markets and so we have a portfolio that is diversified across many return-seeking asset classes, which will benefit from the improving economic environment that we are seeing but, at the same time, we have the flexibility to take advantage of opportunities as they present themselves.

[SS] *Thank you, Felix.*

[FA] Thank you, Susan.