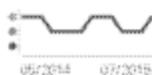


Investment traffic lights

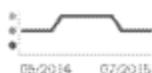
Our tactical and strategic view

⊕ Eurozone (equities)



While we stay neutral on Europe, we upgrade the Eurozone to overweight. The danger of a "Grexit" appears to have passed its peak so that investors can again focus on corporate data which should benefit from accelerating domestic consumption.

⊕ Germany (equities)



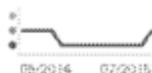
Although German equities stand to benefit from several factors, the composition of the DAX is not optimal in the current environment. Car makers could be hit by sluggish Chinese demand, while industrials and chemicals will see a fall in investment.

⊕ Asia ex Japan (equities)



Rapidly falling prices on the Shanghai and Shenzhen exchanges in June and July prompted government countermeasures. The impact on the economy should be limited in our view. Equities will remain volatile but cheaply valued H-shares could offer good opportunities in the months to come.

⊕ Healthcare (equities)



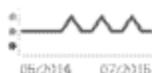
Pricing power, mergers and acquisitions and an ageing society will support the sector in the long run. But it has now outperformed the market for four years and is valued accordingly so that we do not upgrade it beyond neutral.

⊕ Industrials (equities)



Low prices for oil and other commodities as well as economic adjustment in China are contributing to the current fall in investment, burdening industrials – more so in Europe than in the United States.

⊕ U.S. Treasuries (10-year)



We are neutral on all U.S. Treasury maturities. Although we still believe that there will be an acceleration in economic growth in the second half of the year, the signals on the timing of the first interest-rate move by the Fed remain ambiguous. A December start looks increasingly possible.

Equities*		
Regions		
United States	●	↗
Europe	●	↗
Eurozone	⊕	↗
Germany	⊕	↗
United Kingdom	●	↗
Japan	●	↗
Emerging markets	●	↗
Asia ex Japan	⊕	↗
Latin America	●	↘
Sectors		
Consumer staples	●	
Healthcare	⊕	
Telecommunications	●	
Utilities	●	
Consumer discretionary	●	
Energy	●	
Financials	●	
Industrials	⊕	
Information technology	●	
Materials	●	
Style		
Small and mid cap	●	

*as of 7/15/15

⊕ German Bunds (10-year)



As for most bonds we also expect Bunds to swing back and forth in a trading range for the time being, offering short-term opportunities. Such as going tactically underweight.

⊕ U.S. investment grade



We downgrade U.S. corporates to underweight. The market tends to dry out during the summer holiday season, increasing possible volatility, particularly since banks cut back on their trading activities. Additional burdens are a full issuance calendar and the impending Fed hike.

Refer to page 9 for the traffic lights key.