

High-conviction ideas

Selected investment ideas to complement wealth-management clients' portfolios

Long U.S. dollar

Idea initiated
 September 1, 2015

Reference measure

Bloomberg Dollar Spot Index vs. cash*

Investment horizon
 3 – 12 months

Performance since initiation



In the Bloomberg Dollar Spot Index, recent euro and Japanese yen strength has outweighed continued emerging-market currency weakness, resulting in a fall in the index. In the coming months, we expect developed-market currencies to start to weaken again, due in part to monetary-policy divergence, prompting a more marked U.S.-dollar appreciation. Risks would include an unexpected slowdown in U.S. growth (particularly relative to other large regions).

Global financials

Idea initiated
 July 1, 2015

Reference measure

MSCI AC World Financials Index vs. MSCI AC World Index**

Investment horizon
 3 – 12 months

Performance since initiation



Financials have lagged the broader equity market recently. Aside from general worries around the global economy (e.g. China), the low-yield environment has impacted margins and the effect of increased regulation remains a concern. However, on a 3- to 12-month horizon, we believe that the turn in the U.S. interest-rate cycle is a positive, as should be rising dividends and share buybacks. Valuations may also appeal, but selectivity is key here, particularly in the emerging markets.

Indian equities

Idea initiated
 May 1, 2015

Reference measure

CNX Nifty Index vs. cash*

Investment horizon
 3 – 12+ months

Performance since initiation



Over the last month, Indian equities have fallen back but have still proved resilient compared to many other emerging markets. We believe India's external-financing position will probably mean that it is less affected by rate hikes by the U.S. Federal Reserve (the Fed) than many other Asian economies although it will not be immune. Domestically, accommodative monetary policy and expectations of further reforms are also positives. The Reserve Bank of India (RBI) could cut rates further later this year.

German housing

Idea initiated
 April 1, 2015

Reference measure

MSCI IPD OFIX Germany vs. cash*

Investment horizon
 24+ months

Performance since initiation



With ECB quantitative easing set to continue for some time, Eurozone monetary policy is likely to remain too loose for the German economy, where a recent faltering in investor confidence has yet to translate into any meaningful reduction in economic activity. Loose monetary policy is unlikely to translate into a real-estate "bubble", but German housing prices look likely to continue to rise at a modest pace.

High-conviction ideas may not be suitable for all investors. Investments come with risk. The value of an investment can fall as well as rise and your capital may be at risk. You might not get back the amount originally invested at any point in time. Some investments may not be suitable for all investors and investors should seek professional advice before investing. The examples above are shown for illustrative purposes only and should not be considered to be an offer or solicitation, advice or recommendation.