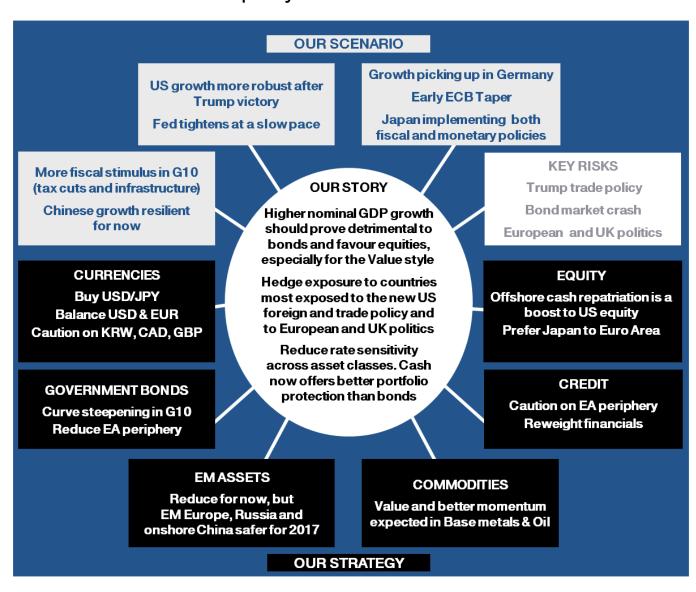
Report completed on 28 Nov. 2016 15:40 CET Outlook 2017

Multi Asset Portfolio

The end of the Bond party



Global Asset Allocation

Alain Bokobza

Head of Strategy team +33 1 42 13 84 38

Gaelle Blanchard

Arthur van Slooten Strategist

Praveen Singh Strategist

Sophie Huynh

Global Head of **Cross Asset Research**

Brigitte Richard-Hidden

Economics

Michala Marcussen Stephen Gallagher Michel Martinez

Credit Guy Stear

Rates & FX

Jason Daw

Vincent Chaigneau Bruno Braizinha Alvin Tan

Emerging markets Guy Stear Régis Chatellier

Commodities

Michael Haigh Michael Wittner Jesper Dannesboe **Equity Strategy**

Roland Kaloyan Charles de Boissezon Frank Benzimra

Equity Derivatives & Equity-Linked Vincent Cassot

Technical analysis Stephanie Aymes

Societe Generale ("SG") does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that SG may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision. PLEASE SEE APPENDIX AT THE END OF THIS REPORT FOR THE ANALYST(S) CERTIFICATION(S), IMPORTANT DISCLOSURES AND DISCLAIMERS. ALTERNATIVELY, VISIT OUR GLOBAL RESEARCH DISCLOSURE WEBSITE



SG MAP Global Asset Allocation Table	p4
Our story - Investment recommendations	p5
Seven Key Calls	p8
Key Call 1: From monetary to fiscal policy in G10	
Key Call 2: Great rotation into value assets	
Key Call 3: Protect against the new US trade policy	
Key Call 4: Temporary trouble for EM assets	
Key Call 5: China favouring 2017 growth at the expense of long-term reforms	
Key Call 6: Buy volatility ahead of UK Article 50 trigger and French elections	
Key Call 7: What we believe are true safe assets for 2017	
Multi Asset Portfolio performances	p8
Tables of SG Forecasts	p10
EDITORIAL	
Switch out of Bonds and Quality, into "Value"	p16
Gearing up for a new US trade policy	p30
Prepare portfolio for heavy political agenda in 2017	p32
ECONOMIC SCENARIO	p33
PORTFOLIO CONSTRUCTION TOOLS	p39

ASSET CLASSES UNDER REVIEW				
Cash	p52	Fixed Income		
Equity		US Government Bonds	p58	
US Equity Market	p53	Japanese Government Bonds	p59	
Japanese Equity Market	p54	European Government Bonds	p60	
Euro Equity Market	p55	UK Government Bonds	p61	
UK Equity Market	p56	European Credit	p63	
Emerging Equity Market	p57	US Credit	p64	
Forex Market		Other		
Foreign Exchange €/\$	p65	Commodities	p68	
Foreign Exchange €/£	p66			
Foreign Exchange€/¥	p67			



FOR DISCLOSURES PERTAINING TO COMPENDIUM REPORTS OR RECOMMENDATIONS OR ESTIMATES MADE ON SECURITIES OTHER THAN THE PRIMARY SUBJECT OF THIS RESEARCH REPORT, PLEASE VISIT OUR GLOBAL RESEARCH DISCLOSURE WEBSITE AT https://www.sgmarkets.com/#equity/compliance or call +1 (212).278.6000 in the U.S.

European Specialty Sales

If a European specialist sales personnel is listed on the cover of research reports, these employees are in SG's Global Markets division responsible for the sales effort in their sector and are not part of SG's Cross-Asset Research Department. Specialist Sales do not contribute in any manner to the content of research reports in which their names appear.

SG has mandatory research policies and procedures that are reasonably designed to (i) ensure that purported facts in research reports are based on reliable information and (ii) to prevent improper selective or tiered dissemination of research reports. The analyst(s) responsible for preparing this report receive compensation that is based on various factors including SG's total revenues, a portion of which are generated by investment banking activities.

Non-U.S. Analyst Disclosure: The name(s) of any non-U.S. analysts who contributed to this report and their SG legal entity are listed below. U.S. analysts are employed by SG Americas Securities LLC. The non-U.S. analysts are not registered/qualified with FINRA, may not be associated persons of SGAS and may not be subject to the FINRA restrictions on communications with a subject company, public appearances and trading securities held in the research analyst(s)' account(s): Alain Bokobza Société Générale Paris, Gaelle Blanchard Société Générale Paris, Arthur van Slooten Société Générale Paris, Praveen Singh Société Générale Bangalore, Sophie Huynh Société Générale London, Guy Stear Société Générale Paris, Vincent Cassot Société Générale Paris, Roland Kaloyan Société Générale Paris, Charles de Boissezon Société Générale Paris, Frank Benzimra Société Générale Hong Kong, Stephanie Aymes Société Générale London, Brigitte Richard-Hidden Société Générale Paris, Vincent Chaigneau Société Générale London

IMPORTANT DISCLAIMER: The information herein is not intended to be an offer to buy or sell, or a solicitation of an offer to buy or sell, any securities and has been obtained from, or is based upon, sources believed to be reliable but is not guaranteed as to accuracy or completeness. Material contained in this report satisfies the regulatory provisions concerning independent investment research as defined in MiFID. Information concerning conflicts of interest and SG's management of such conflicts is contained in the SG's Policies for Managing Conflicts of Interests in Connection with Investment Research which is available at https://www.sgmarkets.com/#equity/compliance SG does, from time to time, deal, trade in, profit from, hold, act as market-makers or advisers, brokers or bankers in relation to the securities, or derivatives thereof, of persons, firms or entities mentioned in this document and may be represented on the board of such persons, firms or entities. SG does, from time to time, act as a principal trader in equities or debt securities that may be referred to in this report and may hold equity or debt securities positions or related derivatives. Employees of SG, or individuals connected to them, may from time to time have a position in or hold any of the investments or related investments mentioned in this document. SG is under no obligation to disclose or take account of this document when advising or dealing with or on behalf of customers. The views of SG reflected in this document may change without notice. In addition, SG may issue other reports that are inconsistent with, and reach different conclusions from, the information presented in this report and is under no obligation to ensure that such other reports are brought to the attention of any recipient of this report. possible at law, SG does not accept any liability whatsoever arising from the use of the material or information contained herein. This research document is not intended for use by or targeted to retail customers. Should a retail customer obtain a copy of this report he/she should not base his/her investment decisions solely on the basis of this document and must seek independent financial advice.

The financial instruments discussed in this report may not be suitable for all investors and investors must make their own informed decisions and seek their own advice regarding the appropriateness of investing in financial instruments or implementing strategies discussed herein. The value of securities and financial instruments is subject to currency exchange rate fluctuation that may have a positive or negative effect on the price of such securities or financial instruments, and investors in securities such as ADRs effectively assume this risk. SG does not provide any tax advice. Past performance is not necessarily a guide to future performance. Estimates of future performance are based on assumptions that may not be realized. Investments in general, and derivatives in particular, involve numerous risks, including, among others, market, counterparty default and liquidity risk. Trading in options involves additional risks and is not suitable for all investors. An option may become worthless by its expiration date, as it is a depreciating asset. Option ownership could result in significant loss or gain, especially for options of unhedged positions. Prior to buying or selling an option, investors must review the "Characteristics and Risks of Standardized Options" at http://www.optionsclearing.com/about/publications/character-risks.jsp or from your SG representative. Analysis of option trading strategies does not consider the cost of commissions. Supporting documentation for options trading strategies is available upon request.

Notice to French Investors: This publication is issued in France by or through Société Générale ("SG") which is authorised and supervised by the Autorité de Contrôle Prudentiel et de Résolution (ACPR) and regulated by the Autorité des Marchés Financiers (AMF).

Notice to U.K. Investors: Société Générale is a French credit institution (bank) authorised by the Autorité de Contrôle Prudentiel (the French Prudential Control Authority) and the Prudential Regulation Authority and subject to limited regulation by the Financial Conduct Authority and Prudential Regulation Authority. Details about the extent of our authorisation and regulation by the Prudential Regulation Authority, and regulation by the Financial Conduct Authority are available from us on request.

Notice to Swiss Investors: This document is provided in Switzerland by or through Société Générale Paris, Zürich Branch, and is provided only to qualified investors as defined in article 10 of the Swiss Collective Investment Scheme Act ("CISA") and related provisions of the Collective Investment Scheme Ordinance and in strict compliance with applicable Swiss law and regulations. The products mentioned in this document may not be suitable for all types of investors. This document is based on the Directives on the Independence of Financial Research issued by the Swiss Bankers Association (SBA) in January 2008.

Notice to Polish Investors: this document has been issued in Poland by Societe Generale S.A. Oddzial w Polsce ("the Branch") with its registered office in Warsaw (Poland) at 111 Marszałkowska St. The Branch is supervised by the Polish Financial Supervision Authority and the French "Autorité de Contrôle Prudentiel". This report is addressed to financial institutions only, as defined in the Act on trading in financial instruments. The Branch certifies that this document has been elaborated with due dilligence and care.

Notice to U.S. Investors: For purposes of SEC Rule 15a-6, SG Americas Securities LLC ("SGAS") takes responsibility for this research report. This report is intended for institutional investors only. Any U.S. person wishing to discuss this report or effect transactions in any security



discussed herein should do so with or through SGAS, a U.S. registered broker-dealer and futures commission merchant (FCM). SGAS is a member of FINRA, NYSE and NFA. Its registered address at 245 Park Avenue, New York, NY, 10167. (212)-278-6000.

Notice to Canadian Investors: This document is for information purposes only and is intended for use by Permitted Clients, as defined under National Instrument 31-103, Accredited Investors, as defined under National Instrument 45-106, Accredited Counterparties as defined under the Derivatives Act (Québec) and "Qualified Parties" as defined under the ASC, BCSC, SFSC and NBSC Orders

Notice to Singapore Investors: This document is provided in Singapore by or through Société Générale ("SG"), Singapore Branch and is provided only to accredited investors, expert investors and institutional investors, as defined in Section 4A of the Securities and Futures Act, Cap. 289. Recipients of this document are to contact Société Générale, Singapore Branch in respect of any matters arising from, or in connection with, the document. If you are an accredited investor or expert investor, please be informed that in SG's dealings with you, SG is relying on the following exemptions to the Financial Advisers Act, Cap. 110 ("FAA"): (1) the exemption in Regulation 33 of the Financial Advisers Regulations ("FAR"), which exempts SG from complying with Section 25 of the FAA on disclosure of product information to clients; (2) the exemption set out in Regulation 34 of the FAR, which exempts SG from complying with Section 27 of the FAA on disclosure of certain interests in securities.

Notice to Hong Kong Investors: This report is distributed in Hong Kong by Société Générale, Hong Kong Branch which is licensed by the Securities and Futures Commission of Hong Kong under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) ("SFO"). This document does not constitute a solicitation or an offer of securities or an invitation to the public within the meaning of the SFO. This report is to be circulated only to "professional investors" as defined in the SFO.

Notice to Japanese Investors: This publication is distributed in Japan by Societe Generale Securities Japan Limited, which is regulated by the Financial Services Agency of Japan. This document is intended only for the Specified Investors, as defined by the Financial Instruments and Exchange Law in Japan and only for those people to whom it is sent directly by Societe Generale Securities Japan Limited, and under no circumstances should it be forwarded to any third party. The products mentioned in this report may not be eligible for sale in Japan and they may not be suitable for all types of investors.

Notice to Korean Investors: This report is distributed in Korea by SG Securities Korea Co., Ltd which is regulated by the Financial Supervisory Service and the Financial Services Commission.

Notice to Australian Investors: Societe Generale is exempt from the requirement to hold an Australian financial services licence (AFSL) under the Corporations Act 2001 (Cth) in respect of financial services, in reliance on ASIC Class Order 03/824, a copy of which may be obtained at the web site of the Australian Securities and Investments Commission, http://www.asic.gov.au. The class order exempts financial services providers with a limited connection to Australia from the requirement to hold an AFSL where they provide financial services only to wholesale clients in Australia on certain conditions. Financial services provided by Societe Generale may be regulated under foreign laws and regulatory requirements, which are different from the laws applying in Australia.

Notice to Indian Investors: Societe Generale Global Solution Center Pvt. Ltd (SG GSC) is a 100% owned subsidiary of Societe Generale, which is authorised and supervised by the Autorité de Contrôle Prudentiel et de Résolution (ACPR) and regulated by the Autorité des Marchés Financiers (AMF). Analysts employed by SG GSC do not produce research covering securities listed on any stock exchange recognised by the Securities and Exchange Board of India (SEBI) and is not licensed by either SEBI or the Reserve Bank of India.

http://www.sgcib.com. Copyright: The Société Générale Group 2016. All rights reserved.

This publication may not be reproduced or redistributed in whole in part without the prior consent of SG or its affiliates.



SG Macro Strategy Group



Brigitte Richard-Hidden Global Head of Cross Asset Research Paris +33.1 42 13 78 46

Global Economics



Michala Marcussen Head of Global Economics Paris +33 (0)1 42 13 00 34 +33 (0)6 87 77 98 73

Global Asset Allocation



Alain Bokobza Head of Global Asset Allocation Strategy Paris +33 (0)1 42 13 84 38 +33 (0)6 80 27 22 51

Global Strategy

SG Alternative View



Albert EdwardsHead of Global Strategy
London
+44 20 7762 5890
+44 78 2490 6433

Credit

H, Forex,

Rates & Forex



Vincent Chaigneau Head of Rates and Forex London +44 20 7762 4629

FIC Strategy



Kit Juckes FIC Strategy London +44 20 7676 7972

Credit & Emerging Markets



Guy Stear Global Head of Emerging Markets Paris +33 1 42 13 63 99

Quant

Cross Asset Quantitative Research & Modelling



Julien Turc Head of Cross Asset Quant Research Paris

+33 (0)1 42 13 40 90 +33 (0)6 24 84 46 62

Equity Quant Strategy



Andrew Lapthorne Head of Equity Quant Strategy London +44 20 7762 5762 +44 78 2589 3230



Commodities



Michael Haigh Head of Commodities Research New York +1 212 278 6020

Derivatives

Derivatives Strategy



Vincent Cassot Head of Equity Derivatives Strategy Paris +33 (0)1 42 13 59 55



Macro

Equity Strategy Europe



Roland Kaloyan Paris +33 (0)1 58 98 04 88

Equity Strategy Europe



Charles de Boissezon Paris +33 (0)1 42 13 58 41

Equity Strategy Asia



Frank Benzimra Hong Kong +852 2166 4309

Global Asset Allocation Team



Alain Bokobza Head of GAA Paris +33 (0)1 42 13 84 38 +33 (0)6 80 27 22 51



Sophie Huynh GAA Strategist London +44 20 7676 7471



Arthur van Slooten GAA Strategist Paris +33 (0)1 42 13 45 06



Praveen Singh GAA Strategist Bangalore +91 80 2802 4232



Gaelle Blanchard GAA Strategist Paris +33 (0)1 57 29 20 66