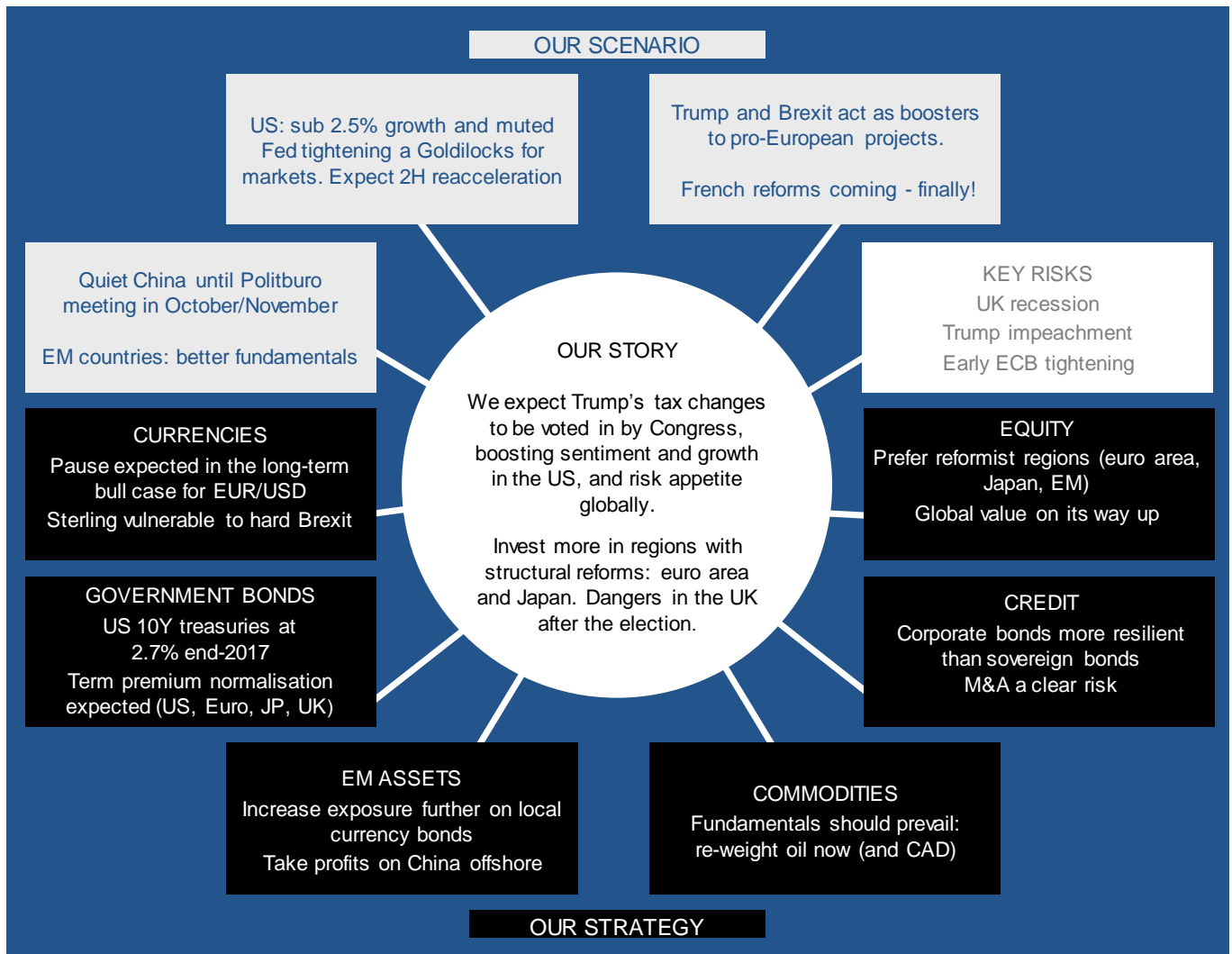


# Multi Asset Portfolio

Make reflation great again



**Global Asset Allocation**

**Alain Bokobza**

Head of Strategy team

**Charles de Boissezon**

Deputy Head of Strategy team

**Gaëlle Blanchard**

Strategist

**Arthur van Slooten**

Strategist

**Praveen Singh**

Strategist

**Sophie Huynh**

Strategist

**Global Head of**

**Cross Asset Research**

Brigitte Richard-Hidden

**Economics**

Michala Marcussen

Stephen Gallagher

Wei Yao

Michel Martinez

**Credit**

Guy Stear

**Rates & FX**

Vincent Chaigneau

Bruno Braizinha

Kit Juckes

Alvin Tan

**Emerging markets**

Guy Stear

Régis Chatellier

Jason Daw

**Commodities**

Michael Haigh

Michael Wittner

**Equity Strategy**

Roland Kaloyan

Charles de Boissezon

Frank Benzimra

**Equity Derivatives & Equity-Linked**

Vincent Cassot

**Technical analysis**

Stephanie Aymes

<b>SG MAP Global Asset Allocation Table</b>	p4
<b>SG MAP: performance with risk control</b>	p5
<b>Our story – Investment summary</b>	p6
<b>Seven Key Calls</b>	p8
Key Call 1: Too much pessimism on the US economy	
Key Call 2: Bullish on the commodity complex	
Key Call 3: Favourable backdrop for emerging markets	
Key Call 4: UK: prepare for Brexit pain	
Key Call 5: Eurozone finally standing up – time to get real	
Key Call 6: Acceleration of the M&A cycle	
Key Call 7: Portfolio protection in a low-volatility environment	
<b>Tables of SG Forecasts</b>	p10
<b>EDITORIAL</b>	
Too much pessimism on the US economy: position for a tactical rebound	p16
Keep EM exposure and add to commodities	p23
UK: prepare for Brexit pain. Sterling at risk again	p30
<b>ECONOMIC SCENARIO</b>	p31
<b>PORTFOLIO CONSTRUCTION TOOLS</b>	p39

<b>ASSET CLASSES UNDER REVIEW</b>			
<b>Cash</b>	p52	<b>Fixed Income</b>	
<b>Equity</b>		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	Inflation-linked bonds	p62
Emerging Equity Market	p57	European Credit	p63
		US Credit	p64
<b>Forex Market</b>		<b>Other</b>	
Foreign Exchange €/\$	p65	Commodities	p68
Foreign Exchange €/£	p66		
Foreign Exchange €/¥	p67		

purported facts in research reports are based on reliable information and (ii) to prevent improper selective or tiered dissemination of research reports. In addition, research analysts receive compensation based, in part, on the quality and accuracy of their analysis, client feedback, competitive factors and SG's total revenues including revenues from sales and trading and investment banking.

All pricing information included in this report is as of market close, unless otherwise stated.

**MSCI DISCLAIMER:** The MSCI sourced information is the exclusive property of Morgan Stanley Capital International Inc. (MSCI). Without prior written permission of MSCI, this information and any other MSCI intellectual property may not be reproduced, disseminated or used to create any financial products, including any indices. This information is provided on an "as is" basis. The user assumes the entire risk of any use made of this information. MSCI, its affiliates and any third party involved in, or related to, computing or compiling the information hereby expressly disclaim all warranties of originality, accuracy, completeness, merchantability or fitness for a particular purpose with respect to any of this information. Without limiting any of the foregoing, in no event shall MSCI, any of its affiliates or any third party involved in, or related to, computing or compiling the information have any liability for any damages of any kind. MSCI, Morgan Stanley Capital International and the MSCI indexes are service marks of MSCI and its affiliates or such similar language as may be provided by or approved in advance by MSCI.

**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, Charles de Boissezon Société Générale Paris, Gaelle Blanchard Société Générale Paris, Arthur van Slooten Société Générale Paris, Praveen Singh Société Générale Bangalore, Sophie Huynh Société Générale London, Brigitte Richard-Hidden Société Générale Paris, Michala Marcussen Société Générale Paris, Guy Stear Société Générale Paris, Vincent Chaigneau Société Générale London, Roland Kaloyan Société Générale Paris, Frank Benzimra Société Générale Hong Kong, Vincent Cassot Société Générale Paris, Wei Yao Société Générale Paris, Michel Martinez Société Générale London, Kit Juckes Société Générale London, Alvin Tan Société Générale London, Régis Chatellier Société Générale London, Jason Daw Société Générale Singapore, Stephanie Aymes 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. To the maximum extent 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 diligence 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 recommendations; and (3) the exemption set out in Regulation 35 of the FAR, which exempts SG from complying with Section 36 of the FAA on disclosure of certain interests in securities.

**Notice to Hong Kong Investors:** This report is distributed or circulated in Hong Kong only to "professional investors" as defined in the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) ("SFO"). Any such professional investor wishing to discuss this report or take any action in connection with it should contact SG Securities (HK) Limited. This report does not constitute a solicitation or an offer of securities or an invitation to the public within the meaning of 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, SA, Paris. Societe Generale SA 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 2017. 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

Macro

## 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 Edwards**  
Head of Global Strategy  
London  
+44 20 7762 5890  
+44 78 2490 6433

Fixed Income

## Rates & Forex



**Vincent Chaigneau**  
Co-Head of Fixed Income Research  
London  
+44 20 7762 4629

## Credit & Emerging Markets



**Guy Stear**  
Co-Head of Fixed Income Research  
Paris  
+33 1 42 13 63 99

## Forex



**Kit Jukes**  
Global Chief FX Strategist  
London  
+44 20 7676 7972

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 Laphorne**  
Head of Equity Quant Strategy  
London  
+44 20 7762 5762  
+44 78 2589 3230

Commodities

## 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

Equity Strategy

## Equity Strategy Global



**Charles de Boissezon**  
Deputy Head of GAA & Equity Strategy  
Paris  
+33 (0)1 42 13 58 41

## Equity Strategy Europe



**Roland Kaloyan**  
Head of European Equity Strategy  
Paris  
+33 (0)1 58 98 04 88

## Equity Strategy Asia



**Frank Benzimra**  
Head of Asian Strategy  
Hong Kong  
+852 2166 4309

## Global Asset Allocation Team

Macro



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



**Charles de Boissezon**  
Deputy Head of GAA & Equity Strategy  
Paris  
+33 (0)1 42 13 58 41



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



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



**Sophie Huynh**  
GAA Strategist  
London  
+44 20 7676 7471



**Praveen Singh**  
GAA Strategist  
Bangalore  
+91 80 2802 4232