

Michele Carby's

Expatriate Finance Today

with investment outlook by
Senior Investment Strategist, Payal Trehan

**Key Global
Macroeconomic Themes
for 2022**

December 2021



About Holborn

Holborn Assets is a leading international financial advisory group. We insist that our advisers are qualified and that they come to us with extensive experience and track records in the sector.

All our advisers come from the tough regulatory regime of the UK and similar jurisdictions; as such, they approach financial planning in a holistic and compliant manner. We are not sales driven. We are professional advisers adhering to the company's mission which is to ensure that you get quality, independent advice and service, that your money is put in the right place at the right time and that you are treated with integrity and respect.

Moreover, our unparalleled relationships with the best product providers help to assure that we make available superior investment and protection solutions for the increasingly sophisticated expatriate community we serve.

Right money. Right place. Right time.





Michele Carby

Managing Partner
Dubai, UAE

Qualifications

CII DIP PFS (UK)

CII INTERNATIONAL FINANCIAL PLANNING DIP.

IIQE (HK)

B.PROC (LAW)

RE 5 - FSCA (South Africa)



About Michele

Originally from Durban, South Africa – Michele graduated from the University of Natal with a B.Proc(Law) degree before embarking on a highly successful career within the financial services sector, and having worked for reputable companies such as Maxprop Group (South Africa) before emigrating to the UK in 1999 and joining Countrywide Financial Services and Lloyds TSB, where Michele became one of the most successful in the country exclusively maintaining high net worth client relationships. Michele was headhunted in January 2004 to join St. James's Place Wealth Management in London as a Wealth Manager/Associate Partner. (Part of the J.Rothschild Group/Lloyds Banking Group).

Since joining as an Associate Partner, Michele has opened the doors to many more areas of financial planning, as well as developing her practice into more specialist areas of advice; She holds a Diploma in Financial Planning, as well as a Tax, Trust & Estate Planning Qualification. She's also a member of The Personal Finance Society & Chartered Institute of Insurers (UK).

In August 2011, she was again headhunted, this time to Hong Kong, to offer bespoke Financial Planning/Wealth Management advice to expat clients, capitalising on her wealth of experience in South Africa and the UK, opening an office for Infinity Financial Services as their CEO and Director of their Hong Kong office.

The valuable wealth management/holistic financial planning service she offers our clients is tailored to meet their individual financial needs, thus providing the benefit of a single, seamless relationship, aimed at designing bespoke tax efficient financial plans, whether it be for Education Fee Planning or Retirement Savings or tax – efficient savings & investments.

Payal Trehan, a Senior Investment Strategist (ex Goldman Sachs) works exclusively in partnership with Michele on every client investment portfolio. Payal adds considerable value to clients through active portfolio and investment management.

Michele also manages a team of five financial planners with four admin support, which allows them to focus on providing great client servicing and reviews to our clients on a regular basis.



Key Global Macroeconomic Themes For 2022

Tuesday, December 14 2021

Key Global Macro Themes For 2022

Theme	View	Theme	View
1	Almost Full Economic Normalisation & Covid-19 Policy Pivot	6	A Tough Landscape For EM Policymakers
2	Another Year Of Above-Trend Growth, But A Cyclical Slowdown Nonetheless	7	Financial Markets Not A One-Way Bet In 2022
3	Tourism Will See An Uneven Recovery	8	Rising Polarisation & Divergent Reform Momentum
4	Inflation Will Peak As Rebalancing Occurs	9	Old Opportunities And Risks In Geopolitics
5	Developed Markets Will Start To Tighten Policy, But Not As Much As Rate Markets Suggest	10	Risks Will Remain Top Of Mind

Source: Fitch Solutions

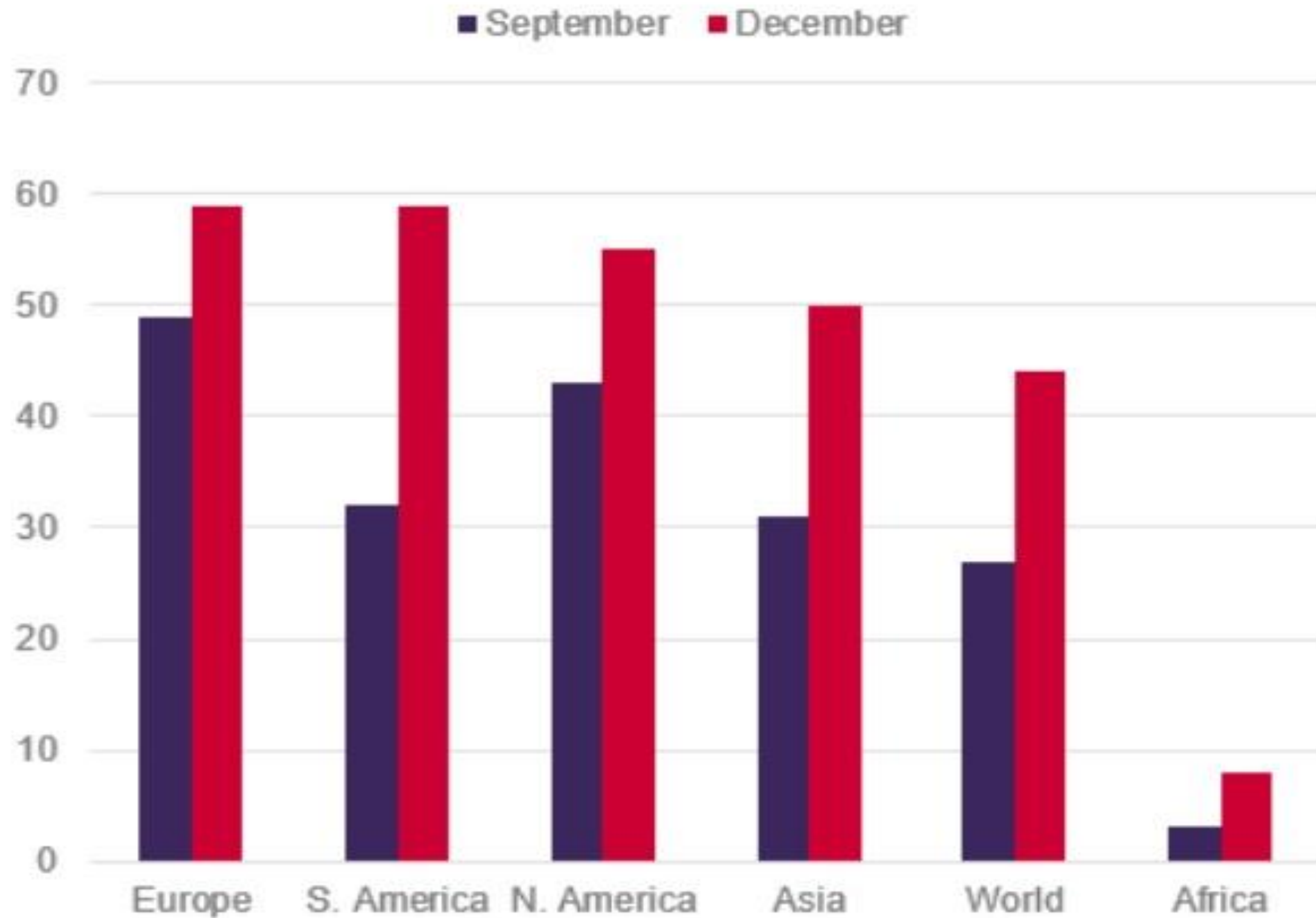
Theme 1: Almost Full Economic Normalisation & Covid-19 Policy Pivot

Rising Vaccinations And Antiviral Treatments Are Positive

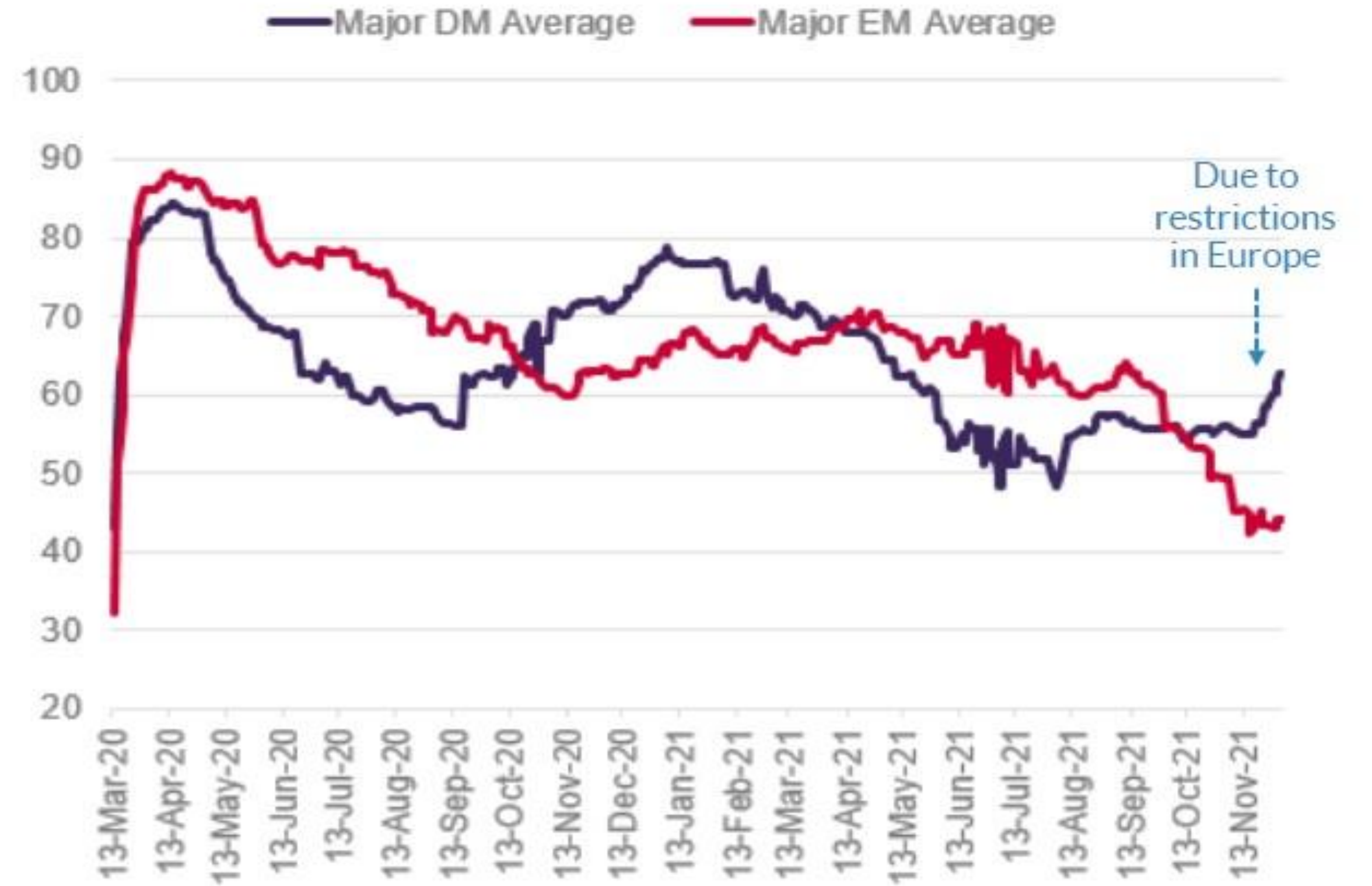
Persons Fully Vaccinated, per 100 people

Despite Seasonal Rise, Restrictions Will Head Lower

Stringency Index



Source: Our World in Data, Fitch Solutions

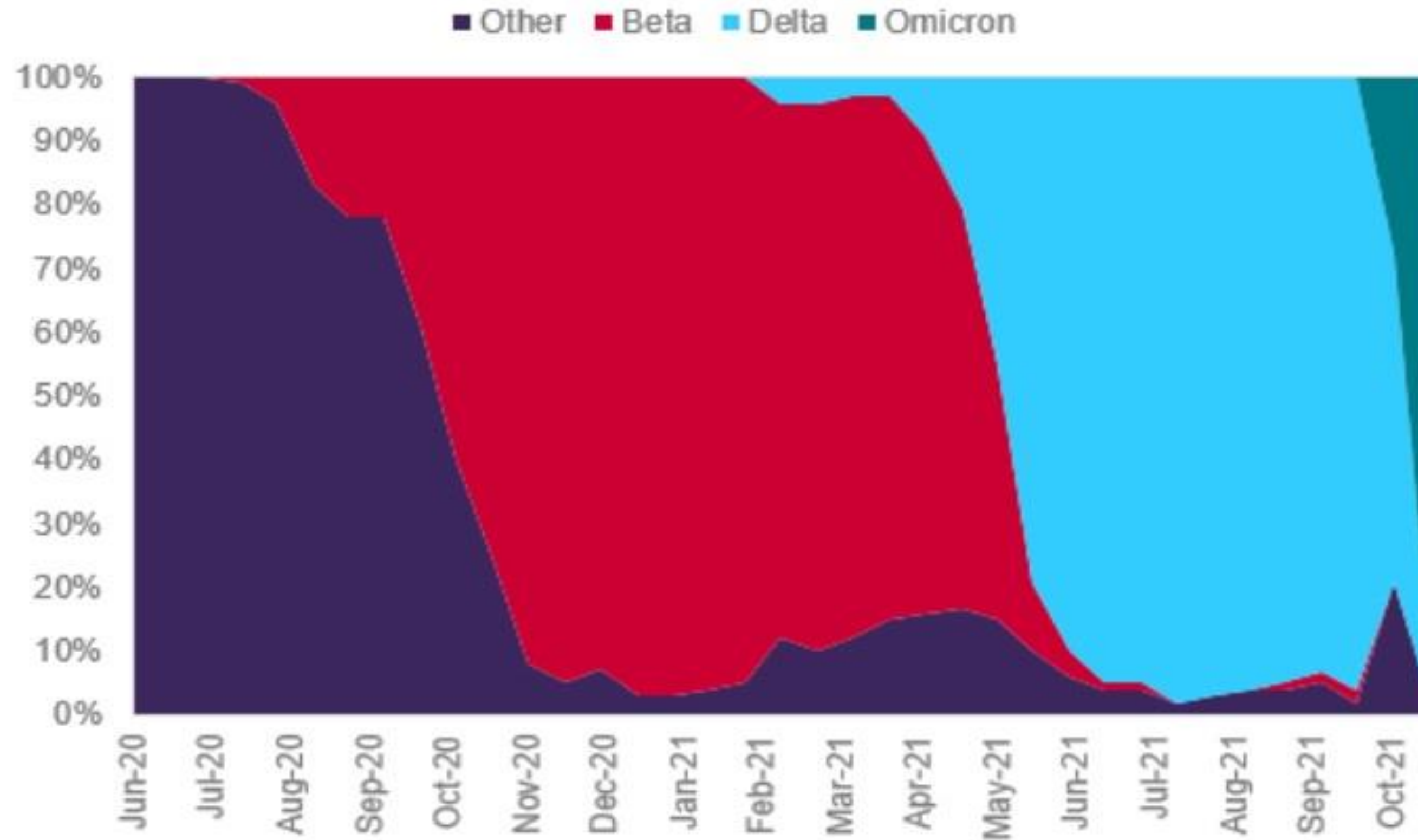


Source: University of Oxford, Bloomberg, Fitch Solutions

Omicron Poses A Risk To This View And Global Growth

The Rise Of Omicron Could Change Everything

South Africa – Cases By Variant



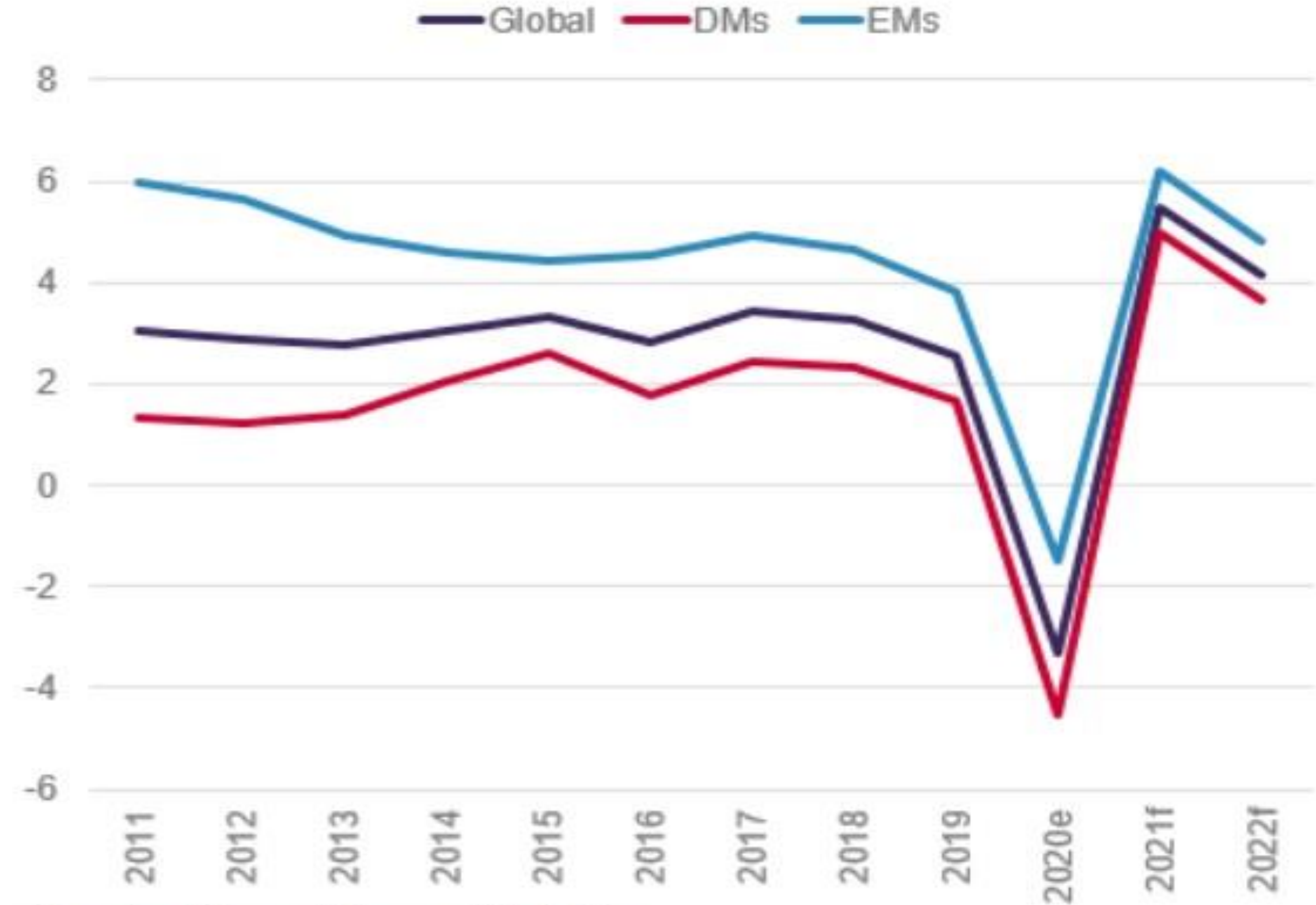
Source: GISAID, Fitch Solutions

- The Omicron variant poses significant risks given that it is likely much more transmissible than the Delta variant and is becoming dominant.
- Already it accounts for 88% of all infections in South Africa and 14% in the US.
- Scientists do not yet know whether the symptoms are more severe than the Delta variant and whether vaccines remain effective against it.
- If symptoms are more severe and vaccine efficacy drops, this could lead to new lockdowns as many countries have already implemented travel restrictions. This would have a large and negative impact on global growth.
- However, if symptoms are less severe and the vaccines remain effective, this is good news as Omicron will overtake Delta as the most prevalent variant.

Theme 2: Above-Trend Growth, But A Cyclical Slowdown Nonetheless

Global Growth To Ease From Abnormally High Levels

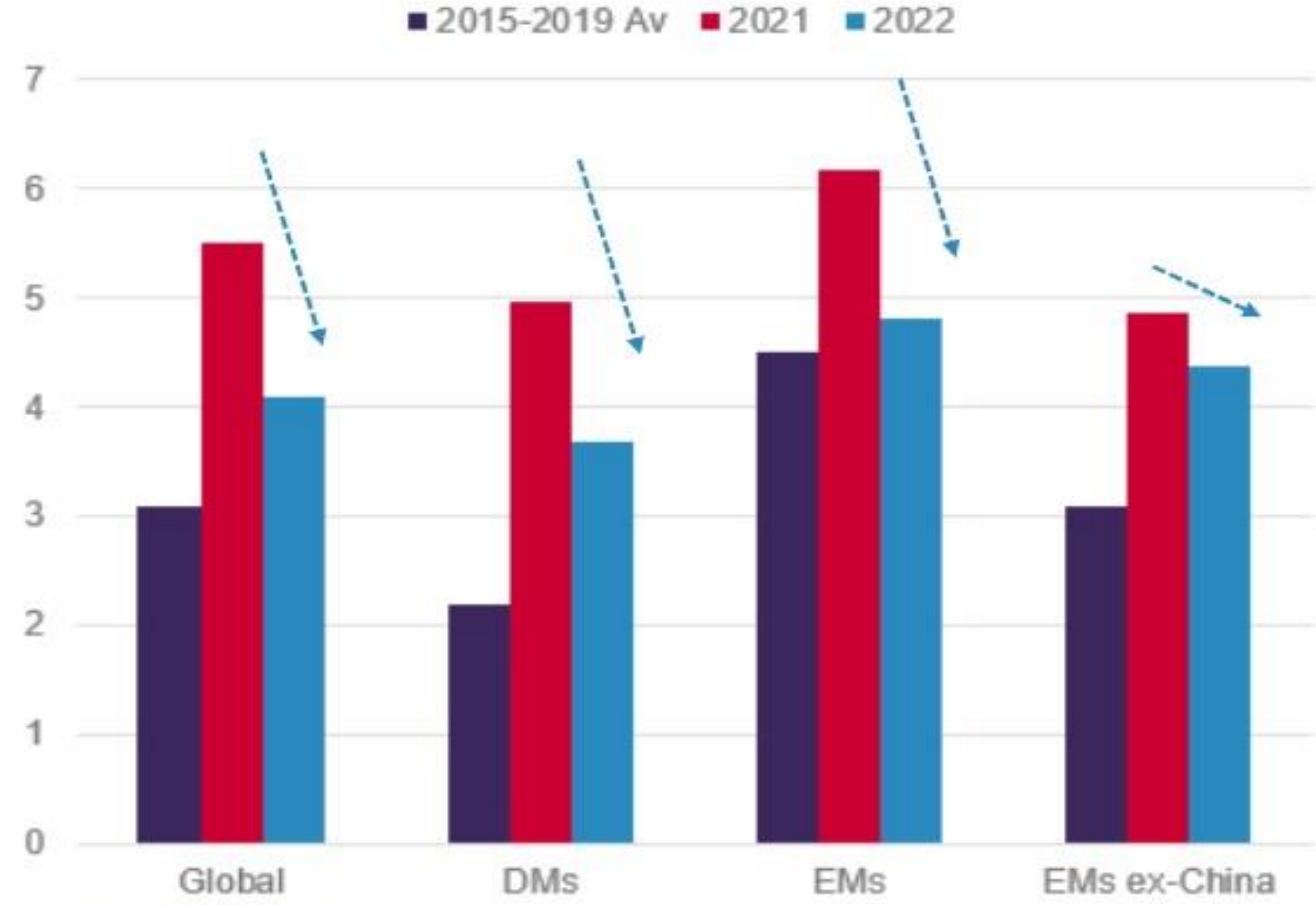
Real GDP Growth, %



e/f = estimate/forecast. Source: Fitch Solutions

EMs Holding Up Against China's Slowdown

Real GDP Growth, %



Source: Fitch Solutions

But China's Economy Will Face A Cyclical And Structural Slowdown

China To See A New Growth Trend

Real GDP Growth, %



Source: Fitch Solutions

High Yield Market In China Still Stressed

Markit iBoxx USD Asia ex-Japan China High Yield Indices



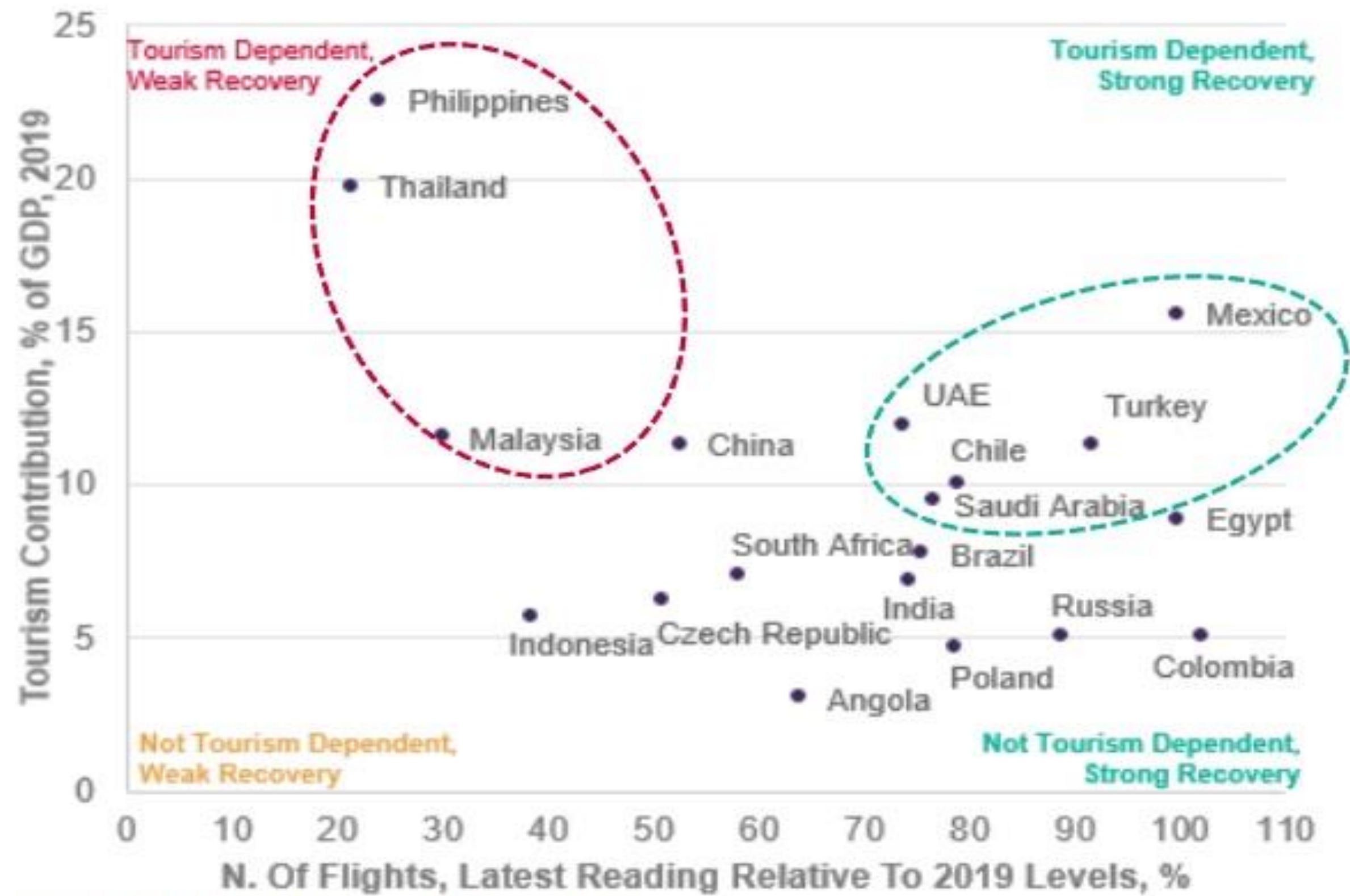
Source: Bloomberg, Fitch Solutions

- From a cyclical perspective, high base effects, the regulatory crackdown, a zero-Covid policy and property sector risks will weigh heavily on growth in 2022.
- The property sector is of particular concern given ongoing cashflow issues with major developers as well as still-elevated credit stress in the high yield segment.
- From a structural perspective, worsening demographics, higher debt loads, lower growth targets and macroprudential policies aimed at reining in financial risks will see growth slow over the coming year.

Theme 3: Tourism Will See An Uneven Recovery

Asian Economies Lagging Behind, Mexico Doing Best

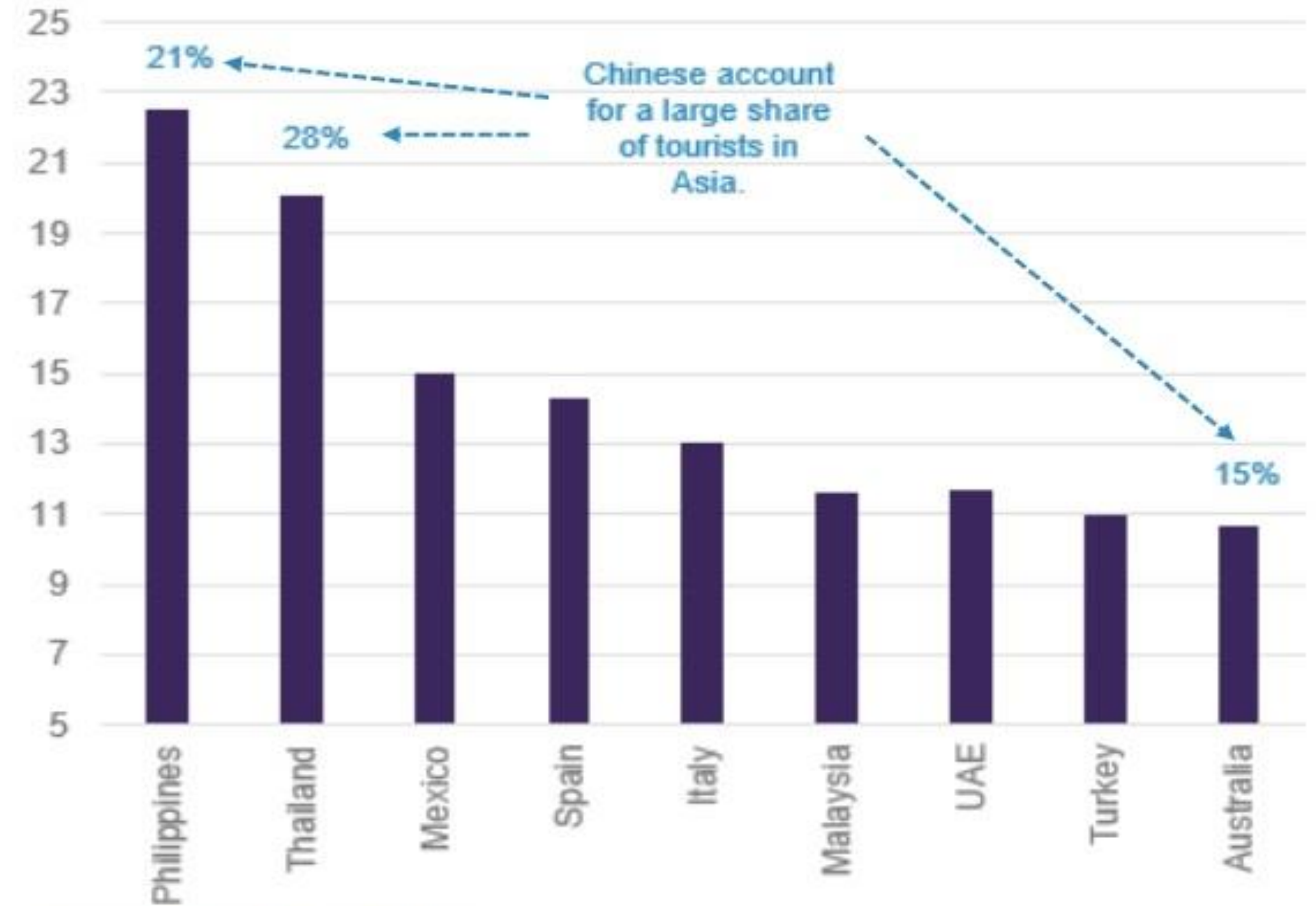
Tourism Contribution To GDP vs Recovery In Number of Flights, %*



*As of Mid November. Source: Fitch Solutions

Those Dependent On Tourism & China Will Recover Slowly

Tourism Contribution To GDP, & Chinese Tourists Share Of Total, % (2019)

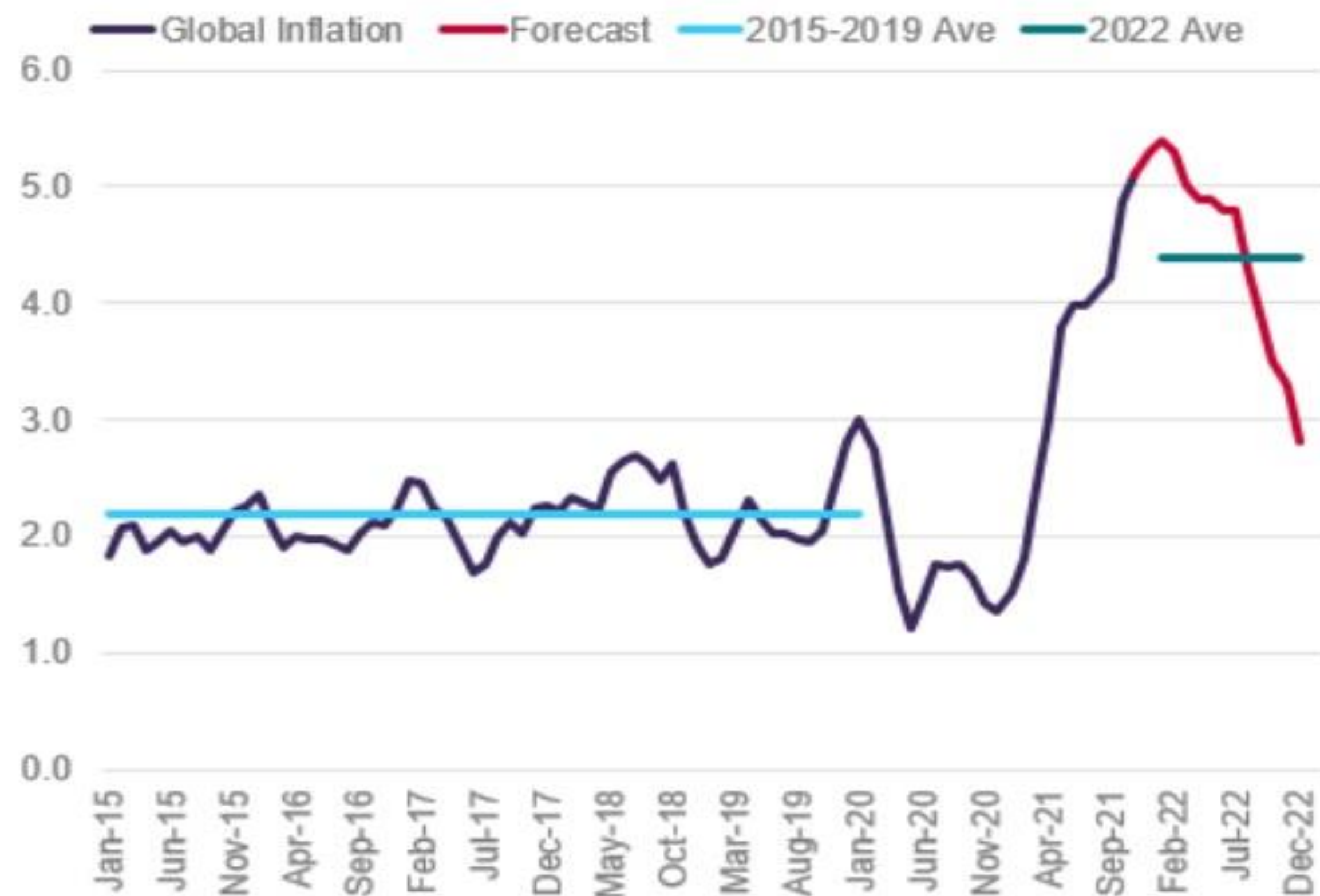


Source: WTTC, Fitch Solutions

Theme 4: Inflation Will Peak As Rebalancing Occurs

Global Inflation Will Slowly Peak

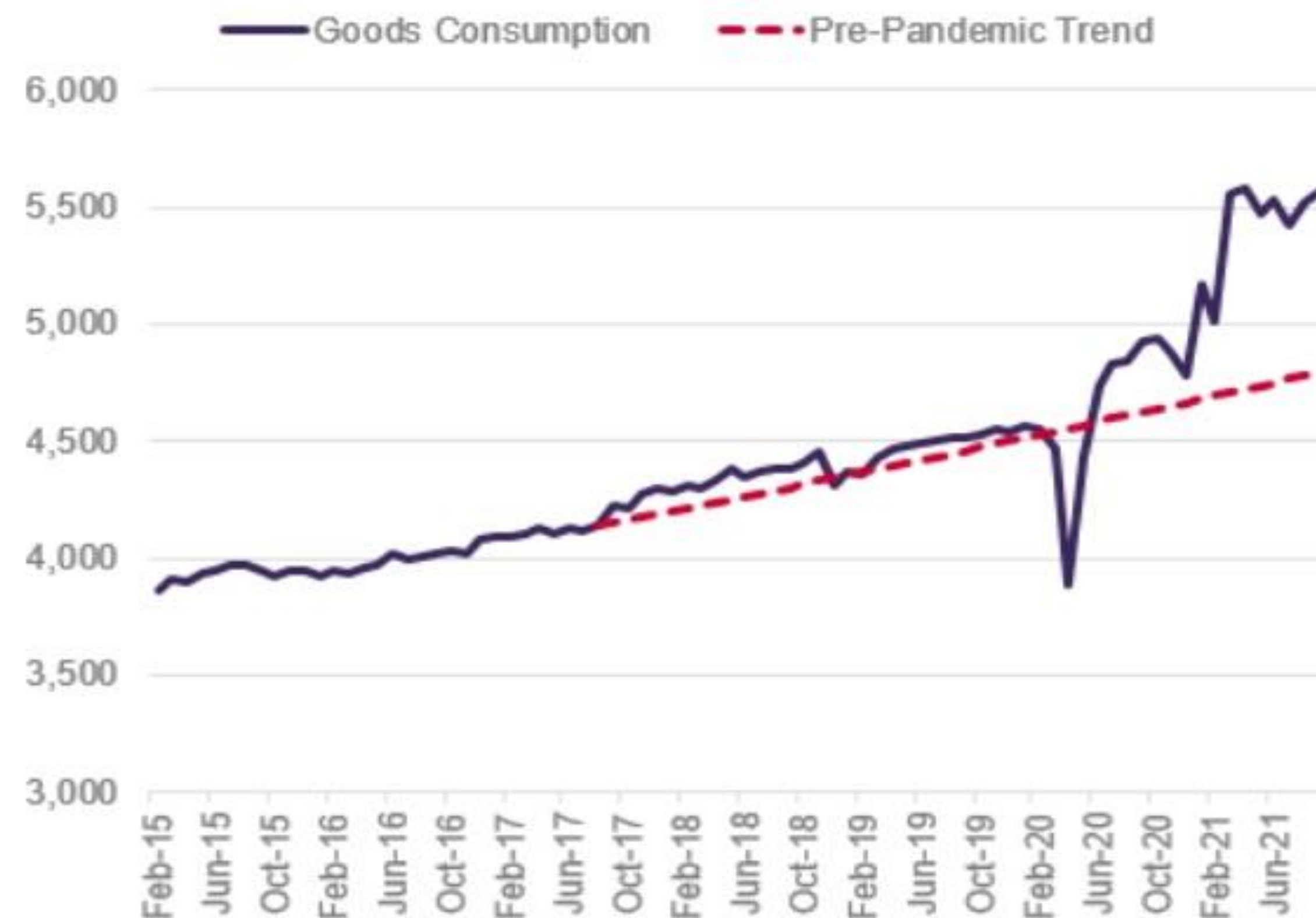
Global Inflation, %



Source: Bloomberg, Fitch Solutions

Goods Demand Well Above Trend, But Should Normalise

US PCE Goods Consumption USDbn & Trend

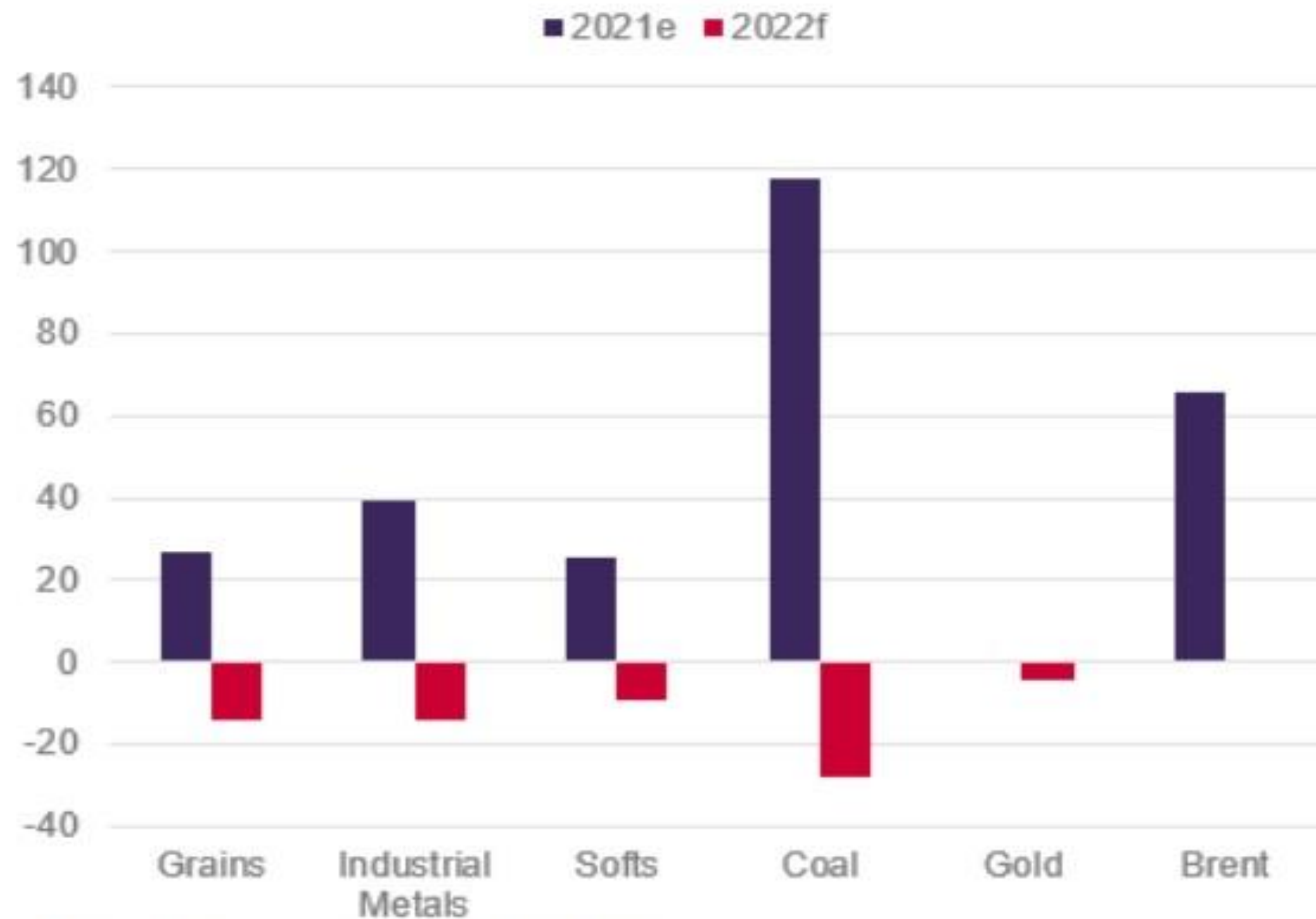


Source: Bloomberg, Fitch Solutions

Base Effects, Lower Commodity Prices And Seasonality Should Help

After A Surge In 2021, Commodity Prices Will Ease

Change In Commodity Prices, %



e/f = estimate/forecast. Source: Fitch Solutions

Shipping Rates Show Seasonal Weakness After Holidays

Baltic Dry Index Trend Over Calendar Year (2010-2021 average)

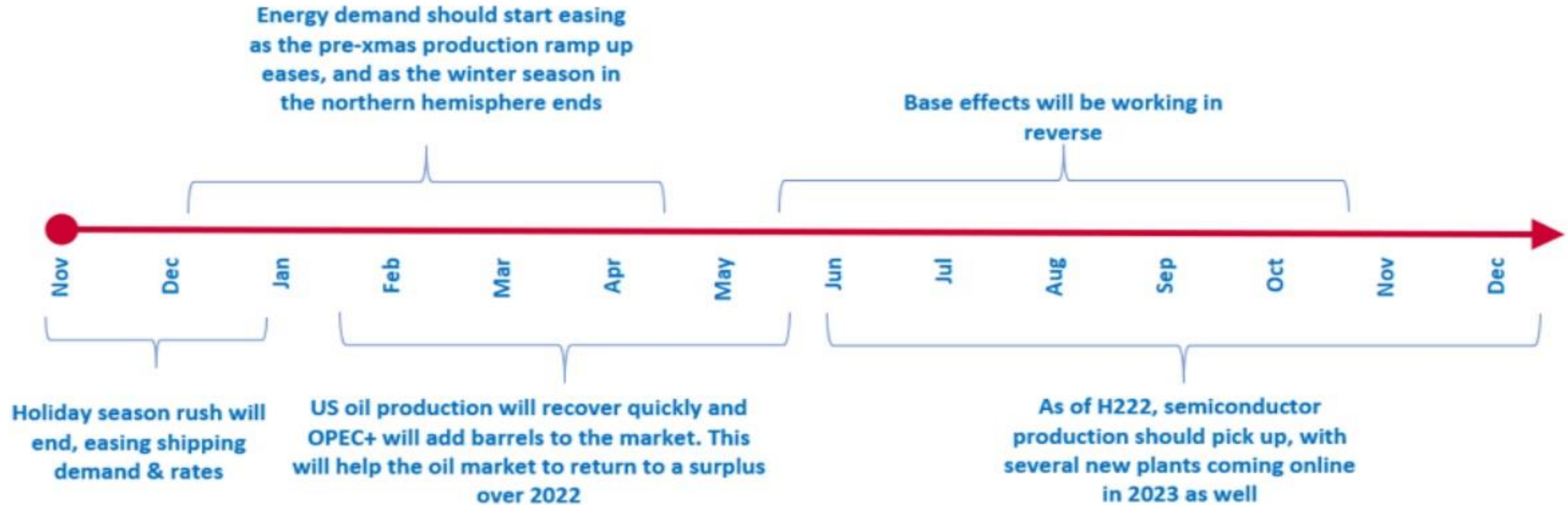


Source: Bloomberg, Fitch Solutions

Various Factors Point To Slowing Inflation

Inflation Should Start Easing Over The Coming Quarters

Factors That Will Help Inflation To Ease

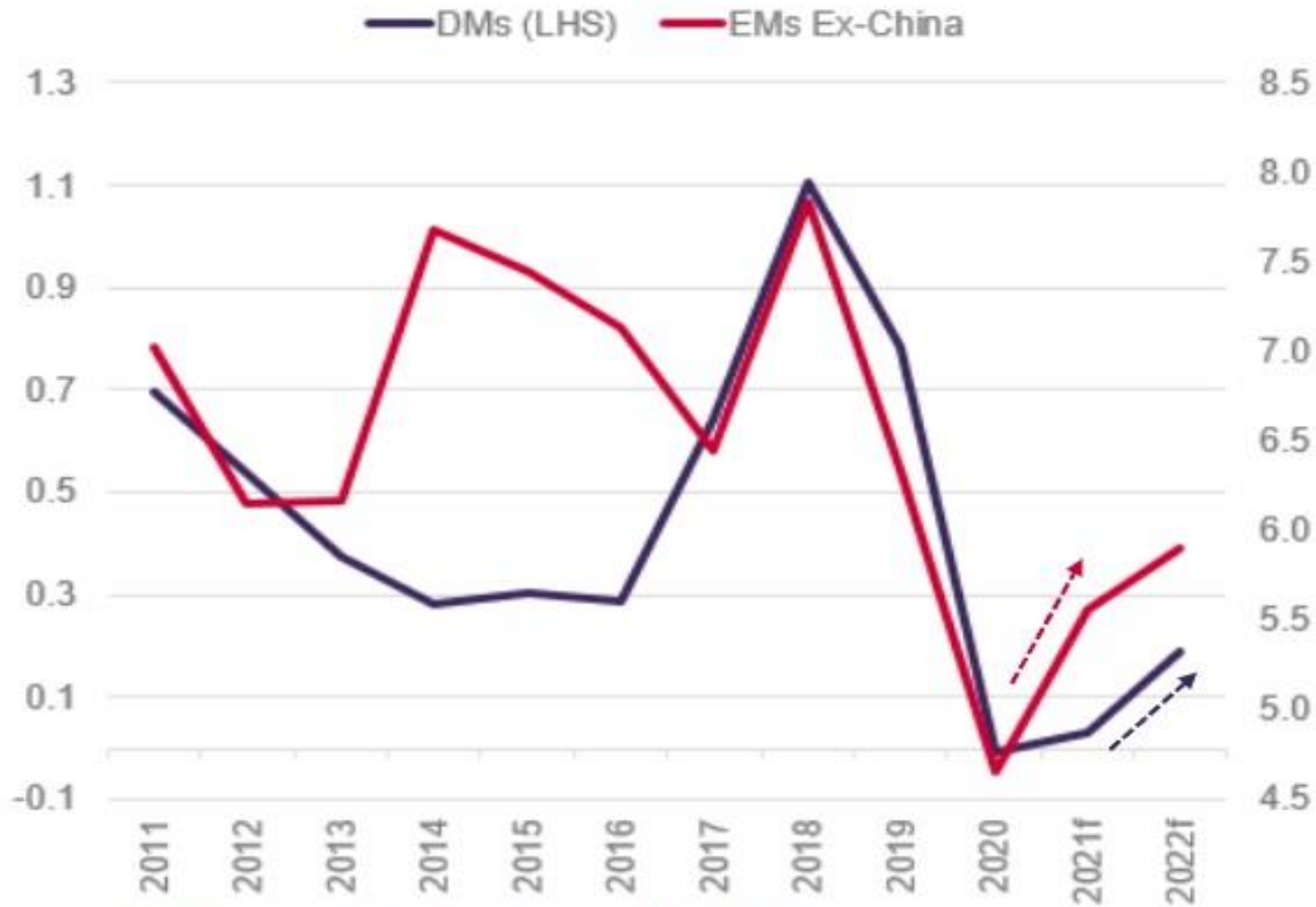


Source: Fitch Solutions

Theme 5: DMs Will Tighten Policy, But Less Than Rate Markets Suggest

EMs Raised Interest Rates First, DMs To Follow

Policy Interest Rate, %



Note: Weighted average. f = forecast. Source: Fitch Solutions

Markets Seem Too Hawkish

Change In Interest Rates, bps

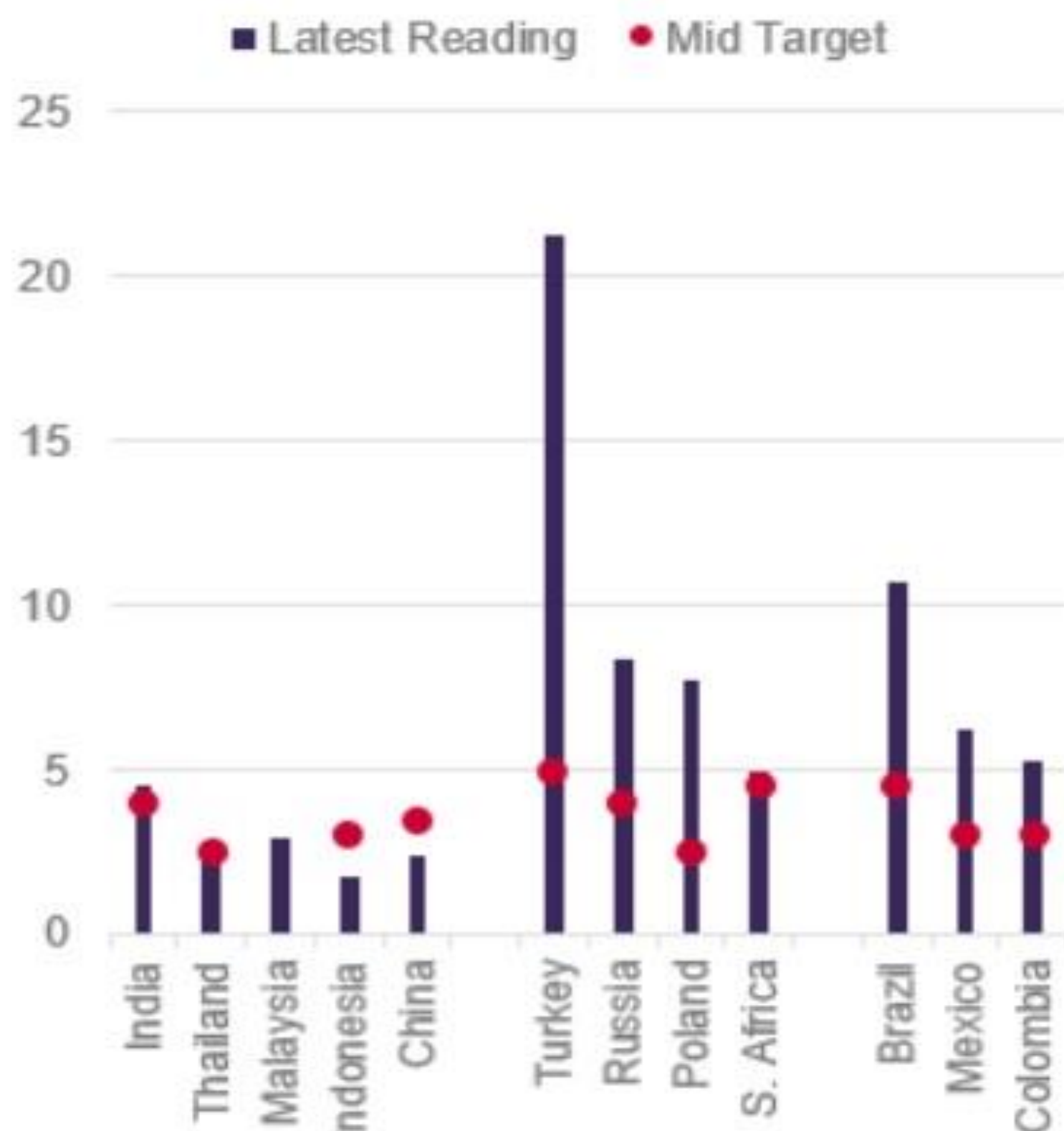


Source: Bloomberg, Fitch Solutions

Theme 6: A Tough Landscape For EM Policymakers

Inflation Is Well Above Target In EMs

Inflation vs Mid-Point Target, %



Source: Bloomberg, Fitch Solutions

Excluding China, Inflation Is Elevated

Inflation, %



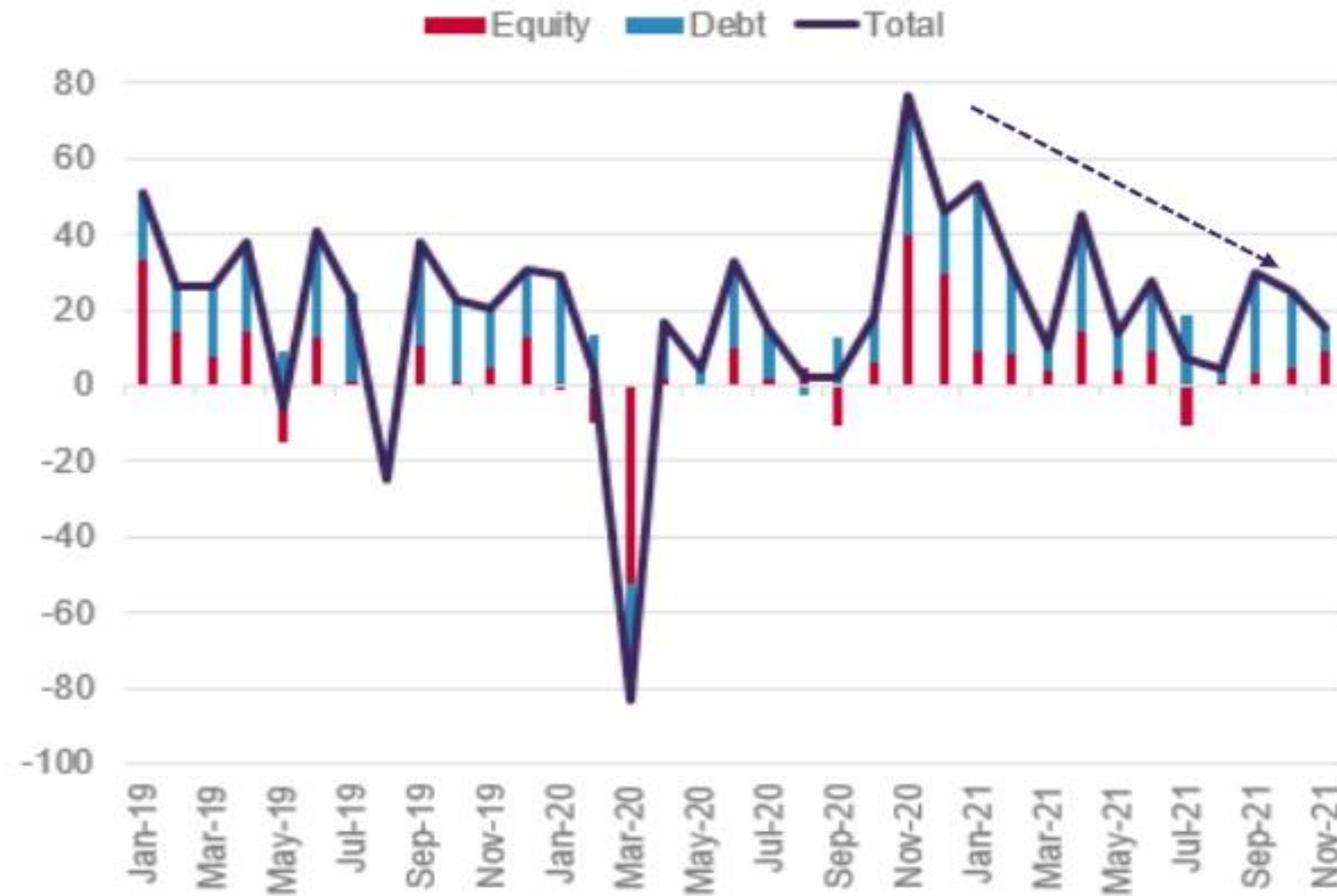
Source: Bloomberg, Fitch Solutions

- Emerging Markets will face several challenges over the coming months, which may weigh on investor appetite.
- Higher inflation will force central banks to maintain tight monetary policy, even at time when growth is slowing.
- Lower commodity prices will also weigh on growth.
- Rising interest rates by the Federal Reserve could lead to currency volatility for EMs.
- Pandemic fatigue and rising inflation could impact the result of several upcoming elections, which could result in a rise in political risk.

Foreign Investment Into EMs Has Been On A Declining Path

Foreign Investors Seem Less Keen On EMs

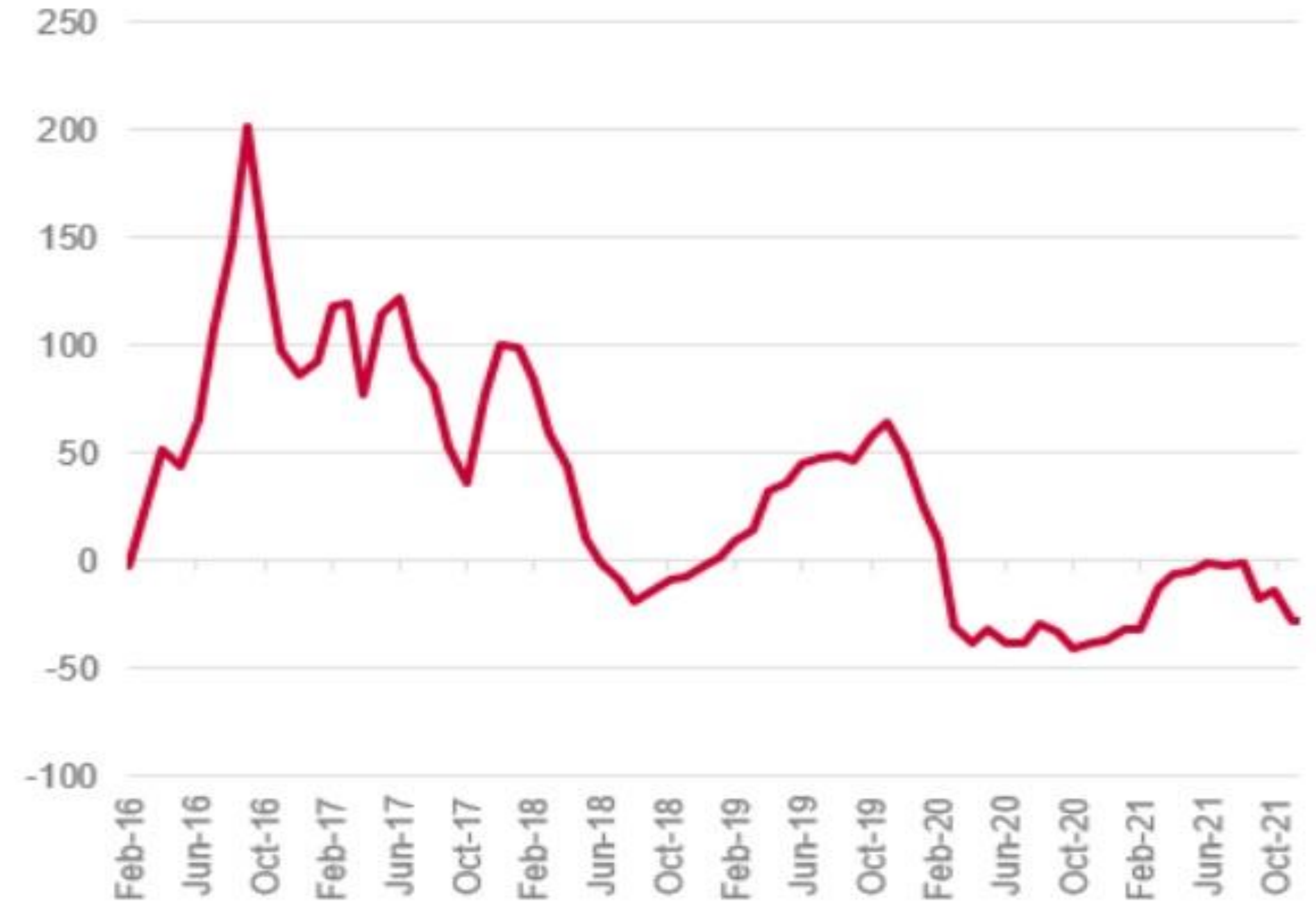
Equity & Debt Flows To EMs, USDbn



Source: IIF, Fitch Solutions

Investors Shying Away From EM Bonds?

Market Cap Of JP Morgan EM Local Government Bond ETF, % y-o-y

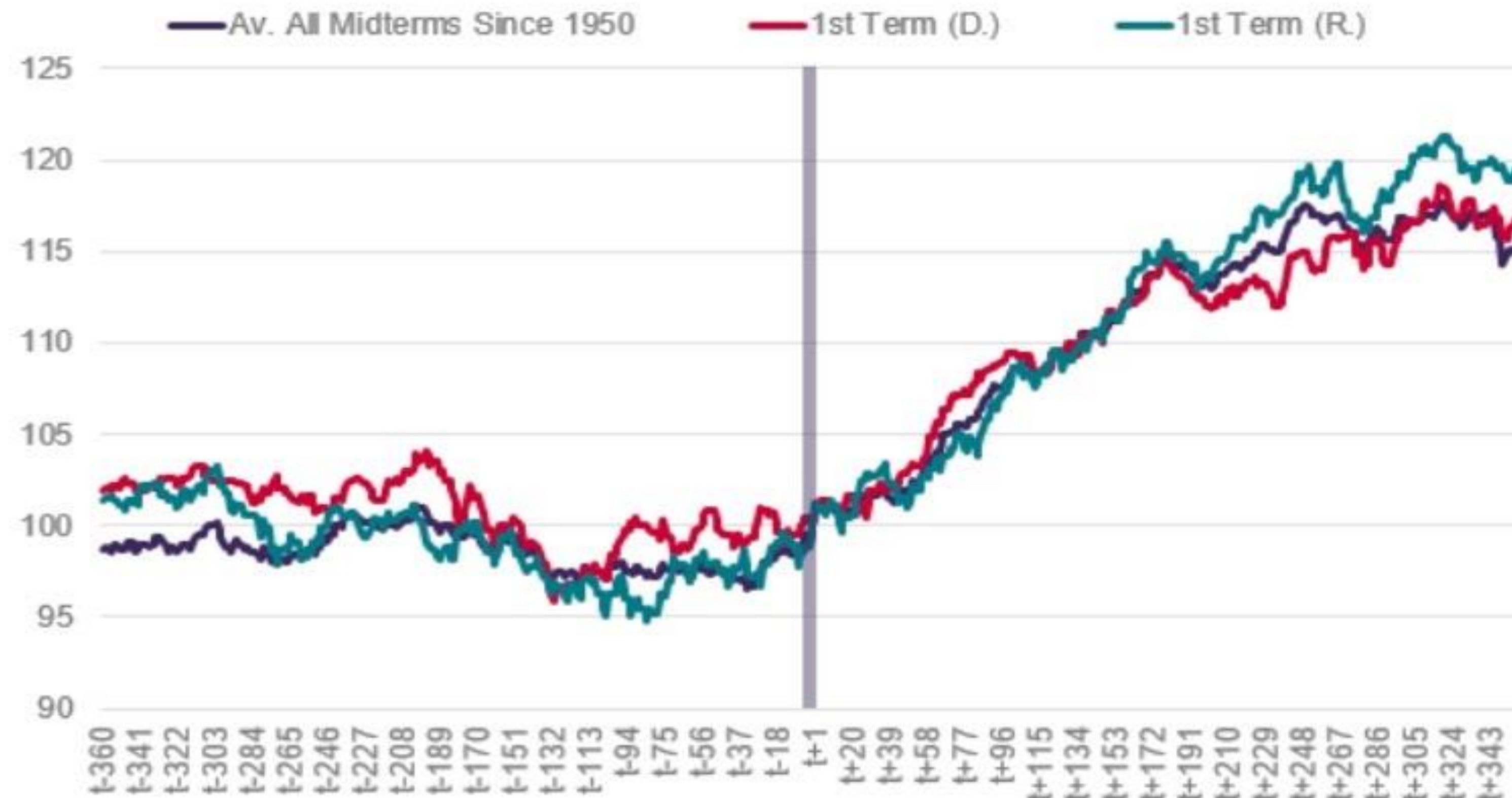


Source: Bloomberg, Fitch Solutions

Theme 7: Financial Markets Not A One-Way Bet In 2022

Equity Market Volatility Rises Ahead Of The Midterms

US – Historical Performance Of The S&P 500 360 Days Before & After Midterms, %*



D. = Democrat, R. = Republican president. *Midterm = 100. Source: Bloomberg, Fitch Solutions

- Financial markets will face a greater set of challenges as the economic cycle matures and new risks emerge.
- These include much higher uncertainty regarding the trajectory of monetary policy, rich valuations, slowing economic and earnings growth, as well as political risk emanating from the US midterm elections in November 2022.
- US equity markets were notably less volatile in 2021 than in recent years, so even a return to the pre-crisis level of volatility could come as a bit of a shock.
- We also expect the US dollar to remain on the front foot and for commodity prices to ease, which could weigh on emerging market currencies.

Theme 8: Rising Polarisation And Divergent Reform Momentum

Key Elections To Watch In 2022

Date	Country	Expected Outcome
Jan-22	Portugal	Incumbent victory
Mar-22	South Korea	Too close to call
April and June 2022	France	Weakened incumbent victory
Apr-22	Hungary	Weakened incumbent victory
May-22	Colombia	Opposition victory
May-22	Philippines	Victory of an 'illiberal populist' candidate.
May-22	Australia	Weakened incumbent victory
Aug-22	Kenya	Too close to call
Oct-22	Brazil	Opposition victory
Dec-22	US mid-terms	Loss of Democratic Party majority

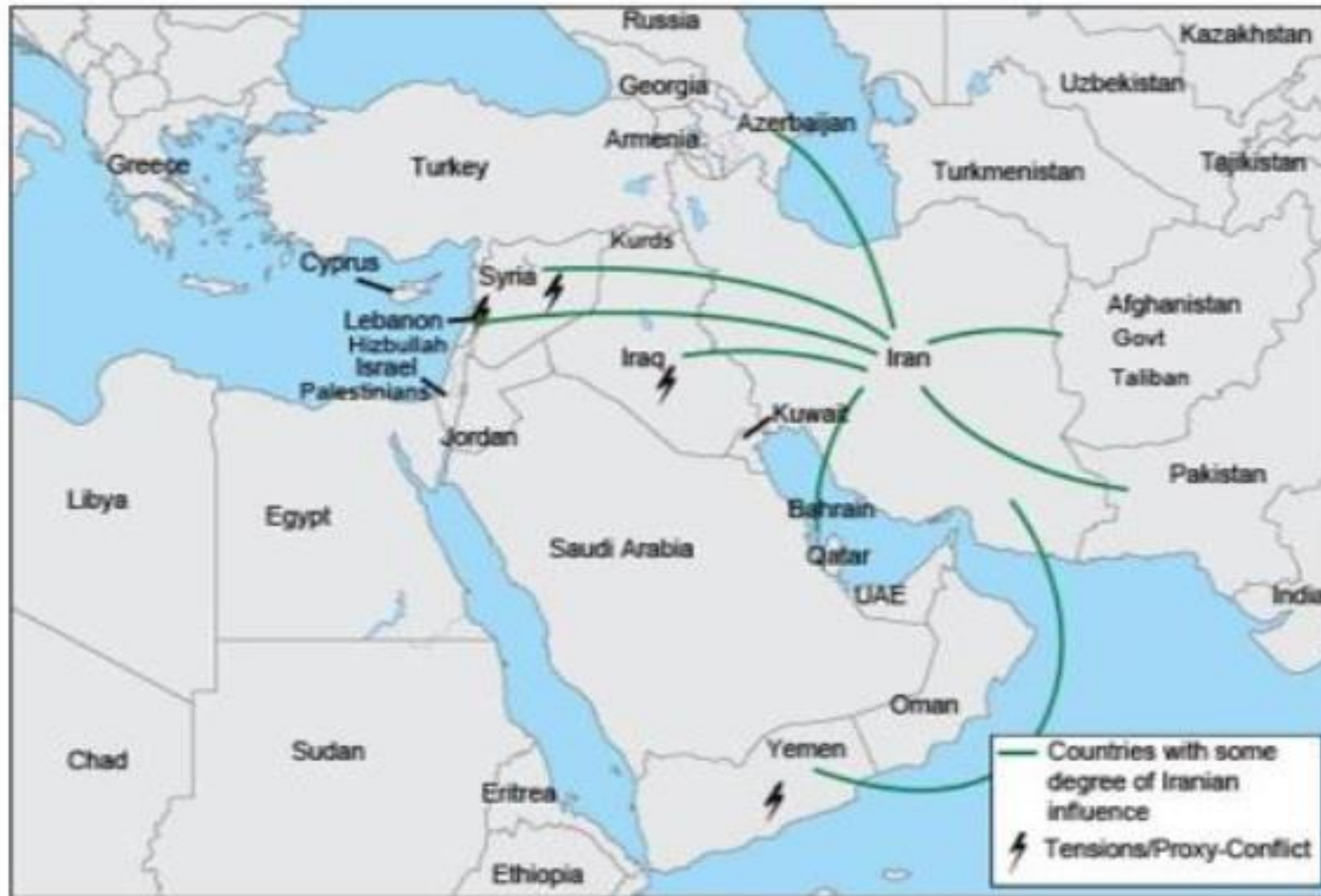
Source: Fitch Solutions

- In 2022, several elections will take place in a polarised political environment due to uneven economic recoveries and wealth inequality.
- This could strengthen anti-establishment sentiment in many markets, boosting support for new and/or fringe parties.
- Most incumbents will either lose or, at best, manage narrow victories. Leaders in EMs will face particularly difficult elections, with early polling showing strong support for leftist challengers in countries such as Colombia and Brazil.
- Lingering popular discontent and various upcoming contentious elections mean reform momentum across EMs will slow, particularly in Sub-Saharan Africa and Latin America.
- We also expect that several major DMs will face severe policy gridlock, particularly the US.

Theme 9: Old Opportunities And Risks In Geopolitics

Iran Deal Could Help Reduce Regional Tensions

Map Of MENA



Source: Fitch Solutions

Geopolitical Rivalry Will Remain In Play

Indo-Pacific Region – Geopolitical Alignments



Source: Fitch Solutions

Theme 10: Risks Will Remain Top Of Mind

Various Risks Remain In Play

Key Risks To Watch Out For



Source: Fitch Solutions

- **First**, credit stress from the property sector in China could spread to the wider economy and result in a sharper economic slowdown than we are currently anticipating. Combined with the potential for more Covid-19 outbreaks, the sector could even prompt a 'hard landing'.
- **Second**, there is a risk that, rather than easing as we expect, price pressures could remain strong for the duration of 2022. This could prompt a more aggressive tightening cycle, resulting in a significant re-pricing of markets, causing volatility and depressing growth as investors and consumers retrench, particularly for EMs.
- **Third**, we should not discount the risk of new Covid-19 variants, particularly as large sections of the global population remain unvaccinated.
- **Fourth**, geopolitical missteps between Russia and Ukraine, the US-Iran and US-China could result in a rise in tensions and greater risk aversion.



6

Forecasts & Portfolio Strategy

S&P 500 Forecast By Month.

Year	Mo	Min	Max	Close	Total%
2021	Sep	4358	4914	4636	2.48%
2021	Oct	4455	5023	4739	4.75%
2021	Nov	4585	5171	4878	7.82%
2021	Dec	4665	5261	4963	9.70%
2022	Jan	4796	5408	5102	12.78%
2022	Feb	4819	5435	5127	13.33%
2022	Mar	5013	5653	5333	17.88%
2022	Apr	5164	5824	5494	21.44%
2022	May	5339	6021	5680	25.55%
2022	Jun	5365	6049	5707	26.15%
2022	Jul	5502	6204	5853	29.38%
2022	Aug	5777	6515	6146	35.85%
2022	Sep	5588	6302	5945	31.41%
2022	Oct	5357	6041	5699	25.97%
2022	Nov	5625	6343	5984	32.27%
2022	Dec	5905	6659	6282	38.86%
2023	Jan	6022	6790	6406	41.60%
2023	Feb	6322	7130	6726	48.67%
2023	Mar	6638	7486	7062	56.10%
2023	Apr	6306	7112	6709	48.30%
2023	May	5992	6756	6374	40.89%
2023	Jun	5982	6746	6364	40.67%
2023	Jul	6153	6939	6546	44.69%
2023	Aug	6302	7106	6704	48.19%
2023	Sep	6573	7413	6993	54.58%

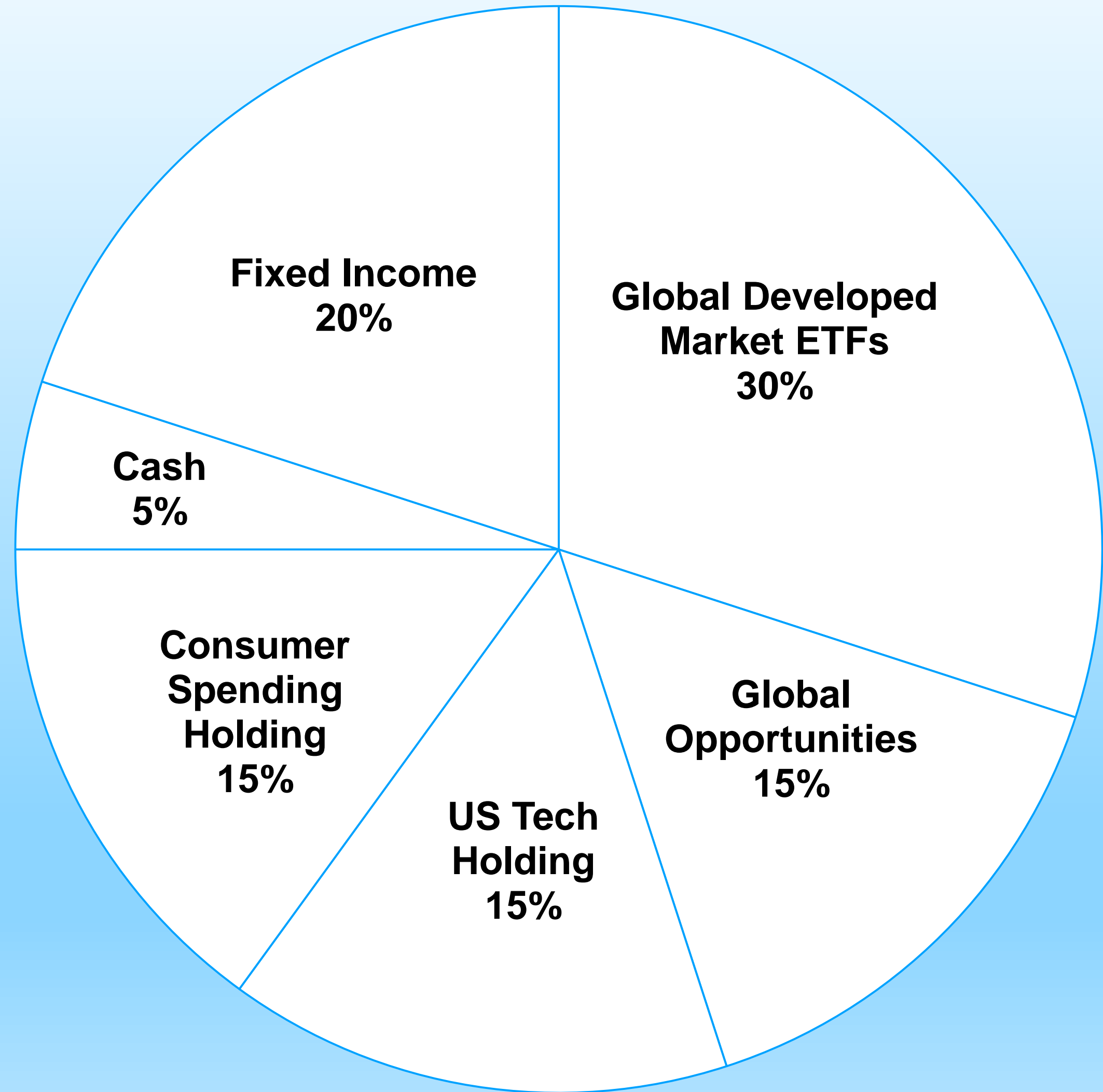
NASDAQ Forecast By Month.

Year	Mo	Min	Max	Close	Total%
2021	Sep	15004	16920	15962	4.27%
2021	Oct	15589	17579	16584	8.33%
2021	Nov	16266	18342	17304	13.03%
2021	Dec	16434	18532	17483	14.20%
2022	Jan	17256	19458	18357	19.91%
2022	Feb	16976	19144	18060	17.97%
2022	Mar	17585	19829	18707	22.20%
2022	Apr	17444	19670	18557	21.22%
2022	May	17685	19943	18814	22.90%
2022	Jun	18392	20740	19566	27.81%
2022	Jul	19185	21635	20410	33.32%
2022	Aug	20145	22717	21431	39.99%
2022	Sep	19407	21885	20646	34.86%
2022	Oct	18437	20791	19614	28.12%
2022	Nov	19359	21831	20595	34.53%
2022	Dec	20328	22923	21625	41.26%
2023	Jan	21344	24068	22706	48.32%
2023	Feb	22411	25271	23841	55.73%
2023	Mar	23531	26535	25033	63.52%
2023	Apr	22354	25208	23781	55.34%
2023	May	21236	23948	22592	47.57%
2023	Jun	21659	24423	23041	50.51%
2023	Jul	22427	25289	23858	55.84%
2023	Aug	23173	26131	24652	61.03%
2023	Sep	24332	27438	25885	69.08%

Dow Jones Forecast By Month.

Year	Mo	Min	Max	Close	Total%
2021	Sep	33347	37604	35475	0.46%
2021	Oct	33446	37716	35581	0.76%
2021	Nov	33807	38123	35965	1.85%
2021	Dec	34102	38456	36279	2.74%
2022	Jan	34160	38520	36340	2.91%
2022	Feb	34866	39316	37091	5.03%
2022	Mar	35624	40172	37898	7.32%
2022	Apr	37405	42181	39793	12.69%
2022	May	39044	44028	41536	17.62%
2022	Jun	38541	43461	41001	16.11%
2022	Jul	39552	44602	42077	19.15%
2022	Aug	41530	46832	44181	25.11%
2022	Sep	39566	44616	42091	19.19%
2022	Oct	38421	43325	40873	15.74%
2022	Nov	40342	45492	42917	21.53%
2022	Dec	41429	46717	44073	24.81%
2023	Jan	41852	47194	44523	26.08%
2023	Feb	43944	49554	46749	32.38%
2023	Mar	46141	52031	49086	39.00%
2023	Apr	43834	49430	46632	32.05%
2023	May	41642	46958	44300	25.45%
2023	Jun	41230	46494	43862	24.21%
2023	Jul	41947	47301	44624	26.37%
2023	Aug	43027	48519	45773	29.62%
2023	Sep	44281	49933	47107	33.40%

OVERALL PORTFOLIO VIEW





Questions?

Next Steps :

Book in your One-to-One bespoke consultation

Kindly contact Elize Van Wyk to book in your personalized consultation via Zoom or at our offices.

For More Information

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Michele Carby's

Expatriate Finance Today

with investment outlook by
Senior Investment Strategist, Payal Trehan

Thank you for tuning in.

*We will continue to support you in your
journey ahead.*

- Michele Carby

