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PRESS RELEASE

BNP Paribas Wealth Management presents its convictions for 2019: focus on 10 investment themes

- Good trend of economic growth and earnings, improvement in the stock market environment and easing political tensions underpin the 2019 investment themes selected by BNP Paribas Wealth Management strategists in the US, Europe and Asia to guide investors towards attractive opportunities.
- These themes – anticipating markets' growth potential – are therefore oriented towards taking risk and mostly focus on equity markets. The first two, however, offer alternatives for investors with a more conservative risk profile.
- The 10 investment themes are articulated as follows: cautious strategies, themes dedicated to Asia, themes dedicated to equity markets and theme dedicated to currency diversification.

"For 2019, we expect fundamentals to prevail again, and so we think that political risk will diminish in the future." announces Florent Bronès, Chief Investment Officer at BNP Paribas Wealth Management. *"Our base scenario for 2019 remains favorable for risk assets as fundamentals are still positive. Profits continue to rise, albeit more slowly, especially in the United States, interest rates are historically very low as inflation remains timid and stock markets are not too expensive. This consolidation is an opportunity to strengthen positions, if necessary."*

Link: https://wealthmanagement.bnpparibas/en/what-we-do/investment-strategy/investment-themes-2019.html

BNP PARIBAS

The bank for a changing world

10 INVESTMENT THEMES FOR 2019

CAUTIOUS STRATEGIES VIA DEFENSIVE INVESTMENTS AND REAL ASSETS

Theme 1 – Volatility: adopting cautious strategies via defensive investments and real assets

The year 2019 will be marked by the normalization of monetary policies and the impact on liquidity. Thus, volatility may cause trouble on the financial markets. Certain assets considered as defensive and other unlisted assets will be more suitable for investors with a more cautious risk profile.

Theme 2 – Nearly the end of the stock market cycle: favoring solid companies

The approach of the end of the cycle in the United States and the overall tightening of monetary policies favor an outperformance of quality securities (high profitability, little indebtedness and low variability of profits). In the eurozone, companies that generate high and sustainable dividends also offer a good opportunity for quality investments. In addition, we recommend US and Asian corporate bonds with high credit ratings and short durations.

THEMES DEDICATED TO ASIA

Theme 3 – China's markets: riding the internationalization of the financial markets

China's journey of liberalization has continued to accelerate with its stock, bond and currency markets opening up further. In 2018 there were more government announcements to ease restrictions on foreign access to the domestic financial market. The increasing inclusion of both onshore equities and bonds in the major international indices is a milestone for the internationalization of China's capital markets, which will take a hundred billion (or even a trillion) dollars of inflows to the domestic market in the medium to long term.

Theme 4 – International trade tensions: anticipating the redistribution of roles in Asia

Even before US-China trade tensions emerged, manufacturers were moving their supply chains from China to low-cost regions such as Southeast Asia, India, Eastern Europe and Mexico. The trade dispute is a wake-up call for companies to grasp the importance of diversifying their production bases. We believe that trade tensions will accelerate this trend. In the context of this theme we identify the sectors that will benefit from the shift and upgrade in supply chains and we look at their knock-on effects on local consumption markets in the medium to long term.

THEMES DEDICATED TO EQUITY MARKETS

Theme 5 – Responsible and innovative mobility: transforming the way we get around

In cities that are often saturated and polluted, economic players are grappling with the challenge of mobility and are endeavouring to come up with new transport solutions. The challenge of more efficient mobility offers investment opportunities across the whole value chain. This theme addresses all responsible mobility solutions (urban, logistics, individual and shared transport).

Theme 6 – Tomorrow's security: modernizing protection & cyber security and using the blockchain

Security has become a major preoccupation for individuals, businesses and governments. This fast-growing market offers attractive prospects for companies operating in the protection of goods and people, quality control and cybersecurity.

Theme 7 – Urban transformation: promoting a more efficient water and waste management

With the fast growth of cities, it has become an absolute necessity to have a better water and waste management. To meet this challenge, public authorities are fixing themselves more ambitious targets for recycling waste, including plastic. This theme identifies investment opportunities in companies offering innovative solutions for water management and a more efficient waste treatment.

Theme 8 – Health and well-being: focusing on the business of longevity

One of the major demographic trends is life extension. By 2050, life expectancy worldwide is set to increase by seven years. One consequence is that people will have more free time and will seek to lead a healthier lifestyle, especially as seniors have never been in such a strong financial position.
This phenomenon is creating good investment opportunities in the Health, Nutrition and Leisure sectors.

Theme 9 – Industry 4.0: betting on the winners of the current revolution

The business world is undergoing another industrial revolution, the fourth to date. This one is characterized by a major transformation of the value chain. Optimizing costs, time and resources is becoming a priority. Indeed this priority ushered in the fourth industrial revolution. Industry 4.0 spans a very wide universe including robotics, connected objects, Artificial Intelligence, cloud technology, Big Data, 3D printing, etc. Companies are showing a huge willingness to invest.

THEME DEDICATED TO CURRENCY DIVERSIFICATION

Theme 10 – Currencies: finding diversification opportunities

In an environment of low yields offered in euro terms coupled with upside potential, a positioning in the Norwegian krone (NOK) or Swedish krona (SEK) represents an opportunity for additional returns for euro-based investors. Emerging Market currencies have already borne the brunt of the anticipated depreciation and appear attractive for dollar-based investors.

Read the full report of the 10 investment themes for 2019
and the context analysis of BNP Paribas Wealth Management strategists

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About BNP Paribas Wealth Management

BNP Paribas Wealth Management is a leading global private bank and the largest private bank in the Eurozone. Present in three hubs in Europe, Asia and the US, over 7,000 professionals provide a private investor clientele with solutions for growing and transferring their wealth by creating long-term value for them, their family and the society in general. The bank has €377 billion worth of assets under management (as at 31 September 2018).

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