



CAPITAL TIMES
WEALTH MANAGEMENT

Asset Allocation.
November 2018

Capital Times Wealth Management

Kyiv, Ukraine

November 2018

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European and Chinese economies cool-down puts pressure on commodity prices and enlarges risks of bear stock market formation

Key macroeconomic trends worldwide

USA, UK, EU and Japan

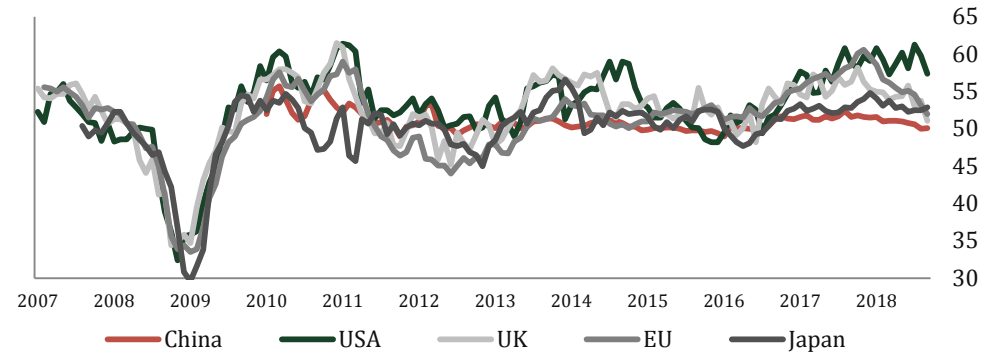
- US import tariffs
- ECB toughening expectations
- Hawkish policy by US FED
- BREXIT



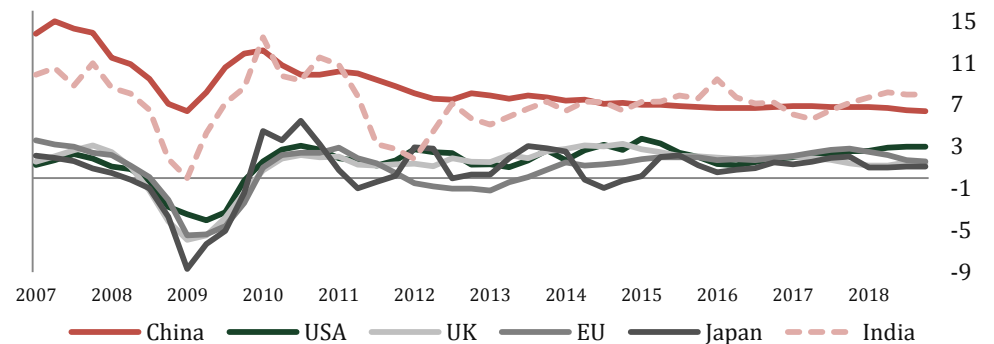
Brazil, China, Russia and India

- Turkey and India economies collapse
- US sanctions against Iran
- US and China trade war

PMI [points]



GDP, year-to-year [%]



Earnings season in the US showed the obvious problems in business revenue growth amid strong dollar and China's trade activity reduction

Investment assets global trends

Global trends

Assets	Region	m/m	Trend [YTD]		
			Down	Neutral	Up
Equity	USA	●			●
	Europe	●	●		
	Emerging	●	●		
Bonds	InvestGrade	●	●		
	High-Yield	●	●		
REITS	CIIA	●	●		
	Europe	●	●		
Cash	USD	●			●
	Commodity currencies	●	●		
	Bitcoin	●	●		
Commodity	Gold	●	●		
	Oil	●			●
	Grains	●			●

Capital Times Commentaries



Oil prices collapsed by 20% during one month and set a record 12-days slowdown at the start of November. US sanctions against Iran didn't stop oil shipping from the top 6th exporter in the world.

Sharp growth in oil prices in September switched to powerful downfall in October. Excessive oil production volumes in Saudi Arabia, Russia and surprisingly high volumes in the USA caused supply and demand misbalances on the market. The oil market becomes extremely speculative area for traders.

American corporates in whole showed strong results during earnings season but only 65% of them have beaten revenue levels expectations. These figures are down from 76% resulted in the 2nd quarter that caused revaluation of assets prices – stock indexes fell by 10% in October.

It is very risky to bet on Christmas rally and post-election optimism in the US In November. Strong dollar and tightening FED's monetary policy will hold back the crowd of "bulls" from aggressive buying. We see that the selling on the local maximums would be the best trade strategy on the current market.

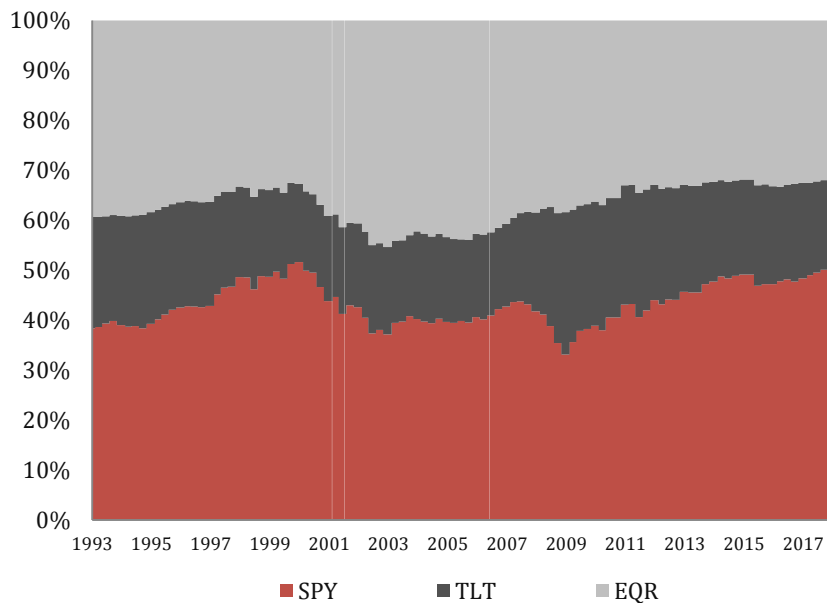
Threat and challenges in world markets:

- The trade war between the US and China with EU
- Monetary policy tightening by the US FED
- Italy euro exit and the collapse of the European debt market

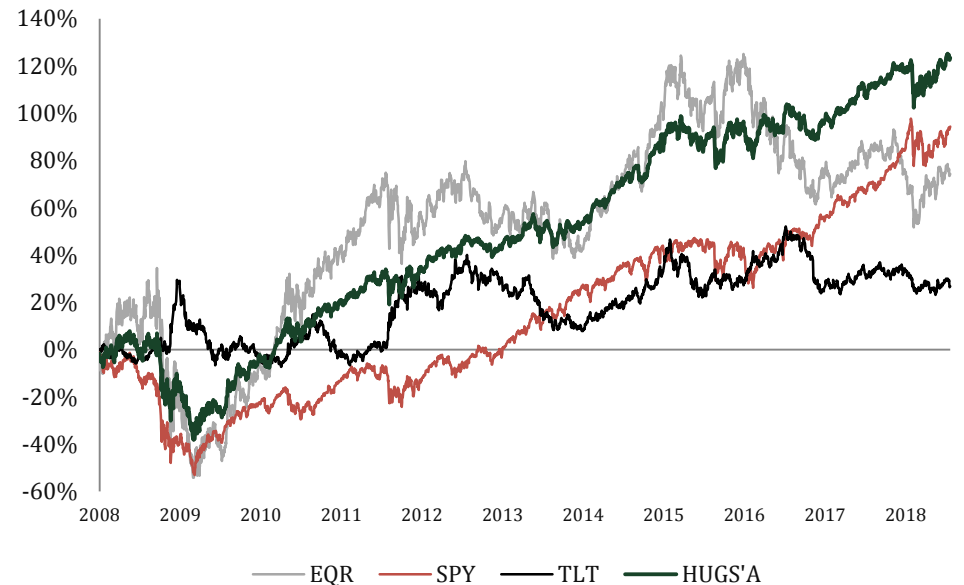
HUGS'A: balanced family wealth fund. Hugs fund structure based on US FED data about Americans investment holdings

Asset allocation

Americans assets structure, 1993-2018 [%]



HUGS'A Fund and benchmarks, 2008-2018 [%]



ETF-funds	Assets	Annualized Yield [%]				2018YTD
		1Y	3Y	5Y	10Y	
SPY	Equity	13%	39%	62%	233%	8%
TLT	Bonds	-4%	1%	16%	25%	-5%
EQR	Property	-1%	-14%	33%	156%	6%
HUGS'A		6%	20%	54%	205%	7%



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