

## INVESTMENT PERSPECTIVES 2019 by our experts

Martedì, 01/08/2019

We invite you to click on the link below to discover our macroeconomic outlook 2019.



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### GLOBAL INVESTMENTS OUTLOOK 2019

- Enter 2019 with a cautious stance
- Maintain equity exposure in portfolios
- Be defensive on Duration and Credit
- Cash is offering a yield alternative
- Gold offers diversification benefits

## 2019 Investment risks and opportunities

In the current economic context of slowing growth momentum, contained inflationary pressures and tightening US monetary conditions, we recommend to enter 2019 with a cautious stance, favouring liquidity, quality and value. However, in our base case scenario, we expect some opportunities to re-emerge next year as uncertainties recede and/or valuations would have improved enough to withstand them.

In addition to the legitimate concerns surrounding trade wars, China growth, peak earnings, Brexit or Italy, the real trigger of the recent market's correction is, according to us, linked to the sudden reappearance of TIARA, aka the acronym for "There Is A Real Alternative" or, the new substitute, after a decade of financial repression, of TINA ("there is no alternative").

In other words, for the first time since the Great Financial Crisis, US Treasury Bills (i.e. USD cash) are yielding more than inflation! US investors no longer need to take additional (and perhaps unwanted) risks in order to preserve the purchasing power of their savings.

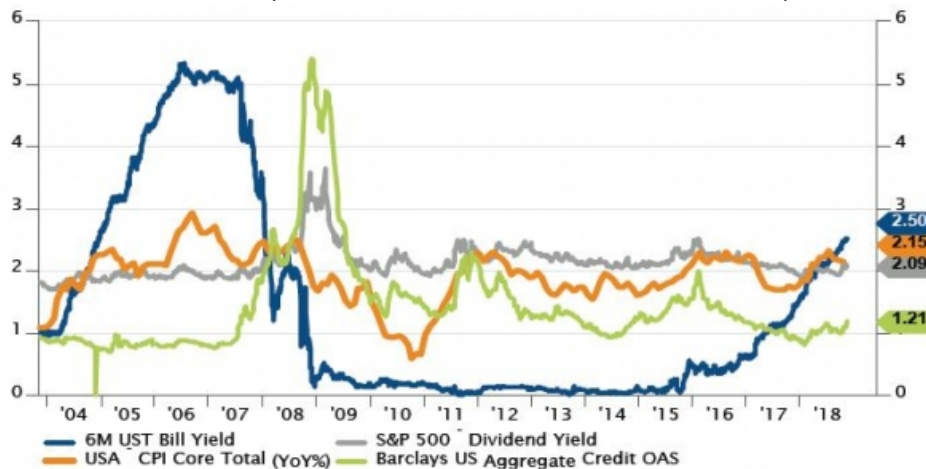
This acts as a powerful magnet that drains cash outside assets that do not offer sufficient expected return compensation versus the return of a liquid deposit account in USD. It could be seen as the latest stage of the US monetary policy normalisation if, as we expect, there won't be excessive inflationary pressures requiring the Fed to adopt even a tighter policy.

### FROM TINA TO TIARA: There Is (now) A Real Alternative

USD cash yield is now competing with:

- Inflation
- Dividend yield
- IG Credit spread

U.S. inflation, 6M US bill yield, S&P 500 Dividend Yield and IG credit spread

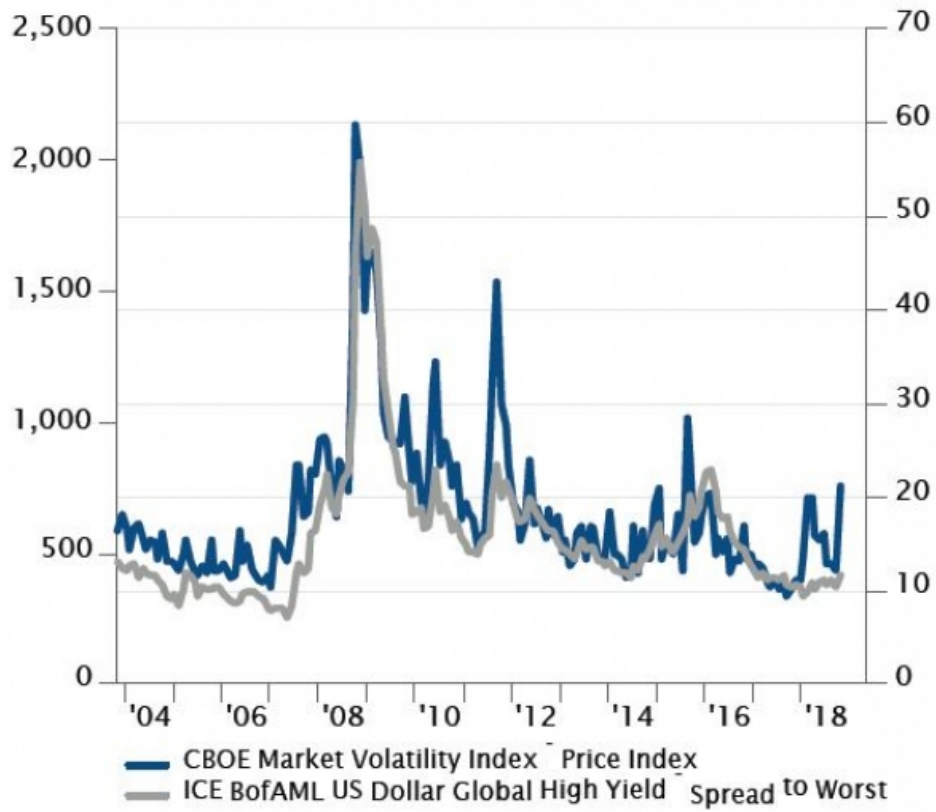


Fonte

FactSet Research Systems, SYZ Asset Management, data as at 21.11.2018

This long, gradual and quite hectic process started already more than five years ago with Ben Bernanke and its taper tantrum. Many assets valuations have already more or less adjusted since then: Gold, Emerging assets (they were up and down in parallel with the expectations of Fed's hikes since 2013), and now even some parts of the Equity markets such as US small caps or technology sector, which were defying till recently the gravity law of cash yield which suddenly got attractive enough.

As volatility increases, liquidity makes equities the preferred asset class



Fonte  
FactSet Research Systems, SYZ Asset Management, data as at 21.11.2018

Gold is the end-game diversifier

Gold price (\$/ozt) and US real rates on 7-10 TIPS



- The downside risk on gold is now quite limited
- It may now benefit from a stagflation scenario as well as a less supportive macro backdrop in the US (slowing growth, less hawkish tone from the Fed, growing US budget deficit) and a weaker dollar at some point in 2019

Fonte

FactSet Research Systems, SYZ Asset Management, data as at 21.11.2018

In this context, we still want for the time being to keep equity risk in our portfolios, as valuations have now improved, growth prospects remain supportive and inflation isn't a real threat.

However, we remain neutral on duration, which is not cheap and furthermore don't act as a buffer in a context of rising real rates. We are defensive towards IG credit given the asymmetry between potential gains and losses. Quite bluntly, as the Fed is now trying to remove the 30 years old Greenspan's put, asset allocators should reconsider if duration will continue to act as a buffer in volatile markets environment, or if credit will still exhibit higher risk-adjusted returns than equities, going forward. A mix of gold and "yielding" USD cash or short term bonds may likely be also helpful assets to counterbalance equity risk and thus stabilise the whole portfolio volatility.

*\_Fabrizio Quirghetti*

### KEY GLOBAL EVENTS & INVESTMENT IMPLICATIONS

A number of economic and political events will influence markets in 2019. At SYZ, we analyse the impact they might have on investment decisions and portfolio composition.

## Brexit march 2019

Depending on the outcome:

- Positive, soft Brexit: short UK 2-year rate
- Negative, hard Brexit: buy cheap UK assets with a cheap currency

## Italy budget & bond's spread

- Positive, Italian gov. tone softens: buy Italian government bonds
- Negative, Italian assets will be impacted negatively under a Euro area recession scenario

## European politics

After the elections, (European parliament and German), monitor for signs towards integration: positive for equities and peripheral bonds

## Fed monetary policy

- Positive, Fed dovish: short USD, buy equities especially EM and if its credibility sinks: increase Gold
- Negative, Fed hawkish (versus nominal growth dynamics): reduce equities, increase liquidity and duration, keep USD exposure, decrease credit
- Tactical: remain neutral US duration

## Ecb monetary policy

- Impact on spread of end of QE, favour core Europe over periphery
- Buy EUR if the odds of a rate hike in H2 increases because of improving macro or Draghi replacement
- TLTRO: buy European banks, favourable to European credit, expect lower government bond's yield and some drag on EUR

## Trade tariffs

- Positive, a deal is agreed, i.e. uncertainties are removed: increase EM equities, some European sectors (luxury or autos), some cyclical names
- Negative: a no deal scenario increases the risk of earnings recession

## China growth

- Positive, stabilisation/Improvement: favour RoW vs. US equities
- Negative, deterioration: Asian credit in risk & CNH depreciation

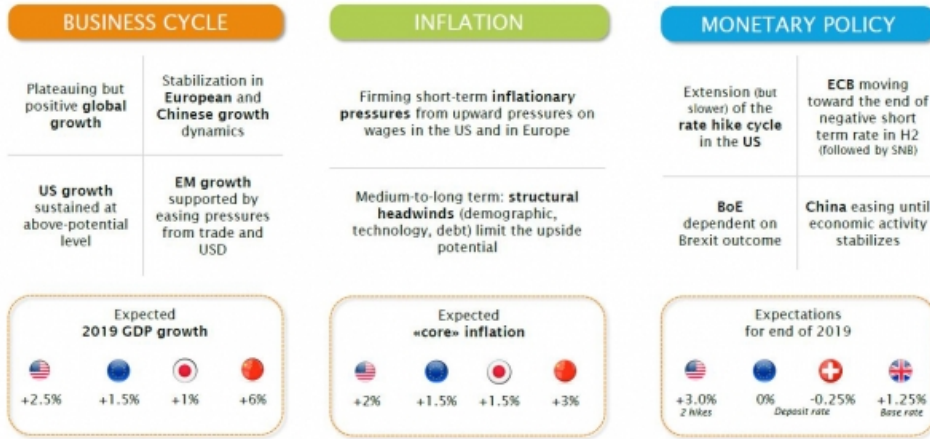
## Oil price

- If prices continue to fall: reduce US High Yield and Gold, increase EM debt or forex of Oil exporters (Turkey/India). Reduce exposure to national oil companies' debt in EM
- Positive, low oil prices will benefit consumer related sectors

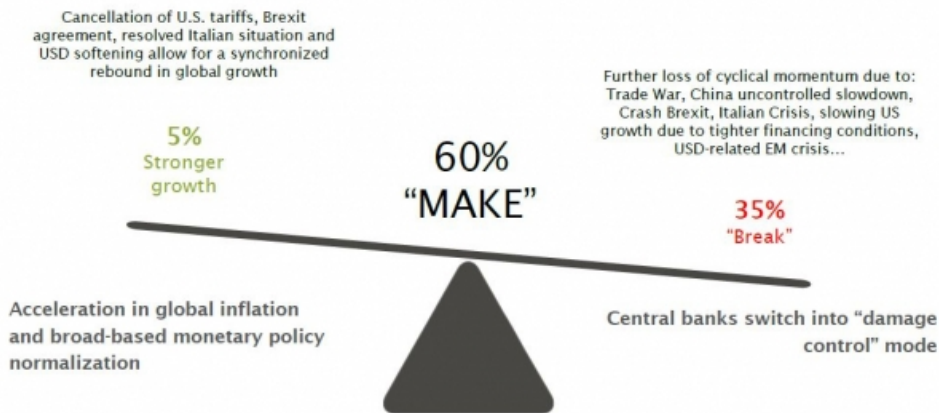
## **“MAKE”, BUT DON'T NEGLECT “BREAK” ...**

As the economic cycle matures further, markets increasingly face a "make or break" scenario in 2019. At SYZ AM we analyse business cycle characteristics, inflation moves and monetary policies of global central banks in order to establish our base case and alternative scenario probabilities for 2019:

## CENTRAL SCENARIO



## CENTRAL & ALTERNATIVE SCENARIOS



### Main investment themes in 2019

#### EQUITIES

- Avoid leveraged companies, as the mix of slower growth and higher costs of debt could lead to fallen angels episode
- Invest in high quality, defensive stocks
- Value could be found on selective emerging equities namely China and Russia, and on European equities
- Neutral on US technology, which has the advantage of being net cash (no debt or leverage) but the inconvenience of more volatility

#### FIXED INCOME

Government bonds:

- USD short term rates have become attractive. We like USD short end of the curve, AAA-AA SSA 7-10Y bonds in EUR and CHF
- Overall, favour government bonds (quality and liquidity) over credit
- Emerging debt hard currency still remains a better value proposal than local emerging debt (without taking into account FX)

Credit:

- Value has been created in European financial subordinated universe and in emerging debt where yields are attractive

## FOREX & GOLD

- JPY will remain a diversifier
- USD is favoured due to the high cost of hedging and the current growth trajectory and monetary policy dynamic
- Gold will increase in value as at some point USD will weaken and real rates can't move much higher

## CASH

- In developed economies, only the US and to a lesser extent Canada offer value, while there is undeniably appealing cash yields in a few emerging markets

*« 2019 will be a year with a focus on quality, value and liquidity »*

## FIXED INCOME

- US and global rates will start to converge
- Long-term gov. bonds might offer opportunities
- Be cautious on duration positioning
- Active management will be key in 2019
- Enter 2019 with defensive positioning
- Valuation improvement will offer tactical opportunities
- Financial subordinated bonds are our highest conviction

### Monetary policy stance in developed markets will define 2019

During 2019, fixed income is likely to be just as challenging for investors as it was in 2018. All segments of the bond market have now come under pressure – DM rates, EM bonds and credit. As the economic cycle continues to mature, markets will remain focused on the evolution of US monetary policy relative to that of other developed economies.

The divergence witnessed in 2018 has had important implications across the fixed income universe, as short-term US rates have become an increasingly attractive alternative to many instruments. This has triggered valuation adjustments in several segments of the fixed income market, which were previously supported by the lack of low-duration and low credit-risk alternatives.



Economic surprise index  
 Short term growth dynamics currently fuel market concerns



Fonte  
 FactSet Research Systems, SYZ Asset Management, data as at 21.11.2018

A broad based loss of cyclical momentum



Fonte  
 FactSet Research Systems, SYZ Asset Management, data as at 21.11.2018

**Rates**

### Duration neutral but maintain tactical awareness

In our constructive base-case scenario for next year, the divergence between US and global rates is expected to diminish, as other developed central banks gradually embrace monetary policy normalisation.

In this environment, Euro, sterling and Swiss franc rates are likely to catch up with US rates, which have already normalised and probably only have limited upside potential from current levels. Ultimately, this should tame upward pressures on the US dollar, thereby improving the prospects for EM debt.

However, softer-than-expected global growth, geopolitical developments and the lack of underlying inflationary pressures will likely prevent central banks from moving forward with monetary policy normalisation. This would fuel demand for the safety and liquidity of government bonds and keep a lid on medium and long-term government rates.

*« Enter 2019 with a neutral duration stance, but allowing for tactical allocation flexibility »*

Market inflation expectations heading lower....

10-year break even inflation rate (US and German)



Fonte

Bloomberg SYZ Asset Management, data as at 14.12.2018

Market inflation expectations heading lower....  
5-year 5-Y forward break even inflation rate (US and Euro)



Fonte  
Bloomberg SYZ Asset Management, data as at 14.12.2018

As such, we remain in favour of a neutral stance on duration. In our base-case scenario, the expected potential upside risk on rates is somewhat counterbalanced by the value of long-term government bonds if downside risks to the macro outlook persist or increase. Flexibility in allocation is going to be key to be able to adjust portfolios according to the evolving probability of the base-case and downside-risk scenarios.

*\_Adrien Pichoud*

## Credit

### Improved valuations will offer pockets of opportunities within credit markets

When it comes to spreads, 2019 will hardly be a comfortable journey, but it may end better than the way it begins. It is hard to imagine an easy start for corporate markets in 2019. Sentiment has deeply deteriorated during the last quarter of 2018, driven by tightening monetary conditions, a peaking cycle and tight valuations in US, lower than expected growth rates and long-lasting political uncertainties in Europe.

All of these elements will continue to weigh on corporate bond prices in the short term. Investors are expecting credit fundamentals to deteriorate due to high levels of debt piled on over the last cycle in a rising rate and declining growth environment. In terms of positioning, this is encouraging investors to enter 2019 with cautious credit exposure, i.e. preferring non-cyclical sectors, higher-rated names and lower-leveraged companies – especially in high beta markets such as high yields, emerging corporates and, to a lower extent, subordinated instruments.

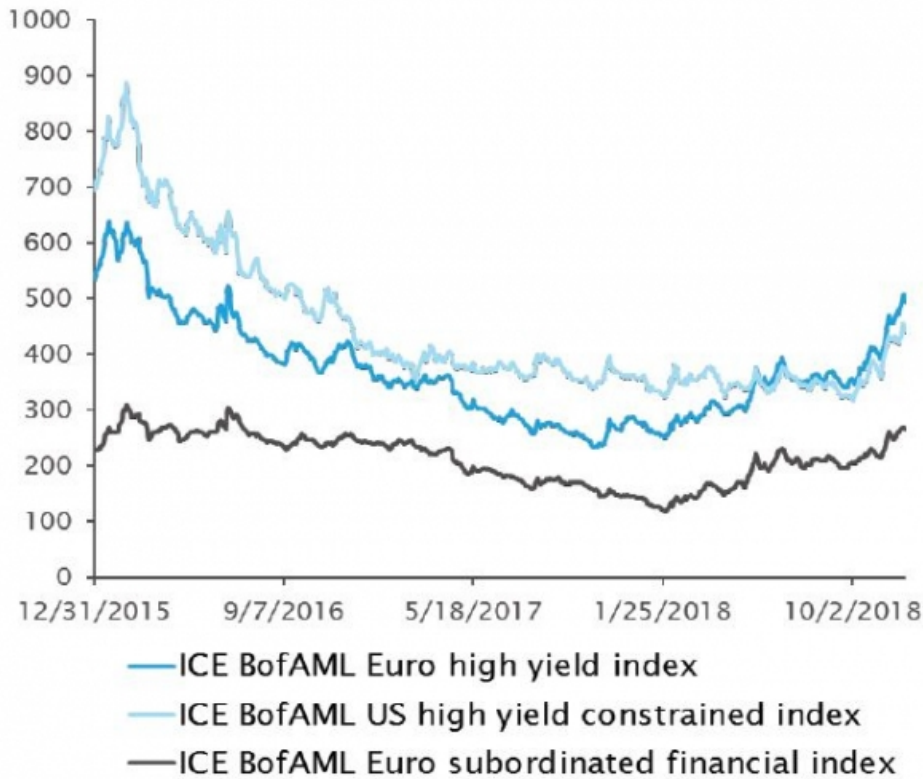
This year's legacy will not only be declining prices, but also improving valuations. Spreads have moved higher throughout 2018. The only exceptions have been US high yields – until the end of Q3, when they finally started to normalise. Indeed, valuations are now back to medium-term averages for a number of credit market segments and are even starting to look cheap compared to historical averages in others.

*« Active portfolio management will be of paramount importance in a market characterized by risks and opportunities »*

Given the above-mentioned context, valuations may easily overshoot into the cheap camp before catching investors' interest – valuation-only strategies have a poor track record in market timing. Nonetheless, we think cheaper valuations will create an entry point for corporates in 2019.

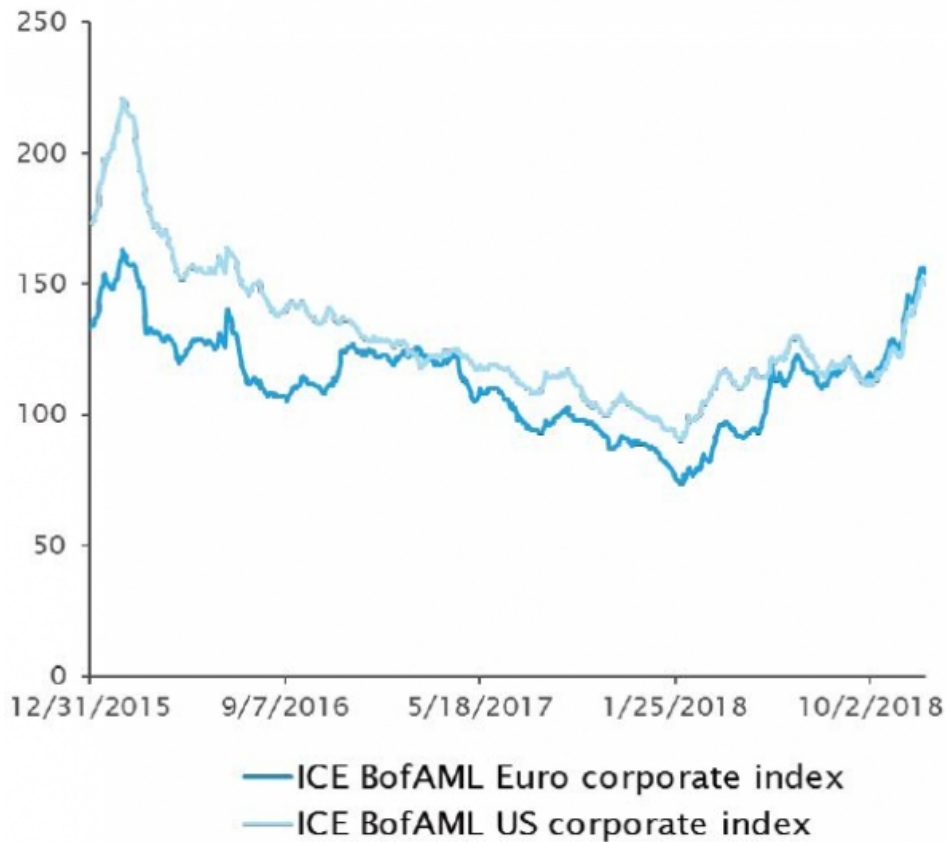
This holds especially true if we are right in our base case assessment of stabilising growth and softening monetary policies, as fears of deteriorating fundamentals will be reassessed. Investors may then find spreads more than compensate for the risks, driving a pullback in corporate bond prices.

### High Yield and Subordinated spreads have reached levels last seen in 2016



Fonte  
Bloomberg SYZ Asset Management, data as at 10.12.2018

US and European investment grade spreads have widened generating significant value



Fonte  
Bloomberg SYZ Asset Management, data as at 10.12.2018

Financial subordinated and single Bs should offer the most opportunities. But today's spreads also look attractive in much safer areas, like medium-term high-grade companies, as they may benefit from a stabilisation in rates, wider spreads and sufficiently steep rate and spread curves.

Active portfolio management will be an important factor determining performance in 2019. Duration will depend on the relative strength of our base-case scenario versus the downside-risk scenario.

*Antonio Ruggeri*

*Market conditions will continue to change and challenge investors during 2019*

*At SYZ Asset Management we believe that our rigorous investment process, focus in risk management and experienced investors will allow us to navigate away from dangers, capitalize on opportunities that arise during dislocated markets and generate value for investors.*

*To that extend, our fixed income views are defined by neutral duration exposure, preference for higher quality, liquid & defensive positions such as JPY, CHF, Gold, while exploiting opportunities such as European financial subordinated bonds and emerging market debt.*

*"Discipline, flexibility and investment focus will be required during 2019"*

*Michalis Ditsas*  
*Investment Specialist*

## EQUITY MARKETS

- 2018 was a year of sharp spikes in volatility and style rotations
- Caution is warranted – particularly for leveraged companies in both developed and emerging markets
- Pockets of value to be found in Asia (Japan, China) and in Europe

### More defensive, but still constructive for 2019

For global equities, 2018 has been a year of sharp spikes in volatility, with rotations out of growth and into defensive stocks. The fourth quarter of the year brought fears to the forefront, including peaking economic expansion in the US, aggressive monetary tightening from the Fed, political crises in four large European countries and ongoing uncertainties over global trade.

Markets reacted quickly with an upward adjustment to required equity risk premia and a rush to defensive pockets of the market to preserve capital.

In Europe, we observed a convergence of performance across main bourses. Emerging markets continued to be battered for most of the year, resulting in significantly discounted valuations, albeit strong fundamentals.

### Performance of major equity indices (in € TR) in 2018



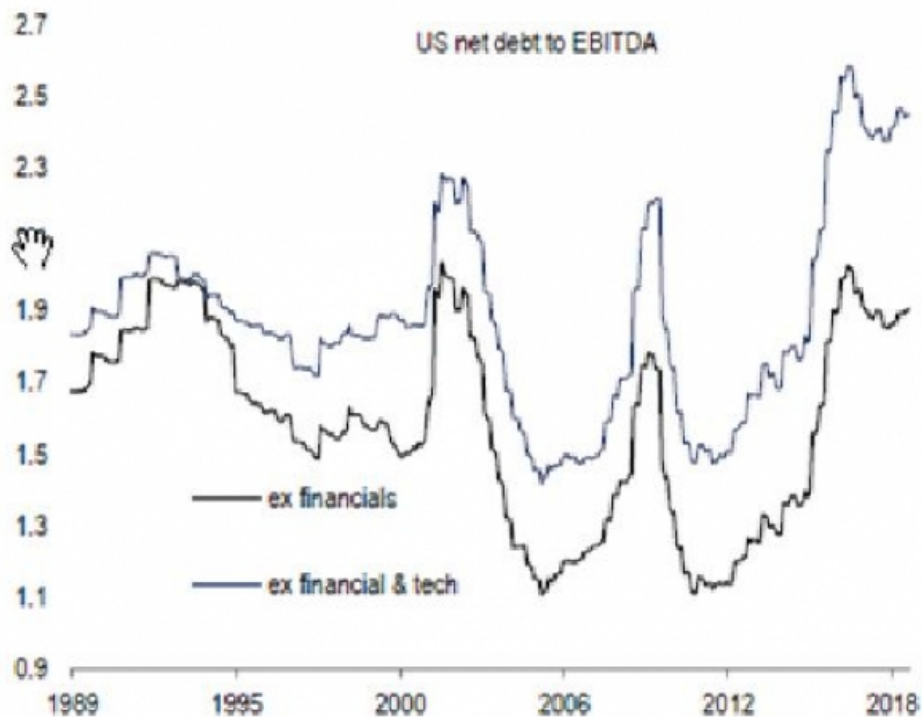
Fonte

Bloomberg, SYZ Asset Management, data as at 31.12.2018

We remain particularly cautious on elevated debt levels in both developed and emerging markets and expect relatively unleveraged companies to fare better than leveraged peers across the universe. Emerging markets look attractive at currently oversold levels. Chinese equities, at 10x forward P/E, are trading at a sharp discount to historic levels and to emerging market peers.

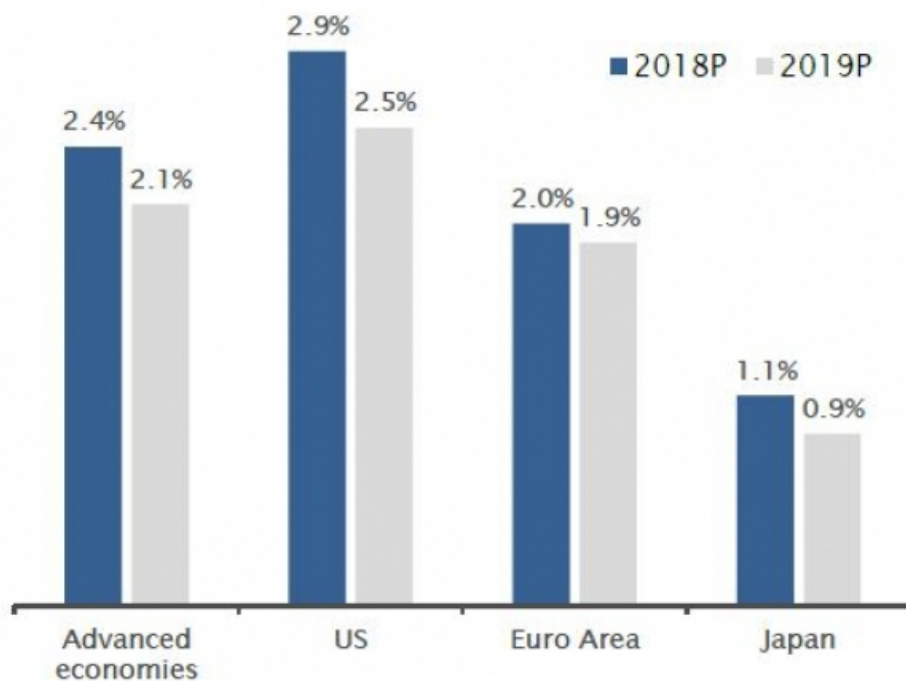
While investors are pricing in a significant slowdown in Chinese growth, a potential settlement of the trade dispute with the US could spur immediate action in both Chinese and Asia-Pacific equities.

Net debt to ebitda ex tech is back to previous peak



Fonte  
Refinitive, Credit Suisse research, latest data available

Growth rates expected to slow across the globe in 2019



Fonte  
IMF World Economic Outlook, data as at October 2018

The IMF recently downgraded its view on US economic growth from 2.9% in 2018 to 2.5% in 2019 amid signs of weakening financial conditions.

The US housing market has been rolling over as per the Chicago Fed Index. We feel the coming year could see volatility spikes returning in US equities as the super cycle of earnings growth gradually fades.

US corporates might see meaningful pressure on margins from a tight labour market and higher raw material costs. The Fed's rhetoric and actions will be closely watched. We expect further narrowing of the valuation spread between the S&P500 and the rest of the world.

As such, we favour a diversified exposure to US equities, with a simultaneous exposure to late-cycle growth and defensive plays.

### Small cap premium reversed in late 2018



Fonte

Bloomberg, SYZ Asset Management, data as at 31.12.2018

Four of Europe's largest economies (Germany, UK, France, Italy) remain entangled in political uncertainty. In a very mature bull market, we expect to see pressure on European corporate margins from higher costs.

Therefore, earnings could remain volatile, with higher risks for small and mid-cap firms that have enjoyed high growth and improved margins. The valuation premium European small and mid caps have enjoyed in recent history, over large-cap ex-growth companies, could narrow, with defensive behaviour by these businesses rewarded in volatile times.

*\_Roberto Magnatantini*

## Japan Equities

## Valuations at historical lows

After a prolonged growth period, the Japanese economy is facing a more subdued rate of growth in 2019 like most other major economies. Global slowdown will likely negatively impact Japanese exporters and especially cyclicals such as factory automation names with large exposure to the Chinese economy. Consumers will face a consumption tax hike in October 2019 – from 8% to 10%. This headwind however is likely to impact the domestic economy less than the 3ppt hike experienced in April 2014.

This time around the country no longer faces deflationary pressure and employees have enjoyed over 2% wage increase per annum for the past five years; the mood is significantly better.

One of the main unknowns is again the Bank of Japan policy for 2019 and beyond. After tweaking its JGB fluctuation band last summer, the sentiment seems to be towards a normalisation of its unconventional monetary policy. Considering the autumn consumption tax and the global economic slowdown, it is difficult to envision any major policy changes in 2019 but a removal of the useless NIRP – Negative Interest Rate Policy – is likely in our opinion.

After restoring their balance sheets during the Abenomics years, listed companies are now underleveraged and enjoying historically high margins and RoE. In addition to further enhancing corporate governance, companies are currently putting significant effort in refurbishing aged production facilities, building new R&D centres and improving their productivity. To overcome secular demographic issues, they are also looking to find new growth areas via M&A in Japan or overseas.

We believe that global uncertainties are already priced-in with the P/E of the Topix index lower than 12x – a 6-year low – while P/B is just over 1.1x and RoE is about 9%. The current dividend yield of 2.4% is also close to an historical high. Today's low valuations means we see compelling opportunities, particularly within domestically-geared mid-caps.

*\_Joel Le Saux*

*« We see compelling opportunities particularly within domestically-geared mid-caps »*

## Emerging Equities

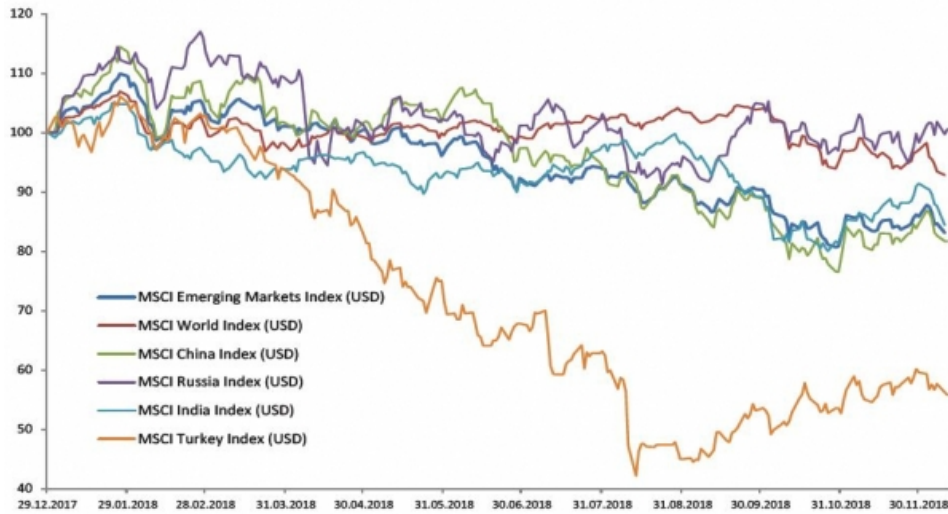
### Opportunity amid challenges

While global markets continue their emotional ride, we feel there is value to be found in emerging market equities. We tweak our views to more positive given solid long term growth prospects and sharp valuation dislocations present in selected emerging markets like China, Brazil and Russia.

Unless there is a global recession, in our view emerging equities look attractive at their current oversold levels as there are some positive catalysts in sight: most importantly, a trade settlement between the US and China and the Fed slowing its rate hikes.

Additionally, the recent sharp correction in crude oil prices is a tailwind for net importing emerging markets like China and India. With broader emerging market equities trading at about a 30% discount to global markets, current valuations are pricing in challenges, but not potential solutions.

## Performance of selected emerging market indices in US\$



Fonte

Bloomberg SYZ Asset Management, data as at 11.2.2018

A narrowing of the valuation spread could continue on conceivable easing of headwinds and a potential realignment towards countries sheltered from these headwinds. Russia, for instance, did not partake in the frenzy of inexpensive debt, and its equities currently trade on fairly cheap valuations, at 5x forward P/E.

In Chinese equities, a trade settlement with the US could spur an immediate rebound in sectors including financials and consumer discretionary. As we are cautious about the country's debt situation we will seek out unlevered companies, which can be found in many sectors. We prefer a diversified exposure, investing selectively in firms with strong fundamentals and prudently managed balance sheets.

On Brazil, the current focus has been on the market-friendly outcomes of the recent elections. While there remains a delivery risk given high expectations from the new President – especially fiscal and pension reforms agenda – financial markets seem prepared to generously reward any positive outcomes. The country's banks should be big beneficiaries of increased economic activity and lending, and a fall in provision expenses over the past two years has supported their bottom-line growth.

*\_Zhoab Zafar*

*Although more subdued, growth prospects remain supportive of equity markets worldwide in 2019*

*However, the ride is likely to be bumpy as markets navigate economic and geopolitical uncertainties.*

*In late 2018, market participants became more sensitive to negative news, resulting in sharp stock declines which were often not related to deteriorations in company fundamentals. In this risk-off environment, investors should become accustomed to bouts of volatility. However, because we have adopted long-term investment horizons, our managers can withstand turbulent periods and take advantage of opportunities that global change can bring. Through in-depth knowledge and company research, our high-conviction investment managers seek to deliver superior performance over the long run.*

*“For long-term investors, market volatility can create points of entry”*

*Juliana Auger*  
*Investment Specialist*

## ALTERNATIVE INVESTMENTS

- February sell-off was short lived, unlike October, with beta-driven hedge fund strategies struggling since, potentially foreshadowing 2019
- We see value mainly in arbitrage managers, able to grasp basis points regardless of market directionality and macro turmoil

- Discretionary macro managers are also interesting, as they can implement relative value trades using rates and FX and should be able to capitalise on the increasing divergences across central bank policies

### Volatility exiting years of lethargy supports arbitrage strategies

Drafting a yearly outlook is not an exact science, but a necessary and interesting exercise. This year has been quite challenging. Many conflicting forces have collided, with the Fed hiking rates on the back of rising inflation, low unemployment and solid growth, while macro turmoil triggered sharp market reversals and stress spikes.

The February sell-off was short lived, unlike the one in October, with beta-driven hedge fund strategies struggling since then, potentially foreshadowing 2019.

There is a consensus among managers that markets are late in the cycle, with US equity markets peaking – even after the October sell-off – tight credit spreads and little room to the upside for both. Equity and credit beta have been gradually trimmed down across our allocation over the past couple of months and we see value mainly in arbitrage managers, able to grasp basis points regardless of markets directionality, Trump tweets, Brexit or Italian nationalism.

One recurring theme is the normalising fixed income and volatility arbitrage trading environment. In February, volatility exited its lethargic state, after years of cash injections, and is slightly moving to higher resistance levels – both implied and realised. This background is ideal for yield curve arbitrage as well as swap spreads and volatility arbitrage.

Additionally, we find this end of cycle environment, characterised by a lot of noise, appealing. We have a long investment time horizon, have reduced the use of systematic managers, and prefer to reallocate risk to discretionary macro managers. The latter can implement relative value trades using rates and FX and should be able to capitalise on the increasing divergences across central bank policies. Another argument in favour of macro managers is their frequent use of futures to implement trades, which translates to large amounts of unencumbered cash, invested in treasury bills earning over 2.5%, risk free.

Finally, we would like to address the impact of volatility-constrained products, which have attracted massive inflows since 2008 – in particular risk parity funds and risk premiums shorting volatility.

These instruments are based on trailing volatility forecasts, which are calculated on live testing, but only since the crisis, where volatility has been compressed. Once these vehicles, representing trillions in aggregate, will be forced to deleverage, the negative impact on markets could potentially be significant. In consequence, even if we have already reduced directionality and our portfolios exhibit a natural defensive profile, we are considering allocating to tail-hedging and protection managers.

*\_Christophe Campana*



*« We find this end of cycle environment, characterised by a lot of noise, appealing - hence our longer investment horizon »*

## PRIVATE MARKETS

- Private markets should be considered as part of a well balanced portfolio, overweighting quality assets, developed markets, and lower mid-market transactions as size is not always an advantage when it has to be traded against flexibility
- Committing to private market programs in 2019, with deployment over the next 2-3 years, may allow investors to take advantage of more attractive entry multiples down the road

### "Time to look for private markets?"

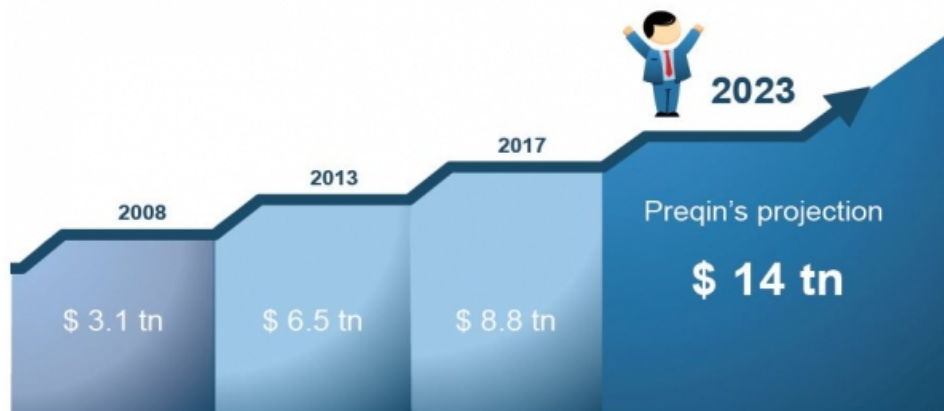
Private market strategies may be more immune to market risk and the resulting short-term volatility, but they are subject to the same valuation landscape and macro-economic conditions over the long term. Private equity, private debt and real assets have seen valuations increase in line with public markets, as ten years of accommodative central bank policy and low interest rates have pushed global asset prices higher. The overall size of private markets has increased to \$8.8trn according to recent surveys, and is expected to reach \$14trn by 2023. This can be attributed to the structural out-performance they bring to diversified portfolios, but also to positive investor sentiment and willingness to increase allocations to alternatives.

Another benefit of private markets is their diversity, which allows investors to exploit opportunities in less efficient sub-segments of the market. These pockets of value, or areas of sustained abnormal growth, can provide a solid backdrop for long-term investors.

Despite strong operating performance, political risk around trade wars and monetary policy mistakes may create earnings and valuation adjustments. In this context, it is important to look for strong fundamentals, which enable quality companies to navigate potential downturns.

*"We continue to like build-ups and look for well-funded companies that will be able to take advantage of potential market stress to consolidate their sector to emerge as market leaders"*

Projection of the size of the private markets in 2023



Fonte

Preqin, SYZ Asset Management, latest data available.

We are therefore deploying capital in growth companies, whose business models are less exposed to consumers. We continue to like build-ups and look for well-funded companies that will be able to take advantage of potential market stress, consolidating a sector to emerge as the market leader. This will enable them to rationalise cost structure and take advantage of economies of scale. These buy-and-build strategies offer downside protection, due to lower entry multiples and optionality on the upside. In credit, we look for opportunities providing downside protection, granted by strong asset coverage or structural seniority. We apply the same value-based methodology when building exposure through secondary strategies which we believe will outperform. We are also researching strategies that are immune to economic cycles, such as litigation funding, in order to protect the portfolio in a downturn and ensure long-term yields.

Capital deployment in private strategies should be spread over several vintages, and we recommend investors be consistent with their allocation programmes. Committing to private market programs in 2019, with deployment over the next two to three years, may allow investors to take advantage of more attractive entry multiples down the road. Even though leverage multiples are at elevated levels, corporate balance sheets are healthier, as debt covenants are lighter. Financial investors and corporates have raised significant amounts of cash over the last few years, offering valuation support for companies with proven business models and quality cash flows. For others companies with weak capital structures or investor bases, the fall may be more abrupt, as the increasing cost of debt servicing may trigger restructurings. Distressed investors will not take long to spot these. We are preparing to take advantage of such new market conditions.

*\_ Marc Syz and Olivier Maurice*

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