

Press release

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ABN AMRO favours cash, equities and commodities in anticipation of changing political landscape

The upcoming UK referendum on European Union membership and the run-up to the US presidential election may lead to short-term uncertainty, making income-generating assets and real assets attractive, as ABN AMRO writes in its most recent Investment Outlook – *Exploring new facets* – which has been published today.

Didier Duret, Chief Investment Officer of ABN AMRO Private Banking, said: “Rising political risks strengthen the case for international diversification, as a new policy order will emerge with more emphasis on fiscal stimulus. This will gradually complement central-bank support, which has reached its limits”.

The bank advises clients to balance three investment goals for the remainder of the year:

- Guarding against the risk of higher inflation when bond yields are mostly negative
- Capturing the risk premiums present in high-yield bonds and equities, with a focus on defensive growth stocks
- Seeking international diversification to mitigate the risks associated with low growth and the risk of policy change

ABN AMRO therefore favours cash for flexibility and remains overweight equities, with a preference for defensive-growth companies, such as in the IT and health care sectors. Financials are underweight, and ABN AMRO has become more positive on the telecom sector.

Rising commodity prices will lead to higher inflation in the coming months, creating a risk for bonds (underweight) and justifying exposure to real assets, such as commodities (overweight) and real estate (neutral).

With regard to currencies, financial markets have seen the limits of monetary easing and have pushed the euro and the yen higher. According to the outlook, ABN AMRO believes that the dollar rally has ended and the EUR/USD will be range-bound at around 1.15.

About ABN AMRO Private Banking

ABN AMRO Private Banking is the international wealth-management division of ABN AMRO with EUR 193.7 billion of client assets. It offers more than 100,000 high-net-worth individuals a full range of banking, investment management, financial and estate planning products and solutions. Our domestic and international offices in over 10 markets worldwide employ 3,600 professionals and include the respected private banks ABN AMRO MeesPierson in the Netherlands (Est. 1720), Bethmann Bank in Germany (Est. 1712) and Neufilze OBC in France (Est. 1667). We are the third largest private bank in the eurozone, 7th largest in Europe and enjoy a top 20 position in Asia. Visit us at www.abnamroprivatebanking.com