

Press release

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ABN AMRO Private Banking moves further overweight in equities due to 'accelerating, self-sustained economic growth' - targets SMEs in US & Europe

ABN AMRO Private Banking reveals it has further built its overweight allocation in equities by reducing cash, in its Q4 2013 Investment Outlook – *Gaining Traction* – published today.

The bank sees a progressive acceleration in the global economy, with major developed nations contributing to almost 4% growth in 2014 and providing increased demand for emerging economies to recover some of their previous momentum. It believes fundamentals in the real economy will effectively replace the US asset purchasing programme, but does not expect a tightening of US monetary policy until early 2015 – when rate rises are likely to be gradual and clearly communicated.

Didier Duret, Chief Investment Officer at ABN AMRO Private Banking, said: "The most interesting aspect of the current situation is not the potential impact of possible changes in US Federal Reserve policy, but the underlying forces of accelerating, self-sustained global economic growth. We have therefore reduced our cash position and further increased our exposure in equities – particularly in the SME sector and in companies which are in the engine room of this global economic recovery."

Since the last quarter, the equities allocation in its balanced model portfolio has been increased to 44% (from 40%) while cash has been trimmed to 9% (from 13%). Bonds remain at 37%, while hedge funds, property and commodities retain weightings of 5%, 3% and 2% respectively.

The bank remains Overweight in equities but Neutral in the US and Europe. It moved Neutral in Emerging Markets last month, but remains Overweight China. It has moved Underweight Consumer Staples, Food Beverage & Tobacco on valuation grounds. It remains Overweight in the Oil Services, Chemicals, Commercial Services, Capital Goods, Consumer Services, Automobiles & Components, Pharmaceuticals, Biotech & Lifesciences, Insurance and IT Hardware & Equipment sectors.

The equity theme of the quarter is small and medium sized enterprises (SMEs) in the US and Europe, which are involved in the industrial supply chain or in optimizing productivity levels. Particularly favoured are companies with a track record of innovation, which can benefit from increased capital expenditure and potential M&A activity. These include firms involved in travel (Expedia), design and engineering (Arcadis) and robotics (Kuka).

The bank remains Underweight fixed income (although Overweight low investment grade and high yield credits) and expects yields to continue rising in response to monetary policy normalisation. In currencies, the US dollar, British pound and Swedish krona are favoured, alongside the Mexican peso, Polish zloty and Chinese yuan. The bank maintains a bearish view on commodities, but recommends long/ short equity and event-driven hedge funds.

About ABN AMRO Private Banking

ABN AMRO Private Banking is the international wealth-management division of ABN AMRO Bank with EUR 164.5 billion of total assets under management. It offers more than 120,000 high-net-worth individuals a full range of banking, investment management, financial and estate planning products and solutions. Our domestic and international offices in 11 markets worldwide employ over 4,000 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 strong position in Asia. Visit us at www.abnamroprivatebanking.com

ABN AMRO Bank N.V., Press Relations

Gustav Mahlerlaan 10 (HQ9140), 1082 PP Amsterdam, the Netherlands | +31 20 6288900 | pressrelations@nl.abnamro.com