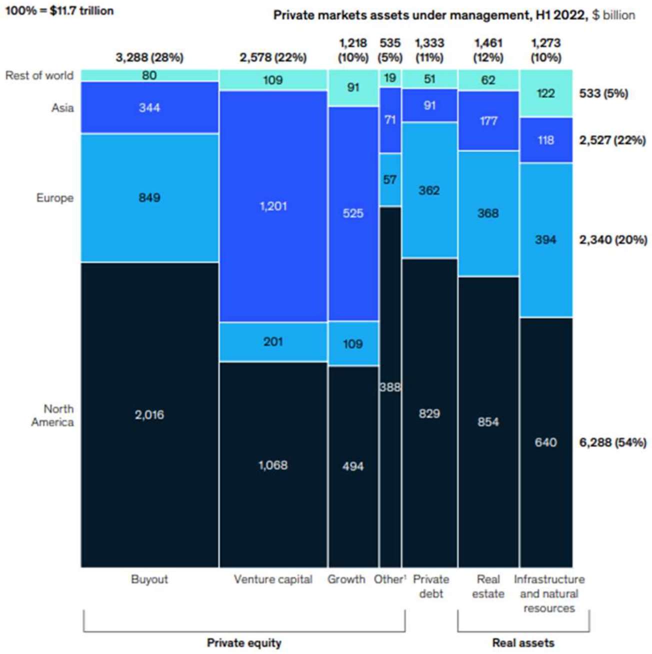
WEEKLY BULLETIN

Issue #1: May 2023

Thought of the Week.

At the end of April 2023, BlackRock Global published its Private Markets Survey 2023 and showed Pensions, Insurers, Family Offices & SWFs allocating 24% to private markets ($3.2tln out of $15tln AUM), with main investment goals being Income Generation, Capital Appreciation & Better ESG,



Private markets have enjoyed strong tailwinds since the depths of the Global Financial Crisis (GFC). Interest rates stayed low, credit availability was high, and valuations rose consistently and even in 2020 after a brief retreat, private markets gained strong interest in the 2nd half.

The mood changed in early summer of 2022 when banks began to pull back, unwilling, or unable to lend. Private markets deal volume plummeted, performance declined, and valuations fell—sharply in certain sectors.

The fact that private markets markdown less quickly than the public markets, drove private market allocations higher on a percentage basis across institutional portfolios.

After a frenzied 2021, private equity (PE) deal volume decreased 26 percent to $2.4 trillion, while deal count fell 15 percent to just under 60,000. Data is sourced form McKinsey & Co. and the chart is from their recent report on Private Markets.

Real estate deal volume declined 20% to $1.1 trillion, also the second-highest year on record. Similar to PE activity, first-half real estate deal making continued close to the record-setting pace of the second half of 2021, but second-half volumes declined precipitously (for instance, multifamily deal volume fell 29 percent in 2022).

Last Week 's Market Events.

US Economy/Politics

- Biden aims to unveil China investment curbs with G7 backing – 21st Apr.
- Yellen says US default on debt would trigger economic catastrophe – 26th Apr.
- US Q1 GDP: ↗ 1.1% - GDP grew slightly in Q1 but had slowed from 2.6% growth in the prior quarter – 28th Apr.

Europe and UK Economy/Equity

- Netherlands turns hawkish on China as EU splits – 23rd Apr.
- Italy stands out to Moody's as only country risking junk status – 25th Apr.
- Europe economy grew +0.3% in Q1 – 28th Apr.

Asia Pacific Economy/Equity

- Argentina seeks BRICS entry with China and Brazil meetings – 23rd Apr.
- 3 major Japanese utilities report US$1 billion loss on high fuel prices – 27th Apr.
- BRICS New Development Bank break aways from US dollar – 23rd Apr.

Other Notable News.

- Qtr. results from First Republic Bank and European banks suggests the banking system is still in a fragile state.
- India overtook China's population and became an appealing demographic and macro landscape for investors.

Weekly Data Monitor.

Performance

- Strength across the board
- Real Estate indices weaker
- US$ closed flat a volatile week.

INDEX	Weekly %	MTD %	YTD %	1YR %	3Y %	5Y %
Global Equity	0.44	0.00	8.85	2.06	43.76	40.64
Global Real Estate	1.37	0.00	2.72	-16.12	21.06	23.24
US Real Estate	1.48	0.00	2.49	-14.59	26.77	31.52
APAC Real Estate	0.54	0.00	-0.25	-11.11	-8.78	-23.85
Investment Grade	0.48	0.00	4.60	1.22	15.02	17.64
High Yield Bonds	0.74	0.00	3.46	-2.31	-11.24	-4.16
Global HF Real Estate	-0.02	0.27	0.27	-1.99	11.23	8.45
Global HY ETF	0.50	6.66	7.65	0.44	28.52	19.33
ASIA Real Estate ETF	-0.11	0.00	-0.22	-16.08	-6.06	3.13
USD Index	-0.16	0.12	-1.68	-1.14	2.73	10.10

Weekly chart:

- Equity indices closed week at highest level.
- Treasuries and EM debt weakest positive.
- Gold closed weaker; oil stronger.

Note: The chart shows normalised weekly highs and lows for the Indicator, BLUE being the LATEST.

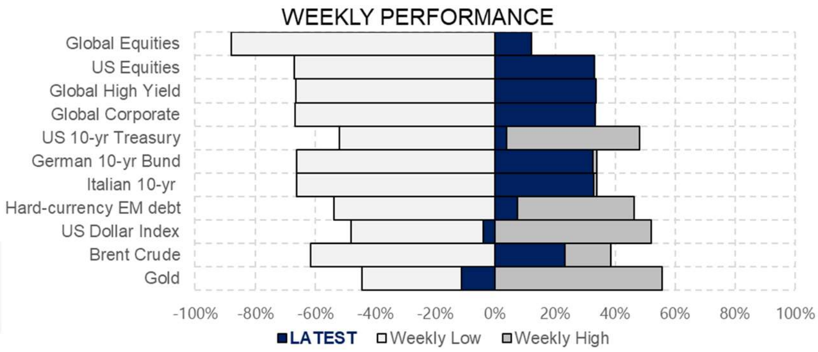
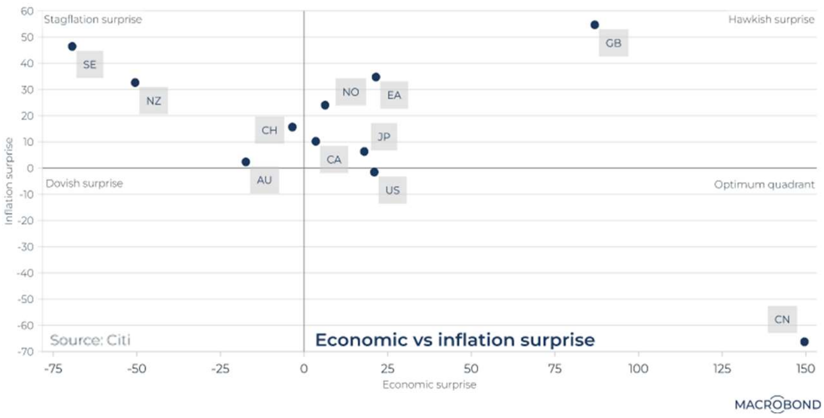


Chart of the Week.

The Chart of the Week is created by MacroBond (sourced from Citi) and shows how various nations are faring in terms of their economic and inflation surprise index.



There are four quadrants. The "stagflation surprise" quadrant of higher-than-expected inflation and disappointing growth includes New Zealand and Sweden.

Given the gloomy news flow in the UK, Britons might be surprised to learn that they are experiencing the greatest "hawkish surprise." The worst inflation in the group is combined with GDP figures that were recently revised upward. There are no "dovish surprises" of weak growth and tumbling inflation to be seen yet, even though economists forecasting a central bank "pivot" certainly expect nations to start moving into that quadrant.

One interesting datapoint is China, which is set in a sweet spot. Growth is surging after the country's great reopening, while it appears that slack in the labour market has kept inflation in check. There are many eyebrows raised at the sight of an arguably strong growth in China (especially one that did not fuel inflation) but the number should be considered relative to other years, too. Retail sales raising 10.6% in March seem high comparing to the very weak numbers in 2022.

The recovery from last year's nadir is real and robust but the recovery is far from the pre-pandemic trends. China spent much longer under lockdowns than America so it will have further to go before it returns to anything like full capacity. In real estate, sales this year are stronger than they were late last year, especially in the big cities. Despite that, they remain far weaker than in 2021 (a boom year) or even 2020. In this context, falling rates contributes to low inflation.