

---

# UNION IIII SECURITIES

## Equity Market Review

**Union Securities Research Team**

[research@unionsecurities.ch](mailto:research@unionsecurities.ch)

March 26, 2019

# Equity Highlights

## Performance

### European Global Leaders

YtD	<b>13.92%</b>	vs	10.61%	/	<b>3.31%</b>	alpha
Weekly	<b>-1.53%</b>	vs	-2.31%	/	<b>0.78%</b>	alpha
2018	<b>-6.90%</b>	vs	-11.26%	/	<b>4.36%</b>	alpha
Since Inception	<b>140.44%</b>	vs	90.63%	/	<b>49.81%</b>	alpha

Since August 2011

Benchmark: EuroStoxx 50

### US Global Leaders

YtD	<b>11.85%</b>	vs	12.26%	/	<b>-0.41%</b>	alpha
Weekly	<b>-0.86%</b>	vs	-0.75%	/	<b>-0.11%</b>	alpha
2018	<b>1.48%</b>	vs	-4.39%	/	<b>5.86%</b>	alpha
Since Inception	<b>213.23%</b>	vs	169.37%	/	<b>43.87%</b>	alpha

Since August 2011

Benchmark: S&P 500

### Japanese Global Leaders

YtD	<b>14.10%</b>	vs	8.28%	/	<b>5.82%</b>	alpha
Weekly	<b>1.23%</b>	vs	0.91%	/	<b>0.32%</b>	alpha
2018	<b>-12.99%</b>	vs	-16.04%	/	<b>3.05%</b>	alpha
Since Inception	<b>13.40%</b>	vs	3.15%	/	<b>10.24%</b>	alpha

Since August 2017

Benchmark: Topix

### Next-Gen Leaders

YtD	<b>17.48%</b>	vs	16.04%	/	<b>1.44%</b>	alpha
Weekly	<b>0.25%</b>	vs	0.28%	/	<b>-0.03%</b>	alpha
2018	<b>6.92%</b>	vs	0.01%	/	<b>6.91%</b>	alpha
Since Inception	<b>44.02%</b>	vs	26.87%	/	<b>17.15%</b>	alpha

Since July 2017

Benchmark: Nasdaq

Total return performance on both the portfolios and the indices

## Schedule

### Important Events This Week

- *Wednesday:* US Crude Oil Inventories
- *Thursday:* US Jobless Claims
- *Friday:* US Personal Spending
- *Monday:* China Caixin, Japan Tankan, **US ISM Manufacturing**

## Strategy

- The new Brexit Timeline

---

# Brexit – What Now

---

- ❑ The new UK deadline for triggering elections to the European Parliament is April 12;
  - To stay for a longer period, the UK needs to take part in the European elections;
  
- ❑ Until that date the UK parliament will have to
  - approve Theresa May's deal;
  - or chose to remain member for a longer period (and take part in the elections);
  - or revoke the Brexit (and take part in the elections);
  - or leave without a deal;
  
- ❑ Yesterday The UK parliament PMs voted to take control of the Brexit process for a day on Wednesday to allow so-called indicative votes on different divorce options that may include a second referendum or even cancelling the whole thing.
  - Depending on the outcome, PMs may vote once more on the Theresa May's deal;
  - Or launch a new referendum, or decide to go for a no-deal Brexit, or try to push Teresa May out,...
  
- ❑ If the deal is accepted, the new Brexit day becomes May 22 (European Parliament elections are held on May 23- May 26)
  - the biggest issues will have to be passed into law in the UK ;
  - the deal needs to be approved by the EU parliament;
  - Trade talks will continue during the transition period until December 2020;
  - or possibly December 2022 if the transition period is extended .... if no deal is in place at this date, to avoid a hard border with Northern Ireland, the so-called backstop will automatically kick in.
  
- ❑ In the meantime, the EU stated it is ready for a no-deal Brexit...

---

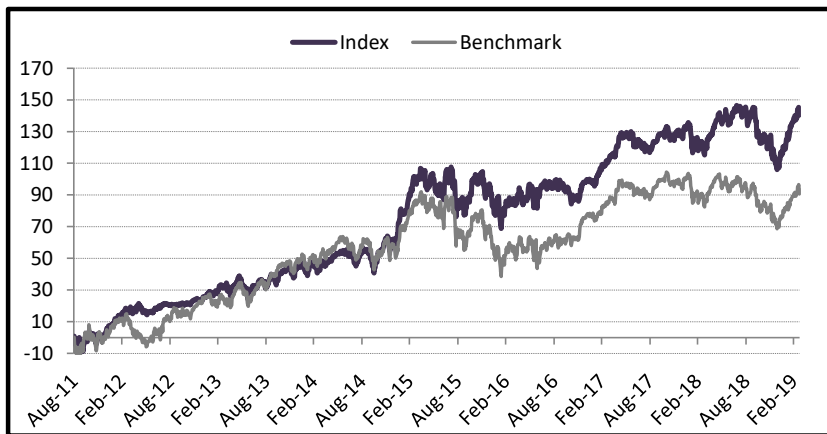
---

# Investment Recommendations

# Global Leaders

The Global Leaders are quality companies that we believe are fit for long-term investment.  
 Check our website for more information.

## European Portfolio

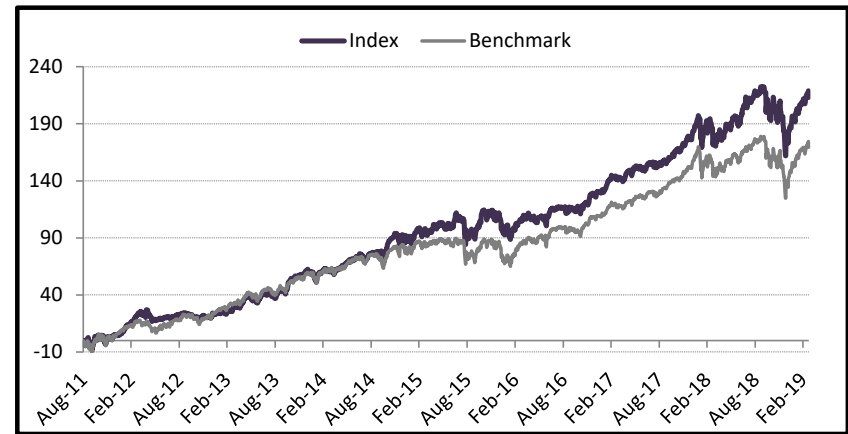


	Portfolio	Benchmark	Delta	Annualized
Performance	140.44%	90.63%	49.81%	12%
Weekly Perf.	-1.5%	-2.3%	0.8%	
Performance YTD	13.92%	10.61%	3.31%	
Volatility	14.6%	19.3%	-4.8%	
Max DrawDown	-18.7%	-27.8%	9.1%	

Benchmark: EuroStoxx 50

\*Since August 2011

## US Portfolio



	Portfolio	Benchmark	Delta	Annualized
Performance	213.23%	169.37%	43.87%	16%
Weekly Perf.	-0.9%	-0.7%	-0.1%	
Performance YTD	11.85%	12.26%	-0.41%	
Volatility	13.5%	13.8%	-0.3%	
Max DrawDown	-18.8%	-19.4%	0.6%	

Benchmark: S&P 500

# Global Leaders – Current List

## □ European Portfolio

Name	Ticker	Exch Code	Theme
Nestlé	NESN	SW	Food Products
RDSA (GBP)	RDSA	LN	Big Oil
RDSA (EUR)	RDSA	NA	Big Oil
Novartis	NOVN	SW	Pharmaceuticals
Roche	ROG	SW	Pharmaceuticals
HSBC	HSBA	LN	Banks
Unilever PLC	ULVR	LN	Food and Household Products
Unilever NV	UNA	NA	Food and Household Products
Total	FP	FP	Big Oil
LVMH	MC	FP	Luxury Goods
L'Oréal	OR	FP	Household Products
SAP	SAP	GY	Software
Novo Nordisk	NOVOB	DC	Pharmaceuticals
Astrazeneca	AZN	LN	Pharmaceuticals
Allianz	ALV	GY	Diversified Insurance
Inditex	ITX	SM	Apparel
Volkswagen	VOW3	GY	Automobiles
Airbus	AIR	FP	Aerospace
ASML	ASML	NA	Semiconductors Equipment
BNP	BNP	FP	Banks
Daimler	DAI	GY	Automobiles
Kering	KER	FP	Luxury Goods
Essilor	EL	FP	Medical Devices
Reckitt Benckiser	RB/	LN	Household Products
BMW	BMW	GY	Automobiles
AXA	CS	FP	Diversified Insurance
Heineken	HEIA	NA	Brewers
Vinci	DG	FP	Infrastructure
Vivendi	VIV	FP	Media
Philips	PHIA	NA	Health Care
Dassault Systemes	DSY	FP	Software
Fresenius	FRE	GY	Diversified Health Care
Thales	HO	FP	Defense
Ferrari	RACE	IM	Luxury Goods
Ubisoft	UBI	FP	Video Games

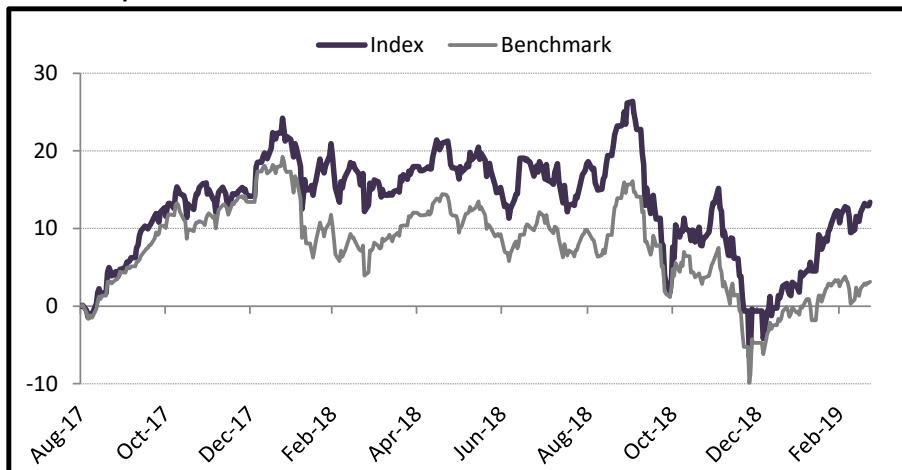
## □ US Portfolio

Name	Ticker	Exch Code	Theme
Amazon	AMZN	US	e-Commerce
Microsoft	MSFT	US	Software
Alphabet	GOOGL	US	Internet Media
Apple	AAPL	US	Hardware
Berkshire Hathaway	BRK/B	US	Investment Company
Facebook	FB	US	Internet Media
Johnson & Johnson	JNJ	US	Pharmaceuticals
JP Morgan	JPM	US	Banks
Visa	V	US	Payment Technology
Exxon	XOM	US	Big Oil
Bank of America	BAC	US	Banks
Verizon	VZ	US	Telcos
AT&T	T	US	Big Telco
Chevron	CVX	US	Big Oil
Mastercard	MA	US	Payment Technology
Merck & Co	MRK	US	Pharmaceuticals
Walt Disney	DIS	US	Media & Entertainment
Pepsico	PEP	US	Food Products
McDonald's	MCD	US	Restaurants
Citigroup	C	US	Banks
Nike	NKE	US	Apparel
Adobe	ADBE	US	Software
Medtronic	MDT	US	Medical Devices
3M Co.	MMM	US	Diversified Industrials
Honeywell	HON	US	Diversified Industrials
Accenture	ACN	US	IT Services
Costco	COST	US	Mass Merchants
Starbucks	SBUX	US	Restaurants
Bristol Myers	BMJ	US	Pharmaceuticals
Goldman Sachs	GS	US	Banks

# Japan Global Leaders

We have introduced a Japanese version of the Global Leaders portfolio in September 2017.  
Check our website for more information.

## □ Japan Portfolio



	Portfolio	Benchmark	Delta
Performance	13.40%	3.15%	10.24%
Weekly Perf.	1.2%	0.9%	0.3%
Performance YTD	14.10%	8.28%	5.82%
Volatility	19.9%	15.8%	4.1%
Max DrawDown	-26.1%	-24.4%	-1.6%

Benchmark: Topix

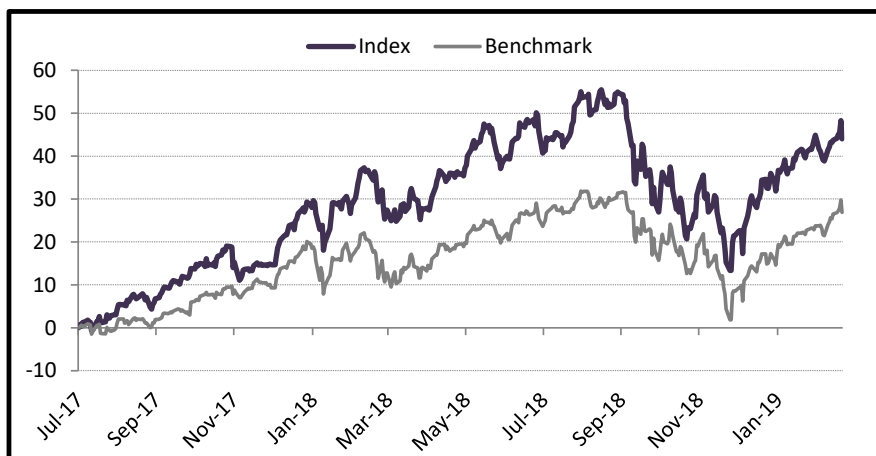
\*Since September 2017

Name	Mkt Cap (\$bn)	Sector
Toyota Motor	199.6	Consumer Discretionary
Softbank Group	107.6	Telecommunication Services
Keyence	67.4	Information Technology
Nintendo	48.2	Information Technology
Nidec	42.7	Industrials
Kao	38.8	Consumer Staples
Shiseido	27.1	Consumer Staples
Komatsu	27.0	Industrials
Terumo	21.8	Health Care
Recruit Holdings	53.6	Industrials
Fujitsu	75.5	Consumer Discretionary

# Next-Gen Leaders

Next-Gen Leaders are cutting-edge companies with exciting growth profiles.  
Check our website for more information.

## Next-Gen Leaders



	Portfolio	Benchmark	Delta
Performance	44.02%	26.87%	17.15%
Performance 5D	0.2%	0.3%	0.0%
Performance YTD	17.48%	16.04%	1.44%
Volatility	23.0%	19.8%	3.2%
Max DrawDown	-27.1%	-22.7%	-4.3%

Benchmark: Nasdaq

\*Since July 2018

### Communication Services

Information Services  
Online Dating Website  
Social Network  
Video Games  
Web Advertising

### Consumer Discretionary

Food delivery  
Online Fashion Retail

### Health Care

DNA Sequencing  
Human Data Science  
Medical Robots  
Medical Technology

### Industrials

Information Services

Research & Analytics

### Information Technology

Big Data Analytics

Cloud Based - CRM Application

Cloud Based - HR Application

Cloud-Based Software and Services

Creativity Software

Design Software

Engineering Software

Internet Services

Navigation Systems

Payment Technologies

Research & Analytics



---

# Contacts

---

**Union Securities Switzerland Research**  
[research@unionsecurities.ch](mailto:research@unionsecurities.ch)

**Union Securities Switzerland SA**  
11 Cours de Rive  
1204 Geneva Switzerland  
[www.unionsecurities.ch](http://www.unionsecurities.ch)

---

# Disclaimer

---

**Investment research – Risk information:** USS researches are prepared and published by Union Securities Switzerland SA (regulated by FINMA in Switzerland) “USS”.

The investment views have been prepared in accordance with legal requirements designed to promote the **independence of investment research**.

This material is for your **information only** and is not intended as an offer, or a solicitation of an offer, to buy or sell any investment or other specific product. Certain services and products are subject to legal restrictions and cannot be offered worldwide on an unrestricted basis and/or may not be eligible for sale to all investors. All information and opinions expressed in this material were obtained from sources believed to be reliable and in good faith, but no representation or warranty, express or implied, is made as to its accuracy or completeness (other than disclosures relating to USS). All information and opinions as well as any forecasts, estimates and prices indicated are current as of the date of this report, and are subject to change without notice. The market prices provided in performance charts and tables are closing prices on the respective principal stock exchange. The analysis contained herein is based on numerous assumptions. Different assumptions could result in materially different results. Opinions expressed herein may differ or be contrary to those expressed by other business areas or divisions of USS as a result of using different assumptions and/or criteria.

In no circumstances may this document or any of the information (including any forecast, value, index or other calculated amount (“Values”)) be used for any of the following purposes (i) valuation or accounting purposes; (ii) to determine the amounts due or payable, the price or the value of any financial instrument or financial contract; or (iii) to measure the performance of any financial instrument including, without limitation, for the purpose of tracking the return or performance of any Value or of defining the asset allocation of portfolio or of computing performance fees. By receiving this document and the information you will be deemed to represent and warrant to USS that you will not use this document or otherwise rely on any of the Information for any of the above purposes or otherwise rely upon this document or any of the information.

Opinions expressed herein may differ or be contrary to those expressed by other business areas or divisions of USS, as a result of using different assumptions and/or criteria. USS and any of its directors or employees may be entitled at any time to hold long or short positions in investment instruments referred to herein, carry out transactions involving relevant investment instruments in the capacity of principal or agent, or provide any other services or have officers, who serve as directors, either to/for the issuer, the investment instrument itself or to/for any company commercially or financially affiliated to such issuers. At any time, investment decisions (including whether to buy, sell or hold securities) made by USS and its employees may differ from or be contrary to the opinions expressed in USS research publications. Some investments may not be readily realizable since the market in the securities is illiquid and therefore valuing the investment and identifying the risk to which you are exposed may be difficult to quantify. USS relies on information barriers to control the flow of information contained in one or more areas within USS, into other areas, units, divisions or affiliates of USS. Futures and Options trading is not suitable for every investor as there is a substantial risk of loss, and losses in excess of an initial investment may occur. Past performance of an investment is no guarantee for its future performance. Additional information will be made available upon request. Some investments may be subject to sudden and large falls in value and on realization you may receive back less than you invested or may be required to pay more. Changes in foreign exchange rates may have an adverse effect on the price, value or income of an investment. The analyst(s) responsible for the preparation of this report may interact with trading desk personnel, sales personnel and other constituencies for the purpose of gathering, synthesizing and interpreting market information. Tax treatment depends on the individual circumstances and may be subject to change in the future. USS does not provide legal or tax advice and makes no representations as to the tax treatment of assets or the investment returns thereon both in general or with reference to specific client's circumstances and needs. We are of necessity unable to take into account the particular investment objectives, financial situation and needs of our individual clients and we would recommend that you take financial and/or tax advice as to the implications (including tax) of investing in any of the products mentioned herein. This material may not be reproduced or copies circulated without prior authority of USS. Unless otherwise agreed in writing USS expressly prohibits the distribution and transfer of this material to third parties for any reason. USS accepts no liability whatsoever for any claims or lawsuits from any third parties arising from the use or distribution of this material. This report is for distribution only under such circumstances as may be permitted by applicable law. Forecasts and estimates are current only as of the date of this publication and may change without notice. USS manages conflicts and maintains independence of its investment views and publication offering, and research and rating methodologies. Additional information on the relevant authors of this publication and other USS publication(s) referenced in this report; and copies of any past reports on this topic; are available upon request from your sales representative.

**External Asset Managers / External Financial Consultants:** In case this research or publication is provided to an External Asset Manager or an External Financial Consultant, USS expressly prohibits that it is redistributed by the External Asset Manager or the External Financial Consultant and is made available to their clients and/or third parties.

**Important notice USA:** This document is not intended for distribution into the US, and/or to US persons, by USS personnel.