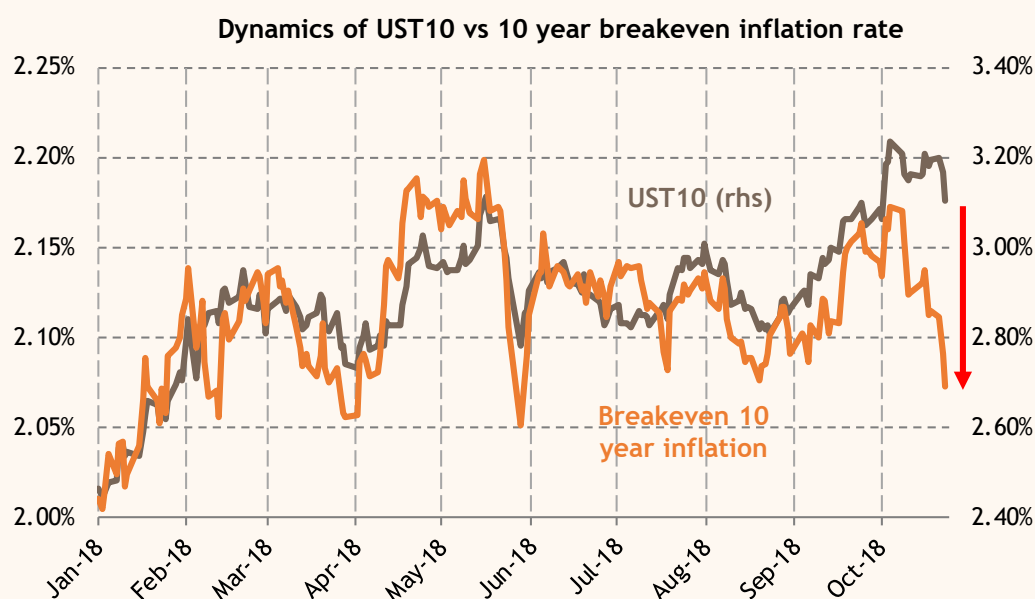


Key Economic Figures/Events of the Week

- This week, pessimism hung over the markets as the earnings season in the US was getting under way, with some companies reporting worse than expected numbers. As a result, US indices have lost almost all gains since the start of the year. The pressure from the equity markets didn't result in bonds sell off at this point, however the primary market has frozen again.
- Brent prices dropped 4% this week, extending their monthly losses to almost 8%, which was mainly triggered by inventories expanding for the fifth week running. Market players are now more concerned about trade wars that are undermining the global economic growth and weakening oil demand, and the decline of Iranian crude supplies has taken a back seat.
- The drop in oil prices should reduce inflation pressure, which in turn may drag long Treasury yields down.



- New details emerged in the story of the missing Saudi journalist Jamal Khashoggi, whose killing was finally confirmed. Should sufficient evidence incriminating Saudi Arabia's crown prince, Mohammed bin Salman, of killing be found, it may lead to a full-scale conflict between the US and Saudi Arabia. However, the risk decreased after the prince promised on Wednesday, 25 October, that all culprits would be punished and "justice would prevail".
- Italian bonds have been a focus for investors after on Friday, 19 October, Moody's downgraded Italy's sovereign debt rating by one notch to Baa3, changing the outlook to stable. The market did not react much to the news as the country managed to retain its investment grade rating. Still, Italian bonds remain under pressure as investors start pricing in potential regulatory changes.
- The ECB delivered no surprises at its meeting, leaving its plans to end the bond-buying programme by the end of 2018, along with the guidance on the first rate hike not earlier than in autumn 2019, unchanged despite an increase in Italian bond yields. Nevertheless ECB President Mario Draghi noted Italy's rule-busting budget, increasing protectionism in US as well as a potentially disorderly Brexit among the risks.

Weekly Investment Insights

- Barclays (BBB/Baa3/A) reported its financial results for Q3 2018, with trading performing somewhat better than expected. This year has already seen the bank's results improve following its restructuring in 2017, with Tier 1 capital ratio hitting the target of 13%. We have moderate exposure to Barclays' bonds that we keep holding, while awaiting a price increase on the back of the improving balance sheet.
- Deutsche Bank (Baa3/BBB-/BBB+) announced its financial results for Q3 2018, with earnings at record lows since 2010 due to weaker trading revenues. As a reminder, the bank announced strategic adjustments at the beginning of the year, which include scaling back its US sales and trading due to strong competition. We think this is the right decision as it will help release resources for other businesses that could drive the bank's competitive advantage. At the same time, the bank will only be able to see the positive impact of strategic changes in the long run, while the near-term results will likely remain weak. We keep holding DB's bonds in our portfolios as we are confident in the success of its new strategy. Besides, they are already trading on par with higher risk ones.

Strategy

This week, we did not make any transactions amid increasing risk-off sentiment. We are closely monitoring market developments to seize opportunities that may well arise in some segments shortly.

We hope you find this information useful and will be glad to answer your questions

AXIOMA Wealth Management AG
Bleicherweg 45, CH-8002 Zurich
Tel.: + 41 43 305 07 10
info@axiomag.ch
www.axiomag.ch



Verband Schweizerischer Vermögensverwalter | VSV
Association Suisse des G rants de Fortune | ASV
Associazione Svizzera di Gestori di Patrimoni | ASG
Swiss Association of Asset Managers | SAAM

Disclaimer

These materials shall be used for the purposes of distribution only within the limits stipulated by provisions of applicable law. This document and/or information contained herein, are not and shall not be deemed as an offer, invitation for offers of purchase and sales of any securities or any other financial instruments. Data contained herein is of informational nature only. Description of any company or foundation, or their securities, markets or any events mentioned herein, do not pretend to be complete. These materials and/or information shall not be considered by the receiving parties as a substitution for own decision, nor concern any investment strategies, financial state or any certain receiving party's needs. Information and opinions contained herein were prepared or expressed on the basis of information received from the sources deemed to be reliable. Such information was not checked by independent experts and no assurances nor guarantees, direct or indirect, may be given in respect of accuracy, completeness or reliability thereof. All such information and opinions may be changed without prior notice, and AXIOMA Wealth Management AG shall not be obliged to maintain information contained herein or in any other source in current state. Some statements contained herein are predictive. Such predictive statements may be determined via application of such words and expressions as "we think", "we expect", "may", "we intend", "will be", "shall be/must" or "it is expected" (whether affirmative or negative form, or any derivatives, other similar terms/definitions or strategy). No warranties shall be given in respect of the fact that any prospect results mentioned in predictive statements will be achieved. Such statements are subject to risks, uncertainties and other factors which may lead to the situation when actual results will considerably differ from prospect results expressed in such predictive statements, whether directly or indirectly. One should not rely on the opinion that recommendations will be profitable in the future or will correspond to the profitability level of securities mentioned herein. While analyzing data concerning previous results contained herein, prospect investors shall take into account that previous results may not inevitably reflect future results, and no warranty may be given that similar results will be achieved in the future. Neither AXIOMA Wealth Management AG, nor any affiliated persons, directors, employees or agents shall not be liable for any direct or indirect damages or losses, which may result from the use of information contained herein (in whole or any part thereof). Information contained herein may not be reproduced, distributed or printed, in whole or in any part thereof, whatever purposes may be, without prior written consent. AXIOMA Wealth Management AG shall not be liable for any third persons' actions which may be executed in connection herewith.