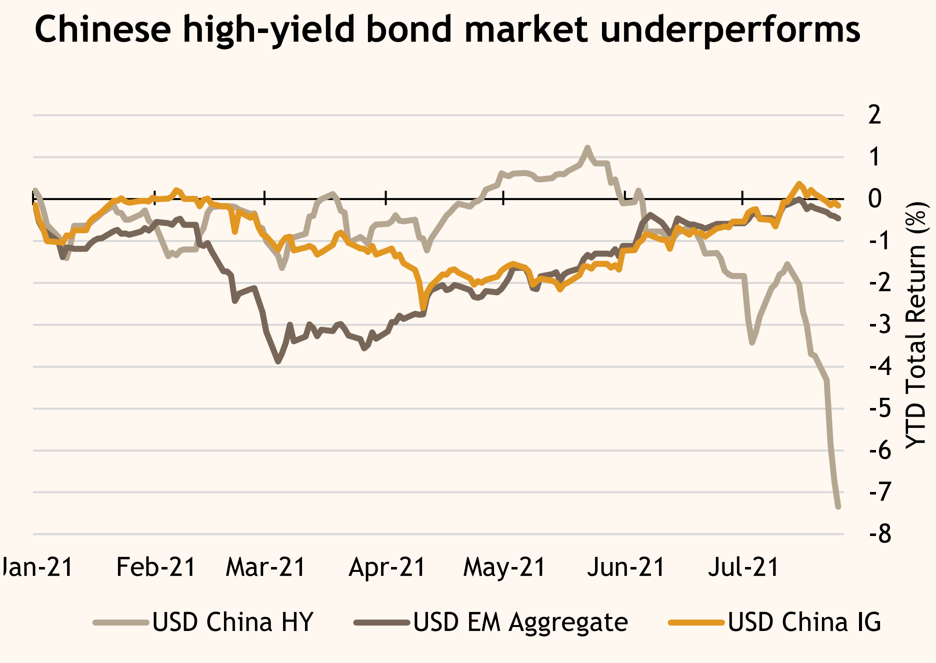
AXIOMA
Wealth Management AG

Key Economic Figures/Events of the Week

- Markets remain trapped between the fear over the delta-variant spread and the optimism brought on by positive corporate earnings results. IG bond spreads have been flat from a week ago, while Asian HY bond markets have seen spread widening due to China's tightening of regulations.
- Fed's regular policy meeting has been the most-awaited event of the week, as markets looked for further clues regarding tapering and Fed's view on inflation risk. While the rhetoric towards inflation has remained unchanged, with the 'transitory' label retained, Fed has notably stated that the progress has been made towards Fed's goal of full employment and that 'Fed will continue to assess progress in the coming meetings'. Thus, we will have to wait at least until the Jackson Hole conference of central bankers on 26-28/08 to get more clarity on asset purchases' plans. In the meantime, the most important data to affect Fed's decision will be the employment report for July which is to be published on 06/08.
- While a majority of corporates have exceeded forecasts, second-quarter GDP growth number has gone against estimates, coming in at an annualized 6.5%, lower than the forecast 8.4%. The growth was aided by an 11.8% increase in personal spending, as pent-up demand was released and consumers rushed to spend pandemic savings, on both products and services. On the other hand, inventories were a drag, slicing 1.1 percentage points from growth, as supply bottleneck persisted. However, we believe that the supply-demand imbalance will be alleviated by the end of the year.



Source: Bloomberg

Weekly Investment Insights

- Shockwaves have gone through Chinese bond markets this week, after the Chinese government announced a new regulation that would force private education companies to operate as non-profit organizations. Earlier, the government had turned screws on the property sector in an effort to deleverage this sector. Tech names have also been under pressure this week, as there is now an uncertainty over the policy with the tech sector potentially facing regulatory headwinds.

- We hold a small exposure in a few high-quality Chinese names like Baidu (A/A3) and Tencent (A+/A1/A+), however we have not increased our share, as the dip has not been enough to reach our desired prices. As for the rest of sectors, like property, we continue to avoid them. We may expect further restrictions ahead and sustained high volatility on the Chinese market, but we view it as unlikely that the government will resort to disruptive regulations aimed at tech companies, given their important part in the Chinese economy and the country's wish to achieve its goals of technological advancement.

Strategy

This week, we have purchased a new 20-year issue of Adani Ports and Special Economic Zone Limited (BBB-/Baa3/BBB-), which operate a large network of shipping ports in India, placed at 5.0% yield-to-maturity. We also received an allocation in new 7-year bonds of a packaging manufacturer - San Miguel Industrias, which operates in several countries in Central and South America, placed at 3.5% yield-to-maturity.

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

AXIOMA Wealth Management AG
Bleicherweg 50, CH-8002 Zurich
Tel.: + 41 43 305 07 10
info@axiomag.ch
www.axiomag.ch

Disclaimer