STRATEGY FOCUS

Themes for 2022 as seen by the Eco&Strat team

Developed economies: *Growthflation* will be good for equities

2022 will see the recovery continues in the developed world as the economic cycle shifts into a more mature phase, particularly in the US which looks to be running a little ahead of Europe. The new phase will still be good for equities markets. With interest rates still low and inflation running high, investors will have good reason to prefer equities over sovereign debt.

Euro area: a potentially promising shift in political balance

We could see a new political balance emerge in the spring with a heavier tilt toward European integration. It could continue the spirit of greater unity forged in the heat of the COVID crisis in 2020, and pave the way for progress on fiscal and financial union. This could in turn be good news for the economy in general and equity markets in particular, where prices still lag value.

Asia appeals - unlike other emerging markets

Emerging economies face mixed prospects for the coming year. China continues its slowdown and other regions are confronting *stagflation* (weak growth and high inflation). All of which is far from bullish for emerging markets. That said, we see some nice upside in Asia: assets still look cheap and, medium term, Asia is still the most dynamic of the emerging regions.

A strong dollar going into new year

With the US still growing faster than the rest of the world and mopping up most of the world's savings-investment - something unlikely to change quickly - the dollar looks set to stay strong against most currencies in H1 2022.

Sector views on US and EZ equity markets

As 2022 is expected to be a transition year for the US business cycle phase, the cyclical sector may gradually benefit from fewer support factors, in favor of value stocks. In Europe, as the position in the cycle remains in the expansion phase, cyclicals should benefit first from this catch-up.

Unless otherwise specified, all statistics and figures in this report were taken from Bloomberg and Datastream on 17/12/2021

SOCIETE GENERALE
Private Banking

DEVELOPED ECONOMIES: *GROWTHFLATION* WILL BE GOOD FOR EQUITIES

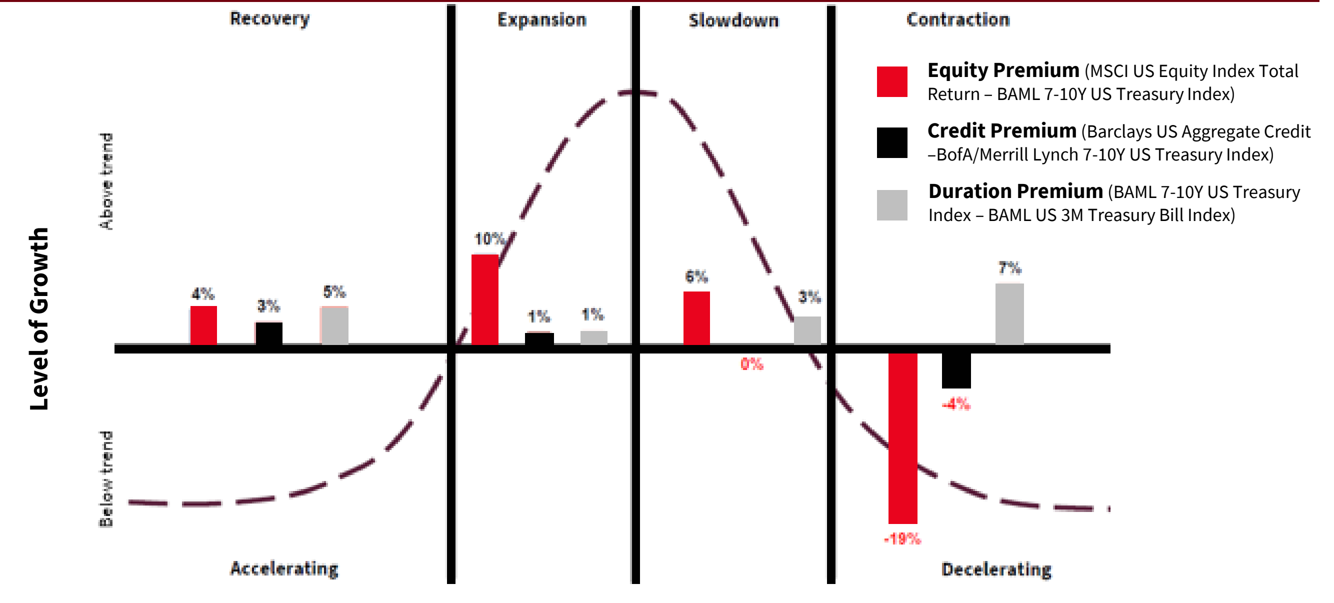
Recovery ploughs on (cf. graph p.7)
Recovery should continue at a healthy pace in 2022 across the advanced economies, albeit slower than during the 2021 post-COVID rebound. Several helpful factors will continue to apply: companies look financially sound (see margins chart) and households have built up savings which should sustain consumer spending. Normalising labour markets and still accommodative monetary and financial conditions are other ongoing positives. The threat of COVID has not gone away, but the threat to mobility is receding, making it less of a drag on the economy. Greater vaccination and new treatments could also lessen the scope of its impacts.

Transitory inflation that lasts (cf. graph p.7)
Inflation is likely to top central bank targets for some months yet. Strong demand and constraints on supply are generating severe pressures on production chains and the spike in energy costs is pushing up input prices. These pressures should gradually ease over the course of the year, allowing inflation to fall back to levels more comfortable for central banks, who will then be able to take a gradual approach to normalising policy. But there is a real risk these pressures will persist, particularly in the United States, meaning monetary policies could tighten faster and further than expected. In the euro zone, price pressures are mainly due to external factors and the threat is more of weaker economic activity than of lastingly higher inflation. The ECB will thus keep monetary policy accommodative.

This stage of the cycle is good for equities and their relative returns (cf. graph p.11)
The US economy will shift gear in 2022 from acceleration to cruising speed. The euro area, still playing catch-up, can continue to grow for some time. Based on historical performance in past US cycles (see chart below), 2022 is likely to be good overall for equity markets, even if yields will be less generous than in 2021.

Some stocks may look pricey, particularly in the US, but returns on equities will remain a lot more tempting than anything on offer in the bond markets (see charts). Interest rates will remain rock bottom or negative in real terms, whether you plug in today's headline inflation or the more modest rates anticipated for the medium term.

Risk premiums by economic regime



Sources: SGPB, Kleinwort Hambros, Bloomberg, Factset, annualised monthly returns from 1973 to 2019

EURO AREA: A POTENTIALLY PROMISING SHIFT IN POLITICAL BALANCE

The euro area has managed COVID especially well, taking strong and coordinated political action across states, in stark contrast with its handling of other recent crises. But the path to economic recovery remains rife with challenges, and the continent's emerging political balance will be key to overcoming them. Initial noises from the German government have been clearly pro European construction. The new government could well mark a turning point, toward a more global policy positive for Europe, just as Europeans are recovering their confidence in the EU. This will obviously depend on what happens in the French and (perhaps) Italian elections in the first half of 2022, but could potentially prove a solid support for the economy short and medium term and for the zone's still price-lagging equity markets.

Investing to sustainably boost future growth (cf. graph p.8)

While Europe has managed the economics of the health crisis satisfactorily, once the crisis is over it will once again confront its structural issues, most notably the problem of slowing potential growth. A big issue will be finding new ways to invest that can restart productivity growth (notably by investing in digital) and speed up the energy transition. The New Generation EU stimulus package marked a step change in targeting investment on countries with smaller budgets. The upcoming debate on overhauling the Stability and Growth Pact will be key to heading off an economically harmful policy of fiscal austerity while recreating a framework to rein in excessive spending. The new German government is showing itself open to greater flexibility when it comes to the new rules. Its new coalition deal includes a rise in investment spending, particularly on the energy transition.

Strengthening banking and financial union (cf. graph p.7)

The fragmentation of euro zone financial markets has eased, particularly since 2019, with a resurgence in private intra-zone investment flowing into the bond markets. A driving factor here has been the ECB's increased willingness to weigh into the markets, helping reassure investors it will do what it takes to manage risks of market dislocation within the single currency. Euro area countries need to keep working on the projects to strengthen financial union, essential to keep capital flowing smoothly throughout the EU. Early announcements by the German government have been promising on the work that needs doing to complete the Banking Union, proposing a reinsurance system to replace the controversial proposal of a European deposit guarantee scheme. On a parallel track, states need to make progress toward Capital Markets Union to better channel Europe's ample stock of savings into productive investment. Looking past the impact on capital flows, progress on these fronts would in time relieve the European Central Bank of its ongoing pressure to counter the risks of fragmentation and give the bank breathing room to pursue its primary objective, containing inflation.

A pivotal year for equity markets (cf. graph p.11)

2022 could be good for the euro zone, bringing real advances on fiscal and financial integration. Good news for equity markets, particularly as they still seem to be lagging their US cousins in value terms (even after correcting for sector composition).

ASIA APPEALS - UNLIKE OTHER EMERGING MARKETS

In China, growth should continue to slow. In other emerging economies it looks set to stall or go into reverse. A pretty unpromising backdrop for emerging financial assets. Nonetheless, we see interesting upside for Asian assets.

Controlled slowdown in China will be good for Asian markets (cf. graph p.9)

China's economy is set to slow significantly in 2022 as GDP growth is expected to drop below 5%. The first culprit is the restructuring of China's property sector, which currently makes up nearly a third of the country's GDP. The government has put through a raft of measures to damp down the property boom, like capping developers' debt and tightening constraints on household home loans. We envisage little change in this thrust of economic policy as the authorities remain wedded the mantra that "*housing is for living, not for speculation*" and are showing themselves increasingly open to some degree of economic slowdown. Overall, this policy also suits their long-term plan to rebalance investment growth toward consumption and so move toward a less debt-intensive growth model.

Having said all that, we would still expect any such slowdown to be controlled and activity to pick up speed again from the second half of the year. For one thing, the government will likely take targeted measures, so as to prevent a disordered deleveraging of the sector. Also, private sector investment elsewhere (outside real estate) should continue to bowl along, encouraged by robust profits in industrial sectors and government-backed initiatives to promote the high-tech and energy transition sectors. Finally, China and the wider Asia-Pacific region will remain the most dynamic of the emerging markets and the only one to keep closing the GDP per person gap to the developed world.

Foreign currency financial assets in the Asia-Pacific region look attractive today, at current valuations. True, the region's markets are likely to remain highly volatile at the start of 2022, but the Chinese authorities' capacity to manage the slowdown and healthy medium-term economic outlook should over time support a rally in the price of these assets. The region is also a trail-blazer in several high-potential sectors, including new technologies and renewable energies, which should further shore up the value of local financial assets over the next few quarters.

Stagflation haunts other emerging markets (cf. graph p.9)

The outlook for the other big emerging economies is lacklustre, with growth set to stagnate or, for some, go into reverse during 2022.

Emerging economies will face a far less favourable external environment. China's slowdown is likely to hamper growth among commodity exporters. At the same time, the Fed monetary tightening is likely to weight on capital inflows towards EM, or even lead to outflows.

Meanwhile, several countries that rolled out stimulus packages and now face higher inflation are implementing tighter economic policies. These will likely remain in place in 2022. Finally, political risks such as the upcoming Brazilian elections in Q4 2022 and geopolitical risks (Russia, Ukraine, China, Taiwan) could keep volatility bubbling for emerging market financial assets.

On the other hand, in this sluggish environment, governments of the big emerging economies have little foreign currency debt and big exchange reserves. **By mitigating the risk of foreign currency default, this increases the appeal of the yields on offer compared to the negative real yields paid in developed economies.**

A STRONG DOLLAR GOING INTO NEW YEAR

With the US still growing faster than the rest of the world and mopping up most of the world's savings-investment - something unlikely to change soon - the dollar looks set to stay strong against most currencies in H1 2022.

The second half of 2021 has been marked by a strengthening dollar (cf. graph p.10)

A striking feature of 2021, especially the second half, has been big gains by the dollar against all other currencies, gaining nearly 7% in H2 2021. Of the developed economies it performed best against the euro (up nearly 7.5%) and sterling (up 6%). Versus emerging market currencies, leaving aside the special case of the plunging Turkish lira, the dollar appreciated most against the CLP (up 16%) and BRL (up 6%) despite their local central banks hiking policy rates substantially in the year.

Stronger growth will continue to help the dollar early in the year

Driving the dollar's rise in 2021 were the disparities between the US economy and other developed economies in terms of growth, long-term interest rates and the prospect of faster monetary policy tightening by the Fed. All these trends should continue to apply in the early months of 2022. The US economy will continue to grow as fast as any in the developed world and emerging economies will lose vigour. The spread between short and long yields offered in the US and in other developed economies should widen further in the new year as the US tightens policy faster. But the gathering momentum of the euro zone economy from H2 2022 could gradually tilt the advantage away from the dollar and toward the euro.

Savings imbalances favour the dollar **(cf. graph p.10)**

The dollar strength can also be analysed through the prism of international balances of savings and investment. Global imbalances have got worse since COVID hit. In Asia and Europe alike, current account surpluses - the surplus savings in a country that it ‘exports’ to invest abroad - have markedly increase. Reviving commodity prices, meanwhile, have been good for exporter countries, which now post either surplus savings or smaller deficits. The US current account, in contrast, has further deteriorated. This savings shortfall is linked primarily to a deepening trade deficit. The post-COVID bounce brought a rush of consumer spending which translated into strong imports growth, far above the level of exports. Overall, in a world where the United States is the only country running a current account deficit, most of Asia's and Europe’s surplus savings are gravitating toward US investments.

In other words, a surplus of European and Asian savings is increasing the demand for US financial assets - particularly stocks and bonds - and supporting the demand for US dollars.

These imbalances seem unlikely to change given the persistent vigour of the US economy. As the year wears on and the COVID crisis hopefully eases, consumption should turn increasingly toward home-made services reducing the share of exports in shopping baskets. The US current account deficit should therefore fall slightly in the second half of the year.

EQUITIES, SECTOR VIEW

United States: growth still powered by new technologies *(cf. graph p.11 and table p.12)*

US equities outperformed in 2021 in virtually all sectors, against a backdrop of surging company profits, strong nominal growth and negative real interest rates. In 2022, we expect i) the economy to continue to post a dynamic growth on the back of strong consumer demand, ii) the Fed to begin its rate tightening cycle but real rates to remain negative, and iii) companies to enjoy healthy balance sheets with plentiful cash. In such a climate, equity markets should continue their bullish trend. 2022 is set to be a transition year as the US economic cycle shifts from an expansionary to a moderating phase. Support factors could tilt away from cyclicals and toward value stocks.

<u>This scenario is good for:</u>

- **The high tech sector**. High tech giants earn much higher margins than the rest of the economy and are sitting on cash mountains. Also, as monetary policy tightens, investors will look increasingly toward what they see as 'quality' stocks.
- **The banking sector.** Banks usually do well in an environment of strong growth and rising rates, our scenario for 2022.
- **The renewable energies sector.** This sector should benefit from public sector investment and more favourable regulations.

<u>It could be less good for:</u>

- **Unicorns.** This group of companies with strong growth prospects but little or no profits could be hampered by a tighter monetary environment and fading growth.
- **Sectors with high wage costs.** Salaries should continue to rise in some industries, eating into the margins of companies with high payroll costs.

Europe: prospects still bullish (cf. graph p.11 and table p.12)

European shares have done well in 2021 as the economy bounced back, rates stayed negative and companies were able to post growing profits. In 2022, we expect the economy to continue its healthy growth as the post-COVID rebound continues and governments still deliver fiscal support. Monetary conditions should also remain favorable, with negative real rates, as the ECB tapers down progressively its asset purchases and inflation also falls back. Also, given these bullish factors, European shares look cheap in our view, particularly compared to the other side of the Atlantic. All of which leads us to think that the European equity market should continue to perform well. The euro area economic cycle is still in an expansionary phase and cyclicals should be best-placed to profit from this catch-up.

<u>This scenario is good for:</u>

- **The infrastructure and renewable energies sectors.** Both sectors should do specially well out of the European stimulus plan which earmarks much of its largesse for infrastructure and the energy transition. The latter sector also stands to gain from various pro-renewables regulations.
- **The new technologies sector.** Another potential winner from the European stimulus plan. Also, booming M&A in the sector and an influx of private equity funds should help pump up sector values.

<u>It could be less good for:</u>

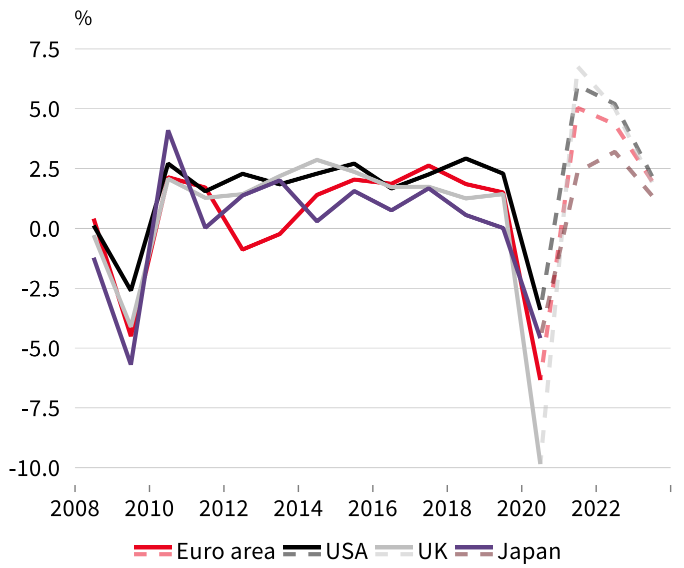
- **Metals and miners.** China's economic slowdown, particularly focused on the construction sector, is likely to dampen sector revenues.
- **Consumer goods and services.** This sector is likely to feel some squeeze as China's economy slows and the "*common prosperity*" policy comes in with stock prices already high.

GRAPHS: DEVELOPED ECONOMIES

The recovery is expected to remain dynamic in 2022 in the advanced economies, with lower growth than in 2021. Inflation would gradually ease.

GDP growth

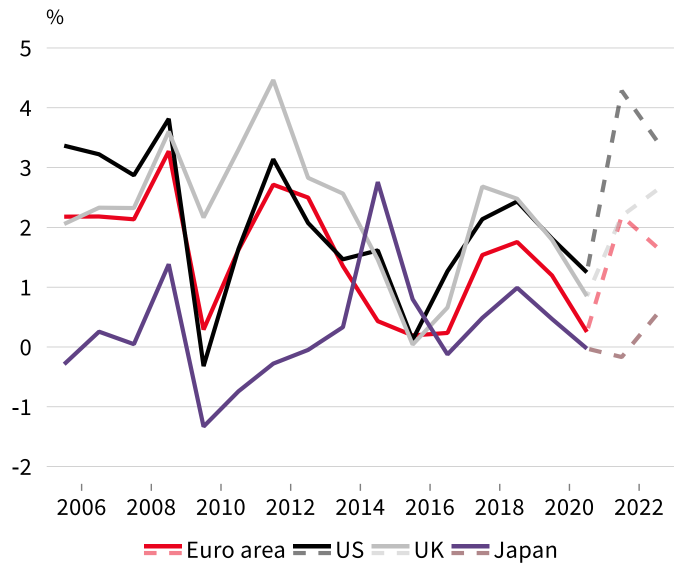
(IMF's forecasts)



Sources: SGPB, Macrobond, IMF, 11/2021

Inflation

(IMF's forecasts)

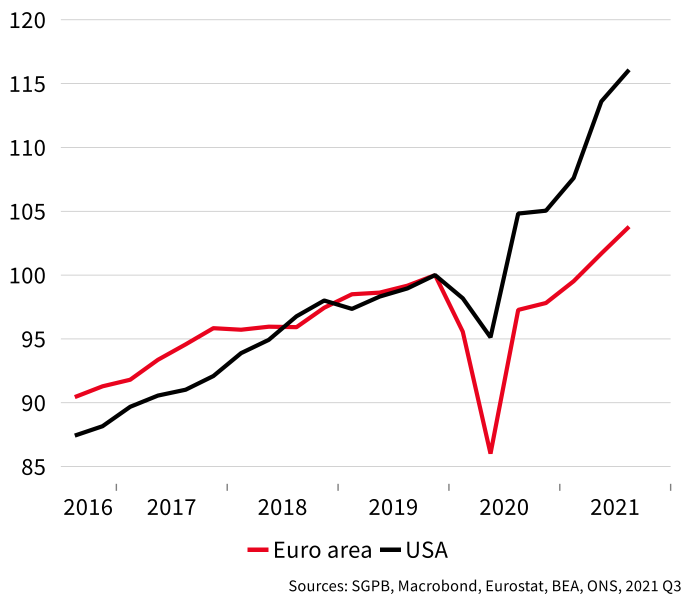


Sources: SGPB, Macrobond, IMF, 11/2021

Various factors will continue to be very favorable: the financial health of companies as well as households with high accumulated savings.

Gross operating surplus

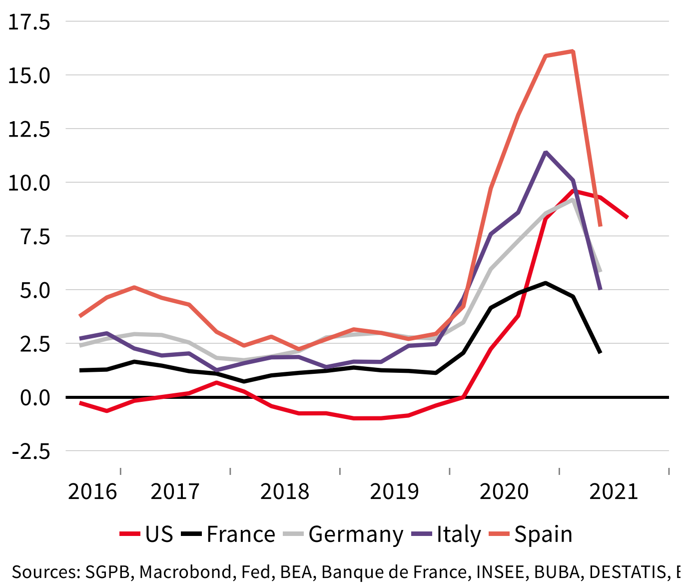
100 = Q4-19



Sources: SGPB, Macrobond, Eurostat, BEA, ONS, 2021 Q3

Households bank checking accounts

(1Y change, GDP pts)

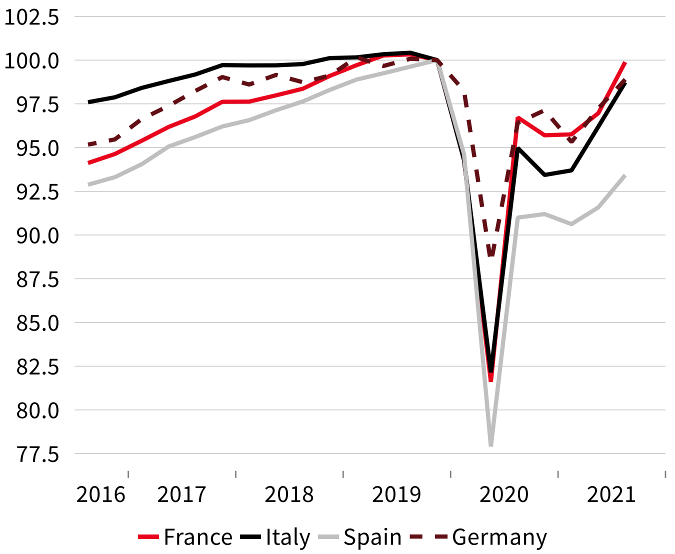


Sources: SGPB, Macrobond, Fed, BEA, Banque de France, INSEE, BUBA, DESTATIS,

GRAPHS: EUROZONE

The potential for activity to catch up is greater in the eurozone. Cross-border debt purchases show a clear improvement in fragmentation.

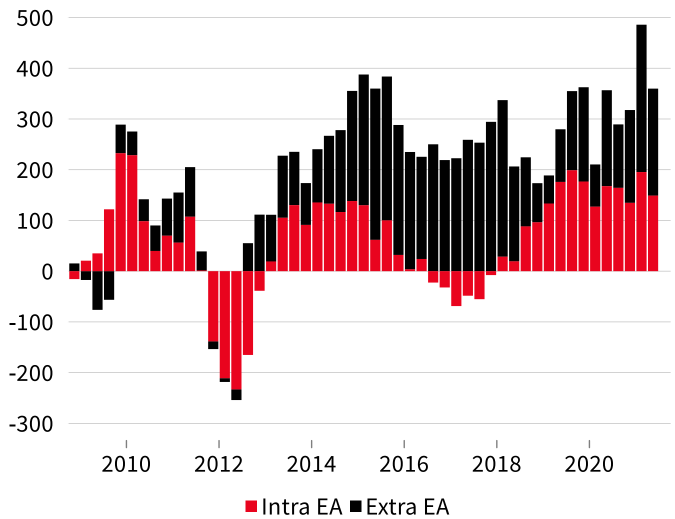
GDP
100 = Q4 2019



Sources: SGPB, Macrobond, INSEE, Istat, INE, DESTATIS, 11/2021

Eurozone: Cross-border purchases of debt securities

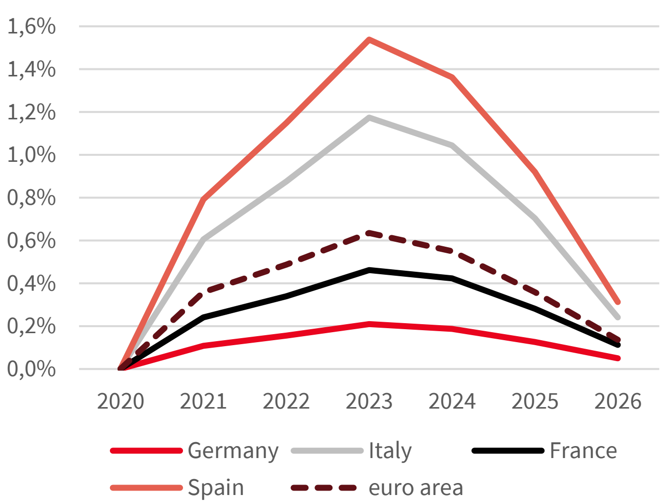
Bn EUR, sum over sur 4 quarters



Sources: SGPB, Macrobond, Eurostat, 11/2021

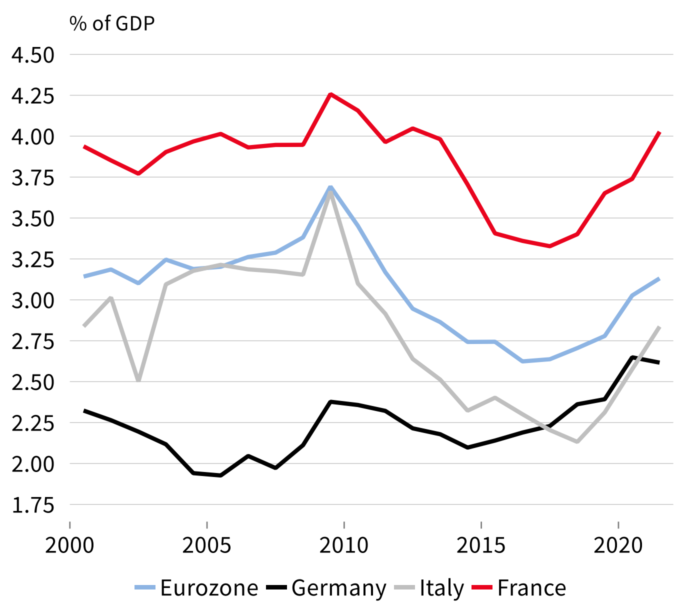
The New Generation EU program will benefit Italy and Spain in particular. After several years of decline, public investment could increase.

Next Generation EU : estimated payout (%GDP)



Source: European Commission, SG Cross Asset Research/Economics

Public investment

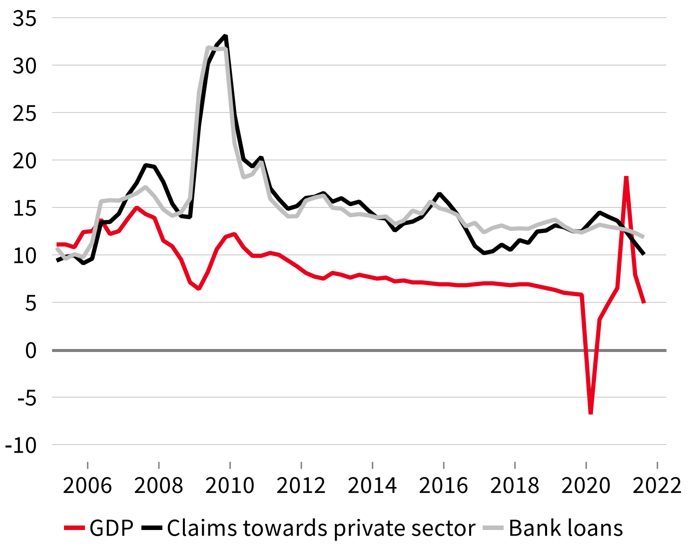


Sources: SGPB, Macrobond, DG ECFIN, 11/2021

GRAPHS: EMERGING MARKETS

Growth in China is expected to slow down significantly in 2022, but the medium-term outlook remains positive in a region that is continuing to catch up.

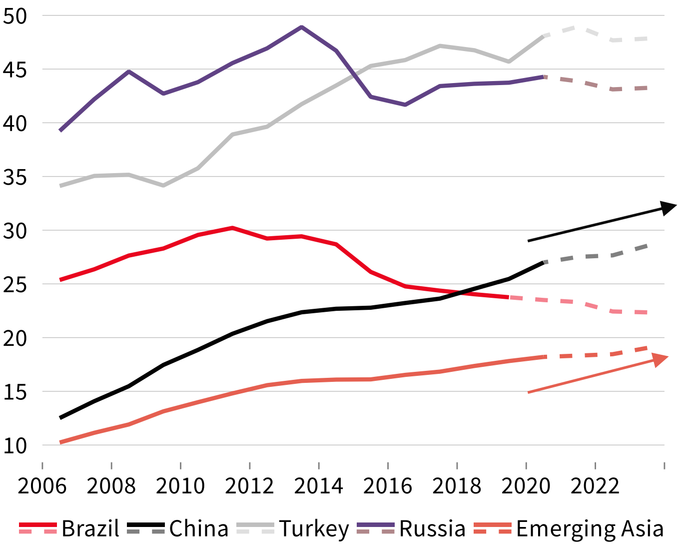
China : GDP growth in volume and credit growth



Sources: SGPB, Macrobond, NBS, PBoC 2021 Q3

EM: GDP per capita in PPP

As % of US GDP per capita PPP

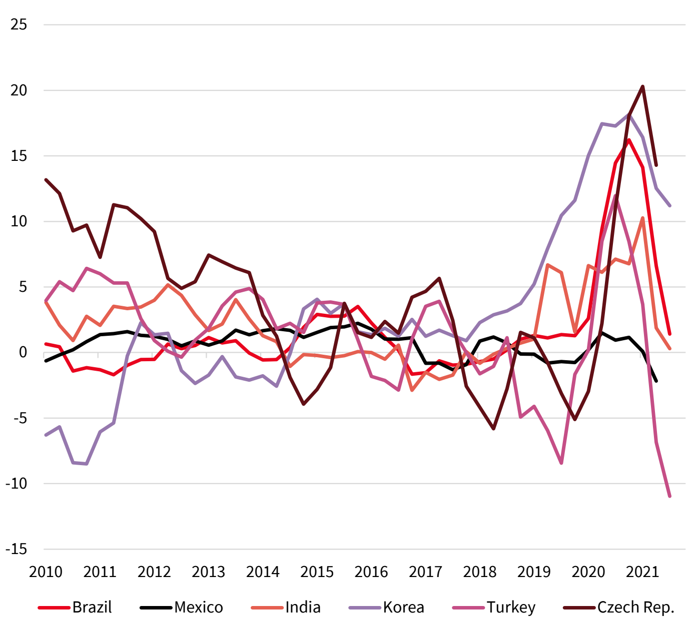


Sources: SGPB, Macrobond, IMF 2026

Despite a complicated economic context, bond yields in foreign currencies may become attractive again in view of the low level of foreign currency debt.

Domestic credit impulse

% of GDP, sum of primary deficit and 1 year change of credit to private sector



USD sovereign spreads

Bps, vs UST-10y

Sources: SGPB, Macrobond, 16/12/2021

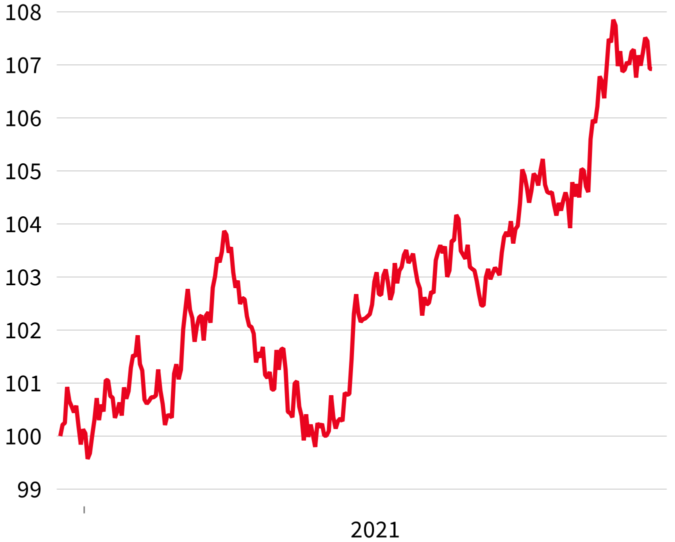
SOCIETE GENERALE
Private Banking

GRAPHS: DOLLAR

The appreciation of the dollar in 2021 was supported by the interest rate differential. This spread should continue in 2022.

USD index

Vs a currency basket, 100=-1y



Sources: SGPB, Macrobond, 17/12/2021

Spread between the UST-10Y and the Bund 10y

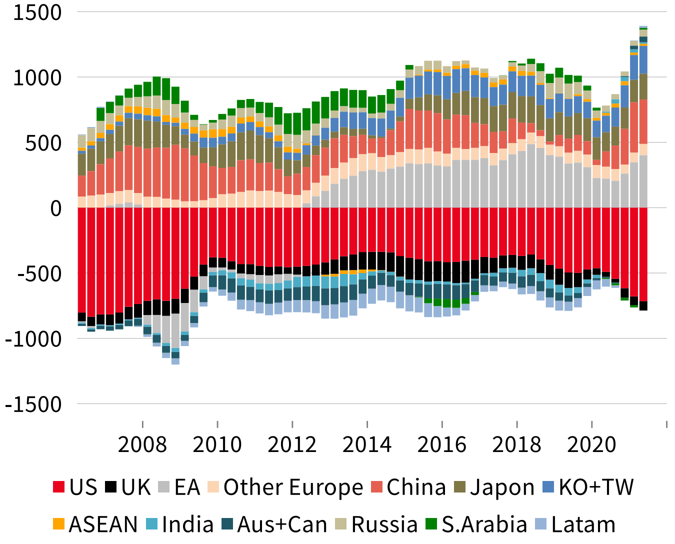
Bps

Sources: SGPB, Macrobond, 17/12/2021

The widening of international imbalances has favored the dollar, with significant demand for US assets.

Current account

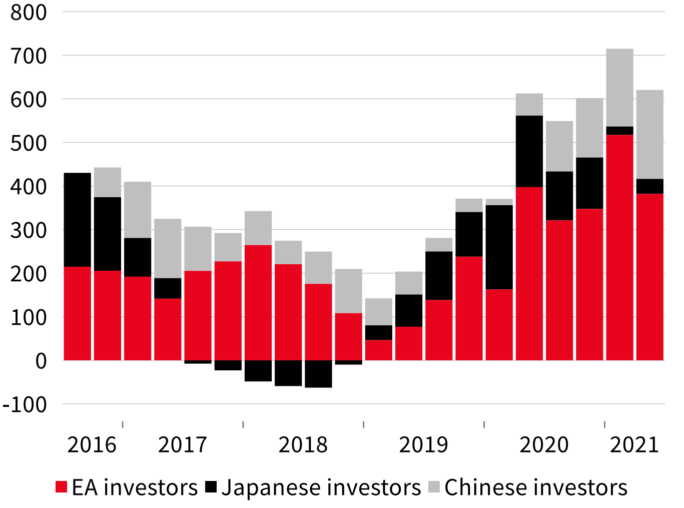
USD billions, 4Q sum



Sources: SGPB, Macrobond, IMF, Central Bank of Taiwan 2021 Q2

Net purchases of American assets by foreign investors

USD billions, 4Q sum

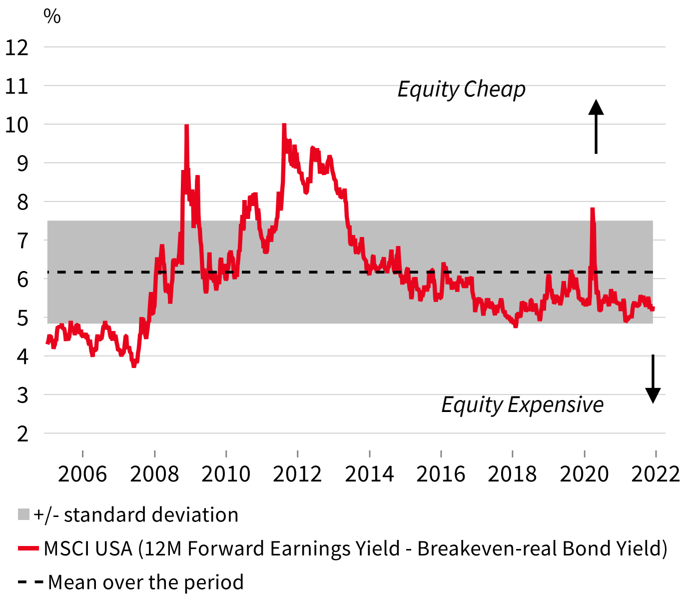


Sources: SGPB, Macrobond, Eurostat, BOJ, SAFE28/10/2021

GRAPHS: EQUITY MARKET

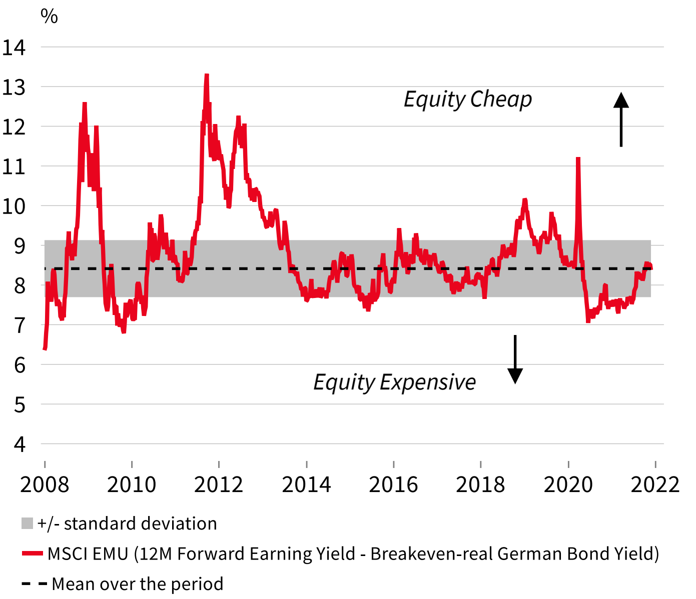
The low interest rate and high inflation environment will continue to make expected returns on equity markets particularly attractive.

US Equity Risk Premium



Sources: SGPB, Macrobond, U.S. Department of Treasury, 2021 W48

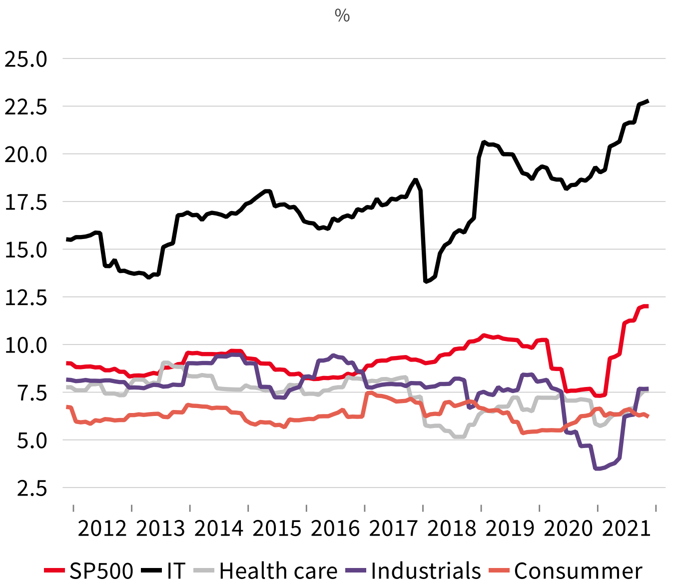
EMU Equity Risk Premium



Sources: SGPB, Macrobond, Macrobond, 2021 W47

Eurozone equity markets appear attractive, even after adjusting for sectoral composition effects.

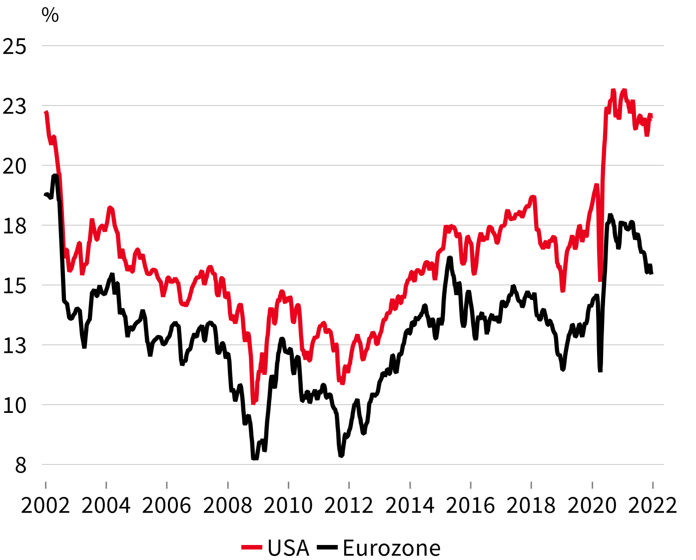
Profit margins of SP500



Sources: SGPB, Macrobond, 11/2021

Forward P/E

(Indices MSCI)



Sources: SGPB, Macrobond, , 2021 W50

TABLE: EQUITY MARKET

MSCI sector weights	USA	Euro area	UK	Japan	EM
Industrials	8.0%	15.6%	12.3%	23.4%	7.7%
Energy	2.6%	4.0%	10.4%	0.6%	4.8%
C. Discr.	12.7%	17.6%	6.0%	18.9%	12.4%
Healthcare	12.8%	7.3%	12.0%	9.6%	5.8%
Financials	10.6%	15.0%	17.6%	8.6%	20.5%
Real Estate	2.8%	1.3%	1.5%	3.2%	2.1%
Utilities	2.4%	6.2%	3.9%	0.8%	1.9%
Tech	30.2%	14.7%	1.3%	15.2%	19.6%
Communications	10.1%	4.1%	4.1%	8.0%	8.6%
Materials	2.5%	6.9%	11.2%	5.1%	9.0%
C. Staples	5.4%	7.3%	19.7%	6.5%	7.4%

MSCI P/E ratio (12-month trailing)	USA	Euro area	UK	Japan
Market	24.8	16.7	15.2	13.8
Industrials	24.6	22.4	18.8	14.8
Energy	20.2	14.0	24.9	5.6
C. Discr.	37.0	14.8	18.7	12.7
Healthcare	21.9	25.8	34.3	26.3
Financials	13.2	10.4	9.6	7.8
Real Estate	50.5	6.7	8.1	15.6
Utilities	20.9	18.2	15.1	9.2
Tech	34.8	43.0	37.8	27.0
Communications	24.4	7.7	102.1	8.2
Materials	19.3	13.7	10.1	10.0
C. Staples	21.9	29.7	16.9	22.5

MSCI 12-month total returns (local currency)	USA	Euro area	UK	Japan
Market	27.8%	22.2%	15.7%	15.6%
Industrials	19.3%	22.1%	31.5%	17.2%
Energy	43.1%	20.1%	24.3%	45.0%
C. Discr.	26.4%	24.9%	14.5%	21.1%
Healthcare	20.8%	9.8%	8.2%	-0.4%
Financials	39.5%	26.8%	13.3%	26.4%
Real Estate	37.7%	0.2%	37.6%	14.1%
Utilities	14.2%	7.8%	24.5%	-5.7%
Tech	35.9%	45.1%	33.0%	35.4%
Communications	20.1%	13.5%	8.1%	-2.9%
Materials	25.0%	17.2%	18.7%	11.9%
C. Staples	12.4%	14.8%	6.6%	1.0%

Source: SGPB, TS Lombard, 14/12/2021

IMPORTANT INFORMATION – PLEASE READ

Societe Generale Private Banking is a division of the Societe Generale Group operating through its head office within Societe Generale S.A. and its network (subsidiaries, branches or departments of Societe Generale S.A.) located in the countries mentioned hereafter which use the “Societe Generale Private Banking” and “Kleinwort Hambros” brands, and which distribute this document.

Subject of the document

This document has been prepared by experts of the Societe Generale Group, and more particularly of Societe Generale Private Banking division, to provide you with information relating to certain financial and economic data. The names and functions of the people who prepared this document are indicated on the first pages of the document.

This document is a marketing communication that has not been prepared in accordance with legal requirements designed to promote the independence of investment research and the investment service provider is not subject to any prohibition on dealing ahead of the dissemination of investment research.

In order to read and understand the financial and economic information included in this document, you will need to have knowledge and experience of financial markets. If this is not the case, please contact your advisor so that you no longer receive the document. Unless you do this, we shall consider that you have the necessary skills to understand this document.

Please note that this document only aims to provide simple information to help you in your investment or disinvestment decisions, and that it does not constitute a personalised recommendation. You remain responsible for any liabilities that arise. You remain responsible for the management of your assets, and you take your investment decisions freely. Moreover, the document may mention asset classes that are not authorised/marketed in certain countries, and/or which might be reserved for certain categories of investors. Therefore, should you wish to make an investment, as the case may be and according to the applicable laws, your advisor within the Societe Generale Private Banking entity of which you are a client will check your eligibility for this investment and whether it corresponds to your investment profile.

Should you not wish to receive this document, please inform your private banker in writing, and he/she will take the appropriate measures.

Conflicts of interest

This document contains the views of Societe Generale Private Banking’s experts. Societe Generale Private Banking trading desks may trade, or have traded, as principal on the basis of the expert(s) views and reports. In addition, Societe Generale Private Banking’s experts receive compensation based, in part, on the quality and accuracy of their analysis, client feedback, revenues of their entity of the Societe Generale Group and competitive factors.

As a general matter, entities within the Societe Generale Group may make a market or act as a principal trader in securities referred to in this report and can provide banking services to the companies mentioned in that document, and to their subsidiary. Entities within the Societe Generale Group may from time to time deal in, profit from trading on, hold on a principal basis, or act advisers or brokers or bankers in relation to securities, or derivatives thereof, or asset class(es) mentioned in this document.

Entities within the Societe Generale Group may be represented on the supervisory board or on the executive board of such persons, firms or entities.

Employees of the Societe Generale Group, or persons/entities connected to them, may from time to time have positions in or hold any of the investment products/ asset class(es) mentioned in this document.

Entities within the Societe Generale Group may acquire orliquidate from time to time positions in the securities and/or underlying assets (including derivatives thereof) referred to herein, if any, or in any other asset, and therefore any return to prospective investor(s) may directly or indirectly be affected.

Entities within the Societe Generale Group are under no obligation to disclose or take into account this document when advising or dealing with or on behalf of customers.

IMPORTANT INFORMATION – PLEASE READ

In addition, Societe Generale Private Banking may issue other reports that are inconsistent with and reach different conclusions from the information presented in this report and are under no obligation to ensure that such other reports are brought to the attention of any recipient of this report.

Societe Generale Group maintains and operates effective organisational and administrative arrangements taking all reasonable steps to identify, monitor and manage conflicts of interest. To help the Societe Generale Private Banking Entities to do this, they have put in place a management of conflicts of interest policy designed to prevent conflicts of interest giving rise to a material risk of damage to the interests of Societe Generale Private Banking's clients. For further information, Societe Generale Private Banking's clients can refer to the management of conflicts of interests policy, which was provided to them by the Societe Generale Private Banking entity of which they are clients.

General Warning

This document, which is subject to modifications, is provided for information purposes only and has no legal value.

This material has been prepared for information purposes only and is not intended to provide investment advice nor any other investment service. The document does not constitute and under no circumstances should it be considered in whole or in part as an offer, a personal recommendation or advice from any of the Societe Generale Private Banking entities, regarding investment in the asset classes mentioned therein.

Some products and services might not be available in all Société Générale Private Banking entities. Their availability in your jurisdiction may be restricted depending on local laws and tax regulations. In addition, they have to comply with Societe Generale Group Tax Code of Conduct. You should be aware that the investment to which this material relates may involve numerous risks. The amount of risk may vary but can expose you to a significant risk of losing all of your capital, including a potential unlimited loss. Accordingly these products or services may be reserved only for a certain category of eligible investors such as those who are sophisticated and familiar with these types of investment and who understand the risks involved. Furthermore, accessing some of these products, services and solutions might be subject to other conditions, amongst which is eligibility. Your private banker is available to discuss these products, services and solutions with you and to check if they can respond to your needs and are suitable for your investor profile. Accordingly, before making an investment decision, a potential investor, as the case may be and according to the applicable laws, will be questioned by his or her advisor within the Societe Generale Private Banking entity, of which the investor is a client, regarding his eligibility for the envisaged investment, and the compatibility of this investment with his investment profile and objectives.

Before any investment, the potential investor should also consult his own independent financial, legal and tax advisers in order to obtain all the financial, legal and tax information which will allow him to appraise the characteristics and the risks of the envisaged investment and the pertinence of the strategies discussed in this document, as well as the tax treatment of the investment, in the light of his own circumstances.

Prior to any investment, a potential investor must be aware of, understand and sign the related contractual and informative information, including documentation relating to risks. The potential investor has to remember that he should not base any investment decision and/or instructions solely on the basis of this document. Any financial services and investments may have tax consequences and it is important to bear in mind that the Societe Generale Private Banking entities, do not provide tax advice. The level of taxation depends on individual circumstances and such levels and bases of taxation can change. In addition, this document is not intended to provide, and should not be relied on for, accounting, tax or legal purposes and independent advice should be sought where appropriate.

Investment in some of the asset classes described in this document may not be authorised in certain countries, or may be restricted to certain categories of investors. It is the responsibility of any person in possession of this document to be aware of and to observe all applicable laws and regulations of relevant jurisdictions. This document is not intended to be distributed to people or in jurisdictions where such distribution is restricted or illegal. It is not to be published or distributed in the United States of America and cannot be made available directly or indirectly in the United States of America or to any U.S. person.

The price and value of investments and the income derived from them can go down as well as up. Changes in inflation, interest rates and exchange rates may have adverse effects on the value, price and income of investments issued in a different currency from that of the client. The simulations and examples included in this document are provided for informational and illustration purposes alone. The present information may change with market fluctuations, and the information and views reflected in this document may change. The Societe Generale Private Banking entities disclaim any responsibility for the updating or revising of this document. The document's only aim is to offer information to investors, who will take their investment decisions without relying solely on this document. The Societe Generale Private Banking entities disclaim all responsibility for direct or indirect losses related to any use of this document or its content. The Societe Generale Private Banking entities do not offer no implicit or explicit guarantees as to the accuracy or exhaustivity of the information or as to the profitability or performance of the asset classes, countries and markets concerned.

IMPORTANT INFORMATION – PLEASE READ

Societe Generale Private Banking entities disclaim all responsibility for direct or indirect losses related to any use of this document or its content. The Societe Generale Private Banking entities do not offer no implicit or explicit guarantees as to the accuracy or exhaustivity of the information or as to the profitability or performance of the asset classes, countries and markets concerned.

The historical data, information and opinions provided herein have been obtained from, or are based upon, external sources that the Societe Generale Private Banking entities believe to be reliable, but which have not been independently verified. The Societe Generale Private Banking entities shall not be liable for the accuracy, relevance or exhaustiveness of this information. Information about past performance is not a guide to future performance and may not be repeated. Investment value is not guaranteed and the value of investments may fluctuate. Estimates of future performance are based on assumptions that may not be realised.

This document is confidential. It is intended exclusively for the person to whom it is given, and may not be communicated or notified to any third party (with the exception of external advisors, on the condition they themselves respect this confidentiality undertaking). It may not be copied in whole or in part without the prior written consent of the relevant Societe Generale Private Banking entity.

Specific warnings per jurisdiction

France: Unless otherwise expressly indicated, this document has been issued and distributed by Societe Generale, a French bank authorised and supervised by the Autorité de Contrôle Prudentiel et de Résolution, located at 4, Place de Budapest, CS 92459, 75436 Paris Cedex 09, under the prudential supervision of the European Central Bank ("ECB"), and under the control of the Autorité des Marchés Financiers ("AMF"). Societe Generale is also registered at ORIAS as an insurance intermediary under the number 07 022 493 orias.fr. Societe generale is a French Société Anonyme with its registered address at 29 boulevard Haussman, 75009 Paris, with a capital of EUR 1,066,714, 367.50 on 1st August 2019 and unique identification number 552 120 222 R.C.S. Paris. Further details are available on request or can be found at www. http://www.privatebanking.societegenerale.fr/.

Luxembourg: This document has been distributed in Luxembourg by Societe Generale Bank & Trust ("SGBT"), a credit institution which is authorised and regulated by the Commission de Surveillance du Secteur Financier ("CSSF") under the prudential supervision of the European Central Bank ("ECB"), and whose head office is located at 11 avenue Emile Reuter – L 2420 Luxembourg. Further details are available on request or can be found at www.sgbt.lu. No investment decision whatsoever may result from solely reading this document. SGBT accepts no responsibility for the accuracy or otherwise of information contained in this document. SGBT accepts no liability or otherwise in respect of actions taken by recipients on the basis of this document only and SGBT does not hold itself out as providing any advice, particularly in relation to investment services. The opinions, views and forecasts expressed in this document (including any attachments thereto) reflect the personal views of the author(s) and do not reflect the views of any other person or SGBT unless otherwise mentioned. SGBT has neither verified nor independently analysed the information contained in this document. The CSSF has neither verified nor analysed the information contained in this document.

Monaco: The present document has been distributed in Monaco by Société Générale Private Banking (Monaco) S.A.M., located 13, , 11 Avenue de Grande Bretagne, 98000 Monaco, Principality of Monaco, governed by the Autorité de Contrôle Prudentiel et de Résolution and the Commission de Contrôle des Activités Financières. The Financial products marketed in Monaco can be reserved for qualified investors in accordance with Law No. 1339 of 07/09/2007 and Sovereign Ordinance No 1.285 of 10/09/2007. Further details are available upon request or on www.privatebanking.societegenerale.mc.

Switzerland: This document has been communicated in Switzerland by Société Générale Private Banking (Suisse) SA (« SGPBS »), whose head office is located at rue du Rhône 8,, CH-1204 Geneva. SGPBS is a bank authorized by the Swiss Financial Market Supervisory Authority ("FINMA"). Further details are available on request or can be found at www.privatebanking.societegenerale.ch.

This document (i) does not provide any opinion or recommendation about a company or a security, or (ii) has been prepared outside of Switzerland for the « Private banking ». Therefore, the Directives of the Swiss Bankers Association (SBA) on the Independence of Financial Research do not apply to this document.

This document has not been prepared by SGPBS. SGPBS has neither verified nor independently analyzed the information contained in this document. SGPBS accepts no responsibility for the accuracy or otherwise of information contained in this document. The opinions, views and forecasts expressed in this document reflect the personal views of the relevant author(s) and shall not engage SGPBS' liability.

This document is not a prospectus within the meaning of articles 652a and 1156 of the Swiss Code of Obligations.

IMPORTANT INFORMATION – PLEASE READ

This document is issued by the following companies in the Kleinwort Hambros Group under the brand name Kleinwort Hambros:

United Kingdom: SG Kleinwort Hambros Bank Limited is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. The firm reference number is 119250. The company is incorporated in England and Wales company registration under number 964058 and its registered address is 5th Floor, 8 St James's Square, London, England, SW1Y 4JU.

Channel Islands: Kleinwort Hambros is the brand name of SG Kleinwort Hambros Bank (CI) Limited, which is regulated by the Jersey Financial Services Commission for banking, investment, money services and fund services business. The company is incorporated in Jersey under company registration number company registration 2693 and its registered address is PO Box 78, SG Hambros House, 18 Esplanade, St Helier, Jersey JE4 8PR.

SG Kleinwort Hambros Bank (CI) Limited – Guernsey Branch is regulated by the Guernsey Financial Services Commission for banking, investment and money services business. Its address is PO Box 6, Hambro House, St Julian's Avenue, St Peter Port, Guernsey, GY1 3AE.

The company (including the branch) is also authorised and regulated by the UK Financial Conduct Authority in respect of UK regulated mortgage business and its firm reference number is 310344. The Company (including the branch) is not authorised or regulated by the UK Financial Conduct Authority for accepting UK bank deposits nor is it permitted to hold deposits in the UK.

Kleinwort Hambros is the brand name of SG Kleinwort Hambros Trust Company (CI) Limited, which is regulated by the Jersey Financial Services Commission in the conduct of trust company business and fund services business and by the Guernsey Financial Services Commission in the conduct of fiduciary services business. The company is incorporated in Jersey under company registration number 4345 and its registered address is SG Hambros House, PO BOX 197, 18 Esplanade, St Helier, Jersey, JE4 8RT. Its address in Guernsey is PO Box 86, Hambro House, St Julian's Avenue, St Peter Port, Guernsey, GY1 3ED.

This document has not been authorized or reviewed by the JFSC or FCA.

Gibraltar: SG Kleinwort Hambros Bank (Gibraltar) Limited is authorised and regulated by the Gibraltar Financial Services Commission for the conduct of banking, investment and insurance mediation business and its firm reference is 419436. The company is incorporated in Gibraltar under company registration number 01294 and its registered address is 32 Line Wall Road, Gibraltar.

Kleinwort Hambros is part of Societe Generale Private Banking, which is part of the wealth management arm of the Societe Generale Group. Societe Generale is a French Bank authorised in France by the Autorité de Contrôle Prudentiel et de Resolution, located at 4, Place de Budapest, CS 92459, 75436 Paris Cedex 09 and under the prudential supervision of the European Central Bank. It is also authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.

Further information on the Kleinwort Hambros Group including additional legal and regulatory details can be found at: www.kleinworthambros.com

http://www.privatebanking.societegenerale.com