BACKGROUND

No surprises that President Trump has been in the headlines - one certainty is that the established world order is being challenged by The Donald. Below a few paragraphs to consider relating to positioning equity portfolios ....

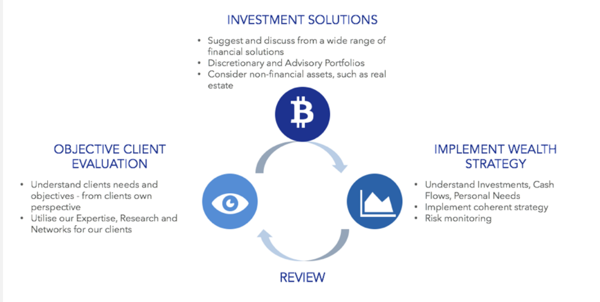
We have several stock screens that provide more colour to stocks that may benefit or suffer from some of the policies that may be adopted by President Trump. With potential import duties, and an expressed view favouring US production, some stocks may undergo a re-rating in the coming months.

From an investment portfolio perspective, with an Asian bias, a few things to consider

1) Asian companies that are big and earn large portions of their revenue domestically are likely to be safer from uncertainty (China Mobile, SHKP, Ctrip…)
2) More risky would be non-US companies that have revenues earnt largely outside their domicile or in the US (Honda, Sinopec, Sony, Tata Consultancy…..)
3) Safer environment for US companies with most of their revenue onshore (Wells Fargo, Union Pacific…..)
4) More hazardous are US companies with a significant non-US revenue base (Freeport McMoran, Exxon, Apple, P&G….)
5) Asian countries with big caps exposed to significant offshore earnings are India, Taiwan and Japan (Infosys, Samsung electronics, Japan Tobacco….)
6) Some of the safer sectors, with domestic focused operations are financials, Consumers, Internet and Telecoms (ICBC, Dairy Farm, Vipshop, NTT….)

Of course these are not the only investment themes being digested by the market, but it is reasonable to assume these themes will have a significant bearing on prices in the coming months until some sort of stability has been attained.

OUR METHODOLOGY



ARETE INVESTMENT PROCESS