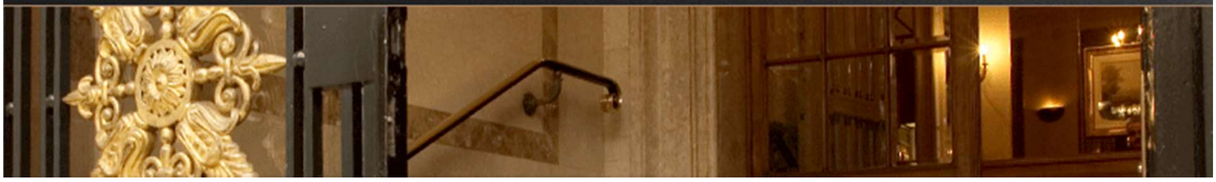

MARKET COMMENT

Dear all,

Following the Investment Committee meeting held today, please find below a summary of our global views edited by Bill Papadakis, Investment Strategist at Lombard Odier.

Donald Trump is the winner of the US Presidential election, achieving a clear victory against the odds, confounding polls, forecast models, market sentiment, and our own expectations. The Republican party has also managed to keep control of both chambers of Congress, maintaining a very large majority in the House of Representatives as well as a slim Senate majority. This outcome boosts the President-elect's ability to govern, as he will now only need to reach intra-party agreement in order to get his chosen policy agenda implemented.

We see the election of Donald Trump as a break with the status quo and we consider this outcome as one of the political events that financial markets will have to adjust to the new political and economic environment.

The economic agenda of the Trump campaign was primarily focused on scaling back or restructuring trade relationships (in particular those with major trade partners such as Mexico and China), a strong opposition to immigration, deregulation (notably in industries such as energy, healthcare, and financial services), as well as a plan for substantial tax cuts – especially in higher income brackets.

Of particular relevance to financial markets is also the critical stance that Donald Trump has held against current US Federal Reserve policies, and specifically against Janet Yellen. This has generated expectations that Yellen may be replaced as the Fed Chair when her term expires in 2018 (or even at an earlier date if she decides to step down) with a more hawkishly inclined candidate, in line with the prevailing Republican economic thinking. However whether the President-elect chooses to take this direction is an open question, as restrictive monetary policy would run counter to his stated goal of doubling US growth.

While lower policy visibility coming from a Trump Presidency might generate some volatility in financial markets in the short-term, over the longer term, the effects for risky assets are less clear-cut, as the pro-growth impact from economic stimulus and deregulatory policies that a Trump government may put forward will have to be weighed against the increased uncertainty caused by the less stable policy environment. One notable risk worth monitoring is that an oversized fiscal stimulus through lower taxes and higher spending could generate inflationary pressures, which would pose upward pressures for the US rates curve and possibly also for the US dollar.

Please contact us if you have any questions.