



TREND TRACKING

Our audience development team discovers what Swiss independent advisers make of the reforms at home and across Europe



2567339067855



NAME **Alexandre Cavé**
FROM **Citywire**
TO **Geneva**
R No **10-17**

COMMUNITY

September saw the FinSA and FinIA discussed in the Federal Assembly. The new laws will bring Swiss regulations closer to MiFID II and could pave the way for a recognition of equivalent standards between Switzerland and the EU.

The new rules, set to come into force in 2019, will bring changes for wealth managers, including increased transparency and disclosure requirements, and client classification and suitability assessments with an institutional oversight. Independent managers will be subject to both FINMA's authority and the delegated surveillance of new regulatory organisations. Meanwhile, the most controversial propositions, such as the reversal of the burden of proof in case of dispute, have been cast aside.

The devil really will be in the detail...

INVESTMENT

2017 has been a relatively stable year: the VIX hit its lowest point in five years and Swiss investors have remained largely unperturbed by the latest North Korean jitters and other geopolitical worries.

However, investors remain on edge: the prospect of rising rates and tapering have them worried after years of assets at historic highs and increased correlation across asset classes.

As usual, all eyes are on central banks, particularly in Europe, where growth in the eurozone could be slowed by the recent rally in the single currency. The euro recently hit \$1.20, threatening the competitiveness of exporters and exerting downward pressure on inflation.

Macron's reforms in France were also under scrutiny, opening the door for deeper Franco-German co-operation.

FUND TO WATCH

The BlueOrchard Microfinance fund is a popular pick among wealth managers seeking returns with social impact.

The fixed income fund provides exposure to 124 microfinance institutions across 45 countries, with a low volatility and stable returns decoupled from mainstream markets.



ADVISER SOUNDBITE

'Emerging market currencies are undervalued, and will drive performance for the next three or four years, but not without bumps'

RISE UP THE AGENDA: EMERGING MARKETS DEBT

Appetite for yield continues to push investors towards emerging markets debt, bolstered by solid returns year-to-date and disappointing risk/reward profiles in developed market high yield bonds. The majority of Swiss investors hold a positive stance on developing markets.

FINELY BALANCED: EUROPEAN EQUITIES

Sentiments remain positive on European equities due to the strength of the eurozone recovery and diminished political risk. Swiss investors have benefited from the euro's appreciation, but momentum is slowing. Some are starting to look at topping up their portfolios elsewhere.

DOWNWARD TREND: US EQUITIES

With US equities markets at historic highs and the Trump administration failing so far to deliver its promised fiscal stimulus package, Swiss investors took profits and appealed to their stock picking instinct, preferring to play themes and US small and mid cap.