PRESS RELEASE

KBL *epb* unveils 2016 global investment outlook

- *High level of asset-price correlation creating systemic challenges for investors worldwide*
- *Non-traditional investment vehicles witnessing increased appeal as part of broader portfolio diversification strategy*
- *European & Japanese shares likely to outperform, supported by positive macroeconomic trends*
- *Commodity prices could finally begin slow ascent; EUR/USD cross rate expected to stabilize*

Luxembourg; January 6, 2016: At a time when stocks and bonds are highly correlated, investors must rethink their approach to diversification, according to Stefan Van Geyt, Group Chief Investment Officer at KBL European Private Bankers (KBL *epb*), which today released its annual projections for the world economy, financial markets and key asset classes.

Given such high levels of correlation, ongoing equity market volatility and very low bond yields, Van Geyt argued that non-traditional asset classes – including real estate, alternative UCITS and structured products – are likely to hold special appeal in 2016 as part of a broader portfolio diversification strategy.

From a macroeconomic perspective, he said that Europe should continue to experience moderate growth, likely exceeding the rate of roughly 1.5% recorded last year. That expansion will be supported by three key factors: low energy/commodity prices; a weak euro, which will continue to boost exports; and sustained attractive financing costs.

"In the US, the services sector will remain strong," said Van Geyt. "Consumer confidence will be further underpinned by decreased unemployment and slightly rising wages. Meanwhile, negative factors for the US economy include the impact of the strong dollar, increasing interest yields and those same rising wages, which will dampen profit margins."

Recognizing that Japan's economy narrowly avoided recession in the third quarter of 2015, Ilario Attasi, KBL *epb*'s CIO, Luxembourg, nevertheless argued that, as "Abenomics" continues to take effect and spurred by expected higher levels of consumer spending, Japan has the potential to rebound over the next 12 months.

Attasi likewise pointed to potential promise in emerging markets, which have been battered by declining commodity prices, Chinese overcapacity and the prospect of a US Federal Reserve rate hike. "Led by service-sector expansion and increased consumption," he said, "this year should mark a turning point for emerging markets, although there remain significant risk factors."

Against that complex macroeconomic backdrop, global equity markets will continue their roller-coaster performance, generating both nerve-rattling volatility and significant opportunities for steely investors. Overall, according to Van Geyt, European and Japanese shares should prove most attractive over the next 12 months.

Meanwhile, following more than four years of steady decline, KBL *epb*'s Group CIO said that while commodity prices may have finally hit bottom, "the climb back up is likely to be difficult, slow and uneven."

Finally, regarding currencies, Van Geyt said that the great dollar bull run of 2015 is unlikely to be repeated over the coming 12 months, leading to a more stable EUR/USD cross rate. Emerging-market and commodity currencies are now broadly undervalued, he added, and should trend upwards in 2016.

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About KBL European Private Bankers:
KBL European Private Bankers (KBL *epb*), founded in 1949, is headquartered in Luxembourg with a pan-European presence in 50 cities. With some 2,200 staff and nearly €100 billion in assets under management and under custody (as of June 30, 2015), KBL *epb* is widely recognized as a private banking leader, providing clients with proximity, agility and personalized service.

The group extends a range of additional investment solutions through its Asset Servicing (including Fund Administration and Global Custody), Global Markets and Asset Management business lines.

With the full support of its shareholder, Precision Capital, a Luxembourg-based bank holding company, KBL *epb* is consolidating its presence across Europe.

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