

Press release

Stockholm, September 11, 2012

Investment Outlook: A new phase around the corner in the capital market

Government financial crises and economically related problems receive great media attention and influence the risk appetite of financial market players. The challenge is to see through the media clutter and sort out the fundamental trends. Those who do this will discover opportunities for good investment returns. This is the main theme of the September issue of SEB Investment Strategy's quarterly report, *Investment Outlook*.

"So far during 2012, market behaviour has been extremely tactical, and the battle between strategy and tactics will continue to test the patience of market players. But a less acute situation in Europe and better signals from the United States will support a more stable market climate," says Hans Peterson, Chief Investment Officer at SEB Private Banking.

There is a constant focus on investors' risk appetite, which forms the basis for how they allocate their portfolios. In this context, the bond market offers a diversity – but also a complexity – that encompasses both opportunities and risks, which is why *Investment Outlook* devotes a theme article to this topic.

"The bond market is not always entirely easy to understand. Investors need to be familiar with its market players, financial instruments and risks. If they do, they can take good advantage of the risk-adjusted returns offered by certain segments, for example high yield bonds and emerging market sovereign debt," Mr Peterson notes.

Among the other concrete investment suggestions that Investment Strategy highlights in this issue are oil service shares and industrial commodities, as well as companies exposed to stable and growing private consumption globally.

"Sectors with low valuations and stable growth in regions whose stock markets are lagging behind are attractive. China is one example, with a share price gap compared to the US that is partly justified from a cyclical standpoint but is also an effect of low risk appetite in the market. If this appetite increase, there is great potential in lagging regions," Mr Peterson says.

This autumn's weighty political agenda obviously has the power to alter market trends. "The task of debt deleveraging in Europe and the US elections will continue to compete for market attention. The problems in these countries have been partially caused by generous policies and can only be handled by politicians. How well they succeed will be measurable in the market climate during the autumn," says Lars Gunnar Aspmann, Senior Macro Analyst. He adds:

"The global economic recovery is progressing, albeit at a slow pace. We are still seeing the best growth in emerging markets. Although China has recently been something of a disappointment, there are hopes that continued stimulus measures from the People's Bank of China will turn around the decelerating

trend. Financial market players also have high hopes of continued supportive actions by the world's other central banks; much of the potential for economic growth is in their hands.”

Investment Outlook gives readers an in-depth look at the investment climate and prospects for seven asset classes. It also provides advice about current risks and opportunities in the art of investing. The report can be read in its entirety at <http://newsroom.sebgroup.com/en>.

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