

“In our view, global geopolitical changes will be the major risk to monitor in 2017”

How will the Trump Presidency Operate and How will it Affect Markets?

Trump Policy Positions

Some of Trump’s policies are decidedly pro-growth, while others could pose serious risks to the economy.

Trump and the Grand Old Party

The area of most common interest between Trump and the Republican Party is on corporate tax and regulatory reforms.

Trump Euphoria in Financial Markets

Trump’s election has had some positive effects on consumer and small business confidence. Markets may be underestimating the downside risks.



What will the Rise in Populism Mean for Europe’s Economies?

Pessimistic Europeans

Europeans are becoming more pessimistic about their children’s future, immigration, diversity, and the future of the EU. This sentiment has fueled the rise of populist forces across Europe.

Weaker Outlook for the European Union

Even if outright nationalist/populist governments are not elected, if they have growing representation in parliaments, they will pull governments to the right, making support for EU initiatives more difficult.



What is the Main Geopolitical Theme Globally?

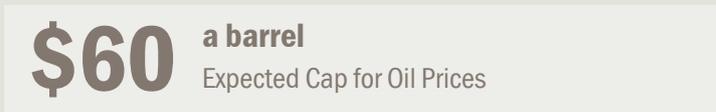
Nostalgic Nationalism is Strengthening all over the World

Anti-multiculturalism, anti-globalization, security and terrorism threats are common themes around the world. The combination of these three factors are making many people nervous and driving a sense of nostalgia for perceived better times and national glory. We believe that this trend is set to continue and will fuel the rise of populist parties in many developed economies.

Will the Oil Market be the Positive Surprise of the Year?

Increasing Oil Output Should Cap Oil Prices

Technological improvements are driving efficiency gains that should put a cap on oil prices around \$60 a barrel (unless there is a major global geopolitical crisis).

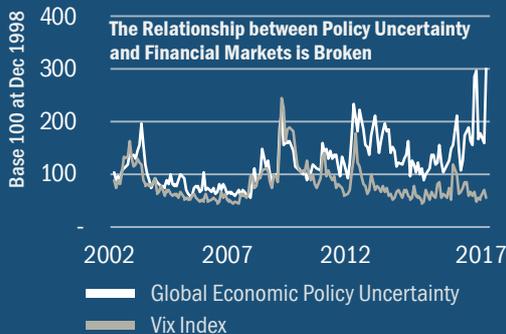


Source: Pioneer Investments analysis on Bloomberg. Data as March 2, 2017. * Source PEW Research, average on Spain, France, Italy and Germany. With the contribution of: Robert F. Wescott, Ph.D., President of Keybridge Research.

» A GUIDE TO INVESTING IN A WORLD OF UNCERTAINTY

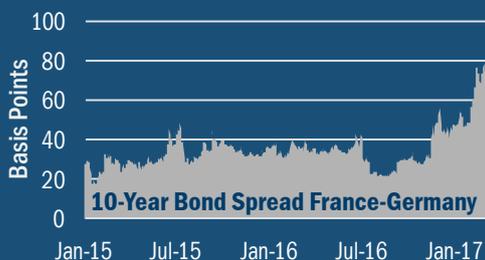
» Risk of Tail Events

The low volatility environment is a false indicator of safety. In reality, we are experiencing an environment where global policy uncertainty is pointing towards a higher risk of tail events.



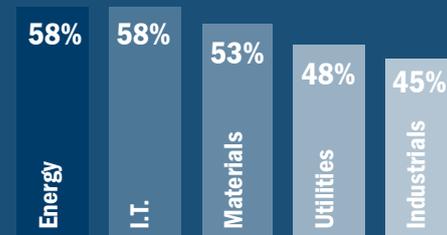
» Tactical Opportunities

Currencies and government bonds tend to move ahead of geopolitical events offering opportunities for active investors. I.e. for example French/German bond spreads ahead of the French election.



» Selection

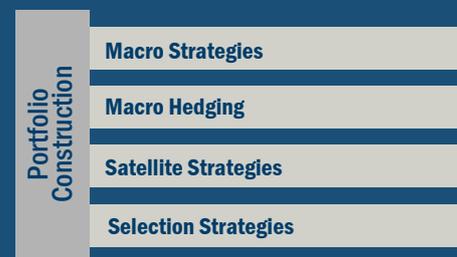
Countries, sectors and stocks have different degrees of exposure to globalism that need to be assessed in order to identify future winners and losers.



Top S&P500 Sectors' Exposure to Globalism
Foreign Sales as % of Total Sales in 2015

» Diversification

We believe that diversification across multiple investment strategies, combined with hedging to limit the downside in case of tail risks, are key to building resilient portfolios.



Important Information

Diversification does not protect against a profit or a loss.

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Source: Pioneer Investments analysis on Bloomberg and S&P Dow Jones Indices LLC. Data as March 3, 2017.

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