Applied philosophy
Strategist from East of the Elbe – Q1 2025

The total returns on assets in Central and Eastern EU member countries (CEE11) have diverged within equities and have been subdued in government bonds during Q4 2024 so far. Inflation has picked up in most economies, and interest rate expectations rose at the same time as global economic growth seemed to have remained sluggish outside the US. We expect growth to reaccelerate in 2025 both within and outside the region and move towards trend, although we expect inflation to stay close to central bank targets. In our view, this outlook should support both government bonds and equities in our CEE11 universe.

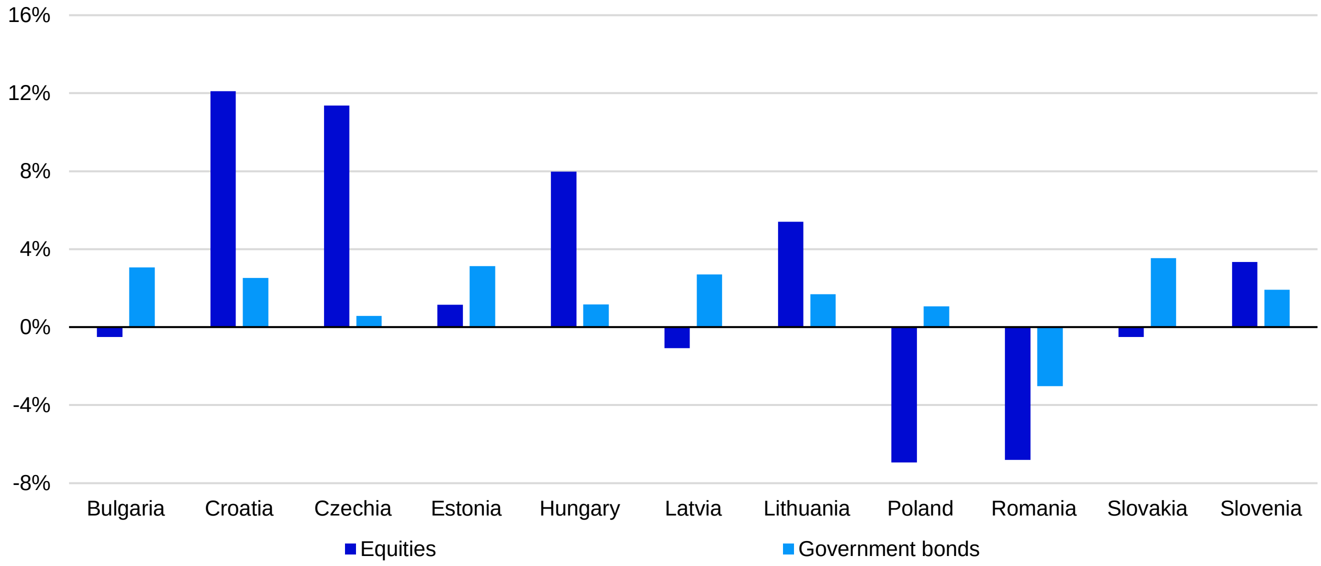
Winter is knocking on our doors, and we retreat into our homes in the run-up to Christmas looking for certainty and calm. Alas, the news cycle keeps churning as markets prepare for the presidency of Donald Trump and an increasingly fraught geopolitical environment. Even the scale of monetary easing has been thrown into doubt, although we still think interest rates will be lower by the end of 2025. Rate cuts, especially by the US Federal Reserve (Fed), tend to boost Emerging Market (EM) assets, so when uncertainty creeps in, it could increase volatility. Although EM fixed income assets outperformed, equities were in line and rate-sensitive REITs struggled, as potentially higher rates and a stronger US dollar made their impact (see **Figure 6**).

Equity returns since the end of August in the CEE11 countries within our universe have diverged, though government bond returns have been mostly positive. Within equities, we highlighted Slovenia and Poland as our most preferred markets in our last edition, while we thought Hungary and Slovakia were likely to underperform (see here for the full detail). As shown in **Figure 1**, Slovenia was only the fifth best performer, but Poland was the worst. At the same time, while returns for Hungary were much stronger than we expected, Slovakia underperformed slightly.

After a relatively strong period in the summer of 2024, government bond returns were more subdued in the autumn, but still positive (except for Romania) despite an uptick of inflation in several countries. We chose Czechia and Poland as our most preferred in our last edition but they were among the weaker performers (Slovakia had the strongest returns between 31 August and 30 November 2024). On the other hand, we highlighted Croatia and Lithuania as our least preferred (both had strong returns).

Government bond yields declined in the autumn of 2024 in CEE11 countries that are Eurozone members but were either stable (Czechia and Hungary) or rose slightly (Poland and Romania) as the European Central Bank (ECB) continued to cut rates. The surprisingly strong showing by populists in elections in Romania may have pushed yields higher there. We expect Developed Market (DM) central banks to continue easing monetary policy, although rates are now expected to remain higher than three months ago,

Figure 1 – Central and Eastern European country total returns since 31 August 2024 (local currency)



Notes: **Past performance is no guarantee of future results.** Data as of 30 November 2024. We use Datastream Total Market indices for equity returns. Government bond returns for Czechia, Hungary and Poland are based on Datastream 10-year benchmark government bond indices. We create a monthly index of government bond returns for all other countries by calculating the net present value of coupon payments and capital repayment based on redemption yields.
Source: LSEG Datastream and Invesco Global Market Strategy Office

especially in the US. At the same time, EM central banks may have reached a stage where they may pause to determine the direction of economic growth and inflation after a period of significant cuts in many countries. In our view, the global economy could reaccelerate in 2025 after going through a phase of weak growth, thus rapid rate cuts may increasingly seem inappropriate. In CEE11, GDP growth has remained positive, but below average in every country except Croatia, and we expect that to remain the case in the next year.

However, inflation ticked higher in some CEE11 countries, and remained above 4% in Romania, Poland and Estonia. This has marked a reversal of previous trends of gradually falling inflation, and there are only four countries where it is below 3%. Nevertheless, in our view, barring a major commodity supply shock, sluggish economic growth could limit any significant uptick even as supportive base effects fade.

In our view, these dynamics may limit the pace of monetary policy easing within the region (**Figure 2**). Barring a major economic setback, we also think that the era of rapid rate cuts in Czechia and Hungary is unlikely to return implying that the spread between EM and DM rates may not tighten significantly, especially if major DM central banks ease policy at a similar pace. Countries outside the Euro Area must be mindful of further currency weakness potentially counteracting disinflationary forces if they resume cutting rates at their earlier pace (this may have contributed to the recent rise in inflation, in our view). Although only Poland has maintained its target rate so far this year, the Czech and Hungarian central banks indicated a period of stability before further easing resumes, thus lowering the risk of currency depreciation.

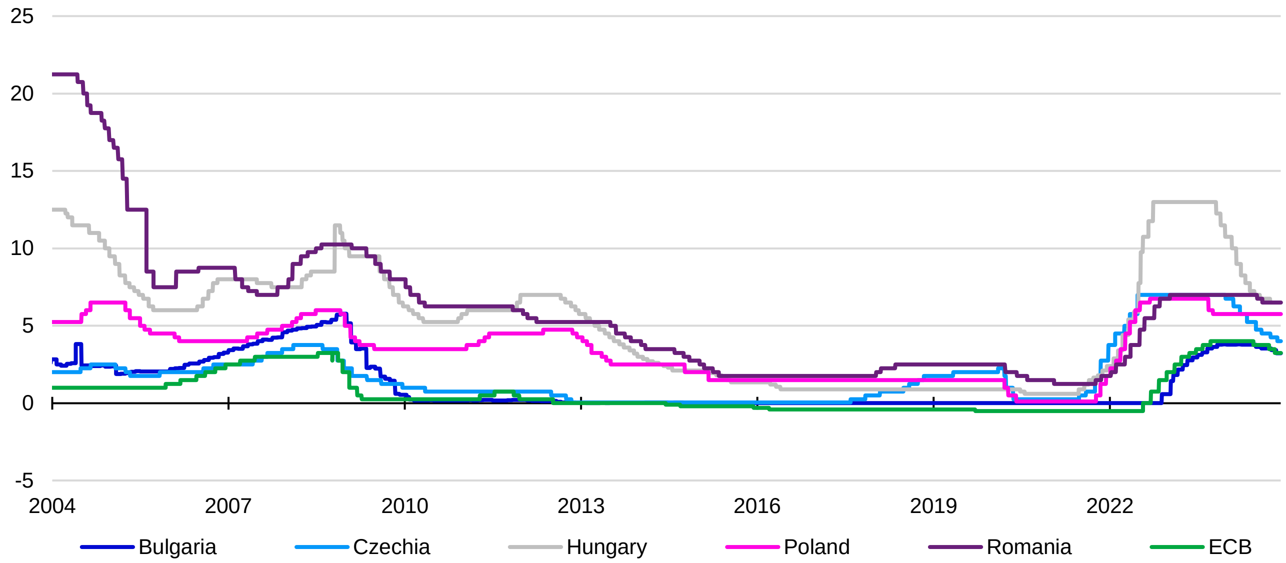
The political landscape, on the other hand, is likely to be stable in the next 12 months despite recent turbulence in Romania after the result of the first round of the presidential election was annulled. While the Polish presidential election of May 2025 could be impactful, especially as the current president, Andrzej Duda, is ineligible for re-election, it is still too far ahead to appear on the markets' radar. In our view, the same applies to the Czech parliamentary elections, which will be held in the autumn of 2025.

We think the global macroeconomic backdrop will be supportive of regional assets in general. In our latest The Big Picture, we reiterated the view that inflation is likely to stay close to central bank targets in most countries, while prospects for growth may improve during 2025. Accordingly, we cautiously increased our allocation to risk assets (despite rich valuations in some cases), and we maintained our preference for Emerging Markets as a whole.

In CEE11 countries, we think growth will stay higher than in DM as real wage growth remains strong, while interest rates continue to decline. In our view, fiscal policy is likely to be neutral, although spending may be constrained somewhat by higher debt servicing costs.

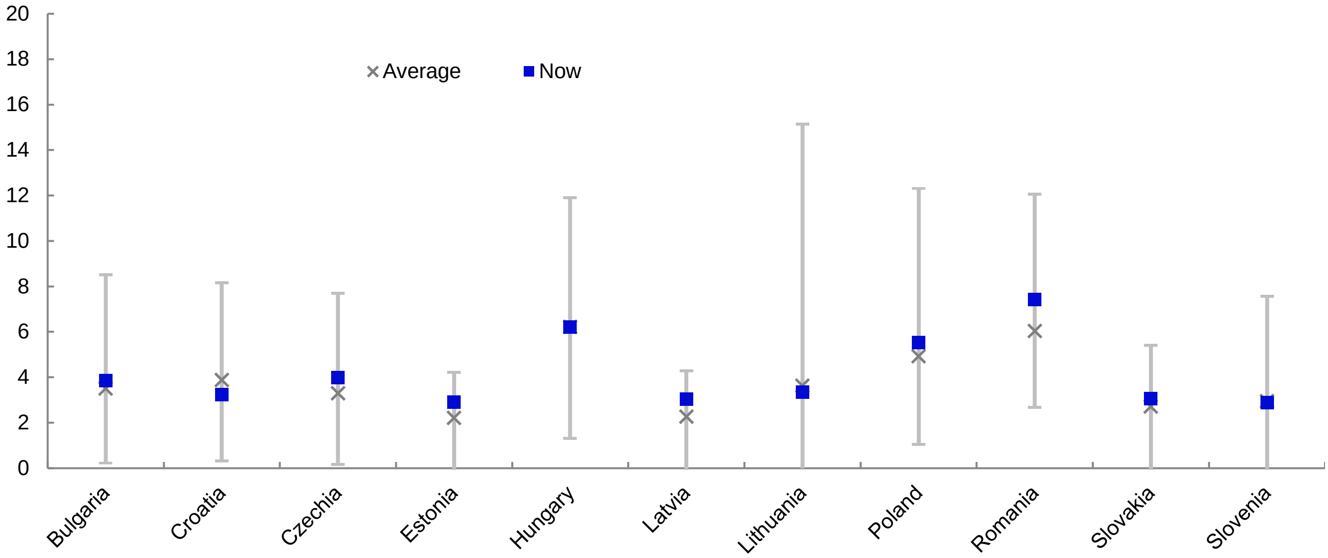
What does this imply for markets? The main question, in our view, is how far and how quickly growth reaccelerates after getting through its current soft patch, assuming the global economy avoids a deep recession. We think that markets may continue to price

Figure 2 – Central bank target rates since 2004



Notes: **Past performance is no guarantee of future results.** Data as of 30 November 2024. Using daily data from 1 January 2004.
Source: LSEG Datastream and Invesco Global Market Strategy Office

Figure 3 – Central and Eastern European government bond yields within historical ranges (%)



Notes: **Past performance is no guarantee of future returns.** Data as of 30 November 2024. Historical ranges and averages include daily data from 14 April 2006 for Bulgaria, 30 January 2008 for Croatia, 1 May 2000 for Czechia, 1 February 1999 for Hungary, 15 April 2003 for Lithuania, 1 January 2001 for Poland, 16 August 2007 for Romania, 7 January 2004 for Slovakia, 3 April 2007 for Slovenia and 24 November 2020 for Estonia and Latvia. We use Refinitiv Government Benchmark 10-year bond indices for Bulgaria, Croatia, Lithuania, Romania, Slovakia and Slovenia. We use Datastream benchmark 10-year government bond indices for Czechia, Hungary and Poland. We use S&P Sovereign Bond Index yields for Estonia and Latvia.
Source: LSEG Datastream and Invesco Global Market Strategy Office

in stronger growth through H1 2025 potentially boosting risk assets, although we may see some weakness and volatility in the near term.

In general, we view this as a favourable environment for both equities and government bonds within CEE11 (we consider them risk assets within a global asset allocation context). This could mean that until we get more clarity on the outlook for growth (especially for the Euro Area) they may underperform EM and Global benchmarks. However, we think there is scope for catch-up, especially if the DM monetary easing cycle reduces the attractiveness of DM assets relative to CEE11.

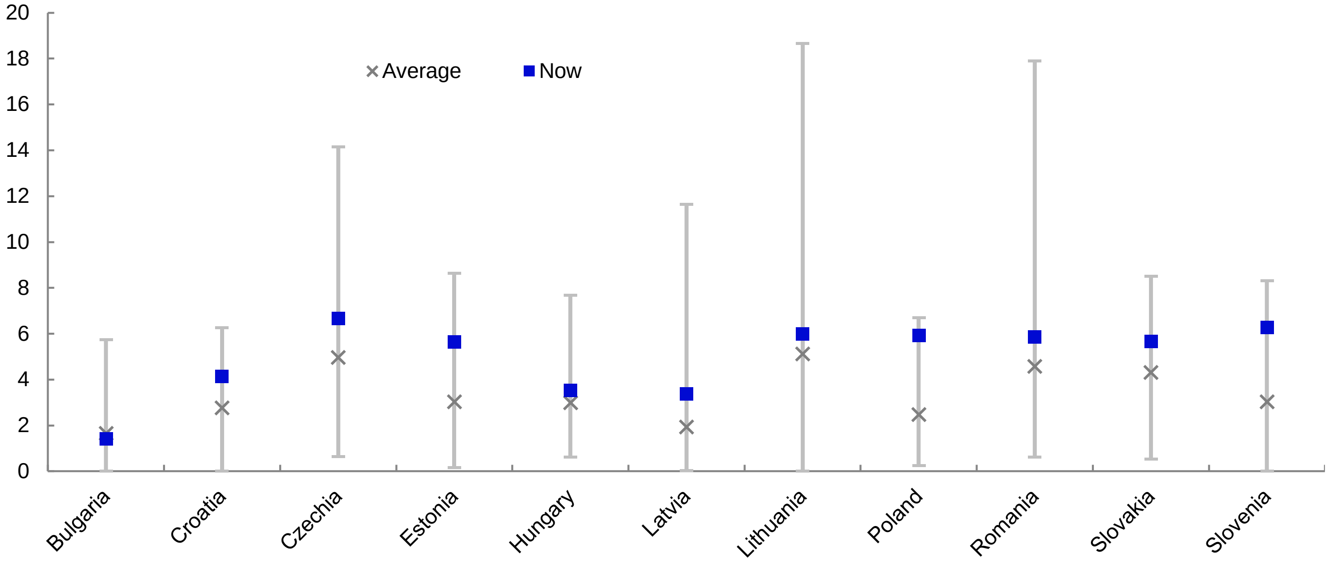
For those markets outside the Euro Area, currencies may also play a major part in determining returns, especially within equities, where weakness may contribute to higher profits (up to a point). However, we think the probability of further weakening in 2025 is limited, especially if interest rates behave as expected by markets and consensus.

Regional currencies were broadly unchanged versus the euro between 31 August and 30 November 2024 apart from the Hungarian forint, which weakened significantly. At the same time, they generally weakened against the US dollar mostly driven by rising Fed target rate expectations, in our view. We expect gradual rate cuts from both major DM and local central banks thus we may be close to the end of the tightening in rate spreads. Rate futures and Reuters consensus forecasts indicate rate cuts of at least 75bps for Poland and 100bps for Romania, Hungary and Czechia compared to 150bps for the ECB and 75bps for the Fed until the end of 2025 (as of 30 November 2024). Thus, we expect some strengthening against the euro, and moderate movements in exchange rates versus the US dollar, unless there is a sudden deterioration of economic momentum (either within the region or globally).

We believe the biggest risks to regional returns are an escalation of geopolitical conflicts pushing up commodity prices (they may boost regional inflation more than in developed markets) and a deep economic slowdown (perhaps triggered by adverse events). For the moment, we see these as tail risks and we are positive on CEE11 government bonds, given the expectation of further, albeit more gradual monetary easing in general.

In absolute terms, the 10-year yields of Romania and Hungary at 7.4% and 6.2% respectively are the highest, which is not surprising given that they also have the highest central bank rates within the region (as of 30 November 2024 – see **Figure 3**). We would expect these yields to be lower than the 6.8% yield on the broader EM universe (based on the Bloomberg Aggregate Sovereign Bond Index in USD as of 30 November 2024) due to their structurally lower inflation and interest rate expectations.

Figure 4 – Central and Eastern European dividend yields within historical ranges (%)



Notes: **Past performance is no guarantee of future returns.** Data as of 30 November 2024. Based on daily data using Datastream Total Market indices. Historical ranges and averages include daily data from 2 October 2000 for Bulgaria, 3 October 2005 for Croatia, 27 January 1994 for Czechia, 5 June 1997 for Estonia, 21 June 1991 for Hungary, 3 November 1997 for Latvia, 1 April 1998 for Lithuania, 1 March 1994 for Poland, 29 December 1997 for Romania, 1 March 2006 for Slovakia and 31 December 1998 for Slovenia.
Source: LSEG Datastream and Invesco Global Market Strategy Office

The political turbulence in Romania may have temporarily pushed yields higher, which may present a unique opportunity assuming they normalise in 2025. However, in Hungary's case, the uncertainty around economic policy may not leave much room for strong returns, especially if monetary policy easing does not diverge from the rest of the region. On the other hand, we think Poland has more potential for outperformance, especially if rate cuts start earlier than mid-2025. Polish government bonds have the third highest yield in the region at 5.5% (see **Figure 3**) and their spreads vs German bunds are also higher than historical norms. At the same time, Croatian and Slovenian bonds seem to have the least attractive valuations with yields and spreads versus Bunds below historical averages.

Despite the increasingly uncertain economic outlook in the short term, we expect healthy equity returns in the region based on our assumption of a global economic recovery in 2025. While there may be a few bumps on the road in the near term, valuations look favourable in most markets within the CEE11. Apart from Bulgaria, they also offer higher yields in absolute terms than the 3.3% of the broader EM universe (using Datastream Total Market indices as of 30 November 2024). In our view, Slovenia continues to be in the sweet spot of having a dividend yield well-above historical norms and relative to its peers in the region (see **Figure 4**) despite over 36% returns year-to-date. Polish dividend yields are also significantly higher than historical averages and the market has lower levels of concentration than other markets, while it provides exposure to cyclical sectors, which may outperform if economic growth picks up. At the same time, we still view Czechia as an attractive hedge against potential market volatility in the near term with its dominance by the country's largest utility company.

On the other hand, we cannot overlook the low yields on offer on Bulgarian equities, which are also the only ones below their historical averages. At the same time, both the dividend yield and the yield premium compared to historical norms is now the third lowest within the region for Hungary, thus we view these markets as having the least potential for outperformance.

Figure 5 – Our most favoured and least favoured markets in Central and Eastern Europe

	Government bonds	**Equities**
Most favoured	Romania, Poland	Slovenia, Poland
Least favoured	Croatia, Slovenia	Bulgaria, Hungary

Source: Invesco Global Market Strategy Office

Figure 6 – Asset class total returns (%, annualised)

Data as at 10/12/2024		Current	Total Return (USD, %)					Total Return (Local Currency, %)				
	Index	Level/RY	1w	1m	QTD	YTD	12m	1w	1m	QTD	YTD	12m
Equities												
World	MSCI	866	-0.2	0.5	2.0	21.4	26.6	0.0	1.0	3.7	23.5	27.7
Emerging Markets	MSCI	1112	1.3	-2.0	-4.9	11.5	17.3	1.3	-1.1	-2.2	16.1	20.9
China	MSCI	66	3.0	-2.8	-5.8	22.0	25.1	2.8	-2.6	-5.2	22.0	24.9
US	MSCI	5773	-0.2	1.0	5.6	28.5	33.3	-0.2	1.0	5.6	28.5	33.3
Europe	MSCI	2075	0.4	0.2	-6.5	6.1	10.3	0.2	2.1	-1.0	10.5	11.8
Europe ex-UK	MSCI	2556	0.6	-0.1	-7.1	4.8	8.9	0.6	1.9	-1.5	10.4	11.3
UK	MSCI	1253	-0.4	1.2	-4.1	10.6	15.3	-1.0	2.8	0.9	10.7	13.5
Japan	MSCI	3996	-2.3	0.1	-2.1	10.3	15.2	-0.4	-0.1	4.1	19.1	21.3
Government Bonds												
World	BofA-ML	3.18	-0.3	0.3	-3.9	-1.8	1.7	0.1	1.0	-0.7	1.4	3.6
Emerging Markets	BBloom	6.80	0.7	1.8	0.8	12.6	17.9	0.7	1.8	0.8	12.6	17.9
China	BofA-ML	1.66	1.0	0.3	-1.0	5.6	7.7	0.6	1.5	2.2	7.9	9.0
US (10y)	Datastream	4.23	0.1	0.9	-2.7	0.9	4.1	0.1	0.9	-2.7	0.9	4.1
Europe	Bofa-ML	2.50	-0.1	0.1	-4.4	-1.5	3.2	0.0	2.4	1.5	3.5	5.7
Europe ex-UK (EMU, 10y)	Datastream	2.12	-0.6	0.0	-5.4	-3.2	1.4	-0.5	2.3	0.5	1.8	3.9
UK (10y)	Datastream	4.33	0.1	-0.4	-6.6	-1.7	4.4	-0.5	1.2	-1.6	-1.6	2.8
Japan (10y)	Datastream	1.05	-1.8	-0.2	-7.2	-9.3	-5.7	0.2	-0.4	-1.3	-2.2	-0.7
IG Corporate Bonds												
Global	BofA-ML	4.53	0.2	0.2	-2.1	3.3	6.9	0.2	0.9	-0.1	5.0	7.7
Emerging Markets	BBloom	6.36	0.4	0.8	-0.5	12.7	17.0	0.4	0.8	-0.5	12.7	17.0
China	BofA-ML	2.36	1.0	0.0	-1.8	3.2	5.0	0.5	1.2	1.5	5.5	6.3
US	BofA-ML	5.11	0.2	0.7	-0.9	4.8	7.8	0.2	0.7	-0.9	4.8	7.8
Europe	BofA-ML	3.08	0.1	-0.8	-4.3	0.4	4.8	0.2	1.5	1.7	5.6	7.4
UK	BofA-ML	5.44	0.6	-0.2	-4.7	2.5	8.0	0.0	1.3	0.3	2.6	6.4
Japan	BofA-ML	1.22	-1.8	0.1	-6.6	-7.8	-4.9	0.1	-0.1	-0.7	-0.5	0.1
HY Corporate Bonds												
Global	BofA-ML	7.10	0.3	0.3	-0.1	8.6	12.2	0.3	0.8	1.2	9.7	12.7
US	BofA-ML	7.31	0.3	0.8	1.0	9.1	12.5	0.3	0.8	1.0	9.1	12.5
Europe	BofA-ML	5.72	0.4	-1.2	-4.1	3.4	8.1	0.5	1.1	1.9	8.7	10.9
Cash (Overnight LIBOR)												
US		4.64	0.1	0.4	0.9	5.0	5.4	0.1	0.4	0.9	5.0	5.4
Euro Area		3.16	0.2	-1.5	-4.8	-1.2	1.5	0.1	0.3	0.6	3.5	3.8
UK		4.70	0.9	-0.8	-3.6	5.2	7.1	0.1	0.4	0.9	4.9	5.2
Japan		0.23	-1.5	0.5	-5.4	-7.1	-4.5	0.0	0.0	0.0	0.1	0.1
Real Estate (REITs)												
Global	FTSE	1665	-1.7	-2.3	-6.1	5.6	12.8	-1.6	0.0	-0.2	11.0	15.6
Emerging Markets	FTSE	1224	1.0	-3.4	-8.8	0.1	6.0	1.1	-1.1	-3.1	5.2	8.6
US	FTSE	3339	-1.5	-1.6	-2.2	12.5	20.2	-1.5	-1.6	-2.2	12.5	20.2
Europe ex-UK	FTSE	2392	-1.2	-3.2	-13.9	-3.4	5.9	-1.1	-1.0	-8.5	1.6	8.6
UK	FTSE	810	-1.0	-4.6	-16.0	-8.5	-0.7	-1.6	-3.1	-11.5	-8.4	-2.2
Japan	FTSE	1946	-4.1	-3.9	-10.8	-7.4	-5.0	-2.2	-4.1	-5.2	-0.1	0.0
Commodities												
All	GSCI	3571	0.0	0.3	1.4	6.7	7.7	-	-	-	-	-
Energy	GSCI	602	-1.3	-1.0	1.7	4.0	4.9	-	-	-	-	-
Industrial Metals	GSCI	1709	0.1	-1.1	-3.9	6.8	12.5	-	-	-	-	-
Precious Metals	GSCI	3021	2.2	0.6	2.3	30.4	34.6	-	-	-	-	-
Agricultural Goods	GSCI	515	3.9	3.7	1.7	0.4	-2.1	-	-	-	-	-
Currencies (vs USD)*												
EUR		1.05	0.2	-1.8	-5.5	-4.6	-2.2	-	-	-	-	-
JPY		151.96	-1.5	0.4	-5.5	-7.2	-4.6	-	-	-	-	-
GBP		1.27	0.6	-1.5	-5.0	-0.1	1.6	-	-	-	-	-
CHF		1.13	0.4	-0.8	-4.2	-4.7	-0.3	-	-	-	-	-
CNY		7.25	0.5	-1.0	-3.2	-2.1	-1.2	-	-	-	-	-

Notes: *The currency section is organised so that in all cases the numbers show the movement in the mentioned currency versus USD (+ve indicates appreciation, -ve indicates depreciation). **Past performance is no guarantee of future results.** Please see appendix for definitions, methodology and disclaimers.
Source: LSEG Datastream and Invesco Global Market Strategy Office

Figure 7 – Global equity sector total returns relative to market (%)

Data as at 10/12/2024	Global				
	1w	1m	QTD	YTD	12m
Energy	**-0.8**	**-0.8**	**-0.2**	**-13.8**	**-15.3**
Basic Materials	**-0.2**	**-3.0**	**-8.7**	**-15.8**	**-14.2**
Basic Resources	0.1	-3.2	-7.8	-13.8	-10.6
Chemicals	-0.6	-2.8	-10.1	-18.5	-19.2
Industrials	**-1.2**	**-1.7**	**-1.3**	**-2.1**	**-0.5**
Construction & Materials	-1.4	-1.3	-2.9	-2.2	-0.2
Industrial Goods & Services	-1.2	-1.7	-1.0	-2.1	-0.6
Consumer Discretionary	**2.4**	**5.4**	**5.6**	**2.5**	**2.1**
Automobiles & Parts	6.7	10.0	13.3	-0.4	-1.9
Media	-0.4	8.0	12.0	15.7	14.6
Retailers	2.5	5.6	8.5	15.7	16.6
Travel & Leisure	0.7	2.5	6.3	-1.1	-0.8
Consumer Products & Services	1.1	2.6	-6.7	-14.6	-15.7
Consumer Staples	**-0.8**	**-1.1**	**-7.2**	**-13.0**	**-14.1**
Food, Beverage & Tobacco	-0.4	-1.5	-8.0	-15.0	-16.3
Personal Care, Drug & Grocery Stores	-1.5	-0.5	-5.9	-9.3	-10.2
Healthcare	**-1.4**	**-4.1**	**-8.5**	**-9.7**	**-9.5**
Financials	**-0.4**	**0.5**	**2.4**	**5.4**	**6.0**
Banks	0.4	1.1	3.5	5.2	6.6
Financial Services	-0.5	0.4	3.8	5.5	7.0
Insurance	-2.3	-1.2	-2.5	5.7	3.0
Real Estate	**-1.3**	**-2.3**	**-6.8**	**-10.6**	**-8.7**
Technology	**0.9**	**0.4**	**4.4**	**14.6**	**14.0**
Telecommunications	**-1.3**	**-0.6**	**-1.6**	**-5.3**	**-5.8**
Utilities	**-1.2**	**-1.8**	**-7.0**	**-4.9**	**-6.7**

Notes: Returns shown are for Datastream sector indices versus the total market index. **Past performance is no guarantee of future results.** Source: Refinitiv Datastream and Invesco

Figure 8 – Model asset allocation

	Neutral	Policy Range		Allocation	Position vs Neutral	Hedged	Currency
Cash Equivalents	**5%**	**0-10%**	↓	**0%**			
Cash	2.5%		↓	0%			
Gold	2.5%			0%			
Bonds	**40%**	**10-70%**	↑	**47%**			
Government	25%	10-40%	↓	25%			
US	8%		↓	12%		25%	JPY
Europe ex-UK (Eurozone)	7%		↑	7%			
UK	1%			2%			
Japan	7%		↓	0%			
Emerging Markets	2%			4%			
China**	0.2%			0%			
Corporate IG	10%	0-20%	↑	18%			
US Dollar	5%		↑	10%		50%	JPY
Euro	2%		↑	4%			
Sterling	1%			2%			
Japanese Yen	1%		↓	0%			
Emerging Markets	1%			2%			
China**	0.1%			0%			
Corporate HY	5%	0-10%	↑	4%			
US Dollar	4%		↑	3%			
Euro	1%		↑	1%			
Bank Loans	**4%**	**0-8%**		**8%**			
US	3%			6%			
Europe	1%			2%			
Equities	**45%**	**25-65%**		**35%**			
US	25%			10%			
Europe ex-UK	7%		↑	10%			
UK	4%		↑	6%			
Japan	4%			3%			
Emerging Markets	5%		↓	6%			
China**	2%			4%			
Real Estate	**4%**	**0-8%**	↑	**6%**			
US	1%			0%			
Europe ex-UK	1%		↑	2%			
UK	1%			2%			
Japan	1%		↑	2%			
Emerging Markets	1%			0%			
Commodities	**2%**	**0-4%**	↑	**4%**			
Energy	1%		↑	1%			
Industrial Metals	0.3%		↑	2%			
Precious Metals	0.3%			0%			
Agriculture	0.3%			1%			
Total	**100%**			**100%**			

Currency Exposure (including effect of hedging)				
USD	52%	↑	37%	
EUR	19%	↑	26%	
GBP	7%	↓	12%	
JPY	13%	↓	13%	
EM	9%	↓	12%	
Total	**100%**		**100%**	

Notes: **China is included in Emerging Markets allocations. This is a theoretical portfolio and is for illustrative purposes only. See the latest The Big Picture document for more details. It does not represent an actual portfolio and is not a recommendation of any investment or trading strategy. Arrows indicate the direction of the most recent changes.
Source: Invesco

Figure 9 – Model allocations for Global sectors

	Neutral	Invesco	Preferred Region
Energy	**6.1%**	**Neutral**	**EM**
Basic Materials	**3.8%**	**Underweight**	**Japan**
Basic Resources	2.3%	Underweight	Japan
Chemicals	1.5%	Neutral	US
Industrials	**13.2%**	**Underweight**	**US**
Construction & Materials	1.7%	Underweight	US
Industrial Goods & Services	11.4%	Underweight	US
Consumer Discretionary	**14.0%**	**Underweight**	**US**
Automobiles & Parts	2.4%	Underweight	Europe
Media	1.1%	Neutral	Japan
Retailers	5.3%	Overweight	US
Travel & Leisure	1.9%	Underweight	EM
Consumer Products & Services	3.4%	Underweight	Japan
Consumer Staples	**5.4%**	**Overweight**	**US**
Food, Beverage & Tobacco	3.4%	Overweight	US
Personal Care, Drug & Grocery Stores	2.0%	Overweight	Europe
Healthcare	**9.3%**	**Overweight**	**US**
Financials	**15.7%**	**Overweight**	**US**
Banks	7.4%	Overweight	Europe
Financial Services	5.3%	Overweight	US
Insurance	3.1%	Overweight	US
Real Estate	**2.8%**	**Neutral**	**Japan**
Technology	**23.0%**	**Neutral**	**EM**
Telecommunications	**3.4%**	**Underweight**	**US**
Utilities	**3.4%**	**Neutral**	**US**

Notes: These are theoretical allocations which are for illustrative purposes only. They do not represent an actual portfolio and are not a recommendation of any investment or trading strategy. See the latest Strategic Sector Selector for more details.
Source: Refinitiv Datastream and Invesco

Appendix

Definitions of data and benchmarks for Figure 6

Sources: we source data from Datastream unless otherwise indicated.

Cash: returns are based on a proprietary index calculated using the Intercontinental Exchange Benchmark Administration overnight LIBOR (London Interbank Offer Rate). From 1st January 2022, we use the Refinitiv overnight deposit rate for the euro, the British pound and the Japanese yen. The global rate is the average of the euro, British pound, US dollar and Japanese yen rates. The series started on 1st January 2001 with a value of 100.

Gold: London bullion market spot price in USD/troy ounce.

Government bonds: Current levels, yields and total returns use Datastream benchmark 10-year yields for the US, Eurozone, Japan and the UK, and the Bank of America Merrill Lynch government bond total return index for the World and Europe. The emerging markets yields and returns are based on the Bloomberg Barclays emerging markets aggregate government bond index.

Corporate investment grade (IG) bonds: Bank of America Merrill Lynch investment grade corporate bond total return indices. The emerging markets yields and returns are based on the Bloomberg Barclays emerging markets aggregate corporate bond index.

Corporate high yield (HY) bonds: Bank of America Merrill Lynch high yield total return indices

Equities: We use MSCI benchmark gross total return indices for all regions.

Commodities: Goldman Sachs Commodity total return indices

Real estate: FTSE EPRA/NAREIT total return indices

Currencies: Global Trade Information Services spot rates

Investment risks

The value of investments and any income will fluctuate (this may partly be the result of exchange rate fluctuations) and investors may not get back the full amount invested.

Important information

Data as of 30 November 2024 unless stated otherwise.

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Authors

András Vig
Multi-Asset Strategist
Telephone +44(0)20 3370 1152
andras.vig@invesco.com
London, EMEA

Global Market Strategy Office

Kristina Hooper
Chief Global Market Strategist
kristina.hooper@invesco.com
New York, Americas

Ashley Oerth
Associate Global Market Strategist
ashley.oerth@invesco.com
London, EMEA

Brian Levitt
Global Market Strategist, Americas
brian.levitt@invesco.com
New York, Americas

James Anania
Investment Strategy Analyst, Americas
james.anania@invesco.com
New York, Americas

David Chao
Global Market Strategist, Asia Pacific
david.chao@invesco.com
Hong Kong, Asia Pacific

Thomas Wu
Market Strategy Analyst, Asia Pacific
thomas.wu@invesco.com
Hong Kong, Asia Pacific

Tomo Kinoshita
Global Market Strategist, Japan
tomo.kinoshita@invesco.com
Tokyo, Asia Pacific

Arnab Das
Global Macro Strategist
arnab.das@invesco.com
London, EMEA

Paul Jackson
Global Head of Asset Allocation Research
paul.jackson@invesco.com
London, EMEA

András Vig
Multi-Asset Strategist
andras.vig@invesco.com
London, EMEA

Telephone calls may be recorded.