

THE ECB EXTENDS ITS STIMULUS AS IT CUTS GROWTH FORECAST

STRATEGY TEAM

- The ECB extended current measures to preserve a stimulative monetary policy stance.
- A new series of quarterly TLTRO is launched to preserve banks' liquidity exposure.
- Downside risks to growth and inflation have increased as current economic weakness appear to be more persistent than previously forecast.

The interest rates decision: the ECB kept its interest rates on the main refinancing operations, the marginal lending facility and the deposit facility unchanged at 0.00%, 0.25% and – 0.40% respectively. **The Governing Council extended the forward guidance on interest rates with key rates expected to remain at their present levels “at least through the end of 2019”** against “at least through the winter” in the previous statement.

The reinvestment policy: the ECB will continue to reinvest, in full, maturing securities purchased under the asset purchase programme.

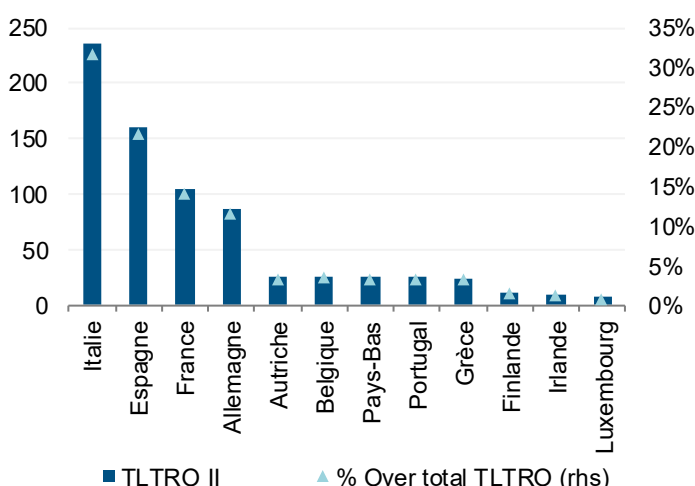
The Eurosystem's lending operations: the ECB will continue to offer one-week liquidity-providing operations **at full allotment (no limit in size) at least until March 2021. This extension helps to minimize potential funding problems, though the maturity profile is shorter than for TLTROs.**

The Targeted Longer-Term Refinancing Operations (TLTRO -III): the ECB will launch a new series of quarterly TLTRO from September 2019 to March 2021, each with a maturity of two years. Banks will be entitled to borrow up to 30% of their stock of eligible loans. If banks will be able to borrow at negative rates is still not clear but incentives for credit conditions will be communicated later. As a reminder, previous TLTROs provided financing to credit institutions for periods of up to four years. They were “targeted” in the sense that the amount that banks could borrow was linked to their loans to the private sector. The interest rate applied to TLTRO-II was linked to bank's lending patterns and could be as low as –0.4% (the ECB's deposit rate). **TLTRO-II currently amount to €740bn and will have to be repaid in full by June 2020 through March 2021 (€399bn mature in June 2020).** The new series will preserve a stimulative monetary policy stance and will preserve the liquidity exposure of Italian and Spanish banks.

ECB macroeconomic projections: ECB staff cut growth projections sharply for 2019, from 1.7% to 1.1% as the current economic slowdown seems to be more persistent and protectionism weigh on sentiment. As a consequence, the inflation forecast has also been revised down to 1.2% versus 1.6% in December.

Asset allocation: today's meeting confirms our scenario of weak Eurozone economic growth and of an extension of the very accommodative monetary policy stance into 2020. Low growth, inflation and interest rates support our view to favor high dividend yield stocks in Europe, our underweight in Eurozone equities and our USD overweight versus EUR and CHF.

BREAKDOWN OF TLTRO-II BORROWING BY COUNTRY



SHARP DOWNWARDS REVISION TO GDP GROWTH IN 2019

	2019	2020	2021
Change in Real GDP	1.1%	1.6%	1.5%
<i>December projections</i>	1.7%	1.7%	1.5%
HICP Inflation	1.2%	1.5%	1.6%
<i>December projections</i>	1.6%	1.7%	1.8%



This presentation is for information purpose only and is not the result of an independent financial research. Information contained in this document has been obtained from sources considered reliable. However, no warranty, nor guarantee is given in relation with this presentation, in particular, with regard to its accuracy or completeness. Mirabaud Asset Management (Suisse) SA has not undertaken any legal or tax analysis related to the information contained herein. Clients should seek their own independent advice on such matters. All documents and views expressed constitute judgment as of the date of writing and may change at anytime without notice and without obligation to update. Any investment decision must be taken on the basis of a detailed and appropriate analysis; this presentation should not be considered as the relevant information to take an investment decision. Where some funds are described in this presentation, any investor considering a direct investment in a fund shall rely on the prospectus only. Certain transactions and products described in this presentation might not be suitable for all investors due to the high risk characteristics or due to the ineligibility of some of them. Past performance is not necessarily indicative of current or future results. Performance figures do not take into account any expenses related to transactions.

Mirabaud Asset Management (Suisse) SA

29, boulevard Georges-Favon CH-1204 Geneva T +41 58 200 60 00 F +41 58 200 60 01
www.mirabaud-am.com

PREPARED FOR NOW /