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FIS Group Q4 Market Outlook Fixes on Opportunity in Global Equity Markets

Break with history still means caution; counter-trend relief rally in Brazil, Japan, Europe, China, and India

PHILADELPHIA, PA, October 26, 2015 – FIS Group, a manager of U.S. and global developed, emerging and frontier market equity portfolio strategies, issued its Q4 2015 Market Outlook, which underlines caution towards global equity markets, but highlights a counter-trend relief rally in Brazil, Japan, Europe, China, and India.

"This generalized uneasiness reflects the fact that we continue to live in a nine year out of sample experiment for which there is no precedent for monetary accommodation on the post global financial crisis scale. The equity markets' break with historical precedent by negatively reacting to the Fed's September 17th decision to delay interest rate normalization is one such example of this generalized uneasiness," said Tina Byles Williams, CEO and CIO of FIS Group.

In the outlook titled "Navigating through the unwinding of an out of sample policy experiment," FIS Group's broad equity market risk model, the FIS Global Equity Risk Indicator, which seeks to gauge the overall appetite for equity risk, suggests continued caution and in fact signaled a significant degradation in the equity risk environment on August 12th.

Yet despite the caution, the FIS Group tactical models for October, which are run at the beginning of each month, signaled pockets of opportunity in sectors and regions that have been battered this year. The models forecasted outperformance in Brazilian and Chinese equities, with moderate and high convictions, respectively. They also suggested a snapback in key European bourses such as Germany and Spain as well as Japan, which has underperformed the global benchmark over the last three months.

There are five reasons why these tactical models point to a counter-trend relief rally:

1. data validating that systemic fears on China are overblown
2. portfolio rebalancing into year-end
3. a realization that the US dollar rally may be topping out
4. oil possibly finding a bottom due to Middle East uncertainty
5. positive earnings-per-share data for bombed out cyclicals and commodity intensive and/or high foreign capital dependent emerging markets

"The bottom line then is to avoid the noisy (and useless) infatuation with every FOMC member's pronouncements, understand what pockets of risk assets are living on borrowed time and either avoid them or for long-term contrarian value investors, put in place a strategy for gradually legging into them," added Ms. Byles Williams.

In addition to its quarterly Market Outlook, which is based on research that examines market conditions, Ms. Byles Williams publishes FIS Group's Market Insights Alert, which examines global economic themes and published throughout the year. The last Market Insights Alert was published in July 2015.

About FIS Group

FIS Group is an investment management firm that provides customized manager of managers investment solutions for institutional investors. For 19 years, we have delivered risk-adjusted returns by conquering the complexity of identifying high skill, high active share entrepreneurial managers that have gone largely undiscovered by the institutional investor community. Unique among our peers, FIS Group enhances risk-adjusted returns by using macro strategy insights to allocate capital among the managers and/or through a global macro tactical completion strategy. Our culture is a fusion of relentless curiosity and a scientific, disciplined process.

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