Champagne all round for 2019!

|  |
| --- |
| Summary What an end to the year! The overall gain for the world equities index in 2019 was 28.1%, while the S&P 500 progressed 31% and the euro zone 27.6%. European investors in the US market would have made 35.3% in euros. Wall Street makes up no less than 63.7% of world market capitalisation, despite the fact that the USA accounts for ‘only’ 26.2% of world GDP. It says a great deal about this economy’s ‘financialisation’ and the massive margins posted by companies priced with a PER of 19.5. The 20% correction in equity prices that we saw towards the end of last year would normally have signalled imminent recession, which would have been logical given the trade war with China, rapidly rising interest rates and Brexit. On top of that, investors reacted by rushing into government bonds, depressing yields and forcing central banks to react. When recession failed to materialise, the absence of return on alternatives to equities triggered the strong reaction we saw this year. The best performers of all were American IT firms, which surged 47%; at the other end of the scale, the energy sector underperformed again. Apple gained 80% and Microsoft 57%, and between the two they accounted for 40% of the sector’s rally. Their combined capitalisation of $2.4 trillion is not that far from France’s GDP of $2.8 trillion. How far can this go, and how can these monsters be cut down to size? Monopolies on the GAFAM scale endanger innovation, as they end up merely protecting their own position. How much innovation has there really been between the first and the most recent iPhone, for example? And what about Google, where information has given way to unwanted, non-objective advertising?  Three rate cuts from the Fed have normalised the US curve and dispelled fears of recession. The US authorities do not expect to make any changes in 2020, so long as the economy remains on its current track and the PCE deflator sticks below 2%. They are projecting GDP growth of 2% or lower next year, while consensus forecasters are at just 1.8%. The trade conflict has hit manufacturing and business investment, but consumers have stepped in with increased spending of their own.  While our underweight equities position all year turned out to have been wrong, our aggressive exposure to real estate more than offset that decision. Real estate prices have soared worldwide, cutting the yields on new deals. Those yields are now below 3% on prime Parisian office space, for example. Coupling reasonable leverage with 1% loan rates drove returns above 30%. We put our cash in US Treasuries to profit from exchange rate movements and 2% interest. Hence the Dom Perignon!  Projections for world growth in 2020 are cautious. It is expected to slow from 2.7% this year to 2.6%, with the USA slowing from 2.3% to 1.8%. We would not rule out a positive surprise in the event of a calmer trade situation and a good agreement on Brexit. Profits will struggle to increase after a flatline 2019. Investors are wary, tending to sell equities in order to buy bonds. Corporate buybacks are keeping prices up. Our S&P 500 objective for the end of 2020 is 2,897 points, meaning a potential 10% correction plus a 2% dividend yield. Further increases in long rates are the big risk. We are maintaining our underweight allocation relative to our benchmark (35%) as well as our overweight position in real estate with cash invested in Treasuries.  We wish our readers a happy holiday period and all the best for 2020.  Jacques Chahine |

## Total return on equities 31% in the USA, 27.6% in the euro zone

What an end to 2019! Equities performed even better over the year than they did in 2017, when tax reform ignited the market. The S&P 500 generated a total return of 31%, compared with 22% in 2017; the eurozone market returned 27.6% in euros and a European investor in the US market would have gained 35.3%. The world large cap index climbed 28.1%; US firms account for 63.7% of that benchmark, even though the USA generates just 26.2% of world GDP. It just shows how important American financial intermediation has become and how high its corporate margins have got. Apply a PER of 19.5 to these profits and see what you get! 2019 was a real contrast to 2018, when the end of the world was nigh and the MSCI World closed the year down 6.9%. The US market lost 4.5%. The correction during the autumn of 2018 reached 20%, and that would normally have preceded recession. Given the trade war with China, rising interest rates at the time and uncertainty around Brexit, investors’ fears were logical enough. They rushed into government bonds, triggering a slump in yields and a reaction from central banks. The yield curve was inverted for some time, as long rates dropped faster than central banks could ease at the front end.

Sky-high performances



## Lower long rates were the saviour

In the event, the recession failed to arrive and equity markets picked up sharply again as investors took stock of zero (or even negative) returns on alternatives. Almost all sectors appreciated. On Wall Street, the year’s best performer was IT (up 47%) and the worst was energy (up 11% after a very poor 2018). Most other sectors fell within the 21-26% range. Apple was up 80% and Microsoft 57%; taken together, they accounted for 40% of their sector’s gain. Their combined capitalisation of $2.4 trillion is not that far from France’s GDP of $2.8 trillion. How much bigger can they get, and who can cut them down to size? The new GAFAM-style monopolies highlight a serious problem: having played a major role in transforming society through digital technology and sheer creativity, they are now interested only in protecting their market position. Apple is a striking example of dwindling innovation. Google started off as a powerful search engine and is now more of a nuisance than anything helpful. It rams so much advertising into its product that the information it gives you is massively biased. If you search the term ESTA, for instance, simply to obtain a US visa, a dozen or so websites remarkably similar to the government one pop up and demand $50 once you have filled in the requisite form instead of the $14 payable to the government. Moreover, the response to submission is not real-time. The US authorities either paid off Google handsomely – or threatened the company – to ensure that their form now pops up first. We believe that by preventing innovation, these mastodons are doing nothing for social progress. They may even be reversing it. In the pharmaceutical sector, the majors have been gobbling up competitors to the detriment of ground-breaking research. This is a perversion of capitalism, which requires real competition and transparency. Some US states are starting to enquire into these monopolies, but the groups we are talking about have the means to defend themselves for decades.

Apple and Microsoft explain half of the IT sector’s gains



In Europe, the MSCI EMU index appreciated 27.6% and the broad index 25.4%. This stellar performance stemmed largely from names with predictable cash flows, such as Nestlé and pharmaceutical firms, and from growth stocks such as luxury (LVMH) or technology (ASML, SAP). There are no financial institutions or oil companies at the top of the table, although insurers proved good bets. Their risk profile is far better than banks’, of course.

Strong interest in names with predictable cash flows and growth stocks



The correlation between the fall in bond yields and the rise in equity markets was almost perfect. Note that the long end of the curve has the most impact on valuations. The US 30-year yield fell from 3.5% to a low below 2%, which was an historical low.

Equities and bond yields perfectly in step



## No change from the Fed in 2020?

The US curve could not stay inverted indefinitely. The Fed was forced into halting its tightening cycle and go into reverse, cutting its key interest rate three times over the year to 1.5-1.75%. The result was a normally-shaped curve, as the chart below shows. The change over the past year is striking.

The Fed in no mind to move again



A very different shape to the US curve



The flat area of the curve out to the 2-year maturity implies no imminent move from the Fed, which will be comfortable with where rates are for as long as economic conditions are unchanged. The authorities have also reversed their balance sheet reduction policy with a massive liquidity injection worth around $330 billion, the aim being to keep the market fluid. The Fed’s favoured inflation measure – the PCE deflator – is sticking below 2%, and its objective is to bring it up to that level or just above. Growth is set to remain sluggish in the years ahead, at around 2% and somewhat less in the years after that. While the trade war has hurt manufacturing and business investment, consumers have rescued the economy in an environment where employment is still buoyant.

## Real estate rescues our equities underweight

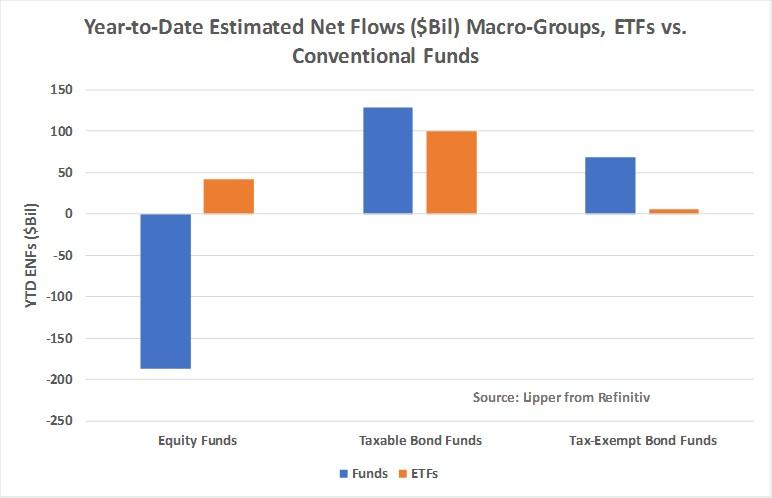
The market proved us wrong in 2019, as we were underweight equities throughout. We did signal a buying opportunity at the end of 2018, when prices were virtually at their lows, but have kept our allocation short of its benchmark since September 2018. The S&P 500 was close to its high at the time, at 2,914 points. We have always maintained that equities allocations are never all in or all out, as it is virtually impossible to time entries and exits perfectly. Given our benchmark equities allocation of 40%, we dropped to 35% and switched heavily into real estate. We slipped our cash into 2-year Treasuries yielding 2.8%, to which we added an exchange rate gain as the euro moved from $1.17 to $1.11. Our year-end objectives for the S&P 500 rose as bond yields fell, exceeding 3,000 points in mid-year. At the same time, EPS growth estimates faded as the year went on and ended up slightly negative. While that influenced our market valuations, the interest rate factor was predominant.

Investors shrugged off worsening corporate performance



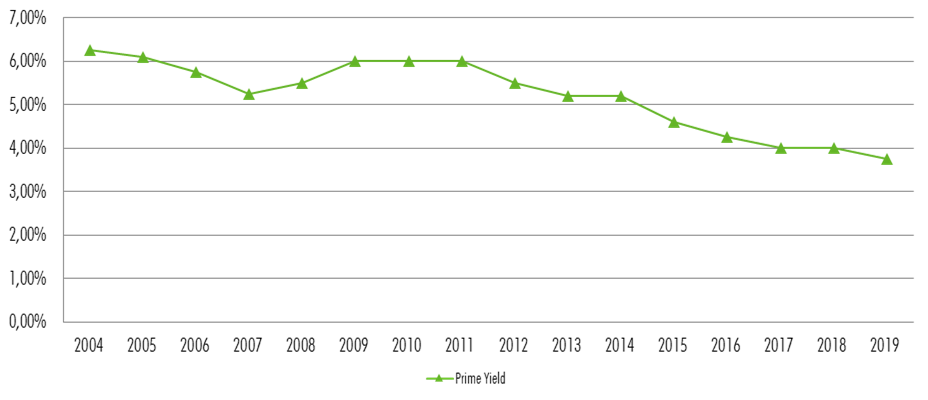
Investors were certainly aware of market risks in 2019. Historically high prices might normally have been expected to suck them in, but fund managers reported net outflows from equities and net inflows to bonds. More specifically. Conventional equity funds posted a net outflow of $200 billion and ETFs attracted a net $50 billion. It seems that in America at least, investors are more interested in passive (indexed) management than active strategies. Corporate buybacks offset the fund movements, however, with $200 billion reported per quarter; that amounts to an average 3% of outstandings. These buybacks are pure financial engineering: they keep prices up (and the value of stock options!) and raise earnings per share.

Share buybacks outweigh fund withdrawals



Our preferred asset class has been real estate, which has performed just as well as equities. The catch is that it is an asset class to which only the very largest investors have access to. Our friends at CBRE, the world’s leading real estate specialist, have provided the curve below. It shows changes in the ‘cap rate’ for prime office space in the centre of Luxembourg. The cap rate indicates the return on sales of office space in perfect rental condition. The 2019 figure of 3.8% is provisional, and the most recent transactions that we have seen were at 3.5%. By way of comparison, equivalent office space in the best areas in Paris are changing hands at below 3%. Now that eurozone interest rates have slumped below zero, cash-rich insurers have been huge buyers of real estate assets with predictable returns. This has driven prices through the roof and slashed yields, although they are still much better than anything prime bonds can offer.

Yields on office space in the centre of Luxembourg   
(source CBRE)



The advantage of real estate is that decent leverage can be obtained from banks keen to lend money that would otherwise be placed at negative interest rates. Solvent borrowers can expect to buy with one-third equity and two-thirds debt; the drop in the cap rate from 4% to 3.8% between 2017 and 2019 implies a 5.2% capital gain on a rental property that has appreciated 6% over three years. The value of the building is 1.052 x 1.06 = 1.115, i.e. an 11.5% gain excluding the leverage effect. If two-thirds of the deal is financed with debt, return on equity is 33%. As with stock picking, the choice of asset is critical to outperforming the market. Professionals all agree that the capital gain is made upon purchase. For a family office portfolio, allocations could be 35-40% equities, over 50% real estate.

## Wall Street is still pricey

Our valuation model for 2020 has negative implications, at least with our starting assumptions. Firstly, 30-year yields have risen from their lows below 2%. Secondly, and more importantly, we are cautious on EPS growth for the years ahead. Continuous downward revisions to analysts’ estimates are difficult to ignore. The consensus forecast for EPS growth in 2020 is 8.9%, and we would retain just 8%. The chart below shows just how far the consensus figure has already moved. Estimates for 2021 are at their peak, and nobody can really believe in the current 11%. We use 6.3% in our model. Our resulting 8-year CAGR is 2.1%, which implies a recession at some point during the period. To justify the market’s latest trading level, the CAGR would be 3.9%, a figure that our readers may find credible enough. If we assume GDP growth continuing at its present 2% plus annual inflation of 2%, the market is fair value. But that assumes that profit margins will stay at their all-time highs. The market’s non-GAAP margin is 11.1% at the moment, while the GAAP margin is 10.1%. The pre-crisis high was 8.9%, but since then we have had the Trump tax package.

EPS estimates for 2020 on the way down



Margins at their highs



Given our own assumptions, the theoretical objective for the S&P 500 at end-2020 given by our model is 2,897 points. This compares with a pre-Christmas close of 3,221 points, implying a 10% correction. Our objective contrasts with the prevailing optimism, in which some commentators predict faster economic growth in 2020 amid better trade relations with China, a positive outcome to Brexit and the signature of USMCA. We would simply point out that China has still not signed an agreement that would end the trade war. Indeed, we do not know what is in it and everything could collapse at the last moment. Moreover, a hard Brexit is still on the cards if the UK and EU fail to sign a trade agreement before the end of 2020. On top of all that, Donald Trump intends to open trade hostilities with Europe very soon. 2020 is an election year in the USA and that in itself creates uncertainty. Mr Trump will at least be wary of upsetting investors and treats the market as a sign of his popularity. If share prices are seen as an indicator of success, he has done pretty well so far.

US equities are still expensive, according to our model



## Sluggish growth expected in 2020

International activity is still lacklustre. The latest estimate for 2019 in local currency terms is 2.68%, down from 2.72%. The comparable numbers for the IMF’s favoured purchasing power parity are 3% and 3.05%. Revisions stem from Europe, Japan, and emerging countries. The same pattern is evident for 2020, with the USA looking at 1.8% rather that this year’s 2.3%. Not everyone agrees with that figure, though; Goldman Sachs is predicting US growth of 2.3% in 2020, well above the consensus figure. Goldman is also predicting world growth of 3.3% (PPP) rather than the consensus 3%. The euro zone is looking increasingly Japanese, with negative interest rates and feeble expected growth of just 1% next year. Six months ago that forecast was 1.3%. Forecasts are going the other way for emerging countries, where growth is expected to accelerate from 4.4% this year to 4.7% in 2020. The main drivers of that growth will be Indonesia, Philippines, Brazil, Hong Kong and India. Chinese growth will slow, but only from 6.1% to 5.9%. Despite these rapid growth rates, the MSCI Emerging Markets index lagged other equity markets in 2019 with a gain limited to 18%. Exposure to this asset class would have been disappointing over the past decade, mainly because of its lack of transparency. Some of the braver investors out there believe that the heady days for emerging markets in the 1980s will return. For our part, we think that 1-2% exposure to the MSCI Emerging Markets index is a sensible diversification play.

A dip in growth in 2020?



Early forecasts for 2019 proved overoptimistic

****

At the start of 2019, the forecast for world growth in PPP terms was 3.45%. We are now at 3.05%, marking a serious revision on the back of the trade war and weakening manufacturing activity. No country escaped revisions entirely, although some have been less affected than others. Singapore was a major casualty, as might have been expected from its position as a hub of international trade: its prospects for 2019 dropped from 2.65% to 0.5%. Similarly, Germany suffered from its status as an exporting powerhouse, easing from 1.4% to 0.5%. France’s estimate stuck at 1.3%, thanks partly to additional purchasing power handed out to placate the ‘yellow jackets’ movement. Despite Mr Trump’s claims that US growth would pick up to 3%, it was revised from 2.5% to 2.3%. UK GDP will have risen 1.2% notwithstanding Brexit, and the Chinese authorities have continued to decree 6.1%. India’s bureaucracy hampered activity, and 2020 should see some of the benefits of far-reaching structural reform.

The question now is whether forecasts for 2020 will go the same way, especially as there is no obvious factor igniting faster activity anywhere. Interestingly, the US forecast has just ticked up from 1.7% to 1.8%, and the Fed is still predicting 2%.

## Mixed macro indicators

Purchasing managers indices are usually good leading indicators for the US economy but at the moment the IHS Markit PMIs and ISM series are pointing in different directions. ISM indices are heading lower, with a manufacturing component below the 50 mark, while the Markit numbers have been pointing to a rebound in activity since August.

Other recent figures show car sales levelling off in the USA, rising in Europe and dropping sharply in China from 30 million to 25 million vehicles per year. It all adds up to contracting world sales. In the meantime, the US federal deficit has widened to 4.8% of GDP, swelling government debt further, but nobody seems to care. Mr Trump’s tax reform was supposed to increase tax revenues but the opposite is clearly true. Low mortgage rates are buoying the US construction sector. Inflation is under control, at just over 2% according to the CPI and below it using the PCE deflator. Another point of divergence! Perhaps the most significant indicators concern the US labour market, where the unemployment rate is at an historic low and jobs are being created at a surprisingly quick pace. We can only admire the vigour of this economy after ten and a half years of expansion. For how long can it defy the laws of the economic cycle?

An agreement with China – or not – and its content will be a major issue in 2020, as will be the Fed’s monetary policy. Given the employment situation, hourly wage growth is accelerating, and the Fed is unlikely to ignore that completely. Nor can it ignore certain components of the CPI, such as services (an inflation rate of over 3%) and healthcare (5%). The latter is not included in the PCE deflator. The markets would react badly to any hint of a rate hike, and the Fed has little control over long rates. The latter tend to tick higher as equities rally and this could have a negative impact in the end. And then there is the whole issue of company earnings.

## A reality check on profits

US profits for Q4 are estimated at down 2%, but given the usual ‘surprises’ game we will probably end up at around zero. The same would then be true of 2019 as a whole. Estimates for 2020 show an improvement in EPS growth from quarter to quarter, but since the end of September they have all been revised down: by 4.2% for Q1, by 2.5% for Q2, by 2.1% for Q3 and by 0.3% for Q4. This is not a good sign. Were we to apply Q1-scale revisions to all the other quarters, we would end up at growth of just 6.3% for the year. Note also that Boeing is a big factor in the 8% consensus estimate, and is that company really about to renew with the record profits it posted before the crisis? Its current problems have already dented US manufacturing via hundreds of subcontractors. Our sample of 30 companies publishing quarterly results at end-November shows that they have done what they had to do to beat their Q4 guidance but have reduced their forecasts for Q1 by 4.3%. 22 of these firms have revised their Q1 numbers down.

Unrealistic expectations – unless the economy picks up



PERs over 20 no longer a worry



As earnings went nowhere in 2019, the market’s massive gain has fed through directly to PERs. If we believe earnings forecasts for 2020, the S&P PER for the year is 18.3 with a dividend yield of 2%. The IT sector is priced at 21.4 following the 46.8% jump in its share prices. Discretionary consumer stocks – cyclical consumers – are priced at a PER of 22. Amazon is at 46x and hotel chains like Hilton at 26. At the other end of the scale there are a number of stocks priced at under 10, including Ford, Macy’s and all the other department stores that Amazon is trying to put out of business. The key issue is whether GAFAM stocks can continue to add billions to already stratospheric profits.

## Market valuations

Our model is still calling the S&P 500 around 11% overpriced against our base scenario objective of 2,897 points. At the time of writing, the index was at 3,221 points without any sign of faltering. It is also paying a 2% dividend yield. We have explained the rationale behind our valuation, but of course other scenarios could justify current prices, such as EPS growth as forecast. From a perpetual rent point of view, an interest rate dropping from 3.3% to 2.3% means a 33% appreciation in the rent. A less demanding risk premium in a context of a subdued VIX could also justify the market where it is, as could an extension of the present growth phase far into the future. The major risk for 2020 is Fed tightening – although not on the cards at the moment – or pressure on long rates. Economic slowdown and a collapsing real estate bubble cannot be ruled out either.

Our own strategy is to stay slightly underweight equities, i.e. 35% rather than the 40% we would normally have maintained, and to favour prime real estate, particularly hotels. We are taking advantage of low interest rates to keep leverage under control. Dollar exposure is recommended, as dollars are trading 12 months forward some 2% below spot. Investment in dollar futures generates a better return than Treasury Bills, so long as your bank refrains from charging you negative interest rates on euros. Mezzanine real estate debt in euros can yield 7-8%, although great care has to be taken in analysing the underlying figures.

11% too expensive



Eurozone equities hit our theoretical objective at 127 for the MSCI EMU index and went on to 133 before Christmas. Our objective for end-2020 is also 127 points, to which investors can add a generous 3.5% dividend yield. Rather better than the negative interest rates on offer at the ECB… Several strategists have turned positive on the European market. But eurozone GDP growth will be a very sluggish 1% in 2020, profits were flat in 2019 and in our view any rebound will be limited to 5%, an estimate subject to considerable uncertainty. The market’s PER is a depressed 14.2x 2020. There are some attractive buys outside the major indices, such as those we seek for our Digital funds. Digital Stars Europe gained 30.5% in 2019 and Digital Stars Europe ex-UK 29.5%.

Europe only marginally overpriced



|  |
| --- |
| Conclusions What an end to the year! The overall gain for the world equities index in 2019 was 28.1%, while the S&P 500 progressed 31% and the euro zone 27.6%. European investors in the US market would have made 35.3% in euros. Wall Street makes up no less than 63.7% of world market capitalisation, despite the fact that the USA accounts for ‘only’ 26.2% of world GDP. It says a great deal about this economy’s ‘financialisation’ and the massive margins posted by companies priced with a PER of 19.5. The 20% correction in equity prices that we saw towards the end of last year would normally have signalled imminent recession, which would have been logical given the trade war with China, rapidly rising interest rates and Brexit. On top of that, investors reacted by rushing into government bonds, depressing yields and forcing central banks to react. When recession failed to materialise, the absence of return on alternatives to equities triggered the strong reaction we saw this year. The best performers of all were American IT firms, which surged 47%; at the other end of the scale, the energy sector underperformed again. Apple gained 80% and Microsoft 57%, and between the two they accounted for 40% of the sector’s rally. Their combined capitalisation of $2.4 trillion is not that far from France’s GDP of $2.8 trillion. How far can this go, and how can these monsters be cut down to size? Monopolies on the GAFAM scale endanger innovation, as they end up merely protecting their own position. How much innovation has there really been between the first and the most recent iPhone, for example? And what about Google, where information has given way to unwanted, non-objective advertising?  Three rate cuts from the Fed have normalised the US curve and dispelled fears of recession. The US authorities do not expect to make any changes in 2020, so long as the economy remains on its current track and the PCE deflator sticks below 2%. They are projecting GDP growth of 2% or lower next year, while consensus forecasters are at just 1.8%. The trade conflict has hit manufacturing and business investment, but consumers have stepped in with increased spending of their own.  While our underweight equities position all year turned out to have been wrong, our aggressive exposure to real estate more than offset that decision. Real estate prices have soared worldwide, cutting the yields on new deals. Those yields are now below 3% on prime Parisian office space, for example. Coupling reasonable leverage with 1% loan rates drove returns above 30%. We put our cash in US Treasuries to profit from exchange rate movements and 2% interest. Hence the Dom Perignon!  Projections for world growth in 2020 are cautious. It is expected to slow from 2.7% this year to 2.6%, with the USA slowing from 2.3% to 1.8%. We would not rule out a positive surprise in the event of a calmer trade situation and a good agreement on Brexit. Profits will struggle to increase after a flatline 2019. Investors are wary, tending to sell equities in order to buy bonds. Corporate buybacks are keeping prices up. Our S&P 500 objective for the end of 2020 is 2,897 points, meaning a potential 10% correction plus a 2% dividend yield. Further increases in long rates are the big risk. We are maintaining our underweight allocation relative to our benchmark (35%) as well as our overweight position in real estate with cash invested in Treasuries.  We wish our readers a happy holiday period and all the best for 2020.  Jacques Chahine |

Main ratios for markets and sectors as of 20/12/2019 (in local currency)



Disclaimer  
We do not warrant, endorse or guarantee the completeness, accuracy, integrity, or timeliness of the information provided in this publication. You must evaluate, and bear all risks associated with, the use of any information provided here, including any reliance on the accuracy, completeness, safety or usefulness of such information. This information is published solely for information purposes, and is not to be construed as financial or other advice or as an offer to sell or the solicitation of an offer to buy any security in any jurisdiction where such an offer or solicitation would be illegal. Any information expressed herein on this date is subject to change without notice. Any opinions or assertions contained in this information do not represent the opinions or beliefs of the publisher. The publisher or one or more of its employees or writers may have a position in any of the securities discussed herein.

THE INFORMATION PROVIDED TO YOU HEREUNDER IS PROVIDED “AS IS,” AND TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, J.CHAHINE CAPITAL AND ITS AFFILIATES, BUSINESS ASSOCIATES AND SUPPLIERS DISCLAIM ALL WARRANTIES WITH RESPECT TO THE SAME, EXPRESS, IMPLIED AND STATUTORY, INCLUDING WITHOUT LIMITATION ANY IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, ACCURANCY, COMPLETENESS, AND NONINFRINGEMENT. TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW,NEITHER DIGITAL ANALYTICS NOR ITS AFFILIATES,NOR THEIR RESPECTIVE OFFICERS, MEMBERS DIRECTORS, PARTNERS, BUSINESS ASSOCIATES OR SUPPLIERS WILL BE LIABLE FOR ANY INDIRECT, INCIDENTAL, SPECIAL, CONSEQUENTIAL OR PUNITIVE DAMAGES, INCLUDING WITHOUT LIMITATION DAMAGES FOR LOST PROFITS OR REVENUES, GOODWILL, WORK STOPPAGE, SECURITY BREACHES, VIRUSES, COMPUTER FAILURE OR MALFUNCTION, USE, DATA OR OTHER INTANGIBLE LOSSES OR COMMERCIAL DAMAGES, EVEN IF ANY OF SUCH PERSON IS ADVISED OF THE POSSIBLILITY OF SUCH LOSSES, ARISING UNDER OR IN CONNECTION WITH THE INFORMATION PROVIDED HEREIN OR ANY OTHER SUBJECT MATTER HEREOF.

The contents of these pages, including text and graphics, are protected by the copyright laws of the Luxemburg and other foreign jurisdictions. No portion may be reproduced in any form, or by any means, without the prior written consent of Chahine Companies. To obtain reproduction consent, e-mail [***info@chahinecapital.com***](mailto:info@chahinecapital.com).