Garbarino, Lemanik: in the Russia-Ukraine emergency we focus on discretionary consumption, healthcare and industry

The Russia-Ukraine crisis is a stagflationary event for world economies.

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Press Release – March 7, 2022 – "The Russia-Ukraine crisis is a stagflationary event and in the short term it will have a negative effect on economic growth by raising inflation expectations, especially in Europe." This is the view of **Filippo Garbarino**, manager of the Lemanik Global Equity Opportunities fund.

In February, **global equity markets continued to correct** and the MSCI World index fell by 2.7%. The correction was driven by the escalation of the Russia-Ukraine crisis and a significant rise in commodity prices that further fueled inflation expectations.

The crisis in Ukraine has a stagflationary effect, which seems at least already partially discounted in current prices. Past geopolitical crises have generated good entry points for investors with a medium to long-term time horizon and there is a good chance that this will be the case this time as well. Current uncertainty will also slow down the exit strategies of the ECB and Federal Reserve from their stimulus policies.

“In this context, the fund’s portfolio **is trading in line with the market in valuation terms**, on a Free Cash Flow Yield basis,” Garbarino concludes. “At the sector level, the portfolio is without banks and oil, sectors considered too risky, while it is overweight on the consumer discretionary, healthcare and industrial sectors. Instead, the portfolio is underweight on consumer staples. Technology is equitized.”

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