NEWSLETTER JANUARY 2023

T&T International Group
Your 360° Wealth Partner

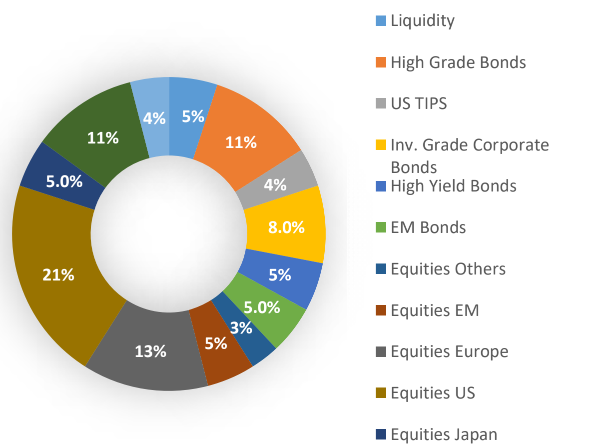
FINANCIAL MARKET OUTLOOK (SHORT TERM)

APPEALING		LESS FAVOURED
Sectors: energy, healthcare, consumer staples Global Value Quality income UK, Australia, China Energy security (active commodity, exposure, clean air and carbon reduction, energy efficiency, greentech) Food security (agricultural yield) Cybersecurity Emerging market equities ESG equity strategies incl. Engagement and improvers.	**Equities**	Limited upside list CIO list preferred stocks Excess growth stocks Concentrated stocks Excess IT Excess US stocks Excess cash
Investment grade bonds Select short-duration bonds, resilient credit, sustainable bonds High quality bonds Emerging market credit Select AT 1s Yield-generating structured investments Thematic sustainable fixed income	**Bonds**	Sell-expensive rated bones Excess senior loans Excess high yield Excess cash
AUD CHI and JPY as defensive currencies	**Currencies**	GBP
Active commodity exposure Oil Commodities	**Precious Metals & Commodities**	

ASSET ALLOCATION

High inflation, rising interest rates, and slowing economic growth remain the biggest concerns. At the same time, economic and inflation data have been encouraging in recent weeks. Some parts of the market are likely to reach inflection points sooner than others, meaning dispersion in asset returns is likely to be elevated. We therefore think selectivity will be rewarded, and our positioning reflects that. Within equities, we still prefer value and quality income versus growth. We also like emerging markets, China, Australia, and the UK. We also prefer high grade, investment grade, and emerging market bonds over high yield. We like broad commodities and oil. Regarding currencies, we like the Australian dollar and do not like the British pound. We keep a neutral stance on the Swiss franc, the euro, and the Japanese yen.

BALANCED USD MODEL PORTFOLIO



EQUITIES

SlowingGlobal equities have bounced back 15% over the last three months. Peaking inflation, falling bond yields, and an earlier-than-expected reopening in China have supported the rebound. Investors will be closely watching the coming earnings season. In our global tactical asset allocation, we upgrade emerging market equities to most preferred. Earnings momentum and estimate revisions have bottomed in emerging markets relative to developed markets, and valuations look appealing even after the recent rally. We keep US equities as least preferred and the UK and Australia as most preferred. Across sectors, we upgrade consumer discretionary to neutral as it has significantly derated over the last 12 months and should benefit from lower inflation and China's reopening. We still like global energy, healthcare, and consumer staples, and stay least preferred on IT and industrials. Across styles, we prefer value and quality income to growth.

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BONDS

Despite their recent strong returns, the more defensive, higher-quality segments of fixed income remain appealing given the all-in yields on offer and as inflation risks transition to growth risks. We maintain a preference for high grade and investment grade bonds. Tighter lending standards and slower economic growth suggest higher corporate default risk, while liquidity risk premiums are likely to rise over time as central banks continue to reduce the money supply. As a result, we see high yield spreads as being vulnerable relative to investment grade and high grade. We therefore have a least preferred stance on the asset class. China's economic reopening has improved investor sentiment and should contribute to global growth. This, along with the recent downshift in US rate hikes, should directly and indirectly benefit emerging market bonds. Given the opportunities we now see in the asset class, we have upgraded emerging market bonds to most preferred.

CURRENCIES

Support for the US dollar has evaporated as the Federal Reserve's rate hike campaign draws closer to an end. The strong equity market performance in Europe, China, and Japan in recent months has not helped the dollar, either. As a result, many investors who were highly exposed to the US after several years of USD strength and solid US equity gains had to reposition their exposure. We keep a neutral stance on the USD as we await a clearer view on the Fed's rate hike cycle. We are moving the euro to neutral from least preferred. The European Central Bank has turned increasingly hawkish in response to inflation, which has proven stickier than policymakers thought a year ago. The general risk-on mood is also supporting Italian bonds, which are the Achilles' heel for European rate hikes. The ECB’s opportunity to hike has therefore increased. Finally, China’s reopening supports European equities as well, and with this, demand for euros. We also change our most preferred view on the Swiss franc to neutral after its strong gains against the USD recently. Nevertheless, we believe the Swiss National Bank is committed to preserving CHF strength to limit imported inflation, and that the currency will be supported by safe-haven flows. In sum, we expect USDCHF to consolidate over the next couple of months. In 2H23, we expect USDCHF and EURCHF to follow the drop seen in their respective equilibrium values during 2022. With the CHF well bid during unexpected bouts of market uncertainty, the currency continues to offer an attractive risk-reward to investors, in our view

Source: UBS House View February 2023

TOPIC OF THE MONTH

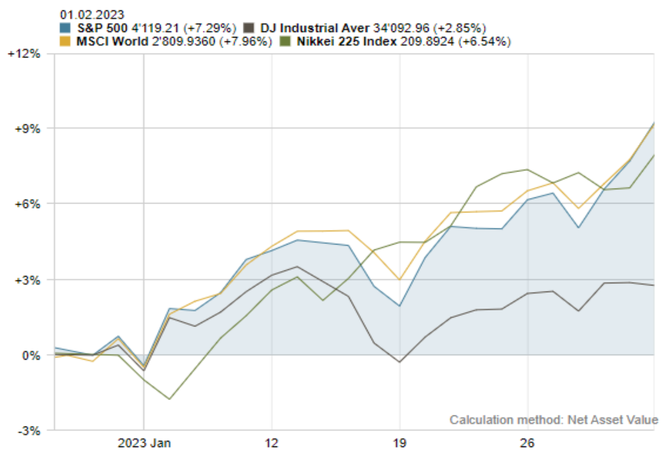
GLOBAL ECONOMY

The first weeks of the new year have been a positive surprise. Further declines in inflation rates, falling energy prices and the surprisingly rapid and complete lifting of the corona restrictions in China have contributed to a more positive assessment of the global economy and boosted the mood on the markets. Fears of a European energy crisis have faded, thanks in part to the mild winter so far and the fact that gas storage facilities remain well stocked. Statements by purchasing managers confirm the improved mood in Europe. Leading institutes are correcting their negative growth forecasts and no longer expect a recession this year.

Despite inflation and a more restrictive monetary policy, the USA was also able to generate real growth of a good 2% last year and posted high order intake for durable consumer goods in December. In the U.S.A., the debt ceiling of currently $31.4 trillion is due to be raised by June at the latest. Radical Republican congressmen are threatening to make their approval conditional on substantial savings commitments on the part of the government. The threat of a government default in the event of a delayed agreement could unsettle the markets.

China has abruptly changed course in its covid policy and announced further measures to stimulate the economy. For example, the government has pledged support for the real estate sector, the second major construction site of the Chinese economy, eased its crackdown on leading technology companies and announced a business-friendly international trade policy. As a result of the change of course, growth of over 5% is expected this year, compared with 3% last year. However, the risk of a recession caused by monetary policy remains because the European and U.S. central banks, having initially misjudged inflationary dynamics, now feel compelled to raise interest rates further in several steps in an already weak growth market and to reduce balance sheets. Since interest rate hikes affect companies and consumers with a considerable time lag, there is a risk that an already weak economy will be stifled. Warning lights are coming on in particularly interest rate-sensitive sectors of the economy, such as the real estate markets.

Source: Belvoir Capital AG, 27.1.2023



Source: Belvoir Capital AG, 27.1.2023

KEY FIGURES 2022

EQUITY INDICES (LOCAL CURRENCIES)

AMERICA	31.12.2022	02.02.2023	% Chg YTD
Dow Jones Ind.	33'147.25	34'053.94	2.74%
S&P 500	3'839.50	4'179.76	8.86%
RUSSELL 2000	1'760.83	2'001.22	13.65%
NASDAQ COMP	10'466.48	12'200.81	16.57%
CANADA - TSX	19'384.92	19'443.28	0.30%
MEXICO - IPC	48'515.63	49'946.10	2.95%
BRAZIL IBOVESPA	109'734.60	104'739.75	-4.55%
COLOMBIA COLCAP	1'286.07	1'211.59	-5.79%
ASIA	**31.12.2022**	**02.02.2023**	**% Chg YTD**
JAPAN- NIKKEI	26'094.50	27'402.05	5.01%
H.K. HANG SENG	19'781.41	21'958.36	11.01%
CHINA CSI 300	3'887.90	4'181.18	7.54%
EUROPE	**31.12.2022**	**02.02.2023**	**% Chg YTD**
EURO STOXX 50	3'793.62	4'241.12	11.80%
UK - FTSE 100	7'451.74	7'820.16	4.94%
GERMANY - DAX	13'923.59	15'509.19	11.39%
SWITZERLAND - SMI	10'729.40	11'188.42	4.28%
SPAIN - IBEX 35	8'229.10	9'229.70	12.16%
PORTUGAL - PSI 20	5'726.11	5'957.05	4.03%
RUSSIA - RTSI	98'860.00	101'160.00	2.33%

VOLATILITY

	31.12.2022	02.02.2023	% Chg YTD
SPX (VIX)	22.75	18.37	-19.25%

CURRENCIES

	31.12.2022	02.02.2023	% Chg YTD
EUR/USD	1.14	1.0911	-4.07%
USD/JPY	115.15	128.65	11.72%
USD/CHF	0.91	0.9138	0.31%
GBP/USD	1.35	1.223	-9.70%
USD/CAD	1.26	1.3319	5.43%
EUR/CHF	1.04	0.997	-3.77%

COMMODITIES (USD)

PRECIOUS METALS	31.12.2022	02.02.2023	% Chg YTD
GOLD USD/OZ	1'824.56	1'912.82	4.84%
SILVER USD/OZ	23.97	23.485	-2.02%
PLATINUM USD/OZ	1'073.50	1025	-4.52%
ENERGY	**31.12.2022**	**02.02.2023**	**% Chg YTD**
WTI Crude Oil	80.26	75.88	-5.46%
Brent Crude Oil	85.91	82.17	-4.35%
Natural Gas	4.47	2.46	-44.97%

INTEREST RATES GOVERNMENT BONDS

	3 Months	2 Years	10 Years
USA	4.64	4.112	3.398
GERMANY	2.255	2.494	2.0650
SWITZERLAND	0.950	1.016	1.1020
UK	3.921	3.166	3.006
JAPAN	-0.172	-0.029	0.486

T&T INTERNATIONAL GROUP

T&T International is a globally active boutique firm with Swiss origins established in 1999. The group offers global wealth management and multi-family office services. T&T International advises an international clientele of Wealthy Individuals and Families in Switzerland and internationally.

Over the last 20 years T&T International has built an extensive and highly reputable network to support the requirements of our Partners and Clients. We work together with prestigious financial institutions as well as insurance companies, tax and legal professionals and fund managers.

Independence, commitment and trust constitute the fundamental values of T&T International. We cultivate personal relationships with each Client and offer them availability, flexibility and efficiency. We take on an approach that is instigated by dialogue, and executed with uncompromising commitment and responsibility.

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