NEWSLETTER JUNE 2023

T&T International Group
Your 360° Wealth Partner

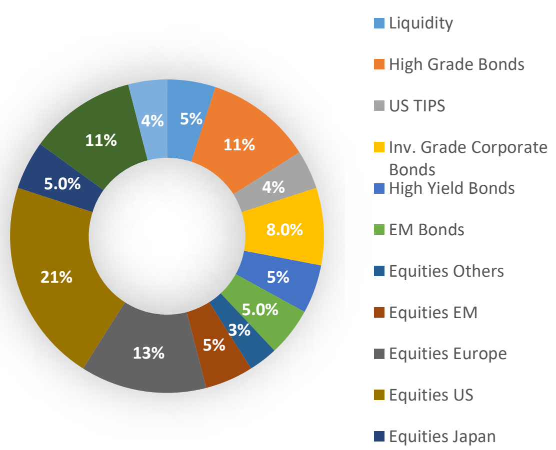
FINANCIAL MARKET OUTLOOK (SHORT TERM)

APPEALING		LESS FAVOURED
Sectors: utilities, consumer staples, industrials Global Value Quality income Australia Emerging market equities (China, Asia semis, EM SI) Select European opportunities (Germany, consumer) Sustainable thematic equities: renewables and water Infrastructure (incl. Greentech, Indirect exposure through industrials and utilities)	**Equities**	Excess growth Stocks Concentrated Stocks Excess US Stocks Excess healthcare Excess energy Excess US financials Excess cash
High grade Investment grade Sustainable bonds EM credit	**Bonds**	Redemption on SP/bonds Sell-expensive-rated bonds Excess US equities
AUD, JPY	**Currencies**	USD
Active commodity exposure Oil Gold	**Precious Metals & Commodities**	Excess cash

ASSET ALLOCATION

In our global strategy, we keep global equities as least preferred and bonds most preferred. At this stage of the economic cycle, we think bonds offer better value and lower volatility than equities. Within equities, we prefer value and quality income versus growth. We also like emerging markets, China, and Australia. Within credit, we prefer high grade, investment grade, and emerging market bonds. We like broad commodities, including gold and oil. On currencies, we view the US dollar as least preferred. Our preference is for the Australian dollar and the Japanese yen.

BALANCED USD MODEL PORTFOLIO



EQUITIES

As policy rates are expected to stay higher for longer, we see limited room for global equity valuations to improve. We also see earnings at risk as economic growth decelerates and profit margins trend lower. We therefore believe that a cautious view on developed market equities is warranted. Across regions, we keep US equities as least preferred, and maintain Australian and emerging market equities as most preferred. By sector, we keep consumer staples, utilities, and industrials as most preferred, and information technology, communication services, and healthcare as least preferred. Across styles, we prefer value and quality income to growth.

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BONDS

Rate volatility remains high as we approach the end of global rate-hiking cycles. Fixed income as an asset class presents an attractive value proposition and we maintain it as most preferred. We continue to advocate for up-in-quality bias (high grade and investment grade) as the macroeconomic backdrop remains uncertain, corporate fundamentals have deteriorated, liquidity risks are high, and the spread pickup to move down in quality is not overly cheap. Sovereign emerging market bonds will be sensitive to broader risk-on, risk-off moves. But given attractive valuations, China's growth recovery, and less aggressive Fed tightening, we see scope for outperformance.

CURRENCIES

We view the US dollar as least preferred. We expect it to weaken as markets prepare for the end of the rate-hike cycle. We maintain the Japanese yen as most preferred. Japan's economy has improved enough for the Bank of Japan to eventually tighten its ultra-loose monetary policy, in our view. We still like the Australian dollar, as it should benefit from China's reopening and a hawkish central bank. We remain neutral on all other G10 currencies. We think a lack of differentiation in these currencies is sensible at a time when the US is ahead of most major economies in terms of fighting inflation and other macro developments.

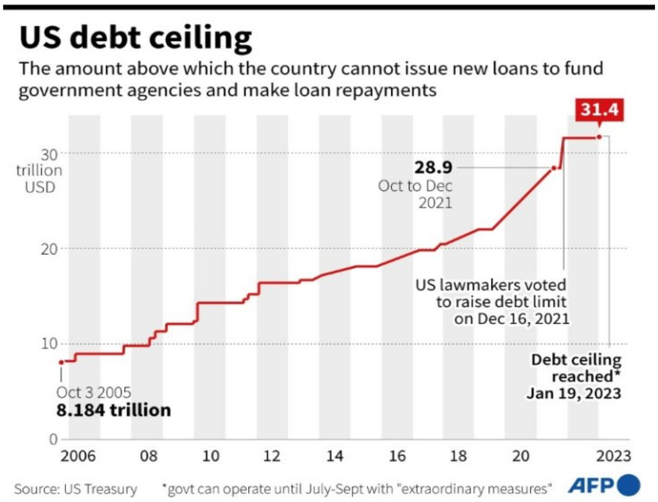
Source: UBS House View June 2023

TOPIC OF THE MONTH

US DEBT CEILING 2023

With the end of the reporting season, equity markets are currently focusing primarily on the wrangling over raising the debt ceiling in the US. If the outcome of the political tug-of-war is favorable, some Marketsare likely to make another attempt at a new high for the year in the coming weeks. However, a positive outcome is by no means certain.

At the end of the Ascension week, the stock markets are being driven by new hopes of a solution to the dispute over the debt ceiling in the USA. In the tough wrangling between Republicans and Democrats, both the Republican Chairman of the House of Representatives, Kevin McCarthy, and President Joe Biden had recently sent encouraging signals and held out the prospect of an agreement for the coming week. Details on negotiating points, however, were not mentioned. It cannot be assumed that the Republicans will issue a blank check to the Biden administration. For the stock markets, it is probably irrelevant whether the debt ceiling is actually raised or only temporarily suspended. The main thing is that there is no default on interest and debt repayments. Such an event could probably trigger a global financial crisis and subsequently an economic downturn. Investors' concerns are also reflected in increased premiums for credit default swaps (CDS) on U.S. government bonds. However, it is quite possible that other liabilities will not be settled on time, which would weigh on the economy.



In the coming week, investors will once again focus on interest rate policy. After the U.S. Federal Reserve raised interest rates by a further 25 basis points to a range of 5.0% to 5.25% at its meeting at the beginning of May, the minutes of the Fed meeting are now due in the new week: These could provide further indications of the central bank's future path of interest rate hikes. Numerous economists expect that the latest interest rate hike in the Fed's cautious stance is also supported by the turbulence in the U.S. banking sector, which threatens to flare up again in the event of a further rate hike. The turbulence in the U.S. banking sector, which threatens to flare up again in the event of a further interest rate hike, also speaks in favor of a cautious approach by the Fed. Nevertheless, the U.S. central bank demonstratively left its options open for the further course of action, as evidenced by the various statements made by the Fed officials this week.

Meanwhile, interest rates are likely to rise somewhat higher in the euro area, where the European Central Bank (ECB) has also started its interest rate hike cycle later. Recently, however, "dovish" members of the ECB have once again been increasingly vocal: Spanish central bank president Pablo Hernandez de Cos, for example, believes that the ECB is now close to the end of its rate hike cycle. His Greek counterpart Giannis Stournaras made similar comments. In our opinion, there are still too few signs that inflation in the eurozone is calming down. Therefore, it seems rather unlikely that the June rate hike will be the last in this cycle. It could be followed by another one in July.

Source LLB 19.05.2023

KEY FIGURES 2023

EQUITY INDICES (LOCAL CURRENCIES)

AMERICA	31.12.2022	25.05.2023	% Chg YTD
Dow Jones Ind.	33'147.25	32'799.92	-1.05%
S&P 500	3'839.50	4'115.24	7.18%
RUSSELL 2000	1'760.83	1'761.20	0.02%
NASDAQ COMP	10'466.48	12'484.16	19.28%
CANADA - TSX	19'384.92	19'927.69	2.80%
MEXICO - IPC	48'515.63	53'393.40	10.05%
BRAZIL IBOVESPA	109'734.60	108'799.54	-0.85%
COLOMBIA COLCAP	1'286.07	1'122.65	-12.71%
ASIA	**31.12.2022**	**25.05.2023**	**% Chg YTD**
JAPAN- NIKKEI	26'094.50	30'682.68	17.58%
H.K. HANG SENG	19'781.41	19'115.93	-3.36%
CHINA CSI 300	3'887.90	3'859.09	-0.74%
EUROPE	**31.12.2022**	**25.05.2023**	**% Chg YTD**
EURO STOXX 50	3'793.62	4'263.74	12.39%
UK - FTSE 100	7'451.74	7'627.10	2.35%
GERMANY - DAX	13'923.59	15'863.95	13.94%
SWITZERLAND - SMI	10'729.40	11'383.14	6.09%
SPAIN - IBEX 35	8'229.10	9'163.50	11.35%
PORTUGAL - PSI 20	5'726.11	6'015.90	5.06%
RUSSIA - RTSI	98'860.00	102'710.00	3.89%

VOLATILITY

	31.12.2022	25.05.2023	% Chg YTD
SPX (VIX)	22.75	19.5	-14.29%

CURRENCIES

	31.12.2022	25.05.2023	% Chg YTD
EUR/USD	1.14	1.0754	-5.45%
USD/JPY	115.15	139.37	21.03%
USD/CHF	0.9110	0.9051	-0.65%
GBP/USD	1.35	1.2365	-8.70%
USD/CAD	1.26	1.3595	7.61%
EUR/CHF	1.04	0.9733	-6.06%

COMMODITIES (USD)

PRECIOUS METALS	31.12.2022	25.05.2023	% Chg YTD
GOLD USD/OZ	1'824.56	1'957.15	7.27%
SILVER USD/OZ	23.97	23.08	-3.71%
PLATINUM USD/OZ	1'073.50	1'028.00	-4.24%
ENERGY	**31.12.2022**	**25.05.2023**	**% Chg YTD**
WTI Crude Oil	80.26	74.34	-7.38%
Brent Crude Oil	85.91	78.36	-8.79%
Natural Gas	4.47	2.40	-46.35%

INTEREST RATES GOVERNMENT BONDS

	3 Months	2 Years	10 Years
USA	5.352	4.341	3.717
GERMANY	2.954	2.862	2.4520
SWITZERLAND	1.400	1.153	1.0340
UK	4.708	4.369	4.212
JAPAN	-0.155	-0.062	0.406

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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