NEWSLETTER OCTOBER 2023

T&T International Group
Your 360° Wealth Partner

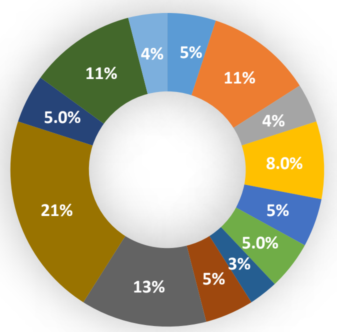
FINANCIAL MARKET OUTLOOK (SHORT TERM)

APPEALING		LESS FAVOURED
Global value and quality income Emerging market equities indl. China, India Indonesia Sectors: utilities, consumer staples, industrials, energy Select Swiss/European opportunities (vs US) US equal-weight indexes vs. Cap-weight indexes technology disruption Energy transitions and education innovation Infrastructure Sustainable equities	**Equities**	Cash
High grade (government) bonds Investment grade bonds Sustainable bonds Actively managed ixed income strategies	**Bonds**	Cash EM/HY bonds
EUR	**Currencies**	USD
Active commodity exposure Oil	**Precious Metals & Commodities**	Cash

ASSET ALLOCATION

In our global strategy, we continue to prefer bonds over equities. Within equities, we continue to prefer value and quality income versus growth. We upgrade IT to neutral, but we remain cautious and very selective on the growth segment. We also like emerging markets, including China. Within credit, we prefer investment grade over high yield and emerging market credit. Within commodities, we hold a preference for oil. Within currencies, we keep the US dollar as least preferred and the euro as a most preferred currency.

BALANCED USD MODEL PORTFOLIO



EQUITIES

The earnings outlook has improved, and on the back of US economic resilience, we have a neutral stance on global equities. But global equity valuations remain unattractive, and we see limited room for a rerating by the end of the year. So, we continue to prefer highquality bonds to equities. Across regions, we keep US equities as least preferred and emerging market equities as most preferred. By global equity sector, consumer staples, utilities, energy, and industrials stay as most preferred, and materials and healthcare as least preferred. Information technology has been upgraded to neutral. Across styles, we prefer value and quality income to growth (upgraded to neutral from least preferred). Value stocks remain historically very cheap compared to growth stocks.

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BONDS

We continue to be most preferred on the higher-quality segments of fixed income, given the all-in yields on offer and as inflation cools, downside risks to growth remain, and restrictive monetary policy continues to transmit into the real economy. Specifically, we maintain a preference for investment grade bonds, and are neutral on high yield and emerging market credit. The tightening of lending standards and higher official policy rates continue to weigh on growth and inflation, and should apply downward pressure on nominal interest rates. This is a positive driver for the performance of high-quality bonds. For higher-beta credit segments, we are beginning to see rising defaults and a gradual deterioration in corporate fundamentals. These dynamics and rising liquidity risk premiums are likely to have a greater impact on the lower quality segments of the asset class, such as high yield and loans.

CURRENCIES

The US dollar remains least preferred in our global strategy, although we acknowledge current bouts of strength in the greenback may mean less weakness ahead. We keep the euro at most preferred in spite of disappointments in China and lackluster growth in Europe. We still expect investors moving away from the US dollar to look for a liquid alternative asset market, and the euro is an obvious option, in our view. Regarding the other main currencies, we maintain a neutral positioning on the Japanese yen, Australian dollar, British pound, and Swiss franc.

Source: UBS House View Oct 2023

TOPIC OF THE MONTH

CENTRAL BANKS WEEK - FED IN FOCUS

Last week, investors' main focus was on the publication of the US inflation figures for August and, in Europe, on the ECB's interest rate decision.

While consumer prices recorded a broad-based increase of 3.7%, core inflation declined further to 4.3%. However, the rise in inflation had been expected against the background of higher energy prices. The decline in core inflation was less pronounced than many analysts had expected. In principle, however, it can be deduced from the published data set that the underlying price pressure has eased in recent months.

Trading this week will be dominated by the U.S. Federal Reserve meeting on Wednesday. It is generally expected that the Fed will initially take a pause in the interest rate hikes. Inflation as well as growth are developing as desired by the Fed, which is why no further rate hike seems necessary at the moment. With its first rate hike in March 2022, the Fed initiated the cycle very late and was ultimately forced to raise the key rate in rapid steps from then on. Since then, interest rate hikes totaling 525 basis points have been recorded and the key interest rate is now quoted at a level that is justified in the opinion of those responsible.

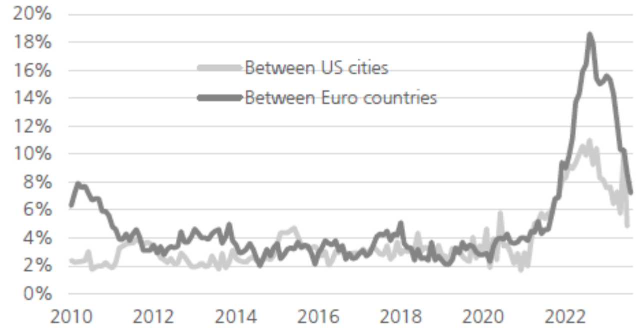
With a pause at the June meeting and a 25 basis point increase in July, the Fed has already reduced the pace significantly in the recent past. The labor market has cooled noticeably since then. Employment growth slowed significantly in the past three months and the number of job openings also declined noticeably. As a result, the sum of employment and vacancies, which shows the demand for labor, fell continuously between May and July. This suggests s also reflected in a weakening of wage growth.

Moreover, as already mentioned, inflationary pressure continues to decline. If there is no turnaround here, analysts assume that there will be no reason for the Fed to raise interest rates further after the expected pause in the coming week.What is remarkable, however, is that despite this historically almost unique interest rate cycle, the Fed could succeed in overcoming the phase of very high inflation without at the same time causing the economy to slide into recession. The "soft landing" had been considered almost impossible by many observers.

In this context, the inflation waves of the 1970s and 1980s were repeatedly cited as an example. At that time, inflation was also fought with massive interest rate hikes, which in turn led to a significant increase in the unemployment rate. However, there is also a certain hopefulness in these observations.

Inflation experiences converge as inflation slows

Highest less lowest inflation rate: US cities, and Euro economies



Source: Haver, UBS as of 11 September 2023

The data in the coming weeks and months will show to what extent the Fed actually succeeds in meeting expectations. There is no guarantee of this, and unfortunately surprises cannot be ruled out.

Source LLB Sep 2023

KEY FIGURES 2023

EQUITY INDICES (LOCAL CURRENCIES)

AMERICA	31.12.2022	15.09.2023	% Chg YTD
Dow Jones Ind.	33'147.25	34'618.24	4.44%
S&P 500	3'839.50	4'450.32	15.91%
RUSSELL 2000	1'760.83	1'847.03	4.90%
NASDAQ COMP	10'466.48	13'813.59	31.98%
CANADA - TSX	19'384.92	20'278.94	4.61%
MEXICO - IPC	48'515.63	51'452.59	6.05%
BRAZIL IBOVESPA	109'734.60	118'162.68	7.68%
COLOMBIA COLCAP	1'286.07	1'098.66	-14.57%
ASIA	**31.12.2022**	**15.09.2023**	**% Chg YTD**
JAPAN- NIKKEI	26'094.50	33'533.09	28.51%
H.K. HANG SENG	19'781.41	18'182.89	-8.08%
CHINA CSI 300	3'887.90	3'736.65	-3.89%
EUROPE	**31.12.2022**	**15.09.2023**	**% Chg YTD**
EURO STOXX 50	3'793.62	4'295.05	13.22%
UK - FTSE 100	7'451.74	7'711.38	3.48%
GERMANY - DAX	13'923.59	15'893.53	14.15%
SWITZERLAND - SMI	10'729.40	11'197.72	4.36%
SPAIN - IBEX 35	8'229.10	9'549.70	16.05%
PORTUGAL - PSI 20	5'726.11	6'133.34	7.11%
RUSSIA - RTSI	98'860.00	103'240.00	4.43%

VOLATILITY

	31.12.2022	15.09.2023	% Chg YTD
SPX (VIX)	22.75	13.79	-39.38%

CURRENCIES

	31.12.2022	15.09.2023	% Chg YTD
EUR/USD	1.14	1.0640	-6.45%
USD/JPY	115.15	147.43	28.03%
USD/CHF	0.9110	0.8560	-6.04%
GBP/USD	1.35	1.2411	-8.36%
USD/CAD	1.26	1.351	6.94%
EUR/CHF	1.04	0.9532	-8.00%

COMMODITIES (USD)

PRECIOUS METALS	31.12.2022	15.09.2023	% Chg YTD
GOLD USD/OZ	1'824.56	1'911.75	4.78%
SILVER USD/OZ	23.97	22.89	-4.51%
PLATINUM USD/OZ	1'073.50	907.5	-15.46%
ENERGY	**31.12.2022**	**15.09.2023**	**% Chg YTD**
WTI Crude Oil	80.26	90.77	13.09%
Brent Crude Oil	85.91	92.32	7.46%
Natural Gas	4.47	2.64	-40.94%

INTEREST RATES GOVERNMENT BONDS

	3 Months	2 Years	10 Years
USA	5.466	5.033	4.322
GERMANY	3.761	3.262	2.7170
SWITZERLAND	1.830	1.220	1.1100
UK	5.53	5.030	4.361
JAPAN	-0.135	-0.032	0.705

T&T INTERNATIONAL GROUP

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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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