NEWSLETTER SEPTEMBER 2023

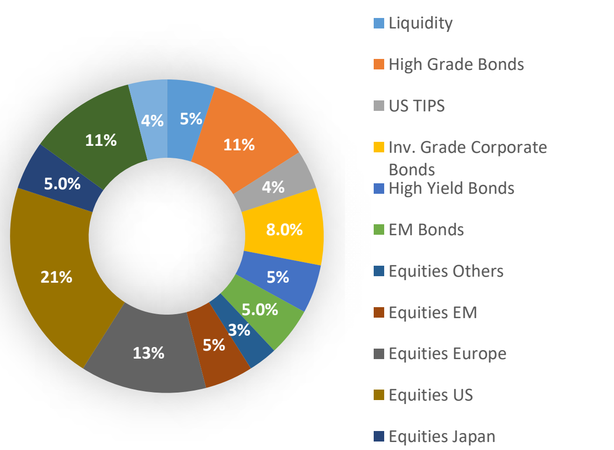
FINANCIAL MARKET OUTLOOK (SHORT TERM)

APPEALING		LESS FAVOURED
Sectors: utilities, consumer staples, industrials, energy Global Value Quality income Industrials incl automation and robotics Emerging market equities Select Swiss/European opportunities (vs US) Sustainable equities: ESG leaders, renewables and water scarcity Infrastructure including greentech.	**Equities**	Excess US equities Excess IT equities Excess growth equities Excess healthcare equities Concentrated stocks Excess cash
High grade, investment grade, sustainable bonds Short term bond ladder Actively managed fixed income solutions	**Bonds**	Excess cash Sell-expensive-rated bonds Excess equities Excess EM/HY bonds
EUR	**Currencies**	USD
Active commodity exposure Oil	**Precious Metals & Commodities**	Excess cash

ASSET ALLOCATION

In our global strategy, we move global equities from least preferred to neutral given our view of a more balanced equity riskreward outlook. Bonds stay our 'most preferred' asset class, albeit with a smaller relative preference versus equities than before. Within equities, we continue to prefer value and quality income versus growth. We also like emerging markets, including China. Within credit, we prefer high grade and 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

While global equity valuations remain unattractive with limited room for rerating, we think the earnings outlook has improved. On the back of US economic resilience, we neutralize our stance on global equities this month, but continue to prefer bonds to equities. Across regions, we downgrade Australia to neutral, keep US equities as least preferred, and emerging market equities as most preferred. By global equity sector, we downgrade materials to least preferred, and upgrade energy and communication services to most preferred and neutral, respectively. Consumer staples, utilities, and industrials stay as most preferred, and information technology and healthcare as least preferred. Across styles, we prefer value and quality income to growth.

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BONDS

We continue to advocate for more defensive allocations toward 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 high grade and investment grade bonds, and are neutral on high yield. On the emerging market credit side, recent performance has been strong due to expectations that we are close to the end of rate hiking cycles, while there have been some positive developments across distressed sovereign issuers. So, valuations are no longer cheap, in our view, and we shift our preference to neutral from most preferred.

CURRENCIES

We downgrade the Japanese yen from most preferred to neutral. Given relative US economic strength and tweaks to lessen the Bank of Japan's yield curve control, we see limited catalysts that will outweigh the negative 5% carry that a long yen, short dollar position entails. Near term, US-Japan yield differentials could also remain wide due to US Treasury refunding as well as the BoJ's management of the speed of the JGB yield increase. Nonetheless, we continue to see a long yen position as an effective downside hedge, particularly if implemented using optionality. We keep the US dollar as least preferred and the euro as most preferred. We maintain a neutral positioning on the Australian dollar, British pound, and Swiss franc.

Source: UBS House View Sep 2023

TOPIC OF THE MONTH

THE INFLATION REDUCTION ACT (IRA) AT A GLANCE

The Inflation Reduction Act (IRA) of August 2022 provides for new federal spending to reduce CO2 emissions, lower health care costs, and fund the U.S. Internal Revenue Service (IRS).

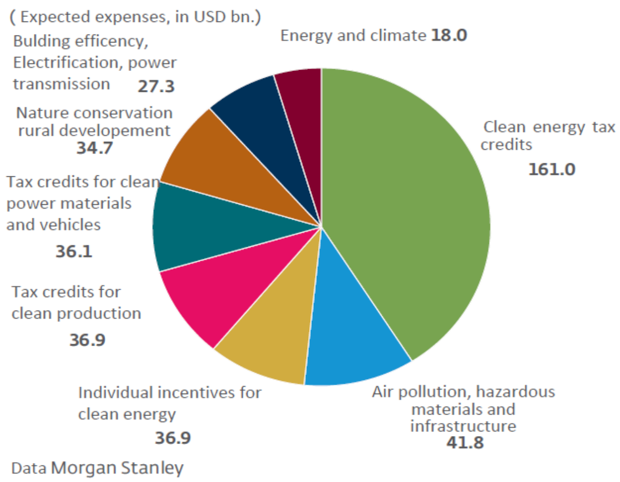
The law aims to promote investment in domestic production capacity, to procure important goods domestically or to support them with free trade partners. It is also intended to drive research and developmentas well as commercialize cutting-edge technologies such as carbon capture, storage and clean hydrogen.

This is the third set of measures passed since late 2021 to improve U.S. economic competitiveness and industrial productivity. The Bipartisan Infrastructure Law, the CHIPS & Science Act and the IRA partially overlap in their priorities and span about USD 2,000 billion in new federal spending over the next decade.

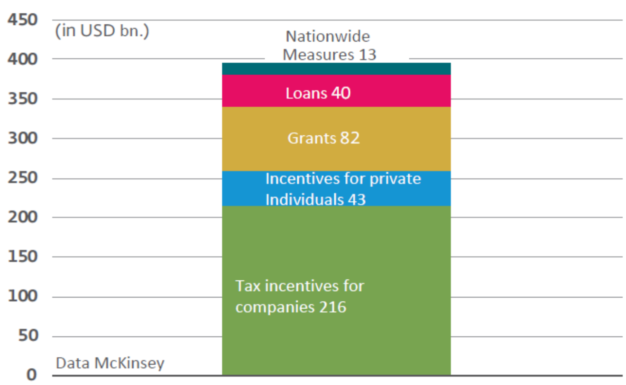
The roughly USD 400 billion IRA provides significant, far-reaching support for decarbonization technologies and for domestic manufacturing, primarily in the form of tax credits. Under the current wording of the bill, the tax credits will last until 2032, or until U.S. energy sector emissions have fallen by at least 75% from 2022 levels. Key provisions of the IRA legislation are shown at right in Chart 1. The biggest beneficiaries are domestic manufacturers of clean energy technologies and green hydrogen companies. Funds are provided through a mix of tax incentives, grants, and loan guarantees. In addition toclean energy, most of the funding is for clean transportation and electric grids, including support for electric vehicles.

The IRA's measures are designed to last for decades. They will provide significant growth in renewable energy, which we estimate will lead to a significant change in the U.S. electricity mix by 2035. Spurred by the IRA's tax credits, renewable power generation has become even more profitable in many regions of the United States. As a result, it is likely that in the coming years there will be strong demand for for renewable energy and significant growth in solar and wind growth in solar and wind power installations in the USA.

Clean energy financing in the IRA



Recepients of IRA support funds



Sourrce: LLB Aug 2023

KEY FIGURES 2023

EQUITY INDICES (LOCAL CURRENCIES)

AMERICA	31.12.2022	30.08.2023	% Chg YTD
Dow Jones Ind.	33'147.25	34'890.24	5.26%
S&P 500	3'839.50	4'511.87	17.51%
RUSSELL 2000	1'760.83	1'903.21	8.09%
NASDAQ COMP	10'466.48	14'019.31	33.94%
CANADA - TSX	19'384.92	20'330.32	4.88%
MEXICO - IPC	48'515.63	54'390.74	12.11%
BRAZIL IBOVESPA	109'734.60	117'535.10	7.11%
COLOMBIA COLCAP	1'286.07	1'114.86	-13.31%
ASIA	**31.12.2022**	**30.08.2023**	**% Chg YTD**
JAPAN- NIKKEI	26'094.50	32'490.52	24.51%
H.K. HANG SENG	19'781.41	18'928.02	-4.31%
CHINA CSI 300	3'887.90	3'823.69	-1.65%
EUROPE	**31.12.2022**	**30.08.2023**	**% Chg YTD**
EURO STOXX 50	3'793.62	4'373.73	15.29%
UK - FTSE 100	7'451.74	7'646.05	2.61%
GERMANY - DAX	13'923.59	16'204.22	16.38%
SWITZERLAND - SMI	10'729.40	11'201.55	4.40%
SPAIN - IBEX 35	8'229.10	9'519.60	15.68%
PORTUGAL - PSI 20	5'726.11	6'163.69	7.64%
RUSSIA - RTSI	98'860.00	103'360.00	4.55%

VOLATILITY

	31.12.2022	30.08.2023	% Chg YTD
SPX (VIX)	22.75	13.76	-39.52%

CURRENCIES

	31.12.2022	30.08.2023	% Chg YTD
EUR/USD	1.14	1.1137	-2.08%
USD/JPY	115.15	140.07	21.64%
USD/CHF	0.9110	0.8666	-4.87%
GBP/USD	1.35	1.2868	-4.98%
USD/CAD	1.26	1.3175	4.29%
EUR/CHF	1.04	0.9651	-6.85%

COMMODITIES (USD)

PRECIOUS METALS	31.12.2022	30.08.2023	% Chg YTD
GOLD USD/OZ	1'824.56	1'942.61	6.47%
SILVER USD/OZ	23.97	27.77	15.85%
PLATINUM USD/OZ	1'073.50	958	-10.76%
ENERGY	**31.12.2022**	**30.08.2023**	**% Chg YTD**
WTI Crude Oil	80.26	81.63	1.71%
Brent Crude Oil	85.91	85.86	-0.06%
Natural Gas	4.47	2.80	-37.36%

INTEREST RATES GOVERNMENT BONDS

	3 Months	2 Years	10 Years
USA	5.482	54.884	4.122
GERMANY	3638.000	2.677	2.5360
SWITZERLAND	3.638	1.125	0.9480
UK	5.579	4.877	4.425
JAPAN	-0.29	0.031	0.651

T&T INTERNATIONAL GROUP

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