

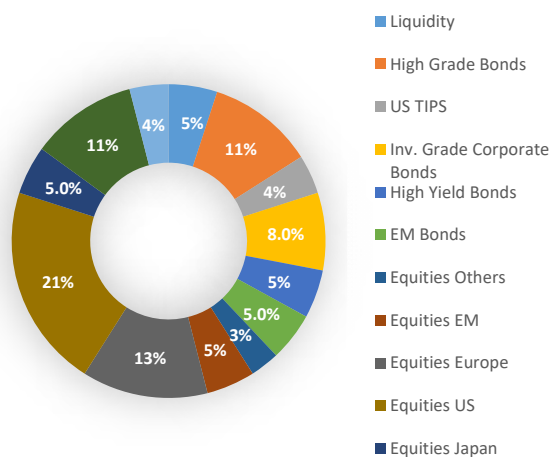
FINANCIAL MARKET OUTLOOK (SHORT TERM)

APPEALING		LESS FAVOURED
Global value and quality income Emerging market equities incl. 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 fixed income strategies	Bonds	Cash EM/HY bonds
EUR	Currencies	USD
Active commodity exposure Oil	Precious Metals & Commodities	Excess cash

ASSET ALLOCATION

In our global strategy, we retain our preference for bonds over equities. Within equities, we retain our preference for value and quality income versus growth. We also like the consumer staples, utilities, energy and industrials sectors. Our most preferred regions are EM and China. Within bonds, we prefer high grade and investment grade over high yield and emerging market credit. Within commodities, we hold a preference for oil. Within foreign exchange, we have a neutral stance in all major currencies.

BALANCED USD MODEL PORTFOLIO



EQUITIES

We see better value in bonds than equities and retain our preference for high-quality bonds to stocks. Across regions, we keep US equities as least preferred and emerging market equities as most preferred. By sector, consumer staples, utilities, energy, and industrials stay as most preferred, and materials and healthcare as least preferred. Across styles, we prefer value (most preferred) and quality income (most preferred) to growth (neutral). Value stocks remain historically very cheap compared to growth stocks, in our view.

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BONDS

We maintain our preference for 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 high grade and 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.

Source: UBS House View November 2023

CURRENCIES

The USD is finding support from the latest September FOMC meeting, which signaled it intends to keep policy rates higher for longer. In contrast, major central banks in Europe have mostly disappointed market expectations. We now think that the greenback will stay well-bid till end-2023, and we accordingly changed our forecasts across key currency pairs. Short term, we like to use option markets for yield pickup when it comes to the USD, while investors should consider beneficiaries of higher energy prices (NOK, the AUD, or the CAD) in the crosses.

TOPIC OF THE MONTH

US EARNINGS SET TO IMPROVE, DESPITE SLOW START

The beginning of the third-quarter earnings season has been relatively lackluster. With around a fifth of S&P 500 companies reporting by market capitalization, just below 70% have exceeded expectations—slightly lower than the historical average since 2015. Guidance from companies on the profit outlook for the final quarter is also down nearly 2%, weaker than prior quarters.

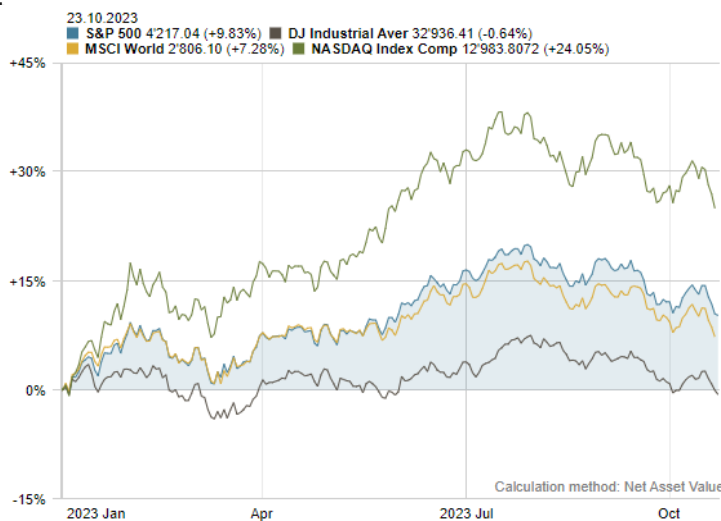
As the third quarter progressed, consumer balance sheets were shown to be in better shape than previously thought, labor market strength continued, and inflation fell further. Consumer spending which accounts for 70% of US economic activity, accelerated in the third quarter, and we think the changes in expectations for real GDP growth—from flat to 3%—should provide additional support for earnings.

Much of the earnings improvement will probably be driven by the seven largest tech and growth companies, the “Magnificent 7.” This group got off to a disappointing start last week, after electric vehicle maker Tesla missed both earnings and revenue expectations—which contributed to a 15.6% decline in the company’s stock last week. However, overall we still expect this group of seven leading companies to announce earnings per share growth in the region of 30%. We’ll be looking for updates on cloud optimization, rollout of artificial intelligence applications, and capital expenditure trends.

In terms of the remaining constituents of the S&P 500 index, while the consensus forecasts are for modest declines, beyond the worst-performing outliers trends are improving for the average company. Earnings growth for the median company is expected to grow at a mid-single-digit rate. In addition, S&P 500 earnings revisions have registered a notable improvement this year. On a net basis, analysts are modestly upgrading forward estimates.

The MSCI All Country index of global stocks fell this Monday 23.10.2023 to its lowest level since late March, when markets were dominated by worries over the stability of the US banking system following the collapse of Silicon Valley Bank.

The latest setback for markets reflects concerns over the potential for an escalating conflict in the Middle East and that central bank rates will stay higher for longer. Markets were also facing headwinds from a continued rise in the 10-year US Treasury yield, which neared 4.84% by Monday, 23.10.2023



Aside from a series of earnings reports from high-profile tech companies, investors will be looking for guidance on the outlook for Federal Reserve policy from the personal consumption expenditure (PCE) measure of inflation for September.

Source UBS 23.10.2023

KEY FIGURES 2023

EQUITY INDICES (LOCAL CURRENCIES)

AMERICA	31.12.2022	24.10.2023	% Chg YTD
Dow Jones Ind.	33'147.25	32'936.41	-0.64%
S&P 500	3'839.50	4'217.04	9.83%
RUSSELL 2000	1'760.83	1'665.88	-5.39%
NASDAQ COMP	10'466.48	13'018.32	24.38%
CANADA - TSX	19'384.92	19'046.74	-1.74%
MEXICO - IPC	48'515.63	48'197.88	-0.65%
BRAZIL IBOVESPA	109'734.60	112'784.52	2.78%
COLOMBIA COLCAP	1'286.07	1'117.42	-13.11%
ASIA	31.12.2022	24.10.2023	% Chg YTD
JAPAN- NIKKEI	26'094.50	30'999.55	18.80%
H.K. HANG SENG	19'781.41	17'172.13	-13.19%
CHINA CSI 300	3'887.90	3'474.24	-10.64%
EUROPE	31.12.2022	24.10.2023	% Chg YTD
EURO STOXX 50	3'793.62	4'041.75	6.54%
UK - FTSE 100	7'451.74	7'374.83	-1.03%
GERMANY - DAX	13'923.59	14'800.72	6.30%
SWITZERLAND - SMI	10'729.40	10'331.92	-3.70%
SPAIN - IBEX 35	8'229.10	8'995.50	9.31%
PORTUGAL - PSI 20	5'726.11	6'028.07	5.27%
RUSSIA - RTSI	98'860.00	107'360.00	8.60%

VOLATILITY

	31.12.2022	24.10.2023	% Chg YTD
SPX (VIX)	22.75	20.37	-10.46%

CURRENCIES

	31.12.2022	24.10.2023	% Chg YTD
EUR/USD	1.14	1.0673	-6.16%
USD/JPY	115.15	149.69	30.00%
USD/CHF	0.9110	0.8915	-2.14%
GBP/USD	1.35	1.2248	-9.56%
USD/CAD	1.26	1.3692	8.38%
EUR/CHF	1.04	0.9515	-8.17%

COMMODITIES (USD)

PRECIOUS METALS	31.12.2022	24.10.2023	% Chg YTD
GOLD USD/OZ	1'824.56	1'972.97	8.13%
SILVER USD/OZ	23.97	23	-4.05%
PLATINUM USD/OZ	1'073.50	898	-16.35%
ENERGY	31.12.2022	24.10.2023	% Chg YTD
WTI Crude Oil	80.26	85.49	6.52%
Brent Crude Oil	85.91	92.16	7.28%
Natural Gas	4.47	2.93	-34.54%

INTEREST RATES GOVERNMENT BONDS

	3 Months	2 Years	10 Years
USA	5.465	5.062	4.835
GERMANY	1.729	3.185	2.8660
SWITZERLAND	1.650	1.243	1.1500
UK	5.389	4.825	4.6
JAPAN	-0.145	0.088	0.869

T&T INTERNATIONAL GROUP

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