

Q3 2024

InSight

Quarterly market review



Debt rising,
inflation receding

OVERVIEW

Political changes around the world

UK

A new Labour government

EUROZONE

Spread widening returns

SPECIAL FOCUS

Argentina

OVERVIEW

Global economic growth remains firm and inflation pressures are receding. However, political developments have unsettled some markets and will remain a theme in the second half of 2024.

Although a soft landing for global growth has materialised and inflation pressures are slowly retreating, the legacy of recent economic turbulence resonates with political developments worldwide.

1. Major elections in 2024

Country	2024 Date	Type	Outcome
 Taiwan	13 Feb.	Presidential/legislative	William Lai – President
 Indonesia	14 Feb.	General	Prabowo Subianto – President
 Russia	17 March	Presidential	Vladimir Putin –President
 India	01 June	General	Narendra Modi – PM
 Mexico	02 June	General	Claudia Sheinbaum – President
 EU	09 June	Parliamentary	EPP gains most seats
 UK	04 July	General	Keir Starmer - PM
 France	07 July	Legislative	Three-way split
 US	05 Nov.	Presidential/legislative	?

Sources: BBC, Reuters, *The Economist* and various national news agencies. Data as at 5 July 2024.

Political turbulence

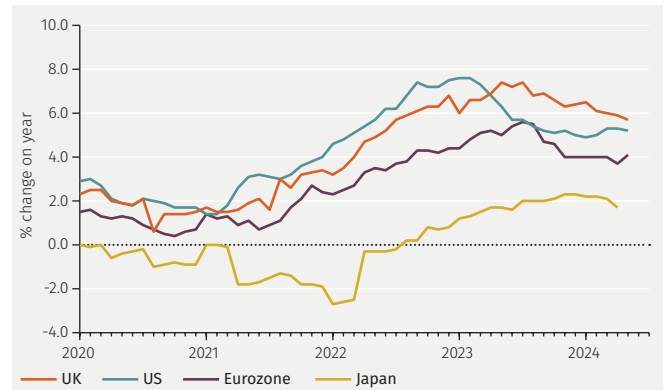
The prospect of political turbulence is one of the ten key themes in our *Outlook* for 2024.¹ It is fair to say that this has proved apposite (see Figure 1) so far, even before the US presidential election on 5 November. In European parliamentary elections, the surge in support for France’s right-wing party, the National Rally, led President Macron to call a snap parliamentary election. In that election, the National Rally was pushed into third place, behind an alliance of left-wing parties and President Macron’s centrists. In the UK, the election of a Labour government after almost 14 years of Conservative rule reflected a general desire for change. Even so, no radical change in the direction of economic policy is planned, not least because the new government has ruled out (for now) any major changes in government revenue or spending. In particular, unchanged rates of individual, corporate and value added taxes have been promised. Such stability from the opposition party is not the case in the US, where President Trump’s agenda includes potentially large changes.

Tariffs and trade

Most significantly, Trump plans either a 10% tariff on all US imports or a 60% tariff on imports from China or, indeed, both. That could partly finance a move to make the individual income tax cuts from the 2017 Tax Cuts and Jobs Act permanent. It remains to be seen whether he is elected (the chance is currently seen as almost 60%)² and whether such plans materialise. Almost certainly, they would prove to be inflationary. One estimate is that a 10% across-the-board tariff,

with full retaliation, would raise the US price level by 1.1%.³ It would therefore compound the difficulty of getting closer to the US’s 2% inflation target.

2. Services price inflation

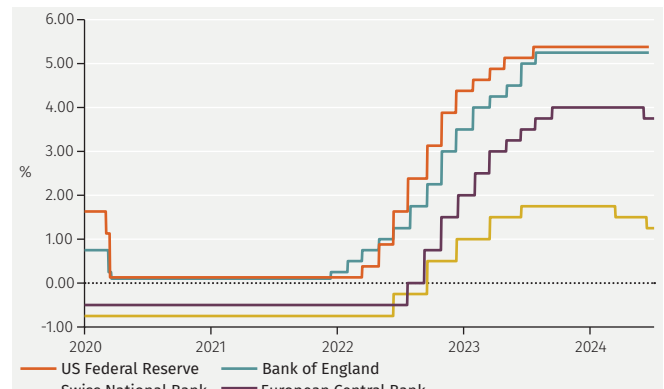


Source: LSEG. Data as at 5 July 2024.

Services: inflation and trade

In the US, and around the world, the main reason for a stickiness in inflation is that services price inflation has remained elevated (see Figure 2). US services inflation, as measured by the personal consumption expenditure (PCE) index, peaked at 6.0% year-on-year in January/February 2023 and declined to only 3.9% in May 2024. This stickiness has led to a cautious approach to reducing interest rates, notably in the US and UK (see Figure 3).

3. Central bank policy rates



Sources: LSEG and national central banks. Data as at 5 July 2024.

Many services prices have a high wage cost element. With wages generally reflecting past inflation (rather than being a predictor of future inflation) and labour markets remaining tight, wage pressures generally remain elevated across all the major

¹ https://www.efginternational.com/uk/insights/2023/2024_outlook.html

² Source: PredictIt. 5 July 2024.

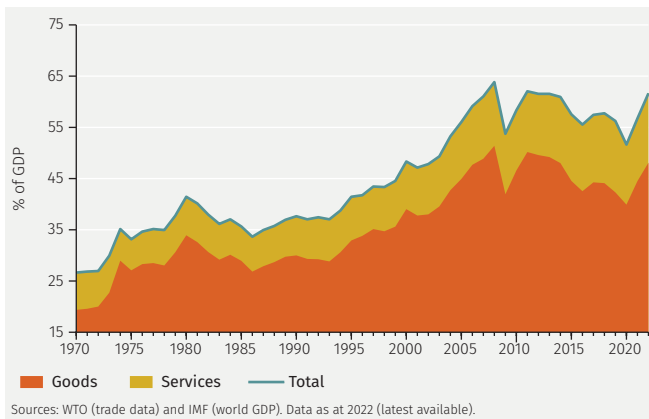
³ Jan Hatzius at the ECB Sintra Economic Forum, 2 July 2024.

OVERVIEW

economies. The importance of this is that the largest share of spending by consumers (almost 70% in the US) is on services (such as travel, leisure and entertainment).

Services are important in another respect. Although international trade in services is still smaller than goods trade, it is growing more strongly (see Figure 4). Although goods trade has declined relative to global GDP services trade has not. On this basis, deglobalisation (a falling share of trade relative to GDP) is a myth, according to Richard Baldwin.⁴ Although increases in US tariffs are in prospect, imposing tariffs on services, many of which are digital, dematerialised and easily movable across national borders – is likely to be difficult.

4. World trade volumes

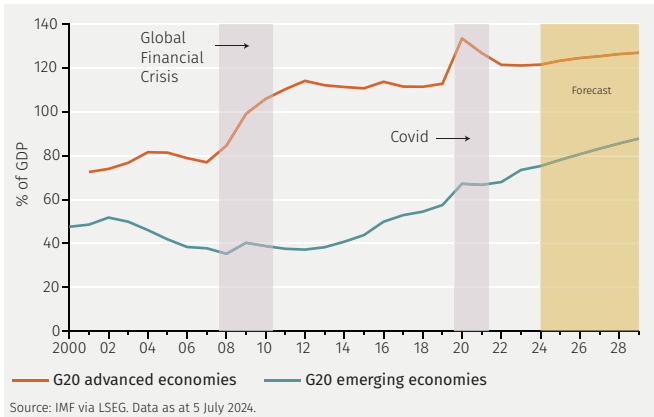


Deficits and debt

Around the world, the dislike of higher taxation is self-evident yet pressures on public spending – again, particularly services such as health, education and age-related care – are relentless. Additionally, the global investment required to reach net zero emissions by 2050 is estimated at around USD 4 trillion per year for the next 30 years. More tax could be raised (especially in developing and emerging economies) by removing fossil fuel subsidies, which amount to around USD 8 trillion a year, though removing such subsidies is likely to be very difficult indeed.

In the US, government budget deficits consistently in excess of 6% of GDP are projected for the next five years by the IMF. The outstanding stock of government debt, around one third of the level of GDP at the start of the millennium, has already exceeded 120% of GDP and is expected to rise to over 130% by the end of the decade. In advanced and emerging economies alike, a persistent increase in government debt levels is projected (see Figure 5). Five of the twenty members of the eurozone are judged by the European Commission to have excessive deficits. There are exceptions to this bleak fiscal

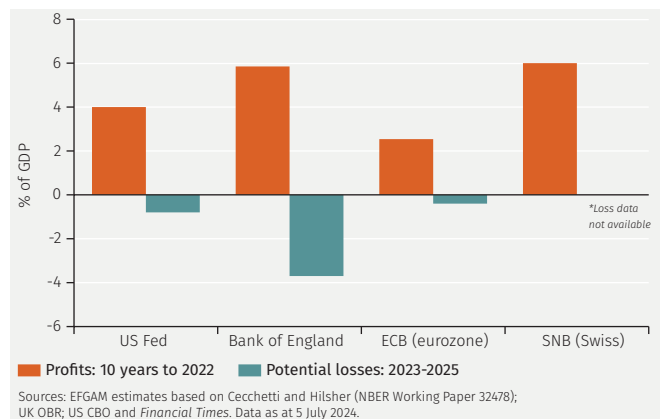
5. Government debt levels



landscape. Germany, most notably, perseveres with measures designed to bring its government debt level to 60% of GDP.

One fiscal issue, which is now receiving more attention, is central bank profitability. This has been undermined as a result of losses on central bank holdings on bonds purchased under quantitative easing programmes (see Figure 6). The accounting treatment of these losses varies between countries. In the UK, the Bank of England is indemnified by the Treasury for any losses. In the US, the transfer of Fed profits to the government is halted until losses are offset by future profits. Some see a risk of political pressures on central banks intensifying as a result.

6. Central bank profits and losses



The problem of high deficits and debt levels is that they can lead to a crisis of confidence among investors – as occurred during the brief premiership of Liz Truss. Capital flight, exchange rate weakness, lower bond prices and higher bond yields are the likely outcome when investor confidence dissipates. Whether that now happens elsewhere remains to be seen.

⁴ See Richard Baldwin <https://cepr.org/voxeu/columns/peak-globalisation-myth-part-4-services-trade-did-not-peak>

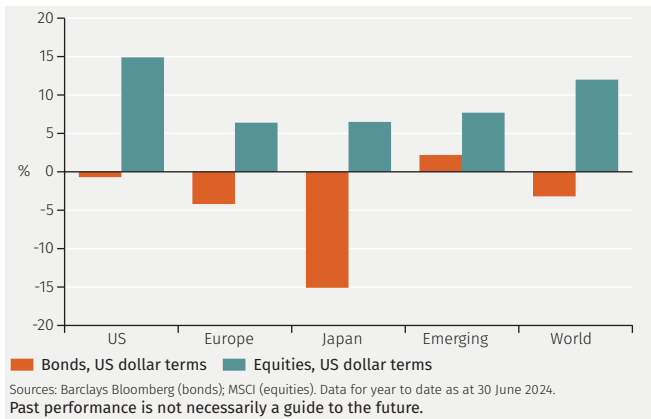
ASSET MARKET PERFORMANCE

Global equity market gains of over 10% in US dollar terms, led by the strength of the US market, were the most notable feature of the first half of 2024. The US dollar continued to strengthen against all major currencies.

Asset market performance

Returns from global equities in US dollar terms were 12.0% in the first half of 2024; global bonds returned -3.2% (see Figure 7).⁵ During the first half, inflationary pressures eased to some extent. That allowed a reduction of policy interest rates in the eurozone and Switzerland, but sticky service price and wage inflation meant policy interest rates in the US and UK remained unchanged. In all the main developed bond markets, returns were modestly negative in US dollar terms. The US dollar appreciated on its trade-weighted index, notably because of renewed yen weakness.

7. Asset market performance

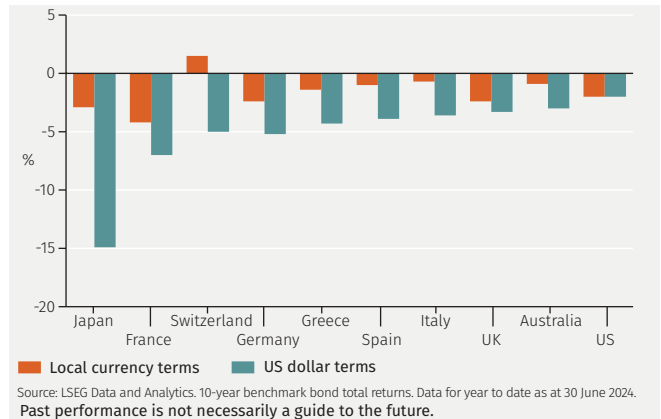


Bond markets

Returns from 10-year government bonds were generally marginally negative in local currency terms in the first half of the year (see Figure 8). In US dollar terms, returns were weaker as the US dollar continued to strengthen. There were two main exceptions to that general trend. In France, a rise in yields and a decline in bond prices followed heightened political uncertainty in June. In Switzerland, two 25 basis point cuts in the policy interest rate helped bring positive returns in the bond market in Swiss franc terms, but these were sharply offset in US dollar terms by Swiss franc weakness. Japan stood out as the weakest market in US dollar terms as the yen continued to slide in value against the dollar.

Returns from shorter-maturity bonds, inflation-protected bonds and selected convertible bonds were generally higher than those of 10-year government bonds during the period. This reflected, respectively, still high short-term interest rates and inflation and equity market strength.

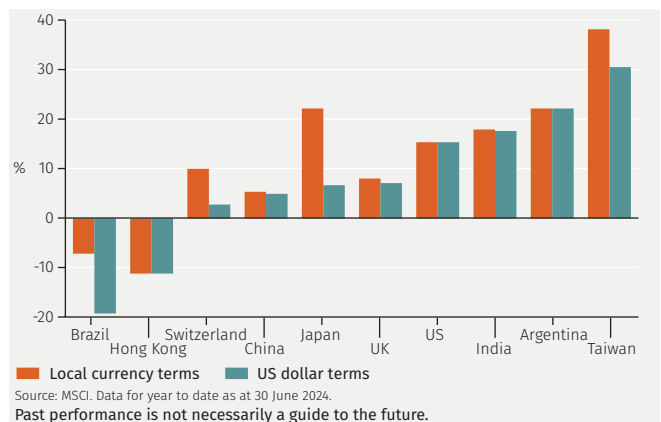
8. Bond market returns



Equity markets

In local currency terms, Japan produced equity market returns of over 20% in the first half of the year (see Figure 9). That partly reflected the benefit to exporting companies of a weaker yen but the domestic economy displayed little growth. Taiwan produced returns of 37% in local currency terms, modestly offset in US dollar terms by some currency weakness. The market benefited, in particular, from global optimism about Artificial Intelligence (AI) and related demand for semiconductors. Optimism about Argentina's reform programme helped the equity market there. After strong performance in 2023, the Brazilian equity market softened on concerns about stickier inflation and potentially weaker economic growth.

9. Equity market returns



⁵ The Bloomberg Barclays Global Aggregate Bond Index is a benchmark of government and investment grade corporate debt from developed and emerging markets issuers in 24 countries. The MSCI World Index represents large and mid-cap equity performance across 23 developed market countries.

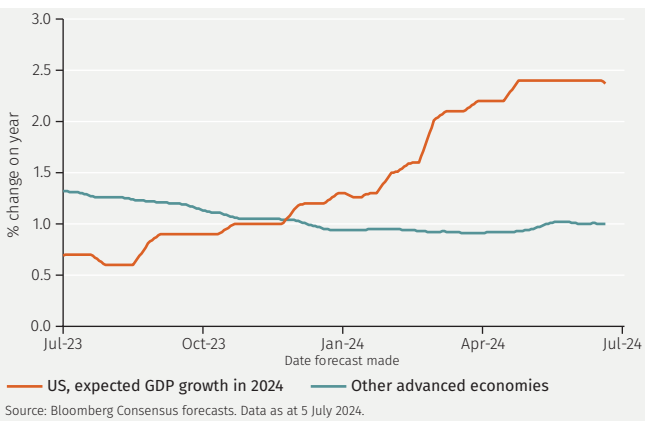
UNITED STATES

US economic growth, still stronger than in the rest of the world, seems to be faltering. The labour market is showing signs of normalising but the Fed seems to be in no rush to cut rates. Corporate earnings trends are encouraging.

US leads the world, but growth softening.

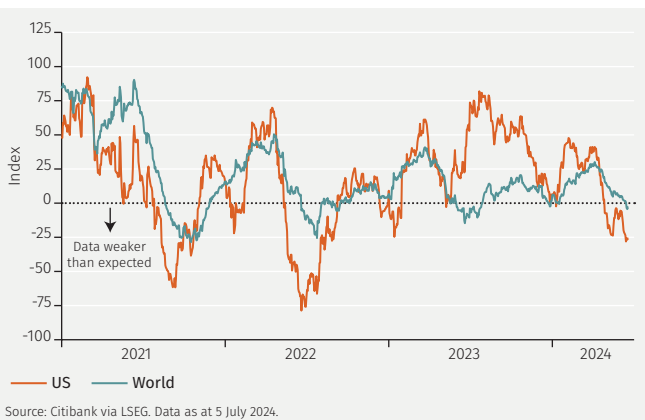
The US still leads the world in terms of GDP growth prospects (see Figure 10) for the current year. However, recent US economic data have generally come in weaker than expected (see Figure 11). Furthermore, the Federal Reserve Bank of Atlanta's *GDPNow* measure shows expected growth of just 2.0% at an annualised rate in the second quarter of the year.⁶

10. US GDP growth outstrips other advanced economies



In the labour market, Fed chair Powell recently commented on signs of normalisation.⁷ In particular, the Beveridge curve (the relationship between unemployment and vacancies) had “dropped vertically” to its pre-pandemic settings. This means that the job vacancies rate of 4.9% in June 2024 is quite closely aligned with the unemployment rate of 4.1%.

11. Economic surprise index: US and world



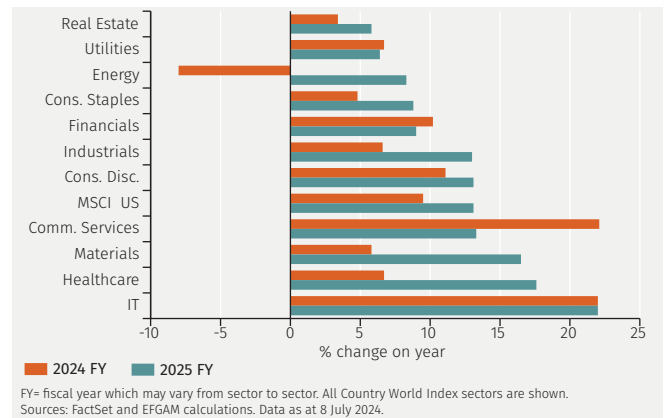
That better balance in the labour market will help ease wage and service price inflation pressures over time but the Fed still seems to be in no hurry to cut policy rates. Powell has

said the Fed wants to see “more data like what we have been seeing recently” before it can lower rates.⁸

Corporate earnings

In the equity market, corporate earnings growth is expected to be just below and just above 10%, respectively, in 2024 and 2025. The IT sector is expected to show the strongest growth in each year, but other sectors are expected to catch up, reflecting base effects (weak earnings in 2024) and the benefit of expected lower interest rates.

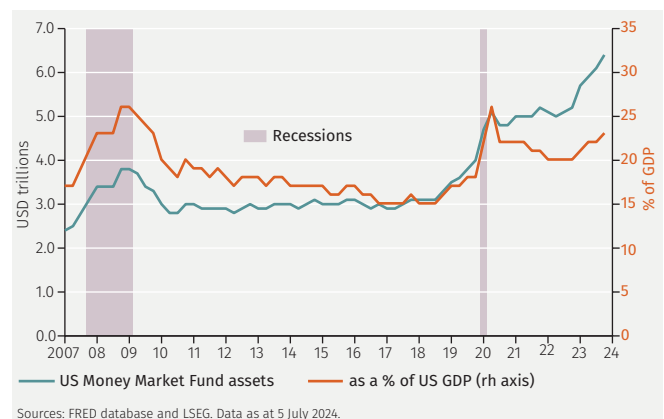
12. Sectoral earnings growth projections



Money on the sidelines

Although concerns about high overall equity market valuations remain, one potentially supportive factor cited by some is the large size of money market fund assets. However, relative to US GDP, these are not unusually high (see Figure 13).

13. US Money Market Fund assets



⁶ <https://www.atlantafed.org/cqer/research/gdpnow>. 10 July 2024.

⁷ At the ECB Sintra Forum on 2 July 2024.

⁸ Also at the Sintra Forum.

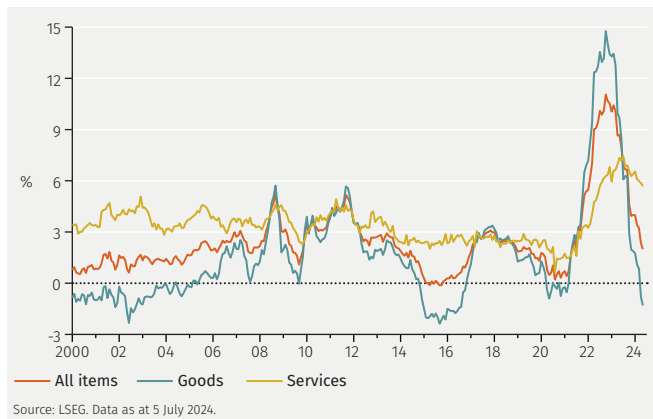
UNITED KINGDOM

The new Labour government will benefit, in its first few months in office, from a recovering economy, lower inflation and interest rate cuts. But two longer-term challenges – raising productivity and financing higher public spending – loom large.

Tailwind from favourable developments

In its first few months in office, the new Labour government will almost certainly enjoy the benefits of: inflation being back near target – the headline consumer price inflation rate is already at 2%; the start of interest rate cuts by the Bank of England; and positive GDP growth, after a brief, mild recession in late 2023. Certainly, there are some remaining short-term issues. In common with many other advanced economies, service price inflation, reflecting still strong wage growth, is still high. But there are good grounds for thinking that, as has typically been the case in the past (see Figure 14), low or negative goods price inflation can offset much of that; and wage growth should now moderate as headline inflation recedes.

14. UK Consumer Price Index (CPI) inflation



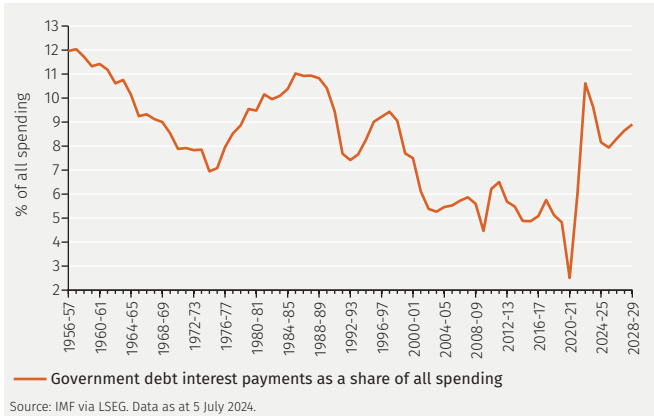
Productivity

Two much bigger longer-term challenges – raising productivity and financing higher public spending – are clearly identified by the incoming government. Growth of productivity (GDP per hour worked) was running at 2% p.a. before the global financial crisis of 2007/8. Since then, it has average 0.4% p.a. Part of this reflects low rates of investment, especially since the Brexit vote in 2016. The new government plans to stimulate investment through public sector support for private sector initiatives, especially through a freeing up of the planning system. There will be direct government spending as well, notably on housing and green investment. The latter is planned to be £15bn a year, 0.5% of GDP per year, similar in scale to the green provisions in the US Inflation Reduction Act.⁹

Public sector finances

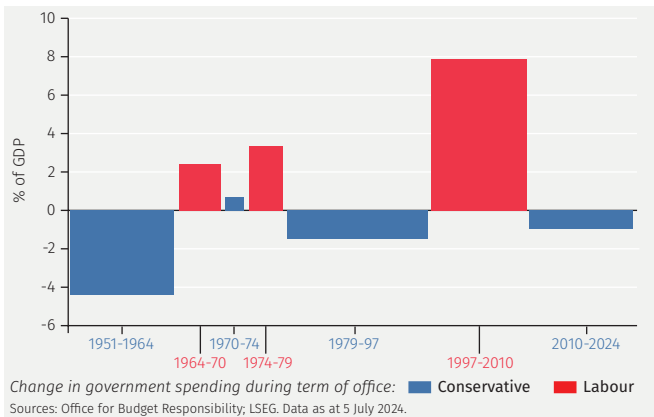
But the scope for expansionary fiscal policy is very limited. Debt interest payments, reflecting both a higher stock of debt and higher interest rates, are expected to take up almost a

15. UK: government debt interest payments



tenth of government spending in coming years (see Figure 15). In many other sectors – such as defence, health care, social care and education – following a period of spending constraints by the previous government, a catch up will be sought. That typically happens under Labour governments (see Figure 16).

16. UK government spending: the electoral cycle



The key issue is whether it is financially viable. Labour's plan envisages increasing tax revenue by £8.5bn per year by 2028/29, although a large contribution is expected to come from a reduction in tax avoidance. Maintaining the freeze on personal income tax thresholds until 2028, a measure introduced by the previous government, should contribute £15bn per year by 2028. Although, even maintaining the former government's (somewhat soft) target – of debt falling between the fourth and fifth years of the budget forecast – will be hard.

⁹ Estimated at USD 900bn over ten years in *Brookings Papers on Economic Activity*, Spring 2023.

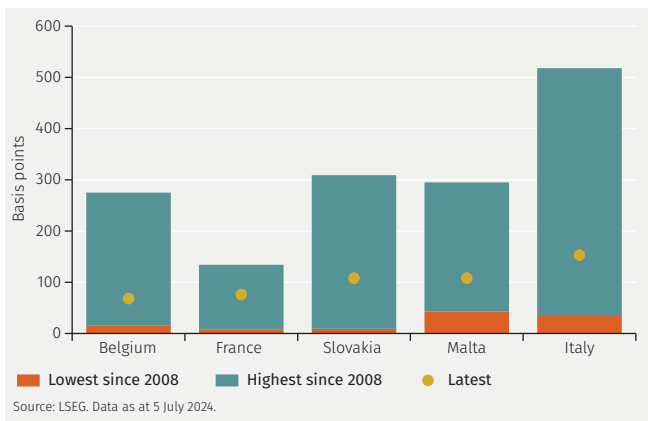
EUROZONE

Political turbulence in France has raised issues, once again, about the resilience of the eurozone.

Spread widening

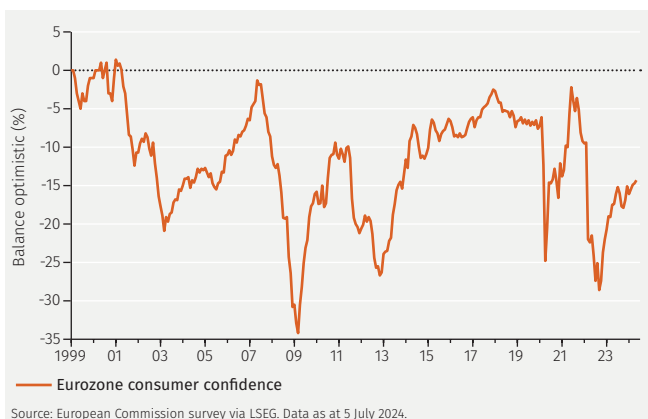
The snap general election in France called in response to the strong showing of the far right RN party led to a sharp widening of the yield spread between French and German 10-year government bond yields (see Figure 17) during June 2024. Concerns about the direction of the government failed to ease after the second round of French elections on 7 July.

17. 10-year yield spreads over Germany

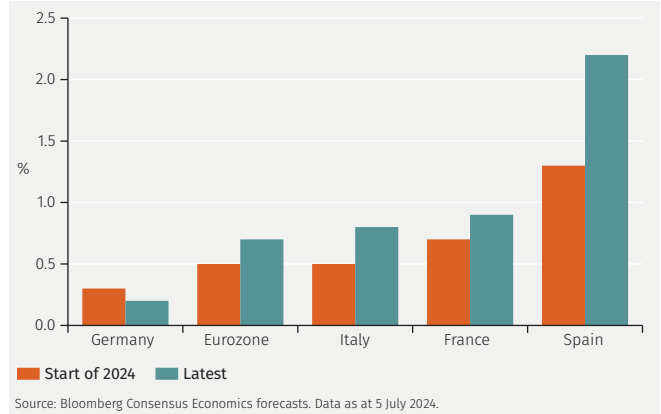


Since Christine Lagarde’s comment in the early stages of the Covid pandemic that the job of the European Central Bank (ECB) was not to close spreads between eurozone government bond yields, the issue has been a contentious policy area. The ECB now does have a tool that may be used to close spreads – the transmission protection instrument (TPI). It can be used to counter unwarranted, disorderly market developments, but only in cases of extreme country-specific problems. The issue now is that problems have arisen in five of the twenty eurozone members, which are considered to have excessive deficits (see Figure 17). Although spreads are well below those

18. Eurozone consumer confidence



19. GDP growth revisions



at the peak of the eurozone crisis, it would be unwise to rule out further pressures.

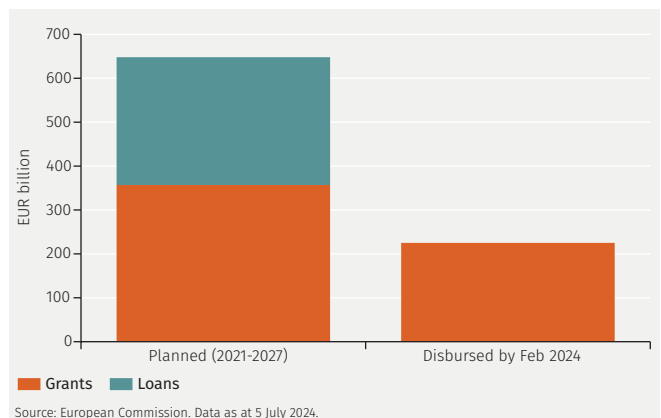
Consumer confidence

More broadly, the eurozone is not a happy place. Consumer confidence is at levels last seen during the Covid pandemic. Germany, the anchor of eurozone stability in the past, seems to struggle for direction, not least because of the government’s austerity policies. But there are some brighter areas. Since the start of the year, growth projections for Spain have notably been revised upwards (see Figure 19). This reflects a near-term boost from higher tourist spending.

Recovery and Resilience

Nevertheless, Spain also stands to gain significantly from take-up of the EU Recovery and Resilience Fund (RRF). This fund provides resources (see Figure 20) for the transition to green energy and new digital technologies.

20. EU Recovery and Resilience Fund



SWITZERLAND

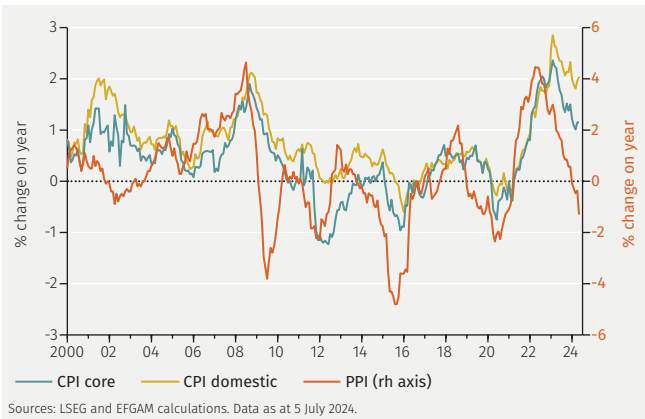
The Swiss National Bank (SNB) has cut its policy rate twice in 2024, taking the rate to 1.25%. A further cut, to 1%, is feasible even though the Swiss franc has weakened.

The SNB's second cut

Before the SNB meeting on 20 June, markets (according to futures contract prices) attached a probability of around 70% to the 25 basis point rate cut which took place. Despite this, the sell-off of the Swiss franc, which followed the announcement, suggests that it came as a surprise to many. Certainly, there were arguments for a pause in the easing cycle, especially as a first 25 basis point rate cut had already taken place in March. The arguments for waiting for a second cut were: a rebound in the CPI inflation from 1.0% year-on-year in February to 1.4% in April and May; GDP growth in the first quarter being slightly above potential; and the weakness of the Swiss franc following the first rate cut in March.

Set against these considerations was the sharp fall in producer prices (see Figure 21). Historically, producer price inflation has led Swiss core and domestic CPI inflation. In addition, the recent rebound in CPI inflation was mainly due to oil products and rents, the latter being reflective of past monetary policy tightening. Indeed, net of rents and electricity prices, Swiss inflation was only 0.4% year-on-year in May.

21. Swiss inflation trends



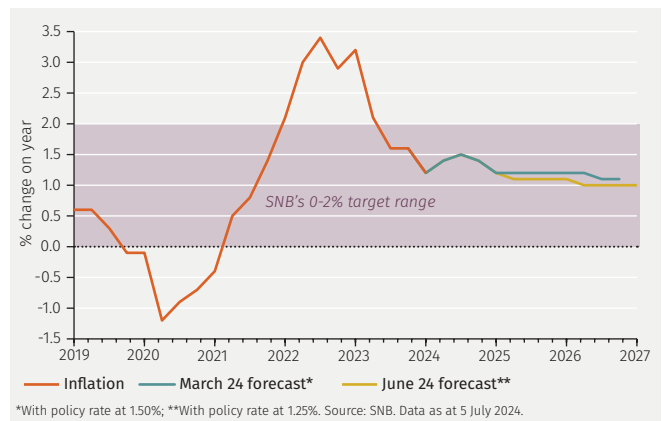
Weaker growth outlook

Looking at the growth outlook, two surveys of the business outlook for the April-May period showed activity and orders remaining below par. Moderate retail sales and services activity probably suggested to the SNB that domestic demand should not generate meaningful inflationary pressures. The tensions linked to eurozone political developments (particularly the snap French elections) pose the threat of a weaker eurozone economy. This would adversely impact Swiss growth.

Neutral rates

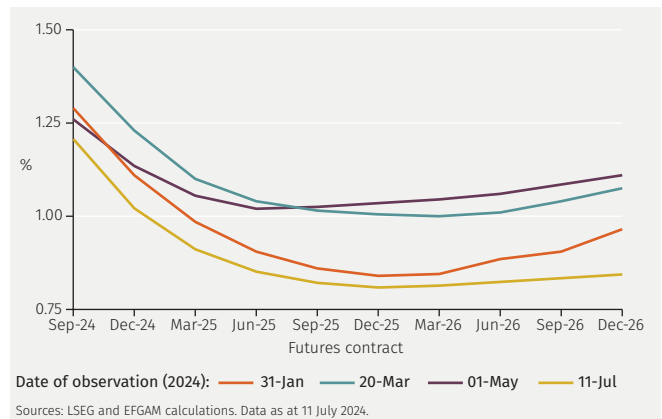
SNB President Jordan has recently noted that the neutral real interest rate in Switzerland may be around zero. If that is the compass for monetary policy in the medium term, the projected fall of inflation to around 1% in 2026 and beyond (see Figure 22) suggests there is room for one further 25 basis point rate cut. This could possibly come before the end of 2024.

22. SNB conditional inflation forecast



Interestingly, market expectations for the remainder of 2024 and 2025 (see Figure 23) are broadly in line with this assessment. Switzerland is clearly a leader in policy interest rate reductions. It remains to be seen when the rest of the world will catch up.

23. Swiss 3-month interbank rate implied by futures contracts



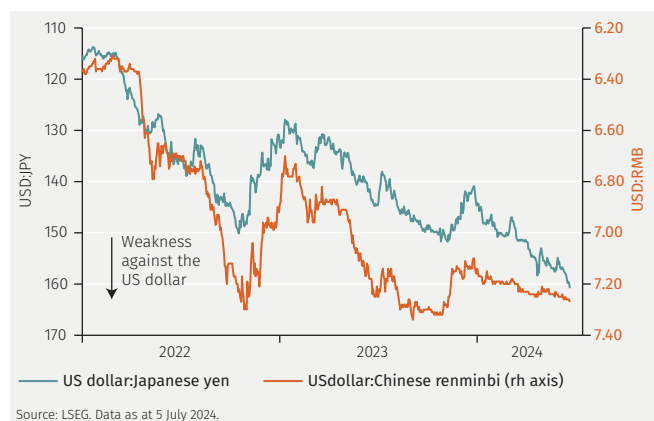
ASIA

Since the Asian financial crisis of 1997/98, currency movements have been important in Asia's performance. Currently, the weakness of the yen – formerly a safe haven – is the key issue.

Financial crises, past and present

The sharp weakening of the Japanese yen, since the start of 2022 (see Figure 24), follows a steady decline over a longer period. It has halved in value against the US dollar since 2012. Other Asian currencies – most notably the Chinese renminbi (see Figure 25) – have also weakened.

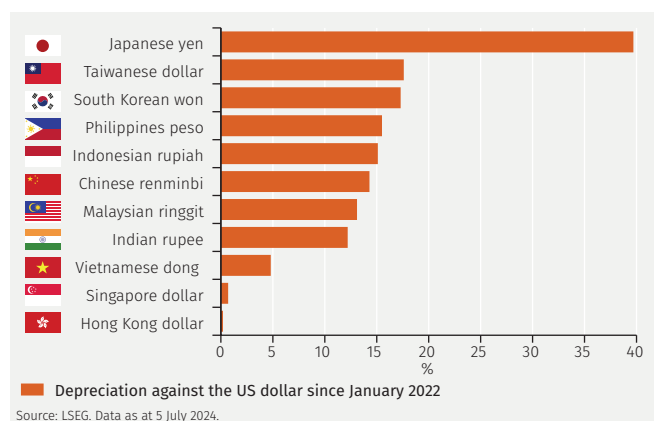
24. Yen and yuan



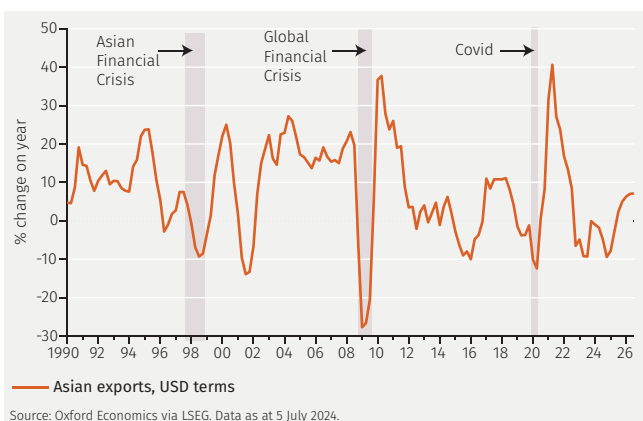
These currency developments have some similarity to those during the Asian financial crisis of 1997/98 when weakness in one currency, initially the Thai bhat, spread to others. Four Asian currencies halved in value against the US dollar at that time.¹⁰ Currency weakness helped resolve the crisis as more competitive currencies boosted exports; but significant structural reforms were the key to an improvement in longer-term economic performance.

So far, there has been no surge in Asian exports in response to currency weakness (see Figure 26). Indeed, Japanese and Chinese exports are lower than a year ago in US dollar terms.

25. Asian currencies: depreciation against the US\$ since 1 Jan 2022



26. Asian exports: broadly flat

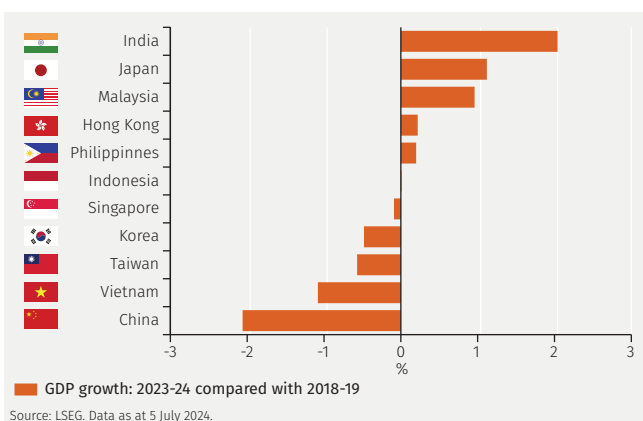


If President Trump were elected to a second term of office and the US were to introduce further trade tariffs, Asia's export performance would be further impeded.

Domestic demand and structural reform

However, the change in growth patterns across Asia suggests that the other lesson from the 1997/98 crisis – the importance of structural reforms in producing stronger growth – remains. Japan and India, the two economies where growth is notably higher in 2023-2024 than in the two years pre-Covid – have made important structural changes. In Japan, many of these can be tracked back to Prime Minister Abe's measures, in particular, improvements in corporate governance. In India, Prime Minister Modi's "Make in India" programme and an emphasis on infrastructure investment have been key to generating growth. At the other extreme, China's weaker growth performance reflects structural issues stemming from excessively high domestic savings, difficulties in the construction sector and an uncertain attitude to private enterprise.

27. GDP growth: 2023-24 compared with 2018-19



¹⁰ <https://tinyurl.com/2wzvuccu>

LATIN AMERICA

After strong performance in 2023, the largest Latin American economies face a number of headwinds in 2024.

Headwinds to growth

A number of headwinds are impeding growth across Latin America in 2024. The weakness of the Chinese economy, in particular, has impacted demand for the region's exports. China is the main trading partner of Brazil, as indeed it is for most of the southern part of Latin America (see Figure 28). Weak demand from China for the region's exports (notably iron ore) has impacted Brazil, in particular. This has contributed to currency weakness with the Brazilian real and Mexican peso depreciating by 16% and 8%, respectively, against the US dollar in the first half of the year. This currency weakness has raised inflationary pressures, contributing to a more hawkish tone from the central bank of Brazil.

28. Latin America: main trading partners

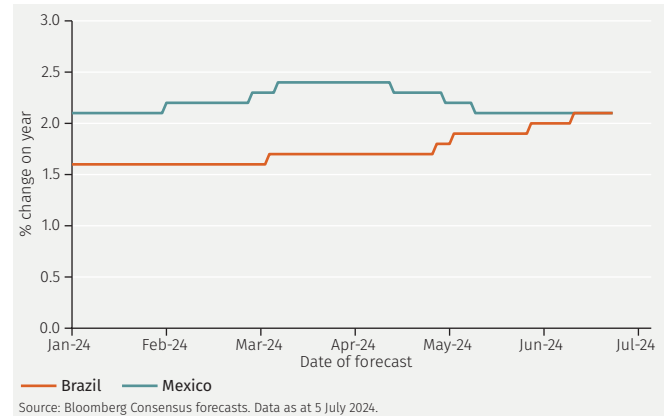


Fiscal developments are an additional challenge for Brazil. The fiscal target has been eased marginally for 2025 from a primary surplus of 0.5% of GDP to a balance on this measure (the primary balance excludes interest payments). Recent floodings in the state of Rio Grande do Sul are expected to reduce government revenues and also push up inflation.

However, Brazil's current account deficit has narrowed to just 1.4% of GDP in 2023 and is expected to remain around that level in coming years. Weaker metal and agricultural exports have been offset by stronger oil exports. Furthermore, domestic economic data have been strong, the manufacturing sector remains in expansion and the labour market remains

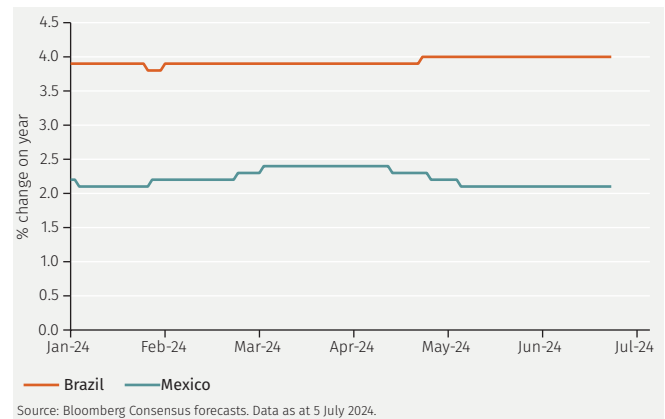
tight, with solid job growth and an unemployment rate of 7.5%, the lowest level since 2015.

29. Latin America: GDP growth expectations for 2024



On balance, overall growth and inflation expectations have, however, remained relatively stable for both Brazil and Mexico (see Figures 29 and 30).

30. Latin America: inflation expectations for 2024



Politics

Politics have become an even more important influence in both Brazil and Mexico. In Brazil, the polarised political environment will limit the government's ability to make significant changes to discretionary investment. It is, however, likely that tax reforms will eventually pass. In Mexico, the election of Claudia Sheinbaum as the new president, with her party gaining a supermajority in the lower house (although not the upper house) raises the prospect of expanding welfare payments, in a continued effort to address inequality. Sheinbaum, as a former environment minister, introduced policies to reduce air pollution. A major uncertainty, of course, relates to any change in the US tariff regime, should Donald Trump be elected president in November.

SPECIAL FOCUS: ARGENTINA

Can President Milei successfully transform Argentina’s economy after many years of failed attempts? That is the crucial question for the country itself and the IMF as its main creditor.

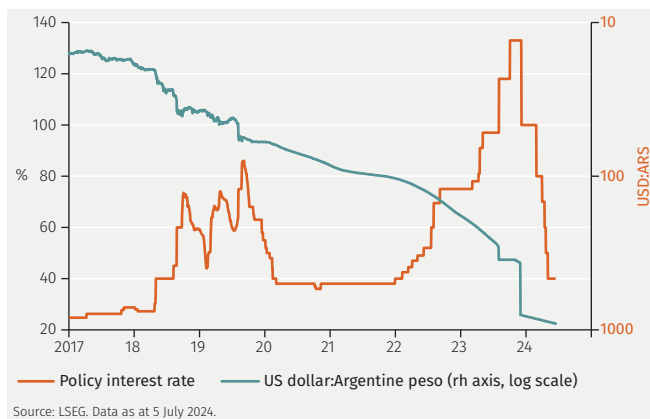
Four types of economy

Simon Kuznets, who won the Nobel prize in economics in 1971, said there are four types of economies — developed, undeveloped, Japan and Argentina. Two features that put Argentina in its special category are high inflation and weak growth. Milei’s policies aim to address these.

High inflation

Argentina has a history of high inflation and, indeed, hyperinflation: the rate reached 197% month-on-month in July 1989.¹¹ Bringing inflation down is President Milei’s top priority. The monthly rate has already declined from 25.5% in December 2023 to 4.2% in May. High inflation has meant that the Argentinian peso has generally weakened against the US dollar over time (see Figure 31) but the depreciation is currently limited to 2% per month – resulting in the real value of the peso recently appreciating and so hampering export competitiveness. Milei’s original plan for inflation control was dollarisation of the economy and abolition of the central bank. That plan has now been replaced with one which envisages “endogenous dollarisation”: restricting the supply of pesos (which would become a “museum piece”) and thereby encouraging a shift to the dollar. The peso was pegged to the dollar for more than ten years (from April 1991 to January 2002) before being abandoned, with dollar bank loans and deposits forcibly converted into pesos. That suggests only full dollarisation would eliminate currency risk. Zimbabwe reintroduced its domestic currency after ten years of dollarisation, so such policies can be reversed.

31. Argentina: policy interest rate and the peso



Weak growth

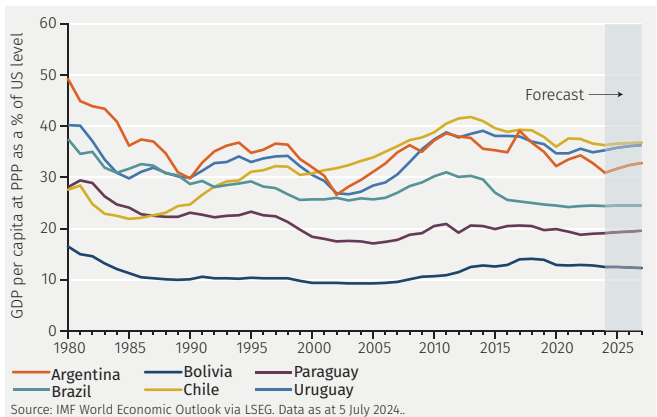
In order to improve growth prospects, Milei plans to roll back the size of the state. Initial results have been encouraging, with the government budget likely to be balanced this year. Initially, as is typically the case with such reforms, there has been an adverse impact on growth (see Figure 32) and Argentina has fallen behind its close neighbours (see Figure

32. Argentina: GDP growth expectations

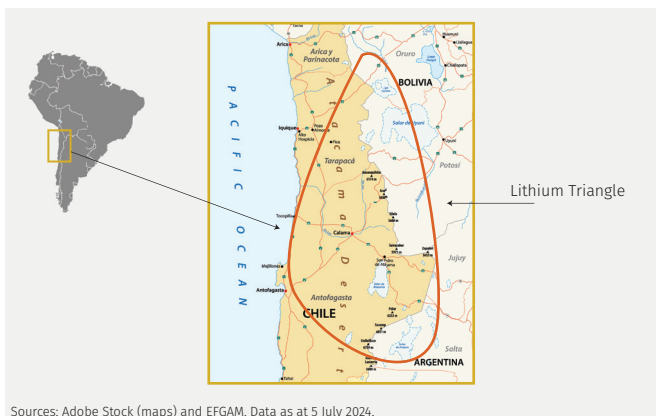


33). Argentina is rich in natural resources and its lithium reserves (see Figure 34) have the potential to boost exports and growth. Realising its potential has, of course, been Argentina’s perennial problem.

33. Argentina vs. its neighbours



34. Lithium triangle



¹¹ Source: <https://www.cato.org/research/world-inflation-and-hyperinflation-table>

Important disclaimers

This document has been produced by EFG Asset Management (UK) Limited for use by the EFG International ("EFG Group" or "EFG") worldwide subsidiaries and affiliates within the EFG Group. EFG Asset Management (UK) Limited is authorised and regulated by the UK Financial Conduct Authority, registered no. 07389736. Registered address: EFG Asset Management (UK) Limited, Park House, 116 Park Street, London W1K 6AP, United Kingdom, telephone +44 (0)20 7491 9111.

This document has been prepared solely for information purposes. The information contained herein constitutes a marketing communication and should not be construed as financial research or analysis, an offer, a public offer, an investment advice, a recommendation or solicitation to buy, sell or subscribe to financial instruments and/or to the provision of a financial service. It is not intended to be a final representation of the terms and conditions of any investment, security, other financial instrument or other product or service. The content of this document is intended only for persons who understand and are capable of assuming all risks involved. Further, this document is not intended to provide any financial, legal, accounting or tax advice and should not be relied upon in this regard. The information in this document does not take into account the specific investment objectives, financial situation or particular needs of the recipient. You should seek your own professional advice (including tax advice) suitable to your particular circumstances prior to making any investment or if you are in doubt as to the information in this document.

The information provided in this document is not the result of financial research conducted by EFG's research department. Therefore, it does not constitute investment or independent research as defined in EU regulation (such as "MIFID II" or "MIFIR") nor under the Swiss "Directive on the Independence of Financial Research" issued by the Swiss Banking Association or any other equivalent local rules.

The value of investments and the income derived from them can fall as well as rise, and you may not get back the amount originally invested. Past performance is no indicator of future performance. Investment products may be subject to investment risks, involving but not limited to, currency exchange and market risks, fluctuations in value, liquidity risk and, where applicable, possible loss of principal invested.

Although information in this document has been obtained from sources believed to be reliable, no member of the EFG group represents or warrants its accuracy, and such information may be incomplete or condensed. Any opinions in this document are subject to change without notice. This document may contain personal opinions which do not necessarily reflect the position of any member of the EFG group. To the fullest extent permissible by law, no member of the EFG group shall be responsible for the consequences of any errors or omissions herein, or reliance upon any opinion or statement contained herein, and each member of the EFG group expressly disclaims any liability, including (without limitation) liability for incidental or consequential damages, arising from the same or resulting from any action or inaction on the part of the recipient in reliance on this document.

EFG and its employees may engage in securities transactions, on a proprietary basis or otherwise and hold long or short positions with regard to the instruments identified herein; such transactions or positions may be inconsistent with the views expressed in this document.

The availability of this document in any jurisdiction or country may be contrary to local law or regulation and persons who come into possession of this document should inform themselves of and observe any restrictions. This document may not be reproduced, disclosed or distributed (in whole or in part) to any other person without prior written permission from an authorised member of the EFG group.

Financial intermediaries/independent asset managers who may be receiving this document confirm that they will need to make their own independent decisions and in addition shall ensure that, where provided to end clients/investors with the permission from the EFG Group, the content is in line with their own clients' circumstances with regard to any investment, legal, regulatory, tax or other considerations. No liability is accepted by the EFG Group for any damages, losses or costs (whether direct, indirect or consequential) that may arise from any use of this document by the financial intermediaries/independent asset managers, their clients or any third parties. Comparisons to indexes or benchmarks in this material are being provided for illustrative purposes only and have limitations because indexes and benchmarks have material characteristics that may differ from the particular investment strategies that are being pursued by EFG and securities in which it invests.

The information and views expressed herein at the time of writing are subject to change at any time without notice and there is no obligation to update or remove outdated information.

Independent Asset Managers: in case this document is provided to Independent Asset Managers ("IAMS"), it is strictly forbidden to be reproduced, disclosed or distributed (in whole or in part) by IAMS and made available to their clients and/or third parties. By receiving this document IAMS confirm that they will need to make their own decisions/judgements about how to proceed and it is the responsibility of IAMS to ensure that the information provided is in line with their own clients' circumstances with regard to any investment, legal, regulatory, tax or other consequences. No liability is accepted by EFG for any damages, losses or costs (whether direct, indirect or consequential) that may arise from any use of this document by the IAMS, their clients or any third parties.

If you have received this document from any affiliate or branch referred to below, please note the following:

Bahamas: EFG Bank & Trust (Bahamas) Ltd is licensed by the Securities Commission of the Bahamas pursuant to the Securities Industry Act, 2011 and Securities Industry Regulations, 2012 and is authorised to conduct securities business in and from The Bahamas including dealing in securities, arranging dealing in securities, managing securities and advising on securities. EFG Bank & Trust (Bahamas) Ltd is also licensed by the Central Bank of the Bahamas pursuant to the Banks and Trust Companies Regulation Act, 2000 as a Bank and Trust company. Registered office: Goodman's Bay Corporate Centre West Bay Street and Sea View Drive, Nassau, The Bahamas.

Bahrain: EFG AG Bahrain is a branch of EFG Bank AG as licensed by the Central Bank of Bahrain (CBB) as Investment Business Firm Category 2 and is authorised to carry out the following activities: a) Dealing in financial instruments as agents; b) Arranging deals in financial instruments; c) Managing financial instruments; d) Advising on financial instruments; e) Operating a Collective Investment Undertaking; and f) Arranging Credit and Advising on Credit. Registered address: EFG AG Bahrain Branch, Manama / Front Sea / Block 346 / Road 4626 / Building 1459 / Office 1401 / P O Box 11321 Manama -- Kingdom of Bahrain.

Cayman Islands: EFG Bank AG, Cayman Branch ("the Branch") is a Registered Person under the Cayman Islands Monetary Authority (CIMA) Securities Investment Business Act (as revised) ("the Securities Act") and its accompanying regulations. The Branch is permitted to provide securities investment services to high net worth and sophisticated persons, as defined in Schedule 4 of the Securities Act, in and from within the Cayman Islands including dealing in securities, arranging dealing in securities, managing securities, and advising on securities. The Branch is also licensed by CIMA pursuant to the Banks and Trust Companies Act (as revised) ("the Banking Act") as a Category B Bank to provide banking services in accordance with Section 6 (6) of the Banking Act. Registered Office: Suite 3208, 9 Forum Lane, Camana Bay, Grand Cayman KY1-1003, Cayman Islands.

Cyprus: EFG Cyprus Limited is an investment firm established in Cyprus with company No. HE408062, having its registered address at Kennedy 23, Globe House, 6th Floor, 1075, Nicosia, Cyprus. EFG Cyprus Limited is authorised and regulated by the Cyprus Securities and Exchange Commission (CySEC).

Dubai: EFG (Middle East) Limited is regulated by the DFSA. This material is intended "for professional clients only". Registered address: EFG (Middle East) Limited DIFC, Gate Precinct 5, 7th Floor PO Box 507245 - Dubai, UAE.

Greece: EFG Bank (Luxembourg) S.A., Athens Branch is a non-booking establishment of EFG Bank (Luxembourg) S.A. which is authorised to promote EFG Bank (Luxembourg) S.A.'s products and services based on the EU freedom of establishment pursuant to a license granted by the Luxembourg financial supervisory authority "CSSF". Registered address: 342 Kifisias Ave. & Ethnikis Antistaseos Str. - 154 51 N. Psychiko, General Commercial Registry no. 14305760001.

Hong Kong: EFG Bank AG, Hong Kong branch (CE Number: APV863) ("EFG Hong Kong") is authorized as a licensed bank by the Hong Kong Monetary Authority pursuant to the Banking Ordinance (Cap. 155, Laws of Hong Kong) and is authorized to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 9 (asset management) regulated activities in Hong Kong. Registered address: EFG Bank AG Hong Kong branch, 18th floor, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong. To the fullest extent permissible by law and the applicable requirements to EFG Hong Kong under the Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission, EFG Hong Kong shall not be responsible for the consequences of any errors or omissions herein, or of any information or statement contained herein. EFG Hong Kong expressly disclaims any liability, including (without limitation) liability for incidental or consequential damages, arising from the same or resulting from any action or inaction on the part of the recipient in reliance on this document.

Israel: EFG Wealth Management (Israel) Ltd. Registered Office: 3 Rothschild Blv., Tel Aviv 6688106, Israel.

Jersey: EFG Private Bank Limited, Jersey Branch having its principal place of business at 5th Floor, 44 Esplanade, Jersey, JE1 3FG is regulated by the Jersey Financial Services Commission (JFSC registration number: RBN32518) and is a branch of EFG Private Bank Limited. EFG Private Bank Limited is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority (UK FCA registered no 144036) and Prudential Regulation Authority. EFG Private Bank Limited is registered in England and Wales no 2321802. UK registered office: Park House, 116 Park Street London W1K 6AP, United Kingdom, telephone +44 (0)20 7491 9111. The services of EFG Private Bank Limited, Jersey Branch are carried out under and in accordance with the rules of the Jersey Financial Services Commission and where appropriate the rules of the Financial Conduct Authority and Prudential Regulation Authority.

Liechtenstein: EFG Bank von Ernst AG is regulated by the Financial Market Authority Liechtenstein. Registered address: EFG Bank von Ernst AG Egertastrasse 10 - 9490 Vaduz, Liechtenstein.

Luxembourg: EFG Bank (Luxembourg) S.A. is authorised by the Ministry of Finance Luxembourg and supervised by the Commission de Surveillance du Secteur Financier (CSSF). EFG Bank (Luxembourg) S.A. is Member of the Deposit Guarantee Fund Luxembourg (F.G.D.L. - Fonds de Garantie des Dépôts Luxembourg) and Member of the Luxembourg Investor Compensation Scheme (S.I.L.L. - Système d'Indemnisation des Investisseurs Luxembourg). R.C.S. Luxembourg no. B113375. Registered address: EFG Bank (Luxembourg) S.A. - 56, Grand-Rue, L-1660 Luxembourg

Portugal: EFG Bank (Luxembourg) S.A. - Sucursal em Portugal is authorised and supervised by Banco de Portugal (register 280) and the CMVM, the Portuguese securities market commission, (register 393) for the provision of financial advisory and reception and transmission of orders. EFG Bank (Luxembourg) S.A. - Sucursal em Portugal is a non-booking branch of EFG Bank (Luxembourg) S.A., a public limited liability company incorporated under the laws of the Grand Duchy of Luxembourg, authorised and supervised by the CSSF (Commission de Surveillance du Secteur Financier). Lisbon Head Office: Avenida da Liberdade n.º 131 - 6.º Dto., 1250 - 140 Lisboa. Porto agency: Avenida da Boavista, n.º 1837 - Escritório 6.2, 4100-133 Porto. Companies Registry Number: 980649439.

Monaco: EFG Bank (Monaco) SAM is a Monegasque Limited Company with a company registration no. 90 S 02647 (Répertoire du Commerce et de l'Industrie de Monaco). EFG Bank (Monaco) SAM is a bank with financial activities authorised and regulated by the "Autorité de Contrôle Prudential et de Résolution" (French Prudential Supervision and Resolution Authority and by the "Commission de Contrôle de Activités Financières" (Monegasque Commission for the Control of Financial Activities). Registered address: EFG Bank (Monaco) SAM, Villa les Aigles, 15, avenue d'Ostende - BP 37 - 98001 Monaco (Principauté de Monaco), telephone: +377 93 15 11 11. The recipient of this document is perfectly fluent in English and waives the possibility to obtain a French version of this publication.

Panama: EFG Asesores (Panama), S.A. in an entity supervised by the Superintendencia of the Securities Market of Panama. License to operate as an Investment Advisor - Resolution No. SMV-316-23. Registered address: EFG Asesores (Panama) S.A., Torre Argos, 2nd Floor, Santa Maria Business District, Panama City.

People's Republic of China ("PRC"): EFG Bank AG Shanghai Representative Office is approved by China Banking Regulatory Commission and registered with the Shanghai Administration for Industry and Commerce in accordance with the Regulations of the People's Republic of China for the Administration of Foreign-invested Banks and the related implementing rules. Registration No: 310000500424509. Registered address: Room 65110, 65 F, Shanghai World Financial Center, No. 100, Century Avenue, Pudong New Area, Shanghai. The business scope of EFG Bank AG Shanghai Representative Office is limited to non-profit making activities only including liaison, market research and consultancy.

Singapore: EFG Bank AG, Singapore branch (UEN No. T03FC6371) is licensed as a wholesale bank by the Monetary Authority of Singapore pursuant to the Banking Act 1970, an Exempt Financial Adviser as defined in the Financial Advisers Act 2001 and an Exempt Capital Markets Services Entity under the Securities and Futures Act 2001. This advertisement has not been reviewed by the Monetary Authority of Singapore. Registered address: EFG Bank AG Singapore Branch, 79 Robinson Road, #18-01, Singapore 068897. This document does not have regard to the specific investment objectives, financial situation or particular needs of any specific person. This document shall not constitute investment advice or a solicitation or recommendation to invest in this investment or any products mentioned herein. EFG Singapore and its respective officers, employees or agents make no representation or warranty or guarantee, express or implied, as to, and shall not be responsible for, the accuracy, reliability or completeness of this document, and it should not be relied upon as such. EFG Singapore expressly disclaims any liability, including (without limitation) liability for incidental or consequential damages, arising from the same or resulting from any action or inaction on the part of the recipient in reliance on this document. You should carefully consider the merits and the risk inherent in this investment and based on your own judgement or the advice from such independent advisors whom you have chosen to consult, evaluate whether the investment is suitable for you in view of your risk appetite, investment experience, objectives, financial resources and circumstances, and make such other investigation as you consider necessary and without relying in any way on EFG Singapore.

Switzerland: EFG Bank AG, Zurich, including its Geneva and Lugano branches, is authorised and regulated by the FINMA. Registered Office: EFG Bank AG, Bleicherweg 8, 8001 Zurich, Switzerland. Registered Swiss Branches: EFG Bank SA, 24 quai du Seujet, 1211 Geneva 2, and EFG Bank SA, Via Magatti 2, 6900 Lugano.

United Kingdom: EFG Private Bank Limited is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. EFG Private Bank Limited is a member of the London Stock Exchange. Registered company no. 02321802. Registered address: EFG Private Bank Limited, Park House, 116 Park Street, London W1K 6AP, United Kingdom, telephone +44 (0)20 7491 9111.

USA:

EFG Asset Management (Americas) Corp ("EFGAM Americas") is a U.S. Securities and Exchange Commission ("SEC") registered investment adviser providing investment advisory services. Registration with the SEC or any state securities authority does not imply any level of skill or training. EFGAM Americas may only transact business or render personalized investment advice in those states and international jurisdictions where it is registered, has notice filed, or is otherwise excluded or exempted from registration requirements. An investor should consider his or her investment objectives, risks, charges and expenses carefully before investing. For more information on EFGAM Americas, its business practices, background, conflict of interests, fees charged for services and other relevant information, please visit the SEC's public investor information site at: <https://www.investor.gov>. Also, you may visit: <https://adviserinfo.sec.gov/firm/summary/158905>. In both of these sites you may obtain copies of EFGAM Americas's most recent Form ADV Part 1, Part 2 and Form CRS. EFGAM Americas Registered address: 701 Brickell Avenue, Suite 1350 - Miami, FL 33131.

EFG Capital International Corp. ("EFG Capital") is a U.S. Securities and Exchange Commission ("SEC") registered broker-dealer and member of the Financial Industry Regulatory Authority ("FINRA") and the Securities Investor Protection Corporation ("SIPC"). Securities products and brokerage services are provided by EFG Capital. None of the SEC, FINRA or SIPC, have endorsed this document or the services and products provided by EFG Capital and its U.S. based affiliates. Registered address: 701 Brickell Avenue, Ninth Floor & Suite 1350 - Miami, FL 33131. EFG Capital and EFGAM Americas are affiliated by common ownership under EFGI and maintain mutually associated personnel. The products and services described herein have not been authorized by any regulator or supervisory authority, and further are not subject to supervision by any regulatory authority outside of the United States. Please note the content herein was produced and created by EFG Bank AG/EFG Asset Management (UK) Limited (as applicable). This material is not to be construed as created or otherwise originated from EFG Capital or EFGAM Americas. Neither EFGAM Americas nor EFG Capital represent themselves as the underlying manager or investment adviser of this Fund/ product or strategy.

EFG Asset Management (North America) Corp. ("EFGAM NA") is a US Securities and Exchange Commission (SEC) Registered Investment Adviser For more information on EFGAM NA Corp, its business, affiliations, fees, disciplinary events, and possible conflicts of interests please visit the SEC Investment Advisor Public Disclosure website (<https://adviserinfo.sec.gov/>) and review its Form ADV.

Information for investors in Australia:

For Professional, Institutional and Wholesale Investors Only.

This document has been prepared and issued by EFG Asset Management (UK) Limited, a private limited company with registered number 7389736 and with its registered office address at Park House, Park Street, London W1K 6AP (telephone number +44 (0)20 7491 9111). EFG Asset Management (UK) Limited is regulated and authorized by the Financial Conduct Authority No. 536771.

EFG Asset Management (UK) Limited is exempt from the requirement to hold an Australian financial services licence in respect of the financial services it provides to wholesale clients in Australia and is authorised and regulated by the Financial Conduct Authority of the United Kingdom (FCA Registration No. 536771) under the laws of the United Kingdom which differ from Australian laws.

This document is personal and intended solely for the use of the person to whom it is given or sent and may not be reproduced, in whole or in part, to any other person.

ASIC Class Order CO 03/1099

EFG Asset Management (UK) Limited notifies you that it is relying on the Australian Securities & Investments Commission (ASIC) Class Order CO 03/1099 (Class Order) exemption (as extended in operation by ASIC Corporations (Repeat and Transitional Instrument 2016/396) for UK Financial Conduct Authority (FCA) regulated firms which exempts it from the requirement to hold an Australian financial services licence (AFSL) under the Corporations Act 2001 (Cth) (Corporations Act) in respect of the financial services we provide to you.

UK Regulatory Requirements

The financial services that we provide to you are regulated by the FCA under the laws and regulatory requirements of the United Kingdom which are different to Australia. Consequently any offer or other documentation that you receive from us in the course of us providing financial services to you will be prepared in accordance with those laws and regulatory requirements. The UK regulatory requirements refer to legislation, rules enacted pursuant to the legislation and any other relevant policies or documents issued by the FCA.

Your Status as a Wholesale Client

In order that we may provide financial services to you, and for us to comply with the Class Order, you must be a 'wholesale client' within the meaning given by section 761G of the Corporations Act. Accordingly, by accepting any documentation from us prior to the commencement of or in the course of us providing financial services to you, you:

- warrant to us that you are a 'wholesale client';
- agree to provide such information or evidence that we may request from time to time to confirm your status as a wholesale client;
- agree that we may cease providing financial services to you if you are no longer a wholesale client or do not provide us with information or evidence satisfactory to us to confirm your status as a wholesale client;

and agree to notify us in writing within 5 business days if you cease to be a 'wholesale client' for the purposes of the financial services that we provide to you.

© EFG. All rights reserved