J. Safra Sarasin
Cross-Asset Weekly

02 June 2023

Getting ready for a summer hike

The deal on the debt ceiling, assuming it is written into law this week, removes a significant downside risk to the US economy. Recent data releases also suggest that the economy remains resilient to tight money so far. Additionally, inflation appears to be stuck in the 4%-5% range, which clearly is a problem. Therefore, there is a good chance that the Fed might have to hike interest rates again, either in June or July.

With Fed hikes back in play, the dollar has started to reverse its recent downtrend, in particular versus the euro. We expect this pattern to hold for the time being and see downside risks for the euro building. Medium term market pricing for the ECB seems relatively hawkish as compared to what the market is pricing for the Fed as tailwinds for the European cycle have started to fade.

Another currency which should benefit from a generally softer global macro backdrop is the Japanese yen. It has troughed at a 20+-year low in October last year, helping Japanese equities to reach a 20-year high relative to global equities (ex US). The yen remains the single most important driver of Japanese equity performance, which is not only the case from a cyclical point-of-view but also over the long term. As we expect the BoJ to ease yield curve control in the coming quarters while the long end of the US yield curve should decline, the yen will likely strengthen over the coming 6 to 12 months. As a result, we remain cautious on Japanese equities and would refrain from trying to build exposure on the recent rebound.

This week's highlights

Contacts

Dr. Karsten Junius, CFA
Chief Economist
karsten.junius@jsafrasarasin.com
+41 58 317 32 79

Raphael Olszyna-Marzys
International Economist
raphael.olszyna-marzys@jsafrasarasin.com
+41 58 317 32 69

Mali Chivakul
Emerging Markets Economist
mali.chivakul@jsafrasarasin.com
+41 58 317 33 01

Alex Rohner
Fixed Income Strategist
alex.rohner@jsafrasarasin.com
+41 58 317 32 24

Dr. Claudio Wewel
FX Strategist
claudio.wewel@jsafrasarasin.com
+41 58 317 32 26

Wolf von Rotberg
Equity Strategist
wolf.vonrotberg@jsafrasarasin.com
+41 58 317 30 20

J. Safra Sarasin
Cross-Asset Weekly

02 June 2023

US macro

No free lunch

Raphael Olszyna-Marzys
International Economist
raphael.olszyna-marzys@jsafrasarasin.com
+41 58 317 32 69

The deal on the debt ceiling, assuming it's written into law this week, removes a significant downside risk to the US economy. And recent data releases suggest that the economy so far remains resilient to tight money. However, inflation appears to be stuck in the 4%-5% range. Therefore, there is a good chance that the Fed might have to hike interest rates again, either in June or July.

The debt ceiling deal is likely to be signed into law this week, removing a significant downside risk to the US economy

Recent news from the US has been overwhelmingly positive. With the X-date approaching fast, Republican leadership and the US Administration have reached a common ground and suspended the debt ceiling until January 1 2025. While defaulting was never a realistic option, a temporary government shutdown, which would have weighed on the economy, was. The resulting fiscal drag on growth from the agreed spending restraint is likely to be small, at around 0.1%-0.2% of GDP. The proposal still needs to go through Congress, but it is now highly likely that it will be signed into law by the end of this week.

Recent activity data suggests that the economy is more resilient than previously thought

Activity data continues to come at the strong end of expectations, indicating solid annualised growth of around 2.5% in Q2 for final domestic demand, following Q1's expansion of 3.3% (Exhibit 1). The improvement has been broad-based, with consumer spending increasing by 0.5% mom in April, and core capital goods orders, a good proxy for capex spending, rising by 1.4%. Residential investment appears to have stabilised, and new house sales have picked up. The labour market may be looser than a year ago, but it is still historically tight (Exhibit 2).

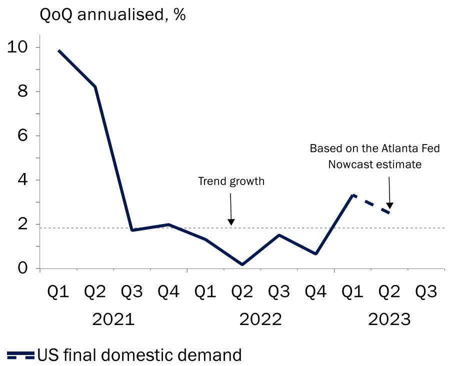
High inflation rates risk becoming entrenched

The combination of strong demand and a tight labour market is contributing to the persistence of inflation. Last week's core PCE inflation reading has probably raised further concerns among Fed officials that underlying inflation might remain stuck in the 4%-5% range. Though the final reading of the Uni. of Michigan 5-10 year inflation expectations ticked down to 3.1% (from 3.2%), the 1-year ahead figure remains well above its 5-10 year counterparts, increasing the risk of long-term inflation expectations becoming unanchored.

Fed officials might have to tighten policy more than previously expected

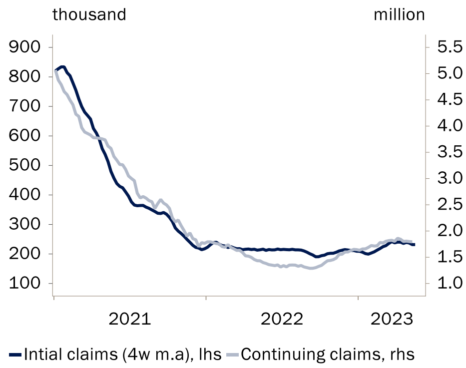
Inflation should fall more rapidly in 2H23 as corporate pricing power decreases, tight lending standards weigh on economic growth, and the labour market moves into better balance (Exhibit 3). The Fed likely shares this view, but if data keeps surprising on the upside in the near term, most officials may think the job isn't done yet.

Exhibit 1: Demand has accelerated in 1H23



Source: Macrobond, Bank J. Safra Sarasin, 30.05.2023

Exhibit 2: The labour market remains tight



Source: Macrobond, Bank J. Safra Sarasin, 30.05.2023

Exhibit 3: Inflation has to come down further

Source: Macrobond, Bank J. Safra Sarasin, 30.05.2023

FX markets

A bump road ahead for the euro

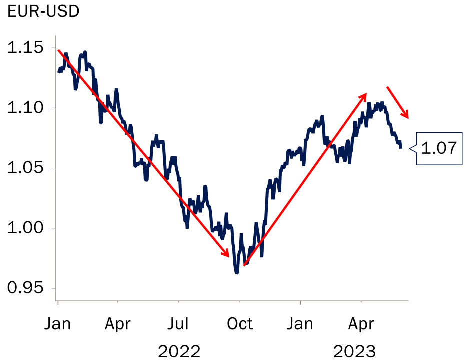
Dr. Claudio Wewel
FX Strategist
claudio.wewel@jsafrasarasin.com
+41 58 317 32 26

With tailwinds from both the reversal of the terms of trade shock and the dwindling dollar yield advantage fading, the euro has probably arrived at a turning point. In our view, the currency's near-term challenges should primarily come from the rates side, while weaker cyclical momentum should act as a further drag.

Euro has probably arrived at a turning point

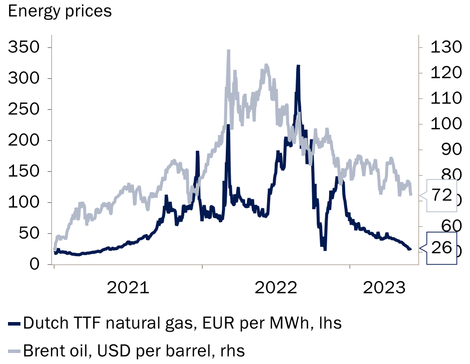
During the past one and a half years, the euro experienced something like a 'mini cycle'. The start of the war in Ukraine accelerated a downward trend of the euro which had already started in 2021, sending the EUR-USD pair temporarily below parity (Exhibit 1). Following an unexpected reversal in Q4, the pair was quick to recover and posted steady gains over the past months. Yet several indicators are hinting at an end of this upward trend.

Exhibit 1: Euro likely again at a turning point



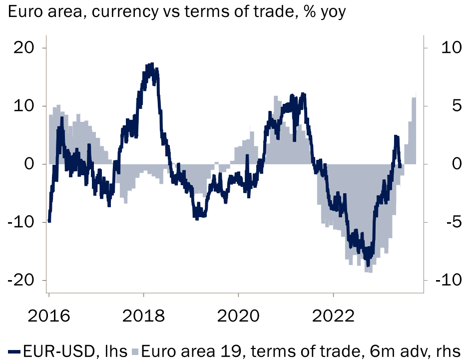
Source: Macrobond, Bank J. Safra Sarasin, 01.06.2023

Exhibit 2: Gas prices have normalised again



Source: Macrobond, Bank J. Safra Sarasin, 01.06.2023

Exhibit 3: ToT are important for euro



Source: Macrobond, Bank J. Safra Sarasin, 01.06.2023

Combination of factors drove the euro's decline in the first half of 2022

It is instructive to revisit the confluence of factors working at the core of this euro mini cycle. Recall that during the first half of 2022, the euro faced a 'perfect storm':

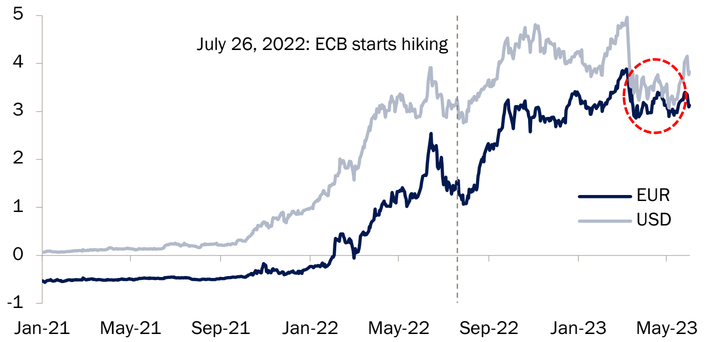
- In response to widespread fears of an imminent energy shortage, oil and gas prices soared to levels not seen for more than a decade (Exhibit 2). This abruptly worsened the euro area's terms of trade (ratio of export to import prices) and sent the euro to a 20y low (Exhibit 3).
- In the first half of 2022, the Fed's relatively tighter monetary policy stance further increased the dollar policy rate advantage over the euro (Exhibit 4), which had started to weigh on the euro since 2021.
- The yield spreads on government bonds of the euro area periphery quickly widened on the back of a worsening global economic outlook on the back of the war in Ukraine. Serving as an indicator for the longer-term stability of the euro, the currency responds sensitively towards movements in the peripheral yield spread (Exhibit 5).

Reversal of the euro's terms of trade shock and the currency's dwindling yield disadvantage versus the dollar allowed the euro to stage a remarkable recovery

Only the easing of the above headwinds allowed the euro to stage a remarkable recovery from Q4 2022 onwards. In the meantime, natural gas prices have fallen back close to their 2021 lows, while oil is currently trading at below \$80/bbl – a marked retreat from its peak at \$130/bbl in March 2022. Providing significant relief to the euro area's commodity terms of trade, the improvements on the energy front account for a large part of the euro's recovery. This gained further traction as the ECB kicked off its policy rate hiking cycle in late July, while the announcement of the ECB's 'Transmission Protection Instrument' (TPI) kept the bond yield spreads of the euro area periphery at bay.

Exhibit 4: Hawkish ECB diminished the US dollar's yield advantage

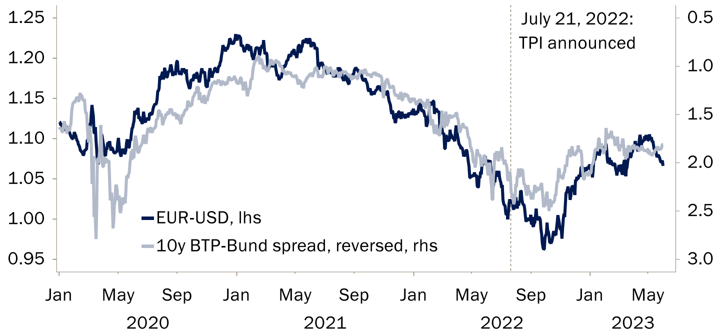
OIS, implied policy rates in 1y, %



Source: Bloomberg, Bank J. Safra Sarasin, 01.06.2023

Exhibit 5: TPI compressed peripheral yield spreads in the euro area

EUR-USD vs 10y Italy-Germany gov't bond yield spread



Source: Macrobond, Bank J. Safra Sarasin, 01.06.2023

Yet with both developments priced, the odds are once again tilted towards a weaker euro

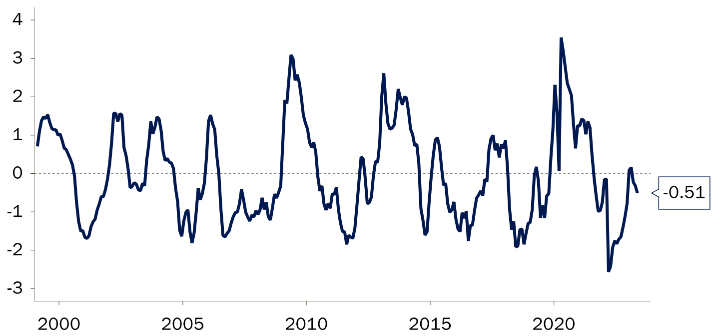
So where are we now? Given that the tailwind from the reversal of the terms of trade shock and the dwindling dollar yield advantage are fading, the euro has probably arrived again at a turning point. While the euro area is quite unlikely to experience another terms of trade shock of a magnitude similar to 2022, we think that the euro's near-term challenges should come from the rates side and from the economic cycle. Euro area policy rate expectations are on the hawkish side for 2024/25, in particular as compared to expectations for the Fed, warranting some retracement (see last week's article «Implied policy rates diverge»), giving the US dollar a relative edge.

Euro support is fading from both a cyclical and a rate perspective

A moderation of the implied ECB policy rate path looks increasingly likely in the light of weakening sentiment in the euro area (Exhibit 6) and the euro area's May inflation prints, which surprised to the downside. Both likely reflect a deterioration in euro area activity, led by weak German manufacturing on the back of a recent drop in Chinese car imports. In contrast, the US economy is holding up better, which is once again indicated by strong US jobs data. Given a relatively tight historical correlation, we contend that these relative cyclical patterns should favour the US dollar over the euro in the near term (Exhibit 7), implying that the euro has likely seen a temporary peak around early May. A global recession would strengthen this view, given that a global downturn typically weighs more on the euro area's export-driven economy.

Exhibit 6: Euro area sentiment is deteriorating again

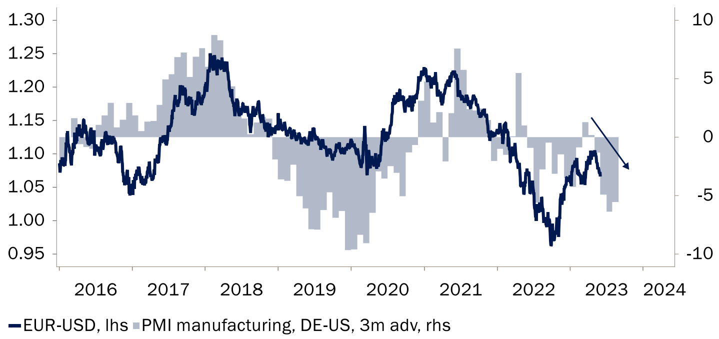
Euro area, ZEW Financial Market Report, 2y z-score



Source: Macrobond, Bank J. Safra Sarasin, 01.06.2023

Exhibit 7: Relative cyclical dynamics to favour a stronger US dollar

EUR-USD vs relative PMIs



Source: Macrobond, Bank J. Safra Sarasin, 01.06.2023

Japanese equities

It's all about the yen

Wolf von Rotberg
Equity Strategist
wolf.vonrotberg@jsafrasarasin.com
+41 58 317 30 20

One should not venture too far out in order to explain the recent strength in Japanese equities. We argue that the Japanese yen matters more than any other factor to explain Japanese equity performance, not only from a cyclical perspective but also over the long term. Indeed, the recent peaks in the Japanese equity market have coincided with troughs in the trade-weighted yen. The yen itself has been driven by moves in the long-end of the US Treasury curve, as the Japanese yield curve is tied by the BoJ's yield curve control. As we expect the BoJ to ease yield curve control in the coming quarters while US yields should decline, the yen will likely strengthen over the coming 6 to 12 months. As a result, we remain cautious on Japanese equities and would refrain from trying to build exposure on the recent recovery.

Japanese equities have had a strong start this year

The Japanese equity index has been the best performer globally over the past 6 months, gaining almost 8% while the MSCI AC World has only moved up by 2.5%. As a result, it is almost back to the peaks relative to global equities it touched last year (Exhibit 1). Some argue that this rebound is the result of factors such as improved corporate governance in Japan and a re-assessment of Japan Inc.'s future growth potential.

The most important driver of the Japanese equity market is the yen

We believe these arguments run the risk of missing the key point. By far, the most dominant driver of the Japanese equity market (on a hedged basis) is the Japanese yen. This does not only hold from a cyclical point of view (which explains the recent market rebound), but also from the long-term perspective (Exhibit 2).

The Japanese market's 20-year peak, relative to global equities (ex US) in October coincided with a 25-year low of the yen

Indeed, the 20-year peak in the Japanese equity market, relative to global equities (ex US), which was reached last October, matched the timing of a 25-year low of the trade-weighted yen. Since then the yen has fluctuated somewhat but resumed its weakening path over the past five months, pushing Japanese equities back to almost the October peak.

Exhibit 1: Japanese equities vs global ex US hit a 20Y high in October

Source: Refinitiv , Bank J. Safra Sarasin, 31.05.2023

Exhibit 2: The weak yen has been a key driver of Japanese equities

Source: Refinitiv , Bank J. Safra Sarasin, 31.05.2023

It's all about the yen

We believe that it is absolutely crucial to get the yen right in order to get the Japanese equity market right. When it comes to the yen, we have held the view for some time that it should be close to its trough and appreciate over the medium-term. That call is largely based on the view that the BoJ will adjust and eventually abandon its yield curve control policy, which targets the JGB curve up to 10 years

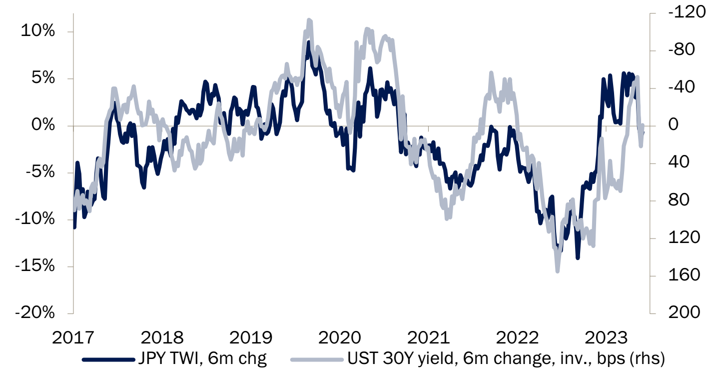
More than any other currency, the yen has suffered from rising US yields

What's more, with the long end of the Japanese yield curve fixed, the trade-weighted yen has predominantly been driven by changes in US yields. Whenever the long end of the US curve moves higher, the yen depreciates and vice versa (Exhibit 3). This relationship also explains the yen's multi-decade weakness in 2022, when US yields moved back to the highest levels since the global financial crisis, and why it has not recovered since.

Given the yen's dependence on US yields, Japanese equities benefit when US yields rise and suffer when they fall

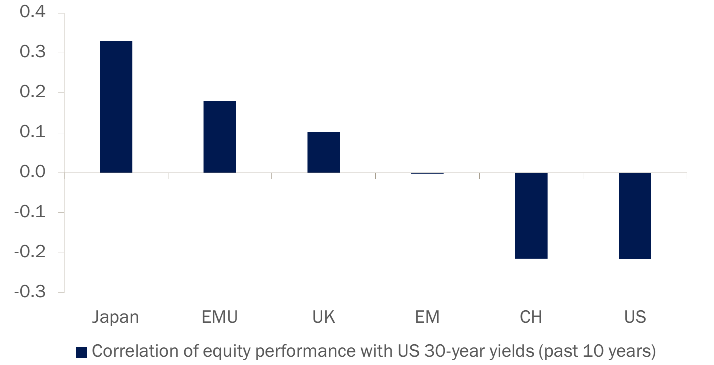
Taking it one step further, we can also show that the Japanese equity market is the regional market which is the most correlated to US 30-year yields. This leaves us with the conclusion that a call on the Japanese equity market has a lot to do with the call on the long end of the US yield curve.

Exhibit 3: The yen tends to move inversely to US yields



Source: Refinitiv, Bank J. Safra Sarasin, 01.06.2023

Exhibit 4: Japanese equities are highly correlated to US yields



Source: Refinitiv, Bank J. Safra Sarasin, 01.06.2023

Given our view on US yields and the Japanese yen, we remain cautious on Japanese equities

When it comes to US yields, we believe that we are past the peak and expect yields to come down until the end of the year (please see our May forecast update). This also leaves us cautious with regard to Japanese equities.

Economic Calendar

Week of 05/06 – 09/06/2023

Country	Time	Item	Date	Unit	Consensus Forecast	Prev.
Monday, 05.06.2023						
JP	2:30	Composite PMI	May F	Index		52.9
DE	9:55	Services PMI	May F	Index		56.0
	9:55	Composite PMI	May F	Index		54.2
EMU	10:00	Services PMI	May F	Index		56.2
	10:00	Composite PMI	May F	Index		54.1
UK	10:30	Services PMI	May F	Index		55.9
	10:30	Composite PMI	May F	Index		54.9
US	15:45	Services PMI	May F	Index		53.6
	15:45	Composite PMI	May F	Index		53.4
	16:00	Services ISM	May	Index	52.9	51.9
Tuesday, 06.06.2023						
DE	8:00	Factory Orders	Apr	mom	--	-10.7%
EMU	11:00	Retail Sales	Apr	mom	--	-1.2%
Wednesday, 07.06.2023						
DE	8:00	Industrial Production	Apr	mom	--	-3.40%
US	13:00	Mortgage Applications	Jun	wow	--	-3.70%
Thursday, 08.06.2023						
JP	1:50	GDP SA	1Q F	qoq	0.5%	0.4%
	1:50	GDP SA	1Q F	qoq ann.	1.9%	1.6%
EMU	11:00	GDP SA	1Q F	qoq		0.1%
	11:00	GDP SA	1Q F	yoy		1.3%
US	14:30	Initial Jobless Claims	Jun	weekly		
Friday, 09.06.2023						
CN	3:30	CPI	May	yoy	0.2%	0.1%
	3:30	PPI	May	yoy	-4.3%	-3.6%
		Aggregate Financing CNY	May	CNY bn	1'757	1'220

Source: Bloomberg, J. Safra Sarasin as of 01.06.2023

Market Performance

Global Markets in Local Currencies

Government Bonds	Current value	Δ 1W	Δ YTD	TR YTD in %
Swiss Eidgenosse 10 year (%)	0.88	-20	-73	6.4
German Bund 10 year (%)	2.25	-29	-32	3.1
UK Gilt 10 year (%)	4.12	-10	44	-1.3
US Treasury 10 year (%)	3.62	-18	-26	3.2
French OAT - Bund, spread (bp)	56	-1	2	
Italian BTP - Bund, spread (bp)	184	-2	-31	

Stock Markets	Level	P/E ratio	1W TR in %	TR YTD in %
SMI - Switzerland	11,296	18.0	-0.7	8.4
DAX - Germany	15,854	11.2	0.4	13.9
MSCI Italy	840	8.1	0.2	11.3
IBEX - Spain	9,168	10.3	0.6	13.5
DJ Euro Stoxx 50 - Eurozone	4,258	12.2	-0.1	15.3
MSCI UK	2,143	10.3	-1.1	1.9
S&P 500 - USA	4,221	19.3	2.6	10.7
Nasdaq 100 - USA	14,442	27.6	6.2	32.5
MSCI Emerging Markets	962	12.7	-0.2	1.5

Forex - Crossrates	Level	3M implied volatility	1W in %	YTD in %
USD-CHF	0.90	7.0	-0.2	-2.2
EUR-CHF	0.97	5.2	0.3	-1.6
GBP-CHF	1.13	6.8	1.4	1.3
EUR-USD	1.08	6.8	0.5	0.7
GBP-USD	1.25	8.1	1.6	3.8
USD-JPY	138.8	10.1	-1.3	5.9
EUR-GBP	0.86	5.6	-1.1	-2.9
EUR-SEK	11.61	7.3	0.1	4.0
EUR-NOK	11.88	10.3	0.0	13.2

Commodities	Level	3M realised volatility	1W in %	YTD in %
Bloomberg Commodity Index	100	14.0	-1.0	-11.8
Brent crude oil - USD / barrel	75	39.5	-1.6	-12.1
Gold bullion - USD / Troy ounce	1,980	12.4	2.0	8.5

Source: J. Safra Sarasin, Bloomberg as of 01.06.2023

Important legal Information

This document has been prepared by Bank J. Safra Sarasin Ltd ("Bank") for information purposes only. It is not the result of financial research conducted. Therefore, the "Directives on the Independence of Financial Research" of the Swiss Bankers Association do not apply to this document.

This document is based on publicly available information and data ("the Information") believed to be correct, accurate and complete. The Bank has not verified and is unable to guarantee the accuracy and completeness of the Information contained herein. Possible errors or incompleteness of the Information do not constitute legal grounds (contractual or tacit) for liability, either with regard to direct, indirect or consequential damages. In particular, neither the Bank nor its shareholders and employees shall be liable for the views contained in this document. Third party data providers make no warranties or representations of any kind relating to the accuracy, completeness or timeliness of the data provided and shall have no liability for any damages of any kind relating to such data.

This document does not constitute a request or offer, solicitation or recommendation to buy or sell investment instruments or services. It should not be considered as a substitute for individual advice and risk disclosure by a qualified financial, legal or tax advisor. You are reminded to read all relevant documentation before making any investment, including risk warnings, and to seek any specialist financial or tax advice that you need. You are not permitted to pass this document on to others, apart from your professional advisers. If you have received it in error please return or destroy it.

Past performance is no indication of current or future performance. Investments in foreign currencies are subject to exchange rate fluctuations. Exchange rate risk will apply if the investor's reference currency is not the same as the investment currency. Information containing forecasts are intended for information purpose only and are neither projections nor guarantees for future results and could differ significantly for various reasons from actual performance. The views and opinions contained in this document, along with the quoted figures, data and forecasts, may be subject to change without notice. There is no obligation on the part of Bank or any other person to update the content of this document. The Bank does not accept any liability whatsoever for losses arising from the use of the Information (or parts thereof) contained in this document.

Neither this document nor any copy thereof may be sent to or taken into the United States or distributed in the United States or to a US person. This information is not directed to any person in any jurisdiction where (by reason of that person's nationality, residence or otherwise) such distribution is prohibited and may only be distributed in countries where its distribution is legally permitted.

This publication constitutes marketing material. If it refers to a financial instrument for which a prospectus and/or a key investor/information document exists, these are available free of charge from Bank J. Safra Sarasin Ltd, Elisabethenstrasse 62, P.O. Box, CH-4002 Basel, Switzerland.

Bloomberg

"Bloomberg®" and the referenced Bloomberg Index/Indices are service marks of Bloomberg Finance L.P. and its affiliates, including Bloomberg Index Services Limited ("BISL"), the administrator of the index (collectively, "Bloomberg") and have been licensed for use for certain purposes by Bank J. Safra Sarasin Ltd. Bloomberg is not affiliated with Bank J. Safra Sarasin Ltd, and Bloomberg does not approve, endorse, review, or recommend the financial instrument(s) mentioned in this publication. Bloomberg does not guarantee the timeliness, accurateness, or completeness of any data or information relating to the financial instrument(s) mentioned in this publication.

ICE Data Indices

Source ICE Data Indices, LLC ("ICE DATA"), is used with permission. ICE Data, its affiliates and their respective third party suppliers disclaim any and all warranties and representations, express and/or implied, including any warranties of merchantability or fitness for a particular purpose or use, including the indices, index data and any data included in, related to, or derived therefrom. Neither ICE Data, its affiliates or their respective third party providers shall not be subject to any damages or liability with respect to the adequacy, accuracy, timeliness or completeness of the indices or the index data or any component thereof, and the indices and index data and all components thereof are provided on an "as is" basis and your use is at your own risk. ICE Data, its affiliates and their respective third party suppliers do not sponsor, endorse, or recommend Bank J. Safra Sarasin Ltd, or any of its products or services.

J.P. Morgan

Information has been obtained from sources believed to be reliable but J.P. Morgan does not warrant its completeness or accuracy. The Index is used with permission. The Index may not be copied, used, or distributed without J.P. Morgan's prior written approval.

MSCI Indices

Source: MSCI. The MSCI information may only be used for your internal use, may not be reproduced or redisseminated in any form and may not be used as a basis for or a component of any financial instruments or products or indices. None of the MSCI information is intended to constitute investment advice or a recommendation to make (or refrain from making) any kind of investment decision and may not be relied on as such. Historical data and analysis should not be taken as an indication or guarantee of any future performance analysis, forecast or prediction. The MSCI information is provided on an "as is" basis and the user of this information assumes the entire risk of any use made of this information. MSCI, each of its affiliates and each other person involved in or related to compiling, computing or creating any MSCI information (collectively, the "MSCI Parties") expressly disclaims all warranties (including, without limitation, any warranties of originality, accuracy, completeness, timeliness, non-infringement, merchantability and fitness for a particular purpose) with respect to this information. Without limiting any of the foregoing, in no event shall any MSCI Party have any liability for any direct, indirect, special, incidental, punitive, consequential (including, without limitation, lost profits) or any other damages. (www.msci.com)

SMI

SIX Swiss Exchange AG ("SIX Swiss Exchange") is the source of SMI Indices® and the data comprised therein. SIX Swiss Exchange has not been involved in any way in the creation of any reported information and does not give any warranty and excludes any liability whatsoever (whether in negligence or otherwise) – including without limitation for the accuracy, adequateness, correctness, completeness, timeliness, and fitness for any purpose – with respect to any reported information or in relation to any errors, omissions or interruptions in the SMI Indices® or its data. Any dissemination or further distribution of any such information pertaining to SIX Swiss Exchange is prohibited.

Distribution Information

Unless stated otherwise this publication is distributed by Bank J. Safra Sarasin Ltd (Switzerland).

The Bahamas: This publication is circulated to private clients of Bank J. Safra Sarasin (Bahamas) Ltd, and is not intended for circulation to nationals or citizens of The Bahamas or a person deemed 'resident' in The Bahamas for the purposes of exchange control by the Central Bank of The Bahamas.

Dubai International Financial Centre (DIFC): This material is intended to be distributed by Bank J. Safra Sarasin Asset Management (Middle East) Ltd ["BJSSAM"] in DIFC to professional clients as defined by the Dubai Financial Services Authority (DFSA). BJSSAM is duly authorised and regulated by DFSA. If you do not understand the contents of this document, you should consult an authorised financial adviser. This material may also include Funds which are not subject to any form of regulation or approval by the Dubai Financial Services Authority ("DFSA"). The DFSA has no responsibility for reviewing or verifying any Issuing Document or other documents in connection with these Funds. Accordingly, the DFSA has not approved the Issuing Document or any other associated documents nor taken any steps to verify the information set out in the Issuing Document, and has no responsibility for it. The Units to which the Issuing Document relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers should conduct their own due diligence on the Units.

Germany: This marketing publication/information is being distributed in Germany by J. Safra Sarasin (Deutschland) GmbH, Kirchnerstraße 6-8, 60311 Frankfurt am Main, for information purposes only and does not lodge claim to completeness of product characteristics. Insofar as information on investment funds is contained in this publication, any product documents are available on request free of charge from J. Safra Sarasin (Deutschland) GmbH, Kirchnerstraße 6-8, 60311 Frankfurt am Main in English and German language. To the extent that indicative investment options or portfolio structures are included, the following applies: The indicative investment options or portfolio structures presented in these documents and the underlying model calculations are based on the information and data provided to us in the context of the asset advisory discussion, and we have not checked them for accuracy or completeness. The indicative investment option/portfolio structure described here is thus intended as a guide and does not make any claim to comprehensive suitability but aims to inform you about the general possibilities that an investment entails. In order to provide you with a final investment recommendation that is tailored to your specific situation, we need further information, in particular on your investment goals, risk tolerance, experience and knowledge of financial services and products and your financial situation. This publication is intended to be distributed by J. Safra Sarasin (Deutschland) GmbH, Kirchnerstraße 6-8, 60311 Frankfurt am Main to clients domiciled or having their registered office in Germany and is directed exclusively at institutional clients who intend to conclude investment business exclusively as entrepreneurs for commercial purposes. This clientele is limited to credit and financial services institutions, capital management companies and insurance companies, provided that they have the necessary permission for the business operation and are subject to supervision, as well as medium and large corporations within the meaning of the German Commercial Code (section 267 (2) and (3) HGB).

Gibraltar: This marketing document is distributed from Gibraltar by Bank J. Safra Sarasin (Gibraltar) Ltd, First Floor Neptune House, Marina Bay, Gibraltar to its clients and prospects. Bank J. Safra Sarasin (Gibraltar) Ltd whose Registered Office is 57/63 Line Wall Road, Gibraltar offers wealth and investment management products and services to its clients and prospects. Incorporated in Gibraltar with registration number 82334. Bank J. Safra Sarasin (Gibraltar) Ltd is authorised and regulated by the Gibraltar Financial Services Commission. Telephone calls may be recorded. Your personal data will be handled in accordance with our Data and Privacy Statement. Where this publication is provided to you by Bank J. Safra Sarasin (Gibraltar) Limited: This document is approved as a marketing communication for the purposes of the Financial Services Act 2019. Nothing in this document is intended to exclude or restrict any liability that we owe to you under the regulatory system that applies to us, and in the event of conflict, any contrary indication is overridden. You are reminded to read all relevant documentation before making any investment, including risk warnings, and to seek any specialist financial or tax advice that you need. You are not permitted to pass this document on to others, apart from your professional advisers. If you have received it in error please return or destroy it.

Hong Kong: This document is disseminated by Bank J. Safra Sarasin Ltd, Hong Kong Branch in Hong Kong. Bank J. Safra Sarasin Ltd, Hong Kong Branch is a licensed bank under the Hong Kong Banking Ordinance (Cap. 155 of the laws of Hong Kong) and a registered institution under the Securities and Futures Ordinance (cap. 571 of the laws of Hong Kong).

Luxemburg: This publication is distributed in Luxembourg by Banque J. Safra Sarasin (Luxembourg) SA (the "Luxembourg Bank"), having its registered office at 17-21, Boulevard Joseph II, L-1840 Luxembourg, and being subject to the supervision of the Commission de Surveillance

du Secteur financier – CSSF. The Luxembourg Bank merely agrees to make this document available to its clients in Luxembourg and is not the author of this document. This document shall not be construed as a personal recommendation as regards the financial instruments or products or the investment strategies mentioned therein, nor shall it be construed as and does not constitute an invitation to enter into a portfolio management agreement with the Luxembourg Bank or an offer to subscribe for or purchase any of the products or instruments mentioned therein. The information provided in this document is not intended to provide a basis on which to make an investment decision. Nothing in this document constitutes an investment, legal, accounting or tax advice or a representation that any investment or strategy is suitable or appropriate for individual circumstances. Each client shall make its own appraisal. The liability of the Luxembourg Bank may not be engaged with regards to any investment, divestment or retention decision taken by the client on the basis of the information contained in the present document. The client shall bear all risks of losses potentially incurred as a result of such decision. In particular, neither the Luxembourg Bank nor their shareholders or employees shall be liable for the opinions, estimations and strategies contained in this document.
Monaco: In Monaco this document is distributed by Banque J. Safra Sarasin (Monaco) SA, a bank registered in “Principauté de Monaco” and regulated by the French Autorité de Contrôle Prudentiel et de Résolution (ACPR) and Monegasque Government and Commission de Contrôle des Activités Financières («CCAF»).
Panama: This publication is distributed, based solely on public information openly available to the general public, by J. Safra Sarasin Asset Management S.A., Panama, regulated by the Securities Commission of Panama.
Qatar Financial Centre (QFC): This material is intended to be distributed by Bank J. Safra Sarasin (QFC) LLC, Qatar [“BJSSQ”] from QFC to Business Customers as defined by the Qatar Financial Centre Regulatory Authority (QFCRA) Rules. Bank J. Safra Sarasin (QFC) LLC is authorised by QFCRA. This material may also include collective investment scheme/s (Fund/s) that are not registered in the QFC or regulated by the Regulatory Authority. Any issuing document / prospectus for the Fund, and any related documents, have not been reviewed or approved by the Regulatory Authority. Investors in the Fund may not have the same access to information about the Fund that they would have to information of a fund registered in the QFC; and recourse against the Fund, and those involved with it, may be limited or difficult and may have to be pursued in a jurisdiction outside the QFC.
Singapore: This document is disseminated by Bank J. Safra Sarasin Ltd., Singapore Branch in Singapore. Bank J. Safra Sarasin, Singapore Branch is an exempt financial adviser under the Singapore Financial Advisers Act (Cap. 110), a wholesale bank licensed under the Singapore Banking Act (Cap. 19) and regulated by the Monetary Authority of Singapore.
United Kingdom: This document is distributed from the UK by Bank J. Safra Sarasin (Gibraltar) Ltd, London Branch, 47 Berkeley Square, London, W1J 5AU, to its clients, prospects and other contacts. Bank J. Safra Sarasin (Gibraltar) Ltd offers wealth and investment management products and services to its clients and prospects through Bank J. Safra Sarasin (Gibraltar) Ltd, London Branch. Registered as a foreign company in the UK number FC027699. Authorised by the Gibraltar Financial Services Commission and subject to limited regulation in the United Kingdom by the Financial Conduct Authority and the Prudential Regulation Authority. Registration number 466838. Details about the extent of our regulation by the Financial Conduct Authority and Prudential Regulation Authority are available from us on request. Registered office 57 - 63 Line Wall Road, Gibraltar. Telephone calls may be recorded. Your personal data will be handled in accordance with our Data and Privacy Statement. Nothing in this document is intended to exclude or restrict any liability that we owe to you under the regulatory system that applies to us, and in the event of conflict, any contrary indication is overridden. You are reminded to read all relevant documentation relating to any investment, including risk warnings, and to seek any specialist financial or tax advice that you need. You are not permitted to pass this document on to others, apart from your professional advisers. If you have received it in error please return or destroy it.