

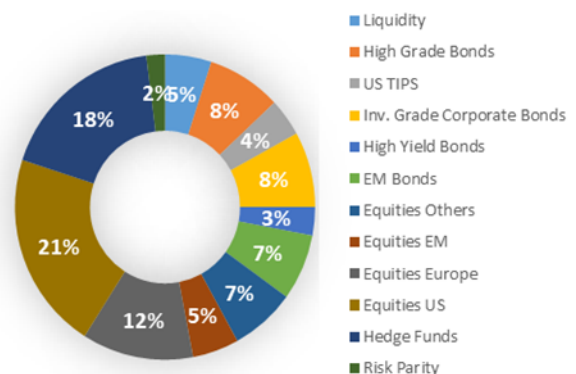
**FINANCIAL MARKET OUTLOOK (SHORT TERM)**

APPEALING		LESS FAVOURED
Global Equities Canadian Equities (ㄱ) Emerging Market Equities US Smart Beta "Buy Write" Strategy on US Equities Some Protection via Equity Put Options	Equities	Swiss Equities (ㄴ) Australian Equities
EM Sovereign Bonds in USD 10-year US Treasuries vs. USD Cash US Leveraged Loans Selected EM Bonds Long-dated USD High Grade Bonds (ㄱ)	Bonds	Developed Market High Grade Bonds 'Well-worn' Bonds Euro High Yield 10-Year Japanese Gvt Bonds vs. JPY Cash
CAD vs ... JPY vs ... INR vs ...	Foreign Exchange	USD USD (ㄴ) TWD
Navigating rising US rates with Hedge Funds	Hedge Funds	

**ASSET ALLOCATION**

We maintain our overweight on global stocks versus euro high yield (HY) and high grade (HG) bonds. The economic backdrop remains strong, supporting earnings growth, while global inflation should pick up only gradually. This should allow central banks to continue to normalize monetary policy at a measured pace. But concerns about the end of the growth cycle, protectionism, and geopolitical risk are likely to result in a more volatile environment. We hold an out-of-the-money put option on the S&P 500 to help reduce drawdown risk in our portfolios.

**BALANCED USD MODEL PORTFOLIO**



**EQUITIES**

Solid earnings growth supports equities. US companies, which make up about half of the global market, are benefiting from tax relief and a fiscal spending package. By price-to-earnings ratio, the global stock valuation is below long-term average. We keep our overweight on global equities versus bonds. We remain overweight emerging market (EM) equities relative to Australian stocks. EM stocks benefit from stronger corporate earnings growth than Australian ones. A rising US dollar currently weighs on performance and trade frictions remain a risk. We add an overweight on Canadian equities relative to Swiss equities, a position that should benefit from higher oil prices and rising Canadian mortgage rates.

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**BONDS**

We remain underweight euro HY and HG bonds versus global equities. We keep our overweight on EM sovereign bonds in USD against HG bonds, expecting spreads to tighten given our constructive growth outlook on emerging markets, where most countries are at an earlier stage of the growth cycle than developed market peers, and given our expectation of a gradual pace of monetary tightening in advanced economies. We are overweight 10-year US Treasury bonds versus USD cash, a position that should benefit from the attractive carry. We are underweight 10-year Japanese government bonds against the yen in cash. The Bank of Japan is likely to raise the target of its yield-curve control later this year, while an interest-rate cut looks unlikely.

Source: UBS Research

**FOREIGN EXCHANGE**

While growing US trade and budget deficits and institutional investor positioning still speak in favor of a longer-term negative view on the US dollar, the near-term potential for continued upward pressure on US rates and the uncertainty around Eurozone growth and politics lead us to close our overweight position on the euro relative to the US dollar. We also close our overweight on the Brazilian real relative to the US dollar, and take profit on our overweight position on the Japanese yen relative to the New Zealand dollar. We add an overweight on the yen against the US dollar. We remain long the Canadian dollar versus the USD, and long the Indian rupee against the Taiwan dollar.

**TOPIC OF THE MONTH**

**THE WORLD'S BIGGEST ECONOMIES IN 2018**

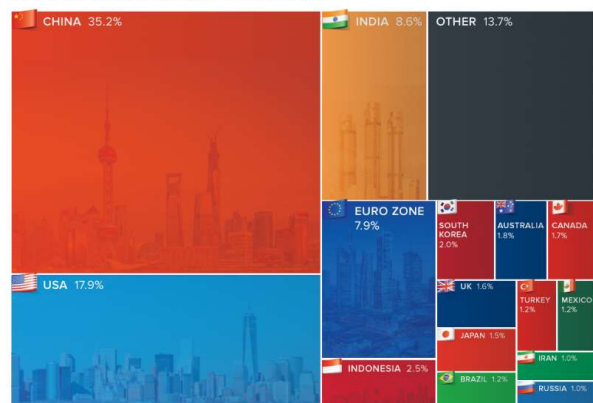
The United States has the largest economy in the world at \$20.4 trillion, according to the International Monetary Fund (IMF), which shows the US economy increased from around \$19.4 trillion last year.

China follows, with \$14 trillion, which is an increase of more than \$2 trillion in comparison to 2017. Japan is in third place with an economy of \$5.1 trillion, up from \$4.87 trillion a year previously.

Three European countries take up the next places on the list: Germany is fourth, with a \$4.2 trillion economy, the United Kingdom is fifth with \$2.94 trillion and France is sixth with \$2.93 trillion.

The dominance of the United States' economy looks to be waning. According to the World Bank, the global economy will expand by \$6.5 trillion between 2017 and 2019. America's GDP is expected to account for 17.9% of this growth. China's, however, is predicted to account for almost double this, at 35.2%.

% OF EST. GLOBAL GROWTH (2017-2019) IN REAL GDP



China is experiencing a GDP boom

Image: Visual Capitalist

Source: World Economic Forum & Business Insider

**EVENT T&T INTERNATIONAL GROUP**

**LUNCHEON HOLLAND HOUSE COSTA RICA, SAN JOSE**

On May 23rd, the Holland House Costa Rica had a lunch event on the financial solutions that Curaçao can offer for families as well as companies in Costa Rica.

The event started with introductions from Hans Buhrs of the Dutch Embassy and included presentations from Anjli Finessi of Baker Tilly Dutch Caribbean, Silvia Irasquin and Ana Oñate of Trustmoore and Thomas Bidie of T&T International Group. There was good interaction and interest in what was presented from the participants.

For people interested in this topic, please write to [info@tt-international.ch](mailto:info@tt-international.ch)



## KEY FIGURES (CURRENT &amp; YEAR TO DATE)

## EQUITY INDICES (LOCAL CURRENCIES)

AMERICA	31.12.2017	30.05.2018	% Chg YTD
Dow Jones Ind.	24'719.22	24'694.47	-0.10%
S&P 500	2'673.61	2'727.41	2.01%
RUSSELL 2000	1'551.45	1'650.44	6.38%
NASDAQ COMP	6'903.39	7'470.04	8.21%
CANADA - TSX	16'209.13	16'024.37	-1.14%
MEXICO - IPC	49'354.42	44'911.20	-9.00%
BRAZIL IBOVESPA	76'402.08	76'884.56	0.63%
COLOMBIA COLCAP	1'513.65	1'539.19	1.69%
ASIA	31.12.2017	30.05.2018	% Chg YTD
JAPAN - NIKKEI	22'764.94	22'018.52	-3.28%
H.K. HANG SENG	29'919.15	30'056.79	0.46%
CHINA CSI 300	4'030.85	3'723.37	-7.63%
EUROPE	31.12.2017	30.05.2018	% Chg YTD
EURO STOXX 50	3'503.96	3'441.19	-1.79%
UK - FTSE 100	7'687.77	7'689.57	0.02%
GERMANY - DAX	12'917.64	12'783.76	-1.04%
SWITZERLAND - SMI	9'381.87	8'578.68	-8.56%
SPAIN - IBEX 35	10'043.90	9'566.20	-4.76%
NETHERLANDS - AEX	544.58	557.60	2.39%
RUSSIA - RTSI	115'840.00	115'660.00	-0.16%
VOLATILITY	31.12.2017	30.05.2018	% Chg YTD
SPX (VIX)	11.04	14.94	35.33%

## GOVERNMENT BOND YIELDS %

	3 Months	2 Years	10 Years
USA	1.923	2.416	2.837
GERMANY	-0.635	-0.684	0.362
SWITZERLAND	-0.900	-0.824	-0.059
UK	0.455	0.630	1.249
JAPAN	-0.120	-0.145	-0.031

## CURRENCIES

	31.12.2017	30.05.2018	% Chg YTD
EUR/USD	1.2005	1.1651	-2.95%
USD/JPY	112.7010	108.9440	-3.33%
USD/CHF	0.9746	0.9896	1.54%
GBP/USD	1.3510	1.3277	-1.73%
USD/CAD	1.2574	1.2878	2.42%
EUR/CHF	1.1700	1.153	-1.45%

## COMMODITIES (USD)

PRECIOUS METALS	31.12.2017	30.05.2018	% Chg YTD
GOLD USD/OZ	1'302.80	1'301.91	-0.07%
SILVER USD/OZ	16.92	16.50	-2.48%
PLATINUM USD/OZ	931.00	909.00	-2.36%
ENERGY	31.12.2017	30.05.2018	% Chg YTD
WTI Crude Oil	60.42	68.21	12.89%
Brent Crude Oil	66.87	75.39	12.74%
Natural Gas	2.95	2.88	-2.47%

## T&amp;T INTERNATIONAL GROUP

T&T International is a globally active boutique firm with Swiss origins established in 1999. The group offers global wealth management and multi-family office services. T&T International has investment teams in Zürich and Curaçao and advises an international clientele of Wealthy Individuals and Families in Switzerland and internationally.

Over the last 20 years T&T International has built an extensive and highly reputable network to support the requirements of our Partners and Clients. We work together with prestigious financial institutions as well as insurance companies, tax and legal professionals and fund managers.

Independence, commitment and trust constitute the fundamental values of T&T International. We cultivate personal relationships with each Client and offer them availability, flexibility and efficiency. We take on an approach that is instigated by dialogue, and executed with uncompromising commitment and responsibility.

We remain at your disposal for any questions or further information.

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