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JUNE 2026

# NEWSLETTER

Financial Market Outlook (Short Term)

Appealing		Less Favoured
<ul style="list-style-type: none"> <li>• Preferred markets for diversification (Japan, Singapore, Australia, Emerging Markets)</li> <li>• China tech, global health care, Switzerland, European consumer discretionary, leaders and luxury)</li> <li>• Artificial intelligence, industrials, automation and robotics                             <ul style="list-style-type: none"> <li>• Capital preservation strategies</li> <li>• Long-only multifactor strategies</li> </ul> </li> </ul>	<b>Equities</b>	<ul style="list-style-type: none"> <li>• Cash</li> <li>• Money market funds</li> <li>• Excess US tech exposure</li> <li>• Expiring fixed-term deposits</li> </ul>
<ul style="list-style-type: none"> <li>• High grade and investment grade bonds and emerging markets bonds</li> <li>• Diversified fixed income strategies with preference for quality bonds and EM bonds</li> </ul>	<b>Bonds</b>	<ul style="list-style-type: none"> <li>• Excess cash</li> <li>• Money market funds</li> <li>• Expiring fixed-term deposits</li> </ul>
<ul style="list-style-type: none"> <li>• AUD</li> <li>• CNY</li> <li>• NZD</li> <li>• SEK</li> </ul>	<b>Currencies</b>	<ul style="list-style-type: none"> <li>• Excess cash</li> <li>• Money market funds</li> </ul>
<ul style="list-style-type: none"> <li>• Broad commodities                             <ul style="list-style-type: none"> <li>• Gold</li> <li>• Copper</li> </ul> </li> <li>• Active commodity strategies</li> </ul>	<b>Precious Metals &amp; Commodities</b>	<ul style="list-style-type: none"> <li>• Excess bonds and equity</li> <li>• Excess cash</li> </ul>

### Asset Allocation

- Equities: US, Switzerland, European leaders = Attractive, UK, India, Taiwan = Neutral
- Bonds: Prefer High Grade and Investment Grade; EM and High Yield = Neutral.
- Commodities: Copper and Gold = Attractive, Silver and Oil = Neutral
- FX: AUD, CNY, NZD, SEK = Attractive; USD, EUR, CHF, CAD, NOK = Neutral;

### Equities

Equities have reached new all-time highs, as signs of US-Iran de-escalation have prompted markets to look past the conflict and refocus on strong underlying fundamentals, including an ongoing robust earnings season.

The overall macro backdrop remains constructive, supported by easing tariff headwinds, expected Federal Reserve rate cuts, supportive fiscal policies, and a recovery in manufacturing. Structural trends should also remain favorable, though we recommend a more selective approach within the AI sector.

### Bonds

Following recent tensions in the Middle East and supply disruptions through the Strait of Hormuz, markets have rebounded as US-Iran negotiations raise hopes of deescalation. However, the situation remains fluid, with key disagreements unresolved and full transit likely weeks away.

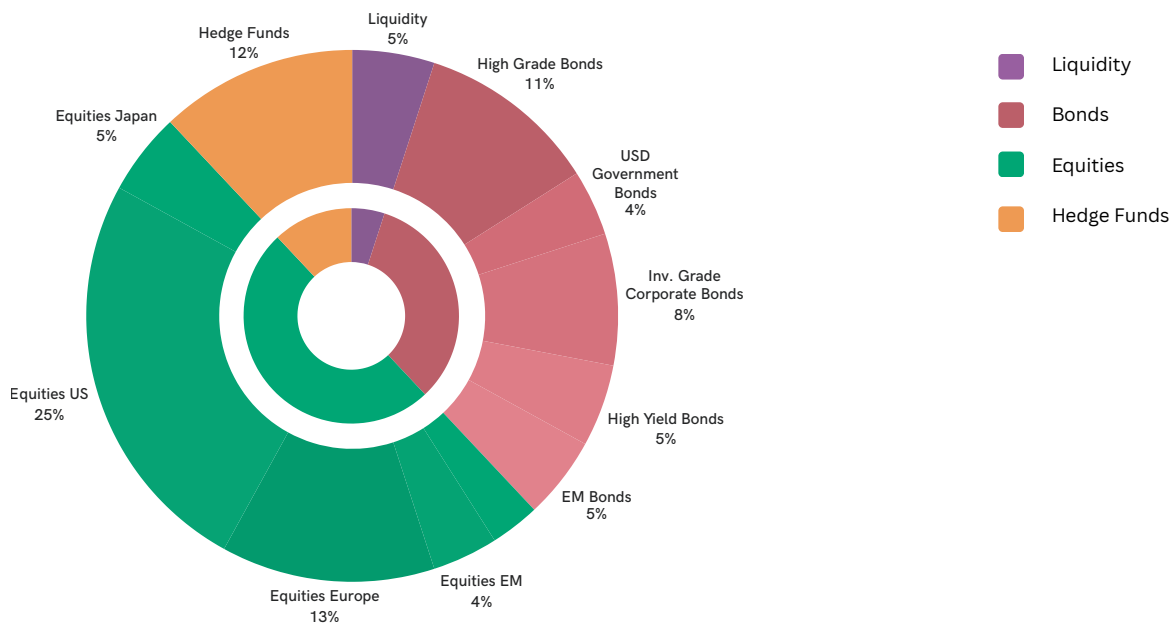
Market volatility is still high, and energy prices remain above pre-conflict levels. Macro uncertainty persists, with inflation risks and growth concerns expected to take time to resolve. Short-term rates are focused on near-term inflation, while longer-term rates and credit spreads have recovered much of last month's underperformance.

### Currencies

FX volatility remains subdued despite surging oil prices and geopolitical risks. The USD's yield advantage is fading, as markets expect rate hikes elsewhere, and risk-on sentiment prevails. We see the dollar weakening as energy prices normalize and the Fed resumes its easing cycle, while the EUR is supported by fiscal measures.

We prefer selective exposure to progrowth and commodity-linked currencies. We rate the SEK, NZD, AUD, and CNY as Attractive—the SEK and NZD should benefit from lower energy prices, the AUD from high yields, and the CNY from strong surpluses. We believe the GBP is undervalued with high carry, while the CHF should underperform, especially on a total-return basis, as risk appetite returns.

## Balanced USD Model Portfolio



Source: UBS Houseview monthly June 2026

## Topic of the Month

### Where AI will really make a difference

Every time concerns arise that AI might destroy jobs, someone is quick to offer a reassuring response: after all, artificial intelligence is “just” a tool for boosting productivity. One that helps us write emails faster, summarize documents, and code more quickly. They say we have nothing to fear; after all, it merely accelerates what we’re already doing anyway.

Yet this overlooks something essential: namely, how important technologies have transformed the economy in the past. The real story is about what happens when an existing technology finds new, powerful applications. Steam power wasn’t interesting simply because someone invented a better engine. It only became interesting when this propulsion system was used in locomotives and ships. Electricity did not change the world because it replaced the oil lamp. It only did so when wires were laid in factories and homes were equipped with new appliances. Similarly, the internal combustion engine only became an economic force when it was used to power cars, trucks, and airplanes.

With computers and the internet, history repeated itself, albeit at a much faster pace. For a long time, computers were confined to back offices, where they were used for payroll and inventory management. While they were valuable tools, they primarily served to make existing processes more efficient. The dramatic productivity gains of the late 1990s and early 2000s came about when computer technology was deployed in new ways: networked PCs in offices, as well as e-commerce websites, digital marketplaces, search engines, and later smartphones and app stores.

If we want to understand how AI affects productivity, we should focus less on its capabilities alone and more on exactly where it is being deployed. The good news, as we will see, is that it promises productivity gains in sectors that have been stagnating until now.

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Currently, much of today's AI is used in familiar ways—namely, as a powerful assistant within existing workflows. AI helps employees draft emails, refine marketing copy, write code, summarize long documents, and respond to customer inquiries. These applications are worthwhile. Initial results demonstrate significant time savings, particularly for text-heavy routine tasks. Employees report that they can process their inboxes more quickly. Junior staff can produce higher-quality first drafts. Support staff can handle more inquiries per hour.

Even if that were all AI were used for, it would already be a great deal. Electrification back then or early computer technology brought clear advantages, and the same applies to this wave of AI, where artificial intelligence is used as a tool to boost productivity. History shows, however, that a technology only truly pays off when it is applied in areas where no productivity gains have been achieved for a long time.

Take the service sector, for example. For decades, economists have been grappling with what William Baumol termed the “cost disease” in services. Many services—such as nursing, cleaning, the hotel and restaurant industry, retail, and logistics—are difficult to automate and have seen only slow gains in productivity. A teacher still stands in front of the class. A waiter still brings food to the table. A caregiver still helps someone get in and out of bed. These activities are very important, but also very labor-intensive. The result is that productivity growth in a large part of the modern economy has stagnated at a low level.

AI has the potential to change this, not only because of its ability to automate knowledge work, but also due to very specific applications where AI is combined with sensors, actuators, and mobile hardware. We're talking about robots.

For decades, robots were primarily found in factories, where they welded car bodies and assembled electronics on carefully choreographed production lines. These environments are controlled and predictable, which suits traditional industrial robots very well. However, they account for only a fraction of the overall economy. Thanks to recent advances in artificial intelligence, a different kind of robot is currently emerging: one capable of navigating cluttered spaces, recognizing objects, interpreting instructions in natural language, adapting to changing conditions, and coordinating with humans.

As these robots find their way into supermarkets, warehouses, hospitals, hotels, and private households, we can expect the AI success story in terms of productivity to continue. A cleaning robot that can work safely side by side with human staff in a shopping mall or at an airport represents a new application area for AI. The same applies to a robot that can restock shelves, transport goods through a warehouse without predefined guidance, or assist a caregiver with physically demanding tasks. Add to this autonomous or semi-autonomous vehicles, drones for deliveries and inspections, and AI systems for coordinating fleets of machines—it is now becoming clear just how deeply the technology can penetrate the previously unproductive core of the service economy

*Source: Pictet Insight 2026*



## Key Figures 2026

### Equity Indices (Local Currencies)

AMERICA	31.12.2025	04.06.2026	% Chg YTD
DOW JONES IND.	48,063.29	51,561.93	7.28%
S&P 500	5,881.63	7,584.31	0.11%
RUSSELL 2000	2,230.16	2,935.33	18.27%
NASDAQ COMP	19,310.79	23,572.76	1.42%
CANADA - TSX	24,727.94	35,217.06	11.05%
MEXICO - IPC	49,513.27	67,392.19	4.80%
BRAZIL IBOVESPA	120,283.40	170,330.63	5.71%
COLOMBIA COLCAP	1,379.60	2,228.19	-9.96%
ASIA	31.12.2025	04.06.2026	% Chg YTD
JAPAN-NIKKEI	39,894.54	53,603.65	2.77%
H.K. HANG SENG	20,059.95	24,856.43	27.43%
CHINA CSI 300	3,934.91	4,904.75	5.11%
EUROPE	31.12.2025	04.06.2026	% Chg YTD
EURO STOXX 50	4,895.98	6,103.33	9.02%
UK - FTSE 100	8,173.02	10,360.32	11.11%
GERMANY - DAX	19,909.14	24,944.95	20.40%
SWITZERLAND - SMI	11,600.90	13,341.27	2.71%
SPAIN - IBEX 35	11,595.00	18,276.00	22.64%
PORTUGAL - PSI 20	6,377.26	8,999.30	20.32%

### Volatility

	31.12.2025	04.06.2026	% Chg YTD
SPX (VIX)	17.35	16.06	-13.95%

### Currencies

	31.12.2025	04.06.2026	% Chg YTD
EUR/USD	1.0355	1.1591	-32.82%
USD/JPY	157.3	148.56	7.66%
USD/CHF	0.9078	0.8035	-0.43%
GBP/USD	1.251	1.3359	-0.10%
USD/CAD	1.439	1.3736	1.34%
EUR/CHF	0.94	0.9314	1.54%

### Commodities (USD)

PRECIOUS METALS	31.12.2025	04.06.2026	% Chg YTD
GOLD USD/OZ	2,625.27	4,475.45	3.72%
SILVER USD/OZ	28.84	73.54	3.13%
PLATINUM USD/OZ	905.75	1,904.00	-7.30%
ENERGY	31.12.2025	04.06.2026	% Chg YTD
WTI Crude Oil	55.09	93.0495.03	66.17%
Brent Crude Oil	60.85	95.03	56.17%
Natural Gas	3.69	3.34	-9.59%

### Interest Rates Government Bonds

	3 Months	2 Years	10 Years
USA	3.709	4.037	4.477
GERMANY	2.07	2.659	3.024
SWITZERLAND	-0.06	0.115	0.401
UK	3.894	4.334	4.901
JAPAN	0.94	1.413	2.669

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