April 2025

QCAM MONTHLY

QCAM Insight ++ Economy and Interest Rates ++ FX Markets ++ FX Analytics
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Currency
Asset
Management

QCAM Insight

Still foggy

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The USD underperformed in Q1 but is still in the range pattern. Policy uncertainty remains too high to forecast a clear trend. In our view, pessimism on the US economy and hopes for an effective fiscal boost in Europe seem both overdone, while the tariff conflict has probably not yet peaked. As a result, we remain neutral except for long JPY.

The USD was the main underperformer in the first quarter of this year. After the 7.9% surge in the final quarter of last year, the USD DXY fell 4.2% in Q1. Looking back, the current USD performance may just be a continuation of the up-and-down pattern since 2023 with the USD DXY currently right in the middle of the range. As we pointed out in the last QCAM Monthly USD weakness is remarkable because it is happening in times of increased uncertainty and risk aversion that typically favor the USD. In fact, the true safe haven was gold gaining 19.5% versus the USD in Q1.

USD weakness in Q1 was accompanied by US equity market underperformance (-4.6%) versus the rest of the world (+5.7%) and suggests that global investors are shifting away from US assets. However, that may just be normal rebalancing given the outperformance of the US equity market (+25.1%) versus the rest of the world (+5.3%) last year.

US downshift

Uncertainty and risk aversion relate undoubtedly to the rollout of the Trump administration's policy agenda and is visible in deteriorating US economic sentiment indicators and financial market conditions. Policy uncertainty was also the buzz word of Jerome Powell's press conference after the last Fed meeting. The Fed has adjusted its outlook, cutting the 2025 growth forecast to 1.7% from 2.1% and raising the inflation forecast to 2.8% from 2.5%. We expect US real GDP to be soft in Q1 due to temporary factors and we also lowered our full-year growth forecast, but we think recession is unlikely and US growth will probably continue to outperform most other major economies in 2025.

The deterioration of the growth-inflation trade-off leaves the Fed in a tough position limiting the room to ease even as the economy slows. Jerome Powell stressed the need to pause given increased policy uncertainty but the Fed is not yet willing to shift to a more hawkish stance. This has prompted the market to raise its rate cut expectations for the end of the year from near zero to 75bps and contributed to the USD weakness so far this year. In our judgment, the Fed is unlikely to turn outright hawkish soon, but we think it will take much stronger signs of economic and especially labor market weakness for the Fed to cut interest rates in the face of resilient inflation.

Europe awakes

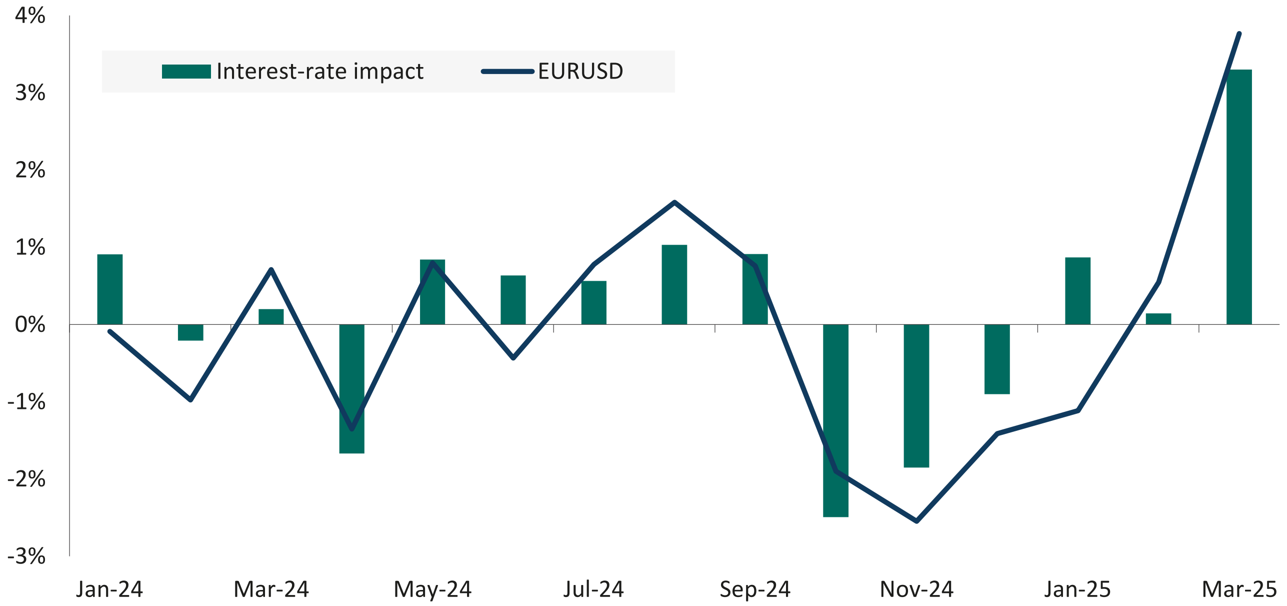
First-quarter USD weakness was also driven by developments outside the US. Especially events in Europe have played an important role, which is also visible in the outperformance of Euro-area equities. Most importantly, Germany's likely next coalition government has pushed through constitutional changes to soften the "debt brake" and to engage in "whatever it takes" military and infrastructure spending. Furthermore, Germany is not the only country in Europe that has recognized the need to boost defense spending. EU leaders have agreed on an 800€ billion defense package that allows member states to either borrow directly for defense spending or provide member states with special loans for defense programs.

In our view, these are positive developments but do not simply reverse the balance of power between USD and EUR. In particular, getting a good bang for the Euro requires far-reaching reforms in Germany and elsewhere in Europe. The current coalition negotiations in Germany as well as the growing political polarizations in the rest of Europe suggest that progress is unlikely to come quickly. The fiscal announcements have narrowed spreads between the US and Euro-area interest rates, which has been the main factor boosting EURUSD in March (see Chart). However, US interest rates remain well above Euro-area interest rates and the spreads are again widening, especially at the short end as more ECB easing is still on the cards.

More shoes to drop

As we went to print, "liberation day" just passed and the details of the US tariff increases are not yet clear, but the thrust of the announcement was at the hawkish side of expectations. We fear that the tariff conflict has not yet peaked and that the outcome will probably hurt other countries more than the US. We are skeptical of Trump's policy agenda but pessimism over the US economy seems to us overdone, while we fear that too much hope is placed on a game-changing fiscal boost elsewhere, especially in Europe. Against this background, we remain reluctant to take strong positions at this point but we stay long JPY, because we believe that Japan is more insulated from geopolitical and tariff conflicts while the BoJ is committed to continue the process of monetary normalization and the JPY is still a good place in times of increased risk aversion.

EURUSD monthly changes and interest rate impact*



* The interest-rate impact is based on a regression analysis of EURUSD monthly changes and changes of the 2-year and 10-year yield differentials between US and Germany

Source: Source: St. Louis Fed and QCAM Currency Asset Management

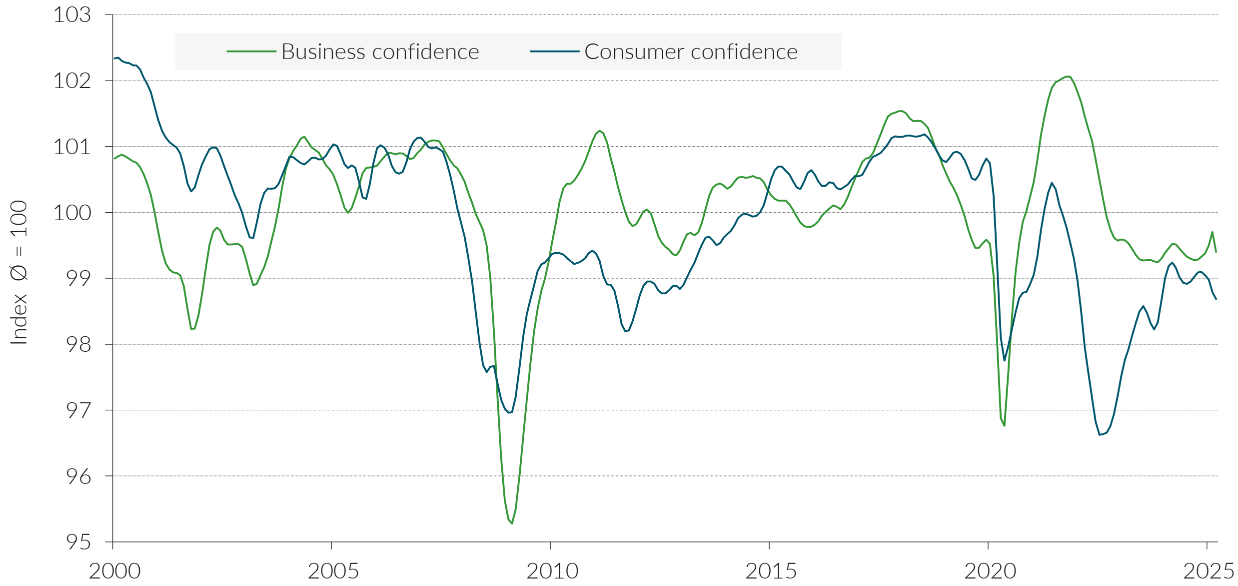
Economy & Interest Rates

The recovery in global business sentiment stalled in March and consumer confidence continued to deteriorate amid ongoing heightened policy uncertainty following the inauguration of US President Trump. We have marked down our global growth forecast for 2025 and raised our global inflation forecast. The deterioration in the expected growth/ inflation trade-off is most notable in the US and least visible in emerging markets. The global economy is not ripe for a recession but ongoing policy uncertainty and financial volatility increase the recession risk. The deterioration of the inflation outlook limits the scope for monetary easing, but central banks remain more likely to cut rates in response to economic weakness than hike rates amid rising inflation.

	Real GDP growth[1]		Unemployment rate[1]		Inflation rate[1]		Current account[2]		Fiscal balance[2]		Public debt[2]	
	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025
Global	2.9	2.5	n.a.	n.a.	3.2	3.0	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Developed	1.7	1.4	n.a.	n.a.	2.7	2.8	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
USA	2.8	1.5	4.0	4.4	3.0	3.0	-3.3	-3.5	-7.6	-7.5	121	124
Canada	1.5	1.5	6.2	6.2	2.4	2.2	-1.0	-1.0	-2.0	-1.0	106	103
Euro-area	0.8	1.0	6.5	6.5	2.4	2.2	2.6	2.5	-3.1	-3.1	88	88
Sweden	1.0	1.5	8.5	8.0	2.2	2.0	6.5	6.0	-1.1	-0.5	36	35
Switzerland	1.3	1.3	2.4	2.4	1.3	1.0	8.2	8.0	0.6	0.5	32	31
UK	1.1	1.0	4.2	4.4	2.5	3.0	-2.8	-3.0	-4.3	-4.5	102	104
Japan	0.1	1.5	2.5	2.5	2.7	2.7	3.8	3.5	-6.1	-6.0	251	252
Australia	1.0	1.5	4.1	4.0	3.2	2.5	-0.9	-1.0	-1.7	-2.0	49	50
Emerging	4.2	3.8	n.a.	n.a.	4.0	3.1	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
China	5.0	4.5	5.1	5.5	0.2	0.5	1.4	1.5	-7.4	-7.5	90	94
India	6.5	6.0	n.a.	n.a.	5.0	4.5	-1.1	-1.5	-7.8	-7.5	90	94
Russia	4.1	1.5	2.6	2.7	8.4	9.0	2.7	2.5	-2.0	-2.0	20	20
Brazil	3.4	2.0	7.2	7.0	4.4	5.0	-1.7	-2.0	-6.9	-7.0	88	92

Source: OECD, IMF World Economic Outlook and QCAM estimates [1] In percent annual average [2] In percent of GDP

OECD business and consumer confidence*



Source: OECD and QCAM *The last observations are QCAM estimates based on other surveys

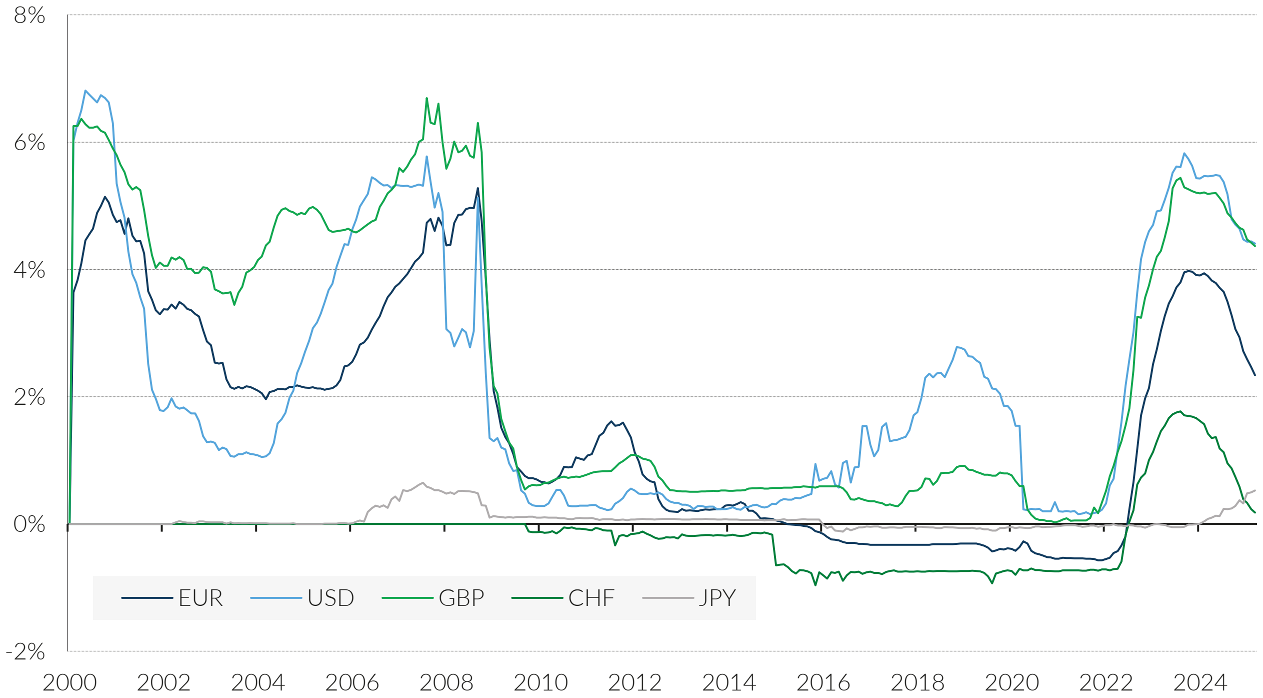
Interest Rates

Interest Rate Level Overview

	Short Term Interest Rate (3month OIS)					Long Term Interest Rate (10year Swap)				
	Current	1M ago	3M ago	12M ago	Ø 3 years	Current	1M ago	3M ago	12M ago	Ø 3 years
USD	4.30%	4.32%	4.31%	5.32%	4.48%	4.05%	4.11%	4.33%	4.23%	2.99%
EUR	2.32%	2.46%	2.71%	3.89%	2.70%	2.57%	2.32%	2.35%	2.57%	2.65%
JPY	0.52%	0.50%	0.32%	0.08%	0.08%	1.31%	1.24%	1.06%	0.85%	0.80%
GBP	4.36%	4.42%	4.63%	5.18%	4.22%	4.15%	3.99%	4.07%	3.67%	3.64%
CHF	0.18%	0.23%	0.38%	1.42%	0.96%	0.59%	0.49%	0.38%	1.15%	1.34%
AUD	4.02%	4.07%	4.27%	4.32%	3.64%	4.11%	4.15%	4.20%	4.10%	4.16%
CAD	2.64%	2.83%	3.15%	5.00%	4.05%	3.00%	3.02%	3.26%	3.93%	3.62%
SEK	2.26%	2.21%	2.42%	3.92%	2.89%	2.88%	2.57%	2.71%	2.65%	2.75%
RUB	21.60%	21.60%	21.30%	15.35%	12.80%	11.12%	15.15%	13.68%	9.62%	9.19%
BRL	13.30%	12.96%	12.05%	9.11%	11.26%	14.67%	15.12%	15.60%	10.91%	12.16%
CNY	1.89%	2.00%	1.70%	2.04%	1.97%	1.66%	1.71%	1.51%	2.20%	2.34%
TRY	47.70%	43.38%	47.35%	54.50%	32.63%	38.04%	38.04%	38.04%	38.04%	32.37%
INR	6.11%	6.39%	6.69%	6.72%	6.39%	6.00%	6.07%	6.23%	6.40%	6.48%

Source: QCAM Currency Asset Management, as of April 1st, 2025

3-month Rates



Source: QCAM Currency Asset Management, as of end of March 2025

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FX Markets

FX Performance vs. PPP

The USD DXY declined 3.4% in March with the biggest gains for the SEK followed by the EUR and the JPY and the dollar commodity currencies trailing behind. EM currencies were on balance stronger as well but with more dispersions. Net long speculative USD positions declined from historical highs to neutral with the biggest turnaround in the EUR position from deeply oversold to neutral. Short-term interest rates continued to move lower except for JPY rates, which have crossed the level of CHF rates. The cost of forward hedging versus the USD is no longer declining and remains particularly expensive for JPY and CHF. Actual and implied FX volatilities were mixed but on balance relatively stable and close to their historical averages with only EURUSD and USDJPY somewhat higher. PPP estimates continue to move against the USD as US inflation remains more resilient and the USD continues to be overvalued versus all major currencies.

Overview

	Current Exchange Rate	Performance[1]				Purchasing Power Parity[2]		
		YTD	1M	12M	5 years	PPP	Neutral Range	Deviation[3]
EURUSD	1.082	4.55%	4.07%	0.29%	-0.96%	1.22	1.09 - 1.35	-11%
USDJPY	149.980	-4.70%	-0.26%	-0.89%	40.06%	103.42	91.61 - 115.22	45%
GBPUSD	1.294	3.36%	2.78%	2.54%	4.40%	1.54	1.37 - 1.71	-16%
EURCHF	0.954	1.56%	1.76%	-1.96%	-9.73%	0.91	0.86 - 0.96	5%
USDCHF	0.882	-2.85%	-2.22%	-2.24%	-8.86%	0.79	0.70 - 0.88	12%
GBPCHF	1.141	0.43%	0.51%	0.25%	-4.84%	1.03	0.94 - 1.12	11%
CHFJPY	170.066	-1.91%	2.01%	1.41%	53.66%	96.31	85.33 - 107.29	77%
AUDUSD	0.629	1.68%	1.34%	-3.56%	3.30%	0.76	0.67 - 0.84	-17%
USDCAD	1.431	-0.59%	-0.93%	5.63%	0.61%	1.22	1.13 - 1.30	17%
USDSEK	9.994	-9.74%	-6.88%	-6.46%	-0.63%	8.37	7.42 - 9.32	19%
EURSEK	10.813	-5.64%	-3.10%	-6.20%	-1.60%	8.97	8.42 - 9.52	21%
USDRUB	84.950	-25.31%	-5.04%	-8.12%	7.80%	71.11	52.09 - 90.12	19%
USDBRL	5.759	-6.67%	-2.16%	14.83%	9.33%	4.01	2.44 - 5.58	44%
USDCNH	7.272	-0.85%	-0.27%	0.21%	2.03%	7.13	6.54 - 7.72	2%
USDTRY	37.988	7.41%	4.06%	17.32%	467.37%	25.15	19.77 - 30.53	51%
USDINR	85.537	-0.05%	-2.15%	2.61%	11.70%	82.31	75.71 - 88.92	4%
US_Dollar_Index	104.044	-4.10%	-3.32%	-0.42%	4.39%	87.93	82.10 - 93.75	18%

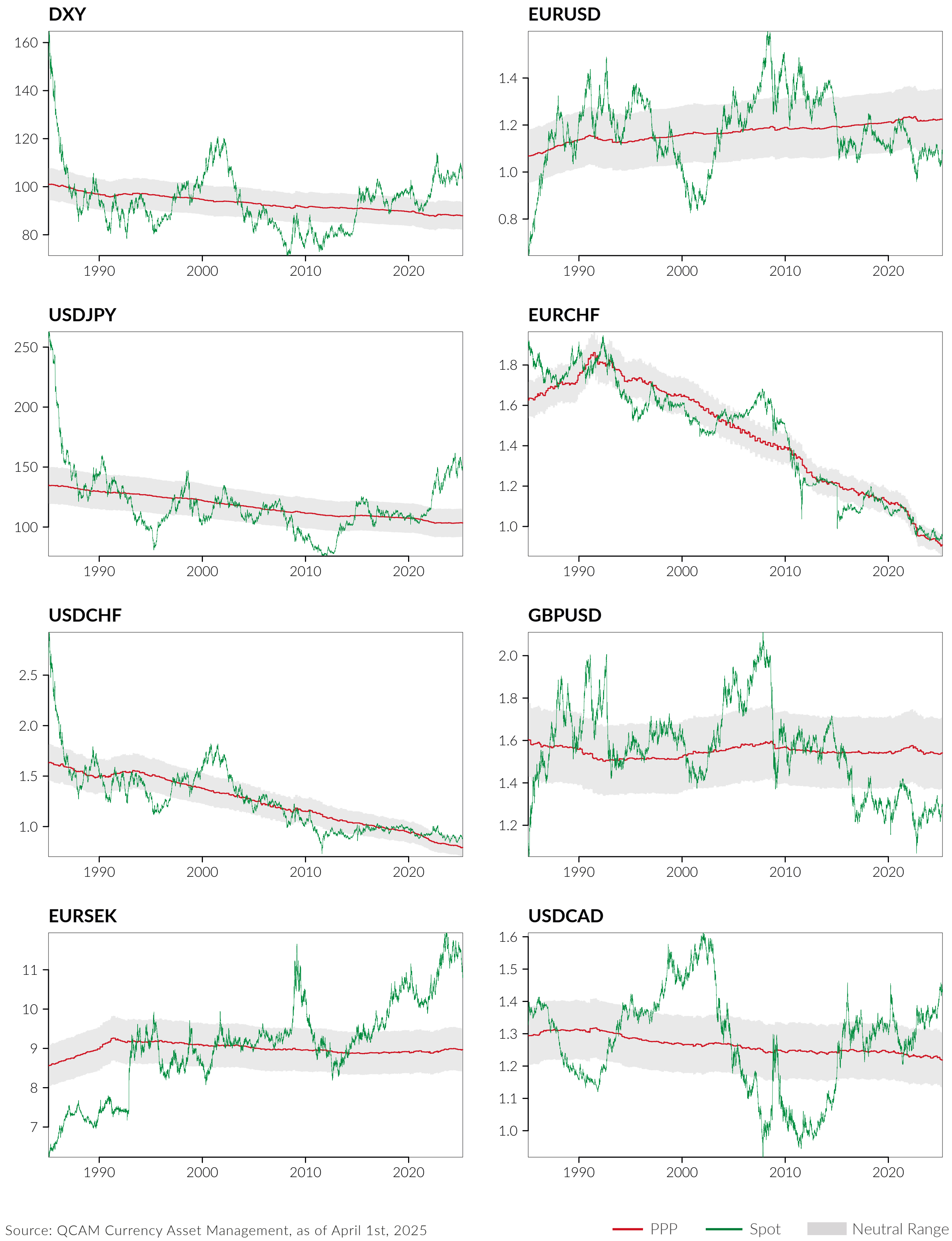
[1] Performance over the respective period of time, in percent

[2] Purchasing power parity (PPP) is estimated based on the relative development of inflation rates in two currency markets; the neutral range is determined by ± 1 standard deviation of the historical variation around the PPP value.

[3] Deviation of the current spot rate from PPP, in percent.

Source: QCAM Currency Asset Management, as of April 1st, 2025

Purchasing Power Parity



Source: QCAM Currency Asset Management, as of April 1st, 2025

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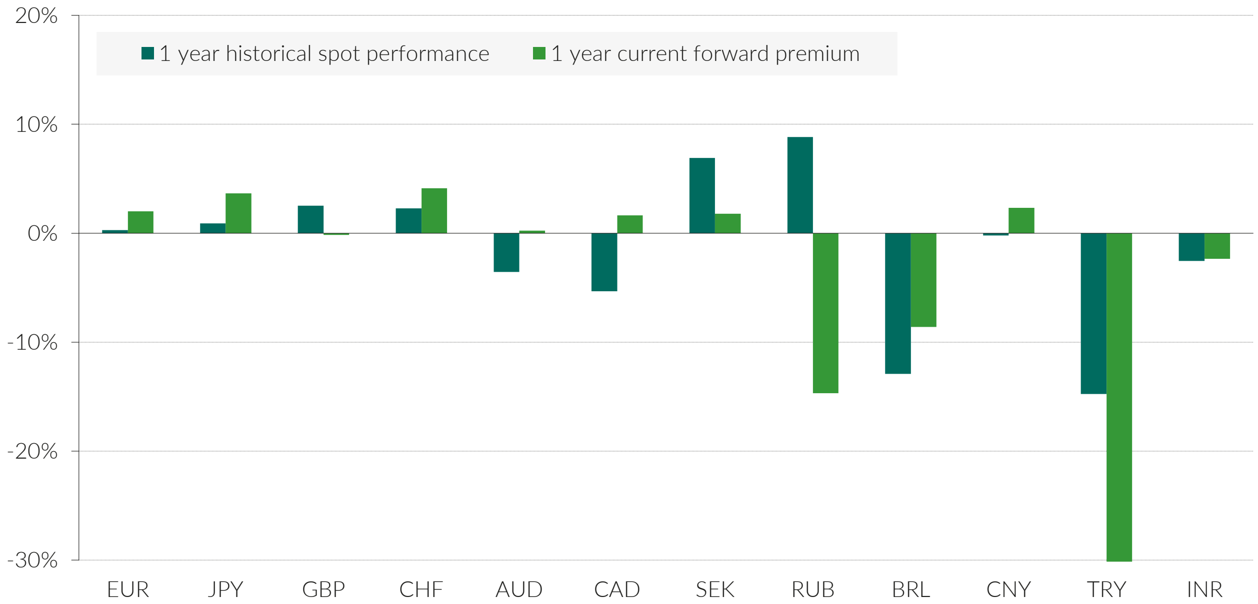
FX Spot vs Forwards

FX Forwards Level and Premium

	Current Exchange Rate	Forward Level			Premium p.a.		
		1M	3M	12M	1M	3M	12M
EURUSD	1.082	1.0838	1.0876	1.1038	1.95%	2.04%	1.99%
USDJPY	149.980	149.4783	148.4754	144.6744	-4.01%	-3.97%	-3.49%
GBPUSD	1.294	1.2939	1.2939	1.2920	-0.09%	-0.04%	-0.15%
EURCHF	0.954	0.9523	0.9489	0.9348	-2.35%	-2.20%	-2.00%
USDCHF	0.882	0.8786	0.8725	0.8469	-4.30%	-4.23%	-3.91%
GBPCHF	1.141	1.1370	1.1290	1.0944	-4.38%	-4.26%	-4.06%
CHFJPY	170.066	170.1070	170.1775	170.8222	0.28%	0.26%	0.44%
AUDUSD	0.629	0.6290	0.6294	0.6303	0.28%	0.28%	0.22%
USDCAD	1.431	1.4284	1.4242	1.4073	-1.77%	-1.75%	-1.59%
USDSEK	9.994	9.9750	9.9401	9.8181	-2.19%	-2.13%	-1.73%
EURSEK	10.813	10.8106	10.8103	10.8367	-0.24%	-0.09%	0.22%
USDRUB	84.950	86.4541	89.0080	99.5821	21.25%	18.90%	16.90%
USDBRL	5.759	5.7913	5.8704	6.3010	6.52%	7.65%	9.28%
USDCNH	7.272	7.2547	7.2272	7.1073	-2.48%	-2.42%	-2.24%
USDTRY	37.988	39.5887	42.4474	54.4022	50.57%	46.44%	42.27%
USDINR	85.537	85.7973	86.1052	87.5847	3.43%	2.63%	2.36%

Historical Spot Performance and Current Forward Premium vs. the US Dollar



Source: QCAM Currency Asset Management, as of April 1st, 2025

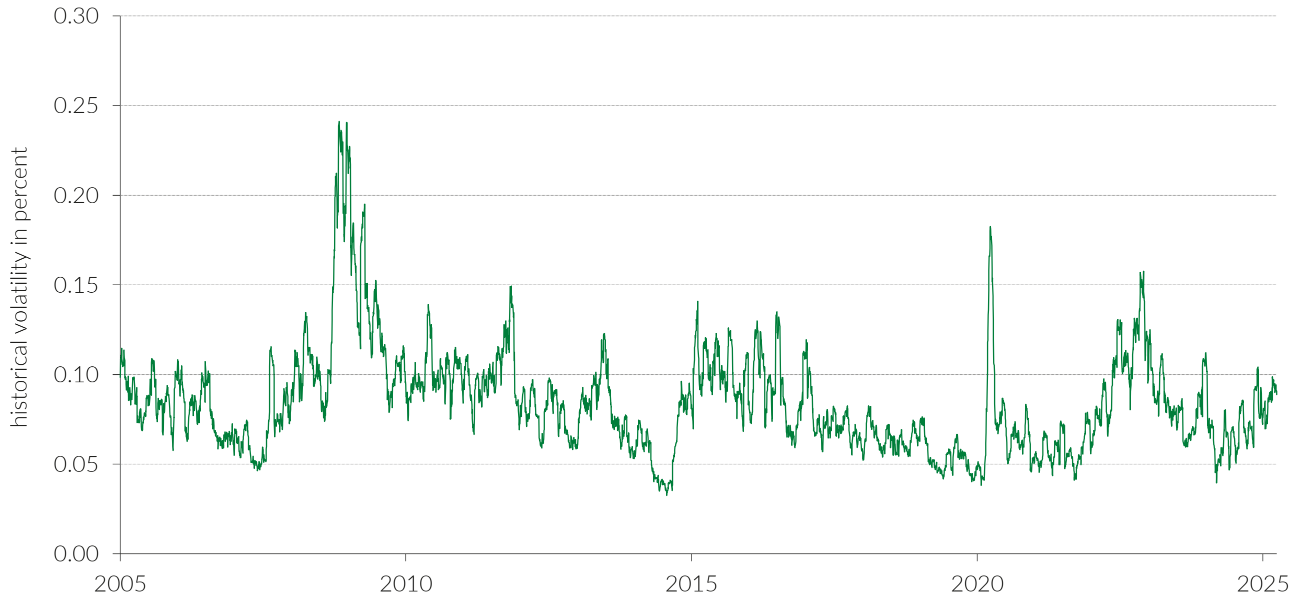
FX Volatility

Historical vs. Implied Volatility

	Current Exchange Rate	Historical Volatility [1]				Implied Volatility [2]			
		Current	1M	12M	Ø 5 years	Current	1M	12M	Ø 5 years
EURUSD	1.082	9.10%	7.58%	5.49%	7.42%	7.55%	7.23%	5.30%	7.14%
USDJPY	149.980	8.73%	10.10%	8.24%	9.20%	10.43%	10.35%	8.13%	8.99%
GBPUSD	1.294	7.41%	7.72%	5.72%	8.76%	7.25%	7.23%	6.20%	8.44%
EURCHF	0.954	6.81%	4.58%	4.77%	5.05%	5.78%	5.30%	4.83%	5.51%
USDCHF	0.882	6.55%	6.59%	7.18%	7.66%	6.83%	6.93%	6.30%	7.19%
GBPCHF	1.141	5.47%	5.03%	4.93%	7.42%	6.60%	6.35%	5.53%	7.56%
CHFJPY	170.066	8.51%	8.94%	7.18%	7.99%	9.08%	9.48%	7.68%	8.34%
AUDUSD	0.629	8.76%	8.57%	7.40%	10.62%	9.18%	9.60%	8.03%	10.35%
USDCAD	1.431	7.04%	6.21%	4.48%	6.68%	6.40%	6.53%	4.88%	6.64%
USDSEK	9.994	11.37%	8.58%	9.26%	10.87%	10.95%	9.78%	8.93%	10.55%
EURSEK	10.813	4.99%	4.29%	5.26%	6.24%	6.38%	5.28%	5.68%	6.52%
USDRUB	84.950	22.31%	27.85%	13.71%	22.50%	23.98%	29.50%	24.85%	26.37%
USDBRL	5.759	9.39%	10.05%	8.10%	15.05%	14.15%	14.20%	9.85%	16.61%
USDCNH	7.272	4.32%	4.14%	3.29%	4.72%	4.80%	5.18%	3.98%	5.40%
USDTRY	37.988	6.79%	2.32%	3.95%	12.75%	23.65%	11.60%	13.30%	20.69%
USDINR	85.537	4.23%	3.65%	1.69%	4.06%	4.13%	4.13%	2.88%	5.00%

[1] Realised 3-month volatility (annualised) [2] Market implied 3-month volatility (annualised)

QCAM Volatility Indicator[3]



[3] The QCAM volatility indicator measures general volatility in global FX markets; the indicator is based on historical volatility of the main exchange rates, which are weighted by trading volume.

Source: QCAM Currency Asset Management, as of April 1st, 2025

FX Analytics

QCAM has an analytical framework to take scalable exchange rate positions. The QCAM exchange rate strategy for each currency pair has three principle components:

- **Macro**
- **Business Sentiment**
- **Technical**

The positioning signals from each component are aggregated into an overall positioning score for each currency pair.

The Macro component consists typically of economic growth, balance of payments, fiscal and monetary policy and in some cases commodity fundamentals. The positions are either discretionary or model driven.

The Business Sentiment component is a rule-based framework built on business surveys.

The Technical component consists primarily of the technical analysis of daily exchange rates (trend following and mean reversion).

The summary table below and the following pages show the QCAM strategy framework and the positioning for the major currency pairs actively covered by QCAM. The tables break each of the three strategies into subcomponents with an indication of the current impact. The charts show the respective exchange rate with past QCAM positions and their scale.

April 2025 — Current positioning

The discretionary Macro positions remained all unchanged (neutral except for long JPY). Business Sentiment moved long EURUSD and EURCHF, but short USDCHF and the balance of all Business Sentiment positions is moderately short USD. Technical went neutral EURUSD and USDCHF and long GBPUSD and USDCAD with the balance of all Technical positions slightly short USD. The balance of all positions is slightly short USD with the main longs in JPY, CHF and EUR and the biggest short in GBP. The overall EUR position is slightly short versus both CHF and SEK.

Overview[1]

	Macro	Business Sentiment	Technical	Comment
EURUSD	0	++	0	Business Sentiment went long EUR and Technical shifted from short to neutral pushing the balance to long EUR as well.
USDJPY	–/–	0	– –	All strategy positions were unchanged leaving the balance half long JPY.
EURCHF	0	+	– –	Business Sentiment moved to short CHF versus EUR and long CHF versus the USD and Technical moved to neutral USDCHF. The balance of all CHF positions is slightly long versus the EUR and moderately long versus the USD.
USDCHF	0	– –	0	
GBPUSD	0	– –	+	Technical moved to long GBP reducing the overall short GBP position.
EURSEK	0/+	– –	+	All positions were unchanged and the balance stayed slightly long SEK.
USDCAD	0/–	– –	++	Technical went to short CAD reducing the overall long CAD position.

[1] The signs relate to the first currency of the exchange rate pair ; ++ or – – means 100% long or short; */* means split position.

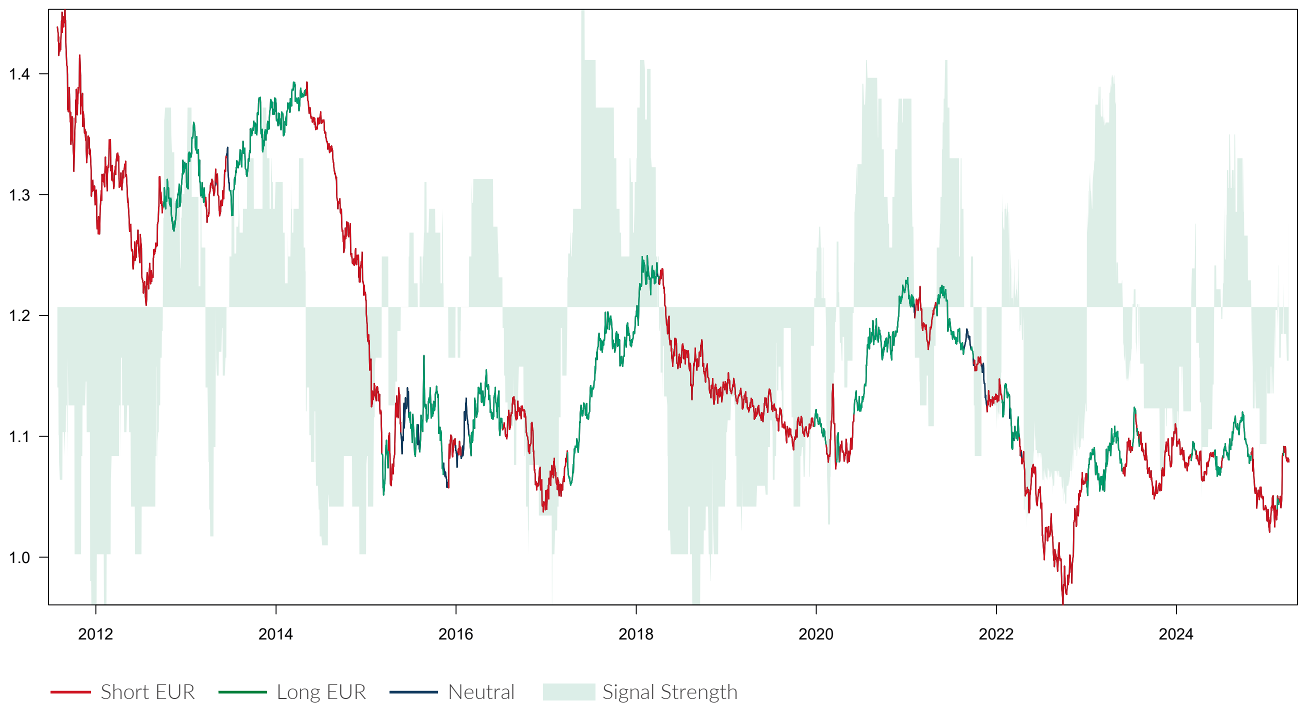
Source: QCAM Currency Asset Management

EURUSD

We kept the Macro position at neutral. The EUR got a boost from stepped-up German/European defence and infrastructure spending but whether the boost will last depends much on broader reforms and implementation, especially in Germany. The EUR has also benefitted from fading US exceptionalism but the risk of a deeper tariff conflict with the US still looms high an is more EUR negative. Business Sentiment went long EUR while Technical shifted from slightly long EUR to neutral with the balance of all strategy positions moderately long EUR.

	FX Factors	EUR Impact	Comment
Macro	Current Account Balances	+	The Euro-area's current account surplus is widening gradually versus the US current account deficit
	Fiscal Balances	0	Euro-area deficit spending likely to rise/catch up with the US
	Interest Rate Differentials	0	Market now expects similar-sized rate cuts from FED and ECB
Sentiment	Business Sentiment	+	The momentum of Euro-area surveys improved versus that of US surveys
	Risk Sentiment	--	Increased political and policy uncertainty on both sides
Technical	Price Action	0	Technical went neutral
	Spec Positions	0	Net position moved from short to modestly long EUR
	PPP Valuation	+	EUR undervaluation is around 11%

EURUSD and QCAM Strategic Positioning



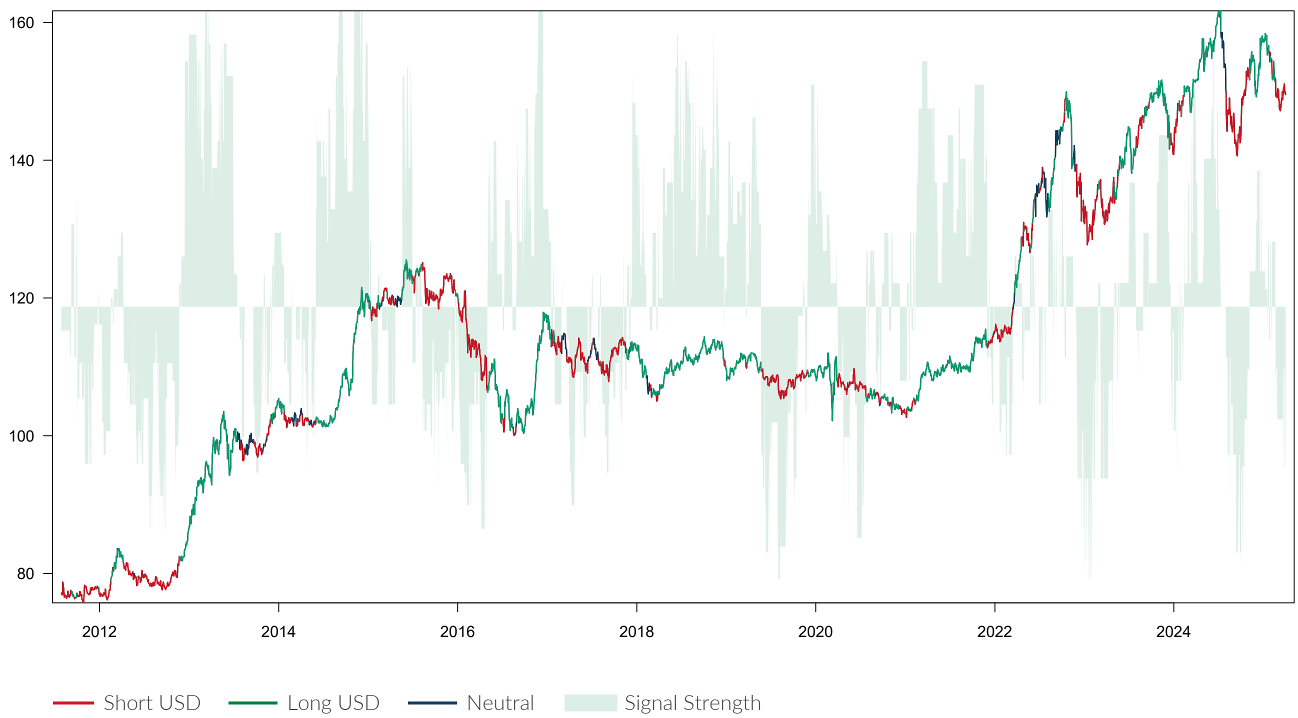
Source: QCAM Currency Asset Management

USDJPY

We kept the discretionary Macro position at long JPY. We believe the BoJ will maintain its normalization policy. The data continues to show economic growth and inflation resilience. Especially wages are accelerating. We also expect the JPY to gradually regain its safe-haven status, which helps in times of increased policy uncertainty. A potential risk is trade tensions with the US, but Japan is less vulnerable due to offshoring and we think Trump needs Japan more as a partner versus China. As a result, we see the overall risk/reward trade-off as favourable for the JPY. The Macro carry model and Technical stayed long JPY and Business Sentiment remained at neutral leaving the balance of all positions long JPY.

	FX Factors	JPY Impact	Comment
Macro	Current Account Balances	+	The Japanese current account surplus remains solid
	FDI Flows	–	Net outflows largely offset current account surplus
	Interest Rate Differentials	+	The Macro carry model stayed long JPY
Sentiment	Business Sentiment	0	The momentum of Japanese Business Sentiment moves in line with that of US surveys
	Risk Sentiment	0	Safe-haven character not yet restored
Technical	Price Action	+	Technical stayed long JPY
	Spec Positions	0/–	Net position is long JPY
	PPP Valuation	+	The JPY is currently about 45% undervalued

USDJPY and QCAM Strategic Positioning



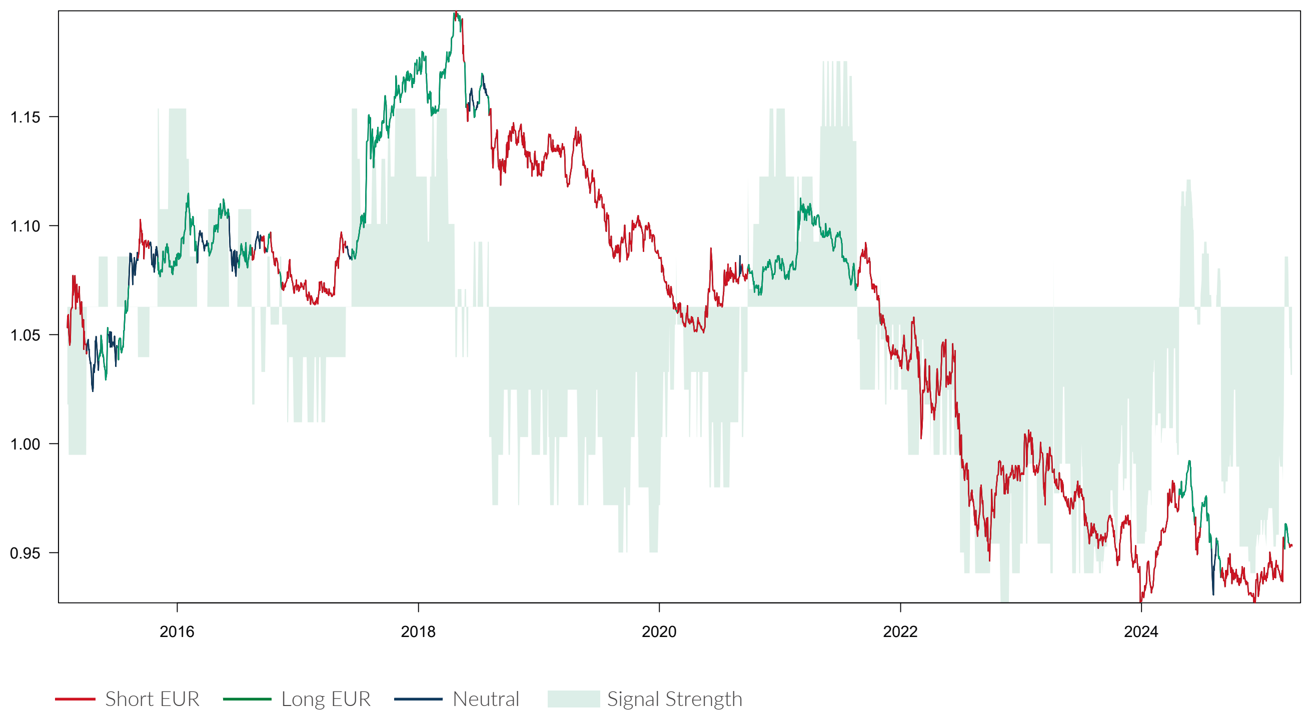
Source: QCAM Currency Asset Management

EURCHF

We kept the discretionary Macro position at neutral versus the EUR. The CHF underperformed following the German fiscal announcement but Swiss fundamentals remain robust, also given political uncertainties in the Euro-area and the ongoing safe-haven appeal of the CHF. The SNB is unlikely to cut interest rates to zero or below, while FX interventions seem less likely. On the other hand, actual progress towards an Ukraine cease fire and quick implementation of European defence and infrastructure spending plans could further support the EUR. Business Sentiment went short CHF and Technical stayed long CHF, reducing the balance of all strategy positions to a small long CHF position.

	FX Factors	CHF Impact	Comment
Macro	Current Account Balances	+	Surplus remains steady support for CHF
	Interest Rate Differentials	0/–	SNB unlikely to return to zero/negative interest rates
	SNB Policy Intervention	0	SNB less inclined to use interventions
Sentiment	Business Sentiment	–	The Swiss economy fell behind the Euro-area economy in the surveys
	Risk Sentiment	0	The rise in risk aversion had limited impact on the CHF lately
Technical	Price Action	+	Technical stayed long CHF
	PPP Valuation	0	CHF is close to fair-value versus the EUR

EURCHF and QCAM Strategic Positioning



Source: QCAM Currency Asset Management

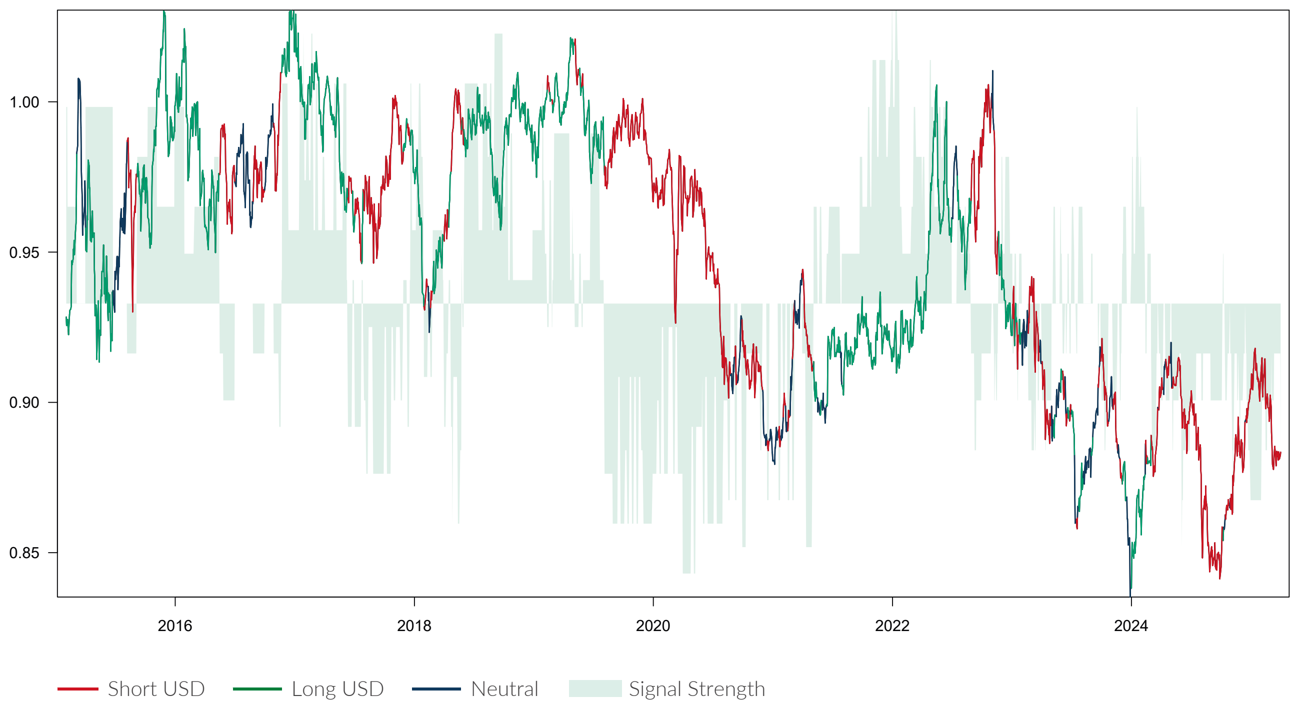
QCAM® Currency Asset Management

USDCHF

Our neutral Macro positions in EURCHF and EURUSD imply neutral for USDCHF as well. The Swiss economy remains fundamentally sound and the CHF's safe-haven properties uncontested. The SNB already cut interest rates four times and is unlikely to go to zero/negative rates but the spread to US rates is wide and SNB interventions seem less likely as the CHF weakened already versus the USD and the SNB is probably getting concerned that the new US administration may put it on the currency manipulator list. Business Sentiment went long CHF and Technical moved to neutral, leaving the balance of all strategy positions moderately long CHF versus the USD.

	FX Factors	CHF Impact	Comment
Macro	Current Account Balances	+	Surplus remains steady support for CHF
	Interest Rate Differentials	0/–	Limited possibility that SNB will cut rates to zero/negative but wide spread to US rates
	SNB Policy Intervention	0	Less intervention risk given US trade policy uncertainties
Sentiment	Business Sentiment	+	Momentum of Swiss surveys better than US surveys
	Risk Sentiment	0	The rise in risk aversion had limited impact on the CHF lately
Technical	Price Action	0	Technical went neutral CHF
	Spec Positions	+	The CHF oversold position remains large
	PPP Valuation	0	CHF is about 12% undervalued versus USD

USDCHF and QCAM Strategic Positioning



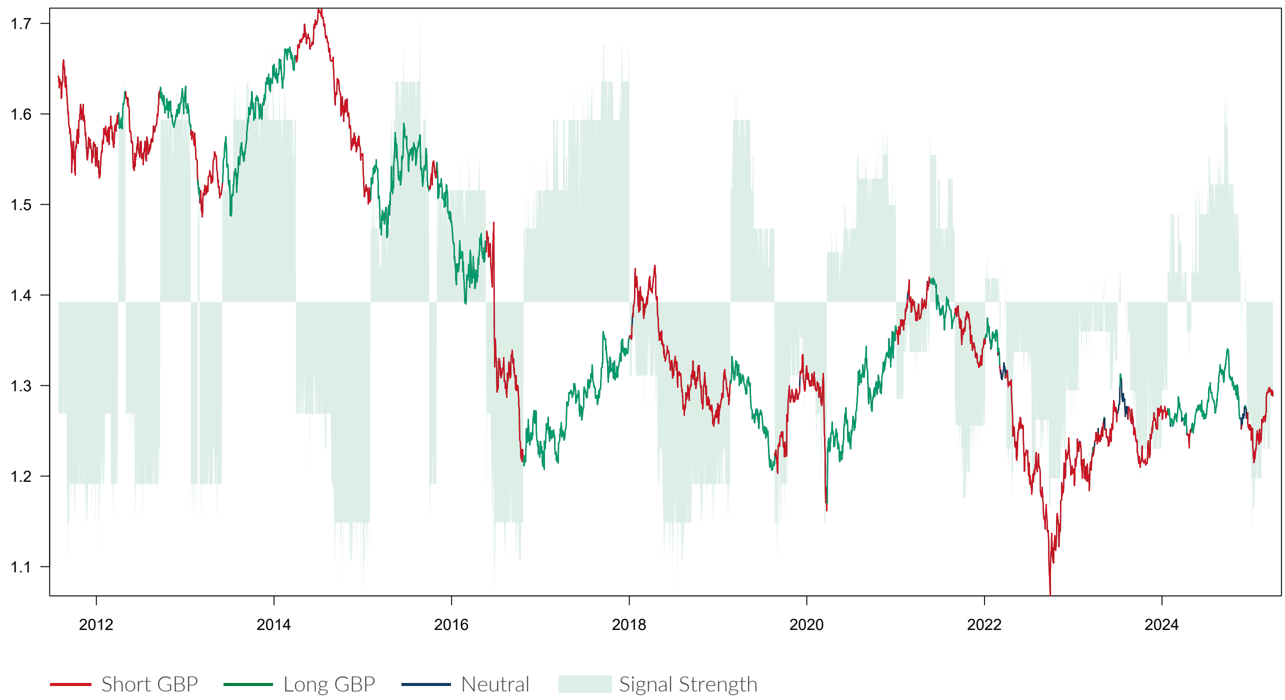
Source: QCAM Currency Asset Management

GBPUSD

We keep the discretionary Macro position at neutral. The positive growth momentum has faded while the latest budget update implies tightening. The BoE implications of the growth and fiscal outlook are dovish but increased inflation risks limit the room to ease policy. Support from global investor sentiment has cooled yet actual progress towards an Ukraine cease fire and quick implementation of European defence and infrastructure spending plans could support the GBP as well. Business Sentiment stayed short GBP while Technical moved to long GBP. The overall strategy position is short GBP.

	FX Factors	GBP Impact	Comment
Macro	Current Account Balances	0/–	The UK deficit has returned to pre-Corona levels
	Interest Rate Differentials	0	UK rates are at par with US rates and BoE and Fed are expected to move in close alignment
Sentiment	Business Sentiment	–	Momentum in UK surveys has fallen behind versus US surveys
	Risk Sentiment	0/–	Global risk-on sentiment support has faded
Technical	Price Action	+	Technical moved to long GBP
	Spec Positions	0	Net positions are modestly long GBP
	PPP Valuation	0/+	The GBP is 16% undervalued

GBPUSD and QCAM Strategic Positioning



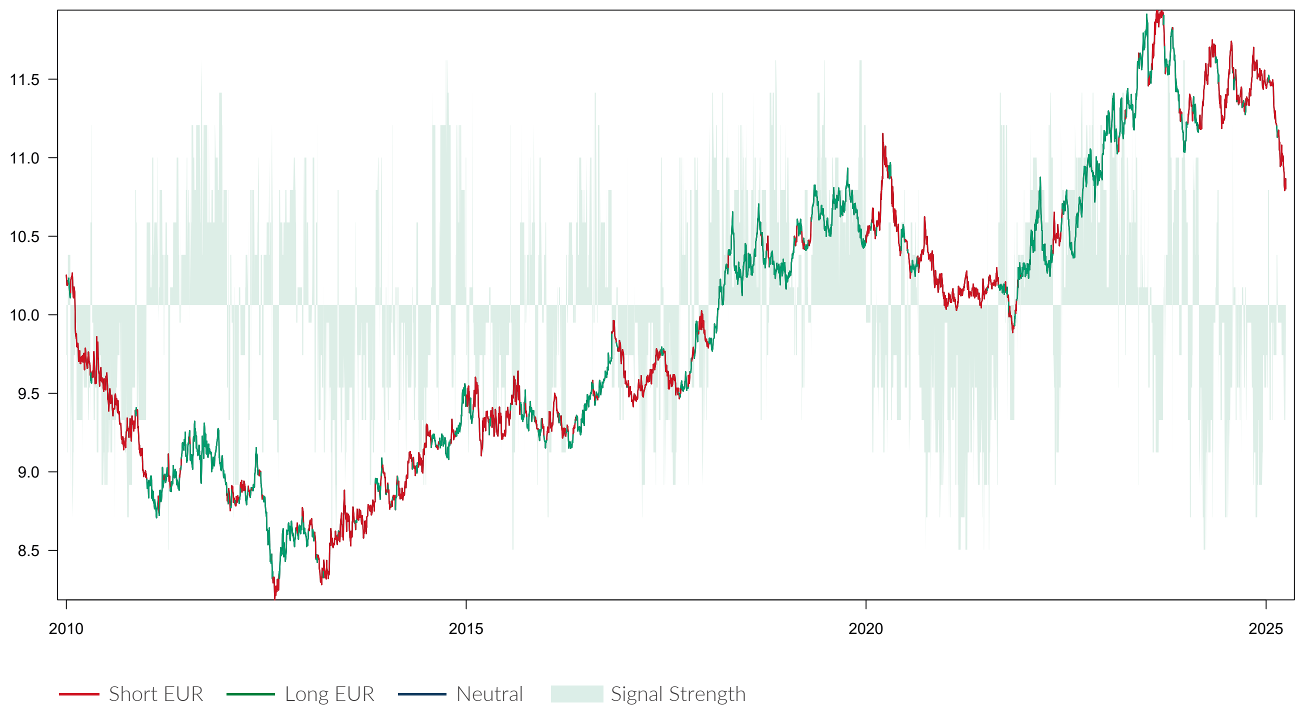
Source: QCAM Currency Asset Management

EURSEK

We keep the discretionary Macro position at neutral. Economic conditions have improved and the drag from the housing sector is gradually easing as the Riks Bank lowered interest rates. The SEK has benefitted from Ukraine cease fire hopes and European defence and infrastructure spending plans but external uncertainties remain high and Sweden is vulnerable to US tariffs and falling risk sentiment. The Macro interest rate model and Technical both stayed short SEK while Business Sentiment remained long SEK, leaving the overall SEK position slightly long SEK.

	FX Factors	SEK Impact	Comment
Macro	Current Account Balances	+	Sweden's surplus has rebounded to levels above those before the Ukraine war
	Interest Rate Differentials	–	The Macro interest rate model stayed short SEK
Sentiment	Business Sentiment	+	Surveys stayed long SEK
	Risk Sentiment	0	Concerns over the property slump are gradually easing
Technical	Price Action	–	Technical stayed short SEK
	PPP Valuation	+	The SEK is roughly 21% undervalued versus the EUR

EURSEK and QCAM Strategic Positioning



Source: QCAM Currency Asset Management

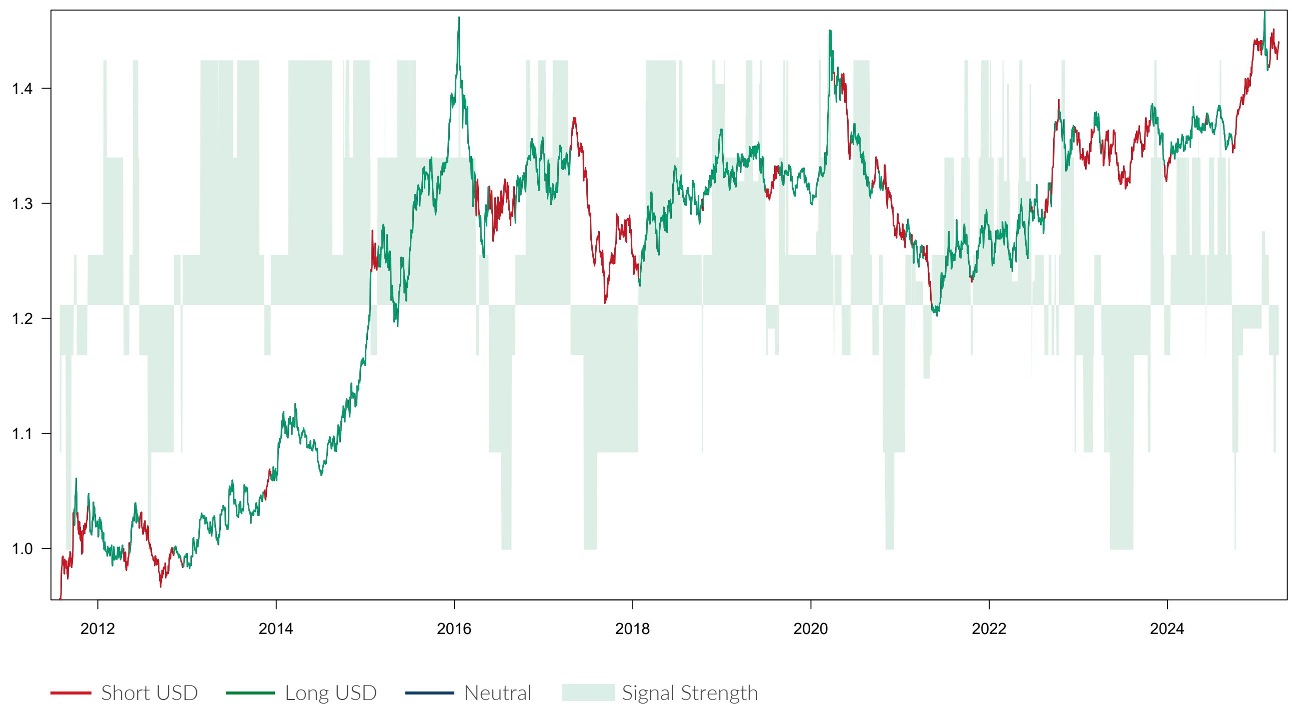
QCAM Currency Asset Management

USDCAD

We kept the discretionary Macro position at neutral. The trade conflict with the US remains centre stage and chances of a benign settlement have declined but actual CAD downside has been limited. Canadian inflation is below US inflation and the BoC lowered interest more than the Fed, given the interest burden in the housing sector. We expect the BoC to cut interest rates further, but not more than the Fed. The political leadership turmoil is declining and market sentiment towards the CAD has improved in response. The Macro oil price model and Business Sentiment stayed long CAD while Technical shifted to short CAD, reducing the overall long CAD position.

	FX Factors	CAD Impact	Comment
Macro	Current Account Balances	0	Canada's current account deficit remains small versus the US deficit and compared to past levels
	Oil Prices	+	The Macro oil price model stayed long CAD
	Interest Rate Differentials	–	CAD interest rates moving lower ahead of USD interest rates
Sentiment	Business Sentiment	+	Canada has firmer momentum versus the US in the surveys
	Risk Sentiment	0/–	Trade conflict with the US and pending election
Technical	Price Action	–	Technical moved to short CAD
	Spec Positions	+	The CAD oversold position declined a bit but stayed high
	PPP Valuation	0	CAD is about 17% undervalued versus the USD

USDCAD and QCAM Strategic Positioning



Source: QCAM Currency Asset Management

QCAM Products and Services

Our edge derives from a focus on professional currency management, the absolute transparency and the careful examination of risk. It is our mission to offer our clients innovative transparent solutions, in a thoughtful and risk-controlled environment, and to surpass investment goals.

Currency Overlay

Risks under control – opportunities in sight: QCAM Currency Overlay offers customised solutions for individual needs and investment goals. Our Passive Overlay focuses on risk management, reduction of transaction costs and the customer specific management of resulting cash flows.
Our Dynamic Overlay aims to generate returns based on QCAM´s proprietary FX Analytics, embedded in a strict risk budgeting framework.

FX Best Execution

With larger foreign currency transactions, even a small difference in pricing leads to a major impact on costs and revenues. While it is unattainable for most players to keep the full overview of the deals available in the market, independence and transparency are essential. We carry out a Transaction Cost Analysis for our clients to evaluate potential cost savings. Also, QCAM assists its clients in the design of an optimal multibank-setup and conducts clients FX transactions transparently, independently and in the client's best interests.

Short Term Fixed Income USD Strategy

QCAM's Short Term Fixed Income USD Strategy enhances yield via the use of the FX interbank swap-market. Also, we take advantage from excellent conditions which we receive from our large pool of partner banks and highly rated debtors for money market and currency transactions. The «QCAM STFI-USD» strategy has outperformed its peers for many years on a constant basis.

FX Alpha

Currencies as an attractive portfolio diversification via QCAM FX BIAS. The focus on QCAM's Business Intelligence Alpha Strategy is on business indicators which we have successfully used for many years. The strategy is market-neutral, no specific market environment necessary. Diversification via a pool of ten different currencies and their respective trading signals.

QCAM Profile

About us

QCAM Currency Asset Management AG is an independent financial services provider with focus on currency and money market management. QCAM brings together a team of internationally experienced Currency and Asset Management specialists, who are managing assets of institutional clients of approx. USD 6 billion.

Our core competences are Currency Overlay Services, FX Transaction Execution according to «Best Execution» principles, FX Alpha and Short Term Fixed Income Management.

Long-standing customers of QCAM are pension funds, family offices, investment funds, companies, NGOs and HNWIs.

Headquarters

Zug, Switzerland

Founded

2005

Regulation

FINMA	since 2007
SEC	since 2014

Independent and Transparent

- Interests directly aligned with those of our clients
- Client focused solutions, tailored to each individuals requirements
- Independent selection of suitable external services providers
- No principal-agent conflicts
- Transparent fee model – no hidden costs
- Transparent reporting

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