

October 2022

QCAM MONTHLY

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QCAM Insight

Roller Coaster

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Financial and currency markets are on a roller coaster driven by the fear of recession and hopes that central banks will have to slow the pace of tightening soon. Policy actions have compounded the volatility and forced central banks to intervene. The pillars of USD support are still in place, but we fear that central banks underestimate the collective impact of their tightening. The result could be a worse-than-expected recession. This would be USD bullish if the US is still seen outperforming or USD bearish if the Fed is forced to make a radical U-turn.

The last 5 weeks have been remarkable in terms of market moves and policy actions. After a period of relative optimism stretching from the middle of June to the middle of August, risk aversion and the fear of recession dominated the mood in financial markets. The hawkish outcome of the September FOMC meeting – the Fed raised the funds rate forecast significantly – added to the gloom and boosted the USD across the board. This triggered formal interventions by the BoJ to support the JPY and the PBoC was also seen resisting CNY weakness. The pinnacle was the ill-fated UK fiscal announcement which crushed the GBP and forced the BoE to buy long-dated gilts to prevent a funding crisis.

All in all, the USD DXY had gained more than 5% from the start of September to the middle of last week. Since then, however, the USD DXY lost again 3%. This reversal was driven by two developments: 1) covering of short GBP positions forced by the BoE interventions and supported by a partial reversal of the fiscal announcements; 2) rising market expectations that

central banks, especially the Fed, will tighten less than feared in response to weaker economic data reports.

Much still supports the USD

Looking through the volatility of the last few weeks we believe that the two main pillars of USD support remain in place. First, the global economy is in a downturn possibly heading for recession and the US economy continues to outperform. Indeed, while Europe is preparing for a chilly winter recession, the US economy remains surprisingly resilient. This is most evident in the labor market with first-time jobless claims dropping from more than 250.000 to less than 200.000 over the last three months.

Second, while the Fed may not guide markets to expect even more rate hikes, its policy stance remains clearly hawkish and interest rates in the US are likely to stay ahead of interest rates in most other places. In addition to these two pillars, recent relative improvements on the external side have supported the USD as well. While soaring energy costs have squashed the current account surpluses of the Euro-area and Japan, rising net export revenues from oil and gas have reduced the US current account deficit.

The whole is more than the sum of the parts

Our Business Sentiment and Technical strategy positions are on balance modestly long USD (*see page 9*). We are comfortable with this position given the prevailing fundamental USD support. However, we are not prepared to increase the long USD exposure by adding USD-bullish Macro positions. First, the last few weeks have demonstrated that holding discretionary

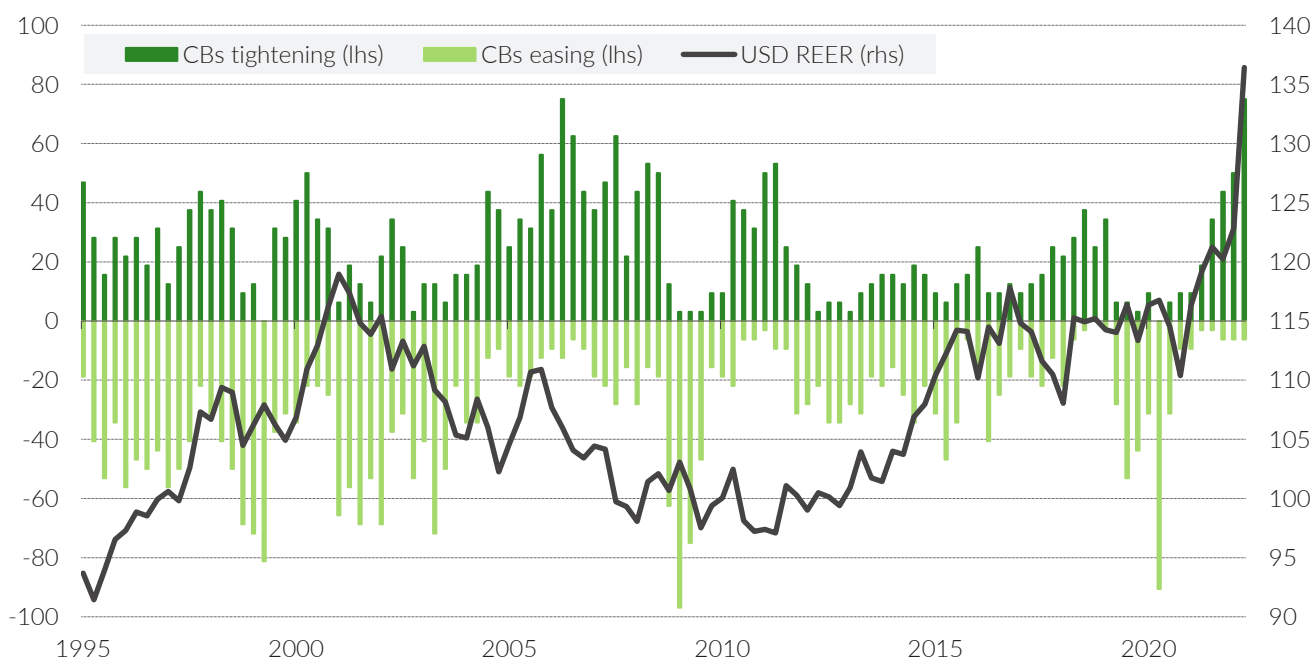
Macro positions can create significant P&L volatility, especially given the increased risk of policy intervention.

Second, we see a significant risk that central bank tightening could have a bigger-than-expected impact. From an individual central bank perspective, actions to clamp down on inflation seem justified. However, central banks are at risk to underestimate the aggregated impact of their tightening on financial conditions. Except for the BoJ, central banks in developed countries are tightening policy aggressively, while economic conditions are already close to recession. Most central banks in emerging economies are tightening as well. The main exceptions are China (property slump and prevailing corona problems), Russia (reversal of the emergency hikes at the beginning of the year) and Turkey (unorthodox response to hyperinflation). On balance, three quarters of the central bank community is hiking interest rates (*see chart*).

The financial system is in much better shape than it was in the financial crisis. However, tail-risks in credit markets could become exposed and quickly spread stress given overall high levels of leverage. Also, the USD's meteoric rise could soon hamper US exports outside of oil & gas, while foreign companies that borrowed in USDs could struggle to meet their debt-service obligations. Past experience suggests that financial stress, once unleashed, builds up quickly and causes immediate economic damage. The result could be a much larger global recession than currently feared.

How currency markets would respond to this outcome depends largely on the relative performance. The USD is likely to remain in demand, if the US economy continues to outperform and remains a safe-haven destination. On the other hand, the US economy could become a source and victim of instability itself, forcing a radical U-turn by the Fed and undermining the pillars of USD strength.

Central bank policy rate changes and USD REER*



Source: BIS and QCAM

*Central bank rate changes are the shares of central banks hiking interest rates (positive) and central banks cutting interest rates (negative) out of a total of 36 central banks. The USD REER is the index of the USD real effective exchange rate.

Economy & Interest Rates

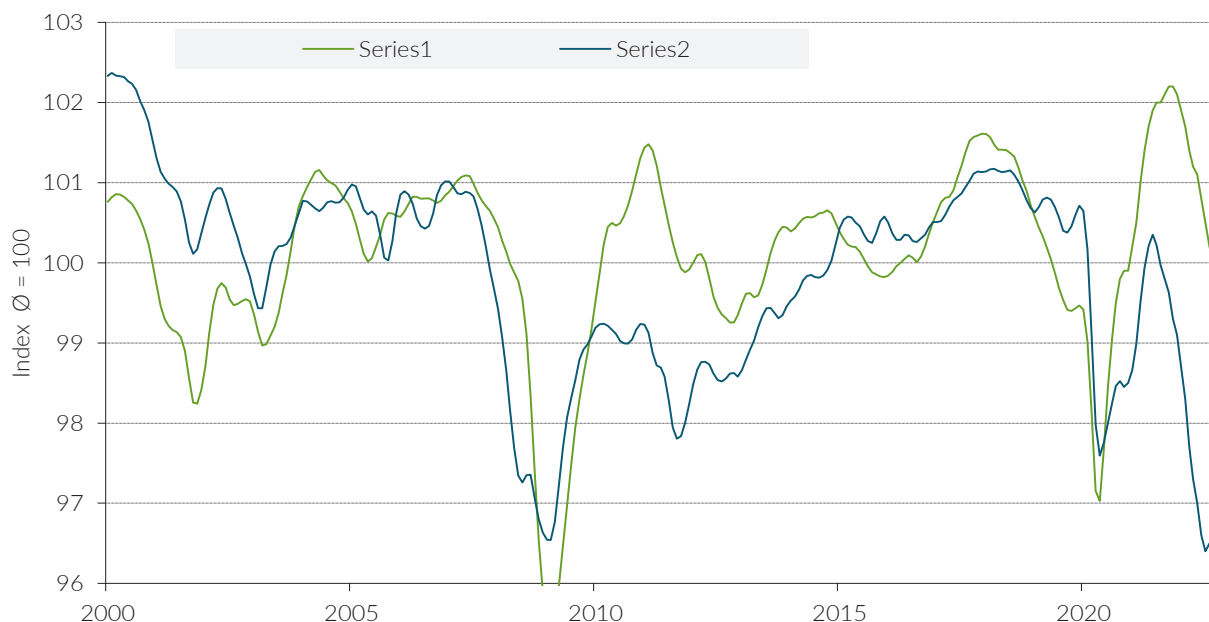
Recession concerns are rising. The recovery momentum from the Corona pandemic is still strong but the pressure from inflation and rising interest rates is building. Inflation has probably peaked in the US but is unlikely to disappear quickly, while inflation in Europe is set to climb higher until year end. The near-term risk of recession is highest in

Europe (energy shortage), while the risk of recession in the US is bigger in 2023 given the projected path of Fed tightening. In the event of recession, however, inflation and interest rate dynamics are likely to mend. Fiscal policy is also expanding again, especially in Europe to cushion the impact of the energy shortage.

	Real GDP growth ¹		Unemployment rate ¹		Inflation rate ¹		Current account ²		Fiscal balance ²		Public debt ²	
	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022
Global	6.1	3.0	n.a.	n.a.	4.7	7.0	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Developed	5.2	2.5	n.a.	n.a.	3.1	7.0	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
USA	5.7	2.0	5.4	3.6	4.7	7.5	-3.5	-4.0	-10.2	-3.5	133	128
Canada	4.5	3.0	7.4	6.0	3.4	6.5	0.1	1.5	-4.7	-1.5	112	102
Euro-area	5.3	2.5	7.7	6.5	2.6	8.5	2.4	0.5	-5.5	-3.5	79	79
Sweden	4.8	2.5	8.8	8.0	2.7	7.0	5.5	3.0	-1.0	-0.5	37	35
Switzerland	3.7	2.5	3.0	2.5	0.6	3.0	9.3	7.0	-1.9	-1.0	42	42
UK	7.4	3.5	4.5	4.0	2.6	9.5	-2.6	-5.0	-8.0	-4.5	95	90
Japan	1.7	1.5	2.8	2.5	-0.3	2.5	2.9	0.5	-7.6	-6.0	263	263
Australia	4.7	4.0	5.1	3.5	2.9	6.0	3.5	3.0	-7.7	-4.0	60	60
Emerging	6.8	3.5	n.a.	n.a.	5.9	7.0	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
China	8.1	3.0	4.1	4.0	0.9	2.5	1.8	2.0	-6.0	-6.0	73	78
India	8.7	7.0	n.a.	n.a.	5.5	7.0	-1.6	-3.5	-10.4	-10.0	87	87
Russia	4.7	-3.0	4.8	5.0	6.7	14.0	6.9	8.0	0.7	-1.0	17	17
Brazil	4.6	2.5	14.2	10.0	8.3	9.5	-1.7	0.0	-4.4	-7.0	93	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

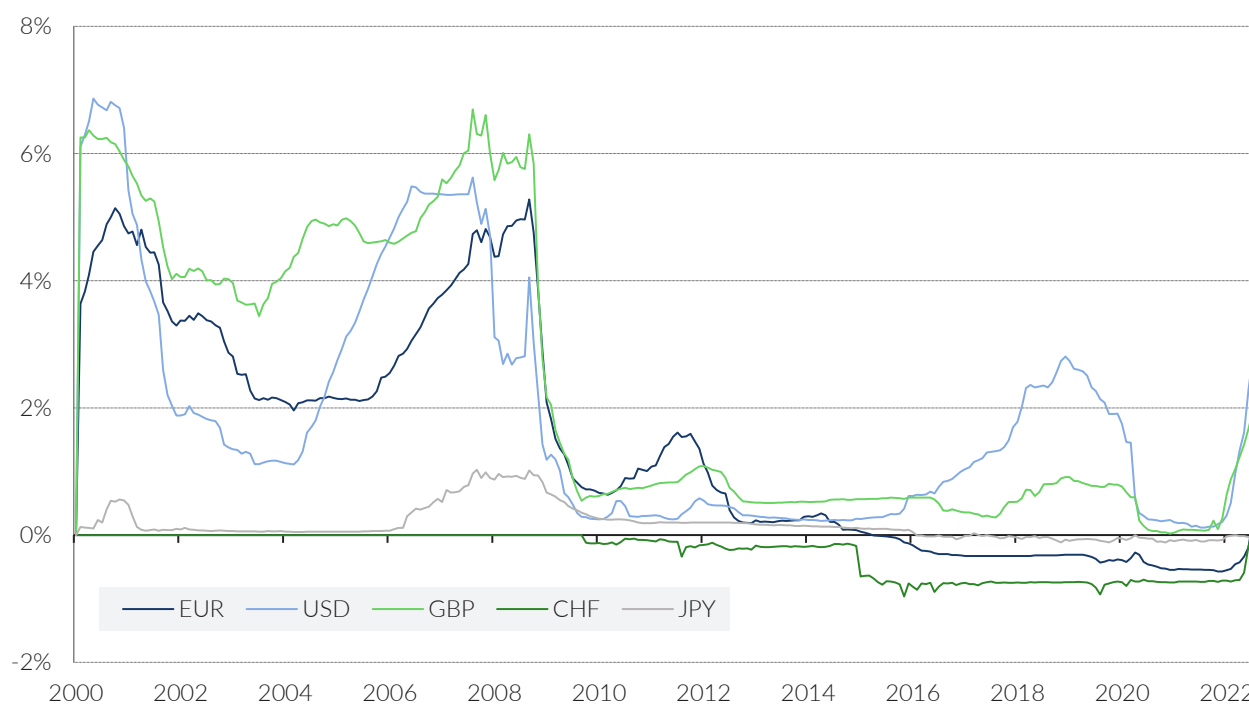
Interest Rates

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	3.66%	3.01%	2.18%	0.08%	0.65%	3.88%	3.20%	3.09%	1.51%	1.60%
EUR	1.17%	0.62%	-0.20%	-0.55%	-0.39%	3.08%	2.40%	2.17%	0.16%	0.38%
JPY	-0.04%	-0.02%	-0.04%	-0.02%	-0.04%	0.56%	0.44%	0.49%	0.12%	0.15%
GBP	3.26%	2.40%	1.55%	0.09%	0.48%	4.45%	2.94%	2.31%	0.92%	0.89%
CHF	0.61%	0.22%	-0.18%	-0.73%	-0.65%	2.03%	1.70%	1.68%	0.04%	0.11%
AUD	3.08%	2.60%	1.67%	0.03%	0.42%	4.41%	4.07%	4.11%	1.63%	1.81%
CAD	3.67%	3.31%	2.26%	0.20%	0.81%	3.68%	3.57%	3.67%	1.96%	1.96%
SEK	1.99%	1.32%	0.82%	-0.06%	0.10%	3.16%	2.89%	2.78%	0.90%	0.95%
RUB	7.81%	7.84%	9.25%	6.86%	7.26%	8.34%	8.25%	8.10%	7.72%	8.09%
BRL	12.72%	13.05%	12.63%	6.59%	5.66%	11.74%	12.01%	12.82%	11.03%	9.37%
CNY	1.82%	1.72%	1.95%	2.31%	2.23%	2.68%	2.46%	2.76%	2.66%	2.76%
TRY	11.81%	14.08%	19.20%	17.60%	0.00%	38.04%	38.04%	37.04%	18.07%	17.29%
INR	6.25%	5.73%	5.24%	3.61%	4.16%	7.00%	6.62%	7.07%	5.90%	5.67%

Source: QCAM Currency Asset Management, as of October 5th, 2022

3-month Rates



Source: QCAM Currency Asset Management, as of end of September 2022

FX Markets

FX Performance vs. PPP

The USD rose through most of September, but lost half the gains in recent days. The AUD and CAD were the biggest losers as commodity prices fell due to recession concerns. The CNY came under pressure as well but EM currencies held up better than the major currencies. Speculative net long USD positions were range bound. Interest rates rose again but differentials remained largely unchanged

and forward hedging versus the USD remains costly from the perspective of EUR, JPY and CHF. FX volatilities were mixed with the most notable increase in GBPUSD. PPP estimates partly stabilized and partly continued to roll against the USD. The JPY lost more ground and is now 54% undervalued versus the USD followed by the GBP (-29%).

Overview

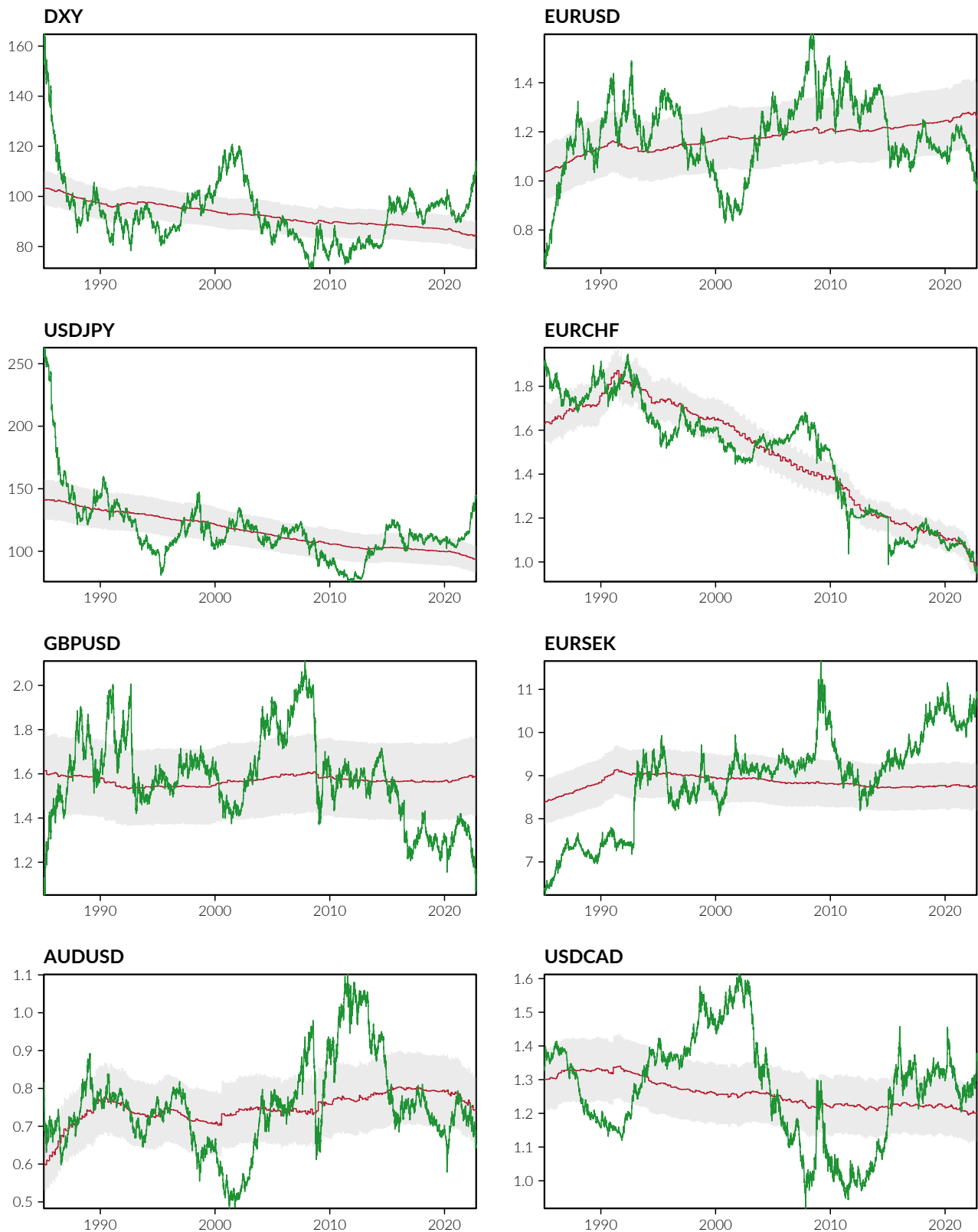
	Current Exchange Rate	Performance ¹				Purchasing Power Parity ²		
		YTD	1M	12M	5 years	PPP	Neutral Range	Deviation ³
EURUSD	0.986	-13.38%	-0.66%	-15.01%	-15.77%	1.26	1.12 - 1.39	-22%
USDJPY	144.750	25.84%	3.00%	29.87%	28.37%	93.75	83.1 - 104.4	54%
GBPUSD	1.129	-16.58%	-1.95%	-17.23%	-14.03%	1.58	1.41 - 1.76	-29%
EURCHF	0.971	-6.42%	-0.24%	-9.81%	-15.28%	0.96	0.91 - 1.02	1%
USDCHF	0.985	8.02%	0.43%	6.12%	0.58%	0.81	0.72 - 0.90	22%
GBPCHF	1.112	-9.90%	-1.54%	-12.16%	-13.53%	1.15	1.04 - 1.25	-3%
CHFJPY	147.047	16.49%	2.58%	22.39%	27.65%	95.59	84.5 - 106.7	54%
AUDUSD	0.646	-11.17%	-4.93%	-11.38%	-17.15%	0.74	0.65 - 0.83	-13%
USDCAD	1.365	7.89%	3.88%	8.52%	8.69%	1.20	1.12 - 1.29	14%
USDSEK	10.989	21.60%	1.71%	25.85%	35.00%	8.26	7.31 - 9.20	33%
EURSEK	10.840	5.36%	1.05%	6.96%	13.72%	8.71	8.17 - 9.24	24%
USD RUB	61.034	-18.70%	-2.07%	-15.56%	6.13%	58.00	45.3 - 70.7	5%
USDBRL	5.208	-6.52%	0.92%	-4.77%	66.00%	3.80	3.14 - 4.46	37%
USDCNY	7.080	11.38%	1.99%	9.82%	6.41%	7.61	7.35 - 7.87	-7%
USDTRY	18.580	40.42%	1.97%	109.25%	419.01%	11.34	8.91 - 13.8	64%
USDINR	81.428	9.31%	2.06%	9.26%	25.01%	69.55	64.6 - 74.5	17%

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.

Purchasing Power Parity



Source: QCAM Currency Asset Management, as of October 5th, 2022.

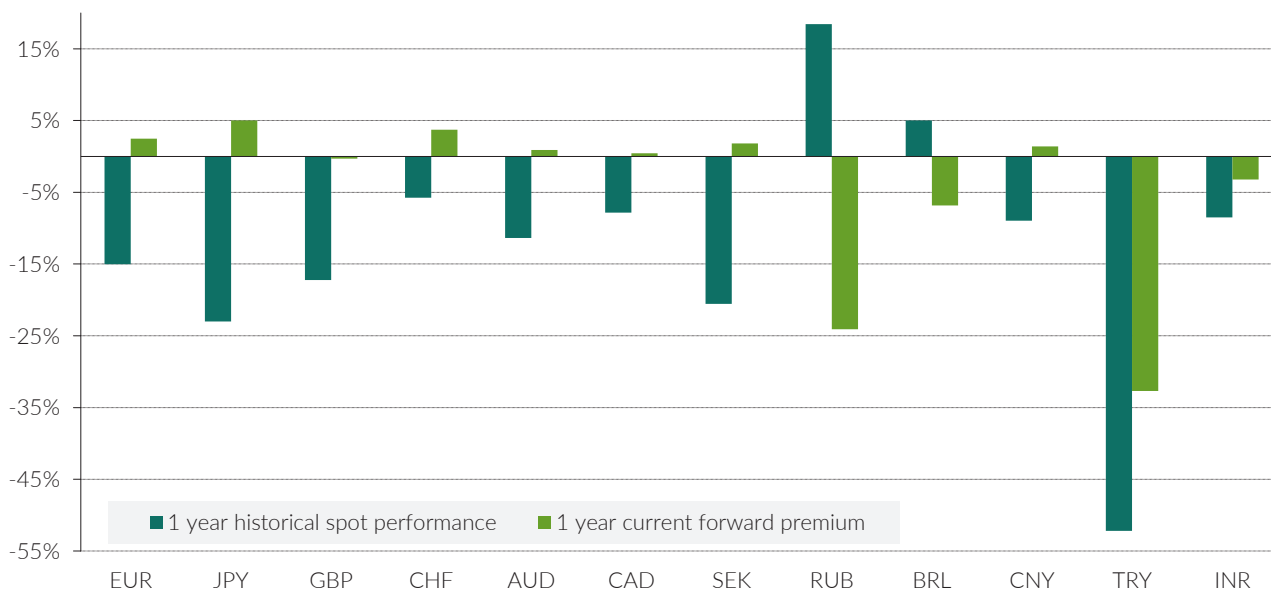
— PPP — Spot — Neutral Range

FX Spot vs Forwards

FX Forwards Level and Premium

	Current Exchange Rate	Forward Level			Premium p.a.		
		1M	3M	12M	1M	3M	12M
EURUSD	0.986	0.9884	0.9941	1.0110	2.49%	3.02%	2.45%
USDJPY	144.750	144.3253	143.0691	137.8160	-3.41%	-4.40%	-4.69%
GBPUSD	1.129	1.1299	1.1314	1.1256	0.84%	0.79%	-0.30%
EURCHF	0.971	0.9704	0.9687	0.9593	-0.71%	-0.90%	-1.18%
USDCHF	0.985	0.9818	0.9745	0.9489	-3.18%	-3.88%	-3.54%
GBPCHF	1.112	1.1094	1.1026	1.0681	-2.35%	-3.10%	-3.83%
CHFJPY	147.047	147.0189	146.8412	145.2537	-0.22%	-0.53%	-1.19%
AUDUSD	0.646	0.6468	0.6482	0.6521	0.65%	1.07%	0.87%
USDCAD	1.365	1.3648	1.3636	1.3584	0.06%	-0.30%	-0.46%
USDSEK	10.989	10.9738	10.9164	10.7921	-1.64%	-2.54%	-1.76%
EURSEK	10.840	10.8474	10.8524	10.9112	0.84%	0.45%	0.65%
USD RUB	61.034	63.7521	70.4882	80.3849	50.10%	58.70%	31.27%
USDBRL	5.208	5.2413	5.3133	5.5905	7.33%	7.72%	7.18%
USDCNY	7.080	7.0748	7.0623	6.9833	-0.82%	-0.99%	-1.35%
USDTRY	18.580	19.3609	20.7106	27.6027	47.31%	44.88%	47.90%
USDINR	81.428	81.7292	82.2729	84.1329	4.30%	3.97%	3.25%

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



Source: QCAM Currency Asset Management, as of October 5th, 2022

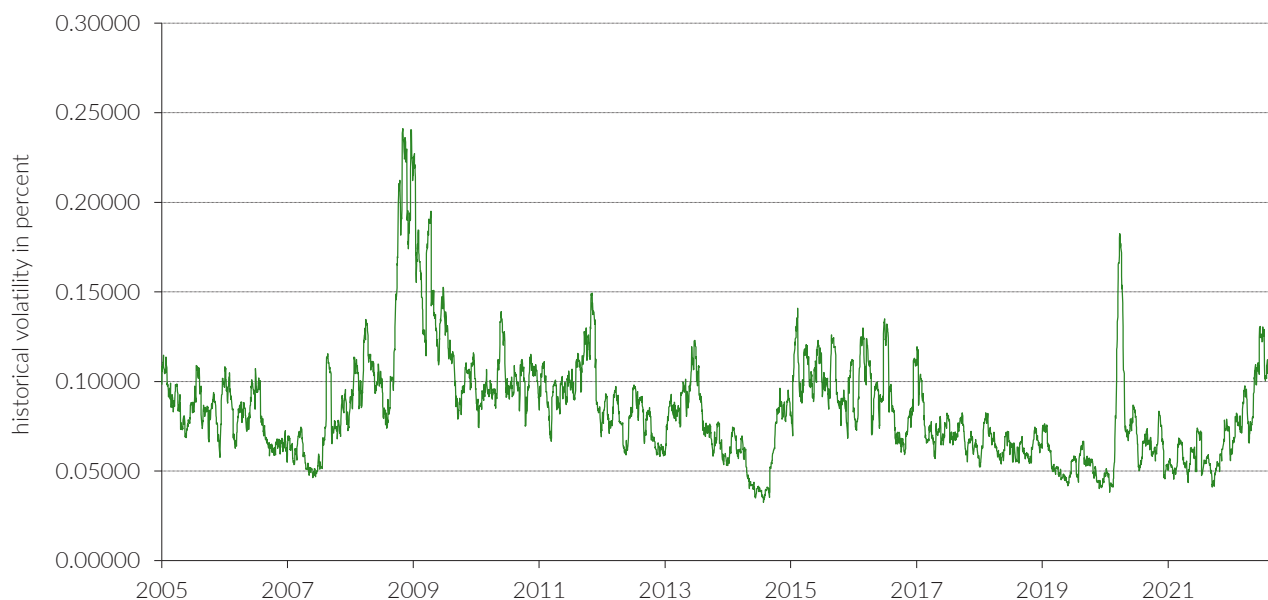
FX Volatility

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	0.986	10.83%	10.44%	4.29%	6.56%	12.30%	10.73%	5.08%	6.75%
USDJPY	144.750	12.87%	13.32%	5.39%	6.79%	11.43%	11.50%	5.88%	7.38%
GBPUSD	1.129	13.95%	11.96%	6.85%	8.37%	15.88%	12.20%	7.48%	8.94%
EURCHF	0.971	8.38%	7.94%	4.38%	4.54%	8.85%	8.68%	4.08%	5.24%
USDCHE	0.985	10.19%	11.29%	6.49%	6.64%	10.45%	9.33%	6.10%	6.66%
GBPCHF	1.112	11.78%	7.50%	6.86%	7.76%	13.68%	10.07%	7.40%	8.32%
CHFJPY	147.047	10.90%	10.15%	4.79%	6.23%	11.20%	10.50%	5.72%	6.85%
AUDUSD	0.646	13.06%	13.78%	8.54%	9.10%	14.48%	12.15%	8.98%	9.27%
USDCAD	1.365	8.50%	8.52%	8.18%	6.68%	9.90%	7.95%	6.73%	6.73%
USDSEK	10.989	13.76%	13.10%	7.06%	9.17%	16.98%	13.13%	7.70%	9.25%
EURSEK	10.840	5.51%	5.30%	4.09%	5.89%	8.38%	6.73%	4.70%	6.18%
USDRUB	61.034	28.03%	42.68%	6.60%	18.51%	43.78%	32.08%	9.80%	17.29%
USDBRL	5.208	19.28%	17.03%	15.72%	14.78%	20.35%	22.00%	16.60%	16.29%
USDCNY	7.080	6.41%	5.00%	3.45%	4.54%	7.80%	5.75%	4.20%	5.26%
USDTRY	18.580	4.11%	12.60%	9.53%	18.56%	22.73%	22.55%	16.82%	20.27%
USDINR	81.428	4.91%	4.26%	3.91%	5.46%	6.68%	5.53%	5.15%	6.28%

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

QCAM Volatility Indicator³



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 October 5th, 2022

FX Analytics

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

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

The positioning signals from each component are aggregated into an overall positioning score for each currency pair. This score is used for the dynamic exposure management.

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). We also consider

speculative futures positions and the deviation of exchange rates from purchasing power parity.

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.

Current positioning

There have been relatively few position changes. Our discretionary Macro positions remain neutral, given the uncertain macro environment. The balance of the Business Sentiment positions is modestly long USD. The overall long USD position in Technicals have increased with only USDCHF still neutral. The of all three strategy groups portfolio is long USD versus the EUR, the JPY, the GBP and the CAD with only a neutral versus the CHF.

Overview¹

	Macro	Business Sentiment	Technical	Comment
EURUSD	0	--	-	All positions remained unchanged with the balance half short EUR
USDJPY	0/+	0	+	The Macro interest model went short JPY, while all other positions remained unchanged, leaving the balance modestly short JPY
EURCHF	0	--	-	All positions remained unchanged. The balance of all positions is long CHF with a firm long versus the EUR and a neutral versus the USD.
USDCHF	0	0	0	
GBPUSD	0	--	-	Positions have not changed and remain half short GBP
EURSEK	0/+	++	+	Technical shifted to short SEK, while all other positions remained unchanged, net half short SEK
USDCAD	0/-	--	++	Technical went short CAD, while all other positions remained unchanged, net close to neutral

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

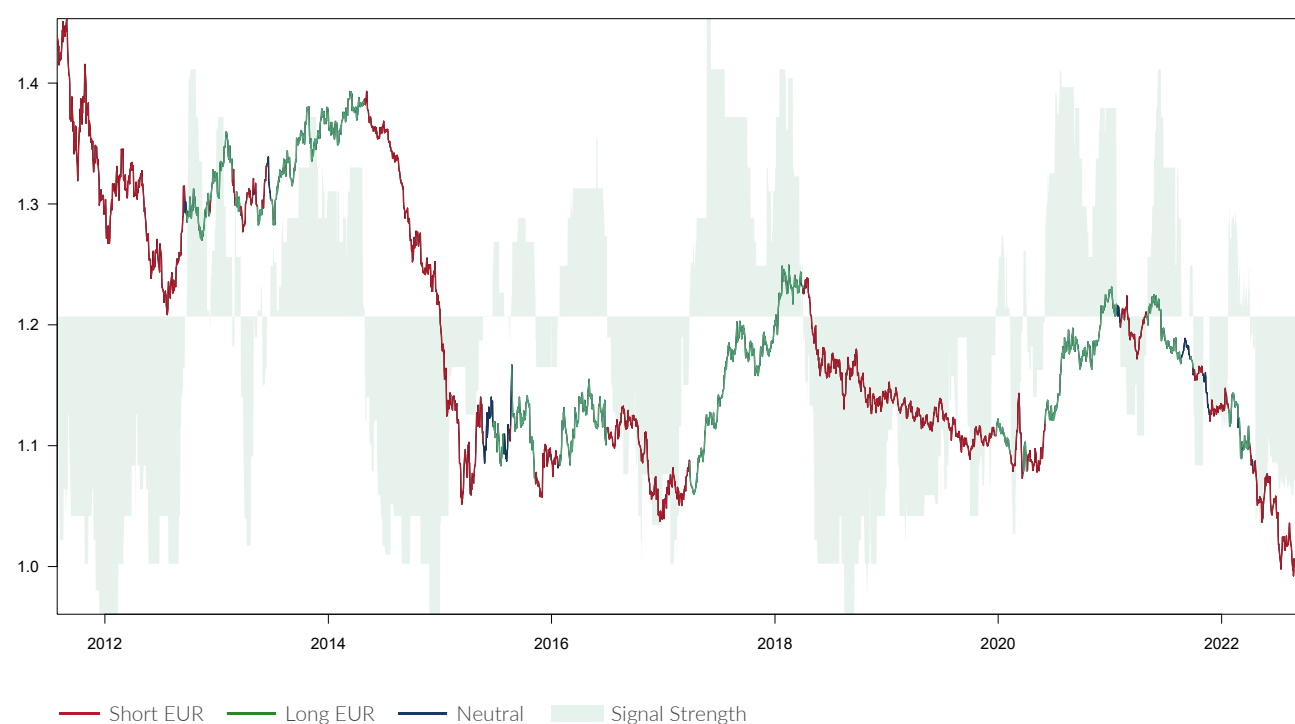
EURUSD

Recession risks and uncertainties related to the energy shortage as well as a debt crisis in Italy continue to weigh on the EUR. Hawkish statements by Fed and ECB officials create volatility in EURUSD around parity. The EUR could benefit from its un-

dervaluation if the economy fares better than expected going into the winter. Our positions have not changed (neutral Macro, short EUR in Business Sentiment and half short EUR in Technical) and the overall position is half short EUR versus the USD.

	FX Factors	EUR Impact	Comment
Macro	Current Account Balances	0/-	The surge in energy prices has pushed the Euro-area's current account into deficit
	Fiscal Balances	0/-	Energy relief packages are likely to push the Euro-area fiscal balance into deficit as well
	Interest Rate Differentials	-	Rate hike expectations have increased on both sides, but the spread remains unfavorable for the EUR
	Oil prices	0	Oil prices are moving in a volatile range
Sentiment	Business Sentiment	--	The momentum in Euro-area surveys remains below US surveys
	Risk Sentiment	-	Ongoing uncertainty related to a possible energy crisis in Europe and debt problems in Italy
Technical	Price Action	-	Price technicals remain short EUR
	Spec Positions	0	Net EUR positions have moved from short to neutral
	PPP Valuation	+	EUR undervaluation is around 22%

EURUSD and QCAM Strategic Positioning



Source: QCAM Currency Asset Management

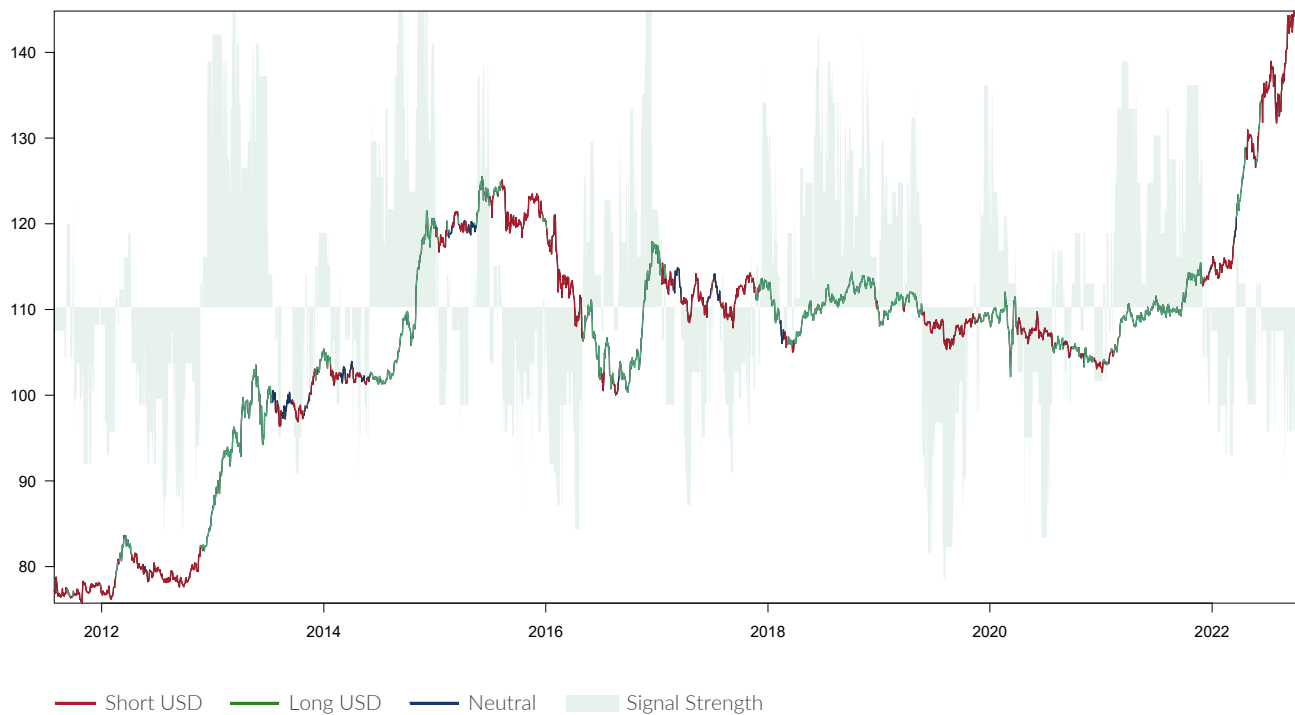
USDJPY

The economy is holding up better than feared, but the current account cushion is declining and the commitment to the zero interest rate policy remains strong. Our discretionary Macro position remains neutral and

the Macro carry model switched to short JPY as interest rate differentials widened. Business Sentiment stayed neutral and Technical remained short JPY. The balance of all strategy positions is modestly short JPY.

	FX Factors	JPY Impact	Comment
Macro	Current Account Balances	0/+	The Japanese surplus has declined on rising energy prices
	FDI Flows	-	Net outflows have increased to the pre-Corona level
	Interest Rate Differentials	-	JPY interest rates remain zero-bound and rising rate hike expectations in the US increase the appeal of the carry trade
Sentiment	Business Sentiment	0	Momentum of Japanese Business Sentiment is at par with US Business Sentiment
	Risk Sentiment	0	Changes in risk sentiment had little impact so far this year
Technical	Price Action	-	Price action remains JPY negative
	Spec Positions	0	Net short JPY positions have increased but are not yet extreme
	PPP Valuation	+	The JPY is currently about 54% undervalued

USDJPY and QCAM Strategic Positioning



Source: QCAM Currency Asset Management

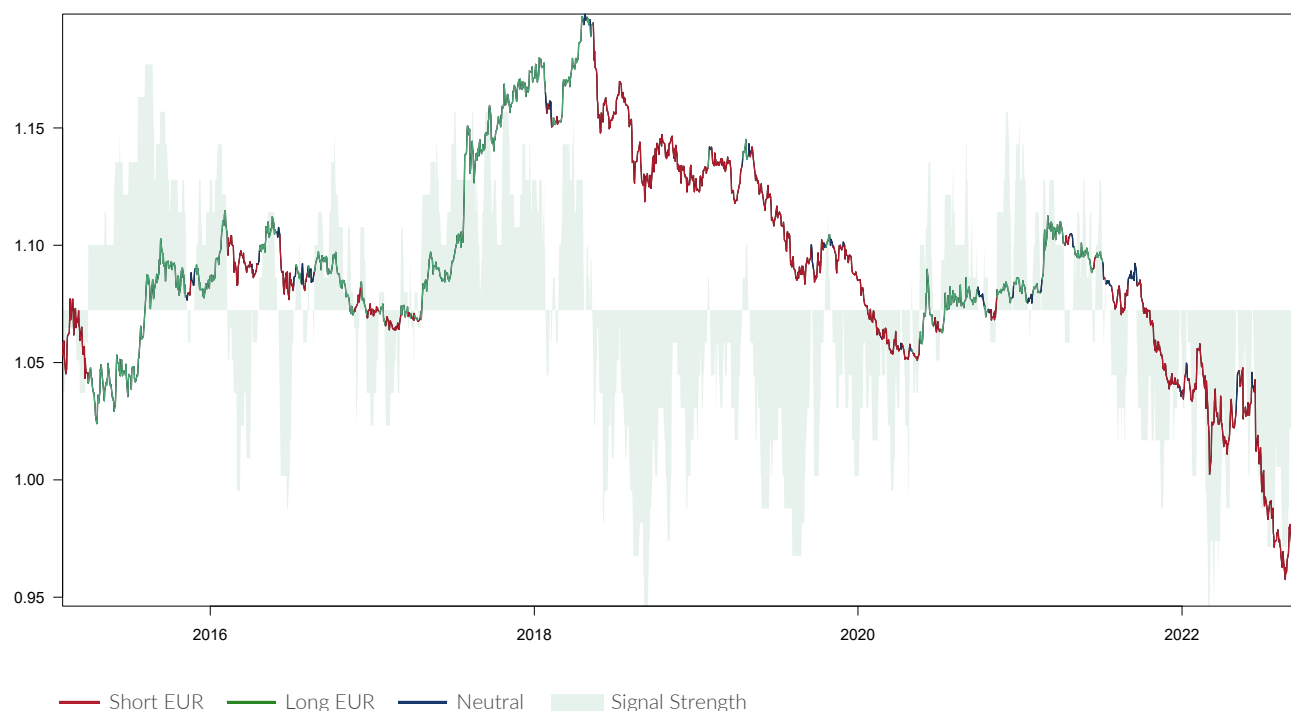
EURCHF

We maintain the neutral Macro position. The CHF is fundamentally strong and the SNB is turning more hawkish on inflation but we think further upside is limited for now. Business Sentiment and Technical remain both long CHF. Our three strategy positions are on balance half long CHF versus the EUR.

ited for now. Business Sentiment and Technical remain both long CHF. Our three strategy positions are on balance half long CHF versus the EUR.

	FX Factors	CHF Impact	Comment
Macro	Current Account Balances	+	Surplus remains steady support for CHF
	Capital Flows (Safe Haven)	0	No significant inflows on Ukraine concerns
	Interest Rate Differentials	+	SNB rate policy likely to stay ahead of ECB
	SNB Policy Intervention	0/+	The SNB has reduced its foreign currency reserves
Sentiment	Business Sentiment	+	Swiss economy has overtaken the Euro-area in the surveys
	Risk Sentiment	0	Changes in risk sentiment had little impact so far this year
Technical	Price Action	+	Technical stayed long CHF
	Spec Positions	0	Net CHF position modestly positive
	PPP Valuation	0	CHF is around fair-value versus the EUR

EURCHF and QCAM Strategic Positioning



Source: QCAM Currency Asset Management

USDCHF

Our Macro positions in EURCHF (neutral) and EURUSD (neutral) imply also neutral for USDCHF. USDCHF remains dominated by moves in EURUSD with some pos-

sible moderation from EURCHF. Business Sentiment and Technical also stayed neutral. The balance of all three strategies is neutral.

	FX Factors	CHF Impact	Comment
Macro	Current Account Balances	+	Surplus remains steady support for CHF
	Capital Flows (Safe Haven)	0	No significant inflows on Ukraine concerns
	Interest Rate Differentials	-/0	Interest rate differentials are a negative for CHF versus the USD but more likely to narrow than to widen further
	SNB Policy Intervention	0	Tied to EURCHF intervention and interest rate policy
Sentiment	Business Sentiment	0	Swiss surveys are at par with US surveys
	Risk Sentiment	0	Changes in risk sentiment had little impact so far this year
Technical	Price Action	0	Price action remains neutral
	Spec Positions	0	Net CHF position modestly positive
	PPP Valuation	+	CHF is about 22% undervalued versus USD

USDCHF and QCAM Strategic Positioning



Source: QCAM Currency Asset Management

GBPUSD

We remain fundamentally bearish on the GBP given the negative Brexit fallout, growing stagflationary pressures and policy uncertainty. We maintain our neutral Macro position, however, given the high

volatility. Our Business Sentiment and Technical positions both remain short GBP and the balance of all our strategies is half short GBP.

	FX Factors	GBP Impact	Comment
Macro	Current Account Balances	0	The UK has like the US a twin deficit problem
	Interest Rate Differentials	0/-	UK interest rates have moved above US rates due to funding squeeze
	Oil Price	0	Volatile range
Sentiment	Business Sentiment	-	Momentum in UK surveys remains below US surveys
	Risk Sentiment	-	Political uncertainty
Technical	Price Action	-	Technical remain short GBP
	Spec Positions	0	Net short GBP position increased again but not at extreme
	PPP Valuation	+/0	The GBP is 29% undervalued

GBPUSD and QCAM Strategic Positioning



Source: QCAM Currency Asset Management

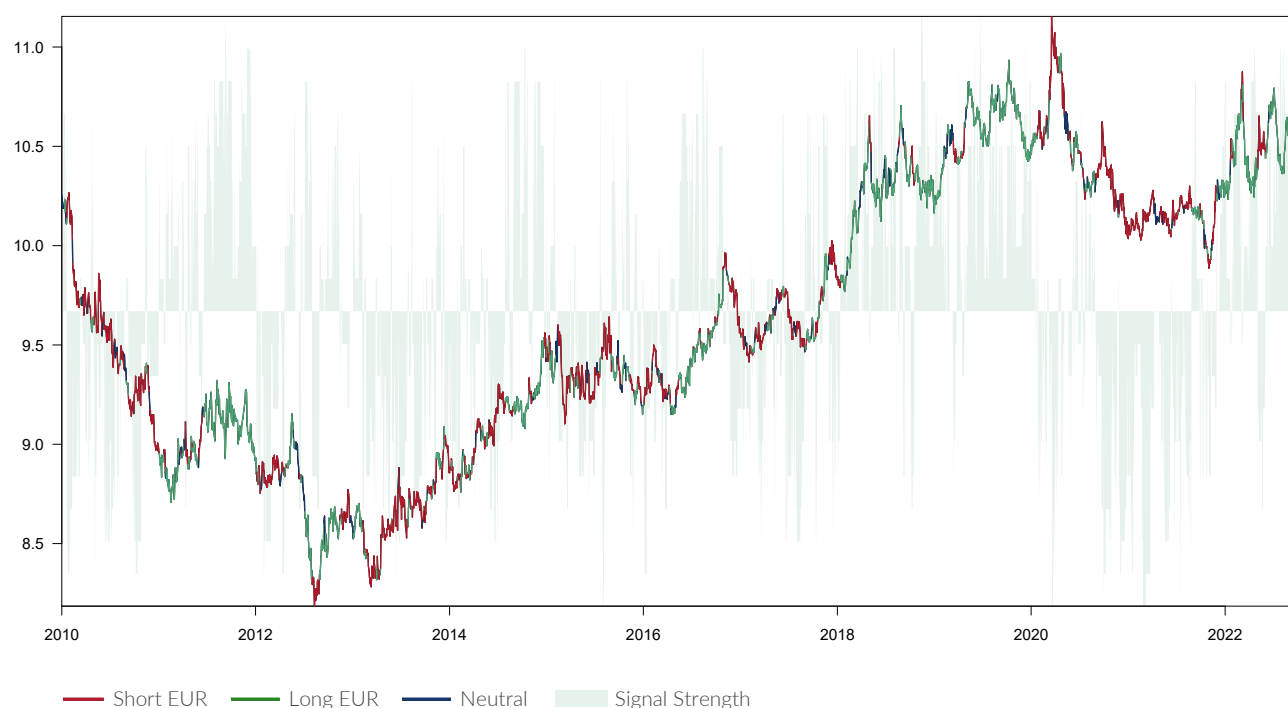
EURSEK

Sweden's fundamentals remain sound and the SEK is undervalued. We maintain the neutral discretionary Macro position, however, given prevailing market volatility and event risks. The interest rate Mac-

ro model stayed short SEK. Business Sentiment remained short SEK and Technical moved to short SEK. The balance of all strategy positions is half short SEK versus the EUR.

	FX Factors	SEK Impact	Comment
Macro	Current Account Balances	0/+	Sweden's surplus suffers less terms of trade losses compared to the Euro area
	Interest Rate Differentials	0/-	The Macro interest rate model stayed short SEK
Sentiment	Business Sentiment	-	Surveys remained short SEK
	Risk Sentiment	-	Energy supply uncertainty
Technical	Price Action	-	Technical shifted to short SEK
	PPP Valuation	+	The SEK is roughly 24% undervalued versus the EUR

EURSEK and QCAM Strategic Positioning



Source: QCAM Currency Asset Management

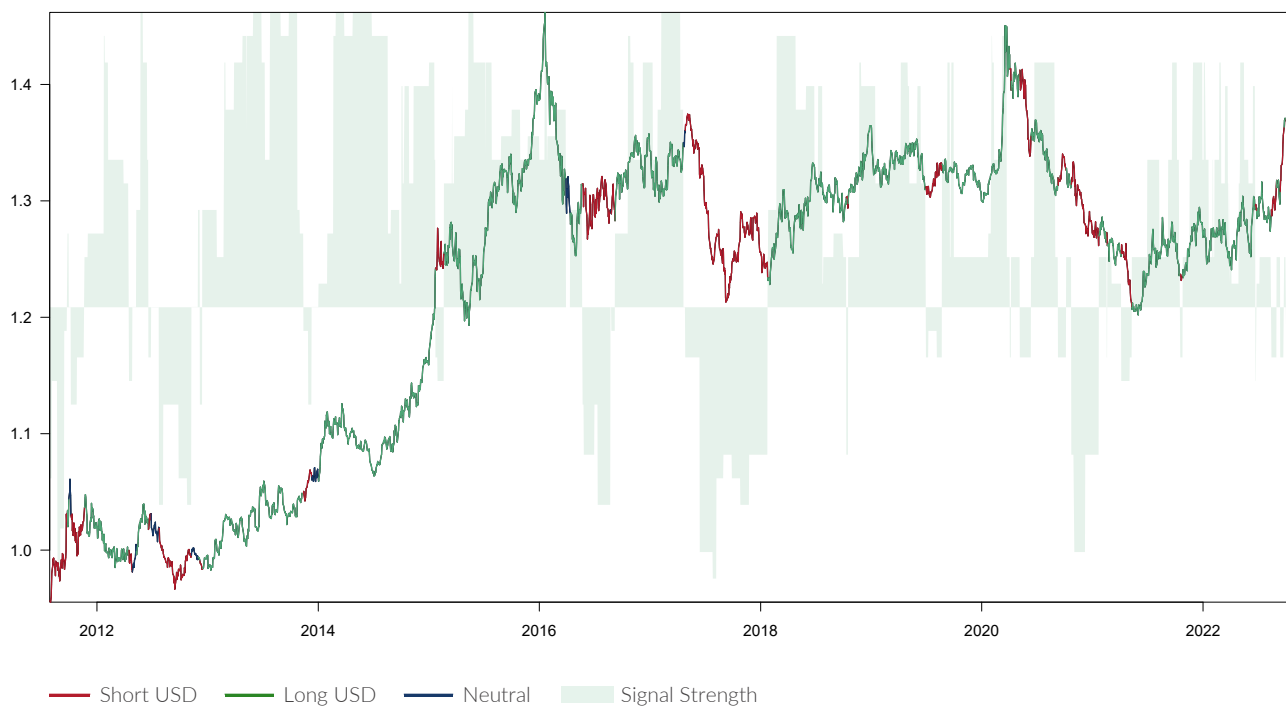
USDCAD

Canada's fundamental position remains solid. The current account moved into surplus on rising oil prices, inflation is a bit lower than in the US and the BoC is moving in line with the Fed. The Macro oil price mod-

el went long CAD as forecasts moved above current levels. Business Sentiment stayed long CAD, while Technical shifted to short CAD. As a result, the overall position is close to neutral.

	FX Factors	CAD Impact	Comment
Macro	Current Account Balances	+	Canada's current account moved further into surplus, while the US deficit remains wide
	Oil Prices	0	Range
	Interest Rate Differentials	0	CAD short-term and long-term rates are moving closely in line with US rates
	USD DXY Trend	0	Negative correlation with USD is small
Sentiment	Business Sentiment	+	Canada has gained momentum versus the US in the surveys
	Risk Sentiment	0	No particular risk drivers at the moment
Technical	Price Action	-	Technical shifted to neutral CAD
	Spec Positions	0	Net CAD position moved from long to short but not extreme
	PPP Valuation	0	CAD is about 14% 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.



Money Market Plus

QCAM's Money Market Plus Strategy «MMP» 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 QCAM's MMP 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 eight different currencies and their respective trading signals.



QCAM Profile

About us

QCAM Currency Asset Management AG is an independent financial services provider with a specific focus on currency and liquidity management. QCAM brings together a team of internationally experienced Currency and Asset Management specialists, who are managing assets of institutional clients of approx. USD 5 billion.

Our core competences are Currency Overlay Services, FX Transaction Execution according to „Best Execution“ principles, FX Alpha and Liquidity Management.

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

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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