INFOCUS

MACRO COMMENT

APRIL 2024

US dual real estate market

DISCIPLINED BY NATURE. FLEXIBLE BY DESIGN.
The icons alongside represent our investment process. Through a disciplined provision of investment policy and security selection at the global level, regional portfolio management teams have the flexibility to construct portfolios to meet the specific requirements of our clients.

HIGHLIGHTED IN THIS PUBLICATION:

GLOBAL STRATEGIC ASSET ALLOCATION

GLOBAL SECURITY SELECTION

REGIONAL ASSET ALLOCATION

REGIONAL PORTFOLIO CONSTRUCTION

Prices across US real estate subsectors have diverged since the Federal Reserve tightened monetary policy. In this edition of Infocus, Senior Economist GianLuigi Mandruzzato looks at the factors driving the US real estate sector and the possible implications for growth and financial stability.

US real estate prices have historically exhibited similar trends across subsectors, mainly reflecting growth and monetary policy cycles. However, since the Federal Reserve began raising interest rates in 2022, prices have diverged between the residential and commercial real estate sectors.

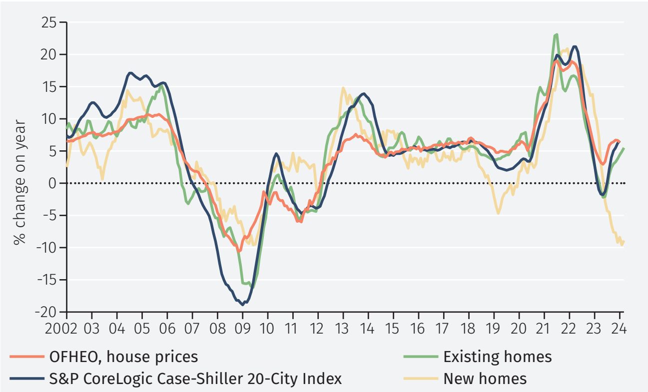
Recent price trends

In the residential real estate (RRE) sector, prices have continued to rise despite restrictive monetary policy (see Figure 1a). After a period of moderation following the first interest rate rises, price increases have regained momentum. The exception is new home prices, which represent around 10% of transactions and which have been decreasing for several months.

In contrast, since early 2023, prices in the commercial real estate (CRE) sector have been falling (see Figure 1b). Many observers fear that this will affect the rest of the financial system, as was the case during the 2007-09 crisis. The office sector has seen price declines exceeding 15% year-on-year. Retail space and rental apartments have also seen large price drops, although the trend appears to have reversed recently. In contrast, prices of industrial and logistics sectors have held up.

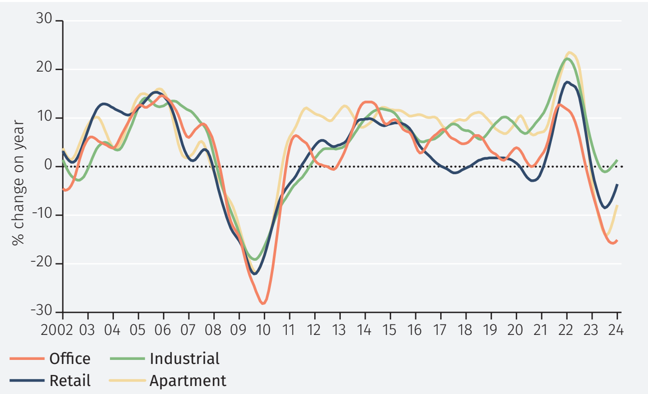
The divergence between RRE and CRE prices reflects supply and demand differences in the two sectors. At the end of 2023, the availability of residential properties for purchase or rental was historically low (see Figure 2a). In contrast, office

1a. House prices



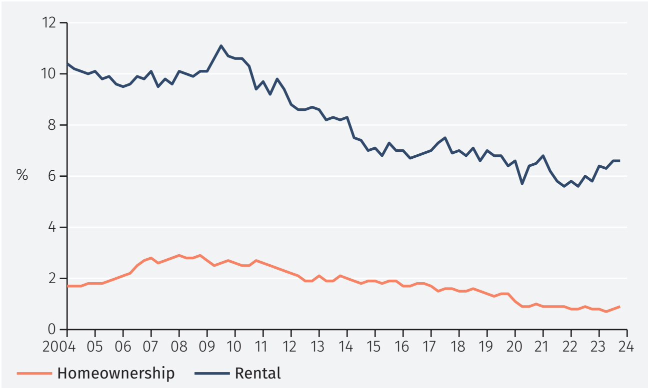
Sources: LSEG Data & Analytics and EFGAM calculations. Data as at 26 March, 2024.

1b. Commercial real estate prices



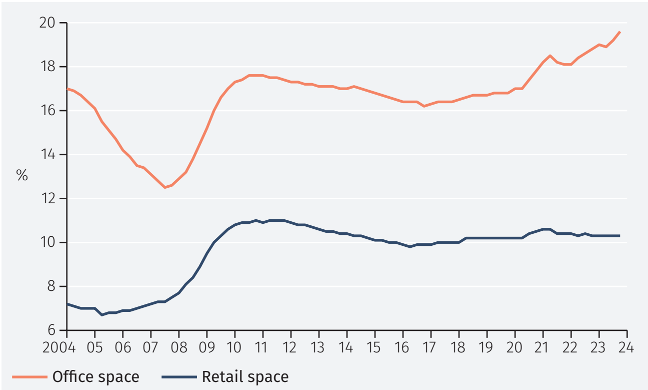
Sources: LSEG Data & Analytics and EFGAM calculations. Data as at 26 March, 2024.

2a. US residential property vacancy rates



Sources: LSEG Data & Analytics and EFGAM calculations. Data as at 26 March, 2024.

2b. US commercial property vacancy rates



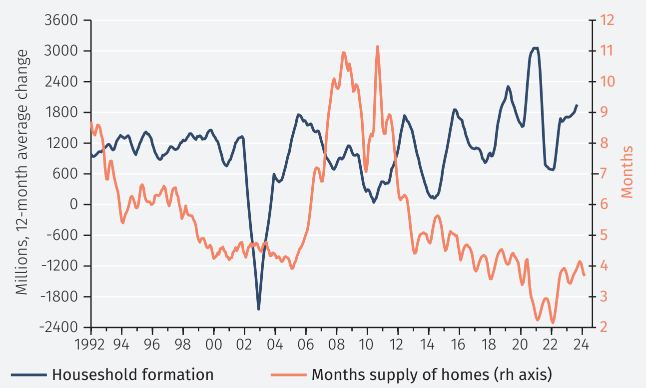
Sources: LSEG Data & Analytics and EFGAM calculations. Data as at 26 March, 2024.

sector vacancies were almost a fifth of the total (see Figure 2b). In the retail sector, where weakness in demand had emerged well before the pandemic, vacancies have stayed above 10% for over a decade.

The outlook for residential real estate

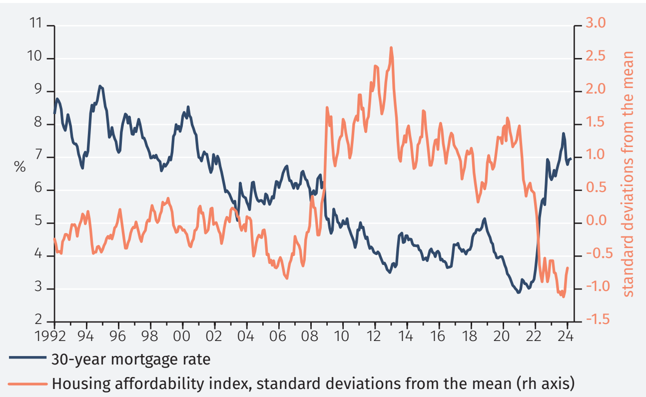
The outlook for activity and prices in the RRE sector remains favourable, supported by positive demographics and pandemic-driven changes in US households' preferences (see Figure 3a). Strong employment growth and new household formation support housing demand. At the same time, supply is low, reflecting the adverse impact of the pandemic on the construction sector workforce and increased input prices and financing costs.

3a. Household formation and homes for sale



Sources: LSEG Data & Analytics and EFGAM calculations. Data as at 26 March, 2024.

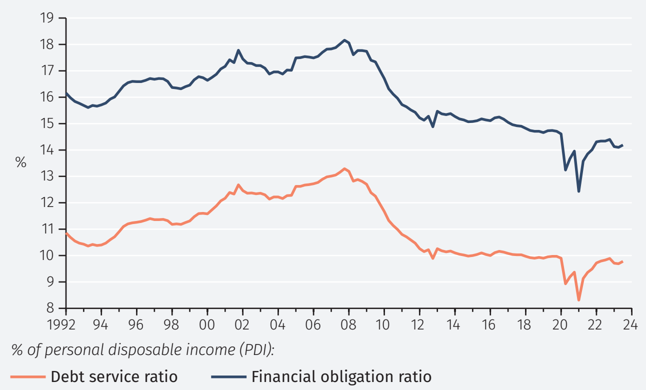
3b. Mortgage rate and housing affordability



Sources: LSEG Data & Analytics and EFGAM calculations. Data as at 26 March, 2024.

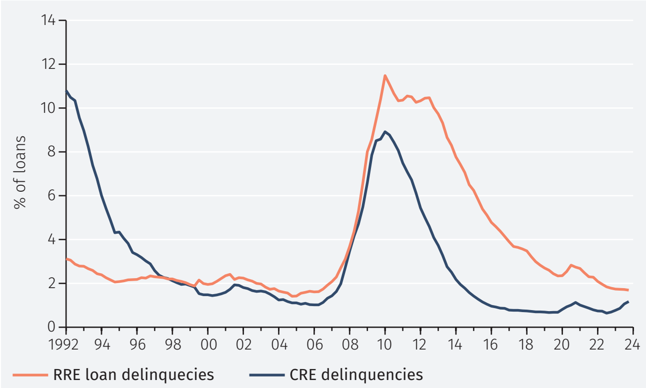
It therefore seems unlikely that house prices and rents will fall much in the near term, despite mortgage rates having risen to a 24-year high, depressing housing affordability (see Figure 3b). That household debt service and financial obligation ratios are close to the lows since the early 1980s supports the outlook for RRE (see Figure 4a).[1]

4a. Households' financial obligations (% of PDI)



Sources: LSEG Data & Analytics and EFGAM calculations. Data as at 26 March, 2024.

4b. US real estate loan delinquency rates



Sources: LSEG Data & Analytics and EFGAM calculations. Data as at 26 March, 2024.

The outlook for commercial real estate

The outlook for the CRE sector is multifaceted. Projects related to the production and logistics sectors will benefit from the fiscal measures introduced by the Biden administration, such as the Inflation Reduction Act, to stimulate US industrial production. The need to improve supply and distribution networks following the growth of online purchases at the expense of in-store purchases, will increase demand in the logistics and infrastructure sector.

The office sector remains the most vulnerable, especially in non-prime locations.[2] The pandemic-driven structural decline in demand for office workspace, reflecting the shift to employees working from home and the subsequent rise of hybrid workplaces, led to declining occupancy rates. Furthermore, the growing preference for living further from

[1] The debt service ratio measures the share of households' after-tax income obligated to debt repayment, including interest and principal. The financial obligations ratio considers also rent payments on tenant-occupied property, auto lease payments, homeowners' insurance, and property tax payments.

[2] In the US, locations such as Miami registered growth in office lease rents. Across North America, average gross rents for prime stock continued to rise, increasing by 0.5% in the past six months. Source: https://www.cbre.com/insights/global-office-rent-tracker, and Savills, Nov 2023: https://www.savills.com/impacts/market-trends/savills-prime-office-costs-q3-2023.html

urban centres makes central locations or locations far from transport networks less attractive.

Finally, the retail sector will remain under pressure due to the growing trend of consumers making purchases online. Even if the stability of economic growth helps to reabsorb part of the unused commercial spaces, it will take time before demand is sufficient to stimulate a price increase.

The risks to the banking sector

Despite falling prices, at the end of 2023 delinquency rates on all bank loans linked to CRE were only 1.2%. While this rose from a year before, it was far from the 2007-09 peak (see Figure 4b). However, there are concerns that high vacancies in retail and office spaces could lead to a significant increase in default rates, jeopardising the stability of the US banking sector as happened after the residential real estate bubble burst in 2007.

Comparing current market conditions to 2007 highlights some key differences. The US banking sector's exposure to retail and office sectors is less than 8% of total assets, while in 2007 residential mortgages represented almost a fifth of banks' total assets (see Figure 5a).[3] Relative to US banks' aggregate net capital, the exposure to office and retail CRE is less than 80% while in 2007 residential mortgages were close to 300%. At an aggregate level, exposure to office and retail CRE appears manageable for the US banking sector.

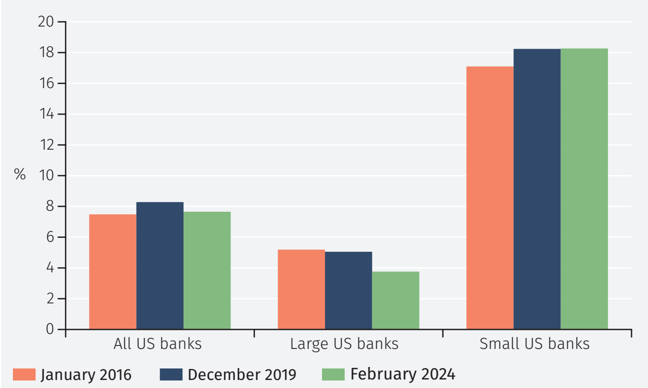
However, the breakdown by size of US banks highlights the risks to smaller institutions. The small banks' exposure to retail and office CRE is approximately five times higher than that of the top 25 US banks (see Figure 5a). Furthermore, while large banks have reduced CRE related balance sheet risks relative to before the pandemic, small banks have made fewer reserve provisions and remain heavily exposed to risks deriving from a possible escalation of the US commercial real estate crisis (see Figure 5b).

Conclusions

To conclude, after the pandemic, developments in the US real estate sector have reflected both cyclical drivers, such as the increase in Federal Reserve interest rates and strong employment growth, and structural changes, such as the diffusion of online purchasing and work-from-home habits. The outlook for activity and prices remains favourable to the residential sector and commercial sectors linked to industry and logistics.

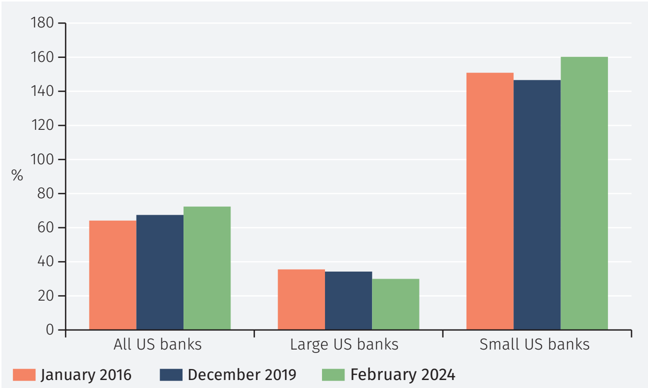
The greatest concern relates to the office and retail sectors, where high vacancy rates will keep prices under pressure and could push delinquencies higher. The risks to the stability of the US banking system appear manageable at an aggregate level, but the concentration of exposure among small, regional banks deserves close monitoring.

5a. Share of office & retail CRE loans in total assets



Sources: LSEG Data & Analytics and EFGAM calculations. Data as at 26 March, 2024.

5b. Ratio of office & retail CRE loans to capital and reserves



Sources: LSEG Data & Analytics and EFGAM calculations. Data as at 26 March, 2024.

[3] The US 25 largest banks represent approximately 60% of the total assets of the US banking system.

Important disclaimers

This document has been produced by EFG Asset Management (UK) Limited for use by the EFG International ("EFG Group" or "EFG") worldwide subsidiaries and affiliates within the EFG Group. EFG Asset Management (UK) Limited is authorised and regulated by the UK Financial Conduct Authority, registered no. 07389736. Registered address: EFG Asset Management (UK) Limited, Park House, 116 Park Street, London W1K 6AP, United Kingdom, telephone +44 (0)20 7491 9111.

This document has been prepared solely for information purposes. The information contained herein constitutes a marketing communication and should not be construed as financial research or analysis, an offer, a public offer, an investment advice, a recommendation or solicitation to buy, sell or subscribe to financial instruments and/or to the provision of a financial service. It is not intended to be a final representation of the terms and conditions of any investment, security, other financial instrument or other product or service. The content of this document is intended only for persons who understand and are capable of assuming all risks involved. Further, this document is not intended to provide any financial, legal, accounting or tax advice and should not be relied upon in this regard. The information in this document does not take into account the specific investment objectives, financial situation or particular needs of the recipient. You should seek your own professional advice (including tax advice) suitable to your particular circumstances prior to making any investment or if you are in doubt as to the information in this document.

The information provided in this document is not the result of financial research conducted by EFGAM's research department. Therefore, it does not constitute investment or independent research as defined in EU regulation (such as "MIFID II" or "MIFIR") nor under the Swiss "Directive on the Independence of Financial Research" issued by the Swiss Banking Association or any other equivalent local rules.

The value of investments and the income derived from them can fall as well as rise, and you may not get back the amount originally invested. Past performance is no indicator of future performance. Investment products may be subject to investment risks, involving but not limited to, currency exchange and market risks, fluctuations in value, liquidity risk and, where applicable, possible loss of principal invested.

Although information in this document has been obtained from sources believed to be reliable, no member of the EFG group represents or warrants its accuracy, and such information may be incomplete or condensed. Any opinions in this document are subject to change without notice. This document may contain personal opinions which do not necessarily reflect the position of any member of the EFG group. To the fullest extent permissible by law, no member of the EFG group shall be responsible for the consequences of any errors or omissions herein, or reliance upon any opinion or statement contained herein, and each member of the EFG group expressly disclaims any liability, including (without limitation) liability for incidental or consequential damages, arising from the same or resulting from any action or inaction on the part of the recipient in reliance on this document.

EFG and its employees may engage in securities transactions, on a proprietary basis or otherwise and hold long or short positions with regard to the instruments identified herein; such transactions or positions may be inconsistent with the views expressed in this document.

The availability of this document in any jurisdiction or country may be contrary to local law or regulation and persons who come into possession of this document should inform themselves of and observe any restrictions. This document may not be reproduced, disclosed or distributed (in whole or in part) to any other person without prior written permission from an authorised member of the EFG group.

Financial intermediaries/independent asset managers who may be receiving this document confirm that they will need to make their own independent decisions and in addition shall ensure that, where provided to end clients/investors with the permission from the EFG Group, the content is in line with their own clients' circumstances with regard to any investment, legal, regulatory, tax or other considerations. No liability is accepted by the EFG Group for any damages, losses or costs (whether direct, indirect or consequential) that may arise from any use of this document by the financial intermediaries/independent asset managers, their clients or any third parties.

Comparisons to indexes or benchmarks in this material are being provided for illustrative purposes only and have limitations because indexes and benchmarks have material characteristics that may differ from the particular investment strategies that are being pursued by EFG and securities in which it invests.

The information and views expressed herein at the time of writing are subject to change at any time without notice and there is no obligation to update or remove outdated information.

Independent Asset Managers: in case this document is provided to Independent Asset Managers ("IAMs"), it is strictly forbidden to be reproduced, disclosed or distributed (in whole or in part) by IAMs and made available to their clients and/or third parties. By receiving this document IAMs confirm that they will need to make their own decisions/judgements about how to proceed and it is the responsibility of IAMs to ensure that the information provided is in line with their own clients' circumstances with regard to any investment, legal, regulatory, tax or other consequences. No liability is accepted by EFG for any damages, losses or costs (whether direct, indirect or consequential) that may arise from any use of this document by the IAMs, their clients or any third parties.

If you have received this document from any affiliate or branch referred to below, please note the following:

Bahamas: EFG Bank & Trust (Bahamas) Ltd is licensed by the Securities Commission of the Bahamas pursuant to the Securities Industry Act, 2011 and Securities Industry Regulations, 2012 and is authorised to conduct securities business in and from The Bahamas including dealing in securities, arranging dealing in securities, managing securities and advising on securities. EFG Bank & Trust (Bahamas) Ltd is also licensed by the Central Bank of The Bahamas pursuant to the Banks and Trust Companies Regulation Act, 2000 as a Bank and Trust company. Registered office: Goodman's Bay Corporate Centre West Bay Street and Sea View Drive, Nassau, The Bahamas.

Bahrain: EFG AG Bahrain is a branch of EFG Bank AG as licensed by the Central Bank of Bahrain (CBB) as Investment Business Firm Category 2 and is authorised to carry out the following activities: a) Dealing in financial instruments as agents; b) Arranging deals in financial instruments; c) Managing financial instruments; d) Advising on financial Instruments; e) Operating a Collective Investment Undertaking; and f) Arranging Credit and Advising on Credit. Registered address: EFG AG Bahrain Branch, Manama / Front Sea / Block 346 / Road 4626 / Building 1459 / Office 1401 / P O Box 11321 Manama -- Kingdom of Bahrain.

Cayman Islands: EFG Bank AG, Cayman Branch ('the Branch") is a Registered Person under the Cayman Islands Monetary Authority (CIMA) Securities Investment Business Act (as revised) ("the Securities Act") and its accompanying regulations. The Branch is permitted to provide securities investment services to high net worth and sophisticated persons, as defined in Schedule 4 of the Securities Act, in and from within the Cayman Islands including dealing in securities, arranging dealing in securities, managing securities, and advising on securities. The Branch is also licensed by CIMA pursuant to the Banks and Trust Companies Act (as revised) ("the Banking Act") as a Category B Bank to provide banking services in accordance with Section 6 (6) of the Banking Act. Registered Office: Suite 3208, 9 Forum Lane, Camana Bay, Grand Cayman KY1-1003, Cayman Islands.

Cyprus: EFG Cyprus Limited is an investment firm established in Cyprus with company No. HE408062, having its registered address at Kennedy 23, Globe House, 6th Floor, 1075, Nicosia, Cyprus. EFG Cyprus Limited is authorised and regulated by the Cyprus Securities and Exchange Commission (CySEC).

Dubai: EFG (Middle East) Limited is regulated by the DFSA. This material is intended "for professional clients only". Registered address: EFG (Middle East) Limited DIFC, Gate Precinct 5, 7th Floor PO Box 507245 - Dubai, UAE.

Greece: EFG Bank (Luxembourg) S.A., Athens Branch is an non-booking establishment of EFG Bank (Luxembourg) S.A. which is authorised to promote EFG Bank (Luxembourg) S.A.'s products and services based on the EU freedom of establishment pursuant to a license granted by the Luxembourg financial supervisory authority "CSSF". Registered address: 342 Kifisias Ave. & Ethnikis Antistaseos Str. - 154 51 N. Psychiko, General Commercial Registry no. 143057760001.

Hong Kong: EFG Bank AG, Hong Kong branch (CE Number: AFV863) ("EFG Hong Kong") is authorized as a licensed bank by the Hong Kong Monetary Authority pursuant to the Banking Ordinance (Cap. 155, Laws of Hong Kong) and is authorized to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 9 (asset management) regulated activities in Hong Kong. Registered address: EFG Bank AG Hong Kong branch, 18th floor, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong. To the fullest extent permissible by law and the applicable requirements to EFG Hong Kong under the Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission, EFG Hong Kong shall not be responsible for the consequences of any errors or omissions herein, or of any information or statement contained herein. EFG Hong Kong expressly disclaims any liability, including (without limitation) liability for incidental or consequential damages, arising from the same or resulting from any action or inaction on the part of the recipient in reliance on this document.

Israel: EFG Wealth Management (Israel) Ltd. Registered Office: 3 Rothschild Blv., Tel Aviv 6688106, Israel.

Jersey: EFG Private Bank Limited, Jersey Branch having its principal place of business at 5th Floor, 44 Esplanade, Jersey, JE1 3FG is regulated by the Jersey Financial Services Commission (JFSC registration number: RBN32518) and is a branch of EFG Private Bank Limited. EFG Private Bank Limited is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority (UK FCA registered no 144036) and Prudential Regulation Authority. EFG Private Bank Limited is registered in England and Wales no 2321802. UK registered office: Park House, 116 Park Street London W1K 6AP, United Kingdom, telephone +44 (0)20 7491 9111. The services of EFG Private Bank Limitied , Jersey Branch are carried out under and in accordance with the rules of the Jersey Financial Services Commission and where appropriate the rules of the Financial Conduct Authority and Prudential Regulation Authority.

Liechtenstein: EFG Bank von Ernst AG is regulated by the Financial Market Authority Liechtenstein. Registered address: EFG Bank von Ernst AG Egertastrasse 10 - 9490 Vaduz, Liechtenstein.

Luxembourg: EFG Bank (Luxembourg) S.A. is authorised by the Ministry of Finance Luxembourg and supervised by the Commission de Surveillance du Secteur Financier (CSSF). EFG Bank (Luxembourg) S.A. is Member of the Deposit Guarantee Fund Luxembourg (F.G.D.L. - Fonds de Garantie des Dépôts Luxembourg) and Member of the Luxembourg Investor Compensation Scheme (S.I.I.L. - Système d'Indemnisation des Investisseurs Luxembourg). R.C.S. Luxembourg no. B113375. Registered address: EFG Bank (Luxembourg) S.A. - 56, Grand-Rue, L-1660 Luxembourg.

Portugal: EFG Bank (Luxembourg) S.A. - Sucursal em Portugal is authorised and supervised by Banco de Portugal (register 280) and the CMVM, the Portuguese securities market commission, (register 393) for the provision of financial advisory and reception and transmission of orders. EFG Bank (Luxembourg) S.A. - Sucursal em Portugal is a non-booking branch of EFG Bank (Luxembourg) S.A., a public limited liability company incorporated under the laws of the Grand Duchy of Luxembourg, authorised and supervised by the CSSF (Commission de Surveillance du Secteur Financier). Lisbon Head Office: Avenida da Liberdade n.º 131 - 6º Dto., 1250 - 140 Lisboa. Porto agency: Avenida da Boavista, n.º 1837 - Escritório 6.2, 4100-133 Porto. Companies Registry Number: 980649439.

Monaco: EFG Bank (Monaco) SAM is a Monegasque Limited Company with a company registration no. 90 S 02647 (Répertoire du Commerce et de l'Industrie de Monaco). EFG Bank (Monaco) SAM is a bank with financial activities authorised and regulated by the "Autorité de Contrôle Prudentiel et de Résolution" (French Prudential Supervision and Resolution Authority and by the "Commission de Contrôle de Activités Financières" (Monegasque Commission for the Control of Financial Activities). Registered address: EFG Bank (Monaco) SAM, Villa les Aigles, 15, avenue d'Ostende – BP 37 – 98001 Monaco (Principauté de Monaco), telephone: +377 93 15 11 11. The recipient of this document is perfectly fluent in English and waives the possibility to obtain a French version of this publication.

People's Republic of China ("PRC"): EFG Bank AG Shanghai Representative Office is approved by China Banking Regulatory Commission and registered with the Shanghai Administration for Industry and Commerce in accordance with the Regulations of the People's Republic of China for the Administration of Foreign-invested Banks and the related implementing rules. Registration No: 310000500424509. Registered address: Room 65T10, 65 F, Shanghai World Financial Center, No. 100, Century Avenue, Pudong New Area, Shanghai. The business scope of EFG Bank AG Shanghai Representative Office is limited to non-profit making activities only including liaison, market research and consultancy.

Singapore: EFG Bank AG, Singapore branch (UEN No. T03FC6371J) is licensed as a wholesale bank by the Monetary Authority of Singapore pursuant to the Banking Act 1970, an Exempt Financial Adviser as defined in the Financial Advisers Act 2001 and an Exempt Capital Markets Services Entity under the Securities and Futures Act 2001. This advertisement has not been reviewed by the Monetary Authority of Singapore. Registered address: EFG Bank AG Singapore Branch, 79 Robinson Road, #18-01, Singapore 068897. This document does not have regard to the specific investment objectives, financial situation or particular needs of any specific person. This document shall not constitute investment advice or a solicitation or recommendation to invest in this investment or any products mentioned herein. EFG Singapore and its respective officers, employees or agents make no representation or warranty or guarantee, express or implied, as to, and shall not be responsible for, the accuracy, reliability or completeness of this document, and it should not be relied upon as such. EFG Singapore expressly disclaims any liability, including (without limitation) liability for incidental or consequential damages, arising from the same or resulting from any action or inaction on the part of the recipient in reliance on this document. You should carefully consider, the merits and the risk inherent in this investment and based on your own judgement or the advice from such independent advisors whom you have chosen to consult, evaluate whether the investment is suitable for you in view of your risk appetite, investment experience, objectives, financial resources and circumstances, and make such other investigation as you consider necessary and without relying in any way on EFG Singapore.

Switzerland: EFG Bank AG, Zurich, including its Geneva and Lugano branches, is authorised and regulated by the FINMA. Registered Office: EFG Bank AG, Bleicherweg 8, 8001 Zurich, Switzerland. Registered Swiss Branches: EFG Bank SA, 24 quai du Seujet, 1211 Geneva 2, and EFG Bank SA, Via Magatti 2, 6900 Lugano.

United Kingdom: EFG Private Bank Limited is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. EFG Private Bank Limited is a member of the London Stock Exchange. Registered company no. 02321802. Registered address: EFG Private Bank Limited, Park House, 116 Park Street, London W1K 6AP, United Kingdom, telephone +44 (0)20 7491 9111.

USA:

EFG Asset Management (Americas) Corp ("EFGAM Americas") is a U.S. Securities and Exchange Commission ("SEC") registered investment adviser providing investment advisory services. Registration with the SEC or any state securities authority does not imply any level of skill or training. EFGAM Americas may only transact business or render personalized investment advice in those states and international jurisdictions where it is registered, has notice filed, or is otherwise excluded or exempted from registration requirements. An investor should consider his or her investment objectives, risks, charges and expenses carefully before investing. For more information on EFGAM Americas, its business practices, background, conflict of interests, fees charged for services and other relevant information, please visit the SEC's public investor information site at: https://www.investor.gov. Also, you may visit: https://adviserinfo.sec.gov/firm/summary/158905. In both of these sites you may obtain copies of EFGAM Americas's most recent Form ADV Part 1, Part 2 and Form CRS. EFGAM Americas Registered address: 701 Brickell Avenue, Suite 1350 – Miami, FL 33131.

EFG Capital International Corp. ("EFG Capital") is a U.S. Securities and Exchange Commission ("SEC") registered broker-dealer and member of the Financial Industry Regulatory Authority ("FINRA") and the Securities Investor Protection Corporation ("SIPC"). Securities products and brokerage services are provided by EFG Capital. None of the SEC, FINRA or SIPC, have endorsed this document or the services and products provided by EFG Capital and its U.S. based affiliates. Registered address: 701 Brickell Avenue, Ninth Floor & Suite 1350 – Miami, FL 33131.

EFG Capital and EFGAM Americas are affiliated by common ownership under EFGI and maintain mutually associated personnel. The products and services described herein have not been authorized by any regulator or supervisory authority, and further are not subject to supervision by any regulatory authority outside of the United States. Please note the content herein was produced and created by EFG Bank AG/EFG Asset Management (UK) Limited (as applicable). This material is not to be construed as created or otherwise originated from EFG Capital or EFGAM Americas. Neither EFGAM Americas nor EFG Capital represent themselves as the underlying manager or investment adviser of this Fund/ product or strategy.

EFG Asset Management (North America) Corp. ("EFGAM NA") is a US Securities and Exchange Commission (SEC) Registered Investment Adviser For more information on EFGAM NA Corp, its business, affiliations, fees, disciplinary events, and possible conflicts of interests please visit the SEC Investment Advisor Public Disclosure website (https://adviserinfo.sec.gov/) and review its Form ADV.

Information for investors in Australia:

For Professional, Institutional and Wholesale Investors Only.

This document has been prepared and issued by EFG Asset Management (UK) Limited, a private limited company with registered number 7389736 and with its registered office address at Park House, Park Street, London W1K 6AP (telephone number +44 (0)20 7491 9111). EFG Asset Management (UK) Limited is regulated and authorized by the Financial Conduct Authority No. 536771.

EFG Asset Management (UK) Limited is exempt from the requirement to hold an Australian financial services licence in respect of the financial services it provides to wholesale clients in Australia and is authorised and regulated by the Financial Conduct Authority of the United Kingdom (FCA Registration No. 536771) under the laws of the United Kingdom which differ from Australian laws.

This document is personal and intended solely for the use of the person to whom it is given or sent and may not be reproduced, in whole or in part, to any other person.

ASIC Class Order CO 03/1099

EFG Asset Management (UK) Limited notifies you that it is relying on the Australian Securities & Investments Commission (ASIC) Class Order CO 03/1099 (Class Order) exemption (as extended in operation by ASIC Corporations (Repeal and Transitional Instrument 2016/396) for UK Financial Conduct Authority (FCA) regulated firms which exempts it from the requirement to hold an Australian financial services licence (AFSL) under the Corporations Act 2001 (Cth) (Corporations Act) in respect of the financial services we provide to you.

UK Regulatory Requirements

The financial services that we provide to you are regulated by the FCA under the laws and regulatory requirements of the United Kingdom which are different to Australia. Consequently any offer or other documentation that you receive from us in the course of us providing financial services to you will be prepared in accordance with those laws and regulatory requirements. The UK regulatory requirements refer to legislation, rules enacted pursuant to the legislation and any other relevant policies or documents issued by the FCA.

Your Status as a Wholesale Client

In order that we may provide financial services to you, and for us to comply with the Class Order, you must be a 'wholesale client' within the meaning given by section 761G of the Corporations Act. Accordingly, by accepting any documentation from us prior to the commencement of or in the course of us providing financial services to you, you:

- warrant to us that you are a 'wholesale client';
- agree to provide such information or evidence that we may request from time to time to confirm your status as a wholesale client;
- agree that we may cease providing financial services to you if you are no longer a wholesale client or do not provide us with information or evidence satisfactory to us to confirm your status as a wholesale client;

and agree to notify us in writing within 5 business days if you cease to be a 'wholesale client' for the purposes of the financial services that we provide to you.