


JULY 2025

InFocus

Macro comment

A blurred background image featuring the US Capitol building in the distance and several US dollar bills in the foreground, creating a sense of depth and focus on the financial theme.

Where is the
US debt-to-GDP
ratio heading?



Scan here to stay up to date with EFG's insights.

WHERE IS THE US DEBT-TO-GDP RATIO HEADING?

Trump's One Big Beautiful Bill Act that was signed into law on 4 July 2025 is expected to increase significantly the US debt-to-GDP ratio, perhaps jeopardising the stability of US public finances. In this edition of *InFocus*, Senior Economist GianLuigi Mandruzzato looks at alternative scenarios for growth and interest rates and at the implications for debt sustainability.

The Trump administration's fiscal plan, enshrined in the "One Big Beautiful Bill Act" (OBBBA), raises concerns about the path of the debt-to-GDP ratio over the next decade and beyond. To assess this risk, it is useful to consider alternative scenarios for some of the key variables that affect public debt sustainability.

This note focuses on the sensitivity of the US debt-to-GDP ratio to changes in the growth rate of nominal GDP and the level of interest rates, the two principal determinants of debt sustainability. The analysis shows that under most scenarios the US debt-to-GDP ratio will rise further and highlights the importance of low interest rates to improve its sustainability.

The OBBBA increases the risks to US public finances

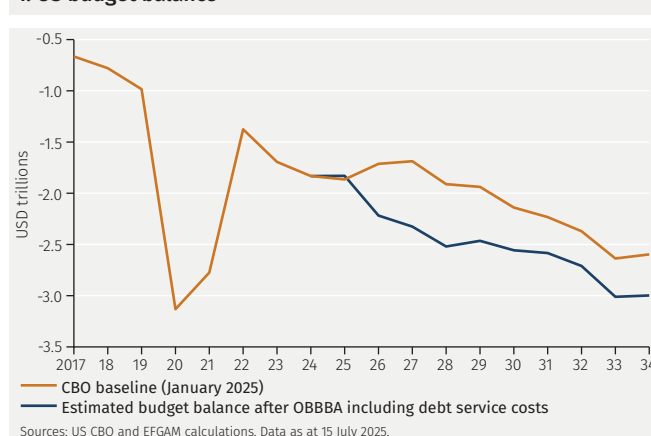
According to estimates by the Congressional Budget Office (CBO), between 2025 and 2034 the OBBBA will boost the public debt by USD 3.4 trillion (tn) compared to the CBO's January 2025 estimates.¹

The bigger deficit mainly reflects the fact that the OBBBA makes permanent the tax cuts for families and businesses introduced during Trump's first term and which were due to expire in 2026. Lower tax revenues of USD 4.5tn are only partially offset by USD 1.4tn worth of cuts in green energy tax credits and health care and welfare spending. In addition, increases in spending on defence and on fighting illegal immigration of USD 280 billion (bn) have been approved.²

The increased bond issuance that will result will raise the spend on interest costs by around USD 750bn, based on the 3.9% interest rate level used in the CBO's January 2025 estimates. This puts the overall cost of OBBBA to the public coffers at USD 4.15tn (the cumulative difference between the orange and blue lines in Figure 1).

On the basis of the average nominal GDP growth rate of 3.9% estimated by the CBO at the beginning of 2025, the OBBBA will push the debt-to-GDP ratio to 144% in 2034, almost 10 percentage points higher than the CBO's January projection and 20 percentage points higher than at the end of 2024 (see Figure 2).

1. US budget balance



Despite the many strengths of the US economy, such a debt load would put pressure on the US Treasury's creditworthiness, increasing the risk of further sovereign rating downgrades by the major rating agencies.³ Investors may well demand an increased risk premium to hold US assets, including US Treasury bonds and the US dollar.

A scenario analysis of the US debt-to-GDP ratio

President Trump recently argued that thanks to the OBBBA and deregulation, US economic growth will be much higher than the CBO estimates, more than offsetting the impact of the recently passed tax cuts on the public finances.⁴

A simple simulation partially supports this thesis. If nominal GDP growth rose to 6% annually over the next decade, the debt-to-GDP ratio would only rise to 127% in 2034 despite the increased deficit, as shown by the grey line in Figure 2.⁵

However, such a high growth rate may not be feasible. The Tax Foundation estimates that the OBBBA will raise nominal GDP by only 1.2% over ten years, equivalent to an increase in the annual growth rate of just 0.1%. This is partly because by extending the tax cuts that were implemented in Trump's first term the OBBBA avoids the fiscal tightening that would have followed their expiry but does not add any new stimulus.

¹ See <https://www.cbo.gov/system/files/2025-07/61537-hr1-Senate-passed-additional-info7-1-25.pdf>

The Congressional Budget Office was created in 1974 as a nonpartisan federal agency within the legislative branch of the US government to support the Congressional budget process and to help Congress make effective budget and economic policy.

² For a detailed analysis of the OBBBA measures, see <https://taxfoundation.org/research/all/federal/big-beautiful-bill-senate-gop-tax-plan/>

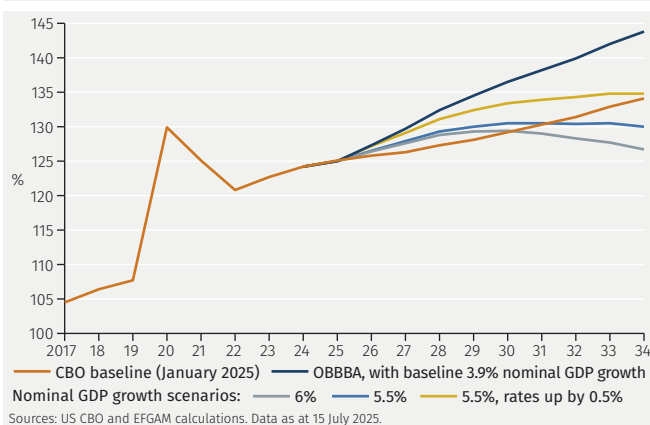
³ On 30 May, 2025 Moody's downgraded the US sovereign rating to Aa1 from Aaa, following similar steps taken by S&P Global Ratings in 2011 and by Fitch Ratings in 2023.

⁴ See <https://truthsocial.com/@realDonaldTrump/posts/114597726905289988>

⁵ It should also be considered that the larger tax base resulting from faster GDP growth would lead to higher tax revenues, which would further reduce the debt/GDP ratio compared to this estimate.

WHERE IS THE US DEBT-TO-GDP RATIO HEADING?

2. US debt-to-GDP scenarios



The actual fiscal boost to GDP growth compared to the current trend is small and mainly due to increased spending on defence and anti-immigration policies. Even anticipating the effects of the deregulation promoted by the current administration and of increased adoption of artificial intelligence, achieving a nominal GDP growth rate of 6% will be hard.

Furthermore, even if nominal GDP growth were to rise to 6% in the coming years, average Treasury bond yields would likely be higher than the 3.9% used by the CBO in its projections. Given a debt-to-GDP ratio of 124% at the end of 2024 and the larger deficit projected over the next decade, interest expenditure would increase significantly.

To assess the sensitivity of the debt-to-GDP ratio to changes in macroeconomic and financial factors, we consider two scenarios:

1. In the first scenario, shown by the light blue line in Figure 2, nominal GDP growth increases only to 5.5% instead of 6%;
2. In the second scenario, shown by the yellow line, the less favourable nominal GDP growth rate is compounded by a moderate increase of 0.50% in debt service costs compared to CBO estimates.⁶

The simulation results highlight the different impact of the shocks on the projected debt-to-GDP ratio. Weaker nominal GDP growth causes the debt-to-GDP ratio to increase by approximately 3.5 percentage points after ten years. If lower

growth is combined with higher financing costs, the debt-to-GDP ratio rises by another 5 percentage points. Notably, the impact on the US debt-to-GDP ratio of a shock to the level of interest rates is 40% larger than a similar sized shock to economic growth.

Conclusions

The final version of the “One Big Beautiful Bill Act” is expected to add USD 4.15tn to the stock of US debt over the next 10 years, according to estimates by the bipartisan Congressional Budget Office, raising the debt-to-GDP ratio to 144% in 2034 from 124% at the end of last year. However, President Trump claims that the policies implemented by the White House will raise nominal GDP growth to 6%, if not higher, thereby financing the increased deficit.

A simple simulation shows that such a high growth rate would help limit the debt-to-GDP ratio increase over the next ten years, if interest rates remain at the CBO baseline level of 3.9%. However, a moderate 0.5% increase in the cost of debt financing would add 5 percentage points to the debt ratio in 2034. The impact of increased interest rates on the debt ratio would be larger than an adverse shock to economic growth of similar size, highlighting the importance of keeping government bond yields low. This helps explain why Mr Trump is putting pressure on the Fed to cut rates.

More generally, an assessment of alternative scenarios for economic growth and the cost of debt financing shows that over the next ten years the US debt ratio will increase even under the most favourable scenarios.

Furthermore, the sensitivity of the debt ratio to moderate adverse shocks to growth and debt servicing costs suggests that investor concerns about the sustainability of US fiscal policy in the medium to long term will remain elevated. Foreign investors will likely require an increase in the risk premium that would negatively affect the medium-term returns on US assets, including US Treasury bonds and the dollar, *vis-à-vis* the US peers.

⁶ The size of shock to the level of interest rates matches that to nominal GDP growth and thereby helps highlighting to which factor the US debt-to-GDP ratio is the most sensitive to. Given the increase in nominal GDP growth from the CBO’s baseline considered in the scenarios, interest rates would be expected to rise by significantly more than 0.50%.

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, 2024 and Securities Industry Regulations, 2012 and is authorized to conduct securities business in and from The Bahamas including dealing in securities, arranging deals 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.

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, 5th Floor PO Box 507245 - Dubai, UAE.

Greece: EFG Bank (Luxembourg) SA, Athens Branch is a non-booking establishment of EFG Bank (Luxembourg) SA which is authorised to promote EFG Bank (Luxembourg) SA's products and services based on the EU freedom of establishment pursuant to a license granted by the Luxembourg financial supervisory authority "CSSF". The Athens Branch is regulated by the Bank of Greece. 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 Limited, 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) SA is authorised by the Ministry of Finance Luxembourg and supervised by the Commission de Surveillance du Secteur Financier (CSSF). EFG Bank (Luxembourg) SA 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.L.L. - Système d'Indemnisation des Investisseurs Luxembourg). R.C.S. Luxembourg no. B113375. Registered address: EFG Bank (Luxembourg) SA. - 56, Grand-Rue, L-1660 Luxembourg.

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.

Panama: EFG Asesores (Panama), S.A. in an entity supervised by the Superintendent of the Securities Market of Panama. License to operate as an Investment Advisor - Resolution No. SMV-316-23. Registered address: EFG Asesores (Panama) S.A., Torre Argos, 2nd Floor, Santa Maria Business District., Panama City.

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.

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.

Singapore: EFG Bank AG, Singapore branch (UEN No. T03FC6371) 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 (Repeat 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 (Ch) (Corporations Act) in respect of the financial services we provide to you.

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.