

Monthly Travel Market Report

June 2023

HANetf & TRYP Index Providers

The Travel UCITS ETF

TRYP

69bps

IE00BMFNW783

Product Inception Date: 04/06/2021

For Professional Clients Only. Capital at risk.

All data as of 31/05/2023

This report was written by, and is the opinion of, the TRYP index providers.



Key Takeaways

The four TRYP sub-themes are on the threshold of recovery as of early June 2023. By the end of the year, airlines, hotels and OTAs will all have higher revenues than they did in the last year before the pandemic, and cruise lines should come close.

Airline and hotel bookings are the highest they have been since before the pandemic. The airport trade group ACI World expects global airline passenger traffic to reach 92% of 2019 levels in 2023 and recover fully by 2024. The hotel consultancy STR foresees full recovery of the US and Middle East hotel markets in 2023, with full recovery in Europe expected in 2024 and in Asia Pacific in 2025.

A growing number of cruise ships have been sailing at 100% capacity in early 2023. The Cruise Lines International Association (CLIA) expects total passenger numbers to surpass pre-pandemic levels by the end of 2023.

First-quarter 2023 earnings data and future guidance from a group of selected TRYP holdings support this optimistic forecast. Most companies had 1Q23 revenues equal to or greater than 4Q2019, the last full quarter before the pandemic. A few companies lost a little ground in the first quarter compared to 4Q2022, but this mostly reflects the seasonal decline in travel during the winter, rather than a long-term trend.

Guidance is generally optimistic about the travel market's future growth potential, at least in the short term. Most of the airlines expect significant operating revenue increases over the next three months. Hotel companies' 2Q guidance, while expressed in terms of a slightly different metric (revenues per available room) is likewise generally positive. Cruise lines are projecting increased bookings and higher yields over the rest of the year.

The travel recovery continues to be largely consumer-driven. 74% of U.S. consumers plan to travel the same amount or more 2023 than in 2022, and 58% expect to either maintain or increase their overall travel spending in 2023.

Travel's recovery is due in part to the slowing of inflation in travel costs. The US Travel Price Index (TPI) increased by 2.8% year-on-year (YoY) in April 2023, a seven-month low since October 2022 when the TPI peaked at 11.3%.

However, there have been signs recently that some consumers may be reaching the limits of their ability or willingness to go on absorbing ever-higher travel prices. While still remaining in positive territory, overall US travel spending appears to have plateaued somewhat. US travel spending in April 2023 was similar to 2022 levels and receded slightly in the first quarter of 2023.

Another development fuelling optimistic expectations for the travel sector is China's reopening after its two-year COVID lockdown. Before the pandemic, China was the world's second-largest travel market, and its reopening to outbound as well as inbound travel will be a key driver of the travel recovery in the years ahead. By the end of 2023, outbound trips from China are projected to be back to nearly 75% of pre-lockdown levels and inbound trips should be at around 45%.

Travel and tourism stocks generally outperformed the market in the first quarter of 2023. For example, the Dow Jones US Travel and Tourism Index gained over 35% in the first five months of 2023, while the broader Dow Jones Industrial Average was picking up less than 2%.

While the overall travel outlook is thus positive, a number of developments could jeopardize the recovery in the near- to mid-term, as described below under the Macro Outlook.

Sources available upon request. **All performance figures are showing net data.** Past performance is not indicative of future performance and when you invest in ETFs your capital is at risk.

Macro Outlook

A number of recent macro-level developments, alone or in combination, still have the potential to delay the travel recovery. For example, China's reopening to travel is gaining momentum after some early uncertainty, but potential obstacles remain. These obstacles include restrictions on airlines overflying Russia due to the Ukraine war, which have increased flying times and fuel and other costs of flying between China and some foreign destinations, limiting flight availability and driving up airfares to the point where they may discourage travel. Geopolitical tensions between the U.S and China are a further deterrent to travel between the two countries. The US State Department is advising US citizens against traveling to China, and China has not added the US to the list of 60 countries to which Chinese tour groups may travel.

There is also the continued risk that monetary policies being implemented by the US Federal Reserve and other central banks in order to curb inflation may cause a recession that reduces travel demand as consumers and businesses cut back on spending. Economists have been predicting a recession for the past year, but the US and other advanced economies have proved unexpectedly resilient in the face of rate increases and the recession has not yet materialized.

Our own conservative scenario is for a moderate recession in the US, UK, and the Eurozone, starting in late 2023 and lasting less than a year, with slower job growth and decelerating inflation. As a result, the travel industry could experience softer demand and continued high operating costs in 2023. These developments could set back the recovery of the travel and tourism industry by 2–3 years, i.e., to 2025 or 2026.

Travel Performance As of 31.05.2023

| | 1M | 3M | 6M | YTD | 12M | SI |
|-------------------------------|---------------|---------------|--------------|---------------|---------------|----------------|
| The Travel UCITS ETF | -0.20% | -3.86% | 3.33% | 11.84% | -3.15% | -22.16% |
| <i>Solactive Travel Index</i> | -0.12% | -3.54% | 3.86% | 12.36% | -2.39% | -21.05% |

Please note that all performance figures are showing net data. Source: Bloomberg / HANetf. Data as of 31/05/2023
Performance before inception is based on back tested data. Back testing is the process of evaluating an investment strategy by applying it to historical data to simulate what the performance of such strategy would have been. Back tested data does not represent actual performance and should not be interpreted as an indication of actual or future performance. Past performance for the index is in USD. Past performance is not an indicator for future results and should not be the sole factor of consideration when selecting a product. Investors should read the prospectus of the Issuer ("Prospectus") before investing and should refer to the section of the Prospectus entitled 'Risk Factors' for further details of risks associated with an investment in this product. When you invest in ETFs and ETCs your capital is at risk.

Product Details

The Travel UCITS ETF (TRYP) seeks to offer exposure to the travel industry as it tracks global airline companies, hotel businesses, cruise line operators, and online booking companies.

The TRYP travel industry ETF tracks the Solactive Travel Index which is focused on companies that derive significant revenue from the travel and tourism sector including companies engaged in the airlines, hotels, cruise lines, and travel agency businesses.

Visit the [TRYP Fund Page](#) for more information.

| Exchange | Ticker | RIC | SEDOL | ISIN | Valoren | WKN | CCY | Listing Date |
|----------------|----------|----------|---------|--------------|-----------|--------|-----|--------------|
| LSE | TRYP LN | TRYPL | BMTR180 | IE00BMFNW783 | - | - | USD | 09/06/2021 |
| BMV | TRYPN MF | | BMZQG86 | IE00BMFNW783 | | | USD | 15/03/2022 |
| LSE | TRIP LN | HATRIPL | BMTR1G8 | IE00BMFNW783 | - | - | GBP | 09/06/2021 |
| Borsa Italiana | TRYP IM | TRYP.MI | BL6KDP6 | IE00BMFNW783 | - | - | EUR | 21/06/2021 |
| Xetra | 7RIP GY | 7RIP.DE | BL6KDQ7 | IE00BMFNW783 | - | A3CPGE | EUR | 17/06/2021 |
| SIX | TRYP SW | TRYP.S | BMX8D61 | IE00BMFNW783 | 111372791 | - | CHF | 01/03/2022 |
| Euronext Paris | TRYP FR | HATRIPPA | BPG9N28 | IE00BMFNW783 | - | - | EUR | 09/12/2021 |

Important Information

Please note that all performance figures are showing net data.

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