MONTHLY NEWSLETTER – January 2024

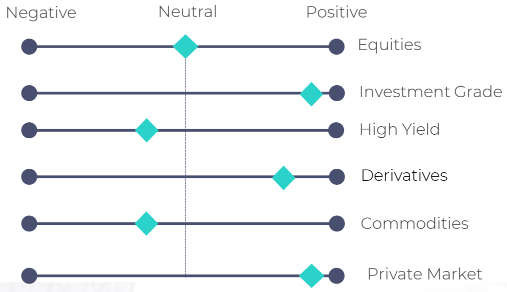
Jean-Philippe PETIT
Chief Investment Officer

After the strong performance recorded in the 4th quarter of 2023, January started on an optimistic note, fueled by robust macroeconomic data in the United States. However, this optimism was tempered towards the end of the month due to a less dovish statement from the Federal Reserve, which raised doubts about the likelihood of rate cuts in the upcoming FED meeting.

European markets also performed well in January. The European Central Bank kept its rates unchanged during its January meeting, emphasizing a dependance on future data, particularly economic indicators.

We maintain a positive outlook on the bond market, which continues to offer an attractive yield/risk ratio despite the recent re-pricing. Equity markets remain at high levels, and we maintain a neutral position, seeking resilient companies in this environment. We continue to favor private markets, anticipating a rebound throughout the year.

OUR MARKET VIEWS



POTENTIAL MARKET CATALYSTS

- **Central bank's interest rates cuts**
- **Continuing Inflation easing**
- **Softening labour market**
- **Easing of geopolitical tensions**

KEY INDICATORS

Equities (%)	Level	2023	Dec. 23	Jan. 24
S&P 500	4 846	23,41	4,42	1,59
Nasdaq 100	17 137	51,49	5,51	1,85
Eurostoxx 50	4 648	16,99	3,18	2,81
FTSE 100	7 631	3,55	3,75	-1,33
China SI 300	3 215	-12,90	-1,86	-6,29
Emerging markets	976	7,17	3,71	-4,68

Bonds (rate spreads)	Level	2023.	Dec. 23	Jan 24
		Spread change level		
10 year government bonds				
US	3,91	1,26	-0,45	0,03
Europe	2,17	-15,67	-0,42	0,14
Corporate – 5 years spread (change level)				
Investment Grade US	57	-29,00	-5,72	-0,08
Investment Grade Europe	101	-16,85	-9,08	1,89
High Yield US	361	-24,95	-46,13	4,87
High Yield Europe	328	-31,29	-63,04	17,30

Currencies (%)	Level	2023	Dec. 23	Jan. 24
EUR / USD	1,0818	2,74	1,39	-2,00
GPB / USD	1,2688	4,80	0,85	-0,34
CHF / USD	1,1610	-8,46	4,02	-2,31

Commodities (%)	Level	2023	Dec. 23	Jan. 24
Gold	2 040	13,27	1,30	-1,14
Brent	82	-10,83	-6,99	6,06
Copper	391	2,18	1,04	0,40
Aluminium	2 252	-1,09	8,56	-4,22

Volatility	Level	2023	Dec. 23	Jan. 24
Euro Stoxx 50	15	-30,41	-1,74	9,16
Nasdaq 100	14	-36,46	-3,64	15,26

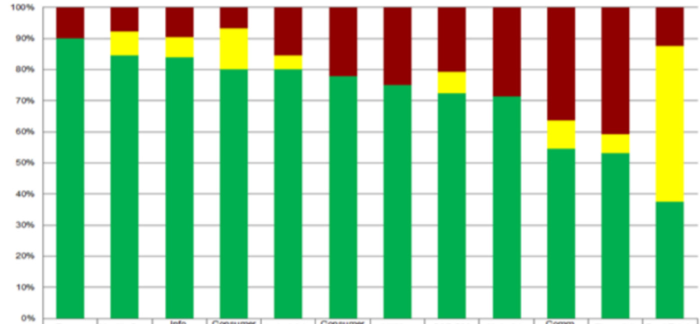
Cryptos (%)	Level	2023	Dec. 23	Jan. 24
Bitcoin	42 458	169,2	12,60	-0,12
Ethereum	2 278	93,4	11,55	-0,21

Sources: Bloomberg, Norman K. - Data as of January 31st, 2024. Past performance is not a reliable indication of future performance. Non-contractual information.

CHART OF THE MONTH

Q4 EARNINGS SEASON

S&P 500 Earnings above, in-line, below estimates: Q4 2023 – Source Factset



	Energy	Health Care	Info. Technology	Consumer Staples	Industrials	Consumer Disc.	Utilities	S&P 500	Materials	Comm. Services	Financials	Real Estate
Below	10%	8%	10%	7%	16%	22%	25%	21%	29%	36%	41%	13%
In-Line	0%	8%	6%	13%	4%	0%	0%	7%	0%	9%	6%	50%
Above	90%	85%	84%	80%	80%	78%	75%	72%	71%	55%	53%	38%

Sources: Factset. - Past performance is not a reliable indication of future performance.

As of now, actual results for Q4 2023 have been reported by 46% of the S&P 500 firms. Among these companies, 72% have reported actual profits over projections; this is less than the 77% average over the last five years and the 74% average over the last ten.

JANUARY: HOLD FOR CENTRAL BANKS, NOT THAT MUCH FOR MARKETS!

USA: Ongoing resilience of the US economy

- With 216k new jobs added to the economy in December, together with stronger wage growth and a stable 3.7% unemployment rate, the labour market remains resilient.
- The Q4 GDP came far above expectations, at 3.3% YoY fueled by consumption.
- We saw a slight acceleration of inflation in December, driven by services costs and specifically shelter (real estate component)

Our view: The Fed will cut rates later in the year, but it's important to monitor the short-term impact of an inflation rebound given the current geopolitical risks.

EUROZONE: No rate cuts for now

- The Eurozone inflation has been in a downtrend during the year but rebounded slightly in December while core inflation cooled.
- The European Central Bank kept its key interest rates unchanged at 4% at its January meeting
- The economy is sluggish and suffering from high interest rates. PMI are still weak, in the contraction zone.
- Unemployment is at its lowest level since the start of the euro.

Our view: Considering the near stagnation of the Eurozone economy, the ECB may be cautious, but is also expected to start rate cuts this year.

CHINA: Still disappointing macro news

- China missed fourth-quarter GDP estimates, while it resumed reporting the unemployment rate for young people.
- GDP for the last three months of 2023 rose by 5.2%, expectations.
- China is ramping up stimulus to boost market confidence.
- The forced liquidation of Evergrande shows the sector's struggles: sales are down, and millions of homes have been paid for but not delivered.

Our view: Expectations for more support from China to boost its economy and stock markets are rising but it may take some time to recover investors' confidence.

January **started well for the markets**, which initially anticipated nearly 7 interest rate cuts by the Federal Reserve (FED) this year due to the decline in inflation throughout 2023. However, the strength of US macroeconomic data and the less dovish tone from central bankers challenged these expectations, impacting the bond market.

Nevertheless, **uncertainties and risks** persist in the markets, including tensions in the Middle East and disruptions in supply chains via the Red Sea, adding to uncertainties about **commodity prices**. As previously mentioned, central banks have kept their rates unchanged, but **rate cuts** are expected later in the year. With this in mind, we continue to build portfolios that **lock in yields at current rate levels before potential decreases**. We particularly focus on the **investment-grade segment**, where the yield/risk ratio is favorable.

The optimism at the beginning of the year has once again boosted **equity markets**, which remain at relative high levels. However, we remain **neutral** on this asset class, allowing us to invest tactically on companies able to generate cash flow and withstand a less resilient economic environment. Furthermore, the ongoing **earnings season could be a catalyst** in the event of positive surprises.

Moreover, we believe that **private market solutions** will continue to offer interesting opportunities this year, with an expected pick-up in the **IPO market**.

WHICH OPPORTUNITIES IN THIS CONTEXT?

High valuations of stocks

- In-depth analysis and selectivity
- Partial profits taking

Ancipation of rate cuts

- "Lock" current yield levels

Weaker macroeconomic environment

- Alternative investments
- Pre-IPO segment / private debt / asset finance

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