MONTHLY NEWSLETTER – April 2024

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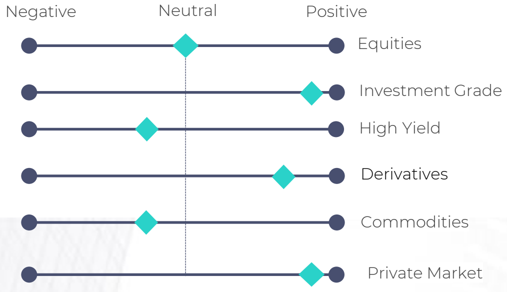
"After strong performances in the 1st quarter, April was more turbulent, and investors became concerned about various factors, leading to slightly higher volatility. Firstly, the markets revised downward the likelihood of Federal Reserve rate cuts, and this was compounded by worries about geopolitical tensions in the Middle East. Current earnings reports are also sources of volatility: despite better-than-expected results, expectations for future earnings are more cautious. Nevertheless, the recent correction is not particularly surprising after a 25% gain in the S&P 500 over the past six months.
We remain watchful for signs of more significant corrections to potentially gradually strengthen our equity positioning. We remain overweight on investment-grade bonds and have taken advantage of a slight increase in yields. At the same time, we remain positive on private markets."

OUR MARKET VIEWS



POTENTIAL MARKET CATALYSTS

- **Central bank's interest rates cuts**
- **Inflation easing**
- **Good corporate earnings**
- **Easing of geopolitical tensions**

KEY INDICATORS

Equities (%)	Level	Mars	Avril	YTD 2024
S&P 500	5 036	3,6	-4,16	5,21
Nasdaq 100	17 441	2,1	-4,46	2,93
Eurostoxx 50	4 921	4,1	- 3,19	8,39
FTSE 100	8 144	4,3	2,41	5,50
China SI 300	3 604	2,5	1,89	5,05
Emerging markets	1 046	2,4	0,26	2,13

Bonds (rate spreads)	Level	Mars	Avril	YTD 2024
		Spread change level		
10 year government bonds				
US	4,68	-0,06	0,48	18,84
Europe	2,58	-0,16	0,29	25,79
Corporate – 5 years spread (change level)				
Investment Grade US	54	-1,58	2,34	-6,47
Investment Grade Europe	95	-3,02	1,16	-3,94
High Yield US	357	-12,10	27,04	-0,72
High Yield Europe	318	-10,99	20,75	2,07

Currencies (%)	Level	Mars	Avril	YTD 2024
EUR / USD	1,066	-0,44	-1,15	-2,98
GPB / USD	1,249	-0,31	-1,04	-1,67
CHF / USD	1,088	-2,50	-1,97	8,48

Commodities (%)	Level	March	April	YTD 2024
Gold	2 286	9,60	2,53	11,81
Brent	88	4,54	0,43	9,25
Copper	456	4,34	13,01	16,41
Aluminium	2 566	6,89	11,22	8,35

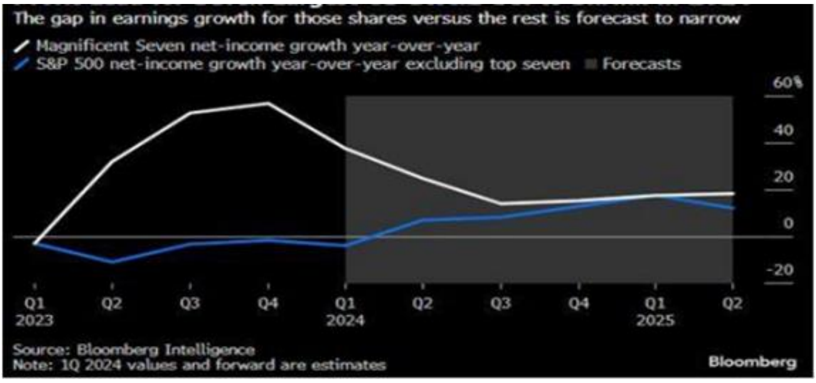
Volatility	Level	Mars	Avril	YTD 2024
Euro Stoxx 50	16	-3,5	16,35	13,55
Nasdaq 100	16	-6,0	20,29	20,56

Cryptos (%)	Level	Feb.	March	YTD 2024
Bitcoin	59 869	17,0	-15,49	35,6
Ethereum	2 962	9,3	-18,46	28,3

Sources: Bloomberg, Norman K. - Data as of April 30th 2024. Past performance is not a reliable indication of future performance. Non-contractual information.

CHART OF THE MONTH

Profit lead for seven largest US stocks set to shrink in 2024



April: Geopolitical tensions weighted on market sentiment.

USA: Still Strong economic data leads to downward repricing of rate cuts.

- The U.S. GDP slowed significantly in Q1 (est. 1.6% vs 2.5% Expected). The economy is progressively slowing down after expanding quickly in the second half of 2023, which should lessen some of the pressure on prices to rise.
- Inflation remains sticky: Core PCE came in at 3.7 vs the forecast of 3.4%. The implied number of US rate cuts for 2024 has been reduced from six or seven cuts at the end of 2023 to no more than one or two cuts in total.
- Manufacturing activity has rebounded, returning to expansionary territory for the first time since late 2022.

NK **As expected, economic growth has begun to slow, mainly due to reduced household savings accumulated over the past three years and the impact of high interest rates. The US economy might potentially rebound toward the end of this year as the interest rate easing cycle kicks in.**

EUROZONE: A rate cut during the summer ?

- An easing of Middle East tensions and some encouraging corporate earnings results helped to boost sentiment.
- Business activity in the eurozone grew at the fastest pace in nearly a year in April, driven by a recovery in the services industry. Eurozone inflation in April remained stable at 2.4% year on year, but the important services component fell 30bps to 3.7%.
- Numerous European Central Bank policymakers have signaled that they expect to lower interest rates in June.

NK **Our view: The ECB may start cut rates as soon as June, if inflation confirms signs of slowing while growth remains slow in the eurozone. This move could be a catalyst for European equities.**

CHINA: Higher interest on low valued Chinese equities.

- China's gross domestic product grew an above-consensus 5.3% in the first quarter from a year earlier. However, economists downgraded their inflation forecasts as declining producer prices and a persistent property market slump remain a drag on the economy.
- Chinese banks left their rates unchanged after the People's Bank of China kept its medium-term lending rate on hold during the month.

NK **Our view: Government is supporting the economy, but investors' sentiment is still mitigated. We expect a rebound of stocks in the long term as investors increase interest in low valued Chinese equities**

Geopolitical tensions in the Middle East impacted investor sentiment, **pushing the volatility higher** in April. At the same time, better-than-expected macroeconomic data and slightly rising U.S. inflation data led to an **increase in interest rates**. Investors are now **lowering** their **expectations for Fed rate cuts** this year.

This had a **negative impact on equity markets**, which nevertheless held up well to first-quarter earnings releases. Despite results that exceeded analysts' expectations, **companies' outlooks remain cautious,** reflecting the impact of rising rates on future earnings.

The rise in rates have led to **opportunities** in the **bond portfolios**, with a focus on high-quality investment-grade bonds offering higher yields, particularly in dollars. The opportunity to lock in these yield levels is still relevant since the rate-hike cycle is behind us, even though there's **uncertainty about when the Fed will start lowering rates**.

The **correction** in equity markets **doesn't seem excessive** given the strong performance of the S&P 500 in recent months. Therefore, we remain **neutral in our equity positioning**. In case of a more significant correction, we might increase our equity allocation to take advantage of market dips.

We remain optimistic about **private market opportunities** for the second part of 2024. Valuations remain relatively high, prompting us to maintain our view, with an expected pick-up in the IPO market.

WHICH OPPORTUNITIES IN THIS CONTEXT?

High valuations of stocks	Ancipation of rate cuts	Weaker macroeconomic environment
↓	↓	↓
• In-depth analysis and selectivity • Partial profits taking	• "Lock" current yield levels	• Alternative investments • Pre-IPO segment / private debt / asset finance

Sources: Bloomberg, Norman K. - Data as of April 30th 2024. Past performance is not a reliable indication of future performance. Non-contractual information.

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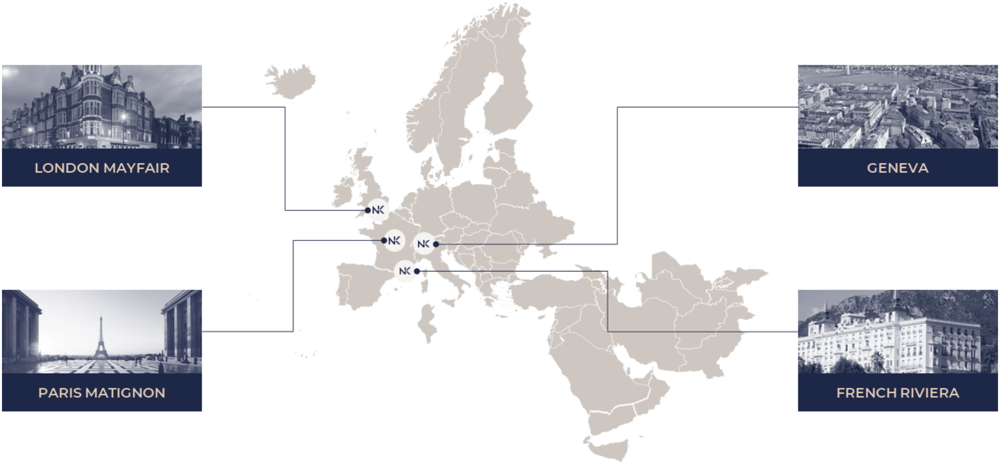

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