MONTHLY *investment* BRIEF

ODDO BHF ASSET MANAGEMENT

The end of the American dream?

We must confess that we have a strategic "bias" in favor of the US market. The past 15 years proves us quite right. Since the end of the 2007-2008 Financial Crisis, Europe has outperformed for only 27 months, or just over 2 years. This structural outperformance of the US vs. Europe is mainly explained by a more robust EPS dynamic in the US. What about the last few months? Since the beginning of the year, EuroStoxx 50 has slightly outperformed the S&P500 and relatively good performance by the European market vs. the US market was achieved despite a rather unfavorable sector mix. Does this spell the end of the “American Dream”? Clearly not, but it does point to the need to reconsider Europe…at least tactically.

SOME ROADS LEAD TO EUROPE

Improved economic activity and more positive surprises for Europe than for US

We expect growth to pick up with economic surprises now positive in the Euro Zone. In contrast to the US, the Economic Surprise Index for the Eurozone has been on an upward trajectory since November 2023 reaching levels suggesting that economic releases have been consistently surpassing expectations. In the meantime, we see Europe benefiting from a pick-up in PMIs and in particular an upswing in the manufacturing cycle. To that extent, the composite Purchasing Managers’ Index (PMI) for the euro-zone recently climbed from 49.2 to 50.3, crossing into expansionist territory.

The ECB will not wait for FED to start the easing cycle

The disinflationary trend persists, and market expectations point to earlier rate cuts by the ECB than by the FED. After initiating its tightening cycle in mid-2022, the ECB is now poised to unwind its accommodative stance, starting with the June meeting. We anticipate three rate cuts in 2024 by the ECB (each at 25 basis points). Interestingly, this easing movement is likely to precede similar actions by the US Federal Reserve. The possibility of a June cut by the American counterparts, especially after stronger-than-expected labor data (April nonfarm payrolls at 303,000 versus an expected 214,000) and disappointing inflation prints, is now questioned by markets. Historically, equities have responded positively to rate cuts, particularly when no recession is imminent. Our call is that European stocks stand to benefit from this supportive monetary policy.

Too pessimistic earnings forecasts for Europe

2024 Earnings Per Share (EPS) estimates remain undemanding for Europe for both Q1 and FY. Although EPS revisions have been slightly negative for Europe since the beginning of the year, they seem to be stabilizing now. Q1 2024 estimates look for -11% over 1 year (but with a sequential increase of +5%, marking the first such uptick since 2022). It is undemanding and relatively subdued compared to the improving economic conditions. We believe mid-single-digit growth is achievable for FY 2024 given easy base effects, particularly for commodities, while near-trend GDP growth should preserve margins and top line. For those reasons, we expect further earning revisions after the Q1 earnings season.

Record Valuation Discount

European stocks currently trade at a deep discount to the US, far more than historically. The 12-month forward price-to-earnings ratio (P/E) stands at approximately 13x in Europe (5% below its mean since 2014), contrasting with around 21x in the US (70% above its mean since 2014). This remarkable relative difference (approximately 0.6 ratio) represents the lowest historical level. Some of this is AI-related, but the bigger gaps are found in sectors outside Technology, in areas like Financials, Energy and Consumer Discretionary. It is even more noteworthy that the gap remains even when sector-adjusting and even when adjusting for different growth prospects.

Higher Shareholder Yield for Europe

Dividend yield is the highest in the Eurozone (3.5% expected for 2024) with more eye-catching figures than in other markets, such as Japan (2.2%), US (1.5%), or Emerging Markets (3.2%). Buyback yield in Europe is also now close to US levels, at around 1.5%, signaling confidence from companies in their growth prospects. This high-income profile of European Equities strengthens the attractiveness of the geography.

Source: ODDO BHF AM, comments as of 12/04/2024.

Some technical factors lead to Europe

First, liquidity conditions favor European stocks. The ratio of market capitalization to money supply stands at an all-time high of 2.4 in the US, while it is only 0.6 in the Eurozone, or the lowest level among major stock markets. More liquidity will be able to move into stocks in Europe than in the US. Moreover, the ECB is slated to cut rates sooner (and probably more) than the FED this year, which will boost Europe's liquidity conditions relative to those of the US. Second, investors are actively closing short positions in European stocks. Notably, the short loan value as a percentage of market capitalization for European stocks has reached its lowest level in the past decade. This trend reflects a growing sense of confidence in the region's prospects.

WHAT ARE OUR FAVORITE SECTORS AND THEMES?

Structural convictions: From a structural point of view, we continue to favor 3 sectors/themes in the European Equity universe

- **Luxury**: The luxury sector has experienced a significant recent de-rating driven by worries about China and future growth rates, but the anticipated recovery in the Chinese economy is expected to drive demand for luxury goods. For those reasons FY 2024 EPS revisions have now turned positive with strong underlying data in January and February and should benefit to higher quality names.
- **Healthcare**: We recommend being positioned on this high-quality defensive sector without having much consumer exposure to worry about. Additionally, Healthcare's exposure to China's growing pharma requirements is underappreciated and the fact that the sector has not done much in the past few months (excluding Novo Nordisk) strengthens our conviction.
- **Technology**: European tech companies share strong balance sheets and robust cash flow generation, supporting their growth prospects and justifying higher valuation levels. We keep advocating that longer-term secular trends towards Artificial Intelligence remain supportive

Tactical convictions: Tactically, we favor some selective Value Cyclicals

- **Banks:** European banks are positioned for good profitability given soft landing, high yields, and low provision risk. Capital markets activity is expected to pick up, benefitting to investment banks. The valuation stays very cheap with high cash returns to shareholders, making Banks a tactical call for us.
- **Chemicals**: Benefiting from the highest earnings growth for 2024, Chemicals should benefit from global manufacturing PMIs picking up, lower energy prices, and the restocking cycle now excess inventories have been cleared.
- **Energy:** With improving economic conditions, energy companies may witness upgrades in earnings per share. Furthermore, OPEC+ production cuts and geopolitical risks have supported oil prices and energy stocks, making them an effective hedge against uncertainties at low price (P/E at 7.0x and yield > 10%).

CONCLUSION

We see catch-up potential for Europe given 1/ the improved economic activity, 2/ the increasingly likely ECB rate cut in June, 3/ the undemanding equity valuations, and 4/ the record valuation discount. For those reasons we tactically prefer European over US equities. However, if recent developments indicate that European equities may be poised for a more favorable trajectory, this temporary window should not blind us to the fact that Europe faces some structural challenges, preventing us from adopting a structural positive positioning on the geography. Structurally, "American Dream" is not fading away and US should continue to surprise on the upside.

LAURENT DENIZE
Global Co-CIO, ODDO BHF

Source: ODDO BHF AM, comments as of 12/04/2024.

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COMMODITIES & CURRENCIES

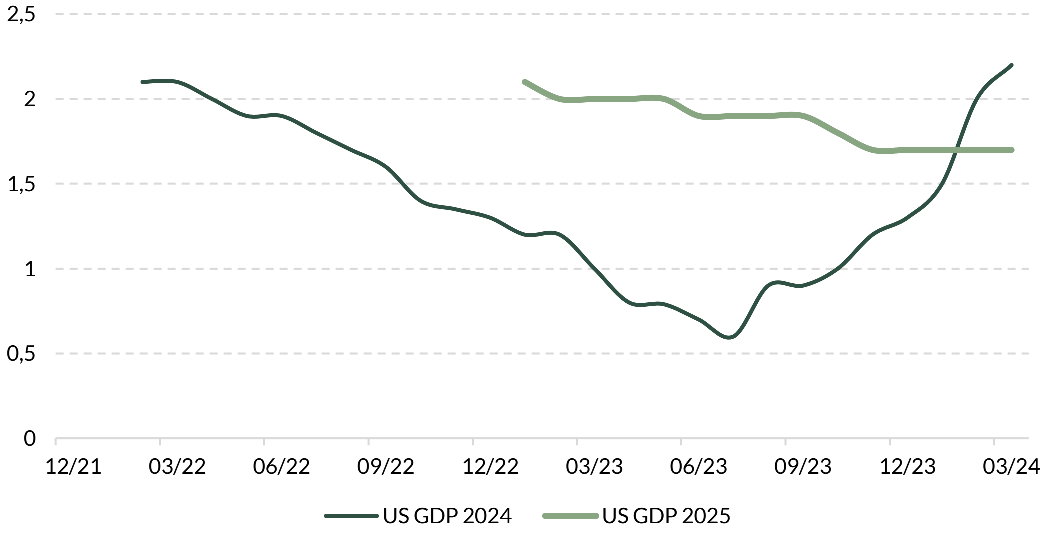
03 CURRENT CONVICTIONS

01

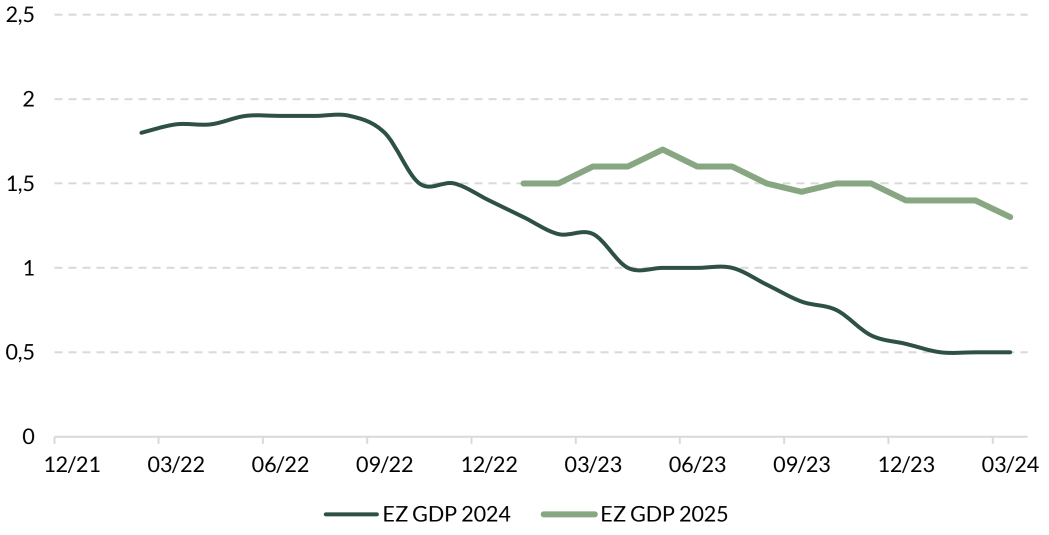
MACROECONOMIC *outlook*

Growth outlook
GLOBAL GROWTH REBOUND CONTINUES

US FULL YEAR GDP GROWTH ESTIMATES (%)



EUROZONE FULL YEAR GDP GROWTH ESTIMATES (%)



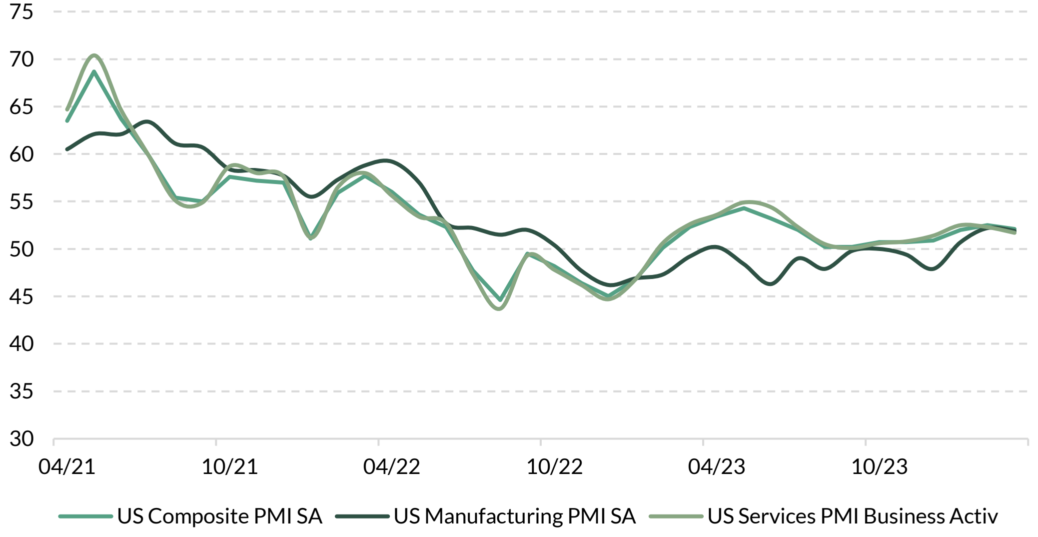
- The US remains the growth engine with 2024 GDP forecasts upgraded to now 2,2%
- Eurozone projections have at least stabilized around 0,5% for 2024, but are likely to be revised up slightly given some improvement in the data
- Indicators like the global manufacturing PMI suggest that industry momentum has turned to the better for now

Sources: ODDO BHF AM SAS, Bloomberg | Data as of 04/04/2024

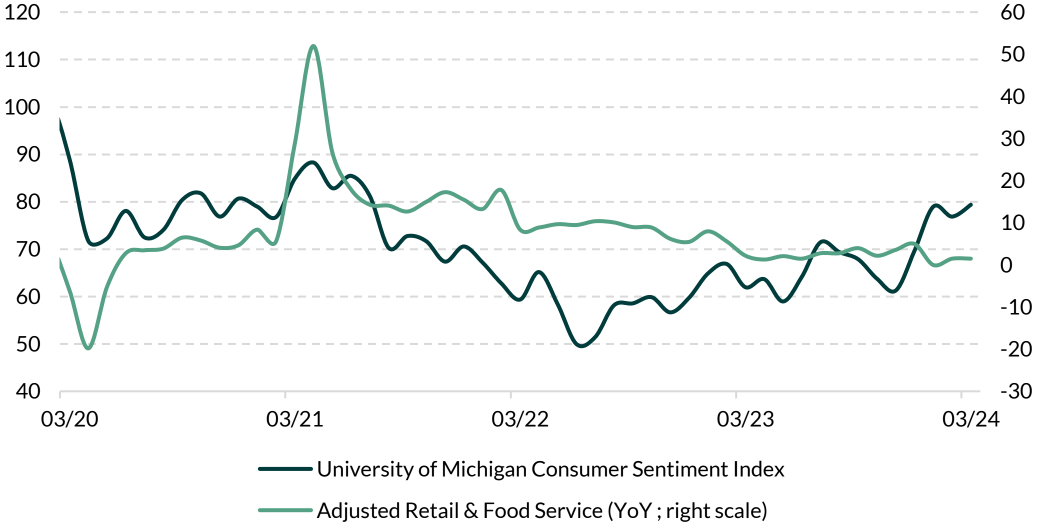
USA

STEADY AS SHE GOES

PMI SERVICES & MANUFACTURING



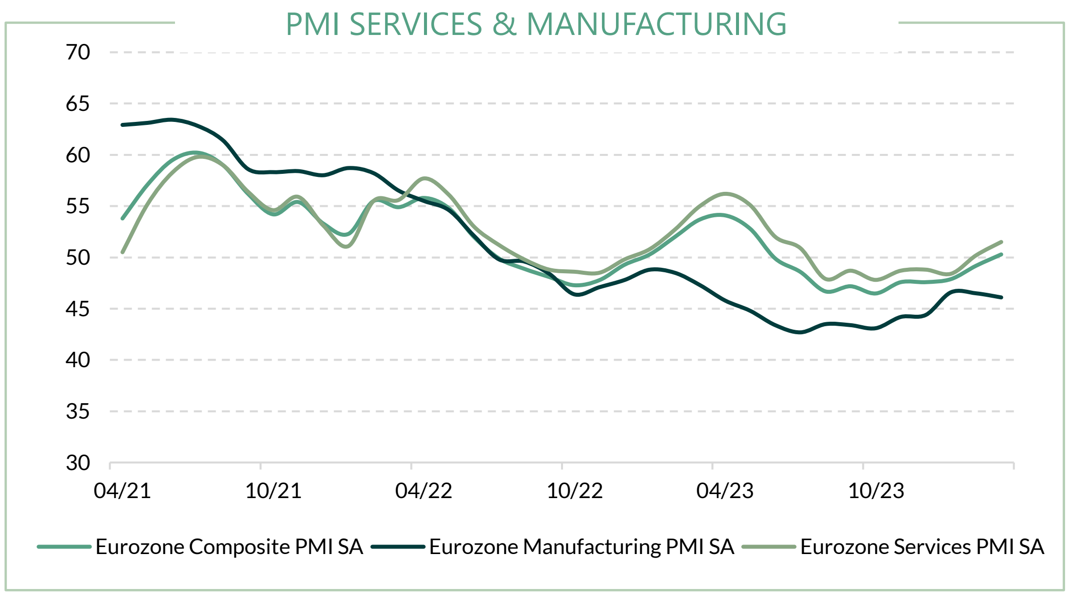
RETAIL SALES & CONSUMER CONFIDENCE

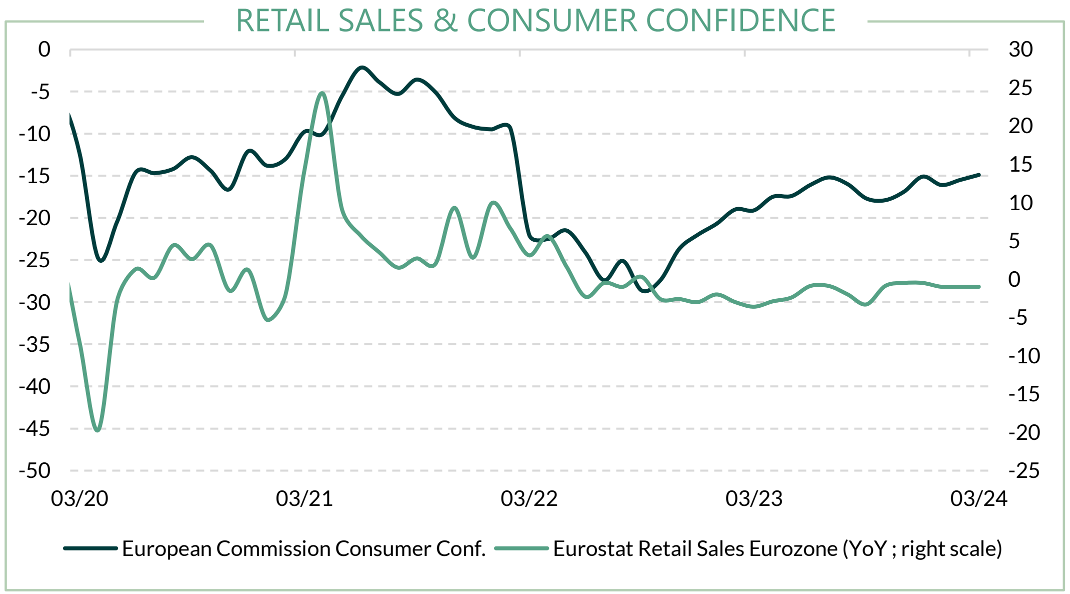


- US growth continues to be healthy overall with a bit of weaker data from the consumer side. Thus, retail sales rebounded underwhelmingly from a weather-related dip in January. Also, ISM services for March posted the second decline in a row but remains well above 50
- However, manufacturing appears to be bottoming out and even improving. The ISM manufacturing indicator managed to claw back its way above the 50-line for the first time since September 2022. Most components like new orders also confirmed the rebound
- The labor market is still healthy but underlying cracks show that some deceleration from red hot to hot is happening below the surface. While nonfarm payrolls are running strong at more than 250 k monthly increase over the last months, some cooling can be found in job openings or the quits rate

Sources: ODDO BHF AM SAS, Bloomberg | Data as of 04/04/2024

Europe
GLIMMERS OF HOPE

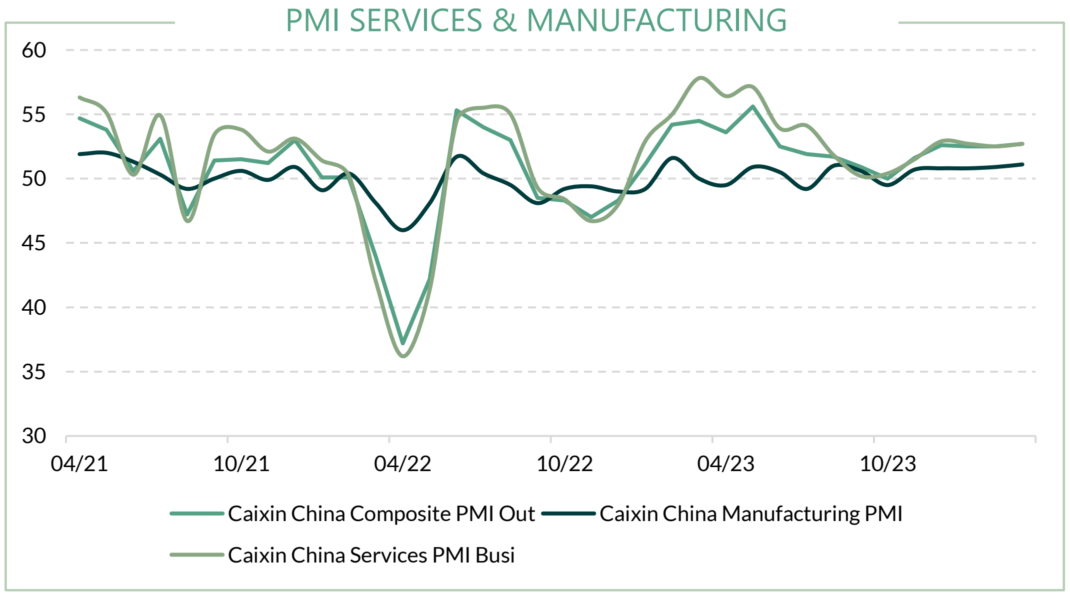


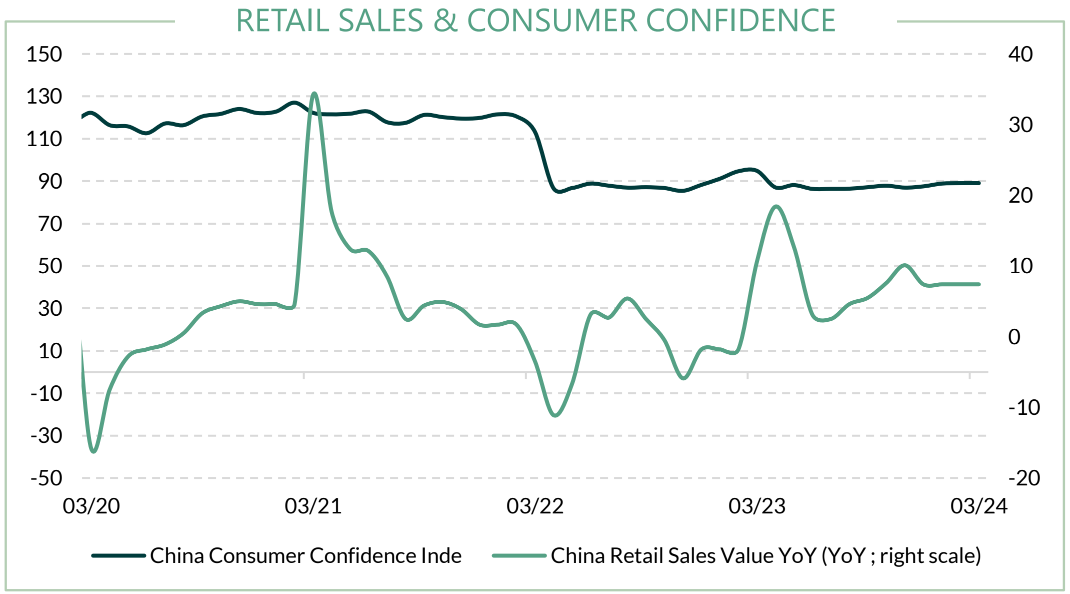


- The case for a rebound has strengthened recently
- The composite PMI has further improved to slightly above 50 in March for the first time since May 2023. While the strength is mostly based on the service sector, manufacturing also staged a shallow comeback. Regionally, Italy and Spain remain the driving forces
- Germany remains the drag on Eurozone growth as energy costs and transition are weighing on the larger industrial sector
- While better real disposable income, robust labor markets and some inventory restocking may lift the economy further, it is unlikely that such a rebound is sustainable. Fiscal policy, especially in Germany is restrictive, rate hikes are still working themselves through the economy and main trading partners like China are struggling

Sources: ODDO BHF AM SAS, Bloomberg | Data as of 04/04/2024

China
BOTTOMING-OUT?



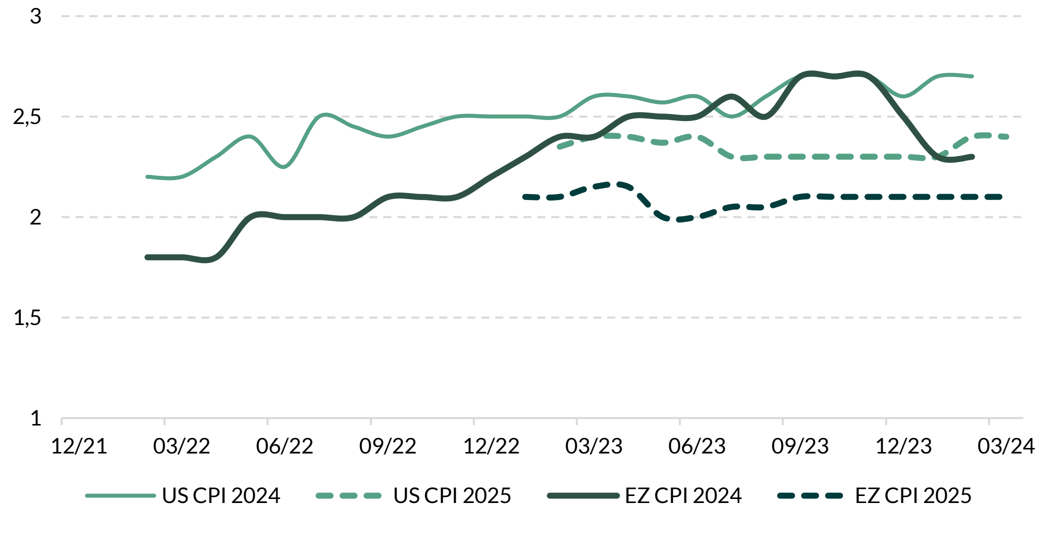


- PMI signal at least a temporary relief as manufacturing and services components are now well above 50
- However, property indicators like sales or residential prices are still in a downward spiral
- This structural drag on growth is likely to continue rather for years than months
- Monetary policy has been eased further but with limited impact so far as the economy faces a liquidity trap
- Therefore, the recent growth rebound may be quite temporary and is not backed by domestic consumer demand

Sources: ODDO BHF AM SAS, Bloomberg | Data as of 04/04/2024

Inflation expectations ANCHORED

US & EUROZONE: FULL YEAR CPI GROWTH ESTIMATES (%)



YOY CPI ESTIMATES

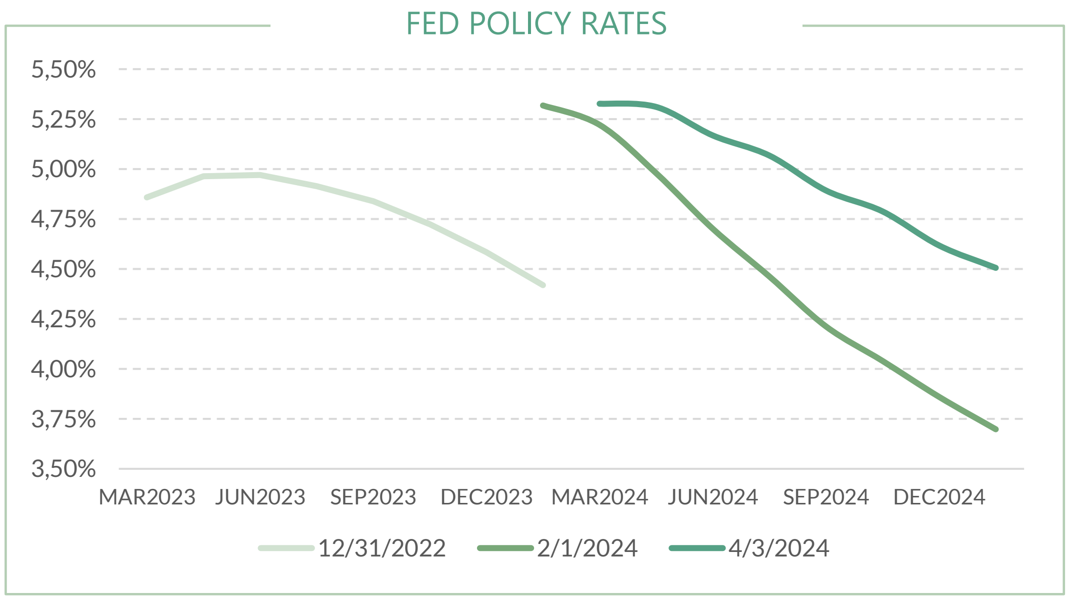
	Headline Inflation Rate (%)	Inflation Rate (%)			Inflation Forecasts (%)		Policy Rate (%)		Money Supply (y/y %)		Output Gap (%)
		Target	Actual	Diff	Annual Forecast	Diff	Nominal	Real	Narrow	Broad	
US	3.2	2.0	2.5	0.5	2.9	0.9	5.5	2.3	10.81	-1.7	-0.3
Euro Area	2.4	< 2.0	2.4	0.4	2.4	0.4	4.5	2.1	-7.7	0.4	-
Japan	2.8	2.0	2.8	0.8	2.3	0.3	-0.1	-2.9	1.6	2.5	0.7
UK	3.4	2.0	3.4	1.4	2.5	0.5	5.25	1.85	-	-1.2	-0.8
Canada	2.8	1.0-3.0	2.8	In range	2.5	In range	5	2.2	-2.38	4.21	-0.6
Australia	3.4	2.0-3.0	3.4	0.4	3.3	0.3	4.35	0.95	-19.97	5.21	-0.7
New Zealand	4.7	1.0-3.0	4.7	1.7	3.2	0.2	5.5	0.8	10.8	3.3	-1.0
Switzerland	1	<2.0P	1.0	In range	1.5	In range	1.5	0.5	-7.36	-2.79	0.5
Denmark	0.8	-	0.8	0.8	2.1	2.1	3.75	2.95	3.67	-12.61	-0.1
Norway	4.5	2.0	4.5	2.5	3.55	1.6	4.5	0	-6	-0.9	-0.6
Sweden	4.53	2.0	4.5	2.5	2.9	0.9	4	-0.53	-10.04	-1.95	-2.4

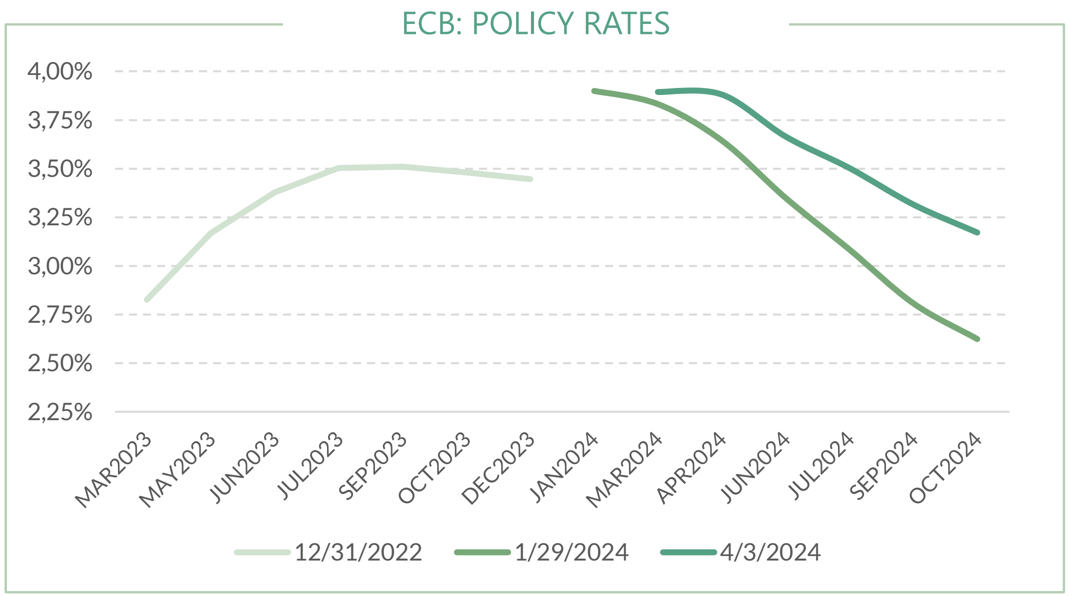
- Despite some firmer January inflation prints in the US and Eurozone, surveys do not reflect heightened inflation expectations longer-term
- Market based break-even rates have inched-up recently but are still trading close to the lower end of the range after the marked decline over the last months

Sources: ODDO BHF AM SAS, Bloomberg | Data as of 04/04/2024

FED & ECB policies

MARKET EXPECTATIONS NOW BELOW FED DOTS



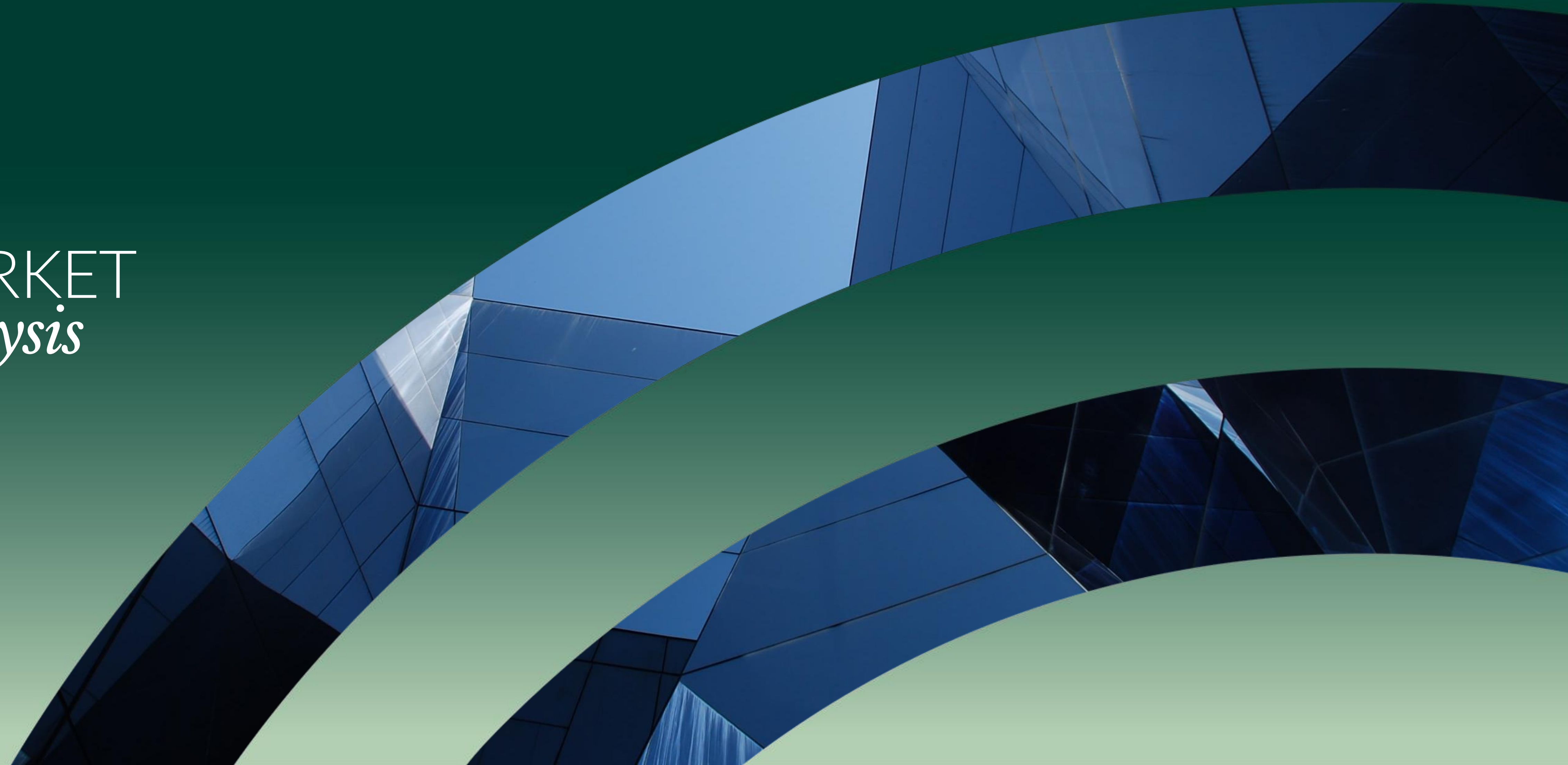


- After slightly disappointing inflation data in the US and resilient economic activity, easing expectations have fallen significantly and – at around 50 bps – are now below the Fed's projection. Dots are showing three rate cuts for this year as a central case
- These projections are basically reflecting a soft landing outcome but leave little room for error
- In the Eurozone consensus is now for a starting point in June with around 75bps cuts priced for the ECB in 2024
- Although, the cutting cycle may start slow we are still seeing chances for more meaningful cuts medium-term than currently priced

Sources: ODDO BHF AM SAS, Bloomberg | Data as of 04/04/2024

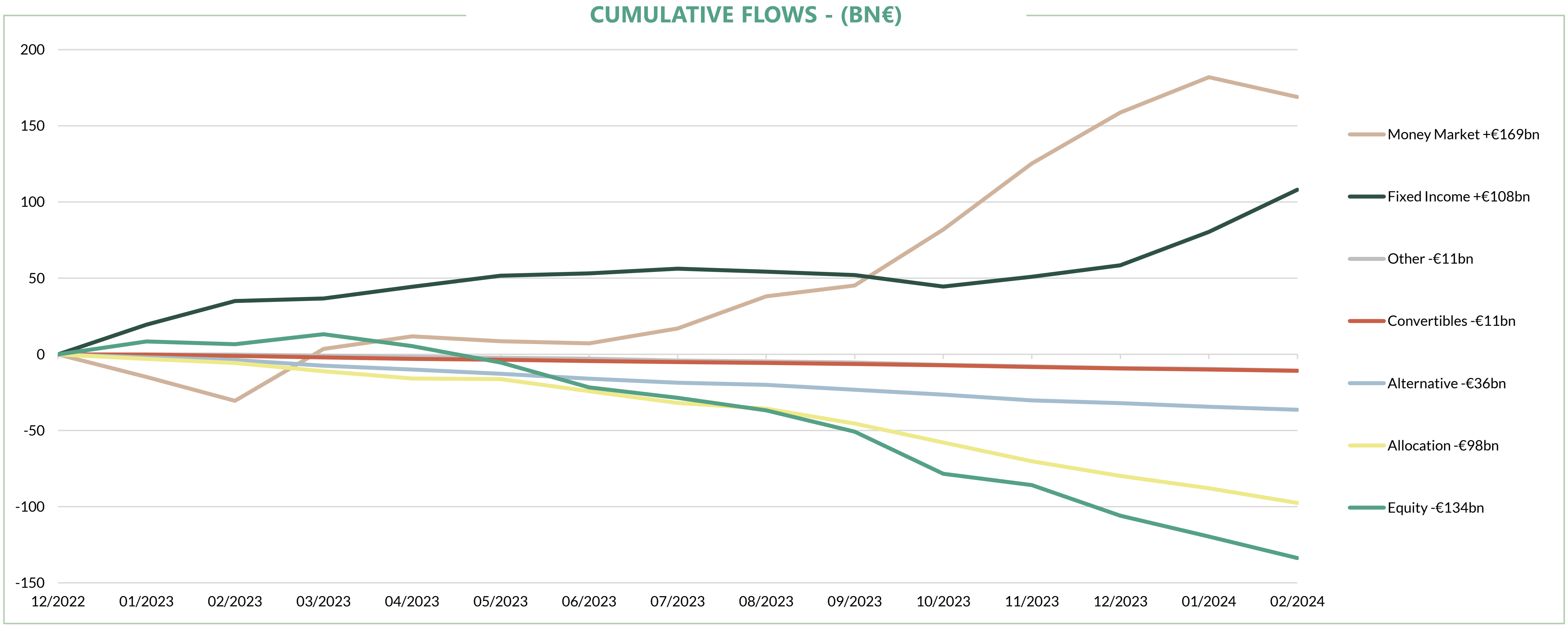
02

MARKET *analysis*



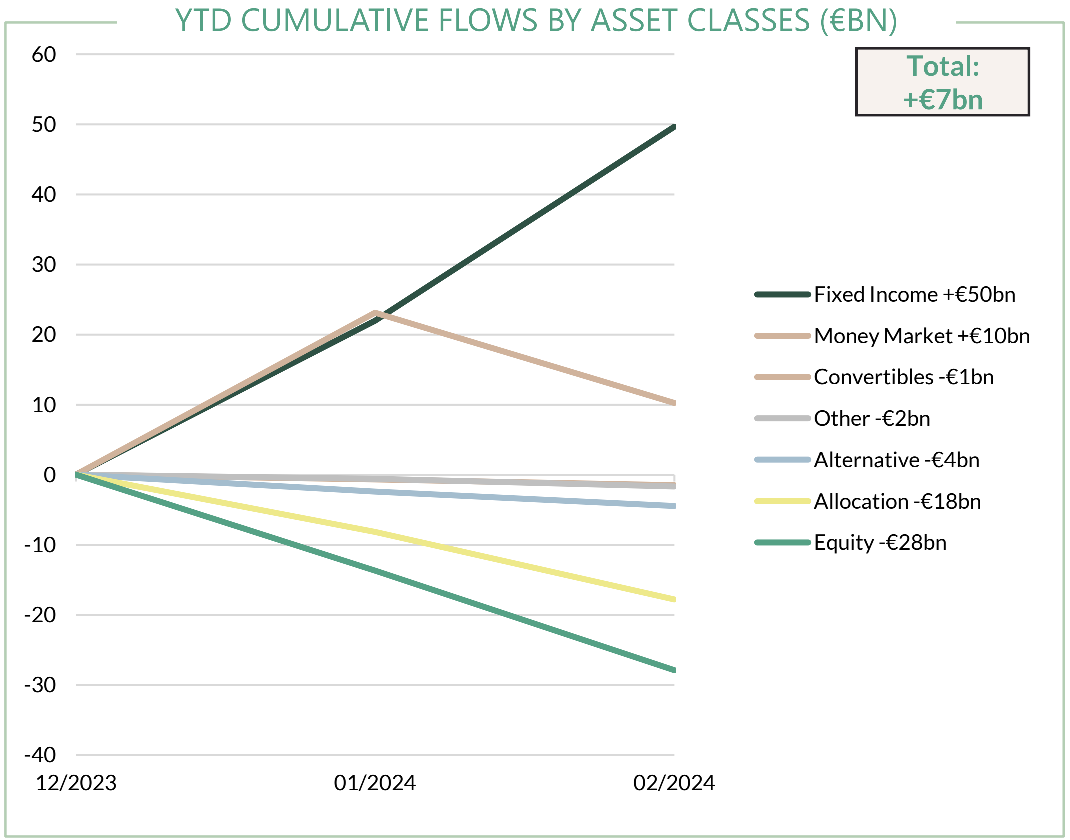
Cumulative mutual fund flows (€bn) since 2023

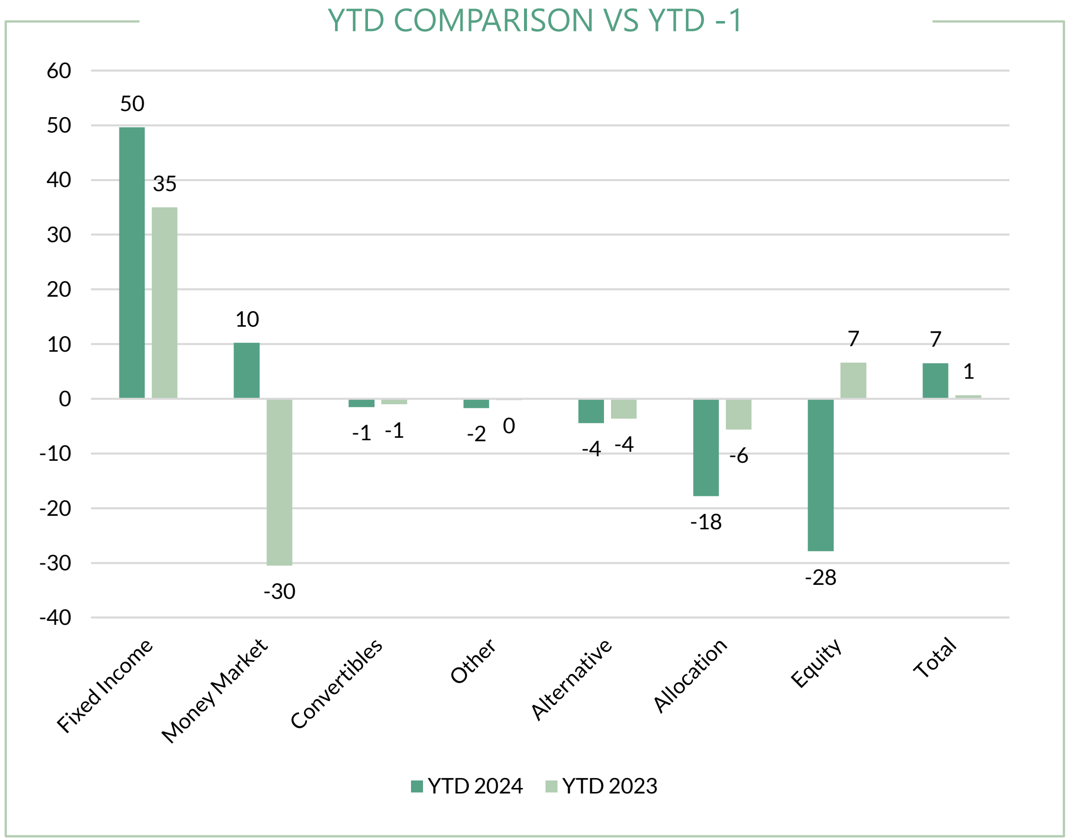
MONEY MARKET AND FIXED INCOME ATTRACTING MOST FLOWS



Source: Morningstar. Data as of 29/02/2024 (Europe OE ex ETF ex MM ex FoF ex Feeder (domiciled, most compr)

2023 European mutual fund flows

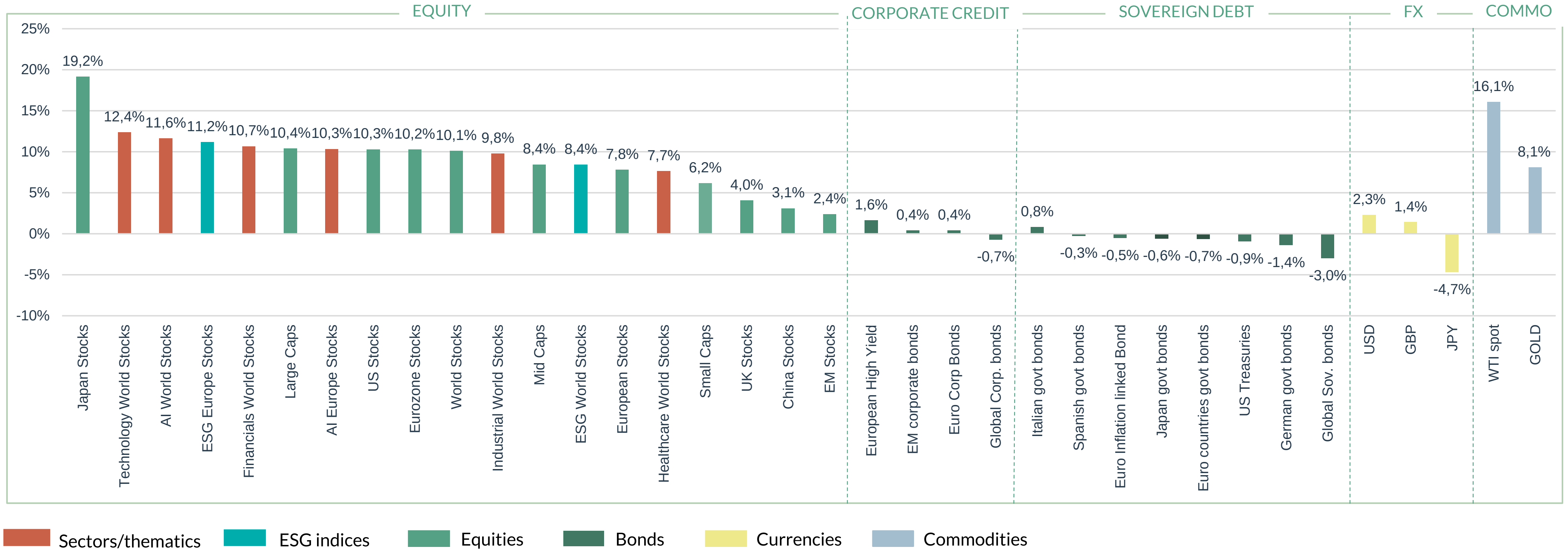




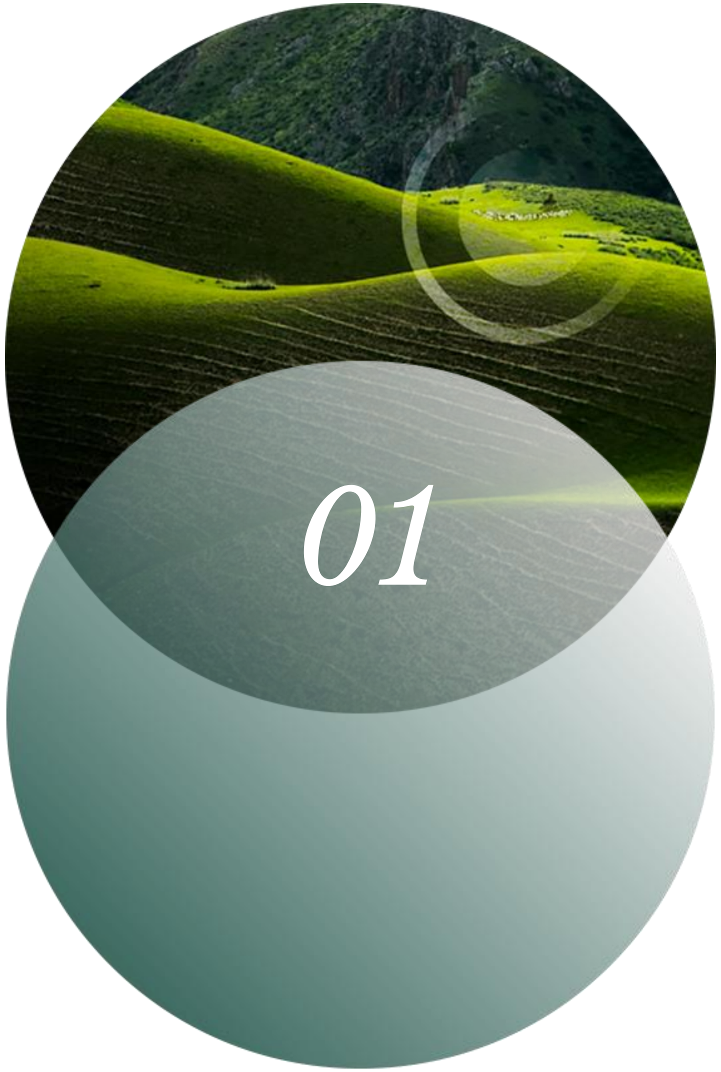
Source : Morningstar. Data as of 29/02/2024 (Europe OE ex ETF ex MM ex FoF ex Feeder (domiciled, most compr)

Year-to-date performances of asset classes

LARGE CAPS AND TECH STOCKS LEADING THE RISK-ON RALLY



Past performances are not a reliable indicator of future performances and are not constant over time.
Sources: Bloomberg and BoA ML as of 31/03/2024; performances expressed in local currencies

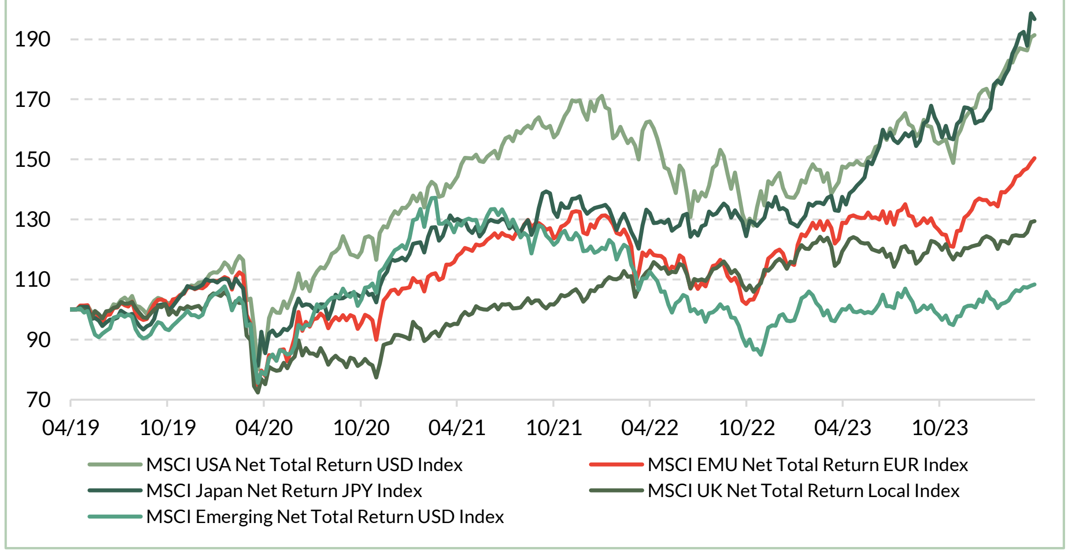


EQUITIES

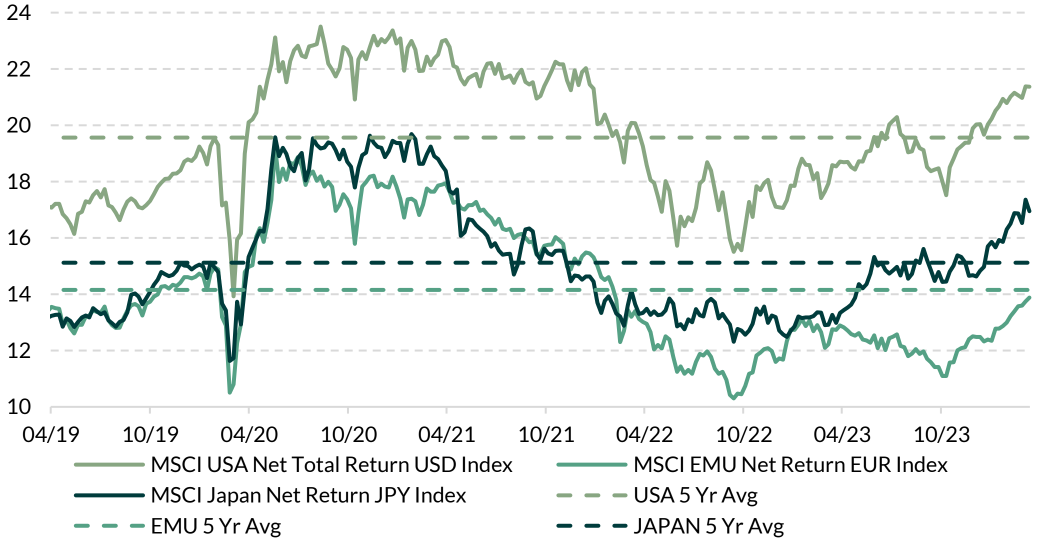
Equities

INDICES KEEP ON BREAKING NEW HIGHS

5-YEAR EQUITY MARKET PERFORMANCE



5-YEAR PRICE/EARNING RATIO



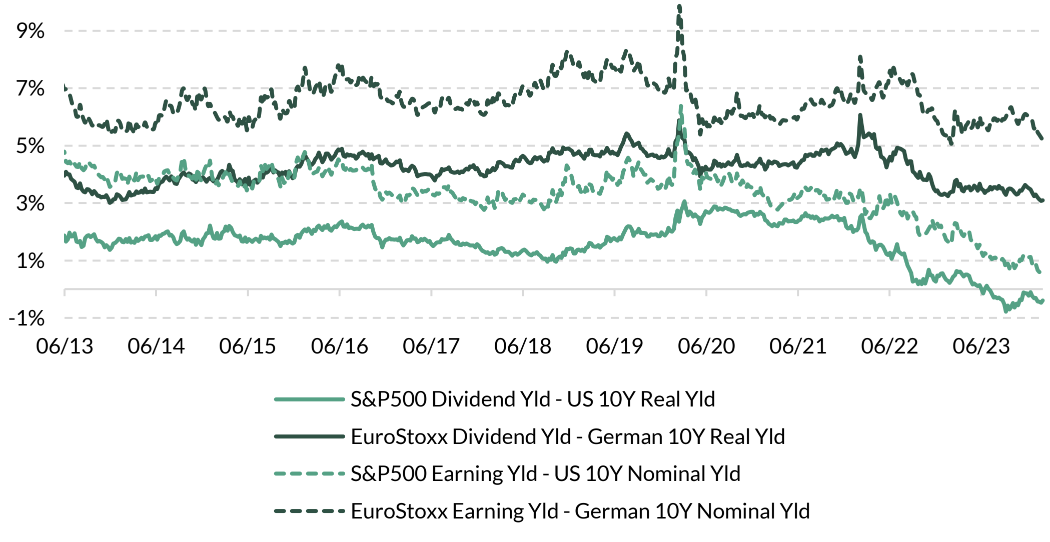
- Every major developed equity index rose in March. In the USA, the Tech rally lost some steam (Nasdaq +1% while the S&P500 jumped +3%) while Mid&Small caps overperformed.
- Meanwhile the EuroStoxx, FTSE100 and the Japanese Topix all appreciated by 4% in March. One could note the impressive performances of Southern European markets, with the Italian FTSE MIB and Spanish Ibex rallying respectively by +7% and +11%.
- Once more, a more tepid picture in the emerging universe, with the MSCI Emerging appreciating by 2% (in USD).

Past performances are not a reliable indicator of future performances and are not constant over time
Sources: ODDO BHF AM SAS, Bloomberg | Data as of 04/04/2024

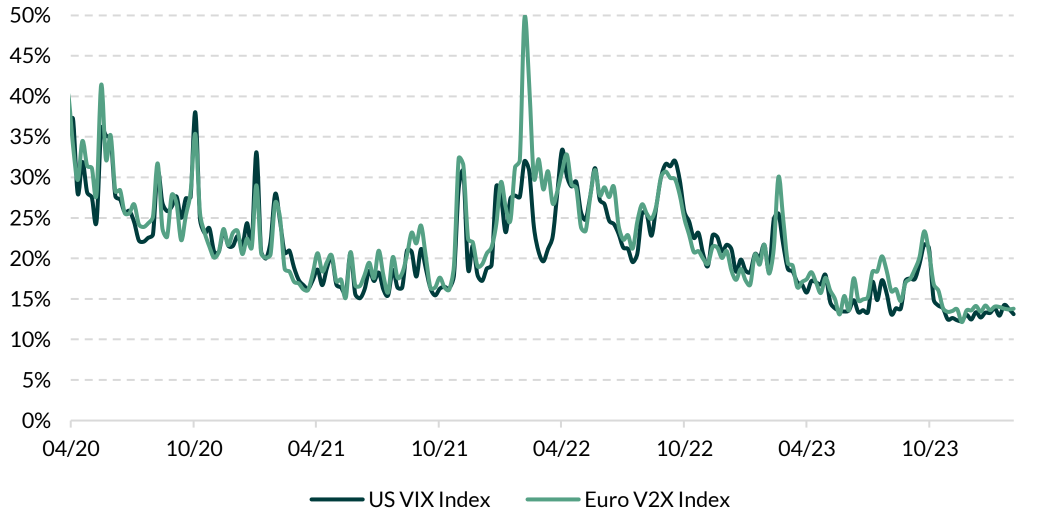
Risk premiums & volatility

LOW VOLATILITY, LOW PREMIA...

EQUITY RISK PREMIUMS (NOMINAL AND REAL)



IMPLIED VOLATILITY INDEXES



- Despite some marginal downside move of sovereign yields curve over the month, the equity rally, mainly driven by valuation multiples rerating, ends up leaving equity risk premia even tighter.
- After the end of the earning releases season, equity indexes' volatilities remain very muted.

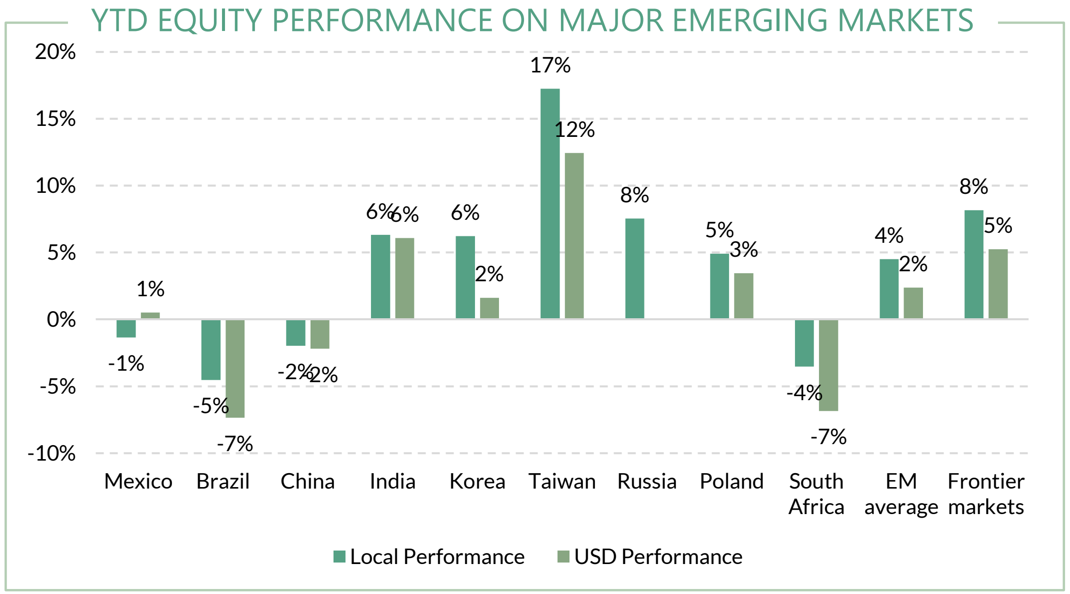
Past performances are not a reliable indicator of future performances and are not constant over time
Sources: ODDO BHF AM SAS, Bloomberg | Data as of 04/04/2024

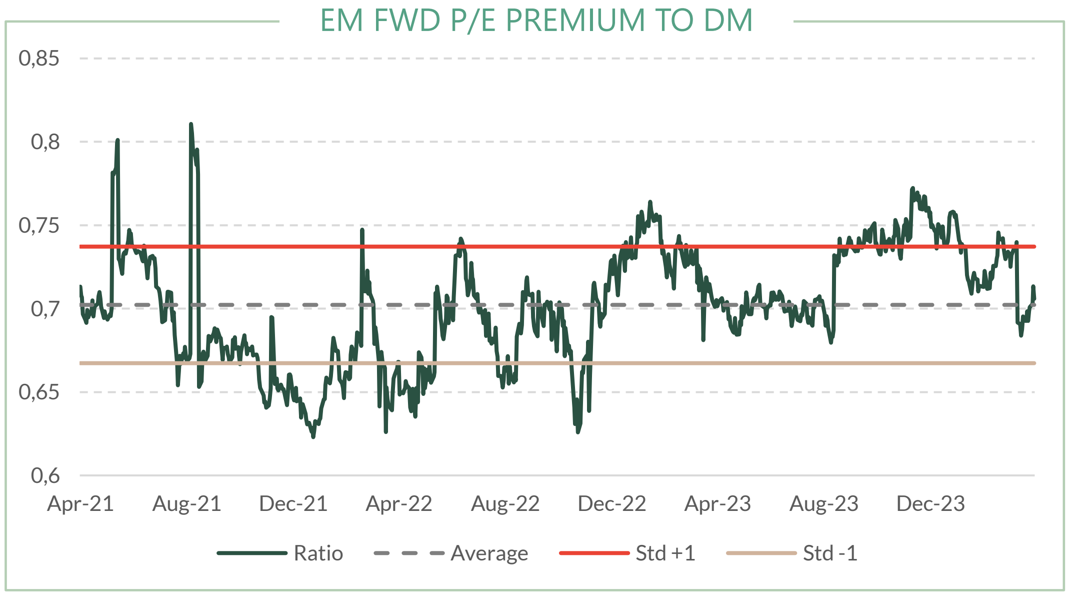
European equities – sectors overview

EUROPEAN SECTOR	WEIGHT	PRICE PERFORMANCE		EPS GROWTH		Valuation				
		1m %	YTD %	2024	2025	P/E 12m 12m	Div Yield 12m	FCF Yield 12m	EV/EBITDA 12m	Price/Book 12m
STOXX Europe 600		3,7%	7%	6%	10%	13,7 x	3,4%	5,2%	9,1 x	1,9 x
Commodities										
Energy	4,1%	4,8%	2%	-4%	7%	8,5 x	4,8%	9,4%	3,9 x	1,2 x
Basic Resources	2,4%	5,2%	-6%	12%	13%	11,0 x	4,1%	5,8%	5,5 x	1,2 x
Cyclicals										
Automobiles & Parts	2,9%	2,9%	15%	-2%	7%	6,5 x	4,9%	9,6%	5,5 x	0,8 x
Chemicals	2,7%	4,9%	4%	24%	20%	20,9 x	2,9%	3,1%	10,3 x	2,1 x
Construction & Materials	4,2%	3,8%	7%	7%	11%	15,2 x	2,9%	6,2%	8,5 x	2,1 x
Industrial Goods & Services	14,8%	3,0%	10%	9%	14%	18,4 x	2,5%	4,9%	10,5 x	3,1 x
Media	2,0%	1,7%	11%	74%	10%	18,9 x	2,5%	5,3%	11,8 x	3,6 x
Technology	8,7%	-0,3%	14%	7%	30%	27,3 x	1,1%	2,8%	18,4 x	4,5 x
Travel & Leisure	1,4%	-0,5%	7%	17%	18%	13,6 x	2,0%	6,4%	7,4 x	2,6 x
Consumer Products and Services	6,4%	-0,5%	8%	9%	16%	25,2 x	1,9%	3,9%	14,0 x	4,3 x
Financials										
Banks	9,2%	7,6%	12%	3%	5%	7,2 x	7,0%	-		0,8 x
Insurance	5,4%	5,3%	11%	16%	9%	10,6 x	5,5%	6,4%	28,2 x	1,7 x
Financial Services	4,3%	3,5%	5%	4%	20%	14,5 x	3,0%	5,5%	9,1 x	1,4 x
Real Estate	1,8%	5,8%	-3%	7%	4%	15,4 x	4,1%	5,0%	21,9 x	0,9 x
Defensives										
Health Care	15,1%	1,7%	7%	32%	25%	19,6 x	2,3%	4,6%	12,7 x	3,5 x
Food Beverage and Tobacco	5,4%	1,4%	-1%	3%	9%	14,8 x	3,7%	5,7%	10,8 x	2,5 x
Personal Care Drug and Grocery Stores	2,0%	-0,5%	-2%	4%	11%	14,5 x	3,7%	6,3%	8,1 x	2,5 x
Retail	1,2%	10,9%	9%	11%	14%	17,6 x	3,2%	5,4%	8,5 x	3,1 x
Telecommunications	2,5%	2,3%	2%	68%	12%	12,9 x	5,0%	11,4%	6,2 x	1,2 x
Utilities	3,6%	4,2%	-6%	3%	2%	12,0 x	5,2%	-1,0%	7,5 x	1,4 x

Past performances are not a reliable indicator of future performances and are not constant over time
Sources: ODDO BHF AM SAS, Goldman Sachs, 03/04/2024

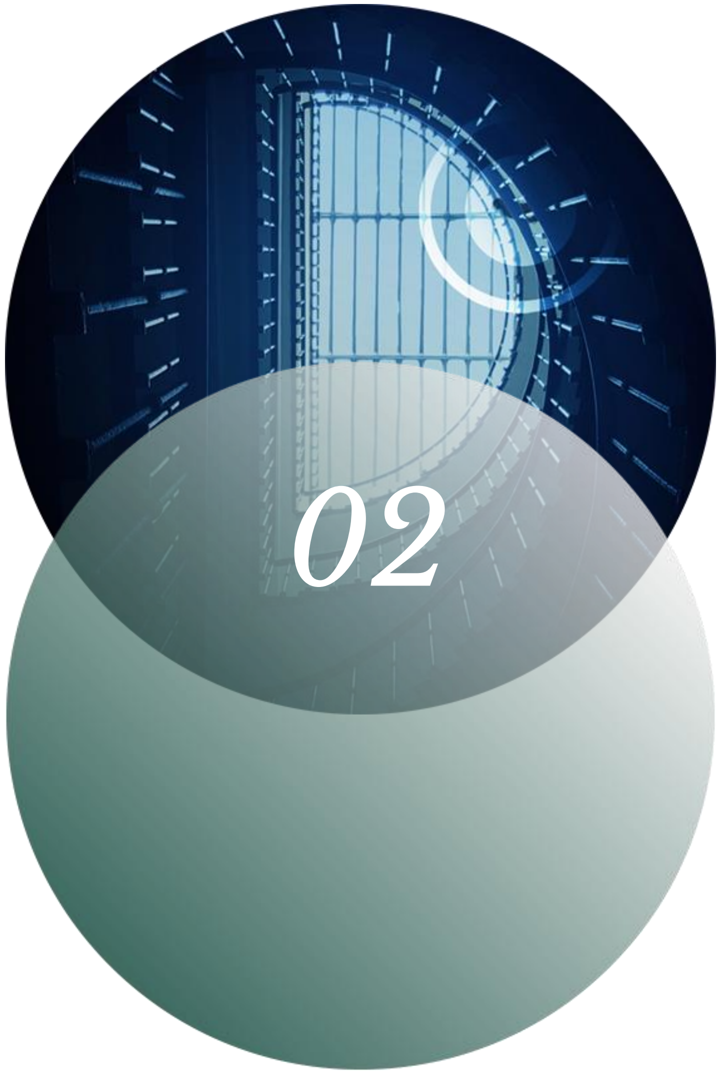
Emerging markets
TECH OUTPERFORMANCE





- TSMC gained 13% in March, thus making the Taiwanese indexes best performers over the month…
- Otherwise, most markets posted close to flatish performances over the month.
- After some severe profit takings over the previous month, Mexico rebounded strongly in March with the Mexbol BMV posting a 4% gain and the Mexican Peso rebounding by 3% vs the US dollar.

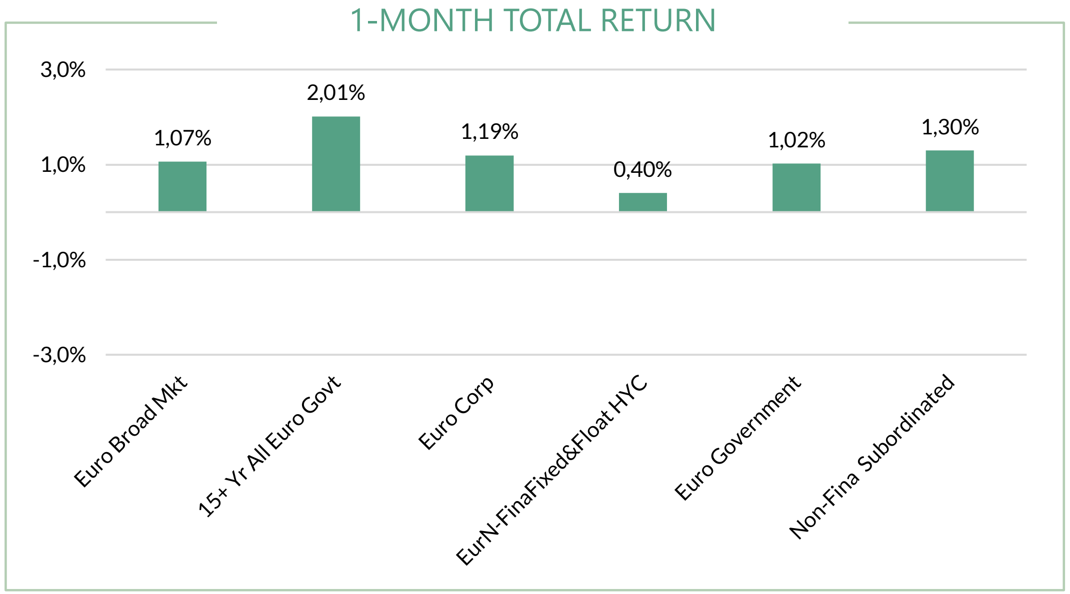
Past performances are not a reliable indicator of future performances and are not constant over time
Sources: ODDO BHF AM SAS, Bloomberg | Data as of 04/04/2024

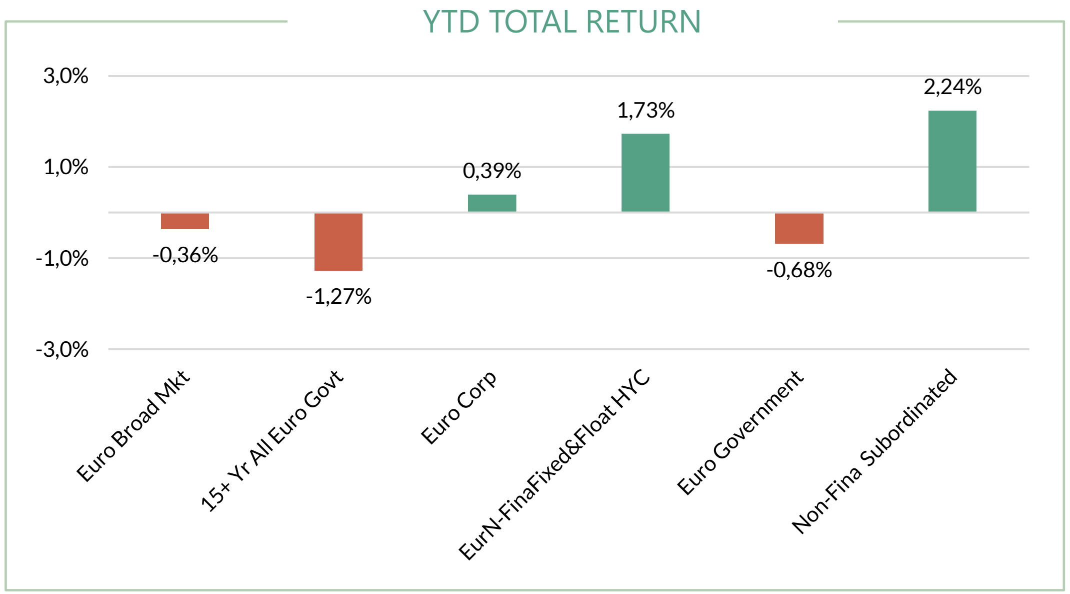


FIXED INCOME

Performance fixed income segment

A BIT OF RELIEF FOR FIXED INCOME



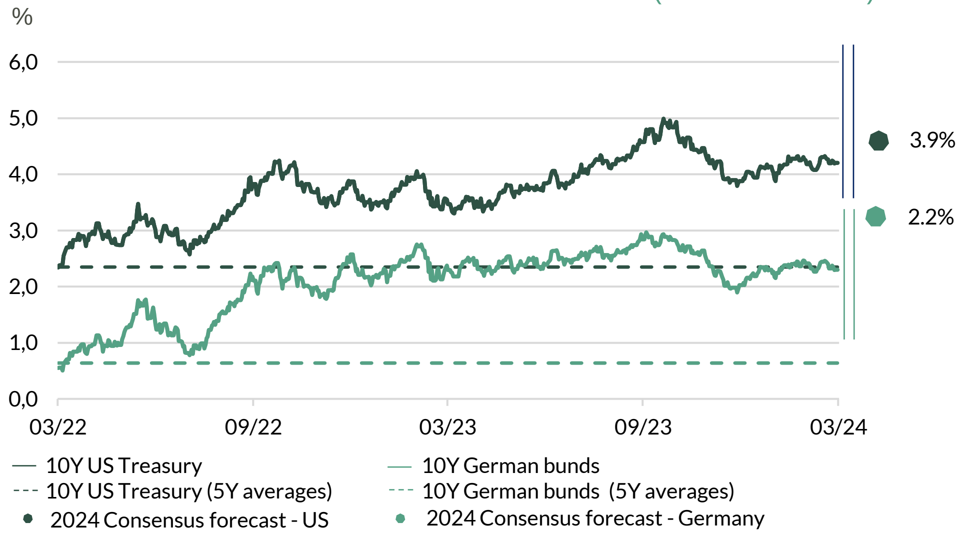


Past performances are not a reliable indicator of future performances and are not constant over time
Source: ODDO BHF AM, Bloomberg, data as of 28/03/2024

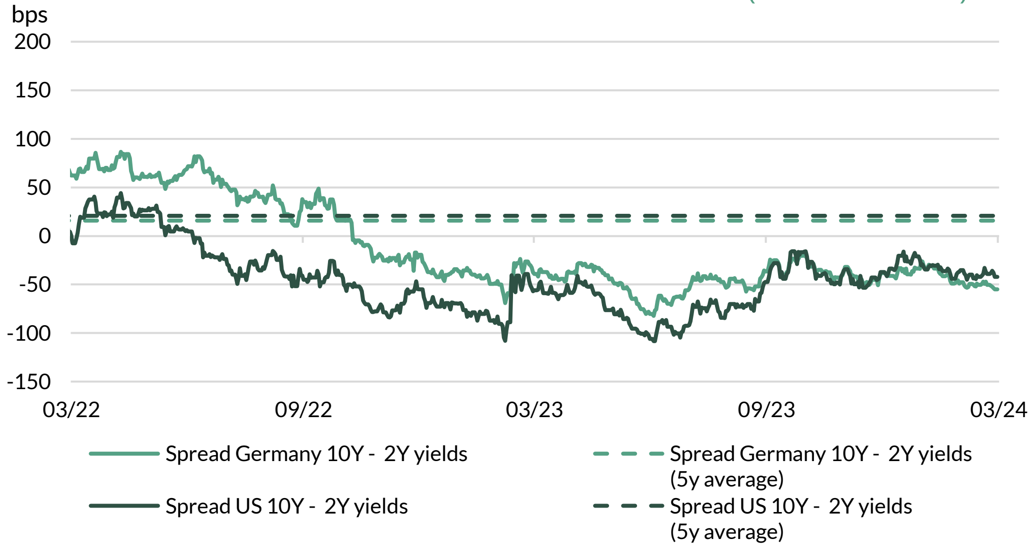
Rates

RANGE TRADING TO CONTINUE

GERMAN & US 10-YEAR BOND YIELDS (OVER 2 YEARS)



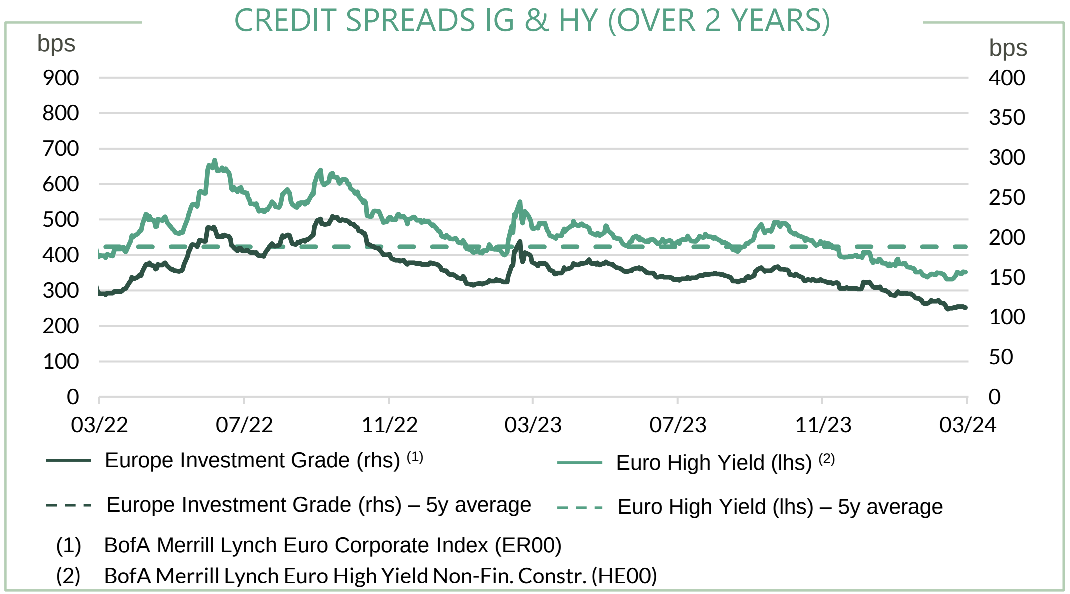
GERMAN & US 2 YEAR – 10-YEAR YIELD CURVE (OVER 2 YEARS)

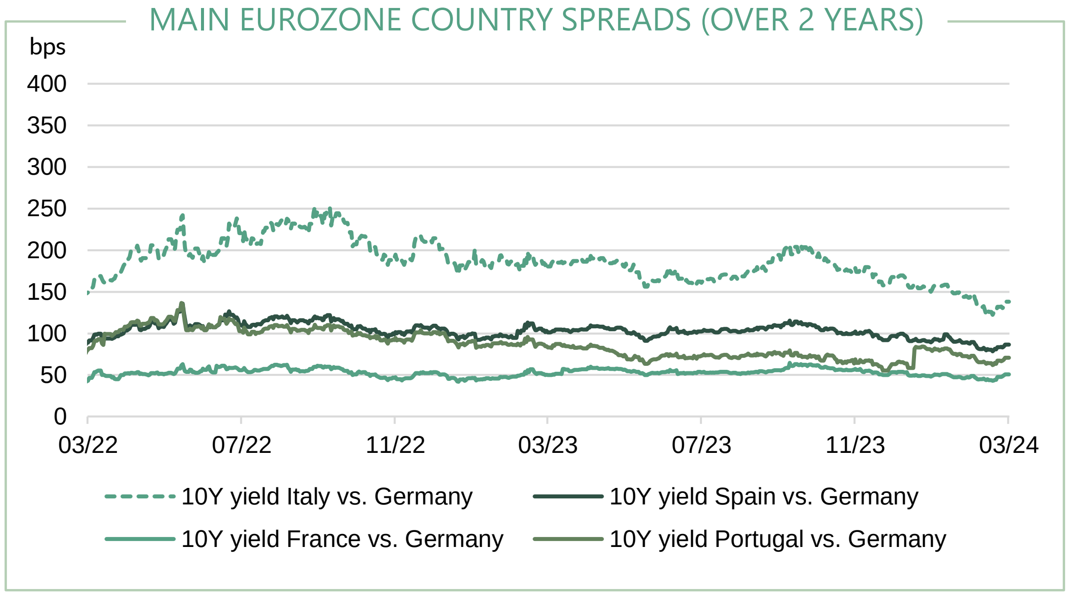


- Ambiguous data and some stickiness in US inflation leave markets in a whipsaw mode
- Disinflation has further to run in the Eurozone allowing for cuts as early as June for the ECB. In the US the situation is more complex, so that the Fed may end up joining the easing bandwagon after the ECB
- Data in the US is still strong but set to cool over the next months as the hiking cycle works with a lag and special boosters are fading
- Nevertheless, a yield breakout to the downside does not to appear imminent. A further leg down needs the real start of cutting cycles and/or decidedly weaker economic data

Past performance is not a reliable indicator of future performance and is not constant over time.
Bloomberg Economic Forecast | Sources: ODDO BHF AM SAS, Bloomberg | LHS: Data as of 03/31/2024; RHS: Data as of 03/31/2024

Credit Spreads
CARRY IS STILL THE NAME OF THE GAME

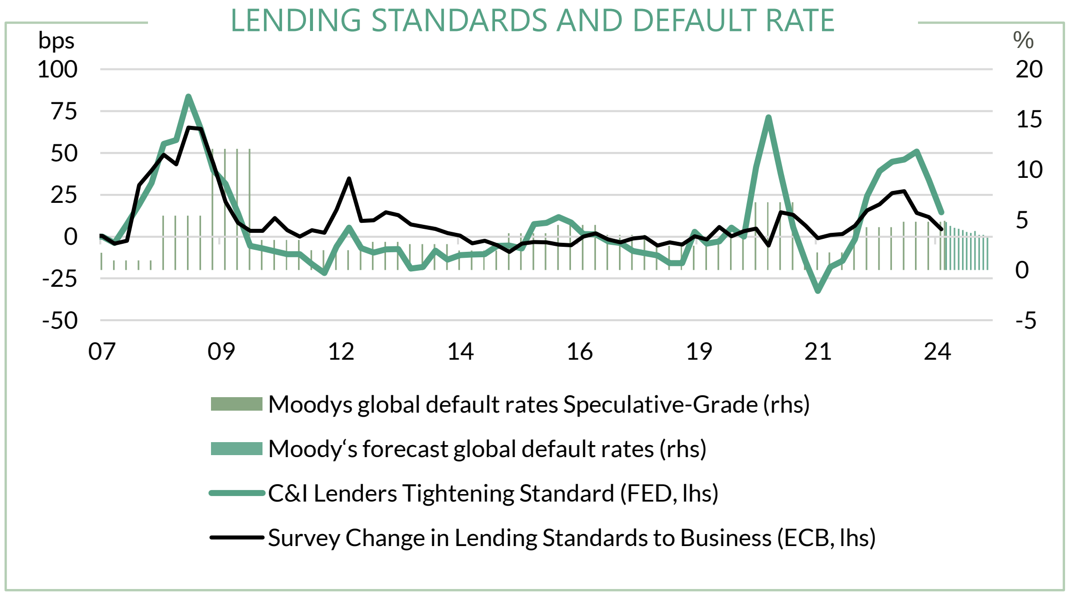


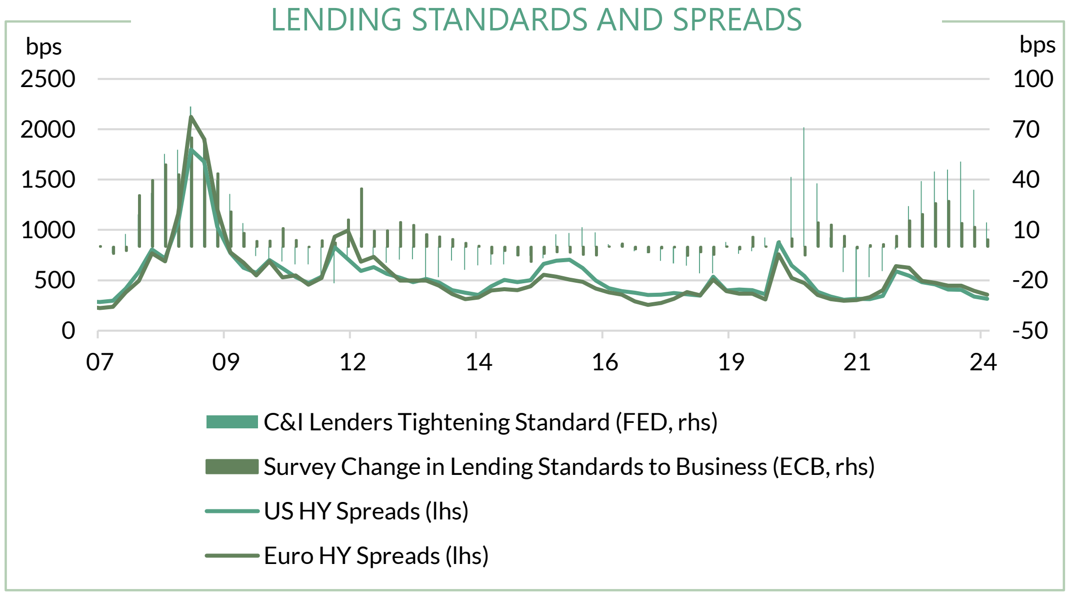


- Credit spreads have been grinding lower in investment grade and high yield corporates as demand is brisk and risk aversion low
- As the "soft landing" story is supported for the time being, spreads still offer attractive carry features, while further tightening is more difficult to achieve
- Peripheral and sub-sovereign spreads should also continue to benefit from the current risk-on environment, although Italian spreads are starting to look stretched from a historic viewpoint, even after the recent widening

Past performance is not a reliable indicator of future performance and is not constant over time.
Sources: ODDO BHF AM SAS, Bloomberg | Data as of 03/31/2024

Financial conditions
RELATIVELY EASY





- Market driven financial conditions have again improved since October last year in the US and the Eurozone
- Recent surveys by the FED and ECB on lending availability and credit demand still reflect a restrictive stance with some improvement from the last quarter

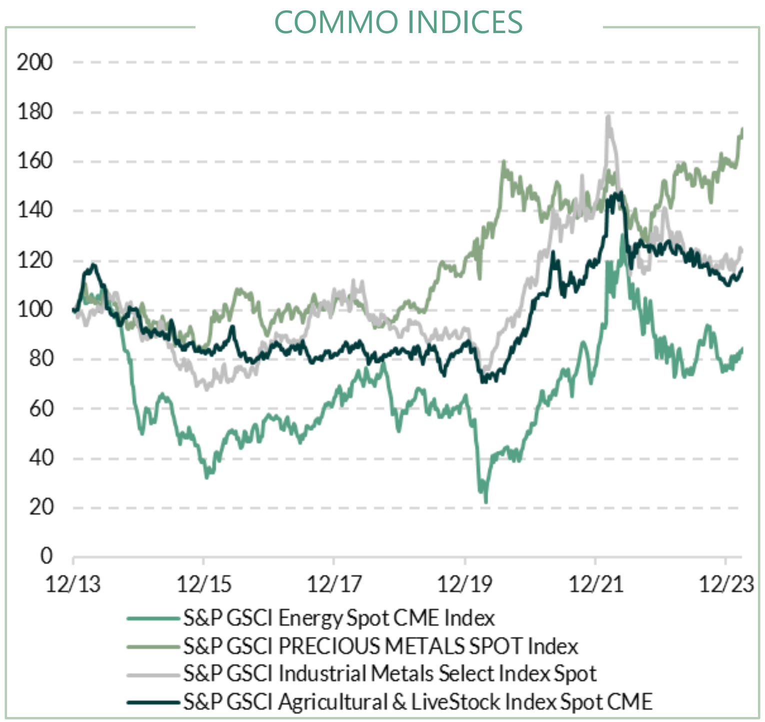
Source: Fed, ECB, Bloomberg | Moody's as of 02/28/2024, Lending Standard & Survey Change as of 03/31/2024, Spreads as of 03/31/2024

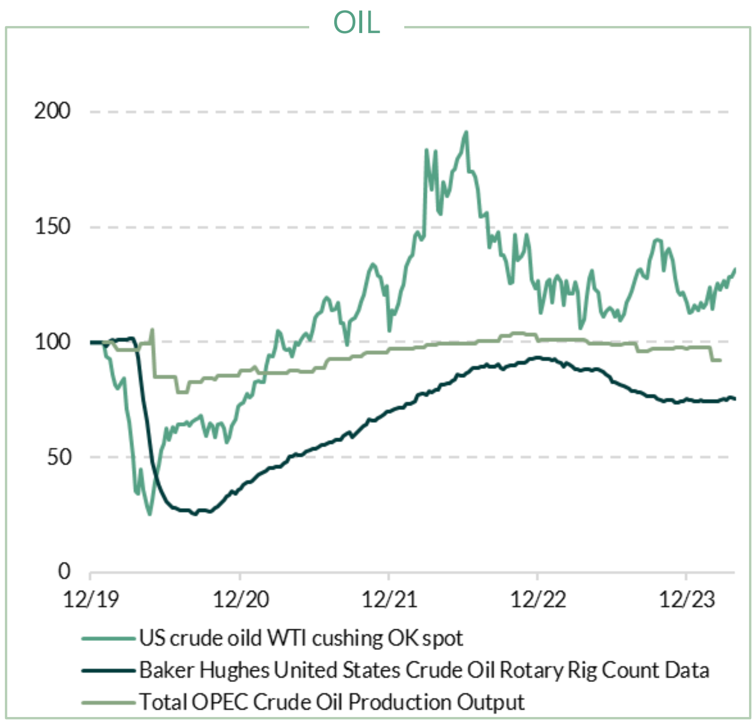
03

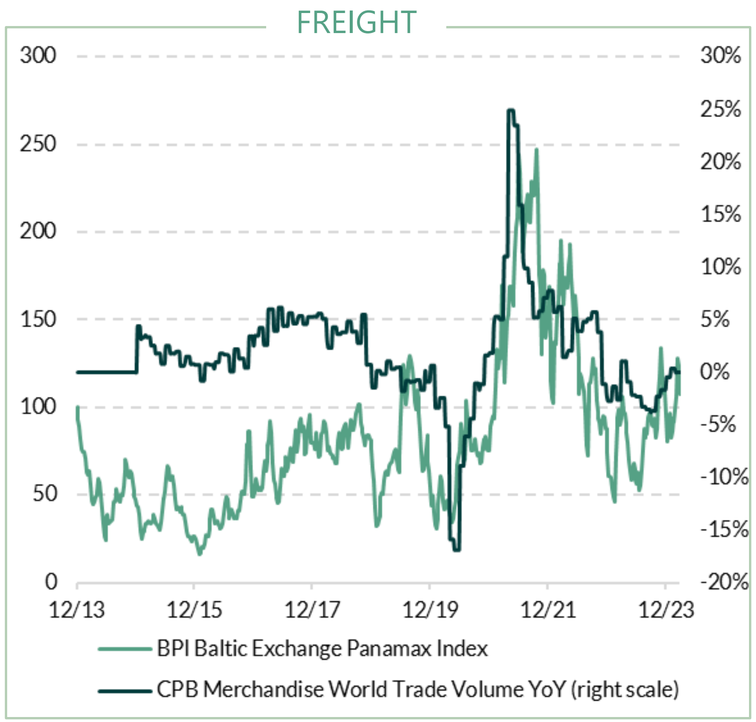
COMMODITIES & CURRENCIES

Commodities

GOLD BREAKING OUT!





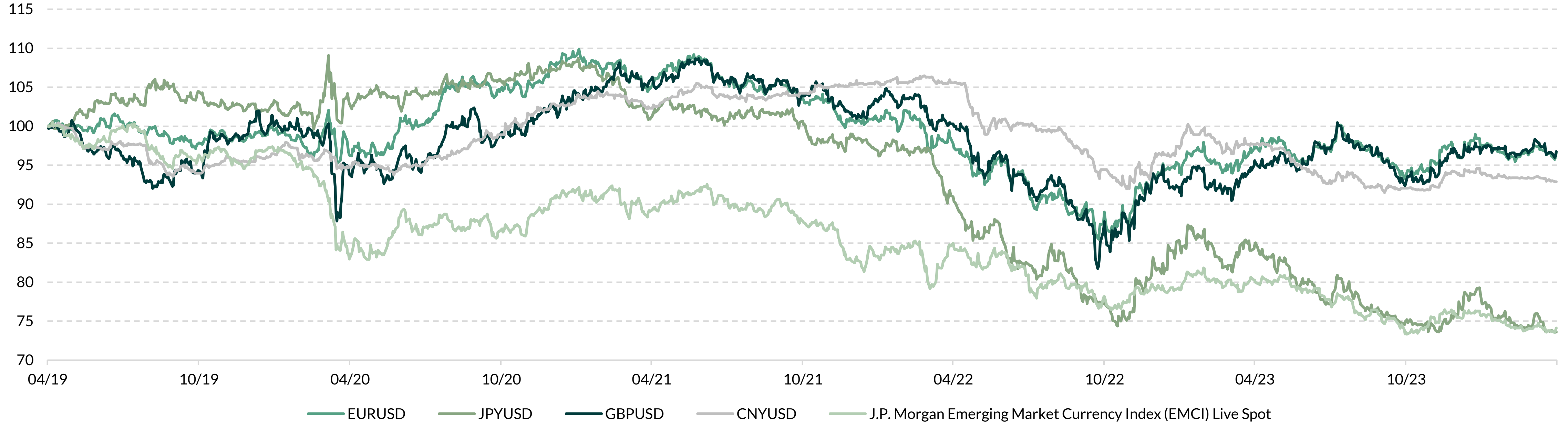


- Despite an environment of stable US yields and no sign of risk-off moves within most markets, Gold, which had been hovering the previous highs of 2000USD/Oz rallied massively by 9%. Other precious metals often jumped by similar magnitudes.
- Most commodities also posted positive performances, with WTI Oil futures reaching 83 USD (+22% YtD), and Copper ending the month at 8700USD/ton (+4%).

Past performances are not a reliable indicator of future performance and are not constant over time.
Sources: Bloomberg, ODDO BHF AM SAS | Data at 04/04/2024

Currencies
STABLE DESPITE DESYNCHRONIZED MONETARY POLICIES

CURRENCIES - CHANGE OVER 5 YEARS



- EUR and GBP were stable vs USD, while the Japanese Yen lost -1% vs the greenback. Renewed talks by Japanese MoF warning against JPY's too sudden depreciation seems to be ignored by markets increasingly speedily, and BoJ long-awaited exit from negative interest rate policy did not propel the currency.
- The Swiss Franc lost 2% vs the Euro (-5% YtD), as the SwissNationalBank decided not to wait until summer to deliver its first interest rate cut in face of quickly fading inflation (headline now just +1.0% YoY).

Past performances are not a reliable indicator of future performance and are not constant over time.
Sources: Bloomberg, ODDO BHF AM SAS | Data at 04/04/2024

03

CURRENT *Convictions*

Scenarios
OUR 6-MONTH VIEW

01 Central scenario

Global GDP growth shows resilience so far but might slow down slightly as PMIs are muted, especially in the Eurozone. China's GDP growth remains lackluster but might fuel disinflation further. The US economy still holds up very well. Central banks are approaching interest rate cuts while the full impact of the previous rate increases still has to be seen. Corporate earnings are solid so far with exceptions in the Chemical and Real Estate sector.

EUROPE
- Growth expectations are low, especially for manufacturing
- Disinflation has accelerated and will continue also for core inflation
- ECB is about to cut rates given the progress on disinflation
- Supply chains are less disrupted

US
- So far, corporate fundamentals and the labor market remain resilient, but economic sentiment is deteriorating slightly
- Disinflation has moderated, and economic data and labor market remain strong pushing back Fed rate cuts
- Massive issuance volumes of the US Treasury could absorb liquidity of bond markets.

STRATEGY
- Neutral on equities
- Benefit from carry of short-term High Yield Bonds and longer duration from Investment Grade

OVERWEIGHT
- Short Duration Euro High Yield
- Government Bonds and Investment Grade

UNDERWEIGHT
- US High Yield

70%

02 Alternative scenario #1

Upside scenario

- Less disrupted supply chains and higher real income support global growth, a recession is avoided
- Central banks start to cut rates as there is substantial relief from inflation figures
- Sustainable resolution of the stress in the financial system and no repercussions to the real economy

OVERWEIGHT
- Equities, incl. Emerging Markets
- High Yield
- Sovereigns

UNDERWEIGHT
- Alternative Strategies
- Cash

20%

03 Alternative scenario #2

Leverage crisis, sticky inflation

- A more restrictive credit supply puts pressure on highly levered companies and the overindebted Real Estate sector which could have negative spill overs to the Banking sector, especially in the US.
- Inflation does not fall to the expected extent, stays sticky despite a weaker economic outlook
- Risk of overtightening by central banks
- Market volatility increases

OVERWEIGHT
- Alternative strategies
- Cash

UNDERWEIGHT
- Equities
- Credit

10%

Source: ODDO BHF AM, as of April 12th 2024

Our current convictions FOR EACH ASSET CLASS

Change from the last GIC meeting

Equities	OVERALL EQUITIES RECOMMENDATION			0		
	Large cap Eurozone			0		
	Mid cap Eurozone			0		
	Small cap Eurozone			0		
	UK			0		
	USA			0		
	Emerging markets			0		
	Japan			0		
	China			0		
Currencies	USD/€ (Direction of the USD)			0		
	YEN/€ (Direction of the YEN)				1	
	GBP/€ (Direction of the GBP)			0		
	CHF/€ (Direction of the CHF)			0		
Commodities	Gold		-1			
	Crude oil			0		

Source: ODDO BHF AM, as of April 12th 2024

Our current convictions FOR EACH ASSET CLASS

Change from the last GIC meeting

Government bonds	OVERALL GOVERNMENT BONDS				1		
	Core Europe				1		→
	Peripheral Europe				1		→
	USA			0			←
Corporate bonds	OVERALL CORPORATE BONDS			0			
	Investment grade Europe				1		
	Investment grade short duration				1		
	High yield credit short duration				1		
	High yield Europe			0			
	High Yield USA		-1				
	Emerging markets			0			
Money Market	Developed markets			0			

Source: ODDO BHF AM, as of April 12th 2024

HOW PERFORMANCE IS CALCULATED

Cumulative fund performance is calculated based on dividends reinvested. Annualised performance is determined on an annual, 365-day actuarial basis. A fund's performance relative to its benchmark index is expressed as arithmetic difference. Static indicators are generally calculated on a weekly tick that is taken on Fridays, or failing that, on the day prior to valuation.

VOLATILITY

Volatility is a risk indicator measuring the level of fluctuations observed in a portfolio (or index) over a defined period. It is calculated as annualised standard deviation of absolute returns within a defined period of time.

CREDIT SPREAD (CREDIT PREMIUMS)

The credit spread is the risk premium or the difference between the yields of corporate bonds and that of sovereign bonds with the same characteristics.

INVESTMENT GRADE

Investment-grade bonds are bonds issued by issuers rated between AAA to BBB- by Standard & Poor's or the equivalent.

HIGH YIELD

High-yield bonds are speculative bonds rated lower than BBB- (Standard & Poor's) or the equivalent.

PE (PRICE-EARNINGS RATIO)

A stock's price-earnings ratio is equal to the stock's price divided by the issuing company's earnings per share. It is also called the "earnings multiple". It depends mainly on three factors: the company's forecast earnings growth, the risk associated with these forecasts, and the level of interest rates.

Our latest publications

INVESTMENT STRATEGIES

- Jan. 24 • 2024: Tempering expectations
- Sept. 23 • Hovering flight or losing altitude?
- Jan. 23 • On your marks
- Sept. 22 • Carry on
- Jan. 22 • Make 2022 an opportunity
- Sept.21 • "Breathless?"

MONTHLY INVESTMENT BRIEF

- Mar. 24 • Myths and realities
- Feb. 24 • AI: fad or margin effect?
- Dec. 23 • The "60/40" strategy is back
- Nov 23 • Polarisation
- Oct 23 • The rise in bond yields leads to new opportunities for investors
- July 23 • Legitimate questions

MARKET VIEWS

- 13/03/24 • What risks for the global economy?
- 19/02/24 • France-Germany, the sick couple of Europe
- 19/02/24 • Long-term investors should not fear the US election
- 16/01/24 • Three questions about rate cuts: why, when, by how much?
- 15/12/23 • 2024 outlook for the financial markets
- 13/12/23 • 24 things to know before entering 2024

VIDEOS

- #FocusOn • ODDO BHF China Domestic Leaders
- Podcast • Investment strategy – September 2022 – Highlights
- #LeadWith • Investment Brief H1 2022
- #FocusOn • ODDO BHF Polaris Fund Range
- #Moments • ODDO BHF Green Planet: the ecological transition, a sustainable investment opportunity
- #TalkWith • Ecological transition: challenges & opportunities

SUSTAINABLE INVESTING

Responsible Investment Policy
Basics of sustainable investing
Sustainable investing – ODDO BHF AM's approach
The ecological transition: a sustainable investment opportunity
Human Capital – a factor of resilience & differentiation
ESG: the key to unlocking opportunities in small caps

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