INVESTMENT STRATEGY

What comes after an All-time-high for stocks?

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Edmund Shing, PhD
Global CIO
BNP Paribas Wealth Management

Stephan Kemper
Chief Investment Strategist
BNP Paribas Wealth Management –
Private Banking Germany

BNP PARIBAS
WEALTH MANAGEMENT

The bank
for a changing
world

What comes after the rally?

Key Points

- **Green shoots**: in past periods of early spring (think: March 2009 or 2020 or even March 2022/23) the search for green shoots in a troubled economy has dominated the narrative. But this year, 2024, several indices across the globe have hit fresh all-time highs. We (and the Fed) have increased US GDP growth forecasts, while manufacturing executive sentiment shows signs of improvement. The post-pandemic echo-boom era provides an interesting backdrop for risk assets,. This has been embraced by investors as the elevated price levels demonstrate.
- **Where to go from here?** Let's start with the obvious. This is a bull market, and the primary trend is higher. This point is worth stating because the biggest variables in the equation remain healthy: US growth is running above trend while other geographies are improving, and the Fed and other central banks may decide to make significant rate cuts. The tactical risk reward looks a bit blurred though, as measures of sentiment and positioning look stretched.
- **Look beneath the surface for more pockets of value**. While headline index levels may offer little additional upside from here, a breakdown of momentum may not lead to mayhem for investors. We find evidence that momentum laggards can provide significant catch-up potential.

Main recommendations

Buy the dip in Japan. After a strong bounce, the index may be subject to some profit-taking. The underlying trends of reflation and reform are still strong though. Japan remains one of our preferred regions. Favour exposure to corporate reform and nominal reflation.

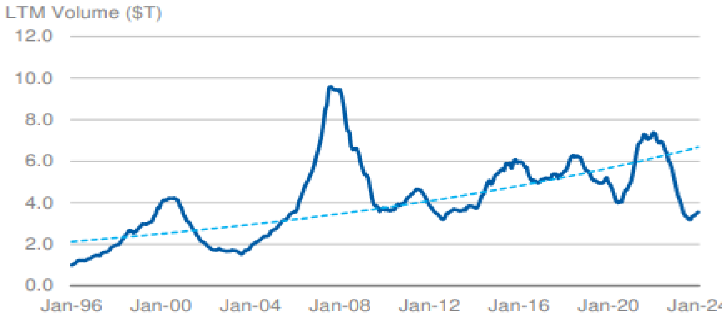
The great recovery in M&A activity? We find reasons to expect a material (50% y/y) uptick in M&A activity. Private equity funds face pressure to monetise their holdings, while corporations and private markets are sitting on large piles of cash. Europe and Japan could be the regions with the most potential, with Mid/Small-caps poised to benefit most from renewed M&A.

We upgrade EU Small Caps to positive on the back of appealing valuations and an improving economic backdrop. We also upgrade US and EU Industrials.

Changing our sector approach. We adopt STOXX Sector indices in Europe, while focussing on GICS Level 1 Sectors in the US. This is to improve the tradability of our views as we now follow the most liquid sector products.

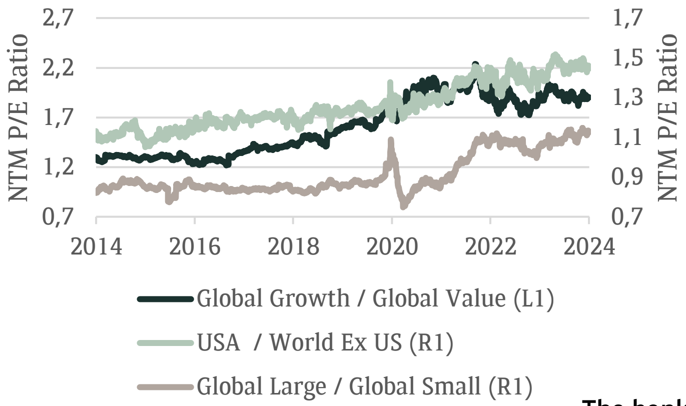
We downgrade Consumer Discretionary to underweight as we see a sluggish spending rebound, especially within high end fashion, questioning valuations.

SIMPLY "RETURNING TO THE TREND" WOULD SUGGEST A HUGE REBOUND IN M&A ACTIVITY



Source: Dealogic, Morgan Stanley Research; Note: Exhibit shows trailing LTM volume of global announced M&A, excluding withdrawn transactions.

WE LIVE IN A WORLD WHERE US, LARGE CAP AND GROWTH STOCKS LOOK EXPENSIVE



Source: BNP Paribas, Bloomberg

Focus on

What comes after a strong Q1?

SOME MARKETS DO LOOK OVERBOUGHT. A REASON FOR CONCERN?

In 1Q24, the S&P 500 returned 11% reaching a new all-time high. And while strong performance by several of the largest mega-cap tech stocks helped lift the index, market breadth improved in 1Q as seen in a 7% rise in the equal-weight S&P 500 index. The improvement in breadth wasn´t limited to the US market though. Indices such as Europe´s EuroStoxx 50 and Japan´s Nikkei225 realized substantial gains and even managed to outperform the S&P500 with gains of (in local currency) 12.6% and 21.3% respectively.

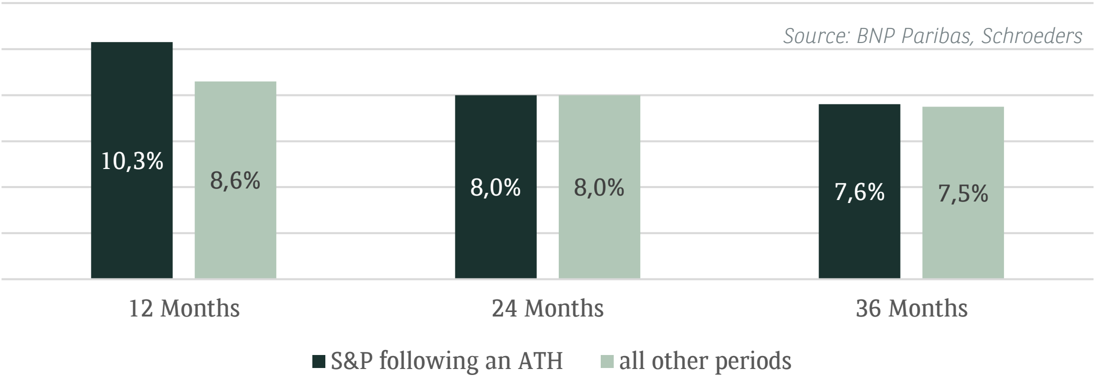
Such a strong quarter obviously raises concerns among investors. While buying at or close to All-time-highs (ATHs) may feel counterintuitive, we would like to highlight that this wasn´t a particularly bad strategy in the past. Since 1926, the S&P500 reached a total of 2317 new ATHs. While this makes an average of 25 per year, ATHs are not that evenly distributed. They tend to happen in clusters. Since 1945 there have been 44 years (53%) with new ATHs. This gives an average of ~53 new ATHs in a year with new ATHs. Such a pattern makes sense if you think about market cycles, i.e. bull- and bear markets. A fresh ATH is a sign of a bull market which increases the likelihood of new ATHs. It is thus of little surprise that the average 12-month performance, which follows a fresh ATH (since 1926) is 10,3% vs. 8,6% for all periods. The argument is further supported by the probability of a severe drawdown in the 12 months following a new ATH. Since 1926, the S&P500 experienced a loss of 10% or more 12 month after a new ATH in only 6,5% of the cases.

Therefore, selling an ATH was historically not a winning strategy as an analysis from the investment firm Schroeders is showing. $100 invested in the US stock market in January 1926 would be worth $85,008 at the end of 2023, a growth of 7.1% a year. In contrast, a strategy which switched out of the market and into cash for the next month whenever the market hit an all-time high (and went back in again whenever it wasn't at one) would only be worth $8,790. This is 90% lower! The return on this portfolio would have been 4.7%.

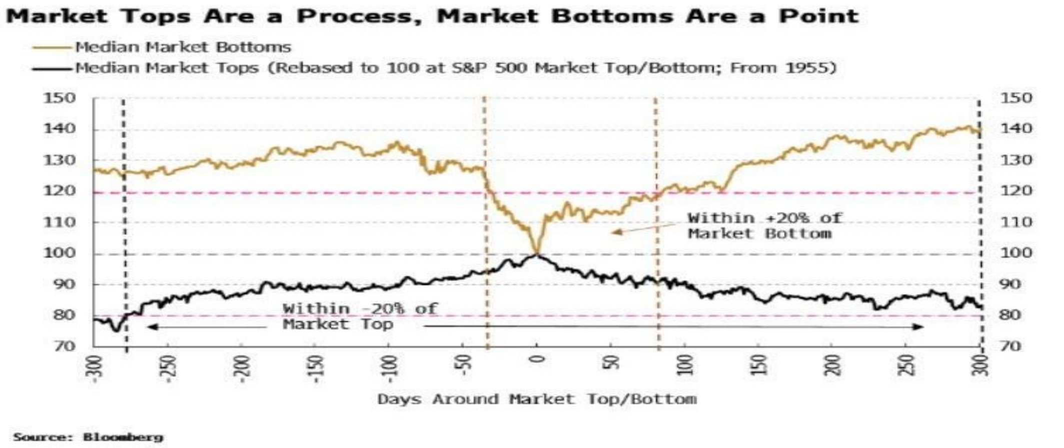
This isn´t to say that corrections do not happen. Since 1945, the S&P500 experienced an average maximum drawdown per year of 14.8% And yet, the average annual performance is at ~ 7.1%. Keeping in mind that market ops – unlike market bottoms – are build in a process, we feel **that long term investors should focus more on whether the big trend (bull or not) is intact to decide if cutting risk is warranted or not. We find looking for changing trends within a bull market a more rewarding excercise.**

Markets can stay in overbought territory for a while

No evidence that buying an ATH is bad for performance



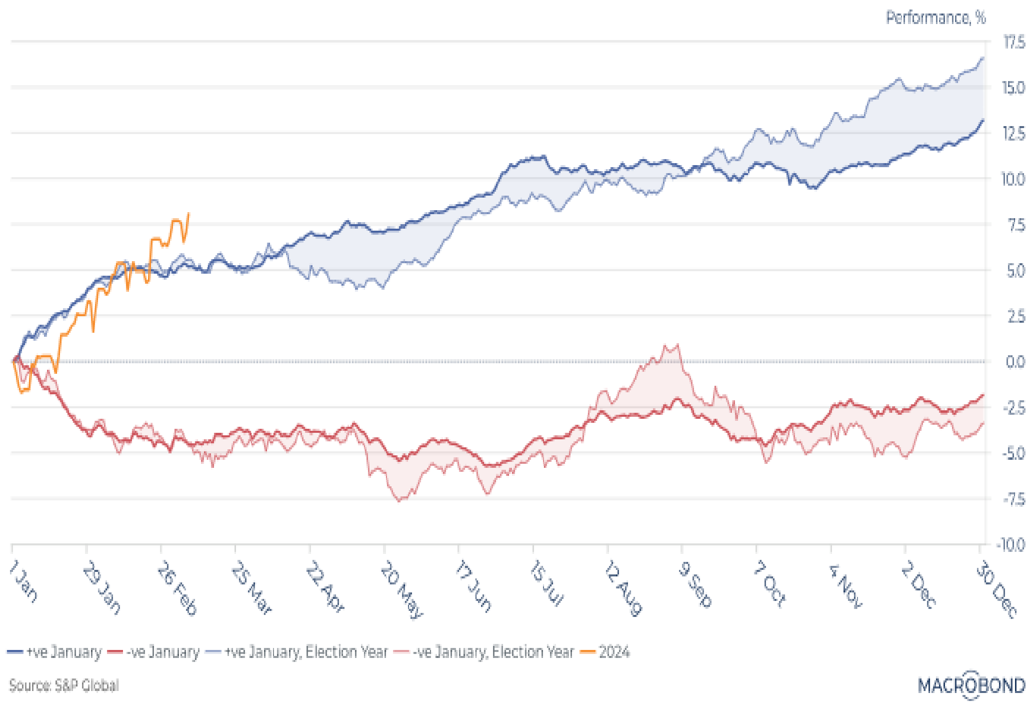
The S&P500 stays > 500 days within a 20% range to the top



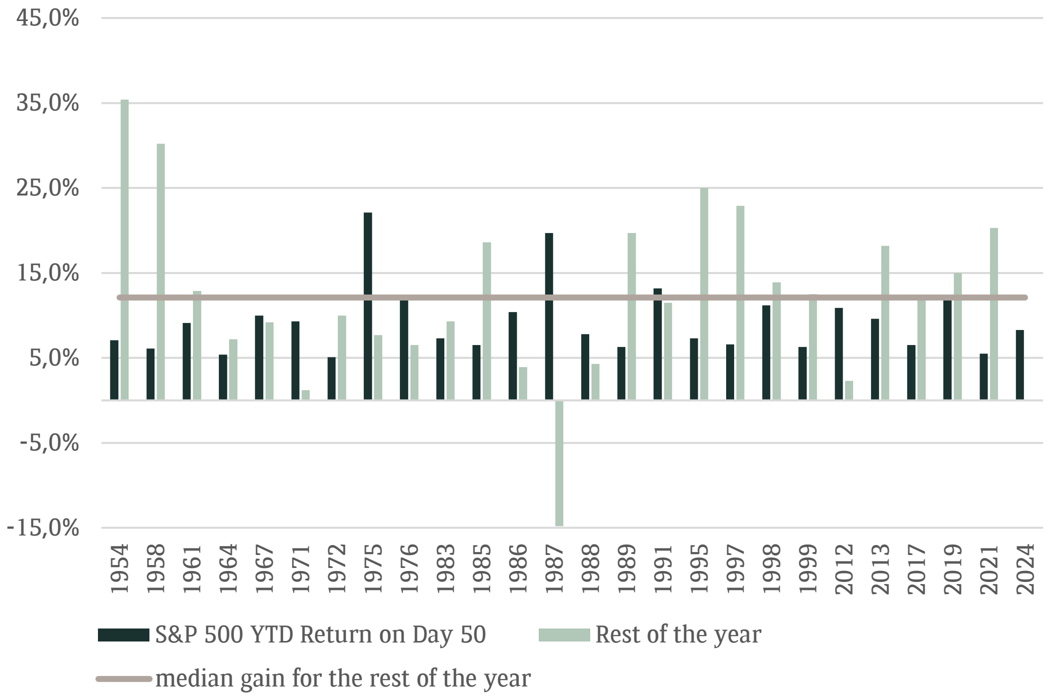
Seasonalities - how much gas is left in the tank?

SEASONALITIES INDICATE A 2024 PERFORMANCE OF ~ 17% FOR THE S&P500 – WE ALREADY GAINED ~ 11% YTD

A POSITIVE JANUARY PRODUCED ON AVERAGE A POSITIVE YEAR WITH AN AVERAGE YEARLY RETURN OF 13.2%



A GOOD START WAS USUALLY FOLLOWED BY FURTHER GAINS THROUGHOUT THE REST OF THE YEAR

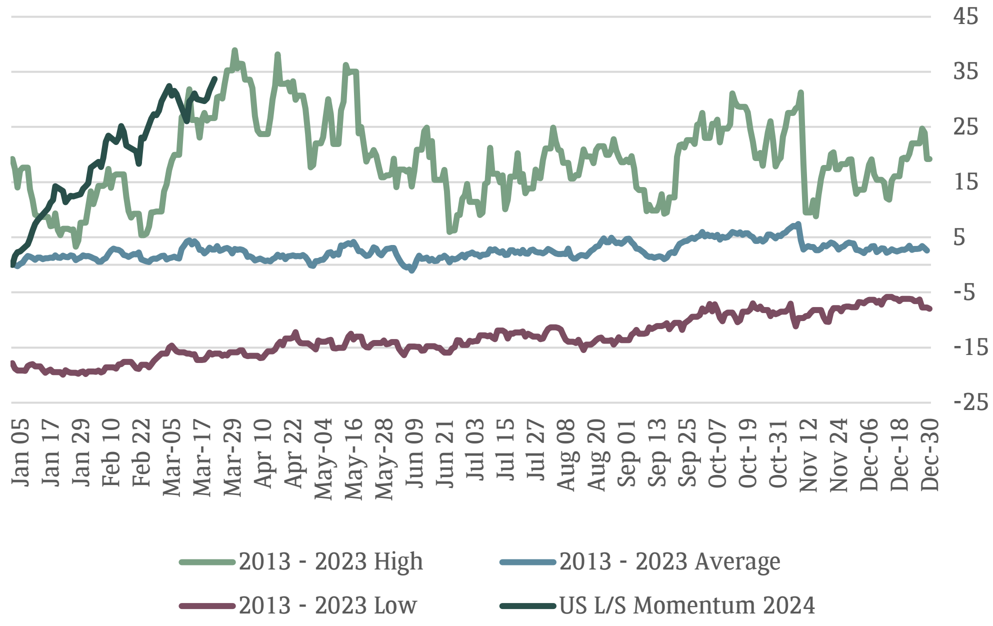


Source: BNP Paribas, Bloomberg

Looking below the surface

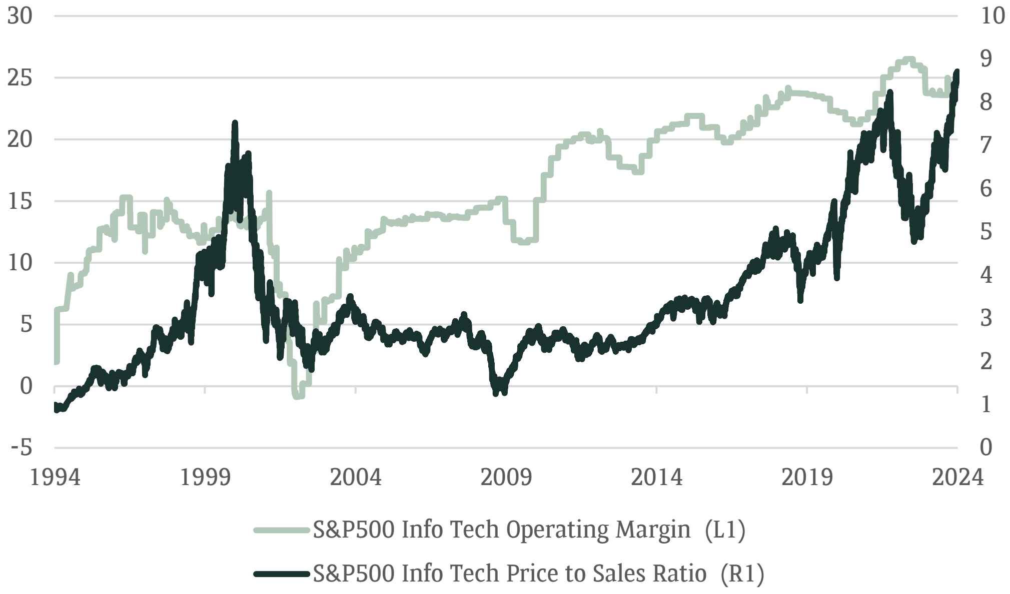
MOMENTUM WAS STRONG THIS YEAR

US MOMENTUM IS UP FOR THE BEST START IN 10 YEARS, SUPPORTED BY ….



Source: BNP Paribas, Bloomberg

…. A SPIKE IN THE SALES MULTIPLE IN TECH AS INVESTORS SEEM TO HAVE (TOO?) GREAT CONFIDENCE THAT MARGINS CAN STAY AT RECORD LEVELS

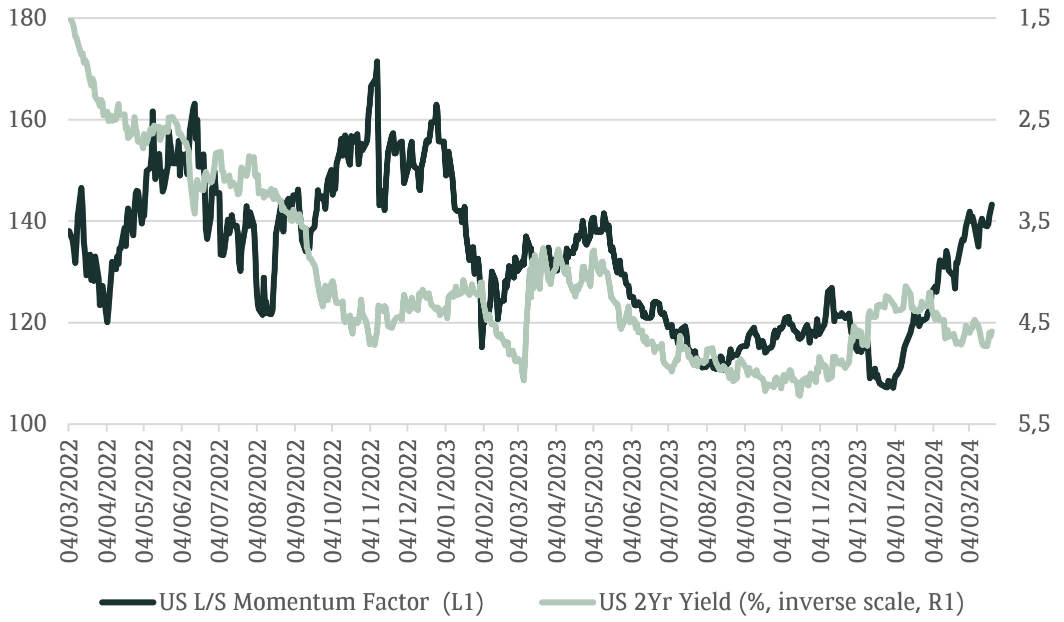


Source: BNP Paribas, Bloomberg

What could change the trend in Momentum?

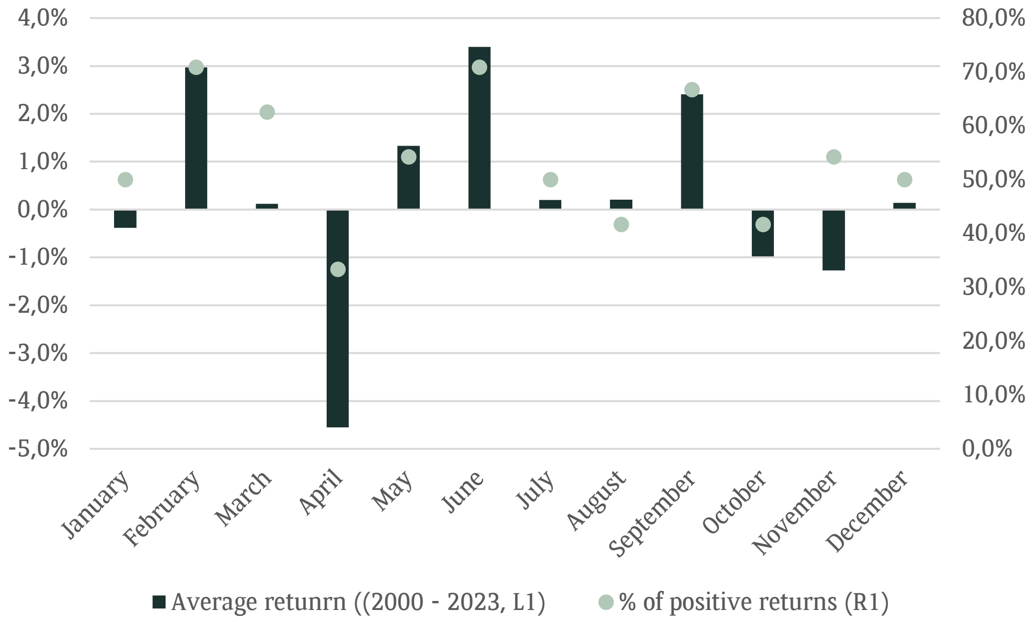
A LESS DOVISH FED AND SEASONALITY COULD PROVIDE SOME HEADWINDS

US MOMENTUM IGNORED THE RECENT RECOVERY IN SHORT DATED YIELDS



Source: BNP Paribas, Bloomberg

APRIL IS THE WEAKEST MONTH FOR THE FACTOR WHICH COULD BE THE TRIGGER FOR A REVERSAL



Source: BNP Paribas, Bloomberg

What does a Momentum reversal mean for the market?

A CATCH UP OF LAGGARDS IS MUCH MORE LIKELY THAN A CATCH DOWN, SUPPORTING OUR POSITIVE VIEW ON SMID CAPS

	Prior 12m return		3m Momentum reversal			Next 12m return		Months until (since) nearest recession
Episodes	Momentum factor	S&P 500	High Mo leaders	Low Mo laggards	High vs. Low	Momentum factor	S&P 500	
May 1930	101 %	(4)%	5 %	25 %	(21)pp	65 %	(39)%	0
Feb 1931	51	(29)	11	36	(24)	34	(56)	0
Jan 1932	52	(52)	10	31	(21)	(18)	(15)	0
Jul 1932	132	(70)	19	43	(24)	(37)	91	0
Apr 1935	67	(25)	4	28	(24)	40	76	(24)
Jun 1938	28	(39)	12	36	(24)	4	(3)	0
Sep 1939	19	(10)	3	24	(21)	(16)	(14)	(14)
Sep 1970	29	(27)	14	40	(26)	7	22	0
Feb 1971	7	(9)	11	33	(23)	19	8	(2)
Sep 1973	66	(3)	(2)	17	(20)	17	(35)	2
Jan 1975	1	(29)	12	36	(24)	(7)	28	0
May 1980	53	13	(15)	5	(20)	12	23	0
Jan 1983	31	14	(6)	14	(20)	(13)	14	(1)
Jan 1991	41	(9)	12	36	(24)	7	20	0
Nov 1998	42	14	2	24	(23)	23	21	29
Apr 1999	35	30	(2)	22	(24)	42	5	23
Apr 2000	57	6	0	22	(22)	(11)	(27)	11
Jan 2001	40	7	(6)	24	(31)	(3)	(14)	2
Oct 2001	1	(26)	2	27	(24)	68	(18)	0
Nov 2002	76	(26)	11	39	(28)	(28)	18	(11)
Jan 2008	43	(0)	(7)	14	(21)	42	(36)	0
Jul 2008	95	(21)	(1)	21	(22)	(29)	(25)	0
Mar 2016	36	(7)	4	27	(23)	(9)	18	47
Apr 2020	46	(12)	13	41	(28)	(20)	43	0
Nov 2020	37	14	(4)	17	(21)	(6)	31	(6)
Feb 2023	13	(20)	1	26	(24)	23	20	(33)
All episodes (N = 26)								
Average	46 %	(12)%	4 %	27 %	(23)pp	8 %	6 %	1
% positive	100 %	27 %	69 %	100 %	0 %	54 %	58 %	
Episodes following S&P 500 rallies (N = 7)								
Average	42 %	14 %	(5)%	18 %	(23)pp	6 %	8 %	8
% positive	100 %	100 %	29 %	100 %	0 %	43 %	71 %	

Source: Goldman Sachs Global Investment Research

History shows that "catch up" episodes are much more common than "catch down" experiences. The table shows 26 peak-to-trough Momentum reversals since 1930. In each of these episodes, the long/short Momentum factor declined by 20 percentage points or more within a 3-month period, ranking as 5th percentile episodes.

While the performance of the high Momentum market leaders during these reversals was mixed, **in every instance the low Momentum laggards appreciated in absolute terms.** Notably, the sharp Momentum reversal in early 2000 was also initially characterized by a "catch up" from the previous laggards.

The peak of the Tech Bubble coincided with the peak of the late 1990s bull market, and the S&P 500 did not bottom until two years later. **However, from March 2000 through May 2000, while the Nasdaq-100 Index declined by 30%, the equal-weight S&P 500 rallied by 10% and the Momentum laggards rallied by 30%.**

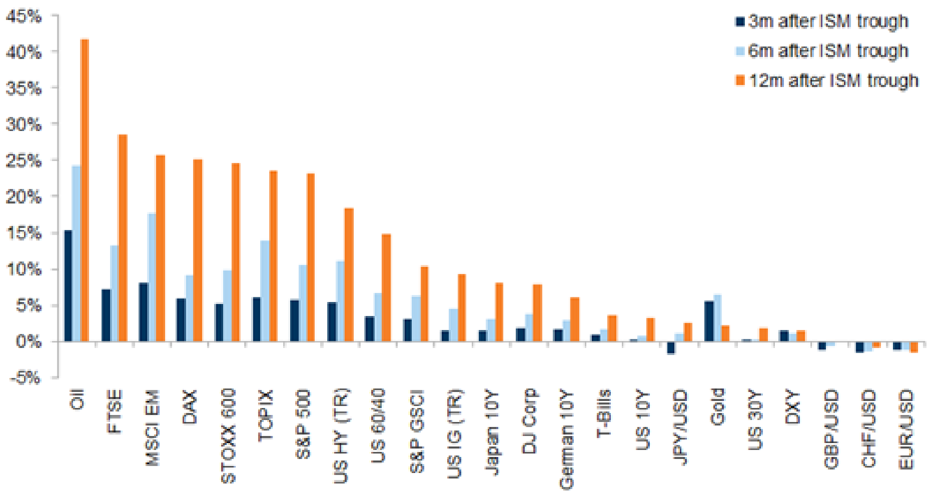
Is US manufacturing finally rebounding?

IN THE PAST, OUR KEY REGIONAL CALLS HAVE ALL OUTPERFORMED US EQUITIES AFTER THE ISM THROUGHED

THE ISM MANUFACTURING INDEX IS COULD HAVE BOTTOMED OUT. THIS IS CONFIRMED BY NEW ORDERS VS INVENTORIES

Source: BNP Paribas, Bloomberg

EUROPE INCL UK, EMERGING MARKETS AND JAPAN MANAGED TO BEAT THE S&P DURING THE YEAR AFTER A THROUGH (DATA SINCE 1948)

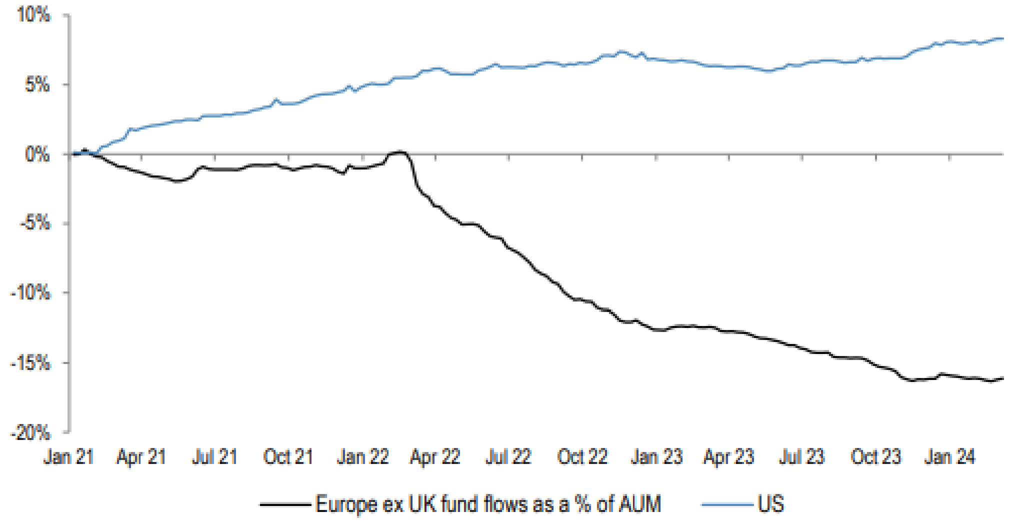


Source: Datastream, Haver Analytics, Goldman Sachs Global Investment Research

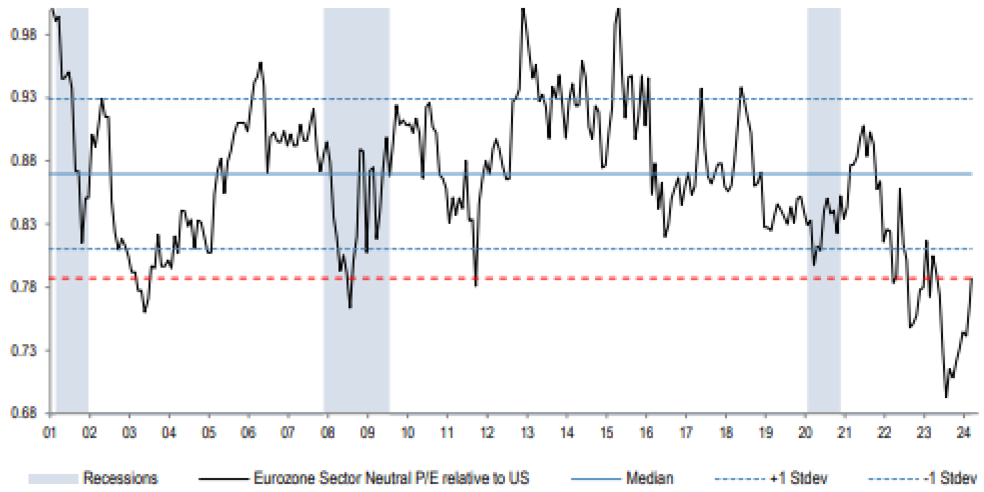
Europe: Underowned and undervalued

THE MARKET SEEMS TO HAVE NOT YET FULLY APPRECIATED THE POTENTIAL ISM TAILSWINDS FOR EUROPE

EUROPEAN EQUITIES SAW MEANINGFUL OUTFLOWS WHICH CONTRASTS FLOWS IN US EQUITIES



EUROPE STILL OFFERS A DECENT DISCOUNT VS THE US EVEN ON A SECTOR NEUTRAL BASIS

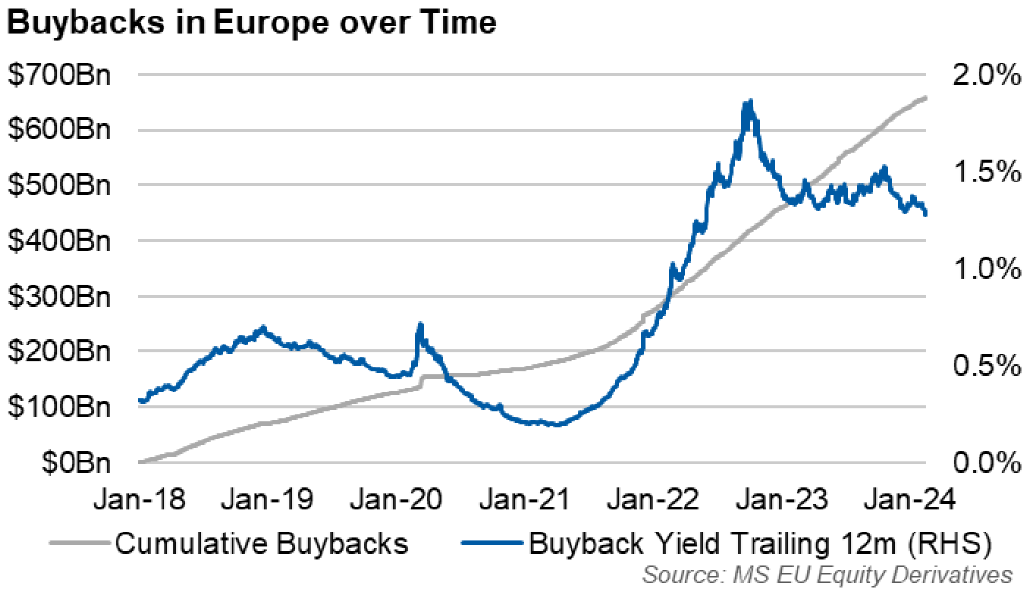


Source: JP Morrgan, EPFR, Datastream

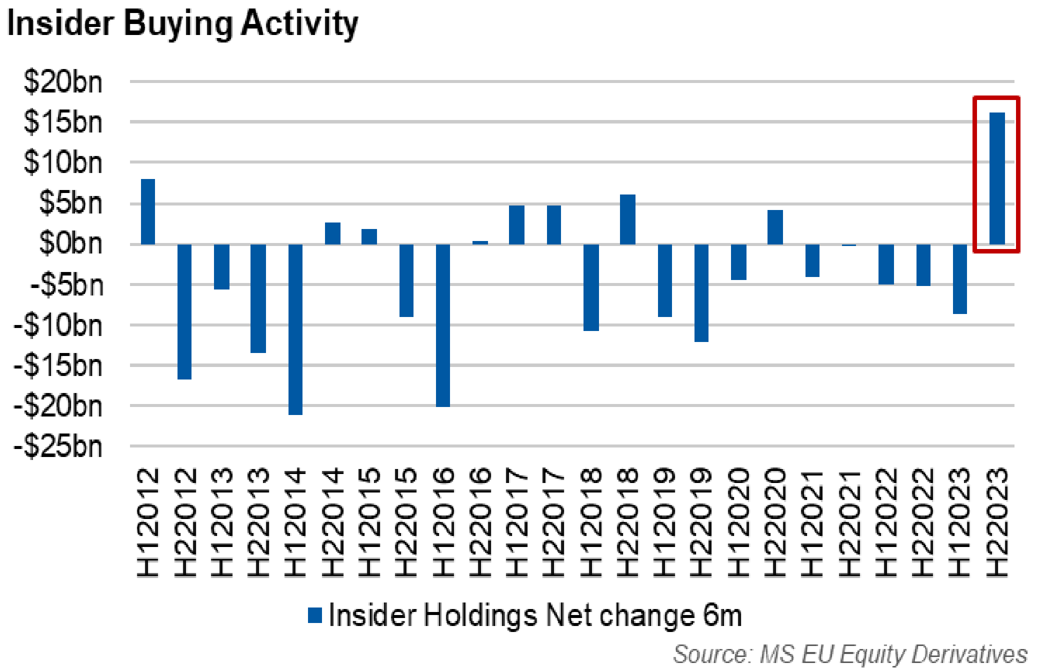
Europe: Growing confidence in board rooms

RISING BUYBACKS AND INSIDER BUYINGS IN EUROPE CONFIRM OUR VIEW THAT VALUATIONS ARE ATTRACTIVE

EUROPEAN COMPANIES HAVE ANNOUNCED BUYBACKS WORTH ~$68BN YTD (2ND BIGGEST YTD ON RECORD) TAKING THE OUTSTANDING VOLUME TO ~$220BN, OR 1.5% OF MARKET CAP



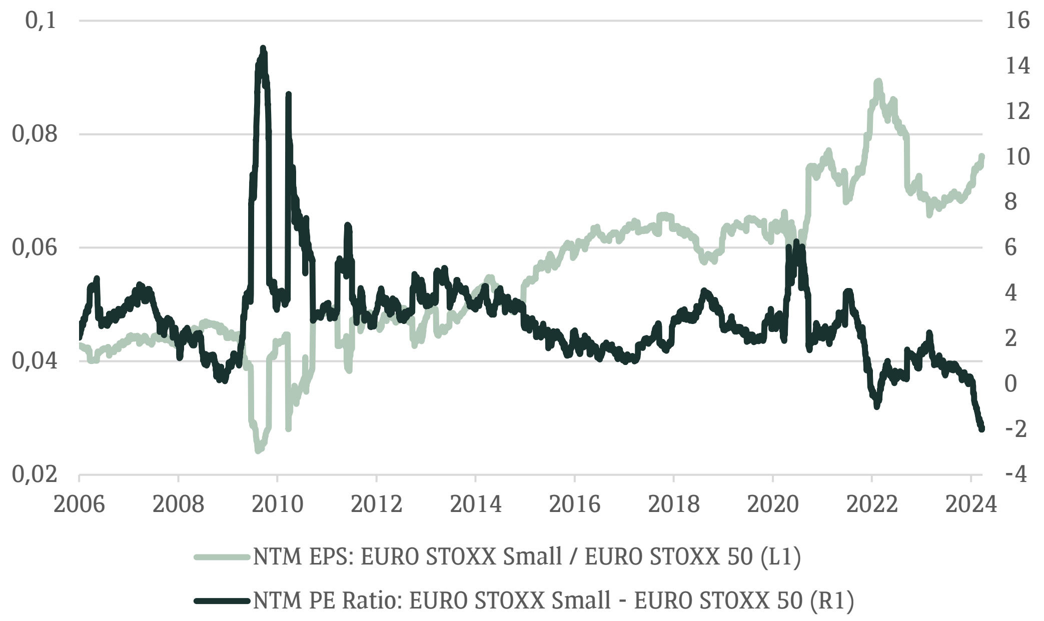
EU CORPORATE INSIDERS HAVE NET BOUGHT $8BN OF STOCK ACROSS 230 COMPANIES MAKING IT ONE OF THE LARGEST NET BUYS SINCE 2012



Europe: David vs Goliath

UPGRADING EU SMALL CAPS TO POSITIVE ON THE BACK OF APPEALING VALUATIONS AND BETTER ECONOMIC GROWTH

EU SMALL CAPS TRADE AT A RARE /E-DISCOUNT TO LARGE CAPS WHILE SHOWING STRONGER EPS GROWTH



Source: BNP Paribas, Bloomberg

European Market Breadth recently hit its narrowest point since 2000 as less than 45% of the Stoxx Europe 600 managed to beat the index ytd. In fact, just 8 names are responsible for >50& of the index gains.

Historically, such occasions resolved by **the rest of the index catching up** instead of the leaders dragging the index down. 4 of 6 prior breadth "lows" saw small caps leading the market higher over the next 6m.

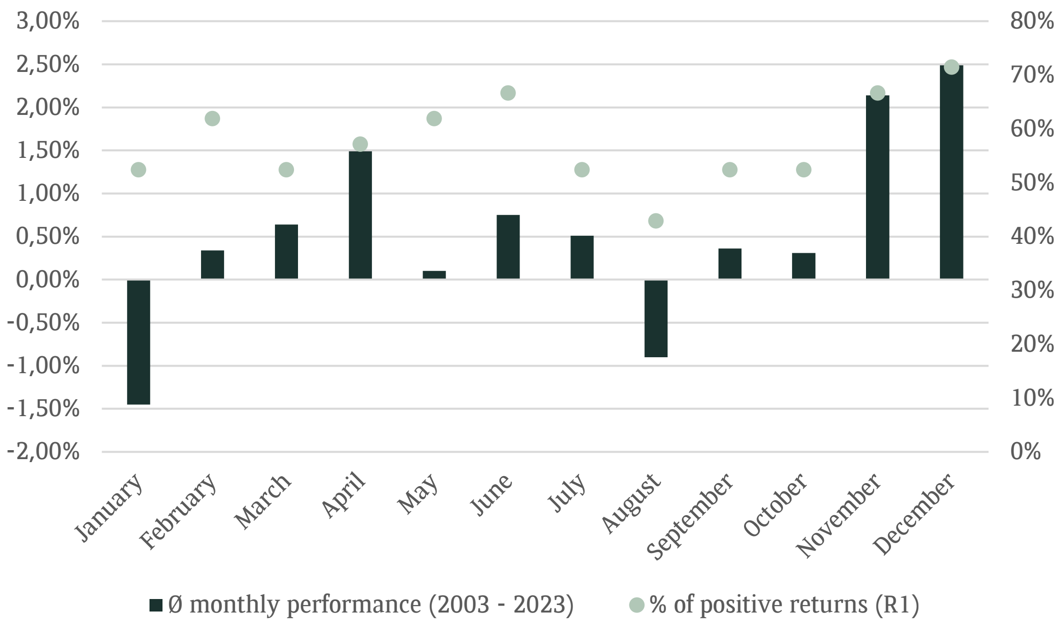
This comes at a time were **Small Caps trade at a rare PE discount** to Large Caps (last time was during the GFC) despite showing higher EPS growth rates.

Add a healing of credit markets and a **potential turn in the M&A cycle** (both are traditionally supportive for small caps) and top it with signs of improvement in the domestic economy (EU Eco Surprise Index is close to its 11m high). The result: a delicious recipe for outperformance. **We upgrade to positive**

Japan – will the BoJ hike derail the rally?

WE DON´T THINK SO. ANY POTENTIAL CORRECTION SHOULD BE SEEN AS BUYING OPPORTUNITY

SPRING HAS BEEN A GOOD SEASON FOR JAPANESE EQUITIES DURING THE LAST 20 YEARS



Source: BNP Paribas, Bloomberg

We continue to see two structural changes playing out, namely a shift to inflationary-economy and corporate governance reforms.

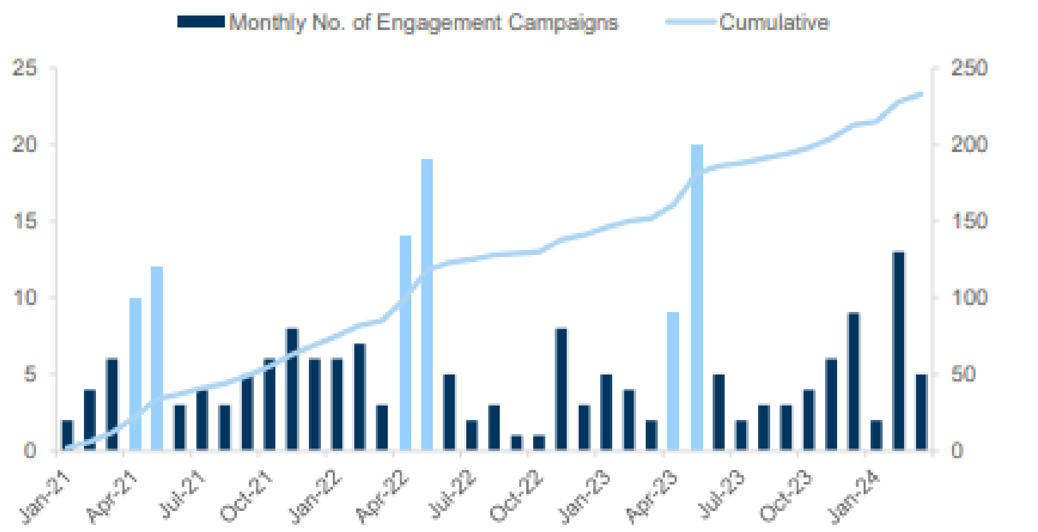
While rising rates are usually perceived as headwind for equities, we feel the siuation for Japan could be different. **The exit from negative policy rates could create a tailwind for Japan** going forward. Previous unintended consequences from negative rates ,which might have acted as headwind in the past, abate. Those range from distortions in the pricing of credit risk and misallocation of capital, increased pension fund and insurance company deficits, higher saving rates as households need to save more for retirement, lower bank profitability, subdued credit creation, more income and wealth inequality, to impaired functioning of money markets and reduced liquidity in bond markets.

Whereas expectation lifted the market last year, actual progress will likely drive share prices this year. Over the past few months, conviction on structural changes have increased and investor confidence appears to be increasing as well.

Cherry Blossom – strong seasonal tailwinds in Japan

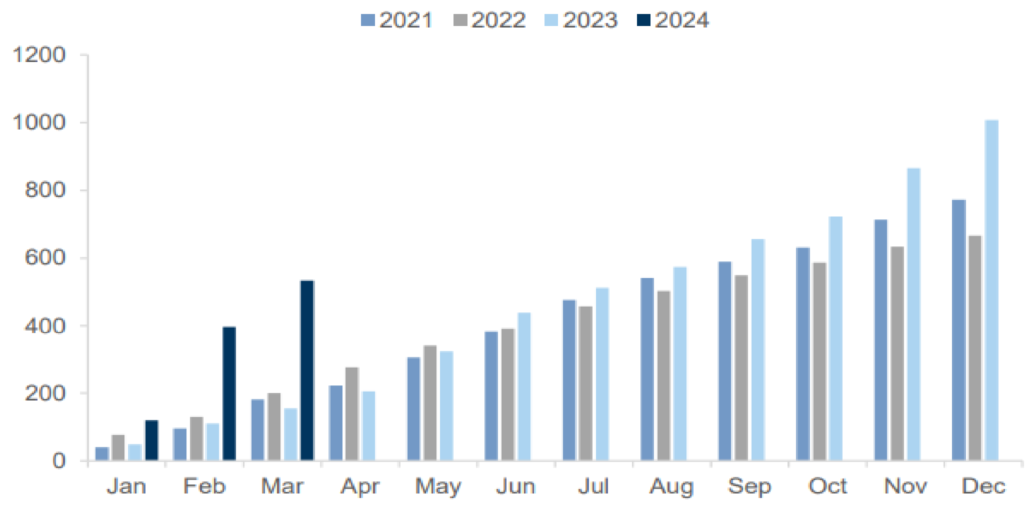
SPRING TIME BRINGS INCREASED SHAREHOLDER ENGAGEMENT CAMPAIGNS

ALMOST 40% OF SHAREHOLDER ENGAGEMENT CAMPAIGNS HAVE ARE ANNOUNCED IN SPRING BEFORE THE AGM SEASON STARTS



Source: Bloomberg, Data compiled by Goldman Sachs Global Investment Research

YTD MENTIONS OF CROSS- AND STRATEGIC SHAREHOLDINGS IN THE NKY ARE ALMOST 3X THEIR RECENT AVERAGES



Source: Nikkei, Data compiled by Goldman Sachs Global Investment Research

Sector Allocations – Overview

Overweight	Underweight
STOXX Europe 600 Technology (SX8P Index)	STOXX Europe 600 Chemicals (SX4P Index)
STOXX Europe 600 Insurance (SXIP Index)	STOXX Europe 600 Personal Care (S600PDP Index)
STOXX Europe 600 Health Care (SXDP Index)	STOXX Europe 600 Food, Bev. & Tobacco (S600FOP Index)
STOXX Europe 600 Banks (SX7P Index)	STOXX Europe 600 Consumer Products (S600CPP Index)
STOXX Europe 600 Financial Services (SXFP Index)	STOXX Europe 600 Telecommunications (SXKP Index)
STOXX Europe 600 Real Estate (SX86P Index)	
STOXX Europe 600 Industrial Goods & Services (SXNP Index)	
STOXX Europe 600 Basic Resources (SXPP Index)	
STOXX Europe 600 Construction & Materials (SXOP Index)	

STOXX Europe 600 Automobiles & Parts (SXAP Index)	STOXX Europe 600 Travel & Leisure (SXTP Index)
STOXX Europe 600 Retail (SXRP Index)	STOXX Europe 600 Media (SXMP Index)
STOXX Europe 600 Energy (S600ENP Index)	STOXX Europe 600 Financial Services (SXFP Index)

Overweight	Underweight
S&P 500 Health Care Sector GICS Level 1 Index	S&P 500 Consumer Staples Sector GICS Level 1 Index
S&P 500 Industrials Sector GICS Level 1 Index	S&P 500 Consumer Discretionary Sector GICS Level 1 Index
S&P 500 Materials Sector GICS Level 1 Index	

S&P 500 Financials Sector GICS Level 1 Index	S&P 500 Communication Services Sector GICS Level 1 Index
S&P 500 Utilities Sector GICS Level 1 Index	S&P 500 Information Technology Sector GICS Level 1 Index

We have changed our Sector approach as we switch to Stoxx Sector indices in Europe while focussing on GICS Level 1 Sectors in the US. As those sectors offers the most popular and liquid product suites, the new methodology makes it easier to follow our sector views and transforming them in actual positions.

We took this opportunity to review some of our sector recommendations

- ➡ STOXX Europe 600 Ind. Gds & S. to overweight
- ➡ S&P 500 Industrials Sector to overweight
- ➡ STOXX Europe 600 Food, Bev & T. to underweight
- ➡ STOXX Europe 600 Cons. Products to underweight
- ➡ STOXX Europe 600 Telecoms to underweight
- ➡ S&P 500 Cons. Discretionary to underweight
- ➡ STOXX Europe 600 Utilities to neutral
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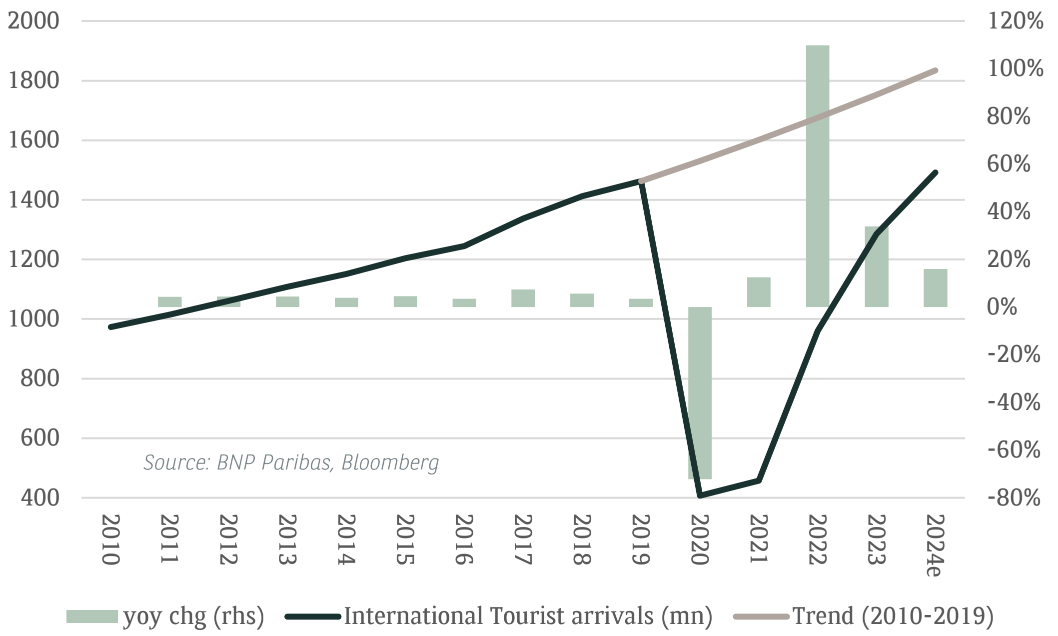
- ➡ S&P 500 Cons. Discretionary to underweight
- ➡ STOXX Europe 600 Utilities to neutral
- ➡ S&P 500 Utilities to neutral

YOLO vs Apparals – experiences matter (more)

DOWNGRADING STOXX EUROPE 600 CONSUMER PRODUCTS TO UNDERWEIGHT

INTERNATIONAL TOURIST ARRIVALS ARE EXPECTED TO RISE ABOVE 2019 LEVELS IN 2024. STILL AMPLE ROOM TO CATCH UP TO TREND



We see an ongoing shift in consumer experience with people more willing to pay to for experiences than for luxury goods. As a european luxury apparal maker said on the last conference call“

„overall recovery around consumer spending for fashion continues to recover somewhat slower than anticipated because consumers are spending more on entertainment“

This sentiment is reflected by a cruise ship operator

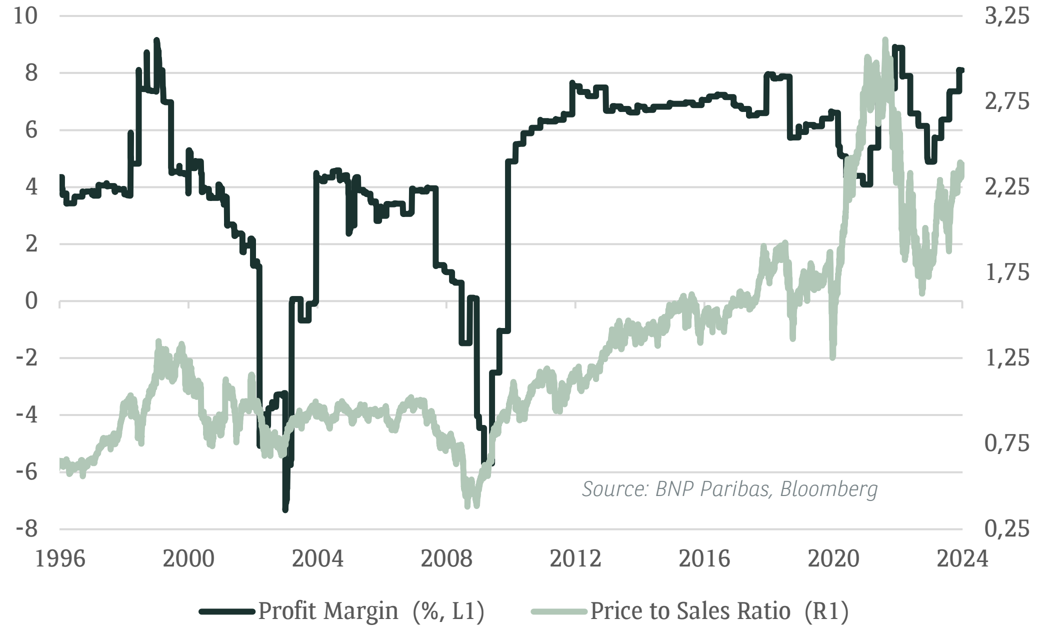
“demand for cruise vacations is certainly as robust as we've ever seen; consumer demand was quick to rebound in full and we were pleased to return to full ships”

As the recovery in China remains sluggish with consumer sentiment remaining subdued, we see little room for the current outperformance of the sector to prevail. We prefer Travel & Leisure (neutral) as a sector and less demand sensitive ultra high end brands within consumer products

The China challenge

DOWNGRADING S&P 500 CONSUMER DISCRETIONARY TO UNDERWEIGHT

THE PRICE TO SALES MULTIPLE LOOKS HIGH AS THE MARKET SEEMS TO ASSUME RECORD HIGH MARGINS FOR LONGER



The sector is heavily dominated by very few mega cap names. Almost 75% of the index is represented by the top 10 constituents. We see several reasons for concern:

- **Valuations are looking stretched.** While the P/E premium to the wider market is basically in line with historic averages, measures such as Price-to-Sales Ratios are looking more extrem. This seems to be driven by the markets believe that the sector will be able to maintain profit margeins at record levels
- Be it electric cars or online shopping, **Chinese competitors are pressing into global market** as they capitalize on their pricing advantages. This should put pressure on market share and marging
- While the job market still looks healthy, **the number of people with multiple jobs is rising** which shouldn´t bode well for spendings on discretionary items

Manufacturing is turning the corner

WE UPGRADE INDUSTRIALS IN EUROPE AND THE US TO OVERWEIGHT

MANUFACTURING PMIS SHOULD BE FURTHER SUPPORTED BY EASING FINANCIAL CONDITIONS

The tentative signs of improvement in the global manufacturing cycle (and non-US growth more broadly) should have scope to extend in the near-term. Easing financial conditions should also be supportive for an improvement in activity data. This is supportive for a sector which ticks several macro boxes such as onshoring and green expenditure while being a backdoor play on AI.

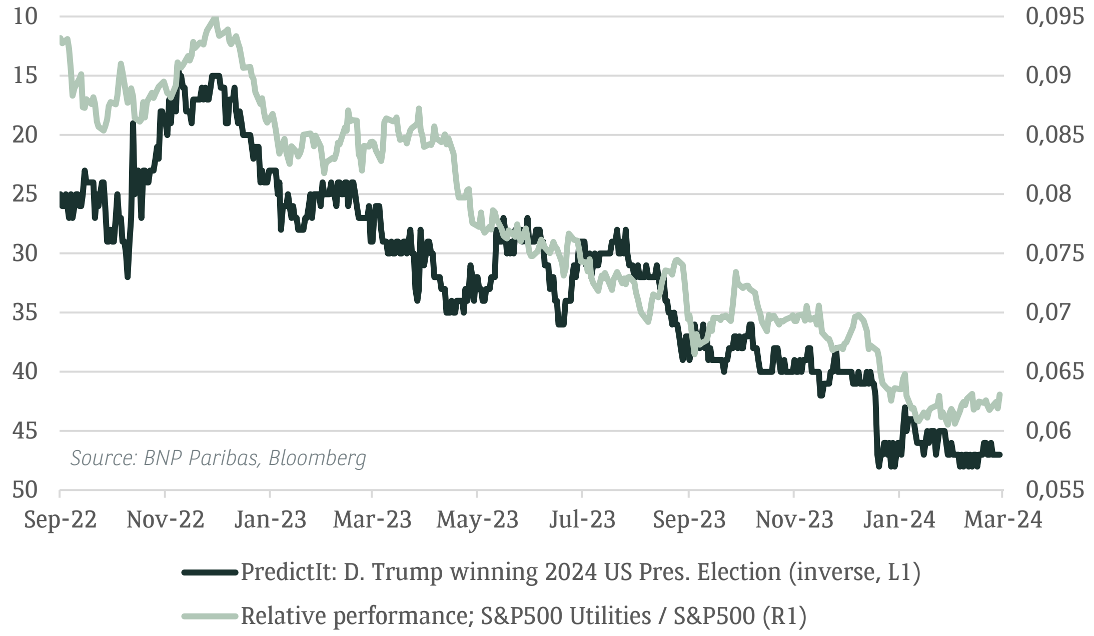
The sector already had a decent run recently. This makes it prone to a potential technical correction in the short term which we would embrace to add further longs.

In terms of valuations, we notice a dispersion between Europe and the US. While the sector is trading rather cheap in the latter region, valuations are looking more demanding in Europe. Due to above market EPS growth and the potential to increase shareholder returns we deem this premium justifiable in the light of better economic prospects.

Performance blackout

DOWNGRADING UTILITIES IN EUROPE AND THE US TO NEUTRAL

DAMOCLES SWORD ELECTION RISK: UTILITIES IN THE US SEEM TO BE HEAVILY INFLUENCED BY THE POLITICAL CLIMATE



Utilities are still suffering from falling eletricity prices and a less dovish central bank outlook. In the US, we also observe the buidling of political risk premium within the sector. A victory by Mr. Trump would put many plans to increase renewable energy production at risk.

While we acknowledge that structural tailwinds such as growing energy demand from datacenters and the transformation toward smart grids are still existing, markets seem to be more concerned about short term headwinds. We thus don´t think that a bounce from current depressed levels should lead to a substantial outperformance in the near future. Consequently, we cut back to neutral while keeping our relative preference for names exposed to upgrading grids and data center growth via a strong PPA pipeline.

European Telecoms – as good as it gets?

DOWNGRADING STOXX EUROPE 600 TELECOMMUNICATIONS TO UNDERWEIGHT

DAMOCLES SWORD ELECTION RISK: UTILITIES IN THE US SEEM TO BE HEAVILY INFLUENCED BY THE POLITICAL CLIMATE

Source: BNP Paribas, Bloomberg

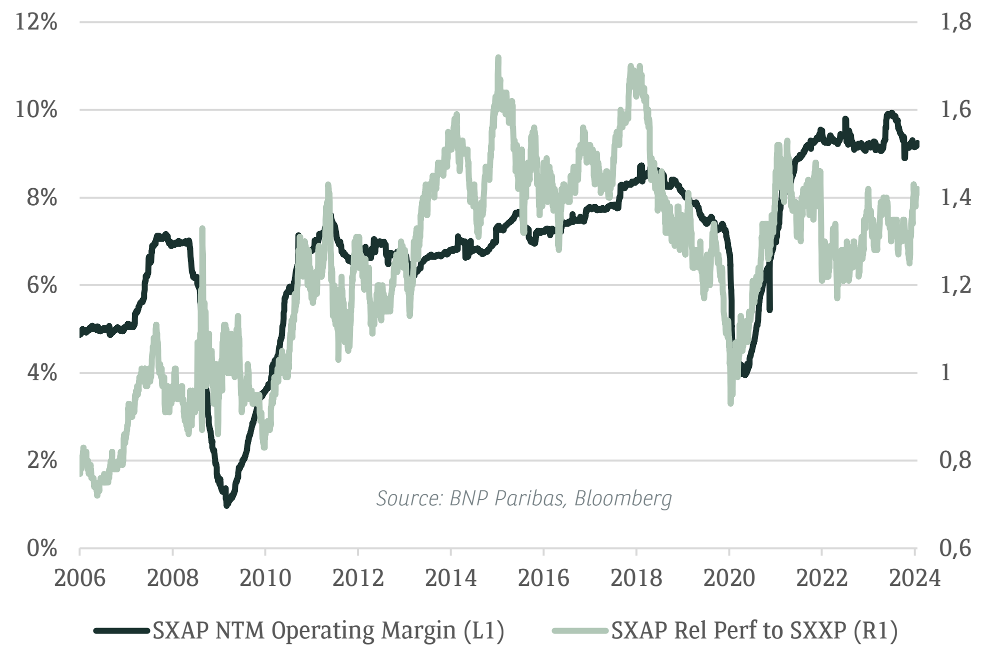
European Telecommunication provider managed to increase prices during the last two years by an annual average of ca. 9%. This provided a boost to margins which are standing at decade highs. This didn´t went unnoticed by customers though. NPS scores are falling with pricing being among the most popular detractors. Accross Europe, 44% of clients are intending to change their carrier. Those companies who managed to realize the biggest price gains seem to face the highest rik of increasing churn rates. We thus think that the times of increasing margins are gone, potantially capping future upside. Against our background of a pick up in economic activity the chances are looking even slimmer.

Within the sector we do prefer names with exposure to data center growth as those should benefit from the growing demand for AI hosting solutions. Any upcoming concern in regard to data protection and privacy issues should benefit european based data centers further.

Eletric Warfare – making sense of the recent rally in automotives

LOWER BEV ADOPTION RATES A DRIVING A RERATING ON LEGACY CAR MAKERS – WE REMAIN NEUTRAL BUT EXPECT INTRA-SECTOR DISPERSION TO OFFER OPPORTUNITIES

THE EXPECTED MARGINS FOR EUROPEAN OEMS ARE WELL ABOVE THE 80TH PERCENTILE SCORE SINCE 2006



Companies within the BEV space, be it pure plays or OEMs with meaningful BEV exposure recently suffered from lower than expected adoption rates. Increased margin pressures are arising from Chinese BEV manufaturers trying to aggressively gain market share. While it has been obvious for some time that the BEV demand curve in developed markets has been slowing, the market is now warming up to the idea of a longer tail to ICE/Hybrid profits.

This narrative was supported by recent US emission rules which are less stringent and offer greater flexibility with Hybrids. Judging from recent price performance, investors seem to preposition for a policy pivot in Europe, too. Such pivot would only buy some time though as OEMS would still need to invest in BEV technology, affordability and battery processing/localization.

It´s worth to note that the SXAP screens cheap but shows highly elevated margin estimates. If those margins can be sustained is up for debate. Competition among OEMs will persist. It can thus not be ruled out that ICE pricing may turn deflationary again. We reiterate our neutral stance on the industry on a global basis and advise a selective approach towards companies with convincing transformation strategies.

We would continue to avoid names with high China exposure as the BEV adoption rate is much higher there and traditional OEMs seem to fight an uphill battle against local brands.

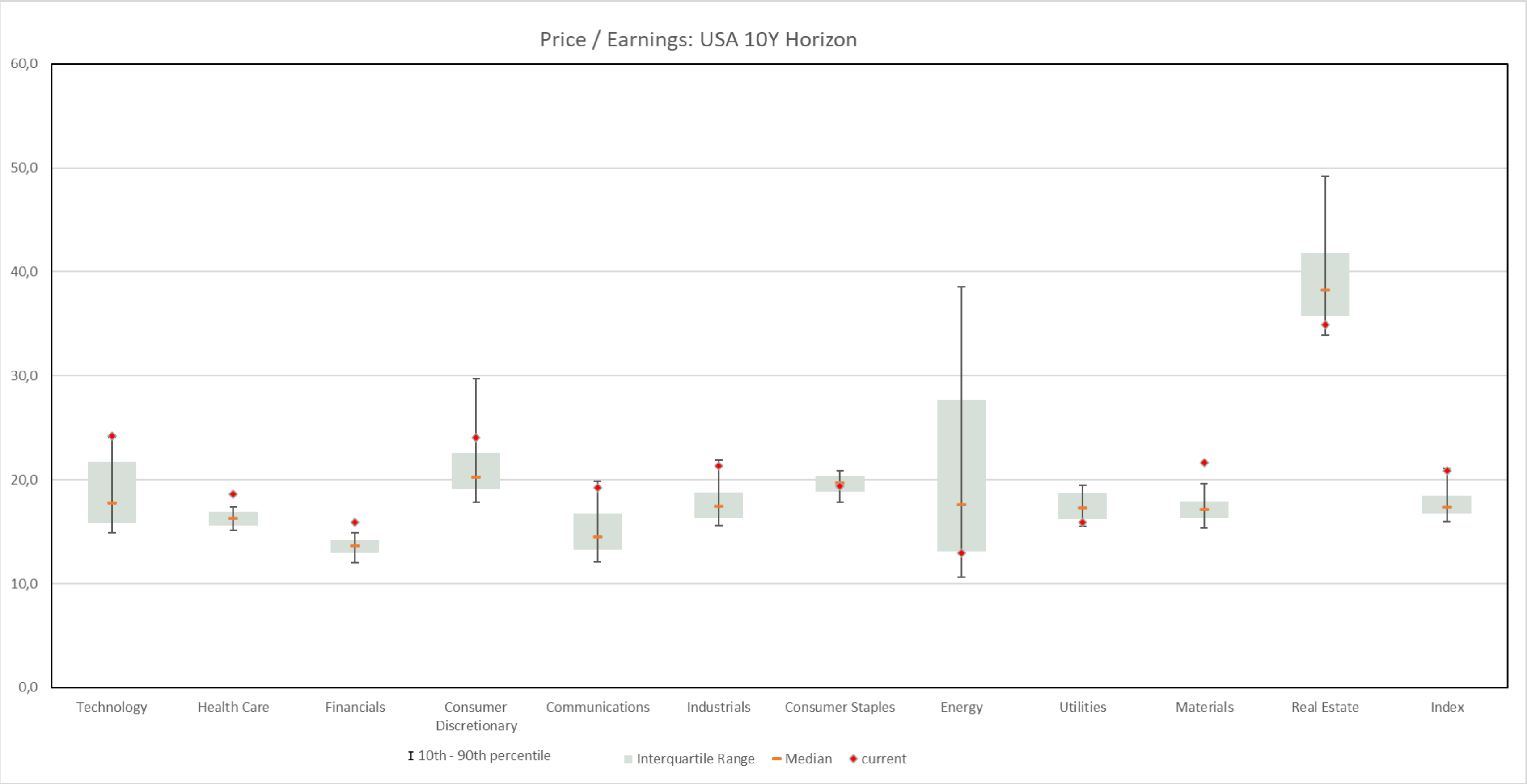
Index Valuations

			Forward																Composite	
Index	Level	1yr Range	EPS	5yr Z-Score	EPS change 4 weeks (%)	PE Ratio	5yr Z-Score	PB Ratio	5yr Z-Score	Div Yield	5yr Z-Score	ROE	5yr Z-Score	Earnings Yield	5yr Z-Score	Equity Risk Premium	5yr Z-Score	vs. ACWI	5yr Z-Score
MSCI ACWI	777		42,65		0,28	18,14		2,79		2,05		14,50		5,49		1,09		n.a.	n.a.
MSCI World	3402		177,72		0,29	19,05		3,06		1,95		15,01		5,22		0,82		1,06	
MSCI Emerging Markets	1046		83,00		0,17	12,64		1,57		2,96		12,13		7,94		3,54		0,68	
S&P 500	5204		242,41		-0,07	21,47		4,28		1,43		18,50		4,66		0,26		1,23	
S&P 500 Equal Weighted	6751		382,65		0,63	17,64		2,77		2,05		14,31		5,67		1,27		0,98	
Russell 2000	2063		85,56		-2,91	24,12		1,55		n.a.		4,67		4,15		-0,26		1,23	
NASDAQ 100	18108		685,93		-0,21	26,40		6,63		0,85		21,54		3,79		-0,61		1,58	
MSCI USA Growth	22084		384,69		0,08	30,09		9,36		0,44		28,85		1,74		-2,66		1,88	
MSCI USA Value	13320		218,71		0,31	16,50		2,72		2,45		15,07		1,64		-2,76		0,92	
STOXX Europe 600	507		35,74		-0,25	14,17		1,91		3,42		12,79		7,05		4,66		0,77	
STOXX Europe Mid 200	529		39,27		0,21	13,47		1,52		3,79		10,49		7,42		5,03		0,72	
STOXX Europe Small 200	336		24,92		2,37	13,47		1,33		3,30		9,28		7,43		5,03		0,71	
DAX	18175		1359,38		-2,07	13,37		1,57		3,11		10,91		7,48		5,08		0,71	
FTSE 100	7911		679,62		-0,15	11,64		1,72		4,03		13,99		8,59		4,52		0,64	
CAC 40	8061		572,89		-0,34	14,07		1,89		3,13		12,96		7,11		4,71		0,76	
FTSE MIB	34011		3729,22		0,44	9,12		1,27		5,29		13,96		10,96		8,57		0,50	
Nikkei 225	38992		1714,84		17,93	22,74		2,15		1,70		9,42		4,40		3,63		1,19	
Hang Seng	16724		2022,38		-2,64	8,27		0,91		4,55		10,51		12,09		9,81		0,44	

Source: BNP Paribas, Bloomberg

Sector Valuations - US

MOST OF THE SECTORS IN THE US ARE AT THE TOP OR EVEN ABOVE THEIR 90TH PERCENTILE



Source: BNP Paribas, Bloomberg

Valuations - EU

EUROPEAN SECTORS CONTINUE TO SCREEN CHEAP VS HISTORY ACROSS THE BOARD

Source: BNP Paribas, Bloomberg

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