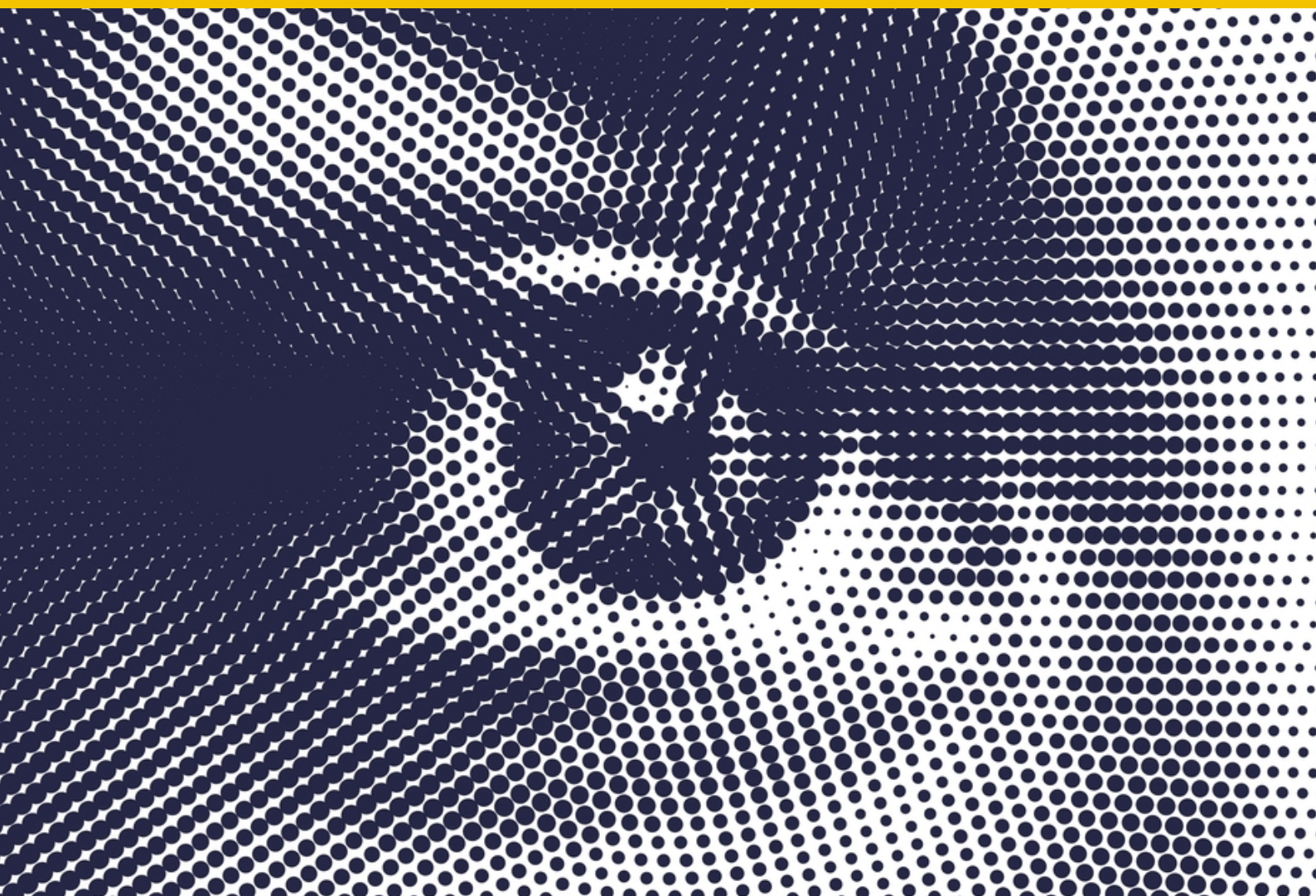


GLOBAL INVESTMENT OUTLOOK **2024**

The Big Picture



Disclaimer

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2023

The Macro Review



2023 The Macro Review

The Federal Reserve held interest rates steady at a 22-year peak between

5.25% & 5.50%

in its December FOMC meeting.

Although the Fed did not officially declare a victory against inflation, Chairman Powell recognised the encouraging signs of disinflation. Markets heaved a sigh of relief, with the overall meeting tone interpreted as largely dovish.

The consumer price index has fallen from 9.1% in June 2022 to 3.1% in November 2023, following 11 interest rate hikes in its aggressive tightening cycle. Fed projections reveal inflation is estimated at 2.8% towards the end of 2023. The Fed is beginning to see a more straightforward path to price stability, supported by lower energy costs, particularly fuel oil, gasoline, and utility gas. Smaller-than-expected increases in food, new vehicles, and shelter prices, along with a slight decrease in the prices of used trucks and cars, also alleviated some of the burden on consumer expenses.

The Federal Reserve's macroeconomic projections suggest inflation will decline to 2.4% at the end of 2024, 2.1% at the end of 2025, and 2% at the end of 2026. The Fed's preferred inflation gauge, the Core PCE index, is expected to slow to 2.4% in 2024 from 3.2% in 2023. The unemployment rate is expected to increase to 4.1% in 2024 from the current 3.7%. Consequently, the Fed expects the U.S. economy, which is on course to expand at a 2.1% annual pace in 2023, to grow at a slower pace of 1.4% in 2024, adjusted for inflation. Nevertheless, the Fed does not foresee a recession next year, which has bolstered hopes of a soft landing. By virtue of these factors, the Fed's dot plot has not pencilled in any more rate

hikes for the first time since March 2021. Instead, the central bank factored in three rate cuts of 25 bps each for 2024.

Large market capitalisation companies propelled the US stock market higher in 2023, primarily driven by the consumer discretionary, information technology, and communication services sectors. The "Magnificent Seven" mega-cap stocks, including Apple, Amazon, Alphabet, Meta, Microsoft, Tesla, and Nvidia, contributed significantly to the S&P 500's 2023 gain, accounting for almost 55% + gains of the index's 25 % 2023 returns. This notable performance is not merely driven by hype. Recent earnings reports indicate robust fundamentals in US tech companies, leading to upward revisions in earnings estimates and valuations. The increasing enthusiasm for artificial intelligence suggests that Big Tech equities and the US stock market will continue outperforming. The net profit margins of the Magnificent Seven are twice that of the remaining index, and consensus estimates suggest this margin differential will persist through 2025.

In the Eurozone, inflation fell to 2.4% year-on-year in November 2023 from 2.9% in October 2023, approaching the European Central Bank's 2.0% target. Meanwhile, the Eurozone's Core Consumer Price Index (CPI) is declining even faster than anticipated by market participants. The European Central Bank (ECB) mirrored the Fed by leaving interest rates unchanged at 4% for the second straight meeting. Officials stated policy rates will remain sufficiently restrictive for as long as necessary.

While market participants broadly expect interest rates to have peaked in the U.S., there is uncertainty pertaining to the timing and extent of rate cuts. Meanwhile, ECB President Christine Lagarde cautioned that the central bank had not discussed rate cuts during its December meeting. Moving forward, factors such as the tightness of the labour market, potential oil price shocks, and ongoing geopolitical issues will influence the changes in global interest rates.



A Roadmap for Investors

- Navigating the Landscape of 2024 – A Roadmap for Investors
- The Four Scenarios of 2024



Navigating the Landscape of 2024 - A Roadmap for Investors

As we stand at the threshold of 2024, the global economic landscape has been shaped by the tumultuous events of the preceding year. In 2023, we witnessed a series of pivotal macroeconomic events that have left an indelible mark on the financial world, prompting both reflection and anticipation as we delve into the coming year.

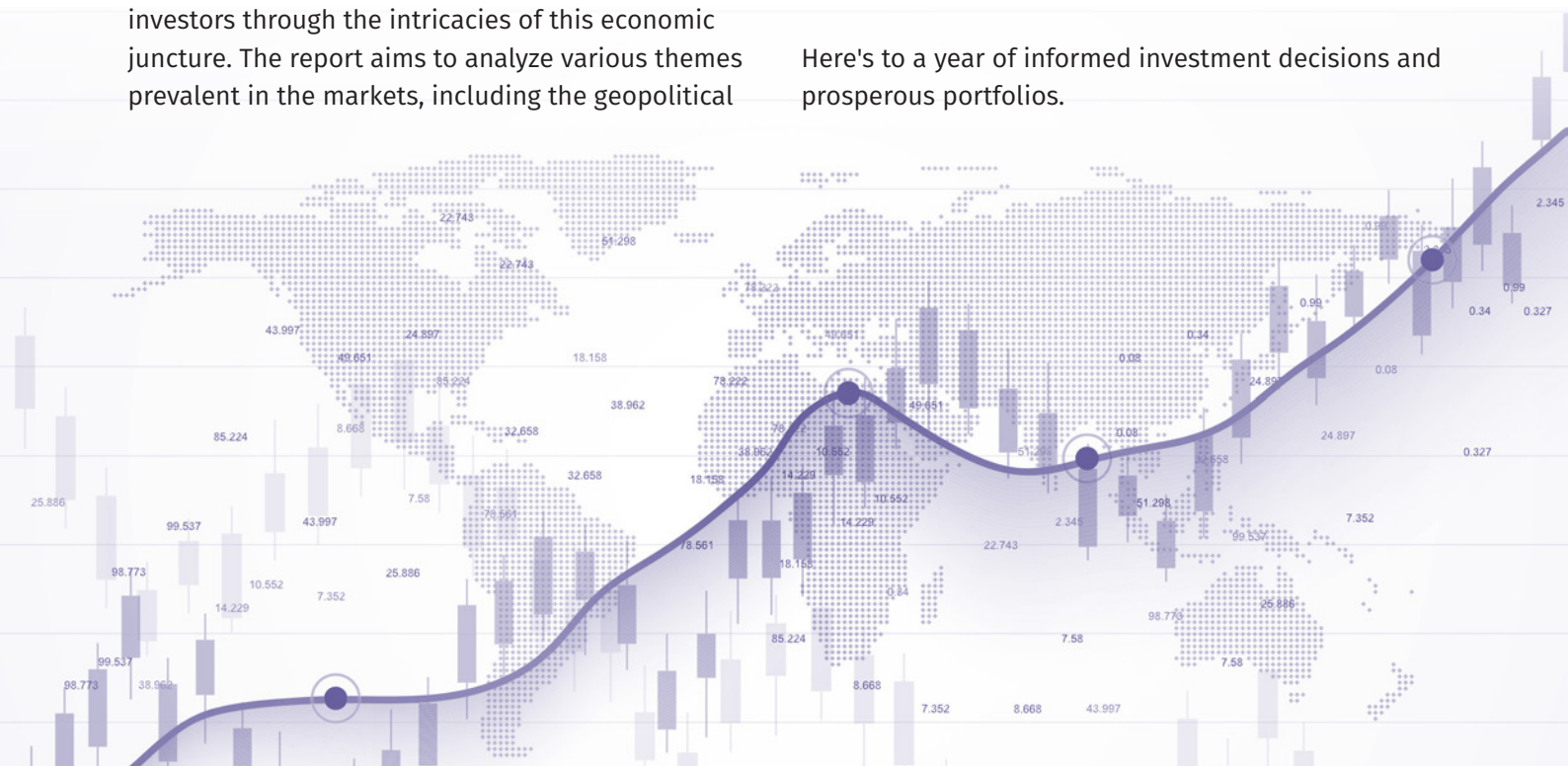
One of the most noteworthy shifts has been the trajectory of interest rates. The US Federal Reserve's deliberate decision to raise interest rates has led to an unprecedented surge, reaching levels not seen in over two decades. Eleven consecutive increases since March 2022 have propelled the benchmark federal funds rate to hover between 5.25% and 5.5%, fundamentally altering the dynamics of global financial markets. The question that looms large in the minds of investors is about the expected time frame during which interest rates will remain elevated, and the subsequent extent and timing of rate cuts.

Our forthcoming report aims to dissect this critical question, providing insights and analysis to guide investors through the intricacies of this economic juncture. The report aims to analyze various themes prevalent in the markets, including the geopolitical

flash-points, Chinese real estate markets and the US 2024 Presidential Election impact. The Chinese real estate sector has been a source of global concern, and our report will delve into the intricacies of this issue, assessing its potential ramifications on the broader economic landscape. Simultaneously, we will scrutinize the implications of the US Presidential elections, recognizing the profound influence political decisions can exert on financial markets.

In a world marked by economic shifts and geopolitical uncertainties, informed decision-making becomes paramount. Our report seeks to empower investors with the knowledge and foresight needed to navigate the evolving financial terrain successfully. In addition to this macroeconomic analysis and geopolitical scrutiny, the report aims to provide actionable insights for investors by unveiling our carefully curated investment picks. The report aims to provide the investor with a broad array of investment choices based on the current market theme. The investment choices include equity picks and fixed-income picks, along with a few ETF recommendations.

Here's to a year of informed investment decisions and prosperous portfolios.





The Four Scenarios of 2024

The Q4 recovery in 2023 has changed the entire narrative in favour of risk assets. While this was based on expectations of a peak in yields and softening in US inflation data, history has shown that markets have always been over-optimistic during downturn cycles and pessimistic during upturn cycles. Major geological stress points, along with an overall slowdown in key global hubs, including Germany & China, continue to linger.

As we enter 2024, four broad scenarios of growth and inflation could impact critical market asset classes – equities and bonds. While both would show a correlated movement in some scenarios, in other cases, both could decouple. If history is any guide, peak rates don't last long. What often follows is sharp

and abrupt rate-cut cycles. In a few scenarios, like the Great Inflation Era from 1965 to 1982, the gyrations in the interest rate cycles were huge, causing immense volatility to the overall market cycle.

At this point, most of the market consensus is geared towards central bank rate cuts by the first half of 2024. Key drivers for this consensus include falling rent inflation, weak demand, and a pullback in wage growth numbers. Even as participants continue to focus on quality assets in the bonds and equities space, it is essential to understand the broad repercussions of each scenario on equity and bond prices.

Scenario	Expectations	Equities	Bonds	Probability
1	Soft Landing	↑	↑	50%
2	Hard Landing	↓	↑	25%
3	Growth in Full Throttle Mode	↑	↔	15%
4	Caution & Heightened Anxiety	↓	↓	10%



Soft Landing

Recent US economic data points to a 'soft landing', with declining consumer spending and inflation possibly leading to a dovish central bank stance and lower yields without a major recession. Anticipated rate cuts may bolster US equities and bonds. Corporate finances should remain relatively stable, with consumer spending and capex cycles resilient, though vulnerable to significant market shocks.



Hard Landing

Under any likely hard-landing scenario, a sharp slowdown in growth will see the economy entering recession. Any recession scenario will likely see the US Fed aggressively cutting down on its present high-interest rates. Market expectations of future interest rates and yields will decrease drastically, aiding the overall gains in the bond markets. The cycle might damage equities as corporates and small firms increasingly look to control their costs and meet the investors' expectations of decent earnings. In such scenarios, bonds often fare well on the back of safe- haven buying.



Growth in Full Throttle Mode

This scenario could see no significant negative impact on US economic growth. Under such a scenario, equities could see a positive return while bond returns could be flat to negative. It is based on more growth, contributing to further hawkishness and a high-yield narrative. While equities will see some gyrations, resilient growth and persistent inflation above target could see a significant downfall in bond markets. Strong and stable economic growth always buys corporate earnings growth. It, in turn, translates into solid consumer sentiment and an uptick in equity prices.



Caution & Heightened Anxiety

Under this scenario, although the overall economic growth is stable, events like a rise in oil prices and geopolitical conflict should keep the stress points alive in the market. The prevailing narrative of higher long-term inflation should dampen investor spirits with the central banks maintaining their hawkish policies intact. Higher bond yields will, in turn, impact equity prices as investors tend to rush to the relative safety of the dollar and other safe havens. Investors could also likely add hedges in the form of investments in safe-haven assets.



Country Specific Outlook

▪ USA ▪ Europe ▪ China ▪ Asia exChina ▪ GCC



USA

The US Fed projections see the nation's GDP growing by an inflation-adjusted pace of 1.4% next year. The markets seem to be rejoicing that the inflation numbers are taking a sharp breather. With goods inflation practically dead, even service inflation is showing signs of slowing down due to a moderation in rents. Soft landing or not, a fall in inflation will lead to a slowdown in wage growth.

This is already evident from the latest weak macro numbers from the US. Fed Chairman Jerome Powell's remarks after the December FOMC meeting suggests a softening of the tightening bias as the central bank indicates three prospective rate cuts next year. However, the exact timing and extent of rate cuts remains uncertain. Another critical point is that consumers seem to have maxed out on their emergency savings fund. While credit card spending is at a new high of \$1.08 trillion, the interest rate on debt servicing has increased considerably. This has already caused consumers to cut back on discretionary purchases and in some income groups, even compromise on the daily essentials. Markets increasingly hope the Fed will not lag in the rate cut cycle should inflation numbers fall below 2%.

Europe

The eurozone is expected to post weaker growth for 2024 due to the high cost of living, weaker global demand, and the impact of past monetary tightening measures. While private consumption drag is still one central negative theme, markets are broadly expecting the ECB to follow the Fed's footsteps in initiating rate cuts. Since the Russia – Ukraine War, the German economy has grown in only two out of the last six quarters. The past impact of high energy costs has acted as a big negative for German consumers. Furthermore, markets are also digesting the recent verdict of the German constitutional court.

The recent ruling has exposed a big question mark on the common zones' fiscal and political austerity. If the Netherlands elections is something to go by, the rise of right-wing and ultra-conservative leaders threatens Eurozone's integrity status as a whole. The overall tone would be that of proceed with caution.



China

The recovery in the Chinese economy has been the market's talking point for much of 2023. Contrary to popular perception, the Chinese economy's future looks bleak. Despite a host of fiscal and monetary measures announced by the authorities, the engulfing pessimism from the real estate sector slowdown is a big trouble point for the authorities. Existing home prices fell the most in October to decade lows, with outstanding property loans falling for the first time. With the sector contributing to more than 40% of the economy (directly + indirectly), it needs a proper and rational stimulus measure. With even the government advisors calling for steady growth targets for 2024, the overall theme would be a cautious approach and selected recalibration.

Asia exChina

Southeast Asian or trade-reliant economies will likely witness another bout of slowdown stemming from China and past US policy measures. In Japan's case, the clock has turned, with the nation now experiencing inflation after decades of deflation. Whether good or bad, the inflation moves and policy divergence between the Bank of Japan (BoJ) and the US Fed have led to a significant drop in the Yen.

This has propped up the Nikkei index basis of exporter earnings and more realized foreign revenue. For India, one big event arises from the outcome of the 2024 general elections. With the incumbent leader still popular, markets are hoping for an absolute majority at the centre. Any adverse outcome could see a big selloff in the Indian assets for the short term. Recent GDP numbers from Malaysia, Vietnam

and the Philippines suggest signs of growth uptick. The ASEAN 6 economies (Indonesia, Malaysia, Philippines, Singapore, Thailand and Vietnam) are expected to clock in an average growth rate of 4.6%, up from 4% this year. Any major global energy shock will be a big negative for these economies.

GCC

GCC markets have had strong support from the overall uptick in oil and energy markets. Investors tend to flock to markets that have shown solid price appreciation and income opportunity trends in the past. While the US & Europe have seen lacklustre issuances and performance from the IPO names listed this year and, in the last year, GCC has stood out as the odd man out. For instance, in the case of GCC companies with a total IPO issuance of \$100 million + this year, more than 70% have shown price appreciation trends. Big Dubai names like Salik & Empower are up more than 40% from their initial listing price.

Most of the new issuances from GCC have been from big state utilities with a history of record dividends and substantial equity buffers. Few of the names have, in fact, consistently paid back around 50% + of their accrued reserves back to their shareholders. It's not just the primary market that has been a dividend-playing opportunity. On average, the GCC indices components led by Dubai DFM & Qatar DSM have yielded 6% + in annualized dividends. Compare this with SPX 500, whose dividend yield consistently ranges between 2% to 3%.



Major Themes to Watch

Geopolitical Flash Points & Oil

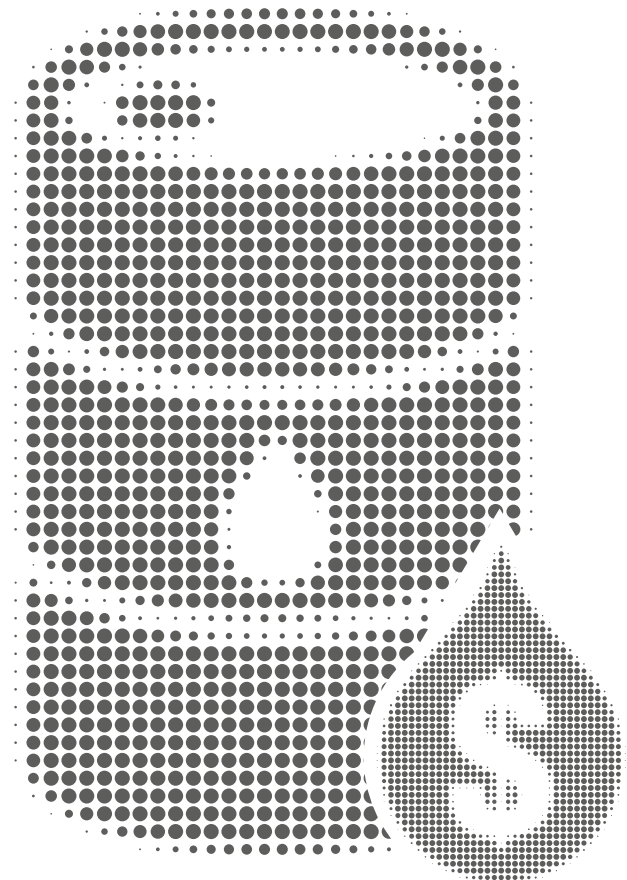
If the recent OPEC meeting confusion is anything to go by, there seems to be deep division within the cartel regarding policy moves. Saudia Arabia and its allies are said to have been deeply embroiled over the output quotas for African members. So far, OPEC has been successful in artificially managing the oil prices. However, as we progress to 2024, gulf region producers increasingly look vulnerable to further production cuts. With most of these economies on full non-oil diversification drive, the energy revenue

mix continues to dominate the overall state finances and reserve buffers. On the demand side, China's oil demand growth will likely ease in H1'2024 to 4%. In China, the resurgent consumption from aviation and downstream sectors will probably be negated by weak diesel usage backed by ongoing property sector stress. Number-wise, OPEC foresees Chinese demand averaging 16.41 mbpd in H1'2024, whereas IEA estimates put the demand numbers at 17.1 mbpd.

With overall demand growth set to slow, the general markets could shift into surplus during the start of 2024. On the flip side, the IEA raised its oil demand growth forecast to

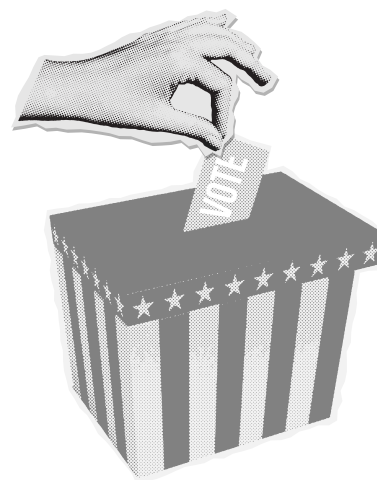
930,000 bpd from
880,000 bpd.

Expectations are underpinned by hopes of interest rate cuts and the recent fall in crude prices. These figures starkly contrast with the OPEC's forecast of 2.25 million bpd. OPEC and the IEA have clashed in recent years over issues such as the long-term oil demand outlook and the need for investment in new supplies. Higher-than-expected oil prices in a scenario where the Middle East conflict disrupts oil supply would cause lower economic growth and higher inflation.



US Presidential Election Impact on Markets

The year leading up to an election typically shows lower returns as investors cope with uncertainty. However, in the 12 months after an election, the market's performance tends to be stronger than usual, regardless of which party is in office. There is always the possibility of the market acting entirely differently than it has historically. In the year leading up to a presidential election, equities gained an average of 8.4%. In the 12 months after the election period, the average return has been 9.30%.



Election Year	President Elect	SPX 500 Performance - 12 Months Before Election	SPX 500 Performance - 12 Months After Election	Calendar Year Annual Return for SPX 500
1964	Lyndon Johnson [D]	14.70%	8.30%	13.00%
1968	Richard Nixon [R]	11.80%	-5.70%	7.70%
1972	Richard Nixon [R]	20.00%	-7.90%	15.60%
1976	Jimmy Carter [D]	15.50%	-11.30%	19.20%
1980	Ronald Reagan [R]	25.70%	-3.30%	25.80%
1984	Ronald Reagan [R]	3.80%	14.10%	1.40%
1988	George H.W. Bush [R]	9.40%	22.20%	12.40%
1992	Bill Clinton [D]	7.40%	10.80%	4.50%
1996	Bill Clinton [D]	19.70%	33.00%	20.30%
2000	George W. Bush [R]	4.50%	-21.90%	-10.10%
2004	George W. Bush [R]	7.60%	6.40%	9.00%
2008	Barack Obama [D]	-35.80%	8.20%	-38.40%
2012	Barack Obama [D]	13.10%	24.40%	13.40%
2016	Donald Trump [R]	1.70%	21.50%	9.50%
2020	Joe Biden [D]	7.50%	39.90%	16.30%
Average		8.40%	9.30%	8.00%



Investment Insight 2024

▪ Stocks ▪ ETFs ▪ Corporate Bonds ▪ Treasuries





Evaluating Stocks for 2024

This report encompasses a carefully curated list of stocks diversified across promising industries such as semiconductors, internet, software, computers, diversified financial services, aerospace, and defense. Strong financial results, upward revision in earnings, robust fundamentals, and developments in the fields of Artificial Intelligence (AI) and cloud computing propelled these stocks higher in 2023. Despite the surge, these stocks are poised for further growth in 2024 owing to strong earnings projections. Most leading tech companies in the U.S. boast healthy balance sheets, low debt levels, and consistent profitability – which has enhanced their resilience to withstand economic headwinds.

High growth tech stocks also stand to benefit from the imminent Fed pivot to rate cuts. The central bank is projecting three rate cuts of 25 bps each next year. Markets, on the other hand, are expecting even more rate cuts than the Fed is indicating. Moreover, although economic growth is expected to moderate, the Fed does not foresee a recession in 2024. This is an encouraging sign for the stocks chosen, especially as governments across the world ramp up investments in the tech sector.

Stocks Snapshot

Company Name	Ticker	52-Week Low	Last Price*	52-Week High	Market Capitalization (in Billions)	Analyst Target Price	Analyst Recommendations			Recommendation Consensus (Out of 5)	Beta
							Buy	Hold	Sell		
 NVIDIA	\$NVDA	\$138.84	\$488.30	\$505.48	\$1,206.10	\$652.43	59	5	0	4.83	1.94
 Alphabet	\$GOOGL	\$84.86	\$141.49	\$141.99	\$1,778.47	\$154.15	56	9	0	4.66	1.20
 Microsoft	\$MSFT	\$219.35	\$374.58	\$384.30	\$2,783.98	\$414.75	60	6	0	4.79	1.11
 Meta	\$META	\$115.51	\$353.39	\$357.20	\$908.16	\$379.56	66	6	2	4.69	1.30
 CROWDSTRIKE	\$CRWD	\$92.25	\$255.63	\$261.81	\$61.39	\$257.25	45	3	2	4.68	1.51
 Adobe	\$ADBE	\$318.60	\$598.75	\$633.89	\$272.61	\$644.54	30	10	2	4.36	1.68
 AMERICAN EXPRESS	\$AXP	\$140.91	\$185.57	\$186.37	\$135.23	\$177.31	19	14	3	3.89	1.25
 amazon	\$AMZN	\$81.43	\$153.42	\$155.63	\$1,585.45	\$180.06	68	2	0	4.90	1.46
 NETFLIX	\$NFLX	\$273.41	\$486.76	\$500.89	\$213.04	\$480.65	38	16	4	4.14	1.72
 GENERAL DYNAMICS	\$GD	\$202.35	\$254.10	\$256.32	\$69.34	\$275.41	18	8	0	4.35	0.63

*Last Price as of 22nd December 2023

Date: 22nd December 2023

Source: Bloomberg



Ladder Portfolio - Stocks

Total Investment in Portfolio									
\$1,000,000									
Investment in Phases	25%			35%			40%		
Investment Value	\$250,000			\$350,000			\$400,000		
Entry Levels	Entry 1			Entry 2			Entry 3		
Name	Quantity	Last Price*	Total	Quantity	Estimated Price	Total	Quantity	Estimated Price	Total
NVIDIA CORP	61	\$488.30	\$30,000	92	\$454.12	\$42,000	112	\$429.70	\$48,000
ALPHABET INC	212	\$141.49	\$30,000	319	\$131.59	\$42,000	386	\$124.51	\$48,000
MICROSOFT CORP	53	\$374.58	\$20,000	80	\$348.36	\$28,000	97	\$329.63	\$32,000
META PLATFORMS INC	57	\$353.39	\$20,000	85	\$328.65	\$28,000	103	\$310.98	\$32,000
CROWDSTRIKE HOLDINGS INC	117	\$255.63	\$30,000	177	\$237.74	\$42,000	213	\$224.95	\$48,000
ADOBE INC	50	\$598.75	\$30,000	75	\$556.84	\$42,000	91	\$526.90	\$48,000
AMERICAN EXPRESS CO	135	\$185.57	\$25,000	203	\$172.58	\$35,000	245	\$163.30	\$40,000
AMAZON.COM INC	130	\$153.42	\$20,000	196	\$142.68	\$28,000	237	\$135.01	\$32,000
NETFLIX INC	51	\$486.76	\$25,000	77	\$452.69	\$35,000	93	\$428.35	\$40,000
GENERAL DYNAMICS CORP	79	\$254.10	\$20,000	118	\$236.31	\$28,000	143	\$223.61	\$32,000
		Total	\$250,000			\$350,000		Total	\$400,000

*Last Price as of 22nd December 2023.

Date: 22nd December 2023

Source: Bloomberg

Individual Allocation

Total Allocation to Stocks				
\$1,000,000				
	Phase 1	Phase 2	Phase 3	Total
Name	25%	35%	40%	100%
NVIDIA CORP	3.00%	4.20%	4.80%	12%
ALPHABET INC	3.00%	4.20%	4.80%	12%
MICROSOFT CORP	2.00%	2.80%	3.20%	8%
META PLATFORMS INC	2.00%	2.80%	3.20%	8%
CROWDSTRIKE HOLDINGS INC	3.00%	4.20%	4.80%	12%
ADOBE INC	3.00%	4.20%	4.80%	12%
AMERICAN EXPRESS CO	2.50%	3.50%	4.00%	10%
AMAZON.COM INC	2.00%	2.80%	3.20%	8%
NETFLIX INC	2.50%	3.50%	4.00%	10%
GENERAL DYNAMICS CORP	2.00%	2.80%	3.20%	8%

*Last Price as of 22nd December 2023.

Date: 22nd December 2023

Source: Bloomberg



BUY

59

HOLD

5

SELL

0



Ticker	\$NVDA
Sector	Semiconductors
*Last Price	\$488.30
52-Week Low	\$138.84
52-Week High	\$505.48
Market Capitalization (\$ Billions)	\$1,206.10
Analyst Target Price	\$652.43
Beta	1.94
Shares Outstanding (in millions)	2,470.00
Avg 30-day volume (in millions)	41.82
Forward P/S	13.76
Forward EV/Sales	13.68
Best Revenue Growth	118.95
Dividend Yield (%)	0.03

*Last Price as of 22nd December 2023.

Date: 22nd December 2023

Source: Bloomberg

Nvidia delivered record revenue growth of 206% YoY to \$18.1 billion for the October quarter, significantly above analyst expectations of \$16.2 billion, supported by robust demand for AI chips. Adjusted EPS came in at \$4.02, surpassing Wall Street's consensus estimate of \$3.37. Data center revenue soared 279% YoY and 41% QoQ to a record \$14.5 billion in the October quarter. Despite the slowdown in the personal computing industry, revenue from this segment rose 81% YoY to \$2.86 billion.

Around 21.5% of Nvidia's sales in the past nine months stemmed from China. Recently, the U.S. government levied sanctions on high-performance chip exports to China, which is expected to put a dent in revenue from the region. Nevertheless, Nvidia is reportedly designing three distinct AI chips specifically tailored for the Chinese market, striving to cater to the region's surging demand for AI solutions while adhering to US export restrictions. However, this has not been officially announced yet. Nvidia's management anticipates any drop in China revenue to be offset by strong growth in other geographies.

Nvidia's market capitalization has soared above \$1.2 trillion, which is a testament to its dominance in the chip industry as well as the AI landscape. Nvidia exercises a near-monopoly control in the market for chips specifically designed for training generative AI models. Demand for Nvidia's products far outstrips supply and is driven by wealthy enterprise customers. On that account, analysts broadly expect annual revenue to more than triple to \$98 billion over the next three years.

Recently, the company launched the Nvidia H200 Tensor Core GPU. It is the first GPU to offer 141 GB of HMB3e memory at 4.8 TB/s – which is nearly double the capacity of its H100 Tensor Core GPU. It has the power to accelerate the development of generative AI and large language models (LLMs), while simultaneously propelling scientific computing in HPC applications.



Alphabet

BUY

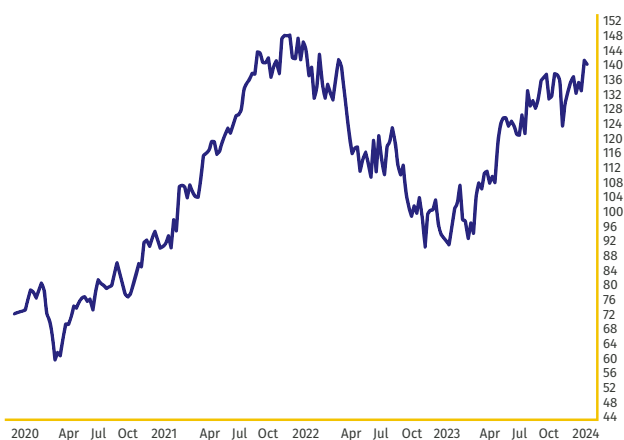
56

HOLD

9

SELL

0



Alphabet boasts a market capitalization of \$1.6 trillion. The Google ecosystem, under Alphabet's umbrella, commands a staggering 91.55% market share in the search engine sector. Despite this, Alphabet shares currently linger 9% below their all-time high, presenting an opportunity for investors.

In the recent quarter, the tech giant delivered an 11% YoY surge in revenue to \$76.7 billion, surpassing analysts' estimates by nearly \$1 billion. Simultaneously, EPS experienced a substantial 46% rise to \$1.55, exceeding the consensus forecast by a dime. 78% of Alphabet's revenue emanated from Google's advertising business, encompassing search, network, and YouTube ads in the third quarter. Another 11% originated from subscriptions, a la carte services, and hardware devices, while the remaining 11% primarily stemmed from Google Cloud, currently positioned as the third-largest cloud infrastructure platform globally.

The optimism surrounding Alphabet stems from the resurgence of its advertising business, burgeoning subscriptions, and expanding operating margins. Google's YoY advertising revenue growth gained momentum for the third consecutive quarter, fuelled by increased ad sales on its search engine and heightened sales of brand and direct response ads on YouTube. Moreover, Google's other revenue witnessed over a 20% rise for the second consecutive quarter, driven by the growing paid subscribers for YouTube Premium and YouTube Music. The recent launches of Google's Pixel 8 phones and Pixel Watch 2 are anticipated to further fortify this segment in the fourth quarter. As Alphabet's revenue growth accelerates, its operating margin expanded by three percentage points YoY to 28% in the third quarter.

Projections signal a 11% growth in revenue and 19% increase in earnings in 2024. With forward earnings multiple of 21, patient investors are encouraged to focus on the accelerating growth of its advertising business, which holds greater significance than the decelerating growth of Google Cloud.

Ticker	\$GOOGL
Sector	Interactive Media & Services
*Last Price	\$141.49
52-Week Low	\$84.86
52-Week High	\$141.99
Market Capitalization (\$ Billions)	\$1,778.47
Analyst Target Price	\$154.15
Beta	1.20
Shares Outstanding (in millions)	5,918.00
Avg 30-day volume (in millions)	30.05
Forward P/S	6.39
Forward EV/Sales	6.07
Best Revenue Growth	9.05
Dividend Yield (%)	-

*Last Price as of 22nd December 2023.
Date: 22nd December 2023
Source: Bloomberg



BUY

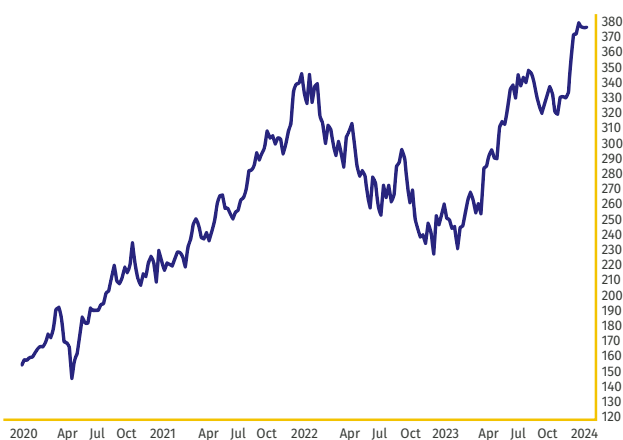
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SELL

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Ticker	\$MSFT
Sector	Software
*Last Price	\$374.58
52-Week Low	\$219.35
52-Week High	\$384.30
Market Capitalization (\$ Billions)	\$2,783.98
Analyst Target Price	\$414.75
Beta	1.11
Shares Outstanding (in millions)	7,432.26
Avg 30-day volume (in millions)	28.27
Forward P/S	11.06
Forward EV/Sales	10.91
Best Revenue Growth	14.78
Dividend Yield (%)	0.80

*Last Price as of 22nd December 2023.

Date: 22nd December 2023

Source: Bloomberg

Microsoft is ranked 14th in the 2022 Fortune 500 list and is the world's largest software maker by revenue. Microsoft's business is built on three segments: 'Reinvent Productivity and Business Processes,' which provides tools for secure, hybrid work environments; 'Intelligent Cloud,' which invests heavily in sustainable computing to meet the growing demand for cloud infrastructure; and 'More Personal Computing,' which makes technology more user-centric. Despite a diversified revenue structure, the Intelligent Cloud segment attracts higher revenues, contributing approximately 37.96%.

MSFT is navigating a tough landscape with finesse, benefitting from factors such as the growing contribution of AI. MSFT's embrace of the AI trend is reflected in its strategic initiatives and financial performance. In Q1 2024, revenues surged by 13% YoY to \$56.5 billion, with operating income up by 25% YoY to \$26.9 billion. The company generated around \$30.5 billion, marking a 32% increase compared to Q1 2023. Moreover, investments amounted to about \$19.5 billion, allocated toward PPE, acquisitions, and other ventures.

The introduction of custom AI-focused chips, Azure Maia and Azure Cobalt, slated for 2024, showcase the company's commitment to innovation. Collaborations with AMD and NVIDIA, especially the NVIDIA AI foundry service, underscore MSFT's drive to lead technological advancements. Innovations like Copilot Studio and the rebranding of Bing Chat as "Copilot" further underline MSFT's user-centric approach.

In essence, MSFT represents a blend of medium-risk-high-potential rewards in the AI domain. Despite its premium valuation, MSFT's established market position, expansive capabilities, and strong financial standing set it apart. Its unique ability to integrate AI across industries and consumer bases positions it advantageously. MSFT's potential for earnings growth and ability to sustain higher valuations make it a promising stock for investors.

Meta

BUY

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SELL

2



Ticker	\$META
Sector	Interactive Media & Services
*Last Price	\$353.39
52-Week Low	\$115.51
52-Week High	\$357.20
Market Capitalization (\$ Billions)	\$908.16
Analyst Target Price	\$379.56
Beta	1.30
Shares Outstanding (in millions)	2,219.61
Avg 30-day volume (in millions)	16.62
Forward P/S	6.19
Forward EV/Sales	6.03
Best Revenue Growth	14.63
Dividend Yield (%)	-

*Last Price as of 22nd December 2023.
Date: 22nd December 2023
Source: Bloomberg

Meta Platforms is a social media powerhouse that recently unveiled a suite of AI-based video editing tools, underlining its commitment to fortifying its AI portfolio. Examining its historical performance, Meta Platforms witnessed a doubling of its share price between 2019 and 2020 during the presidential election, an uptrend seemingly resurfacing in the lead-up to the 2024 election. Analysts estimate that Meta Platforms commands approximately 20% of all digital ad spending in the U.S., positioning it as a major beneficiary of the surge in political advertising anticipated for the upcoming election cycle.

Driving this optimistic outlook are Meta's aggressive cost-cutting measures, an improving ad business, and a favourable market environment. With expectations of a robust recovery, free cash flow is projected to reach \$23 billion this year, on track to reach \$30 billion in 2024. The company's ownership of social media behemoths like Facebook, Instagram, WhatsApp, and Facebook Messenger, alongside the rapid success of Threads, further solidifies its market dominance. Meta's social media assets provide unrivalled access to a vast user base, granting merchants unparalleled reach and the ability to target Monthly Active Users (MAUs). This strong pricing power is a testament to Meta's formidable position in the digital landscape.

While skeptics highlight Meta's losses in the augmented/virtual reality segment (Reality Labs), it is crucial to recognize that Meta is strategically investing in its future. The company's substantial cash reserves, exceeding \$61.1 billion, offer a cushion for aggressive investments without compromising core operations.

Despite a remarkable surge from its 2022 bear market low, Meta stock presents an enticing valuation. The forward price-to-earnings ratio stands at an attractive 19x. Trading at just 11 times forward-year cash flow, a marked discount compared to its five-year average of nearly 16 times cash flow, the stock underscores its resilience and potential for sustained growth.



BUY

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SELL

2



CrowdStrike stands out in the cybersecurity landscape with its cloud-based endpoint technology platform for preventing security breaches. In Q3 2023, CrowdStrike reported revenue of \$786 million and an adjusted profit of 82 cents per share. These figures surpassed analysts' estimates, which were \$777 million in revenue and an adjusted profit of 74 cents per share. Subscription revenue rose 34% YoY to \$733.5 million while annual recurring revenue (ARR) surged 35% YoY to \$3.15 billion in Q3 2023, driven by platform deals and enhanced competitive win rates.

Net new ARR came in at \$223.1 million during the quarter, marking a 13% YoY growth. The management aspires to elevate the annual recurring revenue to \$10 billion over the next five to seven years. Non-GAAP operating margin expanded 690 bps to 22.3% while free cash flow margin came in well above consensus at 30.5%. Consequently, the cybersecurity firm raised its outlook for the full year, projecting \$3.05 billion in revenue and adjusted profit between \$2.95 and \$2.96 per share.

In September 2023, CrowdStrike announced its intention to acquire Bionic, a pioneer of Application Security Posture Management, for \$350 million. This will enhance its Falcon platform's cloud infrastructure protection capabilities, thereby making CrowdStrike the first cybersecurity company to offer comprehensive code-to-runtime cloud security from a single platform. CrowdStrike established a new office in Singapore, which will be its main hub in Asia. This move will not only bolster the company's regional footprint, but also double the capacity of its existing facilities in Singapore.

The company's new generative AI security analyst called Charlotte AI will enable users of all skill levels to use its Falcon platform to assess risk profile, mitigate vulnerabilities, and fulfil compliance requirements. On 30 November 2023, CrowdStrike touched a 52-week high of \$238.48, driven by strong platform adoption, ongoing market share gains, and superior financial performance relative to its security platform peers. CrowdStrike's stellar performance, strategic acquisitions, global expansion, and innovative advancements position it as a formidable leader in the cybersecurity industry.

Ticker	\$CRWD
Sector	Software
*Last Price	\$255.63
52-Week Low	\$92.25
52-Week High	\$261.81
Market Capitalization (\$ Billions)	\$61.39
Analyst Target Price	\$257.25
Beta	1.51
Shares Outstanding (in millions)	227.63
Avg 30 day volume (in millions)	3.55
Forward P/S	16.62
Forward EV/Sales	15.99
Best revenue growth	36.05
Dividend Yield (%)	-

*Last Price as of 22nd December 2023.
Date: 22nd December 2023
Source: Bloomberg



BUY

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SELL

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Ticker	\$ADBE
Sector	Software
*Last Price	\$598.75
52-Week Low	\$318.60
52-Week High	\$633.89
Market Capitalization (\$ Billions)	\$272.61
Analyst Target Price	\$644.54
Beta	1.68
Shares Outstanding (in millions)	455.30
Avg 30-day volume (in millions)	3.26
Forward P/S	12.70
Forward EV/Sales	12.52
Best Revenue Growth	10.67
Dividend Yield (%)	-

*Last Price as of 22nd December 2023.
Date: 22nd December 2023
Source: Bloomberg

Adobe is recognized for its multimedia and creative software offerings like Photoshop, Acrobat Reader, and Creative Cloud. It is through its software-as-a-service model that Adobe can dominate this high-growth market by a wide margin. Adobe derives revenue through subscriptions across three segments: Digital Media - facilitates content creation and promotion, Digital Experience - enhances customer experiences with analytics, and Publishing and Advertising - offers learning solutions access.

During 2022, approximately 73% of Adobe's earnings stemmed from the Digital Media sector. Adobe continues to target this segment using Content Creation Software. Currently valued at \$16,507 million, the Content Creation Software market is projected to hit \$43,733 million by 2033, with a growth rate of 10.2%. Despite emerging rivals, Adobe maintains its dominance due to its high-return innovations. For instance, it was an early adopter of AI in its content creation ecosystem.

In Q3 2023, Adobe's revenue grew 10.3% YoY reaching \$4.89 billion. The business generated cash flow from operations worth \$1.87 billion, a whopping 38.24% of its revenues. Though Adobe does not pay any dividends as of now, shareholders were rewarded with a buyback of 2.1 million shares in Q2 2023. The advent of digitization across sectors has enhanced the relevance of design and creativity. This presents a substantial market for Adobe in digital media. To capitalize on the emerging AI trend, Adobe acquired Firefly, an AI service, and is set to acquire Figma, a design software startup.

Currently, Adobe's stock is valued at 15 times its sales, up from approximately 9 times its sales in early 2023. The uptick is attributable to growing AI-related expectations. Nonetheless, Adobe's stock remains well below its late 2021 peak, and its growth and profit trends are ascending. For those seeking growth, investing in this software business offers exposure to promising tech segments that could expand for years.



AMERICAN EXPRESS

BUY

19

HOLD

14

SELL

3



Ticker	\$AXP
Sector	Consumer Finance
*Last Price	\$185.57
52-Week Low	\$140.91
52-Week High	\$186.37
Market Capitalization (\$ Billions)	\$135.23
Analyst Target Price	\$177.31
Beta	1.25
Shares Outstanding (in millions)	728.75
Avg 30-day volume (in millions)	3.27
Forward P/S	2.08
Forward EV/Sales	2.14
Best Revenue Growth	14.84
Dividend Yield (%)	1.29

*Last Price as of 22nd December 2023.

Date: 22nd December 2023

Source: Bloomberg

American Express (AXP) stands as a financial stalwart renowned for its premium credit cards, travel services, and financial products. It holds a substantial market share of nearly 19.6% in the Credit Card Market in terms of Payment Processing. Its success is attributed to its Spend-Centric business model. It invests in attractive rewards and benefits for its high-spending Card Members, funded by the annual fees charged on many products. This approach not only incentivizes cardholders to increase their spending but also provides value to merchants through loyal customers and larger transactions. Due to its appealing rewards program, the company attracts many affluent consumers, allowing it to charge premium fees to merchants.

AXP has also been successful in attracting younger consumers. The latest quarterly report reveals that Millennial and Generation Z cardholders accounted for over 60% of new accounts, with their spending increasing by 18% year-on-year. AXP reported strong revenue growth (net of interest expense) of 13% YoY, reaching \$13.6 billion. Net Income surged 30% YoY to \$1.879 billion while diluted EPS increased 34% YoY to \$3.30.

These positive results were driven by double-digit growth in US Consumer and International Card Member Spending. However, expenses rose 7%, mainly attributed to high network volumes and increased usage of travel-related benefits and restaurants. Customer engagement costs were a significant component of AXP's expenses. However, robust profitability more than compensated for the discounts offered.

The overall payments market is experiencing rapid growth, valued at \$2.33 trillion in the previous year, and projected to register a CAGR of 10.88%, reaching \$4.31 billion within the next five years. Factors fuelling this growth include growth in digitization and e-commerce, rising internet penetration, and the widespread adoption of mobile payments. Additionally, AXP's positive tone on credit, resilience in lending spread income, and a good outlook on its Millennial accounts, particularly following the acquisition of Resy, position the company favourably.



amazon

BUY

68

HOLD

2

SELL

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Ticker	\$AMZN
Sector	Broadline Retail
*Last Price	\$153.42
52-Week Low	\$81.43
52-Week High	\$155.63
Market Capitalization (\$ Billions)	\$1,585.45
Analyst Target Price	\$180.06
Beta	1.46
Shares Outstanding (in millions)	10,334.03
Avg 30-day volume (in millions)	49.90
Forward P/S	2.57
Forward EV/Sales	2.72
Best Revenue Growth	11.03
Dividend Yield (%)	-

Amazon's leadership in cloud computing, courtesy of Amazon Web Services (AWS), places it at the forefront of the burgeoning AI landscape. CEO Andy Jassy's strategic vision, exemplified by initiatives like Amazon Bedrock and a substantial \$4 billion investment in AI start-up Anthropic, underscores Amazon's commitment to driving AI innovations. Amazon's expansive reach allows it to benefit from multiple secular tailwinds, providing a foundation for sustained growth. Despite generating \$554 billion in net sales in the last 12 months, e-commerce represents only 15.6% of overall U.S. retail spending, indicating substantial room for expansion.

A key differentiator that sets Amazon apart since its inception is its prioritization of cash flow generation over immediate profits. This is apparent from its Q3 2023 results, where Amazon showcased 11% YoY growth in sales net of currency changes, while its free cash flow surged 170% relative to the previous quarter. Strong cash flows have enabled the company to invest aggressively in crucial areas such as enhancing its global delivery network and incorporating Artificial Intelligence into its offerings.

Amazon's aggressive investments, particularly in AWS, suggest a longer-term trend towards double-digit margins. The ongoing improvements to the delivery network have resulted in efficient and swift deliveries.

Despite a remarkable 71% rally this year, Amazon's valuation remains attractive, with a price-to-sales (P/S) ratio currently at 2.74, lower than its 2023 peak. This presents a favourable entry point, compared to other tech giants, underscoring Amazon's potential for value appreciation. In conclusion, Amazon's blend of innovation, diversification, decent valuation, and a commitment to long-term profitability makes it a perfect recipe for market beating - providing stellar returns for investors willing to hold this stock for long term.

*Last Price as of 22nd December 2023.
Date: 22nd December 2023
Source: Bloomberg



NETFLIX

BUY

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SELL

4



Ticker	\$NFLX
Sector	Entertainment
*Last Price	\$486.76
52-Week Low	\$273.41
52-Week High	\$500.89
Market Capitalization (\$ Billions)	\$213.04
Analyst Target Price	\$480.65
Beta	1.72
Shares Outstanding (in millions)	437.68
Avg 30-day volume (in millions)	3.96
Forward P/S	5.74
Forward EV/Sales	5.98
Best Revenue Growth	6.28
Dividend Yield (%)	-

*Last Price as of 22nd December 2023.

Date: 22nd December 2023

Source: Bloomberg

Netflix boasts over 247 million subscribers in 190+ countries. Netflix is rejuvenating both revenue and profit through diverse monetization strategies. These include a crackdown on password-sharing to expand the subscriber base, introducing a lower-priced ad-supported plan, and exploring new initiatives in ecommerce and gaming.

Netflix has invested in AI heavily to optimize overall services by identifying new content akin to viewers' historical preferences. AI algorithms predict peak usage hours, strategically placing video assets near subscribers in advance for seamless streaming. Moreover, AI has enhanced advertising strategies, enabling more precise targeting and effective acquisition of new subscribers.

Netflix reported a stellar earnings performance and subscriber growth for the September quarter. The streaming company's controversial crackdown on password sharing is already starting to pay off, as evidenced by the 7.8% YoY jump in revenue to \$8,542 million in Q3 2023. Netflix added 8.76 million global subscribers during the third quarter, effectively beating consensus estimates of 5.49 million by a wide margin. In doing so, it registered a 10.8% YoY growth, bringing the total count to 247.15 million subscribers. This marks the second largest subscriber growth on record, following the addition of 10.1 million subscribers in Q2 2020 during the Covid-19 lockdown.

The company's operating margin was at 22.4% in the third quarter, marking an improvement from 19.3% over the same period of the previous year. Net Income surged 19.95% to \$1,677 million in Q3 2023, supported by a 70% QoQ growth in ads plan membership. Netflix's commitment to offering best-in-class originals and other licensed titles is also contributing to improved profitability.

Netflix's competence is apparent from its pricing power – an attribute that is helping the company navigate an environment of high production costs while improving profitability.



GENERAL DYNAMICS

BUY

18

HOLD

8

SELL

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Ticker	\$GD
Sector	Aerospace & Defense
*Last Price	\$254.10
52-Week Low	\$202.35
52-Week High	\$256.32
Market Capitalization (\$ Billions)	\$69.34
Analyst Target Price	\$275.41
Beta	0.63
Shares Outstanding (in millions)	272.90
Avg 30-day volume (in millions)	0.99
Forward P/S	1.54
Forward EV/Sales	1.75
Best Revenue Growth	8.63
Dividend Yield (%)	2.08

General Dynamics is a prominent player in the global aerospace and defence sector with a diverse range of government and commercial clients worldwide. Over the past two decades, the company has consistently outperformed the market, positioning itself as a robust investment choice. The aerospace and defence industry's flourishing landscape, fuelled by rising global security concerns and technological advancements, has greatly contributed to GD's strong performance.

GD reported an impressive EPS of \$3.04 from sales totalling \$10.6 billion in Q3 2023. Revenue surged 6% YoY to \$95.6 billion while net operating cashflows reached \$1.3 billion, equivalent to 158% of net earnings. Total free cashflows came in at \$1.1 billion. GD's outstanding backlog signifies strong orders across the company, with a consolidated book-to-bill ratio of 1.4-to-1 at the quarter's end, particularly demonstrating strength in the marine systems and aerospace segments. The Combat segment, poised for sustained growth, anticipates a 12% growth in 2023 and an additional 8% in 2024, with the margin gradually moving towards 14% in 2025 and beyond.

With a history of providing advanced defence systems, military vehicles, and aerospace technologies, General Dynamics has garnered a strong reputation and a loyal customer base. Strategic acquisitions and investments have expanded its product portfolio, enhancing its competitive position.

In conclusion, General Dynamics' robust sales performance, strategic growth initiatives, and positive outlook across segments position the company as an enticing investment. Noteworthy prospects in the Combat segment, steady Gulfstream deliveries, and the growth trajectory in Marine systems underline GD's resilience and potential for long-term profitability. With its strategic positioning, forward-looking approach, and stable stock performance, General Dynamics emerges as an appealing investment opportunity for those seeking growth in the aerospace and defence sector.

*Last Price as of 22nd December 2023.
Date: 22nd December 2023
Source: Bloomberg

Key ETFs with 2024's Economic Trends

Access to niche markets, portfolio diversification, cost-effectiveness, flexibility, and liquidity are some of the key attributes of Exchange Traded Funds (ETFs) that have rendered them a popular investment for both novice and seasoned investors. This report encompasses a select few ETFs chosen for their exposure to certain asset classes and geographies with lucrative prospects for investors in 2024. Global central banks are broadly expected to pivot to rate cuts next year, which will enhance the appeal of non-interest yielding commodities like gold. Despite the structural slowdown in China, the rapid proliferation of Artificial Intelligence and removal of regulatory crackdowns present opportunities in the country's internet and tech sector.

Greece's economy has rebounded strongly on the back a burgeoning tourism sector and structural reforms conducive to economic growth. Spain is on the cusp of receiving about €163 billion from the EU recovery fund which will boost the renewable energy, e-commerce, and biotechnology sectors. Mexican equities are projected to experience another spurt of growth, driven by economic expansion and investments from manufacturing plants relocating to the country. The report features ETFs guided by these considerations.

ETFs Snapshot

Name	Ticker	52-Week Low	Last Price*	52-Week High	AUM (in \$ Billions)	Indicated Dividend Yield
SPDR Gold Shares	\$GLD	\$167.10	\$190.27	\$192.40	\$58.03	-
KraneShares CSI China Internet ETF	\$KWEB	\$24.34	\$25.81	\$36.19	\$5.15	1.62%
Global X MSCI Greece ETF	\$GREK	\$26.34	\$37.88	\$39.99	\$0.18	1.15%
iShares MSCI Spain ETF	\$EWP	\$24.00	\$30.49	\$31.30	\$0.85	3.11%
iShares MSCI Mexico ETF	\$EWW	\$49.37	\$67.81	\$69.72	\$2.08	3.03%

*Last Price as of 22nd December 2023.

Date: 22nd December 2023

Source: Bloomberg



SPDR Gold Shares



Ticker	\$GLD
*Last Price	\$190.27
52-Week Low	\$167.10
52-Week High	\$192.40
Dividend Yield (%)	-
AUM (in \$ Billions)	\$58.03
Beta	0.99
Average 30 day volume (in millions)	7.44
Shares Outstanding (in millions)	304.60
Expense Ratio (%)	0.40%
Fund Inception Date	18/11/2004
NAV	\$190.51

*Last Price as of 22nd December 2023.
Date: 22nd December 2023
Source: Bloomberg

The SPDR Gold Trust (GLD), the premier gold ETF, navigated a tumultuous 2023 marked by geopolitical tensions, inflation, and interest rate fluctuations. Despite the challenges, the GLD exhibited resilience, mirroring gold's safe-haven status with a 12.50 % year-to-date total returns.

Looking ahead to 2024, a potentially less-hawkish Federal Reserve may curtail surges in U.S. treasuries, a positive for gold, as it traditionally thrives when interest rates decline. A recovery in jewelry and investment demand, coupled with central banks sustaining robust purchasing trends, is anticipated. Operational disruptions and environmental regulations leading to a decline in mine production in 2023 are likely to persist in the year ahead, creating a favorable demand-supply balance for gold.

The World Gold Council reported a remarkable 8% surge in global gold demand in Q3 2023, with central banks maintaining historic buying momentum. This trend is expected to endure, contributing to a strong annual total in 2023. The monetary policy stance of major central banks has had a significant impact on the gold market, with more hawkish stances, as central banks started to taper their asset purchases and raise their interest rates in response to rising inflation and economic growth. The monetary policies may gradually pivot in the first half of 2024 as the central banks balance inflation and growth objectives. This could limit the downside risk for gold prices, as real interest rates will remain low or negative, making gold more appealing as a store of value and a hedge against inflation.

The SPDR Gold ETF, a reliable conduit for gold exposure, demonstrated stellar performance in 2023, outperforming peers and offering diversification benefits with its low correlation to other asset classes. As investors navigate uncertainties in 2024, the SPDR Gold ETF stands poised to provide stability and potential returns amid evolving market dynamics.



KraneShares CSI China Internet ETF



The KraneShares CSI China Internet ETF is a decade-old ETF that focuses on 32 Chinese companies whose business model is centered around the internet.

Chinese internet stocks have been beaten down in recent years due to regulatory crackdowns, but there have been signs of a shift in stance since the beginning of the second half of 2023. Despite the negative press and regulatory hurdles, Chinese internet stocks have done well to grow their businesses in line with their US counterparts.

The Chinese government is creating a more enabling environment for tech companies, with recent reports suggesting that regulations on AI will be reduced. Some internet stocks, such as Tencent, Alibaba, and Baidu, are increasing their investments in AI. They have reportedly spent close to \$5 billion on GPUs from abroad to develop homegrown large language models, which could eventually transform the online shopping experience in China.

In addition to investing in productive areas such as generative AI, Chinese internet companies are also cutting costs. A recent survey showed that 6 out of 10 Chinese internet companies have reduced their workforce by 8-10% year-on-year. This should help them to achieve decent operating leverage in the future.

Overall, the outlook for the KraneShares CSI China Internet ETF is positive. The Chinese government is creating a more favorable regulatory environment for tech companies, and Chinese internet stocks are well-positioned to benefit from this change.

Ticker	\$KWEB
*Last Price	\$25.81
52-Week Low	\$24.34
52-Week High	\$36.19
Dividend Yield (%)	1.62%
AUM (in \$ Billions)	\$5.15
Beta	1.04
Average 30 day volume (in millions)	22.12
Shares Outstanding (in millions)	202.20
Expense Ratio (%)	0.69%
Fund Inception Date	31/07/2013
NAV	\$25.45

*Last Price as of 22nd December 2023.
Date: 22nd December 2023
Source: Bloomberg



Global X MSCI Greece ETF



The Global X MSCI Greece ETF provides exposure to the Greek economy by focusing on the MSCI All Greece Select 25/50 Index, comprising major and highly liquid companies in Greece.

The present economic climate in Greece signals a robust resurgence and expansion, making this an opportune moment to consider GREK. Greece's macroeconomic landscape is optimistic, characterized by steady GDP growth, a flourishing tourism sector, and a robust labor market. Notably, the GREK ETF has outperformed the S&P500 in 2023.

The GREK ETF presently encompasses 26 individual equities, with Financials dominating the sector allocation at 35.3%. Despite this concentration, the fund maintains diversification by including sectors like Industrials, Consumer Discretionary, Utilities, Energy, Communication Services, Materials, Real Estate, and Consumer Staples.

Greece's GDP witnessed a substantial 6% growth in 2022, with expectations of sustaining annual growth rates exceeding 2% by the close of 2023 and surpassing 1.5% in 2024. This resurgence is attributed to the rebound of the tourism sector, comprising approximately 20% of the economy, coupled with the implementation of structural reforms and fiscal consolidation measures. Additionally, Greece has reaped benefits from the European Union's recovery fund, providing grants and loans to support public investment and green transition.

GREK has delivered remarkable returns in 2023, boasting a year-to-date performance of 42%. Outperforming peers in the European region and broader emerging markets, GREK showed a 1 year dividend growth of 43%. With a total expense ratio of 0.57% for its niche exposure, investing in GREK offers exposure to a recovering economy, strong performance, and a low expense ratio as it remains an interesting play in Europe.

Ticker	\$GREK
*Last Price	\$37.88
52-Week Low	\$26.34
52-Week High	\$39.99
Dividend Yield (%)	1.15%
AUM (in \$ Billions)	\$0.18
Beta	0.97
Average 30 day volume (in millions)	0.03
Shares Outstanding (in millions)	4.68
Expense Ratio (%)	0.57%
Fund Inception Date	08/12/2011
NAV	\$37.87

*Last Price as of 22nd December 2023.
Date: 22nd December 2023
Source: Bloomberg



iShares MSCI Spain ETF



Ticker	\$EWP
*Last Price	\$30.49
52-Week Low	\$24.00
52-Week High	\$31.30
Dividend Yield (%)	3.11%
AUM (in \$ Billions)	\$0.85
Beta	1.00
Average 30 day volume (in millions)	0.42
Shares Outstanding (in millions)	27.98
Expense Ratio (%)	0.50%
Fund Inception Date	18/03/1996
NAV	\$30.42

*Last Price as of 22nd December 2023.

Date: 22nd December 2023

Source: Bloomberg

iShares MSCI Spain ETF (EWP) tracks the performance of the Spanish stock market, specifically the IBEX 35 index. This index is composed of the 25 largest and most liquid Spanish stocks, representing approximately 85% of the Spanish equity market. The fund has over \$800 million in AUM and offers exposure to a well-diversified portfolio across a variety of industries and sectors.

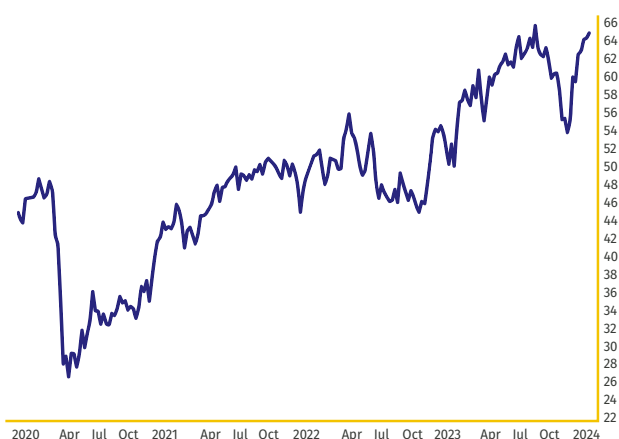
The top five industry allocations of EWP are Financials, Utilities, Consumer Staples, Telecommunications Services, and Industrials, collectively representing over 88% of the ETF's assets. The top five holdings of EWP are Inditex, Banco Santander, Iberdrola, Telefonica, and BBVA, accounting for over 55% of the ETF's assets. The Spanish economy is expected to grow by 2.2% in 2024, according to the IMF. This growth will be driven by domestic demand, with consumer spending and investment expected to pick up.

In 2023, year-to-date, EWP delivered a solid return of 26%, outperforming some of the broader European market. The fund benefited from the strong recovery of the Spanish economy, which grew by 5.2% in 2023, according to the IMF. The tourism sector, accounting for about 12% of Spain's GDP, is also rebounding strongly from the pandemic-induced slump. Strong corporate earnings growth has driven good financial performance for the index.

Spain is expected to receive about €163 billion from the EU recovery fund, potentially boosting its growth and supporting its green and digital transition. Around half of the money is set to be given to Spain in the form of loans, while the other half will be in grants. The European Commission stated that 40% of the funds will be directed toward climate objectives, including improving the sustainability of Spain's agriculture system, countering desertification, and promoting the circular economy. The fund could also benefit from the expected recovery of global trade and tourism, as well as the continued strength of some key sectors, such as renewable energy, e-commerce, and biotechnology.

EWP could face risks from the possible tightening of monetary policy by the ECB, which could dampen growth momentum and increase borrowing costs for Spain. In conclusion, EWP is a fund that offers diversified exposure to the Spanish market, demonstrating remarkable resilience and recovery in 2023.

iShares MSCI Mexico ETF



The iShares MSCI Mexico ETF seeks to track the investment results of a broad-based index composed of Mexican equities.

Mexican stocks are poised for further growth in 2024, driven by an anticipated acceleration in economic expansion. The country's equities are expected to benefit from the ongoing "nearshoring" trend, involving the relocation of manufacturing plants to Mexico for proximity to the United States. The current upswing, fueled by discretionary spending and the construction sector, contributing to improved economic growth prospects, will likely sustain support for Mexico's stocks.

Local businesses, especially those tied to real estate and construction, are optimistic about attracting investments from companies relocating to Mexico. The country's economy may witness a growth of 3.5% by the end of 2023. However, local markets might experience some volatility leading up to the presidential election scheduled for June 2024.

Adding on, it must also be noted that currently, inflation is at above-target levels in Mexico driven by the strong labor market, consumer spending, and public and private investment in the economy due to the nearshoring activity. And to control this inflation the central bank might hike the interest rates. Currently, the interest rates in Mexico are at 11.25%. However, it must also be noted that inflation has shown signs of easing in recent months. Furthermore, there is an uptick in economic activity, which has improved the chances of a soft landing.

Ticker	\$EWW
*Last Price	\$67.81
52-Week Low	\$49.37
52-Week High	\$69.72
Dividend Yield (%)	3.03%
AUM (in \$ Billions)	\$2.08
Beta	0.99
Average 30 day volume (in millions)	2.07
Shares Outstanding (in millions)	30.70
Expense Ratio (%)	0.50%
Fund Inception Date	18/03/1996
NAV	\$67.71

*Last Price as of 22nd December 2023.
Date: 22nd December 2023
Source: Bloomberg

Why do Corporate Bonds look attractive?

Corporate bonds are debt securities issued by companies to raise capital. They offer investors a fixed income stream over a specified period of time, usually at a higher interest rate than government bonds. Corporate bonds look attractive because they provide diversification, income and potential capital gains for investors.

Expectations of potential rate cuts in the latter half of 2024, driven by anticipated declines in inflation, add another layer of allure to corporate bonds. The combination of higher current yields and the possibility of further price appreciation due to rate cuts could provide investors with attractive total returns.

Bond Snapshot

U.S. Investment Grade Corporate Bonds													
Issuer Name	CUSIP	Yield to Maturity (%)	Ask Price (\$)	Coupon (\$)	Coupon Frequency	Coupon Type	Maturity	Maturity Type	LQA Score	Fitch Rating	Moody's Rating	S&P Rating	Country of Risk
Citigroup Inc	172967KA8	5.26	97.343	4.45	Semi-Annual	Fixed	29/09/2027	At Maturity	77	BBB+	Baa2	BBB	USA
JPMorgan Chase & Co	46625HNJ5	4.67	98.697	4.25	Semi-Annual	Fixed	01/10/2027	At Maturity	62	A	A3	BBB+	USA
Wells Fargo & Co	94974BGL8	5.07	97.579	4.30	Semi-Annual	Fixed	22/07/2027	At Maturity	73	A-	A3	BBB	USA

Trading Details of U.S. Investment Grade Corporate Bonds					
Issuer Name	CUSIP	ISIN	Minimum Investment Amount	Initial Margin	Estimated Margin as a % of Minimum Investment Amount
Citigroup Inc	172967KA8	US172967KA87	\$1,000	\$615	61.50%
JPMorgan Chase & Co	46625HNJ5	US46625HNJ58	\$2,000	\$940	47.00%
Wells Fargo & Co	94974BGL8	US94974BGL80	\$1,000	\$621	62.10%

Date: 22nd December 2023

Source: Bloomberg



Citigroup Inc., a global financial leader, stands out for its expansive international presence and diverse financial offerings. With a commitment to innovation and adaptability, Citigroup serves a broad clientele with a comprehensive range of banking, investment, and wealth management services, positioning itself as a dynamic force in the global financial landscape.

Issuer Name	Citigroup Inc
Ticker	C
ISIN	US1729671016
Fitch Rating	BBB+
Moody Rating	Baa2
S&P Rating	BBB
Ask Price (\$)	97.343
Yield to Maturity (Mid) (%)	5.26
LQA Score	77
Coupon (\$)	4.45
Coupon Frequency	Semi-Annual
Maturity	29/09/2027

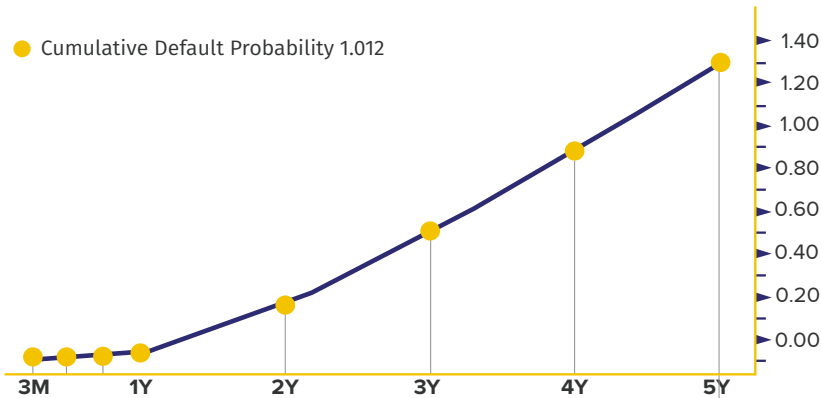
Date: 22nd December 2023
Source: Bloomberg

Risk Default Analysis

Citigroup Inc

Default Grade	IG5
Default Probability	0.0247%
5Yr Model CDS	82.6 bps
5Yr Market CDS	64.6 bps
Market/Model CDS Ratio	0.783
Model Inputs (USD)	2023:Q3
Market Cap	97,340.04 MM
Share Price	\$50.86
Price Vol (1Yr)	25.89%
NPA	3,314 MM
Loan Loss Reserve	17,629 MM
Effective Net Income	3,525.35 MM
Effective ST Debt	539,636 MM
Long-Term Debt	915,567 MM
Total Debt	1,455,203 MM

Term Structure



3M	6M	9M	1Yr	2Y	3Yr	4Y	5Yr
0.0002%	0.0040%	0.0127%	0.0247%	0.2125%	0.4726%	0.7768%	1.0500%

Sector Comparison

United States of America - Financials: Banking

Credit Metric	C	10 Pctl	90 Pctl
Debt/Equity (%)	363.30	12.80	186.90
Return on Assets (%)	0.60	0.40	1.60
LLR/NPL (%)	538.00	118.40	1525.40
Tier 1 Cap Ratio (%)	15.40	10.20	17.80
Assets/Liab (%)	1.10	1.10	1.20

Liquidity Assessment

Liquidity Assumptions		Scenario Analysis			
		Liquidity Metric	Scenario Expected Daily Volume 0.5x	Baseline	Scenario Expected Daily Volume 2x
Liquidation Volume (Million)	1	Mid Price (BVAL)		97.26	
Target Horizon (days)	1	Exit Price	97.23	97.24	97.25
Target Cost	43.3 bps	Liquidation Cost (bps)	2.60	1.90	1.50
Baseline Definition		Liquidation Horizon (days)	0.3	0.2	0.2
Expected Daily Volume	1x	Time to Cash (days)	3	3	3
Price Volatility	1x	SEC 22E4 Classification	HLI	HLI	HLI
Bid-Ask	1x	AIFMD Classification	2-7 days	2-7 days	2-7 days
Confidence	Mean	Japan FSA Classification	Highly Liquid	Highly Liquid	Highly Liquid



JPMORGAN CHASE & CO.

JPMorgan Chase & Co. is a leading global financial services firm, renowned for its extensive presence in investment banking, asset management, and retail banking. With a history dating back to 1799, the company has established itself as a key player in the financial industry, providing a wide range of services to individuals, corporations, and governments worldwide.

Issuer Name	JPMorgan Chase & Co.
Ticker	JPM
ISIN	US46625H1005
Fitch Rating	A
Moody Rating	A3
S&P Rating	BBB+
Ask Price (\$)	98.697
Yield to Maturity (Mid) (%)	4.67
LQA Score	62
Coupon (\$)	4.25
Coupon Frequency	Semi-Annual
Maturity	01/10/2027

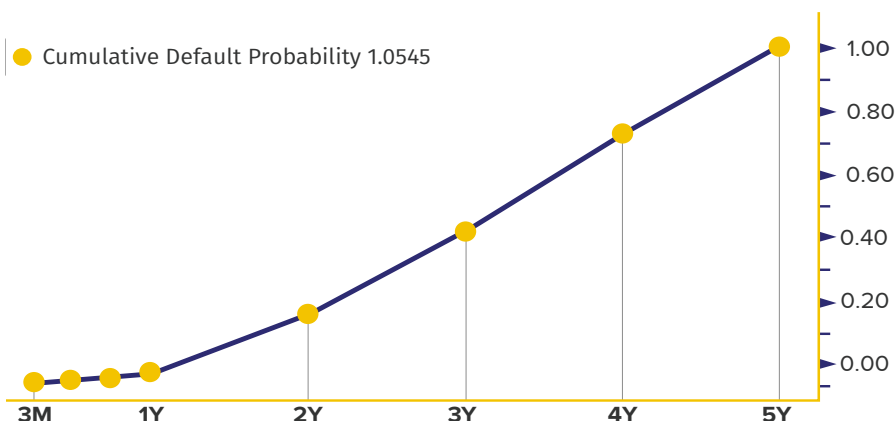
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Risk Default Analysis

JPMorgan Chase & Co.

Default Grade	IG2 */+
Default Probability	0.0019%
5Yr Model CDS	64.4 bps
5Yr Market CDS	44.6 bps
Market/Model CDS Ratio	0.703
Model Inputs (USD)	2023:Q3
Market Cap	483,954.80 MM
Share Price	\$167.4
Price Vol (1Yr)	21.01%
NPA	8,518 MM
Loan Loss Reserve	21,946 MM
Effective Net Income	13,162.16 MM
Effective ST Debt	521,677 MM
Long-Term Debt	1,586,149 MM
Total Debt	2,107,826 MM

Term Structure



3M	6M	9M	1Yr	2Y	3Yr	4Y	5Yr
0.0000%	0.0000%	0.0004%	0.0019%	0.1173%	0.3535%	0.6723%	0.9740%

Sector Comparison

United States of America - Financials: Banking

Credit Metric	JPM	10 Pctl	90 Pctl
Debt/Equity (%)	276.00	12.80	186.90
Return on Assets (%)	1.30	0.40	1.60
LLR/NPL (%)	291.80	118.40	1525.40
Tier 1 Cap Ratio (%)	15.90	10.20	17.80
Assets/Liab (%)	1.10	1.10	1.20

Liquidity Assessment

Liquidation Assumptions		Scenario Analysis			
		Liquidity Metric	Scenario Expected Daily Volume 0.5x	Baseline	Scenario Expected Daily Volume 2x
Liquidation Volume (Million)	1	Mid Price (BVAL)		98.54	
Target Horizon (days)	1	Exit Price	98.48	98.50	98.51
Target Cost	62.2 bps	Liquidation Cost (bps)	5.50	3.80	2.90
Baseline Definition		Liquidation Horizon (days)	0.1	0.1	0.1
Expected Daily Volume	1x	Time to Cash (days)	3	3	3
Price Volatility	1x	SEC 22E4 Classification	HLI	HLI	HLI
Bid-Ask	1x	AIFMD Classification	2-7 days	2-7 days	2-7 days
Confidence	Mean	Japan FSA Classification	Highly Liquid	Highly Liquid	Highly Liquid



WELLS FARGO

Wells Fargo is one of the largest banking and financial services companies in the United States. It offers a range of products and services, including retail banking, commercial banking, wealth management, insurance, and investment banking. It is recognized for its robust branch network and dedication to customer-centric financial services.

Issuer Name	Wells Fargo & Co.
Ticker	WFC
ISIN	US9497461015
Fitch Rating	A-
Moody Rating	A3
S&P Rating	BBB
Ask Price (\$)	97.579
Yield to Maturity (Mid) (%)	5.07
LQA Score	74
Coupon (\$)	4.30
Coupon Frequency	Semi-Annual
Maturity	22/07/2027

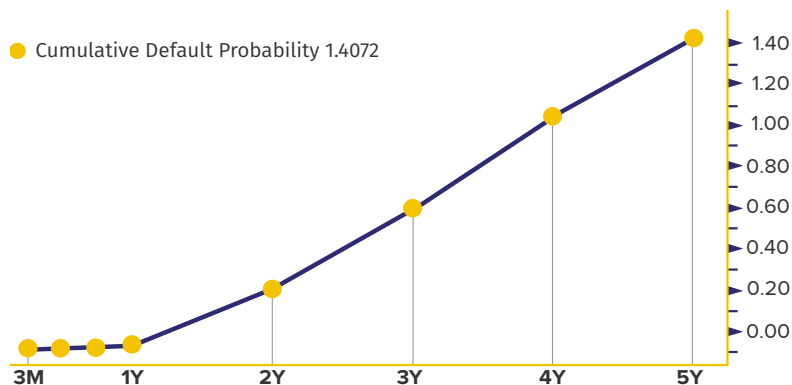
Date: 22nd December 2023
Source: Bloomberg

Risk Default Analysis

Wells Fargo & Co.

Default Grade	IG4 */-
Default Probability	0.0157%
5Yr Model CDS	79.0 bps
5Yr Market CDS	64.4 bps
Market/Model CDS Ratio	0.81
Model Inputs (USD)	2023:Q3
Market Cap	178,604.04 MM
Share Price	\$49.18
Price Vol (1Yr)	27.94%
NPA	8,179 MM
Loan Loss Reserve	14,554 MM
Effective Net Income	5,101 MM
Effective ST Debt	116,793 MM
Long-Term Debt	871,210 MM
Total Debt	988,003 MM

Term Structure



3M	6M	9M	1Yr	2Y	3Yr	4Y	5Yr
0.0000%	0.0011%	0.0058%	0.0157%	0.2696%	0.6476%	1.0800%	1.4400%

Sector Comparison

United States of America - Financials: Banking

Credit Metric	WFC	10 Pctl	90 Pctl
Debt/Equity (%)	157.70	12.80	186.90
Return on Assets (%)	1.00	0.40	1.60
LLR/NPL (%)	181.90	118.40	1525.40
Tier 1 Cap Ratio (%)	12.60	10.20	17.80
Assets/Liab (%)	1.10	1.10	1.20

Liquidity Assessment

Liquidation Assumptions		Scenario Analysis		
		Liquidity Metric	Scenario Expected Daily Volume 0.5x	Scenario Expected Daily Volume 2x
Liquidation Volume (Million)	1	Mid Price (BVAL)		97.51
Target Horizon (days)	1	Exit Price	97.48	97.48
Target Cost	47.6 bps	Liquidation Cost (bps)	3.2	2.4
Baseline Definition		Liquidation Horizon (days)	0.7	0.5
Expected Daily Volume	1x	Time to Cash (days)	3	3
Price Volatility	1x	SEC 22E4 Classification	HLI	HLI
Bid-Ask	1x	AIFMD Classification	2-7 days	2-7 days
Confidence	Mean	Japan FSA Classification	Highly Liquid	Highly Liquid



Why U.S. Treasury Bonds Remain the Gold Standard?

The U.S. government bonds hold a AAA rating, which is the pinnacle of credit quality ratings given by rating agencies. The financial reliability of the United States is founded on hundreds of years of stability and accountability. The nation has always honored its commitments and has never deliberately defaulted. Therefore, treasury bonds issued by the U.S. government are considered one of the most secure investment options.

Treasuries Snapshot

U.S. Treasury Bonds - Snapshot												
Issuer Name	CUSIP	Mid Yield to Convention	Coupon	Coupon Frequency	Coupon Type	Maturity	Maturity Type	Ask Price	LQA Liquidity Score	Fitch Rating	Moody's Rating	Country of Risk
United States Treasury Note/Bond	91282CGA3	4.712%	4.000%	Semi-Annual	Fixed	15/12/2025	Normal	\$98.67	100	AA+u	Aaa	U.S.A
United States Treasury Note/Bond	9128285M8	3.93%	3.13%	Semi-Annual	Fixed	15/11/2028	Normal	\$96.46	99	AA+u	Aaa	U.S.A
United States Treasury Note/Bond	912810SL3	4.23%	2.00%	Semi-Annual	Fixed	15/02/2050	Normal	\$65.03	94	AA+u	Aaa	U.S.A

Trading Details of U.S. Treasury Bonds					
Issuer Name	CUSIP	ISIN	Minimum Investment Amount	Initial Margin	Estimated Margin as a % of Minimum Investment Amount
United States Treasury Note/Bond	91282CGA3	US91282CGA36	\$1,000	\$30	3.00%
United States Treasury Note/Bond	9128285M8	US9128285M81	\$1,000	\$39	3.90%
United States Treasury Note/Bond	912810SL3	US912810SL35	\$1,000	\$59	5.90%

FOMC Projections and Path Ahead –

During its final Federal Open Market Committee (FOMC) meeting of the year, the Federal Reserve maintained interest rates at a 22-year peak, ranging from 5.25% to 5.50%. This decision extends the pause on rate hikes to six months, with the subsequent policy meeting slated for the end of January 2024. While Chairman Powell stopped short of proclaiming a triumph over inflation, he did recognize a consistent deceleration in inflation, including the core Consumer Price Index (CPI), across various categories. Market participants in search of definitive guidance regarding rate cuts next year were not disappointed after the Fed provided its most unambiguous hint yet of a pivot.

Chairman Jerome Powell's comments suggested a softening of the tightening bias. The central bank projected inflation to slow to 2.4% in 2024, 2.1% at the end of 2025, and 2% at the end of 2026. Core PCE inflation is also forecasted to moderate to 2.4% in 2024 from 3.2% in 2023. The unemployment rate is expected to increase to 4.1% in 2024

from the current 3.7%. By virtue of these factors, the U.S. economy, which is on course to expand at a 2.1% annual pace in 2023, is expected to grow at an inflation-adjusted pace of 1.4% in 2024. Nevertheless, the central bank does not anticipate a recession next year. The Fed's dot plot revealed no further rate hikes were penciled in the central bank's median projections for the first time since March 2021. Instead, they are factoring in about three 25 bps rate cuts next year. According to the CME FedWatch tool, the odds of a rate cut in March 2024 rose to 59% from a previous estimate of 39.7%.

This presents a golden opportunity for investors to lock-in high interest rates by investing in safe and stable treasury bonds. This is because rates typically peak ahead of a Fed pivot. This report encompasses a carefully curated selection of short-term (<2 years), medium-term (2-10 years), and long-term (>25 years) treasury bonds.



Scenario Analysis for Treasuries

Long term bonds are relatively more sensitive to interest rates than short-term bonds. The tables below reveal if interest rates fall by 100 bps, the longer duration bond maturing in 2050 yields a higher total return of 36.548% compared to the medium-term bond which yields a total return of 6.266% and the short-term bond which yields a total return of 1.584%. These estimates assume investors will hold the bond until 28th June 2024.

U.S. Treasury Bond Maturity - 15/12/2025

Investment Amount - \$1 million

Reinvestment Rate - 5.360%

Reference Time Horizon - 28/06/2024

Target Horizon Yields	Total Return%	Holding Period Return (%)	Net P&L (\$)
+100 bps	-3.680%	-1.970%	\$-19,556
+50 bps	-2.382%	-1.275%	\$-12,660
0 bps	-1.072%	-0.574%	\$-5,698
-50 bps	0.250%	0.134%	\$1,331
-100 bps	1.584%	0.849%	\$8,427

U.S. Treasury Bond Maturity - 15/11/2028

Investment Amount - \$1 million

Reinvestment Rate - 5.360%

Reference Time Horizon - 28/06/2024

Target Horizon Yields	Total Return%	Holding Period Return (%)	Net P&L (\$)
+100 bps	-8.819%	-4.729%	\$-45,621
+50 bps	-5.172%	-2.775%	\$-26,771
0 bps	-1.443%	-0.775%	\$-7,475
-50 bps	2.369%	1.273%	\$12,278
-100 bps	6.266%	3.369%	\$32,501

U.S. Treasury Bond Maturity - 15/02/2050

Investment Amount - \$1 million

Reinvestment Rate - 5.360%

Reference Time Horizon - 28/06/2024

Target Horizon Yields	Total Return%	Holding Period Return (%)	Net P&L (\$)
+100 bps	-31.611%	-16.859%	\$-110,729
+50 bps	-17.221%	-9.211%	\$-60,496
0 bps	-1.202%	-0.645%	\$4,237
-50 bps	16.645%	8.958%	\$58,838
-100 bps	36.548%	19.736%	\$129,625

Date: 22nd December 2023

Source: Bloomberg



Risks and Assumptions for Back-tested trading strategies

- The risks and assumptions listed here are not intended to be an exhaustive summary of all the risks and assumptions involved.
- The strategy might suffer from look-ahead bias which occurs due to the use of information or data in a study or simulation that would not have been known or available during the period being analyzed. This can lead to inaccurate results in the study or simulation.
- Future price movements may not be exactly the same as the historical price movements and this could lead to variation in performance.
- Testing can sometimes lead to over-optimization. This is a condition where performance results are tuned so high to the past they are no longer as accurate in the future.
- The model assumes no slippages in trading. Slippage refers to the difference between the expected price of a trade and the price at which the trade is actually executed.
- The back-tested strategy might be at risk of data dredging, which is the behavior of testing multiple hypotheses at one time, resulting in picking the data that best supports your main hypothesis.
- Drawdowns in actual trading can be higher than the tested system and losses could be significant in the event of leverage.
- Unforeseen events can lead to variation in performance from the tested trading strategy.
- The tested result has been computed with price feeds available from Bloomberg.
- The testing environment has not considered transaction or any other costs.
- Trading indicators used for the purpose of testing has been provided by Bloomberg.
- The strategy might suffer from data mining fallacy and some other biases including but not limited to selection bias, survivorship bias and backfill bias.
- A trading strategy that performs well on multiple datasets from one market (e.g., forex) might not perform as well in another market (e.g., stocks).
- The strategy may not depict accuracy in terms of spread changes due to the spread-widening events.

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