SEASPRAY PRIVATE
Creating Investment Solutions

2024

Q2

INVESTMENT REVIEW & OUTLOOK

Prepared by Seaspray Private Ltd.
July 2024

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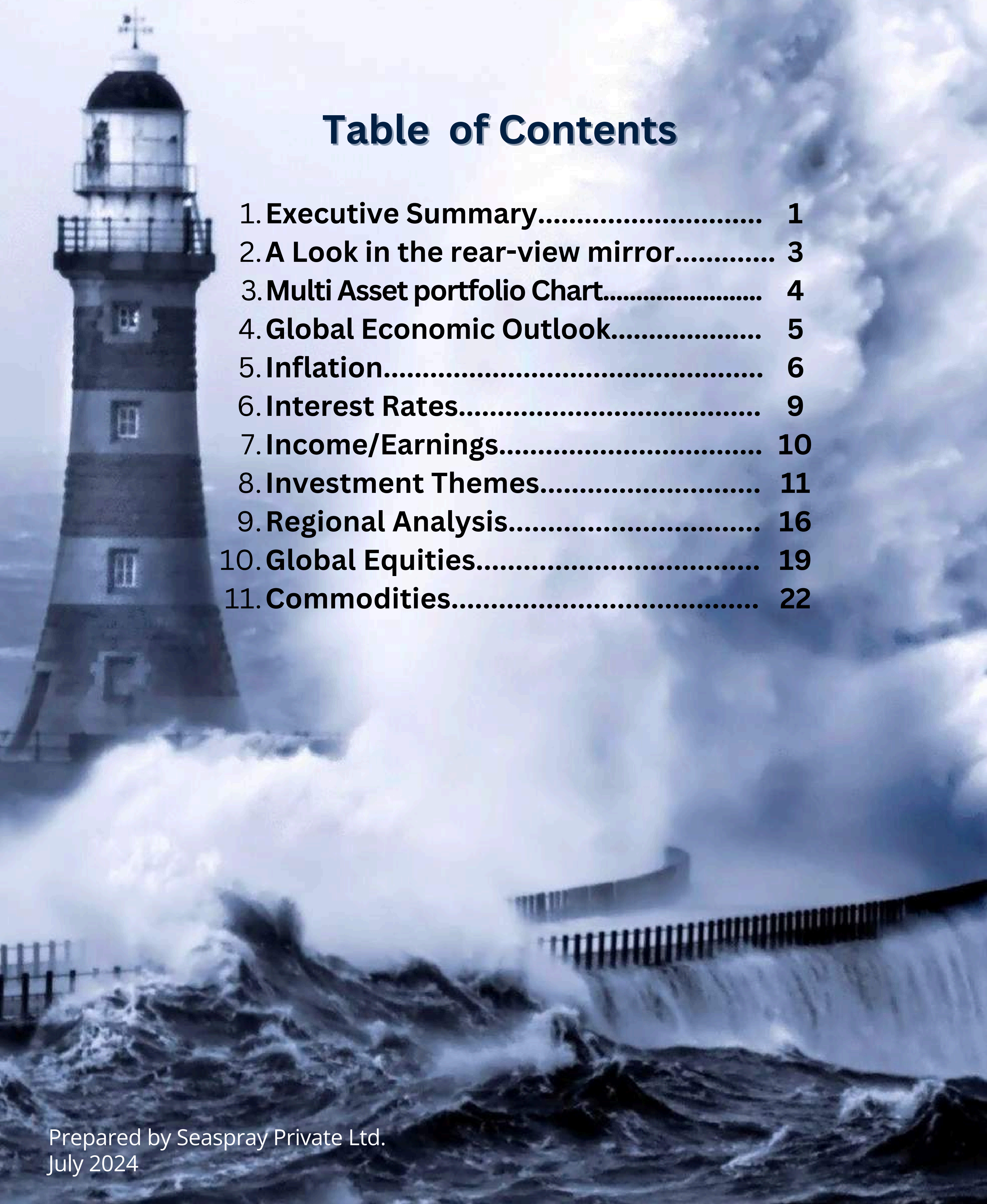

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Executive Summary

Q2 2024.... Solid gains and cautious optimism.

- With Q1 closing out with the best first quarter for global markets in 5 years, the second quarter of 2024 saw further gains in global stock markets. - Albeit a rollercoaster quarter, with a market downturn in April followed by a 4-week rally in May, as investor confidence drove a number of market indices to record highs.

- A stable economic environment, coupled with moderate growth in earnings, helped support company share prices and eased fears around recession risks –disinflation without recession – and that a soft landing across the developed markets can be achieved as we move through H2 2024.

- Central Banks dominated again during the quarter, with markets having to digest a very mixed set of messages and the divergent paths from global central bank policymakers.

- The US Federal Reserve maintained its cautious stance on interest rates, neither hiking nor cutting, which reassured investors about economic stability.

- Meanwhile in Europe, the tone from ECB (European Central Bank) policymakers was noticeably different – with the first 0.25% rate cut announced in early June.

Executive Summary contd.....

The MSCI index of worldwide stocks has gained 11.01% year to date, with solid performances across all the developed markets.

Source: Seaspray Private

There are signs that the global outlook has started to brighten, though growth remains modest. The impact of tighter monetary conditions continues, especially in housing and credit markets, but global activity is proving resilient, the last mile of inflation, although sticky, is falling to target policy levels, and private sector confidence is improving. Supply and demand imbalances in labour markets are easing, with unemployment remaining at or close to record lows.

Developments continue to diverge across countries, with softer outcomes in many advanced economies, especially in Europe, offset by resilient growth in the United States and many emerging market economies.

Key highlights
A Look in the rear-view mirror…………

- Central Banks monetary policy divergence for the first time in many years.

- In the US, the Fed continues to stick to its narrative that inflation has not moved enough to merit interest rate cuts. That policy may endure for the rest of the year if the US's sticky inflation problem persists. Conversely in Europe, we have a different scenario where inflation is subsiding with the ECB announcing the first interest rate cut of 0.25% in early June.and a strategy of pause – cut – pause – cut as data emerges during H2.

- Solid corporate earnings which continued to support Equities, and the AI (Artificial Intelligence) 'goldrush' continued at pace, as Nvidia stock rose to dominate tech sector earnings in the last quarter.

- Despite the ongoing geo-political tensions, the semiconductor market, driven by the importance of Chips for AI modelling, continued its impressive resurgence with global sales reaching its second highest level in 10 years in H1 2024.

- US and China trade war fuelled further by mutual trade tariffs.

- Bond markets have had a tough two quarters with the Global Bond Index down c2.9% (Source S & P Global Developed Aggregate Bond Index)

- However, as we move through H2 2024, the Bond market should provide opportunity for investors, because bond prices typically rise when interest rates fall. Interest rates are at the peak of their current cycle and about to enter a downward trajectory, providing investors the opportunity to lock in high coupon yields and also enjoy the increase in the market value of bonds once rates start to come down.

Multi Asset Portfolio Chart

	1-Month	3-Month	2024 YTD
Equity Indices			
S&P 500	4.30%	3.92%	14.48%
Nasdaq	5.95%	8.26%	18.13%
DAX	-0.86%	-0.83%	9.47%
EuroStoxx 50	-0.75%	-2.70%	9.40%
ISEQ	-5.42%	-5.58%	7.44%
FTSE 100	-0.99%	3.01%	5.92%
MSCI World Index	1.87%	4.01%	11.01%
Multi-Asset Funds			
Aviva Multi-Asset ESG 3	1.22%	1.51%	3.96%
Aviva Multi-Asset ESG 4	1.92%	2.96%	8.78%
Aviva Multi-Asset ESG 5	2.42%	3.94%	12.78%
Irish Life MAPS 3	1.05%	1.25%	5.18%
Irish Life MAPS 4	1.46%	1.74%	7.43%
Irish Life MAPS 5	1.82%	2.56%	9.42%
New Ireland iFunds 3	1.10%	1.40%	4.60%
New Ireland iFunds 4	1.50%	2.10%	7.60%
New Ireland iFunds 5	2.20%	3.10%	11.70%
New Ireland PRIME 3	1.00%	1.50%	4.40%
New Ireland PRIME 4	1.70%	2.60%	9.40%
New Ireland PRIME 5	2.10%	3.30%	12.50%
New Ireland Water Fund	-0.60%	0.70%	8.20%
New Ireland Alternative Energy	-3.30%	3.00%	-0.70%
Zurich Prisma 3	1.12%	1.55%	4.73%
Zurich Prisma 4	2.00%	2.60%	8.74%
Zurich Prisma 5	2.97%	4.17%	14.50%
Bonds			
US Government Bonds	0.92%	-1.07%	-2.84%
US Corporate Bonds	0.22%	-1.65%	-3.20%
European Government Bonds	-0.09%	-1.89%	-2.90%
European Corporate Bonds	0.64%	-0.13%	-1.48%
Currencies			
EUR/USD	-0.85%	-0.41%	-2.67%
EUR/GBP	-0.22%	-0.71%	-2.17%
GBP/USD	-0.59%	0.32%	-0.46%
USD/JPY	2.57%	6.64%	14.54%
Commodities			
Gold	0.65%	5.44%	12.85%
Brent Crude Oil	4.95%	-2.08%	11.18%

Source: Seaspray Private 2024

Global Economic Outlook

As stated in our 2024 Investment Outlook, at Seaspray we believe that the Global Economy will perform better than many expect based on our view that rate hikes have already delivered their biggest hits to Gross Domestic Product (GDP) growth and as we move through H2 of 2024, whilst there will be divergence across Central Banks, they will have capacity to reduce rates if they are concerned that the economy is slowing.

Our macro base case still stands as we move through H2 2024: A soft landing with GDP growth remaining close to, or modestly below trend across Developed Markets, with inflation – whilst remaining sticky – gradually moderating to broadly target-consistent levels as we move through the second half of 2024 and into Q1 2025.

Our House View: The 4 “I”s:

Inflation: The last mile of disinflation remains sticky and commodity prices have risen once again through H1 2024. We see continued gradual disinflation but remaining elevated during H2 2024 and falling to target levels through H1 2025.

Interest Rates: Divergent paths of Central Banks through H2 2024 – with the timing of interest rate cut(s) at very different speeds.

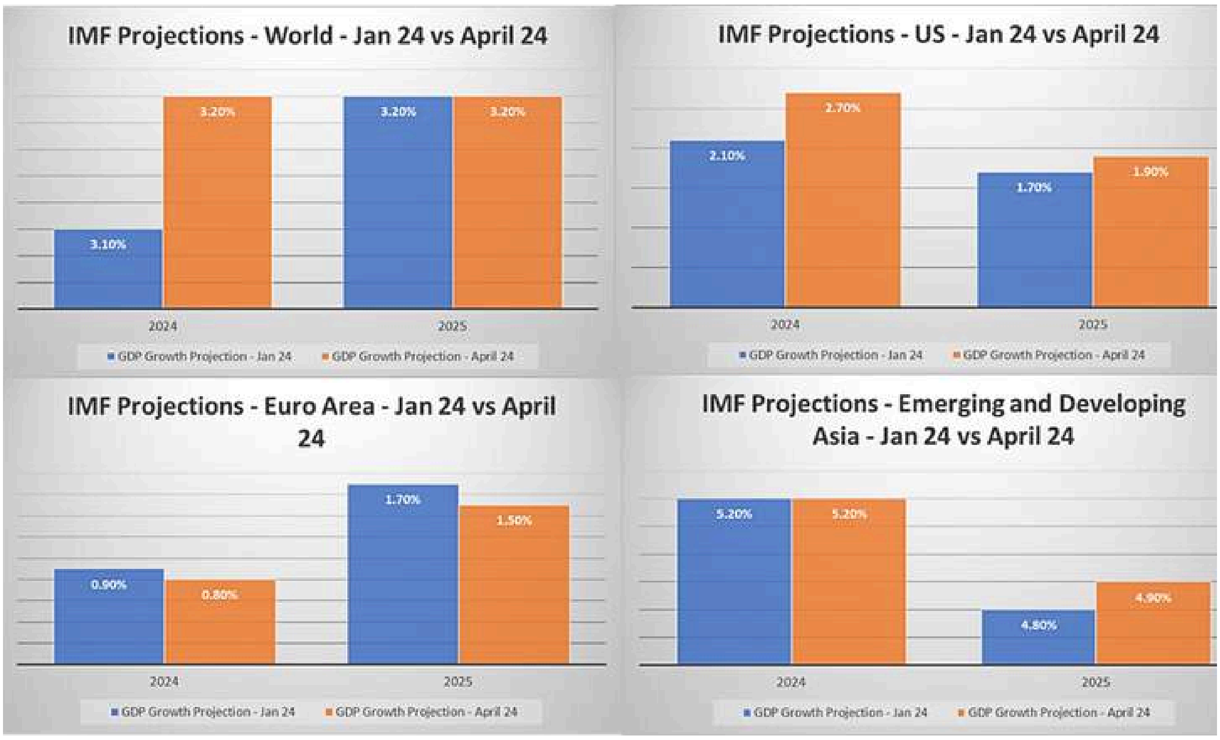
Income/Earnings: Company earnings to continue to support markets; US earnings remain robust, with Eurozone earnings emerging from recession as we move into H2.

Investment Themes:
Beyond the buying in Semiconductors, we see a bullishness around AI that is manifesting in new ways to tap into the megatrend growth theme... Examples include companies that own data and those that provide memory for storing it, power companies and industrials that supply into AI infrastructure needs, including those that equip data centre cooling systems, and more recently, opportunities in AI-ready PCs that are set to be introduced during the year. In healthcare, we see exponential growth in the obesity drug market is noteworthy and deserving of attention for investors.

- We see opportunities across Climate/ESG / Clean energy and the Renewables sectors with a surge of global green energy investment by Governments, Corporates and Households embracing the transition from fossil fuels to meet 2050 carbon emission reduction goals.

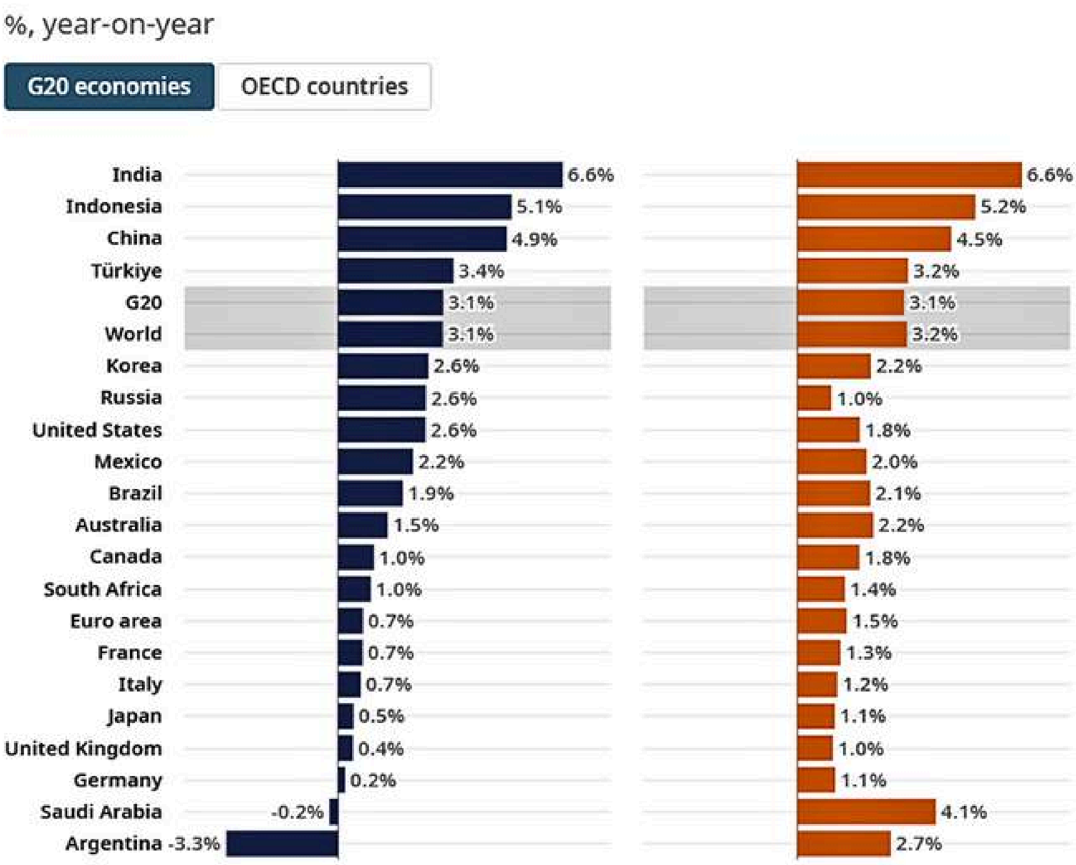
- Eurozone Focus- Valuations are not demanding and with lower expected interest rates and inflation, this could provide a backdrop for the Eurozone economy to grow in 2025 and 2026, potentially benefiting cyclical sectors in the economy.

In April, the International Monetary Fund (IMF) released their global economic outlook update, coming off the back of their January outlook. The IMF increased its projections for global growth in 2024, forecasting a World GDP growth projection of 3.2%, up from 3.1% in January. The big story however was the updated forecast for the United States, with GDP growth for 2024 now expected to be 2.7%, up from 2.1% projection in January.



Source: Seaspray Private – Data from IMF (International Monetary Fund)

GDP growth projections for 2024 and **2025**



Source: OECD Economic Outlook 2024

Inflation

Inflation remains one of the chief concerns facing Central Banks in 2024.

At the beginning of the year, it was anticipated that major Central Banks, particularly the Federal Reserve and European Central Bank would begin to cut interest rates as early as March. However, in the United States, inflation rates have remained elevated, while the US economy remains resilient to the multi decade high interest rates. This has now resulted in the consensus that the Fed will not begin cutting rates until September, at the earliest.

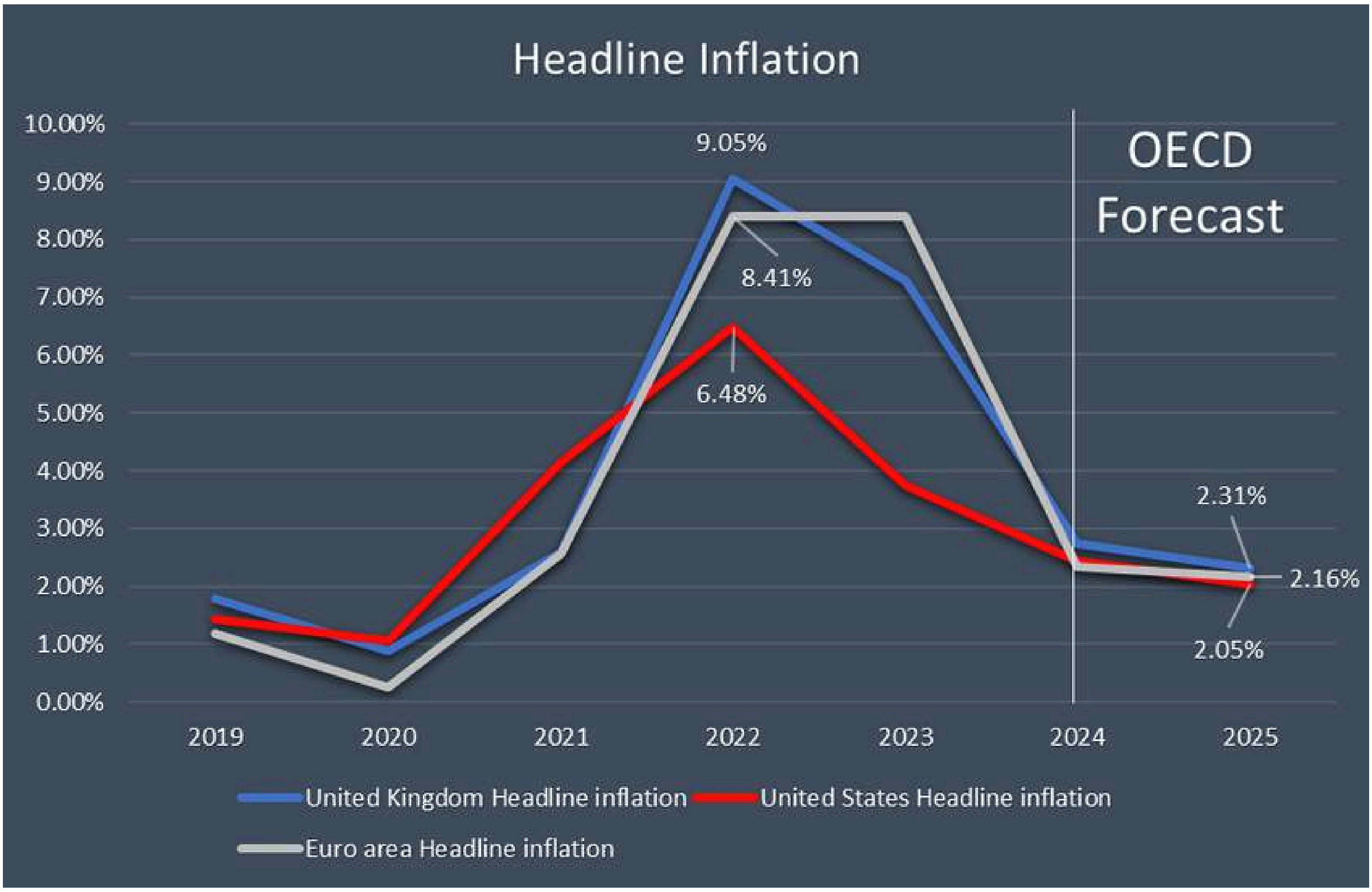
In stark contrast however, the ECB meanwhile announced its first rate cut of 0.25% in early June as inflation had eased sufficiently towards the policy target rate of 2%.

In the UK, June saw the Bank of England (BOE) hold rates at 5.25% for a seventh time because it did not think inflation had fallen far enough.

Whilst the headline CPI (Consumer Price Index) figure has hit the 2% target, core inflation which excludes volatile food or energy price rises remained elevated at 3.5% in May, which suggests price rises are still an issue. Similarly, prices in the service sector eased to 5.7% from 5.9% but above forecast at 5.5%.

Most economists do not now expect a first rate cut to happen in the summer but rather will be delayed to autumn as the BOE await further evidence of lower persistent core inflation data.

Baseline – OECD Inflation Forecasts for 2025



Source – Seaspray Private (data from OECD May Outlook 2024)

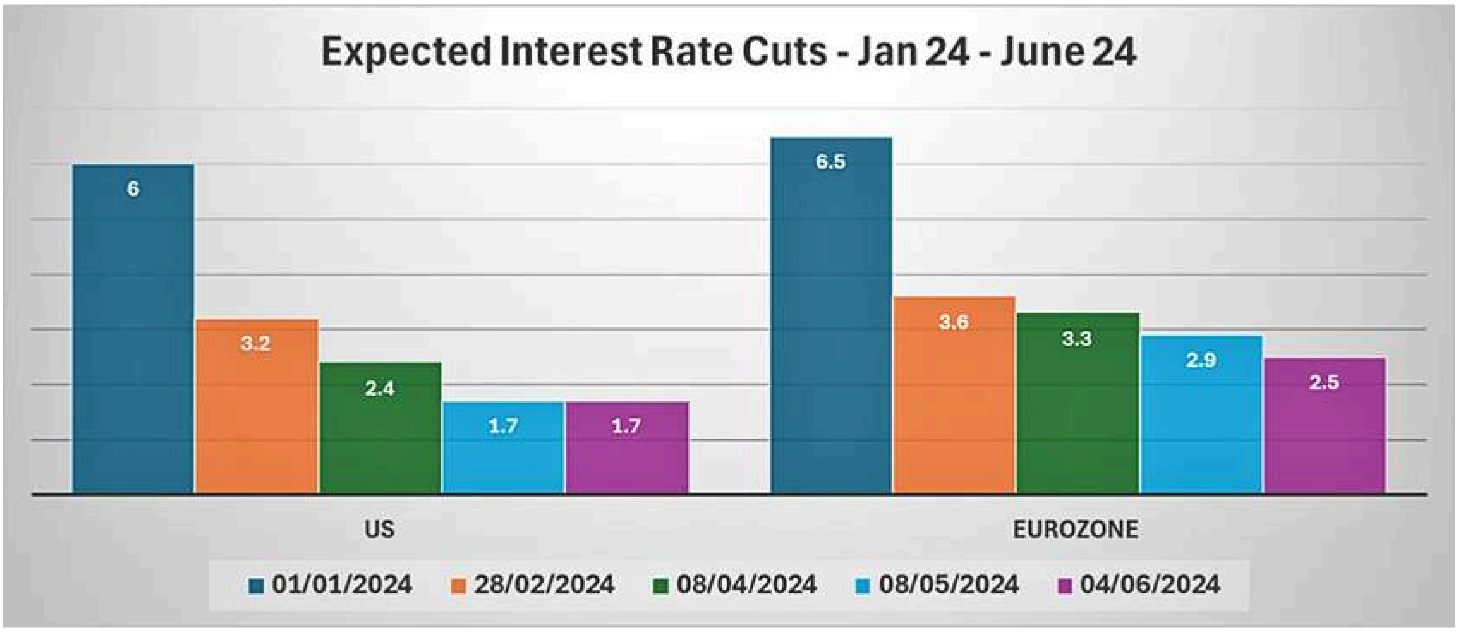
The OECD in its May outlook, illustrated in the chart above, estimates that inflation rates will return to more normal rates in 2025, with the United States inflation rate expected to finally return to almost 2.0% by the end of 2025.

In the Euro area, headline inflation is estimated to slow to 2.16% in 2025, while the UK's inflation rate, while higher than both the EU and US, is expected to slow to 2.31% in 2025. It is important to note that in all of this, the work done by Central Banks in 2022 and 2023 is slowing the rate of inflation. In 2022, the UK's annual headline rate of inflation reached 9.05%, while in the Euro Area rate stood at 8.41% and the US headline rate standing at 6.48%.

The "last mile" of central banks' disinflation efforts could still prove to be slower and more difficult than the progress made to date. In addition to the risks from the evolving conflicts in the Middle East, renewed spikes in energy or food prices could also occur if the OPEC+ countries intensified production cuts or if extreme weather or conflict affected key food supplies.

Interest Rates

Central Banks stand at a pivotal juncture regarding monetary policy. After two years of combating significant inflation pressures, the opportunity to reduce rates has emerged. Yet, as highlighted in the chart below, the current landscape of interest rates and inflation differs from early 2024 projections where it was anticipated that the US would lower interest rates at least three times during 2024, with the ECB and Bank of England expected to enact similar reductions. To date, the ECB has been the sole major central bank to do so, commencing its rate –cut cycle with a 25-basis points reduction, the first ECB reduction since 2019.



Source: Seaspray Private

However, monetary policy needs to remain prudent to ensure that underlying inflationary pressures are durably contained. Scope exists to start lowering nominal policy rates provided inflation continues to ease, but we believe the policy stance will remain restrictive for some time. The pace and scale of policy rate reductions will be data dependent and may vary across countries depending on economic conditions. A continued narrowing of imbalances in labour markets and declining cost and price pressures in services sectors, where inflation is proving stickier, will be critical factors.

Given the projected outlook for inflation and growth, policy interest rate reductions are expected to start this year in all the major advanced economies other than Japan (see chart below).

- In the United States, reductions in the federal funds rate are projected to begin in the third quarter of 2024, with rates being lowered to 3¾-4% by the end of 2025, when inflation is expected to have converged to 2%.

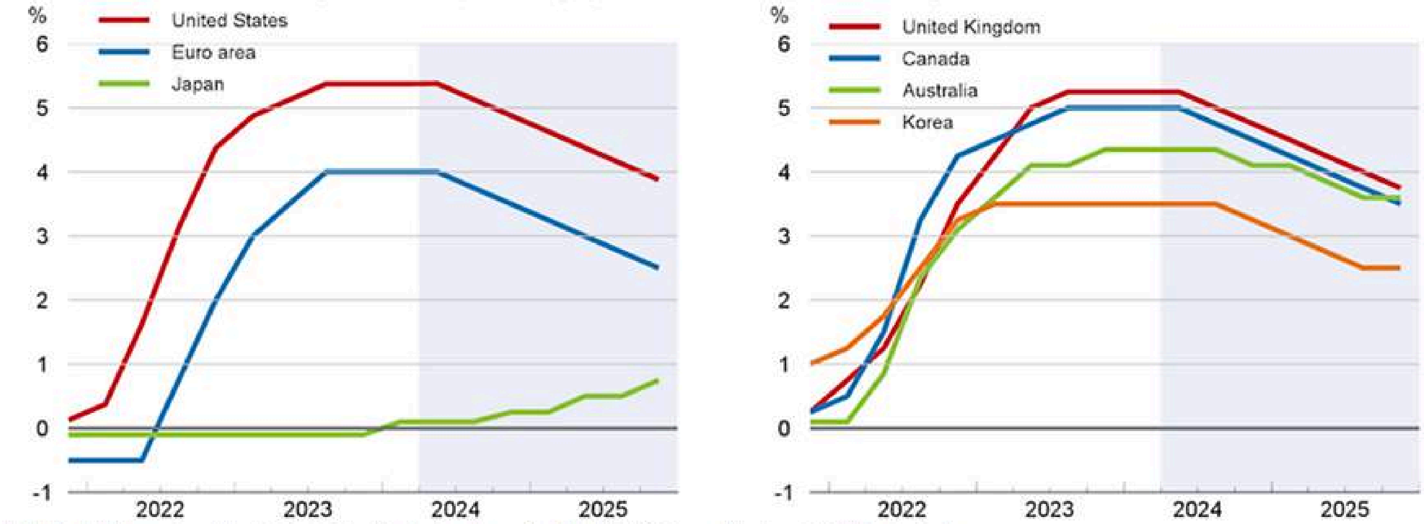
- In the euro area, policy rate reductions have commenced, with the first 0.25% rate cut announced in early June. The key question now is at what pace subsequent rate cuts will arrive, with ECB chief economist Philip Lane reiterating the “wait for the data” message. Market expectations are that there will be a pattern of “pause - cut – pause - cut" from the ECB as they assess the impact of interest rate cuts, with an expectation of no further rate cuts until September at the earliest.

- In China, the People’s Bank of China loosened mortgage rules in May, including removing minimum mortgage rates and reducing the minimum deposit needed for a mortgage in an effort to try and stimulate the property sector. They also issued 1 trillion Yuan worth ($138 billion) of “special sovereign bonds". These bond issuances are deemed ”special” as they are unconstrained by any budgetary rules, and it is anticipated that the troubled Chinese property sector may be the target.

- In Japan, the policy rate is projected to increase gradually to 0.75% by the end of 2025, as core inflation stabilises around 2% and a positive output gap develops. Nevertheless, the monetary policy stance is expected to remain accommodative, with negative real interest rates persisting throughout 2024-25.

- Reductions in policy rates are projected to begin in the second half of 2024 in Australia, Canada, Korea, and the United Kingdom. Central bank bond holdings are assumed to decline further in all these countries other than Korea.

Figure 1.22. **Policy rates are projected to decline this year in most large advanced economies**



Note: Panel A shows the midpoint of the federal funds target range for the United States and the deposit facility rate for the euro area.

Source: OECD Economic Outlook 115 database; and OECD calculations.

Source: OECD Economic Outlook May 2024

Income/Earnings

Quarter 1 earnings continue to support equities:

Whilst markets have had to digest stickier inflation and interest rates higher for longer, Q1 2024 company earnings continued to provide a supportive backdrop for equities. With over 95% of US companies making up the S&P 500 Index having reported Q1 earnings, 77% have beaten earnings expectations, against a long-term average of 66%. In the US, earnings growth for Q1 2024 came in at c8% year on year, again driven by the performance of the Magnificent 7 and demand for artificial intelligence which remains robust.

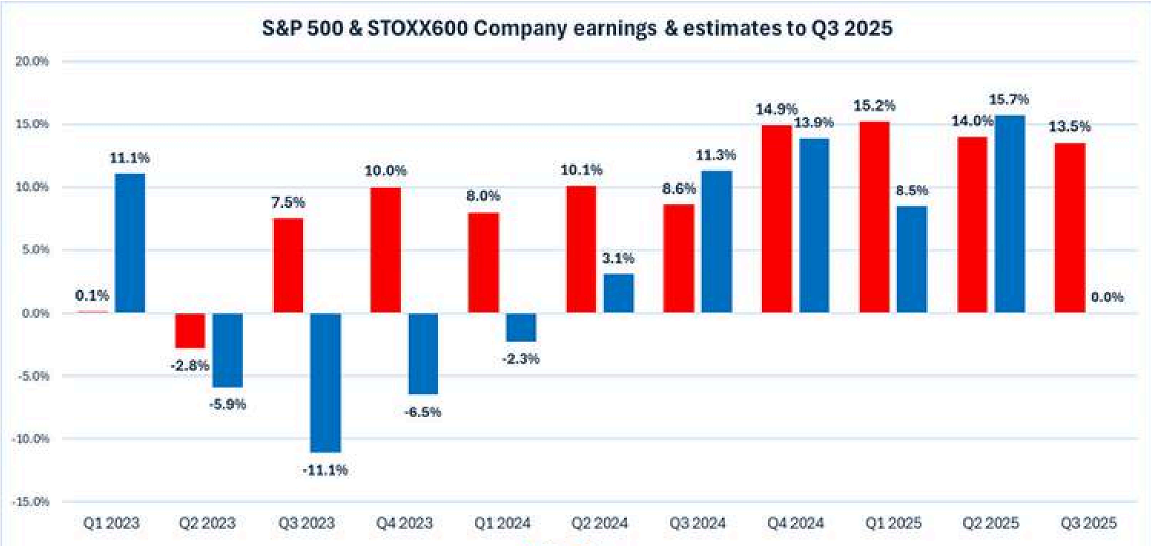
Leading cloud providers reporting accelerated revenue growth in their infrastructure cloud services. Microsoft's CEO noted that 7 percentage points of the growth in their IaaS (Infrastructure as a Service) services were directly attributable to AI (Artificial Intelligence). Amazon and Google also experienced increased capital expenditures. Meanwhile, the surge in demand for Nvidia's server GPU chips remained exceptionally strong.

"Nvidia day": So eagerly awaited were Nvidia's Q1 results, that one analyst chipped in with" the anticipation of Nvidia earnings is like a Taylor Swift concert... estimates are high and expectations to beat estimate are even higher!" Results showed record quarterly revenues of $26Billion, a 260% surge year on year, and an earnings per share of $6.12 both well ahead of expectations. As of June 2024, NVIDIA has a market cap of $3.038 Trillion. This makes Nvidia the world's third most valuable company by market cap, behind Microsoft and Apple.

Source: Seaspray Private

"As of June 2024, NVIDIA has a market cap of $3.038 Trillion. This makes Nvidia the world's third most valuable company by market cap, behind Microsoft and Apple....."

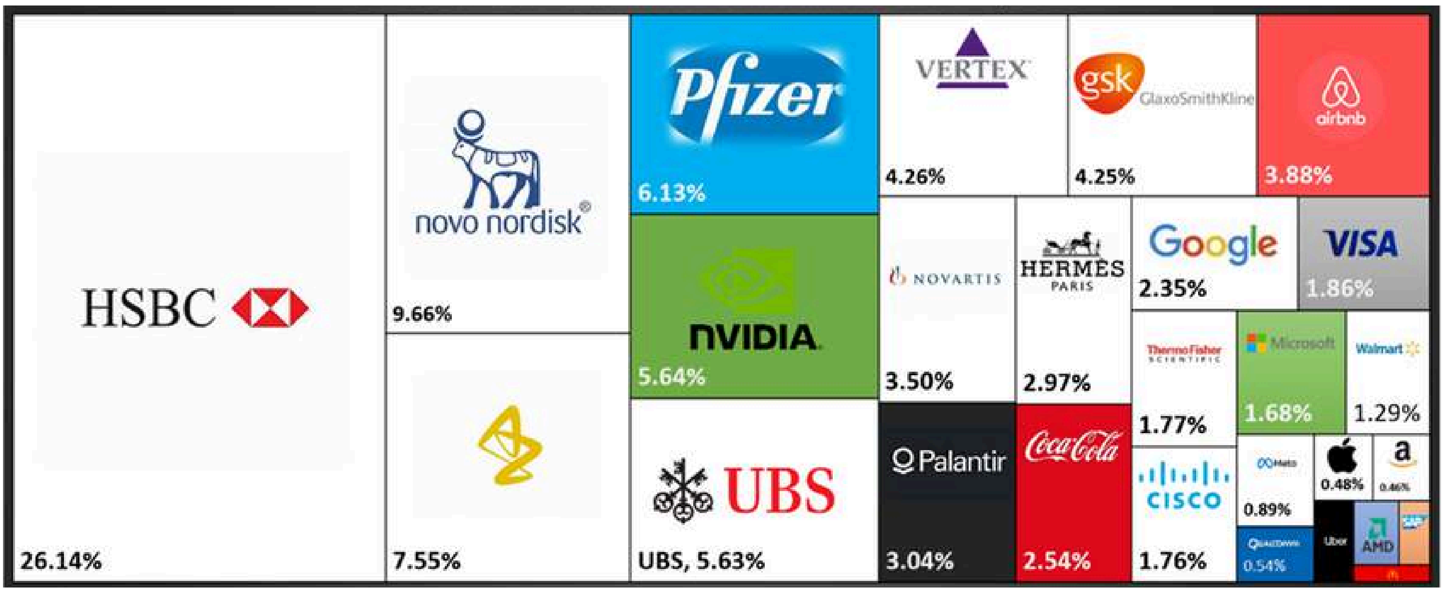
In Europe, with over 50% of companies in the largest European market index, the Euro Stoxx 600, having reported Q1 2024 earnings, 61% have beaten expectations against a long-term average of 54%. Earnings are expected to decrease by circa 2% compared to Q1 2023 and emerge from its earnings recession in Q2 2024.



Source: Seaspray Private

The chart below highlights some of the best companies who outperformed their forecasted revenues for Q1 2024.

The top three companies in the histogram below are either UK or European-based companies. It is also interesting to note that 6 of the Magnificent 7 also made this chart, with Tesla being the outlier. In terms of sectors, healthcare was the best performer, with 7 companies below being listed in healthcare/pharmaceutical.



Source: Seaspray Private

Investment Themes

Longterm Structural Growth Themes:

1. Pharma – Obesity / weight loss.
2. AI and New technologies for longer, healthier lives.
3. A shift to clean energy investments.

1. Pharma: Obesity / Weight loss:

- The global market for obesity drugs could increase by more than 15-fold by 2030 as their use expands beyond weight loss to treat a range of diseases.
- Obesity drugs' potential to increase longevity could disrupt healthcare, with investment opportunities in medical technology.
- With as much of 9% of the U.S. population taking the drugs by 2035, food and beverage brands will need to adapt with healthier options and smaller package sizes.

Obesity medications have emerged as a disruptive force in the pharmaceutical industry, rivaled by few other innovations. Their introduction, coupled with a shift in the perception and treatment of obesity and its associated diseases, has propelled this new category of drugs onto a trajectory of blockbuster success. It is crucial to acknowledge the broader implications of this expansion for various aspects of healthcare and medical therapy. The influence of obesity medications is expected to extend well beyond the realm of weight management in the healthcare sector.

2. AI: New Technologies for longer, healthier lives:

AI DRUG DISCOVERY:

Developing a novel therapy typically takes more than $1 billion and at least a decade to receive government approval, yet only about 10% of therapies entering clinical studies make it through that approval process. Artificial intelligence (AI) has the potential to improve the efficiency and success rates of: 1% improvement in preclinical development success could generate an incremental $15 billion in value for the biotech industry over 10 years. AI drug discovery will require vastly more computing power, which in addition to biotech firms, could benefit data storage providers, designers of digital tools, and companies focused on AI and machine learning for diagnostic and clinical applications.

SMART CHEMO:

Cancer is the second-leading cause of death globally. Replacing traditional chemotherapy with targeted antibody drug conjugate (ADC) drugs, which hone in on cancer like "biological missiles", promises a long-overdue upgrade to how cancer is treated and could create a $140 billion long-term market, up from $5 billion in 2022. Drug companies specializing in cancer treatments are poised to benefit from the change.

DNA SYNTHESIS:

Using DNA synthesis, it is already possible to create personalised medicines to treat disease, and now advances in AI could help make this technology more accessible. Beyond medicine, DNA synthesis could find agricultural applications to improve crop yields. The growth of synthetic biology will benefit cell programming and bioengineering firms, although the current opportunities are nascent and highly regulated.

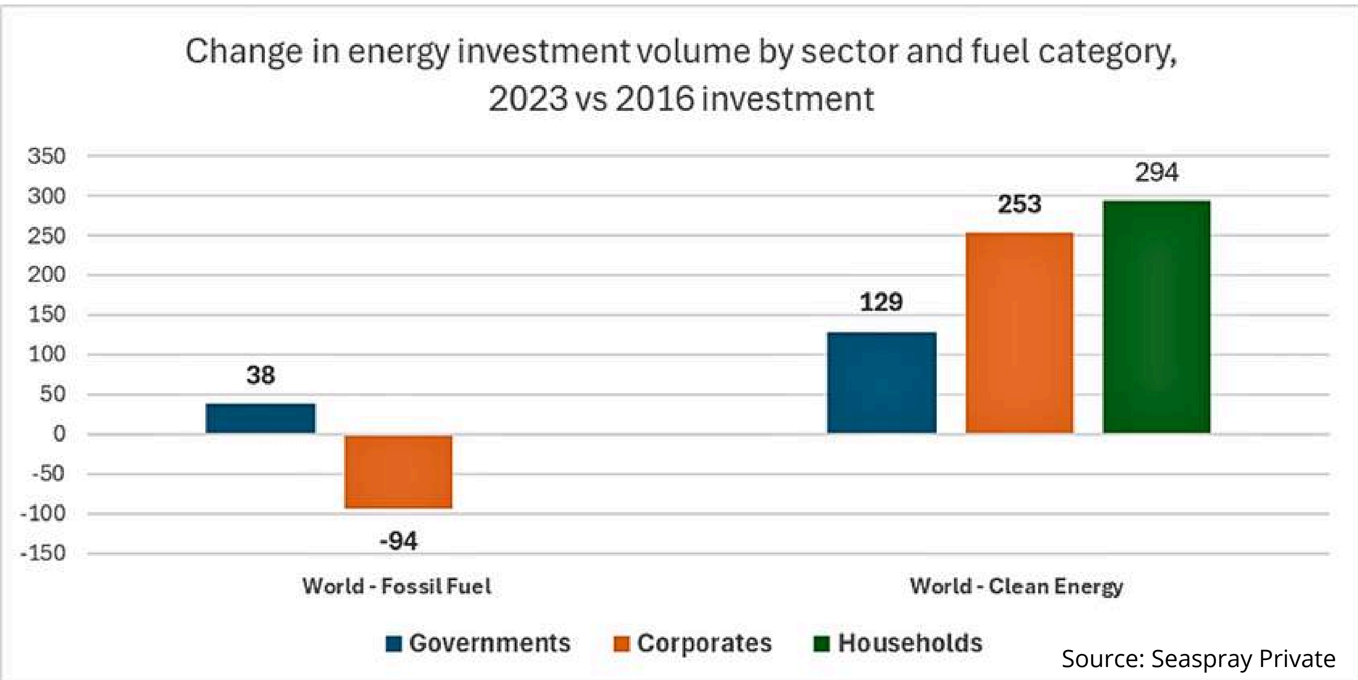
BRAIN COMPUTER INTERFACES (BCIs):

BCIs are complex mechanisms that capture the human brain's electromagnetic signals and translate them into commands for an AI interface. This allows for research in developing bionic limbs that offer a chance for improved mobility, as well as applications that may help relieve paralysis. A handful of small companies, not-for-profit organizations and universities are developing invasive and non-invasive versions of BCIs, however funding in the space is relatively sparse and significant technological and regulatory hurdles remain.

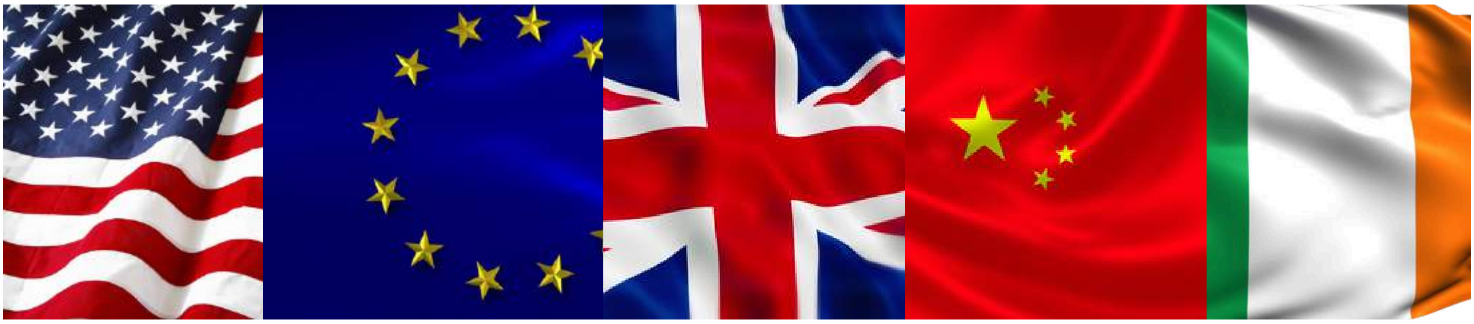
3. Clean Energy:

While investment in ESG and clean technology has been a divisive topic in recent years, particularly in the United States, it is clear that the overarching trend in terms of energy investment is tilted towards clean energy. The International Energy Agency (IEA) recently released its World Energy Investment report, in which it highlighted the areas where investment has been taking place and where it has fallen. One interesting point was the change in energy investment between 2016 and 2023, comparing fossil fuels to clean energy. While Governments are still investing $38bn in fossil fuels compared to 2016 levels, corporate investment in the fossil fuel industry has fallen by $94bn in 2023 compared to 2016 levels.

Conversely, corporate investment in the clean energy increased by $253bn in 2023 compared to 2016 levels, while Governmental spending also increased by $129bn compared to 2016 levels. However, the key story here is the worldwide Household investment in clean energy, with a change of $294bn in 2023 compared to 2016. What this shows is that despite the sometimes-negative press associated with clean technologies, households around the world are embracing the change and are willing to invest in technologies that benefit the earth. This will only become more prevalent as access to these technologies increases and the cost of acquiring them lowers, whether though government schemes or lower costs from corporate players.



Source: Seaspray Private

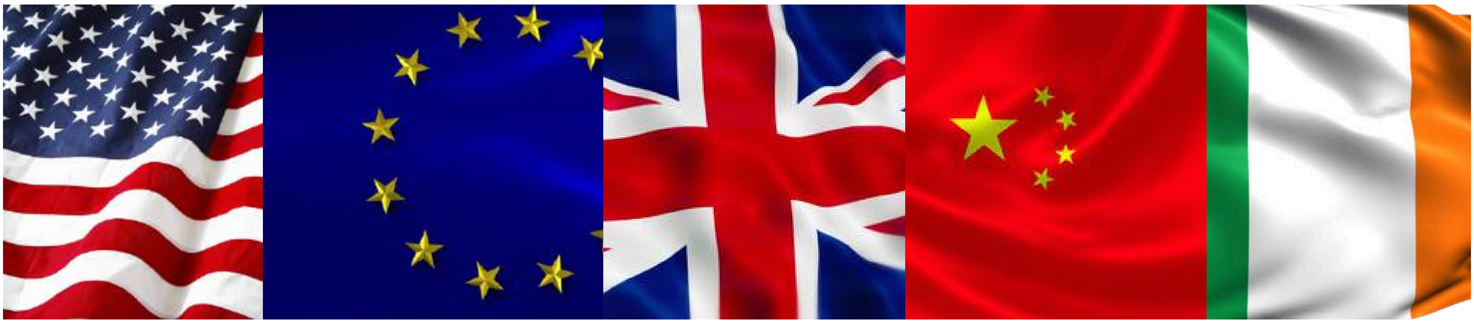


Regional Analysis

USA

The U.S. labour market is cooling, with job openings down about 25% as of mid-March from their early 2022 peak, and there are signs that lower-income households are coming under stress. Default rates on credit cards and auto loans are above pre-pandemic levels. Despite the hawkish tone from Fed Chair Jerome Powell last month, we expect the Fed to start easing in the second half of the year, possibly in September, but more likely during Q4. US national and household debt is a source of concern with $34 trillion in liabilities. However, a resilient economy and $200+ trillion in assets, mean the US federal government is a much better creditor than many would believe.

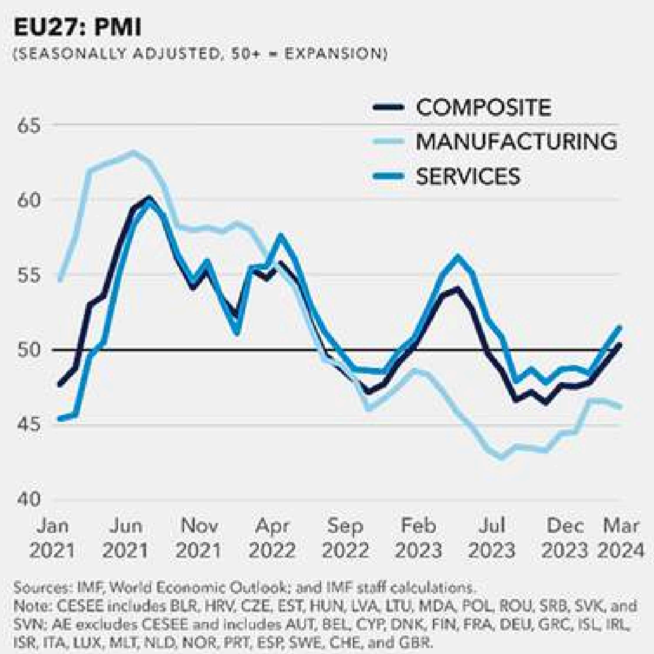
Chair Jerome Powell said at his May 1st press conference that it was clear monetary policy continues to be restrictive and that over time he expects the current level of rates to bring inflation down to the central bank's 2% target. He added it was unlikely the Fed's next move would be a hike.
"We'll need to be patient and let restrictive policy do its work," he reiterated at an event in Amsterdam on May 14.



EUROPE

Europe’s Recovery is on Track.

Europe's recovery, fuelled by domestic demand, is firmly on track. The latest GDP data for the euro area show growth slightly above expectations, with all major economies performing slightly better than anticipated.



REAL GDP GROWTH
(Y/Y AND Q/Q SAAR)

	2023	2024	2025	Acutal Q1 2024	IMF** Q1 2024
Europe	1.4	1.6	2.0	---	---
Euro Area	0.4	0.8	1.6	1.3	1.0
CESEE	0.7	2.5	3.2	---	---

CPI INFLATION
(Y/Y ANNUAL AVERAGE)

	2023	2024	2025	Acutal Q1 2024	IMF** Q1 2024
Europe	10.5	8.4	6	---	---
Euro Area	5.4	2.4	2.1	2.5	2.7
CESEE	11	4.3	3.8	---	---

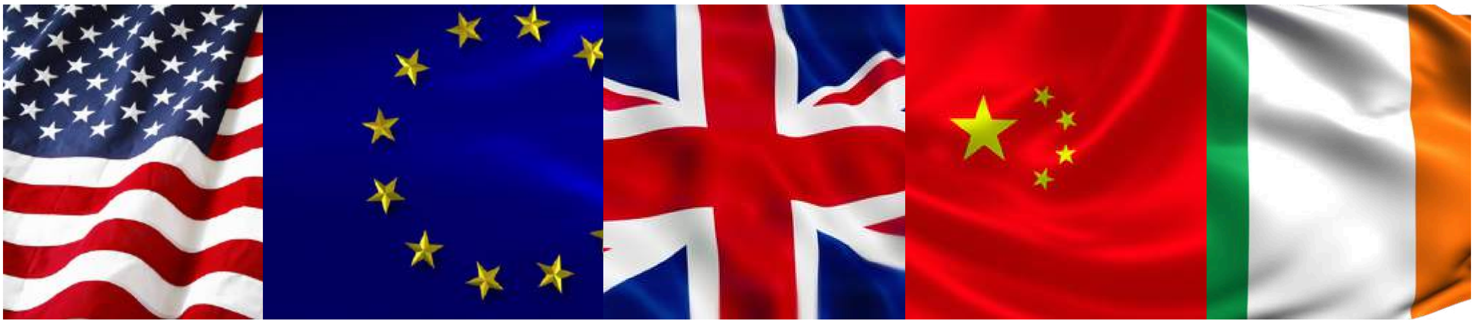
Sources: IMF, World Economic Outlook, and IMF staff calculations.
Note: IMF, Actual as of April 30, 2024, CESEE excludes BLR, RUS, TUR, UKR.
**Projections as of April 16, 2024.

IMF

Source: IMF World Economic Outlook, and IMF staff calculations

The recovery is driven by improving consumer and business sentiment. Household incomes are supported by resilient labour markets which have aided a recovery in incomes. In many countries disinflation has continued and is paving the way for interest rate reductions. As of April 2024, headline inflation in the euro area has remained stable at 2.4 percent. Core inflation has also decelerated. Despite this positive news, inflation rates remain elevated in several European countries, and following the first interest rate cut of 25 basis points in early June, the precise timing, speed, and scale of easing will be “data dependent”, requiring a careful and measured approach to monetary policy easing.

Market expectations are that there will be a pattern of “pause - cut – pause – cut" from the ECB as they assess the impact of interest rate cuts, until it reaches a neutral stance at 2.5 percent in H2 2025.



CHINA

The news on China continues to be mixed. The property-market problems are far from resolved and the consumer price index is in deflation. The stimulus measures so far have been piecemeal, but the government's 5% GDP growth target for 2024 suggests that more meaningful policy moves will be forthcoming.

GDP growth in China is projected to slow only modestly to 4.9% in 2024 and 4.5% in 2025, despite the drag from the ongoing adjustment in the real estate sector. Growth is projected to be buoyed by supportive macroeconomic policies, including a sizeable fiscal stimulus in 2024 and infrastructure investment, and strengthening external demand. Inflation is projected to remain low, averaging 0.3% in 2024 and 1.3% in 2025.

UNITED KINGDOM

The outlook for the UK continues to be challenging. GDP (gross domestic product) growth is stagnant, and inflation is declining at a slower pace than for other developed economies. Market expectations are for the Bank of England (BOE) to begin lowering interest rates in the third quarter, which will provide some relief, but the impact of the substantial rise in 2-to-5-year fixed-rate mortgage interest rates is still to be fully felt.

INDIA

Growth in India, of global offshoring, digitalization, and energy transition, may become more broad-based across both consumer and business spending. Inflation will more than likely stay within policymakers' comfort zone. With stronger global growth, this will ultimately benefit India, leading to higher income from exports and supporting domestic capital spending.

In many ways, India has picked up the baton from China in terms of development. It has a long way to go in terms of building out road and railway networks, improving its energy security, building better housing and many other areas that a decade or so ago were highlighted as reasons to invest in China. Strong growth in the manufacturing sector, higher-than-expected agricultural output, and robust government spending have made India the world's fastest-growing major economy.

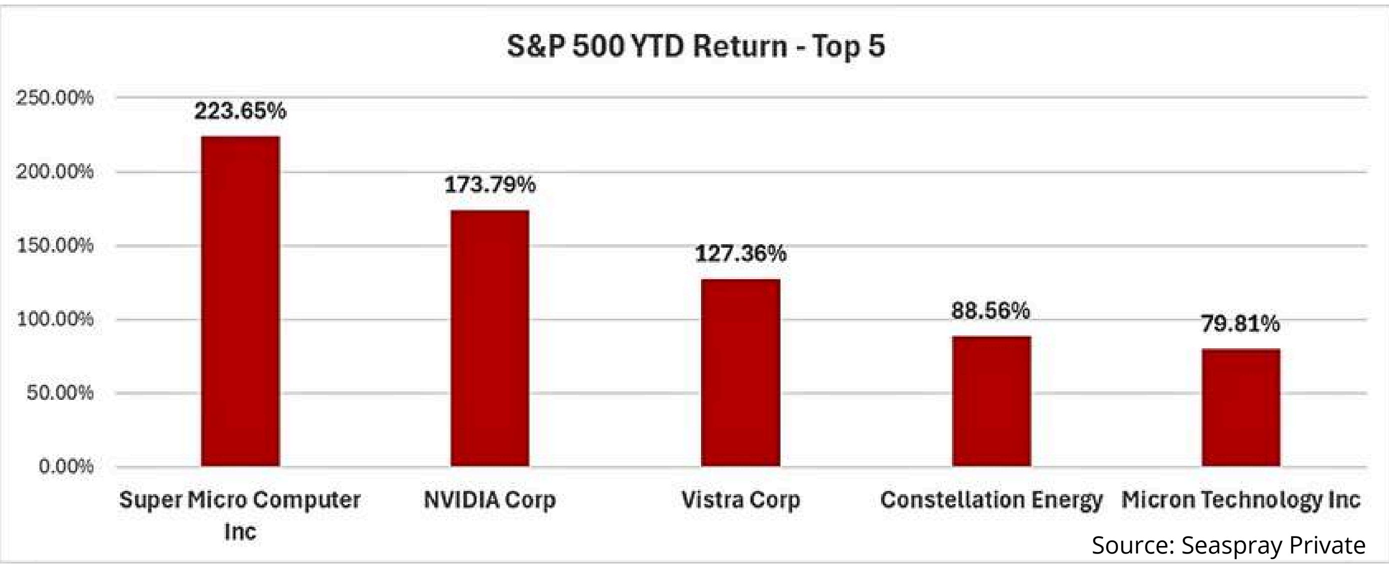
Global Equities

Considering that the prospect of interest rate cuts had helped buoy stocks in the first quarter, and that Q2 failed to deliver apart from one rate cut by the ECB, equities have held up well with Q1 company earnings continuing to provide a supportive backdrop. Mega-cap and large-cap stocks likely to continue to outperform small caps. The S&P 500 and NASDAQ so far this year have recorded gains of 14.48% and 18.13% respectively, buoyed by returns in companies such as NVIDIA and Microsoft.

Let's take stock!.. An overview of the best performing companies so far in 2024.

2024 has been a positive year thus far for financial markets, whether they be in the United States, where the AI boom continues to drive sentiment, or in Europe where markets have continued to post solid gains. Now that we are at the halfway point of the year, it is an opportune time to look at the best performing companies so far in 2024 from some of the world's most important indices.

First, to one of the largest indices in the world, the S&P 500. While it is no surprise to see NVIDIA on this chart, it is interesting to note that they are not the best performing company on the S&P 500 in 2024. That distinction belongs to Super Micro Computer Inc, who produce high end and high efficiency servers and networking products. They have also developed large language model systems in conjunction with NVIDIA, who hold the 2nd spot. Vistra Corporation are one of the largest power generators in the United States, generating power from a mix of natural gas, nuclear, solar and battery storage facilities. These are followed by another energy generator, Constellation Energy, who are the leading generator of nuclear energy in the US, along with both non-renewable and renewable energy sources. Finally, Micron Technologies is the 5th best performing stock on the S&P 500 in 2024 so far. Micron are a computer storage and data company, both of which will be important as the world adapts to more Artificial Intelligence. From a weightings perspective, NVIDIA currently holds around 6.6% of the S&P 500's total weighting, meanings its returns have a much greater bearing on the wider market than the other four companies listed below.

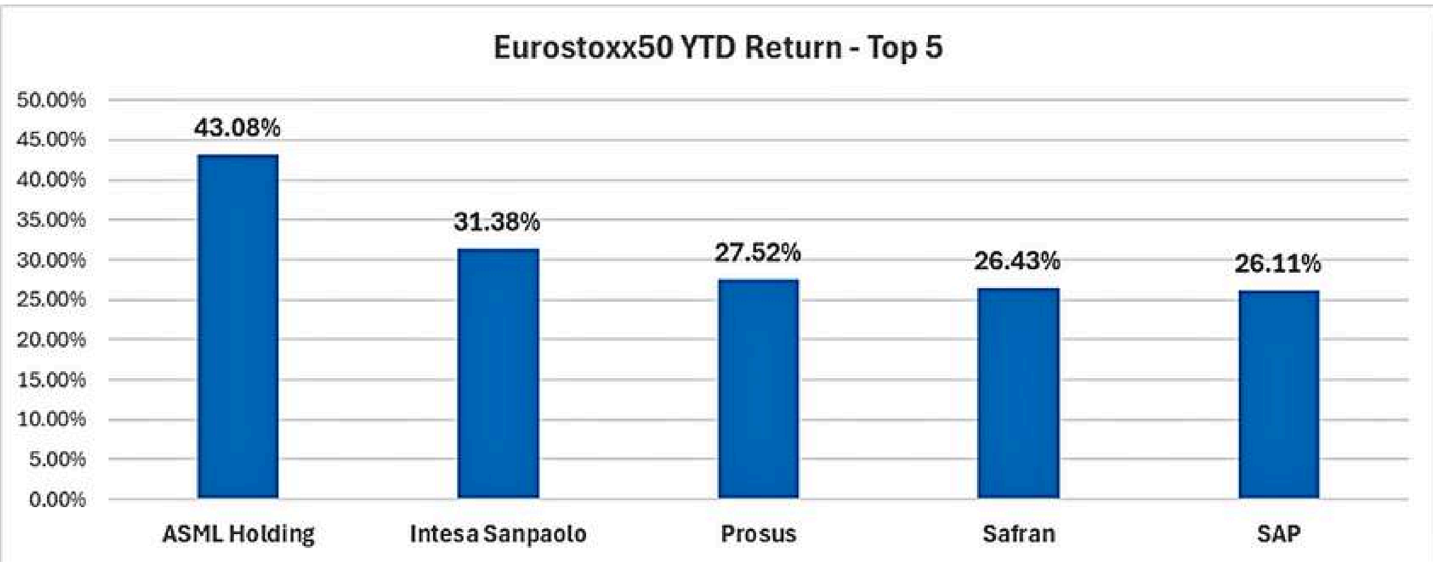


Source: Seaspray Private

While the "Magnificent 7" mega-caps were priced at roughly 34x earnings as of late May, the other 493 stocks in the S&P 500 traded at a much less demanding 17x. Yet a still-strong earnings profile means many of the top stocks are not necessarily expensive relative to their growth prospects and we see the broad S&P 500 catching up to the Mag 7 toward the fourth quarter of this year. In all cases, individual analysis is key to ensuring share prices are well aligned to company fundamentals.

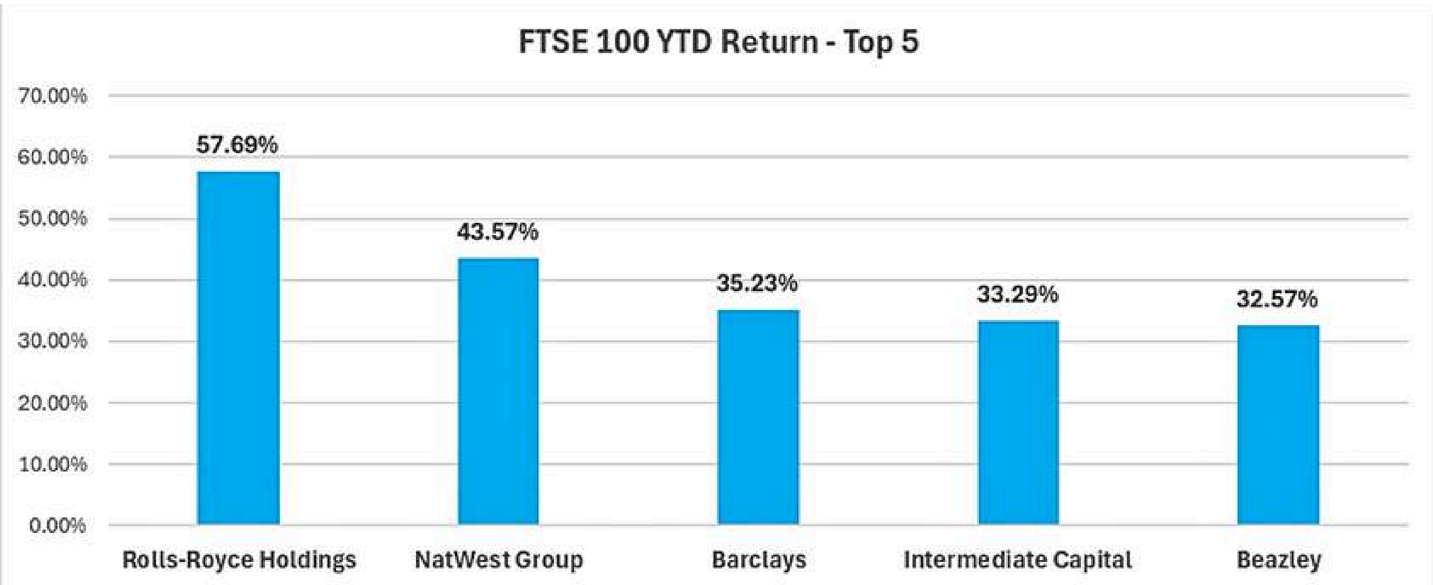
Meanwhile, in Europe the index continues to be led by two companies, who make up some of the largest individual weightings on the index

These are ASML and SAP, who together account for 14.2% of the total Eurostoxx50 weighting. ASML, the Dutch semiconductor manufacturer has been the best performing stock on the Eurostoxx50 over the past 5 years, with the largest individual weighing. So far in 2024 its share price has risen by over 43%. However, between it and SAP are some lesser-known companies. Intesa Sanpaolo is the largest bank in Italy by total assets, while Prosus is a Dutch global investment group specialising in technology investment. Safran is a French aerospace manufacturer, with primary focus on aircraft, helicopters, and spacecraft engine systems. Finally, German enterprise resource management creator SAP takes the 5th spot.



Source: Seaspray Private

In the UK, financial companies make up 4 of the top 5 best performers on the index so far in 2024. However, in top spot is Rolls Royce Holdings, manufacturer of propulsion systems for air, sea and land craft, both for domestic use and military use. The company has returned 57.69% so far in 2024. NatWest and Barclays follow behind, with both being two of the UK's largest banks. Intermediate Capital meanwhile is a private equity and investment group, while Beazley is a general insurance provider. Combined, these five companies have a total weighting of 4.42% on the FTSE 100.



Source: Seaspray Private

The chart below illustrates how Europe remains the cheapest avenue for equities amongst its counterparts, while the United States remains by far the expensive location for equities, with price earnings for the Euro Stoxx 600 coming in at 14.4 times, compared to 25.9 times for the United States main equity indices overall. Due to the lower valuations, Europe remains an attractive area of investment for investors, with brands such as ASML, SAP, LVMH and Novo Nordisk among the major players in the region.

Commodities

According to the World Bank in their Commodity Outlook 2024, the drivers of commodity price inflation this year are:

- Geopolitical tensions.
- Supply conditions for many industrial commodities.
- Less than feared impact from slowing Chinese property investment.
- Metal intensive investment in clean energy.

After two years of falling commodity prices, this recent trend may present a renewed source of inflation. Given that economic growth is slowing, yet commodity prices are rising, the World Bank is cautioning that inflation remains undefeated:
"*Heightened tensions in the Middle East have been exerting upward pressure on prices for key commodities, notably oil and gold. Copper prices have also reached a two-year peak, reflecting supply concerns and signs of firmer global industrial production. In 2024 and 2025, overall commodity prices are forecast to decline slightly but remain about 38 percent above pre-pandemic levels. Unlike prices for most other commodities, oil prices are set to increase in 2024, by 2 percent. Gold and copper prices are also set to rise this year, by 8 percent and 5 percent, respectively. In all, disinflationary tailwinds from moderating commodity prices appear essentially over.*"

Commodities

Energy

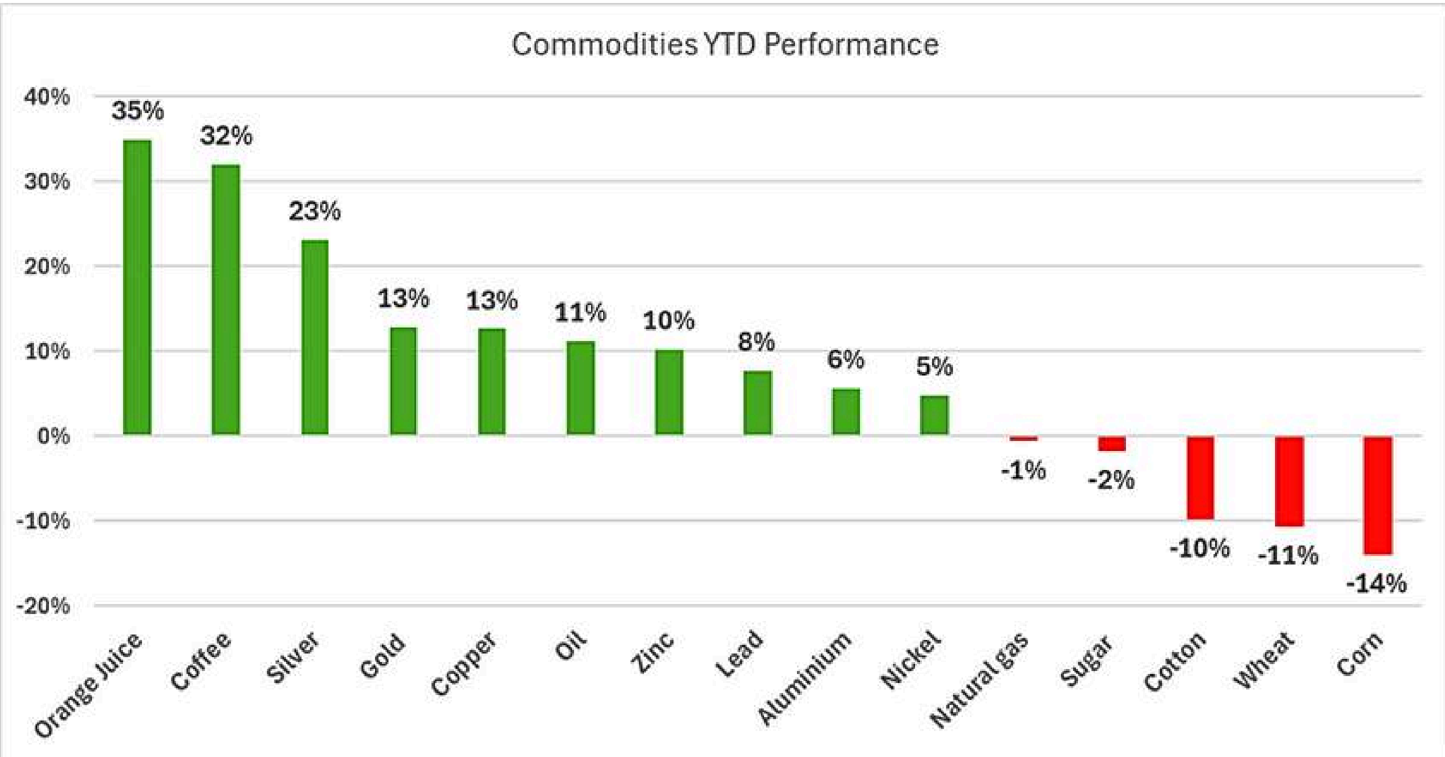
Amongst the major energy prices, natural gas and coal have both been falling and elevated inventory levels point to further falls in the year ahead. This had been offset by higher oil prices up until late April but those too began to fall in May despite OPEC+18 oil production dropping.

Foodstuff

Foodstuff prices have generally risen and if you are fond of chocolate, beware what may be coming as cocoa prices are up 136% so far in 2024 (to 06.06.24).

Metals

Most metal prices are higher, reflecting a stronger economy for the most part as well as demand from clean energy transition. Copper prices reached a two year high during May reflecting supply concerns and strength in demand, but they fell back later in the month. The rise in gold that we have seen is more complex as it has been driven both by central buying as well as some risk-averse investors seeking diversification.



Source: Bloomberg 2024

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