SEASPRAY PRIVATE
Creating Investment Solutions

2024

Q3 Investment Review & Outlook

Prepared By :
SEASPRAY PRIVATE LTD 2024

www.seasprayprivate.ie +353 65 6710 507 info@seasprayprivate.ie

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Executive Summary

- With H1 2024 closing out with solid gains, Q3 saw significant volatility across global equity markets through August and September, prompted by the surprise rate hike from the Bank of Japan and "Yen carry trade" fall out, together with poor US employment data and increasing risk around recession versus a soft landing for the US economy.

- Heightened Geopolitical tensions across both the Middle East and Ukraine/Russia added to the increased volatility in Q3, with Ukraine incursions across the Russian border and escalation of the conflict in Lebanon.

- Central Bank's dominated again during the quarter - with interest rate cuts from the UK, ECB and Federal Reserve. The Bank of England cut its interest rate for the first time in four years , with a cut of 0.25%, bringing the headline rate down to 5.0%, and the ECB went with a second rate cut of 0.25%, with marginal lending rate down to 3.9%. Big news however came from the Federal Reserve - with an aggressive rate reduction of 0.5%,from 5.50% to 5.00%, the first rate cut since the early days of the Covid pandemic.

- Inflation concerns continued to subside in Q3 across developed markets, moving closer to target 2% levels and Central Bank focus switching to the achievement of a soft landing for their respective economies, with rate cuts a normalisation of policy.

- In Ireland - Apple was ordered by the EU to pay the Irish State €13Bn in underpaid taxes, after losing its court case against the European Commission. The decision by the European Court of Justice overruled the decision by the EU General Court.

- Company earnings impressed for the most part in Q3, with six of the Magnificent 7 (NVIDIA, Meta, Alphabet, Amazon, Tesla, Apple, Microsoft) surpassing earnings expectations. Of the 11 S&P sectors, ten of those sectors had more companies than not, beat earnings estimates.

Market Movers

Asset Classes	1-Month	3-Month	2024 YTD
Equity Indices			
S&P 500	+1.49%	+4.97%	+19.89%
Nasdaq	+0.54%	+1.61%	+19.74%
EuroStoxx50	+0.63%	-0.22%	+9.26%
EuroStoxx600	+0.26%	+0.11%	+8.45%
FTSE 100	-0.54%	+0.02%	+7.11%
ISEQ	+4.61%	+5.91%	+14.15%
MSCI World	+2.15%	+1.58%	+17.56%
Unit Link Funds			
Aviva Multi-Asset ESG 3	+1.12%	+2.37%	+6.44%
Aviva Multi-Asset ESG 4	+1.51%	+1.74%	+10.68%
Aviva Multi-Asset ESG 5	+1.69%	+1.16%	+14.12%
Irish Life MAPS 3	+0.84%	+2.08%	+7.47%
Irish Life MAPS 4	+0.89%	+1.88%	+9.55%
Irish Life MAPS 5	+0.98%	+1.25%	+10.94%
New Ireland iFunds alpha 3	+1.0%	+1.5%	+7.0%
New Ireland iFunds alpha 4	+1.0%	+0.9%	+9.2%
New Ireland iFunds alpha 5	+1.0%	+0.0%	+11.6%
New Ireland PRIME 3	+0.9%	+1.4%	+6.0%
New Ireland PRIME 4	+1.3%	+0.7%	+10.3%
New Ireland PRIME 5	+1.3%	0.0%	12.7%
New Ireland Water Fund	+2.2%	+2.4%	+12.0%
New Ireland Alternative Energy	+3.3%	+0.6%	+1.40%
Zurich Prisma 3	+0.62%	+1.32%	+6.11%
Zurich Prisma 4	+1.05%	+1.24%	+10.09%
Zurich Prisma 5	+1.42%	+0.76%	+15.37%

Market Movers

Asset Classes	1-Month	3-Month	2024 YTD
Bonds			
US 10 Year Bond Yield	-0.18%	-10.88%	-1.86%
US 2 Year Bond Yield	-8.04%	-23.92%	-15.22%
German 10 Year Bond Yield	-1.35%	-8.95%	+8.16%
UK 10 Year Bond Yield	+1.17%	-2.28%	+9.26%
Irish 10 Year Bond Yield	-2.66%	-11.83%	+6.72%
Currencies			
EUR/USD	-0.47%	+3.77%	+0.84%
EUR/GBP	-1.68%	-1.55%	-4.04%
GBP/USD	+1.24%	+5.47%	+5.11%
Commodities			
Gold	+3.35%	+13.33%	+28.25%
Brent Crude Oil	-4.19%	-11.98%	-1.73%

Source: Seaspray Private

Global Economic Outlook

While there have been signs that the Global economy is beginning to slow, particularly in employment data and manufacturing numbers, we remain bullish on overall global growth. With key Central Banks now in the midst of rate cut cycles, there is potential for renewed global growth prospects out to end 2024 and into 2025, as both businesses and consumers begin to borrow more and spend more, both domestically and internationally. Our macro base case still stands as we move into the final quarter of 2024: A soft landing with GDP growth remaining close to, or moderately below trend across developed Markets.

Our House View: The 4 "I"s:

Inflation

Now in the relative periphery, inflation data is no longer driving monetary policy, and has been falling throughout Q3. We believe this trend will continue through the final quarter, although there is the potential for transitory inflationary spikes as Central Banks continue with interest rate cuts and normalisation of policy. These should not, however, deter Central Banks from cutting interest rates further.

Interest Rates

As at end of Q3, rate cut cycles have commenced across Developed Markets, and whilst timing and size of cuts will differ, we see this cycle continuing through Q4 and into Q1 2025. Central bankers will be mindful of economic conditions, however all will try to avoid a "Hard landing" and continue to make decisions to cut interest rates further, based on sound macro economic data.

Income/Earnings

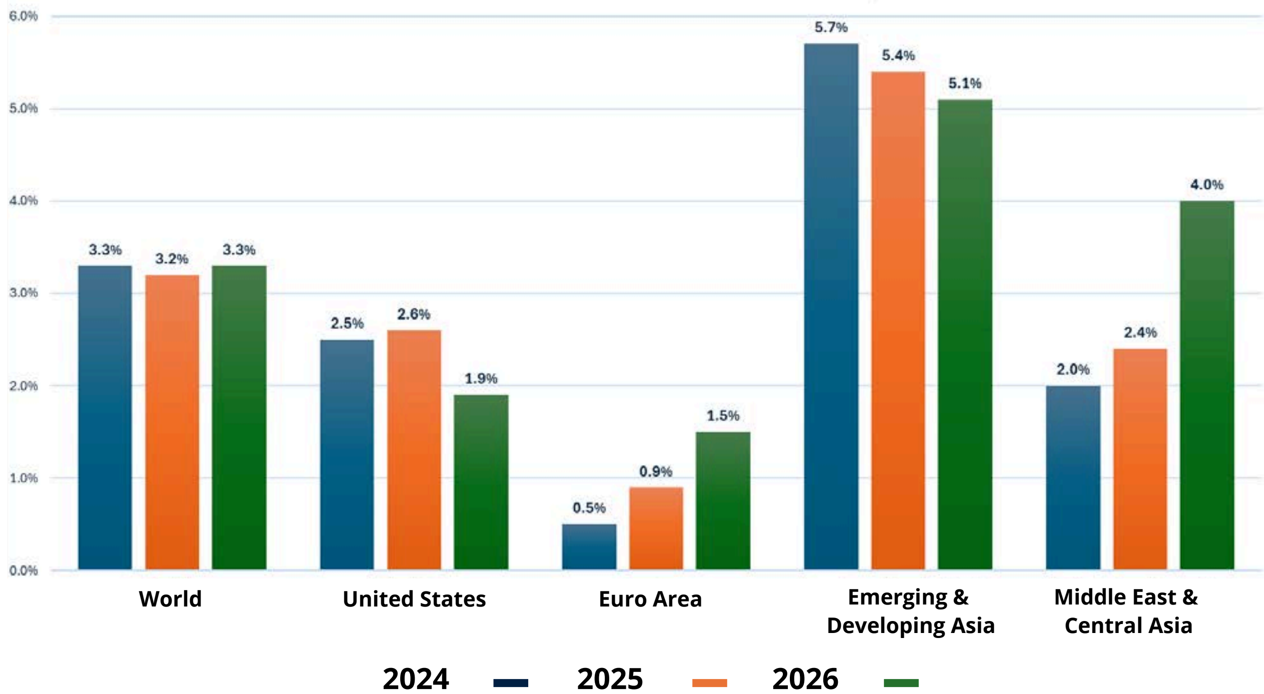
Company earnings to continue to support markets; US earnings remain robust with Eurozone earnings emerging positive from recession as we move out to end 2024. Lower interest rates will boost business conditions and we believe Artificial Intelligence adoption will continue across all industry and market sectors.

Investment Themes

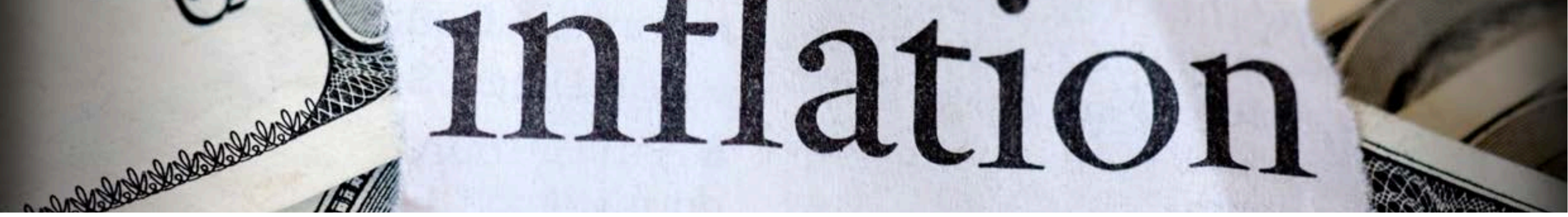
We remain convinced that Artificial Intelligence (AI) will continue to dominate thematic investing through Q4 2024 and beyond, as more companies continue to adopt AI into their processes. However, with interest rates now commencing a downward cycle, we also remain committed to renewable energy and clean technology investment growth themes. Renewable investment declined during 2022 when interest rates began to rise, with both corporates and governments pulling back from renewable projects due to increased borrowing costs. However, with the world experiencing its hottest Northern Hemisphere on record between July and August of this year, it is clear investment will be needed in the renewable energy and clean technology sectors, to avoid further climate disruption.

In terms of Global Growth, the International Monetary Fund (IMF) in its July 2024 World Economic Outlook stated that the World's economy is forecast to grow by 3.3% in 2024, falling slightly to 3.2% in 2025 and rise once again to 3.3% in 2026. Looking at specific geographic areas, the IMF predicts that the US economy will grow marginally from 2.5% to 2.6% between 2024 and 2025 before seeing a reduction in growth in 2026, while the Euro Area is predicted to treble in terms of growth between 2024 and 2026, from 0.5% in 2024 to 1.5% in 2026. While Emerging and developing Asia is still forecasted to grow by over 5% in the next two years, the growth rate is slowing, as China, the largest economy in the bloc struggles to maintain its own economic growth forecasts. Finally, the Middle East and Central Asian area is expected to be a major growth area in the coming years, as countries in that region continue to grow at exponential rates.

Global Growth - IMF World Economic Outlook - July 24



Source: Seaspray Private

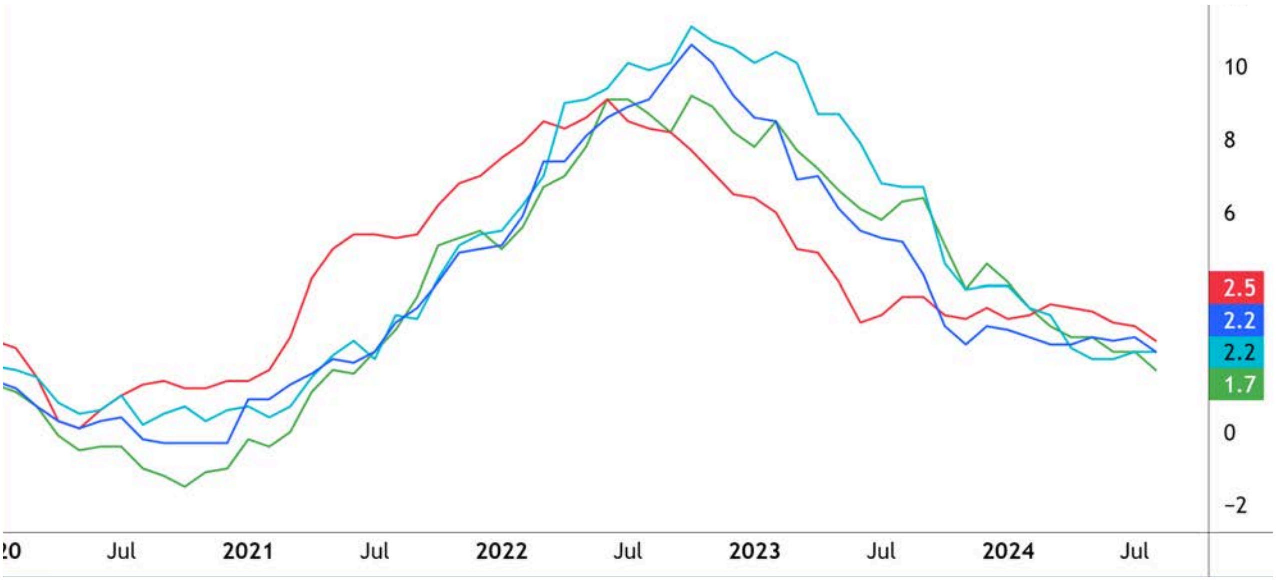


Inflation

It has been nearly two and a half years since Central Banks around the world began raising interest rates to slow the rapid increase in the rate of inflation. Stemming from the Russian invasion of Ukraine and the supply bottlenecks created as a result of the Covid-19 pandemic, the global economy endured some of the highest rates of inflation in decades. However, while there was pain endured by both consumers and businesses over the last two years, the austere methods employed by Central Banks has finally paid dividends, as inflation rates in key areas have fallen considerably in 2024.

As we now look towards the latter end of 2024, inflation is no longer the key driver in monetary policy, as for the most part it is now under control. While there are still risks to global supply chains, particularly in the Middle East and in Ukraine where war sadly continues, for the most part supply chains continue to operate efficiently.

Looking at the key economies, in the United States inflation is now currently at 2.5%, the lowest level in three years. According to the Federal Open Market committee (FOMC), the expectation is for Personal Consumption Expenditures (PCE) inflation, which is the preferred metric used by the Federal Reserve to monitor US inflation will slow to 2.1% in 2025 and 2% in 2026. These projections are lower than those first announced in June, reflecting the continued progress made to curb inflation over the last couple of years. In Europe and the UK, inflation remains steady at 2.2%, again the lowest in three years. In Europe, the ECB expects inflation to slow to 2.5% in 2024, falling to 2.2% in 2025 and 1.9% in 2026. Finally in the UK although services inflation remains sticky, the Bank of England expects inflationary pressures to ease in Q4 of 2024. Finally, the Irish inflation rate fell below 2% for the first time since June 2021.



Source: Seaspray Private

Region	United States	Eurozone	United Kingdom	Ireland
Line Colour				
January 2020 - September 2024	2.5%	2.2%	2.2%	1.7%

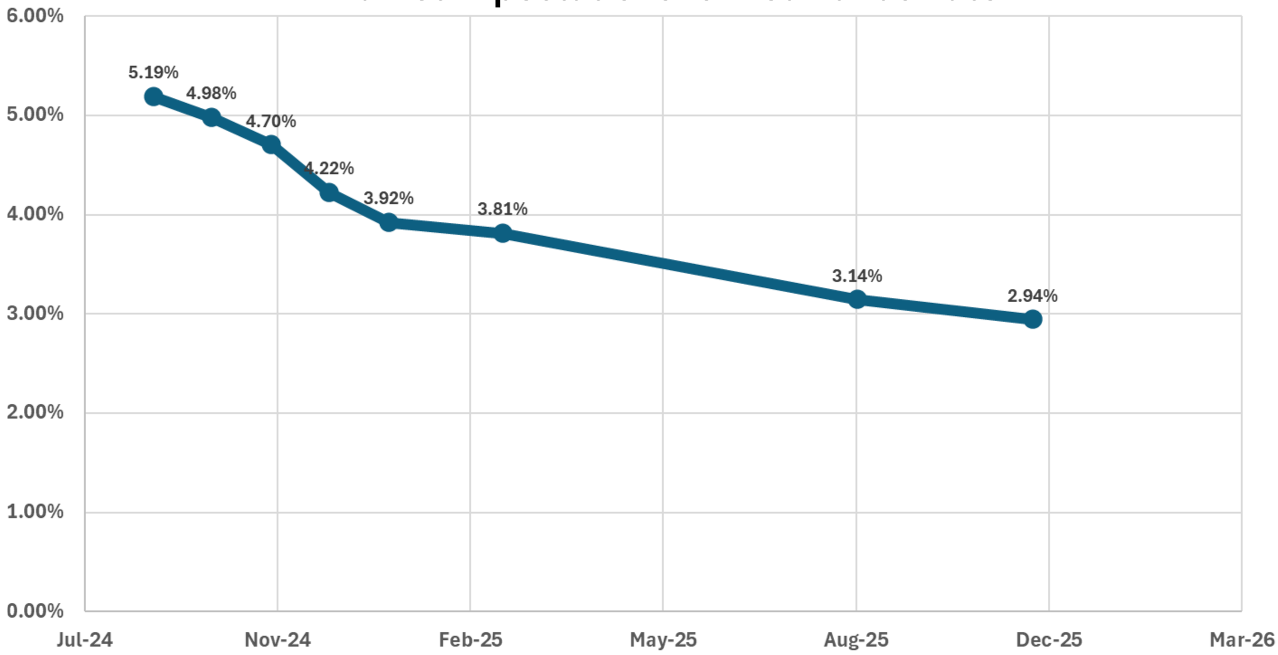
Interest Rates

The start of Q3 saw clear divergence in monetary policy amongst the major Central Banks. In Europe, the ECB had already cut rates once, while in the UK the Bank of England made its first interest rate cut in four years, ending one of the country's most austere rate hike cycles. However, in the United States the Federal Reserve refrained from cutting rates at its July meeting, as the rate of inflation in the US was still elevated compared to both Europe and the UK. At the recent September meeting the Fed did finally cut interest rates by 0.50%, with the indication being that more cuts are on the way in the short to medium term. Looking ahead, with inflation worries now in the rear view mirror, we can expect the rate cut cycle to continue for the rest of 2024 and into 2025, as Central Banks see rate cuts as a normalisation of policy and a support to employment numbers to achieve a "soft landing "across their respective economies.

US

With the Federal Reserve having cut rates by 50 basis points at its September meeting, attention now turns to the two remaining meetings in November and December. Whilst market expectations are that the Fed will cut rates at both, the question now turns to how much of a cut could be implemented. Having implemented an initial 50bps cut, this now gives the Fed some breathing room as they plot their next course of action. Key to their decision will be the US labour market, which has seen unemployment rise to 4.30%, with particular focus on the Nonfarm Payroll data out to year end. However, cutting rates too quickly could also spur inflation risk, which occurred in the United States in the 1970s. The Federal Open Market Committee will be aware of this fact and will be keen to ensure it does not happen again. Markets now expect that by the end of 2024 the Federal Funds rate could hit as low as 4.22%, far below the current level of 5.00%, and by the end of 2025 a further 100bps of rate cuts to circa 3.0%.

Market Expectations for Fed Funds Rate



Source: Seaspray Private

ECB

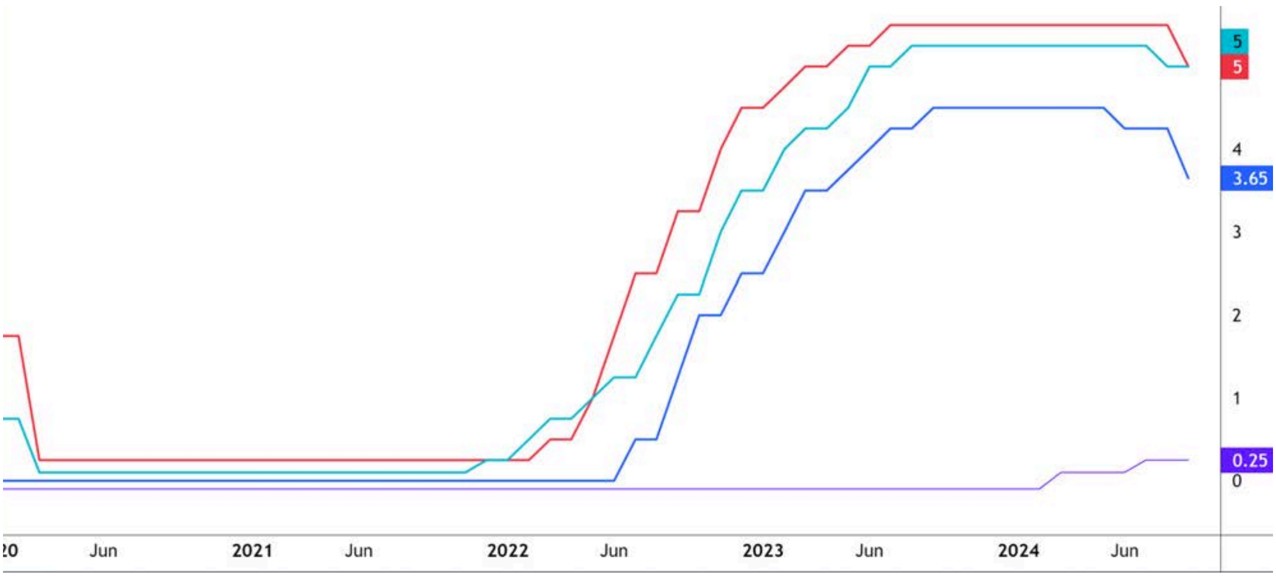
In Europe, the Central Bank does not face the same headwinds as experienced in the US. As we move into Q4, the unemployment rate in the Euro Area remains at record lows despite high interest rates, while inflation is close to the 2% targeted rate. This is despite the ECB being the last major western Central Bank to raise rates during the 2022 inflation spike, when it raised rates for the first time in August 2022, compared to the Fed who raised rates in March and the Bank of England who raised in December 2021. The ECB have reduced rates twice so far in 2024, totalling 50 basis points, bringing the marginal lending facility rate to 3.90% and the main refinancing operations (fixed rate) to 3.65%. The ECB continues to be driven by data, and will make its decision based on the available data at the time. However, with inflation falling and a stagnating German economy, there is a belief that more cuts could be announced before the end of 2024.

BOE

The Bank of England has already cut rates once this year, and held rates at their current level of 5.0% in September, as inflationary pressures remained too tight to force a second cut. However, expectations are now that there will be one further cut before the end of 2024, with a 25 basis point cut being the most likely.

Japan

Unlike many Western economies, Japan has not suffered from crippling inflation over the past two years, nor has the country had to endure high interest rates. After a prolonged period of stagflation and low growth, the Bank of Japan (BoJ) raised rates to +0.25% in July, the highest level since 2008, on the back of rising inflation but weak economic data. The BoJ held rates at their current level in September, however one more rate hike of 25 basis points is expected before the end of 2024.



Source: Seaspray Private

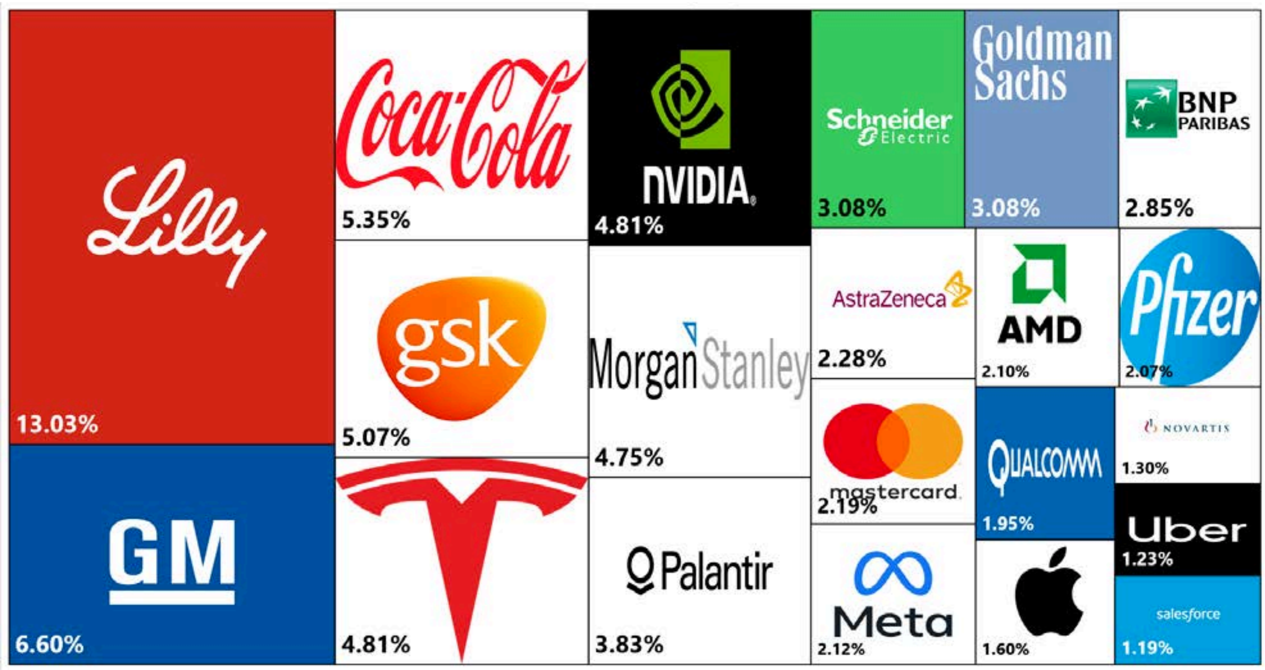
Region	FED	ECB	BOE	BOJ
Line Colour				
Current Rate	5.00%	3.65%	5.00%	0.25%

Income and Earnings

Company earnings were one of the key barometers for stock market health in Q3, with the previous quarters earnings reports released for the world's largest and most important companies. On the whole, earnings were positive, with 10 out of the 11 S&P sectors posting better actual earnings than were forecasted. It was only the Communications Services sector that saw earnings miss, however this is a sector that can lay claim to a broad range of communication and media companies, including the likes of Netflix, Alphabet and AT&T.

In terms of top performers, Eli Lilly was the stand out. The healthcare provider, which specialises in weight loss and diabetic drugs, surpassed forecasted earnings, with actual revenues 13% higher. According to the company, revenues jumped 36% compared to the same period in 2023, with quarterly sales of Zepbound, a weight loss drug, exceeding $1bn, while sales for its diabetic drug Mounjaro rising to $3.09bn during the quarter. Since then the company has announced it will be selling Zepbound at a much lower market value for individual customers than its competitors. Eli Lilly is now the largest healthcare company in the world by market capitalisation, and is nearing the hallowed $1tn market cap level. No healthcare company has ever reached this milestone. Some of the other key performers in the healthcare sector were GlaxoSmithKline, whose actual earnings were 5% ahead of expectations, while AstraZeneca, mostly known for their Covid vaccine development beat earnings estimates by over 2%, attributed to increased sales of its cancer drugs.

Forecasted vs Actual earnings - Q2 2024

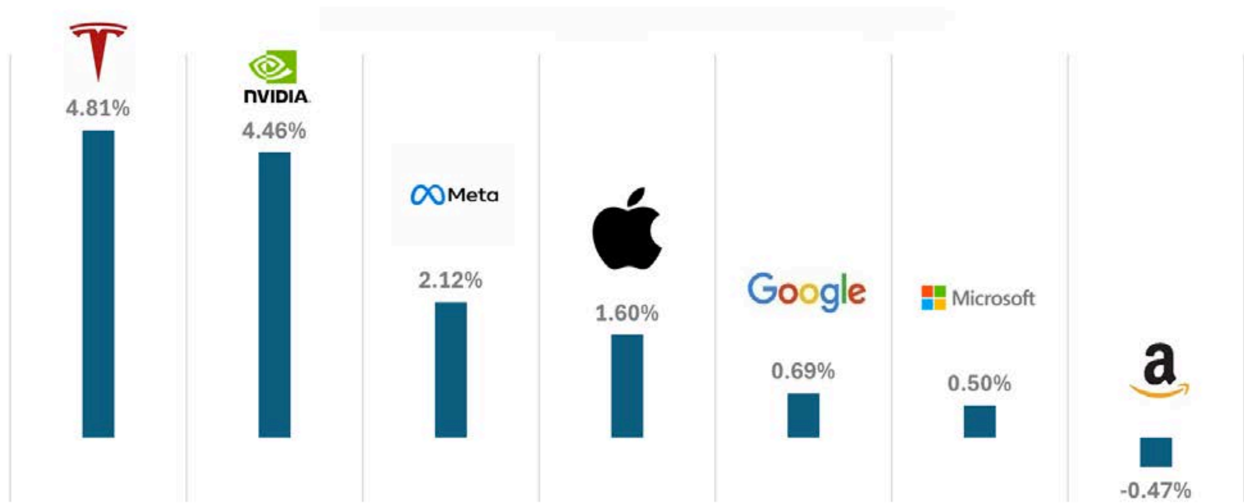


Source: Seaspray Private

The Magnificent 7

Focusing on the performance of the world's seven largest companies, commonly referred to as the Magnificent 7 due to their exceptional stock market performances, it was a positive Q2 earnings for the most part. Only Amazon missed its earnings estimates, with the company attributing the shortfall to consumers' more cautious shopping habits, which has led to reduced spending on discretionary goods. However AWS, Amazon's cloud business saw sales increase by 19% compared to last years Q2 figures.

MAG 7 EARNINGS - FORECAST VS ACTUAL - Q2 2024



Source: Seaspray Private

While earnings were ahead of estimates, Tesla, NVIDIA, Alphabet (Google) and Microsoft all suffered significant sell-off's after reporting their earnings. While the reasons varied, the common denominator was that investors have increasingly higher expectations of these companies, due to their size and weighting on US markets. Investors also feel that at times these companies are not doing enough to justify their incredible market capitalisations. This trend will no doubt continue into the end of 2024 and 2025, as investors continue to scrutinise these mega caps.

Looking ahead, there is optimism that earnings can continue to beat expectations as we near the end of 2024. Rate cuts through Q4 and into 2025 should help the Mega Cap stocks. Lower interest rates historically benefit high-growth tech stocks as the present value of their future earnings increases. As Big Tech pours hundreds of billions of dollars into AI-related capital expenditures, cheaper borrowing costs will not hurt either. In short, the start of a rate cut cycle should be good news both for the broader market and the Magnificent 7.

Indeed, even If the Fed does fail to achieve a "soft-landing," the Magnificent Seven can be viewed as a potential defensive play for investors. Most of the tech giants boast "fortress balance sheets," with massive free cash flows that can help serve as a bulwark against volatility caused by recession fears, election uncertainty and geopolitical risk.

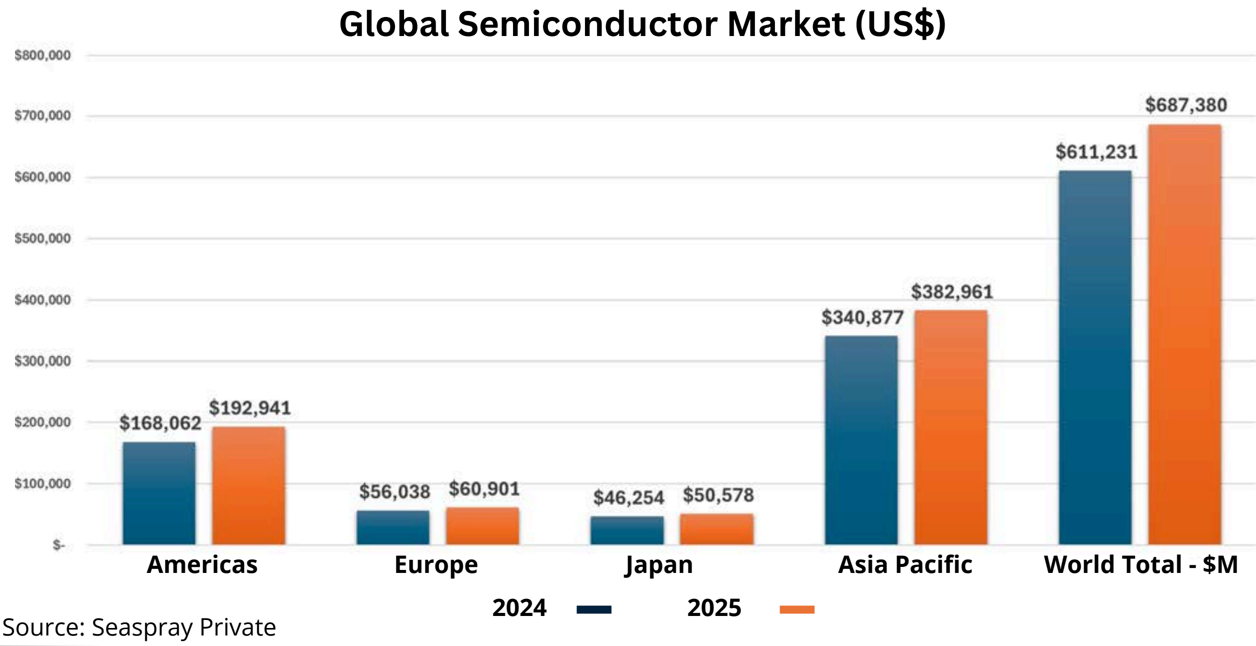
Investment Themes

Semiconductors

Semiconductors are used in almost every sector of electronics. Consumer electronics: Mobile phones, laptops, games consoles, microwaves and refrigerators all operate with the use of semiconductor components such as integrated chips, diodes and transistors. Now, with the emergence of Artificial Intelligence systems, which require vast amounts of semiconductors to process their data, the importance of this industry to the global economy has increased exponentially.

However in Q3, semiconductors have been at the maelstrom of geopolitical tensions between the West and China. The Biden administration revoked export licenses on Intel and Qualcomm which enabled them to supply Huawei, the Chinese mega cap, with semiconductors, and during the summer raised tariffs on goods which are used in the production of semiconductors. In late August China responded by imposing export controls on germanium and gallium, which are both used for semiconductor applications. Along with the geopolitical tensions, listed semiconductor firms such as NVIDIA, AMD and ASML in Europe have endured a difficult summer, with all three firms posting losses of over 10% for the for the quarter, on the back of a global slowdown, increased geopolitical tensions and tariffs/trade tensions and disruption of supply chains.

The semiconductor industry is known for its cyclical nature, with periods of high growth followed by periods of consolidation or contraction. This can make it difficult to predict the timing of market cycles and can result in volatility in the stock prices of semiconductor companies. The cyclicality of the semiconductor market is due to a combination of factors, including changes in global economic conditions, the introduction of new technologies, and shifts in consumer demand. However, our House view remains that the semiconductor sector will remain a key cornerstone of the global economy as we move out over the next three to five years.



Source: Seaspray Private

Artificial Intelligence

Artificial Intelligence remains a key growth theme for global financial markets. The development of models such as Microsoft's ChatGPT 4, Meta's Klarna and Google's Gemini has revolutionised the way both companies and individuals work and perform daily tasks. At a micro level, applications such as ChatGPT enable consumers to gain instant access to any question or topic they may have, increasing productivity in the work place, in education and in personal affairs. The usefulness and adaptability of AI is however only beginning to be realised, with AI systems being used in a variety of sectors.

Health

In early September, a new AI model was created by Harvard Medical School. The model, named "Chief" has the ability to detect multiple cancer types, as well as assess treatment and predict the survival rate of patients. The system was trained by using 15 million small scale images and 60,000 whole slide images of tissue that covered 19 cancer types. In initial testing the model had an accuracy score of 94% for cancer detection, with 96% accuracy for tumors in the stomach, colon and prostate.

Technology

Apple, the creators of the iPhone unveiled the newest generation of its smartphone in September. The iPhone 16 is the first of its kind to be designed from the ground up for AI. The updated operating system, iOS 18 will have generative AI built in to it, while also allowing free access to ChatGPT, the world's most popular AI model by consumer usage. With AI, customers will also have writing aids, the ability to edit and create content in real time, such as photographs and an enhanced Siri application.

Finance

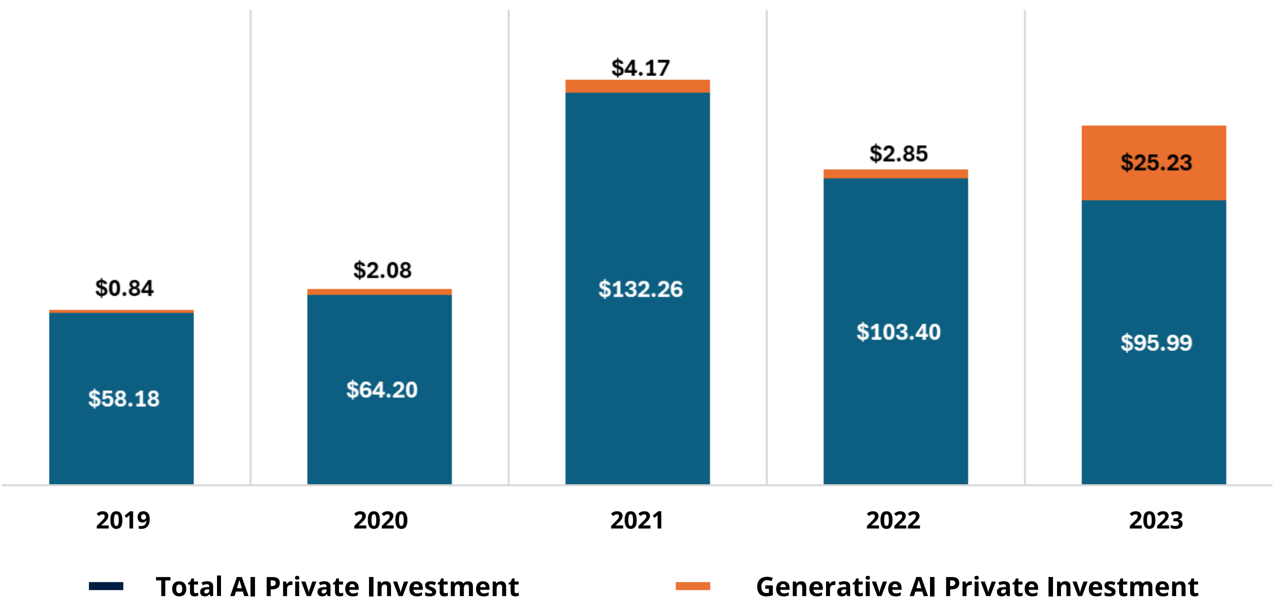
In late July, JP Morgan Chase began the rollout of its own generative AI product, which can help employees of the firm write documents and generate ideas. The firm has likened the model, named LLM, to a research analyst "that can offer information, advice and solutions on a topic".

It is clear that going forward, Artificial Intelligence will continue to play a prominent role in our society. That is why the US, UK and EU all signed up to a new agreement on AI that is legally binding.

AI Investment

Looking at investment, it is surprising to note that total private investment in AI has actually fallen between 2021 and 2023, even as so many companies adopt forms of AI for their business. Global AI investment in 2023 hit $95.99bn, compared to the $132.26bn seen in 2021. However the real story here is not the decline, but the increase in private investment seen in Generative Artificial Intelligence. Generative AI involves systems that can create original content, such as text, images, video, audio or software code, in response to a user's prompt or request, such as ChatGPT. In 2021 Global private investment in Generative AI totalled $4.17bn, whereas in 2023 that figure rose to $25.23bn. This shows that private investors and companies believe in generative AI and are willing to commit to it as part of their investment or business strategy.

Private Investment in Artificial Intelligence

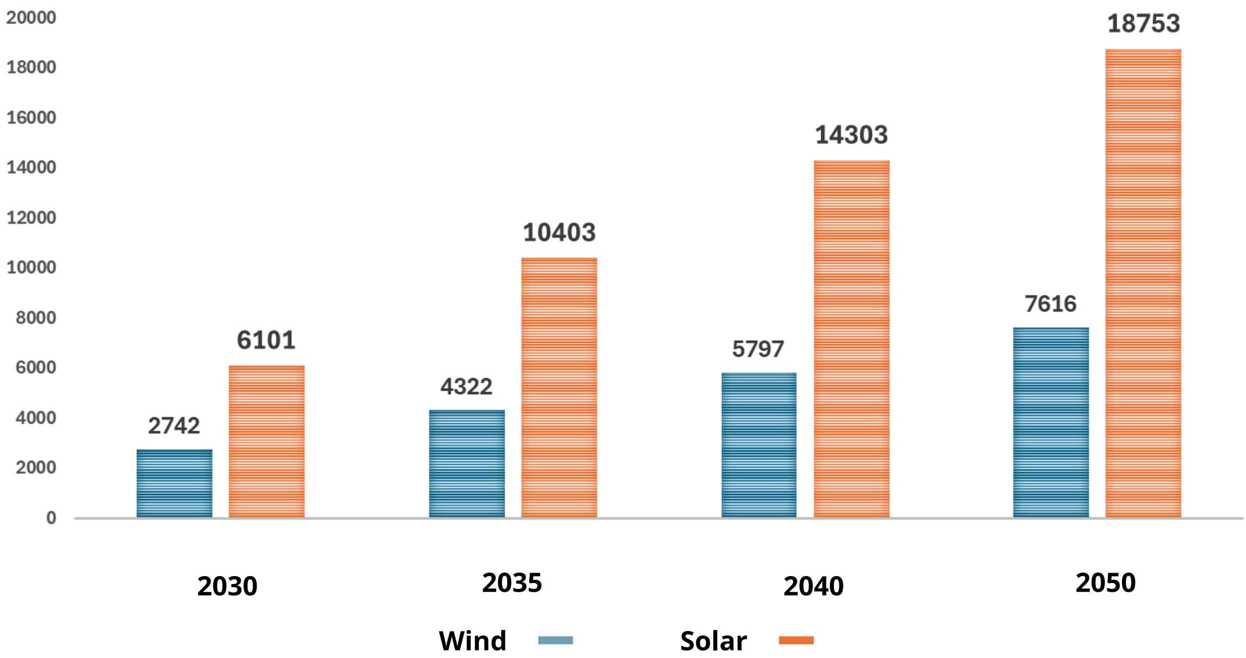


Source: Seaspray Private

Climate Action

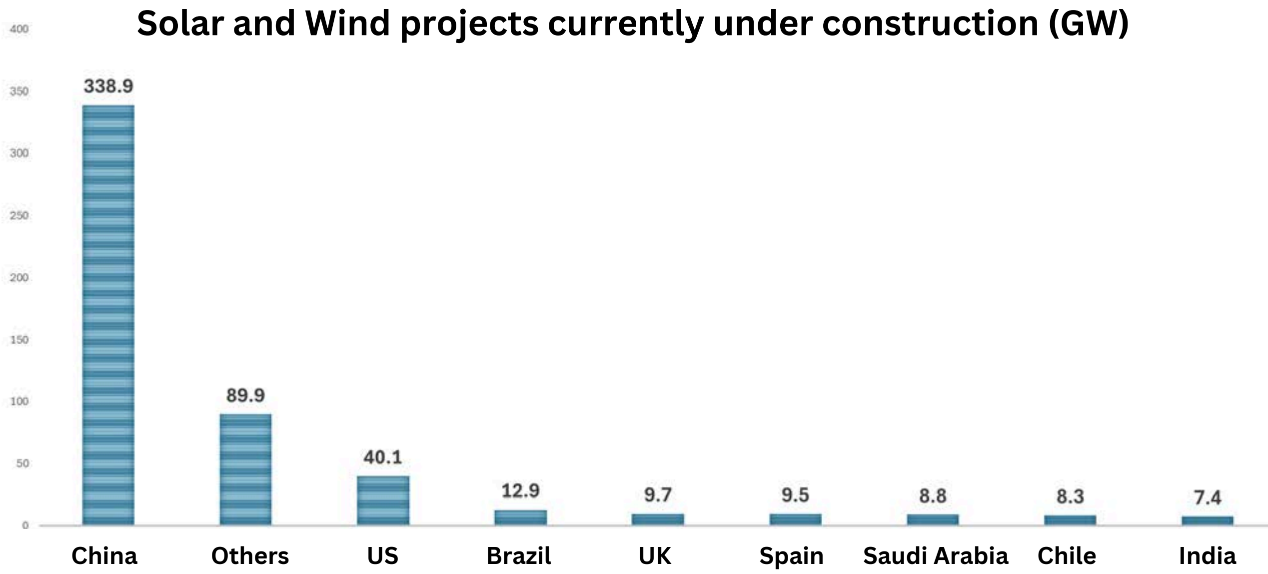
As we stated in our 2024 Global Economic Outlook, Renewable energy investment remains one of our key investment themes. The world is now at a pivotal juncture, where it must transition to more climate-friendly and sustainable sources of energy if we are to prevent further damage to our natural environments. In order to reach net zero emissions by 2050, there must be a seismic shift in the amount of investment in Renewable energy systems, both wind energy (onshore and offshore) and solar (PV). According to the International Renewable Energy Agency (IRENA), in 2023 global wind and solar energy capacity totalled 2,435 gigawatts (GW), with renewable capacity increasing by 14% year over year in 2023. However, the International Energy Agency (IEA) estimate that in order to reach net zero emissions by 2050, total capacity of solar and wind energy must reach a combined 8,843 GW's, a 263% increase on the 2023 figure.

Solar and Wind energy required to meet Net Zero Emissions by 2050 (GW)



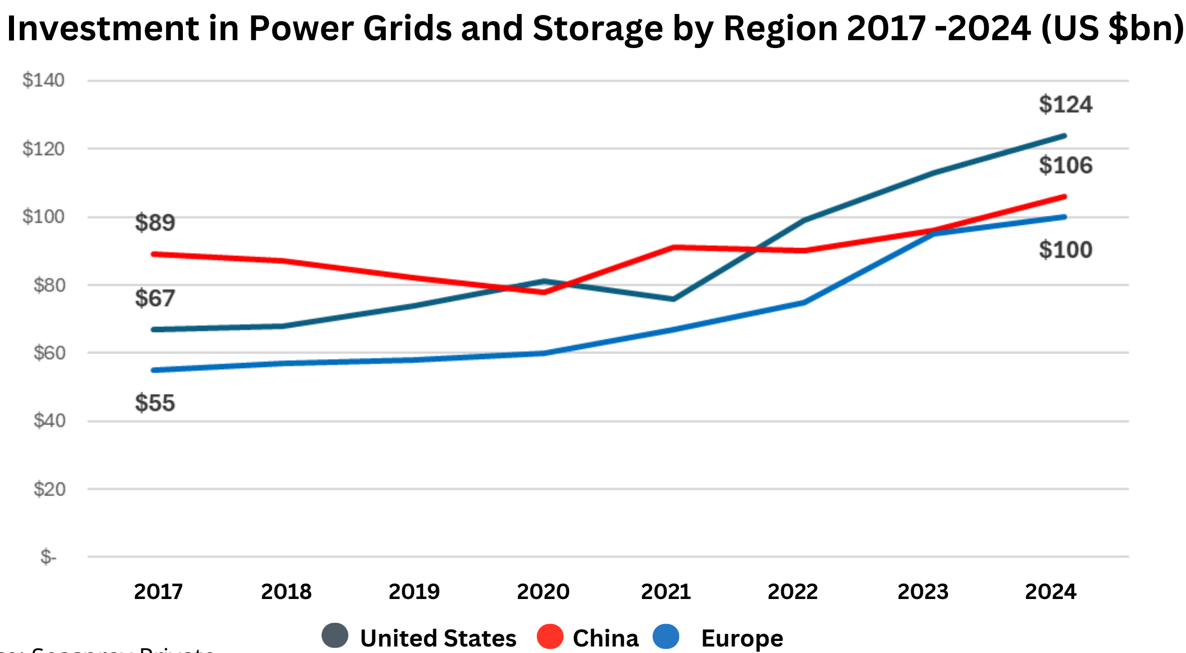
Source: Seaspray Private

Currently, when it comes to renewable energy investment, it is China that leads the way in terms of energy capacity. However, the country also leads the way when it comes to projects currently under construction. At present China has more solar and wind projects under construction than every other country in the world combined, with a potential 338GW of capacity being constructed.



Source: Seaspray Private

While the increase in Renewable energy generation is an extremely positive step forward, without the proper infrastructure to store and transfer this energy the transition to green energy will be considerably slower than is required. In fact the increase in demand for electricity and power, fueled by rising populations, increased reliance on technology and the advent of data centers means that newer and more efficient power grids and storage facilities will be required. However it is clear that the largest countries and blocs realise this, with investment in power grids and storage increasing by an average of 62% between the years 2017 and 2024 in the US, Europe and China combined. For once it is not China that leads the charge here, with investment in the Grid only increasing by 19% between 2017 and 2024, with an expected $106bn of investment in 2024. The US has increased investment in the Grid and storage facilities by 85% in the same time frame. It is expected that in 2024, $124bn will be spent on the Grid in the US. Finally, in Europe investment in the Grid has increased by 81%, with $100bn of expected investment in this sector in 2024.



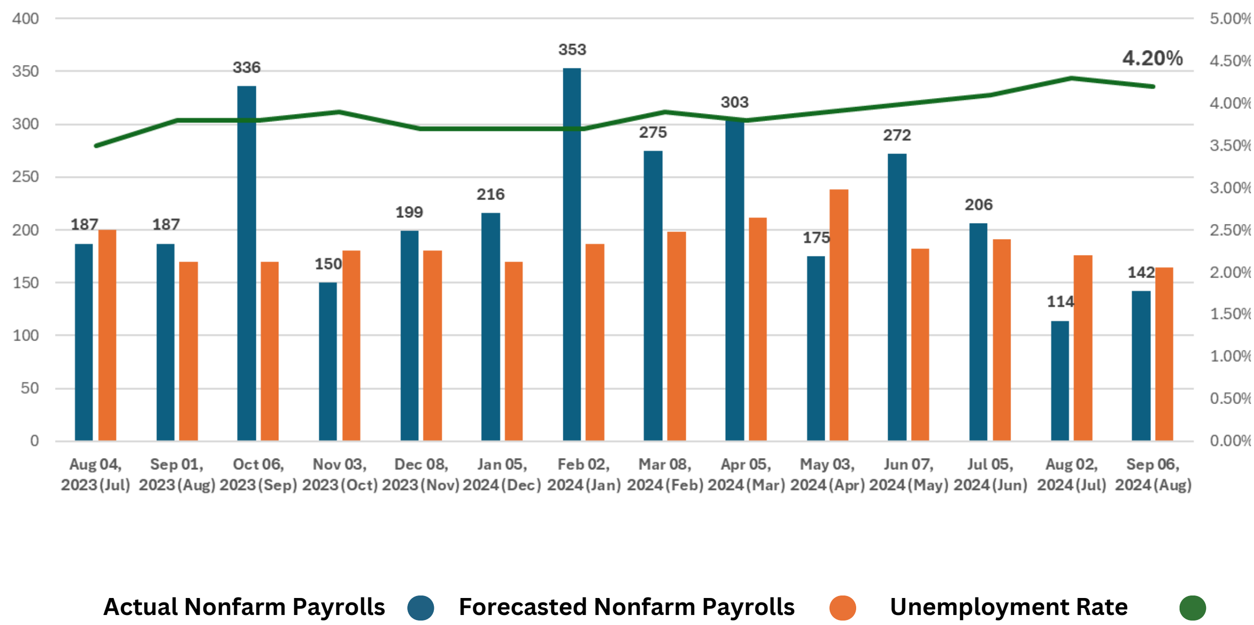
Source: Seaspray Private

Regional Analysis

United States

The key metric now being observed in the United States is labour data. After the prolonged period of high interest rates, there are clear signs that the US labour market is beginning to cool. US unemployment sits at 4.3%, having fallen slightly in August compared to July. The steady rise in unemployment coincides with the recent downturn in nonfarm payrolls. The metric records the number of job additions made in the US on a monthly basis, excluding the farming sector and other seasonal industries, and focusing on non seasonal labour. The data accounts for close to 80% of the US' monthly job additions, making it one of the most important labour statistics available to both the Federal Reserve and wider financial markets. Nonfarm payrolls missed estimates for both July and August, however there were more additions in August than in July. As we enter the final quarter of 2024, nonfarm data will become even more crucial now that the Fed have started to cut rates. An increase in this metric will indicate the US labour market still has momentum whilst a continued downturn may highlight the increased strain of high interest rates on the US economy.

US Nonfarm Payrolls and Unemployment Data - July 23 - August 24



Meanwhile, in the background the US debt pile continues to increase. US national debt currently stands at $35.3 trillion, an increase of $8 trillion since 2020. The increasing debt pile may impede future growth in the US, however successive governments have showed a reluctance to face up to the mounting pile, and instead have continuously raised the debt ceiling, which has become a common occurrence in recent years. Notwithstanding debt worries, US GDP is expected to be 2.6% in 2024, and with further interest rate cuts expected, growth should increase in the world's largest economy.

Regional Analysis

Europe

Looking closer to home, Europe has its own set of challenges as we move toward the end of 2024. At the start of Q3 we had a French election, which saw a dramatic rise in support for far right parties. On the economic front, Gross Domestic Product for Q2 2024 showed the Euro Area grew by 0.3%, the same level as Q1 2024 and above market expectations of 0.2%. Major economies such as France, Spain and Italy all reported positive growth rates in Q2, while Germany, the largest economy in the Bloc, reported a contraction of 0.1%. The German economy will continue to be a major concern for the EU as a whole, as the bloc's largest economy continues to stagnate. However, looking at the bloc as a whole, there is cause for optimism, as unemployment remains at record lows, equity markets continue to post positive gains and balance of trade remains positive, with a current surplus of €21bn in July 2024.

UK

The Labour victory in the UK was one of the most historic in the country's history, and ended over 14 years of Tory rule. This has in a sense rejuvenated the UK economy, which has lagged behind many of its counterparts in Europe and also the US in terms of growth in recent years. The UK economy expanded by 0.6% in the second quarter of 2024, which was the second straight quarter of growth, coming after two quarters of contraction in 2023. Both services and manufacturing PMI's are also in expansion territory, and retail sales increased by 1% in August. However, the UK continues to operate on a trade deficit, as it has done for most of the last three years. Overall, with a further 0.25% rate cut anticipated in Q4, the signs of a rebooting and healthier UK economy is taking shape for 2025.

Asia

China

GDP growth came in below estimates for Q2 of 2024, with the economy expanding by 4.7% compared to market expectations of 5.1%. However there have been positive signs regarding consumer prices. Inflation rose concurrently through the third quarter, with the August rate coming in at 0.6%, the second highest of 2024 and the seventh straight month of positive consumer inflation. However, uncertainty remains regarding the economy, with major investment banks lowering their growth estimates for 2024. Bank of America and TD Securities, a Canadian investment bank both lowered their forecasts from 5.1% to 4.8% and 4.7% respectively.

Japan

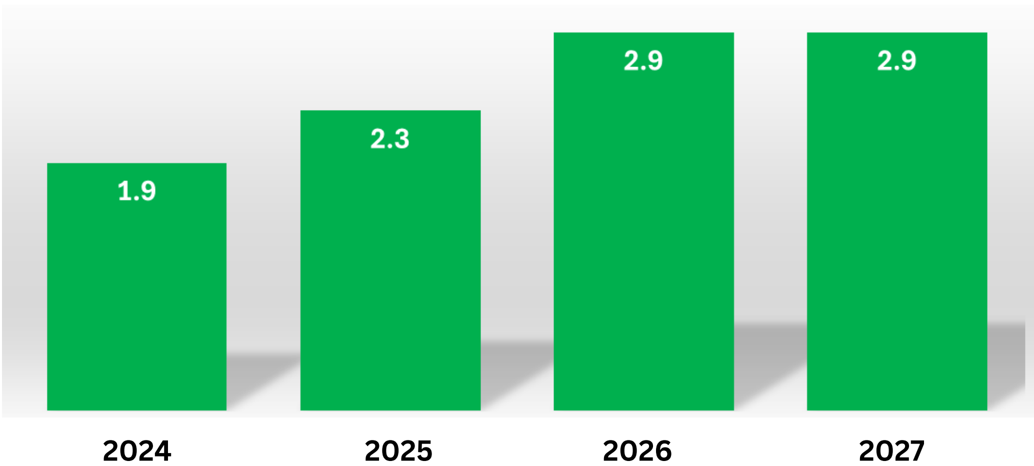
The big news in Japan in Q3 was the Bank of Japan's decision to increase rates, as we have previously spoken about. Japan's economy expanded by a much faster-than-expected annualised 3.1% in the second quarter, rebounding from a slump at the start of the year thanks to a strong rise in consumption. Moving into Q4, there is renewed optimism that the Japanese economy can begin to grow again after after a long-held ultra-easy approach, and a decade of stagflation.

Regional Analysis

Ireland

As we move into Q4 and the upcoming Budget in early October, the economy is set to deliver a surplus of c€8bn, with an estimated cost of living package of c€1.5bn under consideration, in addition to a €1.4bn tax package. Along with this, the country is currently running with near record unemployment of 4.30%, even with the high interest rate environment over the past two years. Irish inflation has also fallen to below 2%, the first time in three years, with the rate now at 1.7%. The underlying economy is performing well, with both manufacturing and services, as measured by the Purchasing Managers Indexes(PMI's) in expansion territory. The country is also running a trade surplus, with the most recent data indicating a trade surplus in July of €5.65bn, which is an increase of 13% compared to the same period in 2023. While the most recent GDP figures for Q2 2024 did show a contraction, by every other metric Ireland is performing well. Modified Domestic Demand (MDD) is the preferred indicator of focus for understanding what is happening to Ireland’s domestic economy. MDD strips out some of the major distortions arising from foreign-owned multinational enterprises, including aircraft leasing and contract manufacturing. Looking ahead, Modified Domestic Demand is expected to grow over the next fours years, with expectations being that the economy will grow by 2.3% in 2025 and 2.9% in 2026 and 2027.

Irish Modified Domestic Demand Projected Growth - 2024 - 2027

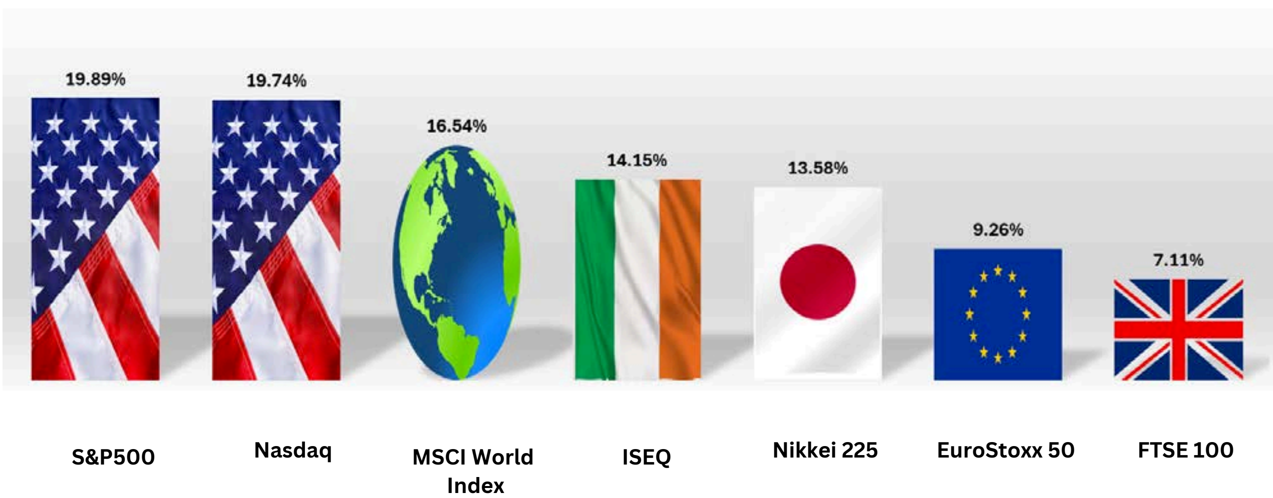


Two other positive developments for the economy in 2024 - Recycling and Renewables. Since the launch of the Deposit Return scheme on February 1st last, over 500 million drinks containers have been returned up to September - a significant milestone. On the renewable energy front, over one third of Ireland’s total energy production has come from wind energy so far in 2024. In addition, the new Future Ireland and Infrastructure, Climate and Nature Funds, established in the 2024 Budget, have already amassed over €6bn in capital which was recently invested by the National Treasury Management Agency. The Future Ireland Fund is expected to be used for future healthcare and pension needs, while the Infrastructure, Climate and Nature Fund will be used for capital projects and climate action projects.

Global Equities

Q3 marked a turbulent quarter for global equities. August was the worst start to a month since 2008 as the ripple effect of the US dollar-Japanese yen carry trade unwind shocked global markets, but once again (in line with nine out of the last ten months), most developed equity markets closed higher by month end.

Global Equity Markets YTD Performance



Source: Seaspray Private

September has seen further gains with the S&P 500 reaching a new record high on September 19th after the Federal Reserve rate decision. With further rate cuts now anticipated through Q4 and into 2025, there is increased confidence that a "soft landing" scenario can be achieved across developed economies, with GDP growth beating expectations and supporting global equities. In terms of individual indices, the NASDAQ is still the best performer year to date in 2024, posting gains of 20%. These gains can be almost solely attributed to the tech heaviness of the NASDAQ, which remains the best performing sector. Tech stocks are also likely to continue to outperform almost every other sector. Lower interest rates are expected to accelerate the shift towards AI computing by making capital more accessible. As rates decrease, expected returns on investments become more attractive, fostering greater confidence among companies to invest in AI.

In terms of the 11 sectors that make up the S&P 500, the Information Technology sector has been the best performer Year-to-Date, increasing by 30% so far, followed by the Communication Services sector which is up 26% YTD. Utilities follow this, up 25% YTD, with Constellation Energy, one of the S&P 500's best performers YTD in this sector. Financials and Industrials follow behind, up 20% and 18% YTD.

S&P 500 Sectors YTD Performance

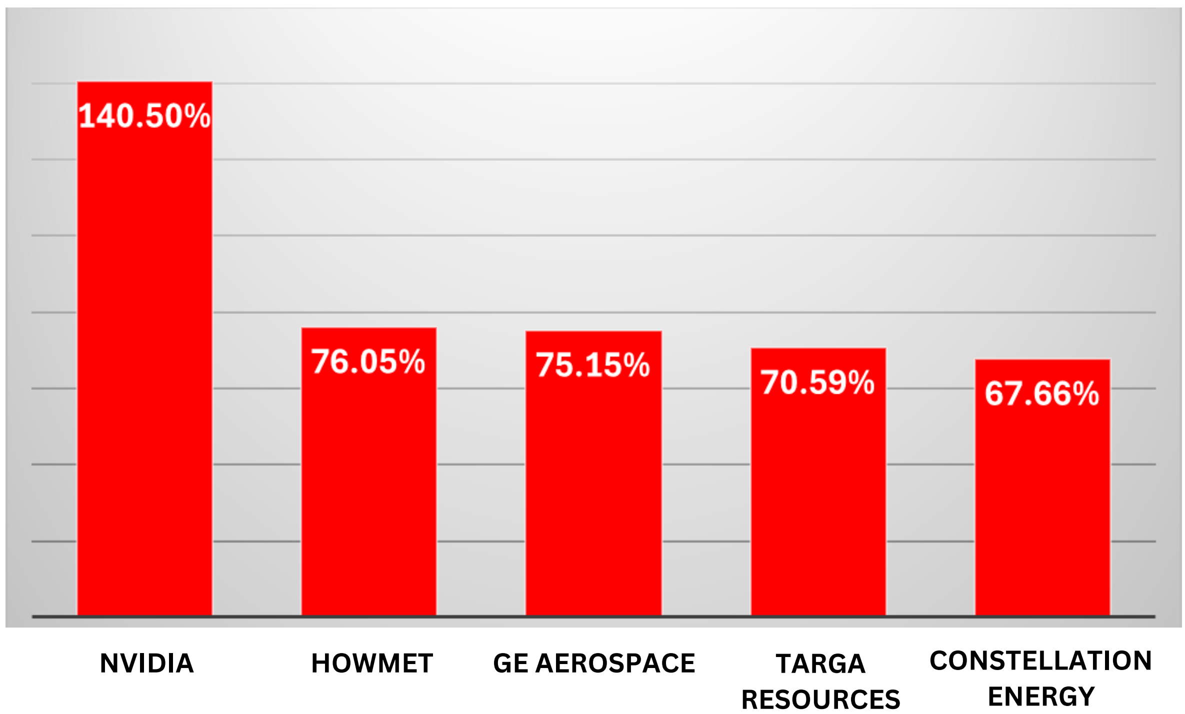
Sector	Line Colour	Performance YTD
Information Technology		30.72%
Communication Services		26.57%
Utilities		25.10%
Financials		20.32%
Industrials		18.41%
Consumer Staples		15.59%
Consumer Discretionary		14.08%
Materials		11.31%
Real Estate		11.08%
Healthcare		10.76%
Energy		5.82%

Source: Seaspray Private

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

First we look at the United States, and once again to the S&P 500. **NVIDIA** continues to lead the way, returning 140.50% year-to-date. The company’s stellar Q2 earnings have reinforced the view that the chipmaker will lead the way in terms of Artificial Intelligence infrastructure and semiconductor production. The second best performer YTD on the S&P 500 is **Howmet**, who produce engine products for the aerospace industry. So far, their stock price has risen by 76%. One of the key reasons for this rise was the company’s Q2 2024 earnings release back in July. The company beat analysts’ expectations in terms of forecasted revenues, and recorded its highest net income in the company’s history. The firm also raised its full year guidance for 2024 despite some of the challenges faced by companies such as Boeing. **General Electric Aerospace** is the third best performer YTD. The company is actually the direct successor to the General Electric conglomerate, after the company spun out its remaining subsidiaries back in April. GE Aerospace, like Howmet, had a bumper Q2 earnings call, with revenues rising by 4% year over year, and operating profits jumping 37% y/y to $1.9bn. The company also raised their full year profits and free cash flow guidance. Taking the fourth and fifth spot are companies in the energy sector. **Targa Resources** is an investment firm that specialise in midstream infrastructure assets, particularly in the natural gas sector. Meanwhile **Constellation Energy** is the biggest operator of nuclear power plants in the US, and supplies upwards of 2mn customers across the country.

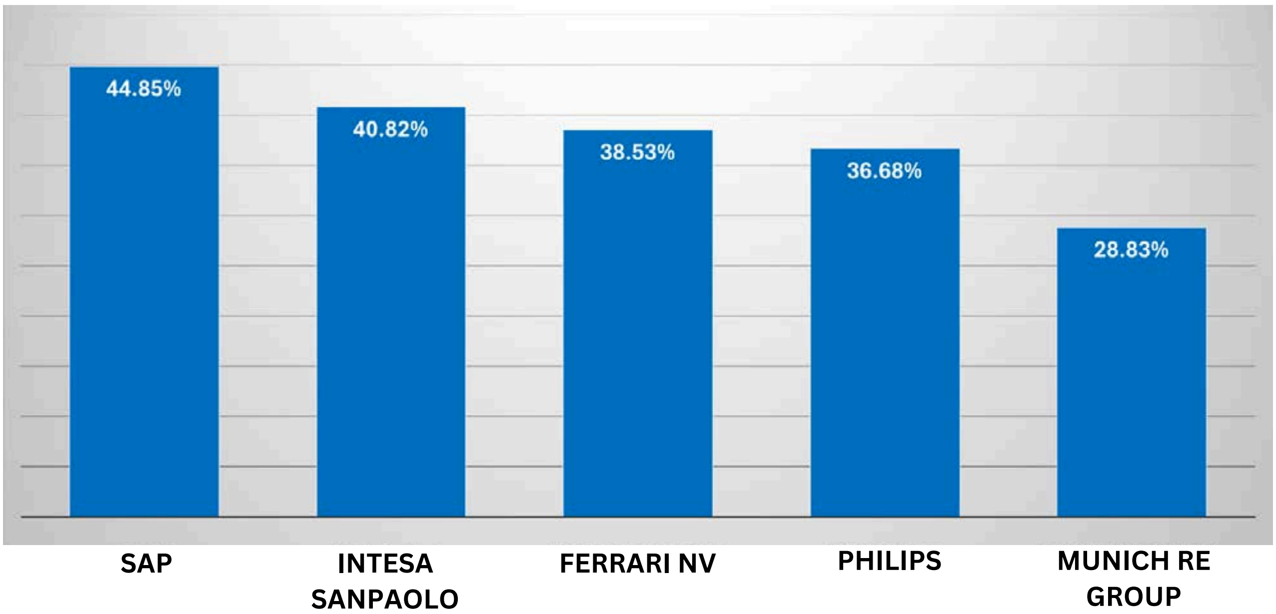
Top 5 YTD Performers - S&P 500



Source: Seaspray Private

In Europe, the top performer so far for 2024 is **SAP**. One of the largest capitalised companies in Europe, and one of the heaviest weighted on the Eurostoxx50 index. The German Enterprise Resource Planning (ERP) company continues to lead the way due to its dominant position as one of the world leaders in ERP systems. Following SAP is **Intesa Sanpaolo**, who are the largest bank in Italy in terms of total assets. Intesa increased profit estimates for 2024 and 2025 to €8.5bn, up from the €8bn initially expected. The bank also announced an interim dividend of €3bn in October. The third best performer year to date is **Ferrari**, one of the most famous brands in the world. The luxury car maker has seen earnings for both Q1 and Q2 of 2024 come in above estimates, with nearly 3% more shipments completed in Q2 24 than in Q2 23. Adjusted EBITDA also increased 13.7% in Q2 24 compared to the same period in 2023. The company also completed its new e-building and won the 2024 Le Mans. In fourth position is **Philips**, the Dutch conglomerate, whose shares have increased by 36% so far in 2024. The company posted robust earnings for Q2 of 2024, with €4.5bn in sales, with 23.6% of these being circular revenues. The company's credit rating was also upgraded to Stable by S&P Global ratings during the quarter. Finally, **Munich Re Group** is the fifth best European performer. The German insurer is one of the largest providers of reinsurance, primary insurance and insurance-related risk solutions in the world.

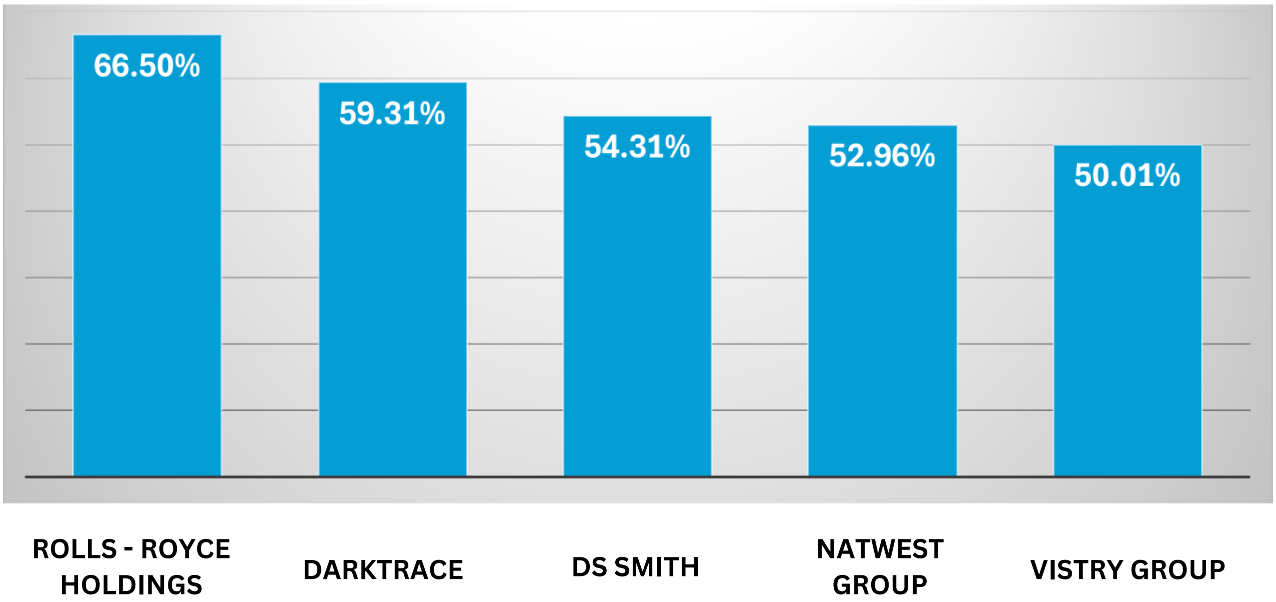
Top 5 YTD Performers - Eurostoxx50



Source: Seaspray Private

In the UK, **Rolls-Royce** leads the way once again in Q3. The aeronautical and engine manufacturer has seen shares hit record highs in 2024, as the company maintains its position as a high end manufacturer of engines for both commercial and military use. Recently, the company was also selected for a landmark project in the Czech Republic, where they will supply the state utility company CEZ Group with small modular reactors, which are in effect mini nuclear reactors. According to Rolls Royce, one of these reactors can power 1mn homes for up to 60 years, while only taking up one tenth of the space as a conventional nuclear plant. Following Rolls Royce is **Darktrace**, who are a British cybersecurity company, who have their own active artificial intelligence model, known as ActiveAI Security Platform, which is designed to provide real time cybersecurity to companies, 9000 of which are customers, ranging from mega caps such as KPMG to British and Irish operated DPD. Packaging giant **DS Smith** comes next, with shares up 54% YTD. The company is one of the global leaders in sustainable packaging, and would be a key competitor of Smurfit Kappa, the Irish owned packaging giant. The fourth and fifth position are occupied by a banking firm in **NatWest** and a housing company in **Vistry Group**, who are one of the largest providers of affordable mixed tenure homes in the UK.

Top 5 YTD Performers - FTSE 100



Source: Seaspray Private

Commodities

Energy

Crude oil markets have seen prices drop to their lowest level of 2024 throughout Q3. Uncertainty around global growth and the cooling of the US labour market sparked fears of a wider downturn, which pushed prices lower. A supply increase by Opec+, which was scheduled for October and would have seen an additional 180,000 barrels a day enter the market, is close to being postponed due to the effect the announcement had on prices. Prices have increased at times due to the volatility in the Middle East, and will continue to be impacted as long as the war between Israel and Hamas continues. As we enter the winter months, the severity of the winter will also have an impact on demand and prices, as a harsh winter will increase prices for natural gas and other forms of home heating.

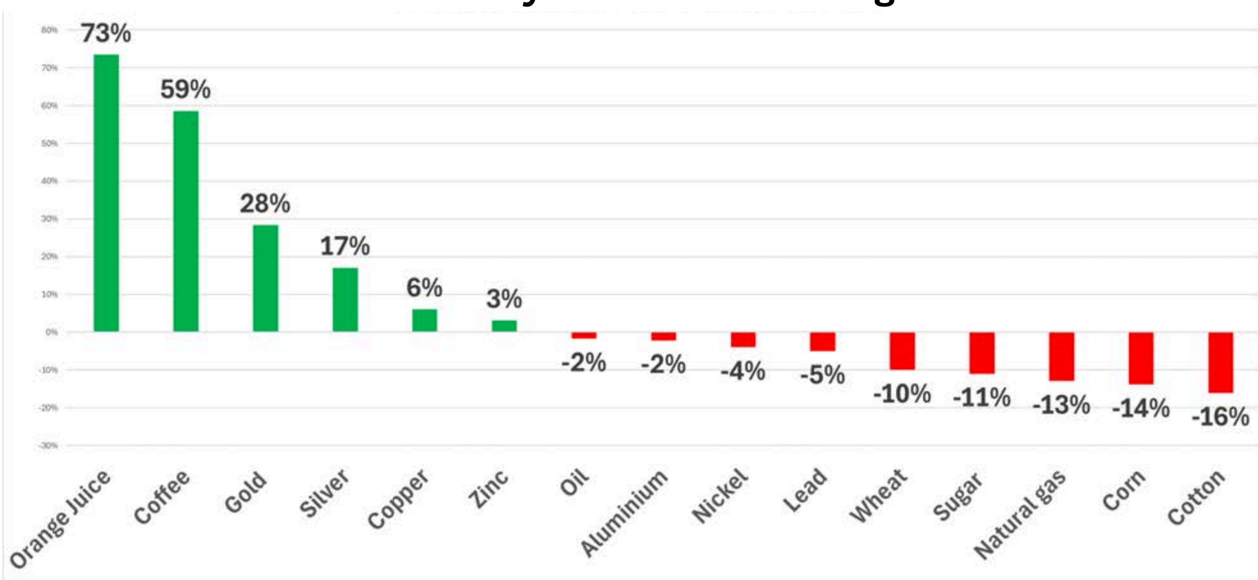
Foodstuff

Coffee and orange juice prices are still elevated, with a shortage in the supply of coffee beans due to climate change impacting on harvests in South America, particularly in Brazil. The same can also be said of orange juice, with adverse weather affecting the growth of oranges in Brazil, the largest producer of orange juice in the world. The increase in prices is expected to continue, particularly as the world's climate continues to change.

Metals

Gold prices have reached record highs throughout the third quarter, bolstered by lower interest rates which lower the opportunity cost of holding non yielding assets. However, silver and copper have also risen considerably this year, with silver being the cheaper alternative to gold for some investors.

Commodity Prices - YTD Changes



Source: Seaspray Private

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