

Current market commentary

2024 was a successful year – especially for EUR-based investors. US growth surprised positively last year. The US dollar gained more than 6% against the euro. US government bonds lost in local currency, but not in EUR. The S&P 500 rose by more than 20% for the second year in a row. In Europe, there was a major discrepancy. Thanks to its heavyweights (e.g. SAP), the Dax was among the relative winners, while French equities suffered from domestic politics and the slump in luxury goods. Gold was by far the best performing asset class in 2024, with a return of more than 30% in EUR. But oil and industrial metals also gained. Within bonds, high-yield bonds performed best due to the robust economy and short duration. Government bonds were the relative losers. For 2025, we expect more volatility and less upside potential for equities, especially for US equities, which have already priced in a great deal of positive news.

Short-term outlook

In terms of monetary policy, 2025 promises to be an exciting year. In the US, Donald Trump will take office on 20 January. In addition, early parliamentary elections will be held in Germany at the end of February following the collapse of the coalition government. The first central bank meetings of the ECB and the Fed are also scheduled for the end of January, while the next two weeks are expected to be quiet. At the beginning of the week, the preliminary consumer prices (Dec.) and retail sales (Nov.) for Germany and the eurozone, as well as the purchasing managers' indices for the service sector (Dec.) will be published. On Wednesday, the ADP labour market data (Dec.) for the US will follow, and on Friday, the preliminary Michigan consumer sentiment (Jan.) and the important labour market data (Dec.) for the US. The following week, the consumer price index (Dec.) and retail sales (Dec.) for the US and the UK are on the agenda.

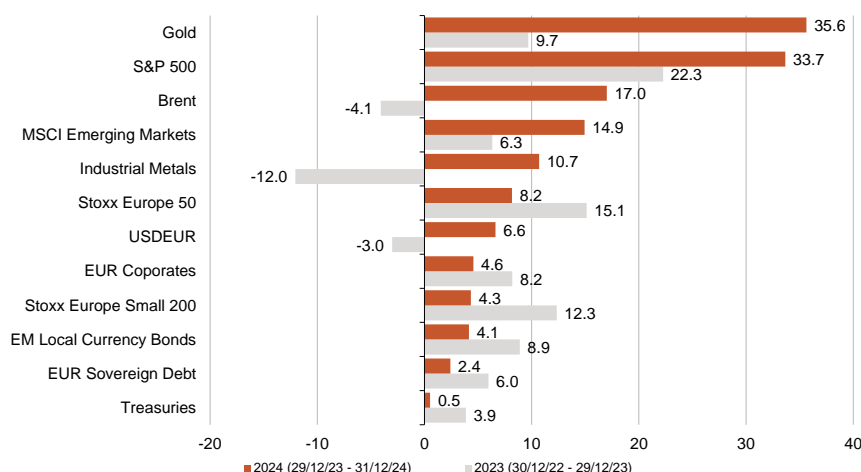
The bi-weekly **Monitor** gives you a structured overview of the current capital market environment and highlights important developments:

- Performance
- Positioning
- Sentiment
- Surprise Indicators
- Economics
- Foreign Exchange
- Equities
- Sovereign Bonds & Central Banks
- Corporate Bonds
- Commodities

2025 promises to be an exciting year for monetary policy.

Focus on US labour market data, consumer prices, retail sales and Michigan consumer sentiment.

2024: positive returns wherever you look

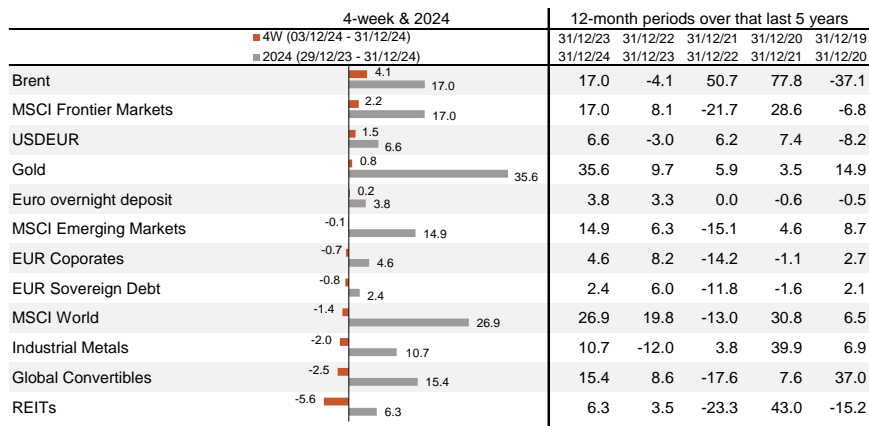


- In 2024, all the investments shown here (in EUR) ended the year positively, continuing the largely positive trend from the previous year.
- The US remained by far the best equity region, ahead of emerging markets and Europe. European small caps were the relative losers. Bonds also lagged behind.
- The most positive surprise was probably commodities. Gold gained over 35%. Brent came in third despite demand concerns and thanks to high roll returns. Industrial metals gained more than 10%.

Source: Bloomberg, Time period: 30/12/2022 - 31/12/2024



Multi Asset

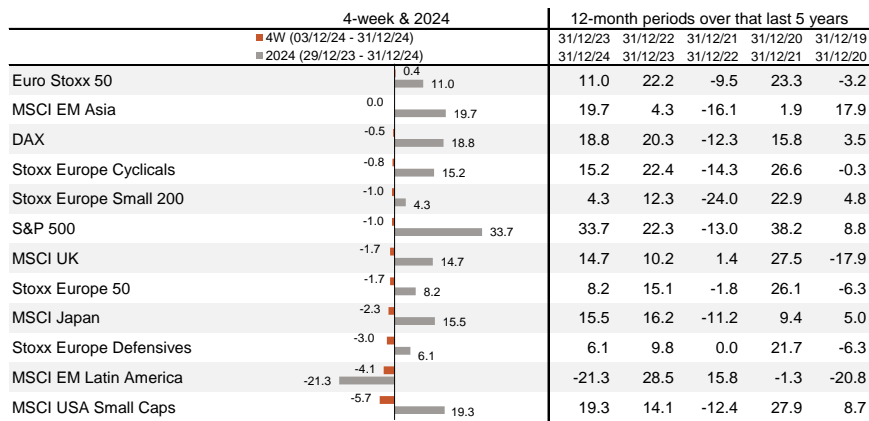


MSCI World: MSCI World Net Return; MSCI Emerging Markets: MSCI EM Net Return; MSCI Frontier Markets: MSCI Frontier Markets Net Return;
REITs: MSCI World REITs Index; EUR Sovereign Debt: IBOXX Eurozone Sovereign 1-10Y TR; EUR Corporates: IBOXX Euro Corporates Overall TR;
Global Convertibles: SPDR Convertible Securities ETF; Gold: Gold US Dollar Spot; Brent Crude: Bloomberg Brent Crude Subindex TR;
Industrial Metals: Bloomberg Industrial Metals Subindex TR; Euro overnight deposit: ICE BofA Euro Overnight Deposit Rate Index; USDEUR: Price of 1 USD in EUR.

- The year 2024 was primarily characterised by the interest rate decisions of the central banks on both sides of the Atlantic and the presidential election campaign in the USA, from which Donald Trump emerged as the clear winner.
- All asset classes represented in the ranking recorded a positive performance last year. The precious metal gold, which was supported by both private demand and demand from central banks, achieved the best annual performance of all asset classes in 2024.

Total return for selected asset classes, in euros and in percent, sorted by 4-week performance.
Source: Bloomberg, Time period: 31/12/2019 - 31/12/2024

Equities

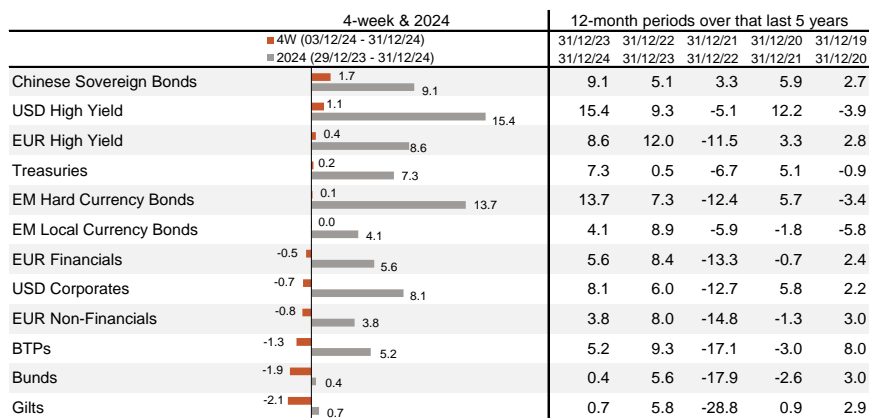


S&P 500: S&P 500 TR (US-Equity); Stoxx Europe 50: Stoxx Europe 50 TR; Euro Stoxx 50: Euro Stoxx 50 TR; MSCI Japan: MSCI Japan TR;
Stoxx Europe Small 200: Stoxx Europe Small 200 TR; MSCI USA Small Caps: MSCI USA Small Caps TR; Stoxx Europe Cyclical: Stoxx Europe Cyclical TR;
Stoxx Europe Defensives: Stoxx Europe Defensives TR; DAX: DAX TR; MSCI United Kingdom: MSCI UK TR; MSCI EM Asia: MSCI EM Asia TR;
MSCI EM Eastern Europe: MSCI EM Eastern Europe TR.

- The stock markets rose across the board in 2024. The S&P 500 rose by 24 % in 2024, recording a gain of over 20 % for the second year in a row, which was last seen in the 1990s. The S&P 500 Net Return Index even gained around 34 % in EUR terms.
- Latin American emerging market equities were the only exception, closing 2024 with a significant loss. Domestic political uncertainties and the threat of tariffs and trade restrictions from the US weighed on Latin America.

Total return (including reinvested dividends) for selected stock indices, in euros and in percent, sorted by 4-week performance.
Source: Bloomberg, Time period: 31/12/2019 - 31/12/2024

Fixed Income



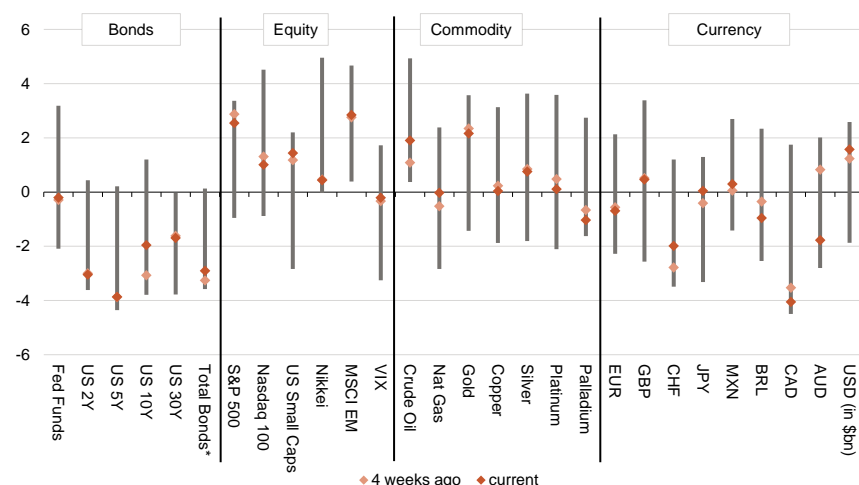
Bunds: IBOXX Euro Germany Sov TR; BTPs: IBOXX Euro Italy Sov TR; Treasuries: ICE BofA US Treasury TR;
Gilts: IBOXX Sterling Gilts Overall TR; Chinese Gov Bonds: ICE BofA China Govt; EUR Financials: IBOXX Euro Fin. Overall TR;
EUR Non-Financials: IBOXX Euro Non-Fin. Overall TR; EUR High Yield: ICE BofA EUR Liquid HY TR; USD Corporates: ICE BofA USD Corp TR;
USD High Yield: ICE BofA USD Liquid HY TR; EM Hard Currency: JPM EMBI Glo Div Unh. EUR TR; EM Local Currency: JPM GBI-EM Glo Div Comp Unh. EUR TR

- Similar to equities, the bond segments also recorded broad-based gains in 2024, at least in EUR terms. The appreciation of the US dollar helped USD high-yield bonds and EM hard-currency bonds to the top of the performance rankings.
- German government bonds were volatile last year and brought up the rear in the annual performance ranking with slightly positive gains.

Total return (including reinvested coupons) for selected bond indices, in euros and in percent, sorted by 4-week performance.
Source: Bloomberg, Time period: 31/12/2019 - 31/12/2024



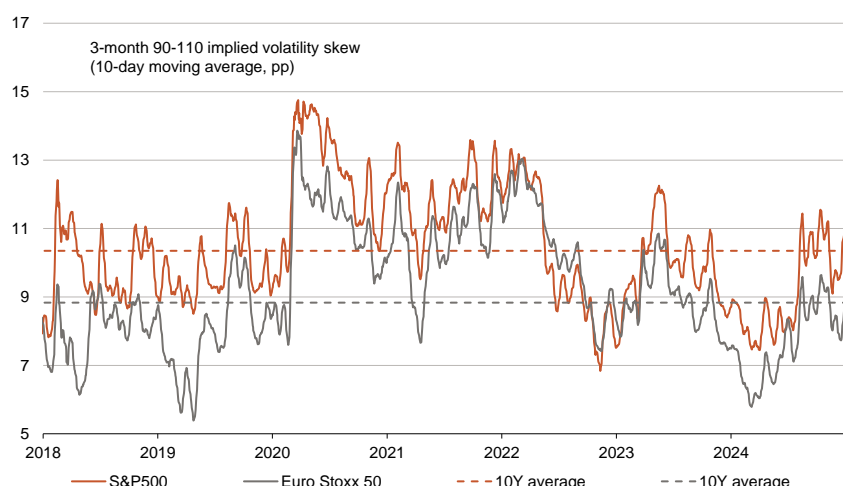
Non-Commercial Positioning



- Speculative investors have slightly reduced their long positioning in US large caps at the end of the year, but overall they remain optimistically positioned.
- For US small caps, hedge funds have even increased their long positions again.

The Commodity Futures Trading Commission (CFTC) publishes the Commitments of Traders report every Friday. The chart shows the historical, normalised distribution in standard deviations and focuses on the net futures position (long positions minus short positions) of "non-commercial traders" (bonds, currencies, "asset managers/institutional" & "leveraged funds" (equities) and "managed money" (commodities) and shows how speculative investors are positioned. *Weighted with the respective duration
Source: Bloomberg, CFTC, Time period: 24/12/2014 - 24/12/2024

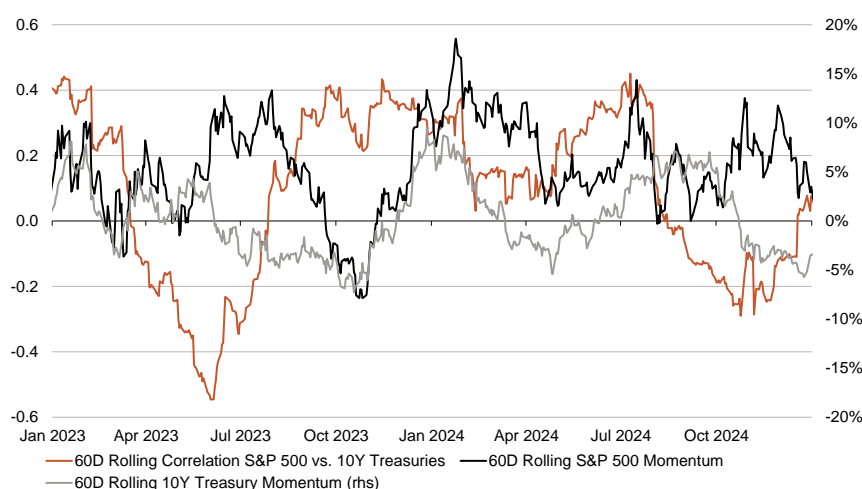
Put-Call-Skew



- The put-call skew rose again in December and is now close to its long-term average for both the S&P 500 and the Euro Stoxx 50.
- The increase in the skew was mainly driven by the call side. After the strong year-to-date performance, demand for upside participation has weakened.

The put-call skew (90-110) indicates the difference in implied volatility of puts versus calls whose strike is 10% away from the current underlying in each case. It is a measure of how much more investors are willing to pay for hedging (puts) versus upside participation (calls). The higher (lower) the skew, the more cautious (optimistic) market participants are. Moreover, the skew typically increases with the level of implied volatility.
Source: Bloomberg, period: 31/12/2014 - 31/12/2024

60-Day Momentum and Correlation

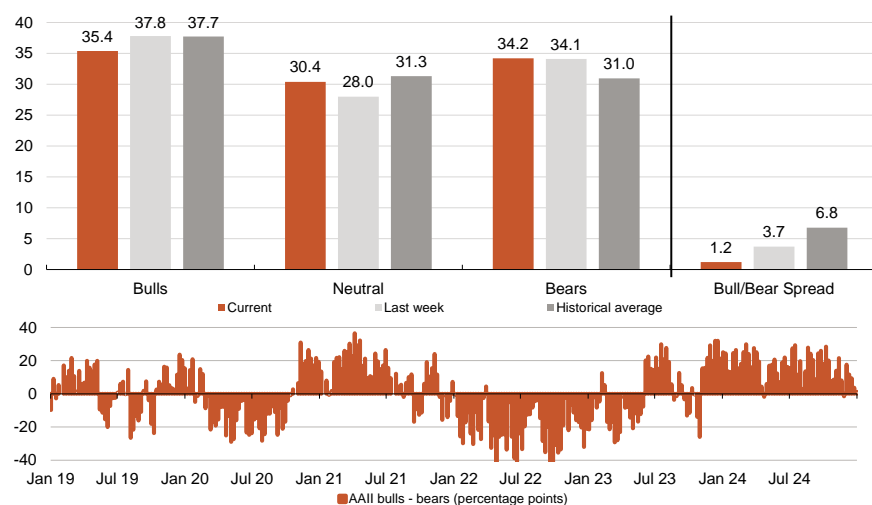


- The correlation between equities and bonds turned positive again at the end of the year, but remains close to zero overall.
- The momentum of the S&P 500 has slowed in recent weeks. If the index level remains unchanged, the 60d momentum would turn negative towards the end of January.

The 60-day momentum indicates the rolling return of the last 60 days. The more the momentum rises (falls), the more systematic momentum strategies build up (reduce) their positions in the corresponding asset class. Changes in the sign of the return mark important turning points. The 60-day correlation indicates how equitably stocks and bonds move. The higher (lower) the correlation, the fewer (more) equities demand risk-based investment strategies.
Source: Bloomberg, Time period: 31/12/2022 - 31/12/2024



AAL Sentiment Survey (Bulls vs Bears)

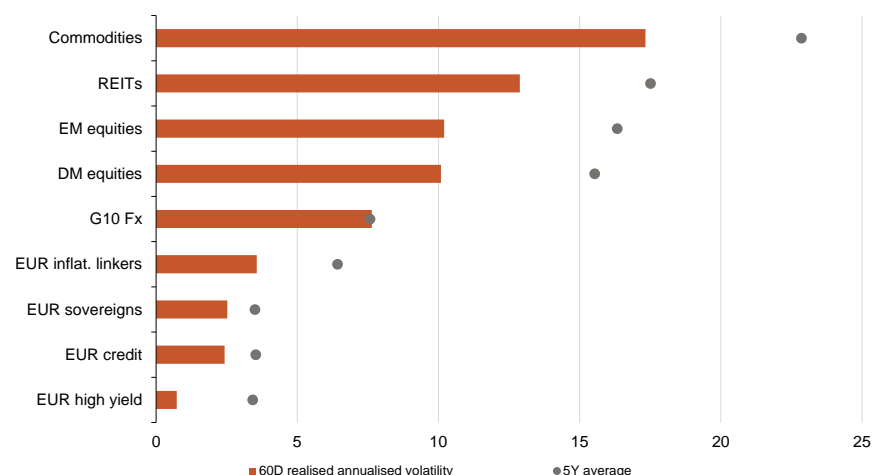


- The sentiment among US private investors is currently very mixed. Bulls and bears are evenly balanced, and around 30% of respondents are neutral about the next six months.
- On average, the bull/bear spread of the first survey of the year is 14 pp. Investors currently appear to be unusually cautious.

The Sentiment Survey, conducted by the American Association of Individual Investors, determines the percentage of individual investors who are optimistic, pessimistic or neutral about the US stock market over a six-month period. It has been conducted since 1987. The survey is conducted from Thursday to Wednesday and the results are published every Thursday. For the stock market, it tends to be supportive when there is a high proportion of bears and a low proportion of bulls. On the other hand, it tends to be negative when there are significantly more optimists than pessimists.

Source: Bloomberg, AAI, Time period: 23/07/87 - 02/01/2024

Realised Volatilities

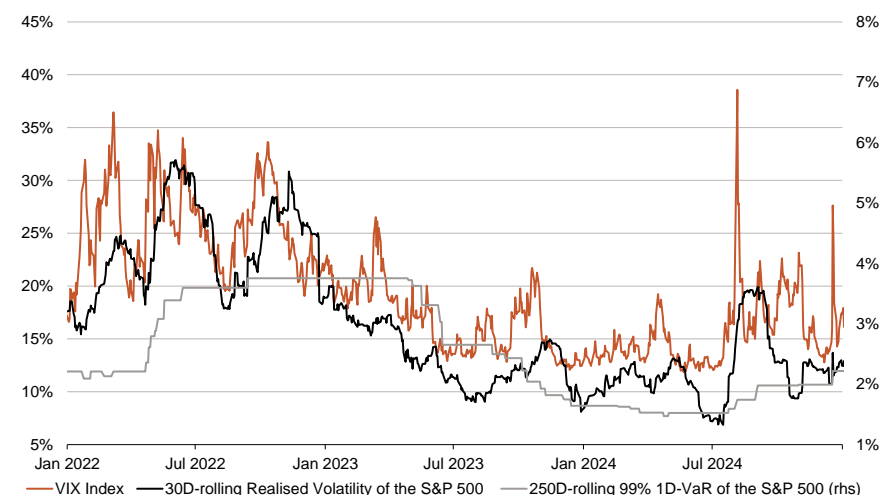


- Realised 60-day volatility fell again in the last few weeks of the year, especially for emerging market equities and commodities.
- Realised volatility for the entire year is around 15% for commodities and around 13% for EM equities. For developed market equities, it is roughly in line with the current level at 11%.

The realised volatility (in per cent) measures the fluctuation range of a time series and is defined here as the standard deviation of the daily return over the last 60 trading days. Volatility is often used as a measure of risk.

Source: Bloomberg, period: 31/12/2019 - 31/12/2024

Volatility and Value-at-Risk of the S&P 500



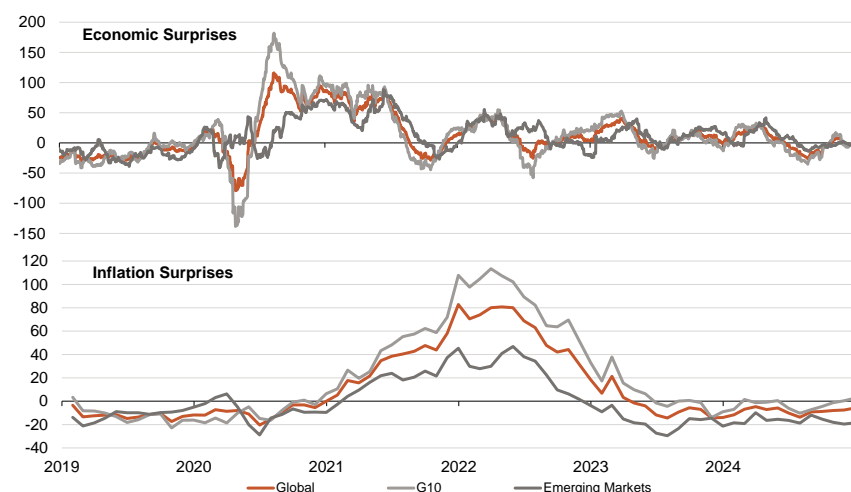
- The VIX closed 2024 at just under 17, which is roughly in line with the long-term average.
- However, the movements of the fear index were anything but normal. At the beginning of August, the VIX recorded the strongest intraday increase in its history, rising by over 40 points.

The VIX index is a measure of the implied volatility of the S&P 500 priced in options over approximately the next 30 days. Realised volatility indicates the range of variation in daily returns. The historical 99% value-at-risk indicates the minimum loss of the days that belong to the worst 1% of the observation period. The higher (lower) the VIX, realised volatility and value-at-risk, the fewer (more) stocks demand risk-based investment strategies.

Source: Bloomberg, period: 31/12/2021 - 31/12/2024



Global

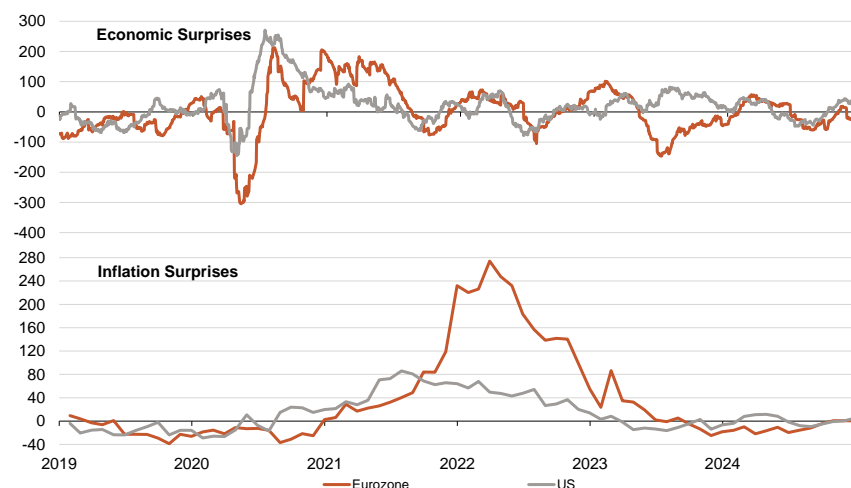


- In the last two weeks of last year, economic surprises remained slightly negative in both industrialised and emerging markets.
- In Canada, retail sales in October were below expectations, while the monthly GDP growth rate surprised slightly on the upside. In South Korea, industrial production was disappointing in November.
- In Mexico, both industrial production and retail sales were below expectations in October.

See explanations below.

Source: Bloomberg, Time period: 01/01/2019 - 31/12/2024

Eurozone and US

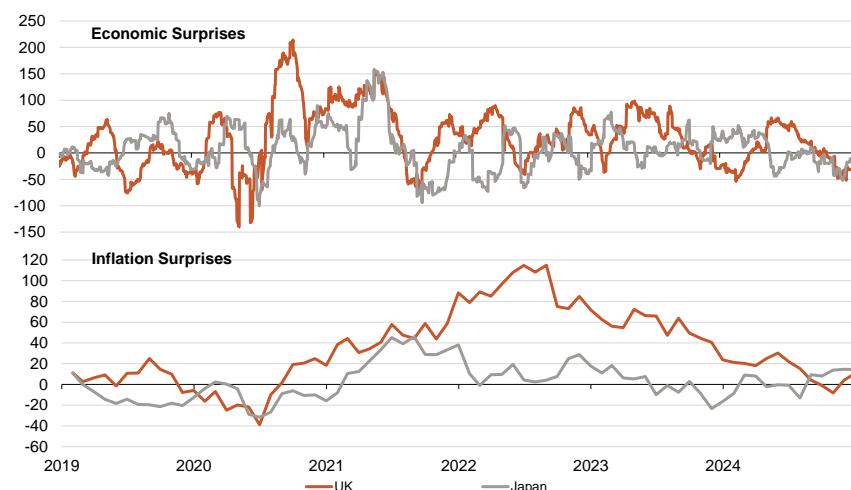


- In the last two weeks of last year, economic surprises in the eurozone remained in negative territory, while in the USA they slipped into negative territory towards the end of the year.
- In the US, new orders for durable goods in November were below expectations, while GDP growth in the third quarter surprised to the upside.
- In the eurozone, both consumer and industrial confidence were worse than expected in December.

See explanations below.

Source: Bloomberg, Time period: 01/01/2019 - 31/12/2024

UK and Japan



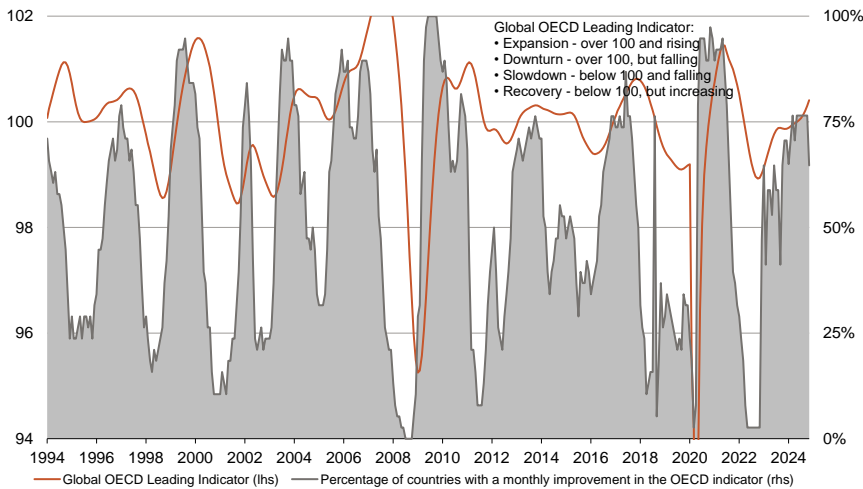
- In the UK, the GDP growth rate in the third quarter and industrial production in October surprised to the downside.
- In Japan, industrial production exceeded expectations in November, while the unemployment rate was in line with expectations.

The Citigroup Economic Surprise Indices are defined as weighted historical normalised data surprises (actual releases vs. Bloomberg survey median) over the past three months. A positive value of the index indicates that, on balance, economic data have outperformed consensus. The indices are calculated daily in a rolling three-month window. The indices use a time decay function to replicate the markets' limited memory, i.e. the weight of a data surprise decreases over time.

Source: Bloomberg, Time period: 01/01/2019 - 31/12/2024



OECD Leading Indicator

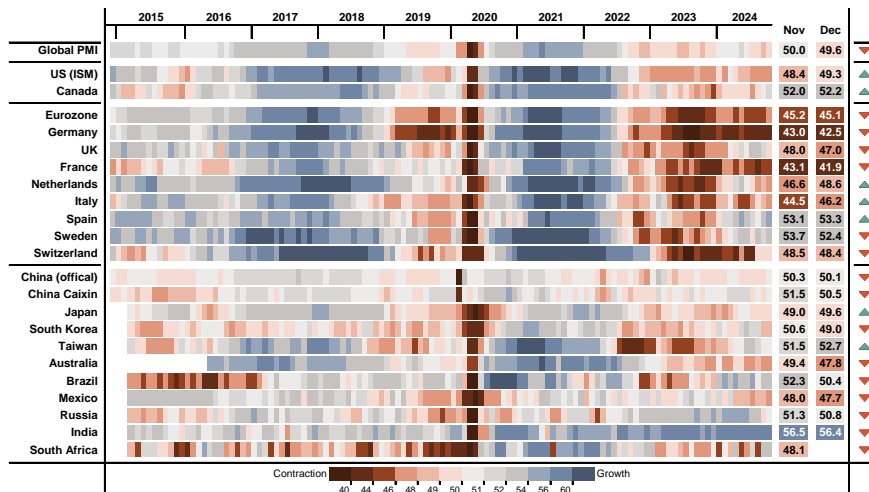


- The global economy continued to expand in 2024. The revised OECD leading indicator was above the 100 mark for the sixth time in a row in November with a value of 100.4.
- According to the revised leading indicator, the economic situation improved in November in 65% of the countries included compared to the previous month, with China and Turkey recording the strongest increase and Mexico the strongest decline.

The OECD Leading Indicator is composed of a set of selected economic indicators whose composition provides a robust signal of future turning points. A turning point usually signals a turning point in the business cycle in 6-9 months. However, lead times are sometimes outside this range and turning points are not always correctly identified.

Source: Bloomberg, Time period: 31/01/1994 - 31/12/2024

Manufacturing Purchasing Managers Index (Manufacturing PMI)

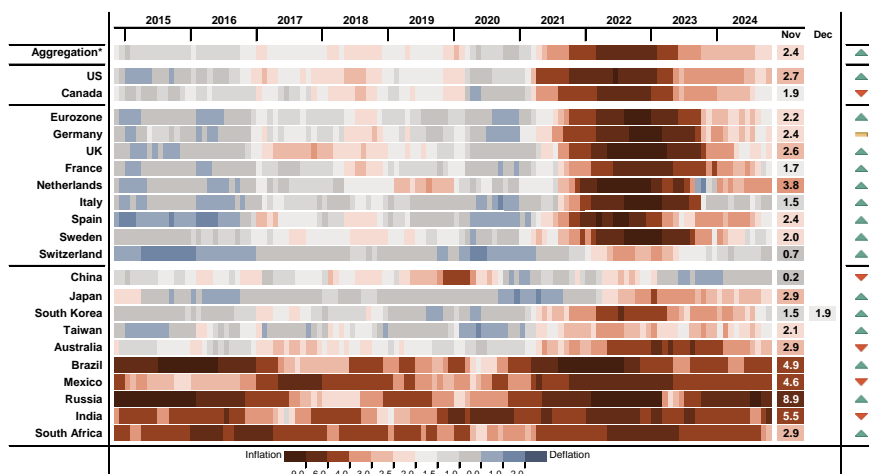


- The global Purchasing Managers' Index showed a slight decline in industrial activity in December compared to the previous month. In the eurozone, the PMI value remained well below the 50 mark last month, while the PMI indices for Canada and China pointed to a slight increase in industrial activity.

The PMI is an overall index that provides a general overview of the economic situation in industry. The PMI is derived from a total of eleven sub-indices, which reflect the respective change from the previous month. A value of 50 is regarded as neutral, a value of over 50 points as an indicator of rising and a value of under 50 points as an indicator of declining activity in industry compared to the previous month. On average, the index has a lead time before actual industrial production of three to six months. The PMI is based on a survey of a relevant selection of purchasing managers on the development of key indicators such as new orders.

Source: Bloomberg, Time period: 01/01/2014 - 31/12/2024

Headline Inflation



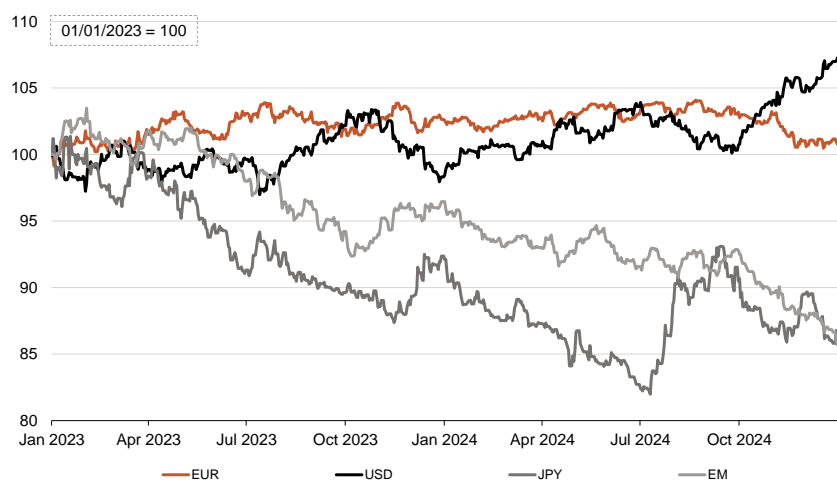
- Global inflation data in November showed that the fight against inflation is not yet over. In both the eurozone and the USA, the annual inflation rate rose in November compared to the previous month, with the services sector making the largest contribution to the annual inflation rate in the eurozone.

Inflation (in %, compared to the previous year) is measured using a consumer price index, also called a basket of goods. This basket contains all goods and services that a household purchases on average per year. * = Weighting according to gross domestic product.

Source: Bloomberg, Time period: 01/01/2014 - 31/12/2024



Trade-Weighted Currency Development

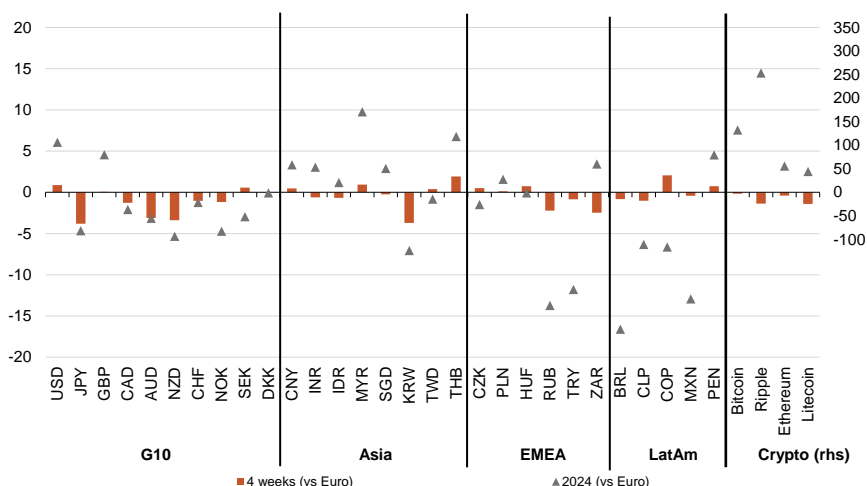


- The US dollar saw a significant upturn in the fourth quarter of 2024. This was driven not only by the pricing out of sharper interest rate cuts by the Fed, but also, more recently, by anticipation of Donald Trump's election victory and the "America First" policy that was expected to accompany it.
- By contrast, the Japanese yen depreciated further due to the Bank of Japan's only cautiously restrictive monetary policy.

A trade-weighted index is used to measure the effective value of an exchange rate against a basket of currencies. The importance of other currencies depends on the share of trade with the country or currency zone.

Source: Bloomberg, Time period: 01/01/2023 - 31/12/2024

Currency Moves vs Euro

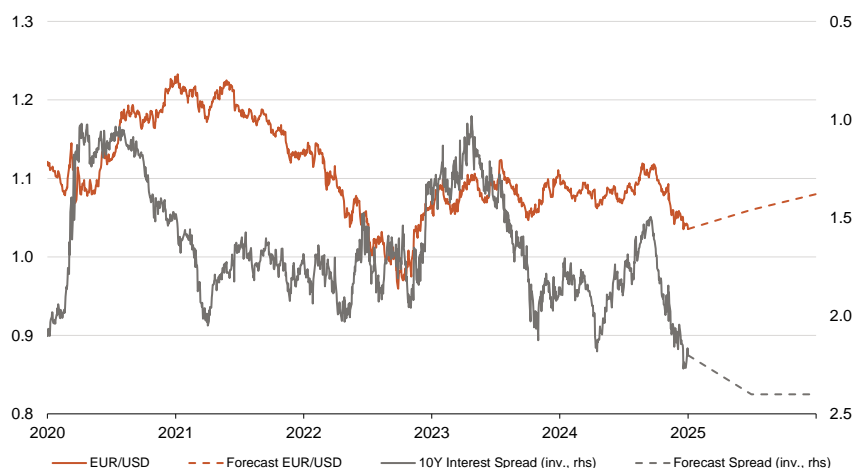


- The Mexican peso lost significantly against the euro last year. This was due to the weakening economic growth in the import duties announced by Trump, which additionally weighed on the currency.
- The Bitcoin gained a remarkable 120% last year. The cryptocurrency was supported, among other things, by friendly statements from Donald Trump, who considers the establishment of a strategic Bitcoin reserve to be a possibility.

Performance of selected currencies against the euro, in percent.

Source: Bloomberg, Time period: 31/12/2023 - 31/12/2024

EUR/USD Exchange Rate and Interest Rate Differential of 10Y Bonds



- The economic downturn in Europe last year led to expectations of further interest rate hikes by the ECB. In the US, by contrast, a robust labor market and a slight recent increase in the inflation rate led the Fed to rule out further interest rate cuts. As a result, the interest rate differential widened and the euro lost around 6% against the US dollar.

EUR/USD exchange rate and interest rate differential (in percentage points) of 10-year US government bonds and 10-year Bunds. The forecasts were prepared by Berenberg Economics.

Source: Bloomberg, Time period: 01/01/2019 - 31/12/2025



European Sector & Style Performance

	4-week & YTD		12-month periods over that last 5 years					
	4W (03/12/24 - 31/12/24)	2024 (30/12/23 - 31/12/24)	31/12/23	31/12/22	31/12/21	31/12/20	31/12/19	31/12/20
Consumer Discretionary	1.9	3.4	3.4	15.9	-16.8	22.9	6.5	
Information Technology	1.5	12.5	12.5	34.4	-28.7	36.6	14.5	
Finance	0.9	25.4	25.4	21.5	-3.1	28.6	-15.6	
Value	-0.6	11.2	11.2	15.6	-1.1	21.8	-12.9	
Consumer Staples	-0.7	-2.3	-2.3	1.5	-8.3	20.5	-3.5	
Energy	-1.7	-4.9	-4.9	9.0	36.9	35.3	-33.9	
Growth	-2.5	6.0	6.0	16.1	-17.7	28.0	5.9	
Industrials	-2.8	14.9	14.9	27.1	-16.9	28.9	3.7	
Utilities	-3.4	0.9	0.9	13.5	-8.1	8.4	11.7	
Materials	-4.1	-2.4	-2.4	12.4	-9.2	24.7	9.4	
Telecommunications	-4.4	14.8	14.8	15.1	-12.3	13.1	-13.5	
Health Care	-5.2	4.3	4.3	8.4	-4.4	25.4	-1.9	

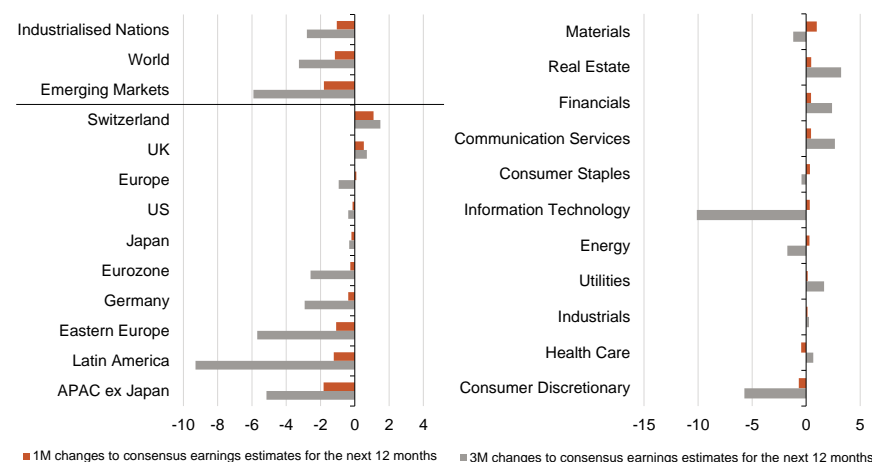
Consumer Discretionary: MSCI Europe Consumer Discretionary NR; Consumer Staples: MSCI Europe Cons. Staples NR; Energy: MSCI Europe Energy NR; Finance: MSCI Europe Financials NR; Health Care: MSCI Europe Health Care NR; Industrials: MSCI Europe Industrials NR; Information Tech.: MSCI Europe Inform. Tech. NR; Materials: MSCI Europe Materials NR; Communication Services: MSCI Europe Communication Services NR; Utilities: MSCI Europe Utilities NR; Value: MSCI Europe Value NR; Growth: MSCI Europe Growth NR.

- In Europe, financial stocks in particular rose last year, along with equities in the information technology, industrial and telecommunications sectors. The financial stocks benefited, among other things, from a steeper yield curve.
- In Europe, financial stocks in particular benefited last year, along with stocks from the information technology, industrial and telecommunications sectors.

Total return of European equity sectors and European style indies, in euros and in percent, sorted by 4-week performance. The difference between Value and Growth lies in the valuation. A growth stock is highly valued because the company is expected to grow strongly. Value stocks usually have less growth potential and are valued lower.

Source: FactSet, Time period: 31/12/2019 - 31/12/2024

Changes in Consensus Earnings Estimates

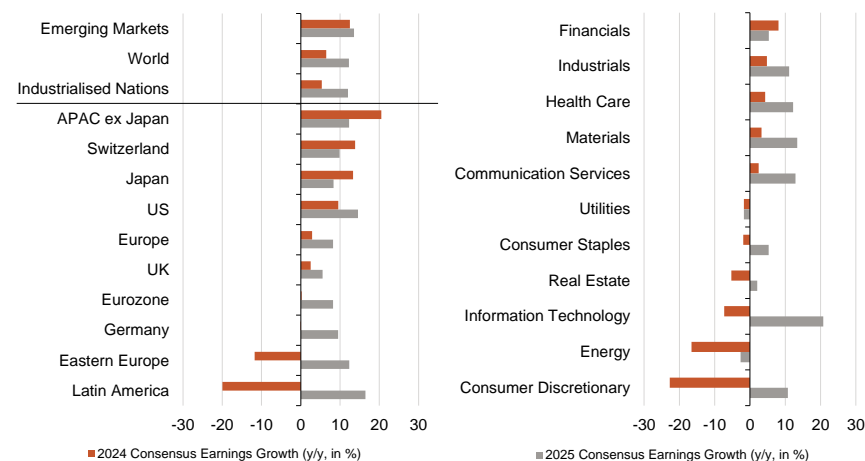


- Last month, the earnings estimates for both developed and emerging market equities were further reduced in aggregate.
- Only for Swiss and British equities did analysts recently revise their estimates slightly upwards for the next 12 months.
- At the sector level, consumer discretionary and information technology stocks saw the largest downward revisions over the last three months.

1-month and 3-month changes in consensus earnings estimates for the next 12 months of the regional and Europe sector MSCI indices, in per cent.

Source: FactSet, as of 31/12/2024

Earnings Growth



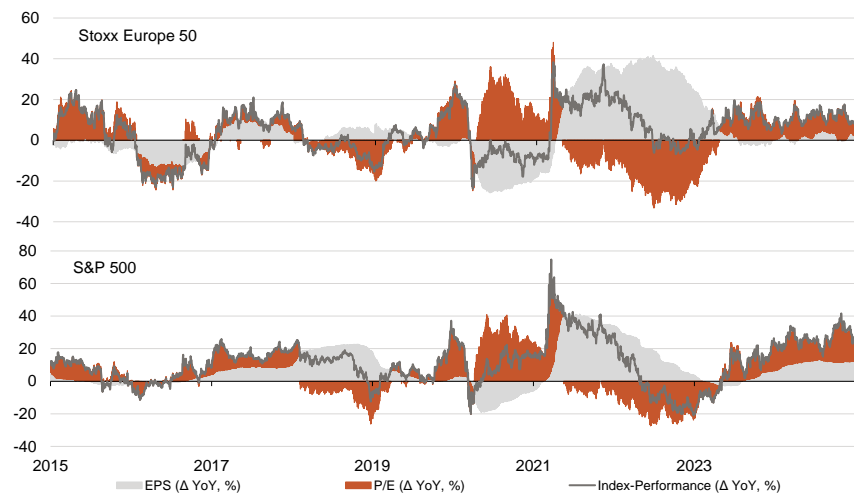
- While analysts' earnings estimates for 2024 were negative for Eastern Europe and Latin America, estimates for 2025 show positive earnings growth for all regions considered.
- While analysts were still expecting a decline in earnings growth for information technology stocks in 2024, estimates for 2025 are highest for this sector.

Consensus expected calendar year earnings growth for selected equity regions, year-on-year and in percent. The earnings estimates of the individual companies are aggregated upwards using the index weights ("bottom-up"). Regional and Europe Sector MSCI Indices. APAC ex Japan = Asia Pacific excluding Japan

Source: FactSet, as of 31/12/2024



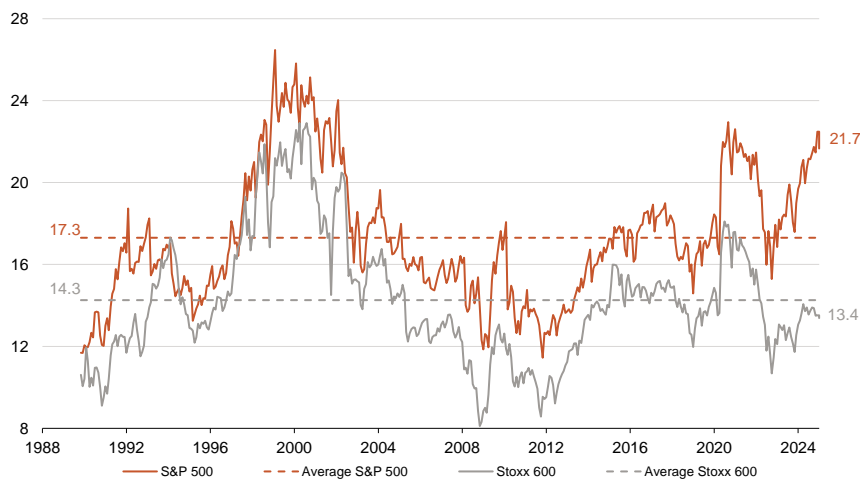
Contribution Analysis



- In 2024, performance in Europe was driven by a moderate valuation expansion but above all by higher corporate earnings.
- In the US, too, the index performance last year was driven by a widening valuation expansion and significantly higher corporate earnings.

Analysis of the drivers of stock market development over the last 12 months. The change in earnings estimates and the change in valuation (price-earnings ratio) are taken into account. EPS = earnings per share
Source: Bloomberg, Time period: 01/01/2014 - 31/12/2024

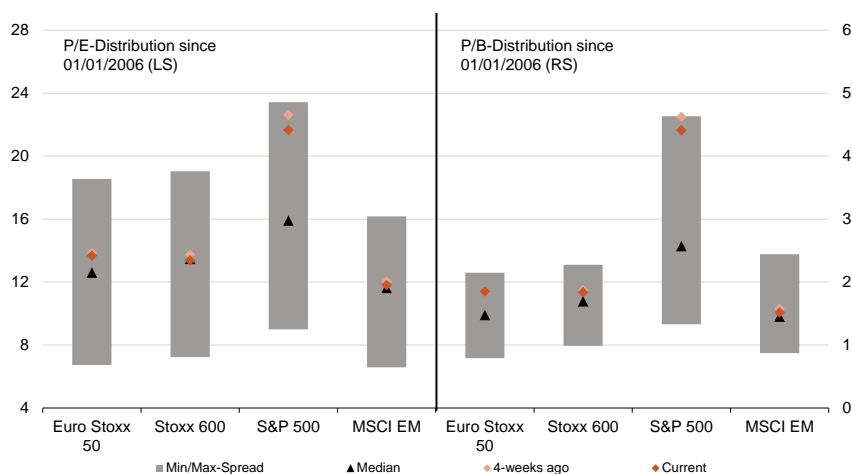
Price-Earnings Ratio (P/E Ratio) of European and US Equities



- Last year was characterized by growing valuation differences, particularly between the US and Europe. Not least, the valuation expansion of some individual securities in the US contributed significantly to this.
- While US equities were recently valued similarly in 2020-2021, European equities are trading below their historical average.

P/E valuation based on earnings estimates for the next twelve months of European and US equities as well as the respective P/E average since 1988. *For the Stoxx 600, the history before 2000 was taken from MSCI Europe.
Source: Bloomberg, Factset, Time period: 31/12/1987 - 31/12/2024

Historical Distribution: Price/Earnings and Price/Book Ratio

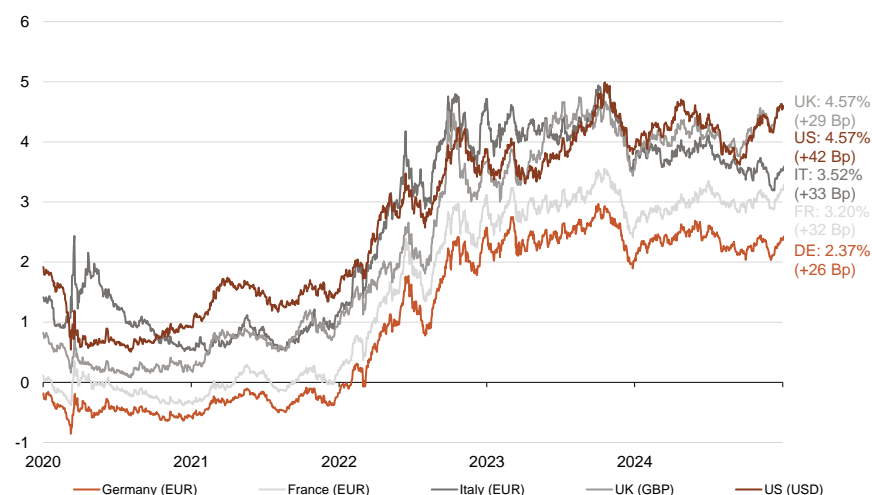


- US equities were at the upper end of the historical valuation range on a P/B basis at the end of 2024, leaving little room for disappointment in the new year.
- On a P/E basis, all the equity regions shown have seen a slight contraction in valuations in the last four weeks.

Historical distribution of valuation ratios for selected equity regions since 2006. In addition to the current value, the observation four weeks ago and the historical median, the maximum (upper limit of the grey bar) and minimum (lower limit of the grey bar) are shown.
Source: Bloomberg, Time period: 01/01/2006 - 31/12/2024



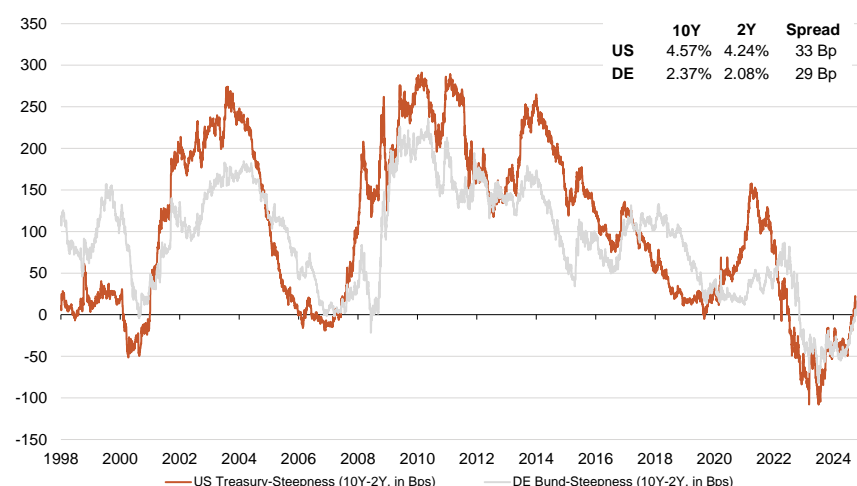
10-Year Government Bond Yields



- Government bond yields rose in recent months despite initial interest rate cuts by central banks at the long end, in some cases significantly. This was due to the expectation of only a gradual cycle of interest rate cuts coupled with increased inflation expectations.
- Risk premiums for French government bonds rose significantly last year due to political instability and budget concerns.

Effective yield on 10-year government bonds and change over the last four weeks in basis points (in brackets).
Source: Bloomberg, Time period: 01/01/2019 - 31/12/2024

Yield Curve Steepness (10Y - 2Y)

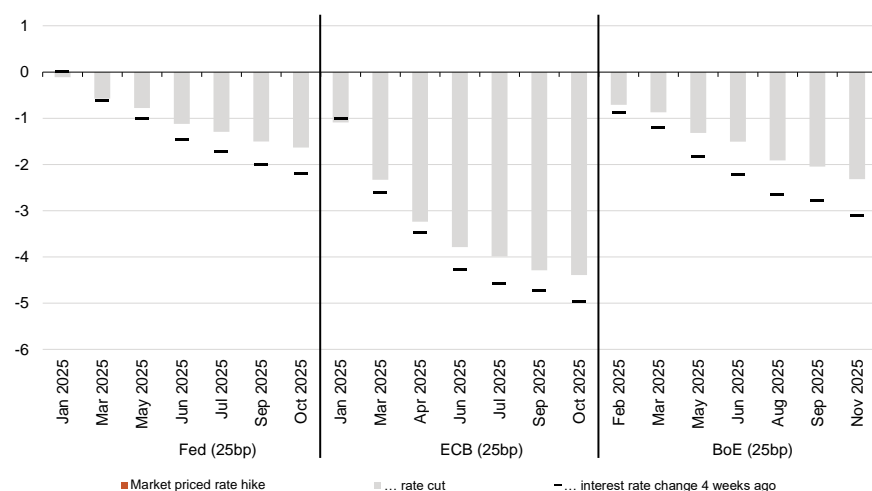


- The yield curve steepened significantly in 2024, by around 70 basis points in both the US and Europe. The yield differential between 10- and 2-year government bonds thus ended the year in positive territory again for the first time since 2022. In particular, the rise in long-dated bond yields led to a steepening of the curve.

The yield curve distinguishes between the so-called short end and the long end. The reason for this is the way in which factors influence yields. Central banks control the short end of the curve through their monetary policy and key interest rates. In contrast, the long end is influenced less by central banks and more by inflation expectations, supply, demand and risk premiums.

Source: Bloomberg, Time period: 01/01/1998 - 31/12/2024

Implicit Changes in Key Interest Rates



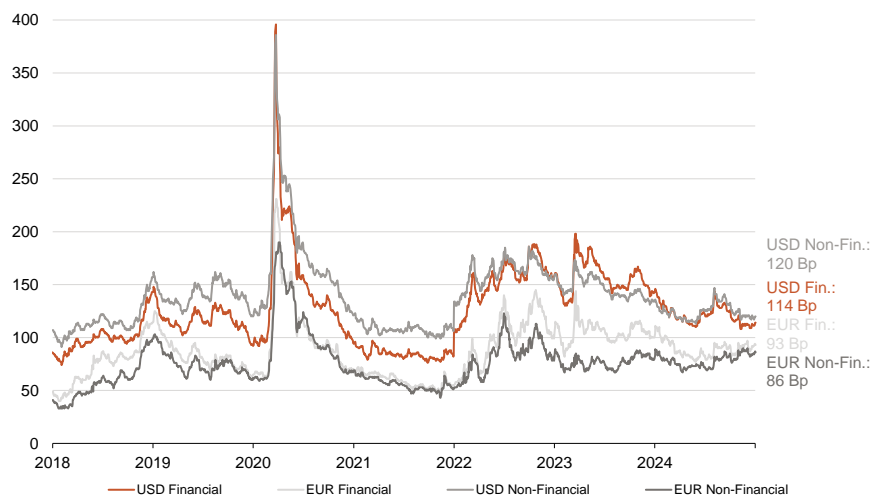
- Concerns about an economic slowdown in the US and changing forecasts regarding a soft or hard landing also influenced expectations of future changes in key interest rates. While significant interest rate cuts over the next 12 months were expected at times during 2024, the market now only expects the Fed to cut interest rates once in the next six months.

Derivatives on money market interest rates - such as the fed funds futures - can be used to determine the change (number of steps) in the key interest rate priced by the market.

Source: Bloomberg, Time period: 22/02/2024 - 31/12/2024



Credit Spreads Financial and Non-Financial Bonds

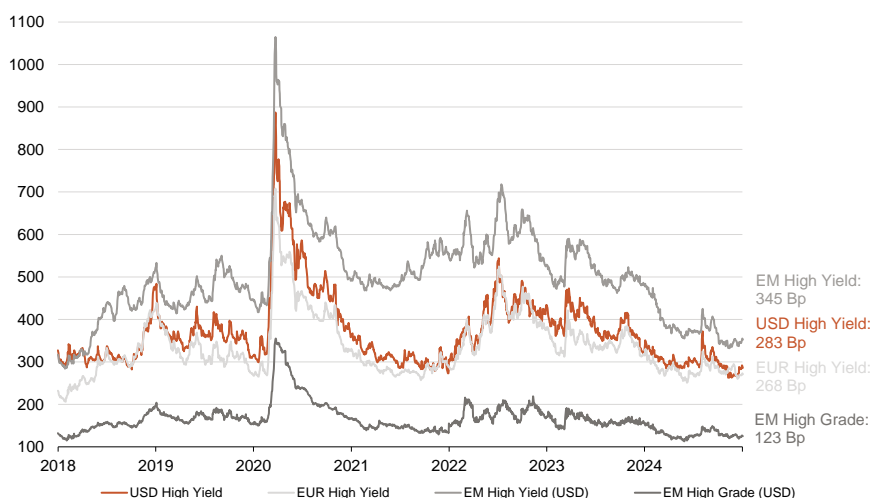


- Last year was characterized by a further significant narrowing of credit spreads in the US. Although corporate bonds thus appear increasingly expensive, the absolute yield still seems attractive.
- Although the spread for euro financial and non-financial bonds widened slightly over the course of the year, they also traded close to historical lows at the end of the year.

Explanations: see middle and lower figure.

Source: FactSet, Time period: 01/01/2019 - 31/12/2024

Credit Spreads High Yield and Emerging Markets Bonds



- In 2024, risk premiums on USD high-yield bonds remained at a low level, at times approaching the lows of 2007.
- Euro high-yield bonds and corporate bonds from emerging markets developed similarly, with spreads at the end of the year close to historic lows.

How high the risk associated with the corporate bond is shown by its asset swap spread (in bp). This indicates the yield that the issuer must pay in addition to the swap rate for the respective term as compensation for its credit risk. See further explanation below.

Source: FactSet, Time period: 01/01/2019 - 31/12/2024

Bond Segments Overview

	Key figures			Asset Swap Spread			Total Return (% local)							
	Yield (in %)	Δ-1M	Modified Duration	Spread (Bps)	Δ-1M	10Y-Per-centile	1M	2024	31/12/23	31/12/24	31/12/22	31/12/21	31/12/20	31/12/19
EUR Government	2.74	0.23	7.1	-	-	-	-1.8	1.7	1.7	6.5	-18.2	-3.4	4.8	
Germany	2.24	0.28	7.2	-	-	-	-2.2	0.3	0.3	4.8	-17.6	-2.6	2.6	
EUR Corporate	3.27	0.18	4.4	87	-4	69	-0.8	4.6	4.6	7.8	-13.9	-1.0	2.5	
Financial	3.38	0.16	3.7	92	-3	60	-0.6	5.2	5.2	7.6	-11.8	-0.6	2.1	
Non-Financial	3.20	0.19	4.9	84	-4	79	-0.9	4.2	4.2	7.9	-15.1	-1.2	2.6	
EUR High Yield	5.86	0.01	3.2	268	-23	14	0.5	8.6	8.6	12.1	-11.5	3.3	2.6	
US Treasury	4.53	0.29	5.9	-	-	-	-2.1	0.2	0.2	3.6	-12.9	-2.4	8.0	
USD Corporate	5.42	0.30	6.5	115	-3	26	-2.2	2.5	2.5	8.0	-15.4	-1.0	9.6	
Financial	5.40	0.25	4.9	111	-1	37	-1.4	4.3	4.3	7.7	-12.6	-0.9	8.9	
Non-Financial	5.43	0.32	7.3	117	-3	24	-2.5	1.7	1.7	8.1	-16.7	-1.0	9.8	
USD High Yield	7.61	0.27	3.8	283	14	2	-0.7	8.1	8.1	12.9	-11.2	5.4	6.0	
EM High Grade	5.35	0.24	5.3	123	-5	3	-1.2	4.1	4.1	6.9	-14.2	-0.1	5.7	
EM High Yield	8.07	0.16	3.9	345	-9	8	-0.4	12.4	12.4	9.1	-14.8	-4.2	8.8	

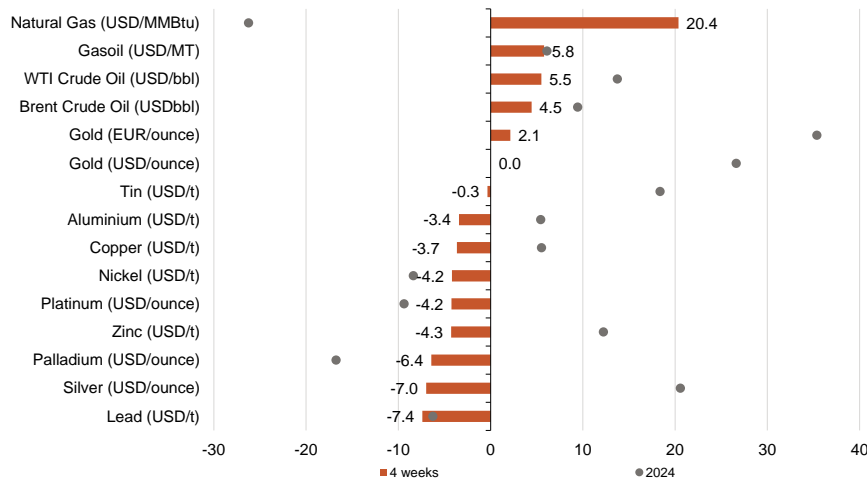
- USD high-yield bonds and high-yield bonds from emerging markets performed best in 2024 thanks to spread tightening, which is also evident from the very low 10-year percentiles for the spreads.
- EUR high-yield bonds also trended close to their lows at the end of the year, with a spread of 268 bp, and rose sharply in 2024.

ICE BofA indices in the following sequence: Euro Government; German Government; Euro Corporate; Euro Financial; Euro Non-Financial; Euro High Yield; US Treasury; US Corporate; US Financial; US Non-Financial; US High Yield; High Grade Emerging Markets Corporate Plus; High Yield Emerging Markets Corporate Plus. EM indices are hard currency bonds.

Source: FactSet, Time period: 31/12/2014 - 31/12/2024



Commodities Performance

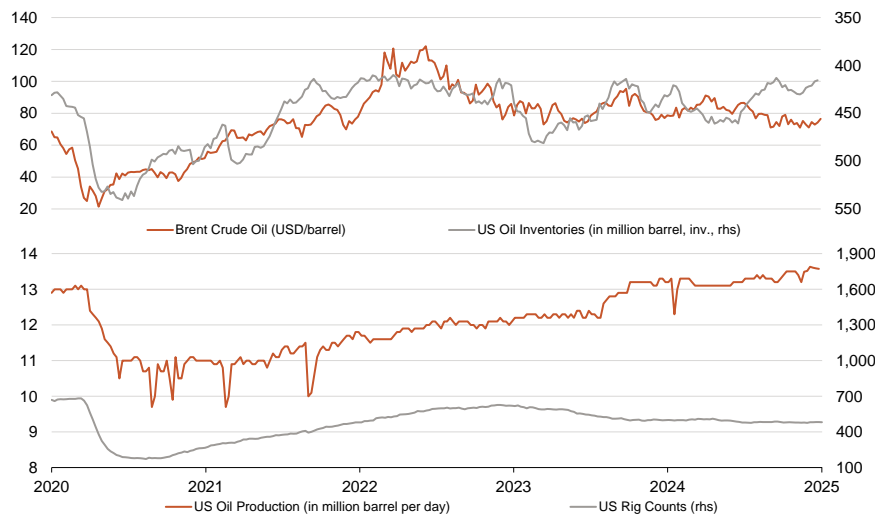


- Many commodities have suffered losses in the last four weeks. Zinc, which was actually one of the winners of 2024, for example, fell by 4%. By contrast, energy commodities in particular rose, in some cases sharply.
- Gold performed best last year. In euro terms, the precious metal gained more than 35%. Silver follows in the performance ranking for 2024, while US natural gas fell by more than 25% due to surplus supply.

Total return of selected commodity indices, in percent, sorted by 4-week performance.

Source: Bloomberg, Time period: 31/12/2023 - 31/12/2024

Crude Oil

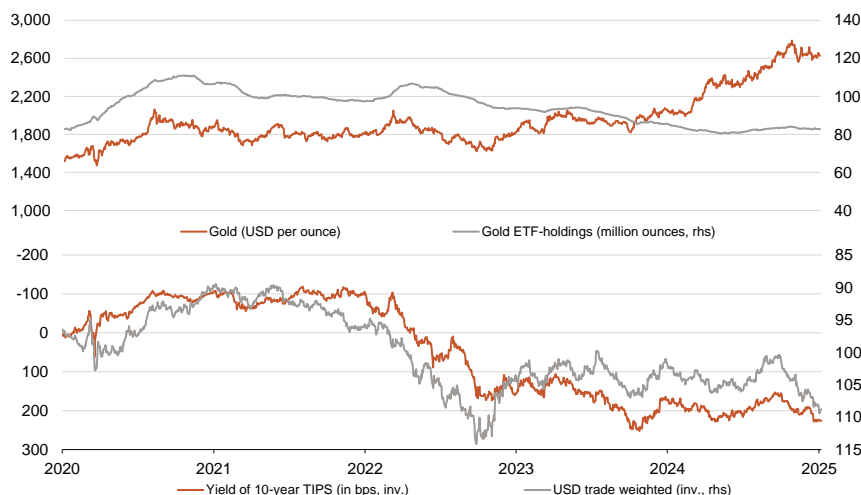


- The spot price of Brent crude fell by around 3% in 2024. The oil market was characterised by a great deal of uncertainty throughout the year. On the demand side, the further development of China remained uncertain. On the supply side, geopolitical conflicts in the Middle East dominated.
- Nevertheless, the energy commodity posted a total return of around 10% in 2024, because the forward curve was in backwardation for most of the year, allowing investors to generate substantial roll returns.

Higher oil production and higher inventories tend to weigh on oil prices and vice versa. An increase in active oil wells indicates higher oil production in the future.

Source: Bloomberg, Time period: 01/01/2019 - 31/12/2024

Gold



- Gold ended 2024 as the strongest precious metal. With an impressive annual increase of 27% (in USD), gold reached several new all-time highs, fuelled by central banks' interest rate cuts, global crises and massive central bank buying.

The US dollar and the real, i.e. inflation-adjusted, interest rate are among the fundamental price factors of the gold price. Rising real interest rates tend to weigh on the gold price, while falling real interest rates have a supportive effect. The same applies to the US dollar. The development of gold ETF holdings reflects financial investors' demand for gold.

Source: Bloomberg, Time period: 01/01/2019 - 31/12/2024

**BERENBERG**

PARTNERSHIP SINCE 1590

PUBLISHING INFORMATION

PUBLISHER

Prof Dr Bernd Meyer, CFA | Chief Strategist Wealth and Asset Management

EDITORS



Ulrich Urbahn, CFA | Head Multi Asset Strategy & Research
focuses on the multi-asset investment process, the development of investment ideas and capital market communications
+49 69 91 30 90-501 | ulrich.urbahn@berenberg.de



Ludwig Kemper, CFA | Analyst Multi Asset Strategy & Research
analyses financial markets, supports the multi-asset investment process and participates in capital market publications
+49 69 91 30 90-224 | ludwig.kemper@berenberg.de



Philina Louisa Kuhzarani | Analyst Multi Asset Strategy & Research
analyses financial markets, supports the multi-asset investment process and participates in capital market publications
+49 69 91 30 90-533 | philina.kuhzarani@berenberg.com



Dr Konstantin Ignatov | Analyst Multi Asset Strategy & Research
analyses financial markets, supports the multi-asset investment process and participates in capital market publications
+49 69 91 30 90-502 | konstantin.ignatov@berenberg.de



Mirko Schmidt | Analyst Multi Asset Strategy & Research
analyses financial markets, supports the multi-asset investment process and participates in capital market publications
+49 69 91 30 90-2726 | Mirko.schmidt@berenberg.com

The Berenberg Markets series includes the following publications:

- **Monitor**
- Focus
- Investment Committee
- Minutes

www.berenberg.de/en/publications

Joh. Berenberg, Gossler & Co. KG
Neuer Jungfernstieg 20
20354 Hamburg (Germany)
Phone +49 40 350 60-0
Fax +49 40 350 60-900
www.berenberg.com
MultiAssetStrategyResearch@berenberg.de



IMPORTANT NOTICES

This information is a marketing communication. This information and references to issuers, financial instruments or financial products do not constitute an investment strategy recommendation pursuant to Article 3 (1) No. 34 Regulation (EU) No 596/2014 on market abuse (market abuse regulation) nor an investment recommendations pursuant to Article 3 (1) No. 35 Regulation (EU) No 596/2014, both provisions in connection with section 85 (1) of the German Securities Trading Act (WpHG). As a marketing communication this document does not meet all legal requirements to warrant the objectivity of investment recommendations and investment strategy recommendations and is not subject to the ban on trading prior to the publication of investment recommendations and investment strategy recommendations. This document is intended to give you an opportunity to form your own view of an investment. However, it does not replace a legal, tax or individual financial advice. Your investment objectives and your personal and financial circumstances were not taken into account. We therefore expressly point out that this information does not constitute individual investment advice. Any products or securities described may not be available for purchase in all countries or only in certain investor categories. This information may only be distributed within the framework of applicable law and in particular not to citizens of the USA or persons resident in the USA. The statements made herein have not been audited by any external party, particularly not by an independent auditing firm. Any future returns on fund investments may be subject to taxation, which depends on the personal situation of the investor and may change in the future. Returns on investments in foreign currencies may increase or decrease due to currency fluctuations. The purchase, holding, conversion or sale of a financial instrument, as well as the use or termination of an investment service, may give rise to costs that affect the expected income. In the case of investment funds, you should always make an investment decision on the basis of the sales documents (key investor document, presentation of past performance, sales prospectus, current annual, if applicable, semi-annual report), which contain detailed information on the opportunities and risks of the relevant fund. In the case of securities for which a securities prospectus is available, investment decisions should always be made on the basis of the securities prospectus, which contains detailed information on the opportunities and risks of this financial instrument, otherwise at least on the basis of the product information document. An investment decision should be based on all characteristics of the fund and not just on the sustainability-related aspects. All the aforementioned documents can be obtained from Joh. Berenberg, Gossler & Co. KG (Berenberg), Neuer Jungfernstieg 20, 20354 Hamburg, Germany, free of charge. The fund sales documents and the product information sheets for other securities are available via a download portal using the password »berenberg« at the Internet address <https://docman.vwd.com/portal/berenberg/index.html>. The sales documents of the funds can also be requested from the respective investment management company. We will be pleased to provide you with the specific address details upon request. A fund investment involves the purchase of shares in an investment fund, but not a specific underlying asset (e.g. shares in a company) held by that fund. The statements contained in this document are based either on own company sources or on publicly accessible third-party sources, and reflect the status of information as of the date of preparation of the presentation stated below. Subsequent changes cannot be taken into account in this document. The information given can become incorrect due to the passage of time and/or as a result of legal, political, economic or other changes. We do not assume responsibility to indicate such changes and/or to publish an updated document. For important disclosures and information on index- and market data, see <https://www.berenberg.de/en/legal-notice/license-notice/>. Past performance, simulations and forecasts are not a reliable indicator of future performance. Please refer to the online glossary at www.berenberg.de/glossar for definitions of the technical terms used in this document. Date 06.01.2025