

Current market commentary

Germany, the global champion of fiscal prudence, unexpectedly announced a large-scale fiscal package, leading to a rise of around 45 basis points in 10-year Bund yields - the sharpest increase since reunification in 1990. The planned investment programmes in infrastructure and defence were perceived as a significant shift in German fiscal policy. The euro continued to appreciate against the US dollar. European equity markets extended their outperformance, with the financial and defence sectors benefiting in particular. In contrast, US equities continued to decline and are now in correction territory (a sell-off of more than 10% from their peak) due to political uncertainties surrounding the Trump administration and growing concerns over the US economy. In the short term, however, several factors (including re-balancing flows) point to a potential rebound. Accordingly, we tactically increased our allocation to US equities at the end of last week.

Short-term outlook

The next two weeks will be eventful both financially and geopolitically. Following the expected 25 basis point rate cut by the ECB, the Fed will meet on 19 March and the BoE on 20 March, both with interest rate decisions on the agenda. The European Council will also convene on 20 and 21 March.

Today, retail sales data (Feb.) from the US and China are due. On Thursday, the UK will release employment change (Jan.) and the ILO unemployment rate (Jan.).

Next week, preliminary purchasing managers' indices for the manufacturing and services sectors (Mar.) will be published on Monday for Germany, the Eurozone, the US, and the UK, followed by Germany's ifo business climate index (Mar.) on Tuesday. Towards the end of the week, key UK data releases include the consumer price index (Feb.), GDP (Q4), and retail sales (Feb.), while in the US, GDP (Q4) and the University of Michigan sentiment survey are expected.

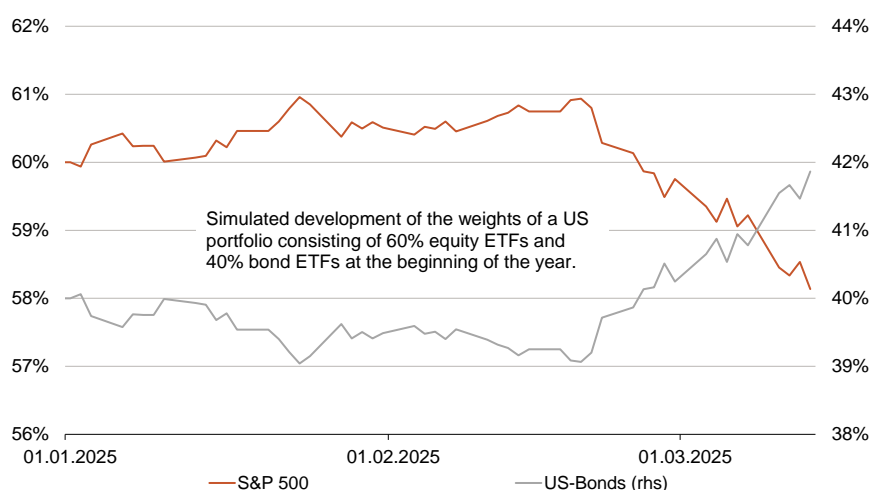
The bi-weekly **Monitor** gives you a structured overview of the current capital market environment and highlights important developments:

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

Central bank meetings of the FED and BoE in focus.

Retail sales, purchasing managers' indices, and GDP in investors' focus.

Expectation of positive rebalancing effects for US equities by end-March



- Pension and target-date funds often rebalance their allocation to the strategic target weights on a quarterly basis and/or when certain limits (e.g. 2 percentage points deviation from the target weight of 60% equities) are exceeded.
- As US bonds clearly outperformed US equities in the first quarter, there are likely to be many mechanical rebalancing flows until the end of March: Equities will be increased at the expense of bonds. This should support US equities, at least temporarily.

Source: Bloomberg, Time period: 01/01/2025 - 14/03/2025



Multi Asset

	4-week & YTD		12-month periods over that last 5 years				
	4W (14/02/25 - 14/03/25)	YTD (31/12/24 - 14/03/25)	14/03/24	14/03/23	14/03/22	14/03/21	13/03/20
Industrial Metals	0.4	4.9	13.3	-5.7	-27.0	71.4	31.6
Euro overnight deposit	0.2	0.6	3.5	3.7	0.5	-0.6	-0.5
Gold	-0.1	8.3	38.2	12.0	-0.5	23.4	4.9
EUR Sovereign Debt	-1.0	-0.7	2.7	4.2	-8.8	-3.5	1.7
EUR Corporates	-1.3	-0.5	4.2	7.1	-8.6	-5.7	4.4
MSCI Frontier Markets	-1.9	1.3	13.0	11.4	-14.2	16.0	21.3
USDEUR	-3.6	-4.8	0.0	-1.4	1.9	9.3	-7.1
MSCI Emerging Markets	-3.8	-0.7	9.4	12.4	-5.7	-13.0	43.3
REITs	-5.1	-3.4	4.8	1.9	-16.6	23.2	2.2
Brent	-8.3	-7.4	-5.3	20.7	-6.1	88.6	57.3
Global Convertibles	-8.3	-5.7	7.0	9.4	-7.1	-9.7	67.3
MSCI World	-9.1	-5.8	9.9	26.7	-1.6	11.2	40.5

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.

- Increasing concerns about the US economy have recently weighed more heavily on risk assets. Shares in industrialised nations have lost the most over the past four weeks and are down almost 7% in euro terms since the beginning of the year.
- Cyclically sensitive asset classes such as crude oil have also had a hard time and have recently lost around 10 %.
- By contrast, gold and industrial metals, boosted by planned German infrastructure spending, have risen since the beginning of the year.

Total return for selected asset classes, in euros and in percent, sorted by 4-week performance.

Source: Bloomberg, Time period: 14/03/2020 - 14/03/2025

Equities

	4-week & YTD		12-month periods over that last 5 years				
	4W (14/02/25 - 14/03/25)	YTD (31/12/24 - 14/03/25)	14/03/24	14/03/23	14/03/22	14/03/21	13/03/20
DAX	2.1	15.5	28.1	17.8	9.4	-4.0	57.1
Stoxx Europe Cyclical	1.0	12.3	21.5	20.8	4.5	2.7	58.3
Stoxx Europe Defensives	-0.2	6.4	8.8	11.5	5.5	14.7	27.8
Stoxx Europe 50	-1.0	8.1	8.2	18.2	11.6	10.7	34.1
MSCI UK	-1.1	4.9	17.1	9.4	5.5	15.3	32.9
Euro Stoxx 50	-1.6	10.6	10.9	22.5	14.6	-0.5	51.2
Stoxx Europe Small 200	-2.2	4.1	6.4	8.3	-6.6	-1.3	58.8
MSCI Japan	-3.1	-2.4	3.0	26.3	-1.6	-5.0	43.7
MSCI EM Latin America	-3.9	8.5	-11.7	24.0	0.6	17.5	16.6
MSCI EM Asia	-3.9	-1.9	11.2	11.1	-5.1	-16.9	47.5
S&P 500	-10.8	-8.6	11.0	31.6	-2.3	16.8	37.2
MSCI USA Small Caps	-13.2	-11.7	2.8	15.5	-2.9	-2.6	75.2

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.

- Over the past four weeks, almost all global equity markets recorded a negative performance.
- European equities outperformed US equities once again. This development is due to increasing economic concerns in the USA and a possible defence and infrastructure package from Germany.
- Small cap shares underperformed large caps in both the USA and Europe.

Total return (including reinvested dividends) for selected stock indices, in euros and in percent, sorted by 4-week performance.

Source: Bloomberg, Time period: 14/03/2020 - 14/03/2025

Fixed Income

	4-week & YTD		12-month periods over that last 5 years				
	4W (14/02/25 - 14/03/25)	YTD (31/12/24 - 14/03/25)	14/03/24	14/03/23	14/03/22	14/03/21	13/03/20
EUR High Yield	-0.7	0.6	7.2	11.5	-3.5	-4.3	15.9
EUR Financials	-1.1	-0.2	5.0	8.3	-8.4	-5.1	4.7
Chinese Sovereign Bonds	-1.4	-0.9	6.1	6.5	3.2	6.2	-0.4
EUR Non-Financials	-1.5	-0.8	3.7	6.3	-8.7	-6.1	4.2
Gilts	-1.9	-1.4	0.9	1.9	-21.2	-3.8	-0.5
EM Local Currency Bonds	-2.0	0.0	3.9	7.3	1.2	-4.7	1.6
BTPs	-2.1	-1.7	2.8	7.5	-11.7	-6.3	10.1
Treasuries	-2.2	-2.7	4.7	-1.1	-4.3	5.5	-9.4
Bunds	-2.8	-2.9	0.0	2.1	-13.9	-4.0	-3.3
EM Hard Currency Bonds	-3.1	-2.4	8.5	9.3	-3.8	-1.4	2.3
USD Corporates	-3.2	-3.2	5.0	4.2	-5.0	2.4	-0.5
USD High Yield	-3.9	-3.7	8.7	10.1	-0.7	6.1	7.3

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 Gov; 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

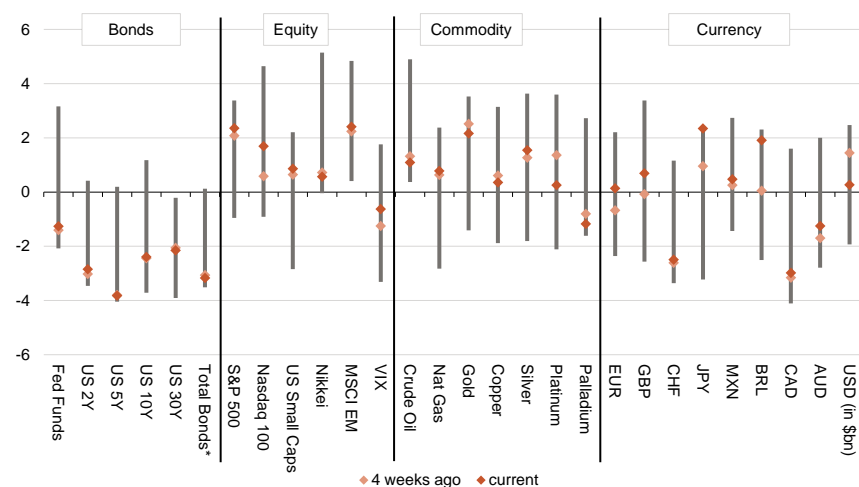
- Global bonds have recorded losses in euro terms over the past four weeks and have also been yielding negative returns since the beginning of the year - also due to the weakness of the USD.
- In addition to USD high-yield bonds, the biggest losers were USD corporate bonds and local currency bonds from the emerging markets.
- EUR high-yield bonds have performed positively over the past four weeks and since the start of the year.

Total return (including reinvested coupons) for selected bond indices, in euros and in percent, sorted by 4-week performance.

Source: Bloomberg, Time period: 14/03/2020 - 14/03/2025



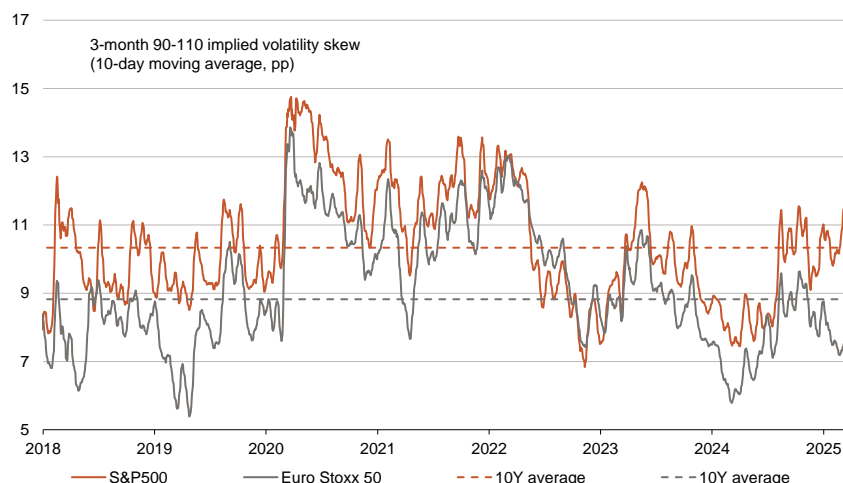
Non-Commercial Positioning



- The net long position in the Japanese yen is now at a 10-year high. Speculative investors are betting on an appreciation of the yen due to the narrowing of the interest rate differential against the US dollar.
- Hedge funds have reduced longs in commodities across the board - even in gold, although it recently reached new all-time highs.

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: 11/03/2015 - 11/03/2025

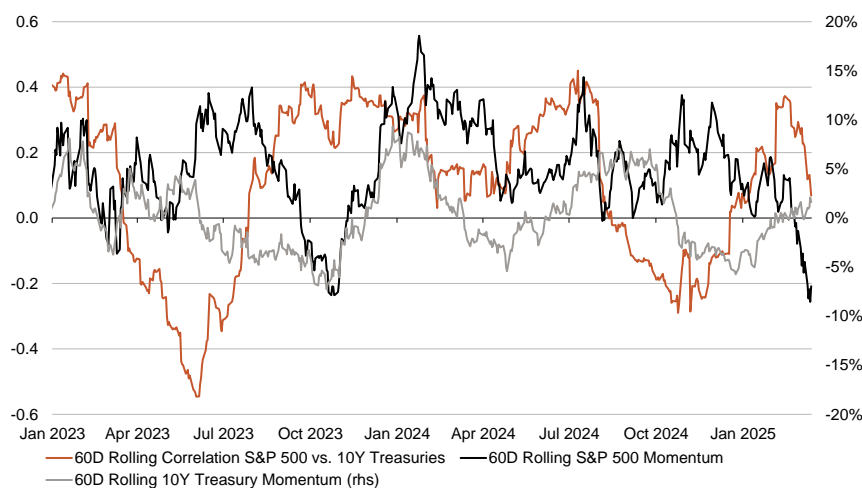
Put-Call-Skew



- The put-call skew of the S&P 500 has recently steepened significantly once again. However, this is mainly due to the increase in implied volatility. If the skew is normalised by the implied volatility, it has fallen significantly in the last two weeks.
- The difference between the skew in Europe and the USA has recently widened further.

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: 14/03/2015 - 14/03/2025

60-Day Momentum and Correlation

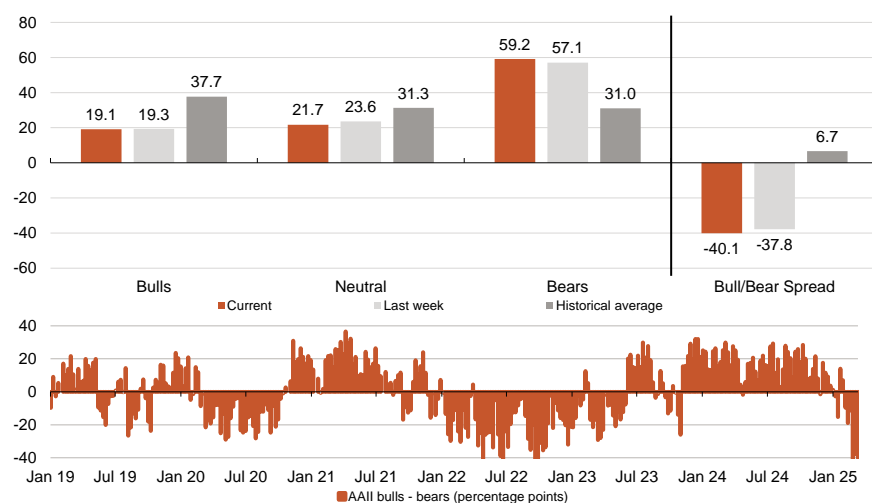


- The 60d momentum of the S&P 500 is now clearly negative. Accordingly, many trend-following strategies are now likely to have built up short positions in US equities and thus intensified the sell-off.
- Bonds offered diversification again in this environment thanks to falling interest rates.

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 - 14/03/2025



AII Sentiment Survey (Bulls vs Bears)

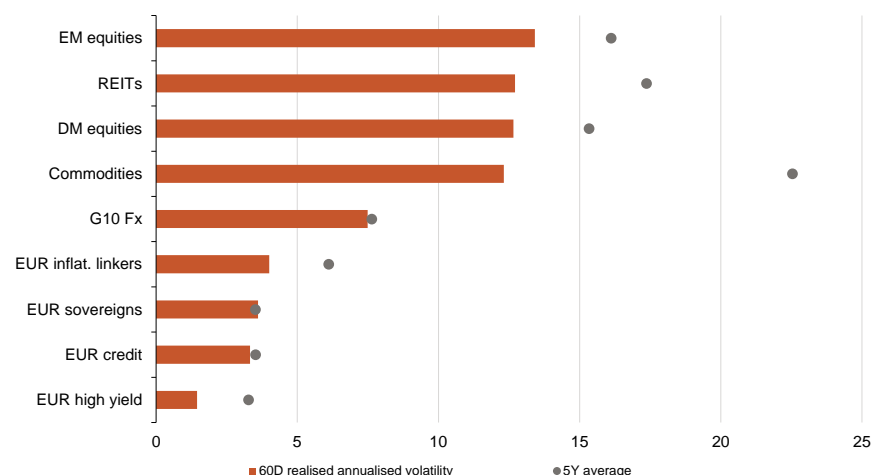


- US private investors are now extremely pessimistic about the next six months for the third week in a row.
- At -39.7 ppts, the 3w average of the bull/bear spread is the lowest it has been since 1990. In the six months that followed, the S&P 500 gained more than 25%.

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, AII, Time period: 23/07/87 - 13/03/2025

Realised Volatilities

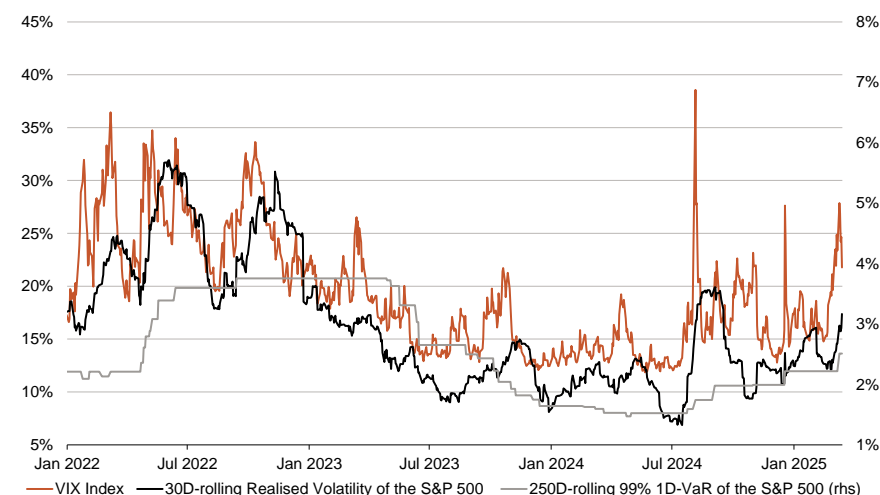


- Realised 60d volatility on the equity markets has recently started to rise with the stronger daily fluctuations, but is still below its medium-term average.
- The announcement of special funds and an adjustment to the debt brake in Germany has led to sharply rising yields on the European bond market, meaning that realised volatility has also increased noticeably here recently.

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: 14/03/2020 - 14/03/2025

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



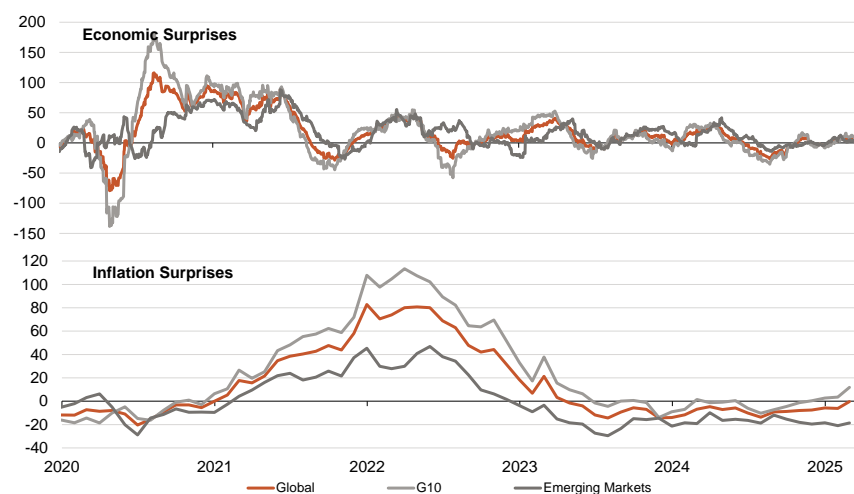
- At just under 28, the VIX reached its highest level since the volatility shock at the beginning of August last year.
- With the rise in volatility, risk-based strategies are likely to have started to reduce equities. The same is likely to apply to strategies with a lower value limit due to the negative performance of US equities since the beginning of the year.

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 - 14/03/2025



Global

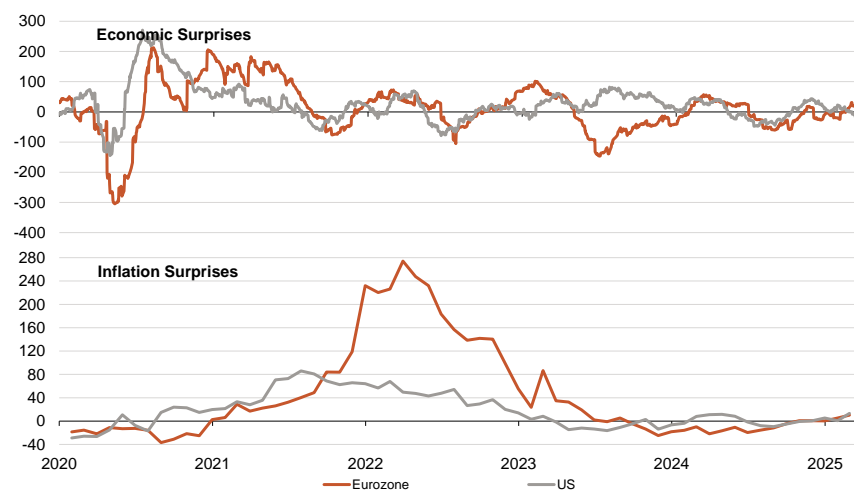


- In the last two weeks, economic surprises have been positive in both industrialised and emerging markets.
- In Australia, the GDP growth rate in the fourth quarter was in line with expectations, while in Brazil it surprised to the downside. In Switzerland, the unemployment rate in February was in line with expectations.
- In Switzerland, the consumer price inflation rate surprised slightly upwards in February, while it was slightly below expectations in Turkey.

See explanations below.

Source: Bloomberg, Time period: 01/01/2020 - 14/03/2025

Eurozone and US

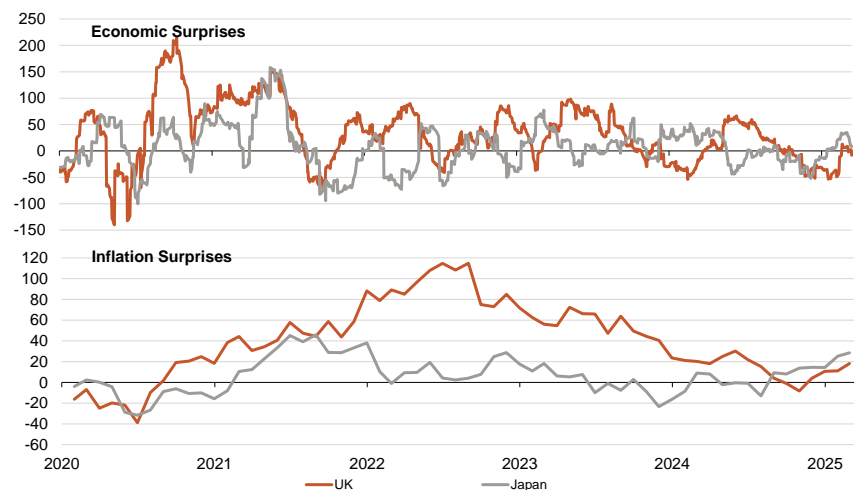


- Economic surprises in the eurozone have been increasingly positive in the last two weeks, while they have remained negative in the USA.
- GDP growth in the eurozone exceeded expectations in the fourth quarter. In Germany, industrial production surprised to the upside in January, while in France it fell short of expectations.
- In the US, the latest initial jobless claims were below expectations, while wholesale sales surprised to the downside in January.

See explanations below.

Source: Bloomberg, Time period: 01/01/2020 - 14/03/2025

UK and Japan



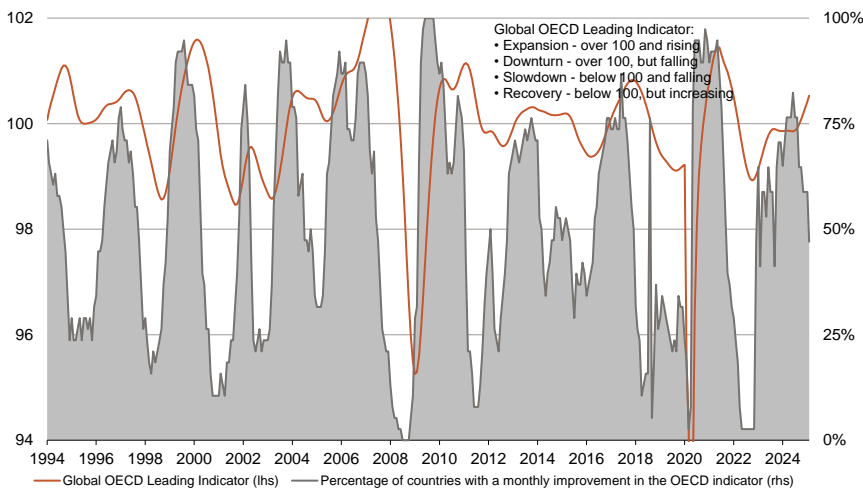
- In the UK, industrial production and GDP growth surprised to the downside in January.
- In Japan, GDP growth in the fourth quarter fell short of expectations, while producer prices surprised to the upside in February.

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: 01/01/2020 - 14/03/2025



OECD Leading Indicator

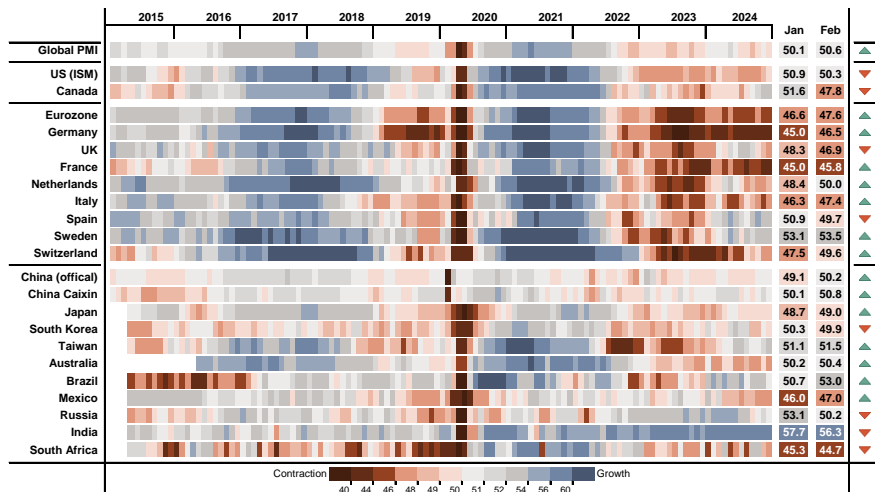


- The global economic expansion is continuing. At 100.5, the revised OECD leading indicator was above the 100 mark for the fifth time in a row in February.
- According to the revised leading indicator, the economic situation improved in 47% of the countries surveyed in January compared to the previous month, with China and Turkey recording the strongest increase and Brazil 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 - 14/03/2025

Manufacturing Purchasing Managers Index (Manufacturing PMI)

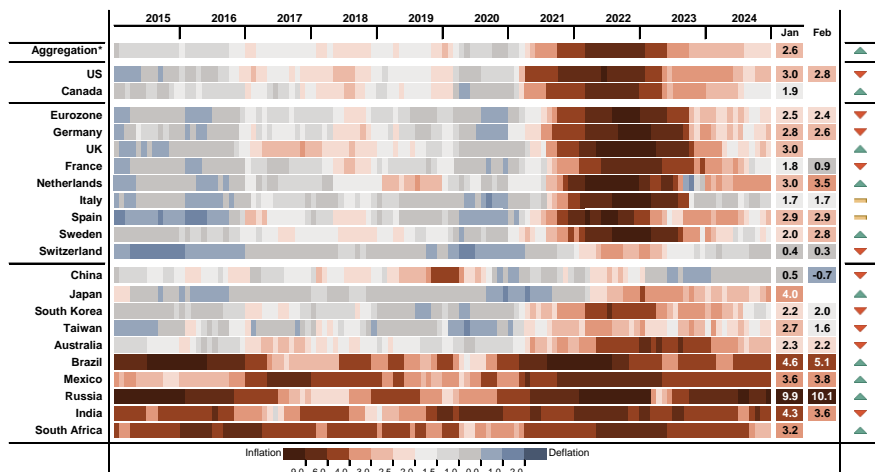


- The global Purchasing Managers' Index (PMI) showed a slight increase in global industrial activity in February, although there were regional differences. While the aggregated PMI data for the eurozone improved in February, the USA, the UK and India recorded month-on-month declines.

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: 01/01/2015 - 14/03/2025

Headline Inflation



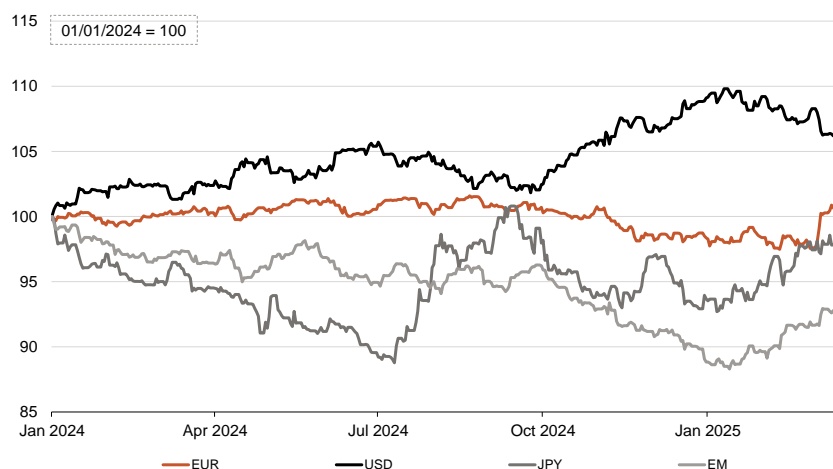
- The inflation data for February shows regional differences. While annual consumer price inflation in the USA and the eurozone fell compared to the previous month, it accelerated in Brazil and Mexico. Lower food and energy prices led to a downward inflation surprise in the USA in February.

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: 01/01/2015 - 14/03/2025



Trade-Weighted Currency Development

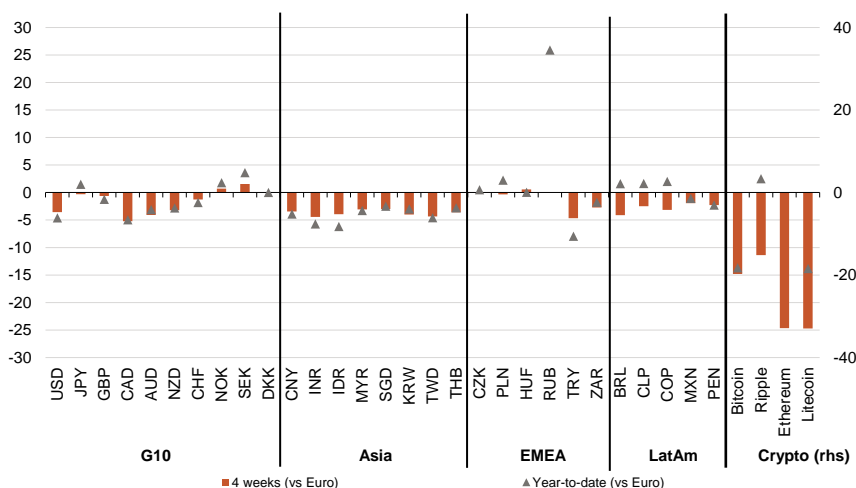


- The announcement of a German economic stimulus package and Germany's call for the European Union to relax fiscal rules and increase investment in defence recently supported the trade-weighted euro index.
- The ongoing negative economic surprises and the lower-than-expected inflation rate in the US in February recently weighed on the trade-weighted dollar index.

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 - 14/03/2025

Currency Moves vs Euro

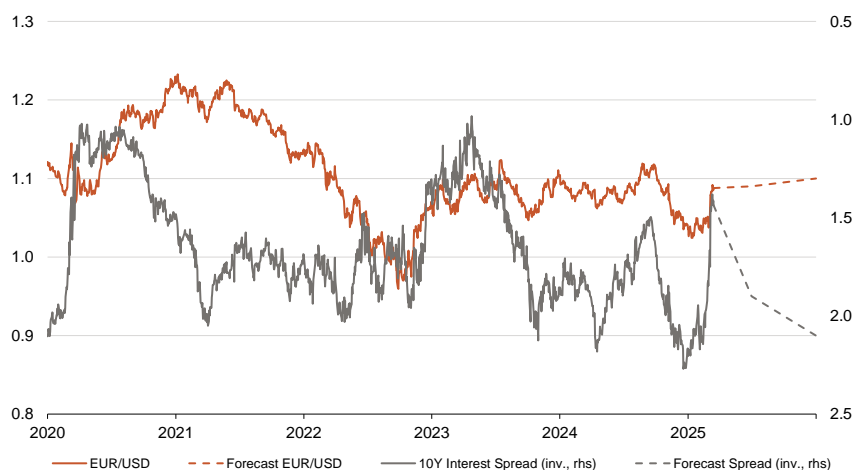


- The euro has appreciated against most currencies in the last four weeks.
- The lower-than-expected inflation rate in Turkey in February and the interest rate cut by the Turkish central bank after its scheduled meeting on 6 March recently weighed on the Turkish lira.
- As expected, the Canadian central bank lowered its key interest rate by 25 basis points after its scheduled meeting on 12 March, which, together with the newly introduced US tariffs, recently weighed on the Canadian dollar.

Performance of selected currencies against the euro, in percent.

Source: Bloomberg, Time period: 31/12/2023 - 14/03/2025

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



- While the latest 'DOGE' austerity measures and weaker US economic data have led to a decline in yields on 10-year US government bonds over the last four weeks, the announcement of a German economic stimulus package has caused yields on 10-year German government bonds to rise. The interest rate differential between the USA and the eurozone has narrowed accordingly.

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 (14/02/25 - 14/03/25)	YTD (31/12/24 - 14/03/25)	14/03/24	14/03/23	14/03/22	14/03/21	13/03/20	
			14/03/25	14/03/24	14/03/23	14/03/22	14/03/21	
Utilities	4.4	5.1	13.9	1.6	2.3	4.4	30.4	
Finance	4.3	16.8	36.7	22.1	11.4	4.6	46.8	
Consumer Staples	2.1	5.0	3.4	-1.5	4.5	9.6	17.9	
Industrials	2.0	12.6	19.5	23.6	5.6	4.2	61.1	
Value	2.0	11.9	21.9	12.0	8.0	6.8	44.7	
Materials	-1.6	7.2	4.1	10.3	-2.6	7.5	74.3	
Health Care	-1.8	4.3	0.0	19.2	-0.9	21.2	16.7	
Telecommunications	-3.1	10.6	25.5	2.6	2.2	2.1	32.4	
Energy	-3.5	6.1	-0.6	8.1	26.4	21.0	56.0	
Growth	-3.9	4.4	0.4	19.4	4.3	5.3	40.4	
Consumer Discretionary	-10.1	0.6	-7.5	13.5	19.8	-10.7	75.6	
Information Technology	-10.6	0.3	-3.9	39.3	3.6	1.6	56.4	

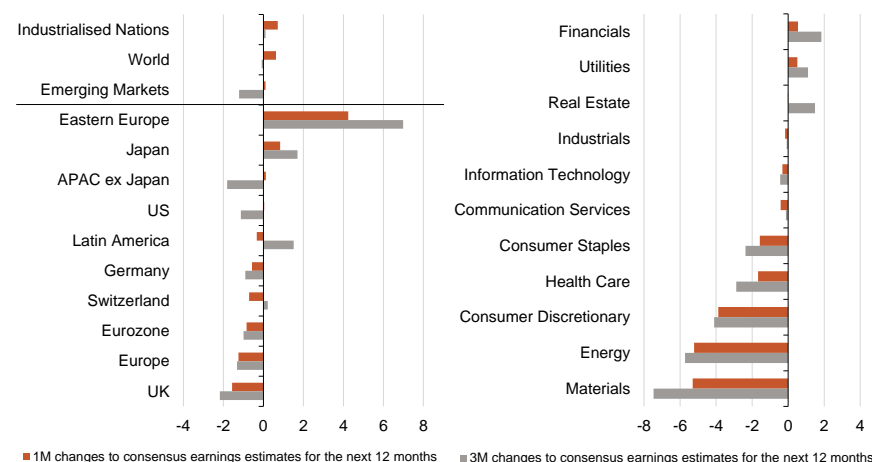
Consumer Discretionary: MSCI Europe Consumer Discretionary NR; Consumer Staples: MSCI Europe Cons. Staples NR; Energy: MSCI Europe Energy NR;
 Finance: MSCI Europe Financials NR; Health Care: MSCI Europe Health Care NR; Industrials: MSCI Europe Industrials NR; Information Tech.: MSCI Europe Inform. Tech. 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.

- The significant fall in US share prices also had a partial impact on European stocks. Growth-oriented shares, information technology stocks and cyclical consumer goods recorded the biggest losses in the last four weeks.
- In addition to defensive sectors such as utilities and consumer staples, financial stocks also benefited slightly due to a steeper interest rate structure.

Total return of European equity sectors and European style indices, 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: 14/03/2020 - 14/03/2025

Changes in Consensus Earnings Estimates

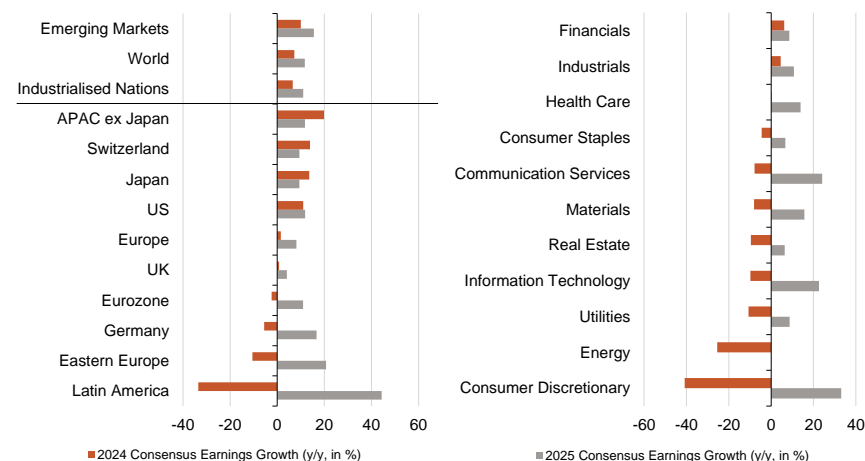


- Despite growing fears of a recession in the US, analysts' earnings estimates for the past month were raised again slightly in aggregate. Thanks to hopes for peace in Ukraine, there were clearly positive earnings revisions for Eastern Europe. Earnings estimates for Japan have also improved recently.
- At sector level, the estimates for financial stocks have recently been raised again slightly.

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 14/03/2025

Earnings Growth



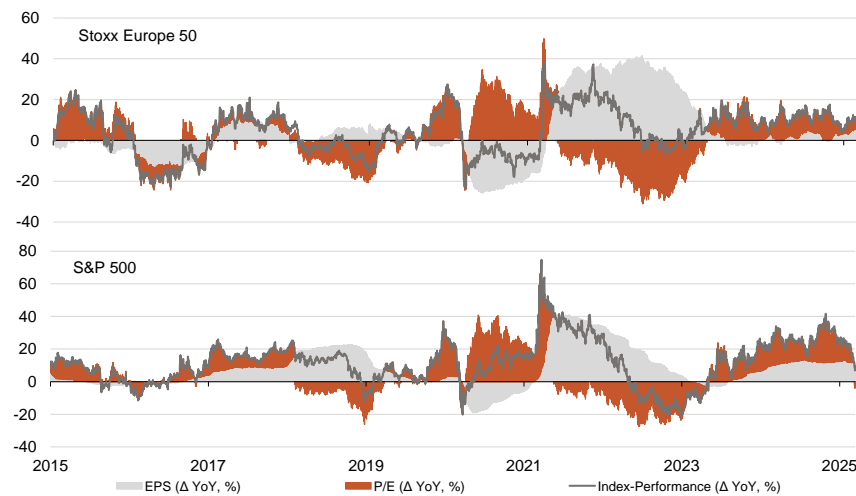
- Analysts are most optimistic about earnings growth this year for Latin America and Eastern Europe.
- In Europe, the highest profit growth in 2025 is expected in the area of cyclical consumer goods.

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 14/03/2025



Contribution Analysis

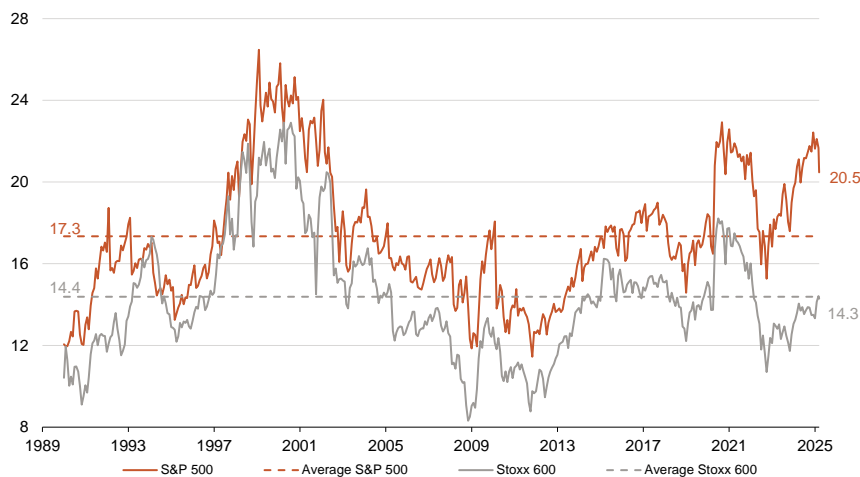


- The performance of the European share index in the last twelve months was driven exclusively by higher corporate profits for the first time since the beginning of 2023. At the same time, there was a slight narrowing of valuations.
- The picture is similar in the USA: index performance in the past year was driven by rising profits, while a decline in valuations had a negative impact.

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: 01/01/2015 - 14/03/2025

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

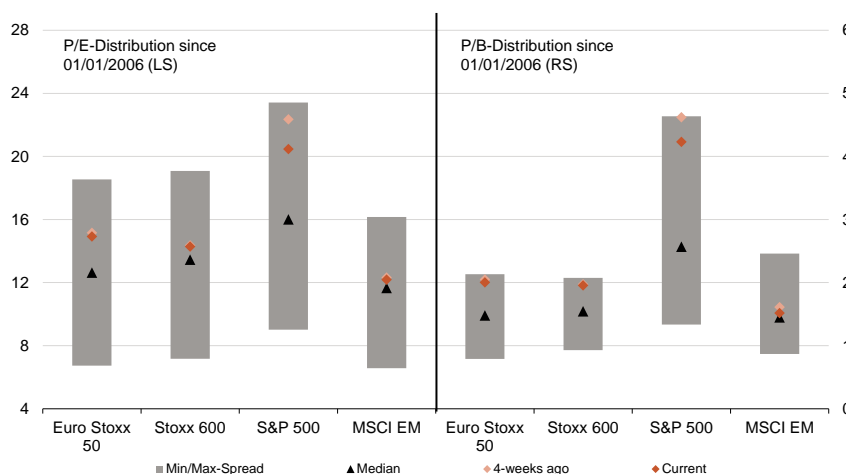


- The price/earnings ratio of US equities has also fallen noticeably recently as the US equity markets have retreated. However, with a P/E ratio of around 20x, the valuation is still well above the long-term average of around 17x.
- In contrast, the relatively low price losses of European shares have only led to a marginal reduction in valuation.

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 - 14/03/2025

Historical Distribution: Price/Earnings and Price/Book Ratio



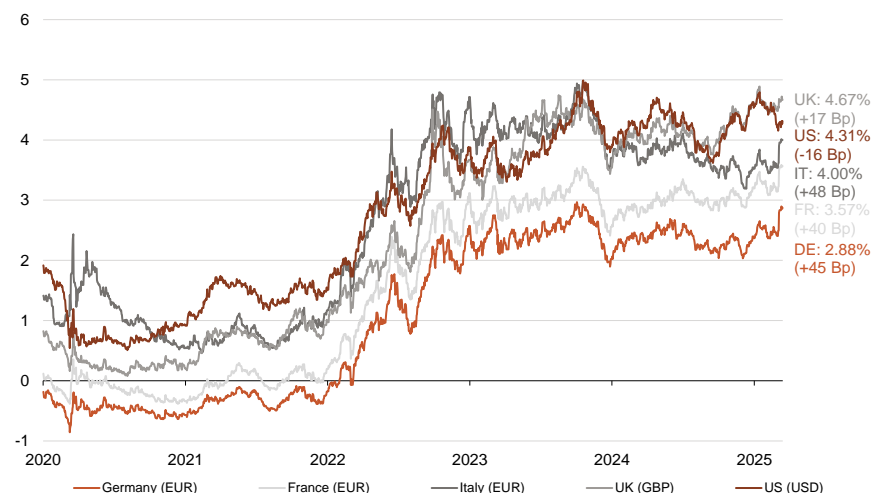
- The significant reduction in the price/earnings ratio in the USA is impressively reflected in the historical distribution. The price-to-book ratio has also fallen slightly.
- Despite the price setback and the associated narrowing of valuations for US equities, Europe and the emerging markets continue to offer the most attractive valuations.

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 - 14/03/2025



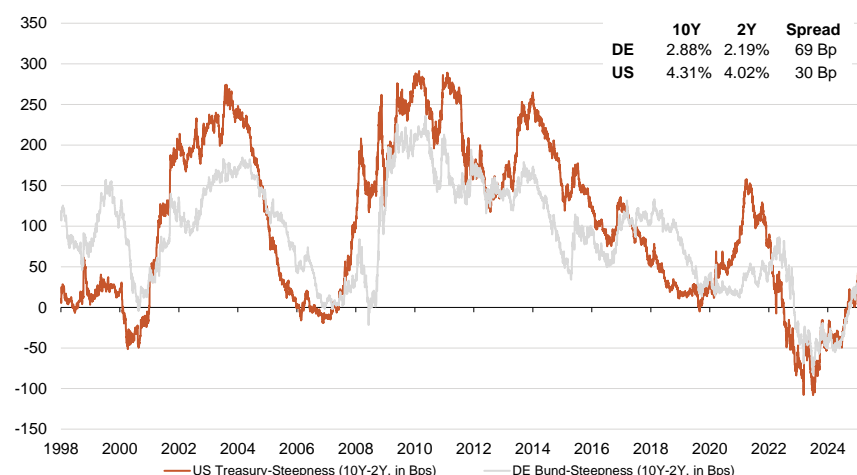
10-Year Government Bond Yields



- European government bonds recently experienced a significant rise in yields. Yields on German government bonds rose by 45 basis points, while yields on Italian government bonds even increased by 48 basis points. This was triggered by the expected adoption of a 500 billion financial package and the easing of the debt brake for defence spending.
- In contrast, the decline in yields on US government bonds continued due to increasing fears of recession.

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 - 14/03/2025

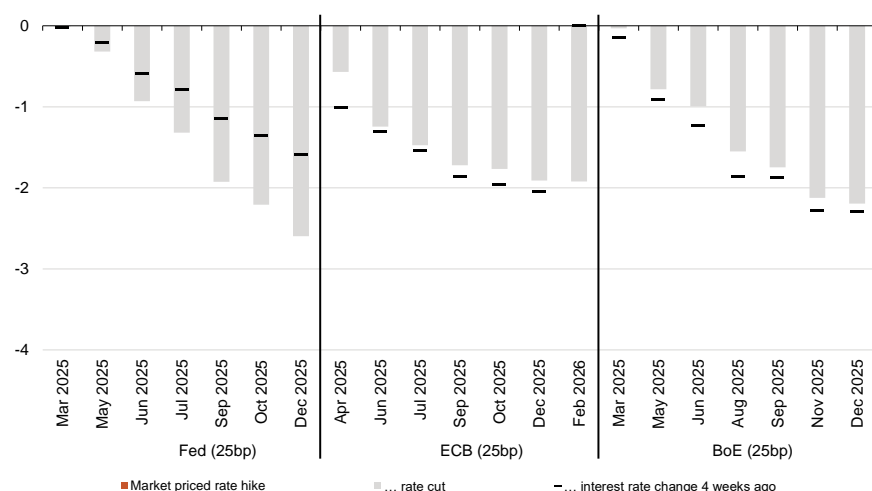
Yield Curve Steepness (10Y - 2Y)



- The German fiscal package and the associated rise in yields on German government bonds has led to a significant steepening of the yield curve for 10-year bonds.
- Although the yield curve in the USA also steepened further, the extent of the movement is only minor.

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 - 14/03/2025

Implicit Changes in Key Interest Rates

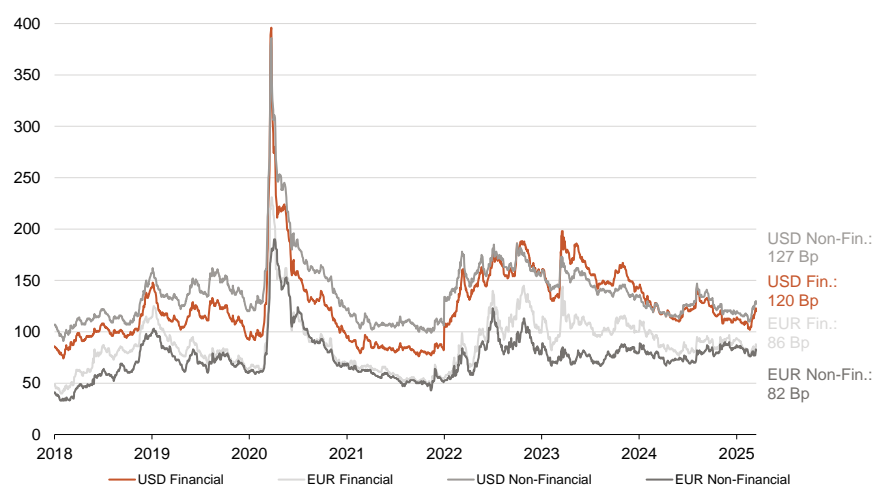


- In the past two weeks, there have been no significant changes in expectations regarding key interest rate changes in the USA. For the ECB, only around two interest rate cuts of 25 basis points each are now forecast by the end of the year.
- The same applies to the BoE, which is expected to make two more interest rate cuts by the end of the year.

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: 14/02/2025 - 14/03/2025



Credit Spreads Financial and Non-Financial Bonds

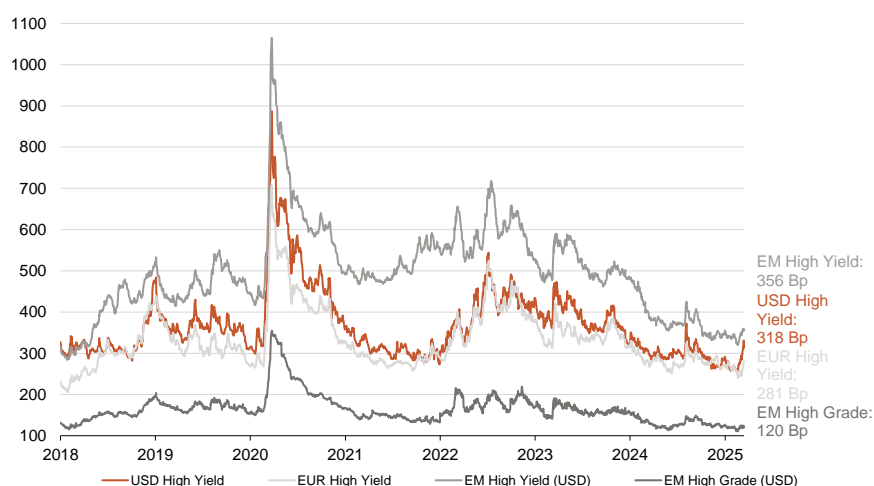


- In the course of the equity market correction, risk premiums for corporate bonds have also widened slightly, particularly in the USA. Over the past two weeks, the spreads for USD financial and non-financial bonds widened by 6 and 4 basis points respectively.
- European corporate bonds, on the other hand, remained relatively stable. The risk premiums for EUR financial bonds widened by 2 basis points, while EUR non-financial bonds remained virtually unchanged.

Explanations: see middle and lower figure.

Source: FactSet, Time period: 01/01/2018 - 14/03/2025

Credit Spreads High Yield and Emerging Markets Bonds



- The risk premiums on high-yield bonds have also widened significantly recently. The asset swap spreads of emerging market bonds rose by more than 10 basis points, while the spreads of US and EUR high-yield bonds widened by almost 50 and 25 basis points respectively.
- However, the continued solid fundamentals should tend to counteract a further upward trend in risk premiums.

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: 01/01/2018 - 14/03/2025

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	YTD	14/03/24 14/03/25	14/03/24 14/03/24	14/03/22 14/03/23	14/03/21 14/03/22	14/03/20 14/03/21	
EUR Government	3.03	0.29	6.9	-	-	-	-2.5	-2.2	0.8	4.5	-13.7	-5.6	1.9	
Germany	2.58	0.31	6.9	-	-	-	-2.8	-2.9	0.0	2.1	-13.9	-4.0	-3.2	
EUR Corporate	3.45	0.26	4.4	83	7	59	-1.3	-0.5	4.4	7.1	-8.6	-5.6	4.2	
Financial	3.50	0.25	3.7	86	10	47	-1.1	-0.1	4.9	7.8	-7.5	-4.7	4.6	
Non-Financial	3.42	0.26	4.8	82	5	70	-1.5	-0.8	4.1	6.6	-9.2	-6.1	4.0	
EUR High Yield	6.06	0.34	3.1	281	28	24	-0.7	0.6	7.2	11.5	-3.5	-4.3	15.9	
US Treasury	4.23	-0.17	6.1	31	3	92	1.2	2.3	4.5	0.2	-6.8	-2.7	-2.9	
USD Corporate	5.27	-0.03	6.5	125	16	37	0.4	1.7	5.5	5.8	-5.9	-5.1	6.6	
Financial	5.23	-0.04	4.9	120	16	46	0.4	1.7	6.4	6.7	-4.7	-4.9	7.2	
Non-Financial	5.28	-0.03	7.3	127	16	34	0.4	1.7	5.2	5.3	-6.5	-5.2	6.3	
USD High Yield	7.71	0.35	3.7	318	60	25	-0.6	1.1	8.4	12.2	-3.4	-1.7	17.4	
EM High Grade	5.09	-0.12	5.3	120	5	2	0.9	2.0	6.4	5.3	-4.4	-6.9	5.1	
EM High Yield	7.96	0.14	4.0	356	32	10	-0.1	2.0	11.5	11.0	-1.3	-15.7	16.7	

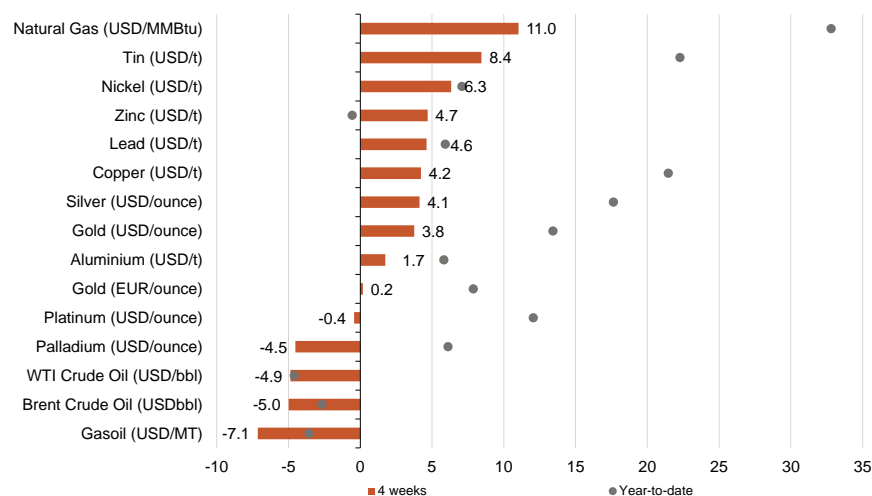
- Over the past month, all bond segments listed in euros have recorded losses in value on a total return basis. On a local currency basis, US government bonds and corporate bonds from the emerging markets have led the performance rankings since the start of the year.

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: 14/03/2015 - 14/03/2025



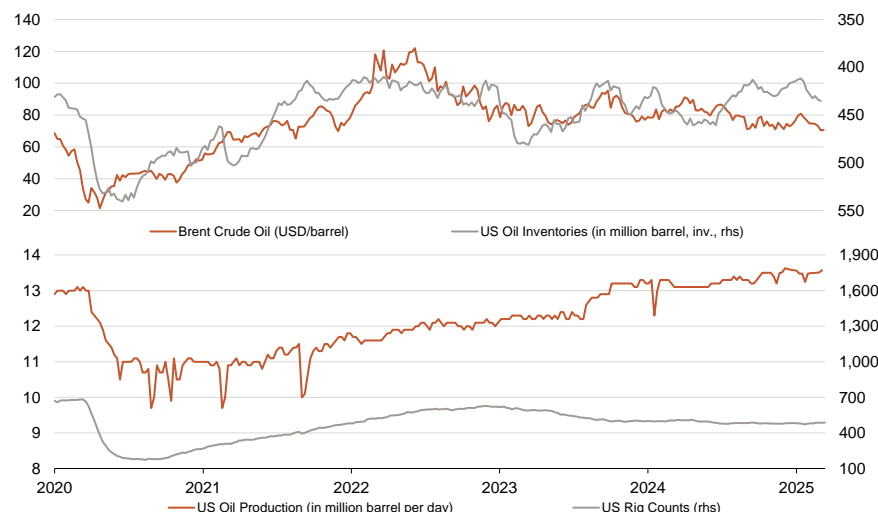
Commodities Performance



- Industrial metals have been the clear winners over the past month, although global economic uncertainty is as high as it was at the outbreak of the covid-19 pandemic. On the one hand, individual metals are affected by US tariffs and, on the other, spending on infrastructure and defence in Europe as well as the reconstruction of Ukraine are likely to boost demand for metals in addition to the green transformation.

Total return of selected commodity indices, in percent, sorted by 4-week performance.
Source: Bloomberg, Time period: 31/12/2024 - 14/03/2025

Crude Oil

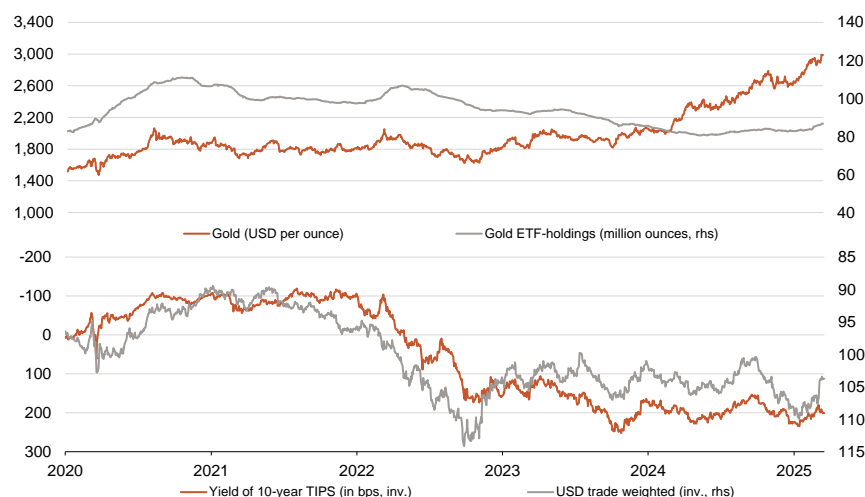


- The oil price has stabilised around the USD 70 per barrel mark in the last two weeks.
- In March, the IEA revised its forecast for a supply surplus in Q1 upwards. However, it now expects a significantly lower surplus for Q2 than in January, although OPEC+ will increase its production by around 140 kbpd in April.
- Seasonally, oil demand is now entering a weaker phase, as the 'heating season' is almost over and the 'driving season' is still to come.

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: 01/01/2020 - 14/03/2025

Gold



- Following a brief consolidation at the beginning of March, gold broke through the USD 3,000 per ounce mark for the first time in a single trading day last week.
- Demand currently seems to be coming from all sides. The Chinese central bank has been buying for the fourth month in a row and ETF investors do not seem to be shying away from the high prices.

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: 01/01/2020 - 14/03/2025

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