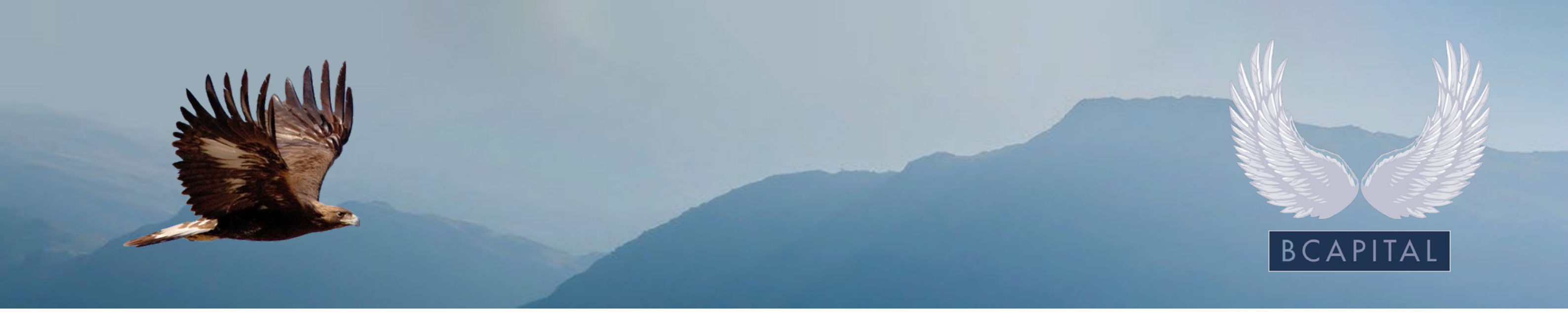


B Capital SA
Rue Jean-Calvin 14
1204 Geneva
Switzerland

Tel +41 22 317 7823
Fax +41 22 545 7714

Tuesday 04 October 2024

B Capital Commentary and Outlook Update 4Q2024

"The stock market is a device for transferring money from the impatient to the patient." - Warren Buffett

I have written before about keeping the faith with equity markets and nothing has changed there, except for some additional notes today that reinforce the need to remain diversified and to stay alert to risks that can emerge from time to time. In this last quarter of 2024, I expect there to be a collection of geopolitical events in all regions that we should keep an eye on. The worries may build to a corrective point for markets but may also dissipate if, for example, US elections pass without issue over vote rigging claims, or if perhaps the Israel-Gaza-Lebanon-Iran conflict peaks and then fades. Much of this cannot be predicted with any real reliability, of course.

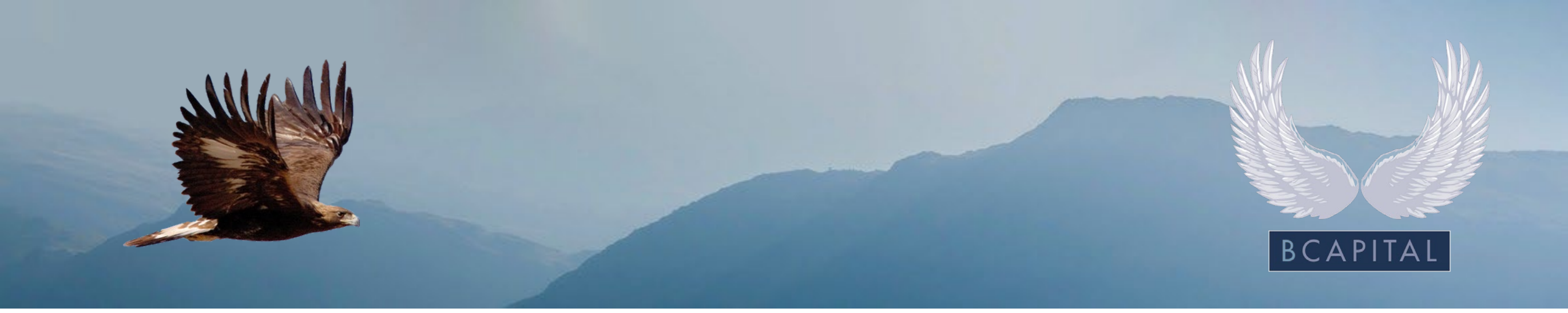
Executive Summary

As we conclude Q3 2024, the central B Capital view is that we maintain a positive outlook for global equity markets into 2025, despite acknowledging increased geopolitical risks, particularly in the Middle East, and the potential for volatility in the coming quarter. Our analysis suggests that markets are poised for continued growth, driven by ongoing economic recovery and adaptable corporate strategies. While challenges exist, we believe these conditions present opportunities for patient, strategic investors.

Global Economic Outlook

1. Positive Growth Trajectory:
We anticipate a generally positive trend for global equity markets into 2025. This optimism is underpinned by:
- Continued economic recovery across major economies, as evidenced by improving industrial profits and purchasing managers' indices in several regions
- Adaptable corporate strategies driving innovation and efficiency, with many companies successfully navigating recent challenges
- Technological advancements opening new markets and opportunities, particularly in digitalisation, clean energy, and healthcare sectors - we fully buy in to the advantages of AI in enterprise

Continued



2. Sector Opportunities:
We expect outperformance in sectors benefiting from long-term trends such as:
- Digitalisation: The ongoing digital transformation across industries is creating new investment opportunities in areas like cloud computing, AI adoption, cybersecurity, and e-commerce
- Clean energy: With governments and corporations globally committing to carbon reduction targets, the clean energy sector presents significant but uneven growth potential
- Healthcare innovation: Advancements in biotechnology, genomics, and digital health continue to drive growth in the healthcare sector

3. Emerging Markets Potential:
Improving economic fundamentals and attractive valuations in many emerging markets such as India present compelling opportunities for diversification and growth. This is particularly evident in markets benefiting from young demographics, increasing urbanisation, and technological leapfrogging. Whilst our active portfolio models have benefitted from a rotation from China to India this may well result in a rebalancing as we think sentiment around China has hit the low and will improve.

Market Dynamics and Risk Factors

1. Geopolitical Landscape:
Geopolitical risks have increased compared to the previous quarter, with the Middle East conflict emerging as a significant concern. This heightened tension could lead to:
- Potential disruptions in energy markets
- Increased volatility in commodity prices
- Shifts in global trade patterns

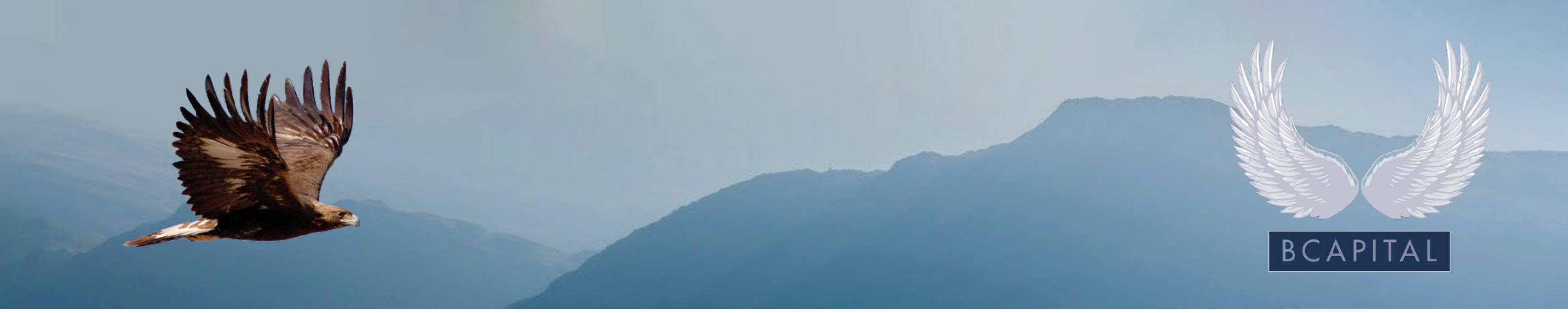
2. Monetary Policy Uncertainty:
Central banks' evolving stances on interest rates and quantitative easing programmes may contribute to increased market volatility. The balancing act between supporting growth and managing inflation remains a key focus for investors.

3. Q4 Volatility:
We anticipate potential bouts of volatility in the last quarter of 2024, driven by:
- Geopolitical tensions, particularly in the Middle East
- Evolving monetary policy landscapes, affected by central banker views on inflation and growth
- End-of-year portfolio rebalancing by institutional investors

4. Protection Strategies:
Given the potential for volatility, we are actively exploring various hedging mechanisms. These strategies aim to provide downside protection while maintaining exposure to upside potential, and may include:
- Options strategies
- Diversification across asset classes
- Tactical cash management

Continued

B Capital SA, Rue Jean-Calvin 14, 1204 Geneva, Switzerland. Tel +41 22 317 7823, Fax +41 22 545 7714.
B Capital SA is a Swiss asset management company registered with the number CH-660-5893008-6 and a member of the Association Suisse des Gérants de Fortune (ASG). B Capital Wealth Management is a trading style of B Capital SA and its affiliates.
TVA number CHE-114.283.075 TVA



China Market Spotlight

China's recent market developments warrant special attention, reinforcing our increasingly bullish stance since early summer:

1. Aggressive Stimulus Package:
On 24th September, Beijing announced a comprehensive stimulus package, triggering the largest weekly stock market rally in over 15 years. Major indices have surged more than 25%, with the Shanghai stock exchange experiencing glitches due to high trading volumes.

2. Policy Measures:
The package includes:

- Policy-rate and mortgage-rate cuts
- 800 billion yuan in stock market support
- Reported 2 trillion yuan in fiscal spending for consumer handouts and local-government refinancing
- An additional 1 trillion yuan to recapitalise banks

3. Innovative Financial Tools:
The People's Bank of China (PBOC) has introduced novel measures to support market liquidity and corporate finance, including:

- Allowing institutional investors to pledge stocks, ETFs, and bonds as collateral for up to 500 billion yuan in government bonds, with proceeds earmarked for stock purchases
- Providing 300 billion yuan in loans to corporations for share buybacks

4. Cautionary Notes:
While the stimulus has boosted market sentiment, some challenges persist:

- Industrial profits fell by nearly 17% year-on-year in August
- Manufacturing activity continued to contract in September
- The property market remains under pressure, with new-home sales among the 100 largest developers falling 38% year-on-year in September

Despite these challenges, we believe the government's proactive approach creates a more favourable environment for long-term investors in China.

Investment Strategy

In light of the positive global outlook and specific opportunities in markets like China, our investment strategy focuses on:

1. Global Diversification:
Capitalising on growth opportunities across various regions and sectors to optimise risk-adjusted returns.

Continued

2. Sector Rotation:
Positioning portfolios to benefit from secular growth trends while maintaining flexibility to adapt to evolving market conditions.

3. Risk Management:
Implementing strategic hedging mechanisms to protect against potential volatility spikes, particularly in light of increased geopolitical tensions and potential Q4 volatility.

Conclusion

As we look towards Q4 2024 and into 2025, we remain optimistic about global equity markets. While acknowledging increased risks, particularly the Middle East conflict, and potential volatility in the coming quarter, we believe these conditions create opportunities for patient, strategic investors. Our focus remains on identifying long-term growth prospects while implementing prudent risk management measures.

We are committed to providing timely insights and strategic recommendations as market conditions evolve, ensuring our clients are well-positioned to achieve their long-term financial objectives in this dynamic environment.

Lorne Baring
Managing Director

B Capital SA, Rue Jean-Calvin 14, 1204 Geneva, Switzerland. Tel +41 22 317 7823, Fax +41 22 545 7714.