Asas Capital

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Regulated by the DFSA

Turning the Corner ?

August 2023

This presentation is for discussion purpose.

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CIO View

Is the most widely anticipated U.S. recession in history not going to happen? Has the Federal Reserve managed to pull off, against extreme odds, the almost mythical 'soft landing' with lower inflation, high employment and strong corporate earnings?

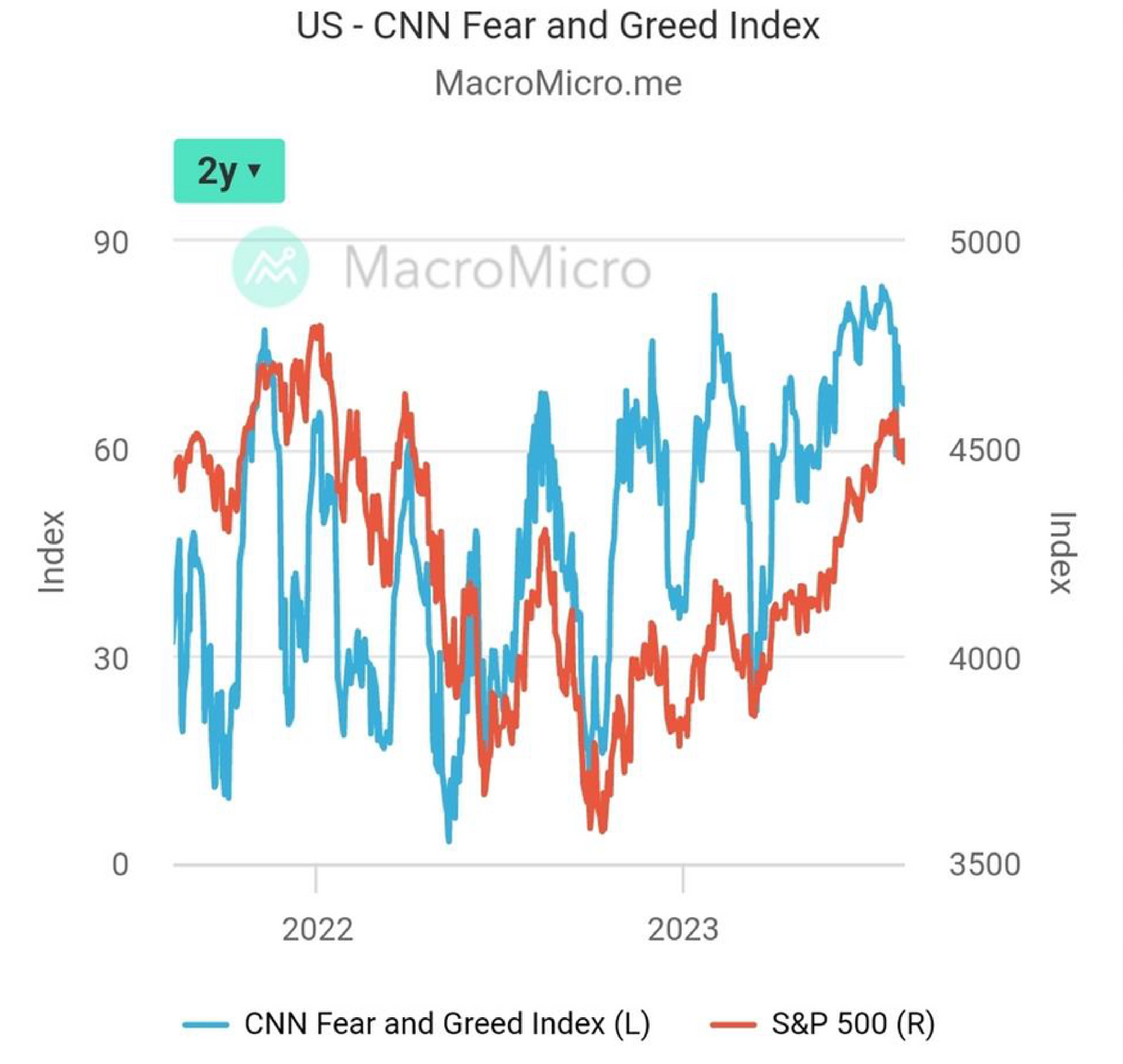
The stock markets certainly seem to think so. The S&P - 500 finished July 2023 at 4,588 only 3.7% below its all time high of 4,766 in December 2021-and almost 20% higher than where it began the year. The Nasdaq-100 did even better with YTD gains of 44%.

Investor sentiment has turned bullish

The CNN Greed Fear Index stood at 77 on a scale of 100, a level corresponding to 'Extreme Greed'.

Investors believe the Federal Reserve will successfully tame inflation and swiftly turn to cutting interest rates, while U.S. economic growth and company earnings stay solid.

Analysts are falling over themselves to revise upwards their end-of-2023 projections for markets, and revise down the probability of a recession.



CIO View

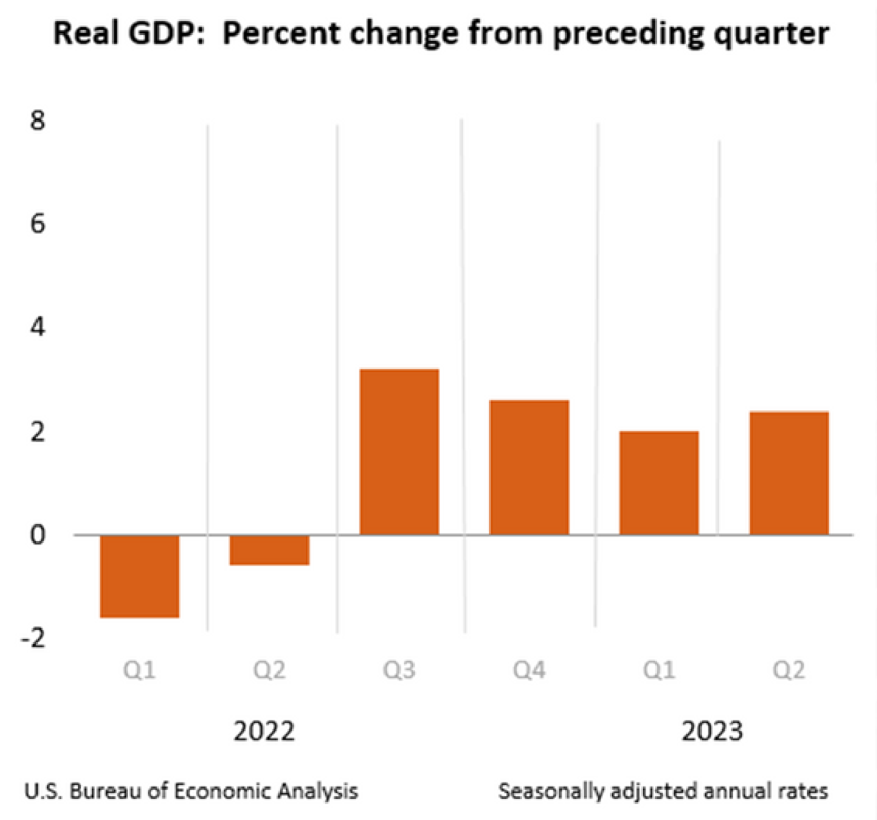
Headline economic data has supported this optimism

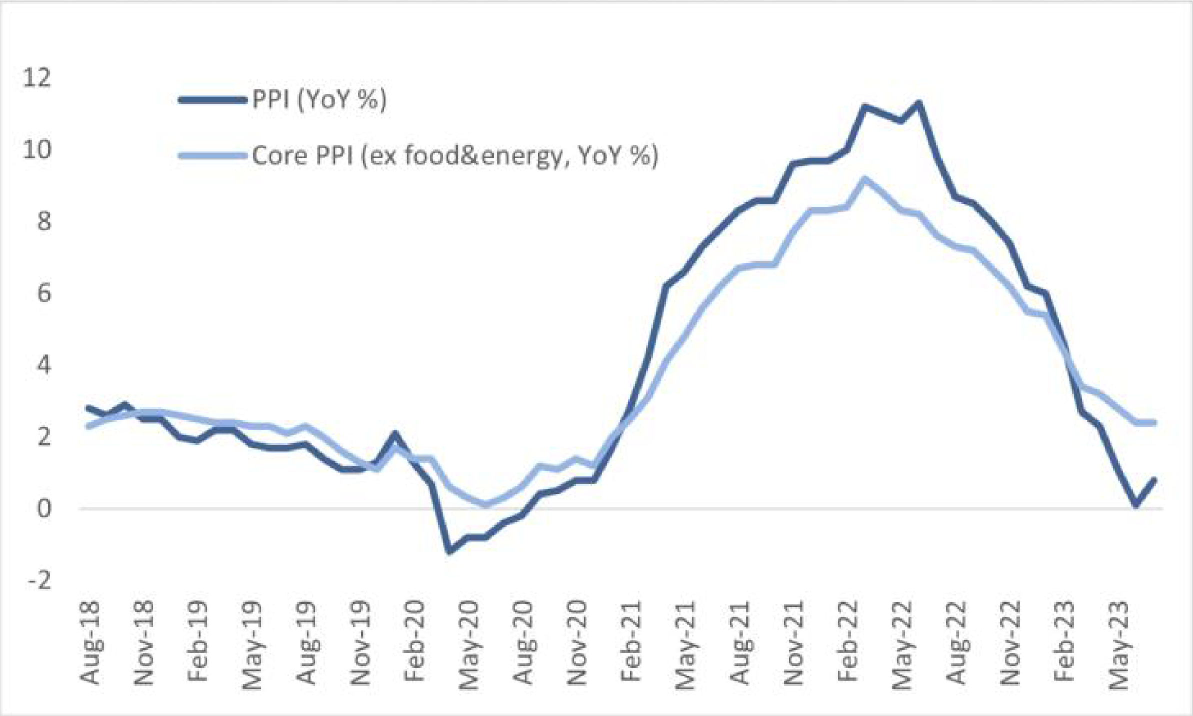
U.S. gross domestic product grew 2.4% in the second quarter, marking **the fourth consecutive quarter that the economy has expanded by at least 2%.**

Consumer prices for July came in broadly as expected The headlines number was up 0.2% on the month and 3.2% from the prior year, slightly lower than the 3.3% forecast Core figures (which excludes energy and food were up 4.7% again in line with forecasts The increase in prices was led almost exclusively by housing.

This report signals that inflation **is headed in generally the right direction.** A year earlier, inflation had started to fall from its peak of 9.1% According to CME Fedwatch, **more than 90% of investors now expect no increase** in the Fed Funds rate at the FOMC meeting on September 20th 2023.

But scratching the surface reveals a more nuanced picture.





Source: Goldman Sachs

CIO View

U.S. government debt was downgraded by Fitch

Fitch Ratings downgraded its US debt rating from the highest AAA rating to AA+, citing “the expected fiscal deterioration over the next three years, a high and growing general government debt burden, and the erosion of governance relative to ‘AA' and ‘AAA' rated peers over the last two decades that has manifested in repeated debt limit standoffs and last minute resolutions."

According to the Congressional Budget Office, the consequences of high and rising debt include:

- “...an elevated risk of a fiscal crisis-that is, a situation in which investors lose confidence in the U.S. government’s ability to service and repay its debt, causing interest rates to increase abruptly, inflation to spiral upward, or other disruptions to occur."
- “Borrowing costs throughout the economy would rise, reducing private investment and slowing the growth of economic output."
- “Interest payments would crowd out other budget priorities, such as national defense.

Corporate earnings have been better than feared, but...

Second-quarter earnings season kicked off in mid-July, and results have been better than analysts had expected, though a large part of that is attributable to forward guidance being repeatedly lowered. **S&P 500 companies that have disclosed quarterly results to date have reported a 7.3% year-over-year decline in earnings per share in the quarter.** This puts the stock market on track for its biggest earnings decline since the second quarter of 2020-in the wake of the last U.S. recession.

	2Q 2023 bottom-up consensus (y/y)				
	EPS	Sales	Margin		Median stock
Sector	Growth	Growth	Level	Change	EPS growth
Consumer Discretionary	31 %	10 %	8.4 %	138 bp	7 %
Industrials	11	4	11.1	69	11
Consumer Staples	9	8	6.8	5	9
Financials	8	NM	NM	NM	8
Utilities	7	NM	NM	NM	(5)
Comm Services	6	0	15.2	81	8
Real Estate	4	NM	NM	NM	4
Info Tech	1	(0)	23.1	34	3
Health Care	(14)	8	9.0	(222)	2
Materials	(24)	(8)	11.9	(256)	(28)
Energy	(51)	(28)	9.9	(462)	(50)
S&P 500	(4)%				4 %
ex. Financials and Utilities	(7)	1 %	11.3 %	(92)bp	4
ex. Energy	3				4
ex. Energy, Fins, and Utils	1	5	11.4	(40)	5

Source: Goldman Sachs Global Investment Research

CIO View

Banking sector continues to be under pressure

U.S. regulators unveiled a new set of capital requirements for large U.S. banks in late July. Regulators estimate the **new capital rules will increase aggregate common equity tier 1 capital requirements by about 16%** over current levels**.**

Moody's downgraded the credit ratings of 10 small to mid sized banks, citing growing financial risks and strains that could erode their profitability. Moody's highlighted that **some of the issues that caused the banking crisis earlier this year haven't disappeared** ; banks are still at risk for depositors to withdraw their funds, while the current higher-interest rate environment is knocking down the value of investments lenders made when rates were super low.

Moody's also said it placed six banks under review for possible downgrades, with some of those among the nation's largest, and shifted the outlook of 11 banks from stable to negative.

Manufacturing data continues to slide

Manufacturing indices from the Institute for Supply Management, which look at manufacturing sector activity and have historically been a strong indicator about the overall direction of the economy, have been **sliding for 18 months and have been in contraction territory for the last eight.**

United States ISM Purchasing Managers Index (PMI)
Source: Trading Economics

CIO View

Conference Board’s LEI numbers point to a slowdown

The Conference Board’s index of leading economic indicators has been **declining since December 2021.**

Industrial production and retail sales, adjusted for inflation, are approaching zero growth year over year.

The New York Fed Recession indicator suggests there is a 67.3% probability of a recession sometime in the next 12 months.

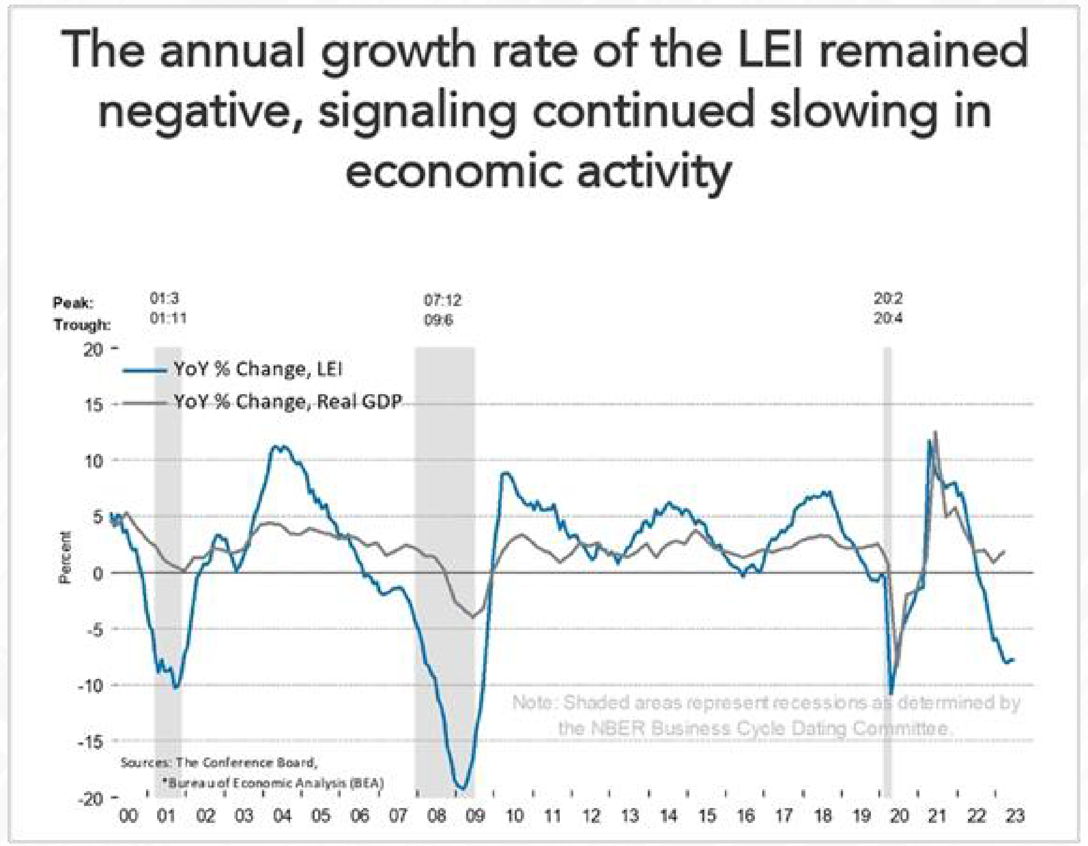
Valuations are expensive compared to history

The S&P-500 is trading at a P/E (TTM) of 20.9, compared to a mean of 14.8. The Cyclically Adjusted PE Ratio (CAPE Ratio) or Shiller PE Ratio, which is based on average inflation adjusted earnings, has an even more extreme reading of 30.8 against a mean of 17.4.

The Buffett Indicator or Buffett Ratio, which is the ratio of the total United States stock market to GDP stands at 182%. This is approximately 51.35% (or about 1.7 standard deviations) above the historical trend line,

Despite all of the above, nearly 75% of S&P 500 stocks are trading above their 200-day moving average, with cyclical sectors posting the highest percentages. Participation in the rally has become much broader than the first half of the year. This suggests that it could have legs.

But it’s hard to argue that investors are getting paid for the risk of owning stocks.



S&P 500: cheap or expensive?

Exhibit 12: S&P 500 valuations, where shading means measure is statistically expensive vs. its own history (as of 7/31/23)
S&P 500 valuation metrics

Metric	Current	Average	Avg. ex. Tech Bubble	Min	Max	% Above (below) avg	Z-Score	History
Trailing PE	20.9	14.8	14.5	5.2	30.5	40.9%	1.2	1960-present
Trailing GAAP PE	26.2	15.1	14.8	4.2	122.4	73.5%	1.3	1832-present
Forward Consensus PE	20.2	15.7	14.9	9.8	25.1	28.3%	1.3	1986-present
Trailing Normalized PE	23.4	19.0	17.8	9.2	34.5	23.0%	0.9	9/1987-present
Median Forward P/E	17.4	15.5	15.3	10.0	21.9	12.3%	0.8	1986-present
Shiller PE	30.8	17.4	16.8	4.8	44.2	77.2%	1.9	1881-present
P/BV	4.50	2.65	2.48	0.98	5.34	69.6%	1.8	1978-present
EV/EBITDA	14.7	10.5	10.2	6.0	17.1	39.8%	1.8	1986-present
Trailing PEG	3.10	1.66	1.63	1.05	3.24	86.4%	4.2	1986-present
Forward PEG	3.00	1.43	1.40	0.92	3.50	110.3%	4.4	1986-present
P/OCF	16.8	11.2	10.7	5.4	19.3	49.8%	1.7	1986-present
P/FCF	29.8	27.8	25.0	12.9	65.7	7.2%	0.2	1986-present
EV/Sales	2.84	1.97	1.91	0.86	3.40	44.2%	1.5	1986-present
ERP (Market-Based)	584	504	521	136	880	15.8%	-0.4	11/1980-present
Normalized ERP	275	349	395	-143	880	-21.1%	0.3	1987-present
S&P 500 Div. Yld. vs. 10yr Tsy. Yld.	0.39	1.23	1.25	0.17	4.20	-68.6%	1.4	1792-present
S&P 500 in WTI terms	60.3	26.7	24.4	2.7	175.3	126.2%	1.8	1960-present
S&P 500 in Gold terms	2.33	1.64	1.42	0.17	5.48	42.0%	0.6	1968-present
S&P 500 vs. R2000 Fwd. P/E	1.42	1.03	0.98	0.76	1.70	37.4%	2.0	1986-present
S&P 500 Market Cap/GDP	1.43	0.66	0.63	0.22	1.66	117.3%	2.3	1964-present

*Above average implied equities are attractive relative to bonds. Note: Trailing P/E based on GAAP EPS from 1960-77, Operating EPS from 1978-87, Pro forma EPS 1988-now. Trailing GAAP P/E based on GAAP P/E for entire series. Market-based ERP based on DDM-implied S&P 500 return less AAA corp bond yield. Normalized ERP based on normalized EPS yield less normalized real risk-free rate.
Source: S&P, Compustat, Bloomberg, FactSet/First Call, BofA US Equity & Quant Strategy

BofA GLOBAL RESEARCH

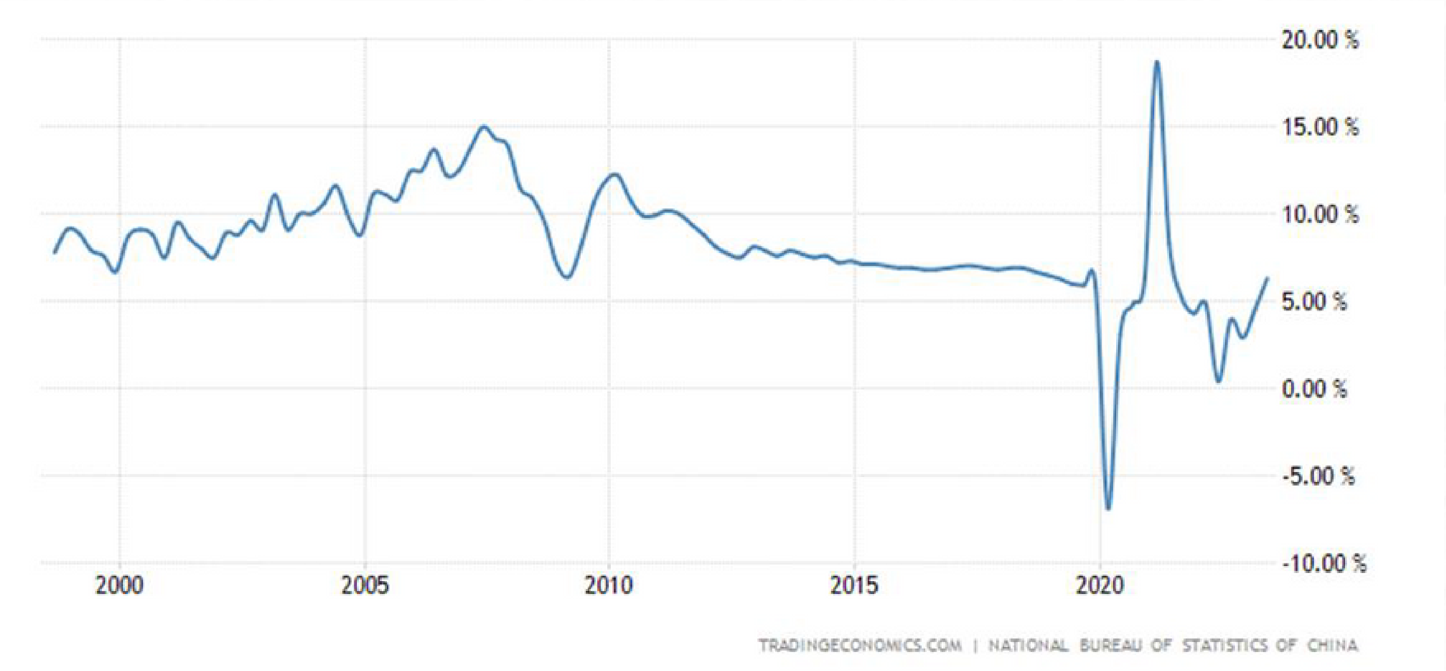
CIO View

Chinese economy will need time to recover

China's National Bureau of Statistics has released H1 2023 China economic data, showing robust recovery in the six months since the lifting of most COVID-19 restrictions. GDP growth was 5.5% p.a. for the first six months. Of course, that was off a low-base due to the COVID-19 restrictions in place until the end of 2022.

Further, monthly data shows that growth slowed in May and June. June retail sales data, which was released alongside the GDP numbers, showed sales grew 3.1%, slowing sharply from a 12.7% jump in May. Annual consumer-price inflation actually turned negative Exports fell by more than 14% in dollar terms.

Country Garden, one of the country's biggest property developers, missed two coupon payments on its dollar bonds.



China GDP Annual Growth Rate

All in all, China is facing a confluence of problems: Sluggish consumer spending, a shaky property market, flagging exports amid a US drive for "de -risking," record unemployment (youth unemployment of 20.8%) and towering local government debt.

The People's Bank of China cut interest rates in June, a traditional tool to help growth. Possibilities of further support include a further easing in property restrictions, tax breaks for consumers, more infrastructure investment and incentives for manufacturers, especially in the high-tech sector.

But as of now, policy changes have been largely incremental. Massive oversupply of housing means it will take a while for any property stimulus to flow through to actual construction. With a shrinking population and slowing urbanization, there are few structural factors driving housing demand. That means the country could face an extended period of weak growth while it works out its debt problems.

CIO View

Emerging markets are well positioned for growth

Emerging markets have lagged the United States significantly this year, constrained by concerns surrounding US inflation and monetary policy, the trajectory of the US dollar, geopolitical risks, and global macroeconomic conditions. In particular, China's economy, which is a major driver of emerging market growth, has performed below expectations.

As of August 14, 2023, the MSCI Emerging Markets Index is up 2.2% year-to-date, while the MSCI World Index is up 13.2%.

Looking forward, there are reasons to be optimistic.

Over the past 20 years, emerging markets have evolved, serving as a source of ever-changing investment opportunities. **Liquidity has deepened** and investor interest has increased. **Demographic trends and urbanization are supportive of long term tailwinds** that may be able to accelerate growth for the asset class; with a **growing middle class** comes a consumer that is younger, increasingly more educated, and a faster adopter of new technology.

Central banks across emerging economies reacted quickly to inflationary risks, initiating a remarkable series of rate hikes in 2021 that continued until early 2023, allowing them to reap the benefits of falling core inflation sooner than the developed world did.

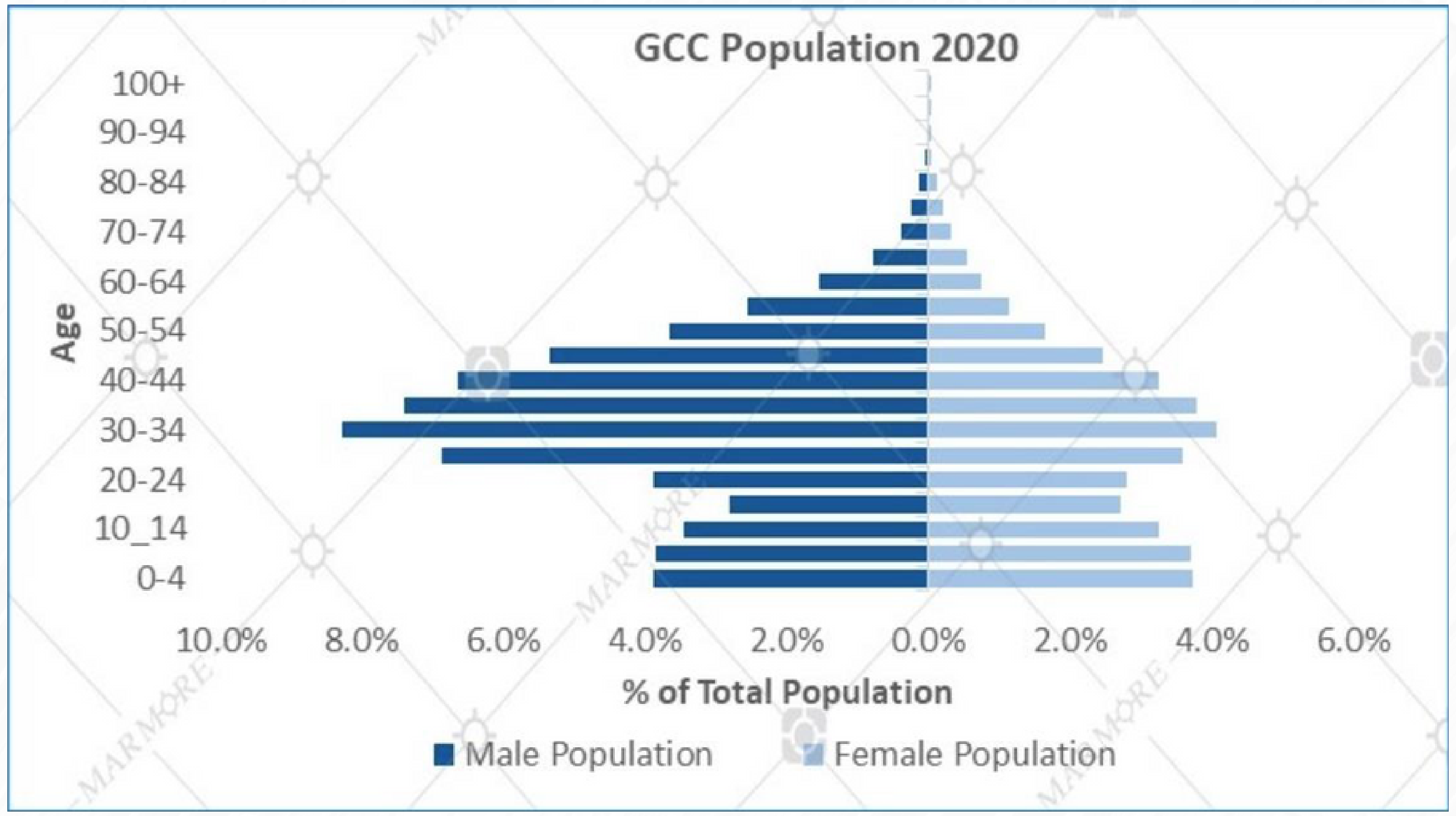
Valuations are attractive, with the MSCI Emerging Markets Index trading at a discount to the MSCI World Index.

CIO View

GCC capital markets benefit from tailwinds

GCC capital markets are, of course, relatively small compared to global capital markets. The total value of the GCC capital markets was estimated to be ~ $4 trillion. This is about 0.5% of the global capital markets. However, GCC capital markets are growing at a rate of about 10% per year, which is much faster than global capital markets.

Strong government finances with balance sheets that carry far **less leverage than most advanced economies, high GDP per capita, young and ambitious populations and relatively stable political leadership that is strongly committed to growth**, GCC economies offer an attractive investment destination. Increased focus on privatization has also opened up many new opportunities and is reflected in much higher investor interest from overseas.



Source: Marmore MENA Intelligence

Moody's concerns and downgrades: U.S. regional banks under scrutiny

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Downgrades and Notice

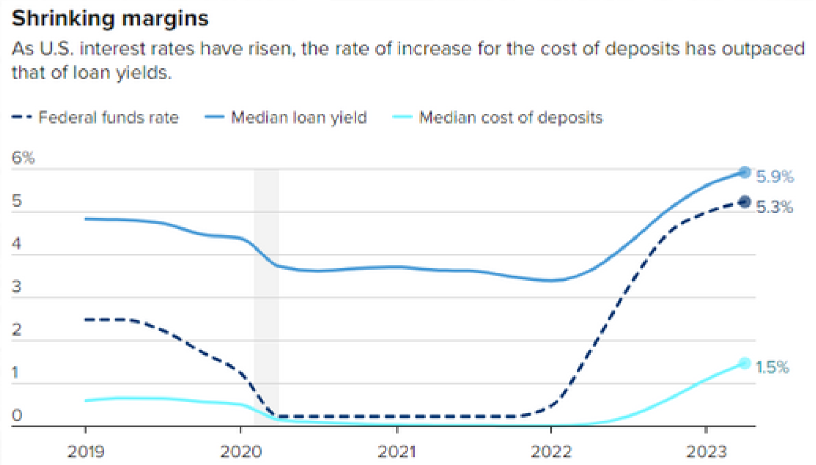
- Moody's downgraded credit ratings for 10 small and midsized banks.
- Placed six major lenders on notice for potential future downgrades.
- Challenges include profitability pressures, higher funding costs, and slowing loan growth

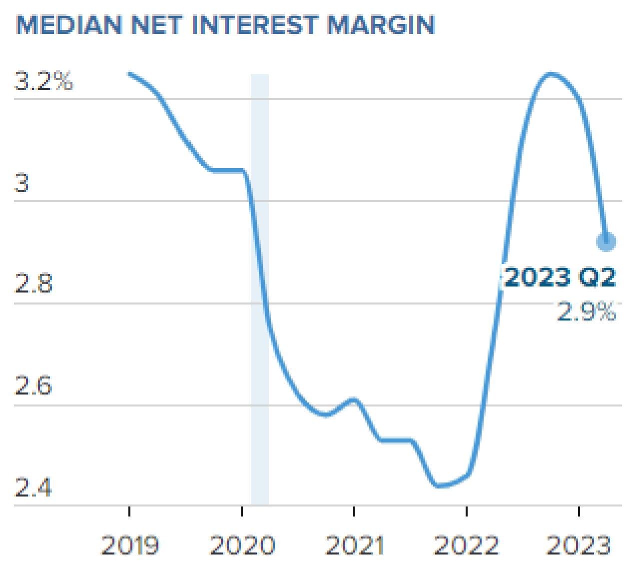
Factors Influencing Downgrades

- Larger banks like U.S. Bancorp and Trust Financial face low capital buffers.
- Others like State Street and BNY Mellon experience significant deposit outflows.
- Intensified competition for deposits post banking crisis leads to increased funding costs.

Industry Challenges and Market Impact

- Higher interest rates affect net interest margins and consumer loan demand.
- Banks need to manage balance sheets conservatively, potentially limiting loan growth.
- Regional banks at higher risk due to lower regulatory capital; fixed rate assets limit growth.





Banks under Review		
Bank Name	**Rating Action**	**Outlook**
Bank of New York Mellon (BK.N)	Review for downgrading the long-term issuer ratings, debt ratings, counterparty risk ratings	Reflects ongoing strain in the US banking sector, including more funding pressures and potential regulatory capital weaknesses
US Bancorp (USB.N)	Review for downgrade of all long-term and select short-term ratings	Reflects its low, though improving, level of capitalization, rising deposit costs and increased use of wholesale funding and its sizable holding of fixed-rate assets
Truist Financial (TFC.N)	Review for downgrade of long-term ratings	Changed to ratings under review from stable
State Street Corp (STT.N)	Review for downgrade of long-term ratings	Changed to ratings under review from stable
Northern Trust Corp (NTRS.O)	Long-term ratings under review for downgrade	Reflects the strain in the US banking sector, including funding pressures and potential regulatory capital weaknesses

Will the downgrades of US banks impact global financial stability?

Banks tighten credit terms, see loans demand drop

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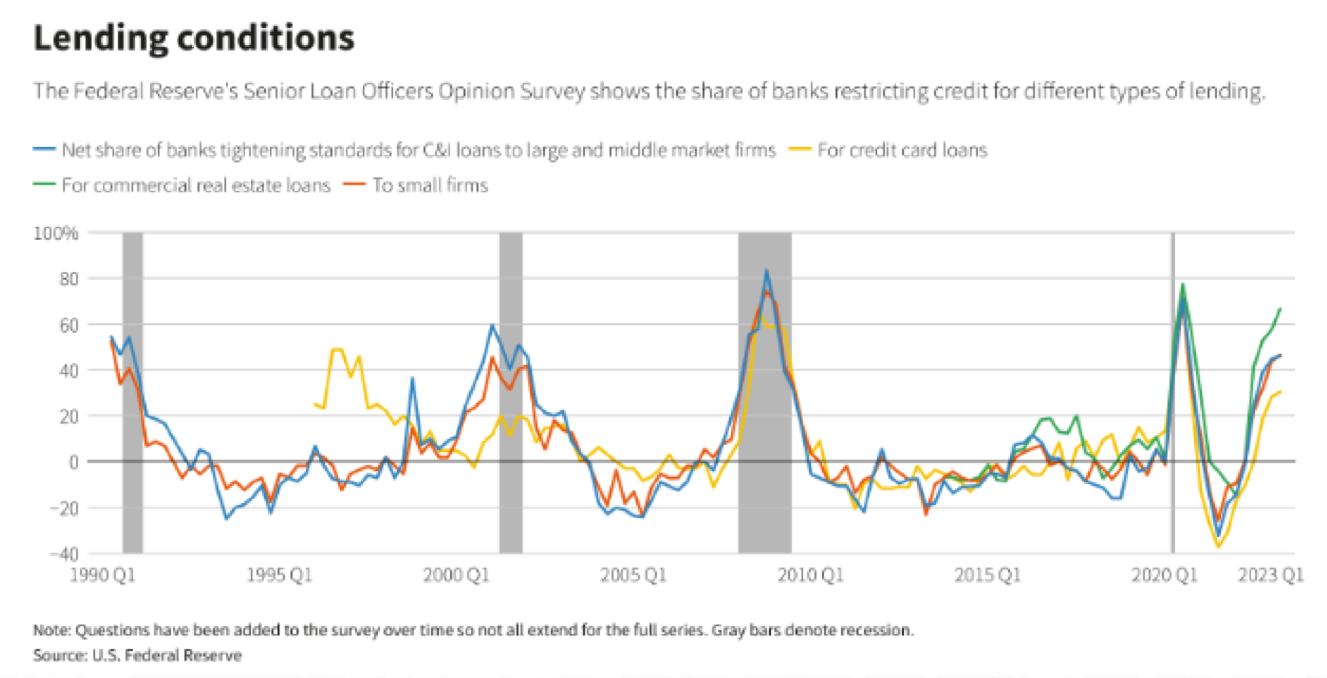
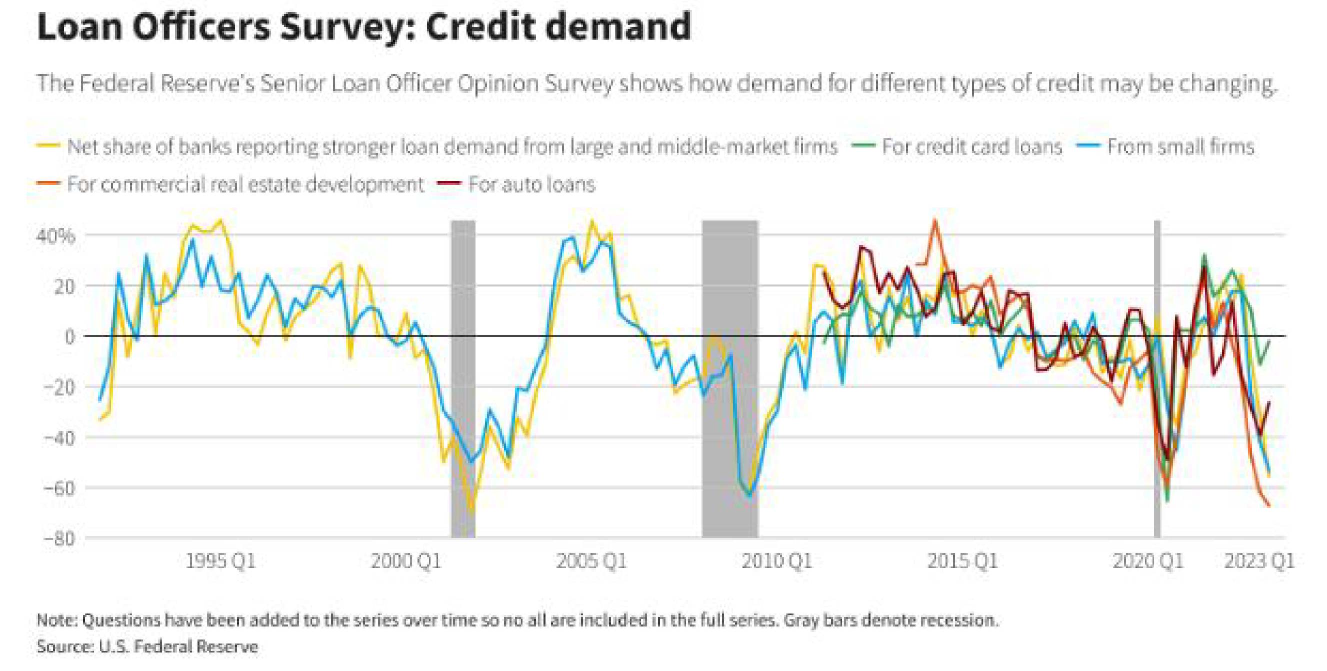
Credit conditions tightened for U.S. businesses and households in the first half of the year, attributed to aggressive Fed monetary tightening and a significant increase in credit restrictions for medium/large businesses (46.0%) and small firms (46.7%)

- Firms of all sizes showed decreased demand for credit compared to three months ago.
- Banks reported capping loan sizes and raising borrowing costs.
- Banks displayed diminished willingness to provide consumer installment loans.
- Auto loan sizes were also limited by banks.
- Soft demand for credit cards, automobile loans, and household credit was observed on the consumer side.

Rising concerns among banks about capital conservation and liquidity in a weak economic outlook are leading mid sized banks to worry about credit quality, collateral values, risk tolerance, bank funding costs, liquidity positions, and deposit outflows





How much will aggressive Fed tightening & higher credit restrictions for businesses affect the economy?

Emerging Markets: claiming their space

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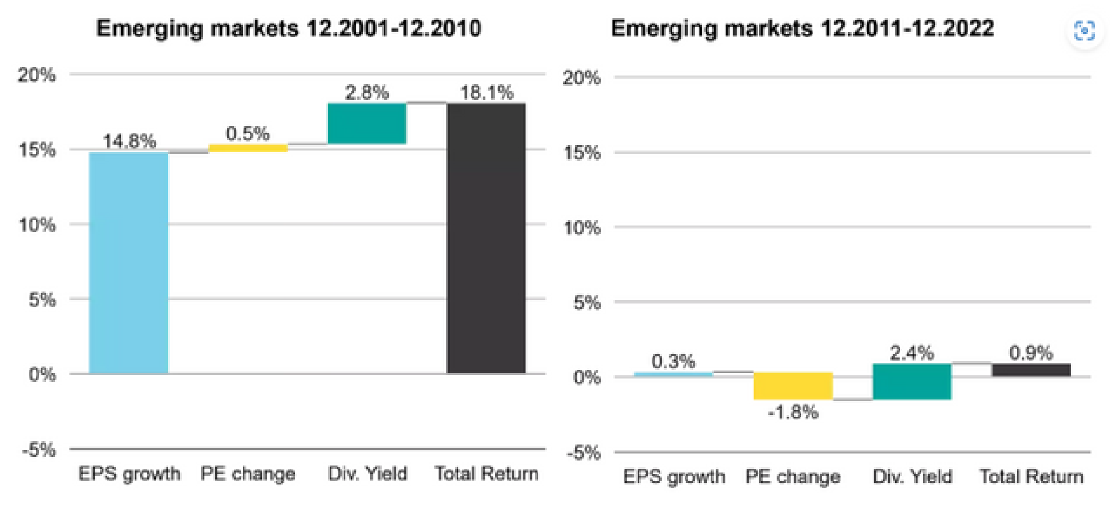
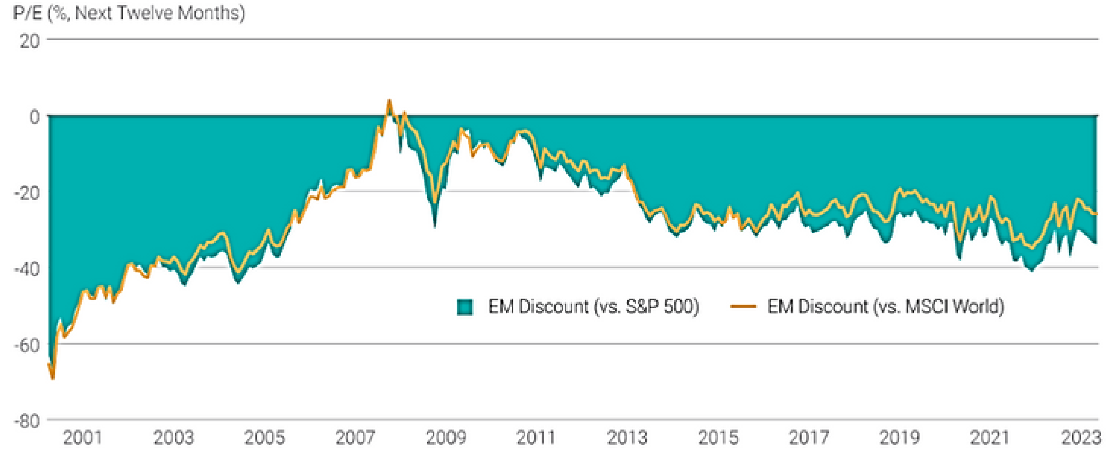
- EM had a lost decade of earnings growth
- Enjoy economic growth premium over DM
- Common theme across EM – demographic trend and urbanization are supportive of long-term tailwinds
- Unique Drivers to different EM economies –
  - India - ~80% of population under 50 to support growth well into 2050s
  - Indonesia – climbing up the metals value chain from ores to processed metals for EV as it is home to nickel, copper, bauxite
  - Brazil, Mexico benefitting due to nearshoring and increased FDI
- EM as an asset class remains under-owned despite being attractively valued, with high and improving financial productivity.



Source: Vontobel Asset Management, Factset; data as of 30.12.2022

Region	Earnings Gth 2024	ROE	Div Yld	FCF Yld
EM	19%	12%	3%	6%
DM	8%	15%	2%	4%
US	10%	18%	2%	4%
Europe	5%	14%	4%	7%
Japan	5%	9%	2%	2%

Source: Bloomberg, JP Morgan, MSCI



As of 31 May 2023
Source: FactSet

Market Cap (trillion real US$ 2021)

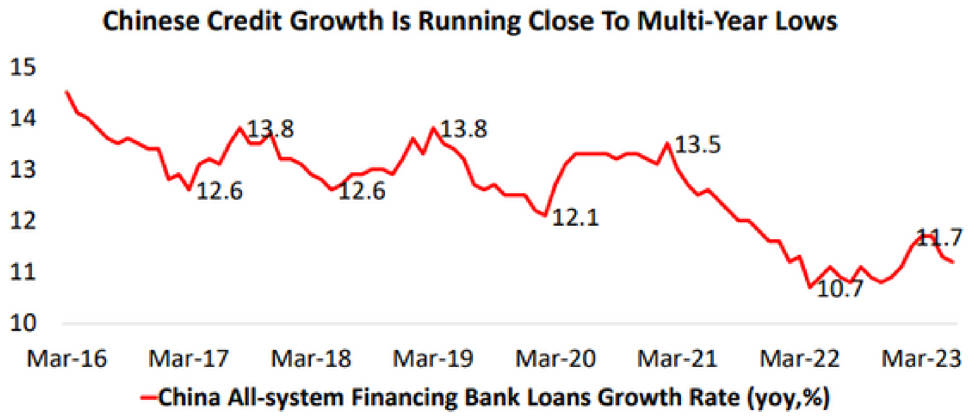
Region	2022	2026	2028	2033	CAGR 22-33
India	3	4	5	7	*8.0%*
China	10	14	16	21	*7.0%*
Rest of EM	12	17	19	27	*7.7%*
US	40	38	40	46	*1.3%*
Euro Area	9	9	10	12	*2.6%*
Rest of DM	20	24	26	30	*3.8%*

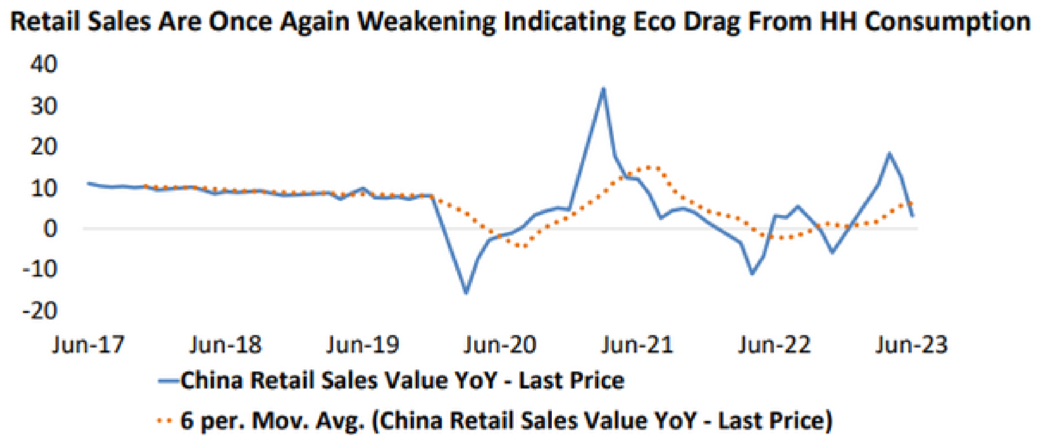
Source: Goldman Sachs

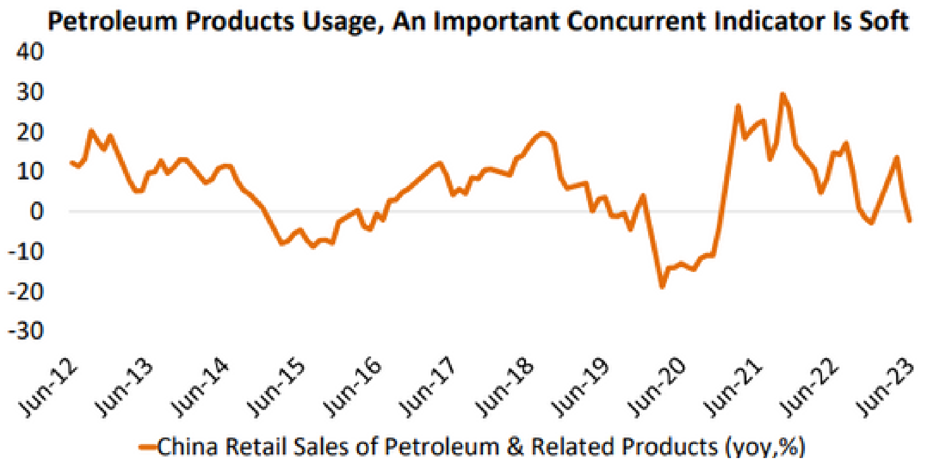
Merit in working with specialized EM Managers

China: Waiting for Godot (1/2)

- Reopening at end of 2022 provided boost to economic activity.
- Impact of recent easing measures like policy rate cuts, recent 22 measures to lower costs for firms expected to be marginal as lending rates near record lows
- Still struggling to sustain growth-youth unemployment touched 20.8%, property sector struggling, private fixed investment negative-first time since COVID-19 reflecting lack of investment by businesses
- Real Estate, 1/3 of China's GDP, yet to stabilize even after 18 months of Evergrande default with the latest default by Country Garden largest private developer restructuring on offshore and onshore debt

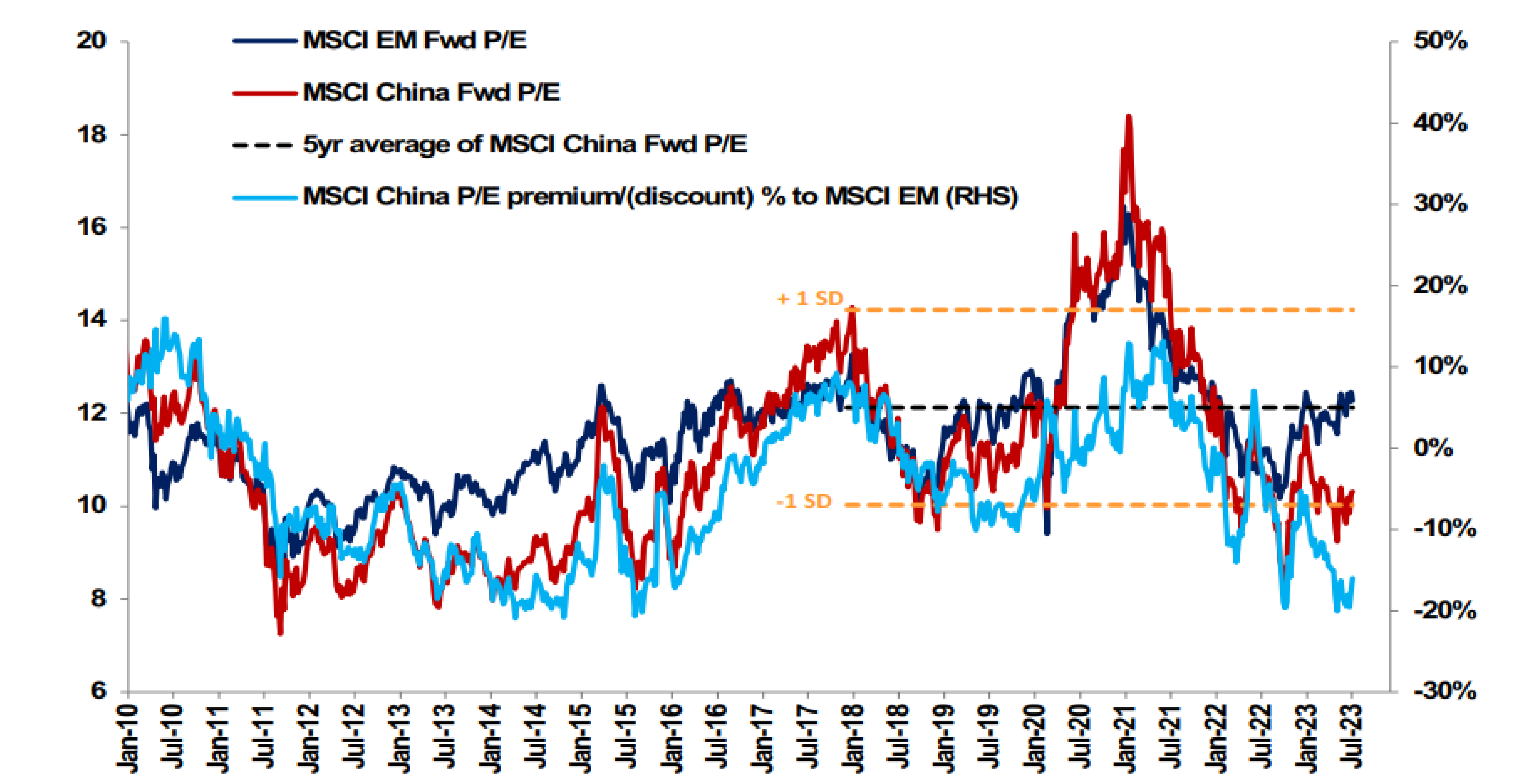




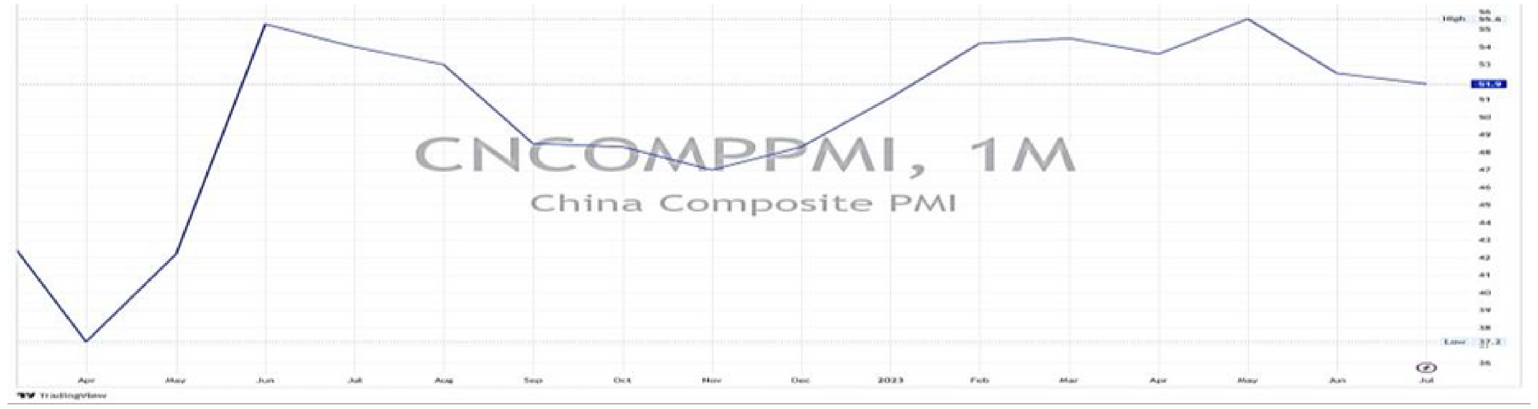


China: Waiting for Godot (2/2)

MSCI China and MSCI EM Valuation – China Now Trades at 10.6x 12-month Forward P/E, About 1 sd Below Five-year Average and at 16% Discount vs. MSCI EM's



Source: Datastream, MSCI, Morgan Stanley Research. Data as of August 2, 2023.



Recent US China Geopolitical Events – While Bilateral Communication Has Resumed and Continued, Question Marks Remain

Time	Events
2023/1/28-2023/2/4	US-China balloon incident.
2/18/2023	US allegation China considered supplying Russia with weapons.
3/14/2023	US officials expected a phone call between Presidents Biden and Xi.
4/20/2023	Politico report on US direct investment restriction.
5/8/2023	China's foreign minister met with the US ambassador to China.
5/10/2023	US national security adviser Jake Sullivan and Wang Yi met in Vienna.
5/21/2023	Biden's comment on US-China relationship improving soon.
5/23/2023	Xie Feng, the new Chinese Ambassador to the United States arrived to assume office.
5/26/2023	Chinese Minister of Commerce Wang Wentao met with US Trade Representative Katherine Tai in Detroit during APEC Trade Ministers' Meeting.
5/30/2023	State Councilor and Foreign Minister Qin Gang met with Chief Executive Officer of Tesla Elon Musk in Beijing.
6/5/2023	Senior US diplomat Daniel Kritenbrink visited China.
6/14/2023	Bill Gates visited China.
6/19/2023	U.S. Secretary of State Antony Blinken met with Chinese President Xi Jinping in Beijing.
2023/7/6-2023/7/9	Treasury Secretary Janet Yellen visited Beijing as part of efforts to revive U.S.-Chinese relations.
2023/7/16-2023/7/19	U.S. special envoy on climate issues John Kerry attended a press conference in Beijing.
7/20/2023	Chinese President Xi Jinping met with former U.S. Secretary of State Henry Kissinger.
7/23/2023	CEOs of the largest US chip makers, including Intel's Gelsinger and Nvidia's Huang urged Biden to pause the roll-out of new measures.
7/26/2023	US Senate backed measure requiring reporting on China tech investments.
7/28/2023	White House has decided to ban US-sanctioned Hong Kong leader John Lee to attend APEC summit.
7/28/2023	US intelligence report has alleged China is likely supplying Russia's army in Ukraine.
8/1/2023	BlackRock, MSCI face congressional probes for facilitating China investments.

Source: Government news, Morgan Stanley Research; Data as of August 2 2023.

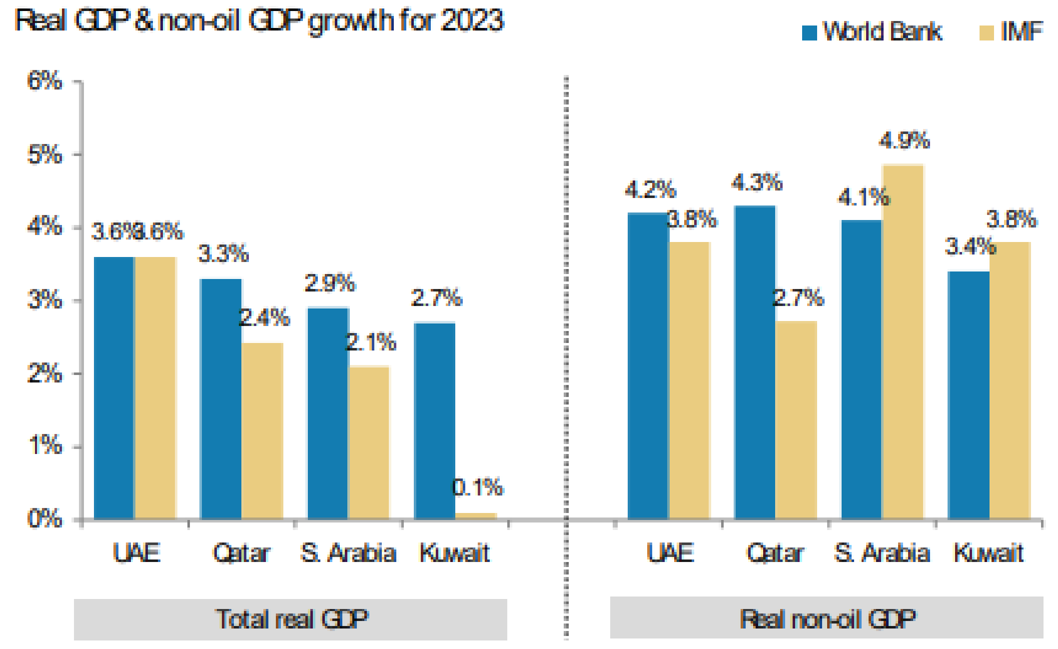
While valuations are cheap, it will take time to realize the benefits

GCC Capital Markets: an underexplored opportunity (1/ 2)

While the global economy is facing an uncertain future, the **GCC region is in a relative sweet spot with strong economic growth, moderate inflation, and fiscal surpluses Also, Non-oil sector is growing!!!**

- **Reasons for a rise in GCC markets**: Strong residential sector, wealth growth, growing expat population, rise in domestic consumption as well as foreign inflow
- Growing population with a **median age of 30 years**
- Saudi Vision 2030 UAE's D 33 and Abu Dhabi Vision 2030 all aim to diversify away from oil revenue, increase privatization, further grow the economy and attract greater amounts of FDI's into the region
- Size of GCC market ex Aramco is **2 Trillion USD**
- Tadawul is the **9th largest stock market among the 67 members of the World Federation of Exchanges** and is the dominant market in the Gulf Cooperation Council (GCC) The **Saudi Exchange is the 3rd largest stock market amongst its emerging market peers.**

Middle East's GDP growth is expected to decelerate in 2023, but non-oil GDP growth is to remain strong



GCC Country	Annual GDP	Debt/GDP
Bahrain	$44.4 Bn	126.28%
Kuwait	$185 Bn	8.67%
Oman	$114.7 Bn	40.15%
Qatar	$237 Bn	58.41%
Saudi Arabia	$1,108 Bn	28.80%
United Arab Emirates	$507 Bn	35.90%

Source : World bank. Data is as of April 2023

GCC Capital Markets: an underexplored opportunity (2/2)

Our focus for near and medium term will be KSA UAE markets

- KSA and the UAE account for more than 70% of both the population and of the $2.1 trillion GDP in the Gulf region.
- The UAE and KSA brought in a record foreign direct investment sum of $40 billion in 2022 (58 vs LY)
- Equities and investment funds in KSA make up the largest asset class at 46% of total personal wealth in 2021 and are by 2026 expected to grow the fastest with a CAGR of 6.9%.
- **81 stocks available with Market Cap above $1 billion and liquidity of average daily trading value above $5 Million.**
- The world's largest IPO in 2023 is the $2.5 billion by UAE's ADNOC Gas PLC ADNOC
- **How to participate in the GCC growth story?** Equity markets of KSA UAE (most liquid capital market with the highest multiples in GCC), GCC related ETF's and funds, GCC fixed income

Source : Argaam

Copper getting ready to shine, as demand surges amid supply gap

Supply Gap and Rising Demand:

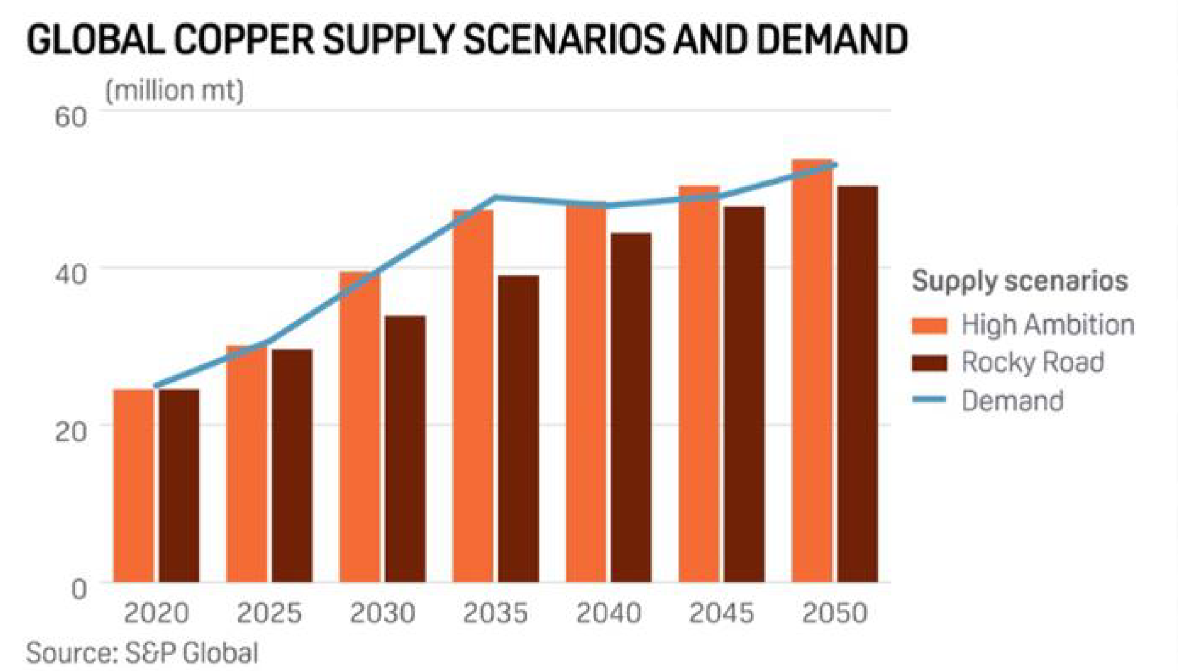
- Global electrification drives demand to 36.6 million tonnes by 2031, but supply falls short.
- Green uses (EVs) of copper rise to 17% by 2030, requiring 54% more demand.
- S&P Global predicts demand to double to 50 mn tonnes by 2035, while output remains at 31 mn.

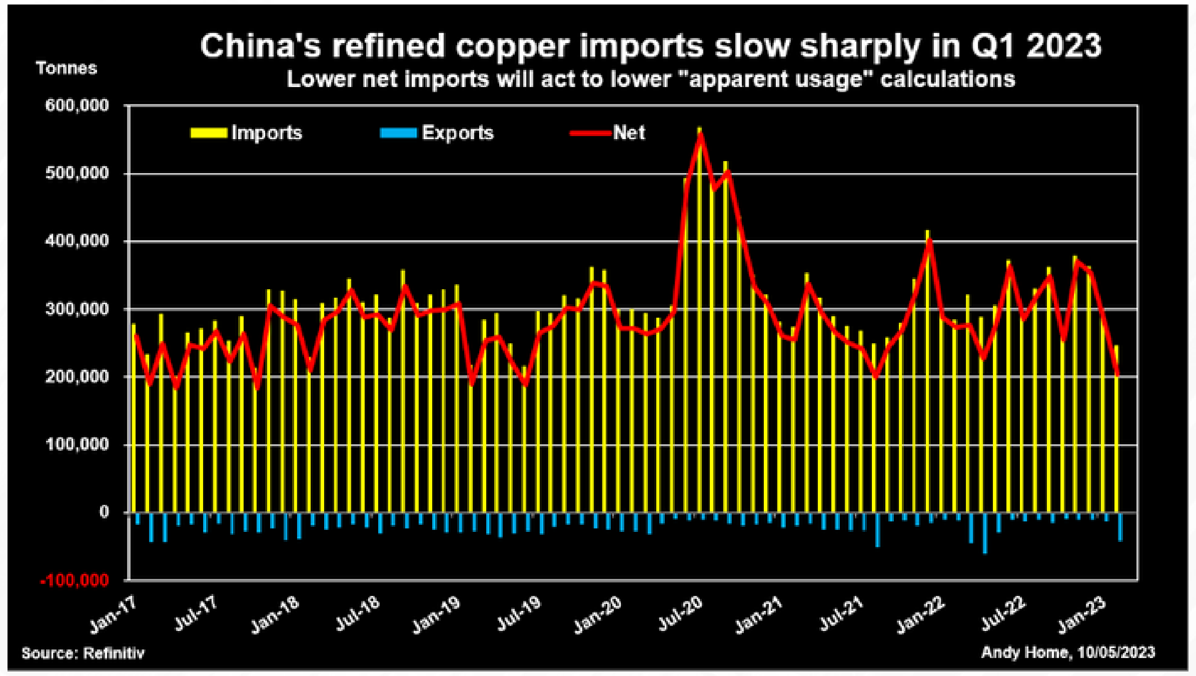
Disruptions and Geopolitical Risks:

- Over 50% of copper production from "Unstable" nations poses supply risks.
- Political turmoil in major producers impacts supply chains.
- Chile's permitting PERSISTING? difficulties affect output from the largest copper producer.

Current Market Challenges:

- Western manufacturing slowdown raises doubts for 2023 copper outlook.
- Reduced Chinese imports and recession risks lower copper prices.
- Modest demand growth with China's usage increasing gradually.
- Inadequate mine supply hampers copper production growth.





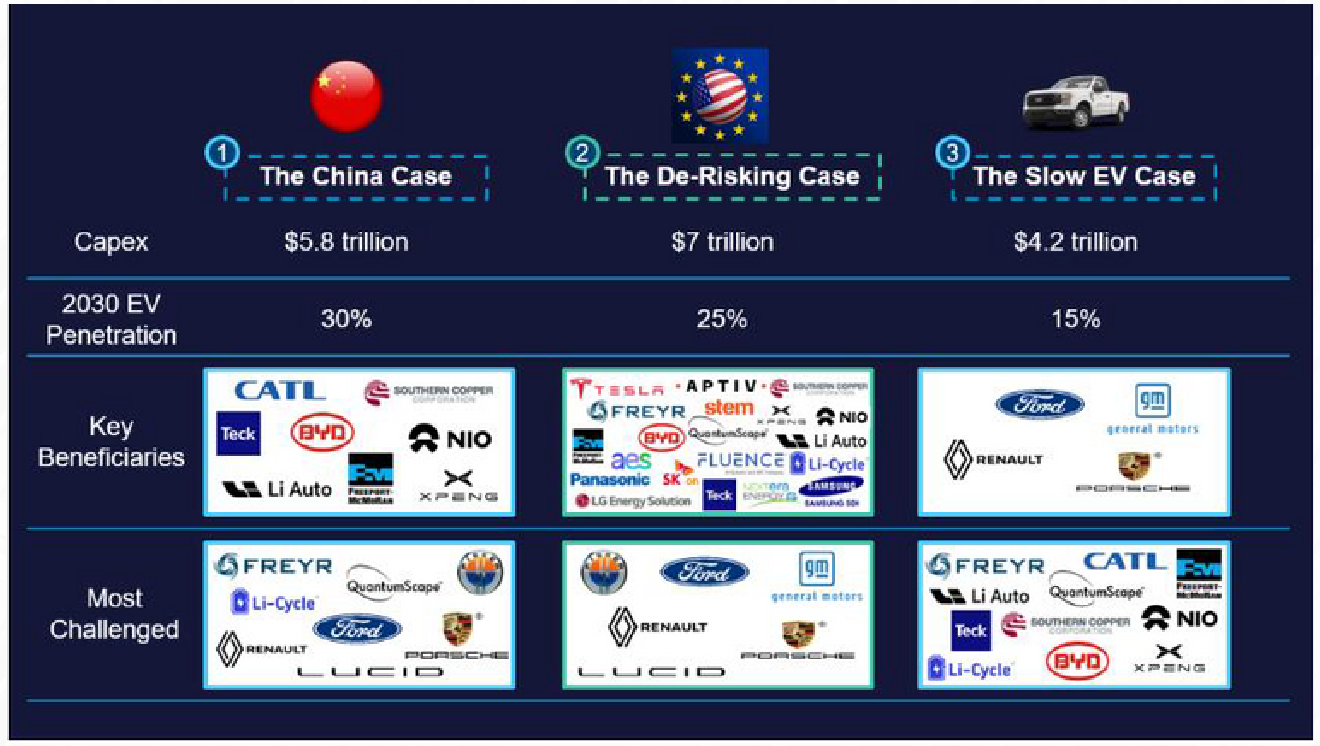
Will the global copper market face significant deficits, leading to a rise in prices?

EV penetration is not happening as fast as anticipated

Despite half-hearted resurrections such as the EV1 from General Motors in 1996 it was not until **Tesla's arrival in 2003 that the battery electric revolution began in earnest!**

- EVs and PHEVs (Hybrid) penetration has increased from 0.2% of new car sales a decade ago to 13% in 2022
- By 2025 EVs will account for nearly a quarter of sales (Bloomberg NEF), and closer to 40% in **Europe and China**
- A draft law approved by the **European Union** in February may mean a total ban on new ICE cars by 2035, **China** is demanding that 20% of cars must be EVs by 2025, **America** demands two thirds of car sales to be battery-powered by 2032
- Carmakers are duly investing vast sums: around $1.2%trn by 2030. **GM has announced to go all electric by 2035 and Ford says the same for its European arm**
- **As per Economist**, ICE is declining but at a very slow rate and may take 2 decades to get replaced by EV.
- **Other than Tesla, below automobile leaders may be the beneficiary assuming the most conservative scenario**

Ticker	Name	Market Cap (in Bn)	Instrument Type	Price	52W High	52W Low	P/E	Dividend
F	Ford Motors	$ 51.7	Stock	$ 12.89	$ 16.88	$ 10.9	5.9	4.5%
GM	General Motors	$ 50.8	Stock	$ 36.57	$ 43.63	$ 31.11	4.4	-



Source : Morgan Stanley research

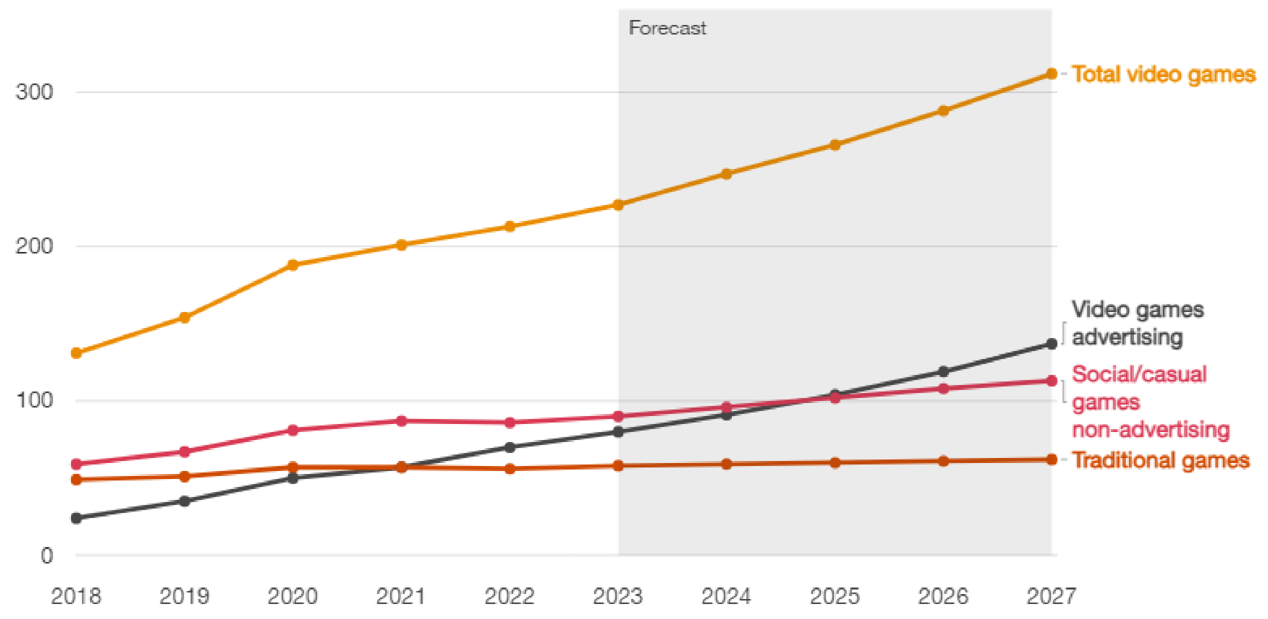
- China Case : Accelerated demand from China's domestic market
- De-risking case EV penetration with a geographically diversified supply chain
- Slow EV case : Efforts to onshore require slower EV adoption and ICE vehicles maintain share for longer

Serious money in playing games

- Gaming revenue is set to reach US$312 billion by 2027, with a 7.9% CAGR, reinforcing its E&M dominance.
- Advertisers see games as an engaging platform, leading to nearly doubled revenue of US$100 billion by 2025.
- Video games inspire blockbuster films, e.g., The Super Mario Bros. Movie grossed US$1 billion in 2023. Netflix invests in gaming IP movies, highlighting their entertainment value.
- Games appeal to diverse demographics, especially youth, fostering creativity, spending, and advertising.
- Success of gaming based films and series like Sonic the Hedgehog 2 and The Last of Us showcases gaming's centrality in E&M experiences.
- Individually selecting stocks is inherently idiosyncratic; while opportunities exist, there is no traditional method to reliably choose the correct ones.

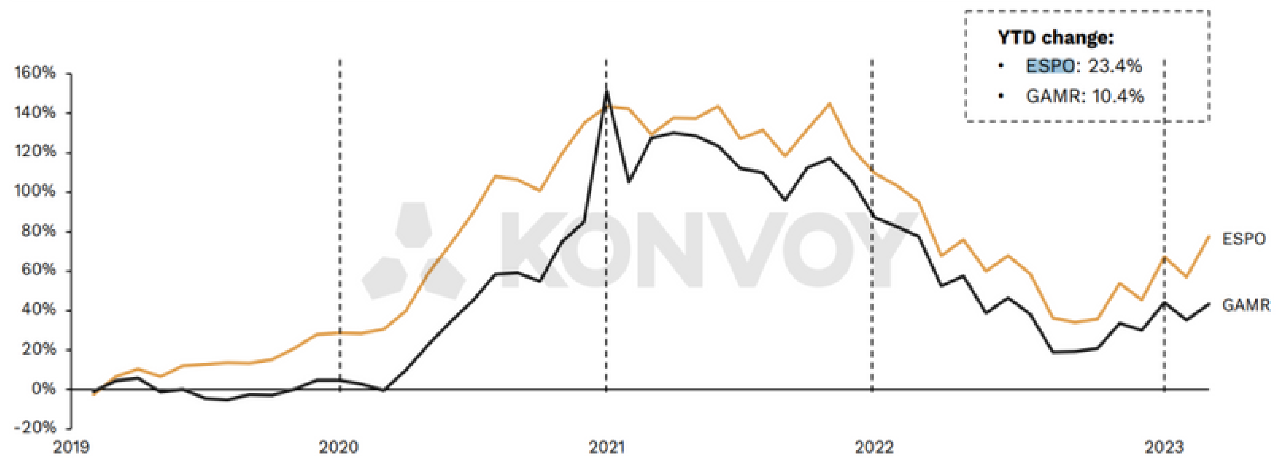
Ticker	Name	Market Cap (in Bn)	Instrument Type	Price	52W High	52W Low
ESPO	VanEck:VG and eSports	$ 0.30	ETF	$ 56.09	$ 59.12	$ 37.93
GAMR	Wedbush ETFMG Vid Gm Tch	$ 0.05	ETF	$ 60.06	$ 66.04	$ 47.44

Global revenue (US$ billion)



Note: 2022 is the latest available data. 2023—2027 values are forecasts. Numbers may not add up to the total shown due to rounding.
Source: PwC's Global Entertainment & Media Outlook 2023—2027, Omdia

Stock performance of Gaming ETFs: ESPO & GAMR, *% change from January 2019*



Convictions By Asset Class

	Strong Under Weight	Under Weight	Neutral	Overweight	Strong Overweight
EQUITIES					
Global Equity			✓		
United States		✓			
Eurozone		✓			
Japan			✓		
Emerging Markets				✓	
U.S. Investment Grade				✓	
U.S. High Yield	✓				
EM Investment Grade				✓	
EURUSD			✓		
USDJPY			✓		
GBPUSD			✓		
EM FX (vs. USD)			✓		
Crude Oil			✓		
Copper				✓	
Gold				✓	

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