MARKET COMMENT (As of end of March 2024)

The first quarter of 2024 was marked firstly by a much stronger-than-expected resilience of the US economy, in contrast to the European and Chinese struggling economies, but also by inflation, which is falling overall less quickly than expected, particularly in the US.

US GDP figures for Q1 came at 3.4%, maintaining the pace of growth of the Q4 23, while the Federal Reserve's preferred metric (Core PCE Deflator) remained fairly high in February. But Jerome Powell's speech has been resolutely "dovish" at the March meeting, continuing to anticipate 3 cuts for the rest of the year. The situation is a bit different in Europe with Germany in recession and closely followed by France. As a consequence, 4 rates cuts are expected for the Eurozone and the first one should take place in June.

In that context, 10Y interest rates moved lower in the G10 universe except for the US where it remained stable. Equity markets continued to see the situation as a Goldilocks scenario, without any sensitivity to the first quarter interest rates adjustments to the upside: the MSCI Word gained +3%.

Even if a lot of risks are still threatening the markets (political, geopolitical, government debts burden, etc.), risk parameters do not reflect these potential sources of concern. Equity volatility indices (VIX or V2X) are at very low levels, around 13 points, with realized index volatility also very low over the last quarter. Investment-grade credit spreads lost 5bps over the month and are gradually returning to the lowest levels of the last 15 years. Equity risk premiums are also at 20-year lows, while earnings are at their highest.

In that context, our Multi-Strategy Funds delivered a positive performance.

The **quantitative and systematic strategies delivered a very good month**. Commodities strategies have been the main contributor driven by the Carry factor. Equity, Rates and Forex strategies had all a flat contribution.

Implied Strategies delivered a positive performance. This is mainly due to relative positions on Index volatility.

The contribution of **Credit & Carry strategies has been positive this month** as well. This is primarily due to Correlation positions.

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Chief Investment Officer

Important Notice