Haute®
Capital
Partners.

RAPIDLY EVOLVING LANDSCAPE

June 2024

Haute’s Capital Increase

Details

The share capital of Haute Capital Partners is increased from CHF 2’415’168 to CHF 2’640’168 through the issuance of 100’000 registered shares with a nominal value of CHF 2.25 each. Existing shareholders have a subscription ratio of 10:1, with an issue price based on the opening price of June 17, which was CHF 119.-.

Subscription Period and Pricing

The subscription period will commence on June 18, 2024, and end on September 20, 2024. The issue prices are as follows:

- CHF 107.10 per registered share if subscribed and paid for by July 5, 2024, 12:00 CET (10% discount on the opening stock price of CHF 119.- on June 17, 2024).
- CHF 110.70 per registered share if subscribed and paid for by August 2, 2024, 12:00 CET (7% discount on the opening stock price of CHF 119.- on June 17, 2024).
- CHF 113.10 per registered share if subscribed and paid for by September 20, 2024, 12:00 CET (5% discount on the opening stock price of CHF 119.- on June 17, 2024).

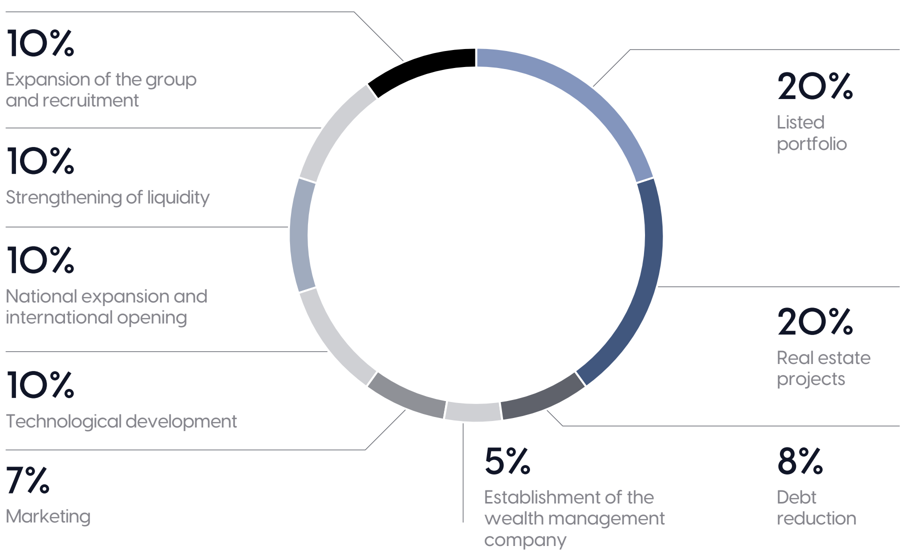
Annual General Meeting Results

All agenda items discussed during the annual general meeting were accepted, including the reelection and remuneration of the board, the modification of the company's statutes, the approval of the capital increase, and the approval of the 2023 annual financial statements.

Participating in this capital increase supports our strategy for diversified, sustainable growth. We aim to enhance our investment portfolio, finance real estate projects, reduce debt, and invest in marketing and technology. Expanding our national and international presence, reinforcing liquidity, and launching Haute Wealth Management* are key to generating exceptional returns and long-term value.

STRATEGIC
AND DIVERSIFIED
INVESTMENT PLAN ▸

Source: Author



*Haute Wealth Management is a project in development. Please note that the license required for the implementation of this project is currently pending approval by FINMA. Any information contained in this document is subject to change and should not be considered final or approved until the authorization is officially granted.

The ECB gets Ahead of the FED

ECB Rate Cuts

The European Central Bank (ECB) is navigating a complex economic landscape as it cuts rates amidst persistent wage growth and inflationary pressures. On June 6, 2024, the ECB cut its policy rates by 25 basis points, signaling potential further reductions despite the persistent wage-driven inflation risks.

Recent economic data highlight the challenges faced by the ECB. In the Euro Area, wages surged significantly, posing challenges to the ECB's inflation outlook. Wages and salaries increased by 5.3% year-over-year in Q1 2024, matching the record growth of Q4 2022. This robust wage growth, while beneficial for household spending and economic demand, exacerbates inflationary pressures, complicating the ECB's efforts to stabilize prices.

Policy Divergence from the Federal Reserve

The ECB's decision to cut rates before the Federal Reserve marks a significant divergence in monetary policy between the Euro Area and the United States. While the U.S. economy continues to grow above trend with a tight labor market and rising inflation, the Euro Area faces near-zero economic growth and moderating inflation pressures.

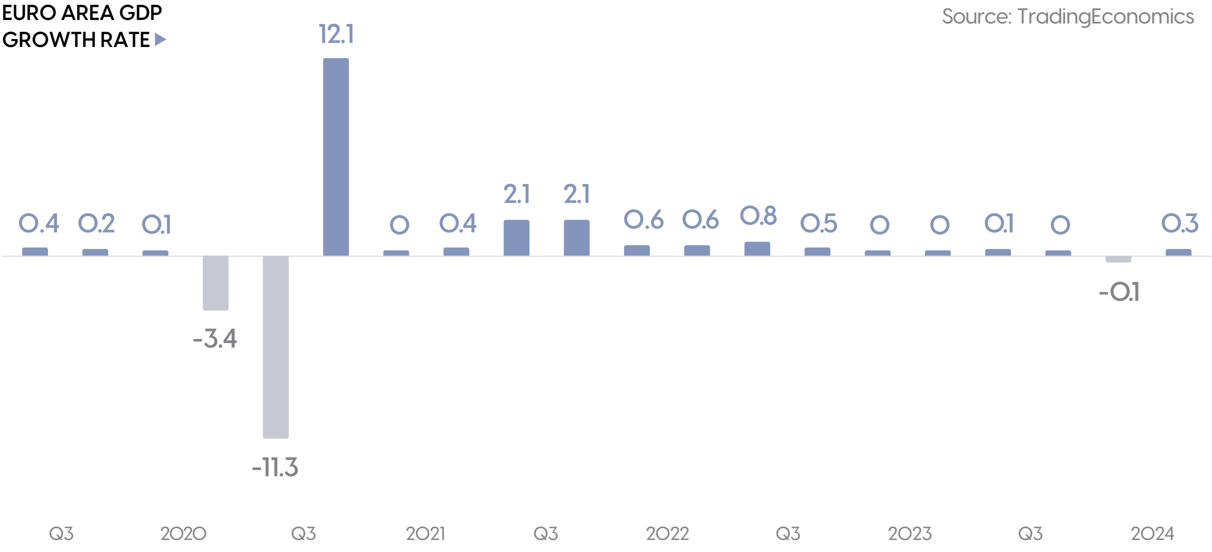
COUNTRY SPECIFIC WAGE GROWTH ▸

Source: TradingEconomics

1. **Germany:** Wages increased by 6.3% year-over-year.
2. **Netherlands:** Wages rose by 7.6%.
3. **Austria:** Wages saw a 9.8% increase.
4. **Greece and Portugal:** Wages increased by 7.9% and 6.3%, respectively.

EURO AREA GDP GROWTH RATE ▸

Source: TradingEconomics



The ECB gets Ahead of the FED

Political Uncertainty and Its Impact on the Euro

The euro depreciated past CHF 0.95, sliding to a 3 month low on renewed political uncertainty. This followed French President Emmanuel Macron's call for a snap election after a significant loss to Marine Le Pen's National Rally party in the European Union vote. The common currency also remained under pressure from a rallying dollar, as strong U.S. jobs data prompted traders to trim expectations for U.S. interest rate cuts.

ECB's Cautious Approach to Additional Rate Cuts

The European Central Bank delivered its first rate cut in five years but adopted a cautious approach towards additional cuts. Officials acknowledged persistent price pressures and projected inflation to exceed targets well into the following year. ECB President Christine Lagarde emphasized during the post-decision press conference that the central bank is not committing to a specific rate trajectory, and future actions will be based on incoming data.

"The European Central Bank's recent rate cut is a desperate attempt to reignite economic growth within the Euro Area. Despite core CPI dropping to 2.7% year-over-year in April, it re-accelerated to 2.9% in May. The ECB's measure of negotiated wages, covering about two-thirds of the Euro Area economy, showed a 4.7% increase in Q1 2024, highlighting ongoing wage pressures. Additionally, the region has faced six consecutive quarters of economic stagnation, with softening labor markets and weak investment."

Dylan Figueiredo
Head of Multi-Asset Management
at Haute Capital Partners

US Labor Market

Update

The labor market continues to show signs of strain as new data reveals further softening. Key indicators for April 2024 highlight a slowdown in wage growth, declining job openings, and persistent long-term unemployment. These developments raise concerns about the overall health of the economy and potential shifts in Federal Reserve policy.

Wage Growth and Aggregate Labor Income

Wage growth decelerated in April 2024, causing a notable 3.65% decline in aggregate labor income. This trend reflects employers' caution amid economic uncertainties and inflationary pressures.

Job Openings and Employment Trends

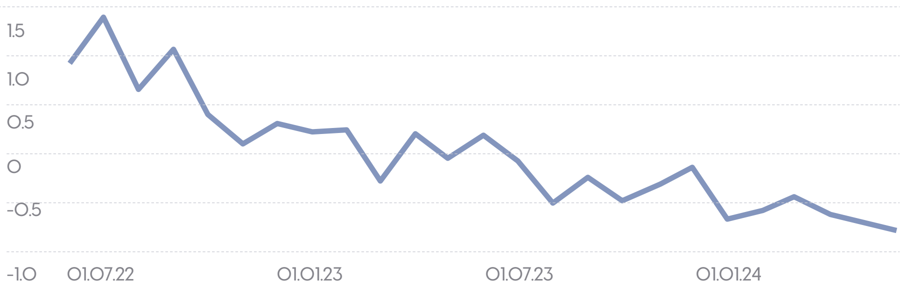
1. **Job Openings:** The number of job openings fell by 296'000 from March, reaching 8.059 million. This is the lowest since February 2021 and falls short of the market consensus of 8.34 million.
2. **Part-Time and Full-Time Jobs:** Both part-time and full-time job offerings are decreasing, indicating a potential downturn in future labor market conditions.
3. **Nonfarm Payrolls:** Total nonfarm payroll employment increased by 175'000, with significant gains in healthcare, social assistance, and transportation and warehousing sectors.

Long-Term Unemployment & Federal Reserve Policy Implications

Long-term unemployment remains troubling, with 20.7% of unemployed individuals actively seeking jobs for over 27 weeks. This statistic underscores the persistent difficulties in finding employment. Furthermore, the U6 unemployment rate, which includes the total unemployed, underemployed, marginally attached, and discouraged workers, stands at 7.4%.

With the unemployment rate steady at 4%, matching the Federal Reserve's long-term target, the increasing signs of labor market weakness could prompt the Fed to reconsider its monetary policy stance. A potential rate cut may be on the horizon if these labor market conditions persist.

LABOR MARKET – OVERALL Z-SCORE ▸



Source: Author

Is Google the Winner from Apple’s WWDC?

Google's Resilience in AI and Search

Apple's Worldwide Developers Conference (WWDC) 2024 presented several significant announcements, but one of the underlying stories is how Google's position remains strong despite the spotlight on Apple's advancements in artificial intelligence (AI).

Despite the unveiling of Apple's AI initiatives, we have reinforced confidence in the durability of Google’s search capabilities. Wall Street has been concerned about the impact of AI on Google’s core search business, but Apple’s announcements did not present a significant threat. Instead, Apple's new AI features, branded as Apple Intelligence, seem to enhance user experience without disrupting broad-based search.

Apple introduced several AI features integrated into its ecosystem, such as new capabilities for Siri and enhancements through Apple Intelligence. These features, however, are perceived as complementary to existing functionalities rather than revolutionary changes that could dethrone Google’s dominance in search and AI on a broader scale.

Competitive Advantages of Google

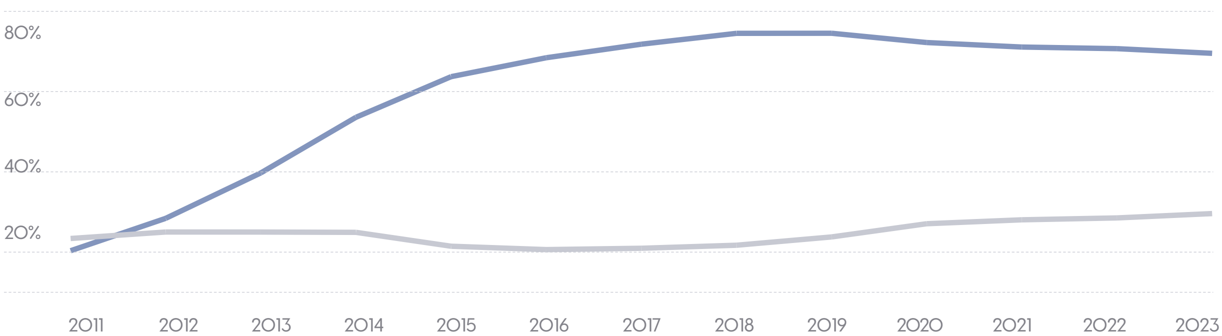
Data and User Base:
Google’s competitive edge lies in its extensive data corpus and user base. Alphabet Inc. has over 2 billion users across six of its apps and over 500 million users across 15 services, providing a vast amount of data that fuels its AI and search algorithms. This breadth of data is a critical advantage as companies compete to establish AI supremacy.

AI Integration and Performance:
Google’s generative-AI offerings for Android devices are considered superior to those on iOS. This superiority in AI integration is another factor contributing to Google’s resilience. Furthermore, Apple’s AI strategy focuses heavily on on-device processing, which, while beneficial for user privacy, limits the breadth of data available for AI model training compared to Google's approach.

GLOBAL MARKET SHARE OF ANDROID AND IOS

Android market share
iOS market share

Source: Statista



Trump's Pro-Crypto Stance Gains Momentum

Meeting Highlights

In a notable development for the cryptocurrency sector, former U.S. President Donald Trump, the presumptive Republican presidential nominee, met with several bitcoin miners at Mar-a-Lago. According to a Bloomberg report, Trump expressed strong support for bitcoin mining during this meeting.

The former President emphasized his commitment to advocating for bitcoin mining if re-elected, highlighting its role in contributing to energy grid stability. This aligns with Trump's recent pro-crypto position as part of his campaign for the upcoming November election.

Industry Support

Trump's embrace of cryptocurrency has garnered significant support from industry leaders. A recent USD 12 million fundraising event in Silicon Valley saw attendance from high-profile figures, including Gemini founders Cameron and Tyler Winklevoss. Trump also announced his acceptance of political donations in cryptocurrencies, further solidifying his pro-crypto stance.

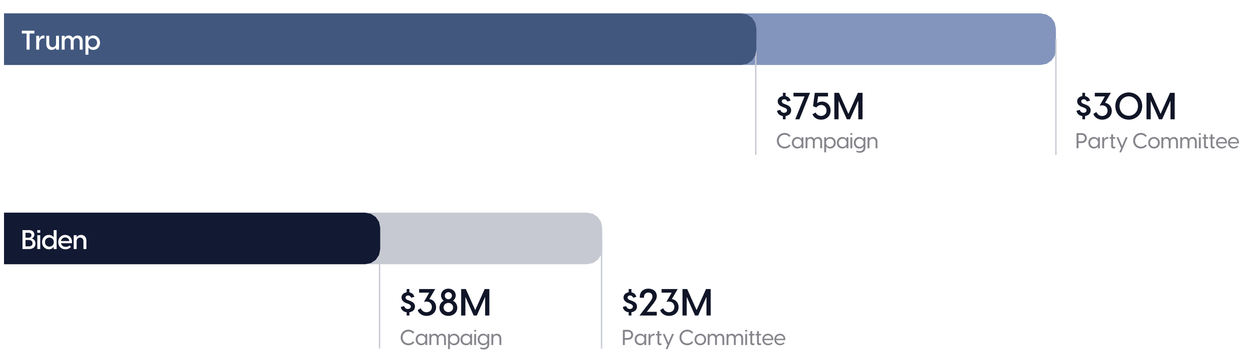
Biden's Outreach to Crypto Industry

In a related development, President Joe Biden's re-election campaign has begun reaching out to members of the crypto industry for guidance on digital asset policies. This represents a significant shift from the Biden administration's previous stance on cryptocurrencies.

As the political landscape evolves, the cryptocurrency sector remains a pivotal topic. Trump's proactive approach and Biden's recent outreach highlight the growing importance of digital assets in future economic and regulatory policies.

MAY FUNDRAISING TOTAL

Source: FEC June Monthly Filings



Expectations for the Second Half of 2024

Federal Reserve Policy

As we enter the second half of 2024, several indicators suggest that the Federal Reserve (Fed) may adjust its monetary policy, potentially leading to a rate cut. Here are the key factors driving this expectation:

- **Weakening Manufacturing and Services Sectors:** Stable inventories are pushing companies to sell at reduced prices, contributing to a disinflationary trend.
- **Moderating Inflation and PPI:** Recent inflation readings and the Producer Price Index (PPI) indicate a moderate inflation rate of 2.2%, signaling easing price pressures.
- **Labor Market Trends:** There are signs of a slowdown in the labor market, with declines in full-time and part-time job openings and a long-term unemployment rate reaching 20.7%.
- **High Consumption Financed by Debt:** Despite high consumption levels, Americans are increasingly borrowing at an average rate of 20.8%, leading to repayment challenges and putting many banks at risk of collapse.

Economic Revival in Asia

Our second investment theme focuses on the economic revival and growth in Asia, particularly in China, Vietnam, and Malaysia.

China: Despite reduced foreign capital inflows in recent years, China has achieved significant industrial productivity gains. For instance, Xiaomi can produce a car every 76 seconds, and it offers the most range-efficient electric vehicle on the market at a competitive price. Additionally, China has the world's cheapest electricity and installs four times more solar panels than the G7 combined. The banking sector is redirecting loans from real estate to industrial sectors to sustain economic growth while stabilizing property prices. The rise in middle-class population and increased purchasing power further support China's economic rebound (Backlinko).

Vietnam: the nation is rapidly becoming a major manufacturing hub, attracting substantial foreign investments due to its young, dynamic workforce and political stability. Companies like Nike are setting up production facilities in Vietnam, boosting the country's economic development.

Malaysia: the country holds enormous growth potential, with the IMF projecting a 24% GDP growth from 2024 to 2028. Significant investments in semiconductor manufacturing and the establishment of tech giants like Google and Microsoft are driving Malaysia's economic expansion.

Expectations for the Second Half of 2024

Devaluation of the Dollar

This theme is driven by the actions of the BRICS nations (Brazil, Russia, India, China, and South Africa) to reduce their reliance on the U.S. dollar for international transactions and promote their local currencies. Key developments include:

End of the Petrodollar Agreement

Saudi Arabia has ended its long-standing agreement with the U.S. to conduct oil transactions in dollars. This shift allows Saudi Arabia, which produces 10% of the world's oil, to sell in any currency.

MBridge Project

Saudi Arabia has joined the MBridge project, involving 20 commercial banks from China, the UAE, Hong Kong, and Thailand, which use blockchain technology and Central Bank Digital Currencies (CBDCs) for transactions, reducing costs and avoiding lengthy processing times.

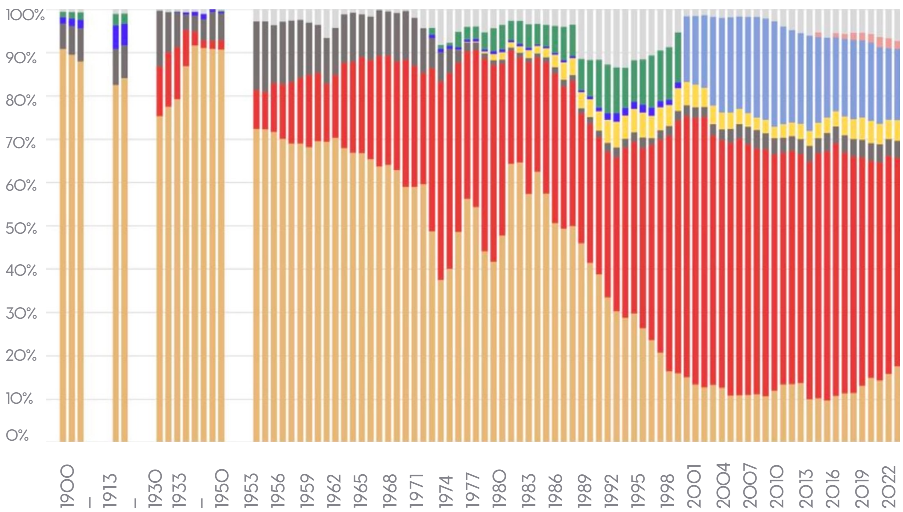
These factors collectively threaten the dominance of the U.S. dollar, prompting central banks to diversify their reserves into physical assets and alternative currencies like Bitcoin and the Swiss Franc. This trend suggests potential investment opportunities in safe-haven currencies and physical assets as hedges against dollar devaluation.

Recent Developments

Further developments emphasize the devaluation of the dollar. Russian Minister Ryabkov recently announced the possibility of establishing a BRICS currency, which will be discussed at their summit next October, further highlighting the trend. Additionally, there are plans to settle cross-border payments through digital currencies.

GLOBAL INTERNATIONAL RESERVES ▸

- Gold
- US dollar
- Sterling
- Yen
- French Franc
- Deutsche Mark
- Euro
- Renminbi
- Other



Source:
World Gold Council

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