Panta Rhei

Nothing is permanent except change

CREATERRA FINANCE

« There is no sweeter pleasure than to surprise a man by giving him more than he hopes for. »
Charles Baudelaire – French poet (1821-1867)

Apple Vision Pro, the new mixed reality headset, just another product or a revolution?

Charles BOK
Chief Executive Officer

I hope you are doing well at the start of the summer period.

Before sharing with you the most objective analysis possible of this new technological product, I am delighted to inform you that our group is continuing to expand.

The IRIS Finance International group (our shareholder) has just acquired Dynasty Asset Management.

Dynasty AM is a Luxembourg company specialising in bond management (Investment Grade, High Yield and Convertibles).

It manages nearly a billion euros through funds.

We would like to welcome them and express how pleased we are to strengthen the group's skills in this way.

In his presentation on 5 June, Apple boss Tim Cook preferred to talk of a « spatial computer » rather than a mixed reality headset.

Apple Vision Pro allows you to superimpose apps on your own vision without having to use a physical product such as a phone, computer or tablet.

Navigation is done with the hands and eyes, without controllers or screens.

The gestures recognised by this new type of headset are very similar to those of touch screens, but in empty space.

We don't yet know all the software available at launch but Apple has already confirmed the presence of several flagship applications such as TV, Music, Safari, Photos, Notes, App Store, Mail, Messages, etc.

Major partners such as Microsoft and Disney are already assured.

This mixed reality headset is not transparent as there are screens in front of the eyes. But thanks to 12 cameras, 5 sensors and 6 microphones, it is able to replicate the real world in 3D so that when you are wearing it, you feel as though you are seeing reality.

I won't go into the technical characteristics but the embedded technology is impressive.

Vision Pro can emulate the presence of a virtual keyboard, connect to an external keyboard and create your ultra-sophisticated avatar for video calls (FaceTime).

As you may have read, the launch price of $3,500 may seem excessive.

It is initially targeting a niche audience, which is a first for Apple; the company has previously always targeted the general public, in order to dominate the market.

This product should allow Apple to give the average person on the street a taste of the future by presenting an attractive, futuristic and avant-garde device.

This Vision Pro headset is capable of doing many things (cinema, productivity, entertainment, video games, photos, navigation, etc.). This may be a way for Apple to gauge the appetite of the market and see what interests the public, enabling it to focus on those aspects for future iterations. There is no doubt that future versions of Apple Vision will cost far less than $3,500 and target a much wider audience (in its current form or in the form of a new type of glasses).

In this edition:

Until now, virtual reality has never managed to free itself from its niche technology status. Sales of headsets currently available on the market (Oculus, Meta, HTC, Sony, etc.) have remained insignificant until now.
So why is the giant Apple taking the risk of embarking on an adventure with such uncertain prospects?

We have become accustomed to the Cupertino-based company's near-faultless development.
Apple is therefore convinced it is paving the way for the integration of mixed reality into our everyday lives.
This headset is but the first step in a major revolution...

Economy - Markets - Strategy: trends

Fabien PLANCQ
Senior Wealth Manager
Charles BOK
Chief Executive Officer

The end of the first quarter of the year was marked by a crisis of confidence in banks, caused by sharp rises in interest rates since the beginning of 2022. One of the indirect victims was Credit Suisse, bought out in a panic by UBS. One of the indirect victims was Credit Suisse, bought out in a panic by UBS. In early May, US bank JPMorgan Chase, the world's largest market capitalisation in the sector, agreed to buy First Republic, the latest victim of soaring interest rates. The collapse of First Republic was the second-largest US bank failure after Washington Mutual in 2008, but most notably the fourth in just two months. Fortunately, as the weeks went by, the crisis of confidence in the banking sector subsided. As we reported in our previous issue, the banking sector is currently in a stronger position than in 2008.

Most stock markets continued their upward trend during the second quarter, with significant rises in the US S&P500 and Nasdaq indices. The rise in these two US indices was made possible above all by the very strong outperformance of Big Tech, which accounts for nearly a third of the S&P500. The «Magnificent Seven» (Alphabet (Google), Amazon, Apple, Meta (Facebook), Microsoft, Nvidia and Tesla) have all posted year-to-date gains in excess of 35%, skewing the New York stock market picture. Without the latter, boosted by Artificial Intelligence, indices would be more or less unchanged. Other less tech-weighted stock markets performed much worse. For example, the US Dow Jones index is up 3.8% this year, while the Belgian Bel20 index is down 4.3%.

Other victims of this pressure on interest rates are listed real estate stocks, which are clearly suffering this year. The FTSE Developed Europe Real Estate (ex UK) index is down 9.6% year-to-date. As for physical real estate, the European Central Bank (ECB) pointed out in its Financial Stability Report at the end of May that this asset class was currently undergoing a correction. In residential markets, price rises have eased considerably in recent months, reducing the sector's overvaluation.

On the central bank front, at the beginning of May, the US Federal Reserve (Fed) raised rates by 0.25% for the third time this year, bringing them to 5.25% for the first time since 2007. In mid-June, the Fed finally paused. It decided to adopt a wait-and-see attitude for the first time since January 2022. However, it is still considering two rate hikes between now and the end of the year.

In Europe, the ECB followed the Fed in early May by announcing a 0.25% hike in its key rates. This was the smallest hike since the start of its monetary tightening cycle in July 2022. The ECB had previously opted for hikes of between 0.5% and 0.75%. In mid-June, unlike the Fed, the ECB did not pause and once again raised its interest rates by 0.25%. Further rate hikes are justified by rising inflation expectations in Europe. The rise took European rates to 3.5%, the highest level since 2001. Since July 2022, we have seen 8 rate hikes (+4%). ECB President Christine Lagarde also added that a further rate hike was highly likely in July.
In Europe, however, the economic slowdown is well and truly

underway. Germany has even been in a technical recession (2 consecutive quarters in contraction). Inflation is falling as a result of better supply, but also weaker demand.

The superb resilience of stock markets this year, particularly for big tech stocks and luxury goods leaders, has surprised more than one professional investor by its sheer scale.

The health of the economy is better than expected in the United States, but more sluggish in Europe.

In this context, we remain invested in equities in a balanced manner while ensuring that risks are limited.

In terms of currencies, the US dollar fell slightly during the first half of the year. It ended the first 6 months of the year with a fall of 1.9% against the euro. Gold remains at a high level, rising by 5.2% in 2023. Oil fell by 12% in the first half of the year as a result of the economic slowdown.

Recommended asset allocation for a MEDIUM risk investor in EUR

Asset allocation		Currency exposure	
Total individual equities and equity funds (including real estate)	**45%**	**EUR**	**85%**
European equities	21%	**USD**	**12%**
US equities	21%	**Other**	**3%**
Emerging market and Japanese equities	3%		
Bonds and bond funds	**32%**		
AIFs	**5%**		
Miscellaneous (gold and other commodities)	**5%**		
Cash and money market funds	**13%**		
	100 %		**100 %**

Guidelines for our in-house policy. For many reasons, differences, sometimes substantial, may exist between different portfolios.
Drafting closed on 03/07/2023

Indices

EQUITIES	2023 Q2	2023 YTD
EURO STOXX 50	1,95%	15,96%
STOXX Europe 600	0,89%	8,72%
CAC 40 (Paris)	1,06%	14,31%
BEL 20 (Brussels)	-6,59%	-4,27%
S&P 500 (New York)	8,30%	15,91%
NASDAQ 100 (New York)	15,16%	38,75%
Dow Jones Industrial Average	3,41%	3,80%
NIKKEI 225 (Tokyo)	18,36%	27,19%
MSCI Emerging Markets	-0,08%	3,46%
FTSE Developed Europe ex UK Real Estate	-2,51%	-9,61%

BONDS	2023 Q2	2023 YTD
Bloomberg Barclays Euro Aggregate Total Return Index	0,16%	2,25%
Bloomberg Barclays US Aggregate Total Return Index	-0,84%	2,09%
Bloomberg Barclays EM USD Aggregate Total Return Index	1,12%	3,30%

COMMODITIES (IN USD)	Gold	Silver	Oil (WTI)	Bloomberg Agriculture
As at 31/12/22	1.824,02	23,95	80,26	68,82
As at 30/06/23	1.919,35	22,77	70,64	66,48
%	5,23%	-4,93%	-11,99%	-3,41%

CURRENCIES	GBP	GBP	CHF	JPY
As at 31/12/22	1,0705	0,8853	0,9896	140,4100
As at 30/06/23	1,0909	0,8593	0,9770	157,4400
%	-1,91%	2,94%	1,27%	-12,13%

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A global vision of wealth management

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