CREATERRA
FINANCE

Panta Rhei

Nothing is permanent except change

« Your task is not to foresee the future, but to enable it. »
Antoine de Saint-Exupéry (1900-1944), French writer, poet, aviator and reporter..

Naivety or resilience?

Charles BOK
Chief Executive Officer

Dear clients, friends and readers,

Another year has passed.
First of all, on behalf of Createrra Finance, I would like to wish you and your loved ones a Happy and Healthy New Year for 2025.
May your projects and those of your loved ones come to fruition.
May your financial investments perform well, not only this year but beyond. As you know, of course, the markets pay the calendar no heed!
Our clients can rest assured that we will continue to do our utmost to defend their interests.
We can only be satisfied when we know we have met the (realistic) expectations of each of our clients.

2024 was an eventful year in terms of geopolitics, the economy, and advances in artificial intelligence and other technologies.

At Createrra Finance, we continued to grow with determination. We are delighted to have brought new talent into our team:

Claude Mahut (Senior Wealth Manager) and his assistant Patricia Alabrese joined us over the summer.
We will ensure that they can serve their current and future customers ever better.

Eric Dewaelheyns (Senior Wealth Manager) brought this skills and dynamism to Createrra Finance at the end of last year.

Martin t'Kint de Roodenbeke (Junior Portfolio Manager), a promising young graduate, is joining the investment team to learn the ins and outs of the private banking profession.

Finally, we are pleased to welcome Gabriel Sausy (an experienced wealth manager) who will be joining us as a tied agent very soon.

To look back on 2024, I would like to recall the tremendous resilience we have seen in the financial markets over the year. There was no shortage of dark clouds, with storms and even hurricanes on the horizon, and yet the markets showed remarkable calm. Was this naivety or resilience?

The war in Ukraine is not over, Putin continued to threaten NATO members with the worst reprisals, but it appears that a peace agreement (be it freely negotiated or imposed) is possible or even likely in 2025.

Tensions in the Middle East, which have exacerbated since 7 October 2023, reached worrying levels but a ceasefire was reached between Lebanon and Israel and an agreement for the release of Israeli hostages in exchange for a cessation of hostilities in Gaza is on the table.

Donald Trump won the US presidential election with a Republican majority in Congress, making his threats of customers

In this edition:

tariffs ever more plausible. However, Europe exports relatively little to the US and negotiations are still possible.

The European economy is slowing, Germany is not at its best, France has a new government whose stability is far from assured but European stock markets are relatively attractive and an economic rebound in the coming months is possible.

So we can continue to see the glass as being either half empty or half full. The fact that market confidence was relatively stable over 2024 (with a few minor upsets) is somewhat reassuring.

I don't think it's naivety, but rather a show of resilience. Resilience was originally a term used in physics to refer to the resistance of a material to shocks. The definition has since extended to the ability of a body, organism, species, system or structure to overcome changes to its environment.

Man needs to believe in the future to be able to move forward...

All the best.

Economy - Markets - Strategy : trends

Fabien PLANCQ
Senior Wealth Manager
Charles BOK
Chief Executive Officer

2024 started with strong expectations of interest rate cuts. However, the caution shown by central banks quickly dampened this optimism. In the first quarter, the two major central banks kept their key rates at 4% (Europe) and 5.5% (United States). Despite this restrictive stance, the stock markets maintained the positive momentum seen at the end of 2023 thanks to good corporate earnings, particularly in the flourishing artificial intelligence (AI) sector.

The second quarter was a turning point. In response to slowing inflation and with the aim of boosting the European economy, the European Central Bank (ECB) made its first rate cut in five years, lowering its deposit facility rate by 0.25% to 3.75%. The US Federal Reserve (Fed), meanwhile, kept its policy unchanged, citing still high inflation and robust economic growth. In politics, the dissolution of the French National Assembly on 9 June caused turbulence in the French stock markets, widening the performance gap with other European indices.

In the third quarter, the markets continued to perform despite significant political events, including Joe Biden's withdrawal from the presidential race, which was well received by investors. In terms of monetary policy, the ECB cut its key interest rate by a further 0.25% (to 3.5%) while the Fed surprised by the scale of its action with a rate cut of 0.5% to 5%. This accommodative stance strengthened stock market indices, particularly in the United States, where monetary easing helped allay fears of recession and support technology stocks.

The major event of the last quarter was clearly Donald Trump's impressive victory in the US presidential election. His inauguration, scheduled for January 20, will be accompanied by a Republican majority in both the House of Representatives and the Senate. Trump's economic programme with its promised tax cuts, ambitious deregulation and protectionist policies with increased import tariffs, particularly on Chinese imports, could rekindle inflationary pressures. There is also strong support for a pro-fossil fuel policy aimed at reducing domestic costs, as well as a commitment to tighten immigration controls and curb federal spending. These measures, expected in 2025, boosted US markets the day after the elections.

Monetary policies were adjusted further during the last quarter. The ECB cut its key interest rates by 0.25% in October and then in December, taking them from 3.5% to 3%. This decision was made as inflation fell below the symbolic 2% level. In the United States, the

Fed also cut rates twice, by 0.25% in early November and mid-December, bringing them down to 4.5%. However, despite this further rate cut, the markets reacted badly to the Fed's last meeting in December. Fed Chair Jerome Powell took a cautious approach to the future, pointing to only two potential interest rate cuts in 2025, whereas most economists expected three or four. This caution is explained by inflation being more resilient than expected, fuelled by a robust economy and labour market.

However, this did not prevent the markets from ending 2024 with an excellent performance, particularly in the United States. US equities outperformed their European counterparts, benefiting from a more favourable economic climate and sustained growth. In Europe, political uncertainty and weak growth dampened indices, while in the US, technology and innovation continued to drive stock market performance, with sectors such as AI recording impressive gains.

Despite the geopolitical tensions caused by the wars in Ukraine and the Middle East, global markets showed considerable resilience. Investors have factored these conflicts into their analysis, perceiving them as localised risk factors with little impact on the global economy.

In commodities, gold recorded a remarkable performance with an increase of 27,2% in 2024. However, oil fell over the past year: -3,1% for Brent. On the currency markets, the dollar appreciated by 6,2% in 2024.

At the dawn of 2025, caution is required. It seems unlikely that the stock market performance of 2024 will be repeated, but market fundamentals remain buoyant. The US economic machine should once again power well ahead of Europe. Further rate cuts are expected on both sides of the Atlantic, while hopes of a settlement of the conflicts in Ukraine and the Middle East are increasing.

The high valuations of US equities suggest increased volatility. Uncertainty over the Trump administration's tax and tariff policies could also shake the financial markets. We could well see some market corrections. We will take advantage of these to strengthen certain positions.

Recommended asset allocation for a MEDIUM risk investor in EUR

Asset allocation		Currency exposure	
Total individual equities and equity funds (including real estate)	**47%**	**EUR**	**85%**
European equities	22%	**USD**	**12%**
US equities	22%	**Other**	**3%**
Emerging market and Japanese equities	3%		
Bonds and bond funds	**35%**		
AIFs	**6%**		
Miscellaneous (gold and other commodities)	**4%**		
Cash and money market funds	**8%**		
	100 %		**100 %**

Guidelines for our in-house policy. For many reasons, differences, sometimes substantial, may exist between different portfolios.
Drafting completed on 02/01/2025

Indexes

EQUITIES	2024 Q4	2024
EURO STOXX 50	-2,09%	8,28%
STOXX Europe 600	-2,92%	5,98%
BEL 20	-0,82%	15,02%
S&P 500	2,07%	23,31%
S&P 500 Equal Weight	-2,32%	10,90%
NASDAQ 100	4,74%	24,88%
NIKKEI 225	5,21%	19,22%
HANG SENG	-5,08%	17,67%
MSCI EMERGING	-8,15%	5,05%
MSCI WORLD	-0,41%	17,00%

BONDS	2024
Bloomberg Barclays Euro Aggregate Total Return Index	2,63%
Bloomberg Barclays US Aggregate Total Return Index	1,25%
Bloomberg Barclays EM USD Aggregate Total Return Index	6,58%

COMMODITIES (IN USD)	Gold	Oil (WTI)	Bloomberg Agriculture
As at 31/12/23	2.062,98	77,04	62,46
As at 31/12/24	2.624,50	74,64	57,01
%	27,22%	-3,12%	-8,72%

CURRENCIES	USD	GBP	CHF	JPY
As at 31/12/23	1,1039	0,8669	0,9289	155,7200
As at 31/12/24	1,0354	0,8275	0,9401	162,7800
%	6,21%	4,55%	-1,21%	-4,53%

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