INVESTMENT STRATEGY

2025 – Stock picking strikes back

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BNP PARIBAS WEALTH MANAGEMENT

The bank for a changing world

To know your future, you must know your past

A (not so) fresh start

- **Back to square one? –** As we approach a new year investors may be forgiven to assume that the clock resets, and we start anew. While it is true that performance is typically measured in yearly increments, it is also important to recognize that context matters. The rise in the S&P 500 in 2024 has been one of the strongest since 1928. In fact, we´re observing one of the few periods with the S&P 500 being up >20% for two straight years in a row.
- **Profit growth vs multiple expansion -** The rally of the last ~ 13 months was supported by a solid growth in corporate earnings. Nevertheless, around half of global equity returns in 2024 are based on an expansion of valuation multiples. We think that this can be explained, at least in parts, by a growing optimism regarding lower inflation and a continuation of the rate cutting cycle. With valuations reaching fair to expensive levels in many markets, profit growth is likely to become the main driver of returns in 2025
- **Moderating returns –** A (very) strong run itself is – based on past observations – no good reason to turn bearish. Bulls may take comfort from the fact that bull markets tend to last for almost 6 years. Additionally, the year following back-to-back 20%+ gains (8 occasions since 1950) has produced an average return of 12.3%. At the same time, the third year is often the weakest of a bull market, albeit it´s still positive on average.

Main recommendations

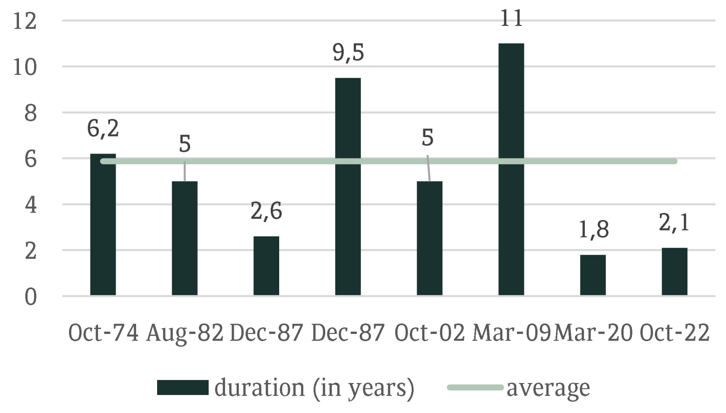
Riding the improving small cap business cycle – As we expect business sentiment and thus capex investments of SMIDs to improve in the US, we see increasing value in companies catering SMIDs as those should benefit from rising revenue potentials

Diversify away from US Mega Caps though as valuations look stretched. This limits the potential for further multiple expansion. We continue to find value in US SMIDs, certain European equities – especially growth compounders, high US exposure and certain value sectors – as well as in some Emerging Markets

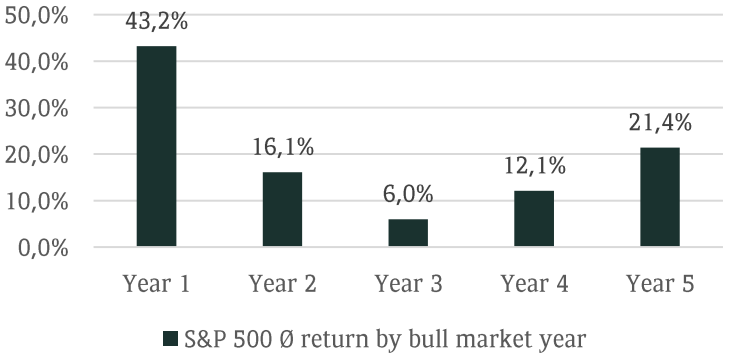
Hasta la vista – Downgrading Mexico to underweight: The Mexican economic activity is likely to face a negative shock on the back of heightened tariff uncertainty and potential trade frictions. This adds to certain headwinds from the judicial reform and an unclear financing strategy of the energy reform. We also believe the impact on inflation will be to the upside, preventing Banxico from adopting a more aggressive cutting cycle.

The key risks are that the market starts to reprice growth fears with central banks being perceived as “behind the curve”. Increasing policy uncertainty around tariffs could weight on sentiment, too.

THE AVERAGE SPX BULL MARKET LASTS ~ 6 YEARS



THE 3RD YEAR AS INTERMEDIATE LULL



Source: BNP Paribas, Bloomberg, Data since 1950

Around the globe – our key convictions at a glance

WE STICK TO OUR GENERAL PREFERENCE FOR VALUE AND SMIDS

<table>
<tr><th colspan="2"></th><th>USA</th><th>Europe</th><th>Japan</th><th>Emerging Markets</th></tr>
<tr><td colspan="2">overall view</td><td>positive</td><td>neutral</td><td>positive</td><td>positive</td></tr>
<tr><td colspan="2">What we (especially) like</td><td>Cyclicals
SMIDs
Banks
Energy Infrastructure</td><td>UK
Periphery > Core
Real Estate
High US revenue exposure
Banks with strong US / capitalmarket business</td><td>SMIDs
domestically oriented exposure
Financials</td><td>Asia</td></tr>
<tr><td colspan="2">What we don´t (really) like</td><td>Growth
mega caps, particularly within consumer discretionaries</td><td>German SMIDs
Autos</td><td></td><td>Mexico</td></tr>
<tr><td rowspan="2">preferred themes & trades</td><td>Regional basis</td><td>Buybacks & Quality Dividend growth
Equal weighted over capital weighted S&P
Companies catering to US SMIDs</td><td>Software
Repower Europe (incl Renewable Energies)
FTSE 250</td><td>Governance Reform achievers</td><td>APAC Tech, particularly semi materials/equipment sectors
Hang Seng Technology</td></tr>
<tr><td>Global Basis</td><td colspan="4">Precious and energy transition metal miners
Financial Services
Healthcare</td></tr>
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Focus on

A stock pickers guide

Owing Beta is not enough (any more)

OPPORTUNITIES REMAIN OUTSIDE INSIDE AND OUTSIDE THE US

A plea for a more active approach

We remain pro-risk in our equity allocation due to a friendly baseline of stable global growth, further declines in inflation and continued central bank cutting cycles. The US economy should benefit from a more business friendly environment of fiscal easing and deregulation. While uncertainty on tariffs may be rising, in aggregate, corporates sound hopeful on a post-election capex and sales recovery, while optimism is building on a recovery in business confidence and capital markets activity, including M&A. On the flipside, there are fewer tailwinds from inflation relief and equities are already pricing a more friendly macro backdrop with positioning and sentiment indicators being elevated.

As valuations, at least for certain pockets of the market, have reached lofty levels, long-term returns are likely to be lower for the major indices. If investors look behind the facade of big tech dominated indices, they will still find plenty of opportunities. As the dispersion of the "Magnificent 7" already rose, even 2024 offered ample opportunities to beat the S&P500. At the time of writing, 184 stocks outperformed the S&P500 so far.

As we enter the third year of this bull market, it´s worth to keep in mind that, while your typical bull market usually lasts ~ 6 years, the third year is usually the weakest. Weak index returns doesn´t mean poor stock performance though. In a world where 7 stocks still account for more than one third of the index, more modest index returns are more likely to be driven by a relative underperformance of the former leaders. Given less demanding valuations and a macro back drop much more favorable to the remaining part of US equities, we still believe that investors should keep investing in the US. They should just remind themselves that regimes can change!

Europe – being cheap is not enough

Negativity towards Europe - both outright and relative to the US - is strikingly high as there is one thing the region isn´t lacking: Problems. Be it the stress in French financial assets (just look at the OAT/Bunds spread) or the trajectory of German economic momentum (witness the current conditions component of IFO is making new lows), there's no shortage of reasons to be wary.

Investors may thus be forgiven to wonder why the region should be considered at all. Even more, as the heat from tariffs is rising with first trade headlines popping up. With as much as 7% of EU earnings being at risk from D.Trump´s 60% China + 10% for all others plan, even the record low valuation doesn´t seem enough to justify investments in the region.

We think this would be short sighted though. Our base case doesn´t includes a full blow from tariffs. We´d rather see them as a negotiation tactic with fast announcements but slow implementations. While this may not be sufficient to cure all of Europe's problems, it enforces our view that the possibility to generate material alpha beneath the surface of lackluster index performance. Europe is experiencing the highest level of index dispersion since 2009 as the market seems to start realizing that not all companies are created equal. In Europe, too, there are companies who are strong growth compounders and / or which should benefit from stronger US growth and the related policies. And yet, they suffer from the "one fits all approach" that investors seem to apply when pricing European assets. We thus see great opportunities to find bargains in Europe which should add value to a portfolio.

Key message

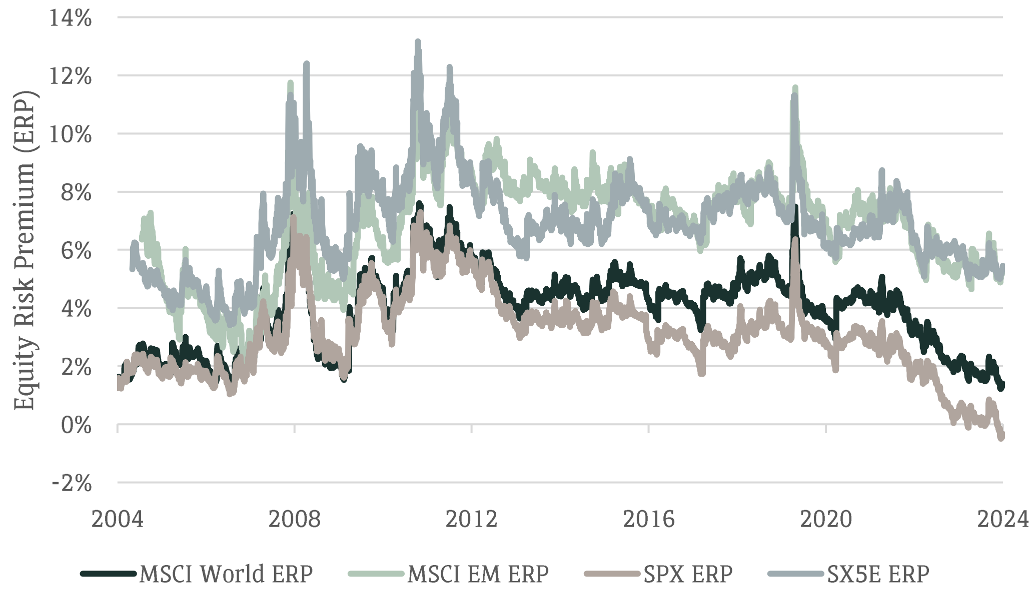
US equities remain our preferred investment region due to supportive monetary and fiscal policies. Returns of headline indices should be limited by high concentration risks and demanding valuations. We thus recommend to look beyond the major benchmarks to benefit from a more attractive valuation and a higher exposure to the current macroeconomic backdrop.

Europe is still unloved by many investors, and we would agree. Just because it´s cheap doesn´t constitute a reason to be overweight. We continue to find attractive companies profiles with low valuations, though. Hence, Europe should become an especially fertile hunting ground for stock pickers.

As good as it gets?

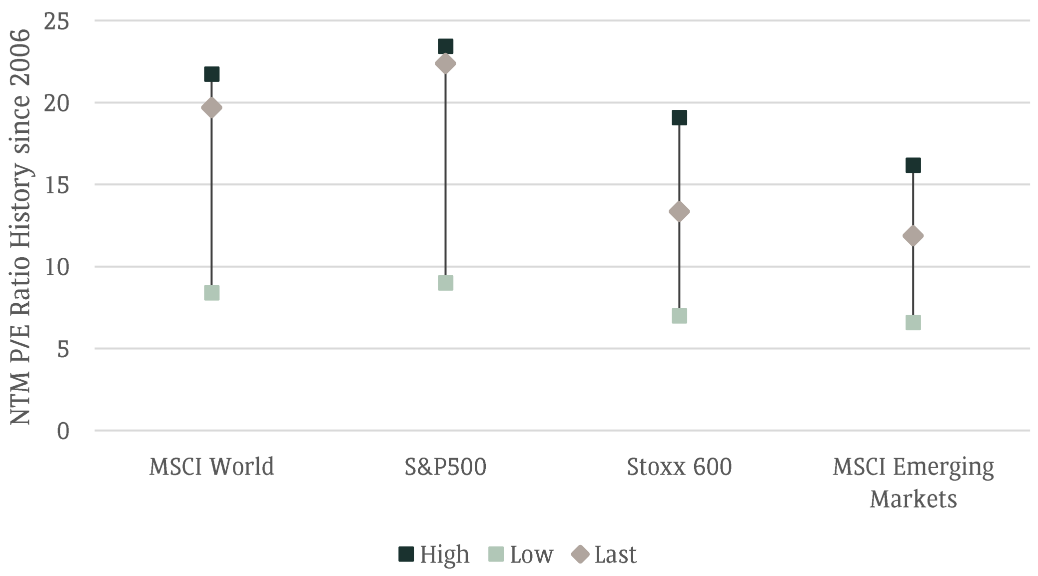
US VALUATIONS ARE LOOKING STRETCHED WHICH MAY LIMIT THE ROOM FOR FURTHER MUTLIPLE EXPANSIONS

EQUITY RISK PREMIUM IS VERY LOW, ESPECIALLY IN US MEGA CAP DOMINATED INDICES



Source: BNP Paribas, Bloomberg

CURRENT VALUATIONS, ESPECIALLY IN US MEGA CAP DOMINATED INDICES, LEAVE LITTLE ROOM FOR MULTIPLE EXPANSION

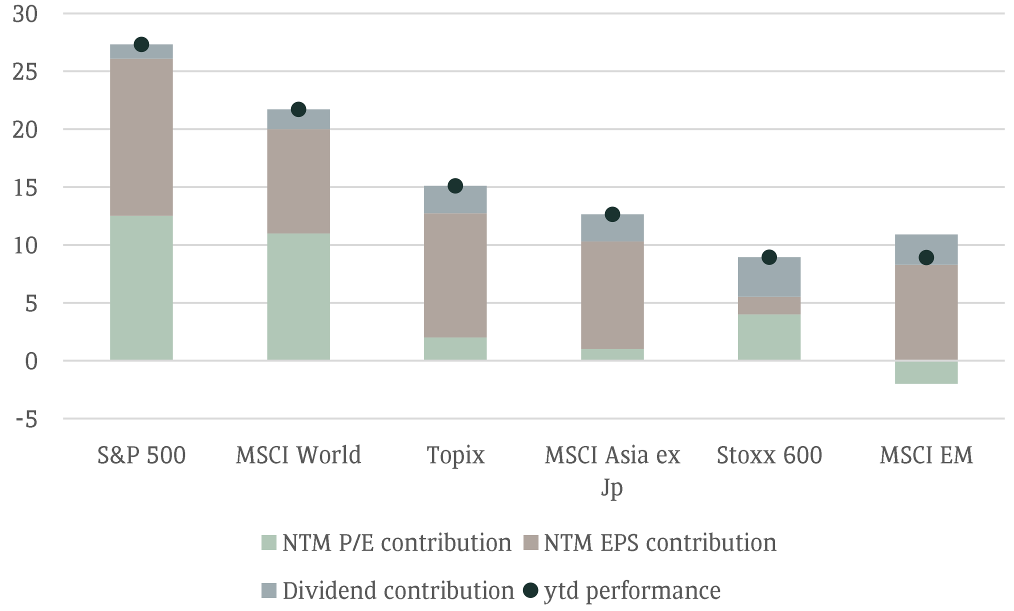


Source: BNP Paribas, Bloomberg

Higher valuations vs lower rates

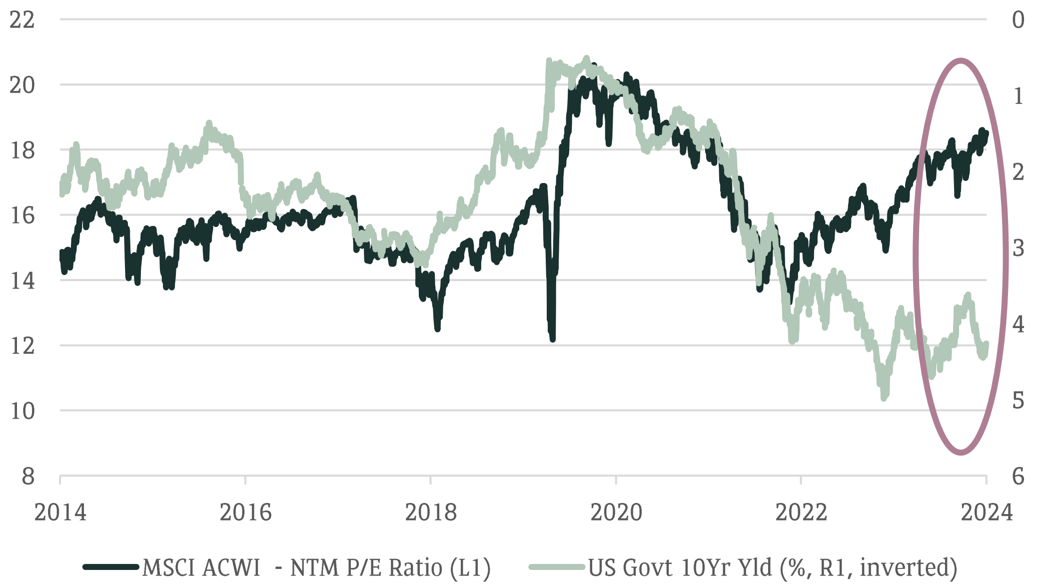
VALUATIONS HAVE DECOUPLED FROM THEIR RELATIONSHIP WITH RATES

THE EXPANSION OF MULTIPLES ACCOUNTED FOR ~ 50% OF GLOBAL STOCK PERFORMANCES, MAINLY DRIVEN BY THE US



Source: BNP Paribas, Bloomberg

THE DECOUPLING OF VALUATIONS FROM YIELDS RESULTED IN A FALLING EQUITY RISK PREMIA. THIS MEANS CONFIDENCE IN GROWTH IS HIGH



Source: BNP Paribas, Bloomberg

It´s the earnings, stupid

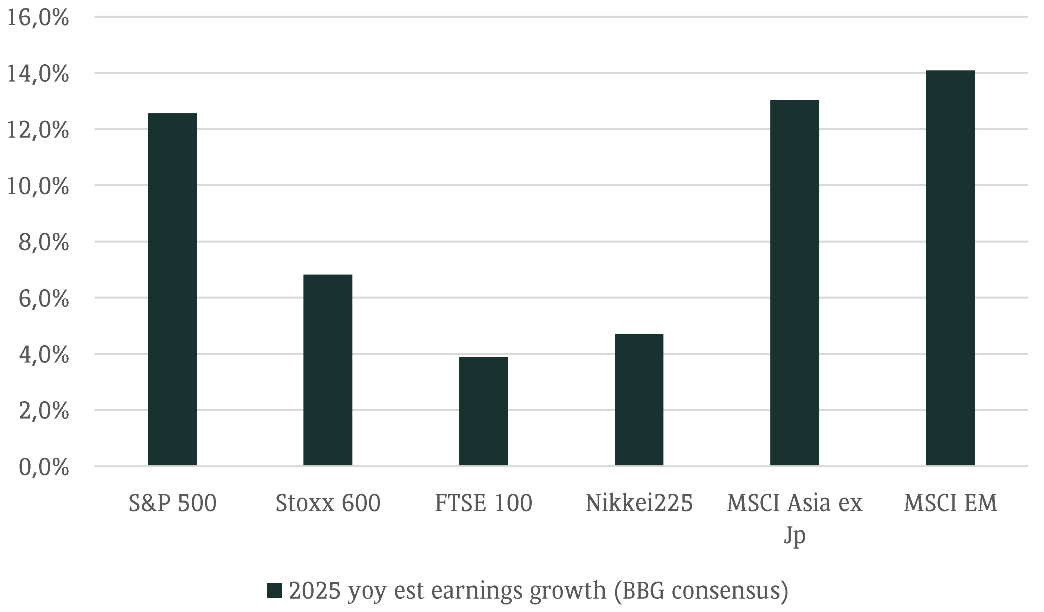
DEMANDING VALUATIONS ARE NO REASON TO WORRY AS LONG AS EARNINGS ARE GROWING

MSCI ACWI RETURNS HAVE BEEN GOOD EVEN WITH HIGH STARTING P/E RATIOS IF EARNINGS TRENDS HAVE BEEN POSITIVE

Starting P/E Ratio	# obs	with earnings upgrades			with earnings downgrades		
		3M	6M	12M	3M	6M	12M
< 13x	51	6%	13%	26%	-1%	0%	4%
13x -14x	32	4%	9%	19%	3%	3%	3%
14x - 15x	64	4%	6%	11%	1%	2%	2%
15x - 16x	46	4%	9%	15%	0%	1%	6%
>16x	48	3%	5%	10%	-1%	2%	-2%
Aggregate	241	4%	8%	16%	0%	2%	3%

Source: BNP Paribas, Bloomberg

CONSENSUS IS STILL EXPECTING SOLID EARNINGS GROWTH ACROSS THE BOARD

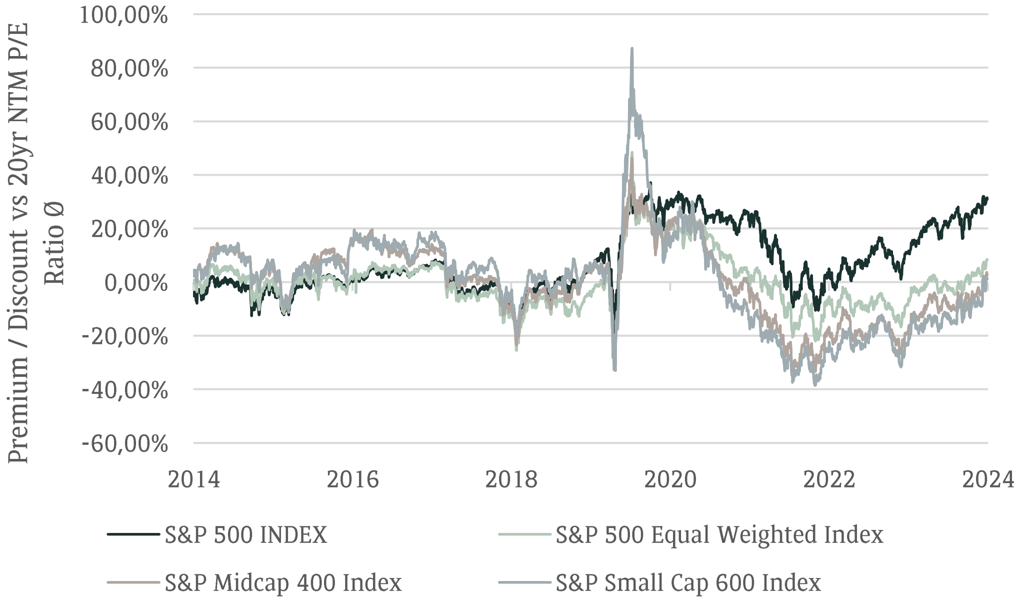


Source: BNP Paribas, Bloomberg

US SMIDs are cheap and catching up

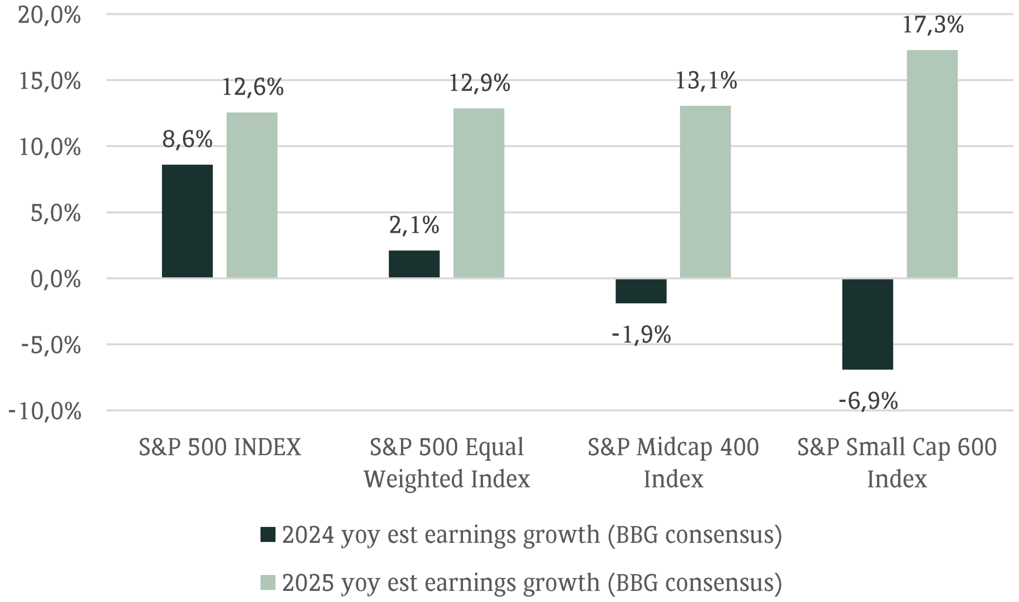
THE VALUATION OF US SMIDS IS MUCH MORE ATTRACTIVE ESPECIALLY AGAINST A CLOSING EARNINGS GAP

THE S&P IS TRADING WITH A STRONG VALUATION PREMIUM VS ITS OWN HISTORY WHILE THE REST OF THE MARKET LOOKS REASONABLE PRICED



Source: BNP Paribas, Bloomberg

THE EARNINGS GROWTH GAP BETWEEN THE S&P500 AND THE REST OF THE MARKET IS CLOSING

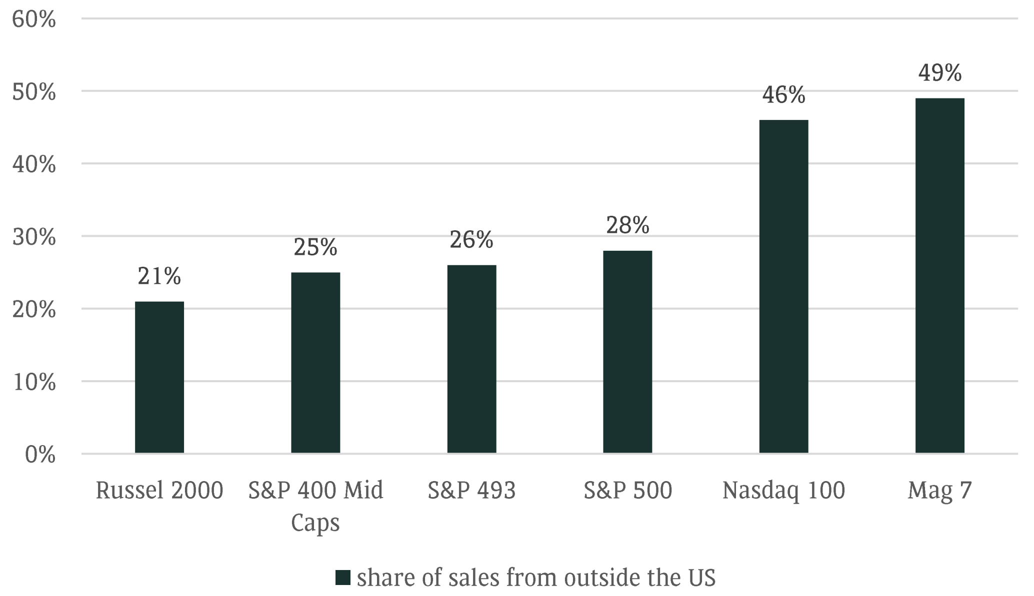


Source: BNP Paribas, Bloomberg

Who benefits the most from MAGA?

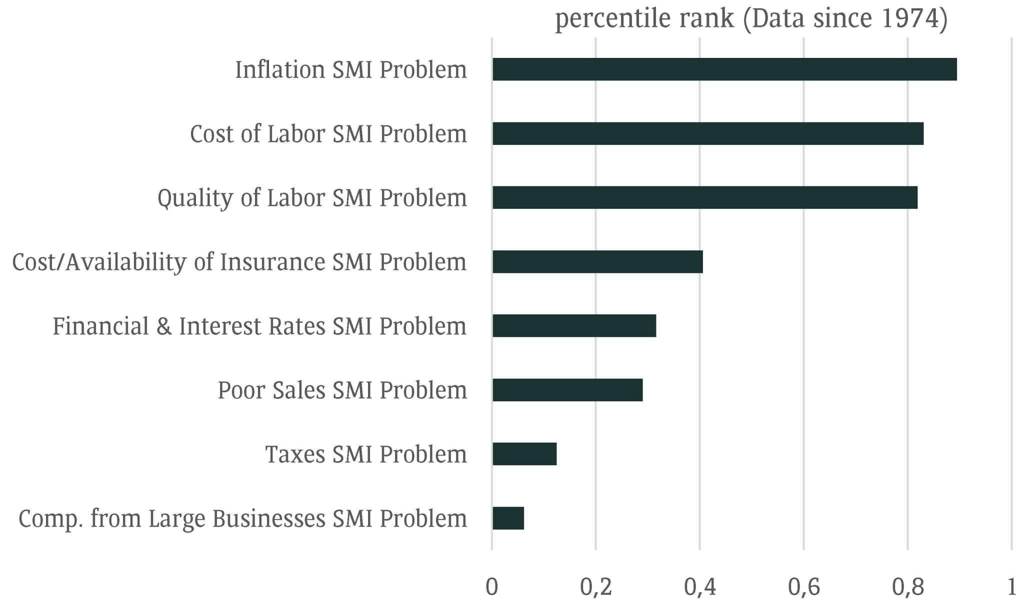
US MEGA CAPS COULD BE THE RELATIVE LOOSERS OF MAGA DUE TO THEIR MORE INTERNATIONAL REVENUE PROFILE

THE MAGNIFICENT 7 ARE MORE EXPOSED TO (PRESUMABLY) MAGA INDUCED LOWER GLOBAL GROWTH



Source: BNP Paribas, Bloomberg

AT LEAST THE TOP TWO OF THE SINGLE MOST IMPORT (SMI) PROBLEMS OF SMALL COMPANIES SHOULD SEE FURTHER IMPROVEMENTS

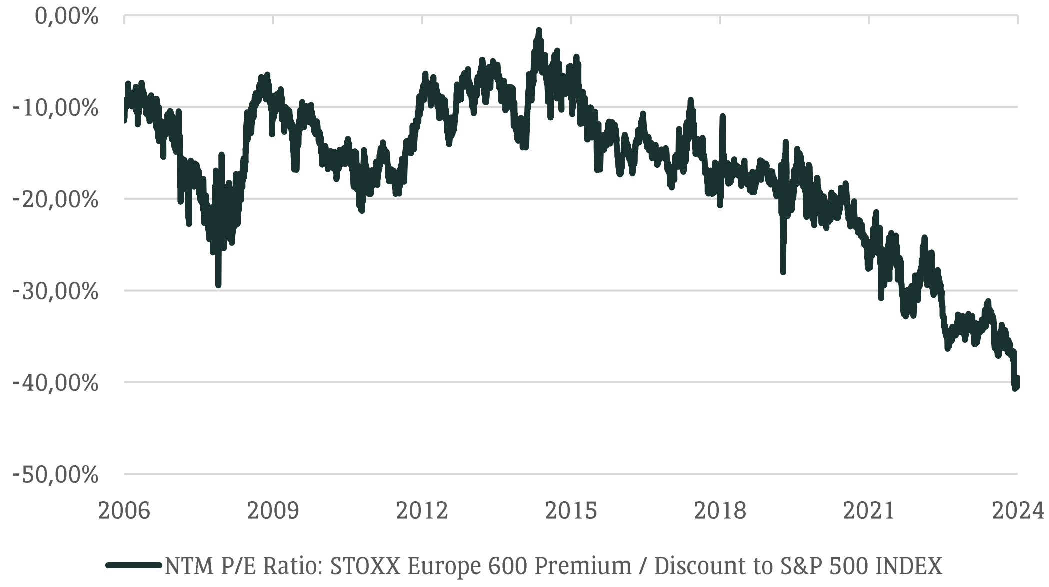


Source: BNP Paribas, Bloomberg

Europe – being cheap(er) is not enough (i)

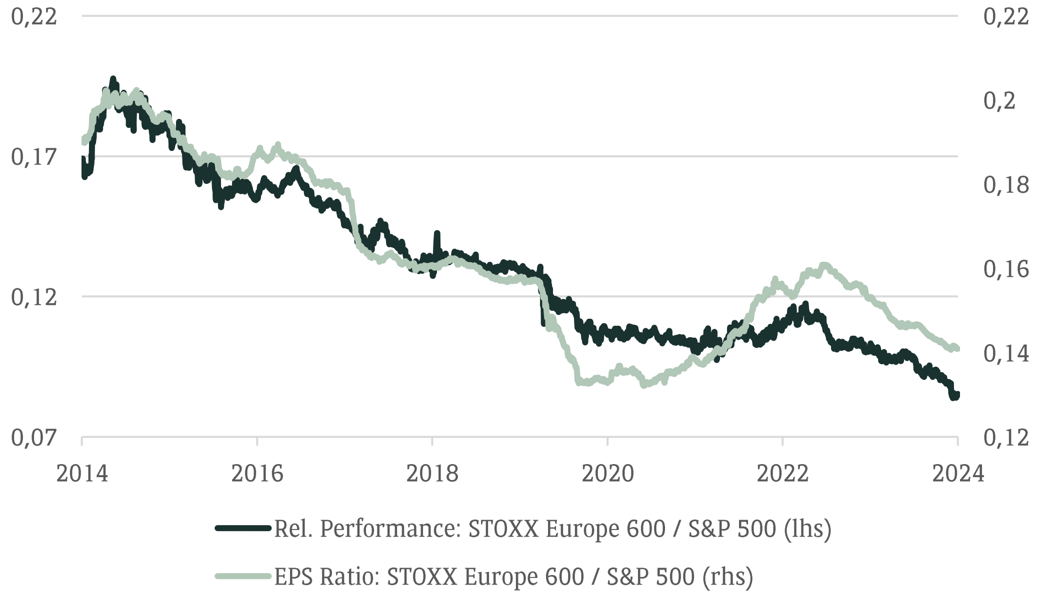
LOW RELATIVE VALUATIONS ARE DRIVEN BY EARNINGS GROWTH UNDERPERFORMANCE

AFTER AN EXTENSIVE PERIOD OF UNDERPERFORMANCE, EUROPE TRADES AT RECORD DISCOUNTS VS THE US



Source: BNP Paribas, Bloomberg

THE RELATIVE PERFORMANCE WAS VASTLY JUSTIFIED BY EARNINGS TRENDS

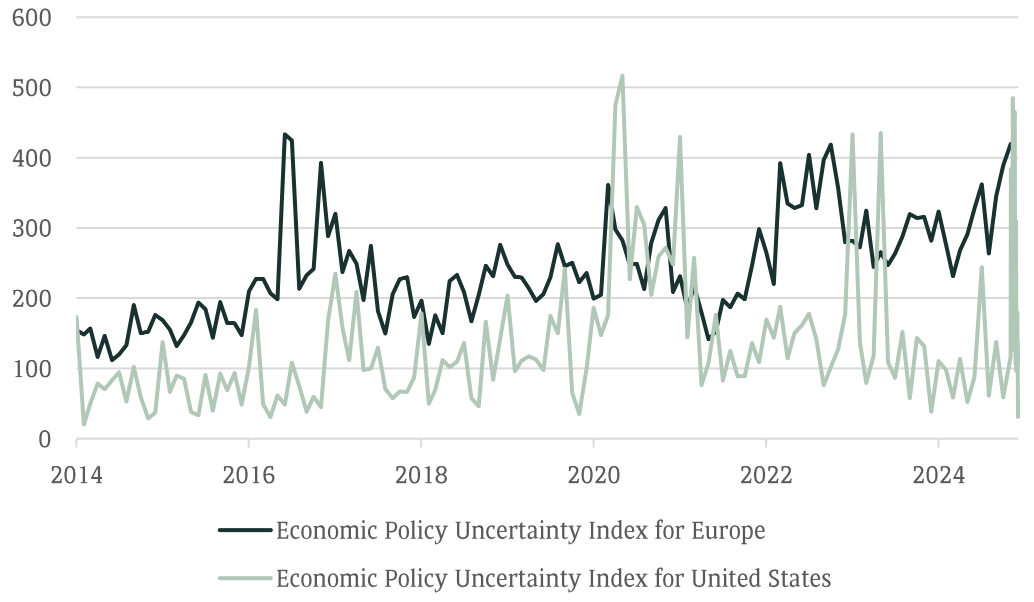


Source: BNP Paribas, Bloomberg

Europe - being cheap(er) is not enough (ii)

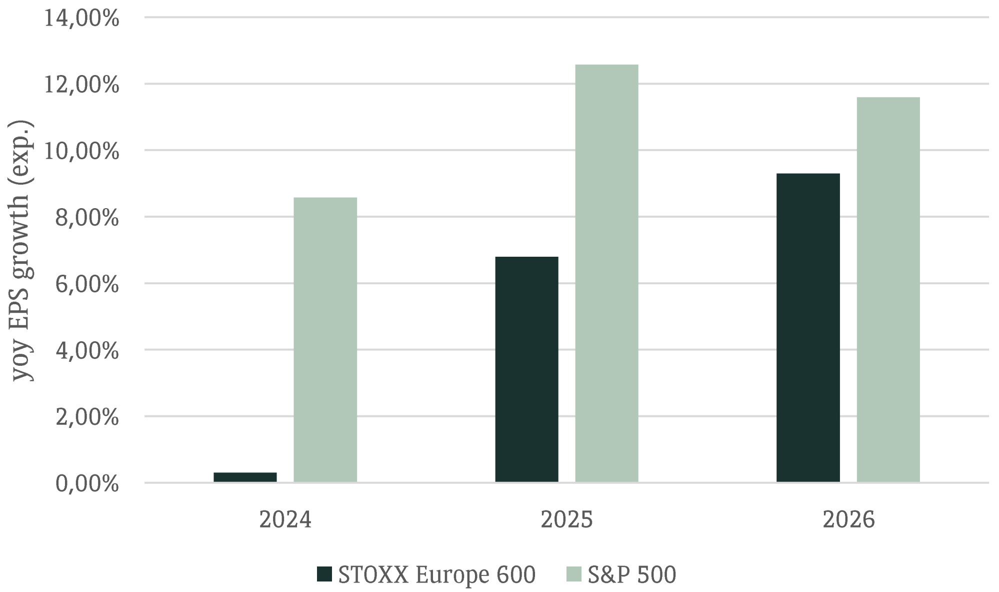
UNCERTAINTIES ARE LIKELY TO WEIGHT ON ECONOMIC PROSPECTS

UNCERTAINTY IN EUROPE CONTINUES TO GRIND HIGHER WHILE THE US RETREATS FROM IT´S PRE-ELECTION HIGHS



Source: BNP Paribas, FRED

EARNINGS GROWTH IN EUROPE IS STILL EXPECTED TO BE SUBSTANTIALLY SLOWER THAN IN THE US

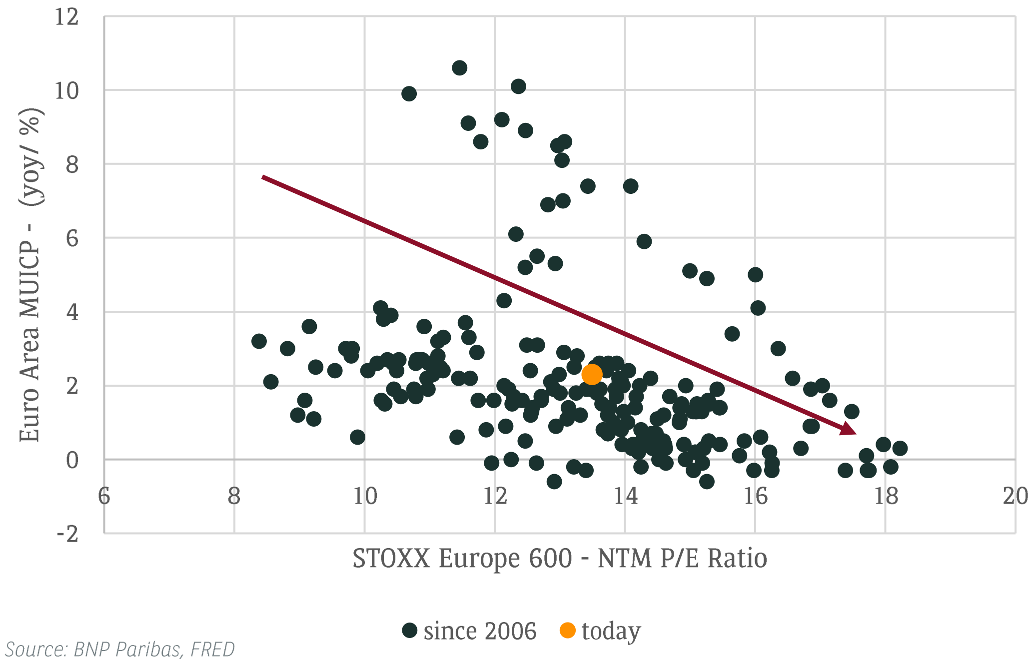


Source: BNP Paribas, Bloomberg

Europe – where to go in terms of valuations

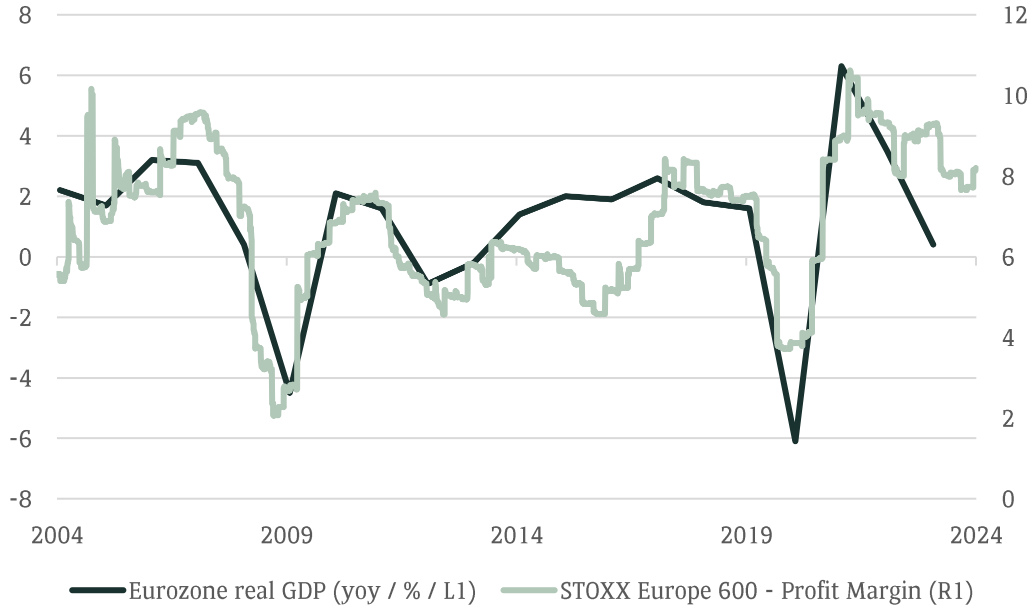
INFLATION TRENDS MAY PROVIDE SOME TAILWINDS WHILE THE LACK OF GROWTH IS STILL A BURDEN

HISTORICALLY, INFLATION LEVELS BELOW 2% HAVE BEEN ASSOCIATED WITH P/E RATIOS BETWEEN 14-16



Source: BNP Paribas, FRED

SLUGGISH GDP GROWTH WILL BE NEGATIVE FOR MARGINS AND THUS POTENTIALLY CONTRADICTING A RE-RATING EFFECT

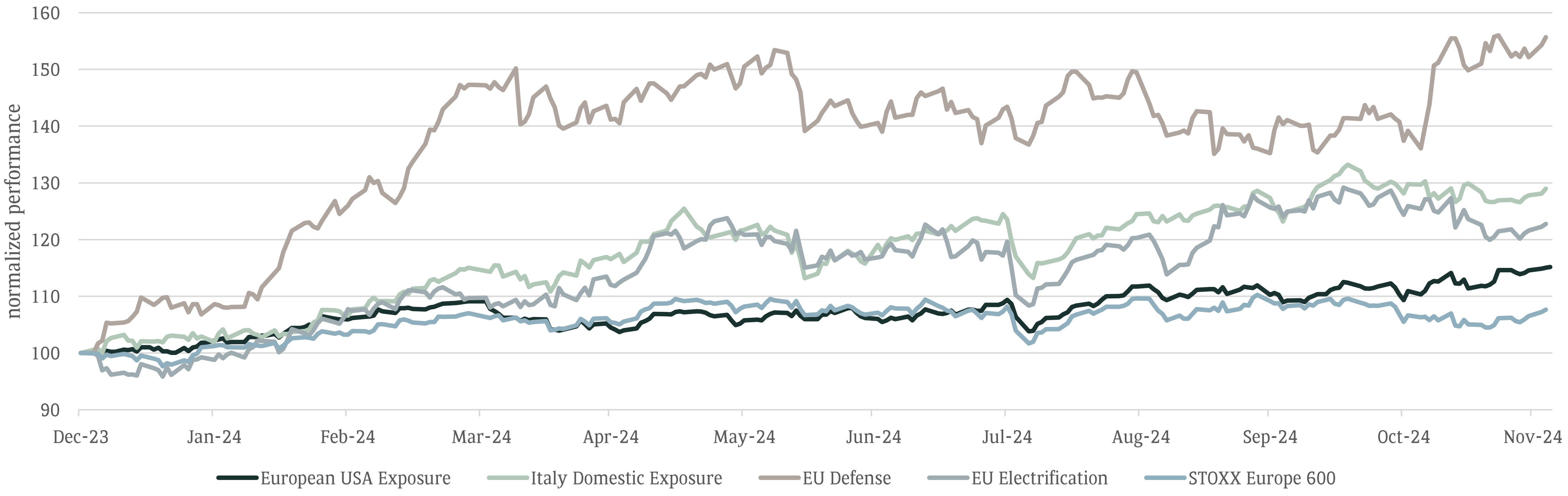


Source: BNP Paribas, Bloomberg

Europe – not all stocks are created equal

CERTAIN AREAS OF THE MARKET PROVIDE FERTILE HUNTING GROUNDS FOR STOCK PICKERS

STOCKS GEARED TO STRUCTURAL GROWTH THEMES CONTINUE TO OUTPERFORM THE BENCHMARK IN EUROPE

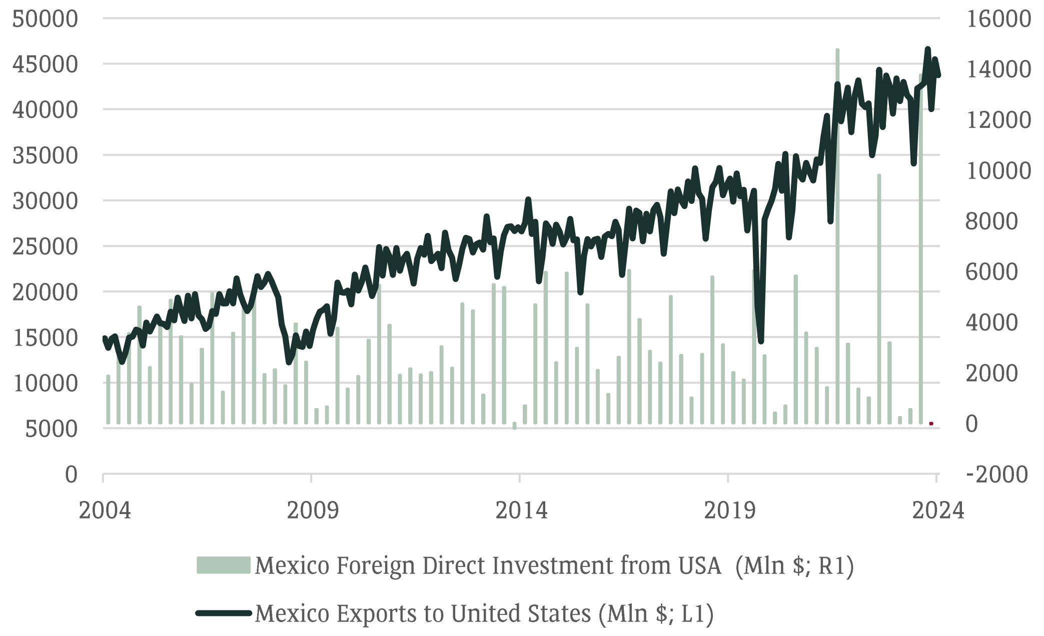


Source: BNP Paribas, Bloomberg

Mexico – downgrade to underweight

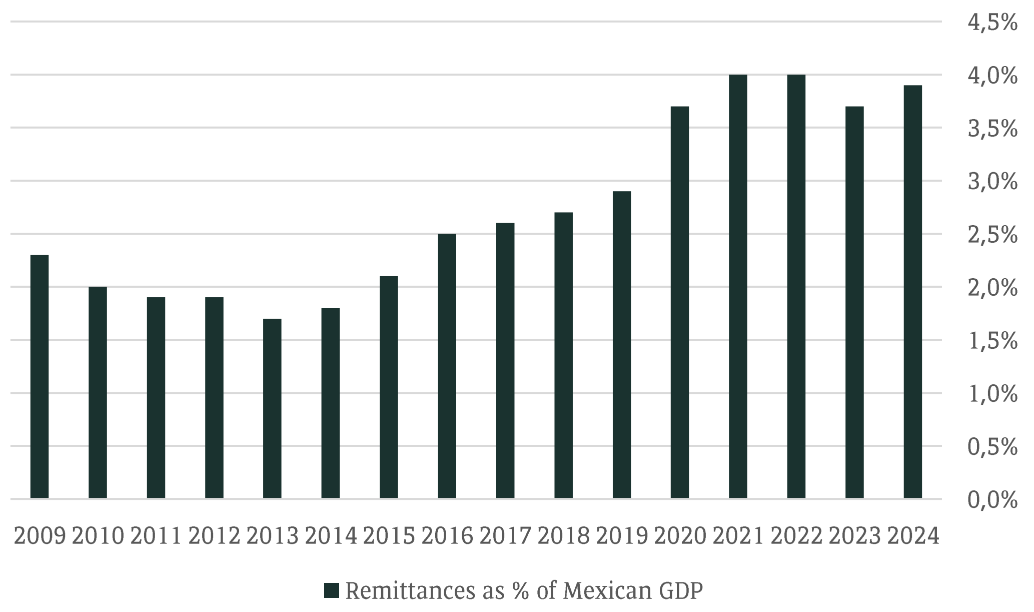
WE SEE INCREASING RISKS RESULTING FROM A DETERIORATION OF THE US RELATIONSHIP

TRADE TENSIONS WOULD PUT MEXICAN EXPORTS AT RISK AND KEEP FDI FROM THE US SUBDUED



Source: BNP Paribas, Bloomberg

STRICTER MIGRATION POLICIES WOULD CUT OFF AN IMPORTANT SOURCE OF DEMAND



Source: BNP Paribas, Bloomberg

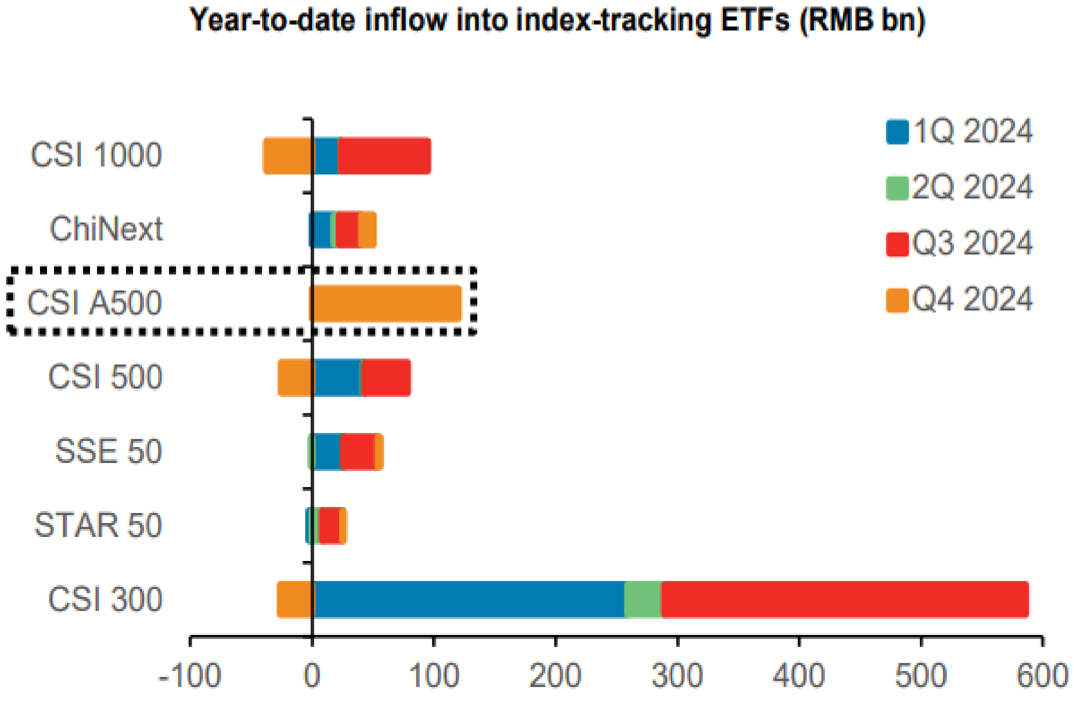
Asian Equities view

ASIA COUNTRY PREFERENCE

+	=	–
COUNTRY		
China Singapore South Korea Indonesia	Taiwan, Thailand Malaysia Philippines India	-

- **China** – Market could remain volatile in the short term amid concerns on geopolitical tensions upon the recent nominations in President-elect Trump's new cabinet. We remain positive in the medium term: (1) There is still room for more fiscal stimulus. The 2025 economic policy direction will be set by the Central Economic Work Conference in December (likely on the second week). (2) We prefer A-shares to offshore Chinese equities amid ongoing corporate governance reforms and the swap facility that improves market liquidity and encourages inflows.
- **India** – There has been a correction since late September due to slowing economic and corporate earnings momentum. That said, we still believe any pullbacks are buying opportunities. BJP's recent landslide victory in Maharashtra should give the government the greenlight to push forward with more capex spending to boost growth in the coming months.

Chinese policymakers are trying to revive sentiment in the domestic equity market with supportive measures



Sources: WIND, BNP Paribas

European Sectors in a nutshell (i)

Sector	View			YTD TRR (%)	TTR Spread vs SXXP (in ppts)	Our view at a glance
	Under-weight	Neutral	Over-weight			
STOXX Europe 600 Cons. Products and Services	X			-3,78	-15,67	The sector would suffer from tariffs. Chinese consumption still needs to pick up. **Margin pressure coupled with lower growth could depress earnings further**
STOXX Europe 600 Energy	X			1,48	-10,41	The **oversupply** in the market should limited upside in oil and puts **pressure on margins**. **Political risks turn negative** on the sector as a Trump brokered RUS/ UKR solution would further increase supply of several fossil fuels
STOXX Europe 600 Food, Bev and Tobacco	X			-3,25	-15,15	The **threat of tariffs** should weight on sentiment in spirits and bev. **10% tariff could reduce spirits earnings by 5% and bev by 1%**. Valuations are broadly in line with historic averages. We don´t see any upside catalysts
STOXX Europe 600 Personal Care	X			15,87	3,97	The sector still faces **headwinds from rising input costs while consumers are increasingly price sensitive**. While valuations are below historic averages, we don´t see any upside catalysts
STOXX Europe 600 Chemicals	X			-2,79	-14,68	US tariffs on China could lead to redirection of China exports to EU, increasing margin pressures. **Prefer high US exposure names** as local production shields from potentail tariffs while allowing to benefit from higher US growth. **Valuation still not**
STOXX Europe 600 Utilities		X		5,58	-6,31	**Sector suffered from RES concerns post US election. We feel this is overdone**. (Green) Power demand should continue to growth. A more aggessive ECB might help valuations
STOXX Europe 600 Banks			X	32,08	20,18	Valuations are still attractive and the Q3 results have been strong with many guidance upgrades. **Prefer less rate sensitive names and (US) investment banking exposure**. Be carefull with (too) high Latam exposure
STOXX Europe 600 Real Estate			X	2,35	-9,55	Demographics coupled with low building activity should support **book value re-ratings** among residentials. Logistics and data center should enjoy tailwinds from growing trends in e-commerce / AI. Stay selective among office and avoid retail
STOXX Europe 600 Technology		X		8,55	-3,35	Weak earnings season especially in the semi space which could suffer from tariffs while **while feeling the pinch from weak auto demand**. **Prefer software names** which should continue to benefit from B2B investments in AI supported efficiency
STOXX Europe 600 Autom. & Parts	X			-9,45	-21,35	Automotives have been the key negative standout during Q3 earnings as almost all OEMs warned, showing that none of the OEMs is immune. Everybody was citing weak China, high inventories, and bad pricing. We take this as confirmation for our

TRR = total Return, Data source: Bloomberg

European Sectors in a nutshell (ii)

Sector	View: Under-weight	View: Neutral	View: Over-weight	YTD TRR (%)	TTR Spread vs SXXP (in ppts)	Our view at a glance
STOXX Europe 600 Health Care			X	10,15	-1,74	The sector benefits from **AI related efficiency gains in a structually growing market** (e.g. demographics, obesity etc). The valuation vs global peers is attractive. It is a defensive compounder but **US political risks are rising**.
STOXX Europe 600 Financial Services			X	21,99	10,09	Declining rates, a US soft landing and improving capital markets activity offer support, especially to exchanges and private markets. **Stay selective among asset managers due to** challenges from the active to passive shift
STOXX Europe 600 Insurance			X	26,74	14,85	The sector still benefits from higher rates and improving economic growth. Thanks to the strenght of balance sheets we see further room to **increase shareholder returns**. Valuations are in line with history, offering further re-rating potential
STOXX Europe 600 Telecommunications		X		25,29	13,40	A **solid EBITDA picture** (the sector beat consensus expectations again in Q3 after a good Q2), the industry's **falling capital intensity** driven by the fibre cycle & the sector's **free M&A option** should support performance going forward
STOXX Europe 600 Media Price EUR		X		19,79	7,89	The sector still suffers from investors trying to make their mind how AI will impact business models. We think that a part of it is well positioned to benefit from AI as they own a lot of data. The sector is **not correlated to bond yields.**
STOXX Europe 600 Industrial Goods & Services			X	21,08	9,19	Positive Earnings Season with many guidance upgrades. Beneficiary of nearshoring as well as investments in data centers and renewable energy projects. **Focus on names which are well-positioned for a potential domestic pick-up in the US**
STOXX Europe 600 Construction & Materials			X	10,77	-1,13	**Investments in energy infrastructure / energy efficient buildings** should help drive earnings. ROIC now closer to US peers while valuations are still at a discount. Heavy side names might benefit from US-China tariffs as they produce locally
STOXX Europe 600 Basic Resources		X		-2,22	-14,11	The sector has the highest correlation to China in Europe due to the high revenue exposure (~ 36%). **We still prefer names exposed to energy transition & precious metals**
STOXX Europe 600 Retail Price EUR		X		19,70	7,81	The sector has now found some capital discipline allowing for cash distributions. We do see **lack of growth drivers** though. Valuations are in line with historic averages
STOXX Europe 600 Travel & Leisure		X		15,65	3,75	**Lower oil prices** should improve margins for irlines and crusie lines. Recent surveys indicate a **pick up in corporate travel** which should help hotel revpar growth recovery. **Prefer high US exposure** as TCJA extensions should boost sentiment

TRR = total Return, Data source: Bloomberg

US Sectors in a nutshell

Sector	View: Under-weight	View: Neutral	View: Over-weight	YTD TRR (%)	TTR Spread vs SXXP (in ppts)	Our view at a glance
S&P 500 Consumer Discretionary Sector		X		29,21	0,76	Lower energy prices should help airlines and consumers while corp travel is expected to recover further. **Extended and (potentially) fresh tax cuts should boost consumption. Any tariffs should help autos.Be selective due to valuations**
S&P 500 Consumer Staples Sector	X			19,73	-8,72	**TACTICAL long idea: Buy retail names as seasonality is positive while christmas shopping is expected to show solid growth (~ 10% yoy)**. Risk of higher inflation from Trump policies still a threat for as consumers may continue to "trade down".
S&P 500 Energy Sector	X			15,56	-12,89	**DG to Underweight** as the oversupply in the market should limited upside in oil and puts pressure on margins. We **prefer energy infrastructure names** as they should benefit from rising transportation and storage needs while paying attractive
S&P 500 Financials Sector			X	35,65	7,20	A recovery in M&A activity should support big banks earnings while a **solid economy will keep defaults in the credit books in check. Higher for longer and deregulation should provide additional tailwinds**
S&P 500 Health Care Sector			X	8,92	-19,53	The sector benefits from **AI related efficiency gains** in a structually growing market (e.g. demographics, obesity etc). It is a defensive compounder. But political risks are rising from Trumps policy picks. Further **deregulation is still a possibility as**
S&P 500 Industrials Sector			X	25,74	-2,71	Given 20+ years of US Industrial underinvestment, the stage is set for Industrials to return to MSD growth and significant margin expansion over the long term. **Prefer high domestic exposure**
S&P 500 Information Technology Sector		X		38,46	10,01	**Valuations trades on a heavy premium** vs the market. Profit growth expectations are slowing, making it harder to justify the valuation premium. Sentiment is also less optimistic on mega caps as worries of AI-related overinvestments rise
S&P 500 Materials Sector			X	11,13	-17,32	While we remain cautios within subsectors in chemicals, **we do like stocks with exposure to precious metals / energy transition metals mining**. The sector should also benefit from a reacceleration of US growth
S&P 500 Real Estate Sector		X		12,76	-15,69	We still see sluggish activity in residential RE as many owners are handcuffed by existing, low rates mortgages. New construction activity is muted. **Commercial RE looks stressed**. Those headwinds are reflected in undemanding valuations
S&P 500 Communication Services Sector		X		38,92	10,47	The sector is **dominated by 2 mega tech companies which look expensive**. The remaining index looks more reasonable priced. We prefer software and telecommunications within the sector
S&P 500 Utilities Sector			X	30,36	1,90	We think that **risks to clean energy spending / IRA are more limited than currently anticipated**.Growth in power demand should remain solid due to AI headwinds. EPS growth expecations accelerate. **Take advantage of any weakness**

TRR = total Return, Data source: Bloomberg

Valuations - Indices

			Forward													Composite	
Index	Level	1yr Range	EPS	5yr Z-Score	EPS change 4 weeks (%)	PE Ratio	5yr Z-Score	PB Ratio	5yr Z-Score	Div Yield	5yr Z-Score	ROE	5yr Z-Score	Earnings Yield	5yr Z-Score	vs. ACWI	5yr Z-Score
MSCI ACWI	868		45,56		-0,69	19,05		3,02		1,96		15,03		5,25		n.a.	n.a.
MSCI World	3830		189,27		-0,53	20,24		3,36		1,85		15,67		4,94		1,07	
MSCI Emerging Markets	1098		89,04		-1,58	12,33		1,55		3,04		12,28		8,11		0,63	
S&P 500	6068		263,00		0,13	23,00		4,74		1,33		19,17		4,33		1,26	
S&P 500 Equal Weighted	7537		398,10		-0,29	18,93		3,01		1,88		14,62		5,28		0,99	
Russell 2000	2426		76,14		-4,40	31,73		1,74		2,12		4,14		3,14		1,52	
NASDAQ 100	21373		728,67		0,02	29,13		7,56		0,77		22,61		3,41		1,66	
MSCI USA Growth	26951		447,19		-1,77	32,02		11,31		0,40		32,31		1,66		1,96	
MSCI USA Value	15011		225,41		-0,36	17,97		2,96		2,30		15,30		1,50		0,95	
STOXX Europe 600	518		37,17		0,26	13,89		1,92		3,75		13,23		7,18		0,72	
STOXX Europe Mid 200	544		44,74		2,32	12,13		1,48		4,09		11,69		8,22		0,62	
STOXX Europe Small 200	339		24,41		-0,75	13,84		1,50		3,99		10,61		7,20		0,69	
DAX	20207		1383,54		-0,86	14,60		1,65		3,39		10,70		6,85		0,74	
FTSE 100	8345		676,67		1,27	12,31		1,84		4,00		13,46		8,11		0,64	
CAC 40	7310		528,51		-0,97	13,77		1,73		3,61		12,44		7,23		0,70	
FTSE MIB	34177		3490,03		0,55	9,78		1,30		5,84		12,54		10,21		0,50	
Nikkei 225	39276		1977,00		2,53	19,87		2,01		1,93		10,01		5,03		0,99	
Hang Seng	19742		2131,07		-0,43	9,26		1,04		3,92		10,60		10,79		0,47	

Source: BNP Paribas, Bloomberg, Data as of 4th December 2024

Z-Score: Defines the number of standard deviations a value is from the mean of a given distribution. Negative z-scores indicate the value lies below the mean. Positive z-scores indicate the value lies above the mean.

Valuations – EU Sectors

Index	Level	1yr Range	Forward: EPS	5yr Z-Score	EPS change 4 weeks (%)	PE Ratio	5yr Z-Score	PB Ratio	5yr Z-Score	Div Yield	5yr Z-Score	ROE	5yr Z-Score	Earnings Yield	5yr Z-Score	Upside to 12M Target Price*	Composite: vs. SXXP	5yr Z-Score
STOXX Europe	518		37,17		0,26	13,89		1,92		3,75		13,23		7,18		14%	1,00	
STOXXE 600 Consumer P&S	386		15,94		-2,54	24,19		3,92		2,15		15,40		4,12		11%	1,78	
STOXXE 600 Energy	114		12,19		0,87	9,36		1,18		6,10		12,79		10,68		20%	0,67	
STOXXE 600 Food, Bev and Tobacco	181		12,52		0,88	14,48		2,44		3,99		15,82		6,90		17%	1,07	
STOXXE 600 Personal Care	168		10,47		0,73	15,96		2,94		3,47		17,51		6,25		10%	1,20	
STOXXE 600 Chemicals	1214		66,20		-0,19	18,27		1,64		3,43		8,70		5,45		17%	1,26	
STOXXE 600 Utilities	393		32,26		1,51	12,20		1,52		5,27		12,30		8,20		16%	0,87	
STOXXE 600 Banks	208		28,27		1,21	7,33		0,80		7,19		10,67		13,62		17%	0,51	
STOXXE 600 Real Estate	133		7,81		-0,07	16,88		0,87		5,48		5,64		5,89		15%	1,12	
STOXXE 600 Technology	815		32,41		-0,53	25,06		4,39		1,23		16,33		3,98		16%	1,86	
STOXXE 600 Autom. & Parts	536		77,36		-3,73	6,92		0,62		5,75		7,87		14,43		21%	0,48	
STOXXE 600 Health Care	1141		67,43		0,78	16,91		3,61		2,76		17,94		5,91		19%	1,30	
STOXXE 600 Financial Services	849		54,05		-2,90	15,65		1,71		2,63		11,06		6,37		6%	1,10	
STOXXE 600 Insurance	417		35,36		-0,31	11,75		2,05		6,58		18,26		8,49		8%	0,87	
STOXXE 600 Telcos	236		16,48		0,72	14,30		1,41		4,39		8,92		7,00		14%	0,99	
STOXXE 600 Media	476		25,73		-0,37	18,49		3,60		2,44		15,82		5,40		9%	1,40	
STOXXE 600 Ind. Goods & Services	916		49,18		0,06	18,54		3,54		2,31		17,88		5,37		8%	1,40	
STOXXE 600 Constrn & Materials	717		46,99		-0,48	15,23		2,23		3,06		14,60		6,56		14%	1,10	
STOXXE 600 Basic Resources	550		48,21		2,15	11,33		1,17		4,40		10,18		8,76		16%	0,79	
STOXXE 600 Retail	467		27,34		0,81	16,98		3,14		3,14		17,55		5,85		10%	1,27	
STOXXE 600 Travel & Leisure	272		22,18		1,48	12,26		3,06		2,78		24,47		8,16		14%	0,97	

* BBG Consensus, NOT an official target of BNP Paribas

Source: BNP Paribas, Bloomberg, Data as of 4th December 2024
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Valuations – US Sectors

Index	Level	1yr Range	Forward: EPS	5yr Z-Score	EPS change 4 weeks (%)	PE Ratio	5yr Z-Score	PB Ratio	5yr Z-Score	Div Yield	5yr Z-Score	ROE	5yr Z-Score	Earnings Yield	5yr Z-Score	Potential Upside to 12M Target Price*	Composite: vs. S&P 500	5yr Z-Score
S&P 500	6066		263,00		0,13	23,00		4,74		1,33		19,17		4,34		8%	1,00	
S&P 500 Consumer Discretionary	1823		66,10		0,13	27,39		8,33		0,67		28,33		3,63		0%	1,29	
S&P 500 Consumer Staples	891		40,66		-0,25	22,03		6,28		2,43		26,22		4,56		6%	1,02	
S&P 500 Energy	711		45,58		-0,36	15,74		2,09		3,19		13,40		6,42		13%	0,64	
S&P 500 Financials	836		46,49		0,13	18,03		2,23		1,68		12,13		5,56		3%	0,73	
S&P 500 Health Care	1706		92,75		-0,22	18,42		4,64		1,78		20,44		5,44		15%	0,83	
S&P 500 Industrials	1201		49,06		-0,91	24,42		6,07		1,49		23,82		4,09		6%	1,10	
S&P 500 Information Technology	4671		142,91		0,59	32,41		11,62		0,63		30,85		3,06		11%	1,59	
S&P 500 Materials	587		26,97		-1,42	21,93		2,88		1,83		12,62		4,59		12%	0,89	
S&P 500 Real Estate	275		7,10		-1,07	38,88		3,23		3,30		8,23		2,58		8%	1,52	
S&P 500 Communication Services	339		17,55		1,17	19,30		4,22		0,93		20,77		5,17		11%	0,85	
S&P 500 Utilities	408		21,77		0,39	18,67		2,25		2,98		12,11		5,34		7%	0,75	

* BBG Consensus, NOT an official target of BNP Paribas

Source: BNP Paribas, Bloomberg; Data as of 4th December 2024

Z-Score: Defines the number of standard deviations a value is from the mean of a given distribution. Negative z-scores indicate the value lies below the mean. Positive z-scores indicate the value lies above the mean.

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