

# Oriflex BP Regeling

## Oriflex Liquiditeiten

### Stichting Pensioenfonds Atos Origin

Vierde Kwartaal 2023

# BLACKROCK

#### Investment Review

The Fund outperformed the benchmark this quarter.

#### Market Overview

Q4 witnessed a significant drop in inflation and indications of economic stability or modest recovery. This led to accelerated and advanced market expectations for rate cuts.

The Euro area's annual inflation rate declined to 2.9% in December 2023, up from 2.4% in November. The core CPI inflation, excluding volatile items like food and energy, decreased to 3.4%, the lowest since April 2022, in December. These figures indicate a significant easing of inflationary pressures in the region .

The Euro area experienced a slight Gross Domestic Product (GDP) contraction of 0.1% in the third quarter of 2023, following a modest 0.1% increase in the

second quarter. The revised GDP growth projections for 2023 are now at 0.6%, decreasing further to 0.8% in 2024, with a stable projection of 1.5% for 2025. This revision reflects the impacts of tight financing conditions, a tightening in credit supply conditions, and their effects on investments and consumption .

As of December 2023, the Eurozone Composite Purchasing Managers' Index (PMI), was revised up slightly from an initial estimate of 47.0 to 47.6, remaining unchanged from the November reading. Despite this revision, the PMI still suggests that the Eurozone economy is contracting, with both the Manufacturing Output and Services Business Activity PMIs remaining below the 50 mark, indicating economic contraction.

In December 2023, the European Central Bank (ECB) maintained its previous monetary policy stance, keeping the key interest rates unchanged. The rates for main refinancing operations, marginal lending facility, and deposit facility remained at 4.50%, 4.75%, and 4.00% respectively. This decision aligns with the ECB's assessment that the current interest rates, if maintained for a sufficient duration, will substantially contribute to achieving its 2% medium-term inflation target.

The ECB's decision was influenced by the expectation that inflation, though it has decreased in recent months, is likely decline gradually, approaching the 2% target in 2025. Despite the drop in headline inflation, underlying inflation has eased, but domestic price pressures remain high, primarily due to strong growth in unit labor costs. The ECB predicts subdued economic growth in the near term but expects recovery due to rising real incomes and improving foreign demand.

European yield metrics have shown a decrease in the 3-month, 6-month, and 12-month Euro short-term rate (Ester) rates compared to the previous month, concluding November at 3.87%, 3.68%, and 3.21%, a decrease of 3.4 basis points, 14.7 basis points, and 35.3 basis points respectively.

#### Outlook

During the last quarter of 2023, the economic environment in Europe, the UK, and the US displayed a combination of resilience and carefulness amid evolving monetary strategies and diverse regional economic scenarios.

Focusing on the broader economic picture, the global economy demonstrated robustness, though some areas were affected by assertive policies of central banks. Inflation rates were declining, yet returning to standard levels was anticipated to be a gradual process.

Key central banks, including the US Federal Reserve, the Bank of England (BoE), and the European Central Bank, were nearing the conclusion of their strict policy phases and expected to maintain interest rates for several periods before commencing a slow reduction phase. Europe's growth was comparatively subdued against the US, in part because European households had less savings to offset the impact of high inflation.

The end of 2023 was significantly influenced by the expected change in monetary policy, moving from a prolonged high-interest rate approach to potential rate reductions. This led to a notable decrease in government bond yields in major economies like the US, UK, and Europe.

The Federal Reserve (Fed) itself has signaled that it expects to lower its key rate to around 3.75% by the end of 2024, with a further decrease to around 3% by the end of 2026 before it begins to rise again .

#### Omvang fonds

Waarde begin van de periode	€ 108,875,425
Waarde eind van de periode	€ 117,653,671

#### Rendement

%	Kwartaal	Jaar tot op heden	3-Jaars Ann.	5-Jaars Ann.	10-Jaars Ann.
Fonds	1.02%	3.23%	0.78%	0.24%	-0.03%
Benchmark	0.98%	3.41%	0.58%	0.15%	-0.05%

#### Outlook (continued)

Economists predict that the European Central Bank (ECB) will start cutting interest rates as early as March 2024, as falling inflation is expected to allow for a reduction in borrowing costs .

Both the ECB and the BoE are responding to the changing economic conditions, particularly the inflation rates and economic growth, which guide their monetary policies. The specific timing and extent of rate cuts will depend on how economic indicators evolve throughout the year.