

The logo for Sigma Investments features a large, stylized Greek letter sigma (Σ) in red, followed by the word "Sigma" in a blue serif font, and the word "Investments" in a smaller, grey sans-serif font below it.

Σigma
Investments



Monthly Report

February 2024

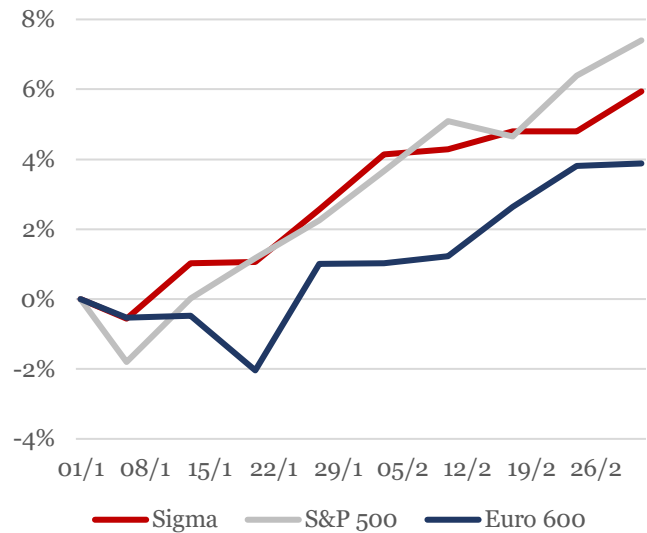


Introduction

Welcome to the debut issue of the Sigma Investments Monthly Report! As a student-led investment fund, we're excited to kick off this new communication initiative. Our aim with this monthly report is to improve communication and engagement among our members while providing valuable insights into market trends and investment strategies.

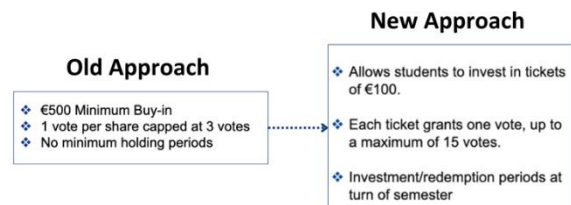
Starting from the first week of each new month, our report will be your go-to resource for staying informed about the latest developments in both financial markets and our community. Whether you're a seasoned investor or just starting out, we've tailored our content to be accessible and beneficial for everyone. Thank you for your support, and we look forward to sharing our insights with you each month

Sigma vs. Benchmarks - YTD Performance



DEVELOPMENTS

In February, our community saw significant developments in our voting system, marking a pivotal shift from the old approach to a more dynamic and inclusive one. Previously, our voting system operated on a fixed €500 per share basis, but we've now adopted a marginal approach, granting €100 per share. The decision to transition stemmed from the recognition that the old system was no longer serving the evolving needs and dynamics of our community.



For Sigma’s current investor pool, this action results in a 5-to-1 share split. Investors, who previously purchased shares for €500 now hold five voting rights under the new system. Also central to this

new system is the introduction of seasonal pay-in and payouts. Once a semester, investors are provided with a one-week window to invest in the fund, followed by a week for withdrawals.

This structured approach ensures regular opportunities for engagement and investment, fostering a sense of ownership and participation among our members.



PORTFOLIO DEEP DIVE

Our portfolio continues to showcase resilience and strategic foresight amidst fluctuating market conditions. This month, we maintained a well-diversified approach. Our holdings in Bayer, Aedifica, Air Products, and SAP are retained at a "Hold" status, reflecting our commitment to stable sectors poised for long-term growth. These companies, with their robust fundamentals and strategic market positions, offer resilience and potential amidst evolving macroeconomic landscapes. For instance, Bayer's innovation in healthcare and Aedifica's foothold in European healthcare real estate speak to long-term demographic trends, while Air Products' focus on green energy aligns with global sustainability goals. SAP's digital transformation solutions continue to be indispensable across industries.

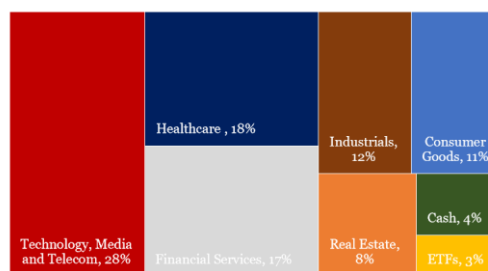
A standout decision was the "Buy" status awarded to BYD, underscoring our positive stance on the EV and renewable energy sectors. BYD represents a strategic blend of innovation, market leadership, and a sustainable business model, driving our optimism for its growth trajectory amidst the global push for environmental sustainability.

Best and Worst Performers

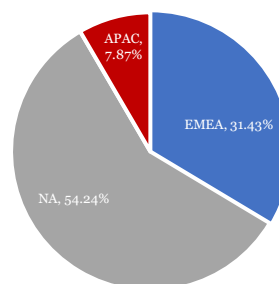
META, Applied Materials, and CRH have exhibited high growth in the medium term, they may have recently touched a short-term peak, so if the corresponding industry analysts believe they may be overvalued or close to their valuation, now may be a good time to exit the position. Sony and Air Products & Chemicals, on the other hand, haven't shown good growth since Sigma's addition to the portfolio and may have more to give.

Please refer to the appendix for a more in-depth analysis of the recent price movement of last month's best and worst performers.

Industry Allocation



Geographical Distribution



Best and Worst Performers – Last 30 Days

Meta Platforms Inc Class A	24.03%
Applied Materials, Inc.	20.63%
CRH public limited company	16.48%
Air Products and Chemicals, Inc.	-9.92%
Sony Group Corporation Sponsored ADR	-13.32%

Macro Update

EMEA

The region faces uncertainty due to tensions in Ukraine and the Middle East, along with upcoming EU elections in 2024. Supply chain disruptions and crude price fluctuations have impacted the market, yet EU energy prices are expected to fall in Q1 2024 despite sticky inflation.

APAC

Increased infrastructure expenditure and government interventions are notable in China, while India maintains a high inflation rate. Japan sees labor shortages driving wage growth.

NORAM

The US shows a GDP growth slowdown from 2.8% in 2023 to 0.7% in 2024, with technological sectors thriving amidst fiscal shifts and geopolitical tensions.

Key News

- U.S. CPI data release on 12th March
- Major central Banks expected to cut rates in H2
- Unlikely to be in bubble based on Ray Dalio's indicator
- Bullish sentiment in the market

Equities

The tech, pharmaceuticals, and consumer goods sectors show high valuations and bullish sentiment, driven by favorable regulatory trends and strong investment flows.

Credit

Expected rate cuts by central banks and concerns over the private credit sector contrast with a growing interest in European junk bonds amid cooling inflation.

Sigma Community

Last month, Sigma hosted an enlightening guest talk and Q&A session featuring Fabian Macháček, an esteemed alumnus of Maastricht University and an Investment Banking Associate at JP Morgan. Fabian captivated our audience with insights into his personal journey and professional experiences within the investment banking sector. Attendees had the opportunity to engage with Fabian, asking questions about his role at JP Morgan and his personal career path, enriching our understanding of the industry.

Finally, we held our semiannual team photo shoot, to capture the essence of our vibrant and cohesive community. This provided a wonderful opportunity for our members to come together, fostering bonds and showcasing the unity within each team of Sigma Investments.

Further Sigma introduced a new academic development workshop for all analysts aimed at honing essential skills and knowledge that takes place weekly. Over the past couple of weeks, analysts have delved into topics such as finance and accounting recap sessions, providing a comprehensive refresher on fundamental concepts. Furthermore, our members have acquired valuable expertise in utilizing



Factset for equity screening empowering them with the tools needed to excel in their roles.

Amid our busy schedules, Sigma Investments understands the importance of building connections and creating opportunities for our team to unwind. With this in mind, we recently organized a lively pub crawl through the vibrant bars of Maastricht for our new analysts. This event provided them with a chance to socialize outside of the office environment, fostering a sense of camaraderie and allowing them to relax and bond in a more casual setting.

These events, from insightful guest talks to professional development workshops and social outings, reflect Sigma Investments' dedication to nurturing a dynamic and supportive community. We look forward to continuing to provide enriching experiences and opportunities for growth in the months ahead.

WORDS FROM OUR PRESIDENT

As we close our inaugural monthly report, I want to take a moment to reflect on the journey we've embarked upon together.

Our mission, to deliver unparalleled insights into the fund and market trends, is a testament to our collective ambition and dedication. This month's insights are just the beginning of a tradition of excellence we aim to uphold. Our achievements during the beginning of this semester the unwavering dedication of our analysts and the steadfast commitment of our shareholders.



Thank you for your engagement and trust in Sigma Investments. Here's to many more months of success and groundbreaking achievements.

Lucas Collon-Windelinckx
President

Disclaimer

Sigma Investments functions as a collective endeavor, managed by students under the guidance of experienced mentors. While our goal is to generate returns through strategic investments, it's important to recognize the inherent risks involved, particularly those stemming from market fluctuations.

Investing in financial markets inherently involves uncertainty. Despite our best efforts to mitigate risks through diligent research and diversification, market movements remain beyond our control.

Sigma Investments provides a platform for hands-on learning and exploration in finance. However, past performance does not guarantee future results, and investors should approach participation with caution and awareness.

Thank you for considering Sigma Investments. Your understanding of the risks involved is appreciated.



APPENDIX

Technical Analysis Report – Top & Bottom performing stocks

March 2024 - Technical Analysis Team

Introduction

The outlook for the general market in March appears to be cautiously optimistic, with the recent stock market rally gaining momentum amid considerations of the Federal Reserve's impending interest rate decisions. The S&P 500's impressive 5.34% gain in February, coupled with a year-to-date total return of 7.11%, reflects increasing investor confidence in the Fed's ability to orchestrate a soft landing for the U.S. economy. The anticipation for a potential rate cut by June is reflected in the market's pricing, with many stocks enduring a bullish run, such as META with a 44% performance YTD. Other companies, however, haven't been able to make the most out of favorable economic conditions and have been thus surrounded by general negativity and reluctance to invest amongst investors. Overall, March's market movement hinges on Fed decisions, inflation trends, and ongoing earnings momentum.

Meta Platforms Inc.

Meta Platforms Inc slumped from 2021 up until October 2022. However, the performance since then has been anything but a slump. The stock has exhibited strong, positive momentum, and this sentiment is still holding. As mentioned in the introduction, the stock has even had a run of 44% YTD. Sigma is also up nearly 40% on the Meta Platforms investment and the target price has been exceeded by 7%. Part of the reason for Meta's performance is due to the fact that they withdrew their Metaverse investments roughly a year and a half ago. This freed up more capital, which Meta could invest at their high ROIC, which has a 5-year average of just over 20% (Factset, 2024).

Figure 1 exhibits the Coppock Curve of Meta Platforms Inc. This represents the long-term momentum of the equity. The graph confirms what was mentioned, namely that the stock has been exhibiting a strong, positive momentum and it appears to be set up to continue this way. As one can



Figure 1: Meta Platforms Inc.. Coppock Curve. 1 Week graph

see, the Coppock Curve is well above the 0 line.

Therefore, Meta poses to be a good equity to keep holding, due to their strong positive momentum (As exhibited in figure 1) as well as their consistently high ROIC, as mentioned above.

Applied Materials Inc.

Applied Materials experienced a dip from 2022 to 2023, but it has since rebounded with a surge in positive momentum, surpassing its 2022 price. This upward trend reflects renewed investor confidence, suggesting a favorable sentiment towards the company's prospects. Additionally, the stock has seen remarkable growth, with its stock soaring by over 50%, surpassing its target price by more than 40%. Such significant movements in related sectors could indicate broader market optimism, potentially impacting Applied Materials' stock price positively.

Factors such as technological advancements, semiconductor demand, and macroeconomic conditions may continue to influence Applied Materials' performance in the foreseeable future (Factset, 2024). They have also just announced an increase in their dividend which will keep driving the price upwards. Figure 2 presents the MACD of Applied Materials Inc. As previously mentioned, this represents the long-term momentum



Figure 2: Applied Materials Inc., MACD. 1 day graph

of the price movements. In this case MACD only supports what was already stated, ever since the start of 2024 the stock has picked up a strong positive momentum backed up by very positive MACD. The recent negative rebound in early March in Applied Materials' stock price, coupled with the recent price reversal as seen by the MACD, reflects a decrease investor confidence and optimism towards the company's prospects, indicating a good moment to exit the position if needed.

CRH PLC.

CRH Publicly Limited Company has performed rather well since 40.49 €/Share addition to portfolio in May 2021. It experienced a slight dip in the first quarter of 2021; however, we can observe that since then, it showcased a big growth surpassing its target price by more than 50%. The stock is exhibiting strong positive momentum, indicating positive sentiment of investors. Moreover, recently The Manufactures Life Insurance Company has acquired more 1,634,313 shares, which together with big Barclays PLC purchase indicates a positive trend and confidence in the potential of CRH PLC.

Figure 3 represents the Coppock curve and MACD of CRH PLC. It can be observed that Coppock curve is above 0,



Figure 3: CRH PLC., Coppock Curve, MACD. 1 Week graph

with positive trend. Moreover, MACD is above the signal line, indicating a bullish momentum. This supports what was mentioned earlier, as ever since first quarter of 2023 we observe a strong positive momentum. Therefore, CRH PLC looks like good equity to keep holding in the portfolio.



Air Products and Chemicals Inc.

Air Products is a company that is very engaged with sustainability, and which is trying to deliver research about hydrogen and electric airplane projects. Comparative analysis of Air Products and Chemicals Inc. with the S&P 500 (SPX) reveals consistent outperformance historically. Recent market fluctuations, attributed to negative revenue and earnings reports, have caused a significant downturn in the stock's value, indicating strong negative momentum. Nevertheless, there are signs of a potential reversal: the weekly MACD is approaching its signal line, signaling a strengthening positive trend, corroborated by an increasing RSI (61.3) (Figure 4). While these indicators suggest a bullish market sentiment, caution is warranted regarding the target price of 300, which appears ambitious. A thorough



Figure 4: Air Products and Chemicals Inc., MACD, RSI. 1 Week graph

reevaluation of the stock is advisable to decipher the implications of recent movements and changes in earnings prospects.

Sony Group Corporation.

Sony Group Corporation's stock performance has been a subject of scrutiny since Sigma's 77\$/Share addition to the portfolio in early December 2022. Sony Group Corporation's recent layoffs within its PlayStation division, along with a forecast cut for PlayStation 5 sales, have led to a sharp decline in stock value. These strategic adjustments amid lower demand reflect broader industry trends. Despite initial market positivity, concerns about long-term revenue growth persist. Uncertainties in the smartphone market and mixed analyst forecasts further complicate Sony's stock trajectory, highlighting the delicate balance the company faces between strategic adjustments and market dynamics.

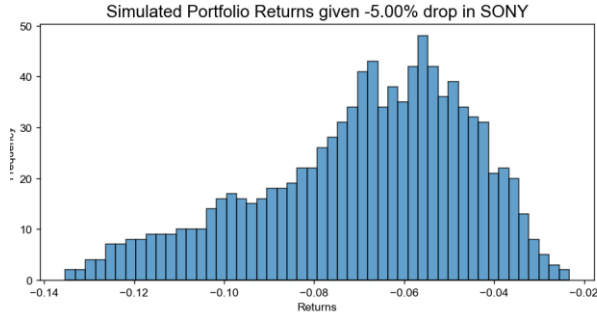
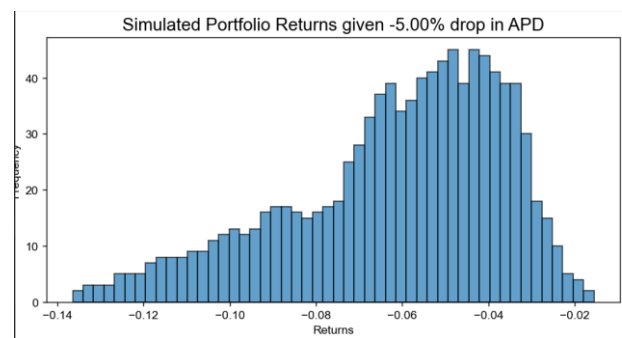
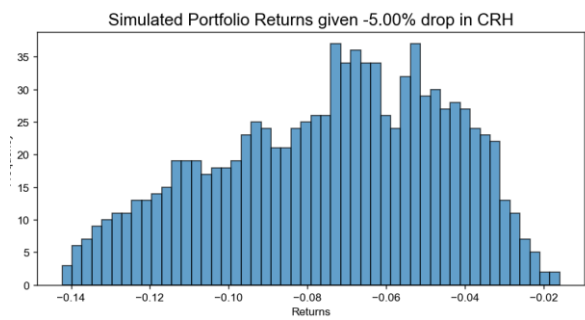
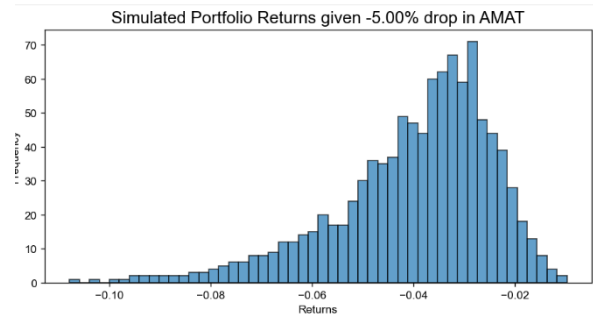
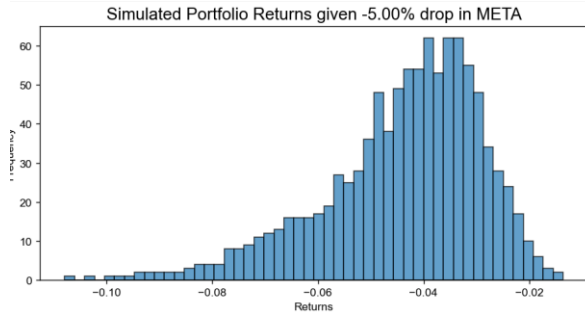


Figure 5: Sony Corporation, MACD, RSI. 1 Week graph

with a MACD cross has historically been a good indicator of a relative peak, and while this method has indicated 2 exit positions since the initial addition to the portfolio (June 2023, January 2024), the stock price has never traded close to the analysts' original price target of 135.54\$. In the near future, negative momentum and a decrease in demand may cause the stock price to settle close to the key 80\$ support, to then continue its journey in the channel.

Risk Report – Top & Bottom performing stocks

March 2024 – Risk Team



All stocks look reasonable in terms of risk with our portfolio. CRH and SONY have slightly higher correlation with our portfolio, which could lead to overexposure and is something to consider but is not a major red flag. Overall, nothing specifically concerning to note.

