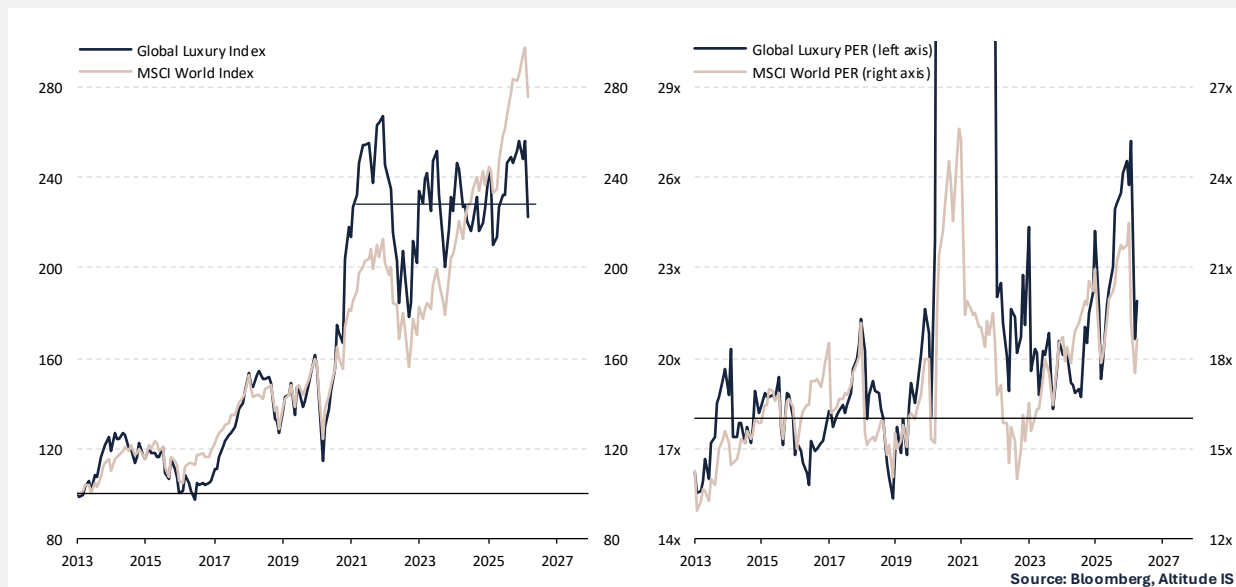


The flexiweekly that reaches new heights - published on 27 April 2026

"HAVE LUXURY GOODS BEEN SHELVED?"

- The fashion and luxury industry is no longer able to captivate as it once did
- Geopolitical shocks have only accelerated a structural crisis
- Customers have finally felt the impact of soaring prices
- Major houses are seeking to reinvent their business and creative models

CHART OF THE WEEK: "After five years of stagnation, luxury goods are not yet cheap"



FINANCIAL MARKETS ANALYSIS

For more than three decades, the luxury sector seemed to operate in a parallel universe. Global economic shocks seemed to bounce off Richemont, LVMH and Hermès, without ever denting their brand image or financial profitability. Fashion leaders appeared capable of weathering any storm, be it the subprime crisis, the Covid-19 pandemic, the debt crisis in European countries, the loss of purchasing power among the middle class, or the bursting of the property bubble in China. Investors had come to believe that the sector's growth was unshakeable. **Yet, since 2023, the luxury sector has been in serious trouble. Its stock market index has stagnated, whilst the global equities index has surged by 70%** (see Fig. 2). Admittedly, this performance gap has wiped out the very strong outperformance of 2021, but it



has ended up eroding even further. Since March 2025, the correction has been brutal, with leading stocks losing 40% on average. Some \$100 billion in market capitalisation has thus evaporated. This financial earthquake in the luxury sector had become so unlikely that it took even the most seasoned analysts and investors by surprise. It is now clear to everyone that the high-end and prestige industry is facing structural difficulties, particularly in the world of fashion.

When breaking down the global luxury sector, four sub-sectors stand out: fashion, motoring, hotels and cruises. Whilst luxury hotels and high-end cars have tended to outperform the global equity index, it is the cruise operators whose share prices have soared. At the other end of the spectrum, the fashion sector has failed to outperform the luxury index as a whole, meaning it has underperformed (see Fig. 3). Savvy investors will have noted that the leaders in these four sub-groups have all managed to outperform the sector index. This implies that **small and mid-caps have suffered much more.** Unlike the leaders, they lack both the geographical diversity and the financial strength essential for absorbing consumption shocks without sacrificing margins. Furthermore, their limited marketing clout and technological resources have prevented them from maintaining their prices in the face of inflation, or from optimising their stock levels in real time. Ultimately, in the luxury sector, *big is beautiful.*

Fig. 2 – Performance of the luxury sector

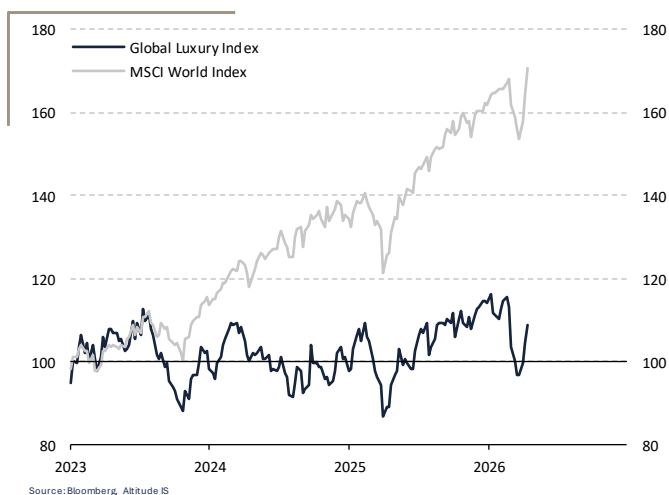
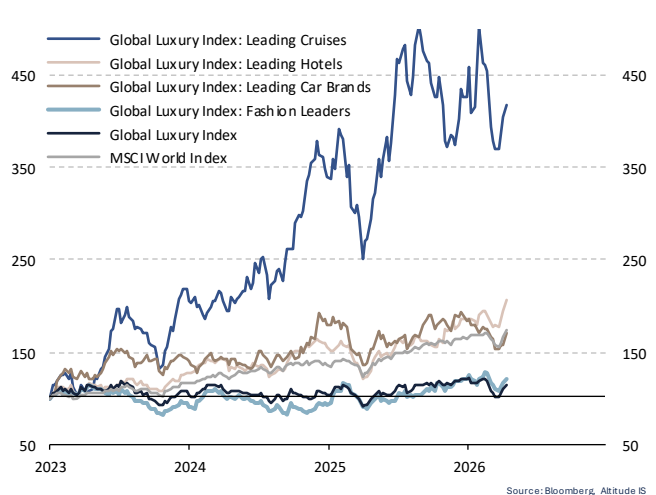


Fig. 3 – Performance of luxury sub-sectors



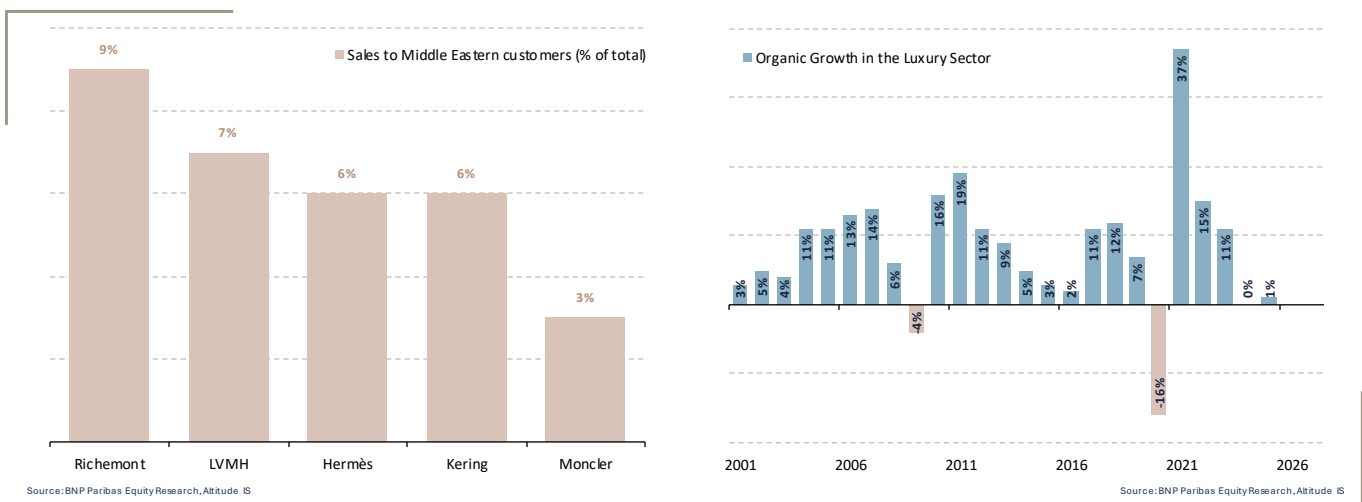
Cruise lines have turned their recovery into an unprecedented cash cow. Having teetered on the brink of bankruptcy during the pandemic, their customers' **irrepressible thirst for travel** has enabled them to achieve occupancy rates of over 100%, by making the most of triple and quadruple cabins. Demand then remained strong enough for them to raise prices aggressively without causing bookings to plummet. As a result, by 2023, Royal Caribbean and Carnival had managed to recoup some of their historic underperformance on the stock market. Better still, against a backdrop of very high global inflation, **cruising has become the middle class's budget haven.** Compared to a traditional hotel stay with flights and restaurants, the cruise lines' "all-inclusive" model offered perceived value deemed unbeatable. This appeal has enabled them to attract a new clientele, particularly young people who had previously tended to shun this type of holiday. **But the real success of recent years lies in the monetisation of on-board services.** Royal Caribbean and Carnival have perfected their digital ecosystems to transform every ship into a cash cow. From Wi-Fi packages to exclusive excursions, ancillary spending has risen sharply, generating much higher margins than those linked to ticket prices. This additional financial windfall has enabled rapid debt reduction and dispelled the spectre of bankruptcy that had been hanging over the



sector since 2020. Since passing their operational break-even point, these companies have benefited from powerful leverage. Now, every new passenger translates into a net profit.

In the fashion industry, the pressures have been mounting. The latest, the war in Iran, has struck the jewels of elegance where they were most vulnerable. **Although the Middle East accounted for only 6% of global sales** (see Fig. 4), **it was the main driver of recent growth**. However, in March, sales at Dubai's major shopping centres plummeted by half. To protect themselves against the inevitable fall in profits for luxury firms, investors sold large volumes of Richemont, LVMH and Hermès shares. Their share prices therefore fell much more sharply than the average stock market indices, proof that the luxury sector is on the front line of this crisis.

Fig. 4 – The Middle East's share of the luxury market Fig. 5 – Growth in luxury goods sales



This new external shock is significant, but it must not obscure the two structural weaknesses facing the sector:

- **Firstly, the Chinese market has stalled.** Once accounting for a quarter of global sales, it has been unable to withstand the property crisis. This crisis has eroded household wealth, purchasing power and the desire to consume luxury goods. Beyond this phenomenon, a cultural paradigm shift appears to be taking place in the world's leading luxury market. The policy of shared prosperity and increased scrutiny of outward displays of wealth have dampened the enthusiasm of the most ostentatious buyers. The Chinese are increasingly tending towards a preference for understated luxury or local luxury. Long the driving force behind sales in Paris, Milan and Tokyo, and regarded as an inexhaustible source of growth, Chinese consumers are now turning away from the major European fashion houses, whose shops in Shanghai and Beijing are seeing footfall plummet. This slowdown is not merely a cyclical correction but a lasting breakdown in confidence, which is depriving the sector of its main driver in terms of volume.
- **Secondly, the strategy of excessively inflating prices has ultimately discouraged a section of the clientele.** Between 2022 and 2024, the sector lost 50 million customers permanently, representing 15% of consumers. To fully understand this, one must remember that the aspirational consumer is the core target of the luxury industry. They do not represent the wealthy elite but an upwardly mobile middle class that uses consumption as a lever for social status. For this customer, owning a branded item is not merely a functional purchase. It serves as tangible proof that they belong to, or



are on the way to joining, a higher echelon of society. The handbag, the logo belt, the piece of jewellery, or the watch become a “talisman” that bridges the gap between their everyday reality and their ambitions for success.

Unlike the “Ultra High Net Worth” clientele, who remain unaffected by crises, the aspirational consumer is highly exposed to the vagaries of the economic climate. Their luxury budget is often the result of financial trade-offs or targeted savings. As soon as inflation rises or the job market takes a turn for the worse, they are the first to give up this type of purchase in favour of essential spending. According to McKinsey, between 2019 and 2023, 80% of the sector’s growth was driven by price increases. Only 20% came from sales growth. Since the aspirational consumer no longer has the means or the desire to accept further price rises, corporate profits are eroding. This phenomenon explains much of the sluggish sales growth (see Fig. 5) and the underperformance of groups such as LVMH and Kering.

The time has come for the major fashion houses to reinvent their business and creative models. Gone are the days when growth seemed guaranteed simply by the prestige of a famous logo. Today, a massive game of musical chairs is taking place within the most prestigious creative departments. Dior, Gucci, Chanel and Balenciaga are all changing their creative directors in a bid to revitalise their brands. The aim is for creativity to re-enchanted disillusioned consumers. This shake-up in the fashion world should enable market leaders to capitalise on their position of strength to acquire competitors who can no longer maintain their financial independence. The time is ripe for a wave of major consolidation to reshape the luxury landscape.

Fashion companies must also take into account consumers’ new aspirations. A growing number of them wish **to spend their money on experiences rather than material objects.** A wonderful trip or an exceptional restaurant is becoming more desirable than a new designer handbag. Companies will have to prove their ability to create genuine emotion, rather than merely projecting a status symbol. For an industry that essentially sells physical objects, this represents a major challenge.

Fig. 6 & 7 – Performance of leading fashion groups



In this complex environment, investors can easily identify the strengths and weaknesses of the major players, enabling them to distinguish between them. They no longer tolerate omnipresence and a lack



of agility, but prefer brands that have managed to remain exclusive or indispensable to the daily lives of the wealthiest. Capital is shifting towards scarcity and scientific innovation, to the detriment of those who have sacrificed their prestige on the altar of easy growth.

- **Companies that rely on aspirational consumers are suffering the most** (see Fig. 6). At Kering, Gucci's loss of momentum has ultimately turned into a profound identity crisis, whilst at LVMH, the slowdown at Louis Vuitton and Dior highlights the limitations of a model that has become overly reliant on price point upgrades and the repetition of logos. Estée Lauder completes this picture by becoming bogged down in outdated airport logistics. These groups have relied too heavily on constant visibility, which has ultimately saturated a desire that, on the contrary, thrives on scarcity.
- **In contrast, the very high end is faring rather well** (see Fig. 7). Hermès continues to cultivate an almost mystical sense of scarcity. By managing organised frustration, the house on Rue Faubourg Saint-Honoré has succeeded in transforming the act of waiting into a driver of growth. Demand for a Birkin bag remains structurally higher than the rate at which the workshops can produce it. This imbalance shields margins from any economic storm. Hermès has become the ultimate safe haven, the pure gold of the luxury sector. Richemont's strength lies in the brilliance of fine jewellery in general and Cartier in particular. In times of uncertainty, jewellery ceases to be a mere accessory and becomes a tangible financial asset.
- **L'Oréal and Moncler have joined the select circle of companies that have demonstrated resilience** (see Fig. 7). For its part, L'Oréal deploys a scientific strike force that resembles a technological war machine. The group has ceased to be a mere cosmetics manufacturer and has become a data platform capable of predicting the desires of tomorrow. Thanks to this, the company manages to capture growth wherever it emerges, whether in Asian metropolises or on social media. L'Oréal also manages to bring under its umbrella the beauty assets that smaller players have overlooked. Its story is one of universal presence, from the bathroom sink to the shelves of luxury hotels. As for Moncler, the company seems to defy trends by transforming each collection into an exclusive cultural event, one that escapes the usual waves of fashion.

Fig. 8 – Tapestry's performance

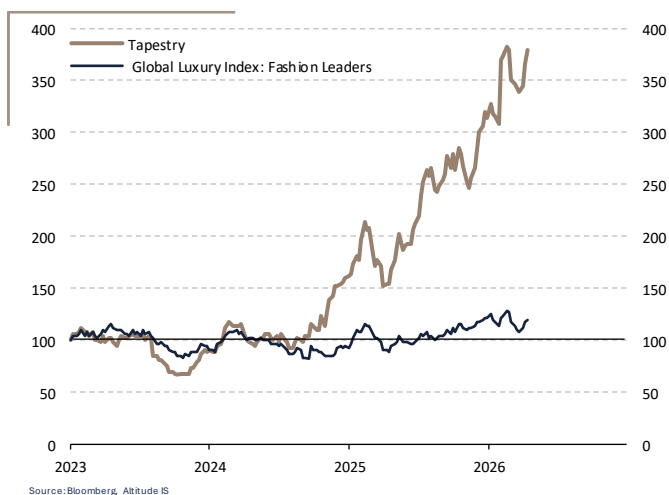
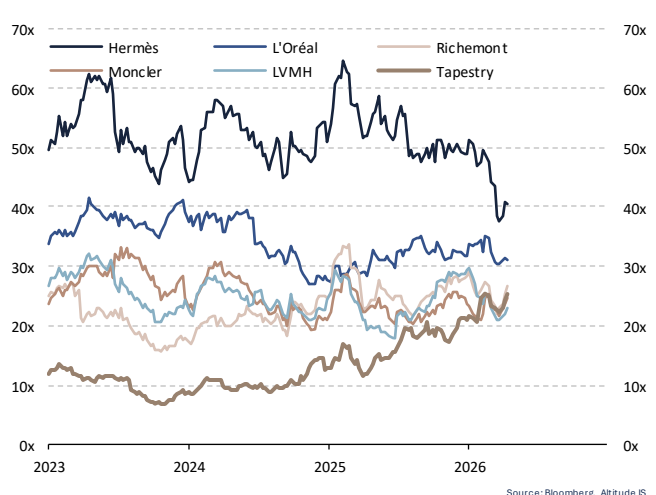


Fig. 9 – Convergence of multiples (EPS)



- **Tapestry's transformation has been spectacular** (see Fig. 8). A few years ago, Coach's parent company was shackled to an image of second-rate luxury. It suffered from an excessive reliance on promotions and outlet stores. This strategic positioning prevented it from being valued on a par with other companies in the sector (see Fig. 9). Ironically, the turning point came about as a result of a



failure. When the group sought to acquire Capri, the spectre of high debt and the perilous rescue of Michael Kors worried investors. The uncertainty was such that the company's stock remained depressed despite solid results at Coach. Everything changed when the regulators blocked the deal. Tapestry found itself with a huge cash reserve and a newfound freedom. Management chose to carry out massive share buybacks, which sent the share price soaring. It also decided to use artificial intelligence to adjust its prices to the nearest cent. Since then, Coach has managed to appeal to younger generations with products sold at premium prices. The doubling of its valuation multiple tells the story of this turnaround. The ugly duckling of affordable luxury has become a swan, with a brand that is recognised and highly sought-after.

Conclusion:

The model that had worked so well for three decades seems to be a thing of the past. The luxury sector is seeking to reinvent itself from the ground up and will ultimately emerge stronger from this restructuring. The major fashion houses – those capable of maintaining an aura of exclusivity and recognised for their exceptional expertise – appear better prepared. Their stock market valuations, once stratospheric, have fallen but are not yet attractive (see Chart of the Week)... unless one opts for structures with a lower strike price.



RETURN ON FINANCIAL ASSETS

Markets Performances (local currencies)	Last Price	Momentum Indicator (RSI)	1-Week (%)	1-Month (%)	2026 Year-to-Date (%)	2025 (%)	2024 (%)
Equities							
World (MSCI)	1 072.2	68.77	-0.2%	9.0%	6.3%	22.9%	18.0%
USA (S&P 500)	7 165	70.08	0.6%	9.4%	5.0%	17.9%	25.0%
USA (Dow Jones)	49 231	63.29	-0.4%	6.8%	2.9%	14.9%	15.0%
USA (Nasdaq)	24 837	72.50	1.5%	14.2%	7.0%	21.2%	29.6%
Euro Area (DJ EuroStoxx)	629.5	53.04	-2.5%	6.6%	3.6%	25.2%	10.2%
UK (FTSE 100)	10 379	47.06	-2.6%	4.6%	5.8%	25.7%	9.6%
Switzerland (SMI)	13 170	52.34	-1.1%	6.7%	1.9%	18.0%	7.5%
Japan (Nikkei)	60 700	64.47	2.1%	15.0%	19.5%	28.7%	21.3%
Emerging (MSCI)	1 610	64.56	0.9%	11.8%	15.3%	34.3%	8.0%
Brazil (IBOVESPA)	190 745	51.02	-2.5%	4.5%	18.4%	34.0%	-10.4%
Mexico (IPC)	69 231	52.65	-0.6%	5.6%	8.2%	35.1%	-11.0%
India (SENSEX)	77 203	47.57	-2.3%	3.5%	-9.9%	10.5%	9.6%
China (CSI)	4 782	61.87	0.9%	6.7%	3.3%	21.0%	18.2%
Com. Services (MSCI World)	168.0	64.77	-0.9%	10.1%	2.7%	33.0%	31.9%
Cons. Discretionary (MSCI World)	445.6	60.79	-1.9%	8.6%	-2.3%	9.8%	20.7%
Cons. Staples (MSCI World)	304.4	53.56	0.6%	3.5%	6.0%	9.3%	4.7%
Energy (MSCI World)	331.7	48.50	2.8%	-4.3%	26.5%	14.8%	2.9%
Financials (MSCI World)	222.7	53.51	-2.7%	6.4%	-0.6%	29.5%	25.1%
Health Care (MSCI World)	370.9	37.59	-3.8%	0.6%	-5.4%	15.3%	1.5%
Industrials (MSCI World)	518.6	57.68	-1.2%	7.0%	11.6%	26.2%	12.8%
Info. Tech. (MSCI World)	1 087.5	77.61	3.4%	17.7%	12.7%	26.6%	31.9%
Materials (MSCI World)	445.5	54.56	-2.7%	10.3%	13.6%	32.5%	-7.6%
Real Estate (MSCI World)	1 052	59.67	-1.5%	7.7%	6.8%	3.6%	-0.4%
Utilities (MSCI World)	214.0	54.45	0.2%	4.2%	11.4%	24.7%	13.0%
Bonds (Bloomberg)							
World (Aggregate)	3.72%	53.11	-0.6%	1.3%	0.3%	8.2%	-1.7%
USA (Sovereign)	4.11%	52.31	-0.2%	0.9%	0.3%	6.3%	0.6%
Euro Area (Sovereign)	3.20%	50.89	-0.4%	0.7%	-0.1%	0.6%	1.9%
Germany (Sovereign)	2.85%	50.32	-0.2%	0.3%	-0.2%	-1.6%	0.6%
UK (Sovereign)	4.89%	44.39	-1.2%	0.5%	-1.4%	6.1%	-3.0%
Switzerland (Sovereign)	0.63%	44.29	-0.3%	-0.1%	-0.3%	0.3%	5.4%
Japan (Sovereign)	2.14%	43.23	0.0%	-0.7%	-1.4%	-4.6%	-2.1%
Emerging (Sovereign)	6.04%	60.13	-0.5%	3.2%	1.0%	13.1%	7.0%
USA (IG Corp.)	5.03%	54.99	-0.2%	2.0%	0.5%	7.8%	2.1%
Euro Area (IG Corp.)	3.56%	53.95	-0.3%	1.5%	0.1%	3.0%	4.7%
Emerging (IG Corp.)	6.27%	71.11	0.0%	2.3%	1.2%	8.1%	7.0%
USA (HY Corp.)	6.90%	63.64	-0.1%	2.6%	1.3%	8.6%	8.2%
Euro Area (HY Corp.)	5.88%	64.65	0.0%	1.9%	0.4%	5.2%	8.2%
Emerging (HY Corp.)	7.48%	64.61	-0.4%	3.8%	2.1%	13.9%	14.9%
World (Convertibles)	601.7	71.32	0.3%	7.1%	11.7%	22.4%	9.4%
USA (Convertibles)	793.8	69.93	0.2%	7.9%	13.4%	16.9%	10.1%
Euro Area (Convertibles)	304.8	55.79	-0.4%	2.8%	4.9%	24.8%	14.7%
Switzerland (Convertibles)	292.9	51.40	0.0%	0.5%	3.5%	17.5%	-10.5%
Japan (Convertibles)	290.5	59.66	1.5%	6.4%	12.6%	13.8%	6.4%
Hedge Funds (Bloomberg)							
Hedge Funds Industry	1 812	73.30	n.a.	-3.3%	0.2%	12.3%	11.1%
Macro	1 514	70.44	n.a.	-2.6%	3.1%	9.4%	7.4%
Equity Long Only	2 374	58.37	n.a.	-7.6%	-4.0%	11.8%	12.0%
Equity Long/Short	1 963	72.27	n.a.	-4.6%	-0.4%	17.6%	14.0%
Event Driven	1 919	71.01	n.a.	-3.7%	-0.1%	11.3%	8.7%
Fundamental Equity Mkt Neutral	1 925	84.36	n.a.	-2.1%	2.8%	13.4%	12.4%
Quantitative Equity Mkt Neutral	1 801	73.80	n.a.	-1.3%	-0.5%	8.7%	9.8%
Credit	1 724	87.25	n.a.	-1.0%	0.3%	7.7%	8.5%
Credit Long/Short	1 763	95.23	n.a.	-0.4%	1.7%	6.5%	10.0%
Commodity	2 069	81.97	n.a.	-1.8%	3.4%	11.8%	14.7%
Commodity Trading Advisors	1 524	64.62	n.a.	-1.5%	7.3%	5.9%	7.9%
Volatility							
VIX	18.71	41.90	7.0%	-30.6%	25.2%	-13.8%	39.4%
VSTOXX	23.60	47.02	21.5%	-25.8%	60.4%	-13.5%	25.3%
Commodities							
Commodities (CRB)	565.3	n.a.	1.0%	2.4%	4.7%	0.6%	5.1%
Gold (Troy Ounce)	4 712	n.a.	-2.3%	4.8%	9.1%	64.6%	27.2%
Silver (Troy Ounce)	75.76	n.a.	-5.0%	8.6%	5.7%	148.0%	21.5%
Oil (WTI, Barrel)	98.47	n.a.	17.4%	5.5%	71.5%	-19.9%	0.1%
Oil (Brent, Barrel)	112.92	n.a.	14.1%	2.3%	80.8%	-15.7%	-4.6%
Currencies (vs USD)							
USD (Dollar Index)	98.46	44.66	0.4%	-1.7%	0.1%	-9.4%	7.1%
EUR	1.1725	54.71	-0.5%	1.9%	-0.2%	13.4%	-6.2%
JPY	159.33	46.66	-0.3%	0.6%	-1.6%	0.3%	-10.3%
GBP	1.3535	58.36	0.0%	2.1%	0.4%	7.7%	-1.7%
AUD	0.7165	61.29	-0.2%	4.2%	7.4%	7.8%	-9.2%
CAD	1.3665	60.77	-0.2%	1.7%	0.4%	4.8%	-7.9%
CHF	0.7849	52.22	-0.8%	1.8%	1.0%	14.5%	-7.3%
CNY	6.8300	61.16	-0.2%	1.2%	2.3%	4.5%	-2.7%
MXN	17.385	55.80	-0.5%	4.2%	3.6%	15.7%	-18.5%
EM (Emerging Index)	1 868.3	56.09	-0.3%	1.4%	0.9%	7.2%	-0.7%
XBT	77 738	n.a.	-0.9%	17.8%	-11.3%	-6.5%	120.5%

Source: Bloomberg, Altitude Investment Solutions

Total Return by asset class (Negative \ Positive Performance)



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