
Continued buoyant mood

Investment Report – 30th June 2024

News from us

This time we are beginning our investment report with some good news about us. The Board of Directors and the partners of Salmann Investment Management AG are delighted to inform you that the management of our company has decided to undertake a management buyout. All the shareholders as well as recently, the Financial Market Authority (FMA), have approved this move. With immediate effect, the management now owns the majority of shares in the company. Salmann will therefore remain independent from outside investors.

There has also been a change to the Salmann management team. Sebastian Schredt will now be responsible for driving business development forward and will join the partner shareholders. The native of Liechtenstein is highly motivated and is looking forward to his new responsibilities.

For you as a client, nothing will change in your day-to-day dealings with us. You will continue to be served by the same competent people you are familiar with. A number of changes have also been made to the Board of Directors. CEO Philipp

Marxer has been newly elected to the Board of Directors as a representative of the Executive Board shareholders (Philipp Marxer, Adrian Müller, Sebastian Schredt). Dr. Mario Zindel has stepped down from the Board subsequent to the sale of his shares. We would like to take this opportunity to thank him for his many years of dedicated service as a founding shareholder and member of the Board of Directors. Alfons Thöny is stepping down from his role as Chair of the Board of Directors, but will remain on the Board. René Frank, who was a member of the Board of Directors, has been elected to succeed him as Chair. The executive bodies are now composed as follows:

New Board of Directors

René Frank, Chair
Patrick Hilty, Member
Alfons Thöny, Member
Philipp Marxer, Member

New Executive Board

Philipp Marxer, CEO
Adrian Müller, CIO
Sebastian Schredt, Business Development

The Board of Directors and shareholders are firmly convinced that these changes will ensure that Salmann Investment Management AG is even better equipped for the future. This step towards the rejuvenation of all executive bodies is fundamental to providing our clients with the best possible service and opens up new growth opportunities for Salmann. We would like to thank you for the trust you have placed in us and for remaining loyal to us for so many years.

R. Frank

Chair of the Board of Directors



Since 1985.

**Many years of experience
and continuous
adaptability.**

Continued buoyant mood

In April, investors were unsettled by fears of prolonged high policy interest rates, leading to profit-taking on the global stock markets. Investors were only reassured by falling inflation rates while hopes of the astounding impact of Artificial Intelligence fuelled fantastical share prices for technology stocks. Since mid-May, this, coupled with the expectation of policy rate cuts by the central banks, has led to renewed buying enthusiasm among equity investors.

What drove the markets

Global equity markets have performed disparately since our last report. While the major European equity markets, (Germany, France and Italy) have suffered in the wake of the European elections results, as well as due to the tariff dispute be-

tween the EU and China, the markets in the US, Switzerland, the UK and Northern Europe have performed more favourably. The gradual fall in US inflation figures in May, accompanied by weaker than expected increases in manufacturing prices, led to new all-time highs for the S&P 500 and Nasdaq 100. However, dwindling consumer confidence and falling purchasing power have led to falling prices and a decline in market breadth in some sectors.

Change in Equity Markets since beginning of the year:

		Dec. 2023	Jun. 2024	Change
Asia ex Japan	MSCI AC Asia ex Japan	516.6	567.0	9.7%
Europe	DJ STOXX 600	1'136.9	1'237.7	8.9%
Japan	MSCI Japan	3'116.3	3'778.6	21.3%
Switzerland	SPI	14'571.2	15'919.3	9.3%
USA	MSCI USA	13'488.7	15'463.5	14.6%
World	MSCI World	9'885.5	11'046.6	11.7%
Hedge Funds	CS Hedge Fund Index*	777.2	825.4	6.2%

Development of index in local currency. Exceptions Asia ex Japan and World in USD. MSCI-Indices are net total return.

* New index, as the data of the previous one is no longer accessible. Value as of the beginning of June.

In France, President Macron called snap parliamentary elections, which led to political and economic uncertainty. The risks to France's budgetary consolidation and creditworthiness have increased. French shares have also reacted to the threat of the anti-business programmes of both the right and left-wing populists with significant price falls. The trade dispute between the EU and China is intensifying, particularly in the area of electric vehicles. The EU Commission is planning to impose punitive tariffs on Chinese e-cars, similar to those imposed by the USA.

In the wake of this increase in uncertainty, the Swiss Franc was favoured against the EUR and USD despite lowered CHF policy interest rates. In the second quarter, the Swiss Franc gained a marginal 0,3% against the US currency and 1,1% against the EUR. There was a slight gain of 0,2% against the British Pound.

The **equity funds employed by us** achieved the following returns since the beginning of the year:

CS Index Fund Equity Switzerland Large Caps (CHF)	10.9%
GAM Swiss Sustainable Companies Fund (CHF)	5.3%
iShares Core SPI ETF (CHF)	9.1%
iShares Stoxx Europe 600 ETF (€)	9.0%
iShares Core Euro Stoxx 50	10.7%
Performa European Equities (€)	3.1%
BB Adamant Medtech & Services Fund (CHF)	13.8%
BB Adamant Medtech & Services Fund (€)	9.8%
BB Adamant Medtech & Services Fund (USD)	6.6%
Performa US Equities (USD)	16.6%
Alma Eikoh Capital Japan (CHF)	21.1%
Alma Eikoh Capital Japan (€)	23.2%
Barings ASEAN Frontiers Equities (USD)	2.2%
Franklin Templeton FTSE India ETF (USD)	16.4%
Galileo Vietnam Fund (USD)	6.5%

Performance in fund currency. Source: Bloomberg or respective fund company.

In America, inflation most recently stood at 3.3%, while in the Eurozone it fell to 2,8%. The Federal Reserve (FED) did not make any interest rate changes at its most recent meeting and the US policy rate remains in the range of 5,25% to

5,50%. The interest rate forecast points to one or two rate cuts later in the year. The European Central Bank (ECB) took the opposite approach to its US counterpart and at the beginning of June cut its policy interest rate by 25 basis points to 4,25%.

In Japan, the central bank interest rate stubbornly remains around zero. However, due to the slight inflationary trend, further interest rate hikes can be expected in the Land of the Rising Sun over the course of the year. The Swiss National Bank (SNB) is also bravely pursuing its active and independent interest rate policy, seizing the window of opportunity and lowering the CHF policy rate for the second time this year by 25 basis points to 1,25%.

Rise in yields on fixed-interest securities

As a result of the sluggish pace of policy interest rate cuts and the continued rise in inflation figures, fixed-interest securities prices have fallen slightly compared to Q1. Yields on government bonds, with the exception of those in Switzerland, therefore rose slightly in the second quarter. The yield at maturity for 10-year "Swiss Confederation" bonds is currently 0,60%. The same-year bonds in the USA and the Eurozone are yielding 4,40% and 2,50% respectively.

The price of gold reached a new all-time high of USD 2,450 per ounce in mid-May. This price explosion is irritating even for established gold experts. On the one hand, investor assets in gold funds are steadily decreasing and, on the other, the rise in USD real interest rates offers attractive investment alternatives to the unprofitable precious metal. However, central banks in the Middle and Far East in particular are using physical gold as an alternative to the US Dollar to invest their foreign exchange reserves. A survey of 70 central banks conducted by the World Gold Council in April revealed that 29% of the institutions surveyed intend to increase their gold reserves in the next 12 months.

Prices for industrial metals (aluminium, copper, etc.), which are often seen as a leading economic

Average growth and inflation forecasts of economists surveyed by the "Bloomberg Composite Contributor Forecast":

	Real GDP Growth		Core-Inflation	
	2024	2025	2024	2025
China	4.9%	4.5%	0.6%	1.5%
Germany	0.2%	1.2%	2.5%	2.1%
EU	1.0%	1.7%	2.6%	2.2%
United Kingdom	0.7%	1.2%	2.6%	2.2%
Japan	0.3%	1.1%	2.4%	1.8%
Switzerland	1.3%	1.5%	1.4%	1.1%
USA	2.3%	1.8%	3.1%	2.4%

indicator, fell sharply in the second half of May, but remain higher when viewed over the course of the year owing to the strong price increases in the first quarter. A similar trend can be seen in the price of oil, which fell in April and May but has risen again in recent days due to the upcoming holiday season. At USD 86,45 per barrel, the price is currently below the year high of USD 92,18.

Other funds employed by us performed as follows:

Pictet CH-CHF Bond Fund	1.6%
Acatis IfK Value Renten Fond (CHF hedged)	5.0%
Acatis IfK Value Renten Fond (€)	6.1%
Amundi ETF Euro Corp. Bond Fund (€)	0.2%
Plenum European Insurance Bond Fund (CHF hedged)	4.6%
Plenum European Insurance Bond Fund (€)	5.8%
AXA Wave Cat Bonds Fund (CHF hedged)	2.5%
AXA Wave Cat Bonds Fund (EUR hedged)	3.5%
AXA Wave Cat Bonds Fund (USD)	4.2%

Performance incl. re-invested dividends where applicable.

Economic outlook improving

With regard to the economic outlook for the second half of the year, the widely predicted global recession has failed to materialise and has so far only affected a small number of economies in Europe (e.g. Germany, the Netherlands and

Austria). In the leading economy, the USA, economists are even forecasting GDP growth of 2,4% for 2024 as a whole (currently 1,3%). In the Eurozone, on the other hand, growth prospects are lagging behind at 1%. There are positive growth trends to report for the Far East, where the published GDP growth figures suggest that the "Sleeping Giant" China is waking up. South Korea (+3,3%), China (+5,3%), India (+7,8%) and Indonesia (+5,1%) can all take pride in robust growth.

The Purchasing Managers' Indices (PMIs) are above the growth threshold on a global level. In particular, Asia and extensive areas of Southern Europe are optimistic about the business climate in the near future. In Central Europe, (including Switzerland), as well as in the USA, however, the economic activity as measured by the PMI remains gloomy.

To sum up: the easing of inflation and the cooling of labour markets are allowing European central banks to stimulate the economy by cutting policy interest rates. In the USA, growth remains robust. However, declining consumer optimism harbours a risk overseas if inflation in the USA does not fall further. There is growth in Asia, which will benefit the global economy if trade tariffs are not extended to other goods.

Asset Allocation

At its meetings, our Investment Committee decided on the following changes to the asset allocation for medium-risk balanced Swiss Franc portfolios not subject to client's restrictions. Mandates in other reference currencies show partially deviating changes and weightings.

Transparent communication.

Trust is paramount in asset management.

Still slightly overweight in equities

We continue to view equities as a more attractive asset class than bonds. On the one hand, the average (dividend) return is significantly higher than the yield level of bonds, whilst on the other, shares in quality companies also offer better inflation protection compared to fixed-interest investments.

Money market

We currently hold a slightly higher volume in account balances and interest-bearing call money investments in the reference currency, in readiness to seize suitable investment opportunities as they arise.

Yields on ten-year government bonds have risen slightly since the beginning of the year:

	Dec. 2023	Jun. 2024	Change
Switzerland	0.70%	0.60%	-0.10%
Germany	2.02%	2.50%	0.48%
United Kingdom	3.54%	4.17%	0.64%
USA	3.88%	4.40%	0.52%
Japan	0.61%	1.06%	0.44%

Bonds

USD bonds remain very attractive due to the higher yields on offer. We are retaining a 4% allocation in this segment as part of the asset allocation. Bonds in CHF or EUR have benefited from the interest rate cuts by the central banks, but are now becoming less attractive at this yield level. We use two special funds in this asset class as an additional investment and to increase returns.

Equities Switzerland

The Swiss Performance Index (SPI) rose by 3.09% over the last three-month period. Our stock selection based on value criteria, the "Swiss Stock Portfolio" (SSP), posted an overall performance (price changes plus dividends) of 2.22% in the second quarter and thus lagged slightly behind its benchmark.

The **price/earnings ratios** based on the latest 12 months profit figures, have increased:

	Dec. 2023	Jun. 2024	Change
SPI Index	19.8	21.6	8.9%
DJ STOXX 600 Index	13.7	15.4	12.3%
MSCI AC Asia ex Japan	16.5	17.0	3.1%
MSCI Japan	16.5	17.6	6.9%
MSCI USA	23.7	26.0	9.6%
MSCI World Index	20.2	22.0	9.0%

Source: Bloomberg. MSCI-Indices are net total return.

The shares of the two newcomers EFG International (+23%) and Swissquote (+17%) as well as the IT wholesaler Also (+15%) performed particularly well in the SSP in the past quarter. At the other end of the ranking are Tecan (-19%), Lonza (-9%) and UBS (-7%).

Over the long term, the SSP has performed exceptionally well. Since 2012, the average annual performance has been 10.35%, significantly outperforming the median benchmark performance of 8.43%. Since 2012, the SSP has achieved a cumulative total performance of around 278%, compared with 198% for the index. Transaction costs are deducted in the SSP figures, whereas the benchmark index is calculated without costs.

Equities Europe

Over the past three months, the European equity markets of the Nordic countries as well as the UK, where the Brexit hangover is slowly subsiding on the back of encouraging economic data, have been particularly encouraging. French equities are at the other end of the popularity scale this time. The possible political upheaval is causing uncertainty in the "Grande Nation" and has led to falling share prices on the Paris stock exchange.

Our European direct investment selection, the "European Stock Portfolio" (ESP), which is based on fundamental valuation criteria, was affected by the falling prices of French quality stocks. The ESP returned a negative performance of 2.20%, while the overarching benchmark Stoxx Europe 600 gained 1.10% over the same period.

Price/Book ratios and Dividend Yield of major equity markets:

	Price/ Book	Div. Yield
SPI Index	3.8	3.0%
DJ STOXX 600 Index	2.1	3.3%
MSCI AC Asia ex Japan	1.7	2.3%
MSCI Japan	1.6	2.0%
MSCI USA	5.0	1.3%
MSCI AC World Index	3.4	1.8%

Source: Bloomberg. MSCI-Indices are net total return.

Among the best performers in our European selection were ASML Holding (+11%), Novo Nordisk (+9%) and Informa (+3%). The worst performers were Banco Santander (-10%), SEB SA (-14%) and Eiffage (-15%). The figures are given in the respective local currencies.

The long-term performance of the ESP since 2004 shows an average annual return of 6.64%, compared with 6.91% for the benchmark. The portfolio has accumulated a total of 273% since 2004, compared with a cumulative index performance of 293%. Moreover, transaction costs and withholding taxes have been deducted from the figures for the ESP, whereas the benchmark index is calculated without costs.

You will find more on the performance of the SSP and ESP that can be tracked at any time on our website www.salmann.com in the "Investment strategies" section.

Equities USA

At first glance, the US stock market has had a fantastic first half of the year. However, a closer look reveals that not all that glitters is not "gold". The most recent upward spike in June in particular clearly shows this; while the market capitalisation-weighted S&P 500 gained an impressive +3,5%, the equally weighted index was down 0,6%. This means that the very strong performance of the S&P 500 is once again being driven by just a few large IT and communications companies.

Equities Asia (without Japan)

Led by India (+10,6%) and China (+7,9%), the Asian equity markets experienced a very strong quarter. The multi-country MSCI AC Asia ex -Japan rose by 7,2%. We made no changes to our positions in Asia.

Equities Japan

The Japanese stock market continues to benefit from a weakening yen and a slight rise in inflation. The rise in Japanese equities in the second quarter levelled off noticeably to +1.5%. However, the accumulated annual gain of +18.7%, as measured by the Topix Index, is impressive. The equity fund we invested in clearly outperformed the market at 3%.

Alternative Investments

We are currently only invested in the AXA Cat Bonds Fund and are underweighted in alternative investments. The fund invests in bonds that reinsure clearly defined loss events from natural disasters. This investment segment currently has an attractive premium-risk ratio.

Summary of our current **Asset Allocation**:

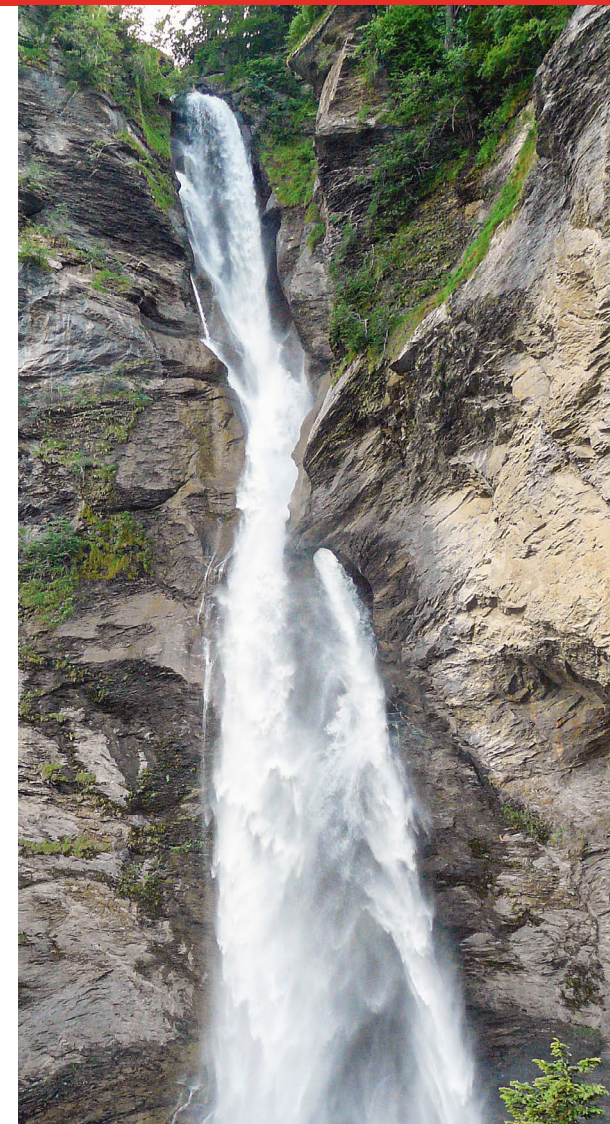
Asset class	
Money Market	overweight
Bonds	underweight
Equities Switzerland	slightly overweight
Equities Europe	slightly underweight
Equities USA	overweight
Equities Asia	slightly overweight
Equities Japan	overweight
Precious Metals	no position
Alternative Investments	underweight

For a Swiss Franc referenced portfolio.

Since the beginning of the year, **selected exchange rates** have trended as follows:

	Dec. 2023	Jun. 2024	Change
Euro / CHF	0.9289	0.96282	3.7%
USD / CHF	0.8414	0.8988	6.8%
GBP / CHF	1.0716	1.1364	6.0%
CHF / Yen	167.6520	178.96	6.7%
USD / EUR	0.9059	0.9334	3.0%
USD / Yen	141.0400	160.88	14.1%

Source: Bloomberg.

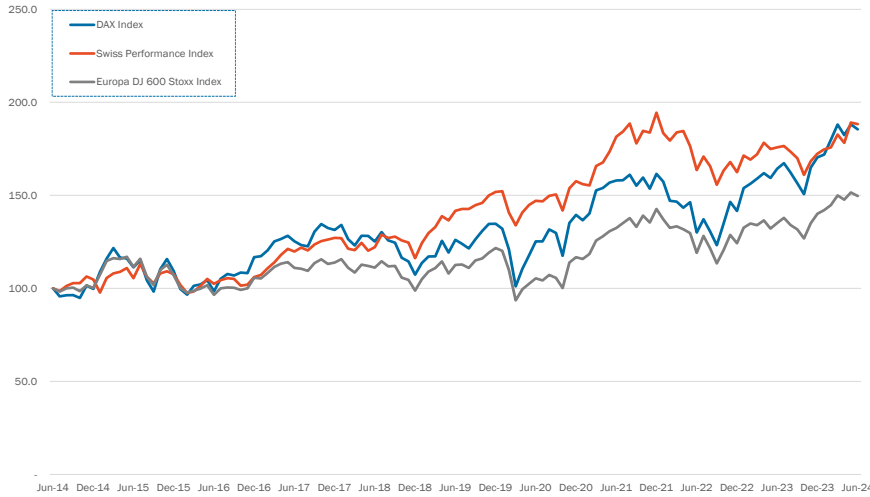


Reliable Partnership.

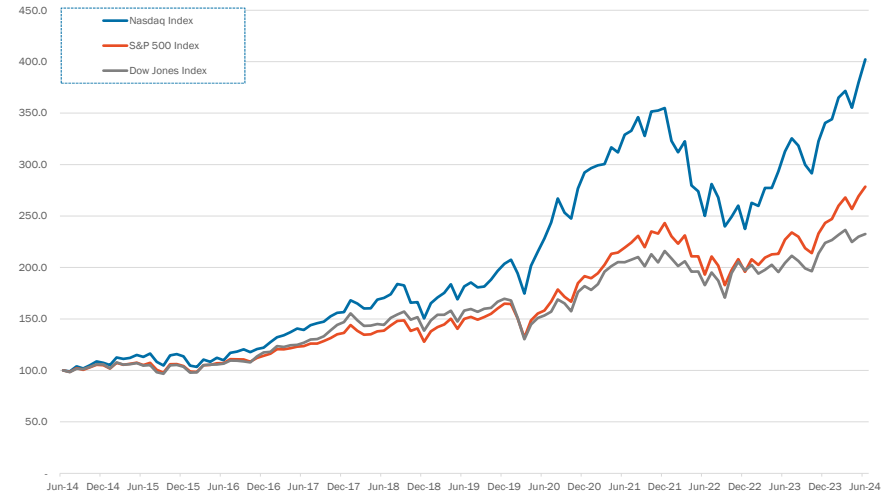
Continuity is one of our strengths.

Equity Markets at a glance

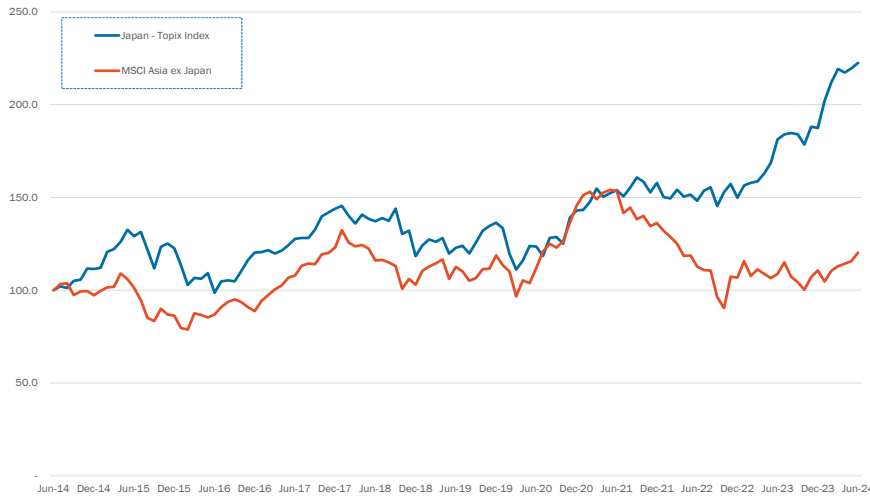
Historical performance of european equity markets (Indexed)



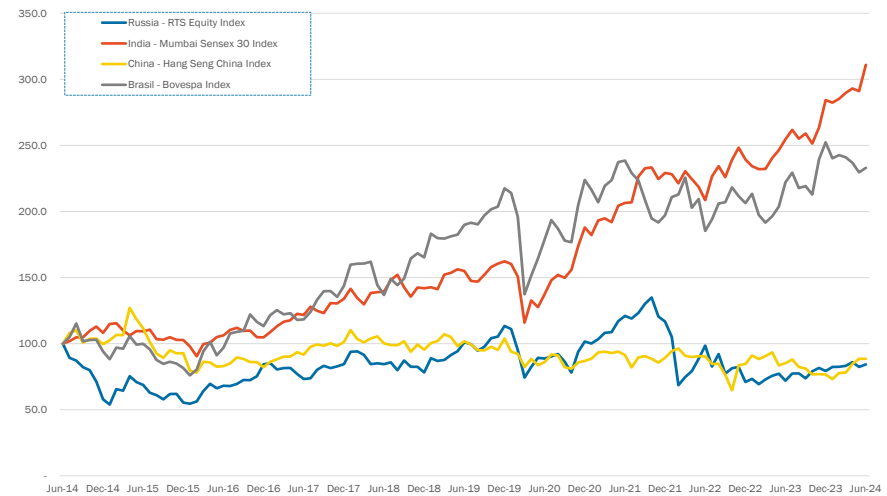
Historical performance of american equity markets (Indexed)



Historical performance of asian equity markets (Indexed)

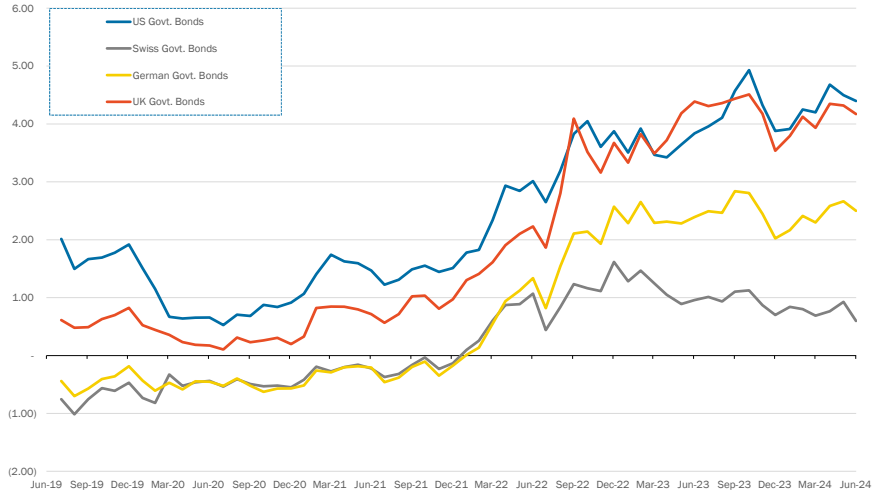


Historical performance of BRIC equity markets (Indexed)

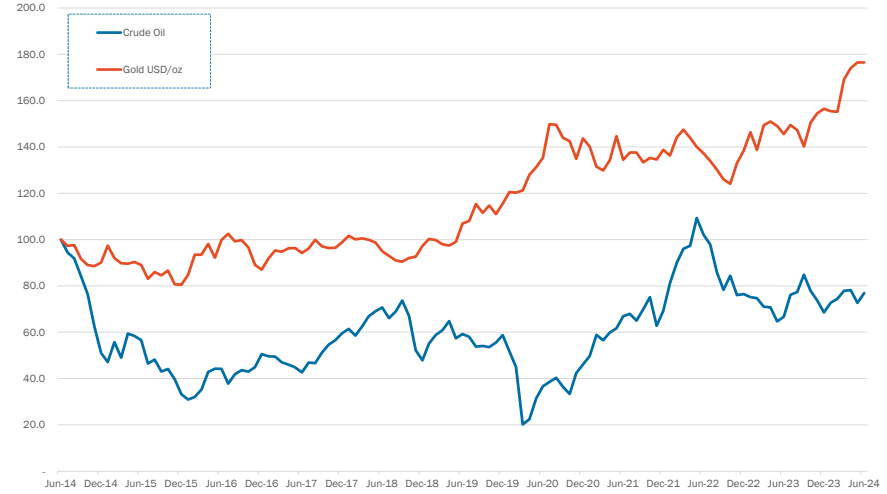


Bond yields and other indicators

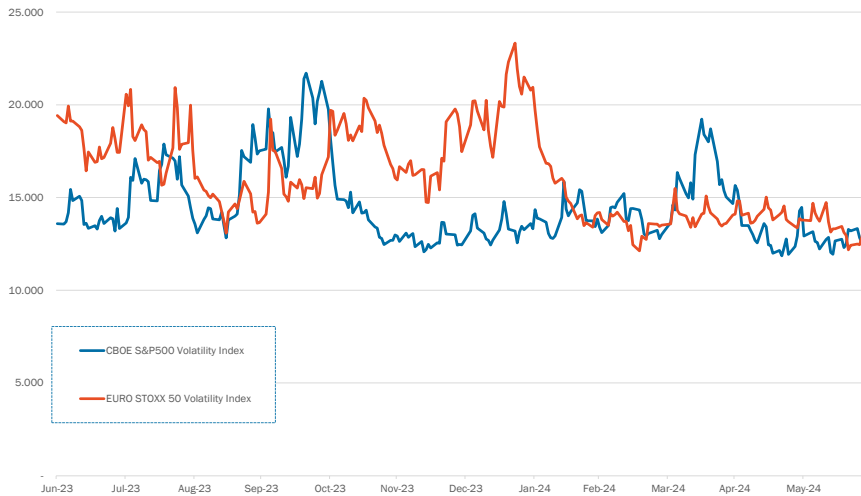
Historical development of Government bond yields (10 Years in %)



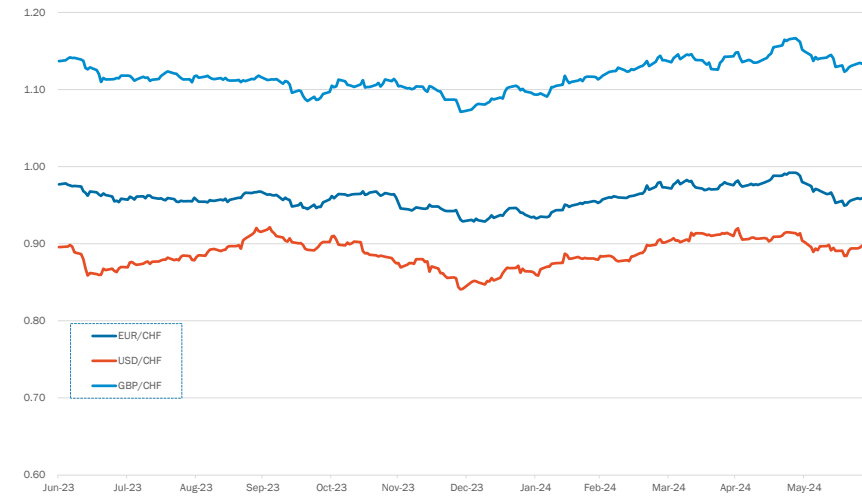
Historical price development of oil and gold (indexed)



Volatility indices development (last 12 months)



Foreign exchange CHF development (last 12 months)



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Closing words

We thank you for the trust you have placed in us, for your interest in our investment comments, and wish you enjoyable warm summer months.

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Director, Relationship Manager

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