



S E R E N I S

FAMILY CAPITAL

Monthly Markets Chronicles

July 2024

Comments of the month of July

The month of July was a relatively neutral start to the summer for the equity markets. Indeed, global stock markets stagnated overall, showing no real direction despite a few more volatile days than in the first half of the year.

Volumes remained stable, albeit slightly down. It is worth noting, however, that the technology sector is under increasing pressure, with the earnings season having a huge impact on the stock prices. Analysts' expectations are high, especially for companies with strong links to artificial intelligence.

This means that good news, or bad news, can lead to strong upward and downward movements. Initial results releases have been encouraging, particularly for the banking sector, but the equilibrium remains relatively fragile.

Equity Indexes	Value	MTD	2024
S&P 500 (USA)	5 522	1.1%	15.8%
Nasdaq 100 (USA)	19 362	-1.6%	15.1%
Euro Stoxx 50 (Europe)	4 873	-0.4%	7.8%
SMI (Switzerland)	12 317	2.7%	10.6%
Nikkei 225 (Japan)	39 102	-1.2%	16.8%
CSI 300 (China)	3 442	-0.6%	0.3%
Currencies	Value	MTD	2024
EUR/USD	1.083	1.1%	-1.9%
USD/CHF	0.878	-2.3%	4.3%
EUR/CHF	0.951	-1.3%	2.3%
GBP/USD	1.286	1.7%	1.0%
USD/JPY	149.98	-6.8%	6.3%
Bond Indexes		Mois	2024
Government USA		2.2%	1.3%
US Corporate IG		2.4%	1.9%
US Corporate HY		1.9%	4.6%
Government UE		2.2%	0.5%
UE Corporate IG		2.0%	0.8%
UE Corporate HY		1.2%	4.1%
Other Asset Classes	Value	MTD	2024
Gold	2 448	5.2%	18.6%
Brent Crude	81	-6.6%	4.8%
Bitcoin	64 560	7.4%	54.0%
Rates/Indicators	Value	Δ MTD	Δ 2024
US 10 years rate	4.03%	-0.37%	0.15%
GER 10 years rate	2.30%	-0.20%	0.28%
US Unemployment	4.1%	0.1%	0.4%
Volatility Index (VIX)	16.4	3.9%	3.9

In the United States, the S&P500's performance since the start of the year has slightly outstripped that of the Nasdaq, at around 15%, following the underperformance of the technology index. In Europe, we are seeing a renewed interest in Swiss equities, which are reputed to be more stable and less volatile than those in the rest of Europe. In Asia, China has stagnated since the start of the year, while Japan has been the best performer among the developed markets.

Bond markets had a largely positive month across all fixed income classes. This trend is set to continue over the coming months. Since the start of the year, we have seen positive performances on all our benchmark indices.

Also worth noting is the downturn in the brent crude this month, which could become more pronounced in August. The Bitcoin reaches new highs. Beware, however, of the technical analysis suggesting a major correction in cryptos.



Our current positioning

Comments

At the start of summer, our Investment Committee unanimously adopted a cautious stance, reducing its risk appetite during the July 24th meeting. Indeed, several indicators suggest that equity markets could come under pressure in August, while bond markets should continue to show a nice resilience. Bearing in mind that, historically, August tends to be a negative month for the equity markets, and knowing that volumes are generally lower, we are betting on a degree of restraint.

In our "Core" portfolio, our investment committee decided this month to sharply reduce its exposure to the equity market from 52.5% to 45%. Specifically, we are reducing our exposure to the US and European markets by -2.5% each. On the emerging markets, we reduced our allocation to 5%, i.e. a neutral position.

We have also decided to increase our liquidity allocation by +2.5%, in order to take advantage of potential opportunities in the event of a market correction. Similarly, we have increased our Investment Grade allocation by +2.5%, for a total of 22.5%. Sovereign debt has returned to a neutral target, up +2.5% on the previous month.

Our "Strategic Focus" investments had a rather nice month. Individual performances were very positive for gold, Japanese yen-denominated equities, and particularly for the defense sector (+4.0% in July). This performance contrasts with our positioning on uranium, which remained under pressure in July and has posted a negative performance since the start of the year. It's never pleasant to have an investment having a negative contribution. This correction was to be expected, given the gains made in 2023, but we remain convinced of the potential of this strategic position, the outlook remains very good and the fundamentals supporting our investment thesis have only strengthened (see our *Thinking Forward* of the month). We are therefore maintaining this theme, like the others mentioned above.

« Core » Portfolio

	% SAA		%TAA
Cash	5%	↗	7.5%
Fixed Income	45%	↗	47.5%
Investment Grade	20%	↗	22.5%
Sovereign Debt	15%	=	15.0%
High Yield	10%	=	10.0%
Equities	50%	✓	45.0%
US markets	30%	✓	27.5%
European markets	15%	✓	12.5%
Emerging markets	5%	=	5.0%

« Strategic focus » investments

Themes	%	Since
Gold	5.0%	29.12.2023
Uranium	2.5%	29.12.2023
JAP EQ in Yen	2.5%	29.02.2024
Defense	2.5%	30.04.2024

Balanced USD Portfolio



Thinking forward: Uranium, the foundation of global stability, progress and energy security

"Nuclear power is the only non-carbon-emitting energy source capable of providing reliable electricity on a large scale."

Elon Musk

When the COVID-19 pandemic struck in 2020, uranium demonstrated its crucial role as a pillar of global stability. As economies faltered and all human activity was curtailed as never before, nuclear power plants continued to operate without interruption, providing reliable energy for vital infrastructures.

In New York, the Indian Point power plant supplied overburdened hospitals. In France, the vast nuclear grid supported the massive shift to telecommuting. In Japan, power plants ensured the production of essential medical equipment.

This crisis highlighted the unique advantages of nuclear power: its autonomy in the face of logistical disruptions, its resilience, and its ability to operate with reduced staff in extreme conditions.

On this occasion, uranium demonstrated its value as the foundation of energy security, capable of sustaining modern societies in the face of the unforeseen challenges of the 21st century.

In a world constantly seeking security, stability and progress, uranium is emerging as a fundamental resource. This strategic mineral is enjoying a remarkable renaissance after more than a decade of incomprehensible denigration.

Nuclear energy, powered by uranium, offers incomparable advantages that make it the foundation of a stable and prosperous energy future. Its energy density is quite simply exceptional.

To put it simply: 1 kg of enriched uranium used in a modern nuclear reactor can produce around 24,000,000 kWh of electricity.

By comparison, 1 kg of coal produces around 8 kWh of electricity in a modern thermal power plant.

So, 1 kg of uranium could actually produce the equivalent of almost 3,000,000 kg (3,000 tons) of coal in terms of electricity generation.



Nuclear power thus guarantees unrivalled efficiency and reliability. These characteristic positions nuclear power as the cornerstone of a constant and predictable electricity supply, essential to economic and social progress.

Technological advances in the nuclear sector reinforce its role as a pillar of stability and progress. New-generation reactors promise enhanced safety and greater efficiency, reflecting the ongoing evolution of the sector. These innovations, which are the fruit of investments made in research and in the industry in recent years, pave the way for optimum use of uranium resources, thus consolidating long-term energy security.

The uranium market, like all commodity markets, is complex and follows its own rules. It is strongly influenced by a small number of historical players (producers and consumers), but also increasingly by new financial players, which in time will lead to greater transparency in price levels and trading activity.

The futures market, which accounts for most of the trading, gives a much better indication of price trends than the spot market, which has very little informative value. Futures contracts have shown a relatively stable upward trend over the last few years, and it is also interesting to note that these contracts are evolving towards more flexible models in favor of the producer, underlining an increasingly strong demand eager to ensure stable and secure access.

The coming explosion in electricity demand, driven in particular by the rise of cutting-edge technologies such as artificial intelligence, reinforces the central role of nuclear power in maintaining the stability of power grids. Faced with exponentially growing energy needs, uranium is the guarantee of a reliable and constant electricity supply, essential to technological and economic progress.

Growth in demand for uranium will be sustained by a number of key factors: the extension of existing reactor lifetimes, the construction of new reactors, and the promising development of small modular reactors (SMRs). These developments testify to a drastic turnaround in the perception of this energy source, and a worldwide recognition of the strategic importance of nuclear power in ensuring national energy stability and security.

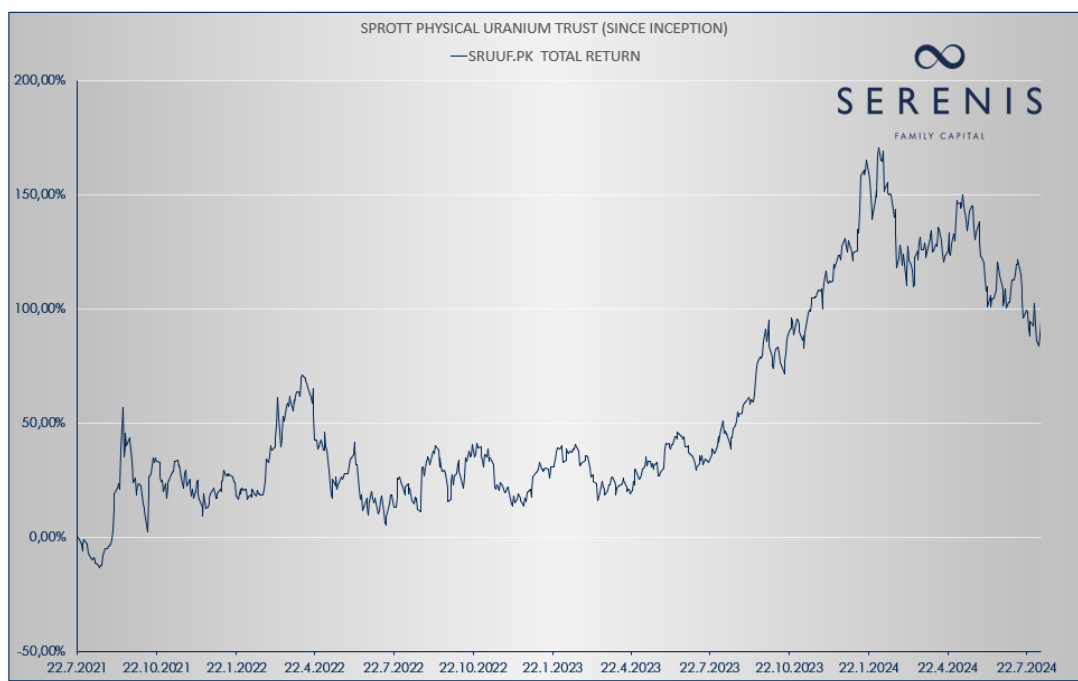
Supply challenges and geopolitical tensions will certainly lead to a diversification of supply sources and the development of more efficient extraction technologies. However, it will take years of work and investment before the current production deficit can be bridged, presaging a prolongation of the current bull cycle.

Various investment vehicles are available to gain exposure to this crucial market, yet each offers a unique profile in terms of volatility and growth potential, and it is essential to understand the differences and adjust one's exposure.

Indeed, despite the increase in production, there is still an annual structural shortfall of 30 to 40 million pounds of uranium, which will be difficult to fill before the end of the decade. Moreover, demand for uranium is constantly increasing, with over 60 nuclear reactors under construction in 16 countries and 92 new reactors planned worldwide.



In conclusion, uranium is an essential pillar of global progress and energy security. Its ability to provide reliable, constant and abundant energy makes it an essential strategic resource for meeting the challenges of the 21st century. For savvy investors, uranium represents an opportunity that has yet to be fully exploited.



Price performance of the physical uranium ETF since inception in July 2021



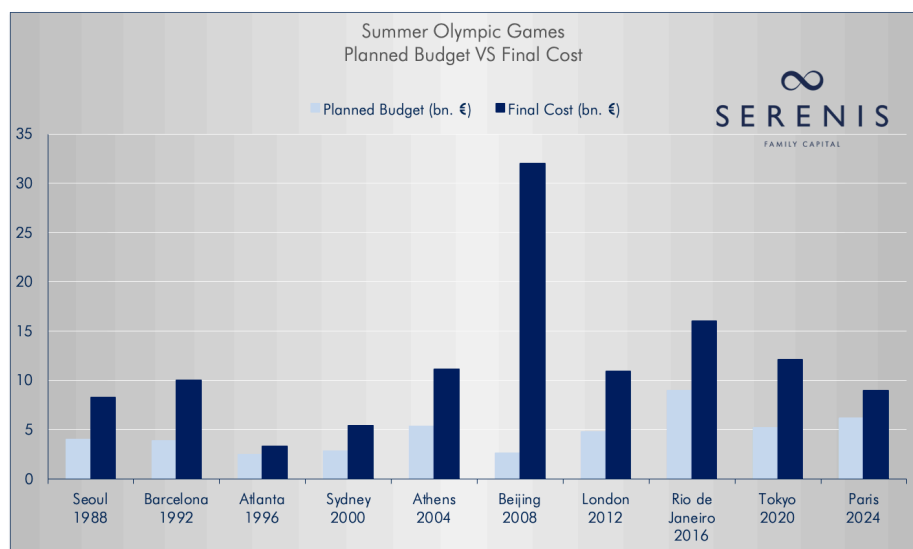
Food for thoughts

The Olympic Games

This summer of 2024 is undoubtedly marked by the Paris 2024 Olympic Games. Sport takes the center stage around the world for two weeks and life, particularly political life, seems to be centered solely on this event in France.

Let's leave sport aside for a moment and focus on a few figures. The Olympics represent a total of 206 nations, 10,714 athletes, 329 events and 32 sports. But it's also total expenditure estimated at over EUR 9.1 billion, of which EUR 3.3 billion is public money, for economic spin-offs estimated at between EUR 7 and 12 billion for the Île de France region (for the period 2018-2034).

Articles: [Part 1](#), [Part 2](#)



The migration of millionaires

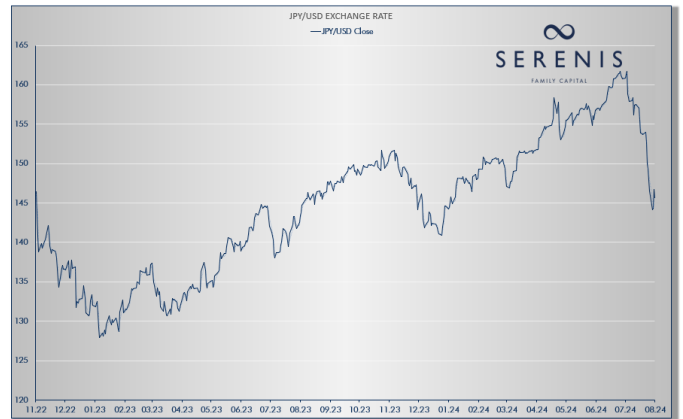
For many years now, wealthy families have been relocating frequently for a variety of reasons. Whether in search of peace and quiet, a place where life is good, or for private or professional reasons, this migration is in some ways is a way of optimizing life. Political uncertainty, legislative instability and conflicts are just some of the reasons for migration. This year, the phenomenon is reaching a peak. China, England and India are the biggest losers of millionaires. By contrast, the United Arab Emirates, the United States and Singapore are the biggest winners.

Article : [Millionaire migration in 2024](#)

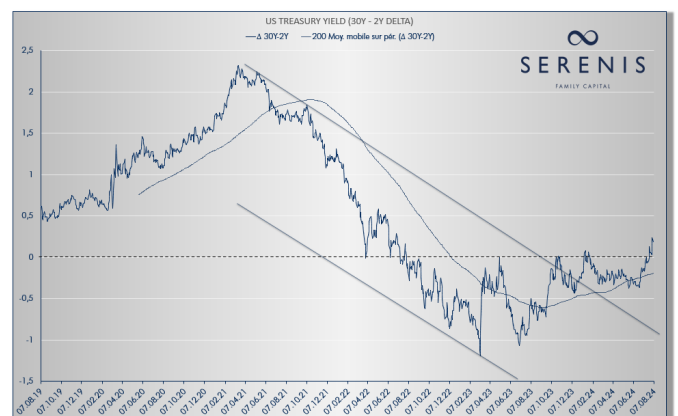


Three charts

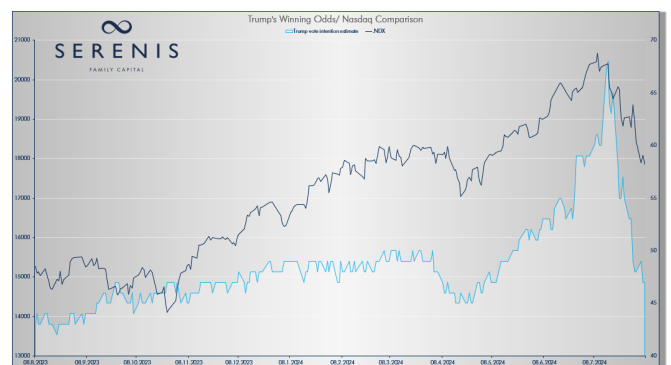
Historical, the BoJ raises interest rates to counter the weakening yen. This change of regime is designed to strengthen its currency in a context of "monetary normalization". For over 30 years, the interest rates in yen have been at 0.0%. This is only the second rate hike by the BoJ in the last 17 years. The USD/JPY rate moved from 161.92 to 141.70 (-12.50%).



The 30 years FED rates are back above the 2 years rates, whereas the curve had been inverted for almost 2 years. This steepening process could last for around 2 years. During this period of rate normalization, markets have historically tended to suffer before returning to a bull market. Inflation will have to be closely watched, as will the Fed's rate-cutting decisions.



Whether it is by chance or not, here are the two curves of the Nasdaq share price and the probability of D. Trump winning the next US presidential election. Although the link between the two information is relative, the correlation has been striking for exactly one year.





*“Markets can only be
understood backwards,
but they must be invested
thinking forwards”*

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