

Investments - Flash



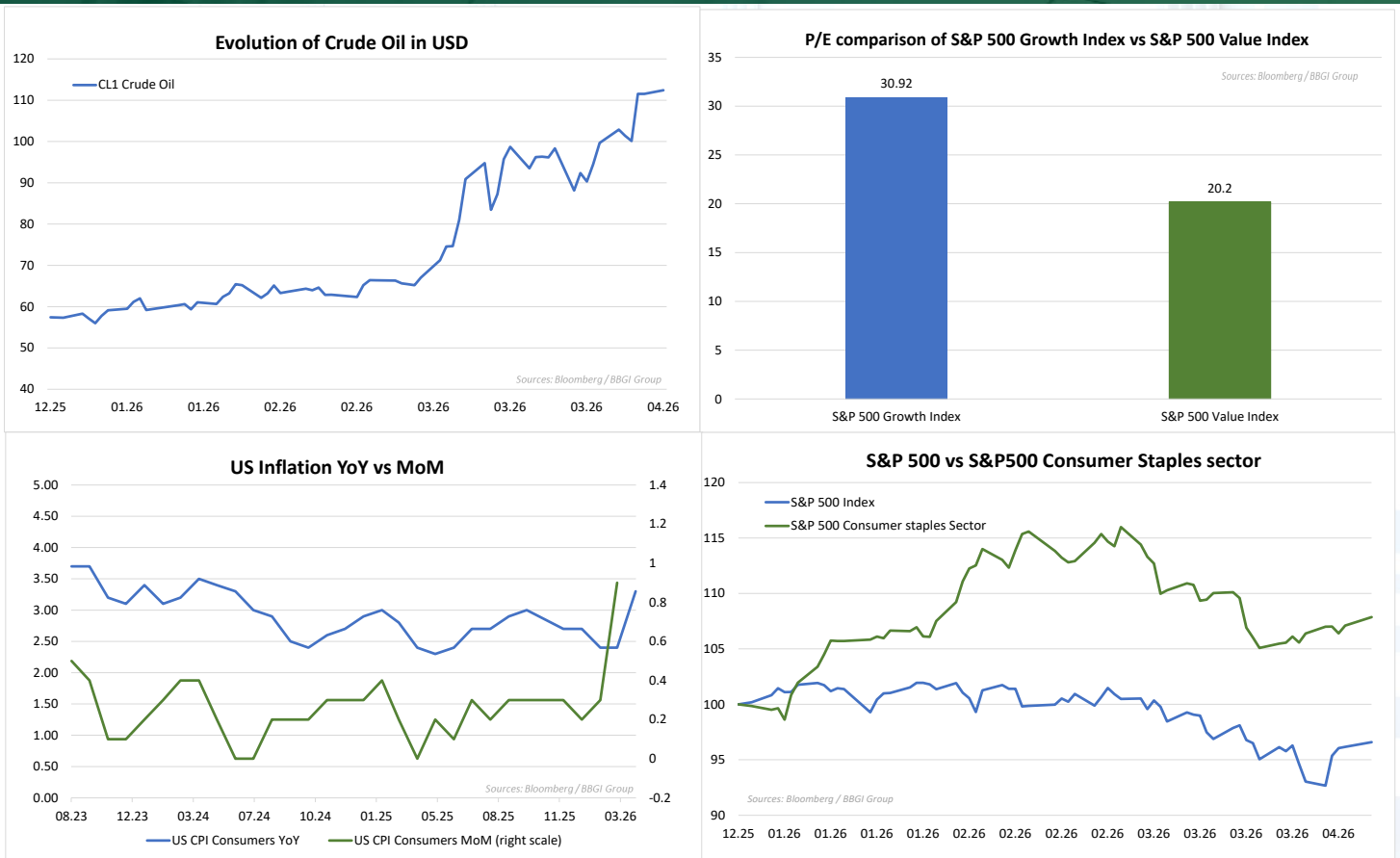
M. Alain Freymond - - Partner & CIO

BASIC CONSUMPTION: RESILIENCE AND PERFORMANCE

A defensive strategy is essential in the face of rising stagflation risks

The oil shock is reigniting the stagflation scenario, which is becoming increasingly likely. Against a backdrop of economic slowdown and persistent inflation, the consumer staples sector is not only a safe haven but also a driver of uncorrelated performance based on the inelasticity of demand. Consumers will cut back on this type of essential spending only as a last resort, which will support the relative resilience of sales and earnings for companies in the sector compared to other segments, particularly growth stocks. Amid the AI hype, the sector is trading at attractive multiples, offering an opportunity to rotate investments into stocks that often provide stable dividends. In a much more uncertain market environment, this defensive

sector offers attractive prospects. The S&P Consumer Staples Index, up +6% since the start of the year, has thus outperformed the S&P 500 (-3.5%). We believe that, given the deteriorating economic situation and the growing risks of stagflation, this defensive sector offers an attractive risk-reward ratio. The economic slowdown will also prompt a number of consumers to seek out more price-efficient products to adjust their budgets. We recommend overweighting the sector and companies with these efficient business models.



Important information: This document is confidential and intended exclusively for its recipient and may not be transmitted or reproduced, even partially, without the express written consent of BBGI Group. It is provided for information purposes only and does not constitute an offer or solicitation to buy, sell or subscribe. BBGI Group cannot be held responsible for any decisions taken on the basis of the information provided. The figures are based on quantitative and judgmental analysis. The client remains fully responsible for the management decisions made in relation to this document. We endeavour to use information that is deemed reliable and cannot be held responsible for its accuracy and completeness. The opinions and all information provided are subject to change without notice. The data mentioned is indicative only and is subject to change without notice in the light of changing market conditions. Past performance and simulations are not indicative of future results.