

## MARKET REVIEW

### Fast and Furious 2022

The spring of 2022 ended furiously in June. The markets are giving investors extreme angst, with such profound movements. Interest rates have continued to rise, dragging all markets down in extreme pessimism, worthy of a true American "blockbuster".

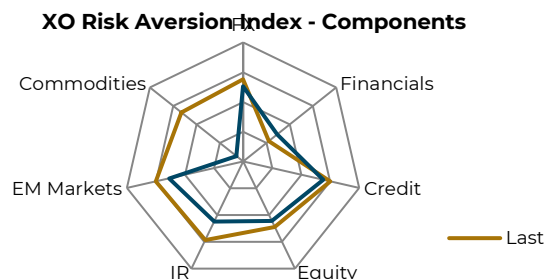
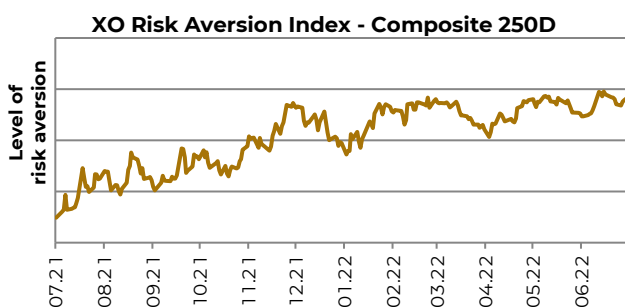
Western equities are broadly down but are recovering from the mid-month figures. The SMI, the leading index of Swiss stocks, was down 10% for the month before recovering. Nevertheless it remains negative year to date. Only China seems to be spared from this hysteria, even though the country implemented massive closures due to the resurgence of Covid.

All assets linked to interest rates have plunged. Bonds have been at -10% since 1 January but were down as much as -15% during the month. Swiss real estate, after reaching -20% in 6 months, shows slightly less red at the end of June.

Commodities fell slightly due to recession fears.

The overall risk indicator remains high.

	Value	June	2022
<b>Equity markets</b>			
Switzerland (SMI)	10 741	-7.49%	-16.58%
United States (S&P500)	3 785	-8.39%	-20.58%
Europe (Euro Stoxx 50)	7 788	-8.76%	-17.95%
Japan (Nikkei)	26 393	-3.25%	-8.33%
China (Shanghai SE)	3 399	6.66%	-6.63%
Brasil (Bovespa)	98 542	-11.50%	-5.99%
<b>Currencies</b>			
USD/CHF	0.954	-0.49%	4.47%
EUR/CHF	1.001	-2.81%	-3.50%
GBP/CHF	1.163	-3.84%	-5.76%
EUR/USD	1.048	-2.31%	-7.80%
<b>Other asset classes</b>			
Swiss Real Estate		-6.01%	-14.88%
Swiss Bonds		-1.88%	-10.20%
Foreign Bonds		-1.69%	-9.88%
Commodities		-7.64%	35.80%
Oil	105.76	-7.77%	40.62%
Gold	1 809.95	-1.95%	-1.05%
<b>Rates / Indicators</b>			<b>Δ</b>
10 years Swiss rate		1.07%	1.20%
10 years US rate		3.01%	1.50%
US Unemployment		3.60%	-0.30%
US GDP		3.50%	-2.00%
US CPI		6.00%	0.50%



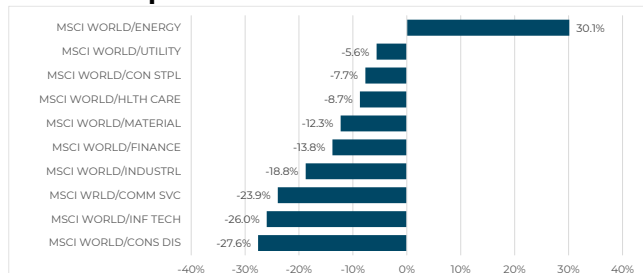
# # INFLUENCER : MAKING THE MOST OF NOTORIETY

Companies active on social networks can be considered as media in their own right. Extrapolating on to this theme, influencers therefore become marketing tools.

## Disappointing stock market performance

After a stellar 2020, the technology sector is under pressure. Elon Musk's Twitter takeover antics, declining Netflix subscribers and subscription rate hikes are all weighing on performance. The sector posted one of the worst results of the year, shedding almost 30% of its value.

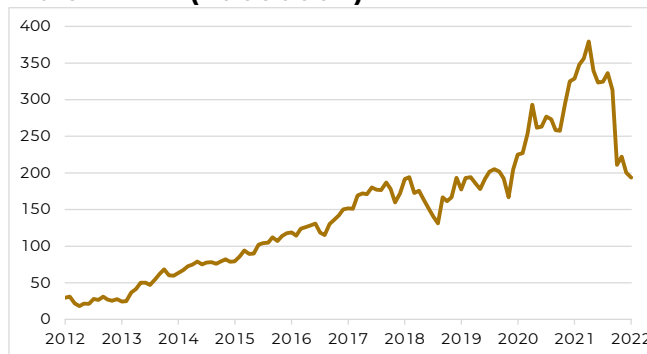
## Sectoral performances 2022



Source : Bloomberg, XO Investments SA

The major technology stocks are no exception. Facebook(Meta), the leading social networking company, has seen its share price halved in one year.

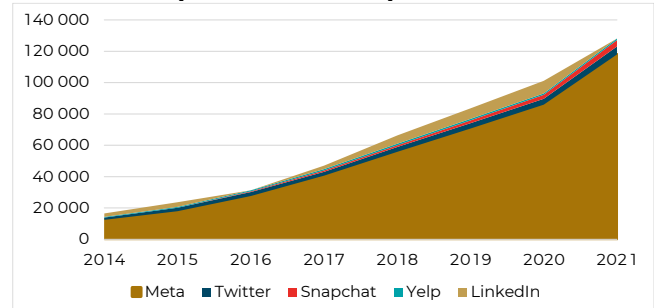
## Titre META (Facebook)



Source : Bloomberg, XO Investments SA

Despite a disappointing stock market performance, the company's revenues are significant and growing. They have increased almost tenfold in 8 years to reach USD 117 billion by 2021. Other companies active in social networks have slightly lower growth rates at much lower levels for the moment. Twitter has 23 times less revenue than Facebook.

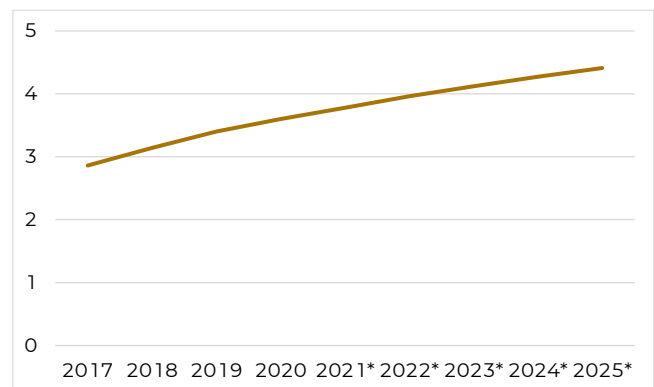
## Revenues (millions USD)



Source : Statista, XO Investments SA

Social networks are becoming more and more important in financial terms due to the ever-increasing number of users. With almost 4 billion users today, communication methods must adjust to this new situation.

## Number of social media users (billions)



Source : Statista, XO Investments SA

Social networks, although recent, are becoming essential. Communication is accelerating and adapting to their use. The Covid-19 pandemic has only accelerated this trend with, for example, the development of teleworking involving the use of video conferencing. The figures below shows how central they are becoming to our private and professional lives.

## One minute on social networks

Google searches conducted	5 700 000
Messages sent on iMessage	12 000 000
Snapchat messages sent	2 000 000
USD spent by Amazon customers	283 000
People shopping online	6 000 000
Messages sent on Slack	148 000
Minutes of webinars hosted on Zoom	856
Users connected on Teams	100 000
Hours streamed by Netflix users	452 000
Hours streamed by YouTube users	694 000
Views received by Facebook Live	44 000 000
Photos shared by Facebook users	240 000
Photos shared by Instagram users	65 000
Tweets posted by Twitter users	575 000
Videos watched by TikTok users	167 000 000

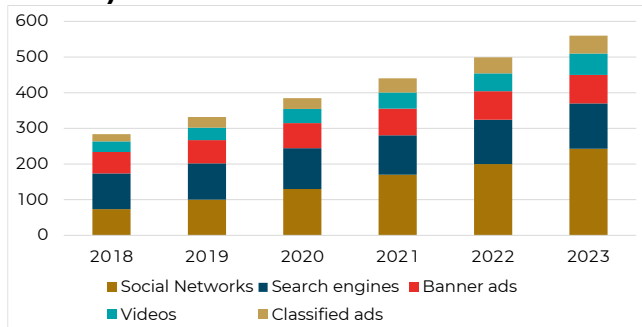
Source : Statista, XO Investments SA

## A new form of advertising

Marketing approaches are obviously impacted by this new way of communicating.

In 2018, 25% of online advertising revenue was generated via social networks. The majority of this revenue was generated by search engines, with the remainder split between banner ads, videos and classified ads. This dynamic is extremely strong within the networks, which should reach, and then exceed, 200 billion in turnover this year, i.e. almost 40% of global turnover.

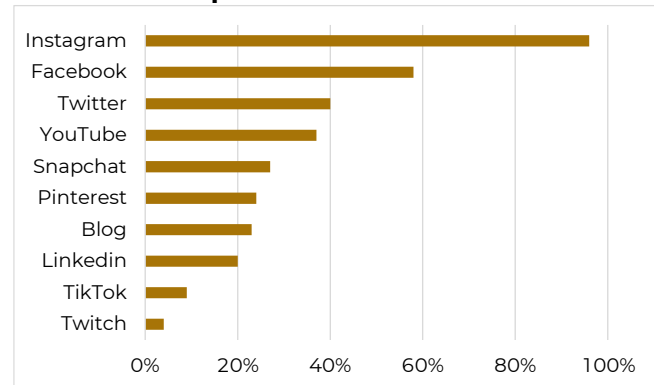
## Global online advertising revenues (USD billion)



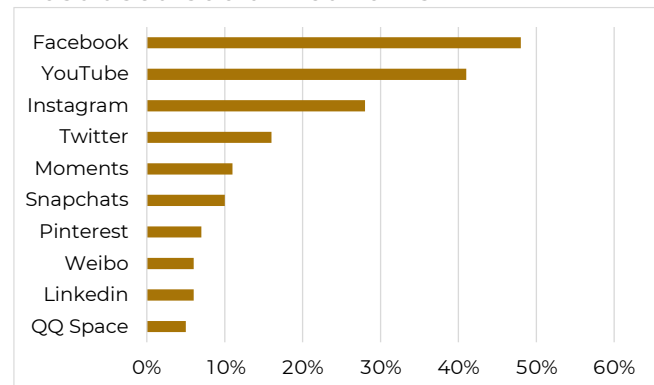
Source : Statista Digital Market Outlook, XO Investments SA

There are still many social networks to choose from. Instagram is the most popular social network for users, ahead of Facebook and Twitter. But it is Facebook that is the most used social network ahead of YouTube and Instagram.

## Influencers' preferred networks



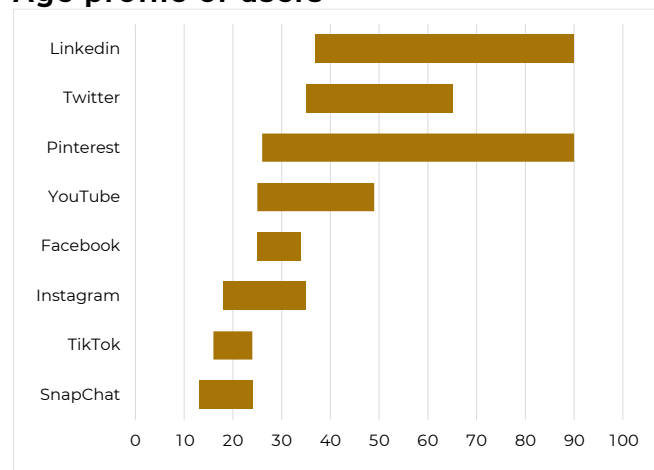
## Most used social networks



Source : Influence4You, XO Investments SA

The choice of using a social network for marketing, should therefore be driven by the target audience or the brand seeking to communicate. Age is one of the determining elements for targeting.

## Age profile of users



Source : Le blog du modérateur, XO Investments SA

Although the most used social network, Facebook has a relatively small user profile (25-34 years). Instagram, as the most popular social network, has a younger audience, on average 18-35 years old. LinkedIn, a network more oriented towards professional life, covers a wide spectrum from 37 years old. The platforms like

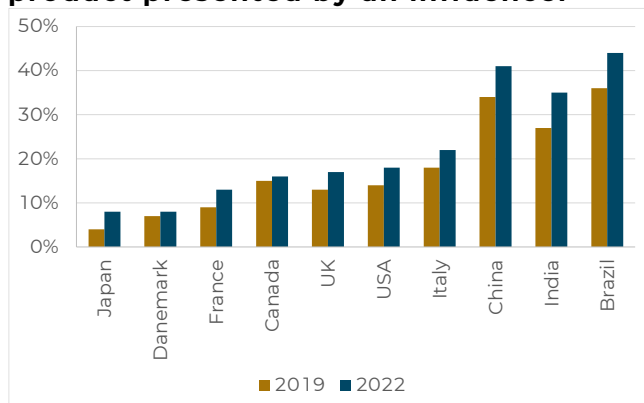
TikTok or SnapChat are aimed at much younger audiences. Each company therefore targets a different consumer, with the "Influencers" as catalysts.

Following the example of what has been created around the automobile industry (specialised magazines, drivers, races, etc.), an ecosystem has been created with social networks. One of the most visible pillars of this operation is the "influencer" activity.

Influencers have a high visibility on social networks, with a very large number of followers. They produce content, interact with their community. They become muses for brands and are an essential marketing vehicle.

Their influence is growing. In 2022, in Brazil, 44% of Internet users will buy products because an influencer has advertised them.

### Internet users (%) who bought a product presented by an influencer

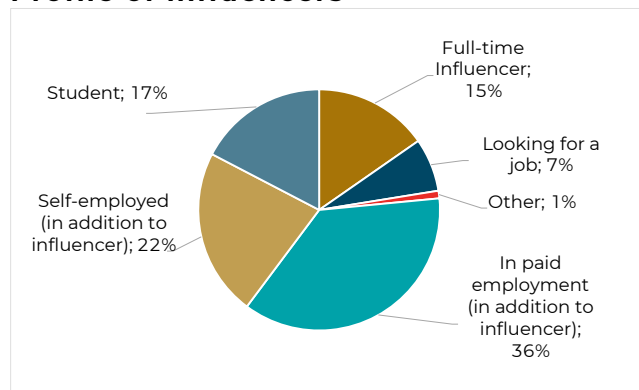


Source : Statista Global Consumer Survey, XO Investments SA

Generally speaking, emerging countries with a rather young population are the most affected by this phenomenon. A trend that is becoming stronger over the years. Brazil, India and, more surprisingly, China are fertile ground for influencers. In Western countries, their influence is still limited but growing. In France, 13% of Internet users make their purchasing decision following an influencer's ad. Those countries, with an unfavourable age pyramid, remain more influenced by television, than digital media.

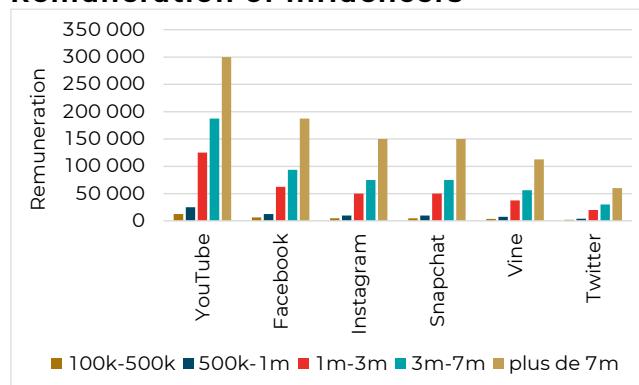
Few influencers are full-time professionals in this activity (only 15%). Many do it in parallel with their activity, or even during their studies.

### Profile of influencers



Source : Etude annuelle de Reech, XO Investments SA

### Remuneration of influencers



Source : Captiv8, XO Investments SA

The remuneration of influencers depends on the social network, and therefore on the target population, and the number of followers. On YouTube, an influencer with more than 7 million followers can expect to be paid around USD 300,000. The figures represent additional income when the influencer has less than 500,000 followers.

The biggest potential influencers are obviously actors, sportsmen or other stars. Cristiano Ronaldo, a football player, has found a new career. With 517 million followers (of which more than 250 million are on Instagram), he is the personality with the most followers in the world. He will be able to monetize product placements with the 517 million potential consumers. A way of making a profit from his fame and thus putting a price on celebrity.

While the consumer is now data, isn't the influencer becoming the product ?