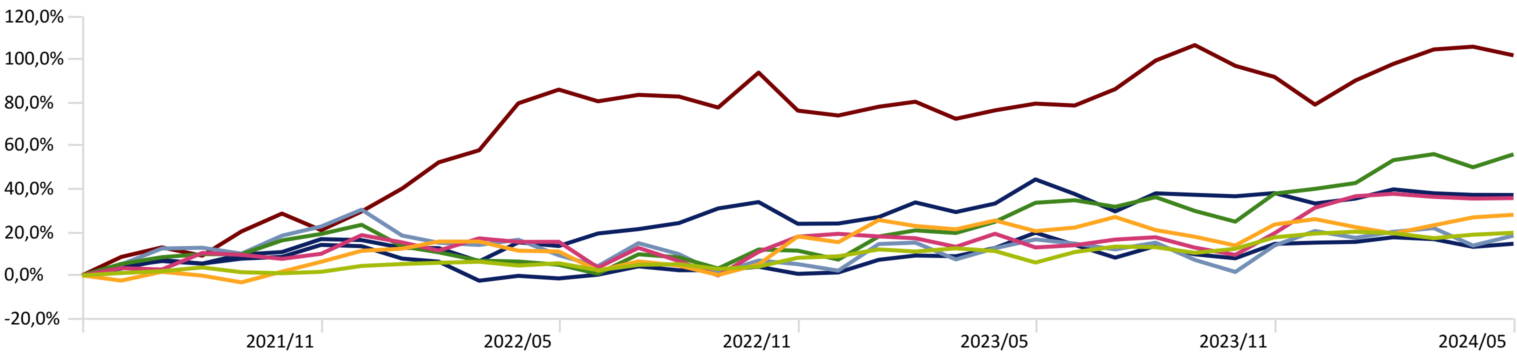
MARKET WATCH As of 2024/05/31

ROCKWEALTH CAPITAL

ASSET CLASS RETURNS in ZAR

	1 Month	3 Months	YTD	1 Year	*3 Years
SA Bonds	0,8	0,2	0,3	13,0	6,2
SA Equity	1,0	7,3	1,6	6,3	8,6
SA Property	0,2	-1,4	3,4	20,3	10,7
Global Bonds	1,3	-2,5	-0,4	-4,3	4,7
Global Equity	4,0	1,8	11,4	16,8	16,0
Global Property	4,0	-1,5	-1,8	1,5	5,8
Commodities	-1,9	2,0	12,8	12,5	26,4
USD	0,0	-1,9	3,0	-5,0	11,1

3 YEAR CUMULATIVE RETURNS in ZAR



SA Bonds	19,7%	SA Equity	28,1%	SA Property	35,8%
Global Equity	56,1%	Global Property	18,4%	Global Bonds	14,6%
Commodities	101,9%	USD	37,2%		

CALENDAR YEAR RETURNS in ZAR

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	YTD
Best	Glb Property 34,5	Glb Property 36,6	SA Bonds 15,4	SA Equity 21,0	USD 16,2	Glb Equity 22,8	Glb Equity 22,2	Commodities 52,5	Commodities 34,3	Glb Equity 30,5	Commodities 12,8
	SA Property 26,6	USD 33,9	SA Property 10,2	SA Property 17,2	Glb Bonds 14,8	Glb Property 20,6	Glb Bonds 14,7	Glb Property 41,3	USD 6,6	Glb Property 19,3	Glb Equity 11,4
	Glb Equity 14,6	Glb Equity 31,0	SA Equity 2,6	Glb Equity 12,3	Glb Property 10,7	Commodities 14,3	SA Bonds 8,7	SA Property 36,9	SA Bonds 4,3	Glb Bonds 13,6	SA Property 3,4
	Glb Bonds 11,1	Glb Bonds 29,7	Commodities -1,7	SA Bonds 10,2	SA Bonds 7,7	SA Equity 12,0	SA Equity 7,0	SA Equity 29,2	SA Equity 3,6	SA Property 10,1	USD 3,0
	SA Equity 10,9	SA Property 8,0	Glb Equity -4,3	Glb Property -1,0	Glb Equity 4,4	SA Bonds 10,3	USD 5,0	Glb Equity 28,4	SA Property 0,5	SA Bonds 9,7	SA Equity 1,6
	USD 10,5	SA Equity 5,1	Glb Property -6,7	Glb Bonds -2,8	Commodities 0,1	Glb Bonds 3,9	Glb Property -3,3	USD 8,7	Glb Bonds -10,7	SA Equity 9,3	SA Bonds 0,3
	SA Bonds 10,1	SA Bonds -3,9	Glb Bonds -9,9	Commodities -4,2	SA Equity -8,5	SA Property 1,9	Commodities -19,9	SA Bonds 8,4	Glb Equity -13,0	USD 7,5	Glb Bonds -0,4
Worst	Commodities -26,1	Commodities -10,1	USD -11,7	USD -9,5	SA Property -25,3	USD -2,8	SA Property -34,5	Glb Bonds 3,5	Glb Property -20,9	Commodities 2,9	Glb Property -1,4

CURRENCIES VS. ZAR

	1 Month	3 Months	YTD	1 Year	*3 Years
EUR	1,5	-1,5	1,2	-3,3	6,8
USD	0,0	-1,9	3,0	-5,0	11,1
GBP	1,6	-1,2	2,8	-2,4	7,1
JPY	0,1	-6,5	-7,6	-15,5	-1,5

Currency performance in ZAR - a positive number represents ZAR weakness, while a negative number represents ZAR strength

* *Annualised*

SECTORAL RETURNS

	1 Month	3 Months	YTD	1 Year	*3 Years
JSE ALSI TR	1,0	7,3	1,6	6,3	8,6
Basic Materials	0,6	21,3	6,2	-4,6	2,8
Consumer Goods	0,6	-0,8	-0,8	12,7	9,5
Consumer Services	2,9	-3,7	1,1	0,3	19,2
Financials	-0,1	-0,6	-4,9	21,2	12,2
Health Care	2,7	8,6	4,5	18,8	11,3
Industrials	2,1	8,4	2,9	19,6	6,7
Technology	4,0	18,1	19,0	22,1	4,1
Telecommunication	-6,3	1,5	-17,9	-21,6	-5,4

ALSI Contributors YTD (Approximate)

	Weight	Return	Contributior
Naspers Ltd Class N	9,9	19,2	1,8
Anglo American PLC	6,8	33,5	1,3
Prosus NV Ordinary Shares - Class N	3,2	25,2	0,8
Anglogold Ashanti PLC	2,0	34,4	0,6
Compagnie Financiere Richemont SA Cl	2,9	19,5	0,5
Harmony Gold Mining Co Ltd	1,2	44,2	0,5
Gold Fields Ltd	4,1	6,9	0,2
British American Tobacco PLC	2,5	10,9	0,2
Capitec Bank Holdings Ltd	2,9	6,7	0,2
Aspen Pharmacare Holdings Ltd	1,3	14,2	0,2

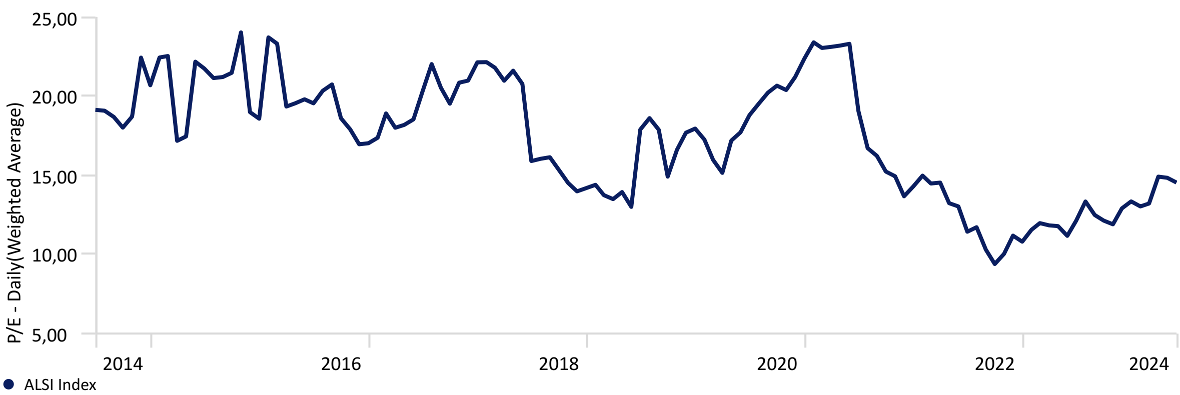
ALSI Detractors YTD (Approximate)

	Weight	Return	Contribution
MTN Group Ltd	2,9	-26,0	-0,9
Sasol, Ltd.	1,5	-32,1	-0,6
Firstrand Ltd	5,5	-8,7	-0,5
Standard Bank Group Ltd	4,3	-10,3	-0,4
Remgro Ltd	1,2	-25,2	-0,3
Anglo American Platinum Ltd	0,7	-35,9	-0,3
Discovery Ltd	1,1	-23,2	-0,3
Woolworths Holdings Ltd	1,0	-22,8	-0,2
BHP Group Ltd	1,8	-9,2	-0,2
Shoprite Holdings Ltd	2,0	-8,2	-0,2

Current ALSI Metrics

P/E	11,2
P/B	1,6
P/EBITDA	7,0
P/Cash Flow	7,1
P/S	1,9
Debt/Capital	30,1

Historical P/E



MARKET CAP RETURNS

	1 Month	3 Months	YTD	1 Year	*3 Years
Small Caps	1,9	3,2	2,9	17,2	13,9
Mid Caps	1,4	5,3	-0,7	14,8	6,3
Top 40	0,9	8,1	1,7	4,5	8,8

STYLE BASED RETURNS

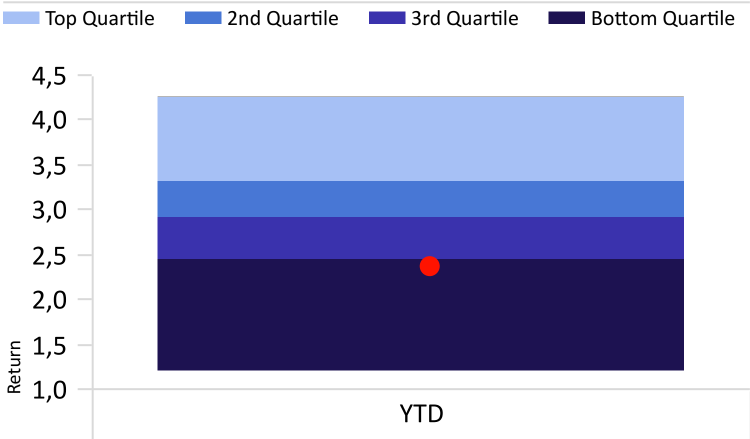
	1 Month	3 Months	YTD	1 Year	*3 Years
JSE Growth	1,4	8,1	4,6	6,9	8,5
JSE Value	0,5	6,4	-1,5	4,8	9,0

** Annualised*

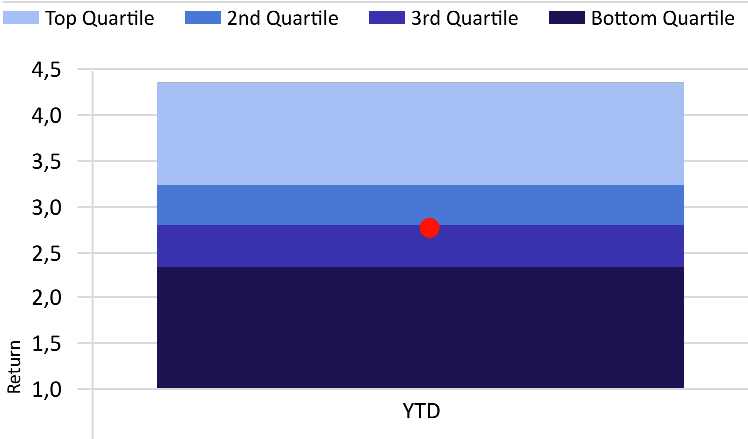
CATEGORY AVERAGES in ZAR

	1 Month	3 Months	YTD	1 Year	*3 Years
(ASISA) SA MA Inc	0,8	1,3	2,4	9,8	7,0
(ASISA) SA MA Low EQ	1,0	1,8	2,8	9,3	7,6
(ASISA) SA MA Med EQ	1,2	2,4	3,3	9,0	8,0
(ASISA) SA MA High EQ	1,4	2,9	3,6	9,7	8,5
(ASISA) SA EQ General	1,4	6,1	2,1	9,0	7,5
(ASISA) SA RE General	0,3	-1,0	2,3	16,9	8,7
(ASISA) Glb MA Low EQ	0,8	-0,6	3,0	1,4	10,2
(ASISA) Glb MA Flex	1,7	0,2	6,5	6,9	10,8
(ASISA) Glb MA High EQ	1,5	0,1	5,0	5,5	10,4
(ASISA) Glb EQ General	2,2	0,6	9,2	12,2	12,3

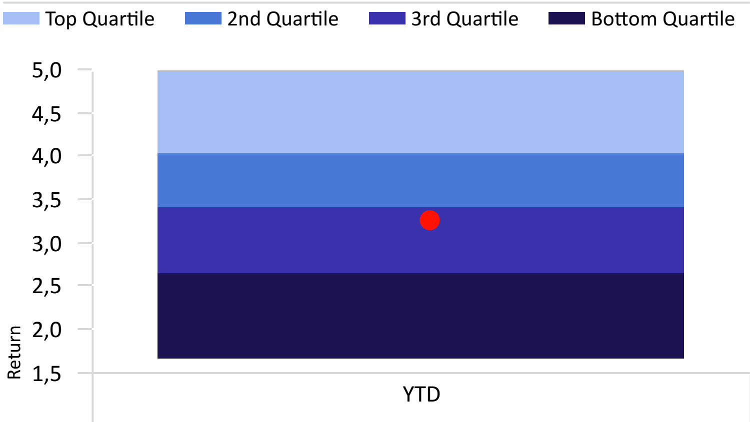
SA MA INCOME



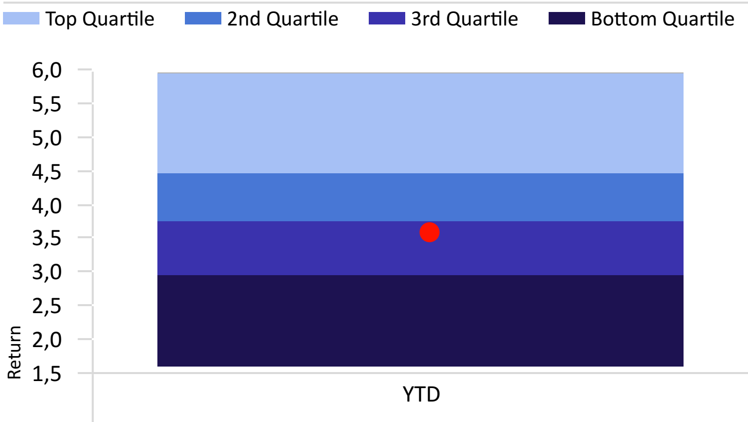
SA MA LOW EQUITY



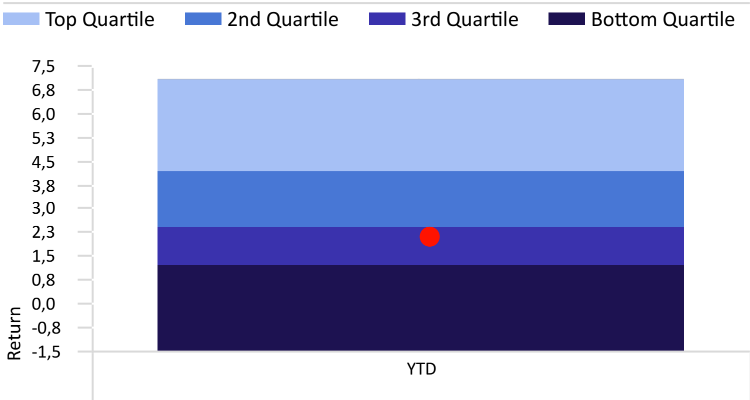
SA MA MED EQUITY



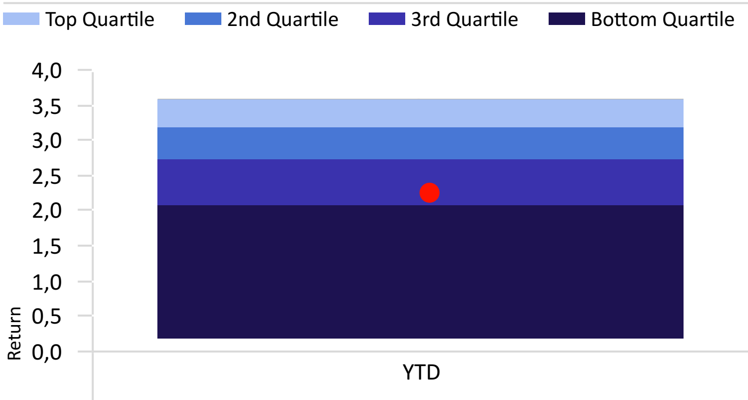
SA MA HIGH EQUITY



SA EQUITY GENERAL



SA RE GENERAL



** Annualised*

LOCAL COMMENTARY

Developed market equities rebounded from their sell-off in April, delivering 3.8% in aggregate with most regions in this basket now reaching all-time highs. Emerging market equities lagged their developed market counterparts, although South Africa's FTSE/JSE All Share Index fared quite well, gaining 1% in May and 4.5% over the last 2 months in US$ which is well ahead of many developed markets. Much of the exuberance that has buoyed the local market in the last 2 months rested on BHP Biliton's bid for Anglo American which although failed, has unlocked a major discount that Anglo traded at relative to its peers. Furthermore, appetite for companies with major exposure to China like Naspers/Prosus have been key drivers, as have the platinum producers like Impala (now well off their lows seen in the first quarter). On the backfoot and major detractors have been the likes of MTN, Sasol, many of the retailers and certain financials.

SA bond yields followed their global peers, falling by 35bps during the first three weeks of the month before retracing and ending the month 7bps higher than it started. Notably, volatility in domestic bonds spiked in the two days following the election with the 10yr yield trading in a 40bps range – a pattern we expect to continue until a new government is formed. Inflation-linked bonds (-0.8%) were the worst performing domestic asset class in May as declining inflation and fiscal uncertainty keeps the asset class out of favour.

The South African Listed Property Index gained 1.6% in the first three weeks of the month but gave back most of those gains by the end of May. Vukile and Newriver REIT each expressed interest in acquiring Growthpoint subsidiary Capital and Regional during the month. Having withdrawn this interest, Growthpoint gave back most of these gains (returning just 0.5%) for the month, while Vukile ended the month down 3.2%.

While final election results will be discussed in the next edition of our Market Watch given the ongoing coalition talks between parties, it's important to acknowledge a few important aspects of the 2024 election. For one, the ANC's support continued to wane and, in many ways, shows that our democracy works – their poor governance is highly correlated to their votes won. Roughly 70 ANC MP's will be out of a job, and while we'll see most of those seats being handed over to MPs of the MK party, we should draw comfort from the fact that the ruling party has not disputes their losses at all.

What South Africans should be concerned about is the voter turnout which stood at 58.6%, which is a noticeable decline from the 66.05% turnout in 2019. This drop continues the trend of decreasing voter engagement seen over the past few election cycles in South Africa. Several factors contributed to this decline. Despite a record number of 27.7 million registered voters, only 16.2 million cast their ballots, highlighting significant voter apathy and disengagement. Youth voter turnout was especially low, which is concerning given that younger demographics constitute a substantial portion of the population

The SARB's latest MPC meeting was overshadowed by the election, but the committee ultimately maintained the repo rate at 8.25% for the sixth consecutive session, reflecting consensus expectations with a unanimous decision. For the first time since March 2021, the SARB's statement suggests a balanced risk outlook for inflation, moving away from the previously anticipated upside risks. This shift indicates reduced concern about rising food inflation, introducing a slightly more dovish tone to their statement. However, the SARB emphasized the urgency of achieving their inflation target to manage high inflation expectations effectively, stating the necessity of meeting targets promptly to stabilize these expectations.

The SARB's revised forecast suggests that inflation will stabilize at 4.5% by the second quarter of 2025, earlier than the previous forecast of the fourth quarter of 2025. This outlook, combined with the unanimous decision to keep the repo rate steady, indicates that the SARB is likely to maintain this rate through their July meeting, with potential rate cuts expected in September.

In April, headline year-on-year inflation moderated to 5.2%, slightly below market expectations, driven largely by the slowing of food inflation and favourable base effects. Core inflation also eased to 4.6%. Significant contributors to this moderation included decreases in the rates for General and Medical Insurance. However, transport costs continued to exert upward pressure due to rising petrol prices, despite public transport costs experiencing deflation for a second consecutive month.

Looking ahead, inflation is expected to hover around current levels due to base effects from transport inflation, while food inflation seems to have bottomed out. Risks to inflation remain, particularly from food, petrol, and international transport costs.

Regarding economic growth, data from March suggests that the initial positive momentum of the year did not sustain into the later part of the first quarter. While retail sales saw some recovery, declines in motor trade sales, mining output, wholesale trade, and manufacturing production suggest a stagnant economy in the first quarter of 2024. Nonetheless, there is optimism that growth will pick up throughout the year as Purchasing Managers' Index (PMI) readings have returned above 50, and post-election stability is expected to boost investor and consumer confidence. Additionally, reduced load-shedding and increased private sector power generation indicate a move towards more reliable electricity supply, which is crucial for sustained economic growth.

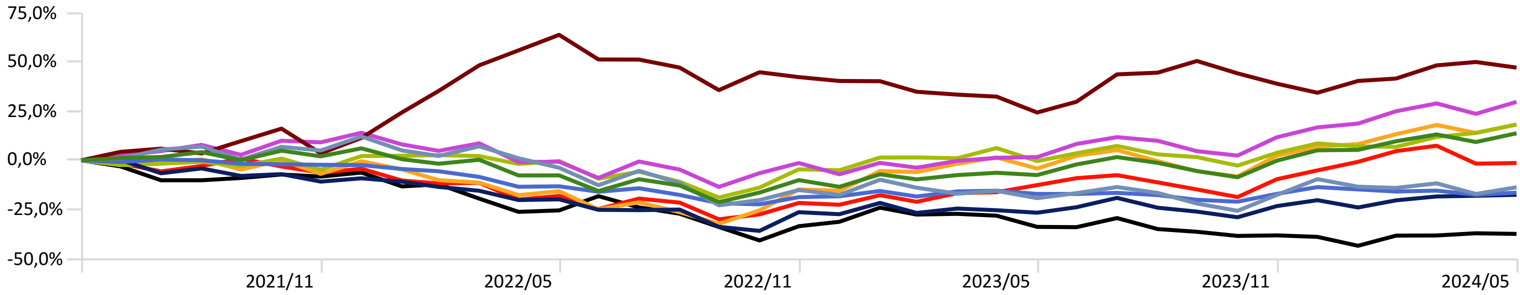
ROCKWEALTH CAPITAL

MARKET WATCH As of 2024/05/31

ASSET CLASS RETURNS in USD

	1 Month	3 Months	YTD	1 Year	*3 Years
Global Equity	4,1	3,7	8,2	22,9	4,4
Global Property	4,1	0,4	-4,6	6,9	-4,8
Global Bonds	1,3	-0,7	-3,3	0,8	-5,8
Commodities	-1,9	3,9	9,5	18,4	13,7
S&P 500	4,9	3,8	11,1	27,6	9,1
FTSE 100	3,8	10,6	8,9	18,7	5,7
EURO STOXX 50	3,7	4,3	10,4	23,3	5,7
Nikkei 225	0,4	-5,8	4,0	12,8	-0,5
CSI 300	-0,5	1,4	2,5	-5,4	-14,5
MSCI EM	0,6	3,5	3,4	12,4	-6,2

3 YEAR CUMULATIVE RETURNS in USD



Global Equity	13,7%	Global Property	-13,7%	Global Bonds	-16,5%
Commodities	47,1%	S&P 500	29,7%	FTSE 100	18,2%
EURO STOXX 50	18,1%	Nikkei 225	-1,4%	CSI 300	-37,4%
MSCI EM	-17,5%				

CALENDAR YEAR RETURNS IN USD

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	YTD
Best	CSI 300 51,6	Nikkei 225 10,6	S&P 500 11,2	MSCI EM 37,3	NASDAQ 100 0,0	NASDAQ 100 39,5	NASDAQ 100 48,9	Glb Property 30,0	FTSE 100 -7,0	NASDAQ 100 55,1	S&P 500 11,1
	Glb Property 21,8	NASDAQ 100 9,8	MSCI EM 11,2	NASDAQ 100 33,0	Glb Bonds -1,2	CSI 300 36,9	CSI 300 38,1	S&P 500 28,2	Glb Bonds -16,2	S&P 500 25,7	NASDAQ 100 10,5
	NASDAQ 100 19,4	CSI 300 2,3	NASDAQ 100 7,3	CSI 300 32,3	Glb Property -4,7	S&P 500 30,7	Nikkei 225 24,5	NASDAQ 100 27,5	EU STOXX -17,7	DAX 24,5	EU STOXX 9,0
	S&P 500 13,0	Glb Property 2,0	Glb Property 5,8	EU STOXX 28,1	S&P 500 -4,9	Glb Property 24,1	MSCI EM 18,3	FTSE 100 17,3	DAX -17,7	EU STOXX 22,7	FTSE 100 8,9
	Glb Bonds 0,6	S&P 500 0,7	Nikkei 225 5,6	DAX 28,1	Nikkei 225 -7,9	EU STOXX 23,8	S&P 500 17,8	EU STOXX 14,0	S&P 500 -18,5	Nikkei 225 22,6	DAX 8,5
	MSCI EM -2,2	EU STOXX -1,0	DAX 3,8	Nikkei 225 25,6	FTSE 100 -14,1	DAX 23,2	DAX 12,9	DAX 7,6	Nikkei 225 -19,1	FTSE 100 14,3	Nikkei 225 4,0
	Nikkei 225 -4,5	DAX -1,6	Glb Bonds 2,1	FTSE 100 22,5	MSCI EM -14,6	FTSE 100 22,0	EU STOXX 9,3	CSI 300 -1,2	MSCI EM -20,1	Glb Property 11,0	MSCI EM 3,4
	FTSE 100 -5,2	Glb Bonds -3,2	EU STOXX 1,1	S&P 500 21,1	EU STOXX -16,9	Nikkei 225 21,9	Glb Bonds 9,2	MSCI EM -2,5	Glb Property -25,8	MSCI EM 9,8	CSI 300 2,5
	EU STOXX -8,5	FTSE 100 -6,7	FTSE 100 -0,2	Glb Property 9,4	DAX -22,2	MSCI EM 18,4	Glb Property -7,9	Nikkei 225 -4,4	CSI 300 -26,7	Glb Bonds 5,7	Glb Bonds -3,3
Worst	DAX -9,9	MSCI EM -14,9	CSI 300 -15,4	Glb Bonds 7,4	CSI 300 -27,7	Glb Bonds 6,8	FTSE 100 -8,8	Glb Bonds -4,7	NASDAQ 100 -32,4	CSI 300 -11,2	Glb Property -4,2

CURRENCIES vs. USD

	1 Month	3 Months	YTD	1 Year	*3 Years
EUR	1,5	0,3	-1,7	1,8	-3,9
GBP	1,7	0,7	-0,1	2,7	-3,6
JPY	0,1	-4,8	-10,3	-11,1	-11,4
CNY	0,0	-0,7	-2,1	-1,9	-4,2

Currency performance in USD - a positive number represents USD weakness, while a negative number represents USD strength

* *Annualised*

GLOBAL SECTORAL RETURNS

	1 Month	3 Months	YTD	1 Year	*3 Years
MSCI ACWI/Financials	3,9	5,1	10,1	30,3	5,3
MSCI ACWI/Health Care	2,4	0,6	5,4	11,9	4,1
MSCI ACWI/Materials	2,2	6,4	2,2	17,4	-0,3
MSCI ACWI/Technology	8,0	4,4	14,4	33,5	12,6
MSCI ACWI/Industrials	2,8	3,6	9,0	27,1	5,6
MSCI ACWI/Cons Staples	2,5	3,4	3,9	6,0	1,6
MSCI ACWI/Cons Discretionary	0,5	-2,7	2,3	17,6	-2,4
MSCI ACWI/Energy	0,2	8,7	10,2	26,3	18,9

MSCI ACWI Contributors YTD (Approximate)

	Weight	Return	Contribution
NVIDIA Corp	2,9	121,4	2,5
Microsoft Corp	4,6	10,8	0,5
Meta Platforms Inc Class A	1,5	32,0	0,4
Amazon.com Inc	2,5	16,1	0,4
Alphabet Inc Class A	1,4	23,5	0,3
Eli Lilly and Co	0,9	41,2	0,3
Alphabet Inc Class C	1,2	23,4	0,3
Novo Nordisk A/S Class B	0,6	31,4	0,2
JPMorgan Chase & Co	0,9	20,6	0,2
Broadcom Inc	0,9	19,5	0,2

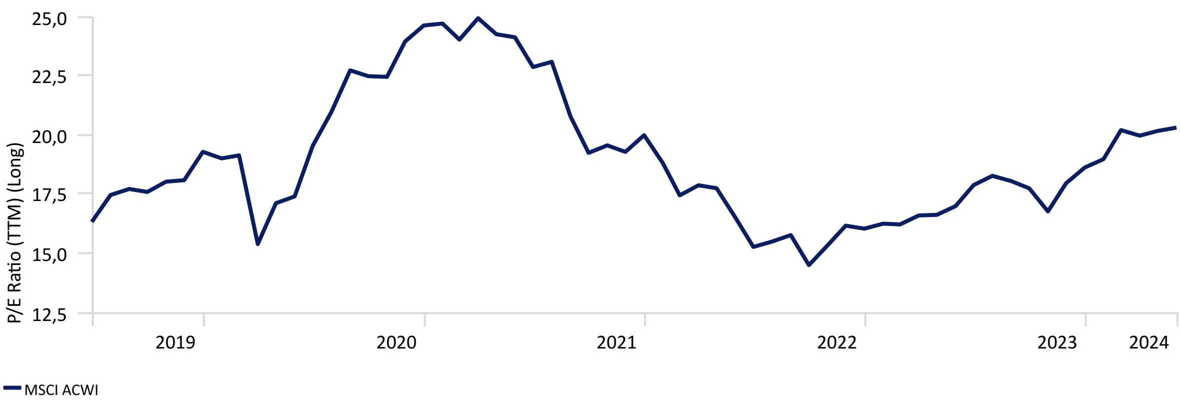
MSCWI ACWI Detractors YTD (Approximate)

	Weight	Return	Contribution
Tesla Inc	0,9	-28,3	-0,3
Intel Corp	0,3	-38,2	-0,1
Adobe Inc	0,4	-25,5	-0,1
Accenture PLC Class A	0,4	-18,9	-0,1
Salesforce Inc	0,4	-10,8	0,0
UnitedHealth Group Inc	0,8	-5,5	0,0
McDonald's Corp	0,3	-12,2	0,0
CVS Health Corp	0,2	-23,1	0,0
Lululemon Athletica Inc	0,1	-39,0	0,0
Shopify Inc Registered Shs -A- Subord Vtg	0,1	-24,1	0,0

Current MSCI AC Metrics

P/E	17,8
P/B	3,0
P/EBITDA	22,0
P/Cash Flow	11,1
P/S	2,8
Debt/Capital	38,7

Historical P/E



MARKET CAP RETURNS

	1 Month	3 Months	YTD	1 Year	*3 Years
MSCI ACWI Small Cap	4,0	3,0	3,5	18,7	-0,2
MSCI ACWI Mid Cap	2,6	2,2	4,4	18,6	0,5
MSCI ACWI Large Cap	4,3	4,1	9,7	24,5	6,0

STYLE BASED RETURNS

	1 Month	3 Months	YTD	1 Year	*3 Years
MSCI ACWI Value	3,0	4,2	6,7	21,0	4,5
MSCI ACWI Growth	5,1	3,4	11,0	26,0	5,2

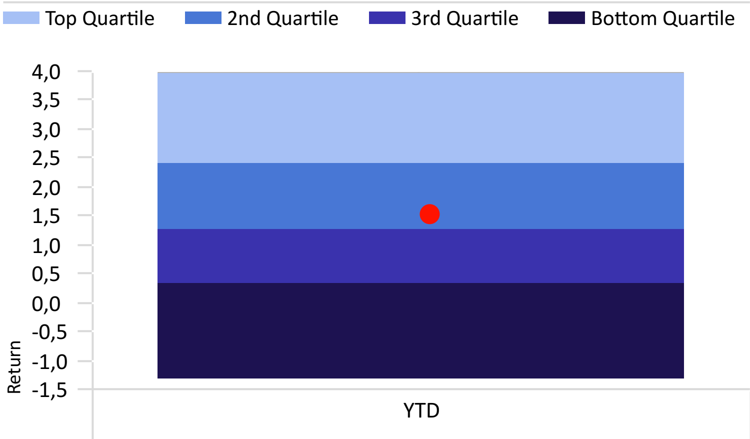
* *Annualised*

MARKET WATCH As of 2024/05/31

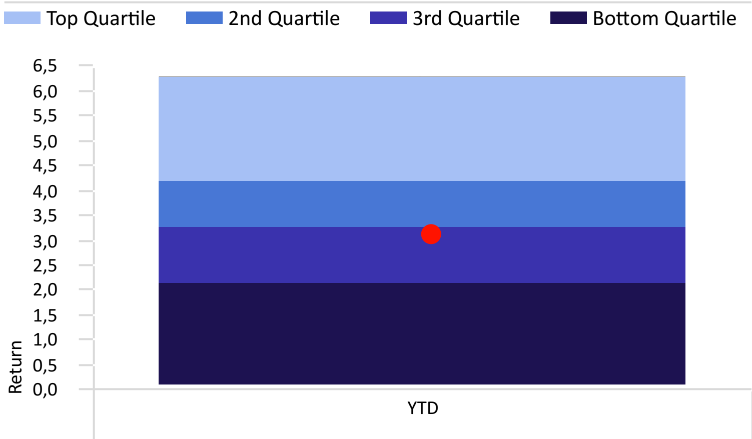
CATEGORY AVERAGES in USD

	1 Month	3 Months	YTD	1 Year	*3 Years
(ASISA) Glb MA Low EQ	0,9	1,3	0,1	6,7	-0,9
(ASISA) Glb MA Flex	1,8	2,1	3,4	12,5	-0,3
(ASISA) Glb MA High EQ	1,6	2,0	2,0	11,0	-0,7
(ASISA) Glb EQ General	2,3	2,5	6,0	18,1	1,1
EAA USD Cautious Allocation	1,2	1,2	1,6	6,9	-0,6
EAA USD Moderate Allocation	1,8	1,9	3,2	10,3	0,0
EAA USD Flexible Allocation	1,9	1,5	3,1	10,3	0,2
EAA USD Diversified Bond - ST	0,7	0,8	1,0	4,7	1,2
EAA USD H/Y Bond	1,0	1,2	1,3	9,5	0,5
EAA USD Aggressive Allocation	2,1	2,5	5,2	13,7	1,3

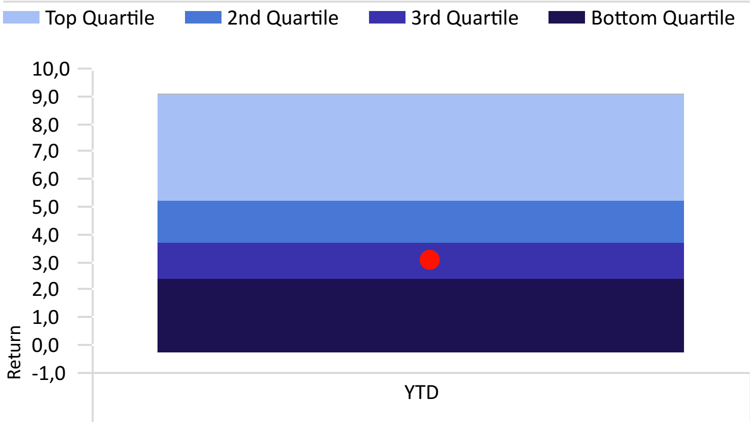
EAA USD CAUTIOUS ALLOCATION



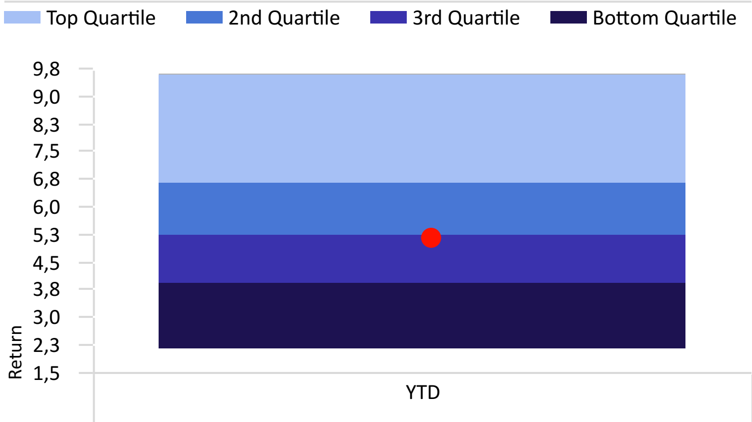
EAA USD MODERATE ALLOCATION



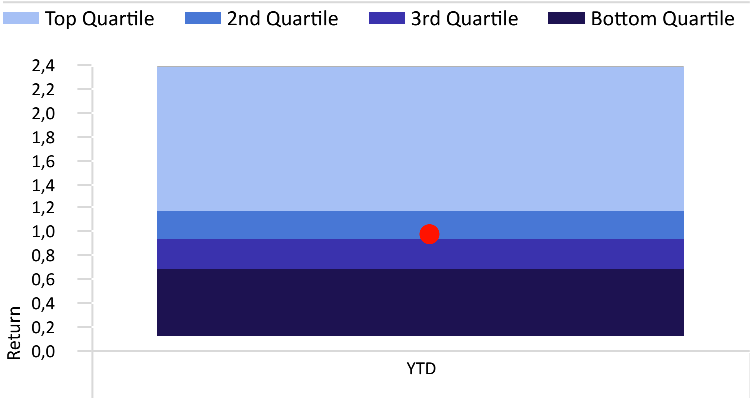
EAA USD FLEXIBLE ALLOCATION



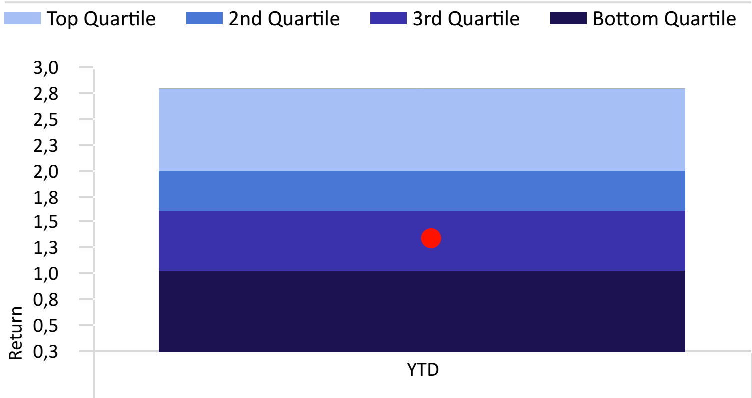
EAA USD AGGRESSIVE ALLOCATION



EAA USD DIVERSIFIED BOND - SHORT TERM



EAA USD HIGH YIELD BOND



** Annualised*

OFFSHORE COMMENTARY

May proved to be a month of positive returns across most asset classes, but with some noteworthy regional variations and underlying economic considerations.

Risk Assets Rebound: Investor optimism about the global economic outlook fueled a rally in riskier assets. Developed market equities, particularly growth stocks, led the charge with a 4.5% return. This outperformance was likely driven by expectations of falling interest rates, which favor companies with high future earnings potential. Small cap stocks also joined the party, regaining momentum and delivering returns in line with their larger cap counterparts.

Global Bonds See Gains: Even fixed income, which typically struggles in rising rate environments, generated positive performance. Global bonds returned 1.3%, reflecting market anticipation of central bank rate cuts later this year. However, there were some regional differences in expectations, with the US Federal Reserve taking a more cautious stance compared to the European Central Bank.

Commodity Prices Retreat, But Overall Remain Upbeat: While oil prices pulled back after peaking in April, broader commodity indices still managed positive returns. This resilience is likely due to ongoing global demand and geopolitical tensions in key producing regions.

US Economy Shows Signs of Moderation: Economic data in the US revealed some signs of moderation, with indicators like capital spending and home sales plateauing. However, a bright spot emerged in the form of flash Purchasing Managers' Index (PMI) data, which pointed towards continued growth in both manufacturing and services sectors. US equities capitalized on this positive sentiment, rebounding with 5.0% returns in May, supported by strong first-quarter earnings reports.

Europe Gains Traction: European PMI data confirmed an improving economic picture, with the services sector acting as a key driver. First-quarter GDP growth met expectations, and corporate profits exceeded forecasts. This reacceleration, coupled with relatively attractive valuations, is attracting international investors to European markets. European equities (excluding the UK) returned a healthy 3.6% in May, while UK equities lagged behind at 2.4%.

Asia's Growth Story with Caveats: Signs of improvement emerged across Asian economies, although the picture is not entirely clear. China's data surprised on the upside, coinciding with a rebound in its equity market. However, the sustainability of this rally hinges on a revival in domestic demand, which currently remains sluggish. Japan, heavily reliant on exports, saw its equity market underperform regionally in May (1.2% return) due to the weakening yen, which while typically positive for exports, is now starting to weigh on consumer confidence.

Central Bank Policy Diverges: As regional economies show increasing desynchronization, central bank policy expectations are also starting to diverge. The US Federal Reserve, concerned about persistent inflationary pressures in the services sector, seems to be backing away from imminent rate cuts. However, the recent rally in US Treasuries suggests the market is betting against further rate hikes. In contrast, the European Central Bank remains more confident about disinflation and has signaled a rate cut in June, although the path beyond remains uncertain. The situation in the UK is yet another story, with high services inflation making a June rate cut from the Bank of England unlikely. Japan's central bank faces a unique challenge – needing to raise rates to support its weak currency, but wary of jeopardizing the fragile economic recovery.

Volatility Ahead for Bond Markets: This divergence in monetary policy, coupled with uncertainty around the future path of interest rates, is likely to create volatility in government bond markets. However, the recent yield reset has restored the value proposition of bonds within a portfolio, offering both income and diversification benefits.

Credit Spreads Remain Anchored: Solid corporate fundamentals have helped keep credit spreads in check. Investment grade credit was a strong performer in May, while emerging market debt (EM) also generated positive returns (1.8%) as several EM central banks have already begun easing monetary policy.

Conclusion:

Overall, economic data in May has tempered concerns about overheating in the US and highlighted a rebalancing of economic momentum across regions. Corporate fundamentals remain robust, and interest rates are still likely to trend downwards in most Western economies, albeit at different paces. These factors should continue to support risk asset valuations. However, the hunt for attractive growth opportunities and valuations is starting to shift investor focus away from the US and towards more regionally diversified portfolios, where the potential for catch-up appears greater.