



ROSSIER, MARI & ASSOCIATES LTD
Investment Consultants

Investment report 30 June 2018

To date, 2018 has developed in line with our forecasts from the beginning of the year. The era of easy money is over. The US has already increased its key interest rate twice this year, and two further increases are planned before the end of the year. The ECB recently confirmed that it will be ending its bond purchase program at the end of the year.

As expected, the economy did well in the first half of the year. Corporate earnings are rising steadily thanks to the tax reforms in the US and the continued expansion of economic activity, even though growth has weakened somewhat in recent weeks.

Stock market performance in the first half of the year was uneven. While the S+P (-1.67%) and the Nasdaq (+9%) were up, the Euro Stoxx (-4.24) and in particular the SMI (-8.23%) recorded a weak performance. The performance of the SMI was especially surprising, even though the Swiss franc has weakened considerably against the euro over the past twelve months.

Our fund outperformed the markets, posting a 7.79% gain as at 30 June. The following shares contributed significantly to this good performance:

New Venturetec	+70%
Osiris	+65%
Swatch	+17%
Microsoft	+17%
Myriad	+10%

We still stand by our view, expressed six months ago, that there could be a recession end 2019 / beginning 2020. The probability of this forecast being correct has increased following the intensification of the trade war between the US and China/Europe in recent weeks.

The interest rate spread between the US dollar and the euro/Swiss franc continues to widen, which will support the US dollar in the short to medium term.

The oil price (WTI) has remained between USD 60 and USD 65 per barrel; a rise to USD 80-90 cannot be ruled out.

We will continue to reduce our equity portfolio in the second half of the year.

2 July 2018
Georges Mari