ROSSIER, MARI & ASSOCIATES LTD
Investment Consultants

Investment Report
31 December 2023

A year ago, we wrote that financial institutions, investors, and analysts are struggling to make predictions for 2023. We felt that great pessimism prevailed. In the perspective of time, we were not euphoric, but neither were we completely negative like most of the financial industry.

A year later, we note that our perception was right. Already after the first six months, our performance was quite positive with +12.48% in Euro and +11.63% in CHF. Although August, September and October 2023 were quite weak stock market months, we were able to improve the June performance and closed the year with +14.88% in Euro and +12.30% in CHF. (The performance difference between the Euro and the CHF, despite hedging, results from the Euro/CHF interest rate differential).

This astonishingly good result has been achieved thanks to various stocks that have recorded excellent performances. These exceptional results have more than compensated for the disastrous performance of Idorsia (-84%). Our stars were Nvidia, which we sold with a profit of over 150%, Royal Caribbean +165%, Carnival +131%, Alphabet (Google) +100%, Microsoft +59%, Apple +50% and in Switzerland our largest position UBS +51%.

It is time now to focus on 2024. Last year, the chartists’ predictions have proven to be right. Will the same situation repeat itself again this year? We note that fundamental analysis is not as pessimistic as it used to be, but we cannot (yet) speak of optimism. Last year's optimism is also no longer so succinct among the chartists, but they still expect a positive performance, especially in the second half of the year.

Economy: The latest economic data and historical indicators continue to point to weak growth. Although the sentiment indicators in industry have not fallen any more, they remain at a low level. The U.S. seems to be able to resist the downturn, but industrial sentiment remains subdued in Europe and Switzerland.

Inflation: Inflation rates show a positive trend. This is where the stronger impetus for the global economy could come from due to falling interest rates. Analysts expect core inflation to ease only marginally. Perhaps a faster de-escalation of inflationary pressures could provide surprises.

Fiscal and monetary policy: The US and European central banks are keeping key interest rates at their current levels, but cuts are on the horizon. Long-term interest rates have already anticipated for this trend and have come down.

Geopolitics: The geopolitical situation remains tense. The conflict between Russia and Ukraine has now been joined by the conflict between Israel and Palestine/Iran. The situation between China and Taiwan and North/South Korea also remains tense.

Based on these fundamental and technical considerations, we are moderately optimistic about 2024. For the past three years, our favourites have mainly been UBS and Idorsia. We will gradually reduce the UBS position. We+ still hold on to Idorsia. We even increased the positions by buying selectively at sale prices.

Our favourites for 2024 are pharmaceutical stocks (Roche, Novartis, Pfizer) and Swatch (in the last 10 years, the stock has halved). We are convinced that the stock will recover. Apple might be the surprise. The stock has lost appeal among analysts, but this could prove to be a mistake. Investments in artificial intelligence stocks should be included in every portfolio.

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