

RM Smart Strategy Fund

Minutes of the Investment Committee meeting of

May 4, 2023 at 02.00 pm

Fundamental:

Economy: The growth figures for the 1st quarter have confirmed our previous estimates. Growth in China does indeed seem to have picked up and both the US and Europe are showing little growth momentum. The leading indicators for Q2 remain rather weak. Consumer confidence remains at a low level worldwide. The mood in the industry continues to deteriorate. Only the service providers remain trimmed for growth.

Inflation: Headline inflation rates have fallen only slightly over the past month. At the same time, core rates are proving to be stubbornly high. Even more than a year of rising interest rates could not bring about a turnaround here. Without either even higher interest rates or a recession, inflation will remain unsatisfactory.

Fiscal and monetary policy: Accordingly, monetary policy remains challenged. At the same time, attention is increasingly turning to the question of where inflation rates will lie in the coming upswing. Even though the banking crisis in the US and Switzerland has made the question of financial stability more important in monetary policy, central banks cannot avoid an inflation-fighting monetary policy.

Geopolitics: The war situation is deadlocked in Ukraine. Neither side seems to be able to bring about a decision. At the same time, tensions in Asia are rising significantly, so we can expect to see an increasing confrontation between China and its proxies and the US as the year progresses.

Financial markets: Financial markets continue to show a contradictory picture. While the yield curve for government bonds points to an imminent recession, the stock market is already reflecting rising corporate profits in the second half of the year.

Chart technical:

S+P The pause has continued as expected until an oversold level was reached. On the positive side, the **convergence** zone (MA200, resistance zone) has held up to some extent. Below that, there is a risk of a false breakout. The short-term resumption has now started, although its technical design (oscillators & small Head & Shoulder formation) indicates a rather strong movement. The medium-term buy signal is intact. Given the economic slowdown (the extent of the monetary damage is now slowly becoming apparent) and the market's "we fight the FED" mode, volatility (data dependency) is likely to continue, making a **sideways bias in the zone between 3700 and 4300** still seem realistic before the move gains sustainability.



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SMI

As expected, the short-term resumption was relatively strong. This is still intact, although a break cannot be ruled out. The convergence zone (channel line, resistance zone) seems to be about to be broken, which would confirm the medium-term buy signal formed in November '22.

Against a backdrop of persistent volatility, a sideways movement (10,500/11,870) still seems realistic before the move gains sustainability.



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ESTX50

The expected short-term resumption has taken place. The short and medium-term buy signal of Oct 22 are intact. However, the short-term pause could drag on for some time in view of the overstretched level in the medium term (indicators have not followed the price movement). A long-term rotational motion seems to materialize.

The price is approaching the upper limit of the suspected sideways movement (475/410-430). A successful breakout (i.e. the boundary of 475 holds afterwards) would probably confirm the long-term rotational movement, provided that the medium-term indicators then play along...



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Gold

The short-term and medium-term buy signals are intact. For the long-term rotational movement, only a hair's breadth is still missing.

As before, the medium-term oscillators point to a pause/correction. In the short term, however, this seems to require a further spike, which would amount to the possibility of a somewhat longer divergence formation indicated in April. This fits in with the course of the

course. The pennant was formed, with a price target of around 2140. Only the gods know what will prevail first! Pennants can be dangerous formations. After all, seasonality seems to reinforce the possibility of another short-term peak...



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Oil

The short-term resumption has followed as expected. However, after reaching an overbought level at the convergence zone (upper channel line ~ 83.2, MA200 and resistance at ~ 85), the move failed again towards the support of ~ 65/62.50 (below which only at ~ 50 significant support!). Accordingly, a medium-term buy signal could not (yet) be confirmed (the danger of a second peak was pointed out). After all, the medium-term divergence has held, which again raises the question of whether the imminent short-term resumption will be strong enough to trigger such a signal.

Yield 2-year US government bonds

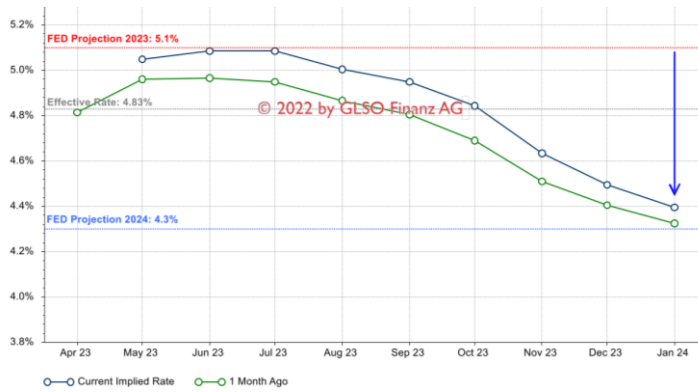
The short-term "breather" has taken place without any significant impact and is theoretically intact, but this also applies to the medium-term sell signal, which means that the downward path can be resumed at any time. The long-term level remains severely overstretched. There is not much left for a corresponding correction. The market has positioned itself clearly. The only question is whether he or the Fed will have to adapt.



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Implied Federal Funds Rate for 2023

The FED lifted its target range to 5%-5.25%, but dropped from its statement language that it "anticipates" that further increases would be needed. They will now be "determining" the extent to which additional policy firming may be appropriate in an economy still facing high inflation, but also showing signs of a slowdown and with risks of a tough credit crackdown by banks on the horizon. He again pushes back on market expectations that the policy-setting Federal Open Market Committee would cut rates this year, saying such a move was unlikely. Nevertheless, market participants are still betting that the FED will begin reducing rates by this summer, which is not the FED's baseline expectation, and are now expecting a rate of 4.4% by the end of 2023.



Currencies The dollar has stabilized around 0.8850/0.90 against CHF. On the positive side, the short-term divergence has held and is still expected to be a buy signal. Inflation rates are falling the most sharply in the USA and Switzerland. In Europe – as mentioned in the fundamentals section – it continues to rise. This speaks in favour of a weak euro.

Purchases April

- UBS
- Idorsia

Sales April

- Novartis

Next Meeting: to be determined