

RM Smart Strategy Fund

Minutes of the Investment Committee meeting of

April 5, 2023 at 09.00 am

Fundamental:

Economy: The leading indicators of the economy remain mixed. While the mood among service providers remains positive, survey results in industry are in recessionary territory in most countries. Consumers appear equally pessimistic, with sentiment ratings remaining at historically low levels. The recent banking crisis seems to be further unsettling households. Only in China a new upswing seems to be in the offing.

Inflation: Inflation rates increasingly reflect lower energy prices, which contributed to a broad-based decline in inflation rates. In the US, the core rate of inflation is also gradually declining. In the eurozone, on the other hand, rates continue to rise. High wage demands by the trade unions give rise to fears that inflation will stabilize at a relatively high level.

Fiscal and monetary policy: The rise in interest rates in the money market continued. Central banks stress that tackling high inflation rates remains a top priority. At the same time, long-term interest rates have fallen in the light of the banking crisis, which at least temporarily reduces the pressure on financial institutions. We continue to expect interest rates to rise across the entire yield curve.

Geopolitics: The political situation also remains tense. The war in Ukraine continues to occupy us and the tensions in Asia have only briefly receded into the background of considerations.

Financial markets: The banking crisis having initially weighed on the markets, the emergency measures taken by governments and central banks were seen as positive. Accordingly, bonds and equities were able to rise again.

Chart technical:

S+P The pause 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. Underneath, there is the risk of a false outbreak. The short-term resumption has now started, whereby 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 monetary damage is now slowly showing) and the market's "we fight the FED" mode, volatility (data dependency) is likely to continue, meaning that a sideways peg in the 3700-4300 zone remains realistic before the move becomes sustainable.

S&P 500 Index: Short Term Daily Chart



SMI Here, too, an oversold level had to be reached before the resumption started. This is intact and technically also classified as rather strong. The medium-term buy signal formed in November is still intact, but still has to "prove" itself and break through the convergence zone (channel line, resistance zone). Here, too, against the background of persistent volatility, a sideways movement (10,500/11,870) seems realistic before the movement gains in sustainability.



ESTX50 The expected short-term correction has occurred, and the support zone has held. A short-term resumption seems to be launched. The medium-term buy signal is intact. Again, against the background of persistent volatility, a sideways movement (475/410-430) seems realistic before the movement gains sustainability.

Gold The short-term and medium-term buy signals are intact. For the long-term rotational movement, only a hair's width is still missing. The zone of 1790 has held and the expected resumption has taken place. The oscillators are now overstretched in the short and medium term, making a pause/correction likely. However, it is also possible that slightly longer divergences will form, which would mean that the price would continue to rise for the time being.

Oil The small Head & Shoulder formation was triggered, which brought the price (daily low on 20.03.) practically to the target of ~ 64. The short-term resumption now seems to follow! The question remains whether this has enough power to trigger a medium-term buy signal (medium-term divergence has held, but second peak possible). Technically, about 2 mm are still missing for this! The upward gap is to be seen as a

strong signal for this, but it is politically conditional! It is therefore all the more important that the convergence zone (upper channel line ~ 83.2, MA200 and resistance at ~ 85) is broken.

Yield 2-year US government bonds

The short-term "breather" was indeed short-lived, but strong enough to reach the target zone of around 5%. This spike was not accompanied by the oscillators on a medium-term basis, which confirms the medium-term sell signal. Another spike is not impossible but seems rather unrealistic. The long-term level remains severely overstretched. Not much is missing for a corresponding correction. The market therefore expects the interest rate cycle to end. The only question is whether this or the Fed has to adapt.

In the short term, a breather is indicated again. If the above analysis is correct, it should only be temporary. But beware, the market can quickly change its mind depending on the data (inflation, economy, FED, etc.)!

Currencies The positive trend of the dollar against the euro and CHF was short-lived. The short-term buy signal is intact despite another slip. The medium-term sell signal is also still intact, but a positive divergence has now formed, which could lead to a buy signal. The long-term trend (April 2014) is and remains intact.

Purchases March

- UBS
- U-Blox
- Idorsia

Sales March

- none

Next Meeting: May 4, 2023 at 04.00 pm