

RM Smart Strategy Fund

Minutes of the Investment Committee meeting of

December 18, 2023 um 14.00 Uhr

Fundamental:

Economy: Current economic data and leading indicators continue to point to weak growth. Although the sentiment indicators in industry have not fallen further, they remain at a low level. On the other hand, the assessment of service providers has deteriorated slightly. So far, only the United States seem to be able to resist the downturn, although industrial production and industrial capacity utilization have also declined there recently.

Inflation: Inflation rates are on a positive trend. In Europe, core inflation has fallen further to 3.6 percent and in Switzerland, inflation has developed below expectations. In the US, on the other hand, core inflation has remained at 4 percent. Going forward, further inflation progress is likely to become increasingly difficult.

Fiscal and monetary policy: The US and European central banks (ECB, BoE, SNB) are keeping key interest rates at their current level. However, the Fed and the SNB are striking a noticeably more dovish tone. The Fed is even holding out the prospect of key interest rate cuts of 75 basis points next year. The ECB and the BoE, are somewhat more cautious, stressing that there is still work to be done in the fight against inflation.

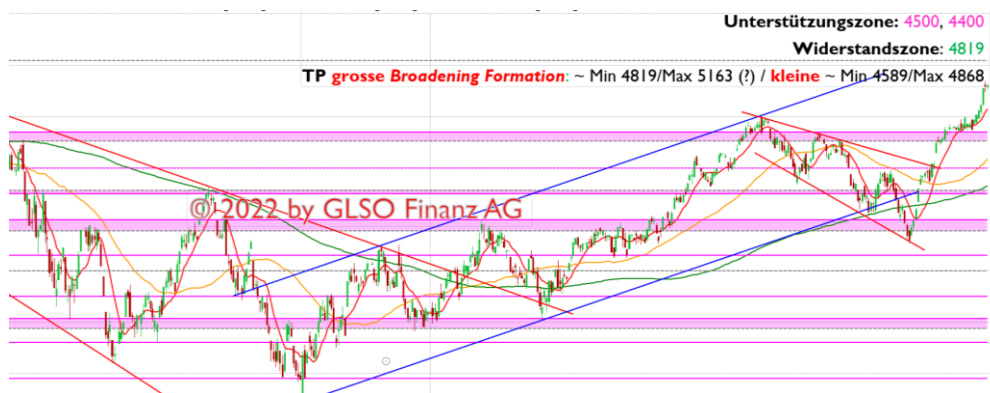
Geopolitics: The geopolitical situation remains tense. With the announcement of a peace conference in Switzerland, there is at least a glimmer of hope in the Ukraine-Russia conflict, even if this conference is likely to be driven by the West's declining support for Ukraine. In contrast, the situation in the Middle East remains bleak. The war in Israel is getting more and more violent.

Financial markets: The financial markets were extremely euphoric about the prospect of early interest rate cuts. Capital market interest rates fell significantly. In the U.S., 10-year yields on government bonds are back below 4 percent. The equity markets also rose sharply against the backdrop of significantly lower capital market interest rates.

Charttechnical:

S+P The possible pause was only expressed in a short sideways movement, supported by the **medium-term resumption**, which has been launched, confirmed and is intact. The movement continues to be overstretched in the **short term**, so a **pause** is to be expected. Due to the positive seasonality and the medium-term movement that has begun, it is quite conceivable that such a movement will drag on for a while and that it will be a little more concise in January. The first **price target** of the **small broadening formation** of **4589** has been reached. Now it's heading towards **4868**, which would be a new high!

The expectation of a **rotation** to other sectors (not just *mega-tech caps*) finally seems to be coming true (but needs to go further), dropping the "sideways tie-in zone" (4300 to 4820)!



SMI The short-term resumption has proved to be true. The same applies to the (not entirely clear) **medium-term buy signal** formed in November '22, which was **confirmed** by the break above the **trend line** at around **11,000**. **In the short term**, a **break** is also indicated.

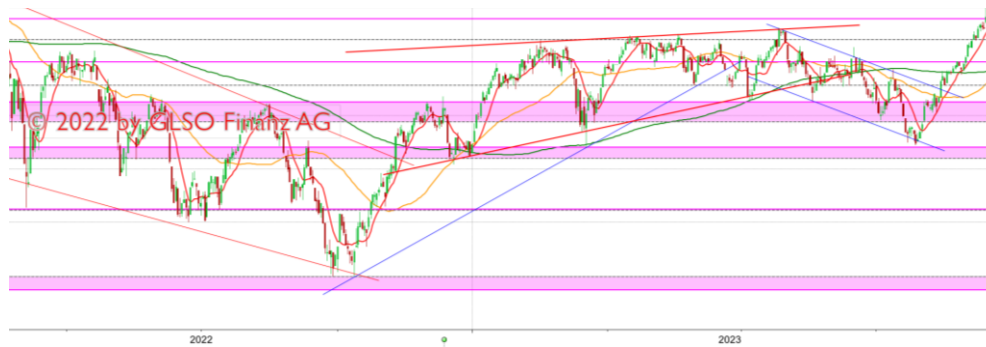
The "sideways movement zone" of 10,000/11,500 is dropped due to the breakthrough of **the broadening formation** (**TP Min/Max 11,595/12,260**), despite the **still surviving limit** at **11,500**.



ESTX50 The intact short-term resumption as well as the confirmation of the **medium-term resumption** (medium-term negative divergence was consequently denied) have proved to be true. There has not been a **short break**, but it is now displayed here again. For the known reasons, this may not take place until January.

The sideways bias (475/430) is also dropped here, although the breakout has not yet fully

occurred.



Gold The short-term resumption has indeed started from the neutral zone, supported by the **medium-term resumption**, which has come true. The latter is still intact. The *Measured Move* movement has reached its **price target of 2123!**

The **short-term negative divergence** could lead to a sell signal, but with the medium-term movement intact, it is worth questioning. In addition, this is not evident in the mines. And if so, then a possible sell signal is likely to be limited and more likely to correspond to a new correction/pause.

Oil Case 2 has occurred: The **MA200** at ~ **78** was not (quickly) recaptured, which set the course for the advance to around **66/64**. The zone was not quite reached. Nevertheless, the **expected short-term positive divergence** (+ medium-term (slightly oversold level) has formed. A **resumption** is on the horizon accordingly. It would be important to crack the zone of around 78 again, which would confirm the latter.

The **long-term trend** is and will remain **intact**.

Yield 2 year US Government bonds

Repetition from 04.05.2023:

The market has clearly positioned itself! Will the situation of 2000, 2006 and 2019 be repeated? As the market begins to rise sustainably again, a changed "monetary" narrative is necessary. In 2019, despite divergent expectations, this did not require any immediate interest rate cuts. The prospect of such was enough... ... **seems to be coming true!** Now the game continues in terms of interest rate expectations for 2024, with the Fed moving closer to the market with its key interest rate expectation of 4.6% (still at 5.1% in September) for 2024. However, he now even expects 3.95%!

Currencies Forex EUR/CHF:

No change.

Forex EUR/USD:



The **short-term buy signal** remains intact. The break has taken place and has been limited so far. Even though it is possible that it will first have to reach an oversold level, the design of the indicators is more likely to point to a resumption. A **medium-term reversal*** does indeed seem to be setting in motion. So, the EUR's journey should continue. **However**, there can be no talk of a long-term buy signal at the moment, which means that the latter can certainly be questioned. Now, the move can only be seen as a medium-term rebound.

Forex USD/CHF:



The **short-term resumption** (with the buy signal intact) has failed again but has (again) gained relative strength and should now start slowly. It hasn't hurt the **medium-term buy signal** (so far). If this is the case, technically, the move should be higher, especially since the **long-term level** is now also slightly oversold (with the trend **intact**). There are no indications to the contrary.

Purchases November/December

- Idorsia
- Bayer
- NVIDIA
- Sika

Sales November/December

- UBS
- Alphabet
- Swiss Re
- Sandoz
- Aerospace & Defence

Next meeting: January 23, 2024 at 2 p.m.