RM Smart Strategy Fund

Minutes of the Investment Committee meeting of

November 20, 2023 um 14.00 Uhr

Fundamental:

Economy: Economic development worldwide continues to show considerable regional differences. So far, there are no signs of a recovery in the Chinese economy. In Europe, economic indicators continue to deteriorate. Only the United States continues to record growth figures, although the leading figures there also remain clearly in negative territory.

Inflation: Core inflation declined again last month, with Europe seeing a surprisingly sharp decline. At the same time, energy prices suggest that we can expect a slight increase in headline inflation rates in the coming months. In addition, the American economy continues to perform well and grow beyond its natural potential. This tends to have a price-promoting effect. In addition, wages are also currently rising strongly, which is likely to create additional inflationary pressures, especially in the services sector.

Fiscal and monetary policy: Inflation rates in the US and Europe remain well above targets. In Europe, real interest rates are still in negative territory. However, tightening is questionable given the advanced economic slowdown. In the US, on the other hand, real interest rates are in positive territory, but inflationary pressures remain. A return without further interest rate hikes is therefore questionable. So the situation for central banks remains uncomfortable.

Geopolitics: The geopolitical situation remains tense following Hamas' attack on Israel. The U.S. is trying to avoid a further escalation of the war, which has so far succeeded. However, the Americans' focus on the Middle East allows China, India, and Russia to expand their influence in Asia and Africa.

Financial markets: Once again, the financial markets were the focus of interest-rate-relevant information. The decline in inflation and weaker economic data from the US led to a noticeable decline in long-term capital market interest rates in November and boosted the equity markets. This means that the negative consequences of a weaker economy, especially on the stock markets, continue to play only a subordinate role.

Charttechnical:

S+P The possible **short-term countersignal**, supported by the medium-term neutral level, has taken place (incl. undercut) and is **intact**! The movement is now a bit overstretched, so a **break** is realistic. However, since the **medium-term resumption** also seems to be getting underway, a rather **short** movement can be assumed. Ideally, the upper limit of the small broadening formation would not be violated (~ between 4335 and 4400). All that is needed now is the **rotation** to other sectors (not just mega-tech caps), which is so important for a sustainable movement. This is supported by the fact that most other indices have started the movement from an effectively oversold level in the medium term. The assumed sideways peg (4155 to 4540) is adjusted upwards, ~ 4300 to **4820,** despite lingering headwinds (wars, inflation, FED, economy, subdued risk appetite).

SMI The **short-term resumption** has taken place and is intact. A break is not really indicated. If the other indices are weakening, a short sideways movement is more likely to be expected. The (not entirely clear) **medium-term buy signal formed in November '22 also** seems to be picking up speed again (also a question of mm). If the latter is correct, there should be a break above the trend line at around 11,000. The presumed sideways movement of 10,000/11,500 remains (for the time being) but is likely to be adjusted with the aforementioned breakthrough (broadening formation?).

ESTX50 The **short-term resumption** has taken place and is intact. A short break is possible. The **medium-term resumption** has been confirmed by a very narrow margin. If the latter is correct, as can be assumed, the negative divergence in the medium term should also be negated, which also applies to the possible Double Head & Shoulders formation. It's fitting that the A/D line has given its first sign of life (but it must go further!). The presumed sideways attachment (475/430) remains in place for the time being. A break above 460 is likely to change this.

Gold The short-term pause (with the trend intact) has taken place and as expected, was within limits (1900 was not breached). An oversold level may need to be reached first (retest MA200 at ~1935), but a resumption from the neutral zone is possible. The latter is true because the **medium-term resumption** has come true and has occurred in line with the last remaining confirmation (from indicators). A possible Measured Move move would have a price target of 2123 on a break above ~2006.

The same is more or less true for the gold mines and silver.

Oil As feared, the **medium-term correction** (with the trend intact) has dragged on, which means that the **short-term resumption** has failed. This is **shown again**, with the medium-term level now having reached a support zone or a neutral level. However, a **short-term positive divergence** (+ medium-term oversold level) may have to form first.

In the first case, the MA200 would have to be quickly recaptured at ~78. If this fails, then, in the second case, an advance to around 66/64 is likely to threaten. However, the **long-term trend** is and remains **intact**.

Yield 2 year US Government bonds

After the advance into the zone to 5.25%, the short-term sell signal **has now been** formed. Since the RSI has not yet fallen below 30, a reversal can still occur. This would cause a new negative divergence, which would require a level of 5.3 to 5.6%. However, in view of the **medium-term sell signal** and the **strongly overbought and negatively diverging level in the long term**, this seems unrealistic. Moment of truth is approaching... At the same time, it is important to bear in mind that sharply falling interest rates (and a further sharp rise in equity markets) have an inflationary effect. This carries the risk that the progress made will be dampened again, which means that the Fed has no interest in the market feeling vindicated too soon and too quickly. So it's safe to assume that while the Fed is paused, the rhetoric will remain "hard", which would probably be associated with fluctuations.

Yield 10 year US Government bonds

A short-term sell signal **has also formed in 10-year yields**. If this is true, then the implied rebound is likely to be short-lived. However, there is **no medium-term sell signal** here. This is possible, but it takes a lot, which means that the move can currently be seen as a medium-term correction or pause at most. The **long-term** level is also severely **overstretched**. The zone between ~3.95 and 4.3% provides strong **support** and will be crucial for further development.

Currencies The support line at 0.95 of EUR against the CHF has not been broken and has led to a rebound towards 0.96/0.97. Under the current constellation (i.e. without a long-term buy signal), however, this will only be a long-term rebound. In the case of the USD, the short-term resumption has failed miserably, but has gained relative strength and should now start slowly.

Forex USD/CHF:

It has not harmed the medium-term buy signal (so far) ("confirmation or further spike?"). If this is the case, technically the move should be pointing upwards. There are no indications to the contrary. The long-term trend is and will remain intact.

Purchases October/November

- Idorsia
- Lonza

Sales October/November

- none

Next meeting: Dezember 18, 2023 at 2 p.m.