

# RM Smart Strategy Fund

## Minutes of Investment Committee meeting of

21 January 2021 at 9.00 am

via Skype

### **Fundamentally:**

#### Short term

- Stocks have performed very well in recent weeks. The US stock market is in a (rational) bubble. A short-term correction would not harm last and not least since there are multiple signs of a real bubble (Tesla, BIG-TECH, Bitcoin)
- The possible tax increases in the US will especially hit the tech and healthcare companies (decrease in profits of about 10-15% could be expected). In addition, tech companies could be subject to regulations (in the US, Europe and China).
- The dollar could continue to weaken, at least in the medium term.
- Corporate bonds have become far too expensive.

#### Corona & US Politics:

- The infection cases are decreasing. What will be the impact of the virus mutations is currently unclear.
- With Joe Biden an President and the Senate under (thin) control of the Democrats thanks to the two seats won in Georgia substantial impacts are expected such as -
  - A massive economic package (2 bio. USD planned)
  - Rather moderate tax increases
  - Investments in a Green Deal and in the (ailing) infrastructure (the plan is 2 bio. USD)Overall, this will result in an economic boom in the US.

#### Economy:

- The new lockdowns are once again holding back the global economy. The figures do not (yet) reflect this.
- China continues to report very strong figures, but these are based on the old growth model based on globalisation. In the US and Europe, the figures are weakening.
- There is a risk that we will soon see more inflation than we would like due to:
  1. Rising commodity prices
  2. Running out of special effects (e.g. VAT reduction in DE)
  3. Economic boom after vaccination
  4. Central banks intention of higher inflation rates
  5. Scarce capacity in an economic boom

### **Charttechnically:**

- S+P            The target of 3850 has been achieved. Negative divergence is underway. The level is greatly overextended, this could trigger a sharper "pause". A sale signal is underway.
- SMI            The resistance at 10540/10600 has been broken. The index is now just below 11000.

It is questionable whether we will reach the intermediate target of 11270 before a more or less sharp "pause" could arrive.

**Eurostoxx** The target of 3600 has been reached. A pause/correction is plausible similar to other indices.

**Gold** Despite another pause, the trend is intact. A price increase could occur in case of inflation.

**Currencies** A price of €1.20 is conceivable in the short term. However, the trend remains negative.

The € against CHF did not break through the resistance line of 1.08/1.0850, but could start soon a new attempt. The target would be 1.11.

### **Investment Recommendation** (provisionally cautious purchases)

**Magna International** (Car supplier)

Magna occupies a special position in the industrial environment, as it is the only company in the field of mobility technology with extensive know-how over the entire vehicle. Magna can offer automotive companies all electrification options from mild hybrids to plug-in hybrids to electric cars. Magna has also set the course for fuel cell technology.

### **Purchases January**

- Magna International (new)

### **Sales January**

- Caterpillar (entire position)
- Myriad Genetics (partial sale)
- Deutsche Bank (entire position)

Next Meeting:

11 February 2021, at 1.30 p.m. via Skype