

RM Smart Strategy Fund

Minutes of the Investment Committee meeting of

January 23, 2024 at 2.00 pm

Fundamental:

Economy: The overall assessment of the global economy has slightly changed at the turn of the year. Industrial sentiment remains poor and production figures are declining. Consumers also remain pessimistic. Service providers, however, expect a moderate improvement in economic development. China remains in recession, whilst in Europe, mainly Germany and Switzerland are at risk of slipping into recession. The U.S. economy is doing even better, but there are increasing signs of a slowdown there as well.

Inflation: Overall, the decline in inflation in Western industrialized nations over the past year is very encouraging. Nevertheless, progress is increasingly faltering. Core inflation remains well above central banks' target ranges. Given the very high rates of wage growth, it also seems unlikely that further progress on core inflation will be easy to achieve.

Fiscal and monetary policy: Hopes for an imminent easing of monetary policy in the Western industrialized nations are steadily fading. In view of the recent slower progress on the inflation front, central banks are likely to continue to tighten interest rates, even though markets are currently still expecting significant rate cuts in the second half of the year.

Geopolitics: In the Red Sea, the Iranian-backed Houthi rebels in Yemen have been targeting merchant ships since October, which is now significantly affecting global trade. In response, the U.S., along with its allies, attacked military targets in mid-January, further exacerbating tensions in the Middle East.

Financial markets: Until the end of last year, financial markets were driven by the prospect of imminent interest rate cuts. In the new year, however, the wind turned. The stalled progress in reducing inflation made monetary easing a distant prospect. As a result, bonds fell and the majority of equity markets moved sideways.

Charttechnical:

S+P

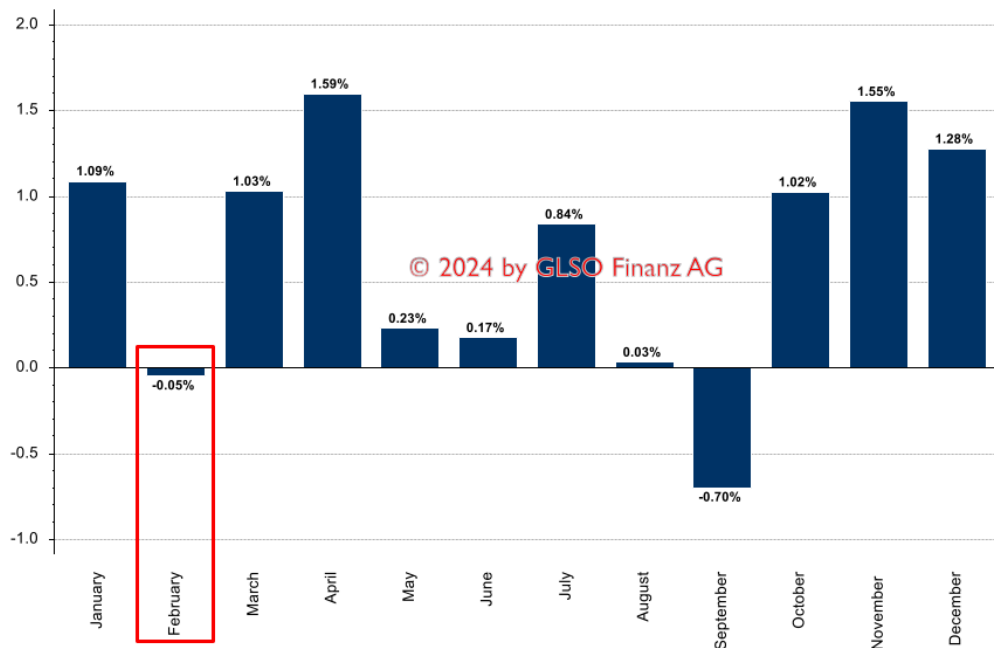
As suspected, the short-term pause occurred in January, but was less succinct than expected. The latter, however, seems to have been postponed rather than cancelled. The still **intact medium-term resumption** continues to support prices, but the **short-term negative divergence** continues. Accordingly, it is quite possible that a (short-term) movement, which is then more likely to be classified as a correction, will occur in February, which seasonally tends to be negative. The indicators leave this possibility open. The **price targets** of the **broadening formations** of **4819** and **4868** have been reached.

The **rotation** (as a criterion of sustainability) into other sectors (not just *mega-tech caps*) has received a slight **dampener**, but should continue, as technically indicated, which would mean that the S&P 500 should perform slightly weaker than the slightly broader indices, which would be important.



Seasonality: S&P 500

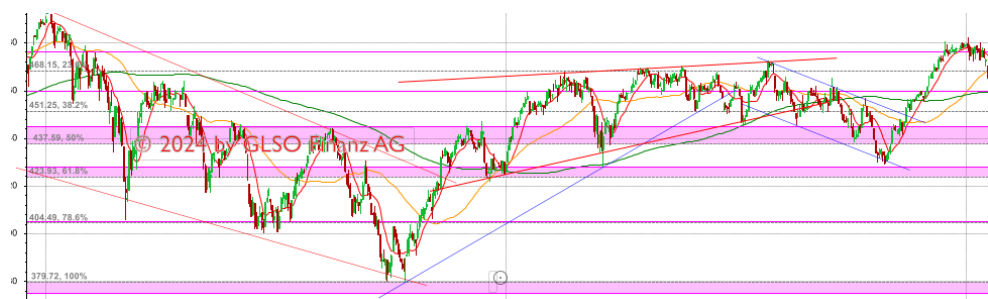
Historical Average Monthly Returns, Since 1950



SMI The **short-term** pause has taken place. The energy is not yet charged. Nevertheless, a **resumption is possible**, driven by the **intact medium-term buy signal**. However, it is certainly not impossible that an oversold level will have to be reached beforehand.



ESTX50 The **short-term** pause has been subdued. A **resumption** is slowly looming. The **medium-term resumption** is intact.



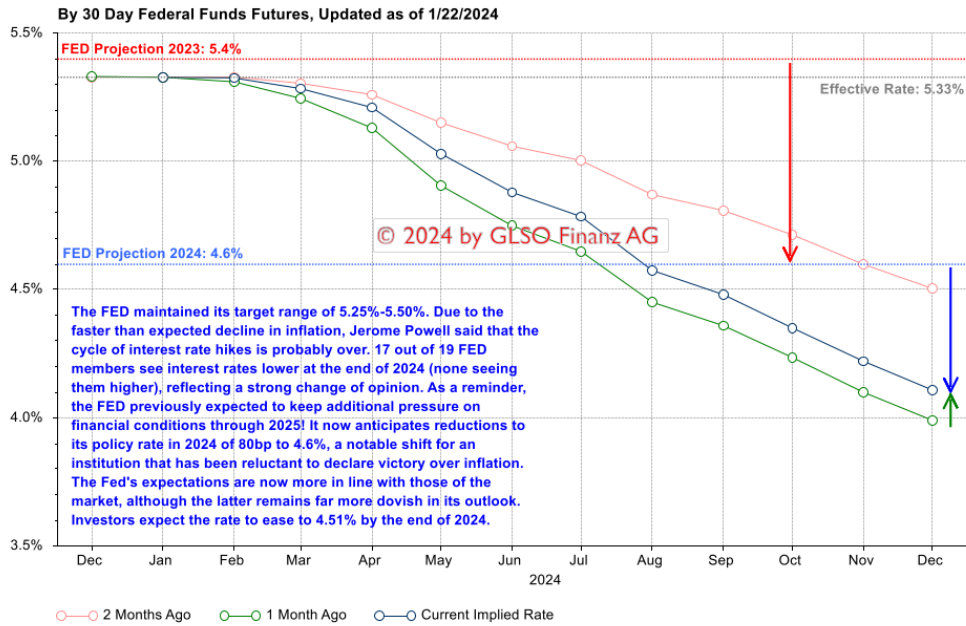
Gold The **short-term** negative divergence has led to a **sell signal**. If the **medium-term movement is intact**, this should be questioned or should not have too much of an impact. The support zone listed above should hold.
A resumption without a short-term buy signal is possible given the technical constellation, but extremely rare. It is not recommended to speculate on it. **Silver**, however, is indicative of an imminent resumption.

Oil The **short-term** positive divergence has led to a **buy signal**, with slightly **oversold** levels in the **medium term**. It would be important to crack the zone of around 76/78 again. The **H&S formation** has a price target of **81.7**. The **long-term trend** is and will remain **intact**.

Yield 2 year US Government bonds

The **short-term** and **medium-term sell signals** continue to prevail and remain in place. The implied *rebound* has not occurred but is still indicated.

Implied Federal Funds Rate for 2024



Currencies

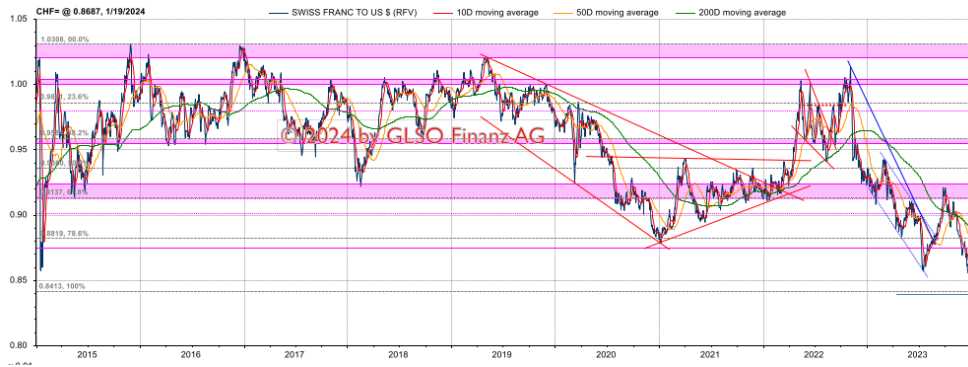
Forex EUR/USD:

The **short-term buy signal** remains intact. The resumption has taken place and subsequently led to another pause (indicators had not confirmed the price movement). A resumption is now indicated again. A **medium-term reversal*** does indeed seem to be setting in motion. So, the EUR's movement should still continue. **However**, there can be no talk of a long-term buy signal now, 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 "relative strength" has continued. However, the **short-term resumption** has now taken place and is intact, even if a short break is possible. The **medium-term buy signal** has held, which could now launch the move, especially since the **long-term level** is also slightly oversold (with **the trend intact**). There are no indications to the contrary.



Purchases December/January

- Pfizer

Sales December/January

- none

Next meeting: February 27, 2024 at 9.30 a.m.