

RM Smart Strategy Fund

Minutes of the Investment Committee meeting of

February 27, 2024 at 9.30 am

Fundamental:

Economy: In January, we observed the first signs of a bottoming out in industry. For the first time since the beginning of the global goods recession, sentiment in industrial companies has brightened across the board. Moreover, the decline in the price of industrial goods seems to be gradually easing. Furthermore, in addition to industrial companies, consumers are gradually beginning to exchange their extreme caution for moderate restraint. Despite initial signs of a positive development, the global economic situation remains challenging, especially regarding China and Europe.

Inflation: Progress on inflation has recently slowed sharply. Core rates in the Eurozone, the United Kingdom and the United States are barely falling. If wage inflation remains high, it threatens to become well above the central banks' targets.

Fiscal and monetary policy: Considering the latest inflation data, market expectations for central banks regarding future interest rate cuts appear very optimistic. If inflation rates do not sustainably resume their downward trend, a significant easing of monetary policy is likely to be postponed into the future.

Geopolitics: Recently, the Russian war of invasion of Ukraine marked its second anniversary. Ukraine is increasingly being put on the defensive. While the front is crumbling and the Ukrainian army has had to withdraw from the heavily contested city of Adviiivka, weapons and ammunition are gradually running out. In addition, Western aid, especially the one of the United States, is faltering.

Financial markets: After a sluggish start to the year, equity markets regained momentum last month. This is mainly due to the technology stocks associated with the artificial intelligence boom. On the other hand, the slight rise in interest rates led to losses on the bond markets. However, in view of the increasingly stagnant inflation rates, the losses were limited. Market participants remain optimistic that central banks will cut interest rates in the second half of the year, easing the pressure on long-term interest rates.

Charttechnical:

S+P The **short-term negative divergence** has continued according to the expected pattern. There is a threat of a sell signal, supported by the **strongly overstretched level in the medium term** and the tendency towards negative seasonality (usually from mid-February to early/mid-March). The last remaining **price target** of the major **formation** of **5,163** is within reach. All other goals were achieved.

The **rotation** (as a criterion of sustainability) into other sectors (not just *mega-tech caps*) is likely to pick up speed again or expand due to the technical design. The technology sector (the only sector with negative medium-term divergence), driven by *the Magnificent 7*, seems to be facing a period of technical weakness, which means that the S&P 500 (around 30% weight) is also likely to be comparatively weaker than the others.



SMI An **intact resumption in the short term** seems realistic. While there is a risk that an oversold level will have to be reached beforehand, the **zone** around **11,060 (MA200)** should provide enough support. The **medium-term buy signal** is intact. Even in the long term, a **resumption now seems to be set in motion** (very brief confirmation)!



ESTX50 The **short-term resumption** has taken place. Overall, it still appears to be intact. The non-confirmation of the last price peak could trigger a pause/correction, especially since the **medium-term level** is somewhat overstretched, but is likely to be limited.



Gold As expected, the **short-term sell signal** has so far been contained. A buy signal is now possible. It may be necessary to reach the support zone first. The **medium-term movement is intact**.

Silver continues to hint at an imminent resumption as relative strength increases.

Oil The **short-term buy signal** has come true and remains intact. The **medium-term resumption** also seems to have been confirmed, albeit only very narrowly. The long-term "energy" is charged. The zone of around 76/78 was recaptured. The **H&S formation** with a price target of **81.7** is still in place and a **second such formation** is on the horizon. The **long-term trend** is and will remain **intact**.

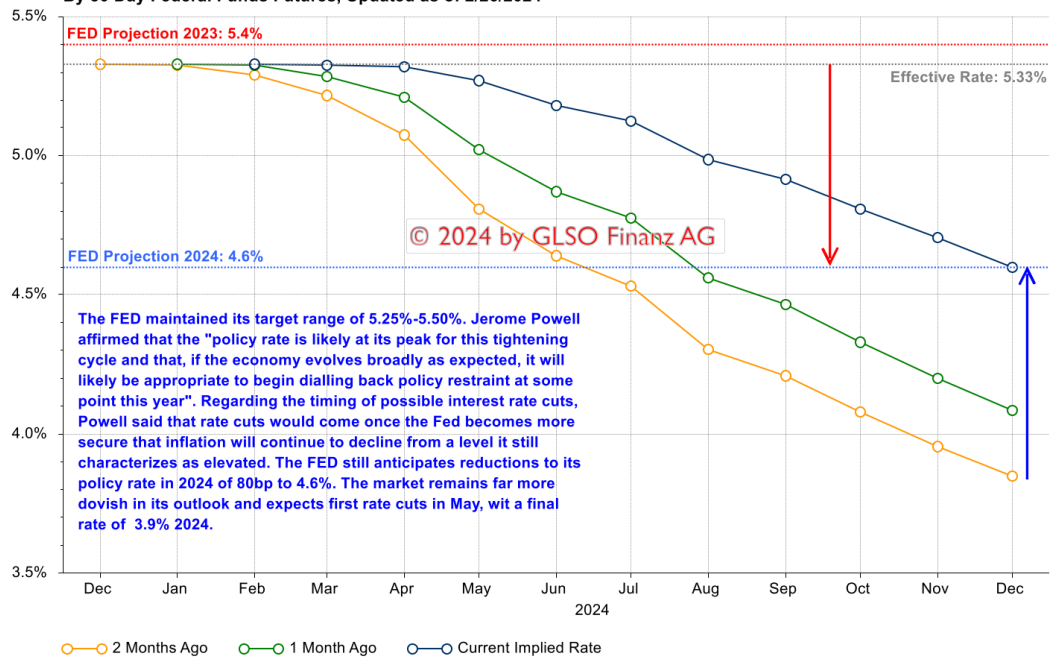
Yield 2 year US Government bonds

The implied *rebound* has now occurred and is still intact: the sell signals (**short and medium-term**) remain in force.



Implied Federal Funds Rate for 2024

By 30 Day Federal Funds Futures, Updated as of 2/26/2024



Currencies

Forex EUR/CHF:

Both the short-term and **medium-term buy signals** remain **intact**. However, all attempts to resume the project in the short and medium term have so far failed. The **long-term, negative trend** continues to prevail. The **short-term resumption** is intact (short pause but realistic due to a somewhat overstretched level) and could set in motion a medium-term movement (positive divergence). This is also indicated by the **Broadening Formation**. An outbreak is likely to confirm this fact. Under the current constellation (i.e. without a long-term buy signal), however, this would "only" be a "long-term" rebound.

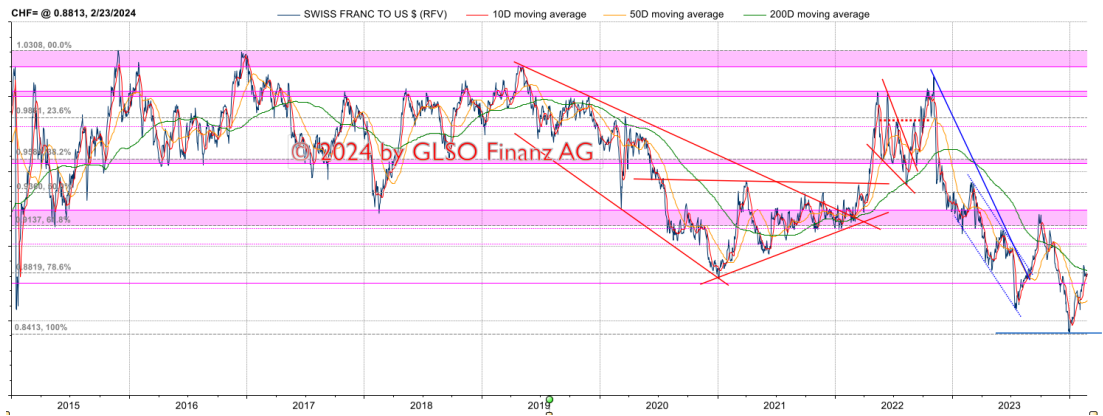


Forex USD/CHF:

The **short-term resumption** has proved to be true. A break is now possible. However, this should be limited, provided that the **medium-term buy signal** is correct. The latter should also be supported by the fact that the **long-term level** is slightly oversold (with **the trend intact**). There are no indications to the contrary.

Support: 0.87/0.8750, 0.8575, 0.84; Resistance: 0.90, 0.924 (important limit!)

Forex: USD/CHF (Refinitiv) - Daily



Purchases January/February

- Swatch
 - Idorsia
 - Intel
 - Novartis
 - Global X Robotics
- } position increase

Sales January/February

- UBS, partial sale

Next meeting: March 25, 2024 at 2.00 p.m.