

## RM Smart Strategy Fund

### Minutes of the Investment Committee meeting of

September 28, 2023 at 02.00 p.m.

#### **Fundamental:**

**Economy:** The economic outlook remains difficult. The Chinese economy remains in recession. Although this does not seem to have worsened in recent months, real economic data do not point to a rapid recovery. The situation in Europe has deteriorated further. The European economy, strongly influenced by the economic downturn in Germany, is also threatened by a recession. The Swiss economy is also in decline. Only the American economy remains robust thanks to strong private consumption.

**Inflation:** Core inflation rates are now showing a downward trend in many countries. The exception remains the eurozone, where core inflation remains stubbornly high and weakens only very slowly. Meanwhile, rates are expected to rise again in the coming months due to the significant rise in energy prices in most countries.

**Fiscal and monetary policy:** American fiscal policy is threatened with a massive deficit of \$2 trillion this year due to significant additional spending and lower tax revenues. Among other things, the additional expenditure is attributable to mitigating the effects of inflation for the low-income population. Fiscal policy thus counteracts the restrictive monetary policy of the US Federal Reserve (Fed) and is a major reason for the resilience of the US economy.

**Geopolitics:** With the large-scale attack on the Russian-controlled port of Sevastopol and the attack on the headquarters of the Black Sea Fleet, the Ukrainian counteroffensive has recently achieved remarkable successes. As a result, Russia is not only increasingly weakened in Crimea, but its influence is also dwindling in the South Caucasus. And the tense situation in northern Kosovo threatens to escalate after the fatal shooting of a Kosovo policeman in a Serb-populated village.

**Financial markets:** Market activity last month was dominated by information relevant to interest rate policy and was correspondingly volatile. In this context, the decision of the European Central Bank and the restrictive outlook of the US Federal Reserve in particular led to a significant increase in long-term interest rates and losses in value on the stock markets. September is on track to be the worst month for financial markets this year.

## Charttechnical:

S+P The expected countermovement was kept within limits. A short-term countersignal is now slowly emerging. However, this could drag on for a while, as the medium-term "energy" is not yet fully charged, which coincides with seasonality (see 30Y S+P 500 Seasonality Chart). This circumstance applies above all to the "mega-caps technology" sector. The assumed **sideways bias** between 4155 (/4060) and 4540 remains in view of the numerous headwinds (inflation, FED policy, economic concerns, subdued risk appetite). There is still not much missing for the confirmation of a long-term rotational movement.

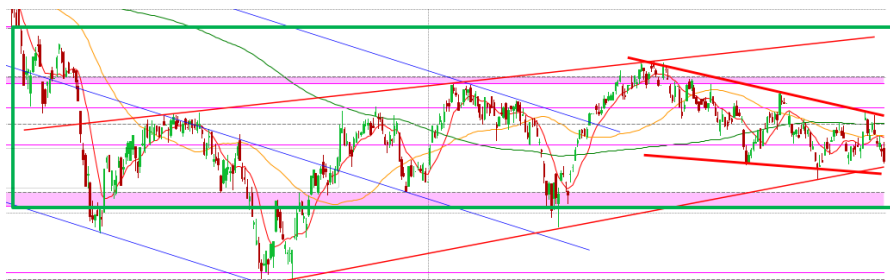


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SMI The short-term resumption has taken place to a restrained extent and remains intact. A sustained break (incl. retest) above the **resistance zone** of 11,500 would be important, which would finally confirm the medium-term buy signal formed in November '22.

The presumed **sideways movement** (10,550/11,870) before the movement gains in sustainability cannot be ruled out.



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ESTX50 The **short** and **medium-term buy signal** of Oct 22 are **intact**. The same applies to the short-term resumption (so far with moderate success). In the medium term, the oscillators are in a rebound zone, which supports the short-term resumption. However, the medium-term negative divergence, also in view of the possible **Double Head & Shoulders formation** as well as the negative A/D line, must be kept in mind, although a rebound currently seems more realistic from an oscillator point of view. The presumed **sideways bias (475/430)** remains intact for the known reasons.



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Gold The short-term and medium-term buy signals remain intact. For the long-term rotational movement, "only" confirmation from RSI (Relative Strength Index) is still missing. The expected short-term resumption should start so slowly. The medium-term oscillators are still in a possible rebound zone. The **possible wedge formation** could give the short-term resumption the necessary strength to set the medium-term movement in motion. But the formation still must play itself out first. The same is more or less true for the gold mines and silver.

Oil Repetition from the last minutes: The resistance **at ~ 85 is still missing**, but its conquest seems to be only a matter of time. The channel goal has been practically achieved! The short-term and medium-term buy signal remains intact. **In the short term**, the **possibility** of a **correction** is hinted at. However, the formation is not yet complete and could drag on for a while. However, this is in line with the fact that the medium-term level is now overstretched. In view of the intact long-term trend, such setbacks may be exploited to buy.

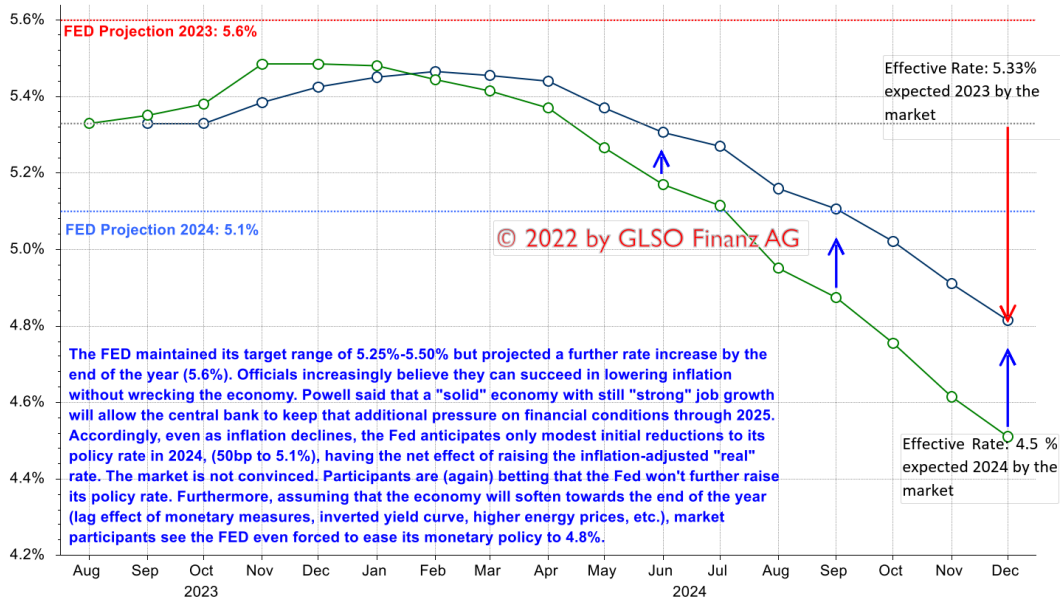
Yield 2-year US Government bonds

Repetition from the last minutes: **While a sell signal could already be triggered now, indicators continue to suggest that interest rates "must" move into the 5.25% zone first.**

The zone has been reached. It may be necessary to reach the next **resistance zone at ~ 5.3%** before a signal is generated. However, a signal is possible even now. The medium-term sell signal remains intact despite a new peak, the possibility of which has been pointed out (divergence continues). The long-term level remains heavily overbought and is now even diverging negatively. There is not much left for a corresponding correction. It seems to be a matter of patience.

## Implied Federal Funds Rate for 2023

By 30 Day Federal Funds Futures, Updated as of 9/28/2023



**Currencies** The expected short-term resumption of the USD has finally happened, with the long-awaited medium-term buy signal formed. The short-term strongly overbought level indicates a pause. If the medium-term buy signal is correct, this would have to be limited.

In the case of the Euro, the buy signal against the CHF appears to be transitory in nature. However, the long-term trend remains negative.

### Purchases September

- Idorsia
- Stadler Rail
- Lonza

### Sales September

- none

Next meeting: October 24, 2023 at 2.00 p.m.