Investment Review & Outlook

Q4 2023

5th February 2024

Major Indexes	2023	2022
World	+24.44%	-17.71%
USA	+26.26%	-18.13%
Switzerland	+7.06%	-14.29%
Asia ex. Japan	+6.26%	-19.58%
Japan	+30.9%	-7.38%
Europe	+23.21%	-8.55%

Commodities	2023	2022
Gold	+13.1%	-0.28%
Oil	+5.92%	+10.45%
Currencies		
USD vs CHF	-8.99%	+1.07%
EUR vs CHF	-6.15%	-4.66%
Bitcoin vs CHF	+131.3%	-63.62%

World: MSCI World Index, **USA**: S&P 500 Index, **Switzerland**: Swiss Market Index, **Asia ex. Japan**: MSCI Asia Ex. Japan Index**, Japan**: Nikkei 225, **Europe**: EURO STOXX 50, **US Treasury**: US 10 year Swap Rate, **Gold:** Golds, **Oil**: Brent Crude**.**

2023 in review

The year 2023 was characterized by a large number of global events that had a significant impact on the economic outlook and developments. In particular, the conflict in Russia, the conflict in Israel and a real estate crisis had a significant impact on the macroeconomic landscape.

The military conflict in Russia was undoubtedly one of the standout events of 2023. The escalation of this conflict led to a variety of economic challenges, not only in the region itself, but also internationally. Uncertainty in global markets due to geopolitical tensions also contributed to general volatility.

The ongoing conflict in Israel and the occupied territories also had a significant economic impact. The instability in the region led to a decline in tourism, an important economic sector, as well as an increase in military spending and humanitarian costs. Uncertainty over security and geopolitical stability contributed to investment being held back and dampened economic growth.

Another significant development in 2023 was the real estate crisis that occurred in various parts of the world. In some developed countries in particular, including the US and some European countries, an overvaluation of the real estate market led to a sudden collapse in prices. This had serious consequences for the financial markets and banks, which had invested heavily in mortgages and real estate loans. The collapse of the real estate market led to a credit crisis and a decline in consumer confidence, which in turn impaired economic growth.

Asset classes and strategy implications

Our overall orientation was defensive again this year. The political entanglements, the uncertainties in the fight against inflation and the associated interest rates were the decisive criteria. This led to relatively low equity allocations. We also underweighted fixed-income securities. The only exception was the USD mandates.

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Attractive returns were to be expected, even if inflation has eaten away some of the gains. In alternative investments, the signs were pointing to overweight.

Europe Stock Markets	2023	2022
Europe	+23.21%	-8.55%
UK	+47.68%	+4.57%
France	+20.1%	-6.71%
Germany	+20.31%	-12.35%
Spain	+28.06%	-2.02%
Italy	+34.35%	-9.36%
Sweden	+20.87%	-12.95%
Switzerland	+7.06%	-14.29%

Results are in the indexes' reference currencies terms.
Europe: Euro STOXX 50 Index; **UK:** FTSE 100 Index; **France:** CAC 40 Index; **Germany:** DAX Index; **Spain:** IBEX 35 Index; **Italy** FTSE MIB Index; **Sweden** OMX STKH 30 Index; **Switzerland:** SMI

The stock markets proved to be surprisingly robust over the course of the year. However, the undulating performance and the role of technology stocks in particular are worth mentioning. A large part of the performance was driven by the so-called "Glorious 7". These are Apple, Alphabet, Microsoft, Amazon, Meta, Tesla and Nvidia. In other words, mainly stocks that should benefit from the boom in artificial intelligence. The rest of the equity universe contributed little to the good result.

After one of the worst years in history, interest-bearing securities were able to recover somewhat. The interest rate environment has calmed down and the levels of higher interest rates have been maintained. It should be mentioned here that the currency plays an important role. While the 1.5-2% in CHF leaves little after bank costs, the yield in USD is closer to 5.5-6%. Here again, an investment made much more sense. We therefore increased our bond allocation over the course of the year.

The picture in the alternative sector was mixed. Gold, for example, had a very good year. Not entirely surprising when you consider global flashpoints. However, the low oil prices do not fit into this picture. A better performance would probably have been expected here. The picture was also mixed for hedge funds. Some areas, such as alternative debt, suffered from rising interest rates. On the one hand, because a considerable proportion is linked to real estate development and thus to the problems with rising interest rates, but on the other hand also because some clients invested more money in bonds. The yields were too tempting. Of course, this also applies to the real estate sector itself. Rising interest rates and the reallocation of funds led to considerable problems. Benko and Evergrande are just two of the prominent problem cases. However, our RELO portfolio remains stable. Firstly, all our mortgages are fixed, which keeps our costs at the usual low level, and secondly, our rents are indexed throughout. We therefore have higher income. Nevertheless, some of the valuation companies have lowered their valuations - probably also to protect themselves. Compared to our competitors, however, we are still in a very good position. We are continuing to pursue our successful concept and are making further acquisitions. The most recent acquisitions were some Coop stores in Switzerland.

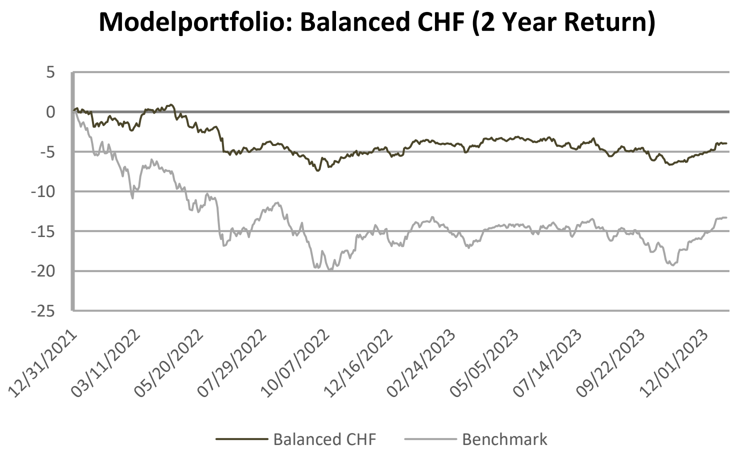
All in all, this led to a lower annual performance than our benchmark. We are not satisfied with this. However, our strategy is long-term and we should not forget how strong our outperformance was in 2022! The significantly lower standard deviation of our portfolios is also worth mentioning. This is generally regarded as a comparable and measurable parameter for risk.

Outlook

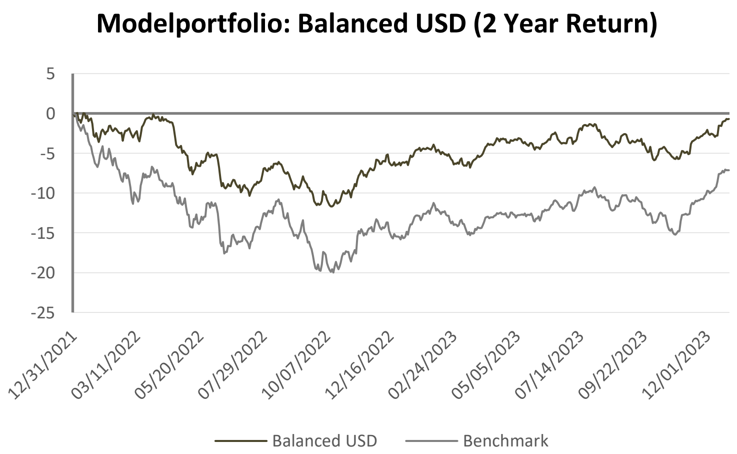
The political hotspots remain, the interest rate situation is still shaky. The debts of both governments (especially the USA) and private individuals are rising sharply. The EU's former driving force, namely Germany, is sluggish and new impetus is lacking. Given these factors, the markets are surprisingly solid. We believe that we should remain on the sidelines for a while before making selective purchases in equities again. After a consolidation or even a brief recession, however, the markets should be cleansed again and thus ready for new action.

We wish you a successful 2024!

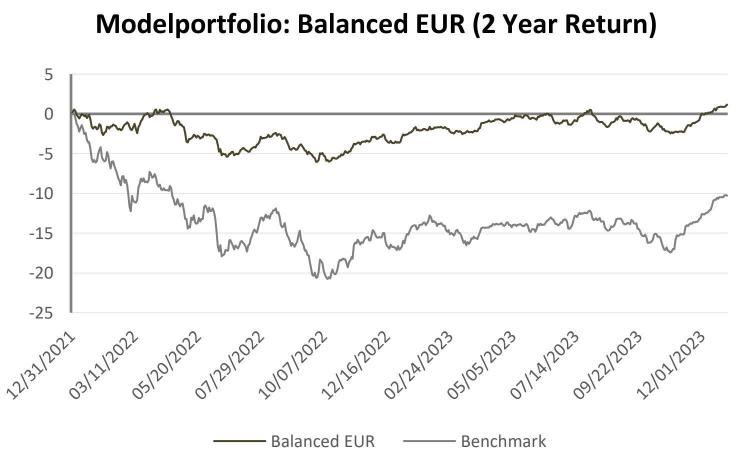
Your NOVUM Team



	Bal. CHF	Benchmark
2023	**+1**	+4.3
2022	**-5.51**	-16.87
2021	**+5.15**	+7.75
Sharpe R.	**0.43**	0.67
St. Dev.	**3.82**	7.33

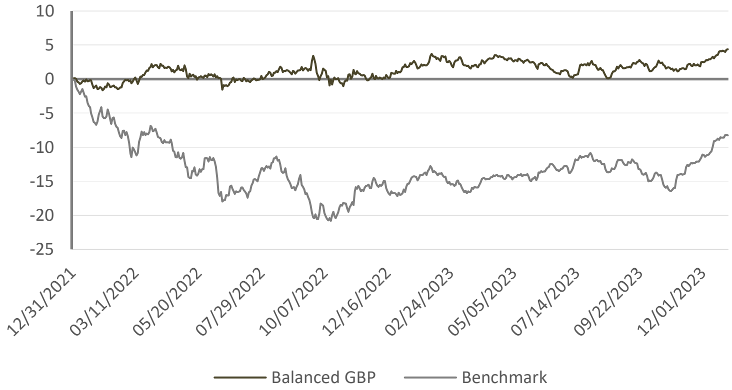


	Bal. USD	Benchmark
2023	**+5.8**	+10.1
2022	**-6.17**	-15.65
2021	**+6.12**	+7.43
Sharpe R.	**0.26**	0.59
St. Dev.	**5.84**	7.81



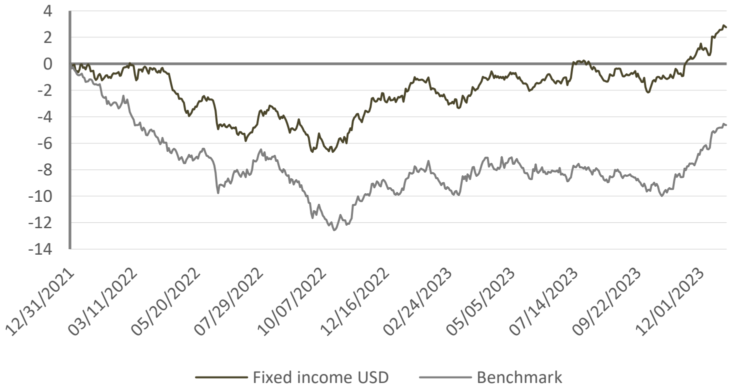
	Bal. EUR	Benchmark
2023	**+5.0**	+8.1
2022	**-3.67**	-17.07
2021	**+5.52**	+8.19
Sharpe R.	**0.44**	0.64
St. Dev.	**3.59**	7.15

Modelportfolio: Balanced GBP (2 Year Return)



	Bal. GBP	Benchmark
2023	**+3.37**	+10.5
2022	**+1.23**	-10.97
2021	**+3.04**	+7.11
Sharpe R.	**-0.28**	0.71
St. Dev.	**4.7**	7.75

Modelportfolio: FI USD (2 Year Return)



	FI USD	Benchmark
2023	**+5.42**	+5.84
2022	**-2.60**	-9.90
2021	**+0.02**	-1.64
Sharpe R.	**0.13**	0.07
St. Dev.	**3.87**	4.27