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Management Report
4th Quarter 2022

2022 has come to an end and unpleasant memories of its events will likely stick in investors' minds. The list of adverse factors is long. Some of them, such as the war in Ukraine and the correction of global real estate prices, will likely remain with us in 2023. Nonetheless, risky asset classes recovered significantly in the fourth quarter of 2022, primarily because some risks eased towards the end of 2022. Thanks to a relatively mild winter and full energy stockpiles, Europe is no longer facing an immediate energy crisis, inflation has been falling significantly for several months and China has recently relaxed its extremely strict Covid policy. This boosted markets, especially between October and December.

However, the December meetings held by the European Central Bank (ECB) and the US Federal Reserve (Fed) were a warning to markets that the euphoria that interest hikes are soon coming to an end may be premature. This means that the risk of economic collateral damage from their aggressive rate hikes at the end of the year remained. China's opening-up also seemed somewhat hasty. While this will likely have a positive impact in the medium to long-term, it seems risky given the wave of Covid infections that is spreading rapidly through a country with an underdeveloped healthcare system and low vaccination rates among the elderly. A return to increased market volatility, falling share prices and rising yields were the logical consequence at the end of December.

Equity markets rallied by a considerable 7% from mid-October (MSCI All Country World Index). European markets that had come under heavy pressure in 2022 particularly stood out here. In emerging markets, Asia and eastern Europe saw particularly notable improvements in the final quarter, with Turkey (+65%), Egypt (+63%) and Poland (+31%) topping the board. Even with China occupying the middle ground at +13%, its recovery since the National Congress in October is significant.

The worst performers in Q4 were European bonds (total earnings of JPM Bond Index):

Germany (-2.9%), Belgium (-2.8%), Ireland and the Netherlands (both -2.6%).

Yields fell for long periods over the quarter, even shrinking from +4.2% (end of October) to +3.4% (as of December 7) in the US. Despite this, the Fed and the ECB upset bond investors in mid-December with further restrictive comments. Yields picked up again towards the end of the quarter as a result. British government bonds were one of the few winners of the quarter (+1.7%).

European and US corporate bonds moved in a similar direction to government bonds in the final quarter of 2022.

Positive market sentiment also extended to the currency market, with the safe havens of the Swiss franc and, in particular the US dollar relinquishing some of the gains they reported in the previous year. The US dollar lost 6% against the Swiss franc in Q4, closing the year at a USD/CHF exchange rate of 0.925. By contrast, the euro gained +2.4% on the Swiss franc and +8.2% on the US dollar in the fourth quarter after a year that had been shaped by the energy crisis.

Among commodities, nickel (+42%), silver (+24%) and platinum (+24%) were particularly strong in the fourth quarter, spurred on by the increasingly weak dollar since mid-October that bolstered the entire commodities sector. Industrial metals (such as nickel) also benefited from growing demand for electric cars and China's decision to relax its Covid restrictions. On the other hand, natural gas (-35%), palladium (-19%) and Brent oil (-4%) did not perform well. Mild fall weather, good European stockpiles and the global economic downturn depressed the prices of oil and gas. Gold (+8.5%) occupied the middle ground over the quarter.

Since the beginning of 2022:

the value of the A share decreased by 11.77% from EUR 287.63 to EUR 253.79

the value of the B share decreased by 2.63% from EUR 159.53 to EUR 155.34

the value of the C share decreased by 15.15% from CHF 133.66 to CHF 113.41

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