



Belvoir Global
Allocation Fund

Monthly Update

- The stock market recovery trend did not continue throughout December
- The chances of an end to tighter monetary policies were firmly rejected
- ECB President Christine Lagarde has clearly signaled that further rate hikes are to be expected in the ECB's next two meetings
- Eurozone equities remain undervalued in comparison to Swiss and US equities. In December, we increased the equity quota, and it is currently at 84%

At the start of December, European markets initially recorded gains, in line with US stock exchanges. This can be attributed to a speech by Fed Chair Jerome Powell, in which he raised the prospect of curbing interest rate hikes at the next Fed meeting. In November, the slightly lower than expected US inflation figures provided a positive spurt of momentum. Yet shortly after, the major central banks put a heavy damper on investors; rate hikes of 50 basis points by the Fed, ECB, SNB and the Bank of England came as no surprise. The stances of some central banks officials were clear, as they warned there was no end in sight to the tightening monetary policy – naturally, this led to market losses. In fact, ECB boss Christine Lagarde signaled that further rate hikes are to be expected in the next two ECB meetings. As a result, there was no year-end rally for the stock markets. In the last few weeks, stock markets have priced in an ideal scenario with a solid recovery of around +20%. This indicates markets are anticipating a sustained return of inflation in line with central bank targets, while simultaneously expecting solid economic and profit growth. Unfortunately, this seems far too good to be true. The US and Eurozone inflation would only fall to the central bank target of 2% if there is a sharp economic slowdown, or a recession. However, in this case, company profits would collapse, impacting stock markets. Of course, bank analysts always overestimate gains at the turn of the year, though this time there could be an especially marked downward revision of these gains.

The equity exposure was increased again in December (from 77.8% to 84.4%). This increase was due to a larger return in the fund. In the course of rebalancing, we reduced equities (Mastercard, AMSL, Zurich Insurance Group, SGS and Lonza) and sold a bond (American Express).

The allocation in the main currencies remained virtually unchanged in December. We have reduced the exposure in USD to below 30%. The currency allocation at the end of the year is 37.07% EUR, 33.5% CHF and 29.43% USD. The overall performance of the fund for the month of December is minus 5.4% in EUR. The annual performance for the whole year is minus 23.8%.

Please visit our [website](#) for more information on the Belvoir Global Allocation Fund. We are happy to answer questions about the funds and are grateful for any feedback you may have.

Your Belvoir Team



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The prospectus including the trust agreement, the basic information sheet and the current reports, the current unit prices as well as further information on the fund, can be found free of charge in German on the website of the LAFV Liechtenstein Investment Fund Association www.lafv.li.

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