BELVOIR
CAPITAL AG

September 2023

Belvoir
Global Allocation II
Universal

BELVOIR CAPITAL AG

Monthly Update

- September – another seasonally weak month
- Key interest rates – higher for longer
- Oil price keeps rising
- Stocks take a breather
- Long-dated US Treasuries lose considerable value
- The Fund lost 3.5% in September, and is now +3.9% YTD

In recent weeks, financial markets have shown clear signs of weakness. September is not just seasonally one of the weakest months of the year, but markets have also been weighed down by the long-term rise in interest rates in the US. The US Treasury sell-off has meant that we are now close to 5% yields on 10-year US government bonds. This is causing difficulties, especially for companies and sectors with high capital requirements (Capex), putting pressure on prices and valuations. The US Fed's short-term interest rate policy has had a negative impact, with the first interest rate cuts not expected before the end of 2024. The current US and Europe interest rate curve is shifting to a significantly higher level – and for longer – which is depressing share prices. Equities, bonds, and gold all fell sharply. In terms of equities, almost all sectors lost between 3% and 10% in value. Only the oil and gas sector could shine through due to the high oil price. This, in turn, has led to higher inflation. Overall, this mix of circumstances is not good for the stock markets. However, we are now clearly oversold, and this, alongside the US and Europe's slowing economy will soon cause the oil price to fall. As a result, we can see a glimpse of attractive entry prices for individual sectors and stocks. We expect further volatility in October but will use these periods to increase our positions or to re-enter companies that we consider attractive. In the US, the S&P 500, excluding the top 7 tech stocks, is now in the red for 2023. Yet, it is precisely these tech stocks that suffered significant losses in September where we are seeing renewed interesting valuations, given our focus on innovation.

Throughout September in the fund, we unwound the hedges on the S&P 500 and Nasdaq 100 (somewhat too early, judging by today's perspective). Unfortunately, the more conservative approach taken since the end of June, which has focused more on healthcare and value stocks, did not paid off in September. The month's biggest losers were Thermo Fischer Scientific (-6.89%), Barrick Gold Corp (-8.08%), Deere & Co (-5.89), and Roche Holding (-4.85).

On the other hand, Total (+7.30), Eli Lilly (+8.56) and FedEx (+4.00%) had a positive impact on the Fund's performance. SIKA, Equinor and Henkel were sold. Medtronic, Nestlé, and Eli Lilly were reduced. Positions in LVMH and L'Oréal were increased. Shortly after the IPO, a small position was added in ARM, a UK-based firm, which, we believe, is the most interesting semiconductor producer after Nvidia when it comes to AI and high-performance chips. AMD was also included in the weighting once more, after the share price previously lost app. 20% in value.

At the end of September, the equity weighting was 80.98%, bonds 9.62% and cash 9.34%.

For more information on the Belvoir Global Allocation II Universal Fund, please visit our website. We are happy to answer questions about the fund via our contact page and are grateful for any feedback.

BELVOIR CAPITAL AG

Belvoir Team

Mauro Tempini
Chief Investment Officer

Steffen Bauke
Chief Executive Officer / Fund Manager

CONTACT

BELVOIR CAPITAL AG
Beethoven Str. 9
CH-8002 Zürich
+41 (0) 44 206 30 40
pm@belvoircapital.com