BELVOIR
CAPITAL AG

November 2023

# Belvoir Global Allocation Fund

# Monthly Update

- November ended with strong gains in stock markets.
- Interest rates are slowly easing and are expected to continue to decline.
- The equity allocation was increased to 76.80% over the course of November.

The storm in the bond markets noticeably calmed down at the beginning of the month. Weaker-than-expected industrial data and a cooling U.S. job market led to a significant easing in government bond yields, which in turn gave a substantial boost to the stock markets. Federal Reserve Chairman Jerome Powell's statement that he was not convinced the level of interest rates was restrictive enough to conquer inflation only caused a brief setback. The release of U.S. inflation figures for October gave the markets another strong push. With the price data coming in slightly below expectations, many market participants viewed the peak in interest rates as having been reached. Consequently, capital market interest rates continued to fall, and complacency in the stock markets – as measured by the Volatility Index VIX – reached a temporary low. Some stock market indices were trading close to their annual highs after the rally. Weaker-than-expected U.S. economic data and a falling U.S. dollar confirm our base scenario of a recession in the US over the course of next year. Many market participants are currently betting on a "soft landing" with several interest rate cuts in 2024. However, given the rising long-term inflation expectations of consumers and the Federal Reserve's mandate to sustainably push inflation into the target corridor of below 2%, this seems to be a rather unrealistic scenario. Only in the event of a significant economic slowdown such aggressive interest rate cuts would be conceivable. Then, however, the markets would enter a phase of declining earnings estimates, which in the past mostly led to lower stock prices. We do not expect any major fluctuations by the end of the year and therefore maintain our current positioning.

The equity allocation was slightly increased to 76.80% in November. Within single stocks, we purchased Adobe. Munich Re, L'Oréal, Infineon, and Deutsche Telekom were further heightened. The increase in the equity allocation was financed by the redemption of the Mercedes-Benz bond. The bond allocation is now lower at 15.78% compared to last month.

The allocation in the major currencies changed only slightly in November. The currency allocation in EUR remains unchanged at 41.63%, CHF also unchanged at 28.57%, and the USD slightly lower at 29.80%. The total performance of the fund for the month of November is 4.68% in EUR and 3.94% in the CHF tranche. The year-to-date (YTD) total performance of the fund is 9.43% in EUR and 6.21% in the CHF tranche.

For more information on the Belvoir Global Allocation Fund, please visit our website. We are happy to answer questions on the fund and welcome your feedback.

BELVOIR CAPITAL AG

## Your Belvoir Team

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