

## The dose makes the poison

At the beginning of 2021, US President Joe Biden signed another stimulus package worth 1.9 trillion US dollars to contain the economic consequences of the corona pandemic. A recovery set in, but also boosted inflation. As a result of catalysts such as the supply chain problem and the Ukraine war, the Fed finally lost control of inflation and is now trying to curb it with aggressive interest rate hikes. Markets fear that central banks around the world may overdose on rate hikes after large doses of stimulus packages. The result would be a recession, like what happened after the oil crisis in the 1970s. As in medicine, the same applies in the financial world: use antidotes as early and consistently as possible, not too much, because "the dose alone makes the poison" (Paracelsus).

After the monetary policy meeting in Jackson Hole, where the world's most important central bank governors met, the interim market recovery ended with the emphasis on the determined fight against inflation. The S&P 500 fell -4.24%, the STOXX Europe 600 -5.29%, the technology exchange Nasdaq -5.22% and the China CSI 300 -2.19%. Only the Japanese Nikkei reported a positive exception to the global downward trend with +1.04% (all indices in local currency).



Depending on the share class, the **BlackPoint Evolution Fund** lost between -2.40% and -2.54% (-11.1% since the fund was launched on October 18, 2021). Challengers such as Trade Desk, Lemonade and Upstart delivered a positive value contribution for the equity portfolio. We sold the two stocks Celsius (liquid food supplements) and Amazon completely, taking profits with us and invested the funds released as well as an additional 1.5% of the fund volume in the stocks CrowdStrike, Novo Nordisk, Illinois Tool Works, Microsoft, Apple, Verisk, Stryker, Upstart, LVMH and Alphabet. Only a few titles in the bond portfolio, such as Grupo Antolin Irausa or the Emirates Telecom Group, were able to

hold their own against the restrictive attitude of the international central banks. The fund allocation is thus around 53% equities, 39.4% bonds (including 6% short-dated US government bonds and 2.8% CAT bonds), 3.6% gold/commodities and 4% cash.

If inflation does not fall sustainably, the central banks will carry out further

interest rate hikes and consequently fuel volatility in all asset classes again and again. Our focus will increasingly be on established quality companies with robust fundamentals and low cyclical business. We currently expect little support from the central banks, or to paraphrase Paracelsus: "Those who mean well are the worst."

	BlackPoint Evolution Fund		Morningstar Peer Group**	
	Return*	Volatility	Return*	Volatility
1 month	--	--	--	--
3 months	--	--	--	--
6 months	--	--	--	--
1 year	--	--	--	--
since inception**	--	--	--	--

\* The MIFID legislation prohibits the disclosure of performance data for funds with a track record of less than 12 months.

\*\* Morningstar EAA EUR moderate allocation - global

\*\*\* 10/18/2021