

## He who pays the piper calls the tune

The increasing dependence on China and the resulting dangers are just as controversially discussed in the USA as in Europe. Germany seems vulnerable, as China was the most important trading partner in 2021 for the sixth time in a row. Despite increasingly critical public and political discussion: German companies invested a record amount of over 10 billion euros in China in the first half of 2022. Viewed objectively, these companies are only adapting to high energy prices in Europe and dynamic growth markets in China. It remains to be seen whether this venture will pay off in the long term given the dangers such as technology transfer and loss of control over the entire value chain for companies. China always demands a tribute from foreign

companies, and a beautiful song about China and its market economy is the least. Weaker growth is still weighing on the "Middle Kingdom", but a relaxation of the zero-Covid policy would give a significant boost.

Chinese stocks fell -7.78%, lagging. Because despite a variety of imponderables, the S&P 500 held its ground in October with a plus of +7.99%, the Euro Stoxx 50 rose by +9.02% and the Nasdaq technology exchange rose by +3.96%. Global bonds (Bloomberg Global Aggregate Bond Index) were almost unchanged at -0.69% (all indices in local currency).



Depending on the share class, the **BlackPoint Evolution Fund** gained between +1.20% and +1.33% (-14.5% since the fund was launched on October 18, 2021). After a weak previous month, hopes were fueled that the central banks – above all the Fed – could now take a less tight stance and only raise interest rates in smaller increments. In this environment, companies that were able to offer solid quarterly results and a constructive outlook were able to benefit. Notably, these included Shopify, Kinsale, Illinois Tool Works, and SAP. Meta was the largest detractor along with Crispr Therapeutics and Trade Desk

due to disappointing quarterly results. Falling risk premiums helped high-yield bonds and government bonds from emerging countries to make a positive contribution to returns. We reduced positions in Alphabet and BMW and divested our investment in Intuit entirely. The fund allocation is currently 47% equities, 39% bonds (including 6% short-

dated US Treasuries and 2.7% CAT bonds), 4% gold/commodities/CO2 emission rights and 10% cash.

If the high volatility on the financial markets persists, we will act cautiously. Selective investments on the bond market are increasingly coming into focus.

	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