

Buy when the cannons roar

Few investors would have expected to be confronted with such a nightmare scenario in such a short time. Now war, destruction and - worst of all - human tragedy are happening, in the middle of Europe, near us. The stock exchanges reflect the situation with rigorous openness. With the Russian attack on Ukraine, stock prices initially fell as the flight to safe havens set in and hopes of more moderate rate hikes faded. Due to rising energy prices, some analysts are now assuming up to nine interest rate hikes in the USA within the next year. The development of the US stock markets was correspondingly weak: the S&P500 lost -3% (like the MSCI Emerging Markets), the Nasdaq even lost -3.35%. And in Europe, which is more severely affected by the Ukraine crisis, the Stoxx Europe 600 corrected by -3.23%.

Due to the daily horror reports from the Ukrainian crisis area and the dynamic situation regarding sanctions and punitive measures, we expect the markets to remain volatile. The selective expansion of the defensive part of the portfolio will therefore be the focus for the time being. We assume that the consequences of the conflict on the global economy and central bank policy in the US and Europe will become clear in the coming weeks. Uncertainty on the stock exchanges should then gradually decrease, although rising energy prices could weigh on growth. In this environment, well-measured opportunities should be seized for the portfolio without losing sight of the overall risk.



The BlackPoint Evolution Fund lost between -2.72% and -2.79% depending on the share class. The main positive contributors were growth-oriented stocks such as Upstart and Trade Desk, as well as stocks benefiting from decreasing corona restrictions such as Marriott and Stryker. On the other hand, there were price losses for IT companies such as Meta (Facebook) and ZScaler as well as for some disruptive business models such as Shopify and Lemonade, which are represented with smaller weights in the fund. The bond side was influenced by the volatile interest rate level but has so far acted as an important safety anchor in the current crisis. Positive contributions came from short-maturities US government bonds, as well as bonds from energy group Cheniere Energy and auto parts supplier Clarios Global. Bonds with medium and longer maturities initially

had to accept losses but have recently been able to make up ground again due to the flight to safe havens. The portfolio of insurance and reinsurance risks (CAT bonds) was not negatively affected by the storms in Central Europe and was also able to make a positive contribution.

Taking advantage of cheap entry levels, we invested in robust stocks (Unilever and Vodafone), growing travel activity (AirBnB) and companies that can pass higher prices on to customers (LVMH and Kering). The

positions in Microsoft, Apple and Meta (Facebook), which are still classified as valuable, were also increased. In addition to these equities, exposures in commodities (gold and a broad commodities index) and in insurance and reinsurance risks (CAT bonds) were expanded. To avoid negative interest rates on cash, US government bonds with very short maturities were added to our portfolio. Exposure to European financials was managed dynamically, while holdings in chemicals group BASF were reduced on the back of rising commodity prices.

	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