

## April showers (may) bring May flowers

Not so long ago, investors were pilloried for buying stocks while a global pandemic shook the very foundations of economies. Now the opposite is happening: unsettled investors are selling stocks and bonds, although more optimistic earnings forecasts and stable economic data mean that a recession, at least in the USA, is still a long way off. The Fed consistently uses short phases of recovery on the markets to use its unyielding rhetoric to get investors in the mood for interest rate increases as a measure against high inflation. The mixture of fears of war, inflation and recession, fueled by

renewed supply chain problems emanating from China, pushed the S&P 500 down -8.8% - the most negative April since 1970. The Nasdaq 100 suffered its biggest sell-off since -13.4% booked in 2008. The -2.6% of the Euro Stoxx 50 seems almost moderate. The pressure on the bond side is continuing unabated for the time being, and price falls due to rising interest rates are continuing. In addition, risk premiums for corporate bonds continued to rise, with negative effects on prices. In the US, an interest rate hike of 0.75% in May currently seems possible, certainly an indicator of the Fed's uncertainty.



The **BlackPoint Evolution Fund** lost between -1.43% and -1.51% depending on the share class. The loss contribution from the equity portfolio outweighed the other asset classes. While high-earnings companies like Coca-Cola, Novo Nordisk, Novartis and Unilever made gains in April, growth stocks like Shopify, Block and Lemonade fell, as did tech stocks like Alphabet and ASML. Only a few titles such as Clarios Global, Sempra Energy, Unicredit or Western digital were able to assert themselves positively in the bond portfolio.

In April we again refined our more defensive positioning of the equity portfolio and replaced the inflation-sensitive Starbucks share with Target

Corporation, a supermarket chain with strong demand. On the bond side, we invested free cash in short-dated US government bonds with maturities of up to 3 years. The fund allocation is thus around 54% equities and 36% bonds (including ~4% short-dated US government bonds as cash substitutes and 2.6% CAT bonds).

April brought us a roller coaster ride of emotions, and not just in terms of the weather. So we can only hope that May will be a little friendlier. In view of the complex issues, we do not yet see a happy month, although the first silver linings can be seen on the horizon.

|                   | 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