

QUARTERLY REPORT Q3/2023



Persistent core inflation and flagging business sentiment

REVIEW

Inflation and the fight against it remained the dominant theme in the third quarter of 2023. Despite high key interest rates, the US economy is still buoyant thanks to strong consumer spending. Fiscal policy (weak tax revenues combined with rising government spending) is supporting growth and undermining monetary policy. In Europe, high energy prices have dented business sentiment, especially in Germany. On top of this, some European countries are in a technical recession. In China, imports and exports collapsed and industrial production was below expectations. A weak real estate sector and other structural problems kept growth well below average, despite significant government intervention. In Switzerland, exports suffered from falling global demand and a harder currency.

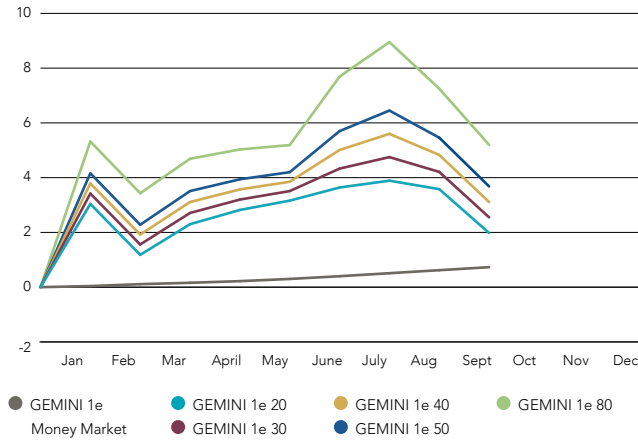
Following a moderate July, the stock markets underwent a correction in August and September. Valuations are still high, especially in the technology sector and in the US and Japan. The fact that interest rate curves in the major industrialised nations remained inverted in the third quarter continues to point to an imminent recession. Interest rate hikes tend to bring down the valuations of fixed-income securities. The higher a bond's duration, or average maturity, the greater the decline in its value when interest rates rise.

OUTLOOK

Aside from the war in Ukraine, inflation and the fight against it are the biggest uncertainties affecting the global economy. Leading economic indicators remain deep in negative territory. Market participants anticipate a slight increase in inflation by the end of the year, with central banks expected to keep key interest rates high in response. Real wage levels are likely to fall further in anticipation of further rises in services and energy prices. Typically, this leads to more restraint in private consumption, which in turn has a negative impact on the economy.

Accordingly, market participants have lowered their expectations. Thanks to higher yields to maturity, fixed-income securities are once again attractive and increasingly present a real alternative to equities, given their sometimes persistently high valuations.

Cumulative return from January to September 2023 in %



The GEMINI 1e investment strategies

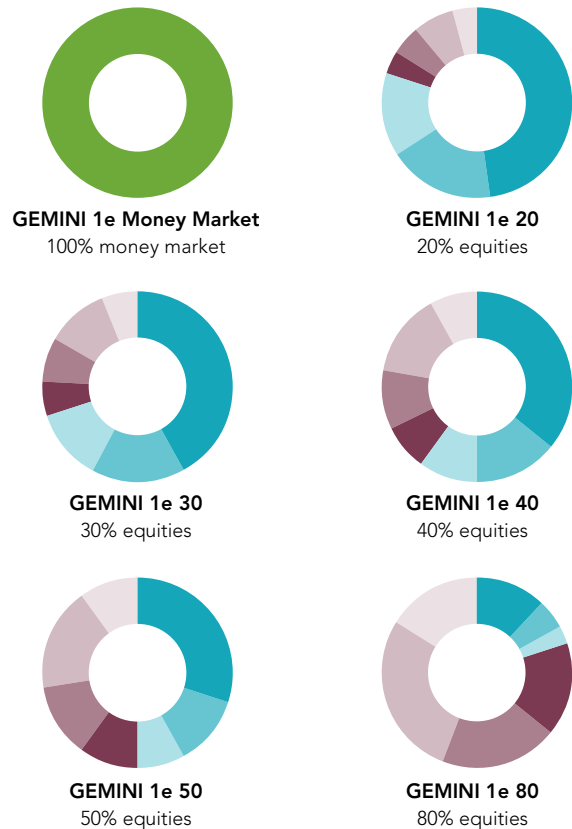
Asset allocation in %	20	30	40	50	80
● Money Market	100	-	-	-	-
● Bonds CHF	-	48.0	42.0	36.0	30.0
● Foreign currency gov. bonds hdg.	-	18.0	16.0	14.0	12.0
● Foreign currency corp. bonds hdg.	-	14.0	12.0	10.0	8.0
● Swiss equities	-	4.0	6.0	8.0	10.0
● Foreign equities	-	5.0	7.5	10.0	12.5
● Foreign equities hdg.	-	7.0	10.5	14.0	17.5
● Emerging markets equities	-	4.0	6.0	8.0	10.0

Cumulative return (YTD) in %

	July	August	September
GEMINI 1e Money Market	0.51	0.62	0.73
GEMINI 1e 20	3.89	3.58	1.98
GEMINI 1e 30	4.75	4.21	2.55
GEMINI 1e 40	5.60	4.83	3.11
GEMINI 1e 50	6.45	5.46	3.68
GEMINI 1e 80	8.95	7.25	5.20

Monthly return in %

	July	August	September
GEMINI 1e Money Market	0.11	0.11	0.11
GEMINI 1e 20	0.25	-0.30	-1.54
GEMINI 1e 30	0.40	-0.52	-1.59
GEMINI 1e 40	0.55	-0.72	-1.64
GEMINI 1e 50	0.71	-0.93	-1.69
GEMINI 1e 80	1.17	-1.56	-1.91



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