GEMINI 1e

GEMINI Collective Foundation 1e

# QUARTERLY REPORT **Q2/2023**

## Persistent core inflation and lower long-term interest rates

### REVIEW

The second quarter of 2023 was affected by persistently high inflation and the fight to bring it down. Once the fear of a European energy supply crisis had faded, gas prices experienced a massive downward correction – even dropping below the level of early 2021. However, due to persistent core inflation, primarily related to wage-price spiral, inflation did not come down sufficiently, and central banks continued to raise key interest rates.

In the USA, the economy remained stable. A surprisingly large number of new jobs were created in the second quarter. In Europe, the countries in the south benefited from a global travel boom, while Germany lurched into recession. The destruction of the Kakhovka dam proved that massive collateral damage has now become part of the war in Ukraine. An end to the conflict is not in sight.

Following fears of a global financial crisis in the first quarter, the stock markets calmed down, but the yield curve remained inverted in the second quarter. This means that short-term interest rates with maturities of six to twelve months are the highest and longer maturities have lower yields. In the past, inverted yield curves were considered to be reliable indicators of an impending recession.

### OUTLOOK

The war in Ukraine and its global repercussions continue to be sources of uncertainty. Having almost reached their November 2022 lows, global leading indicators are in significantly negative territory. Market participants assume that central banks will continue to raise key interest rates to fight inflation and expect a soft recession. Due to the rise in prices, real wage levels are likely to drop further, which would reduce private consumption and have a negative impact on the economy.

Market participants have therefore lowered their expectations for a good investment year. Equity valuations range from neutral to slightly below the long-term average. With corporate and government bonds becoming attractive due to higher yields to maturity, equities are now increasingly competing with fixed-income securities.

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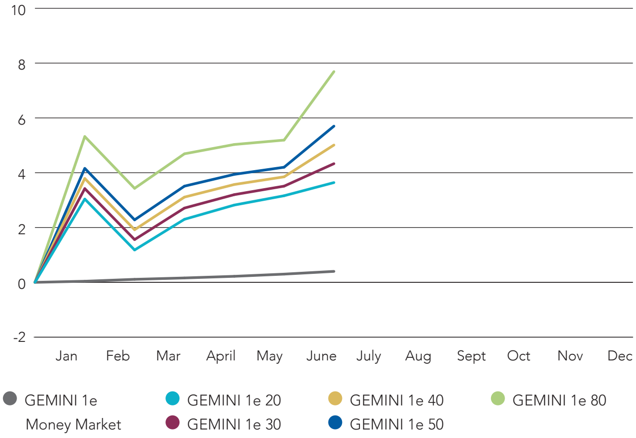
## Cumulative return from January to June 2023 in %




## Cumulative return (YTD) in %

| | April | May | June |
|---|---|---|---|
| GEMINI 1e Money Market | 0.22 | 0.30 | 0.40 |
| GEMINI 1e 20 | 2.82 | 3.16 | 3.64 |
| GEMINI 1e 30 | 3.20 | 3.51 | 4.33 |
| GEMINI 1e 40 | 3.57 | 3.85 | 5.01 |
| GEMINI 1e 50 | 3.94 | 4.20 | 5.70 |
| GEMINI 1e 80 | 5.03 | 5.19 | 7.69 |

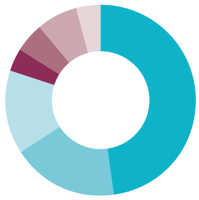
## Monthly return in %

| | April | May | June |
|---|---|---|---|
| GEMINI 1e Money Market | 0.06 | 0.08 | 0.10 |
| GEMINI 1e 20 | 0.51 | 0.33 | 0.46 |
| GEMINI 1e 30 | 0.48 | 0.30 | 0.79 |
| GEMINI 1e 40 | 0.45 | 0.27 | 1.12 |
| GEMINI 1e 50 | 0.41 | 0.25 | 1.45 |
| GEMINI 1e 80 | 0.32 | 0.16 | 2.37 |

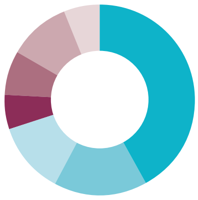
## The GEMINI 1e investment strategies

| Asset allocation in % | | 20 | 30 | 40 | 50 | 80 |
|---|---|---|---|---|---|---|
| Money Market | 100 | – | – | – | – | – |
| Bonds CHF | – | 48.0 | 42.0 | 36.0 | 30.0 | 12.0 |
| Foreign currency gov. bonds hdg. | – | 18.0 | 16.0 | 14.0 | 12.0 | 5.0 |
| Foreign currency corp. bonds hdg. | – | 14.0 | 12.0 | 10.0 | 8.0 | 3.0 |
| Swiss equities | – | 4.0 | 6.0 | 8.0 | 10.0 | 16.0 |
| Foreign equities | – | 5.0 | 7.5 | 10.0 | 12.5 | 20.0 |
| Foreign equities hdg. | – | 7.0 | 10.5 | 14.0 | 17.5 | 28.0 |
| Emerging markets equities | – | 4.0 | 6.0 | 8.0 | 10.0 | 16.0 |

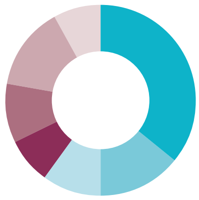
**GEMINI 1e Money Market**
100% money market



**GEMINI 1e 20**
20% equities

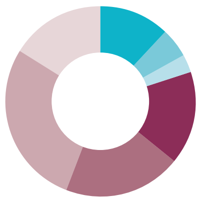


**GEMINI 1e 30**
30% equities



**GEMINI 1e 40**
40% equities

**GEMINI 1e 50**
50% equities



**GEMINI 1e 80**
80% equities



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