

Reichmuth Global Leaders - P

H2 2023

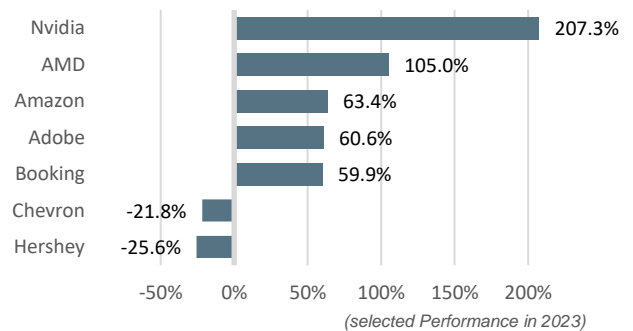
YTD +14.0%

Quality in Demand 2023

In the second half of the year, global stock markets were unable to seamlessly continue their strong trend from the first half. It required a further moderation of inflation and the expectation that major central banks would not raise interest rates further for the markets to continue their ascent. In this environment, the quality focus of the Global Leaders once again held its ground. The fund achieved an outperformance against the global equity index in the second half of the year and concludes the year with a performance of +14.0%.

GLP-1 and Artificial Intelligence

In the portfolio, the standout performers in the second half were companies involved in the development of new weight loss medications, such as Novo Nordisk and Eli Lilly. Both companies manufacture so-called GLP-1 medications, which curb appetite and reduce cravings for sweets and alcohol. Particularly noteworthy is Novo Nordisk, the sole company to have received approval for its GLP-1 medications in the USA thus far (Eli Lilly is expected to receive approval in 2024). Novo Nordisk reported a revenue growth of almost 30%, compared to its usual annual growth rate of around 13%. Consequently, the stock performed strongly, rising by +25% in the second half and over +41% for the entire year. We took advantage of weaker phases to make acquisitions and continue to hold onto Eli Lilly. On the flip side, one of the leading confectionery manufacturers, Hershey, suffered, among other things, from the potential impact of widespread adoption of weight loss medications. Hershey is one of the losers in the portfolio for the second



half of the year. We maintain our holdings, particularly because the valuation has significantly declined, and we find the market reaction to GLP-1 medications in the consumer staples sector to be exaggerated.

Throughout the year, the clear contributors to portfolio performance were companies involved in generative AI. The direct beneficiaries and global leaders in graphics processors, NVidia (+220%) and AMD (+110%), are expected to continue playing a crucial role in 2024. Despite substantial price gains, we are maintaining our position in these semiconductor companies, especially considering the anticipated continuation of the entire semiconductor cycle.

Expectations for Slower Growth in 2024

We anticipate that the economy will likely weaken in 2024 due to the ongoing restrictive monetary policy and a decline in fiscal stimuli. In this scenario, in our Global Leaders approach we continue to focus on companies that can assert themselves against the competition due to high margins and visible cash flows, driven by their pricing power.

Aljosha Friedländer
Portfoliomanager



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