

Reichmuth Global Leaders - P

H2 2024

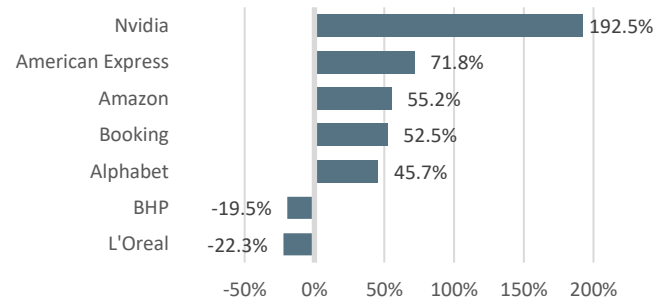
YTD +18.0%

Large market swings in H2

After a strong first half of the year for global equity markets the second half of the year has had rather large swings in both directions, ending the year on a positive note with some outliers driving the market that made significant gains especially after the US Election. While the first half of the year was dominated by a focus around monetary policy and the inflation coming down, the second half of the year started with market jitters around the health of the US labor market and rising unemployment figures. As recent data from the US economy have been better than expected, the markets have rebounded from their drop and continued their ascent. Our quality portfolio has also recovered from the drop in Q3, closing the year with a performance of +18.0%.

Quality at the heart and center

Momentum stocks have performed surprisingly well in 2024 after an already strong previous year. Among them are companies that have performed particularly well in the aftermath of the US election as they are believed to benefit strongly. The momentum factor is also incorporated in the Global Leaders portfolio and plays into the selection process, however, the quality components of a company remain the key selection factor. Our focus on quality has been a detriment to the performance in some areas of the portfolio in the second half of the year, as some core holdings have performed poorly over this time frame. The world's leading luxury brand LVMH for example, has suffered from weak demand especially in China which has



weighed on the company in the second half of the year. We reduced our holdings but keep the position as we continue to believe in its market position in the luxury segment of the discretionary sector. However, we diversified our exposure in the sector with the addition of Hermès where we have started to build a position with the drop in valuation. In the technology sector there have been large variations in returns this year. While one of our largest holdings Nvidia continued another year of strong performance (+192.5%), we have trimmed our holdings in ASML as they have experienced lower than expected orders from some of their key clients.

Sentiment to cool down?

Looking ahead into the new year we expect some of the positive sentiment to calm down. The market's extreme concentration in the world's leading companies also poses some risk to the Global Leaders portfolio. However, we are keen on diversifying our risks and remain active to best position the portfolio in case of larger shifts in global financial markets. We remain optimistic about our selection and positioning and focus on the quality component of our companies in this current environment and thank you for your trust along the way.

Aljosha Friedländer
Portfoliomanager

(Largest performance swings in 2024)



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