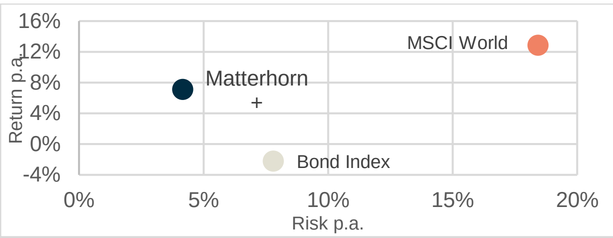
Reichmuth Matterhorn+ USD - P

Excellent 2024

YTD + 9.9%

In the first half of the year, the portfolio achieved a return of 9.9% and outperformed the global bond market, which returned -1.7%, as well as the hedge fund benchmark index (HFRX Global), which reached 5.3%. The aim of Reichmuth Matterhorn+ is to generate a return of 3-5% above the risk-free interest rate over a multi-year cycle. As the chart shows, we have been able to achieve this target over the last 3 and 5 years as well as since launch. This is remarkable, as we have lived through a pandemic and a strong cycle of interest rate hikes over the last 5 years. The concept has thus proven that it can create added value for investors over a cycle and offers an attractive alternative to long-dated bonds in portfolios thanks to its low interest rate sensitivity.

Risk/return profile since 2020



Decade of active strategies?

The decade from 2010 to 2020 was characterized by zero or negative interest rates and extremely low fluctuations. During this phase, it was difficult for active managers to achieve added value. Market fluctuations have increased since 2020. In the USA, it is becoming apparent that there is little scope to lower interest rates to the level of the last decade with the expansive fiscal policy. With the extreme market concentration in a few US stocks, it should increasingly pay off to invest in other market segments. History shows that although there have always been phases of high market concentration, these have never lasted over time. Investments outside this segment are neglected, but offer attractive opportunities. One of the biggest winners in 2024 was Argentina, which is undergoing a radical turnaround, but remains largely unnoticed by index investors.

When selecting managers, we focus on 3 areas:

Diverging stock trends: in addition to selecting potential winners, there are also many losers in today's environment, whether due to changing conditions, tariffs or strained balance sheets. Sector specialists that benefit from the performance differences between winners and losers find themselves in an attractive environment.

Alternative credit strategies: Many companies are suffering from the increased interest burden. In order to avoid an expensive and lengthy bankruptcy process, many seek solutions through early refinancing. In doing so, the conditions are improved in favor of the creditors and the new bonds trade accordingly at higher prices. On the other hand, credit spreads in the overall market, which is covered by index investors, are close to historical lows. History shows that these risk premiums normalize over time. By combining selected credit positions with favorable hedges, we expect attractive returns next year.

Diversifiers: These active and flexible strategies are characterized by the fact that they can generate positive returns even in falling markets and are therefore hardly correlated with the general market trend.

By combining these three building blocks, we are convinced that we will also achieve positive results in the new year. Thank you for your trust.

Patrick Erne, Portfolio manager