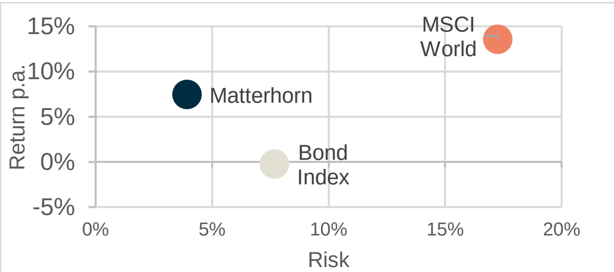
Reichmuth Matterhorn+ USD - P

Positive 1st half-year

YTD +4.6%

In the first half of the year, the portfolio generated a return of 4.6%, outperforming the hedge fund benchmark (HFRX Global Hedge Fund Index 2.4%). We have been able to achieve our goal of generating a return of 3-5% above the risk-free interest rate over a multi-year cycle over the last 5 years. Especially in difficult market phases, such as in March/April after Liberation Day, hedge funds were able to generate a positive return and diversify an equity-heavy portfolio. By contrast, fixed-income investments have largely lost their diversification potential in recent years.

Risk/return profile since 2020



A changing world

"Good diversification is the most important factor for long-term investment success. Carefully selected hedge funds generate uncorrelated returns and help to build a robust portfolio." This quote from Ray Dalio is apt in the current environment. Budget deficits in Western countries are rising and growth is below average. The USA is pursuing an isolationist policy and offending trading partners. This inflationary policy reduces the scope for central banks to lower interest rates. The result is higher volatility, new structural trends with winners and losers, higher financing costs and a stronger home bias among non-US investors. These forces are generally supportive for hedge funds. Trading-oriented strategies benefit from higher volatility. The higher financing costs lead to more discrepancy between good and bad debtors and the higher interest rates are positive for returns.

In our selection we focus on:

Alternative equity strategies: In addition to the selection of potential winners, there are also many losers in today's environment, whether due to changing conditions, tariffs or strained balance sheets. For sector specialists who benefit from the performance differences between winners and losers, this enables attractive returns, detached from the general market trend.

Alternative credit strategies: There are many companies that are suffering from the increased interest burden. In order to avoid an expensive and protracted bankruptcy process, many seek solutions through early refinancing or modification. 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 at index level are close to historic lows. History shows that these risk premiums normalize over time. Through the combination of selected credit positions and favorable hedging, we expect attractive returns.

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 can achieve attractive results.

Patrick Erne, Portfolio manager