GEMINI Collective Foundation 1e

QUARTERLY REPORT **Q4/2023**

New global trouble spots and a drop in interest rates

REVIEW

The fourth quarter began with the outbreak of another crisis in the Middle East, as the conflict between Israelis and Palestinians flared up again in the aftermath of a terrorist attack by Hamas. The fact that a full-scale conflagration has so far been avoided has reassured the financial markets.

Although inflation has declined significantly, key interest rates in Western countries have remained largely unchanged. In the **USA,** the economy was supported by the continuing strength of the consumer sector and the country's fiscal policy, while its monetary policy with its high key interest rates had the opposite effect. In **China,** some foreign companies withdrew their capital due to declining confidence. Unlike the sustained weakness of the real estate sector, the overall Chinese economy was supported by high consumer spending. Given its traditional trade surplus, **Switzerland** was not entirely immune to the global slump in demand. Here too, growth was driven by domestic consumer demand coupled with record population growth in 2023.

After a turbulent October, the **stock markets** regained confidence and closed November and December on a positive note. Technology stocks continue to support the markets.

The **bond markets** were volatile in Q4, and yield curves remained inverted. With inflation rates going down faster than expected, market participants harboured hopes of faster key interest rate cuts. As a result, yields on fixed-interest investments fell and their valuation rose.

OUTLOOK

High interest rates are increasingly holding the global economy back, and the leading economic indicators in Western countries are all in negative territory. Market participants do not expect central banks to start lowering key interest rates until the second quarter of 2024. Real wages are falling as a result of higher inflation, which is likely to have a negative impact on private consumption and hence the economy. This means that market participants' expectations remain subdued. Fixed-interest securities remain attractive, especially compared to the high valuations of some equities, primarily in the technology sector.

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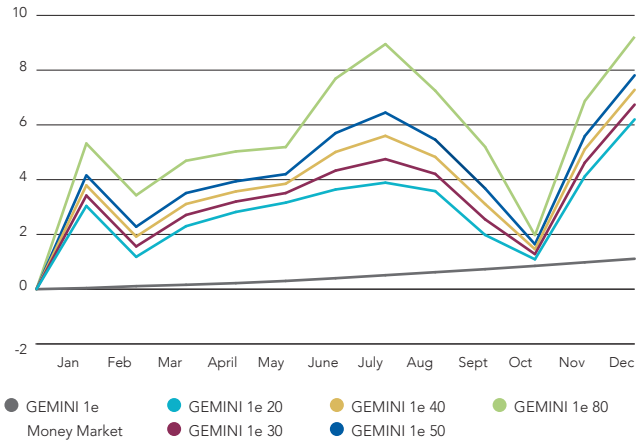
Cumulative return from January to December 2023 in %



Cumulative return (YTD) in %

	October	November	December
GEMINI 1e Money Market	0.85	0.98	1.11
GEMINI 1e 20	1.09	4.12	6.20
GEMINI 1e 30	1.28	4.62	6.74
GEMINI 1e 40	1.46	5.11	7.28
GEMINI 1e 50	1.64	5.59	7.81
GEMINI 1e 80	1.97	6.87	9.22

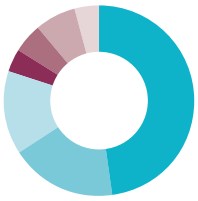
Monthly return in %

	October	November	December
GEMINI 1e Money Market	0.12	0.12	0.13
GEMINI 1e 20	-0.88	3.00	2.00
GEMINI 1e 30	-1.24	3.30	2.03
GEMINI 1e 40	-1.60	3.60	2.06
GEMINI 1e 50	-1.97	3.89	2.10
GEMINI 1e 80	-3.06	4.80	2.20

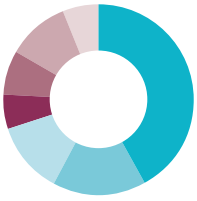
The GEMINI 1e investment strategies

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



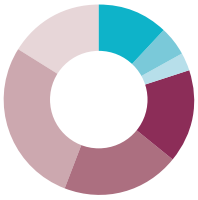
GEMINI 1e 20
20% equities



GEMINI 1e 30
30% equities

GEMINI 1e 40
40% equities

GEMINI 1e 50
50% equities



GEMINI 1e 80
80% equities

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