

HOW ABSOLUTE RETURN FUND

Factsheet – August 2024

Investment objective

The investment objective of the HOW Absolute Return Fund is mainly to achieve a positive absolute return over the medium term through capital growth. In order to achieve its investment objective, the fund invests in European and American equity securities and rights as well as in fixed- or variable-interest debt securities and debt securities and/or in money market instruments of issuers worldwide. The HOW Absolute Return fund is actively managed without referencing a benchmark. The performance of the sub-fund is not coupled with any reference index, so it can make its investment decisions independently of such indices.

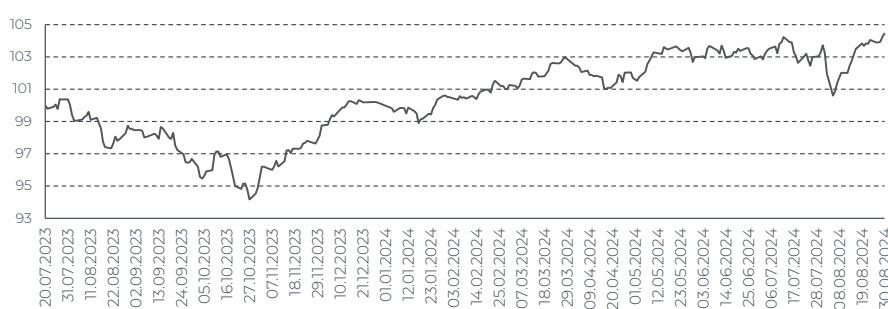
General Information

Fund name	HOW Absolute Return Fund
Share class	CHF I
ISIN	LI1278249647
Launch date	20.07.2023
Fund size	EUR 11.8mn
Last NAV	CHF 104.45
Fund type	UCITS
Investment zone	Europe and USA
Use of proceeds	Accumulation
SRI according to KID 07.05.2024	<div style="display: flex; gap: 5px;"> 1 2 3 4 5 6 7 </div>

Fees

Issue premium	none
Redemption charge	none
Management fee	max. 1.25%
Performance fee	15%
High watermark	yes
Hurdle rate	no

Historical performance



Monthly performances

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
2024	4.31%	0.38%	0.51%	1.95%	-1.26%	1.28%	-0.12%	0.84%	0.69%			
2023	0.13%							0.37%	-1.81%	-1.90%	-1.87%	3.43%

Monthly Comment

In August, global equities experienced some gains, although the month had a bumpy start. The STOXX Europe 600 index managed a respectable rise of 1.33%, with the EURO STOXX 50 performing even better, climbing 1.75%. Similar to July, investors showed a clear preference for defensive sectors, such as Telecoms, Healthcare, Insurance, and Real Estate, as a strategy to navigate market uncertainty.

Across the Atlantic, a comparable pattern unfolded in the United States. Investors shifted their focus towards safer, defensive sectors, pulling funds out of tech stocks, particularly Semiconductors. Despite this cautious reallocation, the major indices all managed to post gains. The Nasdaq edged up 0.65%, the S&P 500 rose by 2.28%, and the Dow Jones increased by 1.76%, continuing the positive momentum from July.

Meanwhile, in the UK, the market presented mixed results. The FTSE 100 posted a modest increase of 0.10%, while the FTSE 250 suffered a more significant setback, falling by 2.38%. This drop was primarily attributed to profit-taking after a robust performance in July. Healthcare, Consumer Staples, and Industrials were the bright spots, while sectors such as Energy, Basic Materials, and Financials struggled to gain traction.

August was a turbulent month in terms of volatility, we saw VIX spike to 38.60 at the beginning of the month, only to quickly drop back to around 16 by the end of the month.

Credit markets have recovered from the weakness observed in early August. Government Bonds showed their safe-haven status, with yields falling. Further declines in yields will be dependent on softening inflation and policy rate cuts. We have not changed our bond portfolio, which maintains a duration of 3.29 and a yield of 3.71%.

On the macroeconomic front, the eurozone's purchasing managers' index (PMI) improved, rising to 51.2 in August from 50.2 in July, driven mainly by strength in the services sector. However, manufacturing continued to contract, remaining below the critical 50 mark. Germany lagged behind, while Spain showed some leadership, and France received a slight boost from its services sector, buoyed by the approaching Olympics. Inflation in the eurozone dropped from 2.6% in July to 2.2% in August, raising expectations that the European Central Bank (ECB) may cut interest rates in September following a 25 basis points cut in July.

In the UK, the latest PMI surveys indicate moderate growth extending into the third quarter, following two strong quarters. Notably, both inflation and wage growth are showing signs of slowing, increasing the likelihood of another rate cut from the Bank of England (BoE) before the end of the year.

In the US, the labor market appears to be losing momentum, but initial jobless claims suggest a gradual slowdown rather than a sharp decline. The non-farm payrolls report for July showed an increase of just 114,000 jobs, falling short of the expected 175,000. The unemployment rate also ticked up to 4.3%. Additionally, the ISM manufacturing report for July indicated further contraction in the manufacturing sector, with a reading of 46.8, down from 48.5 in June. The Federal Reserve is signaling the possibility of a rate cut in September, though the timing and pace of future cuts remain uncertain.

Turning to the HOW Absolute Return Fund – CHF I, the month ended on a positive note, with the fund gaining 0.69%.

This performance was largely driven by several key contributors. Ferrari benefited from analyst upgrades, while Eli Lilly is expected to capture market share from its main competitor. HOW Made of Switzerland Fund and Aflac also performed well, supported by their strong positions in the Healthcare and life insurance markets in Japan. On the downside, Roche, Sandoz, and Alcon faced headwinds, primarily due to adverse currency movements remaining the Swiss franc (CHF) and the US dollar (USD). Additionally, Microsoft continued to experience challenges, as it remained vulnerable to the ongoing outflows from the tech sector, where it serves as a key benchmark.

In terms of trading activity, there were no major changes in portfolio positioning during the month. By the end of August, our equity exposure stood at 61.8%.

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Allocation

Equity	61.80%
Bonds	44.55%
Cash	2.73%

Key Data

Highest NAV (30.08.2024)	104.45	Annualised volatility	5.21%
Lowest NAV (27.10.2023)	94.16	Max drawdown	-6.20%
% positive	53.09%	Duration	3.29
Best period	1.40%	YTM	3.71%
Worst period	-1.34%		

Top 5 equity holdings

HOW Made of Switzerland Fund	6.14%
Microsoft Corp.	2.88%
ASML Holding NV	2.41%
Stoxx600 Real Estate	1.74%
Unilever Plc	1.58%

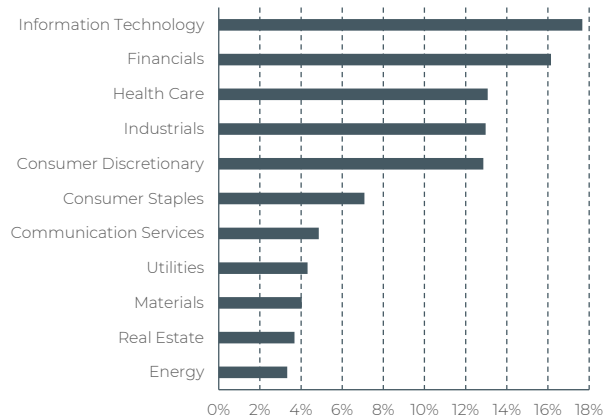
Top 5 contributors

Ferrari N.V.	0.17%
Eli Lilly & Co	0.16%
HOW Made of Switzerland Fund	0.11%
Aflac Inc.	0.10%
FX FWD USD/EUR	0.09%

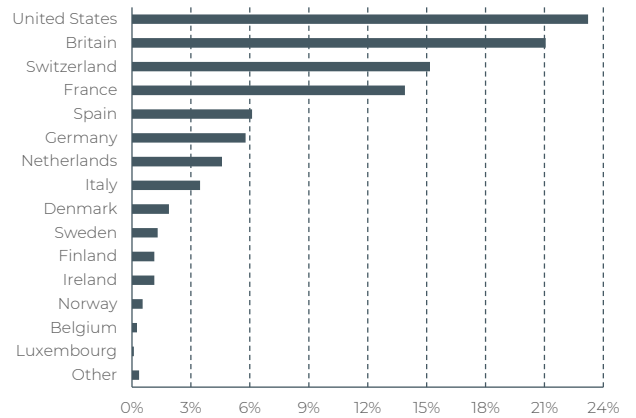
Top 5 detractors

Roche Holding AG	-0.20%
Sandoz Group Rg	-0.14%
Microsoft Corp.	-0.08%
Alcon Inc.	-0.08%
FX FWD CHF/EUR	-0.07%

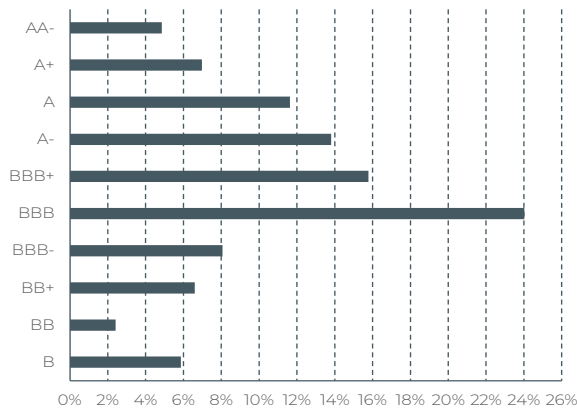
Sector breakdown (Equities)



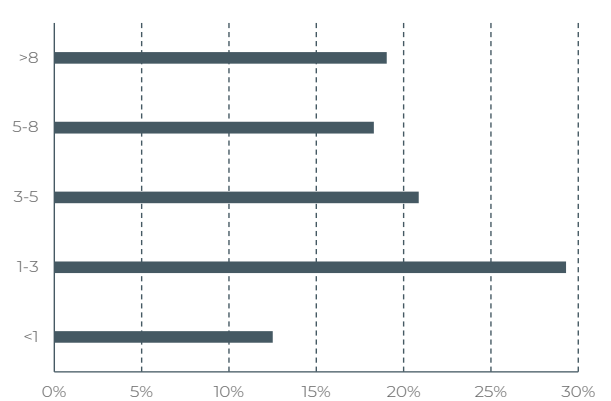
Geographic breakdown (Equities)



Ratings (Bonds)



Maturities (Bonds)



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