

HOW ABSOLUTE RETURN FUND

Factsheet – September 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.

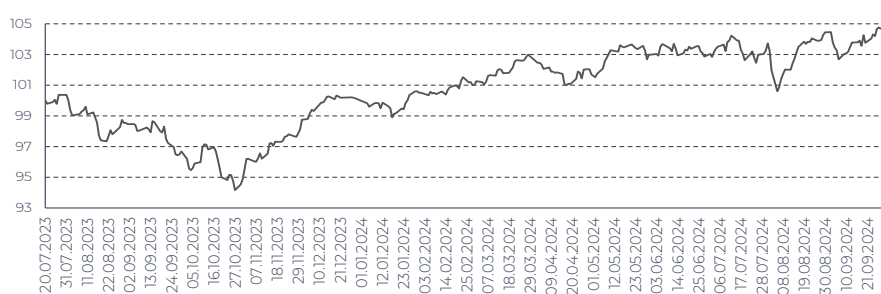
General Information

Fund name	HOW Absolute Return Fund							
Share class	CHF I							
ISIN	LI1278249647							
Launch date	20.07.2023							
Fund size	EUR 11.7mn							
Last NAV	CHF 104.55							
Fund type	UCITS							
Investment zone	Europe and USA							
Use of proceeds	Accumulation							
SRI according to KID 07.05.2024	<table border="1"> <tr> <td>1</td> <td>2</td> <td>3</td> <td>4</td> <td>5</td> <td>6</td> <td>7</td> </tr> </table>	1	2	3	4	5	6	7
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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	4.41%	0.38%	0.51%	1.95%	-1.26%	1.28%	-0.12%	0.84%	0.69%	0.10%		
2023	0.13%						0.37%	-1.81%	-1.90%	-1.87%	3.43%	2.05%

Monthly Comment

In September, the financial landscape was marked by significant movements, particularly in the US markets, which soared to new heights. The Nasdaq showcased an impressive 2.68% increase, buoyed by strong tech performance. The S&P 500 followed suit with a solid gain of 2.02%, while the Dow Jones climbed by 1.85%. However, the picture in Europe was more mixed; the STOXX Europe 600 experienced a slight decline of 0.41%, while the EURO STOXX 50 managed to gain 0.86%. In the UK, both the FTSE 100 and FTSE 250 indices closed negatively, recording losses of 1.67% and 0.16%, respectively.

Delving deeper into sector performance, we observed a stark contrast across regions. In Europe, Energy and Information Technology lagged significantly, while Basic Resources, Retail, and Real Estate emerged as the standout performers. Over in the United States, the overall sentiment was more optimistic, with all sectors posting positive returns, save for Energy, which mirrored the struggles seen in both the UK and Europe.

September saw increased market volatility, driven largely by renewed tensions in the Middle East, which had a more pronounced impact on Europe compared to the US.

In the fixed income space, optimism prevailed as prospects of lower interest rates emerged. With central bank interventions on the horizon, we strategically extended the duration of our fund's bond portfolio from 3.3 to 5.1 years with a YTM of 3.22%. This proactive adjustment aimed to capitalize on potential rate cuts.

On the macroeconomic front, signs of a slowdown began to surface in the eurozone economy. The Purchasing Managers' Index (PMI) for September plummeted to an eight-month low of 48.9, suggesting stagnation and raising concerns of a mild recession in Germany. Conversely, Spain's economic outlook showed resilience, revising upward amid a backdrop of easing inflation. The inflation rate, which had peaked at 2.6% in July, fell to 1.8% by September, prompting the European Central Bank (ECB) to cut rates for the second time, bringing the deposit facility rate down to 3.5%.

In the UK, business activity maintained a stable trajectory, with expansions in both manufacturing and services. The Consumer Prices Index inflation nudged slightly higher to 2.2%, surpassing the Bank of England's target of 2.0% reached in June. As a result, the Bank of England held rates steady at 5%, with Governor Bailey signalling a cautious approach to any future cuts.

Meanwhile, in the US, economic indicators indicated moderate growth, although employment softened. Non-farm payrolls added only 114,000 jobs in July, missing the consensus of 175,000, while the unemployment rate rose to 4.3% in September. The Federal Reserve responded by cutting interest rates by 0.5% and signaling further easing.

Against this dynamic backdrop, the Absolute Return Fund – CHF I concluded September on a positive note, achieving a gain of 0.10%. This encouraging performance was largely driven by Futures on the Real Estate index, which is particularly sensitive to interest rate movements. Notably, stocks like Iberdrola benefited from the anticipated surge in Energy demand from data centres, while both Hewlett Packard and Microsoft rebounded after two months of negative performance.

However, not all stocks contributed positively: ASML faced significant challenges, primarily due to concerns over Chinese demand and new restrictions imposed by the Dutch government on after-sales services for products sold in China. Similarly, Novo Nordisk encountered pressures from the US government regarding the pricing of its flagship drug. BAE Systems lost ground on hopes for a peaceful resolution in Ukraine, while TotalEnergies was affected by the correlation with oil prices, which hit new lows during the month.

Trading activity within the fund was particularly intense, especially in the bond portion of the portfolio. We made strategic moves by selling positions with a duration of less than 3 years and purchasing those with duration between 5 and 8 years. In the equity component, we also adjusted our strategy, reducing the weight of well-performing stocks to better align with our objective of achieving absolute returns in a volatile environment.

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Allocation

Equity	59.20%
Bonds	50.94%
Cash	1.74%

Key Data

Highest NAV (27.09.2024)	104.76	Annualised volatility	5.22%
Lowest NAV (27.10.2023)	94.16	Max drawdown	-6.20%
% positive	53.72%	Duration	5.1
Best period	1.40%	YTM	3.22%
Worst period	-1.34%		

Top 5 equity holdings

HOW Made of Switzerland Fund	6.13%
Microsoft Corp.	3.30%
Stoxx600 Real Estate	3.06%
ASML Holding NV	2.23%
Alphabet	1.78%

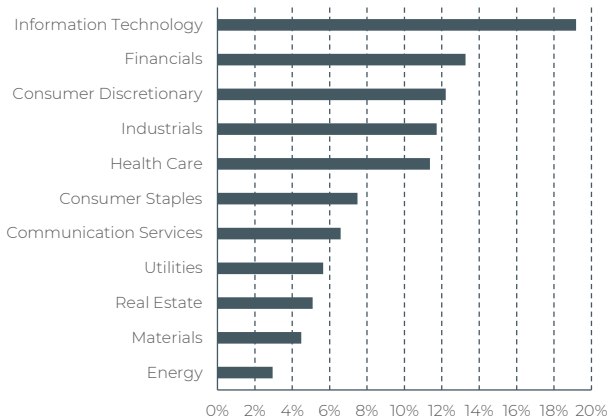
Top 5 contributors

Future Stoxx600 Real Estate	0.17%
Iberdrola SA	0.13%
Hewlett Packard Enterprise Co	0.13%
Microsoft Corp.	0.09%
Marks and Spenser Group PLC	0.06%

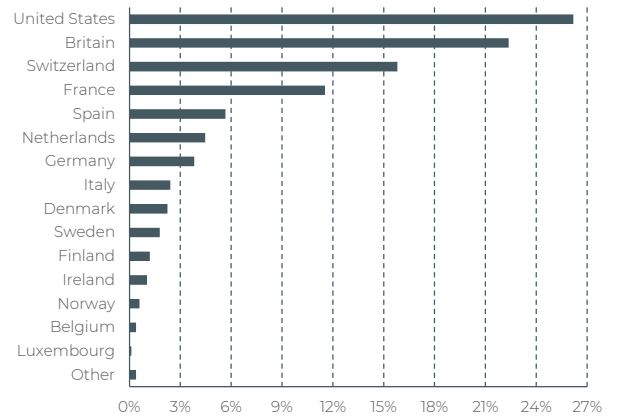
Top 5 detractors

ASML Holding NV	-0.20%
Novo Nordisk A/S	-0.16%
BAE Systems PLC	-0.11%
Eli Lilly & Co.	-0.08%
Ferrari N.V.	-0.07%

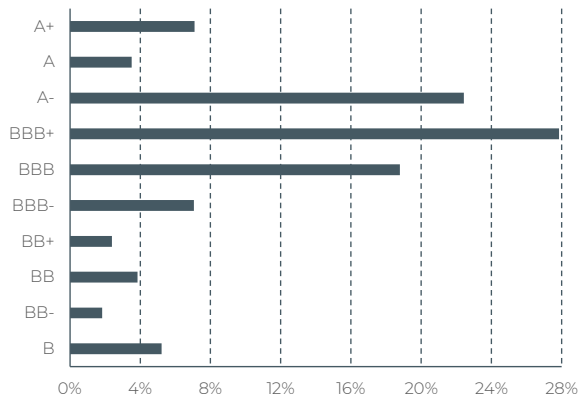
Sector breakdown (Equities)



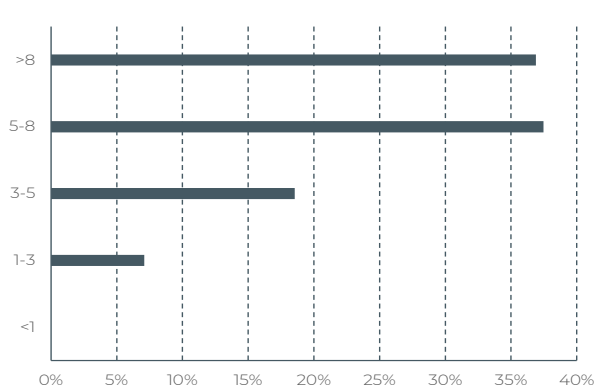
Geographic breakdown (Equities)



Ratings (Bonds)



Maturities (Bonds)



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