

## Review

2021 continued to be strongly influenced by the global Corona pandemic. Central banks continued their low interest rate policies to support the economy and capital markets. This led to a significant increase in inflation rates. In the USA, inflation, which is also due to problems in the international supply chains, has reached a level last seen in the 1970s. The bond markets in particular have reacted to this development. In the US, ten-year government bond yields rose 80bps in the first four months to 1.7% in April, ending the year at 1.5%. This resulted in a negative total return in euro terms.

The stock markets, however, were not impressed by this development. The American market in particular was able to perform well again with a plus of 27% for the S&P500. The S&P recorded 70 new highs in 2021. The European stock markets did not perform quite as well. At least they managed double-digit gains this year. The Asian stock markets, on the other hand, developed disappointingly and could only show a small plus.

Despite rising inflation rates, gold was unable to benefit. In euro terms, a plus of 4% remained, but this was due to the positive development of the US dollar, which ended the year with a plus of 8%. The British pound and the Swiss franc also gained, while the Japanese yen showed a small loss. Rising prices on the commodity markets could be observed above all for oil and gas, which thus also had a decisive influence on the inflation trend.

## Development

The year 2021 started as 2020 had ended. Technology stocks in particular continued to be the focus of investors, especially until February. The fund was also able to benefit from this. In the course of the year, gains were occasionally taken in technology stocks such as Apple or Keysight Technologies. However, the technology sector remains the most heavily weighted sector. The digitisation of the economy and governments should continue to contribute to attractive growth rates in the sector in the future.

Over the course of the year, there was a change in investors' favourites. In the second half of the year, growth stocks, some of which were highly valued, were no longer the exclusive favourites of investors. They were swapped at the expense of defensive dividend stocks. The fund was able to profit from this after the purchase of the SPDR US Dividend Aristocrat. The pharmaceutical and healthcare sector was also significantly expanded. New additions to the portfolio included, for example, Dermapharm and Pfizer, which performed very well due to their products used in the Corona vaccine. The healthcare sector now has the second largest sector weighing together with the consumer sector. Due to the ageing of society, stable growth rates are also expected for this sector in the coming years.

In 2021, the portfolio was also broadened with the aim of reducing the volatility of the portfolio. A new position in Xetra Gold was added, as well as the I-Shares Diversity Commodity Swap ETF, a fund that tracks the price development of a commodity basket. The fund has not yet been able to profit decisively from the position in gold and commodities, but they have helped to reduce volatility. They also represent a hedge against further increases in inflation rates.

## Outlook

The outlook for 2022 is characterised by many uncertainties. Due to the continued high inflation rates, a change in the partly very expansive money supply policy is to be expected. The US central bank in particular should initiate a trend reversal and also reduce bond purchases and carry out the first key interest rate increases in the course of the year.

Global economic growth should remain high, although growth should decline somewhat compared to 2021. Uncertainties exist in particular with regard to the further development of the Corona pandemic and problems within global supply chains. Political developments in Ukraine and tensions between China and Taiwan could also unsettle the markets.

Due to the continued positive economic environment, we remain highly invested in equities. Bonds are underweighted. The uncertainties and the change in central bank policy should lead to increased volatility. We will react to this by building up tactical hedges.