

Portfolio Management Quarterly Report.

Q1 2024



Gutmann
PRIVATE BANKERS



ON COURSE FOR OPPORTUNITIES.

We made asset allocation changes in the first quarter. As usual, the adjustments were gradual. Similar to long voyages, slight course adjustments are always important. Otherwise, one ends up far away from the original target expectation.

Since taking on the role of Chief Investment Officer in October 2021, I have advocated a policy of small steps. That may not be a slogan that will win any elections. After all, bold decisions and interventions with big impacts are expected! But in the unpredictable world of financial markets, an overly bold approach leads to a dead end. Simply because decisions that turn out to be wrong after a short time are unavoidable. In such cases, it is good if those decisions can be easily revised.

We must always remain agile in our investment decisions. The boxer Muhammad Ali said it best: "Float like a butterfly, sting like a bee." We made small stings in January and February on both bonds and stocks. You can read the details in this quarterly report.

I can already anticipate one thing: the equity portfolio has been positioned somewhat more defensively. However, we remain overweight in equities. After the rise in share prices since the end of October 2023, market participants are noticeably in a better mood. However, we can detect exuberant sentiment only in isolated cases.

There are still many promising spots on the map of the stock market.

Robert Karas
Chief Investment Officer
Partner



Inflation-linked bonds more attractive again.

In the first quarter of 2024, the different bond segments digested the strong price increases of the fourth quarter of the previous year. Prices were probably a little ahead of the fundamental developments. All in all, the Gutmann bond strategy finished the first quarter slightly down.

Everything is connected in the financial markets. As stock prices turned upward in late October 2023, inflation expectations began to fall. This decline continued into January of this year. At that point, however, it was becoming increasingly unlikely to us that inflation could continue falling all the way back to pre-pandemic levels.

We therefore took courage and increased the proportion of inflation-linked bonds from 6% to 10% of the fixed-interest investments.

Falling inflation expectations

The rise in prices of goods and services had been slowing for some time. But our main concern is expectations for the future. These were also declining, as was evident from the example of the 10-year German inflation expectations. Levels below 2% per year were suddenly being seen as likely again. This was indicated not only by surveys of market participants but also by prices traded on the financial markets.

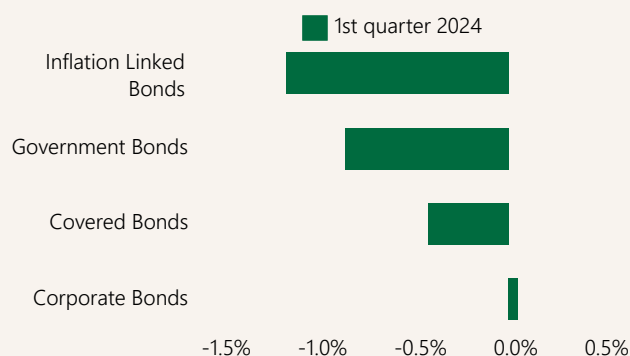
We assigned a low probability to inflation falling further towards the 1% to 1.5% range seen in the 10-year breakeven rates - financial jargon for inflation expectations - before the pandemic.

Some parameters that have a longer-term inflationary impact had shifted after all. Just think of increased geopolitical risks leading to "friend-shoring", which counteracts the efficiency of globalization.

In addition, labor market shortages persist. Ultimately, the push towards renewable energy costs money and leads to price increases.

Key Segments Performance of the Gutmann Bonds Strategy

Past performance is not indicative of future returns.



In a challenging first quarter, all segments of the Gutmann Bonds Strategy performed negatively due to the rise in yields.

Performance Gutmann Global Bonds Strategy 10 years: 2014 6.58%, 2015 0.35%, 2016 2.31%, 2017 0.44%, 2018 -1.87%, 2019 3.02%, 2020 0.70%, 2021 -0.60%, 2022 -9.85%, 2023 6.41%.

Front end load up to 3% is not reflected in the performance figures. Performance is shown in EUR. Due to currency fluctuations, the return for investors with a different reference currency may rise or fall. Bank Gutmann clients do not pay any front-end load fees.

Performance calculation by Gutmann KAG, data as of 31.03.2024.

The policy of small steps.

Based on our assessments, we increased inflation-linked bonds at a relatively low level of inflation expectations.

We can certainly imagine that inflation will remain slightly above the central bank's 2% target due to structural forces such as persistent wage pressures and geopolitical fragmentation.

Higher weighting of linkers

With inflation-linked bonds you buy the current inflation expectations. If these increase in the future, so-called linkers will benefit compared to conventional bonds.

With the adjustment, we increased the weighting of the segment, which we had reduced since autumn 2022. In retrospect, the increase came at a good time, as inflation expectations rose again in February and March. This has a positive effect on this type of bond.

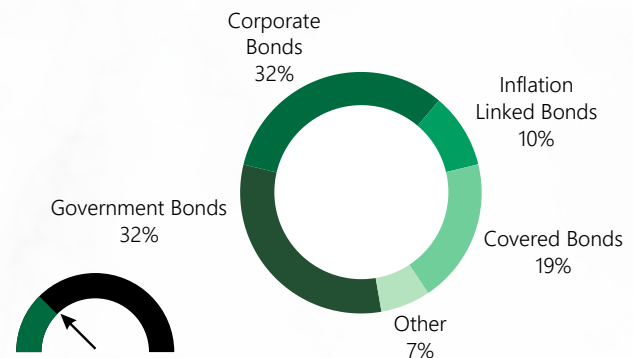
More weight through higher duration

The Gutmann bond strategy currently has a duration of 4.8 years for both EUR and USD portfolios. In simple terms, the duration reflects the average length of time the capital is tied up. At the beginning of 2022 it was still a good 3 years. Following the policy of small steps, we have gradually increased it since then.

Duration is also a measure of sensitivity. As a rule of thumb, the higher the number, the greater the price change of a bond when interest rates change.

This higher duration gives the bond portion of a mixed portfolio more weight. If a crisis sell-off occurs in stocks, quality bonds will be in demand. These are exactly the papers that we hold in the Gutmann bond strategy! If worse comes to worst, these should develop particularly well and cushion stock price declines.

Segments of the Gutmann Bonds Strategy



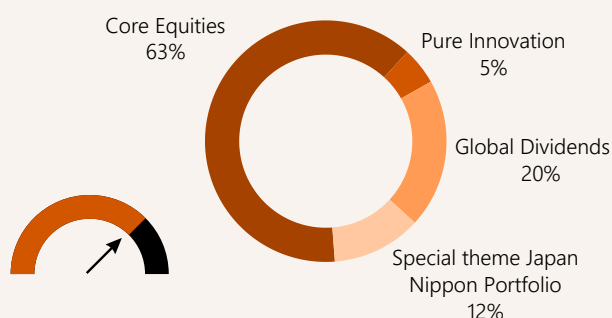
The speedometer shows our current bond weighting: Underweight. Bonds from selected companies and government bonds are the key pillars of the Gutmann bond strategy.

The average return of the Gutmann bond strategy is 3.7%. While this is below the high of 4.4% in October 2023, the return is higher than it has been over the past 15 years. This makes us optimistic about the future.

More dividend stocks and securities from Nippon.

Stock prices continued their rise in the first quarter. One reason was certainly the hoped-for boost in innovation that artificial intelligence could bring. In the first quarter of 2024, stocks from the digitalization sector performed best. However, the increase across the entire range of our activities was beneficial for the Gutmann equity strategy.

Gutmann Equity Strategy



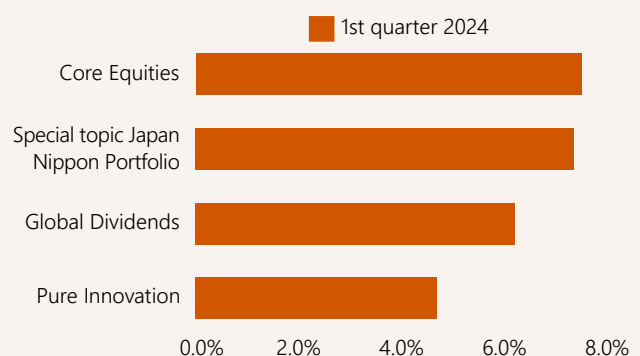
The speedometer shows our current stock positioning: Overweight. In the first quarter of 2024, we increased dividend stocks and the special theme of Japan.

We found an attractive opportunity/risk ratio, particularly in stocks with high dividend yields and in Japanese stocks. We therefore increased their share while slightly reducing the overall equity allocation. This aligns with the policy of small steps.

For a relatively long time, specifically since September 12, 2022, the equity quota in Gutmann Portfolio Management was overweight. This meant that the proportion of equities in individual client portfolios rose above the target levels for the cycle. We reduced the overallocation and took profits.

Performance Gutmann Equity Strategy

Past performance is not indicative of future returns.



All investment themes in the Gutmann equity strategy generated good returns in the first quarter. We benefited from this without taking excessive risks in individual themes or stocks.

Performance 10 years:

Gutmann Core Equities:

2014 11,62%, 2015 9,61%, 2016 8,94%, 2017 4,52%, 2018 -9,36%, 2019 29,11%, 2020 4,34%, 2021 26,35%, 2022 -12,23%, 2023 18,23%.

Gutmann Global Dividends:

2014 16,55%, 2015 10,20%, 2016 7,58%, 2017 4,31%, 2018 -5,15%, 2019 22,95%, 2020 -8,25%, 2021 25,85%, 2022 1,46%, 2023 3,38%.

Gutmann Pure Innovation:

2022 -13.42% (fund launch March 2022), 2023 15.49%.

Nippon Portfolio (EUR):

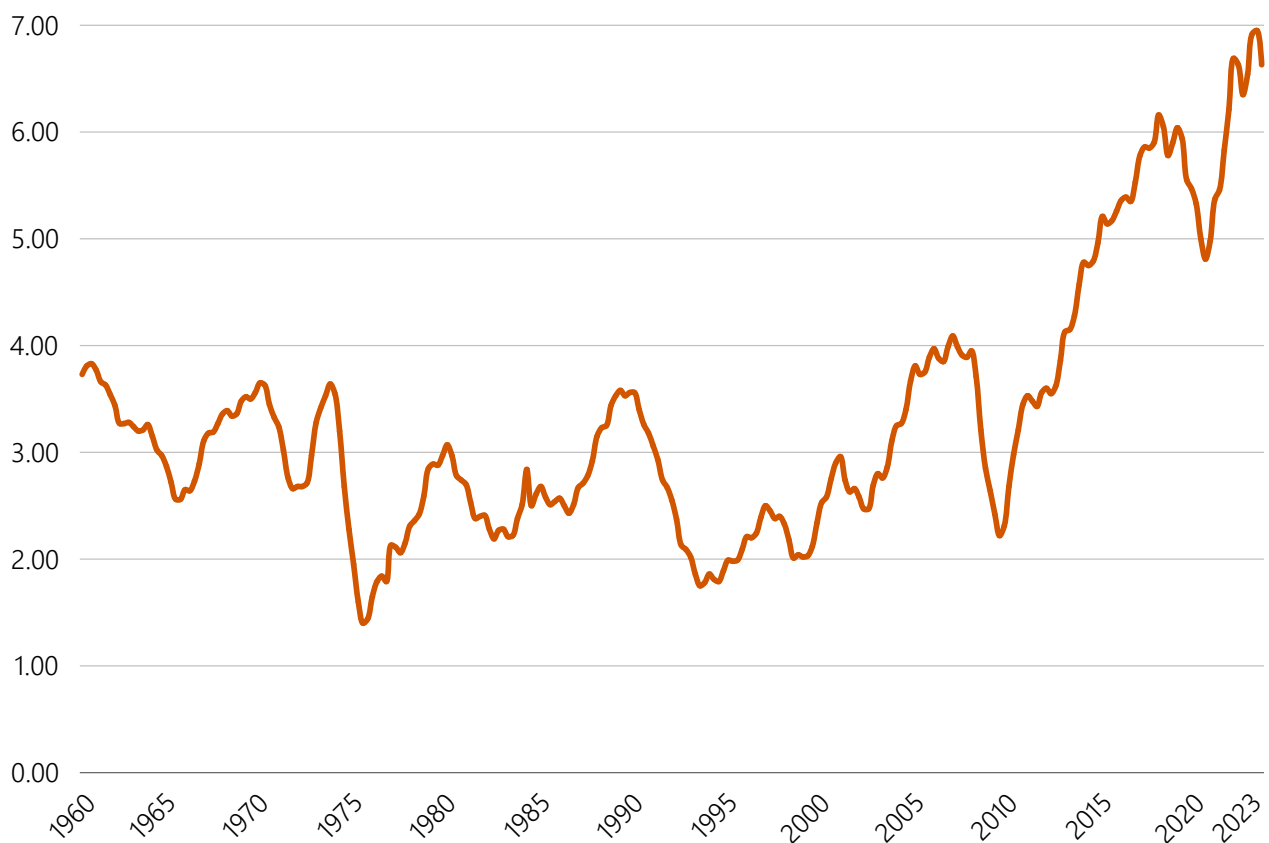
2014 7,83%, 2015 18,05%, 2016 6,01%, 2017 4,53%, 2018 -18,95%, 2019 20,85%, 2020 10,36%, 2021 5,74%, 2022 -15,95%, 2023 15,28%.

Front-end load up to 5% is not reflected in the performance figures. The performance is shown in EUR. Due to currency fluctuations the return for investors with a different reference currency may rise or fall. Bank Gutmann clients do not pay any front-end load fees.

Performance calculation by Gutmann KAG, data as of 31.03.2024.



Japan: Significant improvement in profit margins.



Japanese corporate profits as a percentage of sales.

For more than six decades, profits in Japan have been low relative to sales. The average profit margin in the 50 years up to 2012 was only around 3%. Since then, however, it has steadily increased, approaching international levels.

Source: Japanese Ministry of Finance as of 31.12.2023

Noticeable changes in the equity portfolio.

In the pandemic year 2021, the gap between dividend stocks and the overall equity market widened considerably. In 2022, dividend payers on the stock exchanges started a comeback. However, high-dividend securities once again lagged behind in price development last year.

Our assumption is that the two Gutmann equity strategies, Core Equities and Global Dividends, will generate attractive returns over the cycle. However, they will show different developments over shorter time frames. This discrepancy can be exploited by adjusting the weightings countercyclically.

Increase to 12%

At the beginning of 2021, the proportion of Japanese stocks in our portfolio management was increased from 5% to 7%. A further increase to 10% followed in February 2022. Since the end of February 2024, Japan's share in portfolio management has amounted to 12% of Gutmann's equity portfolio.

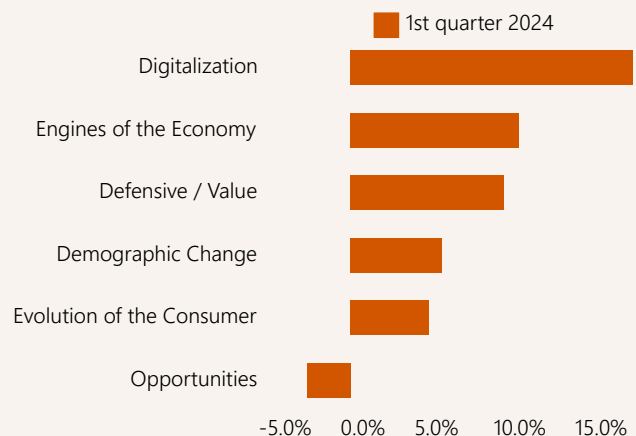
Have we already mentioned the policy of small steps? It is important to note the change over longer periods of time. The increase from 5% to 12% over the last 3 years is significant and noticeable. By the way, Japan's weight within the global equity markets is a good 6%. Our share being twice as high is a clear commitment to Nippon.

The decisive factors for the increase were noticeable structural reforms in Japan.

Rising profit margins, higher payouts and share buybacks are increasing the attractiveness for investors. 60% of our Japan investments are in heavily undervalued stocks. 40% is invested in securities of internationally active companies with strong competitive advantages.

Themes of the Gutmann Core Equities Strategy

Past performance is not indicative of future returns.



Digitalization continues to be the pacesetter on the stock markets. But most other themes also contributed to the positive performance in the first quarter.

Performance Gutmann Core Equities 10 years:
2014 11.62%, 2015 9.61%, 2016 8.94%, 2017 4.52%, 2018 -9.36%,
2019 29.11%, 2020 4.34%, 2021 26.35%, 2022 -12.23%, 2023 18.23%.

Front-end load up to 4% is not reflected in the performance figures. The performance is shown in EUR. Due to currency fluctuations the return for investors with a different reference currency may rise or fall. Bank Gutmann clients do not pay any front-end load fees.

Performance calculation by Gutmann KAG, data as of 31.03.2024.



The art of staying invested.

In March 2024, client events on the art of staying invested took place in Tyrol, South Tyrol and Upper Austria. We are convinced that our strategy helps you stay invested for the long term.

In recent months, a concentrated strategy with only a few technology stocks would have yielded the highest gains. If we knew the future, we would have bet only on the winners each quarter. That is of course impossible.

We therefore value balance and discipline. Both are integral components of the Gutmann investment strategy process. At Gutmann Portfolio Management, your investments are sufficiently diversified across themes and individual securities. Yet the approach remains focused. This makes it possible to generate returns without having to deal with sleepless nights.

Almost all of our clients hold bonds in addition to stocks. Security is particularly important to us in this asset class. The top priority with bonds is the repayment of the money lent. After all, that is the very purpose of buying a bond. The yield comes second. Not just nominally, but also in real terms after deducting inflation. And the prospect of real returns on bonds is now better than it has been for a long time.

The financial markets are not a one-way street. Setbacks and bear markets can be part of this reality. With our allocation in equities and bonds, we are prepared for this eventuality as well.

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Gutmann Global Bonds Strategy may invest mainly in categories of assets other than securities or money market instruments.

Due to the composition of the portfolio and the used portfolio management techniques the Gutmann Core Equities, Gutmann Global Dividends, Gutmann Pure Innovation and the Nippon Portfolio under certain circumstances can show an increased volatility, i.e. the value of units may be exposed to high up- and downturns within short periods of time.

Further Information on the main risks of the Funds can be found in the Key Information Document ("PRIIPs-KID") as well as the prospectus or the information for investors pursuant to Article 21 German Act on Alternative Investment Fund Managers (AIFMG - Alternatives Investmentfonds Manager-Gesetz) under the item "Risk profile of the Fund".

The Funds pursue an active management strategy without reference to a benchmark.

All figures made without guarantees. Errors and omissions excepted.

For interested parties the Key Information Document ("PRIIPs KID") in accordance with the Regulation (EU) No 1286/2014 for Nippon Portfolio, Gutmann Global Bonds Strategy, Gutmann Core Equities, Gutmann Global Dividends and Gutmann Pure Innovation respectively the prospectus in accordance with section 131 InvFG for Nippon Portfolio, Gutmann Core Equities, Gutmann Global Dividends and Gutmann Pure Innovation respectively the Information for investors according to section 21 AIFMG for Gutmann Global Bonds Strategy

in their current versions are provided in German language free of charge at Gutmann KAG and Bank Gutmann AG, both Schwarzenbergplatz 16, 1010 Vienna, Austria and on the Website www.gutmannfonds.at as well as for Nippon Portfolio, Gutmann Core Equities and Gutmann Global Dividends at the German information center Dkfm. Christian Ebner, Attorney at Law, Theresienhöhe 6a, 80339 Munich as well as for Nippon Portfolio at the Dreyfus Söhne & Cie AG, Aeschenvorstadt 14-16, 4002 Basel. The distribution of fund units was notified to the German Federal Financial Supervisory Authority (BaFin). Gutmann KAG may de-notify the distribution of funds in Germany as far the conditions according to Art 93a of Regulation 2009/65/EG are fulfilled.

Further information on the sustainability-relevant aspects of the Funds can be found at www.gutmannfonds.at/gfs.

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