



S E R E N I S

FAMILY CAPITAL

Monthly Markets Chronicles

October 2024

The Trump Tsunami

The event which, for many, was expected to bring the most uncertainty for the rest of the year has, to everyone's surprise, produced the opposite effect. The results point to a resounding victory for the Republican Party, which looks set to take the Presidency, Congress and the Senate, while retaining or reenforcing its majority on the Supreme Court.

After an electoral campaign marked by unprecedented and unpredictable events, punctuated by confrontations at every rally and forecasts once again belied, we find ourselves at the dawn of a new era in the history of the United States.

For short-term financial markets, this unexpected outcome has reduced uncertainty and avoided the dreaded political deadlock. The current set-up looks ideal for investors, particularly on Wall Street, which could benefit from increased stability and business-friendly policies.

However, it is important to note that if the Republican Party gains full control of institutions and the “America First” agenda materializes, the long-term impacts could be very consequential. Profound changes in trade, tax and international policies could emerge, requiring investors to think carefully over the medium and long term. Investment strategies will have to be reassessed to adapt to a changing economic and geopolitical landscape.

This is precisely how Serenis operates: by anticipating major transformations and guiding its clients through a constantly changing environment. By preparing ourselves to enter this new phase with confidence, while exercising prudence and reason, we can seize the most promising opportunities and successfully advance towards a prosperous future.



Comments of the month of October

October was a surprising month, to say the least, and the epilogue was a bloody Halloween. Indeed, most indexes were still performing in the green before the 31st, but the old demons resurfaced to frighten investors. The most notorious movement was certainly that of the US Treasury bond, which saw its biggest monthly rise in over two years with a 50-point increase from 3.78% to 4.28%. The entire bond and equity markets followed suit.

The big winner of the month was undoubtedly the dollar, which gained considerable strength at a time when many analysts were predicting a collapse of the greenback in the current globalized system. The biggest gain came against the yen, with an increase of over 5.8%, resulting in a positive monthly performance for the Nikkei in October.

Equity Indexes	Value	MTD	2024
S&P 500 (USA)	5 705	-1.0%	19.6%
Nasdaq 100 (USA)	19 890	-0.8%	18.2%
Euro Stoxx 50 (Europe)	4 828	-3.5%	6.8%
SMI (Switzerland)	11 793	-3.1%	5.9%
Nikkei 225 (Japan)	39 081	3.1%	16.8%
CSI 300 (China)	3 891	-3.2%	13.4%
Currencies	Value	MTT	2024
EUR/USD	1.088	-2.3%	-1.4%
USD/CHF	0.864	2.2%	2.7%
EUR/CHF	0.940	-0.1%	1.2%
GBP/USD	1.290	-3.6%	1.3%
USD/JPY	152.030	5.8%	7.8%
Bond Indexes		MTD	2024
Government USA		-2.4%	1.4%
US Corporate IG		-2.4%	2.8%
US Corporate HY		-0.5%	7.4%
Government UE		-0.8%	1.3%
UE Corporate IG		-0.7%	1.7%
UE Corporate HY		0.6%	6.9%
Other Asset Classes	Value	MTD	2024
Gold	2 744	4.2%	33.0%
Brent Crude	73	1.9%	-5.0%
Bitcoin	69 938	9.6%	66.8%
Rates / Indicators	Value	Δ MTD	Δ 2024
US 10 years rate	4.28%	0.50%	0.41%
GER 10 years rate	2.39%	0.27%	0.37%
US Unemployment	4.1%	-0.10%	0.4%
Volatility Index (VIX)	23.2	6.4	10.7

Other equity markets are suffering, particularly on the Old Continent. Year-to-date performance on European markets is back in line with historical averages of around 6%-7%. After the euphoria of the Chinese stock markets following announcements of massive support for its economy, a certain return to reality is being felt and the policies announced are having difficulty convincing foreign investors.

Gold continues to outperform all asset classes (excluding cryptos) with another very positive month and an annualized performance in excess of 33%. Bitcoin flirted with all-time highs at the end of the month but is struggling to break through its glass ceiling. It did, however, have a very positive month, rising by almost 10% in October.

Lastly, it is worth noting that volatility rose significantly to above 23, having spent most of the year below 15.



Our current positioning

During our investment committee meeting on October 23, discussions were lively and animated by the crucial upcoming deadlines, i.e. the US elections on Tuesday November 5 and the next Fed meeting on Thursday November 7. Add to this the eagerly-awaited corporate earnings releases, especially from the Mag-7s, and we expect a period of heightened volatility and market reactions of greater amplitude.

Recent movements in the US 10-year Treasury note, which has risen from 3.78% to 4.28% in the space of a month, are not very encouraging signs for the evolution of the US economy, or at least for expectations of this evolution. There are several possible interpretations, and there's no doubt that the uncertainties linked to the elections have something to do with it, but it also reflects a certain anticipation of a possible new rise in inflation, which could force the FED's hand at its next meetings, contrary to what it was forecasting and communicating to the markets.

Against this backdrop, and after such a rise, we are favoring high-quality bonds and sovereign debt this month. Indeed, it is likely that rates have reached a ceiling and that, from then on, the next trend will be downwards again, although this may take longer than anticipated. This would benefit bond yields and returns in portfolios properly exposed to these defensive asset classes, although it has to be said that October was a complicated month for fixed income.

We are also recommending a certain allocation to cash and cash equivalents for the time being, potentially with a view to investing at more attractive levels should certain market corrections materialize.

The Committee also decided to maintain an underweight position in equities, with one change concerning only the US markets, which have been moved from underweight to neutral. We accept this decision, as well as the risk of heightened short-term volatility due to the post-election effect. Statistically and historically, the weeks following a US presidential election have always benefited US equities, so we are comfortable with a neutral allocation to this asset class.

We also maintain a neutral position on emerging market equities. We do not favor any particular country, but rather a representative basket of emerging countries, to avoid over-concentration, such as China, for example. In this way, we can benefit from the steady positive flows and renewed interest in these countries, while minimizing the overall risk of such an investment.



On the other hand, we are maintaining our underweight position on European equities for the next few weeks. There are a number of reasons why we find it very difficult to project a positive outlook for these markets. In the case of Germany, where the index is trading at historic highs, while the German economy is suffering in many sectors, we have our doubts. The case of France, with its uncontrolled debt and exposure to the luxury goods sector, does not reassure us. And finally, the recent climatic events in Spain will also be detrimental to this economy.

As regards our strategic investments, we are maintaining the same themes as last month: gold, uranium and defense. The performance of gold and defense since their introduction, at +31.40% and +21.30% respectively, could continue in the same vein over the coming months. In the next section, we'll return to the case of gold to contextualize this opportunity in today's world. Uranium, which is still suffering, could see a spectacular end to the year and remains, without doubt, a unique opportunity at present.

Our balanced portfolio, in USD, outperformed the benchmark by 24 basis points, posting a year-to-date return of over 10.83%. Our satellite investments contributed over 17.3% of total performance, demonstrating resilience but above all adding value to the portfolios.

The Investment Committee and our analysts are currently studying the US Small & Mid Cap sector, which could turn into future winners in the months following the elections. Indeed, the theme of the "reindustrialization" of numerous sectors in the USA implies major future investment for many small and medium-sized companies. Large caps, which have attracted a great deal of attention and flows in recent years, may be running out of steam in favor of this asset class. We'll probably come back to this next month.

« Core » Portfolio

	% SAA		%TAA
Cash	5%	=	5.0%
Fixed Income	45%	↗	47.5%
Investment Grade	20%	↗	22.5%
Sovereign Debt	15%	↗	17.5%
High Yield	10%	=	10.0%
Equities	50%	✓	47.5%
US markets	30%	=	30.0%
European markets	15%	✓	12.5%
Emerging markets	5%	=	5.0%

« Strategic focus » investments

Themes	%	Since
Gold	5.0%	29.12.2023
Uranium	2.5%	29.12.2023
Defense	2.5%	30.04.2024

Balanced USD Portfolio



Thinking forward: Gold

"Gold is money. Everthing else is credit"

Attributed to J.P.Morgan
(US Congres, 1912)

In 2014, following the annexation of Crimea, Russia suffered a first wave of economic sanctions imposed by the United States and the European Union. Anticipating more restrictive measures, the Russian Central Bank, headed by Elvira Nabioullina, adopts a long-term strategy: the massive accumulation of gold reserves. Between the fourth quarter of 2014 and the fourth quarter of 2023, Russia's gold reserves rise from 1,040 tons to 2,332 tonnes, positioning the country among the world's largest holders.

When the invasion of Ukraine in 2022 triggers a new round of even tougher sanctions, Russia's gold hoarding policy proves decisive. The sanctions had a direct impact on the Russian economy: many banks were excluded from the SWIFT system, foreign currency assets were frozen, and technology exports were restricted. Although the economy has been severely impacted, Russia's vast gold reserves have moderated the pressure on the ruble and maintained the country's economic resilience. Gold reserves support the national currency, preserve confidence in domestic markets and become a pillar of financial reserves. In addition, this strategy offers Russia flexibility in its trade relations with Asian partners, notably China and India, which are not bound by Western sanctions. Gold, universally recognized and easily exchangeable, thus becomes a crucial instrument for smoothing currency fluctuations and circumventing economic obstacles, enabling Russia, in 2023 and 2024, to face sanctions with greater stability.

In November 2024, while the war in Ukraine persists and sanctions are still in force, the accumulation of gold appears to be a successful strategic decision. It also seems unlikely that Russia will reverse this strategy.

Against this backdrop, gold seems to be regaining its lost position and has entered a new phase of revaluation. Although its price has risen considerably over the last 24 months, Western investors do not seem to be showing any increased interest. This paradox could be explained by an overconfidence in traditional financial assets, or by an omission of the fundamental changes redefining gold's role.

Historically correlated with economic indicators such as real interest rates and the strength of the dollar, gold is beginning to detach itself from them. This movement also highlights the limits of over-reliance on a single currency like the USD for global reserves.

The United States is facing economic challenges linked to an unprecedented level of debt. National debt is expected to exceed \$36,000 billion before the publication of this analysis, fueled by persistent budget deficits and increased reliance on financing through the issuance of Treasury securities. This financing, once supported primarily by foreign central banks, now relies on short-term and volatile investors, including hedge funds and private offshore

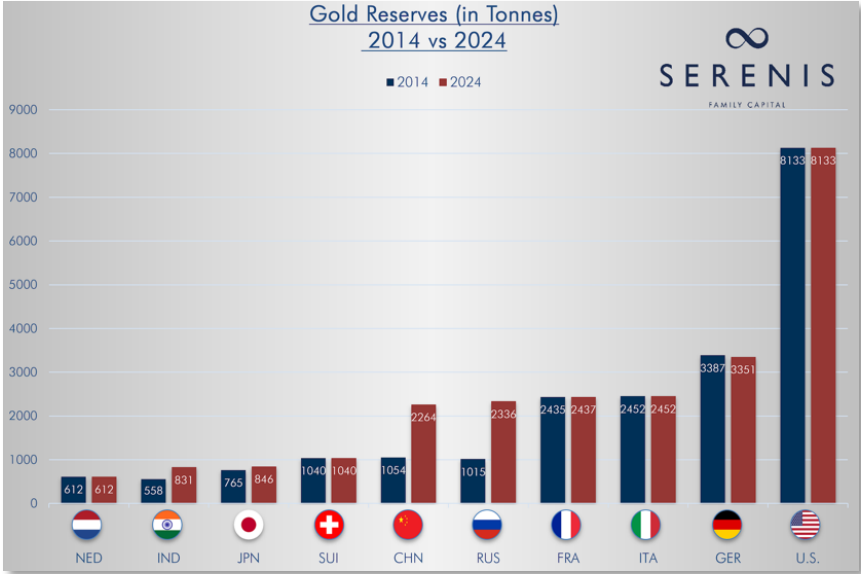


entities. This development marks a change and could increase the vulnerability of the US financial system.

The gold-oil price ratio is also reaching historic highs, reflecting the growing fragility of the petrodollar system. In June 2024, Saudi Arabia announced its decision to accept payments for its oil in currencies other than the US dollar, marking a historic turning point in oil trading. In addition, oil-exporting countries also increased the portion of their surpluses held in gold rather than in US Treasury bonds. This shift, which is a slow but seemingly long-term trend towards the loss of attractiveness of US credit-based assets, reflects growing mistrust in the ability of the US to sustainably manage its colossal debt, and is also partly a reaction to US sanctions and the confiscation of Russian USD reserves.

Certainly, the People's Republic of China has also taken note, and they're certainly not the only ones in Asia. Since 2022, Asian central banks have reached record levels, exceeding 1,000 tons a year.

As geopolitical tensions intensify and economic instability increases, gold is asserting itself as a symbol of security and stability, its intrinsic value and tangible nature enabling wealth to be preserved without depending on the solvency or promises of a third party. Gold's return to favor, particularly in regions where uncertainty is greatest, contrasts with the indifference of Western markets, revealing a dichotomy between the perception of security in developed economies and the quest for stability elsewhere. Once considered a simple diversification tool, gold now seems to be regaining a fundamental role. If the dollar remains dominant and its crucial role does not suddenly change, ignoring this trend and failing to adapt to it could be a costly mistake in the long term. We may be at the dawn of a new era for gold, where its stabilizing function and unique qualities of independence, scarcity and durability could see it regain a central place, serving both as a trusted refuge in times of crisis and as the foundation for global monetary policies in the decades to come.



Food for thoughts

The power of podcasts

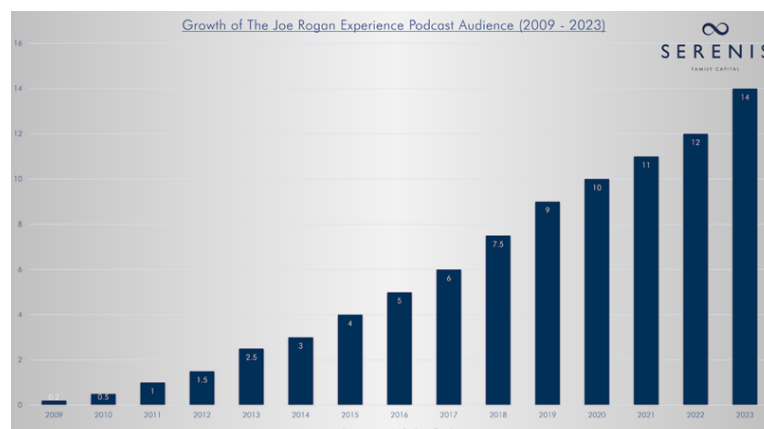
Although [The Joe Rogan Experience](#) initially had a limited audience outside the U.S., its influence has gradually asserted itself, probably playing a significant role in the evolution of recent elections: The Joe Rogan Experience is the most emblematic podcast, but we shouldn't overlook the many other independent podcasts that are redefining the media landscape. The influence of Rogan and platforms like Substack reveals an erosion of trust in traditional media, perceived as biased. These platforms respond to a growing need for sincere, unfiltered information, close to listeners' realities.

Joe Rogan has transformed his podcast into an essential forum for debate, attracting millions of listeners who are captivated by his freedom of tone and the depth of his exchanges. With a diverse range of guests - scientists, experts, politicians - Rogan returns the interview to its original vocation: exploring subjects without ideological constraints. This contrasts with the traditional media, where exchanges are often formatted and superficial.

During the 2024 presidential campaign, Rogan invited Donald Trump and Kamala Harris. Only Trump accepted, and the episode quickly became the show's second most-watched, capturing the attention of an audience weary of the polarizing rhetoric of the major networks. The interview became a symbol of rebellion against the rigidity of traditional discourse.

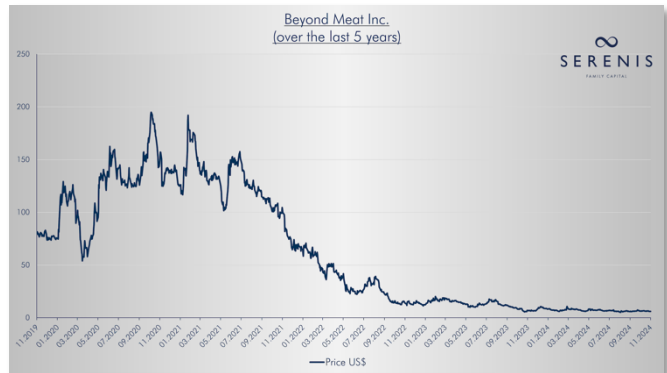
Rogan's success lies in his ability to go beyond simplistic narratives, give a voice to marginal opinions and open up public debate to sometimes iconoclastic ideas. The Joe Rogan Experience and other influential podcasts are becoming essential tools for communication, not only as platforms for open discussion, but also as strategic levers for reaching segments of the population that are often ignored.

However, this influence must be used wisely. The power of this medium lies not only in dissemination, but also in the audience's interpretation of the information. It is essential to ensure that this thirst for truth is not misused, so as to guarantee a well-informed public capable of forming an informed opinion.

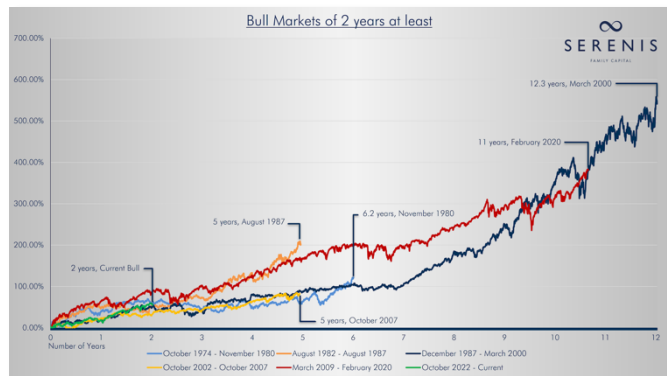


Three charts :

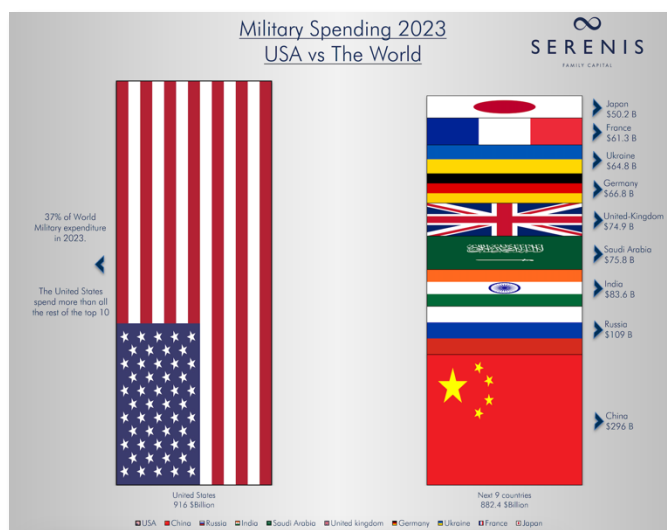
Do you remember Beyond Meat? Founded in 2009, this plant-based food (meat substitute) company went public in May 2019 at a price of \$25, briefly peaking at \$239 less than 3 months later. Today, the stock is trading at less than \$7, a performance of -93% in less than 5 years.



Here's how the previous *bull markets* evolved from their 2nd year of growth. Of the last five *bull markets*, the shortest lasted 5 years and the longest over 12 years. We could therefore see several more very positive years for US equities, particularly depending on the outcome of the US elections. Stay invested!



A picture is worth a thousand words! Here is a graphical representation of the military spending of the world's major powers in 2023. The USA spent a total of \$916 billion, an amount greater than the sum total of the next nine countries, including China, Russia, India, etc., etc., which added up to a total of \$882 billion. Let's not forget that these amounts will, and must, increase significantly over the next few years for every country in the world.





“Markets can only be understood backwards, but they must be invested thinking forwards”

Serenis Family Capital
Esplanade de Pont-Rouge 1
1212 Grand-Lancy
+41 22 704 0840
info@serenis.ch
www.serenis.ch