quantumrock

January 2023

Market Commentary

Market Commentary January 2023

From the perspective of investors, 2022 was an eventful year. The focus was on a significant rise in inflation, a global decline in economic growth and a rise in interest rates.

A large proportion of these issues will continue to occupy investors in 2023. However, the direction of the impact of these issues on the capital market is not clear.

If we look at inflation, the CPI figures published in January in the USA show a further slowdown and the first signs that inflationary pressure is easing, even though inflation remains very high. Nevertheless, it will be a while before inflation returns to the Fed's desired level of around 2 percent. The Fed's next interest rate decision is due at the beginning of February. Here, the current consensus assumes a further hike of 25 bp.

Inflation expectations in the EU are also showing signs of weakening from their high levels. Both short- and long-term expectations have declined further in most EU member states. Germany, for example, recorded the sharpest decline in expectations. However, this could also be related to the fiscal support package, where the government takes over household gas bills in December. Another indicator that will influence further ECB decisions is the second-round effects, especially wage inflation. In general, it seems conceivable that headline inflation and, thus, inflation expectations have peaked. However, concerns about the persistence of inflation are the driving force behind the ECB's hawkish message.

In the process, the two major central banks appear to be slowing the pace of rate hikes in the coming meetings, even if the Fed is ahead of the ECB in this regard. Still, it looks realistic that they will continue to raise rates through early 2023.

The extent to which the global economy slips into recession in 2023 will become apparent in the coming months. On the one hand, there are some hopeful signs of scenarios in which inflation returns to central bank targets without a significant slowdown in labor markets. These include the fact that corporate employment figures continue to appear robust and there are growing signs of an upturn in China. On the other hand, factors such as the consequences of the transformation of geopolitics, the rivalry between the USA and China, and an energy crisis in Europe weigh on the global economy. All of these factors point to continued high volatility in the financial markets.

Consequently, it seems advisable to assess new asset classes that may act as inflation dampeners and portfolio stabilizers. In 2023, quantumrock will, therefore, venture into hard assets in the form of coloured gemstones - a historically uncorrelated asset to all traditional asset classes. Our clients will, for the first time, be able to participate in the historically stable performance of gemstones through liquid and transparent funds. More to come!

In Focus: Turbulent Markets

- More room for maneuver for the Fed and the ECB.
- Geopolitical tensions remain.
- Hard assets, such as gold and precious stones, as a safe haven and diversification opportunity.
- Central banks remain in focus of financial markets.

Risk Notice

General disclaimer

All product-related information in this document is intended solely for professional investors in the EEA within the meaning of Directive 2014/65/EU on financial instruments (MiFID II Directive) of the European Parliament, accredited investors in the U.S. as defined in Rule 501 of Regulation D promulgated under the Securities Act, or persons entitled to receive such information under other applicable laws.

The information and statements contained in this document are presented in summary form and have been prepared solely for marketing and informational purposes. Neither the information contained in this presentation nor any opinion expressed herein is binding upon or constitutes a solicitation, offer or recommendation to buy, sell or dispose of any investment, to engage in any other transaction or to provide any investment advice or service. Any such offer is made only by means of a final confidential memorandum for a private offering and only in jurisdictions where permitted by law.

This document is provided as promotional material and is not binding. The strategic information provided has been prepared for the general information of investors. It is not intended to replace the investor's own market research or other legal, tax or financial information or advice. They do not contain all the information required for important economic decisions and may differ from the information and assessments of other sources or market participants. We assume no liability for the accuracy, completeness or timeliness of this document. All statements are based on our assessment of the current legal and tax situation. All opinions reflect Quantumrock's current assessment and are subject to change without notice.

Investment Performance

The representations of performance contained herein do not constitute a representation that such performance will continue in the future or that any investment scenario or performance will be even approximately as described. Any investment described herein is an example only and is not a representation that the same or even similar investment scenarios will occur in the future or that the investments made will be profitable. No representation is made that any investment will or is likely to produce profits or losses similar to those presented. In fact, there are often wide discrepancies between past performance results and actual results achieved with a particular trading program.

The gross performance presented in this document takes into account all costs incurred at portfolio level (e.g. trading costs) and assumes reinvestment of any distributions. Costs incurred at client level, such as management and performance fees, are not included.

Because clients have different fee arrangements and depending upon the timing of a specific investment, net performance for an individual client may vary from the gross performance stated herein. Actual returns will vary among clients in accordance with the terms of the pertinent investment management agreements. Investment returns and the principal value of an investment will fluctuate and may be quite volatile and depend, among other things, on the tax treatment of the personal circumstances of each investor. In addition to exposure to adverse market conditions, investments may also be exposed to changes in regulations, change in providers of capital and other service providers. Investors risk loss of their entire investment. Past performance is no guarantee of future results.

Forward looking statements

Certain information contained in this material constitutes forward-looking statements, which are identified by the use of forward-looking terminology such as "may," "will," "should," "expect," "anticipate," "target," "project," "estimate," "intend," "continue" or "believe" or the negative thereof or other variations or comparable terminology. Such statements are not guarantees of future performance or activities. Due to various risks and uncertainties, actual events or results or the Company's actual performance may differ materially from those expressed or contemplated by such forward-looking statements.

For illustrative purposes only.

Examples of our processes and other ideas presented herein are for illustrative purposes only. There is no guarantee that Quantumrock will acquire any position mentioned in these examples or ideas or that any such position will be profitable.

Quantumrock GmbH

Luise-Ullrich-Str. 4
82031 Grünwald
Phone: +49 89 255 421 92 E-Mail: info@quantumrock.ai

Quantumrock GmbH is a contractually bound intermediary of Quantumrock Capital GmbH according to § 3 para. 2 WpIG. All strategies and investment opportunities presented are the responsibility of the liability umbrella Quantumrock Capital GmbH in its capacity as portfolio manage