

Portfolio Management Quarterly Report.

Q2 2024



Gutmann
PRIVATE BANKERS



PREPARED INTO THE FUTURE.

The perception of risk is a tricky thing. The more frequently we check our securities portfolio, the riskier it appears. The simple reason: the daily ups and downs in stock prices naturally induce nervousness.

We believe it is prudent to critically review a portfolio every quarter. This way, you stay sufficiently on top of things, while short-term corrections fade into the background. Hence this report.

The Gutmann equity strategy showed only minor changes over the second quarter. But there was no lack of short-term excitement. In April, the stock markets shifted into reverse. The downturn came to a halt after a decline of about 5% with prices subsequently turning upward again. Those who didn't monitor stock prices daily were spared this brief period of uncertainty.

It's often helpful to look back at stock price movements over past decades. This reveals that price corrections of 15% within a single calendar year are normal. We don't know what the second half of 2024 holds for us. But fluctuations come as no surprise to us.

Anyone invested in the market cannot escape price setbacks anyway. It's much more important to be prepared for them. And we certainly are.

That's why we welcome further price increases, but are also well-equipped for all other scenarios.



Robert Karas
Chief Investment Officer
Partner

All eyes on the central banks.

The financial markets continue to operate in a field of tension between economic growth, inflation, and central bank action. While stock markets benefit from positive economic developments, the US Federal Reserve in particular remains cautious about interest rate cuts. This is hardly surprising, as inflation in the USA stubbornly stays above the 3% mark.

In Europe, however, the interest rate hike phase that began in July 2022 has come to an end. The European Central Bank (ECB) cut interest rates by 0.25% in June. In the eurozone, the main re-financing rate now stands at 4.25%.

The lower graph on page 4 shows the development of European key interest rates (ECB deposit rate) since 1999. After the long period of zero interest rates, short-term interest rates were very swiftly raised to the highest level within this timeframe.

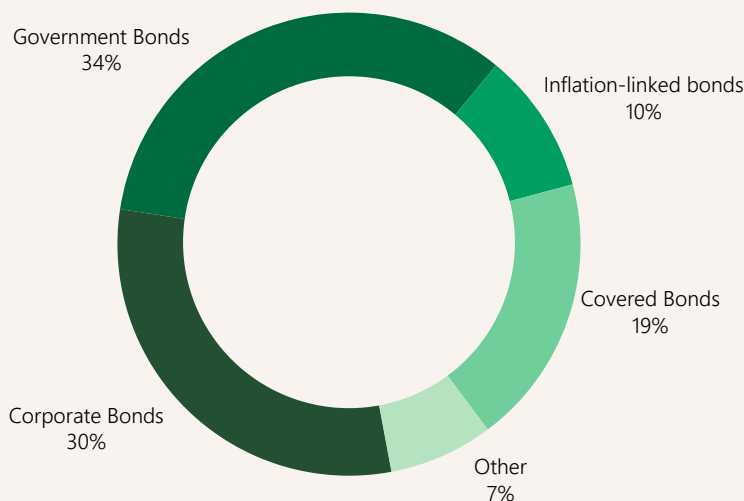
Last year, market observers were still expecting rapid interest rate cuts. However, this scenario did not materialize, as the anticipated recession failed to occur.

Fluctuation range 1%

The Gutmann bond strategy is well-positioned to handle the changing expectations of market participants. This isn't just gut feeling, it is also evident in the low volatility. In the second quarter, the strategy fluctuated within a narrow range of just one percentage point.

However, this doesn't mean maturity risk can be eliminated. After all, the duration stands at 4.8 years. In simple terms, duration reflects the average time for which the capital is committed. It is also a sensitivity indicator. As a rule of thumb: the higher the number, the greater the price change of a bond when interest rates change.

Segments of the Gutmann Bonds Strategy

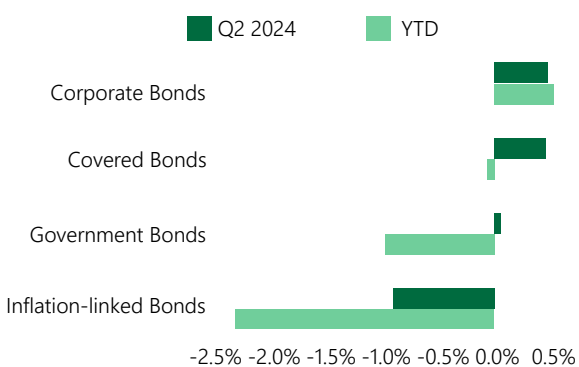


The speedometer shows our current bond weighting: underweight. Bonds from selected companies and government bonds are the most important pillars of the Gutmann bond strategy.

Attractive bond yields.

Key Segments Performance of the Gutmann Bonds Strategy

Past performance is not indicative of future returns.



Since the beginning of the year, corporate bonds have performed best in the Gutmann Bonds Strategy. Inflation-linked bonds have shown the weakest performance.

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%.

We consciously accept duration risk. The reason: in times of financial market stress, the bond portion of mixed portfolios would once again make a significant positive contribution. The higher interest rate will prove beneficial once the yield increase slows.

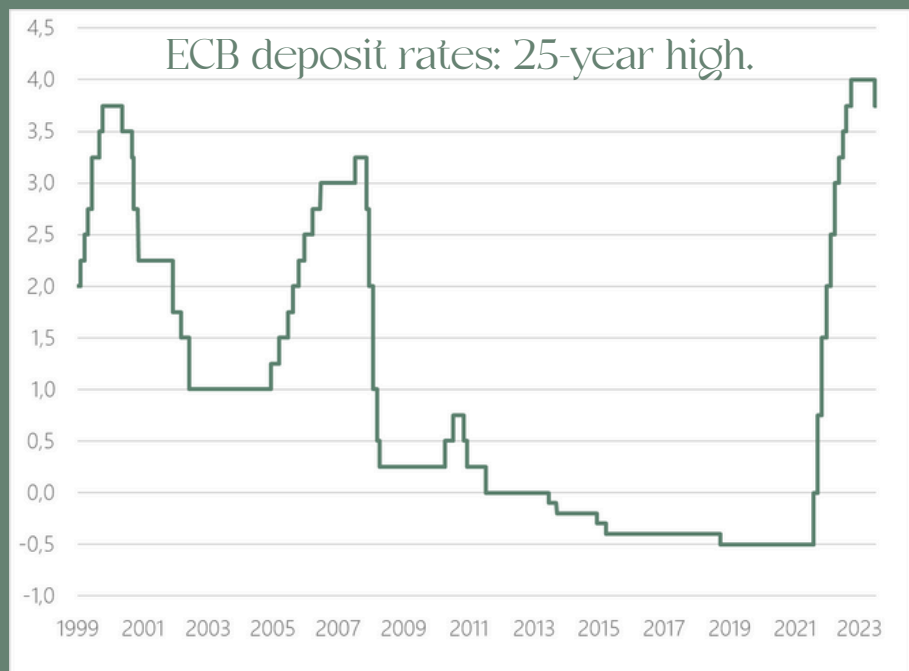
The ECB's interest rate cut at least increases the likelihood that we are approaching this point. After all, we are already at an average yield of 3.8% in the Gutmann Bonds Strategy.

Issue fees of up to 3% are not included in the performance data. 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 issue fees.

Performance calculation by Gutmann KAG, data as of June 30, 2024.

The European Central Bank rapidly raised short-term interest rates between July 2022 and September 2023 to the highest rate in 25 years, following a prolonged period of zero interest rates.

The turning point came in June of this year. Interest rates were reduced by 0.25 percentage points.



Source: Macrobond

Substantial movement in stocks.

The Gutmann Equity Strategy closed the previous quarter with a slight increase. The decline in April was quickly recovered in May. The theme of digitalization remains unchallenged in first place this year. Unsurprisingly, artificial intelligence AI continues to feature prominently in the headlines.

Whether it's Apple partnering with OpenAI to enhance Siri with even more artificial intelligence or Elon Musk aiming to outperform all other providers with his AI initiatives, AI remains a hot topic.

Equity strategy in balance

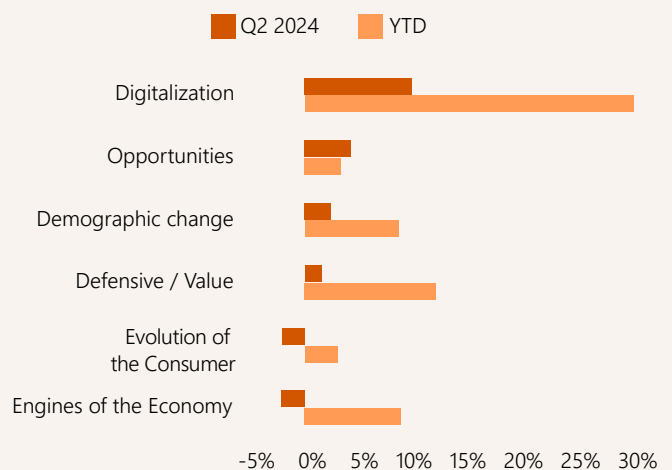
The crucial point is regardless of who wins the race, all participants require AI processors from NVIDIA. We have been invested in the company since 2018. Given the stock's exceptionally positive performance, we once again took profits in early May and reduced our holdings. In retrospect, it would have been better never to sell. But our self-imposed discipline systematically reduces the risk of unexpected price declines and keeps the equity strategy in balance.

Profit-taking and corresponding position reductions were also implemented in the chemicals stock DuPont and the data storage company Pure Storage as part of the quarterly adjustment. In contrast, we increased our stake in Starbucks, despite the company's disappointing quarterly results. As of now, this purchase has already paid off.

These quarterly counter-cyclical transactions restored the equal weighting in the Gutmann Core Equities strategy.

Themes of the Gutmann Core Equities Strategy

Past performance is not indicative of future returns.



The theme of digitalization continues to be the pacesetter on the stock markets, thus overshadowing all other stock segments.

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%.

Issue fees of up to 4% are not included in the performance data. 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 issue fees.

Performance calculation by Gutmann KAG, data as of June 30, 2024.



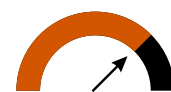
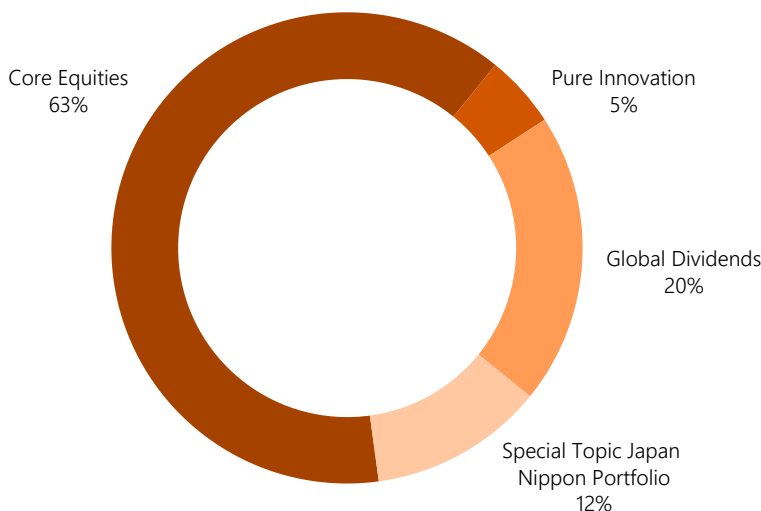
Shares in the data center operator Equinix were fully divested. Due to the ongoing controversy over accounting issues between Equinix and some major investor groups, we decided to take this step following the positive price reaction to the quarterly figures. Ultimately, we prefer not to retain such risks in the portfolios.

The proceeds from this sale were invested in Caterpillar. This company is the world's largest manufacturer of construction machinery and mining equipment, diesel and natural gas engines as well as industrial gas turbines.

We view Caterpillar as one of the primary beneficiaries of an extended U.S. construction cycle, driven by electrification and bolstered by infrastructure spending.

In the second quarter, high-dividend stocks had a positive impact on the portfolios. Such stocks also serve as a defensive component. Generally, dividend stocks demonstrate resilience in challenging equity market environments.

Gutmann Equity Strategy



The speedometer shows our current equity positioning: overweight. The Core Equities segment remains by far the most heavily weighted.

Nippon shares take a breather.

The special theme Japan held the red lantern for the quarter. Nippon stocks took a breather. The weak yen also put pressure on performance.

During company visits in June, we witnessed firsthand that the culture in Japan is changing. Business leaders are now grappling with concepts that were almost irrelevant in the past, such as the cost of capital and the return on invested capital. This is extremely important for those investing in Japanese companies.

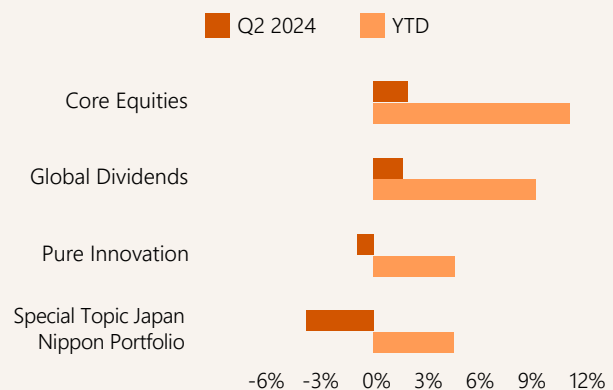
In Japan, we have allocated more than half of our portfolio in small companies. Such an approach only works with precise balance sheet analysis and personal visits. This is the only way to understand exactly whether the company's goals align with our ideas.

That is why we do not invest broadly across the Japanese stock market, but rather focus on specific Japanese business models.

Consequently, the performance of our holdings can deviate significantly from that of major indices such as the Nikkei 225. With our current 66 stocks, we hold less than 2% of all stocks traded on Japanese exchanges. Our hand-picked approach is therefore more than just a slogan.

Performance Gutmann Equity Strategy

Past performance is not indicative of future returns.



The Core Equities and Global Dividends equity strategies delivered positive returns in the second quarter. Japanese equities performed negatively.

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%.

Issue fees of up to 5% are not included in the performance data. 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 issue fees.

Performance calculation by Gutmann KAG, data as of June 30, 2024.



On course for a successful 2024.

The debate is as old as the stock market itself: Are stocks overvalued? Are we even witnessing bubbles or market excesses? These topics cycle over time. But the emotions of market participants remain constant. Currently, artificial intelligence dominates the conversation, fueling imaginations. This is clearly reflected in the strong performance of stocks related to digitalization.

However, the positive stock market development is broader. Beneath the surface, there is a clear distinction between business models that meet or exceed expectations and those that disappoint. Consequently, individual stock prices continue to show significant upward and downward movements.

We welcome these fluctuations as they continually create new investment opportunities. Our quarterly position adjustments ensure that counter-cyclical action is firmly embedded in our investment process.

In recent months, our Chief Investment Officer has given a number of talks to young people about investing. It is crucial to illustrate the magic of compound interest.

It's easy for us to calculate $8+8+8+8+8$ mentally. But $8*8*8*8*8$ already presents a far greater challenge. This is why it's not intuitive to grasp the enormous difference a few percentage points can make to an investment's final value after 30 years.

For this reason, stocks are essential in long-term financial assets. However, the investment level should be set to withstand bear markets, even if they persist for years.

We recognize that the stock market is not a one-way street. But we are well-prepared to navigate even turbulent conditions.

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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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