High Tech
Investment
Fund

ANALYTICS
FORECAST
PERSPECTIVES
RESULTS

JUNE 2023

Recap of end of 2022

- ...expectation of the base rate is about 5%;
- ...inflation should fall more in the beginning of 2023 and could normalize around the mid-year at 3.5% –4%;
- ...we are quite optimistic about the market as a whole and are ready for a cautious increase in the risk tolerance level for our Investors

Today's outlook

In our late 2022 research note, we were quite optimistic for all of 2023. Our forecast of a halt to the Fed rate hike of about 5 percentage points and a decline in inflationary pressures in the United States to thresholds of 3.5 - 4 percentage points by mid-year are apparently holding true so far. Our estimate of a 15 to 20 per cent recovery of the leading US stock indices thanks to the biggest technology companies, the list of which we provided in the note, was also correct. The market, breaking away from the most negative predictions, was able to focus on economic fundamentals, good reporting of companies in a number of industries, and show good dynamics. We expected problems in the US financial sector throughout 2023, so we limited our presence in this sector for the whole year, which at the end of the first half of the year was also the right decision and it prevented portfolios of securities under our management from showing excessive negative volatility. However, we do not tend to over-dramatize the situation in the U.S. financial market and think that the largest banks will be able to restore their positions by the end of 2023.

Strategy highlights

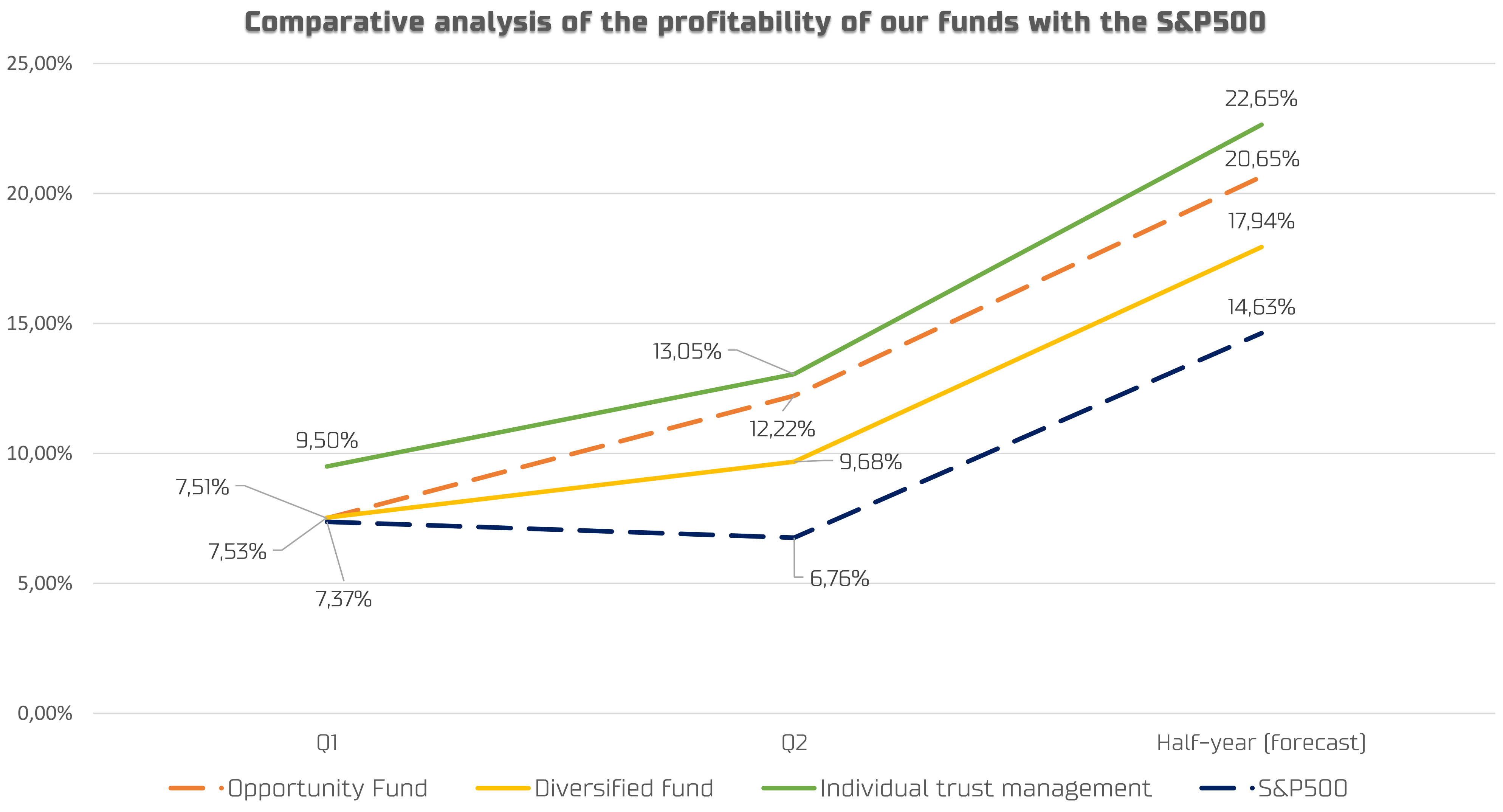
The third quarter of 2023 will not be as positive for the US stock market as the first half of this year and we expect markets to be under negative selling pressure from the second half of June to the end of September - the beginning of October. During this period, we expect increased volatility in the stock market, as well as possible sharp, failed strikes in the shares of major companies - the leaders of growth in the first half of the year, for which we will prepare portfolios under our management by increasing the share of cash in them. This will be related both to the desire of participants to capture some of the accumulated profits from the beginning of the year in anticipation of the end of the fiscal year in September, and with the intensification of geopolitical tensions in the Chinese and Mexican direction, which we tend to expect closer to the beginning of the fall of this year. At the same time, our expectations of dynamics of main energy carriers and metals markets are rather positive for the third quarter of the year, that is why we assume possible increase of their prices, which will bring additional inflationary concerns to financial markets. Also, we believe that food market will provide the pressure on inflation expectations and, especially, grain market, which is extremely sensitive to the level of global geopolitical tension, the growth of which we also expect in the 3rd quarter of this year.

Comprehensive forecast

Keeping our optimistic expectations till the end of the current year, we assume further growth of the major stock indices during this period of time, expecting to see maximum values at the end of the current year. Negative turbulence of the third quarter, the pick of which we expect to reach in mid-August this year. That is when, according to our predictions, the level of decline of indices will reach their maximum values. We expect to use this moment to aggressively build up the positions of our funds and individual trust management clients. In our opinion, this period will be the best one of the year to build a quality position in U.S. equities, both with the goal of selling them at the end of 2023 and in the first half of 2024.

At the moment we are not planning a radical change in the structure of the sector filling of our funds and individual trust management portfolios, but we assume some strengthening of the Energy, Pharmaceutical and Financial components at the expense of the Technology and Communications sectors by the end of 2023.

PROFITABILITY OF OUR FUNDS vs INDEX S&P500



CURRENT INDUSTRY COMPOSITION OF FUNDS

Opportunity Fund

Technology	(38.55%)
Communications	(23.78%)
Consumer	(18.03%)
Medical	(13.41%)
Energy	(6.23%)

Diversified Fund

Consumer	(38.21%)
Technology	(24.97%)
Financial	(13.43%)
Communications	(13.11%)
Energy	(5.67%)
Medical	(4.6%)

Individual Trust Management

Consumer	(32.79%)
Technology	(23.85%)
Communications	(11.94%)
Medical	(10.37%)
Energy	(6.11%)
Financial	(6.01%)
Industry	(5.61%)
Essential goods	(3.33%)

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