



UNION BANCAIRE PRIVÉE

UBAM (CH) - GOLD +

Monthly Report | December 2020

For Qualified Investors in Switzerland or Professional Investors or Eligible Counterparties as defined by the relevant laws

Performance

As of 31.12.2020	Fund	Bench
December-20	7.33%	7.41%
Past 3 Months	0.08%	0.33%
Past 6 Months	6.56%	7.08%
YTD	24.62%	24.65%
Since take Over (29.06.2012)	18.17%	18.44%

Source: UBP, Past performance is not an indicator of current or future results.

Manager Comments

In December 2020, the UBAM (CH) - Gold + fund returned +7.32% (USD I Class, net of fees). During that time, gold prices went from 1762.55 to 1893.22 USD/oz i.e. +7.41%, within the 1778 – 1895 USD/oz range.

In this environment, we kept our slightly bullish scenario with some convexity within the fund while actively managing the overall exposure in the 90% - 120% range relying on qualitative and quantitative inputs. On the quantitative side, the directional strategy brought some alpha from the upside trend of gold prices during the month, as well as the non-directional carry strategy, while the macro and risk reduction strategy slightly suffered. Overall, the fund was slightly behind its benchmark.

December 2020 was a very good month for Gold, posting a 7.4%, reversing from the -6.3% in November 2020 and ending the year with a 24.6% performance. The month was characterised, among mixed economic data releases, by headlines tackling the issues of increased COVID-19 cases and upcoming vaccination program, and the USD 900 Bn coronavirus aid package. The main supportive factor for Gold was most probably the continuing fall of the USD, reaching a 34-months low and contributing to rise of Gold prices.

On the physical front, the World Gold Council reported the premium between Chinese and LBMA international price was still trading at discount in December whereas Indian gold prices vs. LBMA were oscillating between discounts and premium trading in December.

In terms of flows, Gold ETFs holdings were down -28 tonnes i.e. -0.85% m/m bringing yearly inflows to +28.75% since the beginning of the year (+742 tonnes). CFTC reports showed that net long positioning was up during the month. Lastly, implied volatility (6-month maturity) was up during the month (18.5 at the end of month i.e. +0.9 pts m/m) while demand for upside participation (skew) was still supported (at 2.3 pts in favour of the upside calls).

At the end of December 2020, we were considering a slightly bullish scenario on gold prices, considering the worldwide sanitary situation, the low real yields, USD weakness, and Gold ETF inflows. This translates into a dynamically managed exposure between 90% and 120% with some positive convexity via listed options versus the benchmark.



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