



UNION BANCAIRE PRIVÉE

UBAM (CH) - GOLD +

Monthly Report | January 2021

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

Performance

As of 29.01.2021	Fund	Bench
January-21	-1.73%	-1.55%
Past 3 Months	-1.65%	-1.22%
Past 6 Months	-5.75%	-5.15%
YTD	-1.73%	-1.55%
Since take Over (29.06.2012)	16.13%	16.60%

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

Manager Comments

In January 2021, the UBAM (CH) - Gold + fund returned -1.7% (USD I Class, net of fees). During that time, gold prices went from 1893.22 to 1863.8 USD/oz i.e. -1.5%, within the 1831 – 1951 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 downside trend of gold prices during the month, as well as the non-directional carry strategy, while the macro and risk reduction strategy suffered. Overall, the fund was slightly behind its benchmark.

January 2021 was a challenging month for gold, posting a -1.7%, reversing from the +7.4% in December 2020. For the beginning of the month, the yellow metal retreated as the U.S. dollar strengthened (DXY Index +0.72% m/m) and the U.S. real rates kept increasing. Then, the yellow metal picked up during the second part of the month, as U.S. president government increased stimulus to help economy recover from the fallout of the coronavirus pandemic.

On the physical front, the World Gold Council reported the premium between Chinese and LMBA international price were trading between discounts and premium in January. Indian gold prices were also trading between discounts and premium vs. LBMA in January.

In terms of flows, Gold ETFs holdings were up +3 tonnes i.e. +0.09% m/m. CFTC reports showed that net long positioning was up during the month. Lastly, implied volatility (6-month maturity) was up during the month (18.9 at the end of month i.e. +0.4 pts m/m) while demand for upside participation (skew) was still supported (at 2.6 pts in favour of the upside calls).

At the end of January 2021, we were considering a slightly bullish scenario on gold prices, considering the worldwide sanitary situation, the low real yields i.e. low opportunity cost, potential retail gold demand catching up, 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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