



UNION BANCAIRE PRIVÉE

# UBAM (CH) - GOLD +

Monthly Report | October 2020

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

## Performance

As of 30.10.2020	Fund	Bench
October-20	-0.35%	-0.27%
Past 3 Months	-4.50%	-4.23%
Past 6 Months	9.99%	10.52%
YTD	24.09%	23.90%
Since take Over (29.06.2012)	17.67%	17.73%

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

## Manager Comments

In October 2020, the UBAM (CH) – Gold + fund returned -0.35% (USD I Class, net of fees). During that time, gold prices went from 1'886.9 USD/oz to 1'881.85 USD/oz i.e. -0.27%, within the tighten 1'867 – 1'926 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 suffered slightly from the non-trend of gold prices during the month, while the loss was partially offset by the non-directional carry strategy. Overall, the fund was slightly behind its benchmark.

In October 2020, the world held its breath as the upcoming US elections results was uncertain, along with its economic consequences depending on the future winner. Though US interest rates tended to rise overall in October, Gold prices were quite resilient throughout the month, until the end of the month when gold prices decreased slightly as the headlines concerning a second Covid-19 wave and second confinement came into the spotlight and stocks indices declined sharply.

On the physical front, the World Gold Council reported the premium between Chinese and LBMA international price was still trading at discount in October whereas Indian gold prices vs. LBMA were back to premium trading in October, probably in anticipation of Gold demand related to the Diwali festival. World Gold Council also reported in October the Central Banks had been (slightly) net seller of physical Gold in Q3 2020, which has been the first time since 2010.

In terms of flows, Gold ETFs holdings were slightly up +6 tonnes i.e. +0.2% m/m bringing yearly inflows to +33.7% since the beginning of the year (+869 tonnes), which highlights the ongoing strategic interest from investors in Gold. CFTC reports showed that net long positioning was up during the month. Lastly, implied volatility (6-month maturity) was stable over the months around 20 (19.1 at the end of month i.e. +0.3 pts m/m) while demand for upside participation (skew) was still supported (at 2.8 pts in favour of the upside calls).

At the end of October 2020, we were considering a slightly bullish scenario on gold prices, considering the low real yields, USD weakness, geopolitical tensions 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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