



Investors Letter Q1 2023

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“It does not matter how slowly you go as long as you do not stop.”

– Confucius

The fourth quarter of 2022 was characterized by an important rally during the month of October and November followed by a sell-off during the month of December. The third quarter performance of the main market was + 9.88%.

The financial year 2022 has been difficult for both the bond and equity investor. The ‘Lapis Way’ of investing in solid and mostly dividend paying companies for the long term has proved beneficial for our clients as it has resulted in outperforming most of our competitors.

Every year, the financial institutions publish their forecasts for the next year. As has happened in previous years, their forecasts have proved to be VERY inaccurate. As an example, comparing their forecast for 2022 published in December 2021 against what really happened is very interesting!

At Lapis we invest the ‘Lapis Way’ which means investing for the long term **in quality companies paying regular dividends**.

The ‘Lapis Way’ has the following advantages:

- 1) It avoids market timing mistakes which can be very costly for example during the current market environment.

Missed opportunities of trying to time the market, should the market perform well against any forecast, means the client stays underinvested resulting in **missed profit**. Missed profit helps to offset previous losses and, most importantly, has a VERY negative effect on long-term returns.

This risk can only be avoided by investing for the long-term.

- 2) It avoids risky investments which can cause permanent impairments. (See Tesla, Meta, high yield investments etc etc)
- 3) It avoids unnecessary costs caused by constant asset allocation changes

It should be noted that these three common behaviours could jeopardize the long-term wealth objectives of the client!

Performance of Lapis Indices

<u>Lapis Dividend Yield Indices</u>	Performance 2022	Q4 2022
_Global		
Lapis Global Top 50 Div Yield TR Index - USD	+ 0.56%	+ 14.15%
Lapis Global MidCap 50 Div Yield TR Index - USD	- 6.85%	+ 9.99%
Lapis Global Brands 50 Div Yield TR Index - USD	- 17.97%	+ 14.62%
Lapis Global Family Owned 50 Div Yield TR Index - USD	- 20.90%	+ 14.24%
Lapis Global Sustainable 50 Div Yield TR Index - USD	- 6.84%	+ 14.60%
Lapis Global Fin Technology 25 Div Yield TR Index - USD	- 19.26%	+ 6.79%
Lapis Global Shariah 100 Div Yield TR Index - USD	- 5.32%	+ 15.28%
Lapis Global Sports 25 Div Yield TR Index - USD	- 24.29%	+ 16.45%
Lapis Global Medical Devices 25 Div Yield TR Index – USD	- 20.62%	+ 12.09%
Lapis Global 5G & IoT 50 Div Yield TR Index - USD	- 22.22%	+ 11.30%
Lapis Global Water 25 Div Yield TR Index - USD	- 21.57%	+ 12.57%
Lapis Global Luxury Brands 20 DY TR Index - USD	- 20.92%	+ 21.52%
Lapis Global Software Technology 25 DY TR Index - USD	- 31.97%	+ 2.18%
Lapis Global Natural Resources 25 Div Yield TR Index - USD	+ 22.59%	+ 18.49%
Lapis Global Real Estate 25 Div Yield TR Index - USD	- 15.30%	+ 7.44%
Lapis Global Gold Miners 20 Div Yield TR Index - USD	- 9.87%	+ 22.29%
Lapis Global Clean Energy 25 Div Yield TR Index - USD	- 14.56%	+ 11.84%
Lapis Global Semiconductor 25 Div Yield TR Index - USD	- 28.71%	+ 14.98%
Lapis Global Emerging Market 40 Div Yield TR Index - USD	- 6.71%	+ 12.09%
_Regional		
Lapis Swiss Top 25 Div Yield TR Index - CHF	- 11.13%	+ 8.86%
Lapis Swiss Small & MidCap 25 Div Yield TR Index - CHF	- 14.69%	+ 6.25%
Lapis Europe MidCap 50 Div Yield TR Index - EUR	- 16.11%	+ 7.94%
Lapis Europe 50 Div Yield TR Index - EUR	- 8.36%	+ 9.84%
Lapis Germany Top 25 Div Yield TR Index - EUR	- 17.91%	+ 9.95%
Lapis UK Top 25 Div Yield TR Index - GBP	- 4.62%	+ 9.74%
Lapis China Brands 40 Div Yield TR Index - USD	- 2.00%	+ 21.18%
Lapis Asia ex Japan 40 Div Yield TR Index - USD	- 6.84%	+ 11.81%
Lapis Australia Top 25 Div Yield TR Index - AUD	- 12.35%	+ 10.04%
Lapis US Top 50 Div Yield TR Index - USD	+ 2.73%	+ 16.34%
<u>Lapis Next-Gen Indices (on special request only)</u>		
Lapis Global Top 25 Crypto Asset Index - USD	- 76.08%	- 21.10%
Lapis Global Top 25 - 3D Printing Index - USD	- 33.71%	+ 11.36%
Lapis Global Top 25 Genomic Revolution Index - USD	- 23.85%	+ 21.42%
Lapis Gl. Top 25 Auto. Tech. & Robotics Index - USD	- 31.26%	+ 12.37%
Lapis Global Top 25 Space Exploration Index - USD	- 11.61%	+ 15.90%
Lapis Global Cyber Security 25 Index - USD	- 16.34%	+ 2.17%

Lapis ESG Indices

Lapis ESG Global Family Owned 50 Div Yield TR Index - USD	- 20.53%	+ 14.75%
Lapis ESG Gl. Medical Devices 25 Div Yield TR Index - USD	- 22.84%	+ 12.09%
Lapis ESG Global Water 25 Div Yield TR Index - USD	- 22.77%	+ 10.64%
Lapis ESG Gl. Software Technology 25 Div Yield TR Index - USD	- 32.18%	+ 1.95%
Lapis ESG Swiss Top 25 Div Yield TR Index - USD	- 10.48%	+ 8.86%
Lapis ESG Global Cyber Security 20 Index - USD	- 24.26%	+ 2.94%

Benchmarks

MSCI All Country World Large Value TR Index	- 5.55%	+ 14.73%
MSCI All Country World TR Index	- 17.96%	+ 9.88%
Lapis (BMR) Global Developed Market 100 TR Index	- 14.28%	+ 12.64%
Lapis (BMR) UK 100 TR Index	- 11.40%	+ 10.60%

Market outlook 2023

For the abovementioned reasons, we avoid giving market direction forecasts.

Importantly we continue to invest for our clients as we have done for many years. This is the 'Lapis Way' which ensures being invested for the long term in quality dividend paying companies at reasonable prices.

Our observation of a very 'concerned market' also leads us to believe that expectations are very low. However, this can lead to better 'news' than expected which could result in the market reacting positively.

Better times will come which means we WILL already be a participant when that happens. Most importantly our clients will not be exposed to risky adventures which could cause permanent impairment.

Sincerely,

Andreas Wueger
CEO

Lugano, 5th of January 2023