



Investors Letter Q3 - 2023

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“Well done is better than well said.”

– Benjamin Franklin

Although the market during the second quarter of 2023 was characterized by volatility, it was however underpinned by a positive equity market performance. As mentioned in our previous newsletter, it was our opinion that the market expectations was too pessimistic when compared to a more realistic outcome of the economic situation at that time:

Looking ahead, these positive signs give us comfort that overall 2023 may well surprise the market participants with an upside potential! - Lapis Investor Letter of Q2.2023

It appears that inflation expectations are reverting to a more stable position. The companies with strong pricing power were well equipped to retain / increase their profit margin during these difficult times. This is confirmation that companies with strong pricing power are well equipped to help defend the investor from losing purchasing power of their assets during high inflationary periods.

The worldwide mainstream media have published many articles about the emerging ‘Artificial Intelligence’ and the consequence for the world in general and the stock market in particular. We believe that ‘AI’ is a continuation of a more efficient data management system and will help many large companies to become more operationally efficient, help cut costs and therefore increase their profit margins. We believe that the true beneficiary of this system will be those investors that have invested in large well managed companies.

As is always the case with the media during these ‘discoveries’, the hype around these themes can occur. We therefore urge our clients and readers to follow their realistic investment strategy of investing into well-diversified portfolio of strong well managed dividend paying companies.

These ‘new’ trends usually take time to be implemented and bed down. Unfortunately not many emerging players will become successful!

Performance of Lapis Indices

<u>Lapis Dividend Yield Indices</u>	Performance 2023	Q2 2023
_Global		
Lapis Global Top 50 Div Yield TR Index - USD	+ 1.82%	+ 0.38%
Lapis Global MidCap 50 Div Yield TR Index - USD	+ 7.51%	+ 2.31%
Lapis Global Brands 50 Div Yield TR Index - USD	+ 16.32%	+ 5.36%
Lapis Global Family Owned 50 Div Yield TR Index - USD	+ 12.49%	+ 2.85%
Lapis Global Sustainable 50 Div Yield TR Index - USD	+ 5.30%	+ 3.64%
Lapis Global Fin Technology 25 Div Yield TR Index - USD	+ 9.22%	+ 2.25%
Lapis Global Shariah 100 Div Yield TR Index - USD	+ 8.35%	+ 4.11%

Lapis Global Sports 25 Div Yield TR Index - USD	+ 19.66%	+ 2.47%
Lapis Global Medical Devices 25 Div Yield TR Index - USD	+ 12.76%	+ 6.14%
Lapis Global 5G & IoT 50 Div Yield TR Index - USD	+ 19.68%	+ 5.75%
Lapis Global Water 25 Div Yield TR Index - USD	+ 10.25%	+ 3.53%
Lapis Global Luxury Brands 20 DY TR Index - USD	+ 24.68%	+ 3.63%
Lapis Global Software Technology 25 DY TR Index - USD	+ 29.62%	+ 11.18%
Lapis Global Natural Resources 25 Div Yield TR Index - USD	+ 1.05%	- 1.66%
Lapis Global Real Estate 25 Div Yield TR Index - USD	- 1.72%	- 0.58%
Lapis Global Gold Miners 20 Div Yield TR Index - USD	+ 6.85%	- 6.12%
Lapis Global Clean Energy 25 Div Yield TR Index - USD	+ 5.12%	+ 0.05%
Lapis Global Semiconductor 25 Div Yield TR Index - USD	+ 33.74%	+ 7.65%
Lapis Global Emerging Market 40 Div Yield TR Index - USD	+ 8.80%	+ 3.35%

_Regional

Lapis Swiss Top 25 Div Yield TR Index - CHF	+ 11.73%	+ 1.18%
Lapis Swiss Small & MidCap 25 Div Yield TR Index - CHF	+ 10.16%	+ 2.47%
Lapis Europe MidCap 50 Div Yield TR Index - EUR	+ 5.38%	+ 1.78%
Lapis Europe 50 Div Yield TR Index - EUR	+ 11.26%	+ 4.04%
Lapis Germany Top 25 Div Yield TR Index - EUR	+ 10.77%	+ 2.98%
Lapis UK Top 25 Div Yield TR Index - GBP	- 0.81%	- 1.70%
Lapis China Brands 40 Div Yield TR Index - USD	- 3.68%	- 8.32%
Lapis Asia ex Japan 40 Div Yield TR Index - USD	+ 3.47%	- 0.63%
Lapis Australia Top 25 Div Yield TR Index - AUD	+ 7.57%	+ 1.21%
Lapis US Top 50 Div Yield TR Index - USD	- 4.12%	- 1.11%
Lapis US FCF Yield Top 50 Div Yield TR Index - USD	+ 1.44%	+ 3.17%

Lapis Next-Gen Indices (on special request only)

Lapis Global Top 25 Crypto Asset Index - USD	+ 27.16%	- 14.11%
Lapis Global Top 25 - 3D Printing Index - USD	+ 18.91%	+ 3.95%
Lapis Global Top 25 Genomic Revolution Index - USD	- 11.11%	- 8.54%
Lapis Gl. Top 25 Auto. Tech. & Robotics Index - USD	+ 33.97%	+ 12.25%
Lapis Global Top 25 Space Exploration Index - USD	+ 8.24%	+ 5.32%
Lapis Global Cyber Security 25 Index - USD	+ 14.22%	+ 5.08%

Lapis ESG Indices

Lapis ESG Global Family Owned 50 Div Yield TR Index - USD	+ 12.35%	+ 2.85%
Lapis ESG Gl. Medical Devices 25 Div Yield TR Index - USD	+ 12.76%	+ 6.14%
Lapis ESG Global Water 25 Div Yield TR Index - USD	+ 10.63%	+ 3.88%
Lapis ESG Gl. Software Technology 25 Div Yield TR Index - USD	+ 30.21%	+ 11.19%
Lapis ESG Swiss Top 25 Div Yield TR Index - USD	+ 11.73%	+ 1.18%
Lapis ESG Global Cyber Security 20 Index - USD	+ 17.31%	+ 6.50%

Benchmarks

MSCI All Country World Large Value TR Index	+ 4.70%	+ 3.33%
MSCI All Country World TR Index	+ 14.26%	+ 6.35%
Lapis (BMR) Global Developed Market 100 TR Index	+ 12.37%	+ 4.80%
Lapis (BMR) Global All Country 100 TR Index	+ 12.83%	+ 5.13%
Lapis (BMR) UK 100 TR Index	+ 6.77%	- 0.14%

Market outlook for the remainder of 2023

Harry M Markowitz died last week at age of 95. He was THE pioneer of the modern portfolio theory and received the Nobel price for his discoveries. Most of the modern portfolio management approach is based of his findings.

A well-diversified portfolio is for MOST investors the correct investment approach. NOBODY knows when and why a market trend or sector allocation might change. We only know the consequences after these events.

Therefore, we advise our clients to stay the course with a disciplined investment approach which is the hall mark that Lapis Asset Management implements for our clients.

Even though we remain positive for the rest of the year's market performance, it would be a timely reminder, however, that UNKNOWN events may occur at any time. Thus our disciplined investment approach focusing investment only in quality companies that have paid dividends for many years will perform well during strong markets. The corollary to this is that it will help defend against permanent losses of the capital during those difficult market environments.

Sincerely,

Andreas Wueger
CEO

Lugano, 5th of July 2023