

## Renditewerk

Value Column by Hans Peter Schupp

29 September 2023

*Translation for convenience only!*

### **Numbers do not lie!**

We have all heard this frequently from followers of the chart technique: A chart resistance line has been broken through and therefore the price is now free to move upwards. Or: A share is in a stable upward trend. But are these really buying arguments or buying signals?

### **We are skeptical about the chart reading**

It reminds me more of a situation where just as you pull up to the gas station, the price of gasoline goes up 5 cents. I don't know if you would take that as encouragement to fill up quickly right now. For me, at any rate, this would not be a reason for joy.

At my first employer, Schröder Münchmeyer Hengst & Co, they used to call charting "throwing bones", that is, giving free rein to chance. I once learned as a junior fund manager in the wild days of the Neuer Markt: "Don't trust a chart you haven't drawn yourself."

### **Systematic influencing of the share price development**

Particularly in securities with low market liquidity, systematic smaller purchases or sales can move a price in one direction or the other. The program "3satbörse" played a special role in this context at the time. For example, with the help of charts, people predicted that a share price would rise to "a thousand" euros. There were specialists for this who could argue very convincingly. The price also rose because the recommendation on television was enough for other investors to jump on the bandwagon. That had nothing to do with the chart. But by the way: Central banks also use charting as a kind of soul massage, albeit more seriously and in a less striking form.

Staying with the "3satbörse" one could also witness the following: Looking at the recommendations of a competitor very precisely, in order to purposely push down the share price below a stop-loss mark shortly before the broadcast of the interview with this competitor. Even the best charting technique was no longer able to do anything for supporting the stock price. It was simply levered out by targeted transactions. This is certainly "old news", and there are countless studies that prove that with a short investment horizon, the momentum or trend following strategy makes perfect sense.

### **Numbers don't lie**

But not for us. We invest with an investment horizon of 3 to 5 years. And here, science says that the contrarian approach is superior. For us, fundamentals are the all-important criterion. But where we look very closely is when the stock price falls while the fundamental environment improves. Especially on days with low turnover. When this is the case, alarm bells start ringing for us, because there are probably players in the market who are not acting on the basis of fundamentals. On the other hand, the market is only as good as its players.

A proper example of this is the share price performance of the Belgian Dredging company Boskalis Westminster in 2004. Despite good operating figures, the share price inexplicably fell continuously. To us, the valuation seemed very attractive, and after a thorough review of the figures, we bought almost 5% of the share capital at the time. As the Management Board told us only later, we had thereby unwittingly prevented an unfriendly takeover with a squeeze out. Although the share price did not rise by "a thousand," it did rise by six hundred percent.

But be careful: If the market bets overwhelmingly against your own assessment, you sometimes have to sell your position anyway.

*The author: Hans Peter Schupp is a member of the board of Fidecum AG and portfolio manager of the Contrarian Value Euroland fund.*

### **Translation for convenience only!**

**Disclaimer** ©2023. All rights reserved. This document is only a marketing presentation and focuses exclusively on investors and advisors who are considered to be market professionals according to the 4th EU-Directive (2004/39/EC) (for Switzerland: „qualified Investors according Art. 10 Abs. 3 KAG i.V.m. Art. 6 KKV) and who are in no way barred from purchasing shares of the investment fund(s) mentioned, be it because of their nationality or their country of origin, sojourn or residence. . The only legally binding details about the handling of ESG related criteria in the investment process are provided exclusively on the corporate website of Fidecum AG. This presentation is the intellectual property of FIDECUM AG. This presentation or parts of it, resp. the content of the presentation may not be relayed to any third party unless a permission in writing has been obtained from FIDECUM AG prior to this. The circulation of this presentation or parts of it to private clients is not permitted (for Switzerland: not permitted to circulate to investors who are not considered qualified investors according to Art. 10 Abs. 3 KAG i.V.m. Art. 6 KKV). The information contained does not represent the offer of a contract of advisory or advice, or the offer to buy or sell shares of the fund itself. The information contained in this document is non-binding and does not represent a recommendation or investment advice of any kind and does not replace a detailed investment advice that takes into account the individual situation, understanding of the capital markets and investment goals of any individual investor. The statements mentioned are the view of the fund manager at time of publication and may vary from this at a later stage. These statements are made solely for the purpose of explaining the investment approach and are not suitable as an investment advice. The portfolio structure may vary over time. Projections into the future may come true but cannot be guaranteed in any way. Although the information contained in this document has been put together with utmost care, FIDECUM AG cannot be held responsible for any inaccuracy that may have occurred. Neither completeness nor accuracy of information, nor suitability for a given purpose can or will be guaranteed. This document does not represent an offer for advice, consultation or information and is no advice for purchase or sale of shares of the fund(s) mentioned. The fund(s) mentioned in this document is/are registered for public distribution in Luxemburg, Germany, Austria and France. In any other country subscriptions will only be possible in the way of an initial private placement. Due to the U.S.-securities act of 1933 it must not be offered for sale or sold in the United States of America or any territory belonging to the United States of America, nor to any U.S. citizen, unless explicitly exempt by the U.S. securities act of 1933. Any expectation on return or performance is based on historic performance and cannot be extrapolated into or guaranteed for the future. Due to fluctuations in the value of underlying securities, the income they generate, changes in interest and currency exchange rates, the price of the fund's shares (units) and income accruing to them may increase or decrease, and are not guaranteed in any way. The investor could lose the amount initially invested. The obligatory basis for acquisition is the actual official offering prospectus available through: Augur Capital AG, Westendstr. 16-22, D-60325 Frankfurt am Main, Germany. (For Switzerland: offering prospectus and simplified prospectus, by laws or fund contract as well as the annual and semi-annual report and the Key Investor Information Document (KIID) can be obtained from the local sales agent or the distributor).