Oriflex BP Regeling
Oriflex Amerika
Stichting Pensioenfonds Atos Origin
Eerste Kwartaal 2023

BLACKROCK

Investment Review

The Fund outperformed its benchmark over the quarter.

Activity

March was a pivotal month for the trajectory of Federal Reserve tightening and economic outlook. What seemingly started as a continuation of February, quickly reversed course when cracks started to emerge in the US Banking System. The narrative initially centered around Silicon Valley Bank (SVB), which fell victim to an old-fashioned bank run amidst fears that it wouldn't be able to meet liquidity needs of its depositors on March 8th. By March 10th, regulators took control of the bank, shutting it down. This made the bank's collapse the largest since 2008. By March 12th, the US Government announced it would backstop all SVB deposits. However, the damage was done, and fears quickly spread to all US regional banks. Global banking concerns were quickly exacerbated further when, on March 15th, a top investor in Credit Suisse announced it would not be providing further liquidity to the Global Systematic Important Bank (G-SIB). As a measure of confidence, the bank tapped a $54bn credit line with the Swiss National Bank and began a $3bn tender offer. These measures did little to quell fears of the bank's viability, and Swiss regulators began urging other measures, including a takeover. On March 19th, the government-driven sale to UBS Group AG was announced. Part of the deal was writing down all of Credit Suisse's Additional Tier 1 Debt (AT1) (whereas typically bond holders take priority over shareholders).

It quickly became clear that monetary policy tightening in this cycle was starting to have an impact on banking systems. As a result, recessionary fears mounted, and markets quickly priced out further tightening for this year. Front-end yields in the US collapsed. UST 2-yr yield rallied by 83bps MoM to 4.06%. In peak to trough terms, it had reached a 15yr high on March 8th of 5.05% and reached as low as 3.76% on March 23rd: a difference of 129bps. Intraday swings during peak volatility were as high as 40bps. The UST 10-yr yield rallied by 53bps MoM to 3.48%. Ultimately, the market priced out nearly all further rate hikes for 2023 after the March 22nd meeting, and priced in a further 43bps of cuts for 2023. At month end, the market was expecting 55bps of rate cuts in 2023.

Ultimately, on March 22nd, the FOMC raised its policy rate by 25bps in a unanimous decision. The market had priced in 85% odds of such a move. This hike brought the target range to 4.75%-to-5.00% and brings cumulative tightening to 475 bps. The unchanged median projection of the terminal rate suggests that this was the final hike in the cycle, or that the Fed could pause in May. In the statement, there were some notable tweaks. Namely, the Committee changed the phrase that they anticipate further increases to be appropriate to that it "anticipates that some additional policy firming may be appropriate". The Committee also added that "The U.S. banking system is sound and resilient." But it also acknowledged that "recent developments are likely to result in tighter credit conditions for households and businesses and to weigh on economic activity, hiring, and inflation. The extent of these effects is uncertain." Other measures taken by the Fed in March was the creation of a new Bank Term Funding Program (BTFP), offering loans of up to one year to banks valued at par. These actions reflect the Fed's goal to maintain stability in the US Banking System, while also aiming to restore price stability to the economy.

Amidst all of this, inflation data was mixed. While headline CPI rose by 0.4%, easing from the month prior. The yearly inflation rate fell to 6.0% from 6.4%. Of more concern was core prices which jumped by 0.5% after two monthly 0.4% advances. The yearly rate dropped slightly to 5.5%. Both rent measures were stubborn to roll over, with primary rent accelerating by 0.8% and owner's equivalent rent up by 0.7%. These were offset by a decline of 2.8% in used vehicle prices. Elsewhere, the Employment Situation also underscored resilience. Payrolls rose by 311k, fairly modest compared to the January figure of over half a million. With an uptick in the participation rate, the unemployment rate lifted two tenths to 3.6%. average hourly earnings came in on the light side, up just 0.2%, the weakest in a year. However, base effects from a year prior pushed the yearly rate up to 4.6%.

Omvang fonds

Waarde begin van de periode	€ 2,858,725
Waarde eind van de periode	€ 2,117,959

Rendement

%	Kwartaal	Jaar tot op heden	3-Jaars Ann.	5-Jaars Ann.	10-Jaars Ann.
Fonds	5.34%	5.34%	17.68%	8.20%	10.06%
Benchmark	6.97%	6.97%	15.60%	8.06%	10.14%