



Market Insights

March 2023

The enduring dip in the energy markets...



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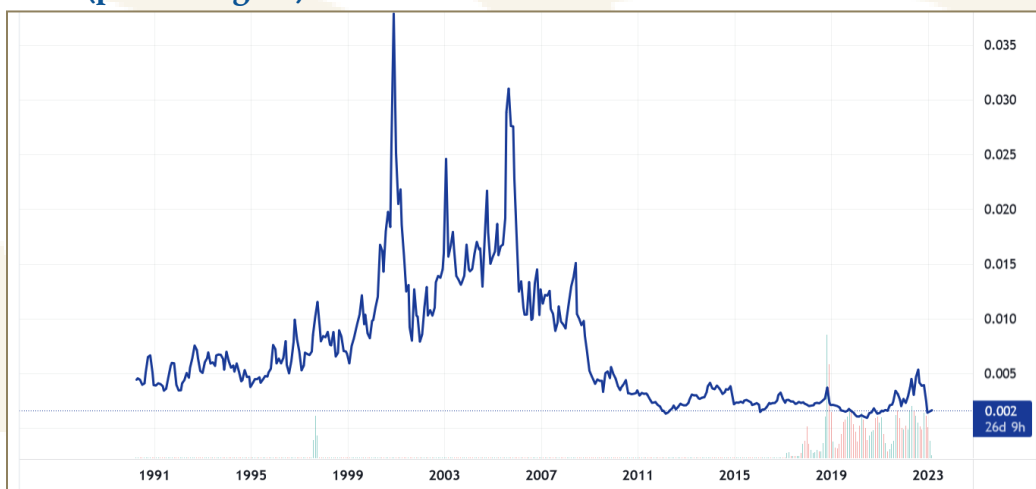


Quarterly Update

Welcome to the first of our quarterly Market Insights newsletters and thank you for your patronage. Every quarter we will endeavour to share an update on our investment themes (see below) and how they are playing out in the financial markets and world economy - these are the investment themes that dictate our Model Portfolio.

In the first quarter of 2023, the most important development is perhaps the radical pullback in natural gas prices from a high of almost \$10 in August 2022 to below \$3, despite the deeply embedded and structural problems with energy supply in the long term. Priced in gold, natural gas appears very cheap on a historical basis.

Natural Gas (priced in gold)



Oil prices appear to have found a base around \$75/barrel, down from the highs of over \$100/barrel following the initial panic around the Ukraine war. Though recession fears could always drive prices lower, the technical formations on the oil charts look very favourable for higher prices going forward. We therefore view the current prices as great entry points for natural gas and oil producer stocks and we have fully realised our target positions in the model portfolio.

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Precious metal mining stocks is the other area of the market which present extremely attractive entry points in our view relative to the price of metals.

Gold & Silver Miners (relative to gold price)



Investment Themes

Our Ideas & Conviction

Put simply, no path is straight in life, and that could not be truer with respect to the financial markets, where human emotion is involved. Confidence and conviction with respect to investment choices is crucial in order to learn to see your own holdings declining in value **as a great thing!** If you purchased something because you really want to own it, then you should be happy when it becomes even cheaper to buy. The reality is that fear gets the better of most when they see their investments declining. At Swaraj Finance we share information and research so that you might strengthen your own conviction and temper your emotional response.

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IMPORTANT - The themes discussed below are with a **5-10 year investment horizon** in mind! The model portfolio may be down from one year to the next but seeks to outperform the benchmark S&P 500 index over a longer time horizon.

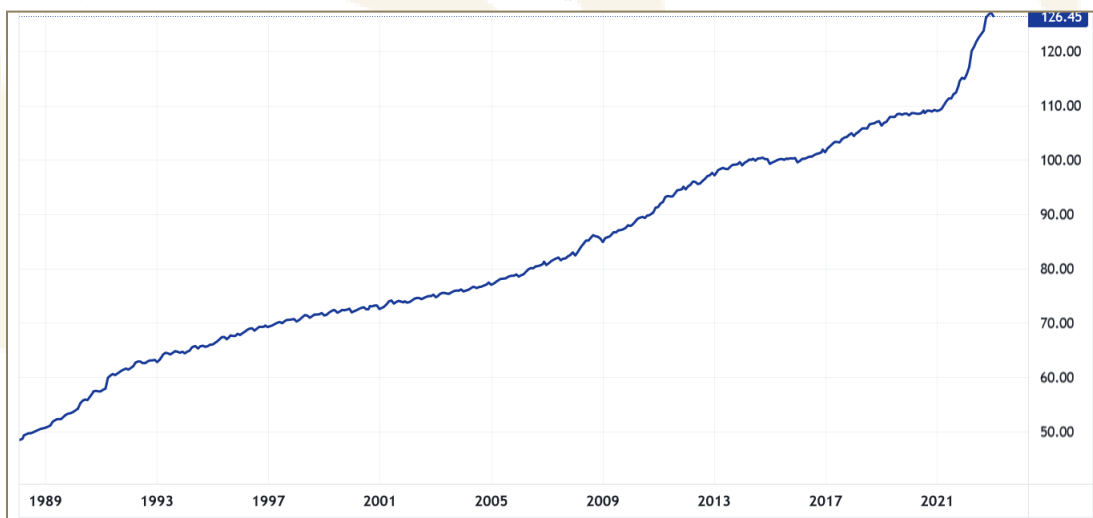
Key Themes:

1. **Macroeconomics: Inflation & Rising Interest Rates**
2. **The Climate Crisis & The ‘Green’ Transition**
3. **Geopolitics**
4. **Demographics**

1. *Macroeconomics: Inflation & Rising Interest Rates*

The Fundamentals:

Inflation means a dollar today really is worth much more than a dollar tomorrow. The UK Consumer price index (CPI) chart below demonstrates how the nominal cost of goods have risen dramatically in the last two years due to a decline in the value of the pound.



In the current environment, investment focus shifts to cash flow in the present rather than future. With short term (0-5yr) interest rates between 4 and 5% and rising, the value of money promised in a more distant time horizon (5-20yr) is less. Growth companies (tech, biotech etc) who promise future

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