PRIVATBANKIERS
REICHMUTH & CO
INTEGRALE VERMÖGENSVERWALTUNG

CHECK-UP

CLIENT INFORMATION OF PRIVATBANKIERS REICHMUTH & CO, INTEGRAL INVESTMENT MANAGEMENT
CH-6000 LUCERNE 7 RUETLIGASSE 1 PHONE +41 41 249 49 29 WWW.REICHMUTHCO.CH SEPTEMBER 2000

EDITORIAL

The times we live in are characterized by faster and intensive upheavals both in social and economic areas. The world is converging by means of information technology. National economic structures are losing their significance and trends on the equity and financial markets change almost from week to week.
In this short-lived time plagued with an excess of information, a clear orientation and a carefully selected strategy is the key to success. Our integral asset management is therefore structured consequently according to client requirements and is aimed at attaining a solid and long-term asset appreciation. We propogate balanced and intelligent investment opportunities by means of innovative and feasible solutions. Amongst many examples of this we would like to mention in particular our new collective foundation (more on page 7) as well the offer from Mobimo Holding AG, a real estate share with exceptional upward potential, which in our opinion is extremely interesting (more on this subject on page 5).
We are thankful for any critical thoughts you may have and would like to wish you much enjoyment and profit from this edition.



Christof Reichmuth

NEW FINANCIAL MARKETS

KAMIKAZE-INVESTORS AS TREND-SETTERS

During the nineties the stock markets rose on the back of falling inflation rates and the accompanying decline in interest rates. Low interest rates raised the value of future company profits according to today's generally accepted discounting of expected profit results. Thus throughout an entire decade, a performance comparison between fixed income instruments and stocks resulted in stocks being very much favoured.

Falling interest rates mean higher asset valuations

Assets generally increase in value in an environment of declining interest rates. Supported by the breadth of the upward market trend and thanks to their popularity, the larger companies (Blue Chips) became the center of attraction. They are the most important constituents of the current indices. It can hardly be of surprise that index-based strategies became so popular in the nineties.

1998 the interest rate trend reversed

The beginning of a new trend towards higher rates started. Normally rising interest rates suggest bad times for stocks. In fact the majority of stocks have been falling since April 1998. The Advance/Decline lines are negative since then. However, owing to the method in which they are weighted, the index values were able to hold their gains.

Index-weighting has a pro-cyclical effect

The weighting of most indices is made on the basis of market capitalization. This means that the higher the market capitalization of a stock is, the more weighting it has in the index. Since Fed-chief Alan Greenspan dramatically lowered interest rates during the crash of the late summer 1998, the financial markets have lost their orientation. The number of rising stocks is becoming smaller, according to the motto «the more air that is blown into a balloon the bigger it will get. And the larger the balloon gets, the more important is its contribution to the index and vice-versa.»

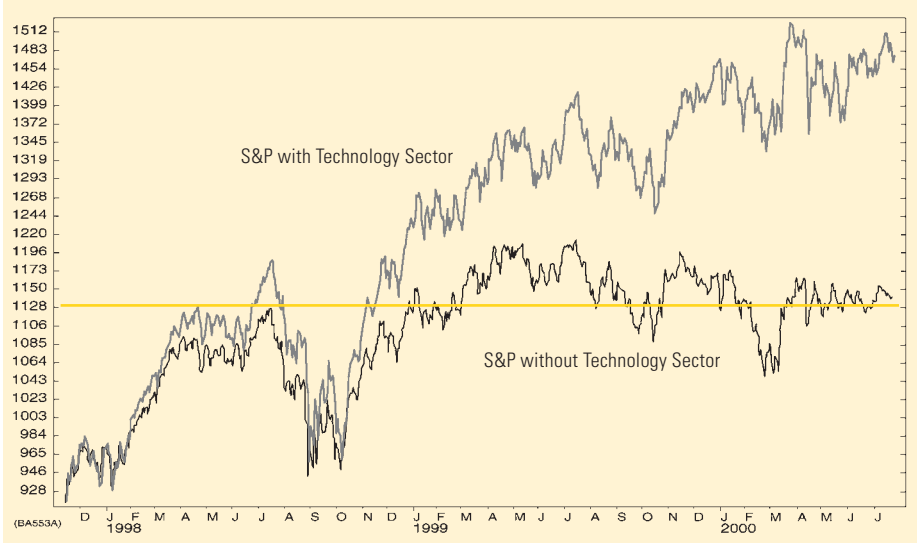
A number of index promoters have at last realized that in today's divergent stock market environment, such situations can lead to distortions. As a first step they now take into consideration the share of the free float (free share circulation) during the weighting process.

continued on the next page

CONTENT

- RIF Market Outlook
- Private Placement of Mobimo Shares
- Point your Compass towards the Stars
- Tailor-made Pension Solutions
- Good Deeds don't just exist, They have to be made
- New Affiliate in Munich

WITHOUT TECH SLUGGISH MARKETS SINCE SUMMER 1998



Source: NDR

Kamikaze investors – the trendsetters

Kamikaze investors, an expression out of the bestseller of the American author Michael Lewis «The new new thing» are stock market players who do not care about fundamentals. They buy certain stocks just because someone recommended them. They generally don't even know what these companies do or what the chances for success are. Although it is well known that the Internet can deliver us any information from every corner of the globe at the same time, the trading activity is focussed on fewer and fewer talked-up stocks.

Index trackers – the stirrup belt

The entrepreneurs of the new economy can be compared to film stars. The investment bankers are the promoters. Once the kamikaze investors have discovered a stock with star potential, they chase after these stocks like blind believing fans. The Index trackers must also buy these stocks because the weighting model, which is based on market capitalization, forces them to do so. This phenomenon also works in the other direction, as we have seen with the increasingly numerous collapses of prominent companies.

Distorted perceptions

Today the SMI, the index of the largest capitalized Swiss companies, stands below the level of mid 1998, when interest rates concluded their basing process.

The same is valid for the S&P 500, but only if one excludes technology stocks (see graph). Thanks to the technology stocks, the S&P500 has gained 32% since that time and the share of tech and telecom in the S&P has risen from 20% to 40% today. If one puts this against the corresponding tech share in the GDP (Gross domestic product) of around 9% then many critics will shake their heads in dismay.

Zenith of the new financial market structure is behind us

In the first half-year 2000, the greatest winners and also the greatest losers on the stock markets were to be found amongst the stocks of the tech generation. This shows us that the zenith of the new financial market structure is behind us.

To take an example we would like to make a comparison to last autumn. A year ago we compared the newcomer Etoys to the already well accepted Toys R Us. Etoys at that time had a turnover of USD 30 million and was valued at USD 6 million, while Toys R Us with a turnover of about USD 11 billion was merely valued at USD 4.5 billion. Since that time Etoys lost 95% of its value, while Toys R Us was able to advance by 15% over the same period.

This justifies the question: Is the new world really all that new, or are fresh opportunities to be found in the undervaluation of the old world in comparison to the euphoria in the technology sector?

If one regards the US market as a whole then it is still too expensive and the interpretation leaves us even today with little to call for a friendly US stock market scenario, even when the stocks of the old economy have become more reasonably priced since 1998.

Point your compass to the stars!

How should the investor react in the light of such a scenario? The most important point is to constantly check that the strategy, which one initially chose still corresponds to the original assumptions. If these are still valid then no structural alterations should be made. It is above all important to keep focussed on the long-term view of your investments according to your individual goals, irrespective of the momentary market gyrations. He who sets his compass according to passing ships will never reach home.

Your RIF team

THE FUTURE OF THE TMT-BUSINESS

PRESENTATION BY DR. DIETER HAHN , CEO OF THE KIRCH GROUP

We kindly invite you to this presentation given by Dr. Dieter Hahn, CEO of the Kirch Group, on Monday, October 30th, 2000 at 6.00 p.m. in the Panorama hall of the Casino Lucerne. Dr. Hahn speaks about the TMT industry (Technology, Media, Telecom). After the presentation, we invite you to an «Apero».

A separate invitation will follow.

POINT YOUR COMPASS TOWARDS THE STARS

KEY QUESTIONS WHICH EVERY INVESTOR SHOULD POSE

The answers to the following questions form the basis for a serious and objective investment consultation. The individual subjects should be brought to the surface and scrutinized during a personal discussion between the client and his advisor. The defined financial goals and expectations which result from this consultation form the anchor points which one could compare to the stars which one continually has to point one's compass to.

1) **Asset target:** What should my assets be used for? For providence in old age? For financing an early exit from professional life? To accumulate a measure of inheritance? For the purchase of a house or perhaps a company? He who doesn't know his goal can never achieve it.
2 **Target return:** How much do I expect to earn on the invested capital? Am I primarily looking for asset accumulation or capital return? The target return acts as a benchmark level against which one can measure the average portfolio development over the years. If one doen't fix an individual target return, the neighbour's grass will always appear greener.
3) **Risk profile:** How is my own risk capacity? But above all: how much risk am I prepared to take? Am I able to sleep well in spite of short term volatility in the financial markets? Do chances and risks stand in a balanced relationship to one another?
4) **Time horizon:** For what time horizon is the strategy intended for? The time horizon is the main factor for the determination of an investment structure.This in turn decisively influences the options for return on capital. It is important to make a clear and comprehensive assessment on the basis of the time horizon.
5) **Liquidity requirements:** How much liquidity will I need? Is it necessary to construct a periodic flow of income? Is it foreseen that at a certain time a larger amount of capital will be needed? Liquidity requirements often split up the time horizons into two or more segments or maturities.
6) **Tax sensitivity:** Fiscal aspects always play a central part in respect to investments and the use of income. Here apart from tax optimization also tax planning in the area of providence can be of use. (In this respect please see our commentary, Pensexpert below).
7) **Restrictions:** Each client has his own individual personality and thus each client has his own different preferences and restrictions. It is important that these are known by the integral asset advisor so that he can take them into account when setting the target strategy.

It has been our experience that the first few years of a client relationship are the most critical. It is during this time that a mutual trust and partnership-like mentality is built up, and this forms the basis for success and satisfaction in any successful business relationship.

Cornelia Wyrsch

TAILOR-MADE PENSION SOLUTIONS

PENSEXPERT AG – AN INNOVATIVE AFFILIATE

In May this year we founded PensExpert AG with main offices in Lucerne and a share capital of CHF 1 mio together with various additional competent specialists, through our holding company. The new company offers integral pension and retirement planning. Their speciality is to create tailor-made extra-obligatory professional providence solutions. CEO of the company is Jörg Odermatt, an experienced specialist from the insurance and providence business. His last position was as successful manager of the broker support office at the Rentenanstalt.

The initial preparatory tasks are almost completed and the flagship product – PensFlex is operational. PensFlex is the name for the collective foundation which makes these tailor-made extra-obligatory professional providence solutions possible.

PensExpert is especially suited to top management and also self-employed persons. We are happy that with PensExpert we are able to offer a highly professional solution and wish Jörg Odermatt and his team much success, enjoyment and satisfaction in their new challenge.

For further information please contact:
Jörg Odermatt
PensExpert AG
Winkelriedstrasse 30A
CH-6003 Lucerne
Tel. +41 41 226 1 229
e-mail:joerg.odermatt@pensexpert.ch



Jörg Odermatt, CEO PensExpert AG

GOOD DEEDS DON'T JUST EXIST, THEY HAVE TO BE MADE

RÜTLI FOUNDATION – INDIVIDUAL FOUNDATION SOLUTIONS

Bill Gates, the founder of Microsoft and one of the most successful entrepreneurs of all times, recently donated 1000 million dollars. The interest from this immense fortune will be used to finance 1000 scholarships yearly for highly talented students. Gates partner Paul Allen on his part came up with a donation of 250 million dollars and thus made possible a unique music palace in which one can compose and play ones own music – all this with the help of high tech blessings from the new world.

Fiscal easing remains the pivot point

The above examples both have three basic elements in common: Firstly, the desire of wealthy personalities to do good. Secondly, ample assets and profits in order to be able to realize these desires. Thirdly, generous fiscal regulations so that such donations which are beneficial to the public, can be encouraged. In Switzerland for example, Lucerne passed an exceptional decree to make it possible to deduct donations of up to 20% of annual income from taxes. This move contributed a great deal in making the construction of the new culture and congress center in Lucerne possible.

Slim part-donation solutions

The need to do good and to use saved or inherited capital in order to persue targets which benefit the general public, lay deep in the hearts of many in our society. In order to support such ideas, a joint foundation has been created with a foundation capital of CHF 300'000.– Under the roof of the «Rütli Foundation» Manager Dr. Guido Käppeli, former building contractor and today active mostly in public service, will be offering slim and appropriate part-donation solutions. Such solutions will make sure that the individual goals and intentions of foundation initiators are executed consequently and according to the statutes.

Administration and performance control

The Rütli foundation in particular offers those personalities advantages who have the desire to invest a part of their wealth for the benefit of the general public without having to be burdened with associated administrative expenditure. Even more important is the professional knowledge and the permanent performance control which is necessary in order to make sure that a purposeful implementation of foundation funds is made during and also after the active period. It is well known that earning money is not easy, on the other hand it is also not easy to spend money for a good purpose.

We are enthusiastic about this new service and hope that the Rütli foundation with its individual donors will have the opportunity to support many projects which serve the general public. As Erich Kästner once said: «Good deeds don't just exist, they have to be made.»

For further information please contact:
Dr. Guido Käppeli, Rütli Foundation,
Rütligasse 1 6000 Luzern 7,
Tel. 041 249 49 84,
e-mail capelli@mythen.ch



Dr. Guido Käppeli, Rütli Foundation

NEW AFFILIATE IN MUNICH

REICHMUTH & CO INTEGRAL ASSET MANAGEMENT AG

Our client philosophy of integral asset management is now also being offered as from July 1, 2000 through our new affiliate in Munich and is staffed with a team of four. Christoph Schwarz, CEO and co-founder of the new company is a highly experienced and well-known investment professional. He was with CS Private Banking in Munich for many years and became famous as a top ski-jumper for the German team during the 80's.

Reichmuth & Co Integral Asset Management Ltd, Munich is in respect to its legal structure and business model completely independent from the private bank in Lucerne. Christoph Schwarz and his team serve their clients in the capacity of independent and external asset managers at various depository banks.

We are especially happy to have a competent and motivated team in Munich and wish our new colleagues every success and satisfaction in their new assignment.

For further information please contact:
Christoph Schwarz, Reichmuth & Co
Integral Asset Management AG
Möhlstrasse 35 - DE-81675 Munich,
Tel. +49 89 998 10 70,
e-mail: chr.schwarz@reichmuthco.de



Christoph Schwarz, CEO Munich

RIF MARKET OUTLOOK

3. TRIMESTER 2000

INTEREST RATES

Robust global economic boom, interest rate peak not yet exceeded.

The global economy is booming. There is little to detect in the way of a soft landing. Alan Greenspan will have to raise interest rates again in order to reach his target of pinning growth below 4%.

The Japanese can only dream of such problems. Nevertheless even they have now hiked rates from 0% to 0.25%, Japan forms the opposite position to the USA. The state is highly in debt – although only towards its own citizens – and the consumers are showing discipline in saving their money, because in difficult times one must be careful. Because no interest is paid on savings and the Japanese stock markets are trending to the downside people are saving even more energetically. Thus, consumption remains weak and the economy just does not want to get off the ground.

In Europe the yield curve is getting flatter. In comparison to the USA the real interest rates of around 3% are relatively high. The imported inflation will probably hardly become a long-lasting problem due to the basis effect.

We still reckon with a global expansion scenario – also in Japan – and expect a continuation of the trend towards high real interest rates and higher inflation. Therefore the interest rate level has not yet reached its peak.

CURRENCIES

Within four years the USD has gone from being a very cheap to becoming a very expensive currency

The latest mammoth take-over from UBS (Paine Webber) and German Telecom (Voicestream) help keep the money flow in the favour of the USD intact. European companies have already this year announced take-overs to the tune of over USD 200 billion. The American acquisitions in Europe on the other hand amount to only USD 30 billion. If the Europeans continue to acquire companies in the booming US area for high prices then the USD could well remain in demand for some time. The chances for further currency profits are minimal in comparison to the risks.

The EUR problem should be resolved at the latest with the introduction of the physical coinage. In the meantime we are observing with scepticism the rather unsuccessful attempts on the part of a few Eurocountries to establish a market oriented economy. As long as the weak EUR supports the competitiveness of the Euro economy without requiring painful restructuring, it is hardly likely to see a dramatic rise in productivity. Europe needs a higher valued currency in order to bring the earlier strength in the productivity progress to the foreground.

On the other hand the Swiss Nationalbank (SNB) is trading sharply on the brakes. In June it was only Switzerland where the money supply receded (-2.5%). At the same time the SNB propagates the case for an independent monetary policy. In other words one is not unhappy to see the CHF a little bit stronger for the time being. The interest rate bonus has already halved. The EU policy of the Swiss government supports this development without having an independent vision. If the market believes Switzerland to enter into Euroland, then the CHF should become weaker, otherwise it will remain strong. From a long term point of view, the question CHF/EUR is hardly of major significance.

We recommend very low USD positions, a normal EUR weighting. Overweight in CHF.

EQUITY MARKET

Extreme discrepancies on the stock markets offer chances, above all in Europe.

Our last prognosis of a positive development on the Swiss SMI stocks became reality earlier than we had expected. In the meantime these stocks have become rather expensive. We will maintain these positions due to the fact that foreign demand remains strong.

The number of new IPOs is still growing. In addition to the still numerous going publics in the technology sector, we have observed recently also the appearance of Tracking Stocks or the part-quotation of subsidiary companies. The excess in demand for stocks should therefore completely fall off during the last trimester and we expect that individual stocks will be increasingly judged according to their fundamental factors.
In Europe our favourites in the medium size companies have demonstrated exceptional performance (MDAX). This trend will probably continue. We now see attractive opportunities in the cyclical stocks (paper, automobile, retail) and in defensive growth stocks (pharmaceutics).

Japan's sell-off down to the 16'200 level (Nikkei) looks quite dramatic and is rather unpleasant for us at the moment. However, in the medium-term we expect a positive although volatile development of the Nikkei in the direction to 25'000 with high volatility.

RIF INVESTMENT POLICY

3. TRIMESTER 2000

BASIS	CH	EU (D)	UK	USA	J
Purchasing Power Paritiers					
PPP (NDR)	1,65	1,15	1,64	1	110
GDP Growth					
actual	3,4%	3,4%	3,1%	5,5%	0,7%
6 months	↗	↗	→	↘	↑
3 years	→	→	→	↘	↑
Inflation					
actual	1,9%	2,4%	3,3%	3,7%	-0,7%
6 months	↗	↗	↗	↗	↑
3 years	3%	3%	4%	4%	2%
Stock Market					
P/E 2001	21	25	21	25	26
EPS Expectation 2001	↗	↗	→	→	↑

CONCLUSION	CH	EU (D)	UK	USA	J
Money Market (3 month)					
actual	3,5%	4,8%	6,2%	6,7%	0,3%
6 months	↗	↗	→	↗	→
Money Market (10 years)					
actual	4%	5,3%	5,3%	5,8%	1,8%
6 months	↗	↗	↗	↗	↗
3 years	↗	↗	↗	↗	↑
Currency					
actual		1,55	2,56	1,73	1,62
6 months		→	↘	↘	↘
3 years		→	↓	↓	→
Stock Market					
actual	8.370	7.200	6.550	1.495	16.400
6 months	→	↗	→	divergent	↗
3 years	↗	↗	→	↘	↗

Legend: ↑ = very positive
→ = neutral
↓ = very negative

divergent = different market expectations for value and growth stocks

Prepared: 23. 8. 2000

RIF GLOBAL LIST
SEPTEMBER 2000

	SECTOR	W	THEMES	«TIMING-PORTFOLIO»	«GRANDCHILDREN'S PF»	SELL
DEFENSIVE	Consumer Staples	0	Health Functional Food Lifestyle	PARMALAT FED DEPT STORE SAKS	PHILIP MORRIS UNILEVER	NESTLE RP)
	Utilities	–	Liberalization Deregulation		E. ON ENDESA, RWE	
INTEREST SENSITIVE	Banks	0	Concentration Higher Interests	ALLIED IRISH BANK	UBS SOGENAL HSBC	
	Insurances	0	All Finance Capital Gains Down	FORTIS	ING ZURICH BALOISE	SWISS RE RP)
GROWTH	Pharma	+	Process of Concentration Lifestyle Tabs	SCHERING PLOUGH	NOVARTIS BAYER ROCHE	
	Technology	0	Digitalisation Need of Investment	XEROX ALSTOM COMPUTER ASSOCIATES	HONEYWELL PHILIPS BB MEDTECH	SIEMENS RP)
	Telecom	–	Wireless Network Mobil Process		MOTOROLA ATT, WORLDCOM	
CYCLICAL	Oil	0	Doubling of Oil Price Concentration	TEXACO	ELF / TOTALFINA REPSOL, ENI	
	Chemicals	+	Process of Concentr. Specialists Oil Price	DSM CLARIANT FIP)	EASTMAN KODAK AKZO	
	Basic Industrials	+	Turnaround of Pricetrend World Demand	PECHINEY STORA ENSO THYSSENKRUPP	RIO TINTO ANGLO AMERICAN	
	Auto / Parts & Equipement	0	Plattform-Concept Overcapacity World	RENAULT VW	DAIMLERCHRYSLER GEORG FISCHER MICHELIN	
	Real Estate Building	0	Settlement of Structur Restructuring Estates		ST GOBAIN HOLDERBANK CATERPILLAR	
	Machinery	0	Innovation Management	STORK FIP) SCHINDLER	SULZER LINDE	
	Various Conglomerates				DAX/MDAX TOPIX, Mobimo	

Timing-Portfolio: Interesting opportunities Grandchildren's Portfolio: buy-and-hold-titel - basic investements FIP = Fall in Place (special move expected) RP = realise profits

PRIVATE PLACEMENT OF MOBIMO SHARES
EXCLUSIVE INVESTMENT OPPORTUNITY FOR REICHMUTH CLIENTS

During the next few days we will be offering our clients participation in the private placement of Mobimo shares. Karl Reichmuth will represent the shareholders – who by the way are all Reichmuth clients – in the capacity as board member, and will make sure that the basic idea of the investment will be consequently put into practice.

Mobimo, with a staff of 35 has been successful for many years in the purchase and construction of commercial and residential real estate (exclusively Swiss). The Mobimo group currently owns property valued at over 400 million francs as a long-term investment. In addition, apartments and single family homes as well as commercial property valued at almost 200 million francs are to be built. Mobimo is only involved with property, which offers the potential to deliver an economically feasible service. The most prominent project for the year 2000 is

continued on the next page

RIF INVESTMENT STRATEGY

3. TRIMESTER 2000

PENSION PORTFOLIO

Currencies

- EUR normally weighted
- USD at a minimum
- 5-10% commodity currencies (AUD, CAD)

Categories

- Continue to reduce money market investment in favour of bonds
- Maturities CHF and USD: ca. 3-4 years
- Maturities EUR: ca. 4-6 years
- Avoid equity risk

HARVEST PORTFOLIO

Currencies

- As Precautionary (above)

Categories

- Maintain stand-by reserves or GROI (short SPX)
- Gradually accumulate term EUR and CHF bonds and reduce money market funds
- Keep equity allocations to a minimum
- Value stocks in Europe (paper, machinery, retail)
- Defensive European growth stocks (pharmaceutics)
- Secondary stocks CH and D (MDAX)
- Maintain a Japan/Asia exposure at 5-10% by means of capital protected instruments
- 10-20% Alternative investments
- 5-10% of real-estate stocks

SPORTING PORTFOLIO

Currencies

- Short USD
- Stand-by reserves in EUR

Categories

- Long Europe (MDAX / secondary stocks)
- Accumulate strongly battered Blue Chips (bottom fishing)
- Build up a biotech basket
- JGB short
- Nikkei long
- S&P or Nasdaq short (Bear Collar or short Future with short Put Position)
- 30-45% alternative investments

The recommendations are dependent on movements in the market and are subject to change without notice. Further information including the RIF World, RIF Small-and-Mid-Cap List and the current Bond List are available from Mr. Alessandro Pelli or Mr. Stefan Ulrich at +41-41-249 49 29.

the Mobimo building complex on the Escher-Wyss Platz in Zurich, where by means of a new technology, new standards in energy savings of up to 70% should be achieved.

Very attractive conditions

Thus Mobimo owns a real-estate portfolio which has been consequently tailored to investor requirements and whose individual items can be actively promoted. It is intended to have the shares quoted on the Swiss Stock Exchange in order to make the trading of shares more efficient. We are currently raising the share capital by CHF 50 million (up to now 140 million) by means of a private placement with Reichmuth clients at very interesting conditions, namely at net asset value (NAV). The targeted return is at least 10% per year. This is at the same time the benchmark against which our shareholders can measure the Mobimo performance.

Exceptionally good results, excellent outlook for the future.

Mobimo was established four years ago at a time when a few core investors were looking for the possibility of an indirect (easily tradable) investment in real estate. Because at this time the real estate market was under extreme pressure and thus no suitable possibilities were available, the idea of setting-up a highly professional team was put into action – and this with great success: Mobimo-CEO Dr. Alfred Meili, with his team has achieved excellent results over the past few years and the future outlook for the business is excellent.

For further information please contact:
Ernst Brugger, Mobimo Holding AG,
Rütligasse 1, 6000 Lucerne 7,
Tel. 041 249 49 80
www.mobimo.ch



Dr. Alfred Meili, CEO Mobimo