PRIVATBANKIERS
REICHMUTH & CO
INTEGRAL INVESTMENT MANAGEMENT

CHECK-UP

CLIENT INFORMATION OF PRIVATBANKIERS REICHMUTH & CO, INTEGRAL INVESTMENT MANAGEMENT

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EDITORIAL

Someone recently asked me with sympathetic concern whether the current financial market crisis is causing me sleepless nights. Not at all, I replied; I have seldom been able to give recommendations as clearly as I can today. One thing seems apparent: to preserve the current monetary system based on trust in the state, countries across the globe have sought refuge in printing money. But what if the state itself were to go bankrupt? Money can only be repaid by those that create real assets or own such assets that they can sell on the markets. States, however, can normally only reduce their debts by collecting taxes.

Politicians want to take precedence over the markets. Can that work out well? Increasing paternalism is the result, with personal responsibility becoming an alien concept. Therefore, the primary focus of this issue of Check-Up is on investments with the least possible dependence on the state. With these, you can calmly take the daily crisis headlines in your stride. And they offer the best opportunities of preserving and long-term increasing your wealth in this protracted crisis.



Karl Reichmuth
General Partner

POLITICS VERSUS MARKETS

SYMPTOM-BASED ECONOMICS

An entrepreneur once told me that politics and the economy are ultimately the same: everything centers on the distribution of scarce resources, the core task of the economy. Nobody is better at this than the market. Although there may be exaggerations, both on the up and downside, these always level out sometime. Markets exist under every political system, either officially or unofficially, and they always have the greatest impact on prosperity amid free trade and legal security. The market DNA is therefore inherently beneficial.

Include markets in creating solutions

Markets always prevail, even when political ideas seek to exclude them. Despite numerous analyses drawn up by economists, the proposed solutions have thus far scarcely gone beyond tackling the symptoms. Symptoms are what populist economists focus on above all. Short term, their proposals may manage to stabilize the financial system, but diagnosing and remedying the underlying problems appears to be less their forte. Hence there is still public brainstorming underway on the three main financial problems – sovereign debt, banking system, and competitiveness. The market economy already has appropriate solutions to offer, ones that have been tried and tested many times before. Therefore, instead of being excluded, markets should be part of the solution.

Excessively high sovereign debt

Government debt is always tantamount to deferred taxes. It must not be zero, since financial markets need indications regarding the terms of «risk-free» bonds. This yield curve provides important signals for the economy, because only by knowing the cost of capital, once can work out how much of it one can afford. That said, at present, sovereign debt levels are too high in many countries. They should be in a viable proportion to the country's fundamentals, e.g. its GDP. In the Maastricht treaty, this ratio was set at below 60%. Indebtedness in most countries is well above this level and, hence, much too high; especially considering that promised pensions are neither included in this figure nor financed.

Distorted market signals

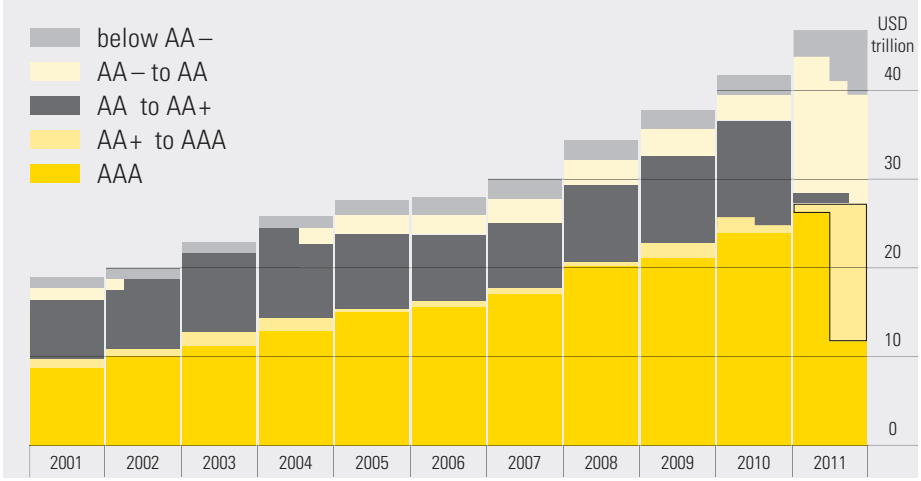
Interest rates in Switzerland, Germany, the UK, and the US would never have fallen so low if the central banks had not been forced to pump yet more money into circulation in order to stabilize the financial system. Although compa-

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DECLINING NUMBER OF FIRST-CLASS (AAA) GOVERNMENT BONDS



Source: BIS

nies know how to deal with a wide array of risks, at present they are practically flying blind due to distorted interest rates and the uncertainty over the currency union. As a result they are holding off on new investments and hardly creating any jobs. After all, who would invest in southern Europe at the moment? This central bank money also leads to increased demand for safe investments. However, these are becoming increasingly rare and are restricted to an ever declining number of countries. We only need to think of the amounts the Swiss National Bank is spending to prevent the CHF from rising, and the corresponding purchases of «safe» investments in EUR and USD.

Divided Europe

The «believe me» solution announced by Mr. Draghi with unlimited bond buying – provided countries seek shelter under the bailout plans – is isolating Germany even further. All of southern Europe – France included – is lining up against Germany. Who wins remains to be seen. There are elections coming up soon in the Netherlands, and next year in Germany. If no action is taken, the muddling-through tactics will continue. As a result the depression in southern Europe will last for some more years. But what will happen if the conditions agreed as part of the bailout plan once again cannot be kept?

Solutions based on market economics

1. Reduce sovereign debt

This task must be tackled worldwide. It is easiest to reduce sovereign debt in a growing economy, at least nominally. In this instance, inflation is not unwelcome. Large-scale debt restructuring would also be on the cards. It remains to be seen whether this takes place via transparent rescheduling or via hidden measures, e.g. mandatory bonds, further new debt purchase programs etc. Ultimately, however, state debt can only be reduced by cutting expenditure and raising taxes.

2. Stabilize banking system

It is now apparent that central banks as «lender of last resort» can only ensure the liquidity of banks, but not their solvency. Insolvency questions always arise when a bank needs to make major write-offs on loans or speculation gone wrong. The classic remedies are capital increases, mergers or restructurings, even including debt/equity swaps. After five years of crisis, the first two avenues are no longer open to all institutions. The last resort would be nationalization. This does not solve the problems but can temporarily prevent a run on the banks. Unfortunately both methods, debt/equity swaps and nationalizations, appear to be becoming necessary, especially in southern Europe.

3. Restore competitiveness

This problem is the most important for the future of the Eurozone. It can probably only be resolved by separating Germany off from the southern region. Normally currencies reflect these differences and restore balance. Yet, since depreciations are not possible within the Eurozone, wages would have to be halved in the south or doubled in the north. Alternatively, productivity would have to be massively increased in the south. There is little likelihood of either happening. As a result, exits from the Eurozone must happen, and are even desirable. Otherwise, the major achievements of the common market will be lost.

Investment strategy for this crisis

Until this crisis nears its end, our investment strategy will continue to focus on equities and precious metals. Further, we are holding cash and short-term bonds to take advantage of upcoming opportunities. Utmost attention must be paid to diversification and adapting the strategy in line with the client's individual circumstances, including temporary hedging of equity exposure via futures. The end of the crisis will become visible once more flexible exchange rates – i.e. depreciations – and debt restructurings are implemented. Another sign will be when a major central bank begins to focus on getting back to a normal, i.e. traditional, monetary policy. This must happen. We are keeping close tabs on these signals.



Christof Reichmuth
General Partner

THE BIG PICTURE

OUR SCENARIO ANALYSIS IN A NUTSHELL

UNCERTAINTY	STAGFLATION	EUR/CHF FLOOR FAILS	NEW START
Uncertainty persists over the development of the financial crisis going forward. National deficits remain high, monetary policy extremely expansionary. This does not solve the problems, it only postpones them. Sovereign defaults are likely; the EUR remains, but exits of individual countries are possible. Economic growth declining in the emerging markets but still clearly positive, only just positive in northern Europe and the US, negative in the UK and southern Europe. Interest rates remain around zero. Inflation only comes later, meanwhile temporary deflation in certain crisis countries.	The central banks remain extremely expansionary and are thus more or less openly financing the national deficits. Governments increasingly intervene in the economy. Sharp increases in taxes on the rich to reduce national deficits. Economic growth remains low. Inflation begins to rise. Nevertheless, the central banks keep interest rates low, including long-term rates. The negative real yields lead to a flight into real assets. Higher inflation defuses the debt problem over time; state bankruptcies can be avoided.	Owing to the dramatic increase in intervention volumes, the Swiss National Bank relinquishes the EUR/CHF 1.20 floor. The CHF shoots up (over the short term) against all currencies by 15% to 30%. Compensation measures (subsidies for the export and tourism industries, restrictions on capital movements, taxes on consumer tourism and holiday trips abroad, etc.) provide only insufficient assistance. Recession and pronounced deflation in Switzerland. All investments, e.g. equities, gold, and commodities, fall in CHF terms except CHF nominal assets.	Global political consensus that sovereign debt has to be massively reduced by way of radical measures to facilitate a fresh start. This is to take place via a currency reform with high allowances, a high, one-off tax on the rich, and/or restructuring of sovereign debt. Banks and insurance companies are temporarily nationalized. Companies are spared, so too are pensioners. This expropriation above all affects wealthy individuals with nominal assets. The effects on consumption are therefore fairly modest.
INVESTMENT IDEAS: Shares in globally active firms with good products Emerging markets Selectively hedge funds Gold, silver Following possible EUR exits, southern European shares	INVESTMENT IDEAS: Inflation-linked bonds Shares in globally active firms with good products Real estate Selectively hedge funds Gold, silver	INVESTMENT IDEAS: CHF cash or banknotes Shares in globally active firms with good products, but currency hedged against the CHF Temporarily hedge Swiss shares After the appreciation of the CHF, sell CHF and unwind hedges	INVESTMENT IDEAS: Don't hold any nominal assets, except possibly in Switzerland Shares, but no financials Real estate Commodities Precious metals
Probability 12 months: 60%	Probability 12 months: 34%	Probability 12 months: 5%	Probability 12 months: 1%
Probability 24 months: 40%	Probability 24 months: 49%	Probability 24 months: 10%	Probability 24 months: 1%
Probability 36 months: 10%	Probability 36 months: 69%	Probability 36 months: 20%	Probability 36 months: 1%

«PORTFOLIO OF THE FUTURE»

DIVERSIFIED AND FUTURE-ORIENTED – ADAPTED TO THE CURRENT MARKET ENVIRONMENT

%	WHAT	POT 1**: COMMITMENTS	POT 2**: PRESERVING VALUE	POT 3**: SEIZING OPPORTUNITIES	YIELD*	VOLATILITY*
35%	Cash & fixed income investments	Money Market or Cash in home currency Short-term bonds in CHF and NOK	 Inflation-linked government bonds in CAD and SEK		0-1% 0-2%	0% 5%
5%	Structured Products			Asia FX / CHF	4-8%	8%
30%	Equities		Stocks with high dividend yields and low valuations from the food, energy, pharmaceuticals and telecom sectors	Cyclical equities Emerging Markets Gold mining equities Small caps (Pilatus)	4-8%	15%
5%	Real Estate		Switzerland	Asia REITs	4-8%	15%
15%	Alternative Investments			Matterhorn 3 and 24 or third party instruments Reichmuth Himalaja Reichmuth Macro	6-8% 10-15% 10-15%	< 10% < 15% < 15%
10%	Precious Metals		Gold (physically)	Silver ETF	8-10%	15%
				Total	**3-6%**	**approx. 6%**

*Expected average values over a 5-year time horizon – no guarantee

**Read about the «Three Pot Plan» in our Check-Up of September 2011, p. 8 or at www.reichmuthco.ch. At request, we will gladly also send you a copy of this article.

INVESTMENT POLICY
SEPTEMBER 2012

BASIS	CH	EU		USA	J	CHINA
Purchasing Power Parities		1.36		0.98	1.14	
GDP Growth		**N**	**S**			
actual	2.0%	1.0%	-2.0%	2.2%	3.5%	7.6%
1 year	↘	↘	↘	↘	↘	↘
3 years	→	→	→	→	→	→
Inflation		**N**	**S**			
actual	-0.7%	1.7%	2.7%	1.4%	-0.2%	1.8%
1 year	↗	↗	↘	→	→	→
3 years	2.0%	4.0%	8.0%	5.0%	2.0%	6.0%
Stock Markets	**SPI**	**DAX**		**S&P 500**	**TOPIX**	**HSCEI**
Price/Sales	1.5	0.6		1.3	0.4	0.9
Dividend Yield	3.3	3.7		2.1	2.5	3.8
Price/Book	1.8	1.4		2.2	0.9	1.3
Price/Earnings actual	17	14		14	21	8
Price/Earnings estimate	13	11		14	13	8

FORECAST	CH	EU		USA	J	CHINA
Money Markets (3 months)		**N**	**S**			
actual	0.05%	0.2%		0.4%	0.2%	3.1%
6 months	↘	↘	↗	↘	↘	↘
Swap Rates (10 years)		**N**	**S**			
actual	1.0%	1.75%		1.75%	0.8%	n.a.
1 year	→	→	↗	→	→	
3 years	↗	↗	↘	↗	↗	
Currencies		**N**	**S**			
actual		1.2		0.96	1.22	0.15
1 year		→		↗	→	↗
3 years		→	↘	→	↘	→
Stock Markets	**SPI**	**DAX**	**S**	**S&P 500**	**TOPIX**	**HSCEI**
actual	5'990	7'023		1'410	762	9'700
1 year	→	→	→	→	→	→
3 years	↗	↘	↗	↗	↗	↗
Real Estate Market	→	→	↓	→	→	→

Legend: ↗ = increasing → = neutral ↘ = decreasing **N** = Northern Europe **S** = Southern Europe as of: August 22, 2012

MARKET OUTLOOK
3rd TRIMESTER 2012

CURRENCIES

The EUR's rollercoaster ride versus the USD perfectly illustrates the current exchange rate trends. The EUR will continue to hold at just above CHF 1.20 over the coming months thanks to the ongoing market interventions by the Swiss National Bank.

There are increasing doubts in the market that a solution will be found to the debt crisis of southern European states and banks and that their solvency will be maintained. Therefore, the EUR is bound to weaken further, and this trend will persist for the time being. That said we are unlikely to see the Eurozone break up completely and the EUR disappear. The combination of different measures (further austerity programs, tax rises, increasing credits and guarantees from European and multinational organizations, monetarization, etc.) is likely to see the situation stabilize over time, although a smaller Eurozone, defaults and/or haircuts on existing debt cannot be ruled out. In the long run the EUR will tend to rise against the USD given that the key fundamental data (national deficits, current account) in the Eurozone as a whole are much more favorable than those of the US.

The Swiss National Bank will continue to intervene in the currency markets in order to defend the EUR 1 = CHF 1.20 floor at least until the end of 2012. These interventions have recently amounted to around CHF 3 billion per day. There are a number of good arguments to support this: the distortion of competition in exports and tourism, the still significantly higher purchasing power parity, the negative inflation rate in Switzerland, and the falling inflation rate in the Eurozone.

INTEREST RATES

Despite having already reached an extremely low level, interest rates fell yet further last month, particularly at the long end. They will stay doggedly low for as long as the financial crisis remains unresolved, and an increase is only on the cards over the very long term.

Economic growth is stagnating at a low level. Growth rates have also fallen in the emerging markets, while the crisis-hit countries of southern Europe as well as the UK are in a recession, or even a depression. The central banks are thus persisting with their extremely expansionary monetary policies (including purchases of long-term government bonds), especially given that inflation rates are tending towards zero or are even negative in some countries. And this despite the massive increase in money supply. Therefore, extremely low interest rates are still to be expected for some time to come across all maturities (albeit only for first-class bonds). At this stage it is scarcely possible to predict when interest rates will start to rise and for what reason (e.g. sudden loss in confidence in paper currencies, with inflation shooting up as a result).

The risk premiums for the southern European states have risen further in recent months, and are currently at a very high and critical level. As a result, the ongoing refinancing of sovereign debt is becoming increasingly difficult. Consequently, most banks also have to contend with high risk premiums. The more stringent capital adequacy requirements and the corresponding recapitalizations will bring a gradual easing in the situation, and the interbank market that has been distorted since the beginning of the financial crisis is likely to normalize.

STOCK MARKETS

The stock markets are volatile and are moving in a sideways trend. Thanks to the high weighting of Nestlé, Novartis, and Roche, the SMI has fared best among the key equity indexes, hitting a year-to-date high. The sideways trend is likely to persist supported on the one hand by the attractive valuations and impacted on the other hand by the continuing financial crisis.

Companies' profit margins are at rather high levels, and these will come under pressure from the expected decline in economic growth in most countries. That said most equities are trading at low valuations in terms of the fundamental data, so this negative factor is probably priced in to a sufficient degree. Equity valuations are currently particularly low in the southern European countries, especially in the financial sector. The price-to-book ratios of the southern European equity indexes are well below 1 in some cases. This may be a common occurrence for individual stocks, but it is seldom seen for entire markets. There are interesting bottom-fishing opportunities on offer here for investors willing to take on risks, albeit with the risk of currency devaluations in the event of Eurozone exits. However, shares in well financed companies in defensive sectors domiciled in stable countries with high and secure dividend yields are still advisable as core investments in the equity segment.



Dr. Max Rössler

SWITZERLAND AS A SPECIAL CASE: EUR/CHF FLOOR AT 1.20

OPPORTUNITIES AND THREATS FOR CHF INVESTORS

The EUR/CHF floor gave companies the certainty they need for making plans, and has brought CHF investors the best of all worlds thus far this year as the CHF has fallen in tandem with the weakest major currency, the EUR. This has resulted in gains both on foreign currencies and share prices. And in light of the massive inflows into CHF, interest rates have moved closer to zero or have even fallen below.

CHF investors profiting from the EUR crisis?

As long as the SNB maintains the floor, we see further good opportunities in foreign currencies – albeit not in EUR – and in the Swiss equity market. As regards interest rates, however, the risks are high given that CHF interest rates would not be so low without the EUR crisis and the flight into supposedly safer currencies and jurisdictions.

Risks of relinquishing the floor

We still believe that the SNB will maintain the floor versus the EUR. Therefore, the CHF is something akin to a better version of the EUR at the moment. This means above all holding those foreign currencies that have upside potential, such as the USD, CAD, Asian currencies, NOK, and SEK and underweighing EUR. However, abandoning the floor of 1.20 to the EUR – be it due to political pressure or other factors – could lead temporarily to a much stronger CHF. Giving up the floor would be a Swiss-specific event, with all currencies – including the USD – and gold falling against the CHF. In the case of a 30% foreign currency allocation, this still unlikely scenario would result in a negative performance of 4-8%.

Threat for Swiss equities

It is not just foreign currencies that would suffer losses. Swiss equities would also come under pressure; export-oriented stocks due to the deterioration in the competitive situation, and domestically-focused stocks due to the resultant recession. Globally active firms would also suffer share price losses in CHF. However, they would be worth the same in USD and EUR given that the share price declines would be balanced out by the currency appreciation.

In every case, these opportunities and threats need to be assessed in line with the specific circumstances of the individual portfolio. This is the only way to be prepared for every eventuality.



Othmar Som

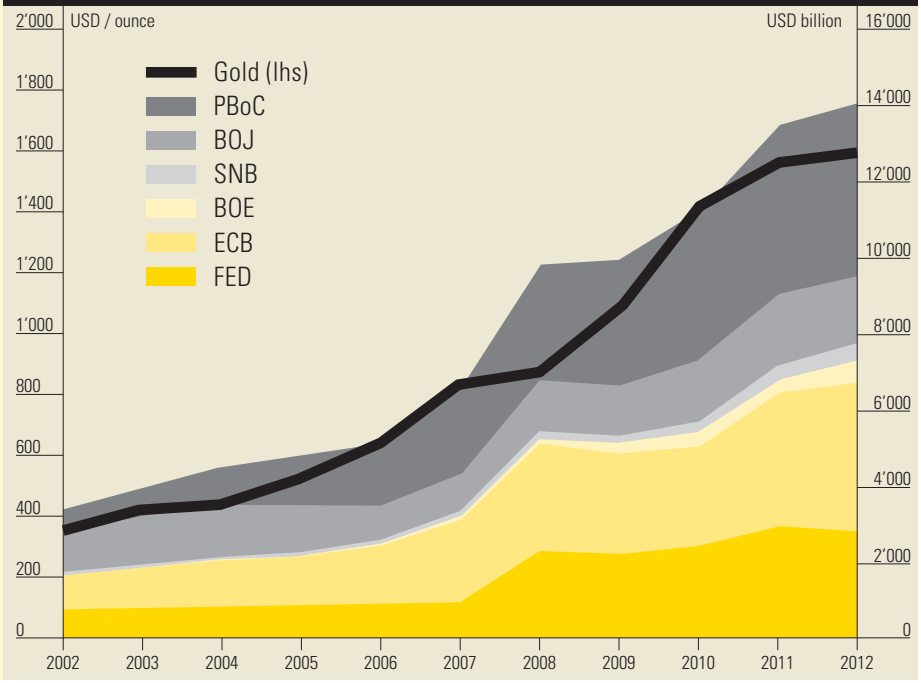
GOLD IS INDEPENDENT OF STATES AND CENTRAL BANKS

GOLD ALSO HAS NO COUNTERPARTY RISK

We have been recommending gold for more than ten years, and the price now stands at around CHF 50'000/kg, four times as high as back then. An ounce of gold today costs USD 1'600, five times more than ten years ago. But despite the fact that gold looks expensive, we still recommend holding it in portfolios.

This chart shows the expansion in the balance sheets of the six largest central banks over the past ten years, and also how the price of gold has reacted to these developments. With the central banks worldwide still in a state of emergency and no discernible end to this trend in sight, we are continuing to recommend holding an average of 5-10% in gold.

THE PRICE OF GOLD AND CENTRAL BANK BALANCE SHEETS



Source: Bloomberg, Central Banks

THE DECADE OF DIVIDEND STOCKS

RENAISSANCE OF THE «NIFTY FIFTY»?

There is a prevailing dearth of investments. Accounts are paying scarcely any interest, the bonds of purportedly safe countries are offering negative yields, and equity markets are in a sideways trend.

The «Nifty Fifty» of the 1960s and 1970s

Back then, many investors parked their assets in well financed, large cap companies with good products and strong brands, e. g. Coca Cola, Procter & Gamble, and Johnson & Johnson. The «Nifty Fifty» stocks became very expensive, as was the case with blue chips in the second half of the 1990s. From trading at P/E ratios of 30-50 then, they are now much lower at 12-18. This is what makes them so attractive in the current zero interest rate environment, and against the backdrop of a steady flow of new emergency measures from the central banks.

Key advantages of global firms

For about three years, we have been recommending a high allocation in large cap value stocks with attractive dividend yields. Looking at the next ten years, we are convinced that investors will achieve the best results with a portfolio comprising such global firms. The advantages they offer are impressive:

1) **Ability to act:** such firms cover a range of different markets and have a broad client base. When certain regions are flagging, this can often be offset in areas where economic growth is stronger. If sales drop, the companies make adjustments to their costs.
2) **Earnings power:** market leaders have first-class products whose life cycles are less dependent on trends and fads. This is reflected in relatively stable margins and high operating cash flows. They have little dependence on the ailing financial system.
3) **Inflation protection:** while investors in nominal assets (e.g. cash or bonds) suffer losses in inflationary phases or when interest rates are rising, many companies can pass price increases on to consumers. Hence, their turnover and profits grow with inflation. Investments offering inflation protection are increasingly in demand. Therefore, we see additional performance potential in nominal share prices, this over and above the current dividends.

What should be kept in mind?

In selecting these stocks, we use an internal ratings system to analyze fundamental factors. Besides the financial data, we focus above all on the products and on assessing the countries in question, looking at aspects such as the debt situation and jurisdictions.

- **Products:** products that are difficult to replace and strong brands give rise to pricing power, which is important in an inflationary phase. Products with short lifecycles that are dependent on trends and fads should be avoided. This is why companies from the food, healthcare, and energy sectors are recommended.
- **Sales markets:** having a broad client base with good regional diversification increases management's room for maneuver.
- **Earnings power:** turnover and operating cash flows should cover not only all costs and investments in replacements and expansion, but also a sustainable dividend.
- **Dependence on the state:** we avoid sectors that are strongly regulated by the state, given that license fees and price caps are popular means of pursuing political goals (e.g. by increasing the former). Therefore, products should not be bound by just one set of national borders, and certainly not in risk states.
- **Jurisdiction:** companies from countries with a high degree of legal security and low debt have the advantage in this regard in that they have a lower risk of expropriation.
- **Valuation:** as value-oriented investors we give preference to companies with a sustainable dividend policy.

Where could we be wrong?

Not all companies will master the challenges that lie ahead in the coming ten years. Individual collapses happen, such as was the case with Swissair; therefore, diversification is essential. Furthermore, we could be mistaken in our expectations with regard to stagflation in northern Europe and the US. Should there be signs of a global depression – which is rather unlikely with the modern system of paper currency – we would also have to react. Of course, this portfolio is also subject to price fluctuations. Barring any changes to the underlying assumptions, such swings should be taken calmly. Regular monitoring flags up any need for action, for example, if we change our assessment, or if share prices reach heights which cannot be justified anymore. If you'd like to find out more, we would be delighted to talk to you. Give us a call.



Silvan Betschart

«TEN YEARS FROM NOW»

JÜRG STAUB TALKS WITH MRS. HUNDRED-MILL

Mrs. Hundred-Mill: All this talk of crises makes me very concerned. In times like these, how am I supposed to preserve our family's wealth for the next generation, let alone increase it?

JS: To quote Pericles: the key is not to predict the future, but to be prepared for it. The scenario with the most serious consequences would be a global currency reform coordinated by the G8 in which, for example, all monetary assets above 10 million would be converted at a ratio of 1:10 to ease the sovereign debt burden.

Hundred: So nearly 90% of my family's wealth would be expropriated virtually overnight?

JS: Yes, but don't worry, the likelihood of such an extreme scenario occurring is very low. This would only be possible in war-like circumstances, not in modern democracies. The G8 is currently not able to act, and its governments are dependent on the powers of their parliaments. However, the current trend is moving in this direction: higher taxes are being imposed, interest rates are manipulated to extremely low levels, inflation will probably emerge, and there is a risk that the rich will have to accept mandatory bond investments.

Hundred: I'm getting even more worried now. How did people preserve their family wealth in crisis periods in the past?

JS: They were invested in companies that withstood the crisis. And they were not forced to sell these investments during the crisis. Although the price of these firms also plummeted temporarily, they regained their value after the crisis. It was savers, creditors of government bonds and holders of cash that bore the brunt.

Hundred: Should I invest everything in shares then?

JS: You should only put assets in equities that you don't immediately need. But we would dare to say that if you were to invest today in a selection of stocks of around 50 globally active companies, as we outline on page 7, your 100 million should be worth 150 to 200 million in ten years' time – at least in nominal terms. In real terms you might not be able to buy more, but your purchasing power should be maintained. The valuation may drop temporarily to say 50 or 70 million – but you should hold your nerve. It's also essential that you diversify, because not all companies will survive the next ten years.

Hundred: What are the alternatives?

JS: If you leave the 100 million in cash, it is likely to be little more than 100-110 million in ten years' time, or 105-115 million if you invest it in government bonds. That's in nominal terms, of course, it would be worth somewhat less in real terms.

Hundred: Would gold not be safer?

JS: Gold does not generate any returns, it's simply scarce. 100 million invested in gold today could be worth 100 million again ten years from now, even if it had perhaps risen temporarily to 150 or 200 million. You would have to sell it again after the crisis. Under no circumstances would we invest everything in gold.

Hundred: So why don't we invest the 100 million in equities?

JS: Because most people don't dare to. You can only do this if you can really think over generations, and hold firm over the long term. There's a considerable danger that despite choosing the right strategy, you can be unsettled at the wrong time. A number of things can cause you to waver: your spouse, the media, tax consultant, etc. They will say: how could you invest in equities in the midst of a crisis? That's the reason why hardly anyone puts such a long-term strategy into practice, even though there are many people who would share our view.

Hundred: Should I recommend this approach to my neighbor as well then?

JS: No, you always have to assess the individual circumstances. There's no advice that is universally valid – with the possible exception of diversification. Say, for example, someone has one million, which is also a lot of money, and has to live from this. In this instance, such a strategy would be totally wrong for them. You can only do something like this if the assets are intended for the next generation. As in your case.

Hundred: I've made my decision, I'll invest part of my assets in this way. And I won't allow myself to be unsettled. But who will handle the selection of securities?

JS: That's our job. It is important to remain calm when faced with price fluctuations driven by fear or greed. If the underlying assumptions change, then we have to react. But this is not likely to happen all that often.



Jürg Staub
General Partner