PRIVATBANKIERS
REICHMUTH & CO
INTEGRAL INVESTMENT MANAGEMENT

CHECK-UP

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CH-6000 LUCERNE 7 RUETLIGASSE 1 PHONE +41 41 249 49 49 WWW.REICHMUTHCO.CH MAY 2013

EDITORIAL

Central bank policies worldwide are focused on asset inflation. While on the one hand the low inflation rates point to very low growth, the rising equity markets paint a rosier picture. On the other hand, the recent slump in the price of gold could be interpreted as a precursor of asset deflation. However, this is unlikely to become a serious risk unless the central banks were to abandon their extreme policies, or protectionism flares up and companies' profit margins decline. This is probably some way off yet.

Trust in the industrialized countries and their central banks remains intact. Time will tell whether the increasing regulations and numerous market interventions really improve or resolve everything. Those who live in a free country, where pragmatism prevails and the impact of ownership and individual responsibility on the creation of prosperity is appreciated can count themselves fortunate. Europe's place among them, regrettably, looks increasingly insecure.



Karl Reichmuth
General Partner

YOUNG VS. OLD, POOR VS. RICH

JAPAN AND EUROPE PURSUING DIFFERENT APPROACHES

Neither the Italian elections, the crisis in Cyprus nor North Korea's threats of nuclear war have spoiled the pleasing start to 2013 on the financial markets. On closer inspection, however, there are clearly differing trends. In the past three years, equity markets in the low-growth industrialized countries rose by around a third, this being attributable to central bank policies worldwide. The central banks have long since been acting as agents of their respective states, and now function as the key financial intermediaries. Meanwhile, the equity index in Shanghai, despite China's rapid growth, has slumped by a third over the same period, like the ailing stock markets in Italy, Spain, and Portugal.

Highs 2000 – 2007 – 2013

The US, German, and Swiss markets have returned to their highs of 2000 and 2007. Nevertheless, we do not regard these markets as expensive, and instead see the valuations as being essentially fair – provided the currently very high profit margins are maintained (see graph on p. 2). Margins tend towards a mean. When they are high, price/earnings ratios look more attractive than they actually are. We remain positive on stocks over the long term. Investors should take phases of greed and fear in their stride. A normal correction of 10-20% is possible at any time. It is therefore advisable to set aside some cash for such contingencies. An «abnormal» correction of more than 50% such as in 2000 and 2008 is unlikely to occur until the ultra-expansionary global glut of money aimed primarily at ensuring the stability of the system comes to an end.

Japan intervening

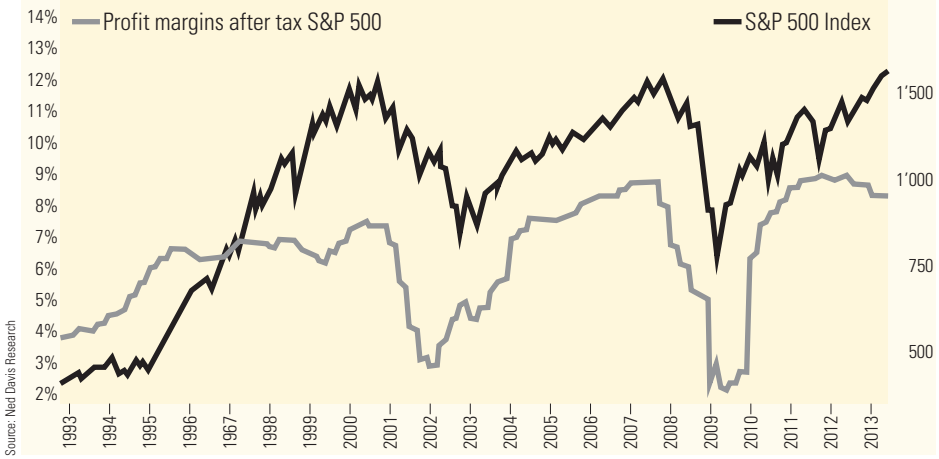
Japan is now embarking on the implementation of the «all or nothing» experiment announced prior to the elections. This entails doubling Japanese money supply with an inflation target of 2% and additional impetus from fiscal policy. This strategy has major implications for the global economy, and it is scarcely possible to gauge the effects it will have at this stage. The last sharp rise in the JPY on this scale was the precursor to the 1997 Asia crisis. What is clear is that a depreciation of more than 25% would make things uncomfortable for its direct competitors, such as South Korea, Germany, and also the US. The stronger USD is likely to also have a curbing impact in the US. However, Japan's approach will also have conse-

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US STOCK MARKET AND PROFIT MARGINS AT RECORD HIGHS



Source: Ned Davis Research

quences for Europe. An appreciation of the EUR is pretty much the last thing the Eurozone would wish for.

Japan and Europe pursuing different approaches

«In Europe there is rarely any war between countries, but there is conflict between the poor and the rich, and also between the young and the old». I heard this said on my recent trip to Asia. An inflationary policy holds little appeal for pensioners, but is more attractive for younger people given that they seldom have assets that will suffer depreciation and do not have pensions with which they have to pay for increasingly expensive goods and services.

In Europe, the exact opposite is the case. Here, the southern countries are in a depression. With prices and wages thus under pressure, current and soon-to-be pensioners are enjoying an increase in the purchasing power of their Euros, even though they are receiving scarcely any interest on their savings. The status quo clearly favors the elderly and places the young at a disadvantage.

Youth unemployment in southern Europe…

Youth unemployment has risen to 58% in Greece, 55% in Spain, and 38% in Italy and Portugal. One in two young people is unable to find work. What do these people do day in, day out? And what will they do tomorrow?

…cyclical or structural?

A distinction must be drawn between cyclical and structural unemployment. The latter occurs when there is no structural change. As regards the former, the Taylor rule devised for central banks offers a telling indicator for interest rates in Europe: for Italy this «right» interest rate lies at -0.2%, for Spain at -8%, and for Greece at -18%. For Germany, by contrast, this figure is at +6%. This clearly highlights the structural flaw of the EUR adopting a single monetary policy for different economic structures and countries. Nevertheless, the EUR construct remains sacrosanct for the paymaster, Germany.

New ECB program for small and mid cap companies?

Meanwhile, 60% of Italians voted for parties skeptical on the EUR. Due to the Italian electoral system, the result was a stalemate. The ECB thus remains the only body capable of acting to ensure calm in the Eurozone, at least until after this year's elections in Germany. Reading between the lines, we can also already see the prospect of a further new ECB program, this one promising loans for small and mid cap companies in southern Europe.

Preparing for the future

Especially now that the erstwhile safe-haven investment of government bonds has become uncertain, responsible investors should broaden their diversification. Long bonds offering no returns and high negative price risks are and will remain unattractive in our view. Only passive index investors and insurers are buying these bonds at such low yields, because they are compelled to do so by regulations. We, on the other hand, remain convinced of the potential of equities to preserve value over the long term. Here we choose equities of companies that are independent of governments, with low risks of expropriation. It is advisable to have some cash set aside to anticipate any corrections, which can be exploited to make additional investments. Anyone without cash on hand cannot do this, and if you are fully invested you are also unprotected against the impact of a correction.

As regards currencies, we expect the USD to strengthen temporarily in 2013. The Asian currencies are feeling the depreciation pressure of the JPY. It is already cheap, but currencies always overshoot and undershoot. The EUR is strong because the ECB is virtually the only central bank that has not switched over to a monetization program.

Finally, a word on gold. Gold is and will remain part of the allocation as long as the central banks adhere to their expansionary policies and continue their quest for new solutions. The current correction can therefore be used for purchases if the individual allocation has not yet been exhausted. The price of gold does not have a calculable value, and is purely determined by supply and demand. We can assume that the fluctuations will remain very high. Money can be printed relatively easily; gold cannot (see p. 6.)



Christof Reichmuth
General Partner

THE BIG PICTURE

OUR SCENARIO ANALYSIS IN A NUTSHELL

CONSENSUS What the market expects	STAGFLATION Scant growth, more inflation	BOOM & BUST The new Japanese way	NEW START The German way fails
The Eurozone remains intact. Uncertainty persists in the crisis countries. Rudimentary success in reducing sovereign debt. Monetary policy remains expansionary worldwide. Japan implements an aggressive monetary policy. Thanks to the weak currency and higher inflation expectations, the economy grows nominally. The weak JPY brings pressure to bear on Asian economies. Their competitiveness wanes due to stronger currencies and inflation. The US economy recovers thanks to expansionary monetary policy, low energy prices and a stronger real estate market. Unemployment falls, the trade deficit declines.	In the EU, taxes for the rich are increased. Growth remains low. Inflation rises in northern Europe, central banks keep interest rates low. The US recovers only slowly. The housing market and low energy prices have a stabilizing effect, but capital spending remains low and few new jobs are created. The expansionary monetary policy in Japan leads to a rise in asset values, but does not solve any structural problems. Real growth in Japan remains low, inflation rises. In Asia, the higher inflation leads to social unrest, economic growth weakens.	In Europe, southern Europe pushes through a growth strategy with expansionary fiscal and monetary policies. The aim is for the EUR to weaken and stimulate exports. The ECB finances new EUR bonds which are used for infrastructure projects. Germany is prepared to accept high transfer payments to the South. Thanks to inflation, the Eurozone can reduce debt. Japan imposes aggressive monetary and fiscal policies. Thanks to the weak currency, the economy grows, at least nominally. The US recovers on the back of the real estate market. Consumer confidence and growth in borrowing rise. The Fed does not normalize interest rates, inflation rises.	The austerity policies lead to a depression and unrest in southern Europe. New elections are held, Euro skeptical parties win. France has to accept a bailout. Germany is not prepared to give unlimited guarantees. Individual countries run out of money, and have to resort to IOUs (bills of exchange). These form the nucleus of new national currencies. Greece and Cyprus, and possibly also Italy, Spain or France leave the EUR and devalue. Germany is hit by a deflationary shock. The banking system in Europe is nationalized. Bond defaults follow. After 2-3 turbulent years on the markets, the attractive cost structures in southern Europe attract new investors. An upswing follows.
INVESTMENT IDEAS: Stocks of globally active companies with products independent of the state USD Selectively hedge funds Precious metals Speculatively: depressed shares (or indexes) in southern Europe	INVESTMENT IDEAS: Inflation-linked bonds Stocks of globally active companies with products independent of the state Real estate Selectively hedge funds Precious metals Gold mining shares	INVESTMENT IDEAS: Equities in general, and in particular in countries with the most expansionary monetary policies and in southern Europe Real estate Selectively hedge funds Precious metals	INVESTMENT IDEAS: Don't hold any nominal assets, except possibly in Switzerland Shares, but no financials Real estate Commodities Precious metals
Probability 6 Mt. 69%	Probability 6 Mt. 10%	Probability 6 Mt. 1%	Probability 6 Mt. 20%
Probability 18 Mt. 40%	Probability 18 Mt. 30%	Probability 18 Mt. 5%	Probability 18 Mt. 25%
Probability 36 Mt. 10%	Probability 36 Mt. 50%	Probability 36 Mt. 10%	Probability 36 Mt. 30%

«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*
30%	Cash & Fixed Income	Money market or cash in local currency			0%	1%
		Short term bonds in CHF and NOK	Inflation-linked government bonds in EUR, CAD and SEK		0-2%	5%
5%	Structured products			Asian FX / CHF	4-8%	8%
35%	Equities		Stocks with high dividend yields and low valuations from sectors like food, energy, pharmaceuticals, telecom and from our Global Leaders list	Cyclical equities Emerging Markets Gold mining equities Small caps (Pilatus) Italian Stock Index RMB Internationalization	4-8%	15%
5%	Real Estate		Switzerland	Asian REITs	4-8%	15%
15%	Alternative Investments			Matterhorn 3 / 24 or third-party instruments Reichmuth Himalaja Reichmuth Macro	6-8% 10% 10%	< 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
MAY 2013

BASIS	CH	EU		USA	J	CHINA
Purchasing Power Parities		1.30		0.94	1.13	
GDP Growth		**N**	**S**			
actual	1.4%	0.1%	-1.7%	1.6%	0.5%	7.9%
1 year	→	↗	↘	↗	→	→
3 years	→	→	↗	→	→	→
Inflation		**N**	**S**			
actual	-0.6%	1.7%	1.6%	1.5%	-0.7%	2.1%
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	1.6	0.6		1.4	0.6	0.9
Dividend Yield	3.1%	3.5%		2.1%	1.6%	3.6%
Price/Book	2.0	1.4		2.3	1.3	1.3
Price/Earnings actual	15	11		14	17	8
Price/Earnings estimate	13	10		13	14	7

FORECAST	CH	EU		USA	J	CHINA
Money Markets (3 months)		**N**	**S**			
actual	0.02%	0.1%		0.3%	0.2%	3.9%
1 year	→	→	→	→	→	→
Swap Rates (10 years)		**N**	**S**			
actual	1.1%	1.5%		1.9%	0.7%	3.7%
1 year	↗	→		↗	→	↗
3 years	↗	↗	↗	↗	↗	↗
Currencies		**N**	**S**			
actual		1.22		0.93	0.94	0.15
1 year		→	↘	↗	↘	→
3 years		→	↘	↘	→	↗
Stock Markets	**SPI**	**DAX**		**S&P 500**	**TOPIX**	**HSCEI**
actual	7'100	7'500		1'542	1'127	10'527
1 year	→	→		→	↗	↗
3 years	↗	→		↗	↗	↗
Real Estate Market	→	→		↗	→	→

Legend: ↗ = increasing → = neutral ↘ = decreasing **N** = Northern Europe **S** = Southern Europe as of: April 19, 2013

MARKET OUTLOOK
2nd TRIMESTER 2013

CURRENCIES

With the exception of the marked weakness of the JPY, there has been little change in the exchange rates of the major currencies in recent months. No significant shifts are on the cards for the remainder of the year, either.

The Bank of Japan's extremely expansionary monetary policy, with renewed and intensified interventions on the currency markets and massive purchases of long-term government bonds, helped the JPY to weaken clearly against the USD and thus also against the other Asian currencies. The depreciation was very rapid, and has already pushed the exchange rate close to 100 JPY/USD. The JPY is therefore already somewhat too weak, but currencies can overshoot or undershoot for lengthy periods. That weakness is having a negative impact on the export industries of the other countries in Asia. The previously expected appreciation of their currencies against the USD has thus become less likely over the short term, with rising inflation in some of these emerging markets also being a factor. Amid the controlled appreciation of the CNY, the USD has weakened to a new historic low, however. The EUR takes a tumble against the USD every time the crisis in the Eurozone flares up (the Cyprus crisis was hardly the last crisis), but is then always able to recover again and is likely to continue to hover around the USD 1.30 mark in the near future. As regards the CHF, the Swiss National Bank has repeatedly stressed its intention to keep the EUR above the floor of CHF 1.20, and it will therefore remain between CHF 1.20 and around CHF 1.25 as before.

INTEREST RATES

Interest rates are still extremely low, and the central banks are even extending their exceptionally expansionary monetary policies. Nevertheless, inflation rates are declining in the industrialized countries due to the fact that unemployment remains high, while wage costs are scarcely rising and are even falling in southern Europe. Interest rates will remain very low for longer than expected.

The problem of rising sovereign debt remains unresolved in most industrialized countries. Although progress has been made, as long as the deficits expressed as a percentage of GNP remain greater than the sum of the real growth rate and the inflation rate, sovereign debt continues to rise (as a % of GNP). Given that both growth and inflation are close to zero, the objective of achieving a turnaround on debt is a distant prospect. That said it is clear that such a turnaround has to take place sooner or later, be it in a controlled or disorderly manner. Until such time, the financial crisis will continue to smolder, with new flashpoints emerging time and again. The central banks will therefore stick to their extremely expansionary monetary policies, especially given the minimal risk of rising consumer prices in this environment. Hence both short-term and long-term interest rates will remain extremely low. It will be a long time before they rise again, and it is scarcely possible to assess the nature and extent of this increase at this stage.

The Cyprus crisis saw credit risk premiums for the at-risk Eurozone states rise to their highest level this year, although they subsequently eased back slightly. It is still difficult and expensive for these countries to secure ongoing refinancing, and the support of the European rescue packages will remain necessary.

STOCK MARKETS

Share prices rose further in the industrialized countries in the initial months of 2013. Based on fundamental valuation criteria, it is now hard to view them as very attractive. Overall, prices are likely to trend sideways in the coming months.

Compared with the main alternatives (fixed-income investments, liquidity), first-class equities with good and secure dividend yields remain interesting, and should therefore be given a strong weighting in a diversified portfolio. This despite the fact that they are trading at clearly higher prices than last year and only modest increases in earnings are to be expected on average.

Unlike the equity markets in the industrialized countries, which are profiting from the extremely low interest rates, the price level of equities in some emerging markets has suffered as a result of rising interest rates and falling profit margins due to large cost increases (annual wage growth rates far in excess of 10% in some cases). For investors prepared to take on risk, attractive selected opportunities for share price gains have opened up in these markets. In southern Europe as well, the share prices of many sound companies have fallen massively in some cases due to the payments crises in these countries, and have become very cheap at least from a value perspective. Entering into such investments thus appears attractive, although also clearly speculative.



Dr. Max Rössler

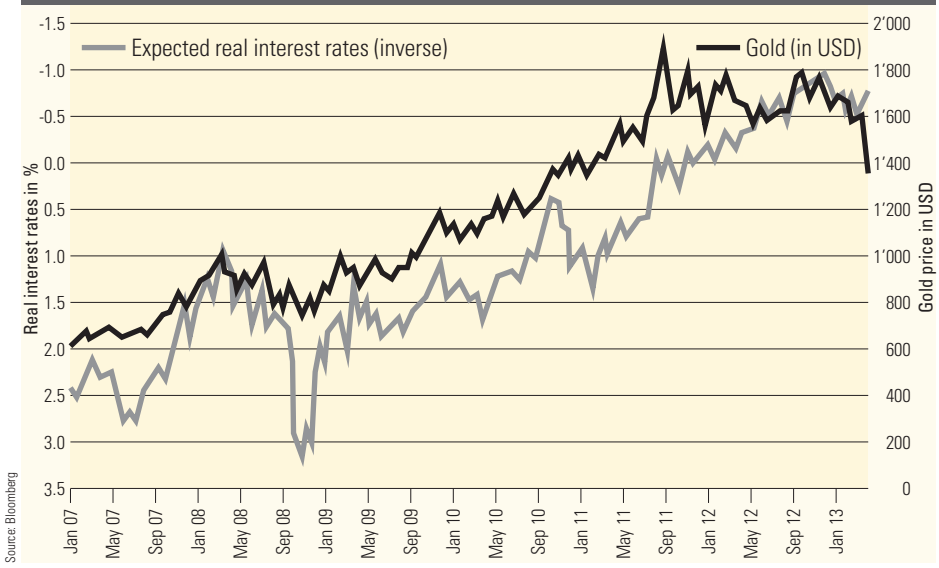
MARKET IDEA GOLD AND GOLD MINING SHARES

POSITIVE ASSESSMENT DESPITE RECENT CORRECTION

Security	Value preserv.	Chance
Value	Neutral	Growth
Contrarian	Neutral	Momentum

Gold and above all gold mining shares have corrected sharply in recent weeks. The price of gold is meanwhile approximately 25% below its high in 2011. The short-term trend of the gold price is almost impossible to predict, investors are unsettled and, hence, there are many short positions in gold futures. Further, technical selling programs have probably exacerbated the downward trend. Nevertheless, since our assumptions remain the same, our fundamental assessment has not changed. The central banks remain very expansionary, and real interest rates are persisting at negative levels. Economic growth is still below average, and inflation figures are likely to rise going forward. Therefore, we still expect the gold price to move higher.

NEGATIVE REAL INTEREST RATES SUPPORT THE PRICE OF GOLD



Source: Bloomberg

Gold mining stocks – a chance?

In principle, gold mining shares should react sharply to both upside and downside movements of the gold price. However, during the past three years, this has not materialized. The reason is management errors, with many companies acting too pro-cyclical, not controlling costs and investing in projects which proved to be too expensive, leading to value adjustments. Consequently, shareholders reacted with disappointment. Nevertheless, these problems are meanwhile known and the managements of many firms have been replaced in the course of the last 18 months. Consequently, as projects had to be value-adjusted firm results were poor. These repeated disappointments prompted investors to turn their backs on this sector. Therefore, the sector is very cheap by historical terms, and gold mining shares look quite attractive if the gold price rises, as we expect. Better cost management, restraint on new projects, and focusing on shareholder interests are likely to lead to higher dividends. Overall, and especially from a historical perspective, the sector has seldom been as attractive as it is now. Finally, leverage at most firms is very low and, hence, balance sheets are quite solid. Some firms, such as Goldcorp, have no net debt anymore.

Gold mining stocks – risks

The main drivers for a gold mine are, on the one hand, the price of gold, and, on the other hand, the costs of exploitation. As mentioned, the latter were much higher than expected and the exploitation goals were additionally much too optimistic. We assume that current management has learned from the errors of the past leading to a better expectation management and, ultimately, better results in the future. Nevertheless, higher than anticipated costs represent a major risk. The other big risk lies in the development of the gold price. Should this price, against our expectations, continue to fall, this will clearly have an impact on future cash flows and earnings potential. Further, such development will ultimately lead to additional value adjustments on projects.

Implementation

There are many ways to implement the presented investment idea – gold in physical form, smaller capitalized gold miners or more established gold producers. In order to find out the suitable way the risk profile of the investor has to always be taken into consideration. It will be our pleasure to discuss this with you during one of our next personal meetings.


Silvan Betschart, CFA

«REAL ASSETS» IN DEMAND

SOLID CASH FLOWS UNDERPINNED WITH REAL GOODS

Since the financial crisis, for many investors the primary focus has shifted from high returns to wealth preservation and inflation protection. With government bonds ceasing to offer a «safe haven», the need for additional diversification and stable returns is rising. Typically, real assets offer all three: 1. stable returns, 2. inflation protection, and 3. wealth preservation.

What are real assets?

There is no universally accepted definition of «real assets». However, the most common example is one we are all familiar with, namely real estate. Precious metals and commodities also fall into this category, but they do not offer steady returns. Recently, there has also been increasing interest in agricultural land, forest, and infrastructure facilities (see box).

Infrastructure: an asset class in its own right

Political and legislative developments are also taking into account the increasing interest in real assets. Switzerland's Federal Council has thus proposed the adoption of a postulate allowing pension funds and other institutional investors to invest in infrastructure as an asset class in its own right.

Mobimo – a successful example

The wealth-preserving characteristics of real estate prompted us to set up the real estate firm Mobimo in 1997 for a small group of investors. It was then gradually opened up to further investors, and listed on the stock exchange. Today, Mobimo is a large and successful listed real estate company.

Innovative ideas for the future

We are pursuing a similar idea at present with an instrument that invests in a diversified portfolio of freight wagons. The freight wagons are leased to various multinational companies under long-term rental contracts. In addition to the diversification, which minimizes risk, this also leads to stable annual distributions to investors. In other words, it's akin to a «real estate company on wheels», in that it offers the same characteristics as a property firm. This investment instrument is currently restricted to qualified investors.

However, by no means do all real assets offer inflation protection or stable returns, and it is therefore worthwhile looking at the individual characteristics in more detail.

1. Wealth preservation and security in crisis periods

Increasing globalization also entails ever greater interdependencies between the various goods and financial markets. If there is an upswing or a crisis, this interdependency means that most financial investments will be affected to the same extent, i.e. there will be a positive correlation. The 2008 financial crisis provided striking evidence of this.

By contrast, various real assets – although by no means all – correlate negatively with traditional investments such as bonds or equities, and thus have a stabilizing effect in an investment portfolio. One example of such an asset is Swiss real estate during the crisis.

2. Inflation protection

Various empirical studies have shown that real assets preserve purchasing power, and thus offer protection against inflation. The clearest example of this is index-linked rental contracts. If inflation rises, so too do the rents, thus offering the owner corresponding protection against a loss of purchasing power. This applies to both real estate and our freight wagon portfolio, where the long-term rental contracts are index-linked and thus protected against inflation.

3. Steady returns versus project risks

Although certain investments in real assets can generate high returns, they mostly entail higher risks, known as project risks. A good example is building a tunnel. This involves various construction risks that can diminish or even wipe out the expected returns. Furthermore, the returns only accrue after completion and thus many years after the investment was made. Meanwhile, there are investments in real assets that might not offer spectacularly high returns, but the returns they do offer are steady and come shortly after the investment is made – as is the case in our freight wagon portfolio.

How to invest?

The simplest form of investment is to acquire the real asset directly, for example buying a property, though this requires a thorough knowledge of the market. Direct investments in tangible assets are also mostly cost-intensive. The necessary expertise may be obtained via a specialist in the respective area of investment. As a rule, the investment is made in a closed-end fund or similar vehicle that pools together the capital of different investors. We look forward to keeping you up-to-date with such innovative ideas in the future, and will be happy to answer any questions you may have.



Dr. Stefan Hasenböhler

«PERSONALIZE YOUR PENSION – ESPECIALLY NOW»

MR & MRS FORESIGHT TALK TO REMY REICHMUTH

Mr & Mrs Foresight: We are really worried. Many countries appear to be overindebted, and even sovereign defaults are not an unrealistic prospect. Are our pensions still safe?

Remy Reichmuth: The Swiss pension system is based on three pillars. The AHV/IV is the only state-run pillar, and it is financed via a pay-as-you-go system. When it was introduced in 1948, the minimum pension was CHF 40 per month, and 6.2 people in work were financing one pensioner. Today, the ratio is four to one, and by 2020 this ratio will have fallen to two to one. This is a troubling development. Furthermore, AHV contributions for salaries above CHF 84,240 no longer go toward the pension. They are a «tax» on high earners. For the latter, there are flexible and individual solutions in the second pillar, the occupational pension schemes. These combine tax advantages with an individual, long-term strategy, which can also be coordinated with the third pillar: private savings.

Foresight: Does this mean we should be doing more with the 2nd pillar?

RR: It is sensible to take responsibility yourself, particularly with regard to a strong occupational pension in the second pillar. You can benefit from attractive tax advantages: firstly via voluntary buy-ins, which reduce your taxable income directly by the amount paid in, and, secondly, via tax-exempt interest and dividend income.

Foresight: But the assets in occupational pension schemes are tied, and we have little influence on the investment strategy.

RR: That doesn't have to be the case. It's true to say that individuals' pension fund assets are often lumped together and managed without regard to their particular circumstances, overlooking such questions as: are there other assets? Does the longer investment horizon make it possible to take on higher risks? Are there any mortgage debts? Is the person near to retirement? We are committed to individual investment management, and therefore looked some 12 years ago for solutions that would allow for maximum individualization in occupational pension schemes. And we found what we were looking for in the extra-mandatory segment.

Foresight: What does that mean?

RR: The legislation permits individual management of pension assets for an AHV salary in excess of CHF 126,360 (150% of the BVG maximum salary for 2013). Via our sister company PensExpert AG, Lucerne, and its PensFlex collective foundation, we can offer a solution that allows every insured person to choose an investment strategy suited to their needs. The performance achieved by the individual insured persons is allocated in full to their personal pension accounts, which means there are no cross-subsidies via general fluctuation reserves. This is particularly important when making buy-ins, as you want to avoid being hit by cross-subsidies if the pension fund is restructured or underfunded.

Foresight: But we don't want to have any long-term bonds, given the substantial price risks in the event of rising interest rates.

RR: You choose an individual investment strategy. This can be implemented using funds, and from a certain volume of assets also in the form of a mandate with individual securities. The asset allocation can be tailored specifically to your personal circumstances, thus also striking the ideal balance between private and pension assets for tax purposes. For example, should you have dividend stocks, it is sensible to hold these via your pension scheme since dividends in that scheme are exempt from income tax.

Foresight: Is that also possible with vested benefits?

RR: Certainly. PensExpert AG also manages two vested benefits foundations and a 3rd pillar foundation, with their registered office in the Canton of Schwyz. They offer the same advantages in terms of individual strategy selection and the tax treatment of income. Reichmuth & Co is also involved as the custodian and/or asset manager. Having the registered office in the Canton of Schwyz is particularly attractive when it comes to withdrawals if you leave Switzerland permanently, thanks to the low withholding tax.

Foresight: So direct tax advantages and maximum personalization in implementation are the key characteristics of your pension solutions?

RR: That's right, and also complete transparency: every insured person can inspect their own personal account and all costs are also disclosed openly.

Our relationship managers will be happy to explain our pension solutions to you in detail.



Remy Reichmuth, CFA