PRIVATBANKIERS
REICHMUTH & CO
INTEGRAL INVESTMENT MANAGEMENT

CHECK-UP

CLIENT INFORMATION OF PRIVATBANKIERS REICHMUTH & CO, INTEGRAL INVESTMENT MANAGEMENT
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EDITORIAL

Will we have to accept bigger fluctuations in asset prices in the future? The answer to this question will differ from individual to individual. Governments are scarcely to be trusted; they simply need money and they will obtain it in an intransparent manner, as seen in the case of Greece. Further, amid the ongoing printing of money, I have little confidence in central banks either. It is entirely conceivable that the population will also slowly lose their trust in money in the coming years.

For investors aiming to preserve their purchasing power, I recommend investments that are as far as possible independent of governments and that have a real basis, i.e. equities, real estate, and «real assets» supplemented by precious metals as a currency diversification. I am aware that the prices of these investments fluctuate sharply, both on the upside and downside. I am willing to accept this because I have a long term investment horizon; for me the main thing is that I can sleep soundly at night.

We will be happy to discuss this with you personally. In the meantime, let us wish you all the very best for 2013.

Jürg Staub
General Partner

WILL 2013 SHOW THE WAY AHEAD?

IN A YEAR OF ELECTIONS, WILL THERE BE A REAL CHOICE?

In terms of performance 2012 was a surprisingly good year, albeit for all the wrong reasons. The prices of bonds with long maturities rose primarily because of the crisis and the central banks' emergency measures. Equity markets rose for the same reasons, and not because of the promising outlooks. As an alternative, offering protection against the threats of currency depreciation and expropriation, precious metals also posted gains.

Central banks are buying time

It is clear that everything is being done to prevent the collapse of the financial system. It is becoming increasingly apparent that the central banks are willing to take on new tasks in order to preserve the monetary and banking system. One year ago, did you know what LTRO (Long-Term Refinancing Operation), or OMT (Outright Monetary Transaction) or ELA (Emergency Liquidity Assistance) stood for? We, too, have been impressed by the creativity of the central banks, and surprised at their effectiveness. None of the problems have been solved – although Greece has had a «voluntary» debt restructuring twice in the space of a year – but they have bought time. However, that is all. The central banks cannot solve the problems. They can at best lend support. The breathing space is aimed at allowing governments to resolve the issues and push ahead with reforms.

Governments unable to act

Governments are undoubtedly aware of the problems, and also the possible approaches to solving them. The only snag is that all of them involve too much pain. Any politician imposing real solutions aimed at tackling the causes would have scant chance of being reelected. That's why no decisions are being taken, and why they're playing for time. As such, no problems are being solved and the decisions are being delegated to the voters.

Will the elections offer a choice?

2013 will bring elections in Italy, Germany, Belgium, Austria, for the EU Parliament, in Norway, Sweden, and elsewhere. For us, it is the elections in the Eurozone that are particularly interesting as we are hoping for signals that will allow us to determine whether our assumptions remain valid. However, this will only be the case if the elections offer a choice for tackling the crisis. In Germany, this seems extremely unlikely.

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MARKET OUTLOOK FOR 2013
Video recording from Lucerne's Culture and Convention Center (KKL)

This year's market outlook event proved very popular, with many interested guests attending. The key messages for 2013 were as follows:

1. The central banks will buy more time
2. The governments will play for time
3. The 2013 elections are likely to be decisive
4. Equities and precious metals are most promising
5. Think individually, and «in pots»

You can see a recording of our client event held on November 6, 2012 on our website (www.reichmuthco.ch).

Without any fresh indications, we will have to assume that the politicians will continue to play for time once again in the new term.

Who is the President of Europe?

This office does not exist per se in Europe, but Angela Merkel is perhaps the closest to holding the position at present. And as such, she is bound to come under attack from both sides. On the one hand, she wants to protect her voters and rule out a transfer union with significant liability risks. That does not bode well for southern Europe. On the other hand, she wants to save the currency union, come what may. And that is not good news for the German taxpayer. First and foremost, Mrs. Merkel wants to stay in power, and thus often argues that «there is no alternative». Is Mrs. Merkel's wish for politics to stand above the markets feasible? And is the plan of banning youth unemployment in the EU that recently hit the headlines achievable?

My election manifesto for the President of Europe

My manifesto would be centered on three areas.

1. Commitment to the true strengths of the European Union: these include, in my opinion, the single market and the joint representation of interests vis-à-vis North America and Asia.
2. Commitment to the market economy: this entails advantages and disadvantages alike. The EUR experiment is «not fit for purpose» and has thus failed; the Eurozone should be disbanded. Bankruptcies and restructuring of banks and sovereign debt are part and parcel of this. And in this regard, interventions will need to be made in the form of temporary nationalizations and long-term reconstruction aid.
3. Strengthen the sense of individual responsibility: Given that we all make up the state, most people know that the state will not be able to keep its promises. Therefore, I would reduce the unfunded pension commitments subject to a transitional period. In addition to putting the brakes on debt, I would also contemplate the introduction of measures to curb public expenditure and the sovereign debt burden. In a democracy, the majority must provide for a needy minority, not the other way around.

The only problem is, with this manifesto you would have zero chance of being elected these days.

Fast tracking the United States of Europe?

The optimists hope that this crisis will offer the opportunity to form a United States of Europe. This would indeed save the Eurozone for the time being, but would also entail the prospect of a «Japan scenario» over decades. We do not expect this to happen, at least not at the pace that would be required. Such a development takes a lot of time – time that the markets are unlikely to give Europe. Therefore, we do not expect the Eurozone to persist in its current form over the medium term.

A year of muddling through

And so we believe that 2013 will be yet another lost year for the Eurozone. The elections are likely to give some discernible pointers as to the future direction. Barring any incidents – such as an uncontrolled exit from the EUR by some EU members (e.g. Spain or Italy) or a sell-off of US Treasuries by the new Chinese government – the world will become more inflationary. The environment for investment will remain repressive.

Our favorites are equities and precious metals

We are thus continuing to favor large cap equities, given that such companies are not bound by national borders, can move on the global markets, and can adjust costs in line with the environment – unlike the hamstrung states. There is little scope for companies to increase their profit margins further; hence, a further rise in share prices will require sales growth or an expansion in P/E ratios. Equities will probably become more expensive, especially given that fixed-income investments are so unattractive. Interest rates are too low, and fixed-income investments therefore serve merely to smooth out fluctuations, offering scant earnings. We will continue to hold precious metals until there is an end in sight for the extreme policies of the central banks. All in all, we expect 2013 to be a positive year, albeit not as good as 2012.

Christof Reichmuth
General Partner

THE BIG PICTURE

OUR SCENARIO ANALYSIS IN A NUTSHELL

PERSISTING EUR CRISIS	STAGFLATION	TREND BREAKS	NEW START
The EUR prevails, but uncertainty persists over the future developments in the crisis-hit countries in Europe. Rudimentary success in reducing sovereign debt. Monetary policy remains extremely expansionary. The elections do not bring any decisions as no solutions to resolve the crisis are presented. Sovereign defaults are still avoided for the time being, but the political will is waning. The ECB's nonsterilized interventions result in the EUR becoming a weak currency. Growth in the emerging markets stabilizes at a lower level, while the US provides a positive surprise thanks to the real estate market and cheaper energy prices.	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 for 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.	Southern European states exit the EUR. In the US, the austerity mindset prevails over that of unlimited borrowing. The trade balance improves, the USD strengthens. Japan seeks to weaken the JPY, stimulate growth, and create inflation. In Asia, inflation leads to social unrest. Governments react with redistribution programs and wage increases. The current account surpluses decrease, the appreciation pressure on the currencies abates.	Global consensus on reducing sovereign debt using radical measures. a) Write downs: Currency reform with high allowances, a one-off tax on the rich, and/or restructuring of sovereign debt. Banks and insurance companies are temporarily nationalized. This affects wealthy individuals with nominal assets. b) Hyperinflation: The still expansionary monetary policy worldwide coupled with politicians' unwillingness to act lead to a loss in confidence in nominal assets and a flight into real assets. Massive rise in money supply and inflation. The result is a currency reform.
INVESTMENT IDEAS: Stocks of globally active firms with good products for everyday use Emerging markets Selectively hedge funds Gold, silver Speculatively: extremely depressed shares (or indexes) in southern Europe	INVESTMENT IDEAS: Inflation-linked bonds Stocks of globally active firms with good products Real estate Selectively hedge funds Gold, silver Gold mining shares	INVESTMENT IDEAS: USD Following EUR exits, equity investments in local currencies in the respective countries Japanese stocks, but with JPY hedging	INVESTMENT IDEAS: Don't hold any nominal assets, except possibly in Switzerland Shares, but no financials Real estate Commodities Precious metals
Probability 12 months: 70%	Probability 12 months: 25%	Probability 12 months: 4%	Probability 12 months: 1%
Probability 18 months: 45%	Probability 18 months: 35%	Probability 18 months: 15%	Probability 18 months: 5%
Probability 36 months: 10%	Probability 36 months: 55%	Probability 36 months: 25%	Probability 36 months: 10%

«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 (DE), 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 from our Global Leaders list	Cyclical equities Emerging Markets Gold mining stocks Small caps (Pilatus)	4-8%	15%
5%	Real Estate		Switzerland	Asian REITs	4-8%	15%
15%	Alternative Investments			Matterhorn 3 / 24 or third-party instruments	6-8%	< 10%
				Reichmuth Himalaja	10%	< 15%
				Reichmuth Macro	10%	< 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
JANUARY 2013

BASIS	CH	EU		USA	J	CHINA
Purchasing Power Parities		1.31		0.96	1.15	0.14
GDP Growth		**N**	**S**			
actual	1.4%	0.9%	-2.0%	2.5%	0.5%	7.4%
1 year	↘	↘	↘	↘	↘	↘
3 years	→	→	→	→	→	→
Inflation		**N**	**S**			
actual	-0.4%	1.9%	2.7%	1.8%	-0.4%	2.0%
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	0.7		1.3	0.5	1.0
Dividend Yield	3.2	3.4		2.3	2.3	3.3
Price/Book	1.9	1.5		2.1	1.0	1.5
Price/Earnings actual	20	15		14	24	9
Price/Earnings estimate	15	11		14	17	9

FORECAST	CH	EU		USA	J	CHINA
Money Markets (3 months)		**N**	**S**			
actual	0.01%	0.1%		0.3%	0.2%	3.9%
6 months	→	→	→	→	→	→
Swap Rates (10 years)		**N**	**S**			
actual	0.9%	1.6%		1.8%	0.8%	3.8
1 year	↗	→	↗	→	→	↗
3 years	↗	↗	↗	↗	↗	↗
Currencies		**N**	**S**			
actual		1.21		0.92	1.14	0.15
1 year		→	↘	↗	↘	→
3 years		→	↘	↘	→	↗
Stock Markets	**SPI**	**DAX**	**S**	**S&P 500**	**TOPIX**	**HSCEI**
actual	6'346	7'605		1'430	808	11'294
1 year	↗	↗	↗	↗	↗	↗
3 years	↗	→	↗	↗	↗	↗
Real Estate Market	→	→	↘	↗	→	→

Legend: ↗ = increasing → = neutral ↘ = decreasing **N** = Northern Europe **S** = Southern Europe as of: December 17, 2012

MARKET OUTLOOK

1st TRIMESTER 2013

CURRENCIES

Exchange rates among the major currencies remain relatively stable, in particular the EUR/CHF rate that is key for Switzerland. Exchange-rate shifts are likely to remain within a narrow range in the coming months.

With the trends in the major economies largely moving in parallel, and central banks pursuing similar and still extremely expansionary monetary policies, there has been only very little movement in exchange rates. The CHF has also remained very stable thanks to the Swiss National Bank's repeatedly underscored willingness to hold the EUR above the floor of CHF 1.20. No change is on the cards in this regard in the coming months, so there will continue to be only little movement in exchange rates. Tension has remained high within the Eurozone, as only rudimentary progress has been made thus far in resolving the imbalances between the northern and southern countries. The strong political commitment to ensuring that there are no exits from the EUR will over time lead to a softening in stability-related monetary policy principles and thus to a weaker EUR. However, the USD and GBP will also tend lower over the long term as – in the US in particular – too little is being done to reduce the massive government and current account deficits. Furthermore, the respective central banks are pursuing a policy that is essentially less strictly focused on monetary stability than their counterparts in continental Europe, especially the Swiss National Bank. The persistent upward pressure on most Asian currencies will continue for the time being, but could gradually ease due to at times considerable growth rates in prices and above all wages in most countries in Asia.

INTEREST RATES

Interest rates remain at a historically extremely low level in all key currencies. Global economic growth will probably remain very modest, the industrialized countries are suffering from doggedly high unemployment, and the threats of inflation are very low. Hence, a renewed rise in interest rates is not in the offing for the foreseeable future.

Even after more than four years of financial crisis, confidence in the financial markets has still not been completely restored. Therefore, central banks are persisting with their very expansionary monetary policies. By buying up long-term government bonds, they are increasingly dictating not just the interest rate level on the money market but also long-term yields. In the current economic environment, the threat of this policy leading to rising inflation is very low, at least for the goods and services that are contained in the baskets used to calculate consumer prices in most countries. Looking at the long term, however, a continuation of the current monetary policy will impact on confidence in monetary stability. Moreover, even if economic growth were to remain low and unemployment high, this could suddenly result in rapid price increases, as we have already seen in the case of many «real» assets (real estate, gold). Even if the central banks that are less focused on stability were to then initially seek to keep interest rates low nonetheless (financial repression), market forces would drive both short-term and long-term interest rates higher over time. It is scarcely possible to estimate at this juncture when and to what extent this development will occur.

STOCK MARKETS

The trend on the stock markets has been clearly pointing upwards in past months, with almost all indexes showing clear gains over the levels set at the beginning of the year. On average, stock prices can be expected to move sideways in the near term.

Despite the rise in prices, the fundamental data (P/E ratio, market cap to equity ratio, dividend yields, etc.) are still showing relatively low equity valuations, particularly by comparison with the alternatives (bonds, liquidity). However, corporate earnings are under pressure in many sectors. Therefore, an extrapolation of share price increases into the coming months is unrealistic. We are more likely to witness a seesaw movement, with the average price level remaining roughly the same on balance. Against this backdrop and with these conditions in mind, shares in conservatively financed companies active in defensive sectors with good and more or less secure dividend yields remain an attractive core investment. Less liquid stocks in smaller companies have lagged behind in price terms in some cases, and have even fallen in certain cyclical sectors. There are interesting earnings opportunities here for investors willing to take on somewhat more risk.

Dr. Max Rössler

A FAIR AND TRANSPARENT FEE STRUCTURE

SERVICES ARE CHARGED FOR ONCE, AND ONCE ONLY

The Swiss Federal Supreme Court recently issued a landmark ruling stating that banks must pass on to their clients any commissions they receive within their group in connection with asset management agreements. The rationale behind this is a potential conflict of interest, in that such commissions could provide banks with an incentive to favor investment products that are not necessarily in the interests of their clients.

No double charges

We have always avoided such double charges. Our fee structure has long been consistently centered on the principle that each client should pay only once for services they receive within our group. If we invest in our own instruments as part of an asset management agreement, we do not additionally charge either management or custody fees on this portion of the assets.

Sustainable fee philosophy

The ruling from the Federal Supreme Court lends confirmation to our longstanding philosophy with regard to fees. Such intransparent double charges are thus likely to become a thing of the past throughout the industry. It remains to be seen whether simplified fee models will become established in the future, or whether the additional administrative workload will lead to higher charges.

Your relationship manager will be happy to explain our fee structure to you at any time.

Remy Reichmuth, CFA

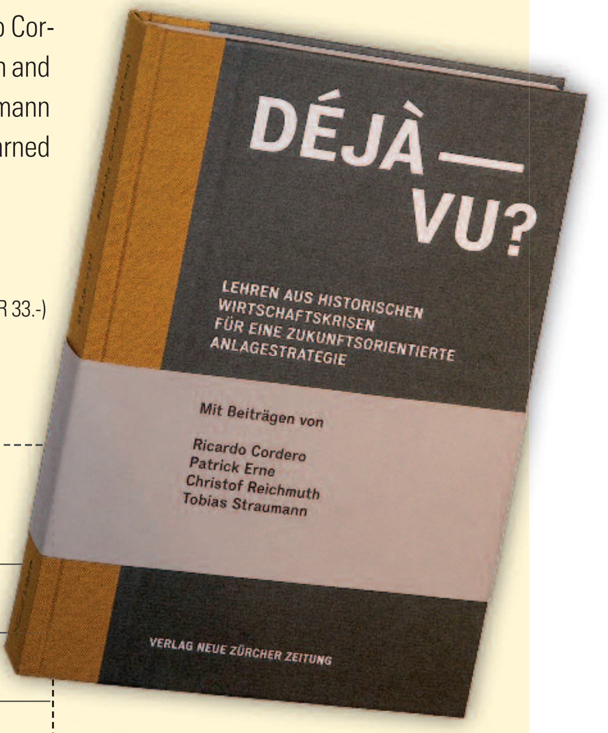
DÉJÀ-VU?

LEARNING FROM HISTORICAL ECONOMIC CRISES
WHAT PAST ECONOMIC CRISES COULD TEACH US.

The current financial crisis has already entered its fifth year. Although politicians and central banks regularly present new measures, there is absolutely no sign of any plausible solutions – at least none that would tackle the underlying causes. As we search for answers, it is worth taking a look at the past: given that many of our current problems are not new, neither are the possible solutions. In this book (available in German only) Dr. Ricardo Cordero, Patrick Erne, Christof Reichmuth and associate professor Tobias Straumann highlight the lessons that can be learned from historical economic crises.

Have you got your copy yet?
(free of charge for clients / otherwise CHF 38.-, EUR 33.-)

Dr. Ricardo Cordero



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MODERN-AGE «POTEMKIN VILLAGES»

EVER MORE «NEW SOLUTIONS» AND «VOLUNTARY» DEBT RESTRUCTURING

In the past twelve months alone, each of the major central banks (ECB, Fed, Bank of England, Bank of Japan), every state dogged by a debt crisis, and various supranational bodies have hurriedly cobbled together fresh measures and constructs as purported «new solutions». All of these have had the following characteristics in common: intriguing labels and acronyms (e.g. QE, LTRO, Operation «Twist», ELA, EFSF, ESM, OMT, SAREB, et. al.), staggering sums of money (in the tens and often hundreds of billions), numbering sequences akin to action films (QE I quickly followed by the sequel, QE II, etc.) and, last but not least, the claim that they hold the solution to the problem at hand (e.g. sovereign debt, banking crisis, etc.).

«Voluntary» debt restructuring

Even respected media sources recently reported on the imminent «successful conclusion» to Greece's debt buyback. Let us refresh our memories: what we are talking about here is that freshly borrowed money is being used to buy back already borrowed money (debt) with the aim of borrowing even more money. Coupled with other measures, this is designed to allow Greece to achieve the masterstroke of reducing its debt ratio – which stands at around 190% of GDP for 2014 – to precisely 124%. Albeit in 8 years' time.

Who are the «volunteers»?

According to media reports, at the beginning of December Greece used an emergency loan of around EUR 11 billion from the euro bailout fund EFSF (which stands for the European Financial Stability Facility) to buy back around EUR 32 billion worth of Greek sovereign debt – already restructured in March 2012 – at a price of around 34%. The loss for those creditors that already suffered an equally «voluntary» haircut of over 50% at that time will thus rise to around 75%. Intriguingly, in addition to Greek banks, which hold EUR 15 billion, around EUR 8 billion of these bonds are held by the pension funds of the EU, ECB, and IMF! If they are now «voluntarily» taking the losses, who will cover these losses?

Potemkin villages

All this is reminiscent of the saga about «Potemkin villages». Field Marshall Grigory Potjomkin was a governor-general responsible for the development of the Crimean peninsula newly annexed by Russia. However, according to legend he was also a favorite and lover of the Russian Tsaritsa Catherine II (also known as «Catherine the Great», Empress of Russia from 1762). To impress her on the 25th anniversary of her ascension to the throne, prior to the visit of the tsaritsa and her foreign guests to Crimea, Potemkin had painted façades depicting villages erected along the route of their journey, so as to disguise the true picture of the surroundings. Since these «villages» were only viewed from a distance, his bluff was not exposed.

Essentially, this was nothing more than a brilliantly organized marketing exercise: the region was superficially spruced up to give people looking from afar a positive – albeit in reality utterly incorrect – impression. It was a perfect deception.

Legend – bluff – reality

Potemkin villages may be the stuff of legend, but the current debt crisis is all too real. This reality has been with us for many years. But no matter how good a bluff is, it cannot change reality – on the contrary, at some point the deception will be exposed. Ultimately the truth will out, and in this case the fact of the matter is that the debt crises in many countries have at their roots a fundamental structural malaise. Most of the countries in Europe, plus the US and Japan have been living beyond their means for decades, funding their consumption at the expense of future generations. In 1997, the Maastricht treaty set a (completely arbitrary) upper threshold for government debt at 60% of GDP. A few years later, this was ignored by all European countries and ever since their citizens were repeatedly led to believe that the prevailing, unsustainable situation with extremely high debt was of a temporary nature, and could be resolved, for example, with the above «new solutions». The deception also appears to be perfect in this instance – at first glance.

Little chance of avoiding drastic measures

A look at history shows us that the only way for highly indebted countries to return to competitiveness and economic growth is via drastic measures such as structural reforms, debt restructuring, currency devaluation, or currency reforms. It will be no different this time. Resorting to the Potemkin box of tricks – e.g. by conjuring up «new solutions» or debt reductions «à la Grecque» – may be able to deceive uncritical citizens over the short term. Over the long term, the only sustainable solutions will be those that tackle the causes rather than the symptoms, and that also pay heed to the economic circumstances and basic common sense. Put simply, no family, no company, and by extension no country can live beyond its means over the long term and expect to survive.

Dr. Ricardo Cordero

«STRENGTH IS IN THE STRIVING, NOT THE DESIRING»

INTERVIEW WITH KARL REICHMUTH, CHAIRMAN

What factors still favor a banking relationship in Switzerland?

I'd say it's the same as before – the old, established Swiss banking culture. Over the past twenty years, «Anglo-Saxon» banking has been en vogue. In the wake of American management methods, big banks copied the approach of the US and UK, with the emphasis on simply selling financial products. However, traditional Swiss banking had a certain style. For example, that as a banker you identify personally with your client's objectives and that you see yourself as a partner rather than a salesman. I'm increasingly seeing a return to this approach these days. It calls for loyalty to the client, a characteristic that is an intrinsic part of Swiss DNA, and was appreciated by foreign kings as far back as the age of mercenaries. The client is always king. In light of the global financial crisis, the political stability and comprehensive legal certainty will also tend to make banking relationships in Switzerland even more attractive going forward.

You support your clients in wealth management matters across generations – how are you dealing with the changeover between the generations at Reichmuth & Co?

I'm fortunate in that I have two talented sons interested in the business, and in that we have also found a third general partner from outside the family in Jürg Staub. In addition to this, we have a broad base with a group of limited liability partners, competent relationship managers, and key employees. This ensures the continued focus of our common goal, namely to develop an owner-run enterprise for generations and across generations.

At the age of 73, most people are enjoying their well-deserved retirement. What does your normal day look like? What do you enjoy?

Working as a banker has never been as interesting and challenging as it has in these years of the financial crisis. As Chairman, it is also my job to lend an ear to our clients and employees, to pick up on areas where we can continue to improve. I enjoy having the time to push ahead certain innovations. I hope that my younger partners, who have already been shaping the day-to-day business in the company for many years, will allow me to do my bit for a few years yet.

17 years ago, you started your own business together with your son Christof, and laid the foundations for what is now Reichmuth & Co. What have been unforgettable moments for you?

There have been too many to count. Perhaps the most impressive thing has been our open «culture of debate» with the younger partners, aimed at achieving our clients' goals with the money they have entrusted to us – this despite massive upheaval on the financial markets.

Based on your wealth of experience, what is your greatest concern at present?

I'm worried about the obfuscation of economic facts by the politicians in the Eurozone. New tricks are being found time and again, even for clear losses as seen recently in connection with the Greek haircut. The impenetrable names given to new measures and constructs also hide the truth, so that they don't have to come clean with the people. Nevertheless, we still have to be grateful given that a real «crash» would probably be worse for us all initially. But for me as a banker, all this makes it difficult to find the right route. It seems to have been decided that the debt problem will be solved at the expense of savers and those paying towards their pensions, i.e. via depreciation of nominal assets, including retirement savings. This will weaken the middle class that is so important for our freedom and social peace.

And what are you happiest about?

I'm pleased when we, despite all this uncertainty, manage to preserve the wealth entrusted to us in real terms, i.e. in terms of purchasing power (after consumption and asset price inflation).

How has investment behavior changed over the past 50 years?

I think that today many people we deal with, above all pension fund managers, are being forced more and more into short-term approaches. In my opinion, this is detrimental to the long-term success of asset management.

What is the most important advice you can give to the younger generation?

As with investments, everyone is different. So depending on who you're talking to, the advice you give will be different, too. And each generation always has to deal with the prevailing environment itself, and find new solutions appropriate to the time.

What tip would you give to young employees?

I recently read in a book by Jeremias Gotthelf that «strength is in the striving, not the desiring». This principle is all you need to be happy in your work, and thus also to be satisfied as a professional.

Karl Reichmuth
General Partner