PRIVATBANKIERS
REICHMUTH & CO
INTEGRAL INVESTMENT MANAGEMENT

CHECK-UP

CLIENT INFORMATION OF PRIVATBANKIERS REICHMUTH & CO, INTEGRAL INVESTMENT MANAGEMENT

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EDITORIAL

I was recently asked by a young bank executive: «What has changed since the old days?» Having been in the profession nearly two generations, my immediate reply was: «The change in the sense of responsibility and the short-term mindset that is disastrous for investment success».

Today, an ominous centralization of responsibility has replaced personal judgment. Bureaucratic decisions taken by committees stand in the way of individuals with a personal sense of responsibility. Conformity is the order of the day, this against a backdrop of mounting regulation. The adherents of modern portfolio theory go with the flow in a similar manner. At present the short-term mindset is therefore having a negative impact. While you don't value real estate every day, bonds, equities, and precious metals are subject to much greater fluctuations. But anyone who allows such volatility to deter them from their strategy will seldom reap the desired returns.

As Søren Kierkegaard said: «Life can only be understood backwards; but it must be lived forwards». With a learning organization behind us and a long-term approach, we aim to keep our focus on the future for you.

Karl Reichmuth
General Partner

IS THE DEBT CRISIS OVER?

DELEVERAGING IS PAINFUL AND TEDIOUS

The only real gainers so far this year have been equity investors in the US, Japan, and Switzerland – all countries with central banks adopting an extremely expansionary stance. Meanwhile 2013 has been a modest year for European equities and even negative for those in Asia. New among the losers are bondholders and – to a surprisingly large extent – investors in precious metals. Is this the precursor of a future unburdened by debt crises – or merely a symptom of financial repression?

Initial, superficial progress is being made in tackling the debt crisis. That said, debt is continuing to rise compared with most GDP numbers, and it is merely the pace of the increase that has slowed. Unemployment is very high, credit growth very low, and neither politicians nor business are crafting long-term plans for the future. Hence, we do not think the debt crisis is over yet.

The deleveraging beauty contest

In a paper on past deleveraging phases that is well worth a read, Ray Dalio, founder of the US investment firm Bridgewater (www.bwater.com), explains how debt levels that have become too large have always been deleveraged via a combination of debt reduction (restructurings and defaults), austerity (cost-cutting measures), transfers of wealth from the haves to the have-nots, and debt monetization. The balance between these four measures determines the course of the deleveraging. As Dalio points out, transfers of wealth rarely make a meaningful contribution, except in the case of revolutions.

Southern Europe – an ugly, deflationary deleveraging

Debt restructurings and defaults are deflationary and depressing, and austerity has similar effects with its cost-cutting programs and tax hikes. Because growth is thus low or even negative, while interest rates are higher, the debt problem is exacerbated yet further.

The US, UK and Japan – beautiful deleveraging

In this instance, the monetary policy measures play a pivotal role since their impact is stimulating and tend to be inflationary. In most cases, the central banks provide high levels of liquidity. The requirements in terms of collateral quality are often lowered, and long-term securities are also directly acquired. This means the deleveraging process can be extended over a lon-

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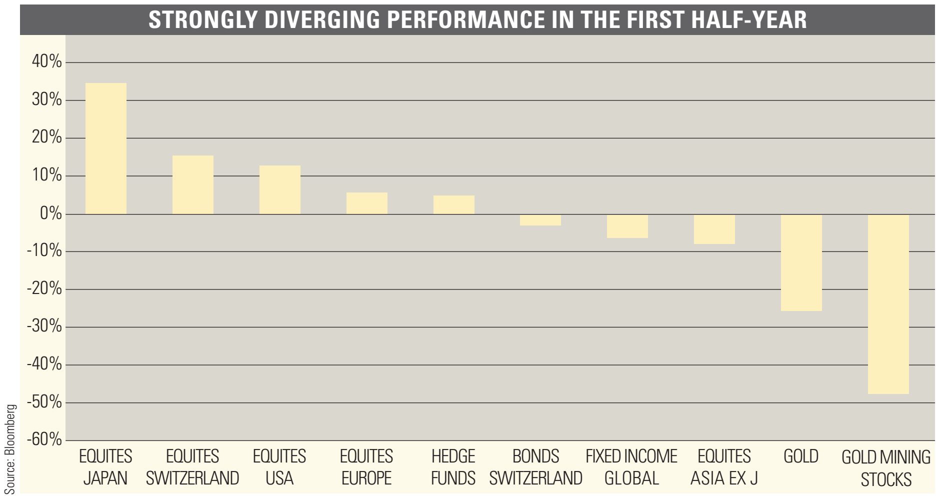


ger period. The key lies in nominal interest rates that are below the nominal growth rate. In such countries, the currency tends to weaken, but inflation still remains low for the time being.

Will an ugly, inflationary deleveraging follow?

Things can turn ugly when too much use is made of the stimulating measures. In countries that don't have reserve currencies and have significant external debt, this can occur more quickly than in countries with a reserve currency, such as the US for example. In the latter instance, this happens much later on. In this regard, the US Federal Reserve's thinking out loud about reducing the monthly acquisitions of long-term bonds can probably be seen as an attempt at ensuring that things do not get to this stage. It will be interesting to see whether the political mix in the US, UK and Japan can avert such a phase.

Deleveraging à la Detroit

A recurring theme is the so-called implicit state debt, i.e. commitments that have been made but not financed (e.g. pensions). These then hit home when the baby boomers reach retirement. In Detroit we can see what is likely to happen elsewhere some day. If a city or a state gets into difficulty, these commitments are treated in the same way as explicit debt. In Detroit, for example, the expected haircut will be around 90%. In this case, this means that around 40% of the expected promised benefits will go up in smoke. While in the case of assets it is the investors that lose out, with the slashing of promised «acquired rights» pensioners will also be among the losers. This will of course have the same effect as seen in the example of southern Europe above.

Europe has voted

Following the German elections on September 22, 2013, most of the governments in the Eurozone will be in their initial legislative periods. Typically, it is then that the big moves are made, if at all. Therefore, optimists can allow themselves to hope that a sort of «European Marshall Plan» is being cobbled together behind the scenes, awaiting the green light from Germany. Such a plan would probably only come to fruition with additional new supranational credit structures and a much more broadly defined mandate for the ECB. From an investor's perspective, this would be positive for the ailing financial markets in southern Europe, and in particular their financial stocks. Of course, putting it into practice would entail hefty risks. Hence, this still seems more of a pipedream at this stage. Governments are focusing more on securing yet more power for themselves, as can also be seen in the message from the recent G20 summit in Russia, for example, aimed at «harmful tax competition». This despite the fact that competition and the adoption of different ways to tackle problems have thus far always brought the world further than planning from on high.

Patience – time is every investor's best friend

«Will we have to accept higher fluctuations in assets in the future?» We asked this question back at the beginning of the year, and we know that it can only be answered on a case by case basis. Even with somewhat higher yields, bonds are still unattractive. Swiss government bonds will pay barely 1% per annum for the next ten years, and the considerable price risks are on the negative side. Meanwhile many stocks are offering comparatively attractive dividends, even though the stock market rally of the past twelve months means they are lower than they were then. That said, the price volatility is considerable and these investments are therefore only for investors who can take the ups and downs in their stride. Although precious metals do not offer any current income, they also do not entail any counterparty risk. Their prices are subject to massive fluctuations, as was painfully experienced in the first half of the year. Despite this poor showing through to the middle of the year and the corresponding performance handicap, we nevertheless advise holding part of your portfolio in precious metals, the size of the allocation depending on your specific circumstances.

We feel it is important to scrutinize both positive and negative fluctuations to determine whether they are permanent or not. Strategies should only be altered if there is a change in the fundamental premises. An independent, forward-looking view is more important now than ever before.

Christof Reichmuth
General Partner

THE BIG PICTURE

OUR SCENARIO ANALYSIS IN A NUTSHELL

CONSENSUS	STAGFLATION Time heals all wounds	THE DEBT CRISIS IS OVER Changes abound in Europe	NEW BEGINNING
«The real economy is not that important, the governments and central banks will sort things out». The Eurozone remains intact. Politicians and central banks continue to restrict themselves to tackling the symptoms and thus preventing the crisis from flaring up. Interest rates remain low for the long term. The economic data from the US are better, but growth remains fragile. The USD firms slightly despite still unresolved deficits in the current account and mounting debt. Growth in China stabilizes, albeit at a lower level. Higher inflation is not an issue. Precious metals are no longer in demand, equities get more expensive.	After the German elections, the EUR crisis flares up again. The weak global currencies JPY and USD, coupled with the depression in southern Europe, prompt the ECB to adopt a similarly expansionary monetary policy. Negative interest rates are introduced to push newly created central bank money into the economy. Pressure from employees rises and there are wage increases in northern Europe. In parallel with this, protectionist measures are introduced and tax competition between countries eliminated. Prices increase, and inflation expectations rise. However, due to the increasing regulation and rising costs for companies and consumers, growth remains low.	Following the elections in Germany, the governments of all the major Eurozone countries are elected and resolved to tackle real reforms in their first legislative period, thereby unleashing a spirit of change. Germany backs these solutions. There is a combination of oneoff taxes on the rich, debt restructurings, and major infrastructure projects. The ECB supports these moves with low interest rates for such reform projects. Demand picks up, and wages and consumption rise. Nominal growth is good, which helps to lower the debt ratio.	Youth unemployment rises in southern Europe, and pressure from the streets mounts. The first governments are overthrown and new ones given a chance to fulfill their big promises. Euro skeptical parties win, the «renationalization» of the Eurozone becomes extreme. France also has to seek aid, but all the rescue packages are too small. There are national parallel currencies, and northern Europe is hit by a deflation shock. The banking system in Europe is largely nationalized. Bond defaults and restructurings follow. After some turbulent years, attractive cost structures emerge. An upswing follows.
INVESTMENT IDEAS: - High-dividend stocks of global leaders - USD - Real estate - Selectively hedge funds - Speculatively: extremely depressed shares (or indexes) in southern Europe	INVESTMENT IDEAS: - High-dividend stocks of global leaders - Precious metals - Selectively hedge funds - Real estate	INVESTMENT IDEAS: - Cyclical stocks, in particular from the infrastructure sector - Stocks from southern Europe and emerging markets - Foreign currencies - Hedge funds	INVESTMENT IDEAS: - No nominal assets, except possibly in Switzerland - Stocks, but no financials - Precious metals
Probability 6 months: 59%	Probability 6 months: 20%	Probability 6 months: 20%	Probability 6 months: 1%
Probability 18 months: 35%	Probability 18 months: 45%	Probability 18 months: 15%	Probability 18 months: 5%
Probability 36 months: 20%	Probability 36 months: 50%	Probability 36 months: 10%	Probability 36 months: 20%

«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	RETURN**	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			EUR banking warrants	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	Gold mining stocks Italian stock index RMB Internationalization Japan Small caps (Pilatus)	4-8%	15%
5%	Real Estate		Switzerland	Asian & US 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%**

*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

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

INVESTMENT POLICY
SEPTEMBER 2013

BASIS	CH	EU	USA	J	CHINA
Purchasing Power Parities		1.30	0.94	1.13	
GDP Growth		**N** **S**			
actual	1.1%	-0.1% -1.1%	1.4%	0.9%	7.5%
1 year	→	↗ →	↗	↗	↘
3 years	→	→ ↗	→	↗	↘
Inflation		**N** **S**			
actual	0.0%	1.8% 1.6%	2.0%	0.2%	2.7%
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	1.7	0.7	1.5	0.6	0.8
Dividend Yield	2.9%	3.2%	2.1%	1.8%	4.1%
Price/Book	2.3	1.6	2.4	1.2	1.2
Price/Earnings actual	19	14	16	18	8
Price/Earnings estimate	15	12	15	14	7

FORECAST	CH	EU	USA	J	CHINA
Money Markets (3 months)		**N** **S**			
actual	0.02%	0.2%	0.3%	0.2%	5.4%
1 year	→	→	→	→	→
Swap Rates (10 years)		**N** **S**			
actual	1.6%	2.2%	3.0%	0.9%	4.6%
1 year	↗	↗	↗	→	↗
3 years	↗	↗ ↗	↗	↗	↗
Currencies		**N** **S**			
actual		1.23	0.92	0.94	0.15
1 year		→	↗	→	↗
3 years		→ →	↘	↘	→
Stock Markets	**SPI**	**DAX**	**S&P 500**	**TOPIX**	**HSCEI**
actual	7'495	8'293	1'652	1'122	9'857
1 year	→	→	→	↗	↗
3 years	↗	→	↗	↗	↗
Real Estate Market	→	→	↗	→	→

Legend: ↗ = increasing → = neutral ↘ = decreasing **N** = Northern Europe **S** = Southern Europe as of: August 21, 2013

MARKET OUTLOOK
3rd TRIMESTER 2013

CURRENCIES

Although the main exchange rates are volatile, there have been almost no shifts on balance; having depreciated by almost 30% the JPY has stabilized at this level. Major changes in exchange rates are not in the offing for the coming months either.

The evenly directed and very expansionary monetary policies of central banks, coupled with small inflation spreads between industrialized countries leave little room for strain among the major currencies. Hence, exchange rates are remaining relatively stable.

As regards the CHF, the EUR will continue to fluctuate between CHF 1.20 and CHF 1.25 for some time. Consumer price inflation in Switzerland has climbed back out of negative territory, and provided that the EUR remains stable against the CHF, it will converge towards the Eurozone inflation rate of around 2% over time. This is clearly above the target envisaged by the Swiss National Bank. Therefore, in the long-run it will have to remove or adjust the current intervention level of CHF 1.20 to the EUR. This will then lead to a fresh appreciation phase for the CHF.

The USD could strengthen somewhat, temporarily. Asian currencies are relatively stable against the USD, and are thus exposed to the pressure of the JPY's depreciation. The AUD, CAD, and NOK have weakened alongside the decline in commodities prices, but the CAD and NOK in particular are still suitable as attractive diversifications. The currencies of some emerging market countries such as Brazil, India and Turkey have come under pressure despite currency market interventions and interest rate hikes. They will continue to tend toward weakness due to significantly higher inflation rates compared with the industrialized nations and the high current account deficits.

INTEREST RATES

The central banks of the industrialized countries are continuing with their extremely expansionary monetary policies, and in some cases have already committed themselves for years to come. Therefore, short-term interest rates in the key currencies will remain very low for quite some time.

Despite the easy monetary policy, inflation in the industrialized nations has remained close to zero due to low economic growth, high unemployment, and global competition. However, this policy will ultimately have an inflationary impact. That said, in setting their policies central banks are increasingly replacing the goal of monetary stability with other objectives. Both the US and now also the UK have set a reduction in the unemployment rate as the primary objective (to 6.5% and 7% respectively). Japan explicitly intends to raise its inflation rate to 2%. Rising inflation rates are therefore on the cards over the long term, and accordingly rising interest rates are also to be expected. Long-term interest rates already rose clearly in the summer.

The situation is different in the emerging markets. The strong growth in these economies, and in particular in wages have fueled inflation, this being further intensified by the weakness of the currencies in question. Interest rates have therefore been raised. A stabilization in interest rates is only to be anticipated once these countries succeed in reducing their current account deficits, and thus their dependence on inflows of foreign capital.

The credit risk premiums for the crisis-hit states in the Eurozone are still high. Despite some progress, sovereign debt is still increasing and the imbalances within the Eurozone have improved little. Therefore, ongoing refinancing remains difficult and expensive for these countries, and they will continue to be dependent on support at least in some cases.

STOCK MARKETS

The uptrend on equity markets have flattened off; prices are at a clearly higher levels than at the start of the year. Valuations based on fundamental criteria are fair on average, but no longer particularly attractive. The upward and downward movements are likely to roughly balance each other out in the coming months.

Despite the fact that there is little prospect of major price gains for broadly diversified equity investments overall in the near term, equities remain interesting relative to the alternatives. Although they may not be exactly cheap any longer, the high dividend yields of many first-class stocks justify a relatively high weighting for investors who will not be troubled by the higher price swings compared with first-class fixed-income securities with much lower yields.

In the emerging economies, the stock markets have also decoupled from the trend in the industrialized nations. Rising interest rates and falling profit margins are pushing share prices down. Commodities producers in particular have implemented or announced high extraordinary writedowns and drastic dividend reductions due to the drop in commodity prices. In the crisis-hit countries of the Eurozone, the stocks mentioned in our recent «Market Outlook» as having very low valuations have recovered strongly in some cases. Others are still cheap, but only suitable as attractive buying opportunities for investors with strong risk appetites.

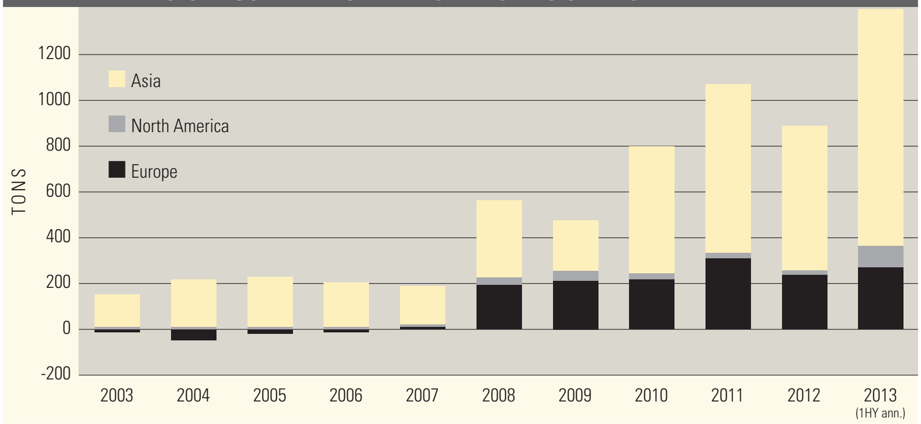
Dr. Max Rössler

GOLD MOVING TO CHINA AND INDIA

GOLD PRICE SEEKING NEW EQUILIBRIUM

As the saying goes, over the centuries gold makes its way from the old powers to the new. The analysis recently published by the World Gold Council offers a clear indication of this shift from the US and Europe toward Asia.

PHYSICAL GOLD INVESTMENTS IN ASIA IS STILL UNDER DEMAND



Source: Own illustration, Data from WGC/ThomsonReuters GFSM Gold Survey 2013

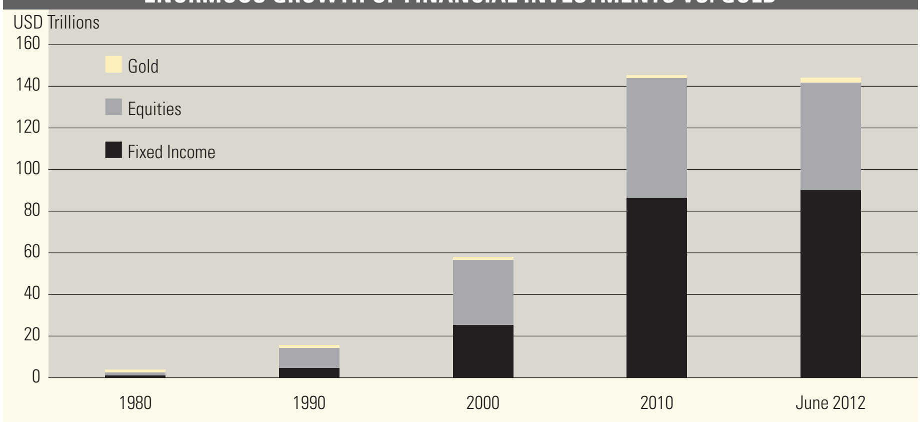
Gold is a scarce currency with no earnings-capacity

The price of gold has fallen by some 20% in 2013 and is back at the level recorded two years ago, albeit still around 60% higher than before the financial crisis. Because gold does not offer any earnings-capacity, its price is determined solely by supply and demand and is correspondingly susceptible to sentiment. Given that gold is most sought after in uncertain and inflationary periods, demand declines as the optimism of market participants picks up. This leads to a temporary increase in supply since short-term investors then sell off their gold holdings to pursue investment opportunities they see as being more attractive. This effect is made more pronounced by the derivatives exchanges.

Production scarcely higher

Against the backdrop of lower gold prices, mines are now halting projects and the supply of scrap gold is also declining. Therefore, we expect that gold production will fall in the coming years. Gold is also a suitable means of currency diversification, since gold holdings are limited and can only be increased at high costs. By contrast, paper money can be printed at will and at virtually no cost these days – you don't even need paper.

ENORMOUS GROWTH OF FINANCIAL INVESTMENTS VS. GOLD



Source: World Gold Council

Only approximately 1% of financial investments in gold

According to the World Gold Council, there are around 170,000 tons of gold in existence above ground, which translates into a value of CHF 7,000 billion. Half the total amount, i.e. 85,000 tons, has been converted into jewelry. 18% or 30,000 tons is held by central banks, and around 20% (35,000 tons) belongs to financial investors. Depending on the estimates, the gold held by financial investors accounts for less than 1% of the global financial investments totaling around CHF 120-150 trillion. These latter figures have risen sharply as of late, above all due to increasing debt levels but also owing to the higher valuations of financial assets as a result of extremely low interest rates.

No end in sight for extremely expansionary monetary policies

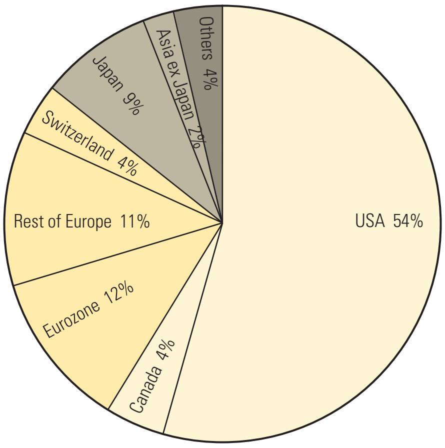
Since there remains pressure in Japan and also in Europe for an even more expansionary monetary policy, we still regard gold as attractive. We view it as a currency diversification, and as offering security against the debasement of currencies and higher inflation. If the debt crisis is over – which at current we do not believe to be the case – then our assessment would be wrong and we would have to react. Until such time, we are sticking to our strategy and are continuing to recommend gold as a portfolio component.

Patrick Erne, CFA

STOCK MARKETS EXPENSIVE IN THE US AND SWITZERLAND

MORE ATTRACTIVE VALUATIONS IN EUROPE AND ASIA

The US stock market determines more than half of the performance of the world equity index. Switzerland accounts for 4%, the Eurozone countries 12%, and Japan 9%. The MSCI World is made up as follows:



Japan in sparkling form, China slipping back

Japanese equities have gained more than 30% since the beginning of the year and both the US and Switzerland are up around 20%. Meanwhile, the European equity index EuroStoxx 50 has risen just under 10%. Some Asian markets have posted a clearly negative performance, with China down 7% for example.

Risks mounting on the equity markets

When equity markets get more expensive, the risks of temporary share price setbacks rise. At present, we see three factors that could possibly trigger this: 1. higher interest rates, 2. decreasing margins, and 3. exchange rate fluctuations. In our view, rising interest rates and also pressure on the historically record-high profit margins are currently the greatest risks for equity markets.

Low expectations in Europe and more attractive valuations

Despite major, unresolved problems, the valuation multiples in the Eurozone look attractive. One striking facet is that the attractively valued markets have posted below-average performance this year. Looking forward, we see greater potential in the more cheaply valued European equity markets and Asia. We recommend stronger weightings for these markets.

Beat Bühlmann, CFA, CAIA

	JAPAN	USA	CH	EUROZONE	ASIA EX JAPAN
Price/earnings ratios (12m)	17.5	15.3	15.3	12.6	11.4
Price/book ratios	1.2	2.4	2.3	1.3	1.4
Dividend yield	1.8	2.1	2.9	4.0	2.6
Profit margin	3.5	8.6	8.8	4.7	8.8

Source: Bloomberg

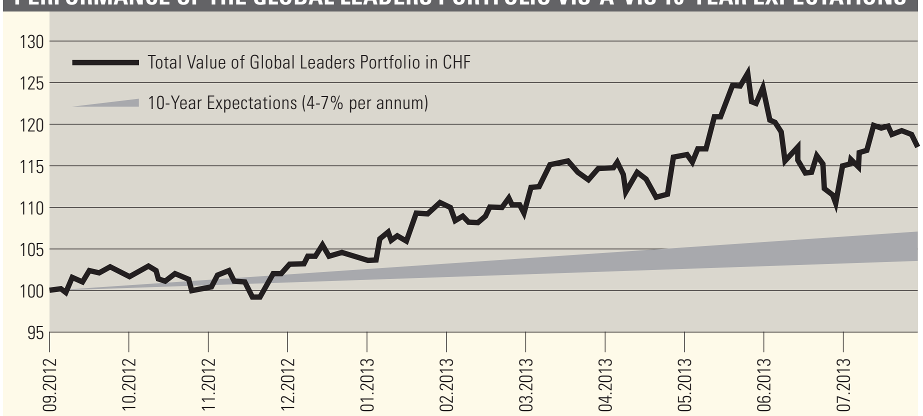
INTERIM REPORT ON THE RENAISSANCE OF THE NIFTY FIFTY

PAST 12 MONTHS STRONGER THAN EXPECTED

One year ago, in a Check-Up article entitled «The Decade of Dividend Stocks», we recommended an equity portfolio of globally active firms. Since then this portfolio has gained around 20%, twice as much as we would optimistically expect per annum over the longer term. Thus far we have not replaced a single stock, but we are aware that only around 1/3 of this performance was attributable to higher earnings and around 2/3 due to the more expensive equity markets. In other words, this stock selection is somewhat less attractive now than it was a year ago and any downward price swings that may occur should be taken as calmly as the gains over the past 12 months. All the arguments we put forward back then are still valid in our opinion. The original article is freely available in the Check-Up archive at www.reichmuthco.ch. If you'd like to find out more about this or the updated recommendation list, please give us a call.

Silvan Betschart, CFA

PERFORMANCE OF THE GLOBAL LEADERS PORTFOLIO VIS-À-VIS 10-YEAR EXPECTATIONS



«NINE YEARS FROM NOW»
JÜRG STAUB TALKS WITH MRS. HUNDRED-MILL

Hundred: A year ago, we talked about my ten-year strategy for my children and you advised me to invest in a portfolio of shares of globally active firms. How does your advice stand up today?
JS: Although these stocks have become more expensive over the past year, with an investment horizon that is still nine years away and given your goal of preserving purchasing power, they remain attractive in our view. Apart from anything else, no other investment opportunities offer similarly appealing prospects of preserving real value, plus welcome annual returns in the form of dividends.

Hundred: So nothing has changed in the past 12 months?
JS: Our assessment indeed remains the same. The two big challenges for investments – the debt problems in the old industrialized nations and the unlimited printing of money by the central banks – remain unresolved. There's no sign yet of a realistic approach to finding a solution. Sovereign debt is even increasing further in proportion to the GDP of the respective countries, and the central banks will be sticking to their ultra-expansionary monetary policies for the next two to three years.

Hundred: So you think that haircuts such as in Detroit or Greece will also be used to reduce sovereign debt in other countries?
JS: I wouldn't quite say that. I think we're more likely to see only really extreme debt burdens being cut in this manner. The bulk will be gradually reduced through inflation. This is less painful and has fewer side effects. The Japanese have clearly decided to go down that path, though the outcome of this experiment remains to be seen. Irrespective of whether it is via haircut or inflation, it is the creditors of these debts that will bear the brunt. This is why we still advise that you take the part of your assets you don't need for your commitments over the long term and invest it in real assets.

Hundred: Gold is also a real asset and its price has dropped sharply in the past 12 months. Is it really a solution?
JS: It's true that we did not expect to see such a marked decline during a period of extremely expansionary monetary policies. But as I mentioned before, we're still greatly concerned by the debt problems and money printing. Therefore, we're sticking to a gold weighting of around 5-10% as a currency alternative and also as insurance. It's important that you keep one key point in mind: value preservation – and by that I mean maintaining purchasing power – can only be secured by taking a long-term view and accepting increased fluctuations in prices. Of that I am certain. However, gold has a considerable disadvantage compared with other real assets such as equities or real estate in that it does not deliver current income in the form of dividends or rent.

Hundred: What does this disadvantage mean for gold?
JS: As soon as the central banks abandon their expansionary monetary policies and the level of interest rates moves significantly higher, gold will become less attractive. However, we do not see this happening yet. When it comes to dividend stocks, though, it's easier to put up with the negative price swings if you have a pleasing current income to keep your spirits up.

Hundred: But interest rates have already gone up?
JS: Yes, long-term interest rates bottomed out a year ago and have risen considerably this year. The holders of long-term bonds have thus suffered price losses that are likely to prove permanent. But this was not really unexpected. Even though we don't expect any further significant rise in interest rates for the time being, the risk/return profile of bonds remains unattractive in our view.

Hundred: Equity investments in emerging markets have also suffered negative price swings – is now a good time to invest in these?
JS: The emerging markets have inherent growth, although this has slowed down somewhat. Equity valuations are comparatively cheap. Investing in blue chips from the emerging regions will pay off over the long term. Taking up or expanding positions here should be worthwhile in the long run.

Hundred: Just to make sure I've understood you properly – you continue to advise investing in equities of globally active firms and are still sticking to these positions. For additional purchases you favor more cheaply valued emerging markets, and you're continuing to hold gold in portfolios as a diversification?
JS: Precisely, that's our strategy. And we'll continue to look at it critically every day to ensure that we can identify the key developments promptly. But even in these fast-moving times, things don't change all that often.


Jürg Staub
General Partner