1st quarter 2020

Investment Views





Dear Reader

The transition from one year to the next is essentially irrelevant for investment strategy. Even so, investors often adjust their portfolios at the start of the year, perhaps as a New Year's resolution or simply because they have more time during the festive season to review their finances. Whatever the reason, what is important is to get the adjustment of the portfolio right.

For many years the central banks have been calling the tune on the financial markets. Now, instead of shrinking their balance sheets, the Fed and the European Central Bank have reverted to balance sheet expansion. This means a further increase of their "market share" in the bond sector. Their influence is therefore growing again. From the investor's point of view, the central banks continue to be the generators of the most relevant news regarding the economy, consumer expectations and the financial markets. That will be even more the case in 2020, given the fragility of the economic environment after the sharp slowdown in recent months.

There are also other factors that could have a strong impact on the financial markets in 2020. Above all, the US presidential election is already casting a shadow. With Donald Trump involved, you don't have to be a prophet to forecast that the election campaign will be conducted at ear-splitting volume. For export countries the fallout from the election could mean chilly weather ahead – wrap up warm!

Investors should do their utmost to prepare themselves for the imponderables. In the following pages we outline three scenarios and examine their implications for the various asset classes. We hope this will help you in your decision-making.



What does 2020 hold for investors?

THE FINANCIAL MARKETS DO NOT ALWAYS FOLLOW DEVELOPMENTS IN THE REAL ECONOMY. THIS WAS SEEN VERY VIVIDLY IN 2019. IN THIS ISSUE OF INVESTMENT VIEWS WE EXAMINE THE THEMES THAT ARE LIKELY TO DOMINATE 2020.

Rarely has the gulf between financial market performance and the real economy been as wide as in 2019. This makes any assessment of the outlook for the coming year all the more difficult. Manufacturing weakness was a major downside factor in the global economy over the past year. Starting in China and Europe, the downturn in industrial activity eventually spread to the US, undermining economic momentum worldwide. But the financial markets, having suffered a sharp correction in late 2018, proved extremely resilient throughout 2019. All asset classes except money market investments were able to chalk up advances. Economic worries led to capital gains on bond investments, while many equity markets climbed to new all-time highs despite flagging corporate earnings. Jitters were few and far between. The prevailing mood was very relaxed in the face of continuing bad news and uncertainty on the political and economic fronts.

Making sense of the contradictions

Despite handsome advances, the markets cannot be accused of undue exuberance. In the light of present conditions, the mood appears optimistic but not euphoric. Even so, how are we to explain this protracted period of decoupling between the real economy and the financial markets?

In 2018 the central banks were earnestly discussing an imminent exit from their ultra-expansionary monetary policies. Several of them started to gradually dismantle their unconventional measures. The European Central Bank terminated its asset purchase programme, while some authorities, notably the Fed, even started to hike their key interest rates. But stock market losses in the fourth quarter of 2018, combined with an increasingly ominous economic environment, led to an abrupt policy about-turn at the start of 2019. A change of tone in the central banks' forward guidance was followed by interest rate cuts. Here again America led the way. Other central banks were obliged to follow suit, resulting in a renewed global loosening of monetary policy. Investors interpreted these early and energetic

actions as evidence of a clear commitment by the central banks to supporting the financial markets. The danger of recession was ignored, and financial asset prices climbed.

Gratifying though this was for investors, the result has been a significant rise in valuation ratios. The markets therefore now have farther to fall if the risks materialise. On the other hand, these higher valuations could turn out to be justified if the overall situation improves. The solidity of the markets' gains will depend on what happens in the months ahead. In this issue of Investment Views we outline key factors that will shape future developments. They are grouped into three scenarios (starting on page 6).

Corporate profits and equity prices



MSCI World EPS expectations - change in %MSCI World share prices - change in %

Global economy: contagion or stimulus

Activity in the manufacturing sector has been gradually weakening over the last two years. What started as a slowdown has degenerated into a manufacturing recession in many countries. The leading indicators have recently stabilised, but there are still no signs of the trend turning up. The manufacturing sector's share of GDP has been contracting in recent decades, and this has helped other sectors of the economy to show unusual resistance to the downward trend so far. But

the risk of contagion should not be underestimated. Traditionally, manufacturing performance precedes the services sector in the business cycle. The longer the industrial downturn continues, the greater is the danger that recession will engulf the whole economy.

Nevertheless, the coming months should also see some positive developments. Monetary policy, for example, has been eased in most countries and could now have a delayed stimulatory effect. Such hopes should perhaps be taken with a pinch of salt, however, in view of the fact that many companies are still failing to invest despite the necessary finance being available. Businesses are apparently not convinced that investments would pay off within a reasonable time.

Political impacts

The US-Chinese trade conflict will have a strong influence on sentiment among business leaders and investors. After a lengthy period of mutual recrimination, the tone has now softened. Negative economic fallout on both sides of the Pacific seems to be deterring the protagonists from upping the stakes still further. An initial truce is therefore on the cards, especially in the run-up to the US presidential election in November. Economic weakness or recession would seriously undermine Trump's chances of re-election. Even so, it would be optimistic to expect more than a temporary cessation of hostilities. The "new protectionism" has also many adherents around the world.

Fortunately, there are also counter-trends at work, notably the Trans-Pacific Partnership, the Mercosur agreement and the cooperation agreement between the EU and Japan. International companies rely on untrammelled trade. Shareholders therefore have a major stake in these matters. Investors should not rely on the old adage that political events have only a short-lived impact on the financial markets.

Monetary and fiscal policy: either or?

The rally in the prices of risk assets in the wake of the monetary U-turn at the start of 2019 underlines the enormous influence that central banks are now exerting on the financial markets. Investors have confidence in the monetary authorities and expect a lot from them. There can be little doubt at present that the central banks are willing to prop up the markets. But disagreements about the likely effectiveness of additional

measures could sow seeds of uncertainty among investors. Here too the outlook is not yet clear. If the actions already taken have the intended effect, there will be no immediate cause for debate. At the same time, hopes of fiscal stimulus after years of government restraint (at least in Europe) could raise bullish expectations. How much scope there is for fiscal stimulus - including green investment - is another matter.

Towards a more equal and greener society?

2019 also showed that political and economic discontent is on the increase in broad and diverse segments of the population. A major cause of dissatisfaction is the unequal distribution of wealth and incomes. There is also resentment about the way in which low interest rates make saving less productive while also pushing up house prices to levels that exclude many people from the housing market. At the same time, we are seeing a wave of protests by the younger generation (especially from the middle classes) calling for stronger action on the environment. Business leaders in the US are also advocating a rethink, saying that corporations should not only serve their shareholders but must also work in the interests of other stakeholders, including the community in which they operate.

Three scenarios

So one thing is clear: 2020 will be dominated by a wide array of powerful themes. Each of the trends outlined above could rapidly evolve in a positive or negative direction. In the following pages we formulate three possible scenarios and explain their implications for investors.

We would advise you, however, not to fixate on just one scenario. An investment portfolio's basic orientation should be in line with our baseline forecast. Equities and high quality bonds therefore remain core portfolio components. Additional allocations in non-cyclical investments like gold or insurance-linked securities are also important for achieving an appropriate positioning in the present environment.



Time to wake up

CYCLICAL WEAKNESS AND STRUCTURAL UPHEAVALS WILL RULE OUT RAPID ECONOMIC GROWTH RATES IN THE YEAR AHEAD. THE WORLD ECONOMY MIGHT START TO POST A GENTLE RECOVERY, BUT RECESSION RISKS REMAIN.

After a slap-up meal and a few drinks it's natural to get drowsy. The economic situation over the past year has been rather like that. For much of the time order books were bulging and households and companies were getting tipsy on cheap money. Such close-to-perfect conditions can befuddle the mind. Little attention was paid to the fact that the global growth rate of new industrial orders had been on a downtrend since the start of 2018. In the end, however, trade disputes and the British people's decision to quit the EU acted as a wake-up call. Companies and politicians will have to keep very alert during the year ahead.

Cyclical slowdown and structural upheavals

The current economic slowdown is not just a cyclical phenomenon but also has structural causes. These will prevent a substantial strengthening of the global economy in 2020. One major challenge will be the implementation of new emission standards for ships. As from 2020 the maximum permitted sulphur content of fuels used on the open sea will be reduced from 3.5% to 0.5%. The resultant increase in freight costs could put a further burden on world trade, which is already in the doldrums. In Europe the automobile industry is also facing a year of adjustment, with tougher emission standards ("Euro 7") due to become law in 2021. More stringent rules on automobile exhaust are obviously desirable, but in the short term they place an enormous burden on the affected industries. On the political front, too, the coming year is not going to be easy. In the run-up to the US presidential election Donald Trump will continue to polarise. Further negotiations with China after conclusion of an interim trade deal are likely to be bumpy. In Europe, meanwhile, the Brexit saga drags on. We expect the UK to achieve an orderly formal exit from the EU in the first quarter, but then comes a transition period in which a free trade agreement with the European mainland has to be hammered out. If the

UK cannot get privileged access to the single market, the result would be a hard Brexit.

Supportive monetary policy

This challenging environment will rule out a major acceleration of the global economy. Nevertheless, there are tentative hopes that the situation will stabilise or even improve slightly. The Fed moved quickly to cut its key interest rate by a total of 75 basis points in 2019 and is again buying up large volumes of securities in order to counter possible strains in the markets. With weakness in the US economy initially set to continue, we believe there is scope for a further rate reduction of 50-75 basis points. Cheap borrowing costs should keep the world's largest economy on track, and we expect a US growth rate of around 1.5% in 2020. Even so, the danger of recession has not been completely banished. The gulf between business pessimism and consumer optimism in the US is extremely wide at present. In the past such a situation has been a reliable indicator of an imminent phase of economic contraction (see chart below).

USA: conflicting views between consumers and businesses



- Conference Board: Consumer Confidence (I-h scale)
- Recession periods

With the manufacturing sector already in recession and the Chinese economy still flagging, a growth rate of over 1% in the eurozone hardly looks feasible. China faces a further slowdown. The economy could be helped by a defusing of the US-Chinese trade conflict, but a major turnaround is unlikely.

Economic links among the emerging nations have intensified, leading to the creation of large domestic markets with increasingly affluent consumers. This cushions these countries against negative fallout from the developed world and should enable them to post higher growth rates, helped by increased scope for interest rate cuts.

Late-cycle trends and positioning for the future

Long-dated government bonds are well supported by continued monetary ease and relatively low inflation expectations. A slight uptick of yields could be on the cards in the second half of the year, especially if accumulated interest rate cuts start to raise hopes of sprightlier economic activity. But the rise in yields at the long end is unlikely to be substantial. Given the negative interest rates that investors face in many markets, yields on US bonds are now quite attractive, and this will support demand. In the eurozone, the ECB's asset purchase programme will put a brake on any upward movement of yields.

Corporate bonds are still expensive. As they already offer only a paltry additional return over government bonds, we believe that the downside potential of yields in this sector is strictly limited. This means that the credit risks are highly asymmetrical. Even though the central banks' ultra-expansionary stance favours higher risk asset classes, this will not be enough to push up premiums on corporate bonds to levels that adequately compensate for rising default rates.

Emerging market government bonds denominated in local currency could become attractive as the year progresses. The chart shows the broad currency index for the emerging markets. Today's level is conspicuously low in historical terms. But higher levels would require the US dollar to weaken, and that will not happen immediately, though it should become possible later in the year as the Fed keeps policy loose.

Emerging markets currency index



■ Emerging markets currency index

Given the continuing yield famine, the equity markets will be easily satisfied. The higher risk on equities is currently being compensated for by an above-average premium compared with bonds. The expected mild growth in corporate earnings combined with accommodative monetary policies will be enough to keep equity prices at a high level. At this advanced stage of the cycle we expect volatility to be high. The past two years have shown, however, that investors see equity market setbacks as a buy opportunity. This is likely to remain the case in 2020. Investors might even decide to move early into cyclically sensitive markets such as Europe and the emerging countries in the belief that these markets will be major beneficiaries when the economy turns up.

Thus investors have to be alive to a broad range of challenges in the financial markets, ranging from the constraints of the late-cycle environment to the prospect of a renewed upswing that would require early positioning. In these difficult times we continue to regard gold as a useful portfolio diversifier.

Conclusion

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The cyclical slowdown and structural changes are the key elements that will shape the macroeconomic environment in 2020. In these risk-laden times, investors need to keep their wits about them. Politicians and businesses must finally wake up. But upheavals also present opportunities, especially in the financial markets. We therefore look to the year ahead in a constructive frame of mind. We are investing in long-term trends while treating credit and interest risks with caution and deploying gold as a portfolio hedge.



Unsolved problems could lead to global recession

THE GLOBAL ECONOMY IS IN A FRAGILE STATE. THE ECONOMIC AND GEOPOLITICAL LANDSCAPE IS LITTERED WITH PITFALLS THAT COULD POTENTIALLY PLUNGE THE WORLD INTO RECESSION, WITH SERIOUS IMPLICATIONS FOR THE FINANCIAL MARKETS.

It may not be true, as Murphy's Law claims, that "anything that can go wrong will go wrong", but investors need to be aware of the risks to which their portfolios are exposed. Four main dangers currently present themselves.

First there is the trade war between the US and China. Having found a tiny area of common ground in phase 1 of their trade talks, the two sides will move on to detailed negotiations in phase 2. Here the going will be much tougher. To preserve its economic supremacy, the US cannot afford to become dependent on any other country for its IT infrastructure (as is happening in Europe). America's complaints against China concerning technology transfer and the theft of intellectual property have a direct bearing on this issue. With so much at stake, the news flow emanating from these tricky negotiations could well become negative, with the possibility that the process will end in confrontation and a spiral of tit-for-tat tariffs. In such a situation a ban on exports of US information technology to China cannot be ruled out, with China likely to respond by stopping sales of rare earths. China could also threaten to devalue its currency.

US-Chinese export tariffs



Source: Chad P. Bown

Europe, secondly, is experiencing trends that make nation states more difficult to govern and reforms harder to implement. Widespread fears of slipping downwards in the class structure (the "shrinking middle class") could result in a further fragmentation of the party political landscape. The EU as a whole is under pressure. It now looks as if Brexit is going to happen at the end of January, but this will be followed by a transition period lasting until the end of 2020, during which the two sides will try to regulate their future relationship. As it took almost four years (and three postponements) to hammer out the withdrawal agreement, a year hardly seems adequate for these negotiations. The likelihood is that the struggle to get an agreement will last years rather than months or even founder completely. The practical consequences of such an outlook are impossible to gauge.

Thirdly, the festering conflict between Iran and Saudi Arabia poses a serious risk for the oil market. Tensions have been escalated by the attacks on Saudi Arabia's state-run Aramco refineries. Political instability within these two countries is also a problem. The recent protests in Iran against higher petrol prices have claimed over 200 deaths according to Amnesty International. The situation throughout the Middle East and North Africa is tense. Protests are also now occurring in Lebanon, Iraq, Algeria and Sudan. In this overheated situation a spark could quickly cause a regional conflagration, and it is anyone's guess how that would turn out. The oil price could double in a short space of time. Large and rapid increases in the price of oil affect the global economy in the same way as interest rate hikes and have been the commonest cause of global recessions in the past.

Trump or no Trump

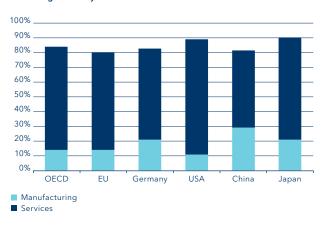
The fourth major factor is the US presidential election. The current impeachment attempt will make the contest even more bitter. The polarisation fostered by Trump in the 2016 election is a taste of things to

come. While his base will stay loyal, the scales could be tipped by voters who at present are still satisfied with their economic circumstances. A recession before the election would therefore be a bigger threat to Trump than whoever becomes his Democratic opponent. The Democrats are split into conservative and socialist camps. A victory for the socialists would probably mean a reversal of Trump's tax breaks for corporations and the introduction of a wealth tax.

Recession goes viral

These four risk factors affect the mood among citizens and businesses and therefore have direct implications for the economy. The path to a global recession is a short one. Measured by the leading indicators, the manufacturing sector is already contracting worldwide, whereas services continue to expand. Historically, manufacturing tends to be ahead of services in the business cycle. According to the World Bank, manufacturing activity now accounts for only 14% of GDP across the OECD as a whole, compared with 70% for services. If the historical pattern is repeated and the services sector follows manufacturing industry's downward lead, a global recession would be unavoidable.

Percentage industry contributions to GDP



Source: World Bank

Investors would then take refuge in safer assets. In fact this is already happening. The yield on 10-year US Treasuries has fallen from over 3% to 1.8% in the space of only twelve months. If the world does slide into recession, yields can be expected to fall further, with European yields moving even deeper into negative territory. In a recent study, J.P. Morgan estimated that the a floor for yields is around minus 4%. Such levels would provoke large-scale cash hoarding, asset transfers into physical commodities like gold or a flight into cryptocurrencies. For central banks such behaviour would be unacceptable, because it syphons money out of the financial system. A possible response would be the abolition of cash and its replacement by digital currency.

Winners and losers

A recession scenario would put massive pressure on equities and corporate bonds. Hardest hit would be assets with restricted liquidity, e.g. emerging market bonds and high yield bonds. The IMF has calculated that in a crisis situation up to 50% of all high yield investment funds would have to suspend redemptions to investors. The winners would be safe haven assets and liquid investment classes, notably gold, the Swiss franc, US dollar, Japanese yen and US Treasuries. To these should be added trend-following systems (CTAs), which invest in futures contracts that are underpinned by cash and therefore remain liquid in extreme situations. Similarly, insurance-linked securities are not affected by the macroeconomic environment and can therefore provide stability.

Central Banks are the only hope

In this situation there are growing demands for fiscal measures, but public sector debt is already worryingly high in most countries and investment programmes take a long time to implement. Hopes of stimulus are therefore pinned on the central banks. As conventional tools like interest rate cuts have been virtually exhausted, new approaches will have to be sought. Direct financing of the public sector by the central banks is already becoming a de facto reality. Will the next stage be central bank purchases of equities and real estate? Or will the authorities move directly to the widely touted expedient of "helicopter money", i.e. cash handouts to consumers? The central banks have repeatedly resorted to new and unconventional measures since the financial crisis. It will be interesting to see what they come up with next.



Pressures from the protesting public

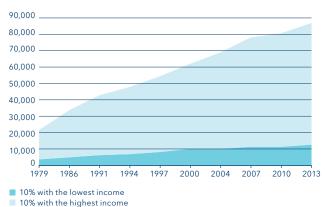
SOCIAL DISCONTENT IS ON THE INCREASE AROUND THE WORLD.
IT CAN TAKE THE FORM OF PEACEFUL PROTEST OR EPISODES OF
CHAOTIC VIOLENCE. BUT AN ASTUTE POLITICAL RESPONSE TO
PUBLIC UNREST COULD HAVE A POSITIVE IMPACT ON THE ECONOMY.

Social upheavals are precipitated by economic, political or ideological discord. While violent protests like those of the yellow vests in France, in Hong Kong or the recent commotions in Chile grab the headlines, peaceful forms of protest such as the climate strikes can also have a major impact on the political and economic landscape.

Widening wealth gap

In the wake of the financial crisis popular discontent has increasingly focused on income inequality and inadequate wage growth. This is a worldwide phenomenon, but it has become especially critical in the developed economies. An analysis published in June 2019 by the American trades union organisation AFL-CIO illustrates the problem vividly. The figures show that the chief executive officers (CEOs) of corporations in the S&P 500 earn 287 times as much on average as their lowest-paid employees. A particularly drastic case is

USA: average nominal income growth (in USD)



the clothing firm GAP, where the disparity is 3,566:1.

Source: World Bank

Business leaders are becoming increasingly alert to this problem. The corporate lobbying group "Business Roundtable", comprising around 180 CEOs of major US firms, has published an open letter stating that the purpose of a corporation is not just to serve shareholders but to create value for all the firm's stakeholders, including customers, suppliers and employees. The signatories include the CEOs of Amazon, J.P. Morgan, Boeing, 3M und McKinsey. Putting employees' interests on a par with those of shareholders would be a fundamental change. After all, wage dumping (offering extremely low wages at the expense of the local workforce) has often been an important way of raising productivity. But such blatant disregard of employees' interests is no longer appropriate in a knowledgedriven economy focused increasingly on the services sector. In today's world, human capital has to be cherished, and that means ensuring a proper provision of education and healthcare. Extreme inequalities in income and wealth are a disincentive to economic effort, leading to fatalism or protest.

Economic disparities have been unintentionally exacerbated by central banks' ultra-loose monetary policies, which were originally introduced as a crisis measure but have now become a permanent feature. Rock-bottom interest rates have pushed home prices to dizzy heights, effectively excluding many citizens from the housing market. At the same time, negligible interest income means that many small savers are unable to build up capital to finance their old age.

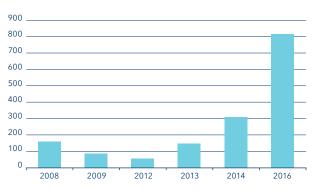
Making a virtue of the climate emergency

Another cause of widespread discontent is climate change. The younger generation is making its environmental demands felt, and green parties are often doing well at the ballot box. Transatlantic agreement on this issue has been shattered. When the US withdrew from the Paris climate accord in 2018, the other signatory nations closed ranks. In November 2019 the European parliament declared a climate emergency. But protecting the environment comes at a price. According to the Konrad Adenauer Foundation, the switch to more sustainable energy in Germany means a 22% increase in households' electricity bills. Another example is

shipping costs. According to the shipping company Maersk, the new rules on marine transport emissions that come into force in 2020 will push up the cost of marine freight by EUR 100-150 per container. While costs will rise, so will investment. Morgan Stanley has calculated that meeting the targets of the Paris climate accord will require investments totalling USD 50 trillion worldwide by 2050.

A vital element of the climate debate is the growing cost of inaction. The volume of climate-related insurance losses – and not all such losses are insured – is soaring. The Hannover Re reinsurance company reports that its climate-related insurance losses in 2018 were over 2.5 times higher than the usual payouts on property, credit and damage liability policies.

Insurance losses caused by intense rainfall in Germany



Losses related to intense rainfall in EUR millions

Source: General Association of German Insurers (GDV)

The resulting upheavals in global industry are now unstoppable and are centred on sectors with a high input of human resources. While the US administration beats the populist drum, the country's green energy industry employs more people than the oil, gas and coal industries combined. Unfortunately, the process of industrial transformation is far from homogenous, as the automobile industry is now discovering. Burdens on companies' finances escalate, and rationalisation leads to the dismissal of low wage earners – i.e. precisely those people who are already suffering from the widening income gulf.

Meeting social and environmental challenges

Governments face huge challenges in trying to mitigate income inequality and meet the ambitious climate

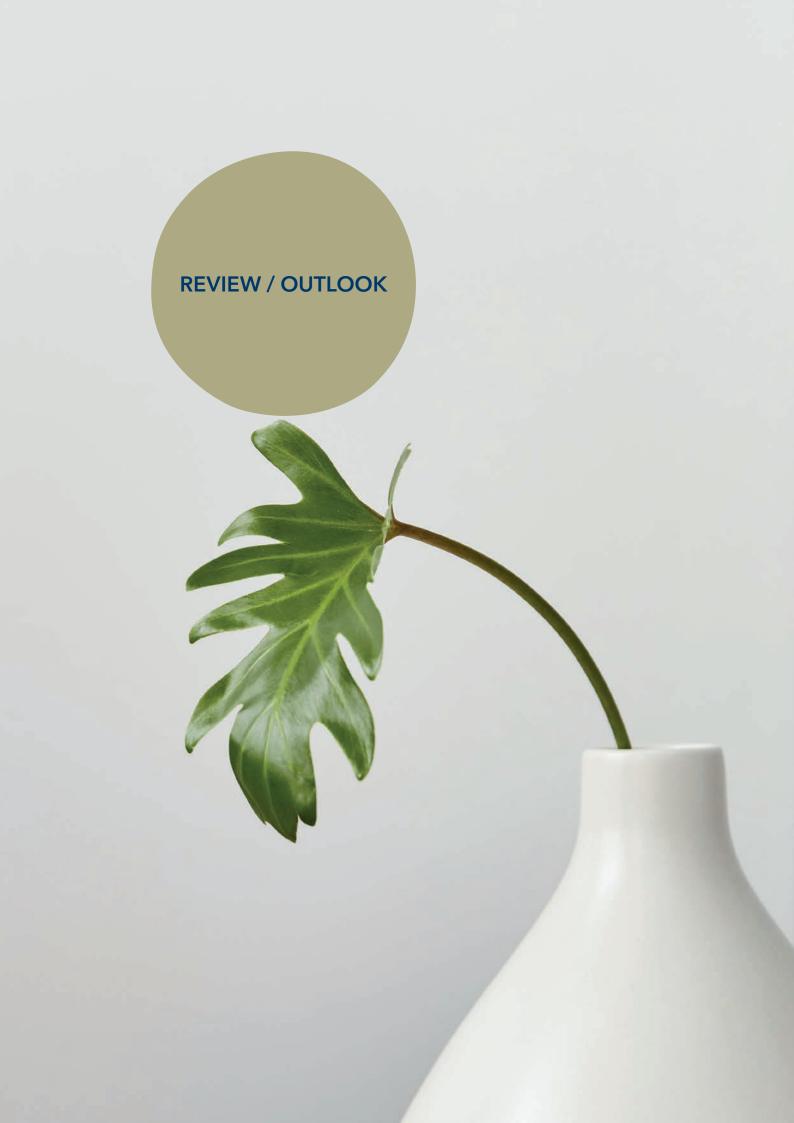
targets to which they have committed themselves. Fortunately, the one does not exclude the other. Well-planned investment can help achieve both objectives.

There are limits to how much governments can spend. The "green deal" proposed by the new EU Commission President Ursula von der Leyen would not only have an environmental impact but could also enhance Europe's medium- and long-term growth potential. If systematic incentives can attract private finance to help cover the costs involved, the extra financial burden on governments will be reduced. An additional boost could come from increased capital spending in the corporate sector. If governments can provide businesses with a more predictable planning environment, there would be little to stop a global economic recovery.

Geopolitical and geoeconomic risks are likely to stay at a high level. The recent prolongation of accommodative monetary policies suggests there will be no rapid exit from the low interest rate environment. Even so, a government-supported acceleration of economic growth could pave the way for an eventual move towards monetary tightening. Monetary normalisation, in turn, would help normalise exchange rates, which have been seriously distorted by monetary policy. That would create a platform for a more stable external value of the euro.

In this environment, government and corporate bonds will initially remain only moderately attractive. The medium-term outlook for equities, by contrast, should improve. Climate-friendly investment also favours "old industries". European markets, with their traditional emphasis on asset value, will not be the only ones to benefit. In general, companies that already hold a leading market position in environmentally friendly activities and technologies should be in demand.

If the benefits of the green upswing also extend to the population at large, the economy would receive an additional boost. In his book "The Equality Effect", published in 2017, the English social geographer Danny Dorling has convincingly shown that a more equal distribution of income leads to more robust economic growth and stronger social harmony. Global action to achieve greater economic justice while heading off the climate threat could prove his thesis in practice. A successful outcome would also be good news for investors.



Review / outlook

Historical performance (total return in %)

2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
26.9	6.5	24.8	40.2	15.2	54.5	22.6	29.9	9.9	72.8	29.1	8.9	20	31.9	11.8	3.1	13.3	31.3	0.7	28.5
10.1	4.3	23.5	26.5	12.2	41.9	18	27.4	3.3	43.9	14.5	6.9	17.8	28.7	11.6	2.8	13	19.2	-0.5	23.8
7.3	4.2	12.9	25.3	9.6	34.8	18	13.1	1.4	28.5	13.1	6.3	17.3	23	9.6	2.6	9.5	17.8	-2.2	21
6.6	3.9	12.5	22.9	9.1	22.9	16.9	5	0.6	27.2	11.3	5.4	15.3	20.7	9.4	1.2	9.4	17.5	-4.7	16.7
3.9	1.5	9.3	21.2	8.2	18.8	11	4.9	-14	25.8	11	4.3	15.1	13.9	9.2	1.1	7.7	12.9	-5.2	12.1
3.6	1.1	7.9	19.9	8	15.4	10.4	4.4	-25.2	24.2	7.4	2.5	13	6.2	7.4	0.6	5.7	10.3	-6.1	10.5
1.3	0.4	-1.7	17.4	7.1	8.5	9.9	3.7	-26.9	22.8	7.2	-2	13	5.3	4.8	-0.1	5.6	6.5	-7.7	9.1
1	-0.1	-8.7	17.4	5.7	5	5.6	3.6	-29.2	22.6	5.8	-5.8	10.4	0.8	4.1	-1.4	2.1	3.8	-8	8.9
-2.3	-1.3	-14.6	16.4	5.7	4.9	5.2	1.8	-34.7	21.7	4.4	-6.5	6.1	-1.2	4	-1.6	1.7	3.6	-8.9	8
-4.2	-12.9	-19.2	14.6	4.1	3	4.8	-0.4	-38.3	16.7	3.8	-9.8	5.8	-4.3	3.9	-4.9	1.4	3.3	-9.9	6.5
-9.4	-14.8	-21.9	9.5	3.4	2.3	0.3	-0.9	-40	12.7	3.8	-10.4	5.6	-5.4	1.5	-6.4	1.3	0.7	-11.6	6.1
-14.8	-17.2	-22.7	2.6	3.3	1	-0.1	-1.1	-42.1	8.4	3.3	-16.3	2.6	-7.2	-1.1	-12.9	0.5	0.5	-13.8	4.1
-18.1	-19.5	-25.3	1.7	2.9	0.5	-0.7	-1.7	-47	4.9	0.8	-17.3	1.9	-10	-2.4	-14.4	-0.4	-0.4	-14	2.8
-29.9	-20.1	-30.9	0.9	0.8	-0.2	-3	-2.3	-56.1	4	0.6	-18.1	-2.5	-28.3	-18.1	-26.2	-3.4	-0.8	-14.2	-0.6
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Asset classes as per VP Bank's asset allocation in CHF, based on the corresponding indices per year. All currencies hedged. Figures for 2019 as at the end of November.

Government bonds Global bonds

High yield bonds European equities

Asia-Pacific equities

Convertible bonds
 Hedge funds

Gold

Key dates in 2020

Event	Date
Bank of Japan interest rate decision	21 January
ECB interest rate decision	23 January
US Fed interest rate decision	29 January
Bank of England interest rate decision	30 January
Brexit date	31 January
ECB interest rate decision	12 March
US Fed interest rate decision	18 March
Bank of Japan interest rate decision	19 March
Bank of England interest rate decision	26 March
Bank of Japan interest rate decision	28 April
US Fed interest rate decision	29 April
ECB interest rate decision	30 April
Bank of England interest rate decision	7 May
ECB interest rate decision	4 June
US Fed interest rate decision	10 June
Bank of Japan interest rate decision	16 June
Bank of England interest rate decision	18 June

Event	Date
ECB interest rate decision	16 July
Bank of Japan interest rate decision	22 July
US Fed interest rate decision	29 July
Bank of England interest rate decision	6 August
ECB interest rate decision	10 September
US Fed interest rate decision	16 September
Bank of England interest rate decision	17 September
Bank of Japan interest rate decision	17 September
ECB interest rate decision	29 October
Bank of Japan interest rate decision	29 October
US presidential election	3 November
Bank of England interest rate decision	5 November
US Fed interest rate decision	5 November
ECB interest rate decision	10 December
US Fed interest rate decision	16 December
Bank of England interest rate decision	17 December
Bank of Japan interest rate decision	18 December

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Periodicity

Quarterly

Publication date

19 December 2019

This publication was finalised on

12 December 2019

Closing prices as at

3 December 2019, unless otherwise stated

Sources for charts and statistics

Bloomberg, Reuters, Thomson Financial Datastream, unless otherwise stated

Photos

Roland Korner, Triesen Rich Stapleton, London

Printed by

BVD Druck+Verlag AG, Schaan



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