

# REVIEW INVESTMENT THESES 2012



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## REVIEW OF INVESTMENT THESES FOR 2012

A review of our theses and prospects for the second half of the year

### Equity markets overall

#### 1. Equities are valued fundamentally historically low

✓ Basically, we were right with this thesis. Shares are still valued low. Even after the correction in Q2, MSCI World was still up +5%. For the second half of the year, we furthermore expect difficult market conditions, before in the long run the stage should be set for a sustainable recovery of the markets.

#### 2. Many negative aspects already factored in

X The European debt crisis as well as a weak global economy are still weighing on equity prices. As long as no sustainable solutions will be achieved in Europe, the markets should remain volatile. Furthermore, a Hard Landing of China would weight on shares worldwide in the second half of the year.

### Sectors

#### 3. Focus on Pharmaceuticals, Technology, Agriculture and Energy

✓ Here, we were mostly right. Pharmaceuticals, technology and agriculture were among the strongest sectors worldwide. The energy sector became notably pressured due to increasingly worse economic data, particularly in Q2. At the current level, energy shares are valued very low and should be used to build up new positions.

#### 4. Positive surprises regarding financial shares

X We were only right with this prediction in Q1. Financial shares became again pressured due to the once more intensifying Euro debt crisis in Q2. Banks and insurance companies are still valued low and offer good entry opportunities in the event of improving circumstances.

### Commodities/Real Assets

#### 5. Oil and gold as protection against inflation

X At the end of Q1, both gold and oil experienced significant setbacks. In the second half of the year, both natural resources will act as a fine protection against money printing.

#### 6. Integrated oil companies ahead of service and mining corporations

✓ We were right with this thesis. However, considered in hindsight, none of the oil companies should have been contained in the portfolio. In the second half of the year, we prefer oil service and equipment companies to integrated oil companies.

### Geographical regions

#### 7. Europe valued more favorably than America

X We were not right with this thesis. Europe is still valued significantly lower favorable at a Ø-P/E of 9 vs. 13 in the US, but, however, US shares performed more strongly than the European ones in H1. Only a sustainable improvement of the European situation should enable European companies to make up again. We adhere to this thesis for the second half of the year.

### Bonds

#### 8. Fix to Float bonds very attractive

✓ This was certainly our most successful thesis. These bonds were by far the strongest and most stable asset class in our portfolio in 2012. In our opinion, this situation will not change in H2.

### Currencies

#### 9. Strong USD in comparison with EUR and CHF

✓ As expected, USD acted as some kind of crisis currency and appreciated in comparison with EUR and CHF. In the second half of the year, we expect CHF to appreciate and have therefore completely eliminated the Euro-Risk for our Swiss clients.