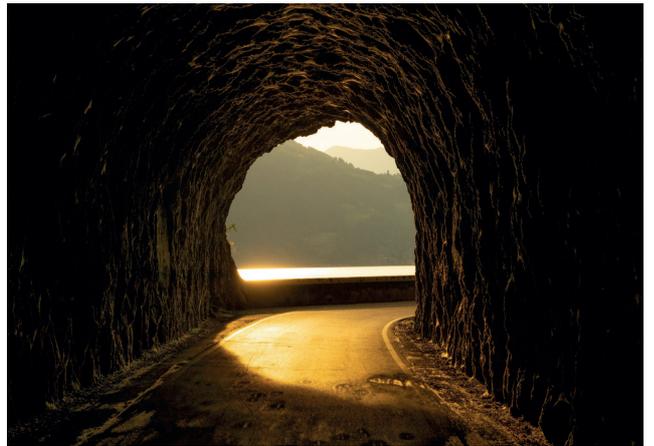


MID-YEAR REVIEW INVESTMENT-THESES

2021



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MID-YEAR REVIEW

INVESTMENT-THESES 2021

A **self-critical review** of our theses from January including an outlook for the second half of the year.

Equity Markets

1. After a very turbulent year, 2021 will turn out to be positive. We consider a 10% upside potential for stock markets as realistic.

✔ **Equities performed well globally.**

The 2nd half will be more difficult. Inflation and international central bank's reduction of the money glut could reduce economic expansion.

2. In the 1st half of 2021, the Corona virus will be pushed back gradually thanks to vaccines. A highly expansionary fiscal and monetary policy acts supportive on a global level.

✔ **The scenario has largely occurred.**

Current expectations are very optimistic. The smallest disappointments with regard to fiscal and monetary policy can lead to temporary corrections of up to 10%.

Geographic Regions

3. Europe has a number of advantages, especially in the fiscal area. The reconstruction fund takes up work in 2021 and will ensure a lively investment activity.

⊖ **European shares have reaped a return of over 15% in some cases.**

Europe continues to show catch-up potential and is still favorable.

Sectors

4. Without relapse regarding Corona in Europe, cyclical shares will benefit from accelerating economic activity comparable to the situation in the US at the beginning of the year.

✔ **Cyclical stocks performed better.**

We expect a damper within the next few weeks, which we will take advantage of.

5. In the USA, tech and internet stocks remain attractive. Individual industrial stocks are also interesting. Defensive shares will not perform well.

✔ **Defensive stocks performed worse than the overall market.**

Defensive stocks will improve in the 2nd half. Also, selective technology companies will remain interesting.

6. Companies in the real asset sector will benefit from the economic reopening.

✔ **Energy stocks performed best.**

High inflation rates will support real assets.

7. Value companies will yield significantly better returns compared to growth stocks.

✔ **Value was indeed more in demand than growth.**

Value has further catch-up potential and will likely outperform in the 2nd half of the year.

Bonds

8. At the end of the year, the 10-year Treasury interest rate will be at 1.5%.

✔ **The 10-year Treasury yield has increased.**

We expect a further increase here. At the end of the year, an interest rate of 2% is realistic.

9. Inflation rates will increase next year. Thus, our favorites in the area of bonds remain hybrid securities with inflation protection.

✔ **Hybrid bonds performed best.**

These papers continue to have a tailwind in the 2nd half of the year.

Currencies

10. After years of appreciation, 2021 could be a year characterized by a weak Swiss franc. The USD will likely lose slightly against the EUR.

⊖ **The CHF was weaker. However, the USD was able to appreciate against the EUR.**

We continue to see the CHF under pressure. USD and EUR move in tandem.

- ✔ Our hypothesis has so far proved to be correct.
- ⊖ Our hypothesis has so far proved to be only partially correct.
- ✘ Our hypothesis has so far proved to be wrong.