Albin Kistler
Wealth Management

We keep our word.

RECOGNISING OPPORTUNITIES

Investment policy

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Recognising opportunities

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Economy

Cycles have always shaped economic activity. The current economic downturn is therefore a direct function of the previous upswing. The manufacturing industry in particular is experiencing very slack demand, as is evident from increasing surplus capacity, rising numbers of bankruptcies and a buzzing jobs market that is softening. The result is inflation and interest rates that have significantly moved from their peak in all major economies. An accurate assessment of the current economic situation is thus possible so far.

Starting point full of opportunities

In the past year, a famous piece of wisdom has once again rung true: the biggest threat to successful long-term investing is not being invested. We share this view for the following reasons:

- It is businesses that ensure a constant stream of innovation and progress. If the business world can operate in a regulated and market-based environment, it will keep getting better and become more efficient. This will be reflected in increasing corporate earnings and therefore also in higher long-term share prices.

- The global economy is becoming increasingly interconnected, informed, and consequently more efficient. One key factor driving this development is the tremendous progress being made in the field of digitalisation. The latest innovations in artificial intelligence are a striking illustration of this. The widespread perception of such key technologies often fans a gold rush mentality of sorts in the short term, with all the negative consequences and hyperbole that come with this. But the long-term, global impact on growth and value creation can hardly be overestimated.

- Market participants often pay more attention to immediate risks and dangers than to less tangible, future opportunities. Moreover, the resilience and adaptability of economic players are often underestimated. Take, for example, the energy crisis in winter 2022/23 or the huge monetary policy shift of recent years. Many of the gloomy predictions made at the time have not come to pass. It is therefore worth being basically optimistic and not paying too much attention to short-term risks.

Outlook and positioning

We consider the environment for equities to be very promising for investors and remain overweight. Inflation and interest rates have punched through their peaks. Interest rate cuts will inevitably happen sooner or later.

There is significant economic catching-up potential due to the crises of the last few years. Corporate earnings are set to grow in the years ahead. The dominant companies in this world are being managed better than ever before. And digitalisation is propelling society and the corporate world forward at an unprecedented rate. Despite these all-round positive conditions, stock markets are trading at attractive levels. Only the dividend yield of a large number of top-quality Swiss shares significantly exceeds the inflation rate.

Irrespective of the prevailing environment, it is important to follow proven principles and be patient instead of tailoring the portfolio to short-term developments and trends. This means excluding investments in underdeveloped, non-transparent markets and focusing on healthy, well-positioned companies, for example. Steering clear of investments in heavily indebted countries is a must.

A portfolio with a high proportion of equities, carefully selected individual positions and a high proportion of Swiss francs will do these principles justice and provide outstanding foundations for long-term investment success.