

FROM THE ENGINE ROOM

Our view

January 2018

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The market assessments, which appear on a periodic basis, are available to download in PDF format on the Albin Kistler website:

www.albinkistler.ch/en/profile/#markteinschaetzung

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Economy

Is the economic upward cycle actually at a mature stage as claimed by many forecasters?

We are investors and not forecasters. The latter often base their statements on patterns observed in the past. Investors, on the other hand, should look at the facts and focus on the future. If one looks back and simply counts the number of years that the current upturn has lasted, the experts issuing the warnings have an argument on their side. However, making forecasts really isn't so simple.

For investors, the number of years that a cycle lasts is not the decisive factor. What is more important is to assess whether a fatal bubble is forming anywhere that could plunge the economy into a devastating crisis, as was the case ten years ago. At present, we cannot detect such a risk. This comes as little surprise, however, as such disastrous once-in-a-century events fortunately only come to pass extremely rarely.

Humanity has always been driven by the quest for knowledge and prosperity. Upon each objective being achieved, it then forms the basis for the pursuit towards the next highest level. Years of recession therefore represent the exception, while years with economic growth are the rule. This has been the case for centuries.

For investors, the following can be deduced:

1. The economy always grows in the long term.
2. Corporate profits grow more strongly than GDP over the long run.
3. It is important to find the best companies with the most secure future prospects and to do so at an appropriate price.
4. The equity exposure should only be reduced below the target value in the event of devastating economic crises or upon a massive upturn in interest rates.

Investment policy

This series of arguments appears as banal as it is logical. Nevertheless, a large number of financial institutions lack the belief that the equity and interest markets can be outperformed over the long term with intensive financial analysis.

We at Albin Kistler see the situation a little differently: there are no shortcuts when it comes to investing. Only those who develop the greatest passion and zeal for financial analysis over many years are in a position to become the best in their competitive profession. The business world is becoming more competitive and demanding year on year. Business elimination processes are particularly clear and incisive, especially in our new digital world characterised by maximum transparency (Internet!).

How can we respond to these challenges? Our most important activities here can be summarised as follows:

1. The systematic application of independent investment principles and the ongoing assessment of the economic environment.
2. Intensive and in-depth financial analyses based on our in-house models for the forecasting of interest rates, valuation of companies and analysis of creditworthiness, which have been continuously developed over a period of 20 years.
3. Direct and regular discussions of our analysts with the exponents of the companies that are of interest to us.

We also do not know what exactly 2018 will bring us. But we do know that the next ten to 20 years promise to be an excellent economic period and that we and our outstanding team of employees will do everything in our power to continue generating above-average returns for our highly valued clients.