

LMM COMPASS



Dear readers,

Access to financial assets is now easily possible. In addition to traditional providers such as banks and asset managers, the interested parties also have the option of investing independently via Internet banking or Robo-Advisor. The right solution depends on the expertise, the time available and the interest in financial assets. Our article shows which criteria are decisive when choosing the right asset manager.



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Partner, CEO



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Director

THEMES



Market data

- Markets and strategies



Topic

- Criteria for choosing the right asset manager



LMM Inside

- LMM continues to expand



INVESTMENT STRATEGIES

Stock markets rose in the third quarter of 2018 and the US stock market has outperformed the other markets since the beginning of the year. Investments in emerging markets were again under pressure or could not yet recover from the setbacks since the beginning of the

year. The US central bank also raised interest rates in the third quarter and announced another rate hike for December. This circumstance supports the US dollar and at the same time causes turbulence in emerging markets financial markets.

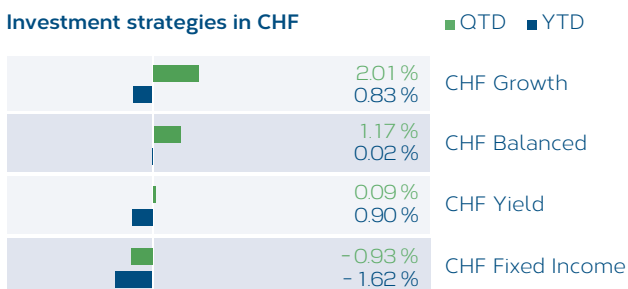
		Value	%QTD	%YTD	Currency
Currencies	EUR/CHF	1.13	-2.14	-3.04	
	EUR/USD	1.16	-0.52	-3.27	
	USD/CHF	0.98	-1.63	+0.24	
	USD/JPY	113.59	+2.54	+0.83	
Bonds	Switzerland	134.59	-0.77	-1.33	CHF
	Europe	247.57	-0.70	-0.45	EUR
	USA	2013.67	+0.02	-1.60	USD
	Emerging Markets	392.04	+1.41	-2.54	USD
	Inflation linked	332.20	-1.63	-3.34	USD
	High Yield	1302.07	+1.98	-0.59	USD
	World	473.25	-0.92	-2.37	USD
Equities	Switzerland	2698.49	+5.52	+0.08	CHF
	Europe	218.27	+1.33	+0.84	EUR
	North America	7725.43	+7.36	+10.17	USD
	Pacific	6518.19	+2.28	+0.21	USD
	Emerging Markets	481.42	-1.09	-7.68	USD
	World	255.590	+4.28	+3.83	USD
Alternatives	Real Estate	4068.11	-0.14	+0.78	USD
	Commodities	85.200	-2.53	-3.36	USD
	Gold	1192.50	-4.84	-8.48	USD
	Private Equity	2794.96	+5.60	+6.41	USD
	Hedge Fonds	1259.88	-0.39	-1.23	USD

reference date 30.09.2018

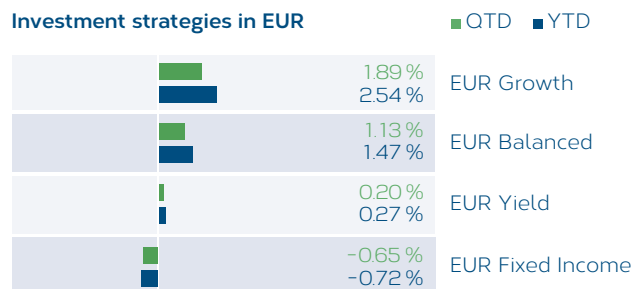
In the third quarter, the equity markets and depending on the equity allocation of the selected investment strategy, also the majority of the investment strategies could gain. For mandates with a high allocation to bonds, the increase in interest rates had a negative

impact. In the case of EUR mandates, the weaker euro had a positive performance impact, meaning that it benefited mainly from foreign currency gains on US dollar investments.

Investment strategies in CHF



Investment strategies in EUR



Please note: Performance figures gross (Custody and management fees not included)

Calculation LMM, Period 31.12.2017-30.09.2018 (before costs)

CRITERIA FOR CHOOSING THE RIGHT ASSET MANAGER

Many investors have their assets managed by an asset manager. This can be done by the principal bank, an independent asset manager or by the purchase of an actively managed investment fund. On the one hand, investors expect better results and on the other hand they often do not have the time, expertise and market proximity to manage the assets themselves.

But which form is the most suitable and which criteria have to be observed in order to fulfill the customer's expectations in the long term? Because one thing is for sure: there will always be turbulent times in the financial markets. The role of the asset manager is to prepare and assist the client so that in the long term good results can be achieved.

Investment strategy

The selected investment strategy is responsible for the long-term performance. Therefore, it is crucial that the choice of the investment strategy is handled with great care. The capacity and the willingness to take risk are important terms that must be evaluated with the customer. In addition to the usual customer profile, special customer wishes should also be clarified. These may be questions about the exclusion of certain asset classes.

The investor should learn how the investment strategies have historically performed. Which returns and also fluctuations have been achieved in the past and which returns (after deduction of the costs) are to be expected? The use of scenario analysis or simulations is helpful.

When defining the investment strategy, the key points for the mandate tender will be determined at the same time.

Mandate tender

When looking for the right asset manager, the personal relationship and the track record are crucial.

The client may require an open and transparent communication from his advisor / asset manager. This includes detailed information with regard to the implementation of the administration and, above all, which costs are charged.

The performance statement should be presented on the basis of actually achieved investment results or publicly available fund data.

Selection

The customer may expect a timely and complete offer. In this regard, no compromises should be accepted. It should be stated in clear and comprehensible terms who, how and at what cost the management of a mandate is implemented.

The employees' length of service not only allows conclusions to be drawn on the corporate culture, but is also decisive for the customer due to the confidential information. More detailed information (CV) must be provided about the directly responsible persons and their deputies.

A detailed position statement also provides important information regarding the implementation of the investment strategy or which investment instruments are used.

Costs and commissions

The costs of the asset management are a very important aspect and must be disclosed transparently. Especially in today's low interest rate environment, costs are a burden on returns.

In order to be able to compare offers, a consideration of the total costs is essential.

The costs include:

- Administration fee including information on the calculation basis
- Presentation and calculation of indirect costs due to the use of investment products (funds, etc.)
- Handling of trailer fees and other discounts
- Information regarding the conditions of the custodian banks, the trading costs (brokerage fees) and margins on foreign currency transactions.

All in all, we recommend taking enough time to choose the asset manager.

The following questions should be satisfactorily answered:

- What expectations and framework conditions does the customer have?
- Which managers are the best to respond to these requirements?
- Which offer is comprehensive, comprehensible and transparent?
- Are all costs transparent?

And last but not least, ask your asset manager how does he differ himself from his competitors.

LMM CONTINUES TO EXPAND

With new offices in Frankfurt am Main and Sydney, we were able to expand further this year. We are pleased to have found with Omar El Ashker the right person to coordinate and develop the new and existing offices in Zurich, Dubai and Vienna. He possesses a long-term professional experience in the fields of consulting and advising institutional clients. Before joining us, he worked for UBS AG, Asset Management, as a relationship manager for institutional clients. Prior to that, he worked for Complementa Investment Controlling AG. He studied economics at the University of St. Gallen (HSG) and is a CFA® Charterholder.



OMAR EL ASHKER

born 1980

Swiss Nationality

Hobbies Sports, Travelling,
Fine Food

Motto "Roads grow out of
going them." *Franz Kafka*



Content:

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