

LMM COMPASS



Dear readers,

Contrary to the expectations of most financial experts, 2019 was a very good year for both stocks and bonds. Accordingly, the tension regarding the new investment year is correspondingly high. What can investors expect with interest rates at current low levels and stock and real estate markets at highs? The development of LMM Investment Controlling AG continues to be successful. We can celebrate our 20th anniversary this year. The founder and CEO, Jürg Meier, gives a short review and explains the future objectives.



Jürg Meier
Partner, CEO



Markus Häni
Deputy CEO

THEMES



Market data

- Markets and strategies



Topic

- The new investment year 2020 – where do we stand?



LMM Inside

- 20 years LMM – interview with Jürg Meier

INVESTMENT STRATEGIES

Equity markets closed the fourth quarter with a final spurt, especially on Swiss and US equities, raising annual returns to around 30%. Only emerging market equities are lagging behind in the annual comparison, although this statement has to be seen in relative terms, as emerging market equities also rose by 20% in 2019. Conclusion: The US / China trade conflict

and the slowdown in the global economy did not worry equity investors.

The other asset classes also ended the past year on a positive note. Falling interest rates and the expansive central bank policy boosted the bond markets and gold benefited as a safe haven in uncertain times.

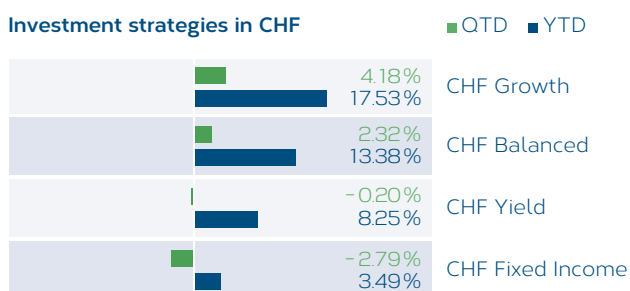
		Value	% QTD	% YTD	Currency
Currencies	EUR/CHF	1.09	-0.01	-3.54	
	EUR/USD	1.12	+2.96	-1.80	
	USD/CHF	0.97	-2.89	-1.77	
	USD/JPY	108.68	+0.56	-0.95	
Bonds	Switzerland	140.66	-1.74	+3.05	CHF
	Europe	264.65	-2.24	+5.98	EUR
	USA	222.5	+0.18	+8.72	USD
	Emerging Markets	437.43	+2.30	+12.13	USD
	Inflation linked	356.06	+0.00	+8.04	USD
	High Yield	1414.56	+3.50	+12.56	USD
	World	511.67	+0.49	+6.84	USD
Equities	Switzerland	3223.40	+4.53	+29.98	CHF
	Europe	243.10	+5.71	+26.05	EUR
	North America	8714.66	+8.97	+30.88	USD
	Pacific	6824.85	+7.03	+19.25	USD
	Emerging Markets	527.56	+11.84	+18.44	USD
	World	282.31	+8.95	+26.60	USD
Alternatives	Real Estate	4733.14	+1.96	+23.06	USD
	Commodities	80.89	+4.00	+5.44	USD
	Gold	1517.27	+3.05	+18.31	USD
	Private Equity	3222.41	+9.40	+42.78	USD
	Hedge Funds	1292.43	+2.57	+8.62	USD

reference date 31.12.2019

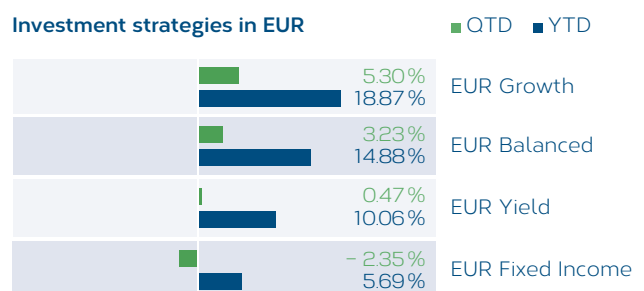
The exchange rates of the main currencies have fluctuated within narrow ranges, and thus the returns of the investment strategies in euros and Swiss francs are also comparable. The year 2019 can be summarized as follows: The higher the equity expo-

sure, the higher the investment return. Investment strategies with a balanced orientation showed a positive performance above 10%. In the fourth quarter, only the interest rate strategies showed negative returns, as interest rates rose slightly.

Investment strategies in CHF



Investment strategies in EUR



Note: the figures are before costs (exclusive of custody- and management fees)

Calculation LMM: Period 01.01.-31.12.2019

THE NEW INVESTMENT YEAR 2020 – WHERE DO WE STAND?

The year 2019 has once again shown that forecasts concerning developments on financial markets must be treated with great caution. The uncertainty and the fall in share prices in December 2018 are still well remembered. After a rapid countermovement in the first quarter of 2019, new highs were finally reached by the end of the year.

Our many years of experience have shown or confirmed scientific findings that it is not possible to optimise investment results by short-term market timing over longer periods of time. The decisive factor for long-term investment success is the consistent and efficient implementation of the appropriate investment strategy. Interim political or economic uncertainties are put into perspective in the long term, reflecting the stock market saying: “Political stock markets have short legs”. Rather, what is essential is a global economy that grows in the long term and leads to rising corporate profits. Stable framework conditions at the political level and free markets that allow global trade are prerequisites for this.

In the following, we would like to set out a few points that financial experts should keep in mind for the investment year 2020:

Economic growth

After a decline in global economic growth in 2019, some experts expect the situation to stabilise in the new year. However, there is uncertainty in this regard, as various economic indicators are sending negative signals. The expansive monetary and fiscal policy is providing support.

Yields: Bonds vs. Equities

The volume of bonds with negative returns is considerable. Alternatives with attractive distribution yields, in particular equities and real estate, are being sought. The interest rate level forms the basis for

the valuation of financial investments and is therefore decisive and also serves as the basis for investment decisions.

Corporate profits

Historically, companies have achieved high profit margins in recent years. Financial analysts assume that these cannot be maintained in the future. Nevertheless, most experts are positive about equities due to the lack of investment alternatives, but recommend focusing on quality stocks with high profitability and low debt.

Government debt

Since the financial crisis, government debt has continued to rise worldwide, reaching new highs in many places. This is expected to have negative effects in the long term. At present and in the near future, experts assume that the generally very low interest rate level and central bank interventions will stabilize yields and thus the debt service of governments.

Sustainable investments

In view of climate change, various measures have been adopted at political level aimed at reducing CO₂ emissions. At the same time, more and more institutional investors are focusing on the sustainability of their investments across all areas, including corporate culture. In the future, institutional investors will increasingly take these aspects (environmental – social – governance) into account and therefore it will influence the financial markets accordingly.



PROTECTING OUR CUSTOMERS IS OUR TOP PRIORITY

LMM Investment Controlling AG was founded in 2000 and is celebrating its 20th anniversary this year. The founder and managing director, Jürg Meier, gives a short review and explains the future goals.



JÜRIG MEIER
Partner, CEO

The basis for the long-term success of the company is the trust of its customers. How can you or LMM justify this trust?

Our customers appreciate us as “practitioners” with many years of professional experience. In addition, LMM can count on long-standing and professional employees, which in turn is the basis for long-term, stable and trustworthy customer service.

What prompted you to found the LMM?

The foundation of LMM is due to the clients’ need for an independent financial expert free of conflicts of interest. Wealthy clients want a comprehensible and meaningful overview of their financial investments. The consolidation of total assets allows a holistic view and enables efficient asset management.

What are the characteristics of LMM and what values does the company stand for?

We are an owner-managed company with our roots in Liechtenstein. Our goal is a long-term and sustainable development of our company, focusing exclusively on the needs of our clients.

Which topics will be the focus of future development?

The lessons learned from the investment principles will continue to be applied in the future. Our team must constantly evolve and expand the necessary expertise, such as for example currently required in the area of digitalization or sustainability. As we can look back on long-standing client relationships, we will also be dealing with the generation change in the coming years, in which we will closely accompany our clients as trusted advisors.



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LMM Investment Controlling Ltd. is an independent provider of Investment Controlling services and represents the interests of private and institutional clients towards banks and asset managers. Apart from the head office in Vaduz, LMM is present in Zurich, Frankfurt, Vienna, Dubai and Sydney.

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