

LMM COMPASS



Dear reader

Supply chain problems, fears of inflation, government intervention and possible adaptations in central bank policy are currently causing uncertainty in the financial markets. To navigate safely in these waters, one should be well advised. But, how can investors recognize good advice? In this issue, we take a look at the markets and give you guidelines for good advice.



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THEMES



Market data
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Be well advised



LMM Inside
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MARKETS AND STRATEGIES

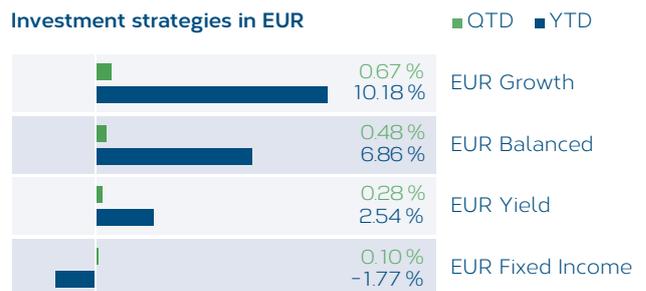
The economic recovery continued in the third quarter. Questions surrounding future monetary policy, rising interest rates and burgeoning inflation moved to the forefront last month and, in combination with Evergrande's payment difficulties, caused price corrections on the financial markets.

In the last quarter, weaker Swiss equity and bond markets caused losses in the CHF investment strategies. EUR investment strategies, on the other

hand, held up quite well. For the year as a whole, the changed interest rate environment resulted in losses for interest income strategies. Thanks to overall friendly equity markets, all other strategies were able to have positive returns year to date. It remains the case that equities are primarily responsible for the positive performance. The EUR and CHF investment strategies also benefited from the appreciation of the USD and GBP currencies.

	Value	%QTD	%YTD	Currency	
Currencies	EUR / CHF	1.08	- 1.37	-0.04	
	EUR / USD	1.16	-2.27	-5.28	
	USD / CHF	0.93	+0.92	+5.53	
	USD / JPY	111.57	+0.53	+8.07	
Bonds	Switzerland		-0.44	- 1.68	CHF
	Europe		0.00	-2.29	EUR
	USA		+0.05	- 1.55	USD
	EMMA (Hard Currency)		-0.80	- 1.76	USD
	Inflation Linked		+0.61	-0.02	USD
	High Yield		-0.37	+ 1.70	USD
	World		-0.88	-4.06	USD
Equities	Switzerland		-2.39	+ 11.58	CHF
	Europe		+0.74	+ 16.20	EUR
	North America		+0.31	+ 14.99	USD
	Pacific		+ 1.55	+ 5.50	USD
	EMMA		-8.09	- 1.25	USD
	World		-1.05	+11.12	USD
Alternatives	Real Estate		-0.73	+ 15.26	USD
	Commodities		+6.58	+29.09	USD
	Gold		-0.74	- 7.45	USD
	Private Equity (listed)		+4.38	+37.40	USD
	Hedge Fonds		-0.14	+ 3.58	USD

Calculation LMM; reference date 30.09.2021



Note: the figures are before costs (exclusive of custody- and management fees)
Calculation LMM; Period 01.01.-30.09.2021



BE WELL ADVISED

Many paths lead to the targeted investment success – but which is the right one? Every investor should choose the path that suits him or her best. Based on the defined investor profile, there are basically three implementation options available to the bank client with different levels of responsibility and advisory:

1. Execution-only

The customer manages his assets independently and makes his investment decisions without the support of professional advice or asset management. In addition to the necessary self-confidence, this requires above all good knowledge of the financial markets.

2. Advisory mandate

The client is supported by an investment advisor for his investment decisions.

3. Asset management mandate

The client delegates the management of his assets to an investment professional.

In the first and the last variant, it is clear who is responsible for the investment decisions. In the case of an advisory mandate, this is actually also the case, because it is de facto the customer himself. Most of the time, however, he relies very heavily on his advisor. Therefore, he should pay attention to the following aspects:

Does my investment advisor understand my needs and demands?

The basis for this is the investment profile, in which key characteristics such as risk tolerance and risk capacity are recorded, as well as good financial planning. However, it is also important to get a good picture of one's own situation and expectations and to communicate them clearly.

Are there potential conflicts of interest in the proposed investment solutions?

Advice is rarely free of conflicts of interest due to proprietary products, reimbursements from financial instruments and transactions, as well as bonus programs. The investment advisor is often caught between optimizing profits for the client, his employer and, of course, himself. Here, it is important to critically question the recommendations, demand for transparency and read the fine print carefully.

Can I understand the recommendations and are all my questions answered?

Do not rely on big promises and "nice stories". Therefore, demand clear explanations and unambiguous return and risk characteristics. Especially the purpose of derivatives, structured products and non-transparent, expensive and illiquid investments should be checked.

Do I get the advice I want or do they only sell me products?

You should follow proven investment principles, such as buy-and-hold with disciplined rebalancing and sufficient diversification, and not be constantly pushed into specific transactions.

Do I receive transparent and comprehensible reporting regarding investment results, costs and risks?

The capital market environment is dynamic and requires meaningful, timely and clear information. Make sure you have access to accurate information about your investments in terms of investment performance, risk and cost at all times. Your investment advisor should also be able to demonstrate the added value of his or her recommendations.



SPECIALIST ARTICLE

What is the price of this advice?

Often the prices for advisory mandates are in the range of discretionary asset management mandates. You should then ask yourself whether the relationship between personal efforts, own responsibility and costs is suitable for you compared to a discretionary managed mandate.

Conclusion: An investment advisory mandate is a kind of interim solution. You rely on third parties, but still bear the responsibility yourself. For this reason, it is very important to provide clarity. The investment advice should be a valuable support. An independent financial expert can help you with an independent second opinion in a professional manner.



LMM INSIDE

Our service requires a relationship of trust with our customers. Our employees are key to this. In this "LMM Inside" section, we would therefore

like to introduce you briefly to members of our team on a regular basis.



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LMM Investment Controlling AG is an independent provider of investment controlling services and represents the interests of private and institutional clients vis-à-vis banks and asset managers. In addition to its headquarters in Vaduz, it has offices in Zurich, Frankfurt, Vienna, Dubai and Sydney.

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