

LMM COMPASS



Dear readers,

The corona virus surprised us all. Social coexistence was suddenly stopped and the global economy is largely at a standstill. The financial markets reacted with market distortions never seen before. Aid programs by central banks and governments are intended to prevent the collapse. The medium and long-term effects are decisive for the investor. It is therefore once again important to observe essential investment principles. But above all, we wish you to stay healthy and that you keep your confidence in these unusual times for all of us.



Jürg Meier
Partner, CEO



Gerhard Seger
Member of the
Management Board

THEMES



Market data

- Markets and strategies



Topic

- How do I navigate my assets through the crisis?



LMM Inside

- Our office in Vienna is expanding



INVESTMENT STRATEGIES

The first quarter will be remembered by all investors. A sell-off on the investment markets has set new standards in terms of speed and scale. In addition to the share price declines, commodities, property values and most bond segments were also sold. In the case

of bonds, it should be mentioned that the tradability was severely impaired due to the low volume, so that the buying and selling of bonds was only possible with exceptionally large bid/ask spreads.

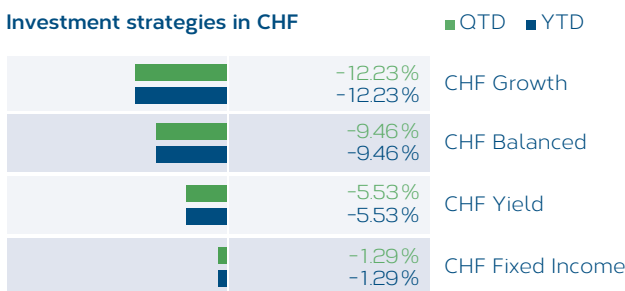
		Value	% QTD	% YTD	Currency
Currencies	EUR/CHF	1.06	-2.34	-2.34	
	EUR/USD	1.10	-2.26	-2.26	
	USD/CHF	0.97	-0.08	-0.08	
	USD/JPY	107.96	-0.66	-0.66	
Bonds	Switzerland	137.03	-2.58	-2.58	CHF
	Europe	261.67	-1.13	-1.13	EUR
	USA	2295.05	+3.15	+3.15	USD
	Emerging Markets	395.73	-9.53	-9.53	USD
	Inflation linked	346.35	-2.73	-2.73	USD
	High Yield	1202.08	-15.02	-15.02	USD
	World	510	-0.33	-0.33	USD
Equities	Switzerland	2849.56	-11.60	-11.60	CHF
	Europe	188.88	-22.59	-22.59	EUR
	North America	6991.82	-19.77	-19.77	USD
	Pacific	5439.64	-20.30	-20.30	USD
	Emerging Markets	403.06	-23.60	-23.60	USD
	World	222	-21.37	-21.37	USD
Alternatives	Real Estate	3391.99	-28.34	-28.34	USD
	Commodities	61.86	-23.53	-23.53	USD
	Gold	1577.18	+3.95	+3.95	USD
	Private Equity	2189.85	-32.04	-32.04	USD
	Hedge Fonds	1203.85	-6.85	-6.85	USD

reference date 31.03.2020

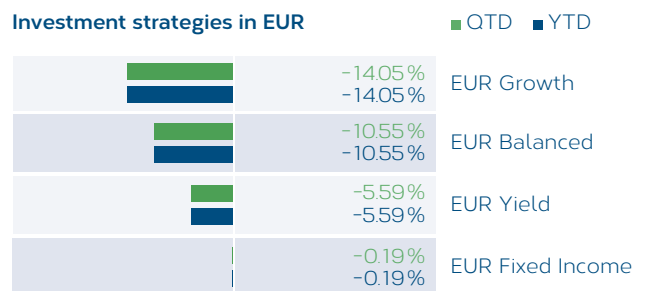
All investment strategies ended the first three months with a minus. The higher the equity quota, the higher the losses. With the exception of US government bonds, the bonds could only support the

portfolios to a lower extent. Previous yield contributors such as corporate bonds, emerging markets and high-yield bonds have clearly lost value.

Investment strategies in CHF



Investment strategies in EUR



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

HOW DO I NAVIGATE MY ASSETS THROUGH THE CRISIS?

The global spread of the Corona virus and the factual shutdown of large parts of the economy have led to major upheavals in the global financial markets.

The investor is currently receiving a large number of market assessments from banks and asset managers, with extensive analyses and scenarios for further developments. In addition, we want to show you some basic points, which should help to focus on the essentials in times of high uncertainty.

Don't lose sight of your goal

Investment strategies always refer to the individual investment horizon. The higher the risk within the strategy, the longer your investment horizon should be. The daily changing news situation, panic headlines in the media and massive fluctuations on the stock exchanges mean that the investor's focus is strongly on the short-term area. Nobody can seriously answer the question of how likely it is that prices will be higher or lower next week. With an investment horizon of several years, it is likely that the economy and the capital markets will recover. Try not to lose the long-term perspective.

Take a bird's eye view

In phases of significant market turmoil, it is important to keep an overview. Consolidated reports provide information on how price movements affect the development and allocation of total assets and provide an accurate basis for decisions.

Risk transparency

Only if the investor knows his risks, he can deal with them. In our analyses, we repeatedly find that products or instruments used, at first glance might lead to an incorrect risk assessment. Examples include structured products with complex risk and payout profiles, funds that do not allow an insight into their reference values or bonds that represent mezzanine-like risk, to name just a few.

Debtor quality

In the search for yield, the quality of the debtor for bonds was sometimes considerably reduced. It is all the more important to monitor the rating structure and display it in the reports. A clean database is a prerequisite for achieving accurate results. The individual financial instruments must be correctly categorized. This applies in particular to funds that are often used in the low rating classes. In times of major market turmoil, it became apparent that risks in bonds can lead to a significant increase in the overall risk. The poorer the credit quality, the more such bonds are proportionally classified as "equity risk".

Counterparty risk

Investors should consider where and to what extent counterparty risks exist. In the case of liquidity in current accounts with the bank, these can include even ETFs. With ETFs there are differences in the type of implementation (replication method). In the case of synthetic replication, the implementation takes place with derivatives (SWAPs), which results

in a counterparty risk. Counterparty risks must be identified, limited and continuously monitored.

Tradability of the investments

A restricted liquidity (tradability) of investments leads to reduced options for action. Such investments can often only be sold at high discounts, if at all

possible. With private equity investments, the illiquidity is in the nature of things. However, we keep seeing that apparently liquid investments become illiquid in volatile market phases. This can happen, for example, with funds, structured products or bonds. We therefore recommend limiting the size of the illiquid investments.

OUR OFFICE IN VIENNA IS EXPANDING

In summer 2014 we opened our office in Vienna in order to expand our business in Austria and to be able to offer our customers personal support on site. As we continue to grow in terms of personnel, we moved to our new office - not far from our previous location - at Tuchlauben 3, 1010 Vienna.

With Manfred Wieland we strengthened our team in Austria at the end of last year. The private banking specialist for foundations and founder of the foundation platform www.stiftung-nextgen.at will increase our presence, particularly in the regions of Upper Austria and Salzburg. "To this end, the range of services especially for private foundations will be expanded even further," announced Stefan Kargl, managing director of the Vienna office.



MANFRED WIELAND

Familie Married, two children

Hobbys Running, swimming, history, art

Motto "You can't change the wind, but you can set the sail differently."

Aristoteles



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