



NEUE BANK

Liechtensteiner Privatbank
unabhängig und konstant seit 1992

Our Opinion
March 2022

Editorial

Dear Readers

On page 4, in the article "Bad sentiment", we show how the financial markets have developed since the outbreak of war in Ukraine.

In the March issue of "Our Opinion" you will find up-to-date information on market thinking, asset allocation, equities, funds and private label funds.

Looking for advice and support on financial matters? Our investment advisors look forward to hearing from you and will be happy to talk to you personally.

We wish you a pleasant read.

Your advisory team

You can reach us at:

Tel. +423 / 236 08 08

Fax +423 / 236 07 35

E-Mail info@neuebankag.li

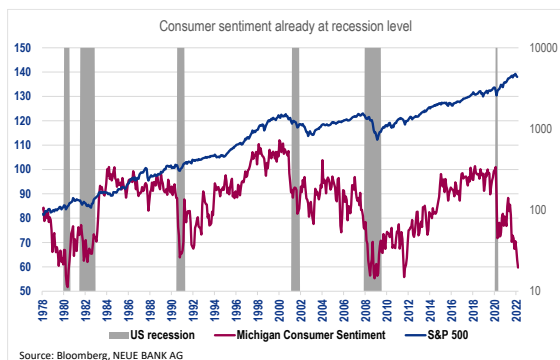


Today:

Bad sentiment

Economy

The increase in energy and food prices due to the war in Ukraine is diminishing growth prospects. This is aggravated by the unforeseeability of whether and when a peaceful solution can be found.



According to a measure compiled by the University of Michigan, consumer sentiment is already at recession level. Only once since the index was launched has it been lower without an economic downturn (August 2011). However, the recession indicator developed by Neue Bank does not yet confirm an economic contraction.

Bonds

While not so long ago, there was still talk of several interest rate hikes, this scenario appears to be weakening again given the current environment. This is also reflected in the US futures exchange. Based on the contracts traded on that market, the probability was about 30% for a 0.5 point interest rate hike and about 70% for 0.25 points before the Russian invasion. After the invasion, the estimated probability of no hike whatsoever was even slightly higher than of a 0.5 hike. In the end, the Fed increased rates by 0.25 points.

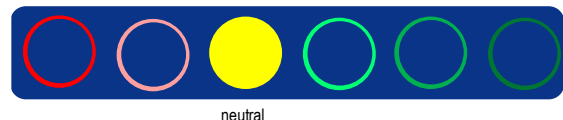
Equities

It's always difficult to assess the impact of armed conflicts on the equity markets. As was the case in the current conflict, sabre-rattling already occurs before a war, during which certain fears are already priced in. When the war breaks out, share prices fall again sharply – except for those sectors traded as "profiteers" (e.g. shares of energy producers and arms manufacturers). An age-old but very cynical stock market adage says that you should buy stocks on the sound of cannons. This is motivated by the view that equity investments should be countercyclical, and that the low point in sentiment is a good moment to enter the market. Indeed, sentiment indicators are currently very low. CNN publishes a Fear & Greed Index. This index, which fluctuates between 0 and 100, is currently at 13, which by definition indicates extreme fear in the markets.

"An age-old but very cynical stock market adage says that you should buy stocks on the sound of cannons."

Six of the seven indicators on which the index is based likewise indicate extreme fear. The last time the index was at these levels was after the outbreak of the coronavirus pandemic in March 2020. Our traffic light takes account of indicators that measure sentiment, and here again there are signs of very low values in this regard. However, we have not yet received any signal to increase equity exposure again.

NEUE BANK TRAFFIC LIGHT





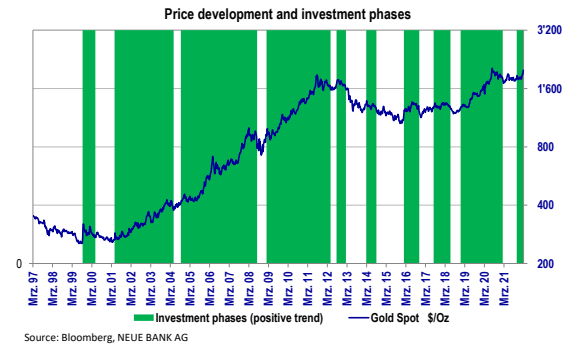
NEUE BANK

Currencies

Safe haven currencies are, as always, in demand during such periods. These include the USD and CHF in particular. For both currencies, our currency analysis had already indicated rising exchange rates even before the escalation in Ukraine. Accordingly, we partially hedged EUR positions in the USD and CHF reference currency portfolios. This allowed us to absorb currency losses incurred on EUR investments. We are maintaining this positioning for now.

Alternative investments

We also have our own analysis method for precious metal investments. It is not easy to value gold in principle. As former Fed Chairman Alan Greenspan put it, "The price of gold? That's substance plus faith and fear minus interest." The cost of extraction can be used to measure substance, and while interest rates are known, both faith and fear are hard to capture. We therefore do not focus on valuation, but rather on trends. When trends are rising, it is advisable to invest; when trends are broken, it makes sense to exit so as not to be exposed to price setbacks.



In November 2021, our indicator signalled that gold was once again in a positive trend and that investments were worthwhile. At that time, the price for one ounce was USD 1,864.90. Due to the flight into safe investments, the price intermittently rose to over USD 2,000. Of course, there are also gold lovers who do not make their investment dependent on trends, but instead always hold part of their assets in gold, because it is a material asset that has been used for centuries to store value. There is nothing wrong with that. But it's better to hold such positions physically, not in an advisory or management mandate. Despite the positive trend of the gold price, we currently prefer to invest in a broad basket of commodities in our managed mandates.

PRIMUS-ETHICS

With the PRIMUS-ETHICS asset management mandate, we give investors the opportunity to consider environmental and social aspects as well as financial aspects in their investment decisions. We invest your assets in ethically and morally irreproachable companies and apply professional approaches to implementation. Scientific studies underscore the positive correlation between sustainability and economic success. The client advisers of NEUE BANK AG look forward to showing you the special features of this asset management solution in a personal consultation.

Performance Indicators in USD¹

	2017	2018	2019	2020	2021	28.02.2022
PRIMUS-ETHICS Income USD	7.37%	-1.08%	13.12%	8.55%	6.49%	-5.31%
Peergroup	7.60%	-5.48%	11.60%	7.00%	3.28%	-4.79%

¹Past performance is not an indicator of future performance and offers no guarantee of success in the future. The presentation of performance is gross without taking into account your individual tax liability. The net performance is lower due to fees. You can also find our opinion on our homepage: www.neuebankag.li S.E.& O.