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# Outlook 2015 – and beyond

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Lausanne, 22.01.2015

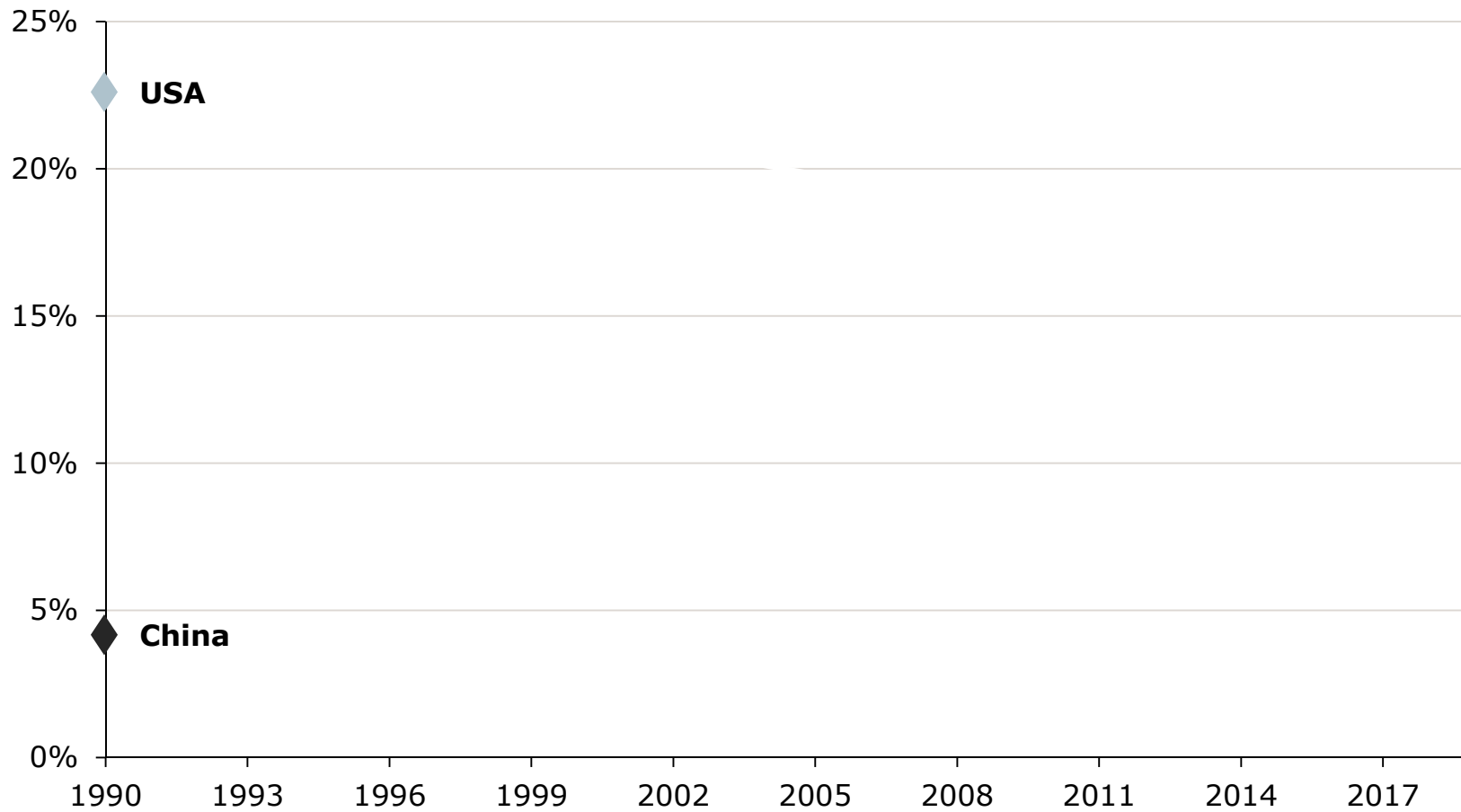
# Agenda

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1. Thinking in scenarios
2. Perspectives 2015
3. Investment consequences

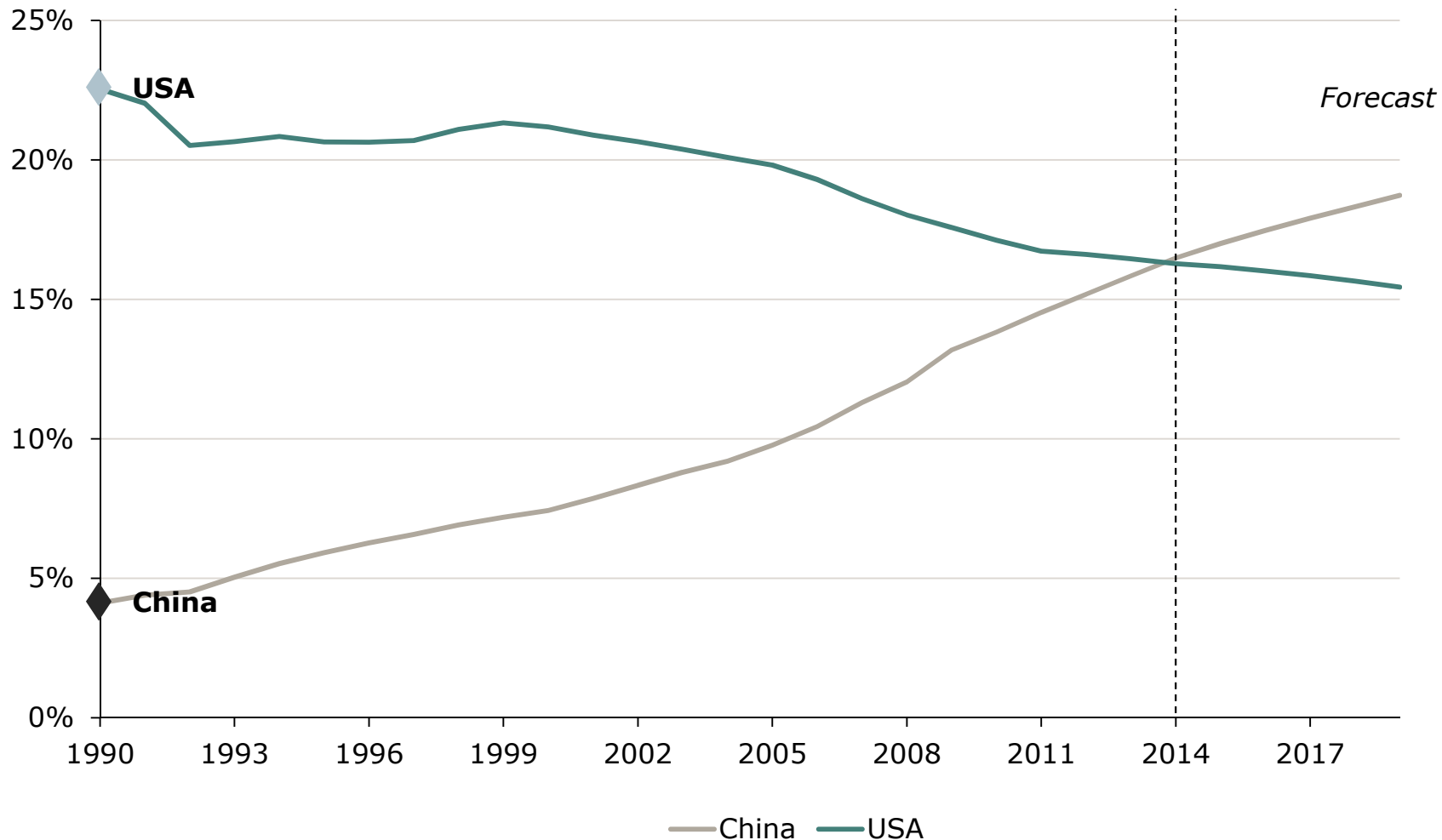
# 1990: USA well ahead of China...

Share of global economic output, adjusted for purchasing power



# Today: China outruns the USA

Share of global economic output, adjusted for purchasing power



# Borders in Europe in 1990 ...

European union and Russia 1990

- EU
- Russia

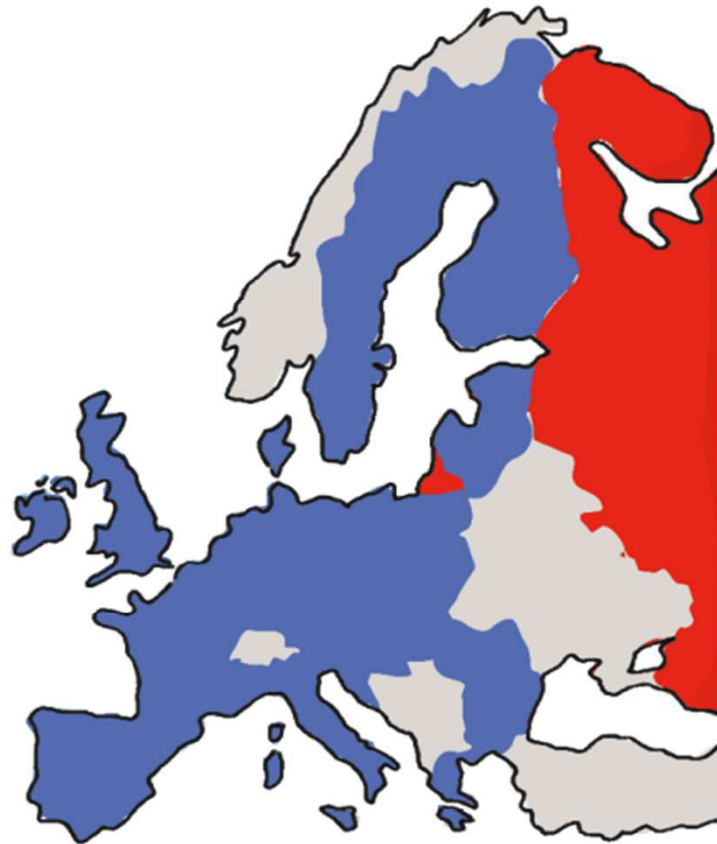


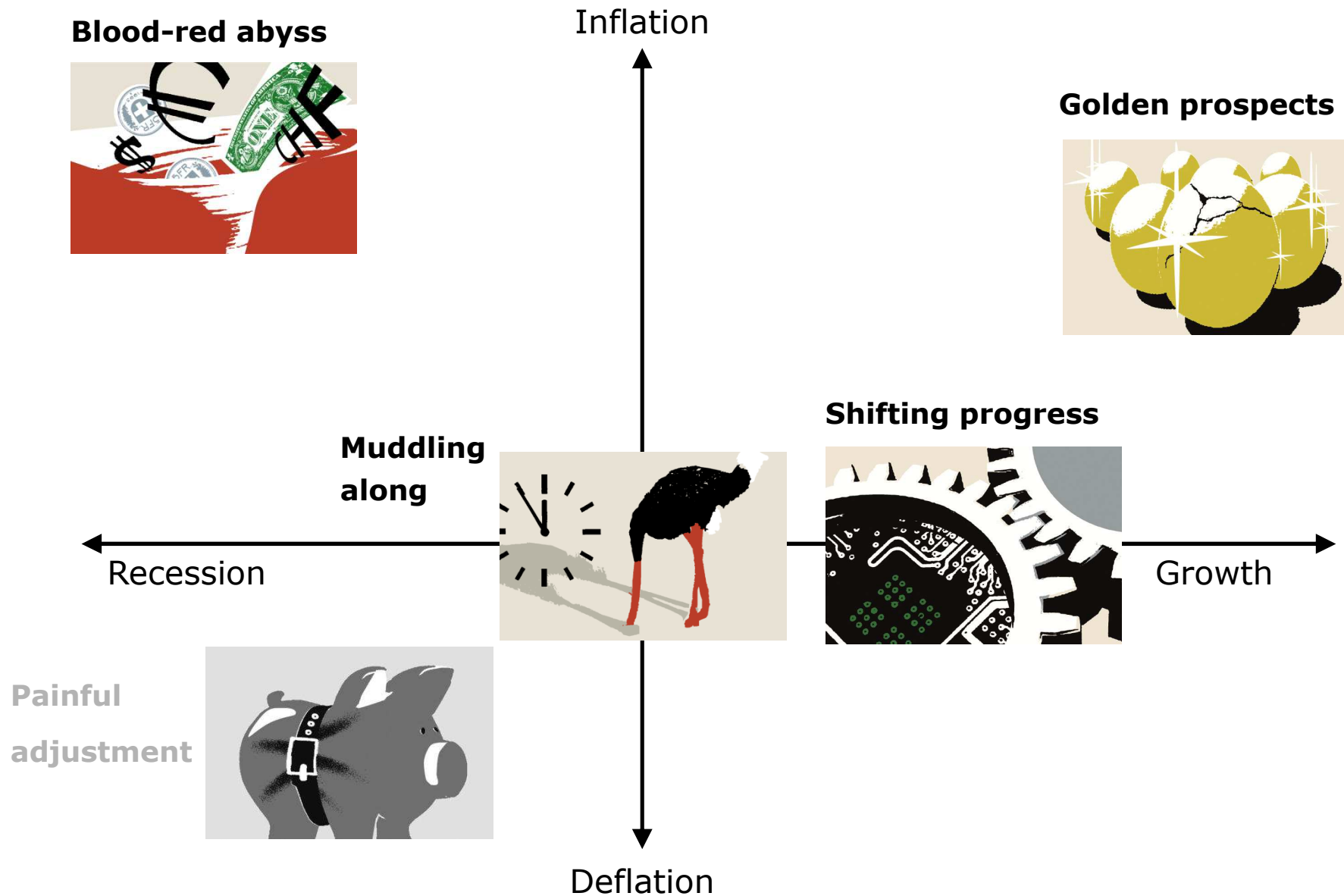
... and today

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European union and Russia today

- EU
- Russia





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# The Swiss franc is no longer a "quasi euro"

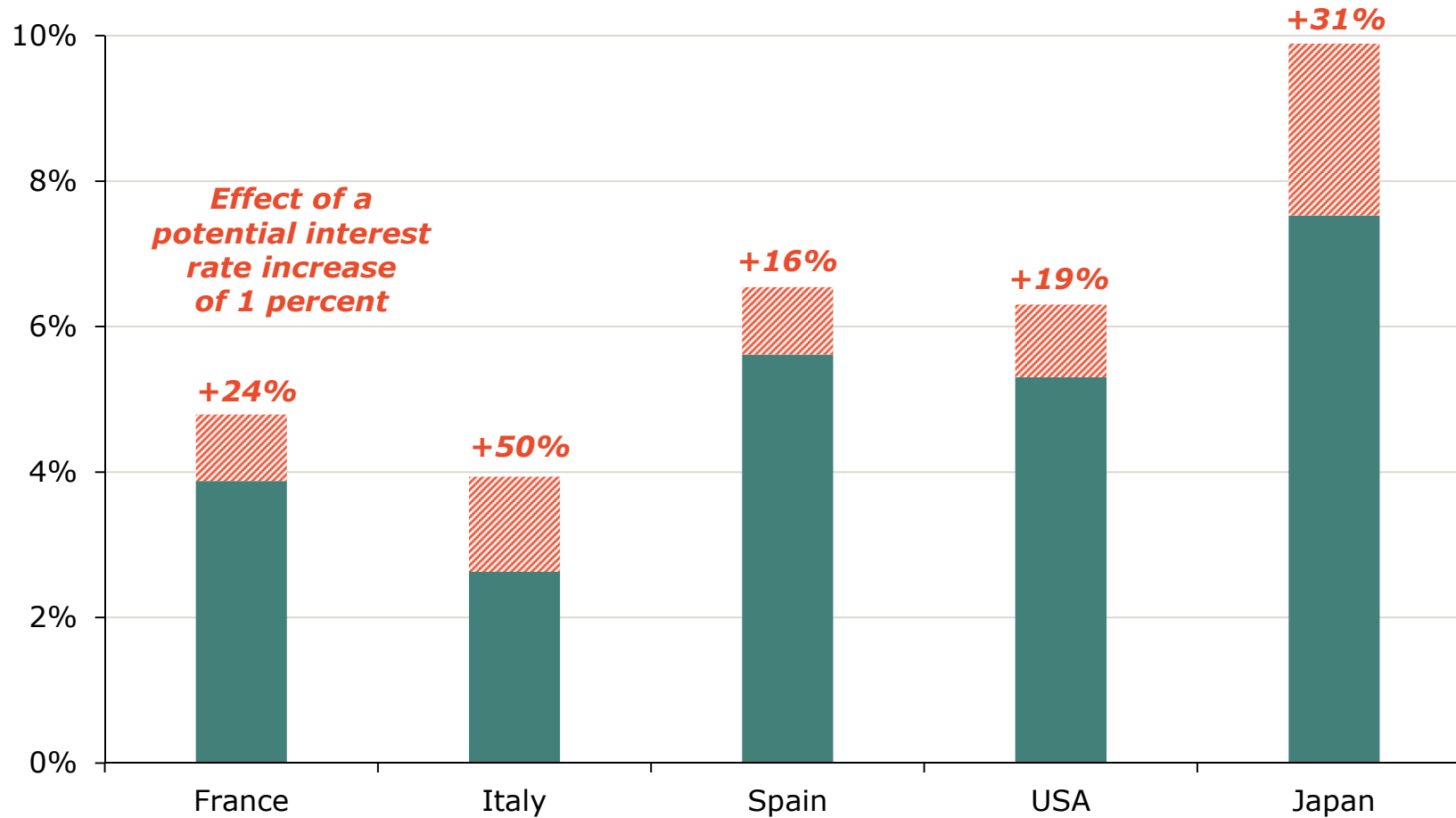
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Source: Bloomberg

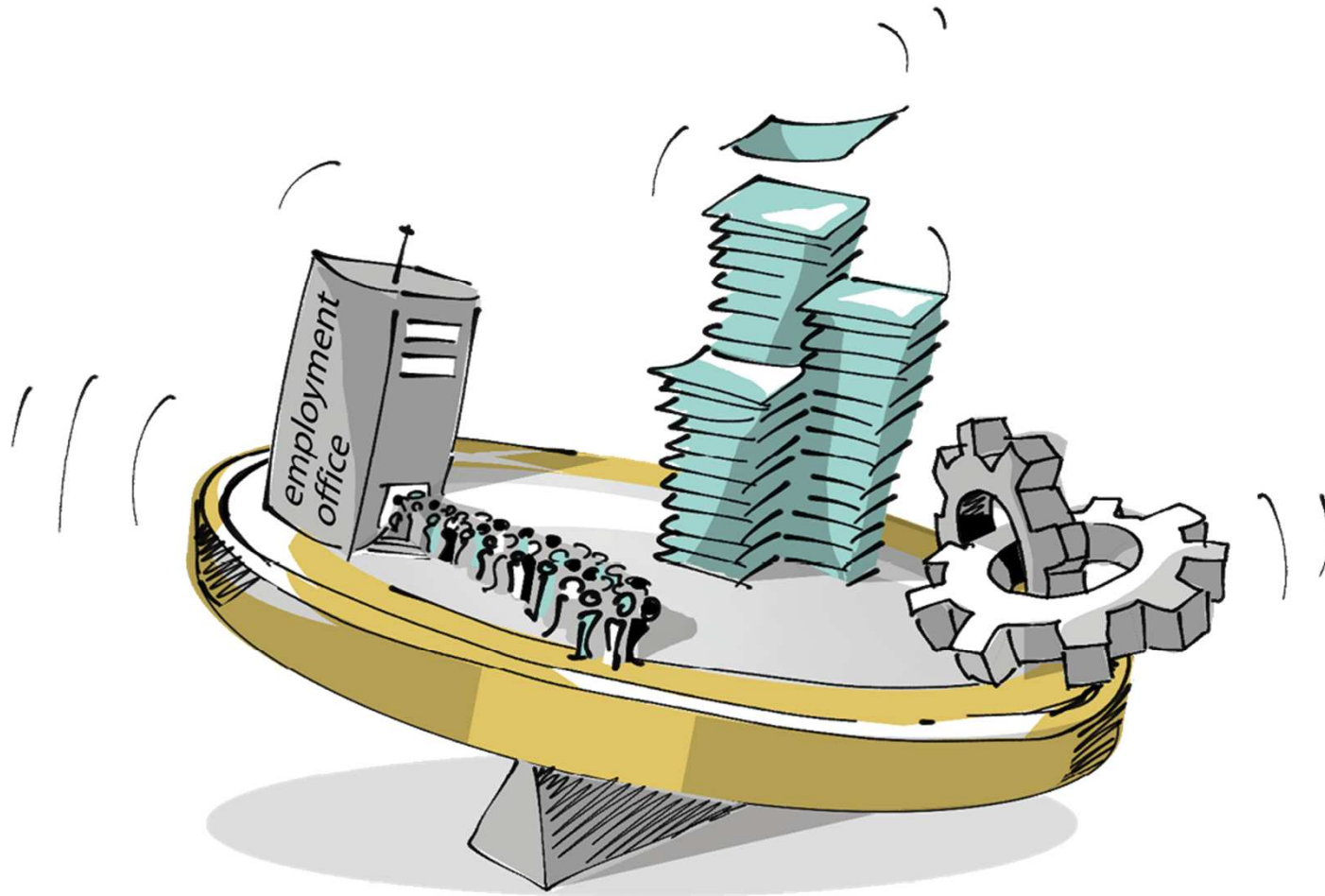
# Heavy burden of debt: a sword of Damocles

Budget deficit, expressed in percent of GDP



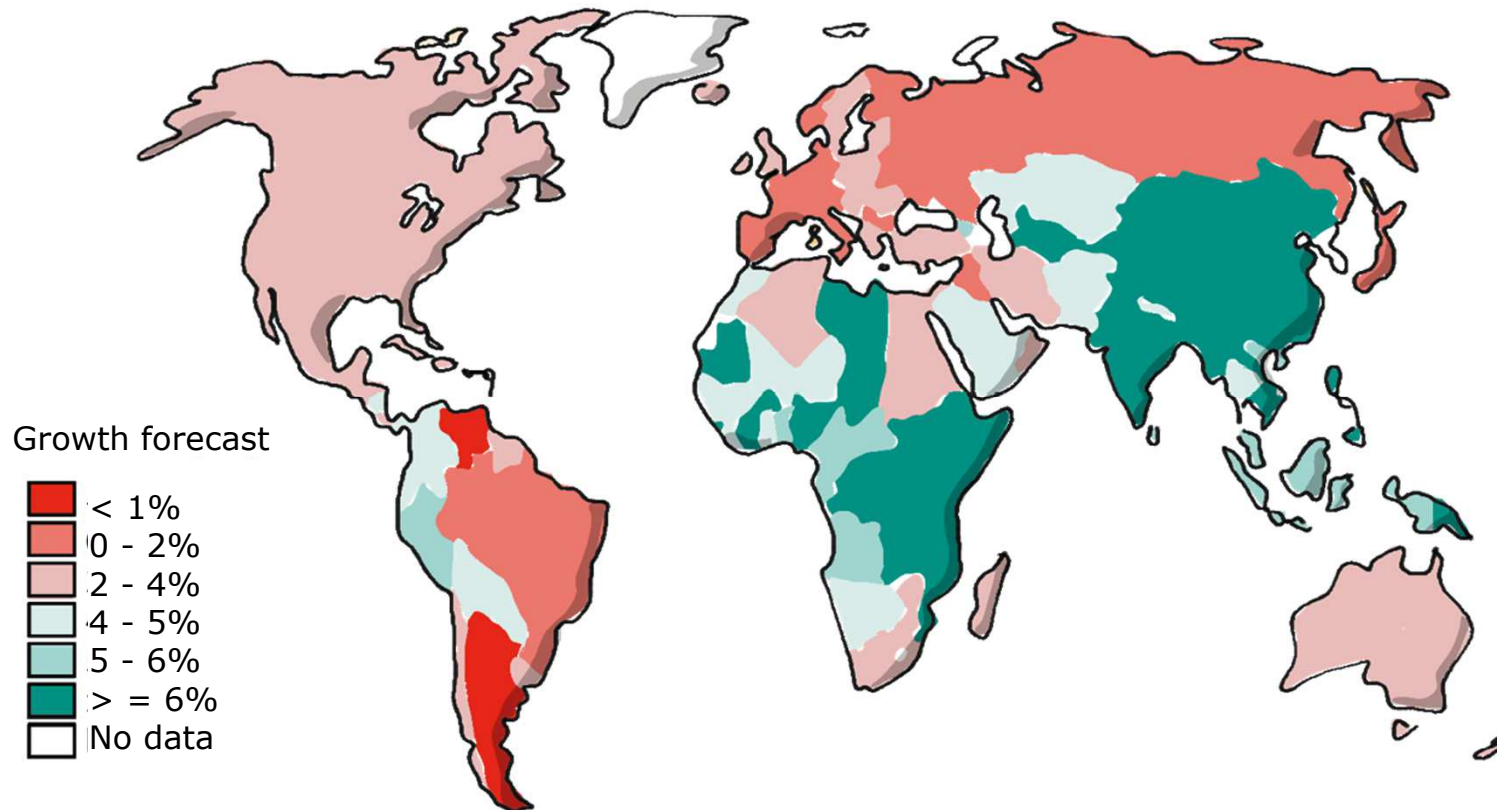
Euro: a political project against economic principles?

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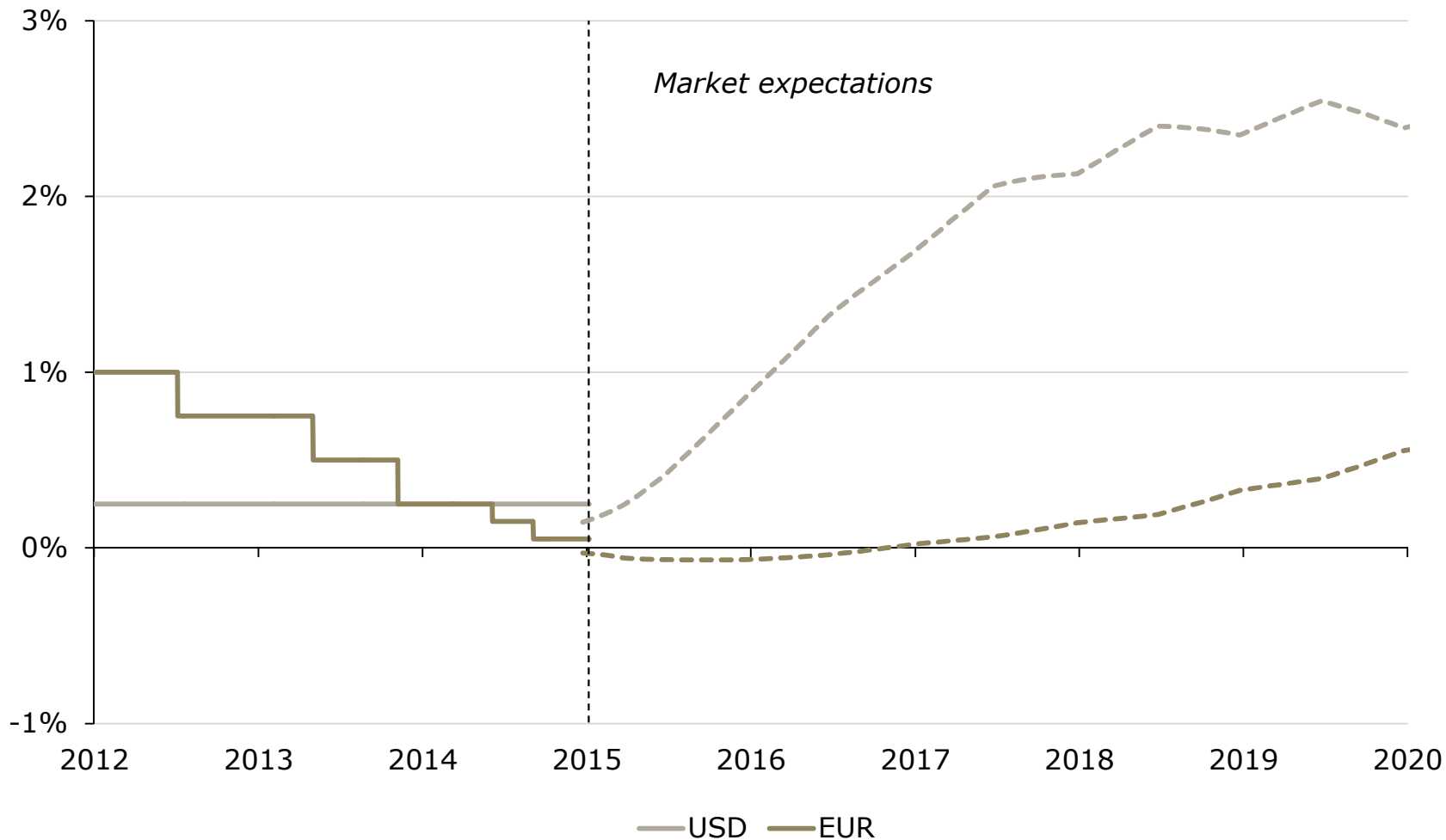
# Little growth in the North

Global economic outlook 2015 (GDP growth)



# Monetary policy diverges: deep rift in the Atlantic

Key interest rate in the USA and the Eurozone

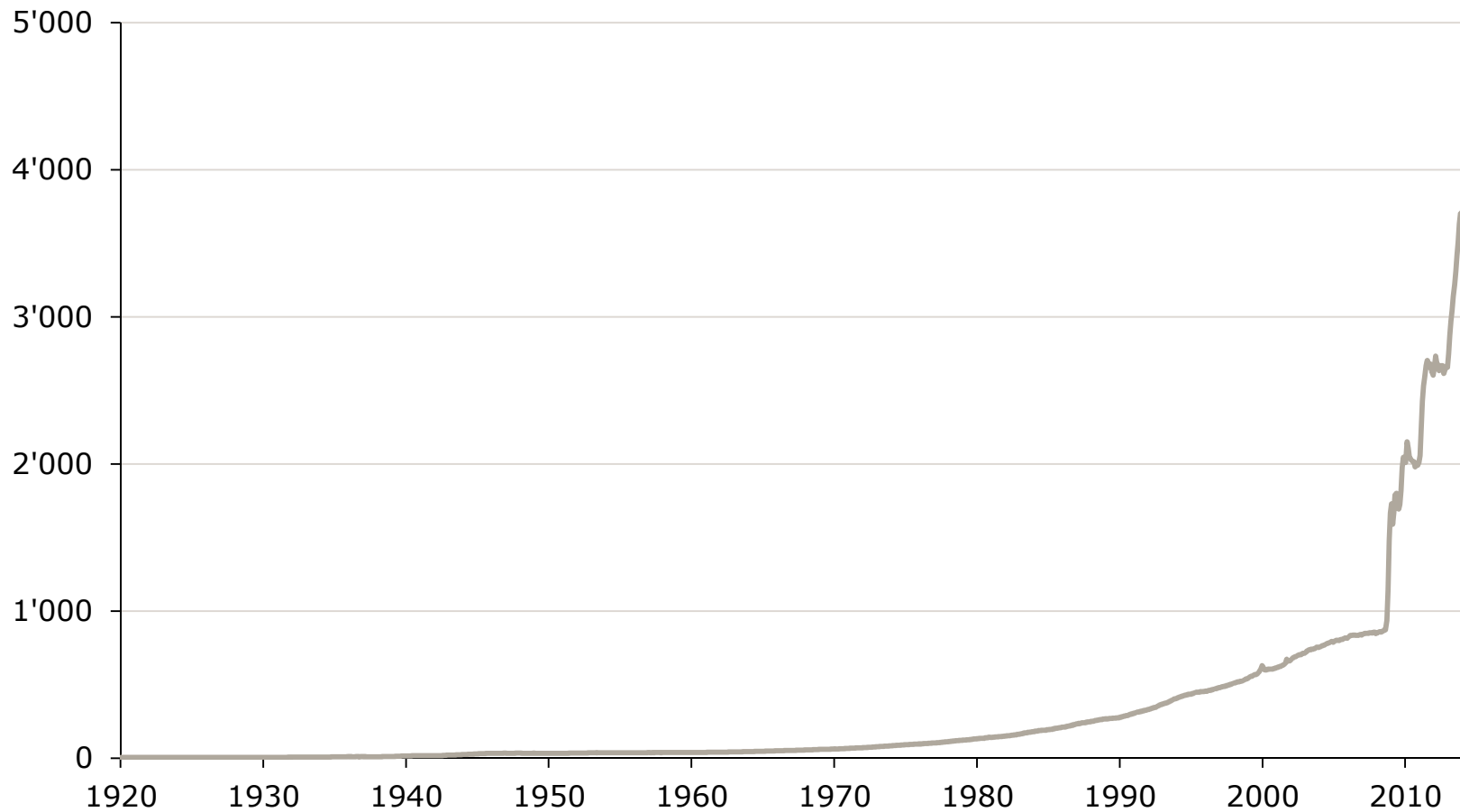


\* based on overnight index swaps  
Source: Bloomberg

# US Federal Reserve: a historical experiment

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Money supply M0\* USA, in billion USD

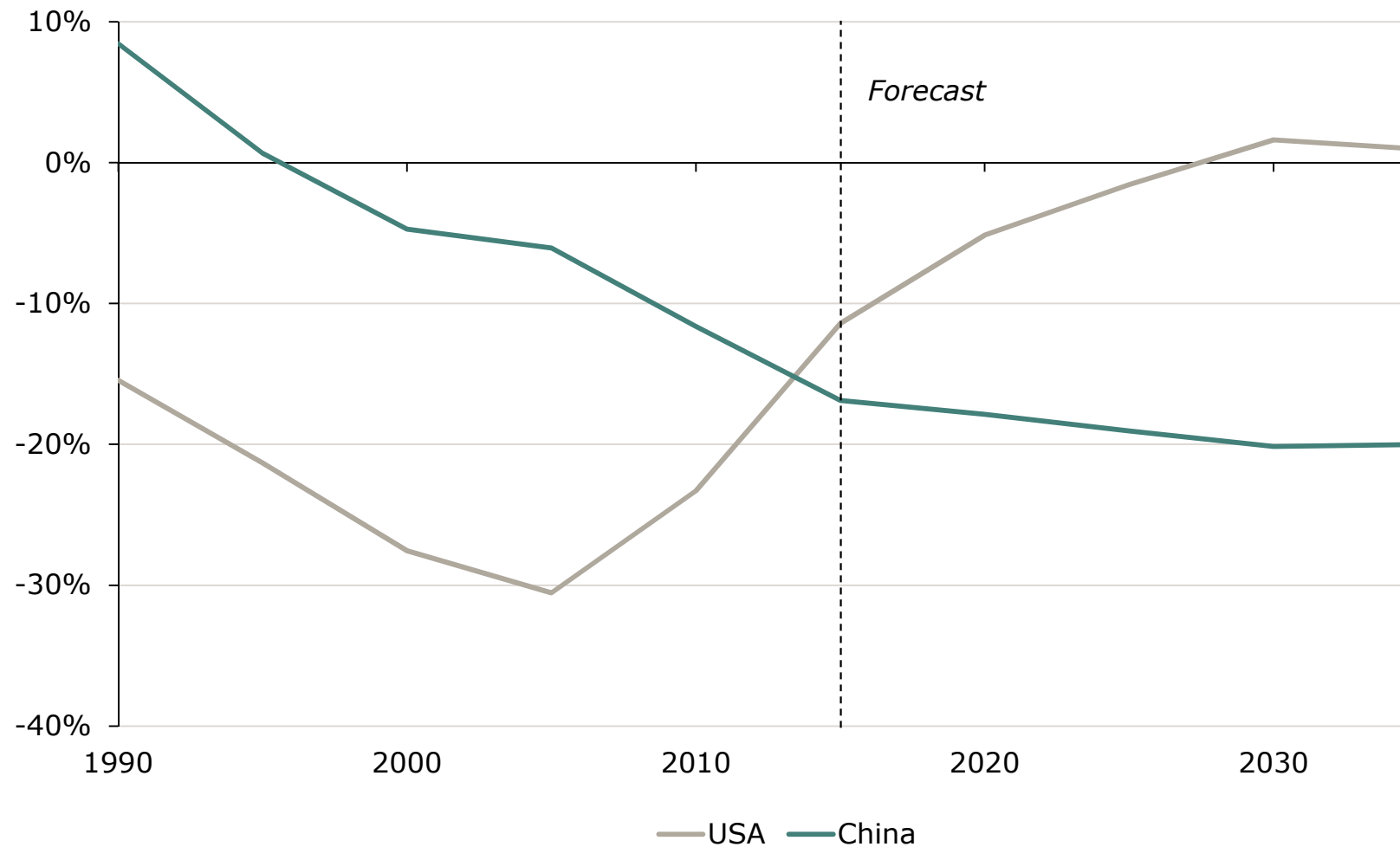


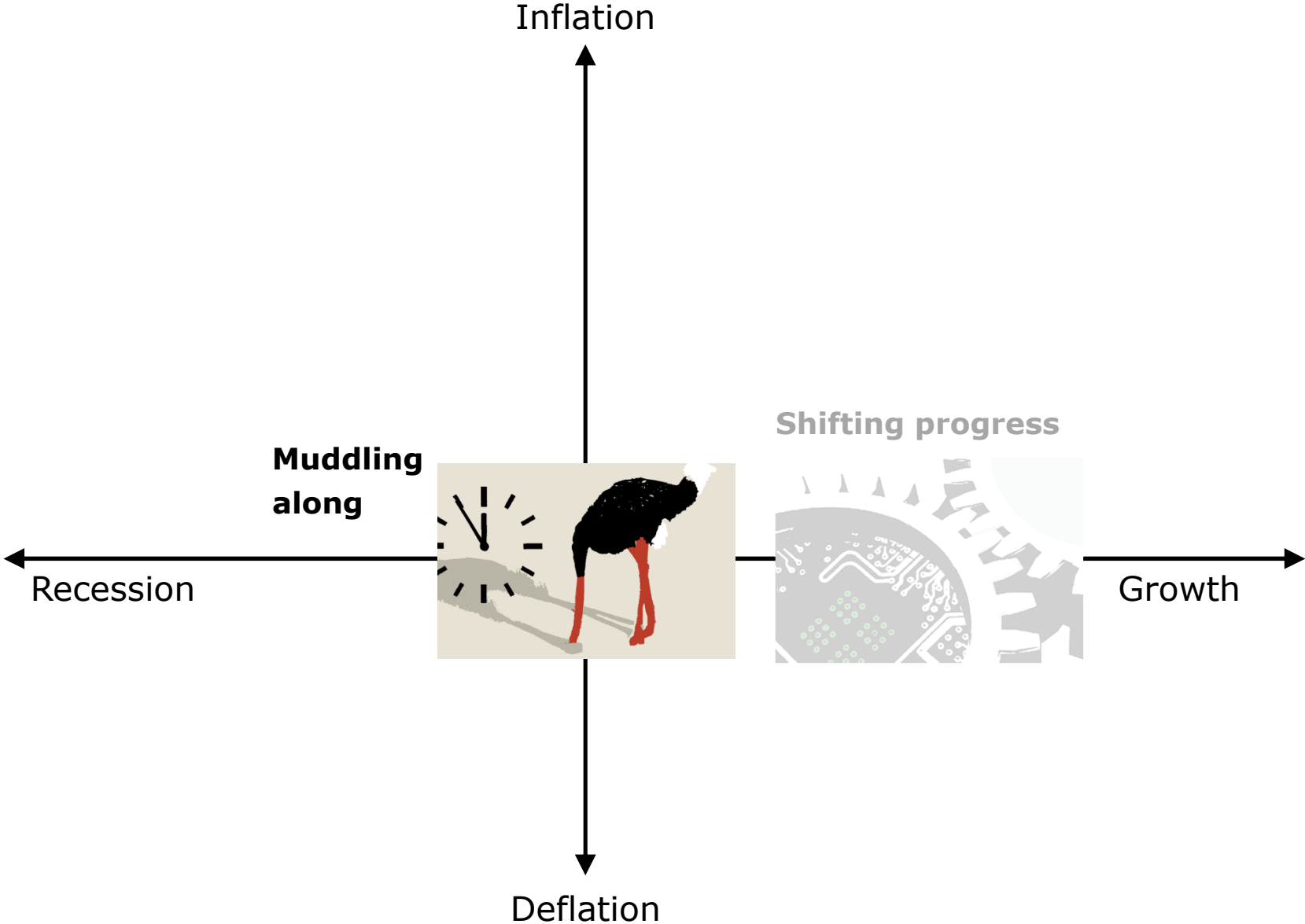
\* M0 includes bank reserves in coins and notes as well as sight deposits from financial institutes at the central bank.

Source: Federal Reserve St. Louis

# Energy market: a change of paradigm

Surplus/deficit of energy, expressed in percent of energy consumption







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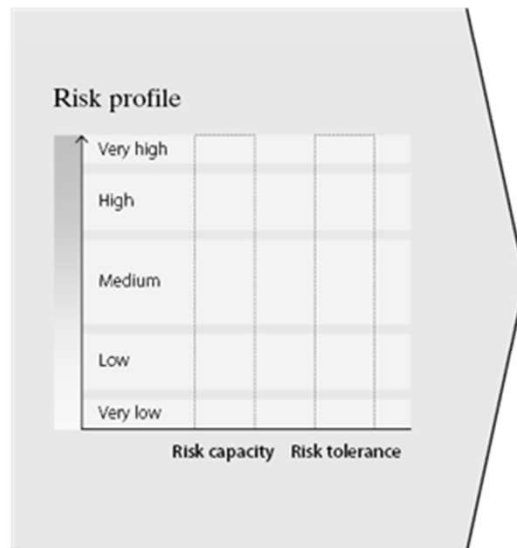


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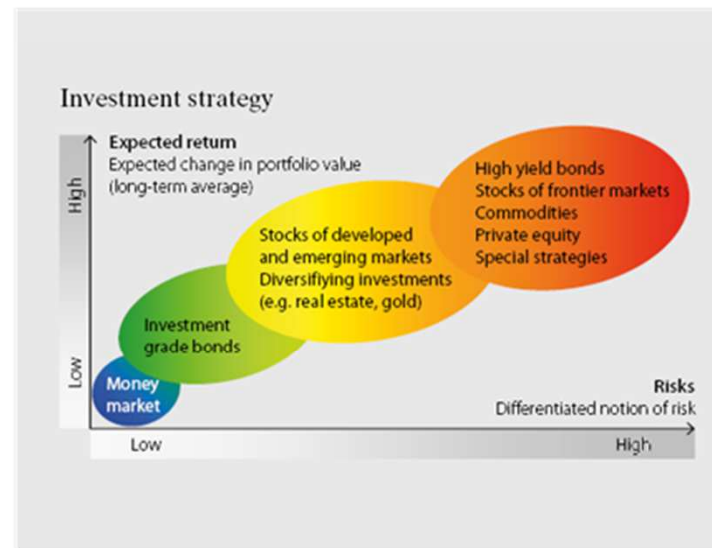
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## Customer profile Risk/return dialogue



## Investment strategy (strategic asset allocation)



## Long-term market expectations

### Scenarios

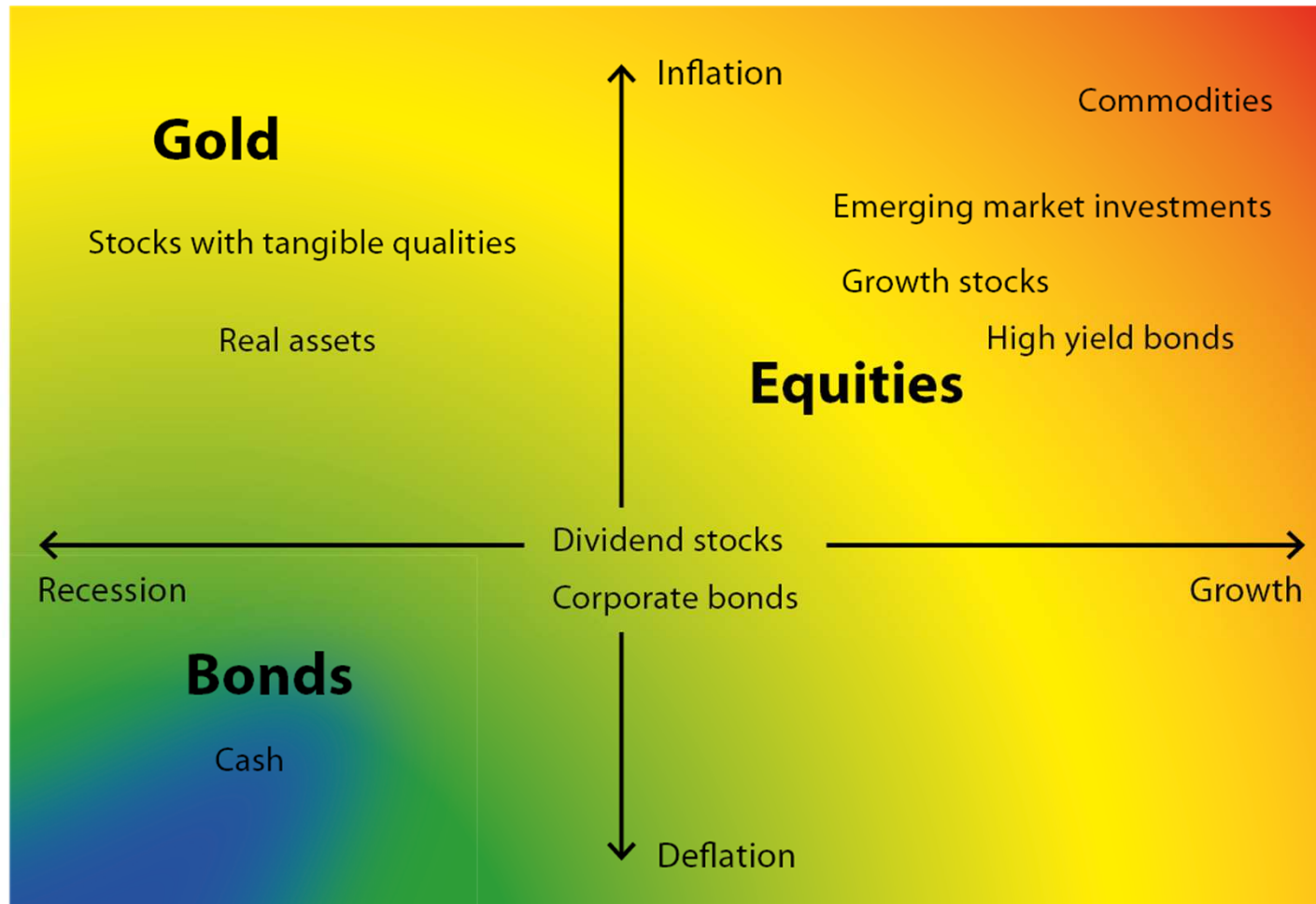


### Megatrends



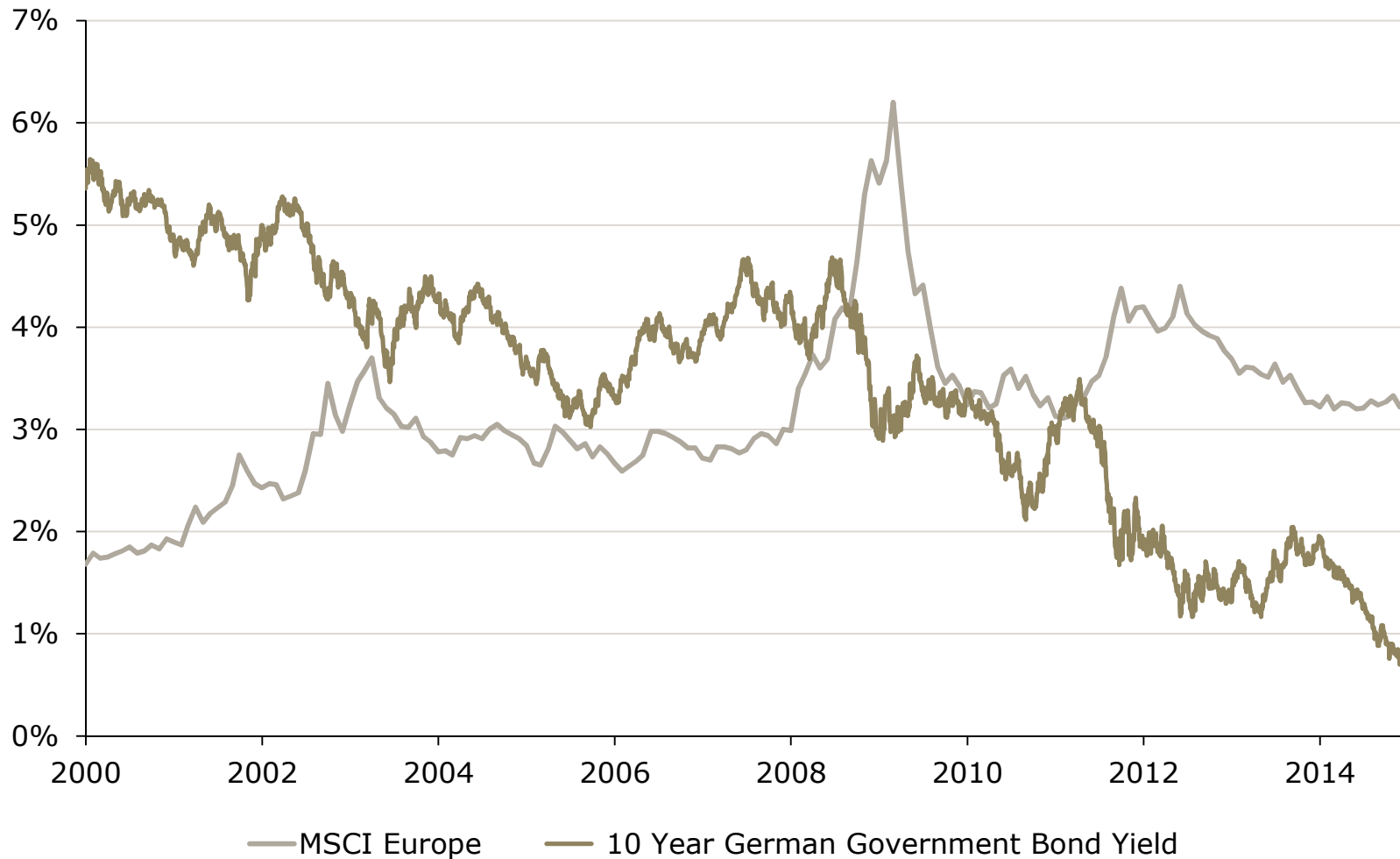
# Notenstein scenarios: Impact on the asset allocation

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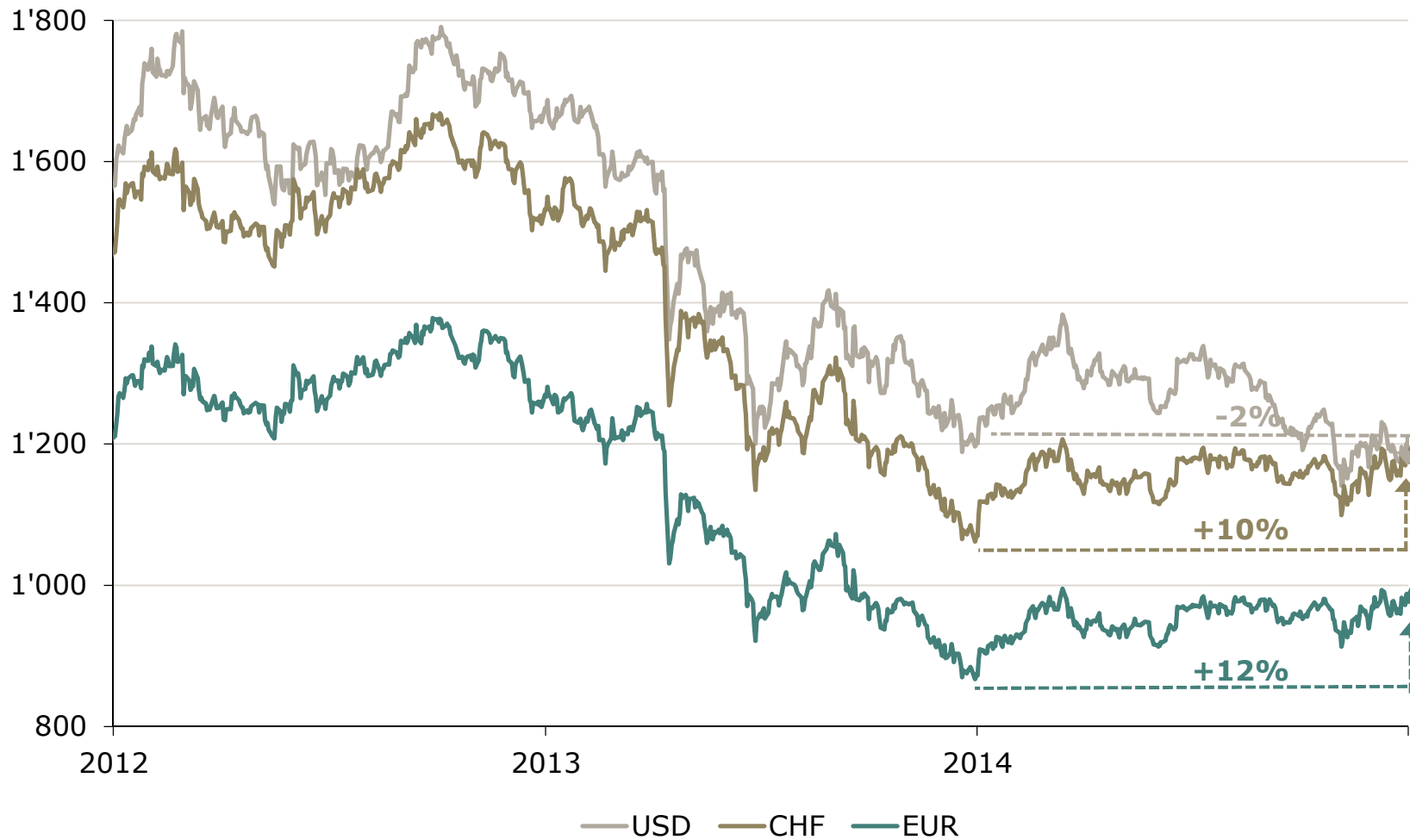
# Fixed income: very low returns

Dividend yield and bond yield in Europe



# Gold: the performance depends on the currency

Gold price per ounce



# Our assessment

- **Global economy:** economic momentum in developed countries stabilises at a low level
  - Solid growth in the USA and UK; economic dynamic in Europe to remain weak
  - China on the way to a new growth model – lower in the short term, more sustainable in the long term
- **Governments and banks** remain the centre of attention
  - Despite signs of easing, there are still risks in the government and bank segments
- **Notenstein scenarios:** policymakers continue to "muddle along"
  - Increasingly creative central banks compete for the most generous monetary policy; interest rates remain at historically low levels
- Rethinking **currency diversification**
  - The SNB has discontinued its minimum exchange rate policy
  - The Swiss franc is no longer a "quasi euro"
  - From a strategic point of view, currency diversification is less important than before




**Greater diversification**

Investments in currencies and counterparties in and outside the eurozone



**"Real" investments**

Dividend shares, gold, shares in firms committed to the emerging markets, real value currencies and commodities



**Fixed-income paper**

Particularly government bonds and bank bonds

Diversification: particularly important in turbulent times

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