

Input 15.01.2017

Good afternoon

Hopefully you did have a healthy start into 2017.

During the first days of the fresh year we took the opportunity to collect various personal impressions and economic inputs.

Risks we filter for the coming months are themes such as:

- Elections in Europe
- Global inflation
- Further increase of cybercrime. Take some time to watch this link
<https://www.fireeye.com/cyber-map/threat-map.html>

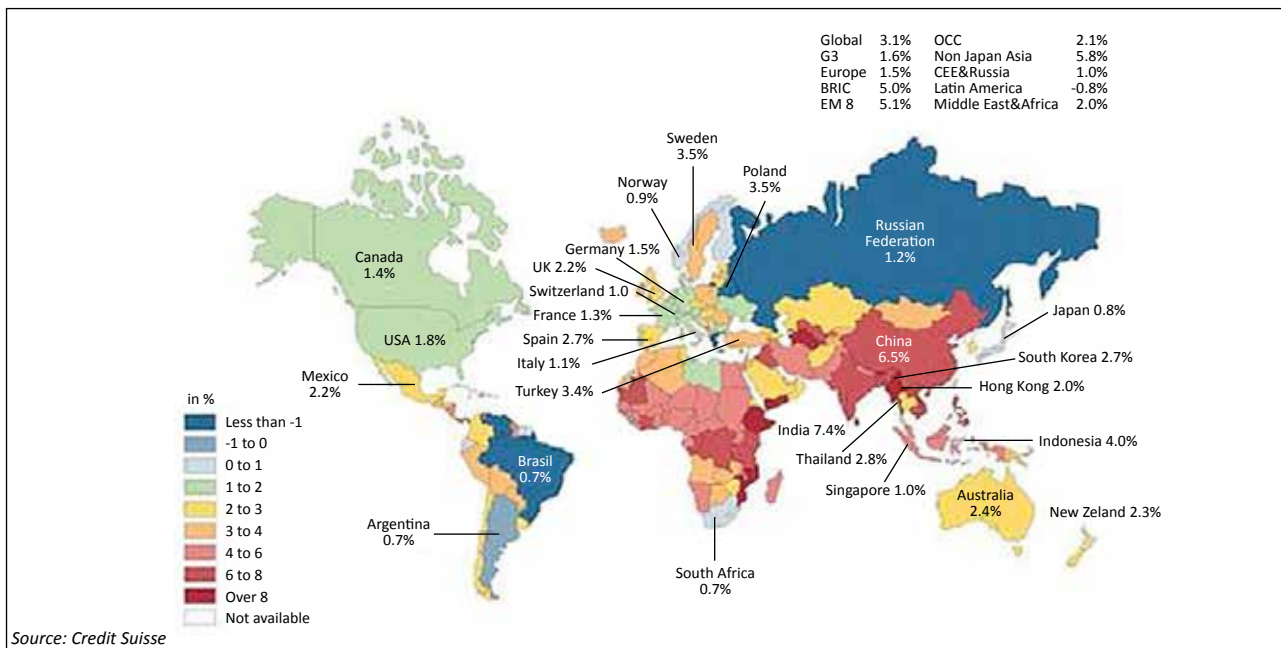
The outgoing president, François Hollande, has decided not to run for re-election. Had he ran, he would have been the only potential candidate predicted to lose if he were to face the far right's Marine Le Pen in the second round of the election. To the surprise of many, François Fillon has won a landslide victory to become the right-wing candidate for France's 2017 presidential election. The polls failed to see Fillon coming and it is at least conceivable that Le Pen will do much better in the election than they predict. We've seen that the rules of the game can change. Recent events in Britain and the US are proof that it is perfectly possible.

Angela Merkel could continue as Chancellor, but her power will be diminished. Her standing is odd. In regular times, she'd be seen as a fairly dull centre-right politician. But the leftwing achievements of the SPD, her coalition partner from 2005 to 2009 and again from 2013, mean that she is seen as cuddlier than she is, while her decision to allow a million refugees into Germany has made her a hate figure on the uglier parts of the right.

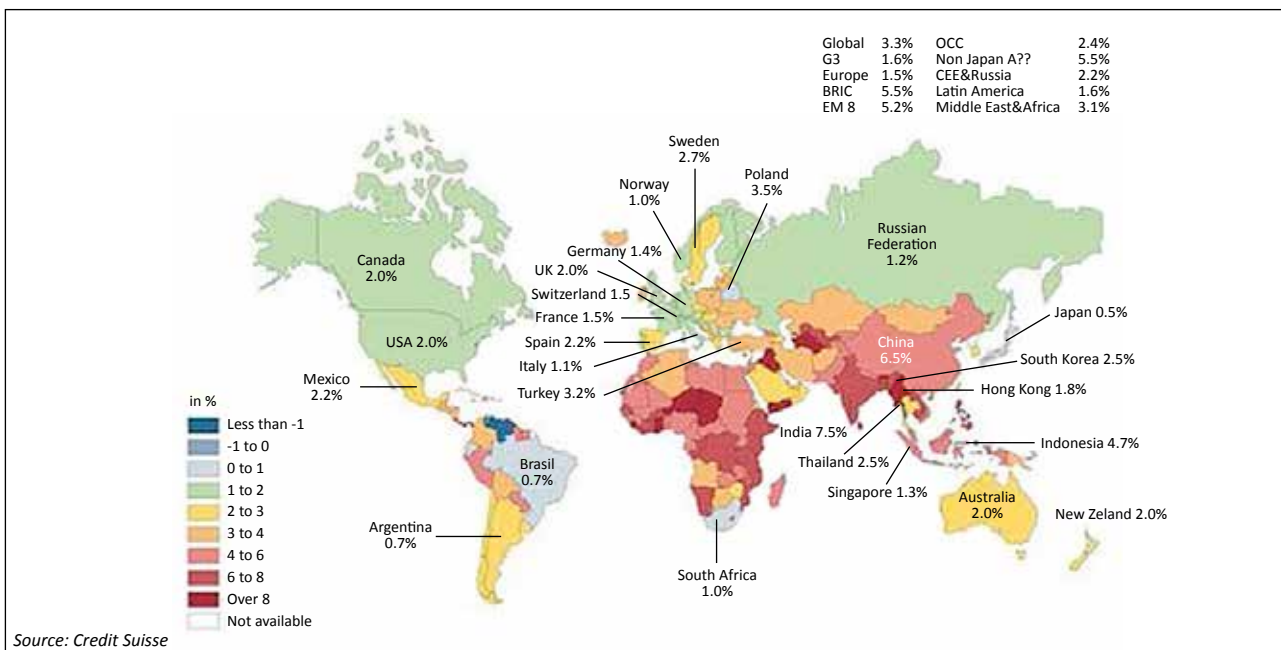
Theresa May will set out a 12-point plan for Brexit as she vows that the UK will not have «partial» membership of the EU «that leaves us half-in, half-out». March 31, 2017 is the deadline set for invoking Article 50 by notifying the European Council of Britain's intention to leave the EU. In May 2019 Britain formally would exit the EU, following ratification of Brexit by all other member states

President-elect Donald Trump wants to lower taxes for corporations, from 35 percent to 15 percent. When companies pay lower taxes, the thinking goes, they have more money to spend on research and development, hiring, and producing things — all of which can lead to growth and supportive to corporate earnings. The question though is, if the US can keep up with their strong currency.

Forecast: GDP growth 2016 in % Yo Y



Forecast: GDP growth 2017 in % Yo Y



We fully share the expectation, that the big picture on global organic growth, vide CS graph above, remains sustainable also for 2017. Based on the present low interest rate environment and the risk for bond prices to collapse with upcoming rate increases our preferred asset class is focussed on dividend yielding equity for the time being. We implement through our single stock selection based approach.

On the currencies remain constructive for EUR, cautious on USD and negative for CHF.

We are interested to learning your view on 2017 – please share it with us! I do also look forward to meet with you personally very soon.

Best wishes
Bjoern