

## SWISS PERSPECTIVE

November 2009

### Investment Management

#### Asset Allocation: Changes/Advantages

In the past, a POM Strategy each consisted of around 40 investments. This approach has been altered, and we now invest your assets in investment funds of various types such as alternative investment funds, equity investment funds, or income investment funds, thus providing a range of attractive benefits highly relevant to the performance of your investment: increased transparency, higher tradeability of investments, enhanced liquidity on a monthly basis, and, last but not least, significantly lower costs.

At the same time, we continue to hold the Nomura All Weather Fund (Madoff) and the Nomura All Star Fund.

Unfortunately, the value of your investment in the Nomura All Star Fund can currently not be determined with certainty, therefore the value appearing in your account statement is to be treated as an estimate. The Nomura All Star Fund, however, is expected to yield a steady performance.

Due to ongoing liquidity strains weighing on BARC - Public Private Real Estate Fund, the value indicated in your account statement for this position is to be considered an estimate as well. Unfortunately, it is impossible to foresee today whether payouts can be expected from this real estate investment, and if so, within what time horizon. We take our commitment to transparency very seriously and shall of course keep you informed.

The Barclays Certificates have been transferred into the Diversified Alternative Strategy Fund on grounds of costs and liquidity. The certificates are only redeemable on a quarter-yearly basis in small quantities. Thanks to our shift, the significant transaction costs incurred by only small redemptions can now be avoided.

#### Strategies

No changes have been made to the fees for the five Strategies. Strategy performance, however, can be expected to improve based on the fact that the Strategies now contain mostly investment funds and thus trading costs of single products will weigh less on the performance of the Strategies. Only fund costs will have to be borne from now on.

#### Fees

All establishment, administration, and management fees have remained unchanged.

## **View of the Markets**

### **International Stock Markets**

After a positive 3Q earnings surprise in the US, the stock market is unlikely to move much higher. It seems that all major stock markets around the world are running out of steam. These are signs that the March recovery could soon be over - therefore it is time to reduce risk in our portfolios/Strategies.

### **Global Economy - What's Next?**

Central banks and governments all over the world are trying to convince us that recession is over. However, there are signs that a lot more is yet to come from the real estate/mortgage market side - especially in the UK and US.

In the US, almost every week banks are closed down, a hint to the financial turmoil far from being over.

We expect modest growth for 2010. Since Asia and South America have been less exposed to the recent economic problems of the West, we expect higher growth in these regions than in the United States.

### **Interest Rates - No Change**

Central banks, especially the FED and the EZB, are not willing to change their policy of almost zero interest rates until the global economy will start to grow sustainably.

### **Currencies - Recovery Ahead for the US Dollar**

The US Dollar is carry trade currency number one. Massive deficits and an extremely negative sentiment are suggesting that the Dollar is reaching its bottom and is set to recover. The fundamentals have not changed, and we are witnessing a non-linear devaluation.

### **Bonds**

We continue to apply a cautious approach to corporate bonds. After the huge recovery from the March lows, we saw a dramatic decrease of the yield spreads against government bonds. Though historically current yields are too low, they are likely to remain so until the global economy starts to improve.