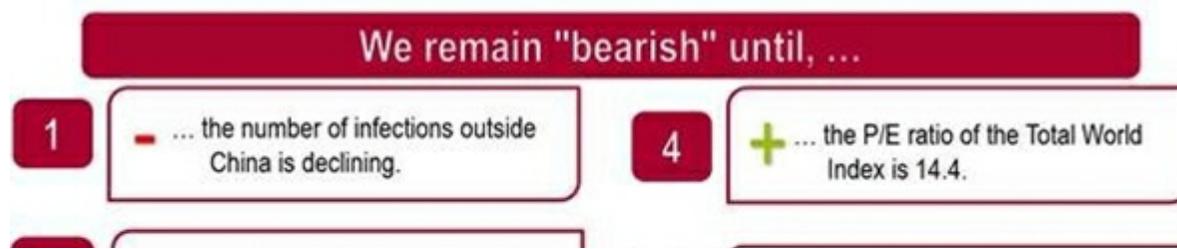


AD HOC CORONAVIRUS UPDATE

Sehr geehrte Damen und Herren,

More than three months have passed since Covid-19 first caused major uncertainty in the global financial markets. In the meantime, the world has stood still for a short time, but has started to turn again. Due to the novelty and unpredictability of the current situation, we have chosen six indicators that show us a sustainable turnaround in economic activity and thus provide us with signals for our equity weighting. Three of these indicators provide a positive signal, which is why we are closing the equity underweight in our house view and positioning ourselves neutrally.

OUR INDICATORS





For the second consecutive week this week, the equity weighting of our NDR Active Allocation Funds was above 50%. This means that a third factor (after the P/E ratio and the Chinese PMIs) turned positive. As a result, we increased the equity weighting compared to our dynamic mixed fund component. We are also reducing the weighting of defensive stocks within the equity segment (Kathrein Global Enterprise). Within our bond component, the defensive orientation is still maintained.

REVIEW

Our investment experts have made the following shifts in our house allocation:

- At the beginning of March, after the first sharp price losses due to the greater spread of the coronavirus in Europe, we initially underweighted equities. To this end, we increased the share of our dynamic mixed fund component - the NDR Asset Allocation Kathrein Fund. The fund uses financial mathematical signals to flexibly manage its equity-bond weighting. We also increased the proportion of defensive stocks in the form of the Kathrein Global Enterprise in our equity segment. The fund invests in companies with a solid balance sheet structure and has lost 10 percentage points less than the broad market during the downward phases of the last few weeks at the low point.
- When about ten days later, panic over the new virus was joined by the termination of Russia's cooperation with OPEC countries to limit production quotas and the oil market collapsed by about 30%, we took defensive steps once again. We once again reduced the equity allocation and increased the dynamic share in our allocation as well as the proportion of defensive stocks in the portfolio.
- When the medically necessary but very far-reaching global protective measures intensified and it became apparent that the global economy was sliding into recession as a result, we raised the default rates for high-yield bonds in our models to the levels of the 2008/2009 financial crisis. We have therefore set the high-yield rates in our house allocation to zero. We have also significantly reduced the proportion of emerging market local currency bonds.

PMI: PMI stands for Purchasing Manager Index. This indicator is based on a company survey that is conducted at the end of each month. The purchasing managers are asked about the order situation, delivery times, etc. The indicator thus reflects the subjective mood of the respondents, but is considered a popular leading indicator for "real" economic data. A value above 50 points indicates a positive sentiment.

P/E ratio: P/E ratio stands for price-earnings ratio.

NDR Active Allocation Stock Weighting > 50 %: The NDR Active Allocation Kathrein Fund is our dynamic mixed fund, which, among other things, actively controls the equity/bond weighting.



LINKEDIN



MAIL



KATHREIN.AT

About us

Kathrein Privatbank AG with its headquarters in Vienna's first district was founded by Carl Kathrein in 1924 and is one of the leading private banks in the German-speaking region. Our core competence is the management of personal, corporate and institutional assets as well as private foundation assets. As a subsidiary of Raiffeisen Bank International AG, Kathrein Privatbank offers the benefits of an agile, independent and service-oriented institution combined with the security of a robust, international banking group.

[NEWSLETTER ABBESTELLEN](#)

Contact

Adress:

Wipplingerstraße 25
1010 Wien, Österreich

+43 1 53451-0

privatbank@kathrein.at

Kathrein Privatbank Aktiengesellschaft © 2020 All Rights Reserved

Disclaimer

The content of this document is a marketing information according to the Austrian Securities Supervision Act (WAG – Wertpapieraufsichtsgesetz) and shall only serve for information purposes. The content provided is therefore not subject to the rules of the WAG which govern the dissemination of financial analyses.

The content of this publication represents the investment opinion of the Kathrein Privatbank Aktiengesellschaft and shall not be considered a solicitation, recommendation or an offer to buy or sell any type of investment instrument under Austrian capital market laws or under capital market laws of other jurisdictions. All concrete investment decisions should be appointed with an advisor and not only based on this marketing information.

Although Kathrein believes that the sources used for this communication are reliable, no liability is assumed for the completeness, accuracy and timeliness of the information presented here. The information and analyses made herein are general in nature and do not take into account the individual needs of our investors in terms of earnings, tax-situation or risk appetite.