



Kathrein's capital market trends 2021

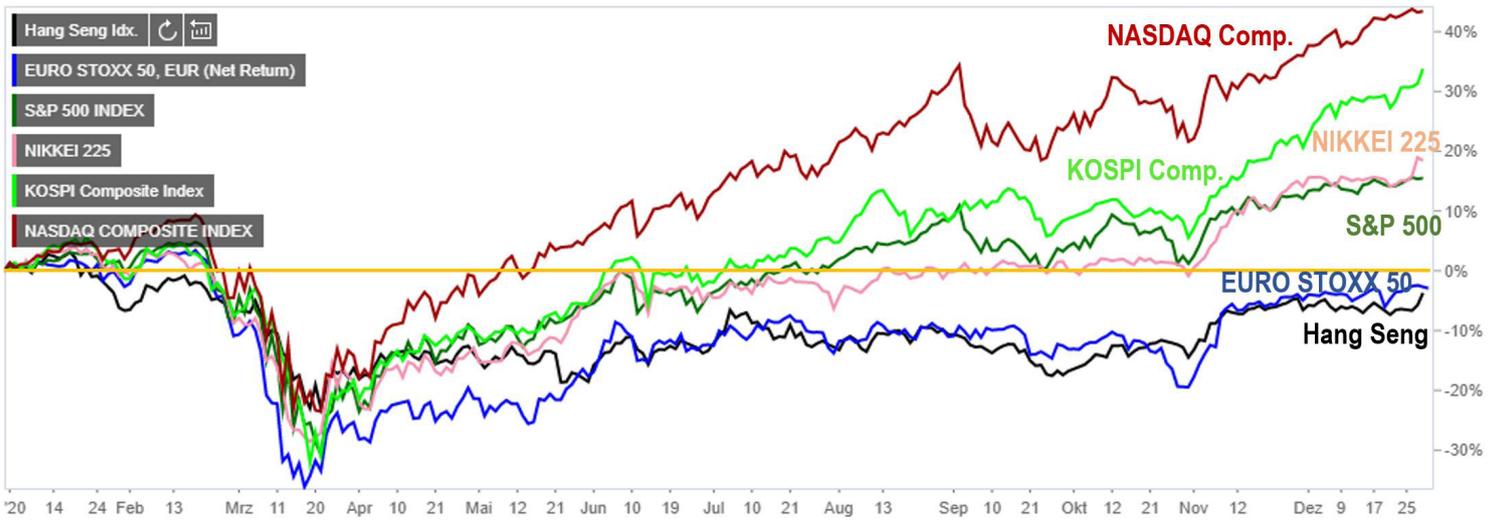


Cautious optimism

In view of the current situation, we consider cautious optimism to be appropriate. Euphoria cannot arise at this point, because the economic consequences of the pandemic are still difficult to assess. Some analysts see this euphoria as a risk for increased nervousness in the markets and whether the vaccination campaigns that have been started can be implemented that quickly is anything but certain. Overall, however, the parameters for a further positive development on the markets are favorable, so we would like to share our thoughts on the two most important capital market trends for 2021.

Trend 1) „Good quality at good prices“: Mixing in value stocks

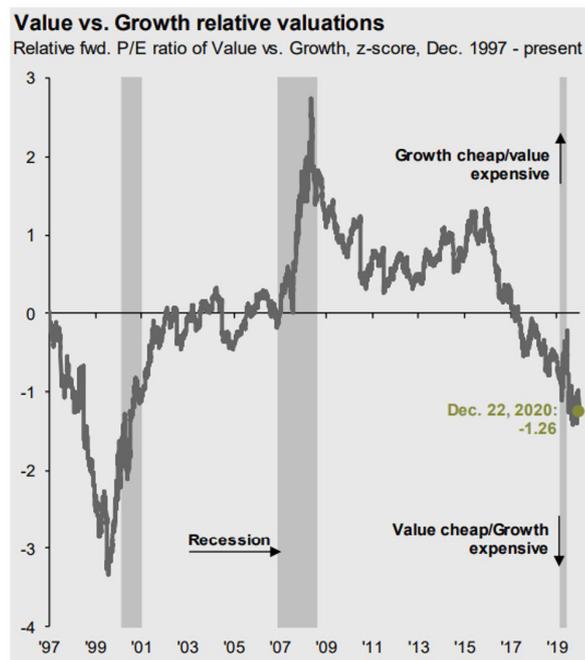
We continue to advocate „good quality at good prices“ and focus on a healthy mix of sustainable business strategies and opportu-



Source: Börse-Live, accessed 31.12.2020, period: 20.01.2020 to 30.12.2020

ne growth opportunities. The sector rotation we have observed in recent months reminds us strongly of the tech bubble of the 2000s. Then, as now, tech-heavy companies (growth stocks) were massively overvalued, and from an accounting point of view, one would have assumed almost infinite gains. Old-economy stocks (value stocks) ultimately proved to be solid and robust and have subsequently outperformed.

It is important not to lose sight of the big picture and, conversely, not to overweight either one class or the other. Not every growth stock is overvalued, not every value stock a worthwhile investment. We tend to see cyclical value stocks as particularly attractive, as they should benefit from the economic recovery.



Source: JPM Guide to the Markets, accessed 31.12.2020



Trend 2) Identify sustainable quality

Sustainable companies that have good ESG ratings are another promising portfolio component for us. In recent years in particular, companies with above-average ESG ratings have been able to outperform. At the same time, they exhibited lower volatility and a higher financial resilience, which was more than evident, especially during the Corona crisis.

Here, too, it is always important to make a qualitative selection and to protect oneself through critical observation from the so-called „green washing“, in which companies try to pass themselves off as particularly sustainable, which they are not.

Neither the most intelligent fund managers nor the best computer programmes can always be completely right, identify every „shooting star“ at an early stage and recognise every trend even before it has started, because the complexity of the financial markets depends to a large extent on our behaviour as humans. For this reason, our investment philosophy in the new year continues to be characterised by strategy, rationality and quality, in order to be able to follow a long-term successful, safer path.

At this point we would like to refer to our more detailed market outlook in our publication „Market Perspective“, which will be sent out with our next quarterly newsletter THE Q next week.



Source: Börse-Live, accessed 31.12.2020

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