

MONDAY MARKETS MAIL

Key topics at a glance.

What we (do not) know about Omicron

Kathrein Statement



The new variant of the corona virus Omicron sent a wave of uncertainty through the markets last week. Volatility increased dramatically. Wall Street's VIX volatility index shot up to the 30 mark, well above the average, which is 20. Now, is this the initiation of a long-overdue correction or just a short dip, similar to the one in July, when the delta variant provided reason for concern. We briefly summarize what we don't (yet) know.

Why is the Omicron variant cause for concern?

Compared to the currently prevalent delta variant, the omicron variant has numerous mutations that may make it massively more difficult for the human immune system to fight it.

Where does the Omicron variant come from?

This mutation originated in southern Africa, where a large number of people have suppressed immune systems due to the high prevalence of HIV sufferers. In this environment, a virus has longer time to form mutations. In the meantime, this variant has already appeared in many countries in the USA, Brazil and China.

Does vaccination no longer help against Omicron?

It is still too early to assess this. In the media, experts are of the opinion that the vaccination protects less well against infection, but still mitigates the course of the disease. Both vaccine manufacturers of mRNA now assume that the vaccine will have to be adapted. However, this would in turn mean that new production would have to be carried out. We are familiar with this scenario.

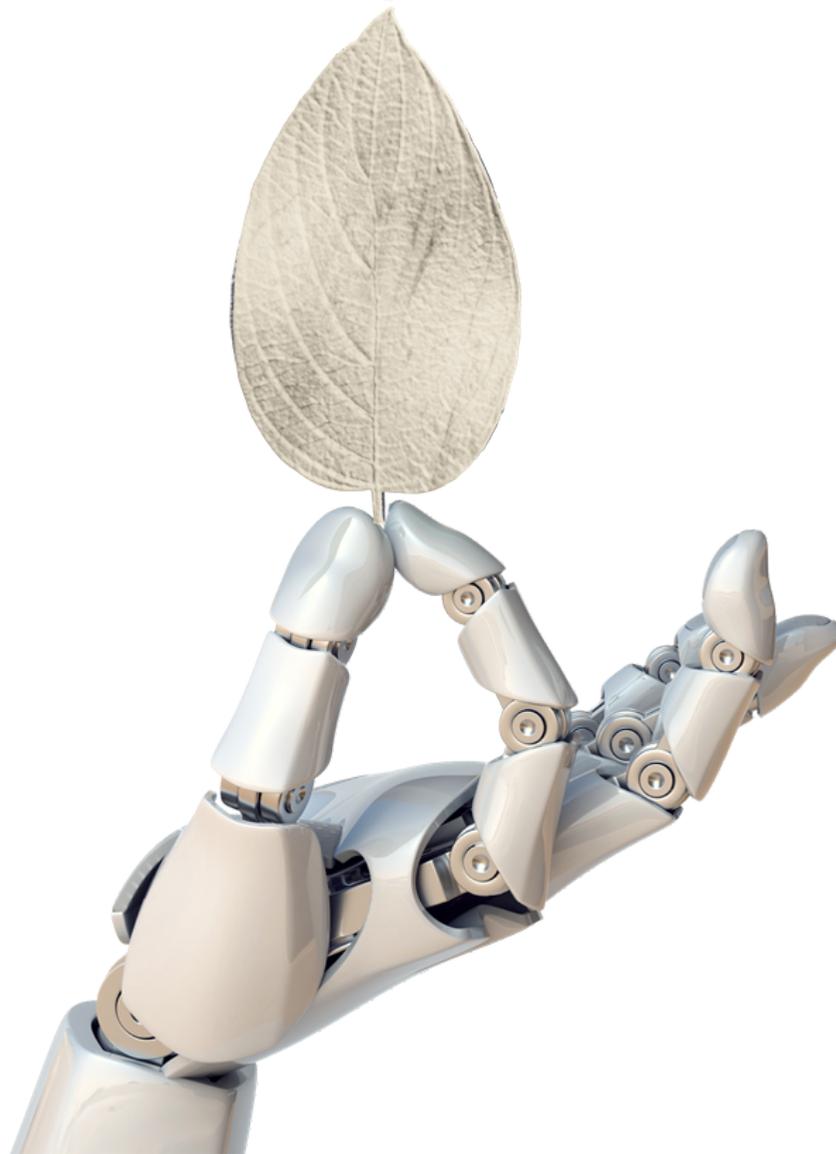
Is Omicron more dangerous than other variants?

It is not clear whether Omicron will replace Delta as the dominant variant. It is also not yet clear whether the course of the disease will become more severe. However, it can be assumed that Omicron has been circulating for some time without having attracted massive attention due to severe illness. The scenario could arise that the vaccine currently in use is even less effective against infection with Omicron than against Delta, but is still effective against severe courses.

What does the new variant mean for the markets?

After an initial scare, the financial markets have now calmed down to some degree. However, the uncertainty is reflected in enormous volatility. Leisure & Travel were naturally the biggest losers, as numerous countries reintroduced travel restrictions. High volatility is a buy signal for some asset managers. We remain bullish on equities overall, but have reduced the ratio somewhat. In fact, the tapering discussion, which has now receded into the background, has more impact on prices in the long term. Omicron is the 15th letter in the 24-character Greek alphabet. The hope remains that the pandemic will be overcome before we run out of letters.

Invest in tomorrow's trends today



Ladies and Gentlemen,

Sustainable investing is a trend that has become unmistakable and is growing enormously. At Kathrein, we started developing sustainable investment concepts ten years ago - and we are pleased to have received numerous awards and seals of approval, which prove that we have been able to build up outstanding expertise in this field.

For our latest product, the Kathrein Sustainable Global Megatrends fund, we asked ourselves many questions at the beginning:

What does strong population growth mean, especially in urban areas?

What are the consequences of rising life expectancy?

How can resource scarcity be counteracted?

Which technologies are needed and benefit from the structural change towards a digitalized and green economy?

Which business sectors will benefit from the above changes?

Based on these questions, we identified four megatrends and selected companies that will benefit from the structural changes towards a sustainable economy and a more connected, digitalized world.

The Kathrein Sustainable Global Megatrends Fund is characterized by two features:

1. the fund is forward-looking, focusing on megatrends that promise long-term growth
2. the fund uses strict sustainability criteria, with the help of which we identify the pioneers in the respective sectors.

Have we piqued your interest? Then invest in tomorrow's trends today - for more information, contact your private banker...

Yours sincerely

Kathrein Private Bank



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Kathrein Privatbank AG, headquartered in Vienna's first district, was founded by Carl Kathrein in 1924 and is one of the leading private banks in the German-speaking countries. Our core competence lies in the management of private, corporate and institutional assets as well as the assets of private foundations. As a subsidiary of Raiffeisen Bank International AG, Privatbank offers the advantages of a flexible, independent as well as service-oriented institution and the security of a stable, international banking group.

NEWSLETTER ABBESTELLEN

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