

MONDAY MARKETS MAIL

Kathrein statement

Key topics at a glance.

Investment in turbulent times

Kathrein statement



The past few months have presented investors with major challenges in the face of uncertainty resulting from the pandemic, inflation skyrocketing and the unimaginable war in Ukraine. How to invest properly in such times is probably a question many are asking themselves. But we must not forget that the past was not as crisis-free

as we remember it. The turbulence of the financial crisis, which shook confidence in the world's biggest banks and evoked the Great Depression of the 1930s. Then came the euro crisis, which could have spelled the end of the European Union, as many feared, and not without reason. Then we had Brexit, as well as Donald Trump's presidency.

But what has been the return on investments in recent years? It is clear that the past cannot simply be extrapolated into the future, but neither can it be completely disregarded. Let's take a look at the most important investment options - stocks, bonds and money markets - as well as the crisis winners gold and commodities. We have chosen ten years as the period of comparison.

An investment in a broadly diversified global equity portfolio performed best by far with plus 245%, followed by gold with 41.4%, bonds with 28.5%, commodities with 17.25% and money market investments with -1.2%. However, one can clearly see how more volatile stocks, gold and commodities are than money market investments or bonds. This is also accompanied by stronger setbacks, such as that of stocks by around 35%, of commodities by around 65% and of gold by around 40%, albeit over a longer period of time. Each crisis has different causes and does not affect asset classes in the same way. For example, government bonds gained during the financial crisis, also as gold. All other categories lost. Even money market funds with many bank floaters had to be closed. Therefore, each crisis requires a different response, and diversification must always be the guiding principle.



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About us

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.

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