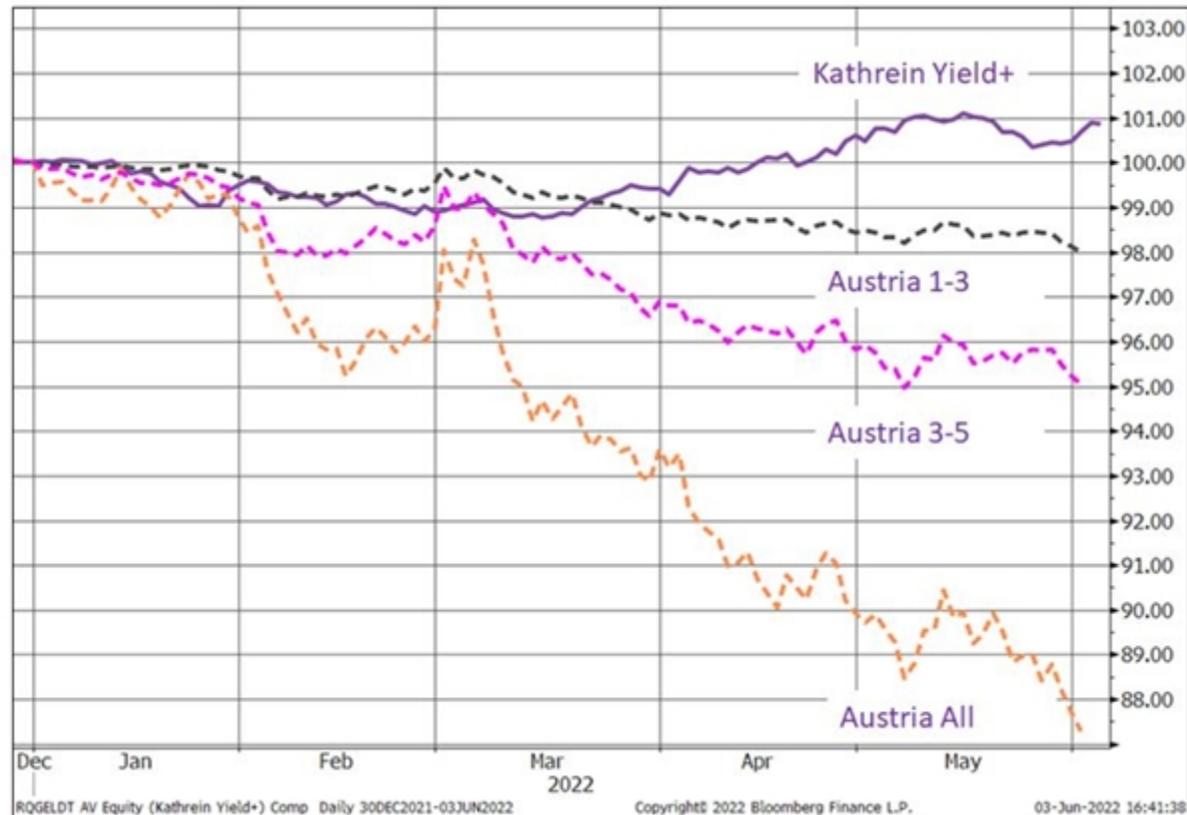


Kathrein Market Info

**Investment strategies for uncertain
times: the Kathrein Yield+**

Kathrein Statement



High inflation and low interest rates are currently having a negative impact on many asset classes. While bonds were often able to compensate for periods of weakness in equities in the past, this is not the case in the current environment. Today, we present a strategy of Kathrein Privatbank that has proven its worth even in this environment.

From the frying pan into the fire

Those who fled from falling share prices into bonds this year came out of the frying pan into the fire. Ultra-low interest rates and high inflation figures put all bond categories under pressure. You have to go way back in history to find comparable losses in bonds. The first oil crisis in 1973 and the second in 1979/80 led to comparable declines. At that time, however, the price losses were partly cushioned by significantly higher coupons. If one is looking for a comparable period with similarly negative real yields (i.e. current yield minus current inflation), one has to go back to over 1945.

Even those who sought their salvation in shorter maturities did not come away with a black zero. It is all the more pleasing that one Kathrein fund in particular was able to make an exception here: the Kathrein Yield+. This even caught the eye of the German WirtschaftsWoche. The publication recently compared the Kathrein Yield+ with around 50 funds of the major providers in the field of money market and short-dated Euro bonds and came to the conclusion that none of these funds has been able to keep up with the performance of the Yield+ since the beginning of the year or over a period of three years. So what makes the fund so unique compared to these other, also very defensive, funds?

The recipe for success

The Yield+ invests only in short corporate bonds and floating rate notes. However, the difference is made by an overlay management that is tailored to the security needs of this asset class. What does this mean? In the fund we have the possibility to go long and also short bond markets, currencies and equity markets in small doses, i.e. to bet on rising or falling prices. This flexibility gives the fund the opportunity to generate additional income in both rising and falling prices. This is a recipe for success in phases like these.

The bulk of the rise in yields may now be behind us, although a stock market slump or recession fears would actually cause yields to fall again. However, if inflation remains at a higher level for longer, contrary to current forecasts, upward pressure on yields will increase again. Further increases in yields have a negative impact on bond prices. However, stable higher yields also provide stable returns in the future. The fund benefits from longer trends in both rising and falling bonds, currencies and equity markets.

Contact your private banker for more information.



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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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NEWSLETTER ABBESTELLEN

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