

IMPRINT

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Economic
perspectives

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Dear Clients

While 2020 placed all of us before unexpected challenges, opportunities also arose. Despite uncertainty we can confidently believe in the future as the innovative power of many companies is impressive. The pharmaceutical industry has developed new types of vaccine within the shortest possible time, working from home has become established and entrepreneurs have created new business models enabling customer needs to be met even in times of restrictions. Nevertheless, faith in the future may not be allowed to obscure the risks. Sustained risk minimisation such as the diversification of supply chains, maintenance of liquidity and investments in digital transformation will continue to pay off in the future and provide entrepreneurs with the flexibility they need to respond to future change.

We as a bank are used to weighing up opportunities and risks and acting in a spirit of partnership according to the needs of our clients. With new Swiss banking, we combine personalised advice with innovation and act with you and for you. We are confident that the restrictions will gradually disappear and that we will be able to continue to support and inspire our valued clients with new solutions and proven recipes in 2021.

Bank CIC has made it its goal to become even more innovative, fast and sustainable and to take with it the lesson from 2020 that we also value small things again such as our normality.

I wish you a positive start to a successful 2021 with many sustainable and productive chances to make use of opportunities and minimise risks.




Thomas Müller
CEO

There should be increased positive news in the future regarding vaccine development against COVID-19. However, some questions remain open: how suitable is it for vaccinating the broad masses, is it without side effects and how will distribution of the vaccine be carried out?

Back to normality in 2021?

Following the initial shock in the spring of 2020, it became clear that the various sectors were very differently affected by the crisis.

Although economic growth of around 4% is expected in Switzerland in 2021, we anticipate more of a k-shaped recovery of the economy. This is characterised by different developments of the sectors, which are counted among the winners or losers depending on their crisis resilience. There is also a cultural change that has been further accelerated by the crisis. Companies able to meet the additional demand for infrastructure in the field of digitalisation as well as those able to keep efficiency at a high level through cost savings and create location-independent structures are benefiting from this.

The current valuation differences on the stock markets show quite clearly that not all companies are prepared for these changes.

There will also be an urgent need this year for additional support programmes to overcome the coronavirus crisis. The debts resulting from these are crippling future growth and posing a challenge to future economic policy. (*muc*)

Markets

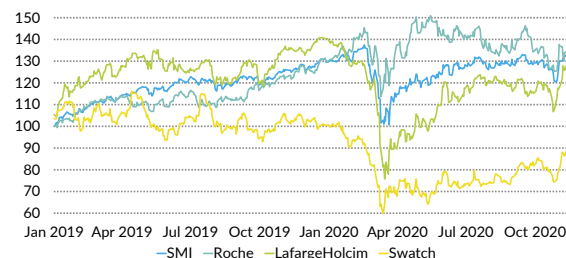
A lot of things will improve in 2021!

In the wake of the approval of various vaccines against the coronavirus, investor sentiment should improve significantly in the new year. Hopes of a sustainable economic upturn, the ongoing expansive monetary policy of the central banks, and the economic stimuli provided by governments will support the equity markets. It remains to be seen whether the cash flows from growth into value stocks observed in the fourth quarter of 2020 continue. We favour a balanced sector allocation and prefer quality stocks. *(bae)*

Equities Switzerland

A global economic upturn should ease the upward pressure on the Swiss franc. Interest rates nevertheless remain at record lows. However, owing to low government debt and the flexible labour market, the Swiss economy will soon have overcome last year's economic collapse. In this kind of environment, the Swiss equity market should rise less sharply than markets with strong economic cyclicality due to its defensive composition. Our favourites include **Roche**, **Lafarge-Holcim**, and **Swatch**. *(bae)*

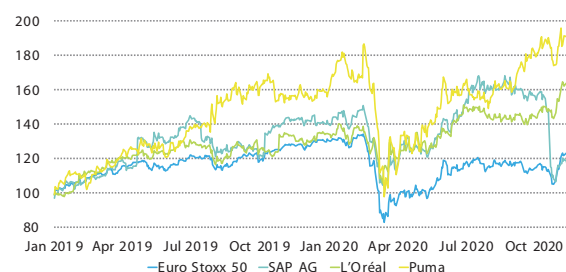
SMI



Equities Europe

A stricken manufacturing sector is breathing a sigh of relief following the political transition in the US. The potential reduction of customs with important partners such as the US and China is pushing droves of investors towards cyclical stocks. The estimated annual growth of 4.7% will only make good some of last year's downturn and serves to lay bare a number of problems, including the political inertia in consensus building among EU members and the strong euro, which are curbing potential. We favour companies that are less exposed to these factors: **SAP AG**, **L'Oréal**, and **Puma**. *(goste)*

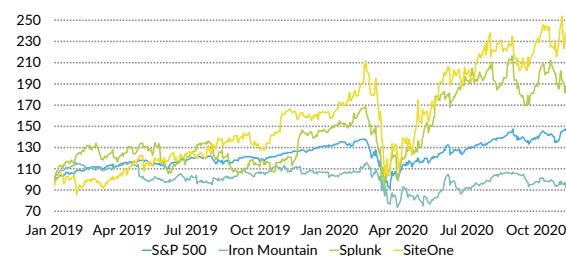
Euro Stoxx 50



Equities US

The mix of a Democratic President and a Republican-dominated Senate has recently unleashed market forces and catapulted the stock markets to new highs. Generous government assistance is coming up against weak legislative power aimed at getting Democratic demands off the ground such as tax rises and greater regulation. Although the USD is falling behind due the expansion of debt, it is fuelling the exports of those companies that fell by the wayside under Donald Trump's customs policy. We favour growth stocks: **Iron Mountain**, **Splunk**, and **SiteOne**. *(goste)*

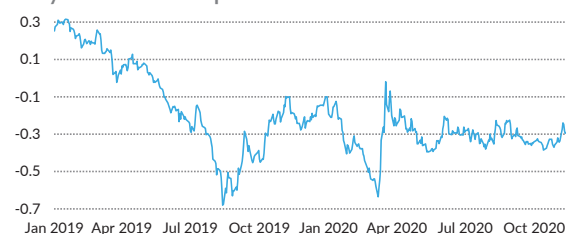
S&P 500



Bonds

Hopes of an imminent vaccine against the COVID-19 virus have caused interest rates to rise. Many investors have emerged from their safe havens and favoured both riskier asset classes such as equities as well as higher interest bonds. New issue activity has also returned with the calming of the financial markets. Some offer a good opportunity for supplementing portfolios. Credit spreads on corporate bonds still remain higher compared with their pre-crisis level and we consider their greater return to be a buying opportunity. *(cal)*

10-year Swiss swap rates



Topic

Made of wood, rags or waste-paper

Few ingredients are required to produce paper. However, the recipe has been altered and refined over the years. In the ancient world, people wrote on pressed papyrus reeds – hence the name paper derived from this. These days the fibrous materials for paper are mainly extracted from the raw materials wood or waste-paper, and partly also from rags. These fibres are taken, homogeneously or mixed, and processed with fillers, supplementary materials, and water to make a pulp. The paper is ladled from this and pressed before being left to dry for a while. At some point after being used, it – hopefully – ends up in the paper collection and thus in the recycling loop.

Access to all bank statements, contracts, and documents

Why is your bank telling you how paper is produced? Quite simply because paper is something that these days can easily be saved. There is unquestionably a need for paper. In many different variants and for a diverse range of situations. For nothing can replace the look and feel of an attractive printed document and the unforgettable memory of the scent of a favourite book ... but is a sheet of paper really needed for every transaction and every account statement? We don't think so. As a progressive bank, we are pioneers of the new Swiss banking. We blend traditional banking with innovative digital solutions and with CIC eLounge have created a forward-looking digital service channel that is unique in Switzerland. CIC eLounge provides access to all your bank documents including contracts, tax statements, client statements, and correspondence and serves as an additional communication channel to your relationship manager. Easily and whenever the need arises.

Reduction of paper flow

By foregoing the dispatch of physical documents by post, you can put an end to the constant paper flow and at the same time save money, as from the second half of 2021 Bank CIC will be charging for the dispatch of physical documents. Discontinue all postal dispatch today or restrict its scope by only continuing to receive some documents by post. Talk to your relationship manager about the options or write us a message via CIC eLounge.

Efficiency and security

If you are not yet using CIC eLounge, would you like to benefit from the advantages of this user-friendly service channel? Register at cic.ch/cic-elounge (*sam*)

CIC eLounge at a glance:

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- Independent user management
- A single login for all your banking relationships thanks to multibanking
- Available as an app and on your desktop
- Access to all bank statements, contracts, and documents
- Market assessments by our experts and a third party to support your investment decisions
- Secure electronic communication with your client advisor
- Up-to-date security standards and individual setting options



Best of Swiss Apps 2020
Bronze in the functionality category



Sandra Marugg

Head of change and innovation management

In brief



Comprehensive client protection

Under the Swiss Financial Services Act (FinSA), clients of financial services providers are classified as private, professional or institutional. The extent of investor protection depends on this classification. In order to ensure the highest possible level of investor protection, all clients of Bank CIC are classified as private clients with the exception of financial intermediaries, who are classified as institutional clients.

Depending on your financial assets and your knowledge and experience, you can apply to be reclassified as a professional or institutional client and gain access to further financial products and services. Your relationship manager will be happy to help you on matters relating to classification. To find out more, visit cic.ch/finsa (ter)



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Current interest rates

in CHF, valid from 17.12.2020

Savings	Private individuals	Companies
Savings account	0.200%	No offer
Investment account	0.150%	0.050%

Pensions

3a retirement account	0.300%	No offer
Vested benefits account	0.250%	No offer

Payments

Personal account	0.030%	No offer
Current account	0.000%	0.000%

Rates may be adjusted at any time to reflect market conditions.

Savings account / 3a retirement account: offer for clients domiciled in Switzerland.

Negative interest can be charged regardless of the balance (except with savings accounts and retirement provision accounts).

Conditions for clients domiciled abroad upon request.

The latest interest rates and conditions can be found at cic.ch