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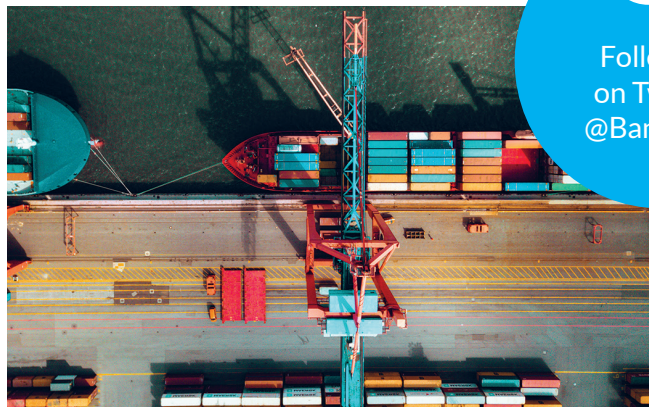
Thomas Müller (*mtk*), Carl Münzer (*muc*)

Editorial deadline: 17.12.2021

Economic perspectives



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Dear Clients,

Are we facing a new era in the financial services industry? Fintechs are shooting up out of the ground like mushrooms, creating new business models. New products based on complex IT protocols are growing in popularity. Interventions by the state and central banks are also bringing about fundamental changes to the framework within which the financial services industry operates.

Bank CIC can with considerable justification claim to offer an alternative to all that. 28 December 2021 marks 150 years since a group of businessmen from Basel and bankers from Strasbourg founded a bank to meet the needs of entrepreneurs and companies. Five generations on, nothing has changed; the client is still the focus of attention and decides how they would like to be served, what they will do themselves and what they will delegate.

But Bank CIC is also an intermediary. It combines the traditional banking business with modern solutions to create a new Swiss banking approach. We offer a supportive partnership, individual solutions and efficient, straightforward technical tools to meet your needs. This flexibility generates added value and room to manoeuvre for entrepreneurs and their companies. So you have a reliable and solid financial partner by your side, even when things are constantly changing.

Our objective is to keep up the traditions of the last 150 years once again in 2022 and create new solutions for our clients. Thank you for the trust you have placed in five generations of bankers. I wish you a healthy, successful and blessed New Year.




Thomas Müller
CEO

The German Council of Economic Experts recently forecast economic growth in Germany of just 2.7% last year and 4.6% this year. With industrial production being slowed by supply shortages in the value chain, the economy recovery is thought to be on hold until the coming year.

This means that the German economy will not return to pre-crisis levels until this year and will continue to account for a high volume of Swiss export orders. Despite the high value of the Swiss franc, export growth of 6.7% is expected this year. It has become more stable owing to the low inflation in Switzerland compared with other European countries.

Recent signs

It will be intriguing this year to see what approach the new German Bundestag takes. The main catalysts of the economic change are the efforts to reach net zero (i.e. become carbon neutral) and the spread of digitalisation in a social context. This involves extensive investment (of a public and private nature) stimulating overall economic demand, including the Swiss export trade.

On the whole, Switzerland is starting from a comfortable position, as it reached pre-crisis levels as early as last year. However, if there is the political will in Germany to be creative, Swiss companies may be able to tap additional potential, which would give the economy an extra boost. (*goste*)

Markets

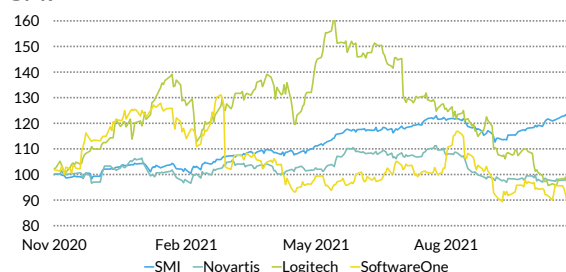
Things are becoming more difficult

Rising commodity and transport prices, as well as supply chain problems, are fuelling inflation. Publication of the annual results for 2021, which begins in mid-January, will show how much individual companies are able to pass on price rises to their customers. Against this backdrop, the record-high margins of the companies are under the microscope. Headwinds are coming from interest rates, as the loose monetary policy of the central banks has to end at some point. In this field of tension, that means increased fluctuation margins for the stock markets.

Equities Switzerland

In an environment of increasing rates of inflation, companies with the power to set prices are at an advantage. Defensive large-cap stocks, such as Roche, Novartis and Nestlé, certainly come under that category. The Swiss Market Index (SMI) should do well in a more volatile stock market environment. The Swiss economy is projected to grow by 2.9% in 2022, i.e. growth will remain above average. Corporate profits are even expected to increase by nearly 10%. Our favourites are **Novartis** and the two technology stocks **Logitech** and **SoftwareOne**. (*bae*)

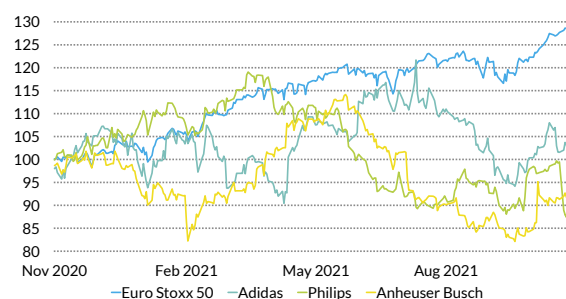
SMI



Equities Europe

The European Dow Jones Euro Stoxx 50 index reflects excessive optimism. Surging corporate profits of more than 30% last year justify the rally in 2021. Shareholders could be in for a bumpy ride this year. However, Christine Lagarde is paving the way for further potential to catch up, as the ECB is likely to put monetary policy tightening on the back burner despite the high rate of inflation (2%). The weak euro is stimulating exports and may result in the order books of companies filling up. We favour **Adidas**, **Philips** and **Anheuser Busch**. (*goste*)

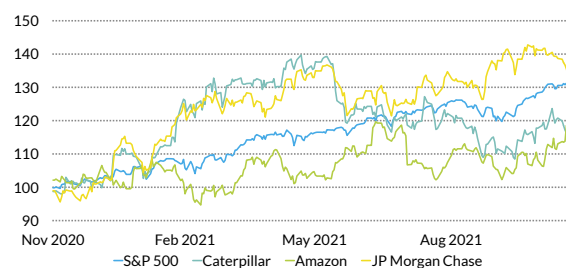
Euro Stoxx 50



Equities US

Inflation concerns, supply shortages and increased commodity prices will test the US market dynamics in the first quarter. Added to these are the reduction in the liquidity supplied by the Federal Reserve and the possible increase in interest rates, which are resulting in stock market volatility. However, it would not be advisable to avoid equities at the beginning of an inflation phase, as they have still performed well in such periods in the past and can offer relatively good protection against inflation. We continue to favour cyclical securities as well as banks, which may benefit from any increase in interest rates. Our favourites: **Caterpillar**, **Amazon** and **JP Morgan Chase & Co**. (*amm*)

S&P 500



Bonds

Combined with increasing inflation, the beginning of the end of the programmes run by the central banks to purchase securities has led to uncertainty in the bond markets. Accordingly, interest rates recently went up. This reflects the fear of an earlier-than-expected increase in key interest rates in the US and in Europe. We favour short-term bonds owing to the current environment and the risk of further increases in interest rates. (*muc*)

10-year Swiss swap rates



Topic

Are you optimising your 3a pension assets?

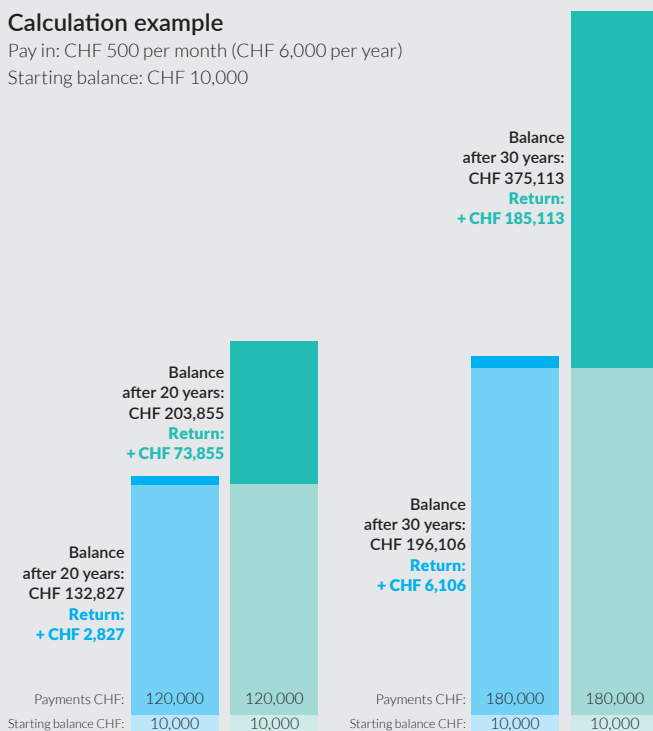
Most of the people I know find taking their private retirement savings into their own hands to be a challenge. As a working mother, I understand that only too well. Between career and family duties, it is often the case that there is barely enough time to think about key topics like planning your life or your retirement provision.

Although such overarching decisions are very important. We frequently devote a lot of time to decisions that are of little relevance for our future. For example, we lose ourselves when searching online for a hotel in which we are going to stay for just two nights, but put off making decisions about important matters, such as pillar 3a.

I often hear from friends that they pay the maximum amount into their 3a account in order to benefit from tax savings every year. This certainly makes sense, but is this approach involving a simple 3a account solution really effective and profitable in the long term?

Calculation example

Pay in: CHF 500 per month (CHF 6,000 per year)
Starting balance: CHF 10,000



■ 3a retirement account: current Bank CIC interest rate of 0.2% p.a.
■ 3a retirement funds: expected return of 4% p.a.

The expected return is based on past performance for the Bank CIC retirement-saving "Dynamic" investment strategy, with an equity weighting of 40–50%. Past performance is not a reliable guide to future results. This assumption is based on gross values before fees and taxes. Source of calculation method: moneyland.ch

The sample calculation shows that in practice pension assets in a 3a account grow by no more than the amount paid in every year. Moreover, the interest on the account does not even offset inflation. The fact that the money is losing value in real terms is a shame and should never be the case. That is

why my recommendation to everyone I know is to invest their longer-term pension assets in equities or retirement funds. By investing in retirement funds, people accept more risk in the short term than with a 3a account owing to possible price fluctuations. However, they typically achieve significantly higher returns in the long term.

Another thing many of my acquaintances are not aware of is that you can also invest just some of your pillar 3a capital in a retirement fund.

So it is definitely worth planning for your retirement right now. It does not take long, nor does it require in-depth knowledge of the financial markets and their mechanics.

It is easy to find the right retirement fund for you: our digital retirement assistant cic.ch/vorsorgesparen will help you to do so.

Of course, we are also here for you in person at any time. (komar)

Our tips for pillar 3a

1. Benefit from the annual tax deduction and pay into the pillar 3a account even when you are still young.
2. If you have several 3a accounts, you can reduce the tax progression later by making withdrawals in stages.
3. If your investment horizon is four years or more, invest in securities.
4. The longer the investment horizon, the higher your equity exposure should be – taking into consideration your personal risk appetite.
5. You can also invest just some of your pillar 3a capital in a retirement fund – from as little as CHF 1,000.



Manage your retirement savings simply and securely in CIC eLounge

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Marianne Köhler

Retirement product management

In brief

Succession planning requires a strong partner



An SME is generally the life's work of an entrepreneur. For this reason, we prepare the succession planning process carefully. There are many reasons for strategic succession planning. The most common ones are a **sale within the family**, **sale to the company management** and **external company sale** to competitors or suppliers or to financial investors.

After all, it can take a number of years for the full process to be completed. It includes the preparatory phase, the selling phase and the transfer phase. The selling phase alone **lasts around twelve months on average**. We will support you throughout the process. **The holistic approach taken allows tailored solutions to be drawn up**. It therefore pays off to start thinking about succession planning in good time in the interests of the company and your family.

A partner with long-standing experience and an extended network is essential. **Bank CIC has a team that for many years has successfully taken care of business transfers for entrepreneurs and also has expertise in acquisition financing**. It has the necessary knowledge at its disposal, **from business to fiscal know-how**. The team monitors the market day in, day out and is therefore aware of the precise market situation. This helps in the assessment of potential and subsequently facilitates the search for a suitable buyer.

Further information about succession planning at Bank CIC can be found at cic.ch/corporate-finance (*jet*)

Current interest rates

in CHF, as at 26 November 2021

Savings	Private individuals	Companies
Savings account	0.100%	No offer
Investment account	0.100%	0.050%

Pensions

3a retirement account	0.200%	No offer
Vested benefits account	0.150%	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



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