

Fundamental shift



Looking back over the past fifteen years, there is no getting around the verdict that the basic coordinates of economic life have shifted significantly. The most important development is the abolition of positive interest rates. The long-term effects of this development cannot yet be estimated.

However, there is no doubt that the permanent zero interest rate policy is leading to enormous debt expansions. As expected, it is the undisputed leading nation of the western world, the United States of America, which sets the trend. The state budget is battered, the former financial architecture is shattered and the outlook is bleak. The credit rating agencies nevertheless give the USA top marks.

In Europe, where everything traditionally is a little smaller than in America, the same trend is taking place. And the call for government money is becoming ever more audible. Given the unfavorable demographic development the growth prospects are structurally weak. It is a common and universal practice in politics to do

everything possible to blame these unfavorable trends on extraordinary events. However, this does not change the inevitable finding of impending welfare losses. At the same time, the state is the winner of this tendency, because its growth and its role as a redistributive benevolent father is clearly strengthened. A growing number of citizens are becoming dependent on the state, whether as recipients of short-time work benefits, housing benefits, pensions, child benefits, etc. Increasing the burden of duties and taxes will no longer be able to close the gap between approved government spending and government revenues. The necessary funds must be raised through gigantic new debts, which in turn are increasingly bought up with printed money by the central

bank ECB. A downward spiral has developed from which there is hardly any escape.

But what should the individual do, who is aware of the development described above, and wants to see his savings invested productively? The answer is, roughly speaking: real assets! Within this category, the various forms of investment, such as real estate, precious metals, art, and equity, differ very considerably. Especially in terms of transparency, tradability, and transfer costs, the differences are immense. Regardless of these differences, return and risks must be critically weighed. Of course, the consideration of value and price plays a central role, even if one might think that this connection is no longer valid in light of the price

developments of technology shares. When weighing up these factors, it is currently noticeable that many shares are rather cheap today, while a few prominent stocks appear overpriced. Therefore, in the coming months, it will be important to avoid overpopular shares, to pick up undervalued securities, and to use the time factor to one's advantage, if necessary by sitting it out.

Sincerely yours,

Fund managers and co-investors

Handwritten signatures of Christoph Bruns and Ufuk Boydak. The signature on the left is 'Bruns' and the one on the right is 'Ufuk Boydak'.

Dr. Christoph Bruns Ufuk Boydak

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