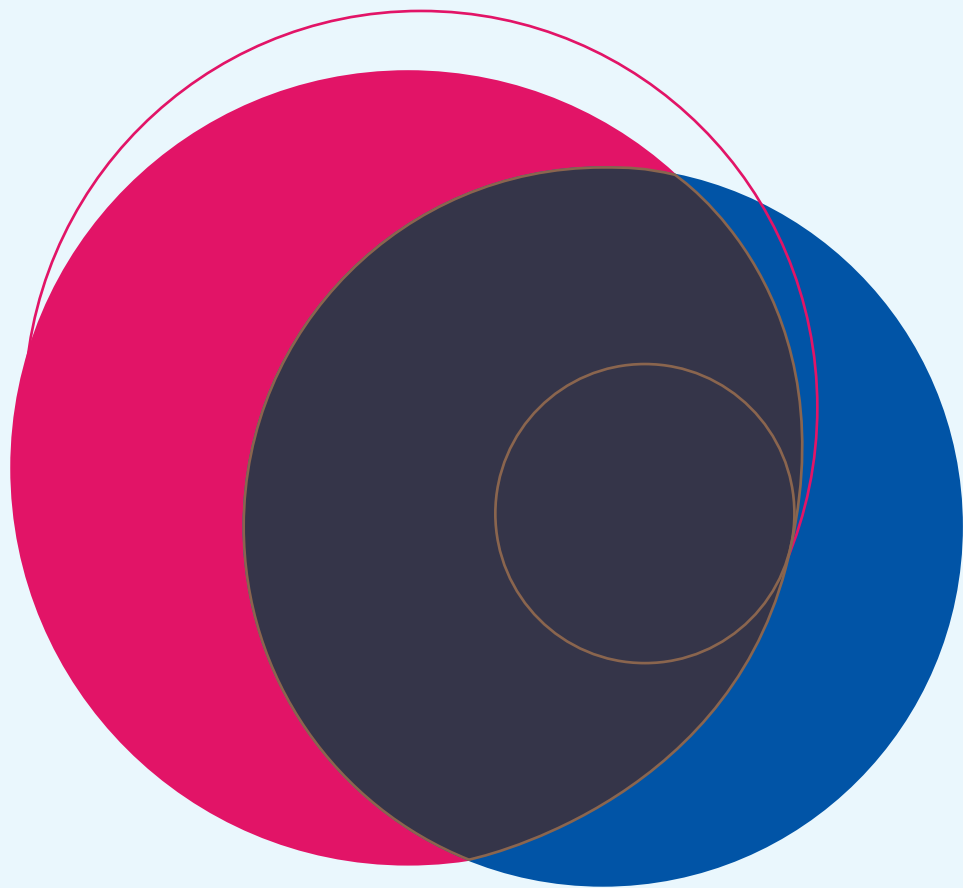


interview

We invest in companies, not stock.

MARCEL CREUTZ



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»We invest in companies, not stock«

Faced with the coronavirus epidemic, Marcel Creutz recommends staying the course of long-term investment.

When markets blow hot and cold, many investors are tempted to throw in the towel. Marcel Creutz, Founder and Chairman of the Board of Directors of Creutz & Partners Global Asset Management S.A., discusses the importance of holding firm in times of crisis by applying a long-term investment philosophy with discipline and rigour. Regarding the current health situation, he shares with us the measures that the company has recently taken to protect its employees and clients, while guaranteeing the continuous availability of advisers to serve them.

Mr Creutz, over just more than two weeks, we have seen spectacular declines in the financial markets. The MSCI World index has, for example, lost close to 25 % since the beginning of the year. How are you reacting to this?

»In my eyes, human beings comes first at all times. My thoughts are with all the victims of the epidemic and their loved ones. In times like this, it's normal that emotions are running high. However, panic is never called for. We must keep our heads cool, remain united and vigilant. Humans prevail by demonstrating their talent. Healthcare professionals are on the frontline today, and we must support them, if only by following their advice. And each of us can contribute by practising our job in a professional manner.

For us, our business is to invest in the long term on behalf of our clients. More than ever, they expect us to protect their interests. In the current situation, it is crucial not to be influenced by spectacularly negative short- or medium-term market developments – or positive ones for that matter. At Creutz & Partners, we do not think about the next quarter, but rather the next generation. Our long-term investment philosophy has, so far, always proved us right.

The experience that I have acquired alongside my colleagues spans 40 years. It began in the early 1980s at Deutsche Bank, where I launched one of the first Wealth Management departments in Germany, and has continued with Creutz & Partners, an adventure I started at the end of the 1990s. Financial crises come and go. Let's remember, for example, the crash of 1987, which saw a sharp decline in stock prices. I also lived through the Japanese crisis in 1990, the 1992 crisis triggered by a breakdown in the European Monetary System during the French referendum on the Maastricht Treaty, the bursting of the internet bubble in the early 2000s and the fluctuations triggered by the September 11th attacks. And, of course, there was the 2008 subprime debt crisis in the United States, which led to a global recession on a scale we hadn't seen since the Great Depression of the 1930s. The list goes on! On the other hand, there are also new uncertainties worth noting: while gold and the Swiss franc have played their counter-cyclical role well in previous crises, we are currently experiencing declines in all asset classes, including traditional safe havens.



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History has shown us that a bluechip strategy of investing in quality stocks always wins in the long run. This is supported by the findings of quantitative analysts, which show that stock prices are rather volatile in the short- and medium-term. Indeed, when analysed on a broad scale, equities experience two-thirds of stock market periods with growth, as opposed to one-third of negative-performance periods. Moreover, if we look at historical equity data spanning 100 years, this asset class has been a winner nine times out of ten over a ten-year investment timeline. Goldman Sachs data tells us that historical stock market corrections lasted on average four to six months. Time, therefore, should be on our side.

Supplementary analyst data states that stock market crises recur on average every 12 to 18 months. Let's not forget that we are coming out of the longest bull market in history. Since the 2008 crisis, stock prices have gone in only one direction: upwards! So a market decline was to be expected, statistically. It's just that no one could predict when this would happen. Covid-19 seems to have accelerated everything.«

The Chinese word for »crisis« also means »opportunity« ...

»Absolutely. Given what I've just said, we are convinced that the current crisis is temporary. We are currently pursuing isolated investment opportunities in the markets. However, we advise private investors not to give free rein to their buying and selling instincts.

Our offer, philosophy and purely discretionary management approach, based on 40 years of expertise and knowledge, give us a particular duty: our clients entrust us with the management of their assets exclusively through mandates.

When we invest on behalf of our clients, we act responsibly, as entrepreneurs and not as speculators. Strategically, we buy companies that we believe in because of their competence, business model, profit and loss statements and balance sheets, with long-term investment in mind. The real added value for shareholders has always been created by the men and women in the field and not by stock market prices! Our investments are therefore not motivated by the quarterly figures of a given company. In absolute terms, we do not buy stock prices, although tactically we, of course, make additional purchases to offset potential average losses in the current situation compared to the initial purchase price and to take full advantage of the market recovery that will not be long in coming.

As asset management professionals, we constantly monitor the overall macroeconomic situation. The coronavirus epidemic is certainly responsible for the acceleration of the current crisis. Still, we're keeping an eagle eye on the trade war between the United States and China, the Brexit negotiations between the European Union and the United Kingdom, tensions over oil, a series of geopolitical tensions and so forth.

So for our family business, the word »crisis« does indeed rhyme with »opportunity«. Many of our clients with long-term liquidity reserves are currently entrusting us with more of their assets, enabling us to pursue selected growth opportunities with them in order to emerge from the current crisis in a stronger position.«

The health crisis caused by the Coronavirus (Covid-19) is forcing companies to take drastic organisational measures. Public life is slowing down and schools have closed. What about your company?



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»We understand the extent of the current health situation. I will say it again: in our company, human beings take precedence over short-term profit maximisation. This is why ›discipline‹ and ›commitment‹ have become our watchwords.

Our employees and their expertise are indeed the most valuable resources we can offer to our clients and partners on a daily basis.

This is why, together with my management teams, we decided this last weekend to protect our employees, our clients and their respective families by refraining from exposing them to unnecessary risks. We are cancelling our employees' in-person appointments and replacing them with remote interactions. We are also making arrangements to allow as many of our employees as possible to work remotely so that they can take care of their children who are currently unable to attend classes. Of course, our clients' portfolios continue to be monitored and managed as proactively as in normal times.

At the same time, we guarantee continuous service to our clients who place their trust in us with regard to the management of their wealth: our clients continue to have their own dedicated Relationship Managers at their disposal. Nothing changes. Nothing, apart from the fact that interactions will take place at a distance and will be facilitated by modern communication technologies such as video-conferencing. Indeed, our customers have not hesitated to contact their personal Relationship Manager more often these days. In addition, our reception, which can be reached on +352/9782211, is, as always, dedicated to answering all questions.

Additional measures are planned in case the situation evolves further. We are strictly following the recommendations of the health authorities.

I would really like to express our most sincere gratitude to our clients and employees, who are acting with compassion and commitment, as well as to the national authorities and healthcare professionals who are currently moving heaven and earth to prevent the situation from getting worse for all of us! We cannot thank you enough!

Together, we will overcome this challenge by demonstrating solidarity.«

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