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IC No. 26 - Outlooks of outlooks reloaded

When sifting through the numerous annual outlooks for 2022, two recurring themes stood out: The topic of sustainability (net zero) is THE TOPIC of our time and will increasingly accompany us in 2022. It is also striking that almost all participants in our literature research also expect positive returns on the stock markets for 2022. Of course, a "little" professional optimism plays a role here, but nevertheless this expectation could be correct. It is interesting to note that compared to the previous year, the topic of sustainability has gained massively in importance (from 6th to 1st place) and optimism regarding the stock markets has declined somewhat (from 1st to 3rd place). The topic with the greatest forecast uncertainty is inflation and the normalisation of monetary policy. Inflation is expected to be slightly above trend (i.e. 2-4%). Central banks will scale back their support measures, but continue to do so cautiously. In terms of investment, the focus is on "trade recovery" and the assumption of rising industrial production after the problems in supply chains have been resolved. Accordingly, European and Japanese industrial stocks will be favoured especially in the first half of 2022. Overall, we at Prio Partners support the above themes and advocate dynamic asset allocation, which should continue to have advantages over rigid 60/40 portfolio allocations in 2022.

| Top 10 topics | 0% Consensus | 100% Consensus |
|--|--------------|----------------|
| Sustainability & investments in energy transition (net zero) | | |
| Solid corporate profits, growth continues | | |
| Equity markets remain attractive | | |
| Normalisation Inflation above historical trend | | |
| Market volatility remains elevated | | |
| Increasing state capitalism | | |
| Stronger US Dollar, Fed rate hike | | |
| Rising real yields problematic for growth stocks | | |
| Emerging markets as an attractive portfolio addition (China) | | |
| Hybrid working models shape the labour market | | |

Of course, the further course of the pandemic will influence the issues presented. Nevertheless, we see the rough lines drawn for the year 2022. Accordingly, we must approach implementation with confidence and determination so that the coming year will also be satisfactory from an investor's point of view. Good luck and all the best to you all. Stay invested and healthy.

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