



ROSSIER, MARI & ASSOCIATES LTD
Investment Consultants

Investment Report 31 December 2014

The markets once again recorded a positive performance in 2014. Our performance (approx. +7%) is slightly below the benchmark because investments in the energy sector declined massively in the fourth quarter. The oil price fell over 50% in just a few weeks. This marked price decline will have a negative impact on the oil industry in 2015; however, if prices rise again to USD 70 or USD 80 in the second half of the year, as I suspect they will, this investment sector will outstrip all the others.

Low oil prices mean strong momentum for the global economy. It has been estimated that a price of USD 50 per barrel results in a boost of over USD 100 million to the economy in the US. In Europe too, a lower oil price will revive the economy and stimulate consumption. Low energy prices, low interest rates and high liquidity will also support the equity markets in 2015. The US market in particular will benefit from a strong economy in the USA, but Europe should also draw benefits from the low energy prices. Negative interest rates and the ECB's expansive monetary policy will also boost the equity markets. The environment for the equity markets is favourable in 2015 and performance should be positive once again.

The greatest risk is the euro. If a bigger euro crisis were to break out, the equity markets could react negatively. If the reforms in countries such as France and Italy are not approached seriously, a euro crisis will be unavoidable. However, this is not likely to occur this year. Various countries can still obtain finance at very favourable conditions, so they are unlikely to fall into difficulties. It could be problematic for the euro when interest rates rise again.

The dollar will be the star currency in terms of performance in 2015. The money supply in the USA is no longer growing as strongly as in Europe and interest rates could rise again in the USA towards the end of 2015.

Precious metals could also see another slight rise, but this is unlikely to be very spectacular.

We will monitor the energy sector very closely, as we are convinced that an outperformance of the portfolio could come from this angle.

14 January 2015
Georges Mari