

KTS
CAPITAL
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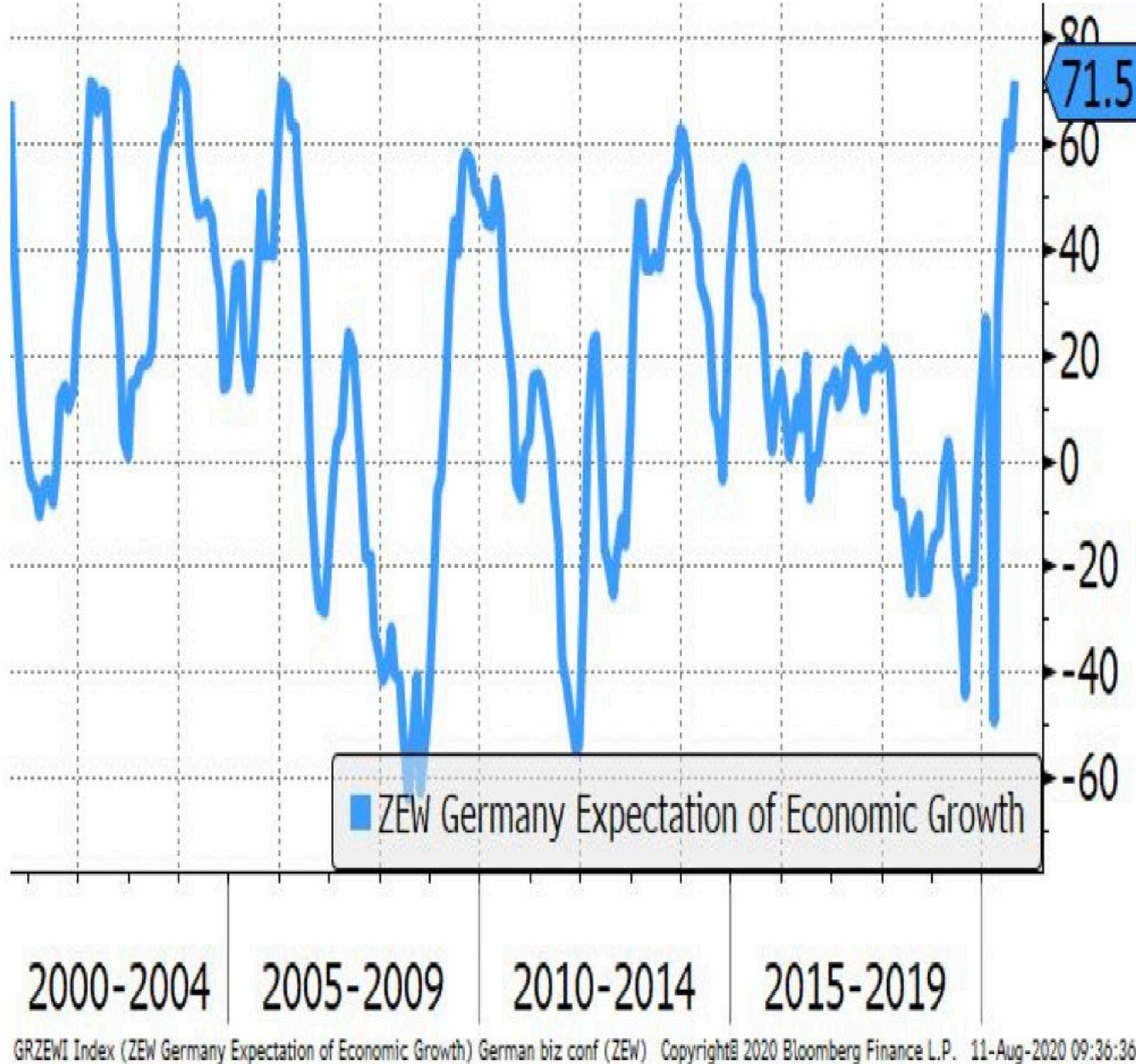


COVID-19 update Nr. 17

The 14th of August 2020

German economic confidence

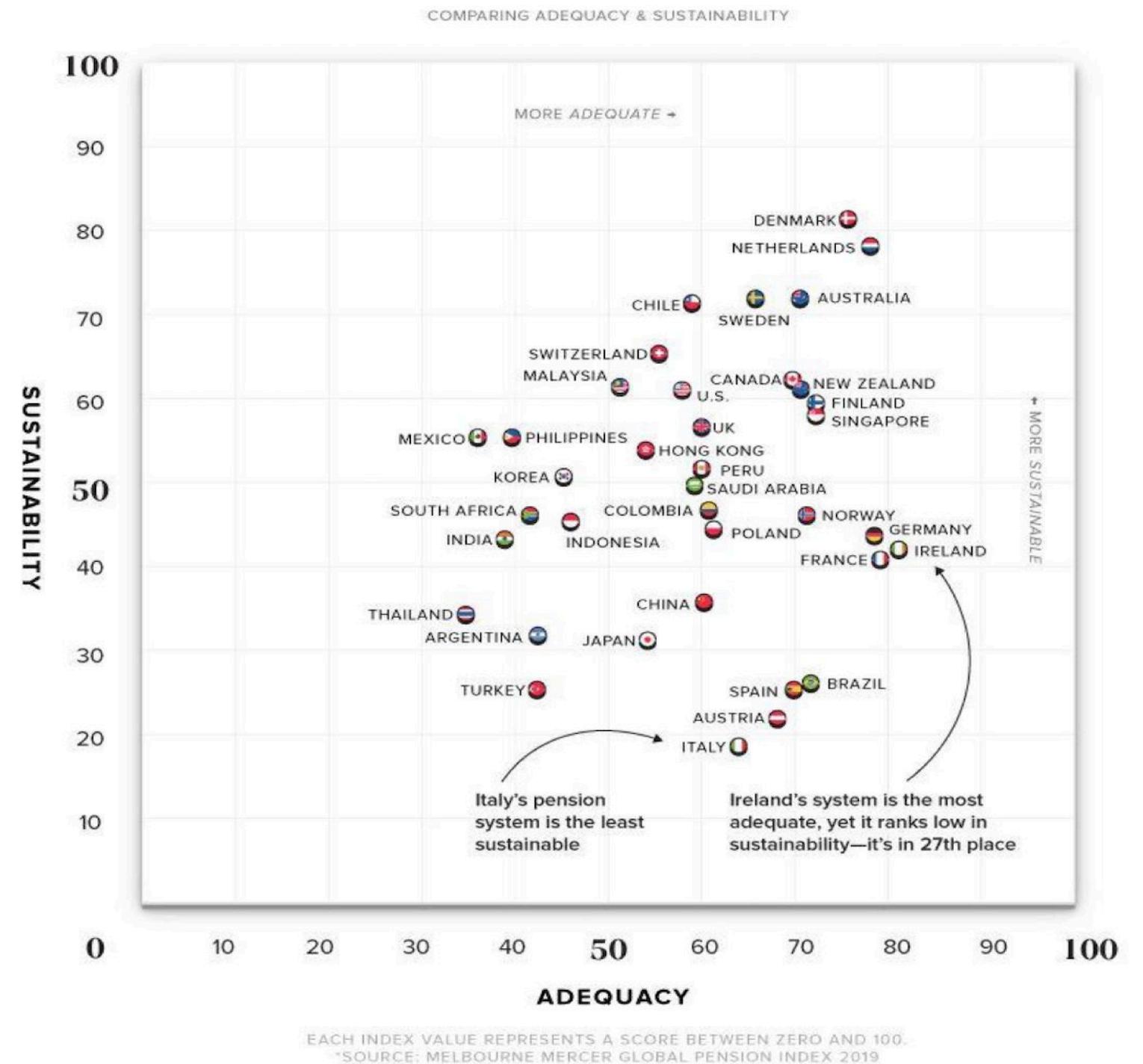
- The German economic confidence blows away economists' estimates.



Picture Title

Sustainability of pension plans by country

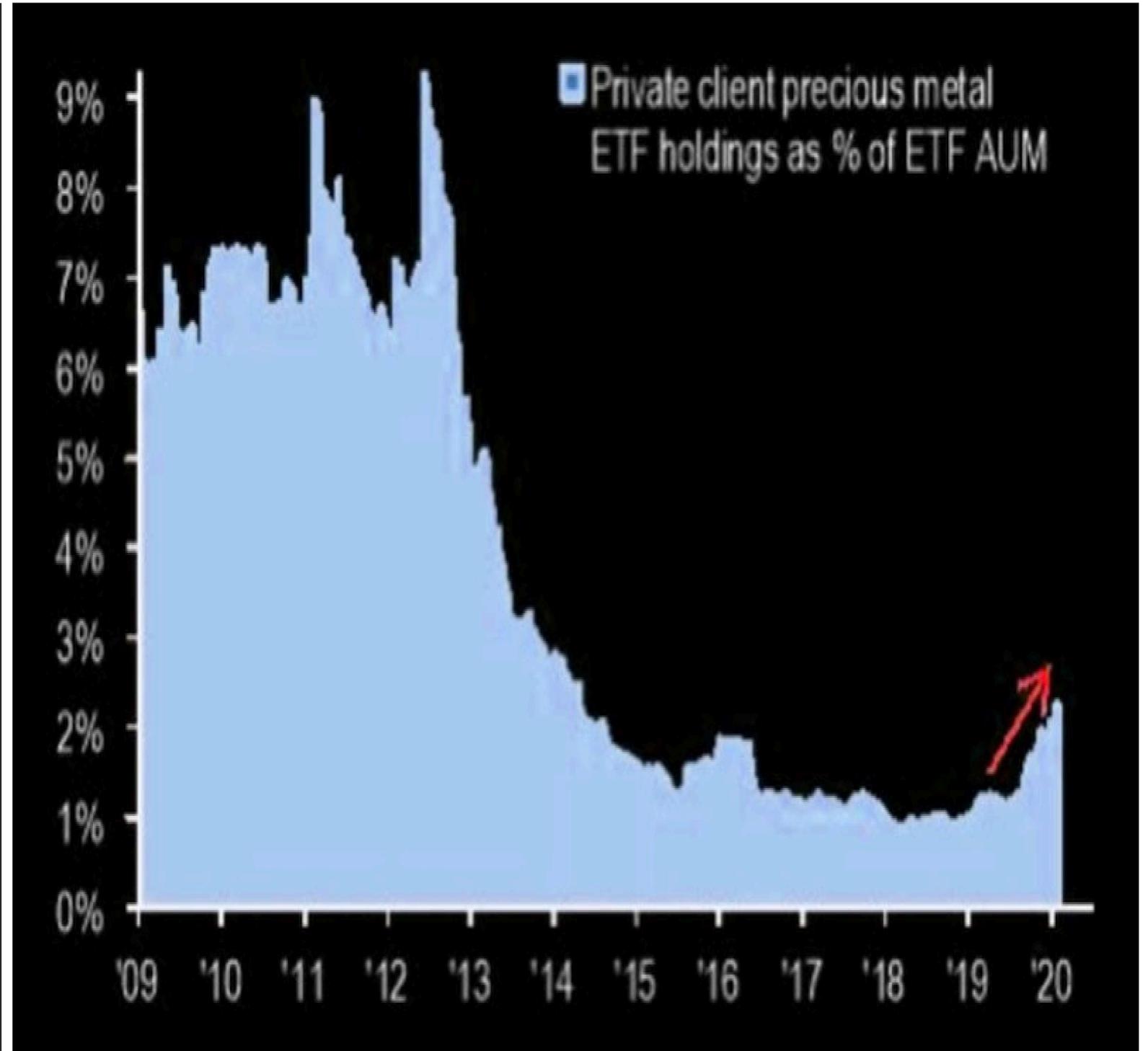
- Having a generous pension plan does not necessarily mean that it also has a sustainable funding (source Mr. Wälchli).
- Italy's pension system is not sustainable
- Denmark, Netherlands, Chile, Australia, Sweden and Switzerland are more sustainable.



Sustainability of pension plans

Private client exposure to precious metals

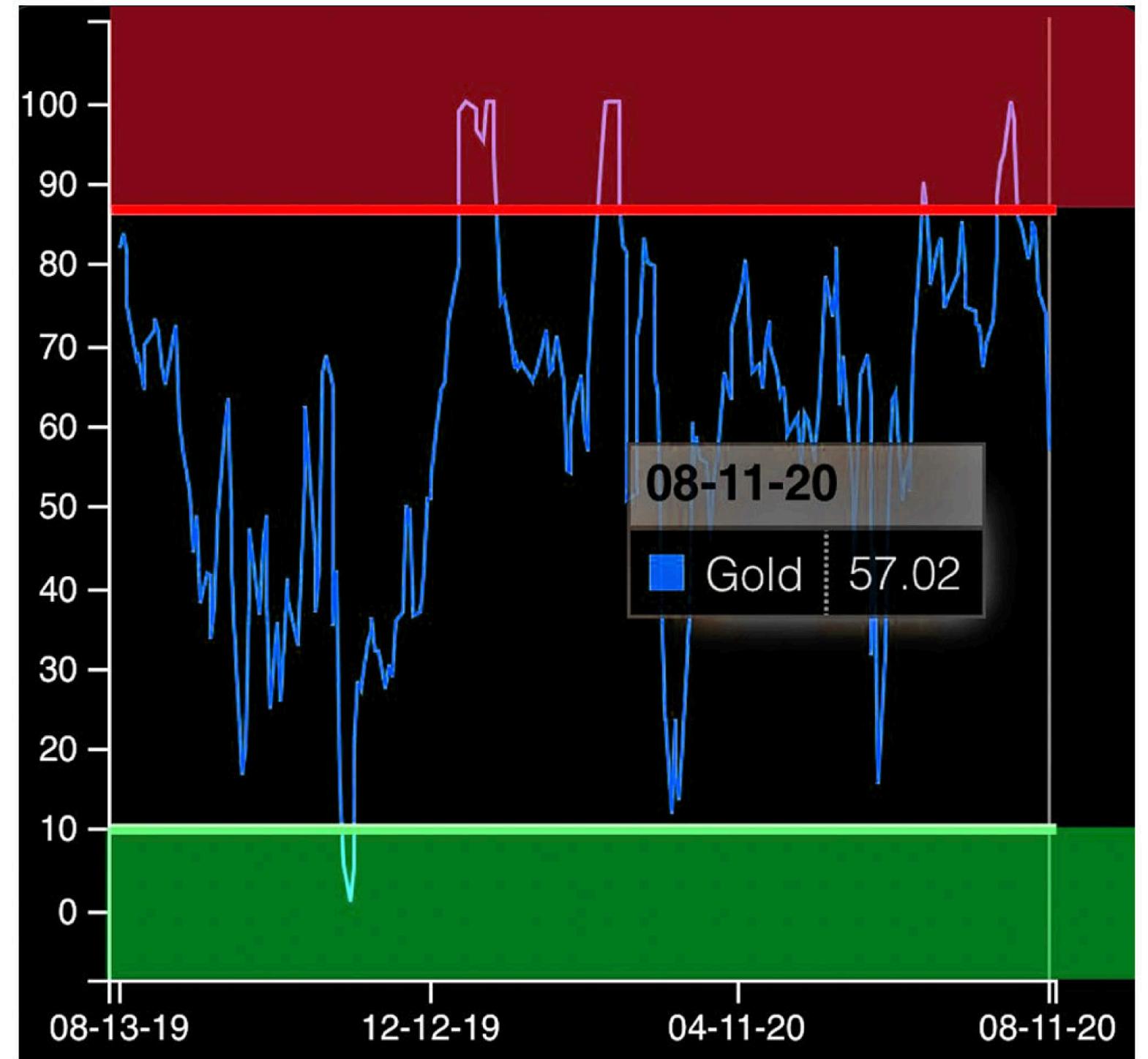
- Interesting chart of Bank of America: private client exposure to precious metals is now 2% vs total Asset under Management, but use to be as high as 9% in 2011
- Therefore we can assert, that the Gold hype by private clients is still at early stage.



Gold allocation

Gold short term momentum

- Short term Gold is a bit overbought



Gold Sentiment

ESG Impact Index Fund

- Top 10 positions of the Index are making 27.11% of the total holdings.
- The Top holding are basically always the same names: Microsoft, Apple, Amazon, Alphabet, etc, etc, etc
- For any investor, there is no way to pass by such names, either are the top holding of Nasdaq or S&P 500 Index, or are top name for ESG selection.
- We are experiencing a new concentration risk in the market and honestly, we are fully underestimating it. To analyze the market situation about market concentration, we have started working together with a UK Asset Manager, which has an unconventional model, based on the “Chaos Theory” in addition to another asset manager working with Machine learning.



Top 10 holdings for ESGG make up 27.11% of the fund's total holdings

MICROSOFT CORP COMMON STOCK USD 0.00000625	5.5994%
APPLE INC COMMON STOCK USD 0.00001	5.5435%
AMAZON.COM INC COMMON STOCK USD 0.01	5.1474%
ALPHABET INC COMMON STOCK USD 0.001	2.1664%
JPMORGAN CHASE & CO COMMON STOCK USD 1	1.6005%
INTEL CORP COMMON STOCK USD 0.001	1.5932%
BANK OF AMERICA CORP COMMON STOCK USD 0.01	1.5830%
PROCTER & GAMBLE CO/THE COMMON STOCK USD 0	1.4575%
NESTLE SA COMMON STOCK CHF 0.1	1.2612%
ROCHE HOLDING AG COMMON STOCK CHF 0	1.1616%

Top 10 ESG stocks

Real rate

- Real Rate on the 10y US Government Bond are at -1% (source Bloomberg).
- Pension plans yields are falling.
- The total of bonds with negative yield is increasing.
- Perfect environment for Gold and equities.



Real rates

General news

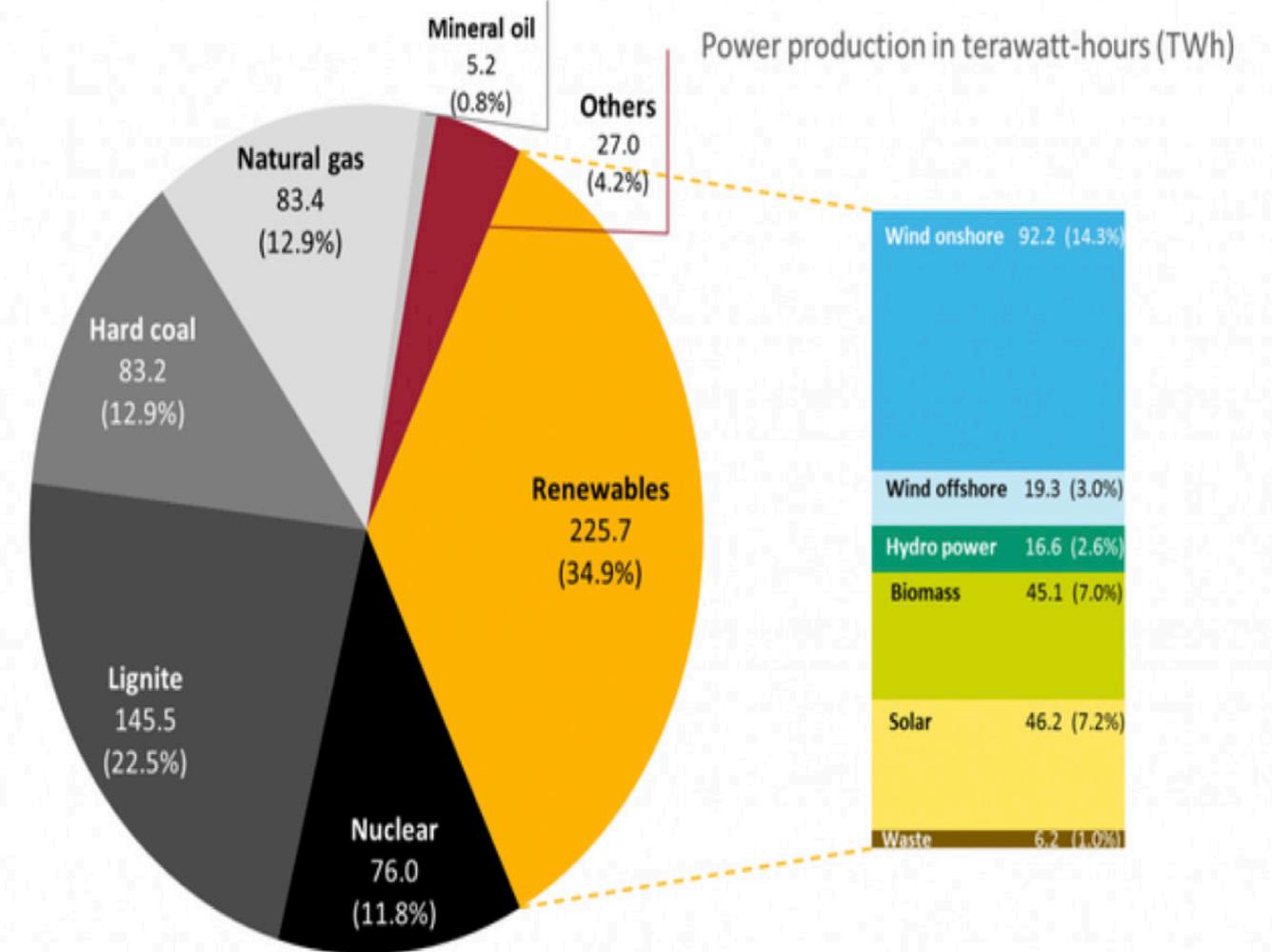
- Newspaper article on Blick.ch, where experts expect a vaccine in Switzerland before the end of 2020. As we have always argued, it is going to happen, to avoid a second wave over winter time.
- It looks like, Renaissance Technologies, one of the world's best-known hedge funds is YTD -21% .
- During the COVID19 Period, Swissquote opened 57'000 new accounts. Apple and Amazon are the “darling” of retail clients. The “retail effect” is definitely kicking in in the market, not only in USA with the Robinhood platform, but also worldwide.
- The Swiss Conseil Federal (cabinet) is proposing a legal frame to enable self driving cars. This is an important sign, showing the future path of the automotive industry and confirming the connection of the implementation of the 5G as a base to further innovation for most of sectors. We are trying to participate in such mega trends by being invested in specialists like the best in class fund Alkeon.

German power production

- Quite strong and negative article on the German Magazine “Der Spiegel” : The reason renewables can’t power modern civilization is because they were never meant to...
- The magazine cites a recent estimate that it would cost Germany 3.4 trillion EUR or seven times more than it spent from 2000 to 2025, to increase solar and wind three to five-fold by 2050.
- Between 2000 and 2019, Germany grew renewables from 7% to 35% of its electricity. Germany’s renewable electricity which comes from biomass, which scientists view as polluting and environmentally degrading, is the same amount of solar’s.
- Of the 7’700 new kilometers of transmission lines needed, only 8% have been built, while large-scale electricity storage remains inefficient and expensive: “a large part of the energy used is lost” and the efficiency is below 40%, no viable business model can be developed from this!
- Sound like Prof Hans-Werner Sinn of IFO, here again the links to his conference: <https://www.youtube.com/>

Share of energy sources in gross German power production in 2018.

Data: AG Energiebilanzen 2019, preliminary.



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It will cost Germany \$3-\$4 trillion to increase...

AG ENERGIEBILANZEN

[+]

Share of energy sources in Germany

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