Translation of original German text

Three questions to four experts

Which market trends do the experts expect to continue in 2016 and which should institutional investors keep their fingers off?.

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1 Please take a look in your crystal ball. What are your market expectations for 2016?

The growing success of ETFs and the reduction in banks' trading books, which means they cannot provide so much liquidity when trends reverse, will result in further high volatility and even more pronounced trends. Therefore, assets such as equities should only be held with controlled risk, with the aid of a systematic approach that ensures a timely switch into safer investments.

2 Which asset classes should institutional investors avoid?

Bonds have become very expensive. There is a high price risk with virtually no return, especially on long maturities. Assuming rising interest rates and falling prices, a sensible hedging strategy would be good. In addition, using established absolute return methods in an effort to achieve higher returns with low drawdows makes sense.

3 What is your worst case scenario for 2016?

If there is a recession against the will of the central banks, that would temporarily lead to a significant fall on the stock market, which investors should protect themselves against. If the central banks continue to flood the market with money for too long, general market confidence in their ability to exercise control will diminish.