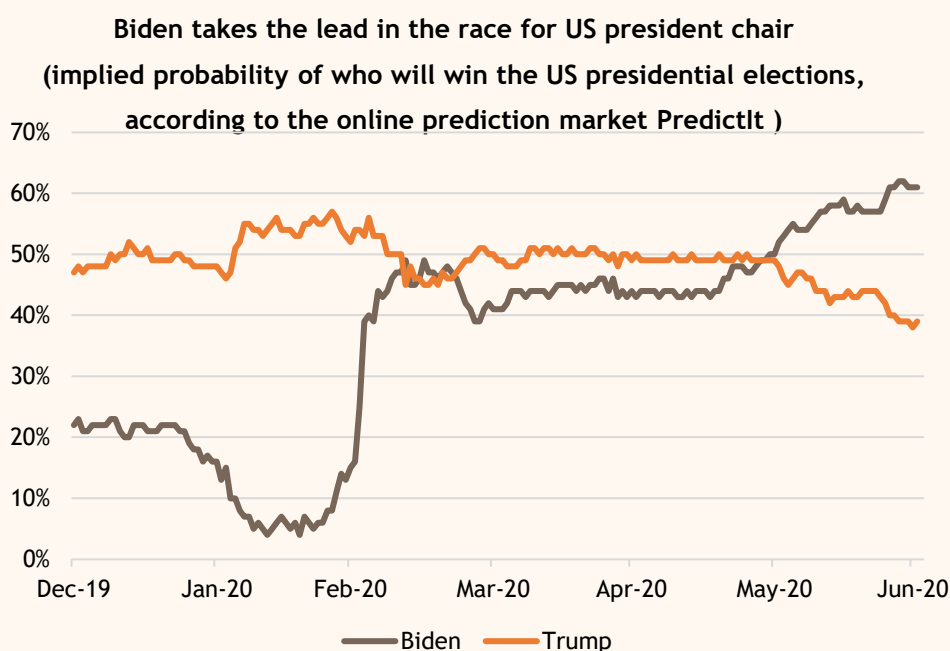


Key Economic Figures/Events of the Week

- We have had another week of mixed signals, with the increasing numbers of Covid-19 infections on the one hand and some progress in the development of the vaccine and the treatment of the infection on the other. Better-than-expected economic data has also added to the good news. The June ISM index of factory activity for the US has jumped towards expansion territory, improving to 52.6 (compared to 49.8 expected) from 43.1 in May. However, the recovery curve starts to flatten, as companies and consumers are still cautious in their behaviour in the light of uncertainties lying ahead. This means that it will take a long time to reach the pre-crisis level of economic activity.
- By the end of the week markets have received a further boost after US June payrolls showed an increase of 4.8 million nonfarm payrolls in June (compared to 3.2 million expected, according to a Bloomberg survey of economists), and a decrease in the unemployment rate of 11.1% from 13.3% in May. That was all market needed to get a reassurance of its optimistic convictions that the economy is recovering. Incoming economic statistics will continue to improve, but we believe that corporate earnings in the second quarter and the approach of the US elections will bring additional anxiety to the financial world in the following weeks.
- Speaking about US elections, market participants have not yet made their mind up on how to react, even though the public opinion has recently shown a significant change in voting preferences. We see no sense in making any predictions regarding neither the outcome of the elections nor its impact on the markets, as there are huge uncertainties about policy programmes of each candidate and the way public preferences may choose to go in the lead-up to the elections. On one hand, market regulations and increased taxes, which may come with Biden's presidency, will negatively affect companies' earnings. On the other hand, the incumbent's tough stance on China and other global issues also has a negative impact on the markets. The uncertainties caused by the US elections are not currently priced in by the markets, but we think they should not be ignored.



Source: PredictIt, Bloomberg

- The publication of Minutes of the FOMC policy meeting has also brought back the discussion of the use of the yield curve control as a monetary tool. Fed members are reticent of the idea as for now. The news has caused a somewhat upward pressure on yields on the longer part of the curve. Average duration in our portfolio

- currently stands at 5 years, and this has not had any significant impact on portfolios. US central bank has only used a small part of its secondary market bond buying credit facility and there is still enough room to support markets in the following months. However, we believe the regulators will go as far as needed to keep markets functioning and to prevent yields going too high.

Weekly Investment Insights

- Argentinian state oil giant YPF (CCC/Caa3/CCC+) has announced an exchange offer of its notes due 2021 to ones maturing in 2025. The exchange is favourable for investors and is very likely to be accepted. If so, it will significantly reduce the company's near-term refinancing risk. We do not own YPF notes due 2021, we own longer-maturity bonds, but the news is positive for holders of all bond maturities, as the overall debt profile of the company will improve.

Strategy

This week we have fixed profits on some long duration bonds, as we aim to decrease duration in our portfolios in anticipation of increased volatility in the following months. We have also sold bonds with yield lower than 1.8% in leveraged portfolios. We keep monitoring primary market offers to acquire new names we like. This week we have received an allocation in Russia's largest petrochemical producer Sibur (BBB-). The deal has been issued at a yield-to-maturity of 2.95% with maturity in 2025. We like the name, given its high-quality credit profile and are ready to hold it until maturity, as the bond should have low price volatility. We also subscribed in the new offering of the largest Brazilian railway operator Rumo (BB-) at 5.25% yield-to-maturity. The company has a good credit profile, but its rating is being constrained by the Brazilian sovereign rating.

We hope you will find this information useful and we will be glad to answer your questions

AXIOMA Wealth Management AG
Bleicherweg 50, CH-8002 Zurich
Tel.: + 41 43 305 07 10
info@axiomag.ch
www.axiomag.ch



Verband Schweizerischer Vermögensverwalter | VSV
Association Suisse des G rants de Fortune | ASV
Associazione Svizzera di Gestori di Patrimoni | ASG
Swiss Association of Asset Managers | SAAM

Disclaimer

These materials shall be used for the purposes of distribution only within the limits stipulated by provisions of applicable law. This document and/or information contained herein, are not and shall not be deemed as an offer, invitation for offers of purchase and sales of any securities or any other financial instruments. Data contained herein is of informational nature only. Description of any company or foundation, or their securities, markets or any events mentioned herein, do not pretend to be complete. These materials and/or information shall not be considered by the receiving parties as a substitution for own decision, nor concern any investment strategies, financial state or any certain receiving party's needs. Information and opinions contained herein were prepared or expressed on the basis of information received from the sources deemed to be reliable. Such information was not checked by independent experts and no assurances nor guarantees, direct or indirect, may be given in respect of accuracy, completeness or reliability thereof. All such information and opinions may be changed without prior notice, and AXIOMA Wealth Management AG shall not be obliged to maintain information contained herein or in any other source in current state. Some statements contained herein are predictive. Such predictive statements may be determined via application of such words and expressions as "we think", "we expect", "may", "we intend", "will be", "shall be/must" or "it is expected" (whether affirmative or negative form, or any derivatives, other similar terms/definitions or strategy). No warranties shall be given in respect of the fact that any prospect results mentioned in predictive statements will be achieved. Such statements are subject to risks, uncertainties and other factors which may lead to the situation when actual results will considerably differ from prospect results expressed in such predictive statements, whether directly or indirectly. One should not rely on the opinion that recommendations will be profitable in the future or will correspond to the profitability level of securities mentioned herein. While analyzing data concerning previous results contained herein, prospect investors shall take into account that previous results may not inevitably reflect future results, and no warranty may be given that similar results will be achieved in the future. Neither AXIOMA Wealth Management AG, nor any affiliated persons, directors, employees or agents shall not be liable for any direct or indirect damages or losses, which may result from the use of information contained herein (in whole or any part thereof). Information contained herein may not be reproduced, distributed or printed, in whole or in any part thereof, whatever purposes may be, without prior written consent. AXIOMA Wealth Management AG shall not be liable for any third persons' actions which may be executed in connection herewith.