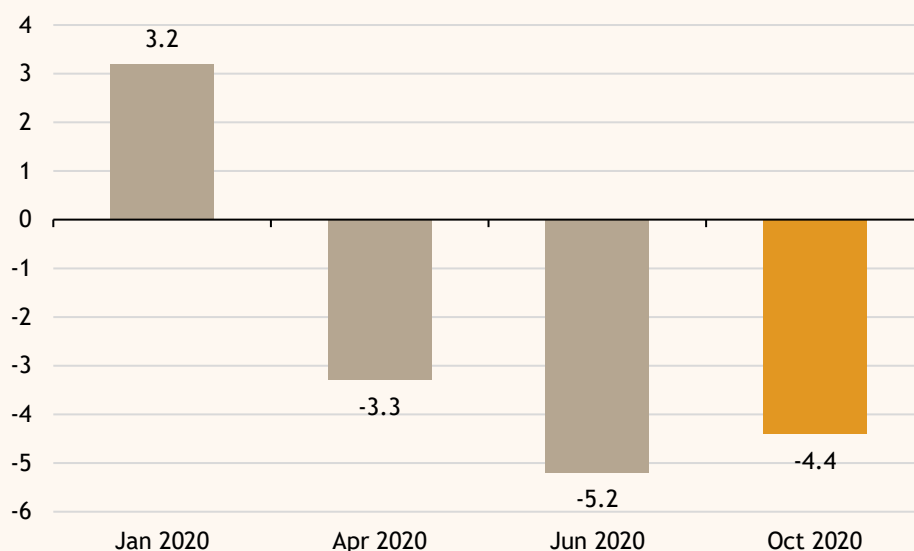


Key Economic Figures/Events of the Week

- The discussion of a new fiscal stimulus package in the US has continued to be the main focus for the markets this week. No progress has been achieved, with parties blaming each other for the failure. Meanwhile, US Treasury Secretary has affirmed that it would be “difficult to get something done” before the 3 November presidential elections. While the disappointment has led to stock markets falling slightly, bond markets have stayed resilient so far. The damage from the delay in approving new fiscal measures will probably become visible as next month’s data starts to come in and this is likely to spur the market jitters. In the following weeks markets will turn their attention to the third quarter earnings reports and the forward guidance from companies. How they fare against forecasts will likely drive the market sentiment in one direction or the other.
- Newly revised world economic outlook from IMF helped to paint an overall picture of how the global economy is faring in its most challenging year since the 2008-2009 financial crisis. IMF forecast a 4.4% contraction of the global output in 2020, but the number has been revised upward from -5.2% in June. The revision has not come in as a surprise, as the situation was far more unpredictable back then and the swift and efficient intervention of central banks induced a fast recovery in the few months after the crisis. Now its time for governments to aid with further stimulus, as we are yet far from the pre-crisis levels. Among the G20 countries, only China is expected to register growth, at 1.9% in 2020.

IMF forecasts a deep recession for the global economy in 2020, but revises projections upward

(year-on-year percent change)



Source: International Monetary Fund

Weekly Investment Insights

- The Brazilian meat producer JBS (BB/BB+/Ba2), which has 55% revenue exposure to the US market, has reached an agreement with the US Justice Department regarding a settlement of the fine for bribery charges in the amount of USD 128 million, much lower than expected. The company has been for years under pressure due to involvement in corruption scandals. The settlement paves the way for the long-sought listing on the US stock exchange, which will allow the company to raise new equity funds. S&P has recently upgraded JBS to BB+ from BB and updated the outlook of the other Brazilian meat producer we hold, Marfrig (BB-), to positive from

stable. It's another example of how US prosecution works and what consequences it usually has at the end. First market reaction is always quite strong given that the first fines are usually huge. The process takes time, up to several years, which is often characterized by bouts of volatility for the bond under question depending on the news. But finally there is a settlement and in predominant number of cases the final fine is several times less than the original one which is being favoured by the markets. We believe that Teva case will follow the practice and the bond price will recover.

- US banks were, as usual, first to report quarterly earnings. Morgan Stanley (A2/A/BBB+) was among the companies which have profited from the crisis, seeing a surge in revenue due to an increase in trading activities. During the March dip we subscribed to several new issues of US banks, including Morgan Stanley, which we deemed as too expensive to acquire pre-crisis. Since then, the intervention of the Fed has led to a rapid tightening in credit spreads for US issuers, including financials.

Strategy

This week, we have participated in several new primary offers. We have received an allocation in a 7-year new issue of the Arab Emirates utility company Tabreed (BBB/Baa3), placed at 2.7% yield-to-maturity, 5-year new issue of the Union Bank of the Philippines, placed at 2.2% yield-to-maturity and a tap of the Colombian gas distribution company Promigas (Baa3/BBB-) bonds maturing in 2029, issued at 3.8%.

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.