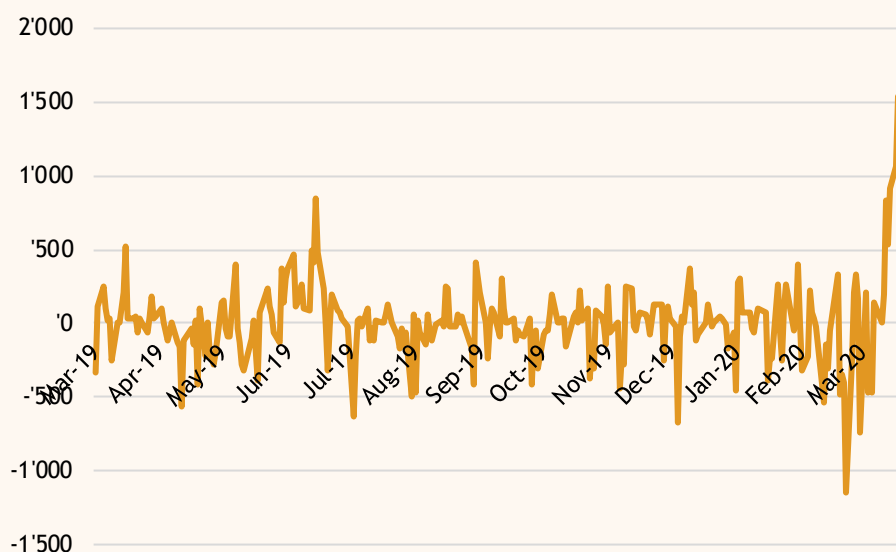


Key Economic Figures/Events of the Week

- Stimulus is the word of the week, as central banks and governments have proven ready to go a long way to bring back confidence to the markets. On Monday (23/03), the Federal Reserve announced that it would do whatever-it-takes to save the US economy, including buying as much government debt as necessary. This was not enough to calm down the markets, as investors were still reticent in believing that the measures already taken would be enough to weather out the economic turmoil due to coronavirus. The turning point of the week was Wednesday (25/03), when the US Senate passed a stimulus package of USD 2 trillion, which would include loans to corporations, tax breaks and direct payments to individuals.
- Fixed-income markets have been under severe stress until recently. This week, the outflows from the bond funds moderated, turning by the end of the week into net flows, which was a sign that financial conditions were starting to stabilize.

Significant inflows into iShares iBoxx Investment grade Corporate Bond ETF
(USD mio)



Source: Bloomberg

- The weekly number of jobless claims in the US jumped to 3.28 million, a level unseen until now. Also in the US Composite PMI index fell from 49.6 points in February to 40.5 points in March, while in Europe it stood even lower, at 31.4, and we shall probably see even worse figures ahead. At this stage, no one can predict how long the crisis will last and it is impossible to model the economic impact yet. However, there is something different about this recession. The economic downturn occurred due to social distancing policies, which would mean that, once the restrictions are removed, activity should rebound sharply. But for this to occur, one of the following things must happen: the number of new infections should decrease, a vaccine or treatment should be developed.
- Oil prices remain at very low levels with high volatility. There are some attempts from the US to step into the Russia-Saudi dispute. We believe that there could be some kind of a renegotiation between major oil producing countries as the current low oil prices don't make anyone happy. Should this happen, oil prices could rise to \$40-45 per barrel according to analysts and this would be a great boost for most oil companies as well as EM markets. Meanwhile, the main US oil ETF saw record inflows, meaning investors are expecting that the current level bottomed and a price reversal will occur soon.

Weekly Investment Insights

- Norwegian oil company Aker (BBB-/Ba1), one of the companies which suffered the most amid recent market corrections, has recently announced a significant decrease in capex for this year, and that it would assess the impact of the recent decrease in oil prices before making any dividend distributions. The company's break-even price is \$12 per barrel. We continue to hold Aker bonds in our portfolios, as we are positive about the company's ability to pay its debt obligations and expect their price to increase once the sentiment on the market improves.
- The newly-adopted US relief package includes a ban on stock buybacks and a limiting of executive compensations for companies seeking federal aid. This should prompt US companies to prioritise debt management which is definitely positive for bond holders.

Strategy

The recent market correction have proved a great opportunity to acquire quality names which have not otherwise been available at such high yields. We increased the leverage to the portfolios, where permitted, by utilising the opportunities at both secondary and primary markets, so that we could benefit from the upswing when the markets recover, which has already started this week. While investing we focused on major US and European banks, which would win from monetary stimulus, and large commodities companies and telecoms. In the near term, markets are prone to remain highly volatile, with many downgrades and defaults to be expected. We therefore maintain our focus on IG issuers with high credit quality, which should profit the most from Fed and ECB bond-purchasing programs.

We hope you find this information useful and 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 Gérants 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.