



LimmatWealth

MEMO

Financial Market Update

Developed Markets	2020 YTD	Since Feb 20th	Maximum Drawdown
Switzerland	-8.6%	-13.5%	-26.3%
Germany	-19.4%	-22.6%	-38.8%
Eurozone	-22.1%	-24.5%	-38.3%
United Kingdom	-23.3%	-22.0%	-33.0%
United States	-14.3%	-18.4%	-33.9%
Japan	-17.0%	-16.1%	-29.3%

Emerging Markets	2020 YTD	Since Feb 20th	Maximum Drawdown
Asia ex Japan	-16.0%	-15.7%	-27.2%
China	-7.0%	-5.0%	-10.6%

Source: Limmat Wealth, Bloomberg as of April 14, 2020

The spread of COVID-19 and its economic consequences have led to turmoil worldwide since the end of February.

The news situation in financial markets worldwide continues to be dominated by the COVID-19 pandemic and the oil price. The countries of the Organization of Petroleum Exporting Countries (OPEC) have agreed to an unprecedented reduction in production. Because of the impact of COVID-19, investors are already worried with regards to the corporate earnings season which is set to begin this week with the banking sector. Many investors expect weaker earnings as a result of the pandemic and the resulting paralysis of business life. Additionally, further evidence of the long-term impact of the pandemic dampened the mood on the trading floor.

There are currently about 2'000'000 reported COVID-19 cases and 120'000 fatalities worldwide. Almost 500'000 patients have recovered so far. The United States has by far the largest number of reported cases (580'000). The peak of new infections appears to have been reached in many countries and so some European countries are now daring to loosen the measures they have taken during the course of the crisis. Economies should slowly start up again and everyday life should be resumed. Virologists warn of a renewed surge in the number of reported cases. The great epidemics of the late 19th and 20th centuries were flu pandemics, and these mostly came in three waves. It remains to be seen whether COVID-19 works similarly.

We maintain our long-term asset allocation and have taken the first step to bring the allocation back up to target levels by investing in the healthcare sector. Portfolios should be set up for the post-crisis period today. It makes sense to focus on securities of companies whose business is not suffering as badly from the crisis or which recover quickly after the crisis has ended. We

find such companies in sectors like technology, telecommunications, healthcare or utilities. There is also the possibility that Asia as a whole will emerge from this crisis as a long-term winner, even though the virus has spread from China all over the world.

At Limmat Wealth our focus will be on keeping our service to clients fully functioning, and then seeking to grasp any new investment opportunities which are unearthed by the turmoil whilst ensuring that our colleagues, families, friends, and anyone else we can reach receives any help they need and that we can provide.

Please do not hesitate to contact us if you have any questions.