



## **SECOR Asset Management**

### Market and Macro Review – Capital Markets Update

April 20, 2020

# Market update

- Equity markets rallied:
  - The Western economies started moving toward re-opening
  - Markets are re-evaluating relative importance of short-term losses from economic shutdowns versus impact of fiscal and monetary policies
- S&P500 outperformed global markets as impact on large US companies is expected to be less severe than on European companies
- Interest rates remained stable as lower risk aversion was offset by quantitative easing
- USD remained range-bound versus major currencies, but weakened against beaten up commodity currencies (Aussie Dollar, Canadian dollar)
- Gold rallied

Return of Selected Indices as of 17 April 2020

	MSCI ACWI Index (Local)	MSCI Europe Index (Local)	S&P500 Index	MSCI EM Index (Local)	MSCI ACWI Index (USD)	MSCI ACWI Index (GBP)	MSCI ACWI Index (EUR)	Russell 2000 Index (USD)	MSCI EM Index (USD)	US 10Yr Treasury Futures Index	Bloomberg Barclays Sterling Gilt Index	JPMorgan EMBI Index	Bloomberg US Corporate Barclays HY Bonds Index
MTD to 4/17	8.5%	3.4%	11.3%	6.4%	8.6%	7.7%	9.5%	6.6%	6.3%	0.2%	1.9%	1.9%	5.9%
YTD	-13.1%	-19.2%	-10.5%	-13.9%	-14.6%	-9.5%	-11.9%	-26.0%	-18.8%	8.6%	9.1%	-10.1%	-7.6%
12 Months	-4.3%	-12.3%	1.6%	-10.2%	-5.6%	-1.2%	-2.5%	-21.1%	-15.6%	13.3%	14.8%	-3.7%	-2.2%

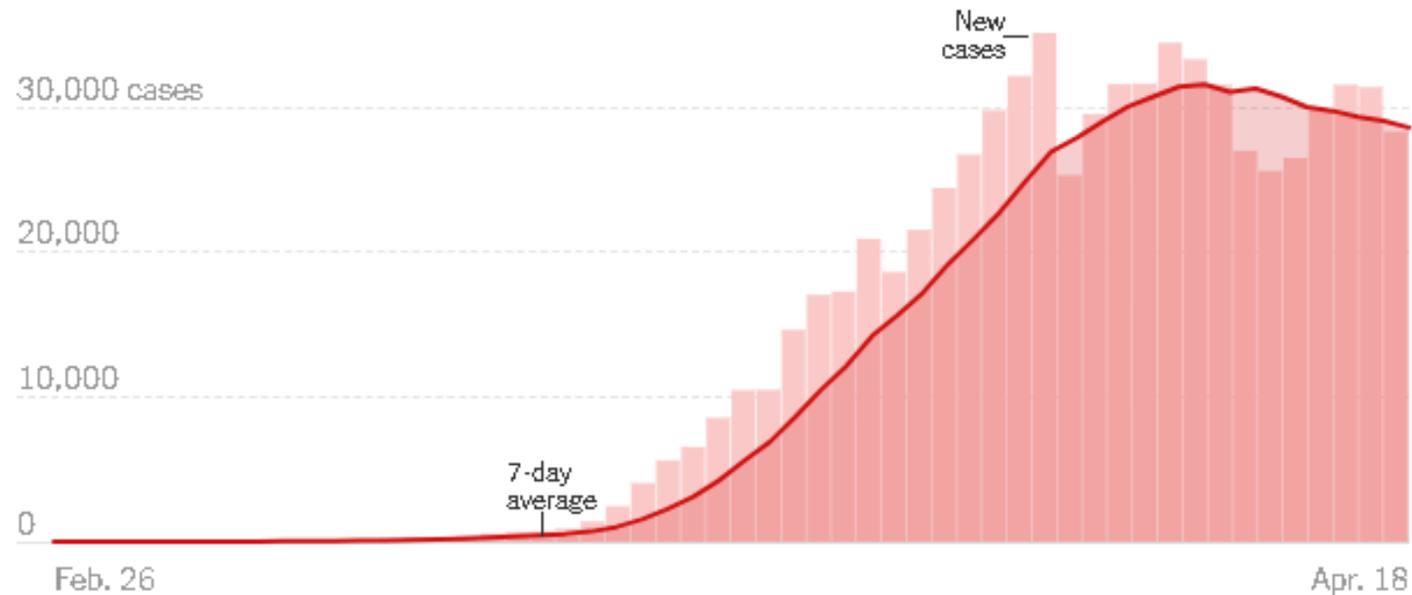
Sources: Bloomberg, SECOR

# COVID 19 update

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- Europe: growth of cases slowed; Germany is opening some stores
- US: growth in the number of new cases slowed; the Trump administration issued guidelines to states on re-opening the economies; the speed of flattening may be slower than in China
- Asia: a few new cases in China; number of cases in Japan is growing; concerns about the second wave in Singapore

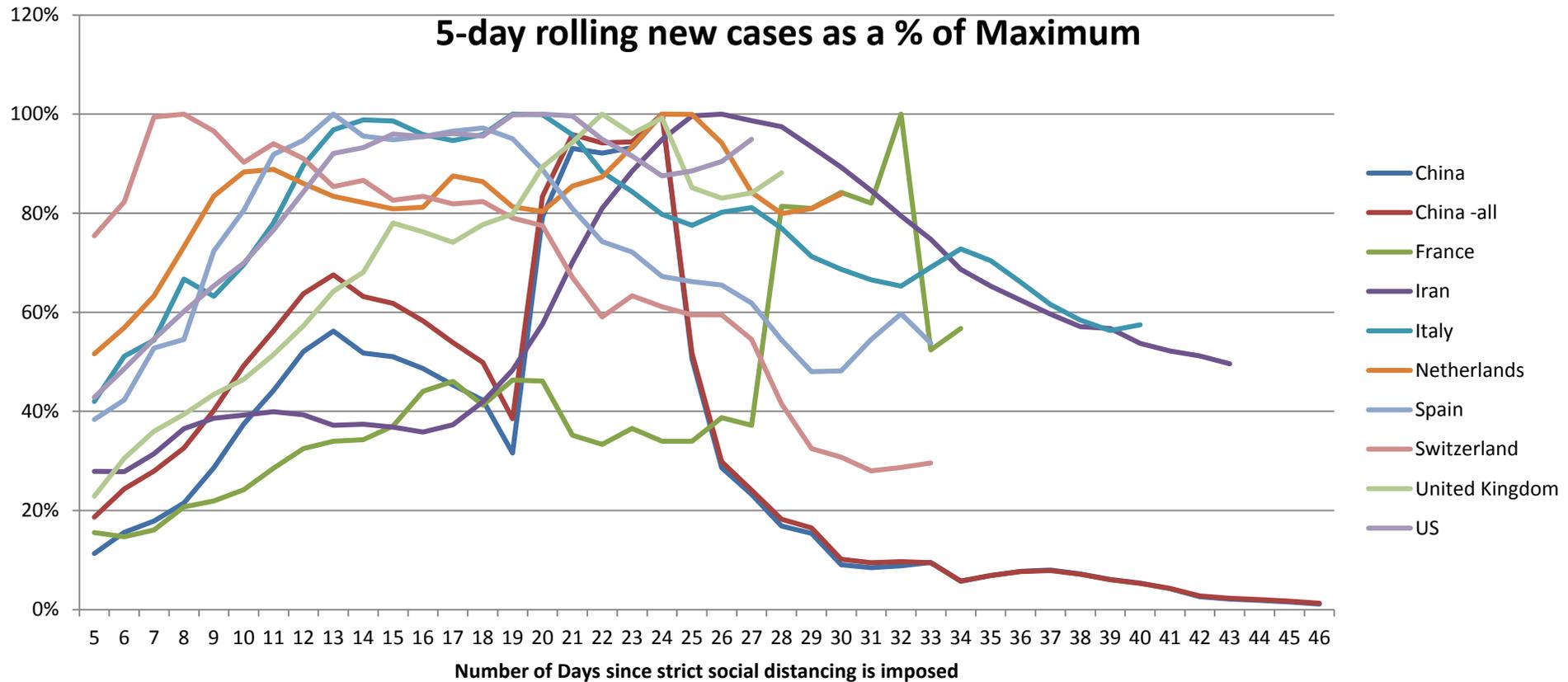
**New reported cases by day in the United States**



Source: NY Times

# COVID 19 update

- In Europe and in the US, the time from peak new cases to economic reopening is likely to be longer than in China
- Comparison of Sweden and Norway shows that stricter measures flatten the curve faster and reduce the number of deaths

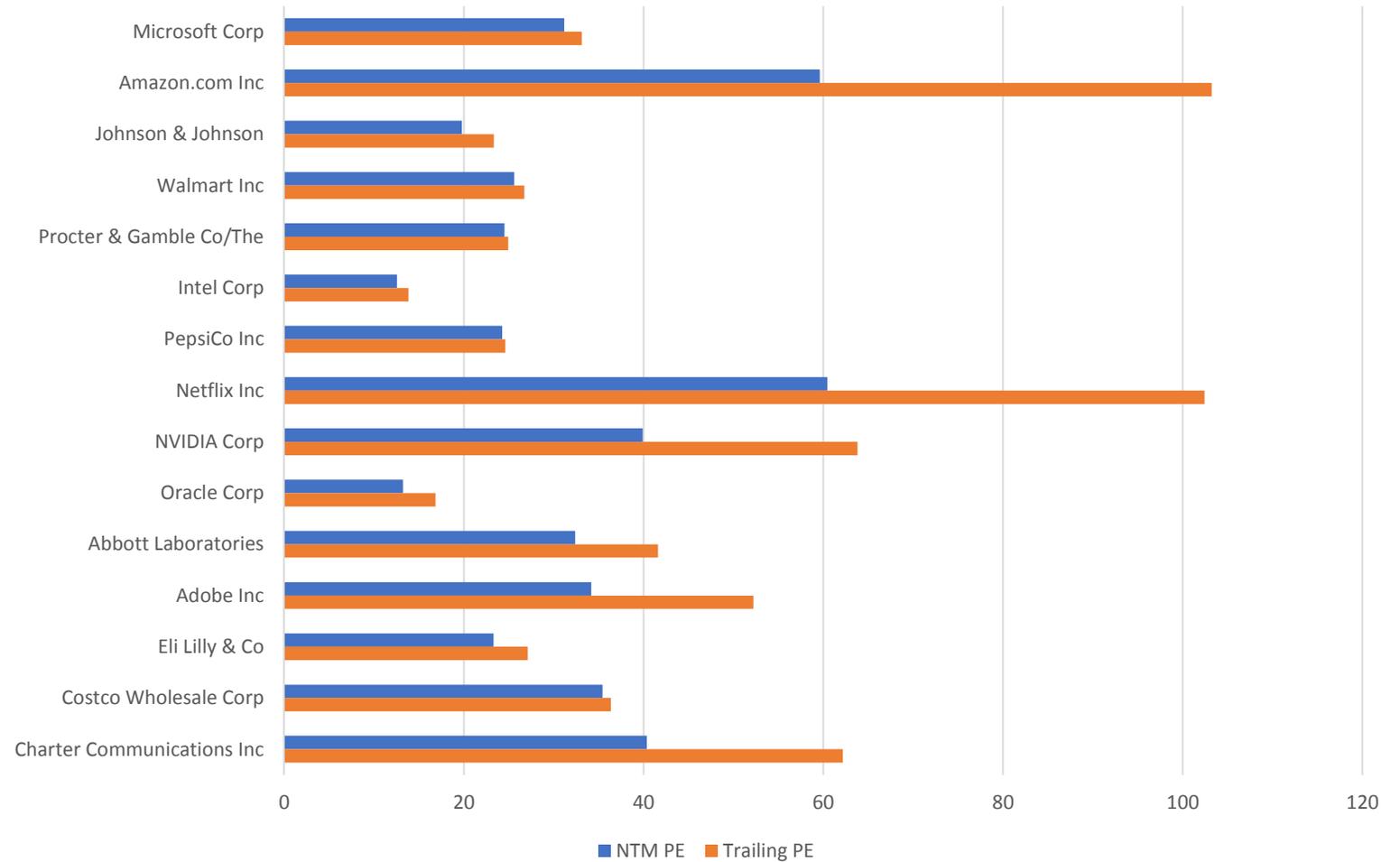


Sources: NY Times

# Largest equity outperformers

2020 winners are high-growth companies whose business appears to be less dependent on economic shutdown

Trailing and NTM P/E ratio of the largest S&P500 companies with positive YTD returns

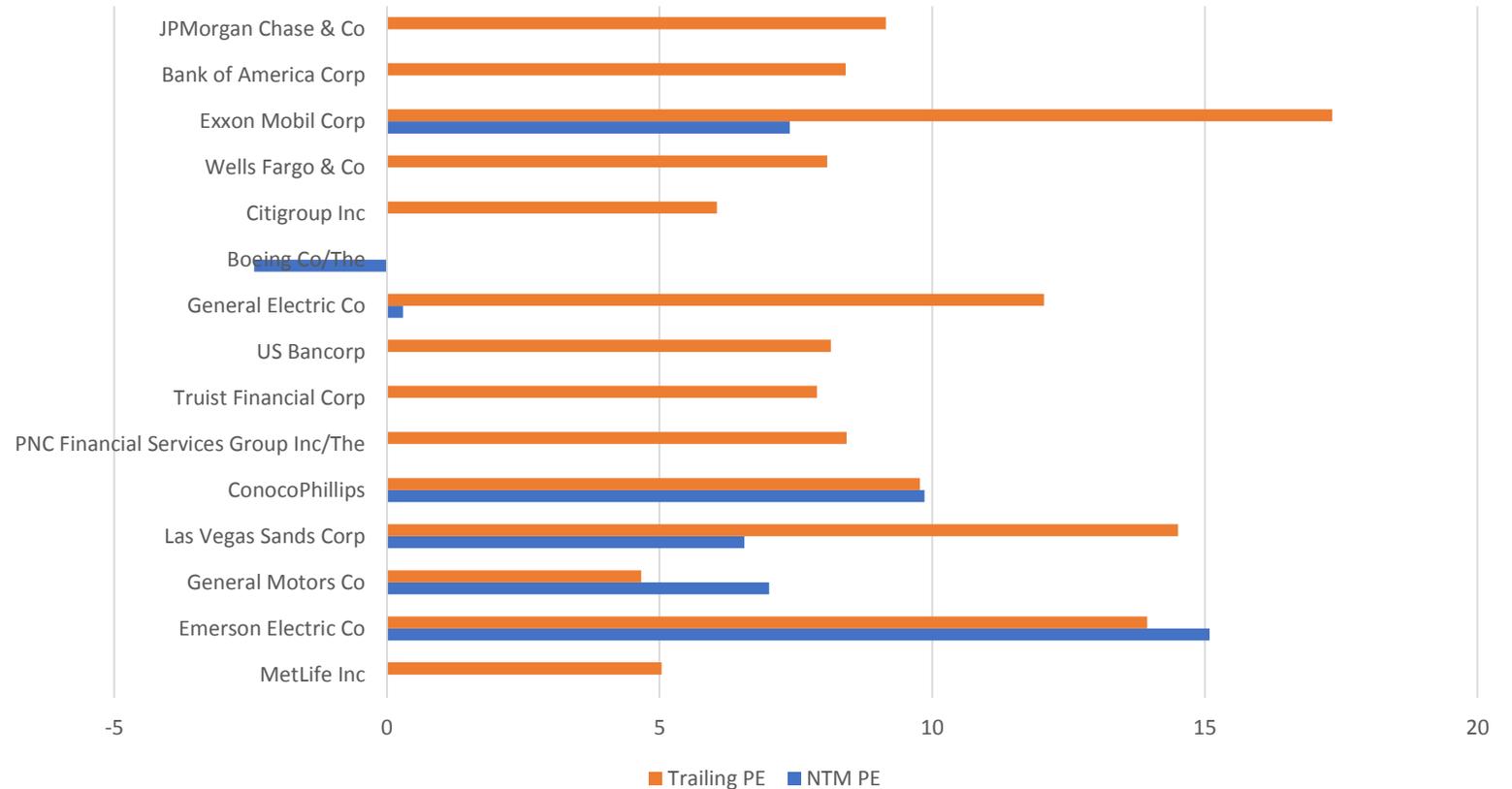


Sources: Bloomberg, SECOR  
As of 17 April 2020

# Largest equity underperformers

2020 losers are companies with significant economic exposures – they now trade at discounted valuations

Trailing and NTM P/E ratio of the largest S&P500 companies with YTD returns less than -30%



Sources: Bloomberg, SECOR  
As of 17 April 2020

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