

CASTLESTONE
MANAGEMENT



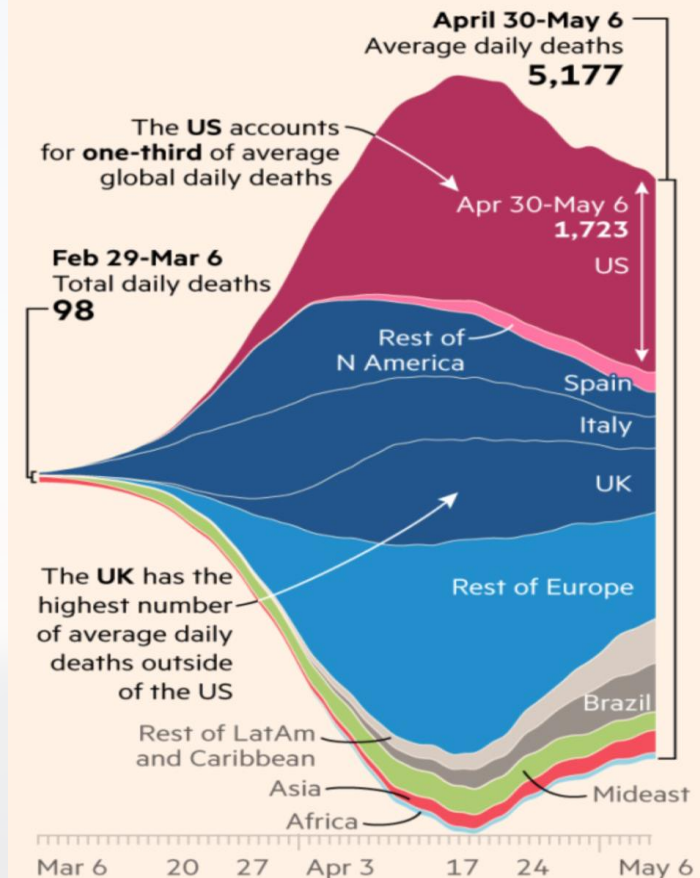
Advisor Bulletin May
11/05/2020

As COVID-19 deaths slow, global economies will recover

- The numbers show a slowing of COVID-19 deaths
- This shows we are past the worst
- As the numbers slow economies will open up
- It will take some time to fully recover (no one is sure completely when)

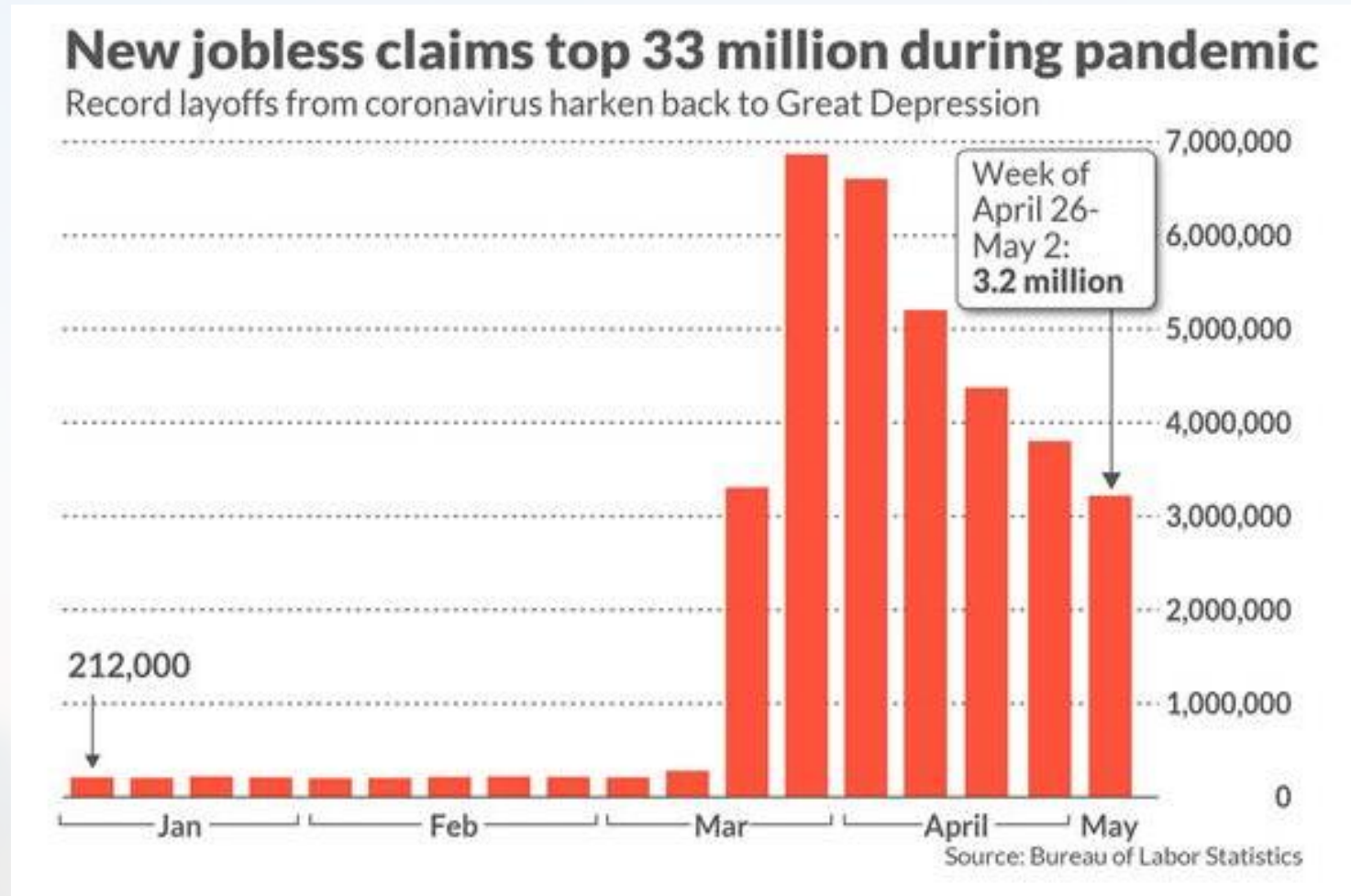
The global Covid-19 death toll is finally easing

Daily deaths of patients diagnosed with coronavirus (7-day rolling average)



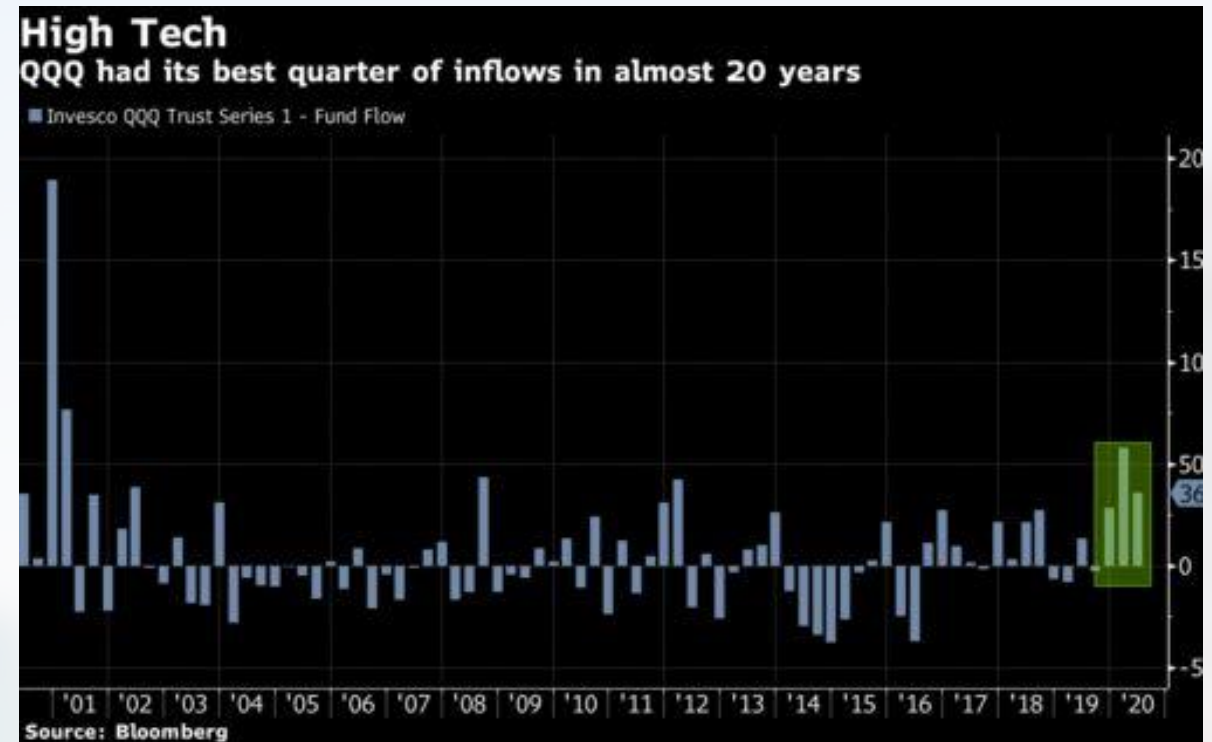
Jobless Numbers in the United States

- Unemployment seems to have peaked
- We would expect to see positive employment numbers in the next 12-24 weeks
- More people are likely to return to work as the economy opens up
- Stocks are likely to react positively to the reopening
- Bonds are likely to be sold as investors see the economy improving



Investors are buying Tech Stocks

- As habits change, Tech leaders benefit
- FAANG stocks are the leaders
- As we adjust to activities such as working from home, we use much more technology e.g. MS teams and Zoom
- As we stay home, we do our shopping on Amazon and stream T.V. on Netflix



“Investors may recognize that the constituents of QQQ’s benchmark, the Nasdaq 100, are well positioned to capitalize on the current shift to digital working and learning, potential advancements in biotech and healthcare along with a number of transformative, long-term themes in the marketplace,” said Ryan McCormack, Invesco QQQ strategist.

“It’s a sector now that’s just resilient,” said Shawn Cruz, senior manager of trader strategy at TD Ameritrade. “The conditions we’re in right now, companies need to keep operating -- they just need to do it remotely. And that benefits a lot of these tech companies.”

That preference for tech is visible in the ETF world. After posting its best month of inflows since 2001 in March, QQQ added another \$3.2 billion in April and \$367 million so far in May.

Asian Tech stocks are likely to close the gap with U.S. Tech

- JPMorgan Asset Management is betting that some Asian technology shares could double in value in three to five years as the global pandemic makes working and playing online a force of habit
- Moves to curb the spread of the virus have underscored the importance of cloud for work-for-home situations, online streaming, e-commerce and the use of more memory chips and data centres
- FAANG+ Holds 15.3% in Asian Stocks
- The Diversity of the “+” in FAANG+ allows us exposure to other large Tech leaders such as Baidu, Tencent and Samsung in Asia



Global Government Bond Yields

- As economies improve, bond holders will sell bonds
- As bonds prices drop because of selling, more sellers will appear

United States »	0.63%	-1	-12	-184	10:44 AM
Canada	0.55%	+0	-25	-114	10:44 AM
Brazil	--	--	--	--	--
Mexico	5.87%	-17	-124	-221	10:44 AM

Europe, Middle East & Africa 10-Year Government Bond Yields

COUNTRY	YIELD	1 DAY	1 MONTH	1 YEAR	TIME (EDT)
Germany »	-0.55%	0	-23	-50	10:44 AM
United Kingdom »	0.23%	+0	-15	-90	5/7/2020
France	-0.05%	-2	-21	-37	10:44 AM
Italy	1.79%	-12	+14	-82	10:44 AM

Liquidity mismatch facing UK Property Funds

- We have said UK Property funds would face difficult times
- The COVID-19 lockdown makes property sales difficult
- As funds incur liquidations, they must sell properties to meet the liquidations
- Property sales are difficult and are taking much longer to complete

Property funds

Trapped UK property fund investors charged £10m a month

At least 10 daily traded funds managing more than £13bn in assets are suspended



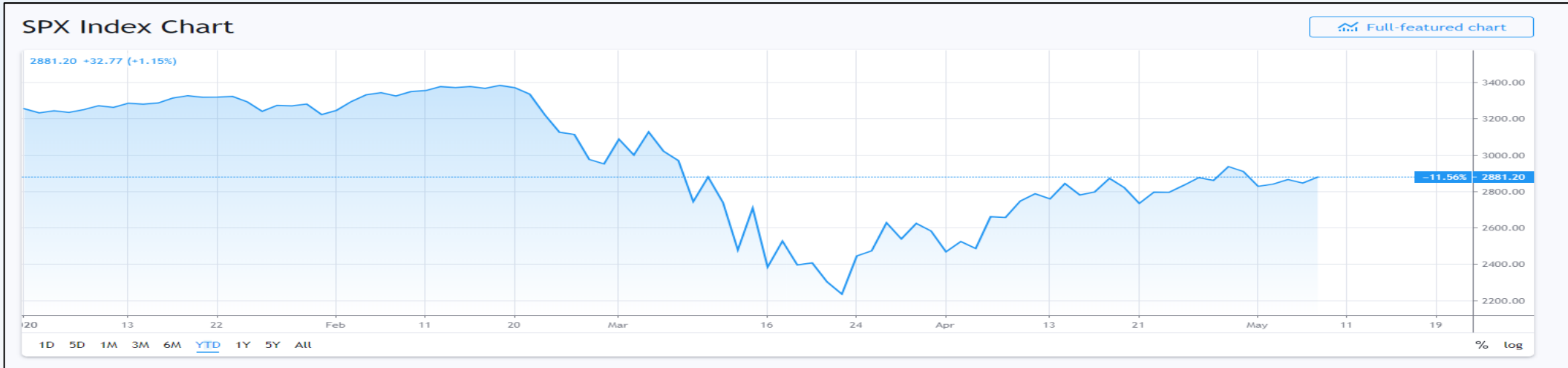
Transactions of commercial property have reduced to a trickle © Greg Balfour Evans/Alamy



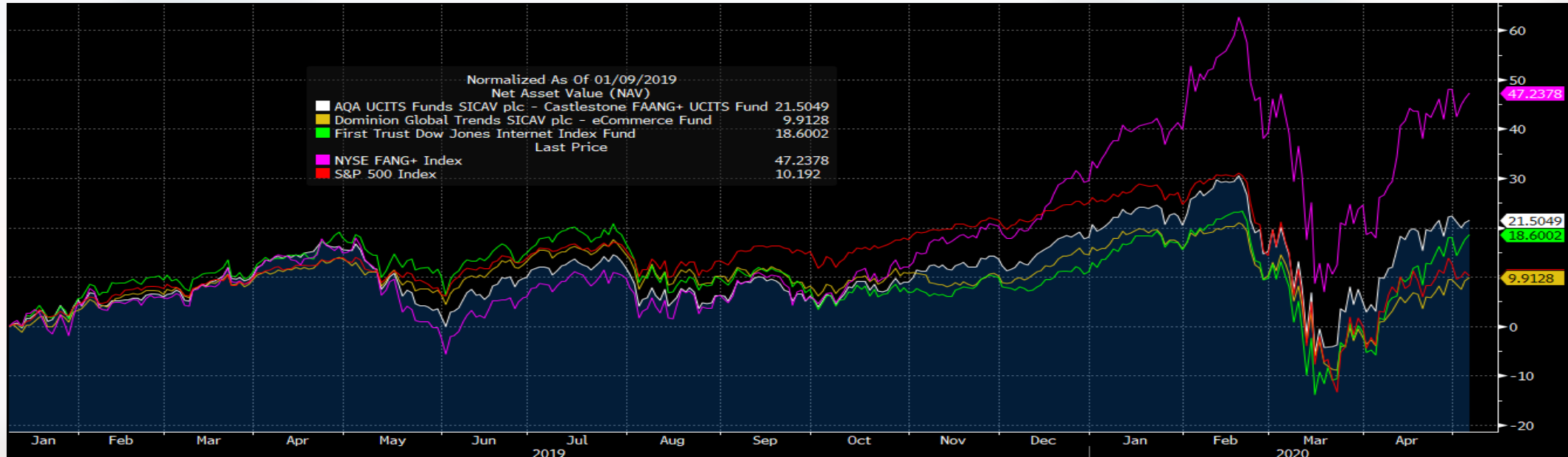
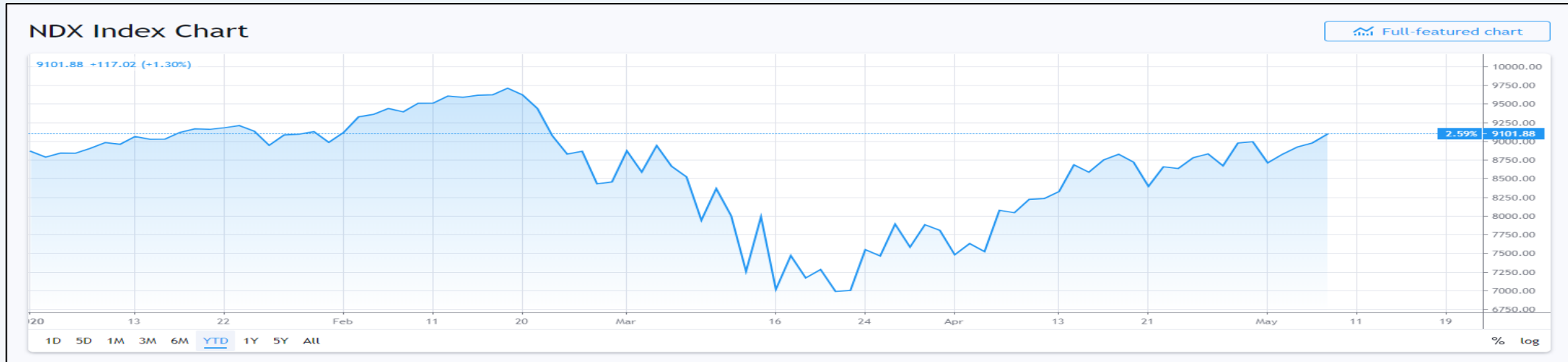
April 11, 2020 10:00 am by **Siobhan Riding** and **George Hammond**

Retail investors trapped in UK property funds have forked out nearly £10m in fees over the past month, according to FTfm

S&P 500 index YTD and Castlestone Low Volatility vs Competitors



NASDAQ 100 index YTD and Castlestone FAANG+ vs competitors



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