

OUT OF THE BLUE!

Letter to investors

September 2020

FLY ME TO THE MOON

After a dramatic 2Q and an explosive 3Q, we could expect a 4Q of relative stasis before a new acceleration in 2021. Considering what the markets have already done, the lack of particularly positive surprises for 4Q could weigh negatively. Covid may have illuminated governments about the necessity of increasing productive public spending, thanks also to the unprecedented complicity of central banks. Such a Keynesian manoeuvre, if confirmed, could allow economies to switch to a higher gear compared to the post-financial crisis period. If this scenario proves correct, we insist on recommending exposure to even more cyclical, value and old economy sectors. Technology and growth stocks are not in a bubble, with rare exceptions, thanks to solid fundamentals and secular growth that are incontrovertible. Everything has a limit, however, and, despite the lyrics of the great Sinatra, the Moon may have already been reached...

Market	August 2020	Year to Date 2020
Bloomberg Barclays Euro Aggr. Bond Index	-0.5%	+1.7%
Bloomberg Barclays US Aggregate Bond Index	-0.8%	+6.9%
S&P 500 Index	+7.2%	+9.7%
Stoxx Europe 600 Index	+3.2%	-10.5%
MSCI Asia Pacific Index	+5.1%	+3.1%
Bloomberg Commodity Index	+6.8%	-9.4%

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