CORE CAPITAL

MARKET OPPORTUNITIES

October 2020

• Equity volatility returned in September

September began with a sharp correction in equity markets where especially US growth and technology companies, that so far this year had benefited from the online boom caused by the Covid-19, came under pressure. The IT heavy Nasdaq Index was down almost -12% intra-month and finished September being down more than -5%, while the broader S&P 500 Index was down around -4%. Europe fared relatively better with the STOXX Europe 600 Index being down -1.48% for the month.

Wrapping up the Q3 and 2020 so far has showed the importance of portfolio diversification, not only on different asset classes but also geographically and especially on sectors. In Q3 Asian equities returned more than +10% being the best equity region in 2020. At the other end of the scale we find European equities that were mainly flat in Q3 and the STOXX Europe 600 Index is currently down more than -10% year-to-date. The correction in the Nasdaq Index only took the 2020 performance down to +25%.

For the benefit of diversification we were pleased to see that our equity exposure within Healthcare provided a solid uncorrelated result during a volatile September with our BB Healthcare Fund returning +5.40% for the month. Further our Fixed Income holdings within Senior loans also generated positive returns for the sixth month in a row in their pursue to recover the sharp losses from March.

We see several short term risks in the horizon that will provide good tactical and strategic opportunities for us going into Q4. Most importantly of course the US election is approaching with current polls showing a tiny lead for Biden. Not only the battle for the White House but also the control of the Senate has gained importance, especially in the light of the dead-lock situation in the negotiation for further US stimulus to support people who have lost their jobs.

The slow progress in the Brexit negotiations are not only of importance for the Bank of England policy and the UK economy but also for Europe.

Finally the Corona graphs surely look concerning again especially with Spain, France and the UK seeing a rise in Corona cases. All these events will surely provide us with good opportunities to rebalance and reposition portfolios going forward.

Core Capital Management S.A.

46, Place Guillaume II, L-1648 Luxembourg
info@corecapital.eu Tel:+352 2621 1969

www.corecapital.eu

Markets – September 2020

Equity indices	Sep 2020	2020
MSCI ADWI	-3.37%	-0.02%
MSCI World	-2.89%	1.00%
S&P 500	-3.92%	4.09%
Euro Stoxx 50	-2.41%	-14.73%
DAX	-1.43%	-3.69%
FTSE 100	-1.63%	-21.41%
Nikkei 225	0.20%	-1.99%
OMX 30	3.57%	3.25%
OMXC 25	1.96%	20.29%

Bond indices	Sep 2020	2020
Global Treasuries	-0.15%	6.11%
Global High Yield	-1.87%	-0.58%

Currencies	Price	Sep 2020
EUR/USD	1.1721	-1.80%
EUR/SEK	10.4978	1.73%
USD/SEK	8.9571	3.61%
USD/DKK	6.3522	1.87%

Interests	Sep 2020
US T-bill 3M	0.095
Euribor 3M	-0.498
Libor Fix 3M	0.064
Stibor Fix 3M	-0.066
Cibor Fix 3M	-0.203

Other	Sep 2020	2020
Gold	-4.17%	24.29%
Brent Crude Oil	-9.56%	-37.95%
HFRX Index	-0.17%	1.62%

CORE CAPITAL

MARKET OPPORTUNITIES
October 2020

• Market outlook

Equities

This strange year has seen the return of volatility much higher than the last decade. We have slowly re-entered the market to benefit from the rally while remaining cautious given the uncertainty of the world.

Fixed income

During September we made no changes to our fixed income portfolio other than small adjustments in terms of individual bonds. We have continued taking profit from strong short term gains in selective individual bonds.

We remain underweight fixed income given the low yields. Potential persist, though it grows increasingly rare and we remain cautious on the risk/reward profiles to avoid hunting a slight increase in yield at a great increase in risk.

Alternatives

We continue to remain adverse when it comes to hedge funds, the class continues to underperform and we prefer traditional investments.

Foreign Exchange

USD continues to be a drag on performance and for many European investors it has eaten up a large chunk of any performance from US markets during the year. Though we have seen some short term volatility in the currency market September has been rather calm compared to earlier this year.

Core Capital Management S.A.

46, Place Guillaume II, L-1648 Luxembourg
info@corecapital.eu Tel:+352 2621 1969

www.corecapital.eu

Holding of the Month
Credit Suisse Global Robotics Fund

The fund which invests in robotics and automation continues a theme which has benefited from Covid while still showing significant growth potential.

The fund has outperformed the markets during the year and gained +14.65% YTD.