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Equity Strategy Report

27 March 2020

The equity market sell-off has been steep and fast as investors tried to make sense of what was happening. COVID-19 has not only brought an end to the longest bull market in history, but has reignited fears that the global economy could be heading into a recession after years of moderate growth. Governments have taken action to try and limit the spread of the virus with many announcing lockdowns. Whilst we acknowledge that such action is positive to avoid human loss, the impact on the economy is significant. The impact is both on the supply side (production of goods/services stops) and on the demand side (consumption), increasing risks, such as company failures and unemployment in the process. As a consequence, EPS forecasts have been cut aggressively over the past month, a trend which could continue unless the virus stabilises in the coming weeks.

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Virus infects longest bull market in history

The longest bull market in history has come to an abrupt end in March. Equities showed incredible resilience over the past decade, navigating through a number of significant risks and shocks like the sovereign debt crisis, Brexit and a trade war to name a few. Very few strategists would could have foreseen that a virus would bring this 11 year run to an end.

Equity markets started 2020 on a strong note, with the S&P 500 (SPX) and the Europe Stoxx 600 (SXXP) generating a total return of 8.6% (in EUR terms) and 3.7% respectively to 17th February. However sentiment nose-dived as soon as it became obvious that COVID-19 matured from a Wuhan virus to an epidemic to a pandemic.

The sell-off has been rapid and indiscriminative. The speed at which markets have repriced has unsettled investors who by now got used to the low volatility environment of the past decade. In less than a month both indices have lost circa 31% (both in Euro terms) with total return of -22.2% (SPX) and -31.4% (SXXP). To put this into context, during this period the SPX recorded the 2nd and 3rd worst drawdown since WWII.

Large moves like those seen over the past weeks always create discussion around valuations. Bulls will see this sell-off as an opportunity to buy stocks on a cheaper valuation given the magnitude of the drop. However we think that these moves should be put into in the context of the underlying market conditions. The equity market in general was expensive at the start of the year after generating impressive gains in 2019. At the same time, the global economic backdrop deteriorated primarily due to the uncertainty coming from the US/China trade spat and Brexit resulting in virtually no earnings growth. In fact, 90% of gains were the result of valuation expansion.

The phase one trade agreement (US/China) was a major catalyst for the equity market going into 2020. Investors started to price the expected impact on global trade and economic growth, as evidenced by the rally in value names over the summer of 2019. As we had argued back then, the rally was relatively short lived. In addition, the UK election in December brought the Brexit saga to an end of sorts.

Earnings expectations at the start of the year looked unrealistic when compared to global economic growth expectations. Consensus expectations at the start of 2020 was for earnings growth in the high single digit despite global economic growth expected to remain largely unchanged from 2019 at just 3% primarily driven by emerging markets. Earnings growth and economic growth generally exhibit a strong correlation.

COVID-19 has drastically changed the near term outlook. Governments have been forced to take extreme measures to try and control the virus spread. China, Italy, Spain and more recently the UK have gone into complete lockdown. Other countries like the US have announced social distancing measures, limiting the opening time for certain retail stores. Airlines have been forced to cancel flights due to travel restrictions while hotel occupancy rates have plummeted. The visibility for near term earnings is severely clouded.

Firms have started to withdraw their FY20 guidance and announce liquidity measures to help them through this difficult episode. Demand conditions have changed markedly for most companies since the last earnings call when guidance was provided, while the supply chain has been severely disrupted. The demand/supply conditions are under extreme pressure and it would not be prudent for companies to provide any guidance until the situation stabilises. Over the past weeks earnings forecasts have been slashed, with Goldman Sachs cutting their EPS forecasts for the US and Europe three times.

A "V"-shaped recovery currently remains the base case underpinning FY20 forecasts. Recent developments have put this in some doubt, and the possibility remains for a "U"-shaped or an "L"-shaped recovery. The type of recovery will depend on: (1) how quickly we get to virus peak confirmed cases; (2) whether there is some credit event as liquidity dries up; and (3) how the economy responds to the fiscal/monetary measures announced by Governments and central banks over the past weeks. Consensus currently sees normalisation in 2H20, but this may prove to be optimistic in the event that either (1) the virus spread cannot be contained or (2) a structural issue develops such as corporate bankruptcies lead to higher layoffs than expected.

Country/Region Overview - US

The S&P's valuation has fallen significantly since the virus spread intensified. We look at forward PE's provided by Bloomberg, Factset and Goldman Sachs to analyse the shifts observed over the past month. We consider Bloomberg and Factset as consensus expectations. Multiple sources should reduce the possibility of misstated PE multiples due to old earnings estimates.

When using Bloomberg data, the forward FY20 PE has fallen from 19.4x on February 14th to 13.9x on March 20th. Similarly, when using data provided by Factset bottom-up estimates (dated 13/03/2020), the SPX is trading on a forward FY20 and FY21 PE of 13.3x and 11.9x respectively.

Using GS EPS forecasts, FY20 and FY21 PE stand at 21.0x and 13.6x respectively. GS are looking at $110 in EPS for FY20 and $170 in FY21, representing earnings growth of -32.9% in FY20 and +54.5% in FY21. GS expect EPS growth of -15% in 1Q20, -123% in 2Q29, -21% in 3Q20 and +27% in 4Q20 (as at 20/03/20). The key assumption here is a partial lockdown rather than a full lockdown.

Investors have adjusted their equity risk premium in view of the current uncertainty, which has far outweighed the lower bond yields. Bond yields in the US fell to record lows (0.7% at 16/03/20) after the FED responded aggressively to the COVID-19 risks, rising slightly to 0.8% by 20/03. On it's own, lower yields are a positive for the equity market.

We could see further downside in EPS growth estimates for FY20, as the Virus impact cannot be reliably estimated. In addition, the oil & gas sector has been heavily hit by the low oil price while the banking industry will be impacted by the FED rate cuts announced over the past weeks. Earnings are under severe pressure after the mediocre growth recorded last year. Investors will look through FY20 and use FY21 estimates as a valuation benchmark. However, the lower FY20 EPS is revised, the more optimistic the FY21 EPS will look. The median growth following a recession since 1949 stands at 15%, although EPS growth of 57% was recorded in 2008.

We have used the FED model or yield gap to estimate the fair value of the SPX index in the near term and at the end of the year. The yield gap measures the difference between the forward earnings yield and the 10 year treasury yield, and can be used as a proxy for ERP.

The yield gap has widened to 744bp (20th March), the highest level since 2009 and well above the median (2006 to 2020) of 372bp. We estimate that the yield gap will remain at these levels in the near term as consumer confidence remains weak and uncertainty over policy actions increases (as well as election risk).

Despite the low yields, we set our near term (3 months) price target for the SPX to $2,100 - 9% below current levels. This assumes earnings estimate ($170) and yield gap (744bp) remaining unchanged. The gap should narrow as the virus is brought under control, as our base case implies. However, the risk exists that the yield gap could widen further should the US go into full lockdown or if there is a new peak in China.

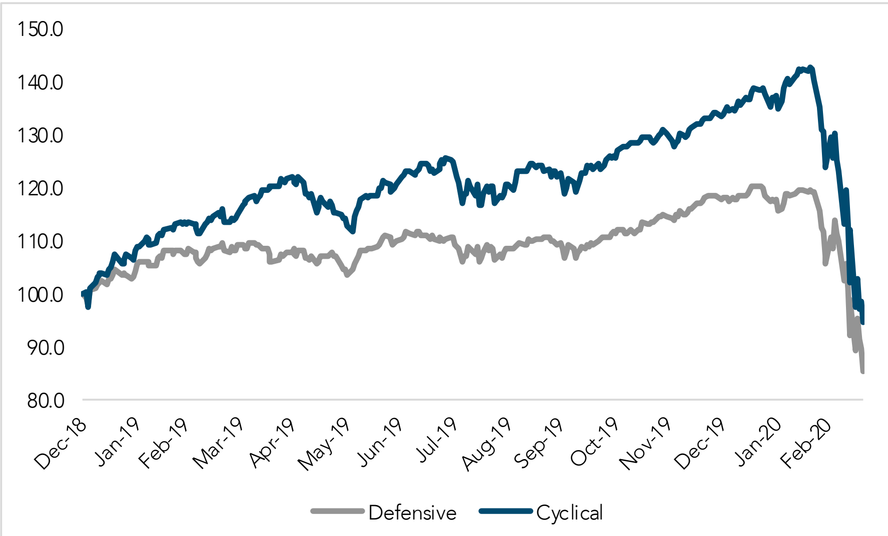
As a bear case scenario we assume the yield gap widens to 952bp (09/03/2009) and Y21 EPS of $160 (+45%). This would see the SPX fair value falling to $1,500 (circa 35% from current levels). This could materialise if the virus persists beyond 1H20 or if the US goes into a full lockdown.

Although we have no view on the virus development, the base case assumes that it is brought under control before 2H20. If this scenario materialises, we see the SPX rallying to $3,100 by year-end (32% above current levels). We have used GS's estimate for year-end 10 year yield of 1.0%.

Investor sentiment should be supported by improved earnings growth prospects. The election in November could lead to a temporary widening in the yield gap until the outcome in decided. Election risk has been largely ignored so far this year as COVID-19 took centre stage.

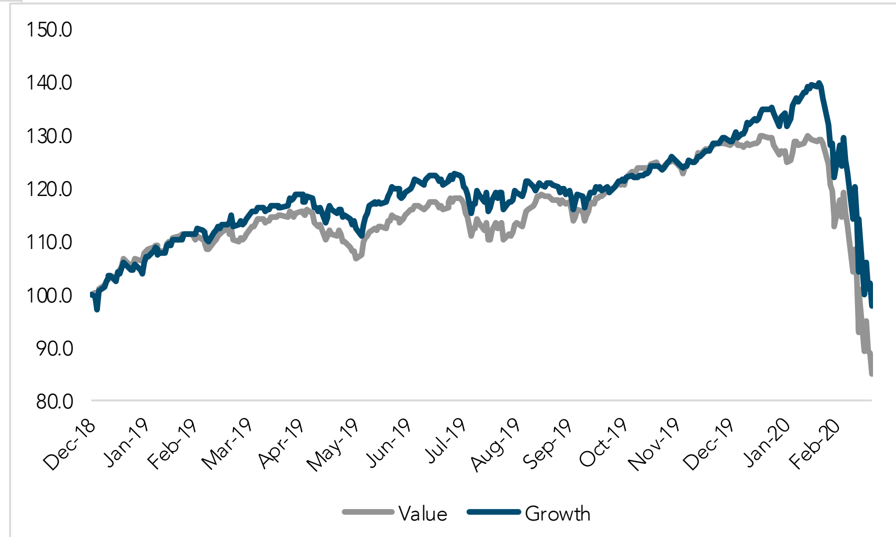
Performance overview by style - US

Defensive and cyclical



Source: Bloomberg

Value and growth



Source: Bloomberg

Sector information

Basket	Bloomberg Ticker <GSSBXXXX>	# of Stocks	% of S&P 500 Cap	Beta	Non-US Sales	Earnings Growth 2020E	Earnings Growth 2021E	Sales Growth 2020E	Sales Growth 2021E	NTM P/E	LTM P/B	Div Yield	Total Return 1 Wk	Total Return 1 Mo	Total Return 3 Mo	Total Return LTM	Total Return YTD
Defensives	DEFS	215	49 %	0.8	23%	6 %	10 %	6 %	5 %	15.8x	4.0x	2.5 %	(2.1)%	(24)%	(18)%	(6)%	(19)%
Cyclicals	CYCL	285	51	1.2	35	1	14	1	7	13.1	2.1	2.5	(3.6)	(33)	(30)	(20)	(31)
Global	GLBL	279	62 %	1.1	46%	4 %	14 %	2 %	6 %	15.4x	3.6x	2.4 %	(2.5)%	(29)%	(24)%	(12)%	(25)%
Domestic	DOMS	221	38	0.9	16	3	10	5	6	12.8	1.9	2.7	(3.5)	(29)	(25)	(15)	(26)
Global Defensives	GDEF	101	31 %	0.9	45%	7 %	11 %	6 %	6 %	16.7x	6.2x	2.3 %	(0.7)%	(23)%	(17)%	(4)%	(17)%
Domestic Defensives	DDEF	114	18	0.7	13	6	8	6	5	14.5	2.6	3.0	(4.4)	(24)	(20)	(8)	(21)
Domestic Cyclicals	DCYC	107	20	1.0	19	1	11	3	9	11.5	1.6	2.5	(2.7)	(33)	(30)	(20)	(30)
Global Cyclicals	GCYC	178	32	1.2	47	1	17	0	6	14.3	2.5	2.6	(4.2)	(33)	(30)	(20)	(31)
Services-providing	SERV	259	57 %	1.0	20%	4 %	12 %	6 %	7 %	14.3x	2.6x	2.1 %	(2.3)%	(29)%	(24)%	NM	(24)%
Goods-producing	GOOD	240	43	1.0	45	3	13	0	5	14.2	2.9	3.1	(3.5)	(28)	(25)	NM	(26)
S&P 500		**500**	**100 %**	**1.0**	**30%**	**2 %**	**13 %**	**4 %**	**6 %**	**14.3x**	**2.7x**	**2.5 %**	**(2.8)%**	**(29)%**	**(24)%**	**(13)%**	**(25)%**

Source: Goldman Sachs

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Performance overview by sector - US

	Strategy	FY19	1 mth	3 mths	LTM	YTD	01/01 to 14/02	14/02 to 20/03
Food & Staples	Defensive	26.9%	-10.4%	-10.1%	8.7%	-9.7%	0.3%	-9.9%
Household & Personal	Defensive	34.1%	-18.4%	-15.8%	1.8%	-15.6%	4.0%	-18.8%
Telecoms	Defensive	26.9%	-19.8%	-20.7%	-3.9%	-20.3%	-0.9%	-19.6%
Pharm & Life sciences	Defensive	17.9%	-17.6%	-17.7%	-8.4%	-17.3%	0.9%	-18.1%
Media & Entertainment	Cyclical	34.2%	-29.8%	-25.0%	-13.9%	-24.5%	7.4%	-29.7%
Tech hardware & equipment	Cyclical	62.6%	-29.0%	-21.6%	2.7%	-24.4%	7.5%	-29.7%
Software & services	Defensive	44.2%	-29.1%	-19.4%	-1.2%	-19.2%	13.9%	-29.1%
Retailing	Cyclical	26.7%	-26.3%	-17.8%	-10.9%	-19.0%	8.8%	-25.6%
Banks	Cyclical	40.6%	-43.4%	-44.6%	-31.7%	-45.1%	-2.7%	-43.5%
Semi-conductors & eqip	Cyclical	51.5%	-32.8%	-27.0%	-7.2%	-26.9%	8.8%	-32.8%
Food Beverafe & Tobacco	Defensive	24.9%	-28.0%	-25.8%	-15.3%	-25.8%	3.7%	-28.5%
Transportation	Cyclical	21.2%	-36.1%	-34.8%	-29.0%	-34.7%	1.6%	-35.7%
Diversified financials	Cyclical	24.5%	-34.1%	-31.8%	-20.3%	-31.6%	3.7%	-34.0%
Materials	Cyclical	24.6%	-32.9%	-33.1%	-25.1%	-33.8%	-1.5%	-32.8%
Commercial & Prof services	Defensive	39.0%	-31.4%	-24.7%	-10.0%	-24.8%	11.1%	-32.3%
Utilities	Defensive	26.4%	-32.2%	-26.1%	-14.7%	-26.1%	8.9%	-32.1%
Health care & equip	Defensive	24.7%	-30.6%	-28.5%	-17.1%	-28.7%	3.3%	-30.9%
Capital goods	Cyclical	30.9%	-40.6%	-39.0%	-31.6%	-39.0%	3.7%	-41.2%
Consumer durables & apparel	Cyclical	34.4%	-42.1%	-41.5%	-32.4%	-41.8%	1.0%	-42.3%
Insurance	Cyclical	29.4%	-40.3%	-37.8%	-27.6%	-37.6%	5.7%	-41.0%
Real estate	Defensive	29.0%	-34.8%	-28.8%	-20.9%	-29.7%	8.2%	-35.0%
Energy	Cyclical	11.8%	-52.7%	-56.6%	-59.1%	-57.0%	-9.4%	-52.5%
Consumer services	Defensive	29.0%	-42.5%	-41.6%	-32.6%	-41.7%	2.1%	-42.9%
Autos & components	Cyclical	25.1%	-47.8%	-52.4%	-46.7%	-51.6%	-8.6%	-47.1%
S&P 500 Index		*31.5%*	*-31.5%*	*-28.1%*	*-16.8%*	*-28.3%*	*4.9%*	*-31.7%*

Source: Bloomberg
Returns above are price return

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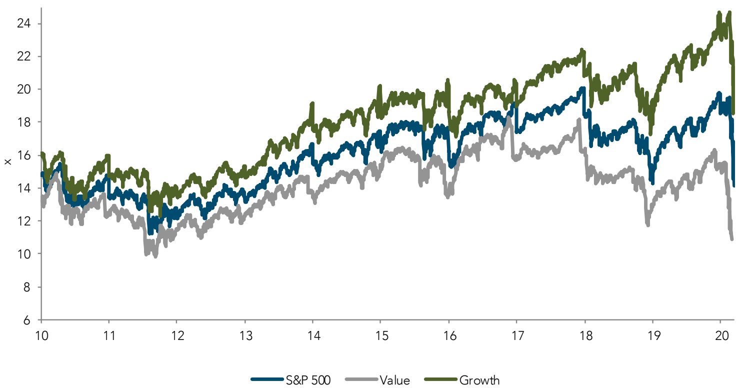
Valuation - US

Forward PE



Source: Bloomberg

Valuation table

Historical Data	S&P500	Value	Growth
Current Forward PE ratio (FPE)	13.9x	10.9x	17.8x
Forward PE ratio (Jan 20)	18.9x	15.5x	24.5x
10 Year data			
Highest	20.1x	18.3x	24.7x
Highest (date)	18/12/2017	13/12/2016	19/02/2020
Lowest	11.0x	9.8x	12.3x
Lowest (date)	03/10/2011	03/10/2011	03/10/2011
Median	16.5x	14.4x	18.6x
95th percentile	19.0x	17.0x	22.2x
5th percentile	12.6x	11.4x	13.8x
Historical rank (since 2006)			
Percentile	22.8%	1.9%	57.5%
Current FPE, % above/ (below) median	-15.7%	-24.5%	-4.5%
Current FPE, % above/ (below) Jan 20	-26.4%	-30.0%	-27.5%

Source: Bloomberg

Valuation by sector

	Beta	PE	PB	PS	EV/EBITDA	FCF Yield	Dividend Yield	Net debt to EBITDA
Food & Staples	0.61	19.0x	4.1x	0.5x	11.8x	4.9%	1.9%	2.5x
Household & Personal	0.70	20.8x	6.6x	3.3x	14.6x	4.8%	2.8%	2.3x
Telecoms	0.74	9.1x	1.6x	1.3x	6.8x	11.3%	5.7%	2.9x
Pharm & Life sciences	0.81	12.1x	3.8x	3.6x	9.9x	6.6%	2.7%	1.4x
Media & Entertainment	0.91	16.4x	2.7x	2.9x	9.8x	4.6%	0.5%	0.9x
Tech hardware & equipment	1.08	14.8x	7.6x	2.6x	9.7x	6.9%	1.9%	-0.5x
Software & services	0.98	21.1x	5.8x	4.9x	14.4x	4.7%	1.5%	0.7x
Retailing	0.95	21.3x	8.5x	1.5x	12.5x	4.5%	1.1%	1.6x
Banks	1.20	6.7x	0.7x	1.7x	N/A	10.4%	4.8%	N/A
Semi-conductors & eqip	1.17	13.2x	3.7x	3.5x	9.3x	7.0%	2.5%	0.7x
Food Beverafe & Tobacco	0.84	13.9x	4.2x	1.9x	11.5x	5.4%	4.5%	2.9x
Transportation	1.10	12.0x	2.8x	1.0x	8.2x	6.6%	3.0%	2.3x
Diversified financials	1.06	11.1x	1.1x	1.9x	10.8x	14.8%	1.9%	-0.5x
Materials	1.03	13.5x	1.6x	1.3x	8.5x	5.5%	3.3%	2.6x
Commercial & Prof services	0.93	19.3x	4.1x	2.7x	11.9x	4.5%	1.6%	3.1x
Utilities	0.78	13.7x	1.5x	1.8x	10.1x	-4.0%	4.4%	4.8x
Health care & equip	1.08	13.3x	2.3x	0.7x	10.0x	7.0%	1.5%	2.2x
Capital goods	1.20	12.0x	2.9x	1.2x	8.7x	6.0%	3.5%	1.8x
Consumer durables & apparel	1.13	11.4x	2.2x	1.0x	8.7x	7.5%	2.4%	1.6x
Insurance	1.12	7.9x	0.8x	0.8x	N/A	20.1%	3.6%	N/A
Real estate	0.95	28.2x	2.6x	4.8x	16.6x	-0.3%	4.4%	5.5x
Energy	1.35	15.2x	0.7x	0.5x	5.5x	8.4%	9.2%	2.2x
Consumer services	1.05	15.8x	14.8x	2.0x	11.6x	5.3%	3.5%	3.4x
Autos & components	1.27	4.8x	0.7x	0.2x	2.4x	31.8%	7.4%	0.1x
S&P 500 Index	*1.00*	*13.9x*	*2.4x*	*1.6x*	*10.1x*	*6.4%*	*2.6%*	*1.8x*

Source: Bloomberg

Country/Region Overview - EU

The price action in Europe has been even more severe than the US. This is driven by the region's index make-up the Europe Stoxx 600 (SXXP), which is tilted towards value stocks unlike the S&P 500. Another reason is that Europe has been hit harder by the virus to date. Lastly, China is an important trading partner for the region. Similar to what we did for the US, we look at data provided by Bloomberg, Factset and Goldman Sachs.

When using data provided by Bloomberg, the SXXP's forward PE has fallen from 15.7x on February 14th to 11.5x by March 20th. Using Factset data, the SXXP is trading on a forward FY20 and FY21 PE of 10.9x and 9.9x respectively. We think the large difference between the two is a lag in the expected earnings data currently on Bloomberg. Factset sees no earnings growth in FY20 and +10.3% in FY21. On average, SXXP's EPS fell 27% during previous recessions.

In terms of style, the SXXP is tilted to value stocks while the S&P 500 is more growth oriented. The performance of value stocks is generally strongly correlated to the strength of the economy and it's future prospects. Therefore we think that Europe is more likely to underperform (compared to the US) during an economic downturn. Similar to the SPX, the impact from lower oil price (oil stocks: 5.2% of SXXP) and low interest rates (banks: 9.4% of SXXP) will add to the pressure on earnings growth.

The disruption (fall in global aggregate demand and supply chain disruption) caused by COVID-19 is a key concern for European equities. The actions taken by Governments to limit the spread will have a significant impact on the EU's economic growth in FY20. There are no previous events that we can use to try and estimate the hit on the region's economy as activity comes practically to a halt. The risk is growing that all countries in the EU will go through a lockdown period. Additionally, the current consensus is that the virus peaks by the end of April, which could prove to be optimistic.

The speed by which China's economy will recover is another variable to consider. Over the past decade China has become an important trading partner for the EU. Any persistent weakness in China will act as a headwind for the region's economic prospects.

Using GS EPS estimates, forward PE stands at 14.6x and 12.5x respectively. Goldman Sachs are looking at Eur19.5 in EPS for FY20 and Eur22.7 in FY21, representing earnings growth of -23.5% in FY20 and +16.4% in FY21. There is downside risks to these forecasts as they are only factoring in a partial lockdown in the US and cases to slow down sharply after April.

GS say that it is unlikely that investors will price in the full 23% EPS decline. Investors will more likely look through the weakness in FY20, and start pricing in some of the FY21 EPS growth potential. The current forward PE consensus of 10.9x is above previous recessions (7.6x during the GFC), but the 10 year bond yield (-0.4%) today is much lower compared to the GFC (c. 4%) which justifies a higher PE.

The yield gap has widened to 960bp (16th March) which is in line with the highs observed during the GFC. We therefore see limited additional downside/upside in the near term from these levels unless virus persists for longer and FY21 growth estimates are revised downwards.

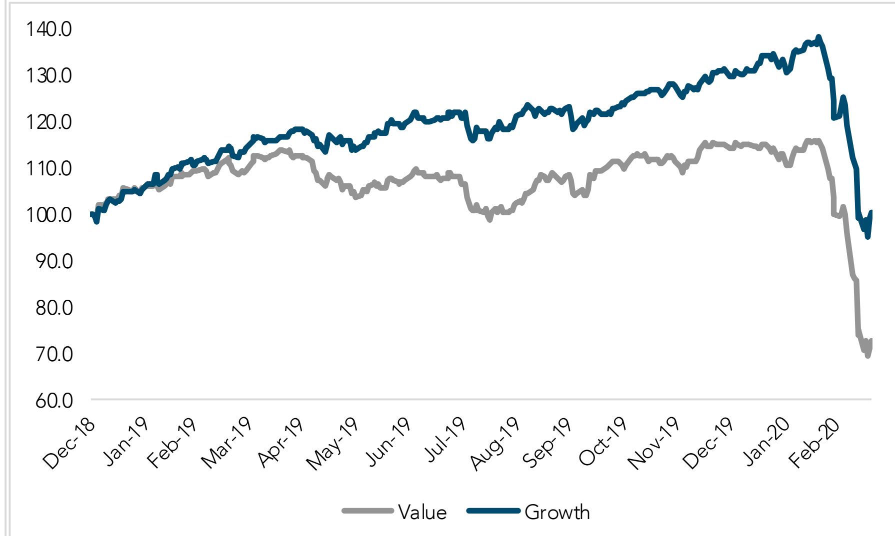
Assuming earnings recover in 2H20 as expected by the market, we see 25% upside for the SXXP to circa Eur355 by year end. This would imply a forward FY21 PE of 15.6x based on GS's EPS forecasts, in line with the forward PE at the start of 2020.

However, the risk exists that the weakness persists for longer than expected. If this materialises, earnings estimates for FY21 could be revised downwards.

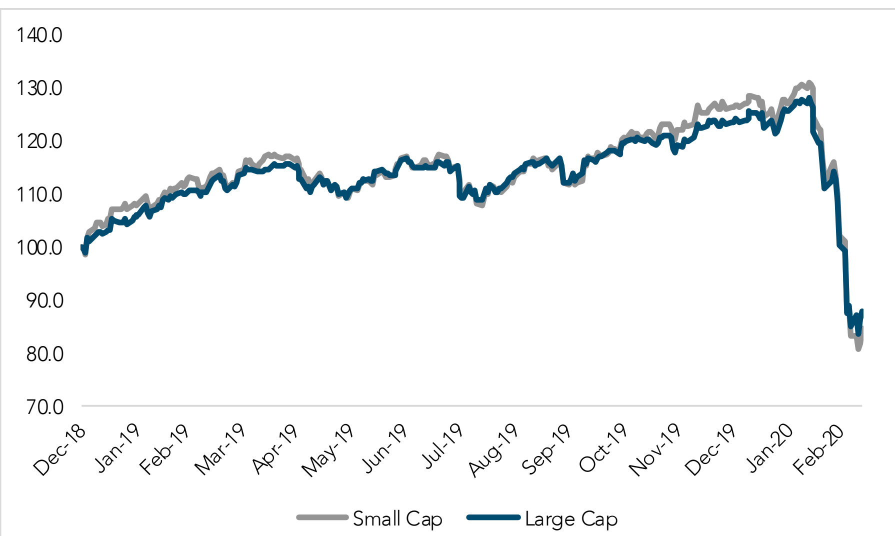
Performance overview by style - EU

Defensive and cyclical

Value and growth



Small Cap vs Large Cap



Price performance by style index

	1 mth	3 mths	LTM	YTD
Small vs Large				
Small Cap	-35.1%	-32.6%	-23.4%	-32.8%
Large Cap	-30.6%	-28.6%	-19.1%	-28.1%
Cyclicals vs Defensives				
Cyclicals	-28.8%	-27.0%	-20.8%	-27.3%
Defensives	-37.1%	-35.5%	-27.6%	-35.1%
Growth vs Value				
Growth	-26.5%	-22.8%	-9.9%	-22.4%
Value	-36.7%	-36.6%	-31.3%	-36.1%
US vs Europe				
S&P 500 (EUR)	-30.8%	-25.4%	-11.4%	-24.6%
STOXX 600	-31.6%	-29.5%	-20.2%	-29.1%

Source: Bloomberg

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Performance overview by sector - EU

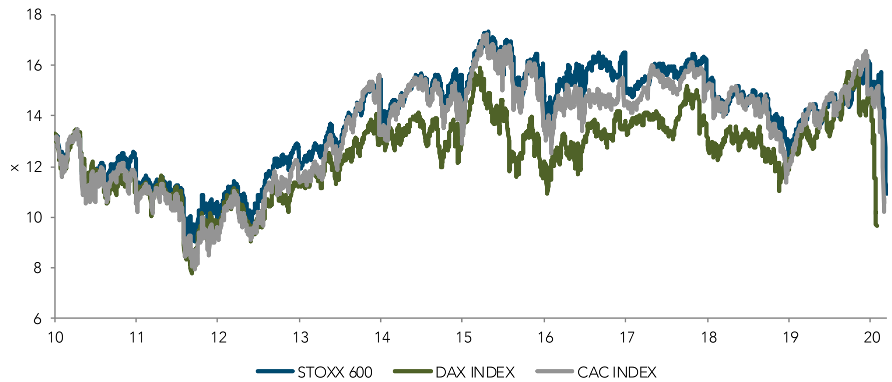
	Strategy	FY19	1 mth	3 mths	LTM	YTD	01/01 to 14/02	14/02 to 20/03
Chemicals	Cyclical	32.5%	-26.8%	-25.5%	-13.1%	-25.3%	2.8%	-27.7%
Basic Resources	Cyclical	24.2%	-36.7%	-38.7%	-37.3%	-38.7%	-2.7%	-37.4%
Construction & Materials	Cyclical	40.9%	-35.9%	-33.9%	-20.3%	-33.7%	3.2%	-36.0%
Industrial Goods & Services	Cyclical	35.9%	-37.2%	-35.7%	-23.2%	-35.2%	3.3%	-37.4%
Automobiles & Parts	Cyclical	21.1%	-41.0%	-45.3%	-39.6%	-44.4%	-6.2%	-41.5%
Food & Beverage	Defensive	29.0%	-22.4%	-21.0%	-11.9%	-20.4%	1.7%	-21.8%
Personal & Household Goods	Defensive	31.0%	-24.5%	-21.9%	-12.0%	-21.9%	4.0%	-25.0%
Health Care	Defensive	32.1%	-20.3%	-15.2%	0.5%	-14.7%	6.0%	-19.8%
Retail	Cyclical	37.6%	-26.1%	-24.8%	-13.4%	-25.2%	1.8%	-26.8%
Media	Cyclical	20.2%	-36.1%	-35.6%	-28.6%	-35.7%	1.2%	-36.5%
Travel & Leisure	Cyclical	23.2%	-49.6%	-48.8%	-41.7%	-49.0%	0.4%	-49.3%
Telecommunications	Defensive	5.1%	-24.5%	-21.8%	-19.1%	-20.2%	3.3%	-23.2%
Utilities	Defensive	30.9%	-28.8%	-18.0%	-3.3%	-17.1%	14.3%	-28.3%
Banks	Cyclical	14.3%	-39.9%	-39.6%	-36.4%	-38.9%	3.2%	-41.2%
Insurance	Cyclical	30.8%	-41.9%	-40.3%	-30.8%	-39.8%	5.2%	-43.0%
Real Estate	Defensive	27.7%	-33.8%	-28.9%	-20.9%	-29.8%	6.7%	-33.9%
Financial Services	Cyclical	43.6%	-38.6%	-33.9%	-15.5%	-33.8%	7.3%	-38.7%
Technology	Cyclical	37.1%	-31.0%	-26.6%	-13.3%	-26.2%	8.2%	-31.5%
STOXX 600 Index		*27.7%*	*-31.6%*	*-29.5%*	*-20.2%*	*-29.1%*	*3.7%*	*-31.9%*

Source: Bloomberg

Returns above are price return

Valuation - EU

Forward PE



Source: Bloomberg

Valuation table

Historical Data	SXXP	SX5E	DAX	CAC
Current Forward PE ratio (FPE)	11.5x	10.6x	9.7x	10.2x
Forward PE ratio (Jan 20)	15.3x	14.7x	14.6x	15.0x
10 Year data				
Highest	17.3x	16.6x	15.9x	17.2x
Highest (date)	27/04/2015	13/04/2015	10/04/2015	27/04/2015
Lowest	9.0x	7.4x	7.8x	8.0x
Lowest (date)	22/09/2011	12/09/2011	12/09/2011	22/09/2011
Median	14.5x	13.6x	12.9x	14.2x
95th percentile	16.3x	15.5x	14.7x	16.1x
5th percentile	10.4x	9.1x	9.7x	9.5x
Historical rank (since 2006)				
Percentile	16.8%	22.2%	4.7%	10.0%
Current FPE, % above/ (below) median	-20.3%	-21.6%	-25.0%	-28.2%
Current FPE, % above/ (below) Jan 20	-24.8%	-27.5%	-33.6%	-32.0%

Source: Bloomberg

Valuation by sector

	Beta	PE	PB	PS	EV/EBITDA	FCF Yield	Dividend Yield	Net debt to EBITDA
Chemicals	0.97	16.2x	1.7x	1.4x	9.0x	4.6%	3.3%	1.9x
Basic Resources	1.20	7.6x	0.8x	0.4x	4.3x	15.6%	9.0%	1.2x
Construction & Materials	1.12	10.6x	1.3x	0.6x	6.7x	11.7%	4.0%	2.2x
Industrial Goods & Services	1.09	12.4x	2.1x	0.8x	7.7x	7.6%	3.9%	1.7x
Automobiles & Parts	1.24	5.0x	0.5x	0.2x	2.8x	11.9%	9.1%	0.7x
Food & Beverage	0.71	17.0x	2.8x	2.1x	12.0x	5.2%	3.0%	2.5x
Personal & Household Goods	0.85	14.4x	2.6x	2.1x	10.3x	6.9%	3.9%	1.8x
Health Care	0.80	14.7x	2.9x	2.7x	11.2x	5.9%	3.1%	1.8x
Retail	0.91	15.8x	2.0x	0.5x	8.4x	7.9%	3.6%	2.3x
Media	0.94	11.2x	1.9x	1.4x	8.6x	11.3%	4.7%	2.2x
Travel & Leisure	1.25	8.8x	1.3x	0.5x	5.8x	8.7%	6.2%	2.1x
Telecommunications	0.88	11.7x	1.2x	0.8x	6.0x	14.5%	6.2%	3.0x
Utilities	0.92	12.7x	1.4x	0.7x	7.8x	1.4%	5.2%	3.7x
Banks	1.21	6.1x	0.4x	1.1x	N/a	5.7%	9.0%	N/a
Insurance	1.20	6.7x	0.7x	0.4x	N/a	4.6%	7.8%	N/a
Real Estate	0.85	12.9x	0.7x	7.2x	21.5x	-3.7%	5.2%	6.7x
Financial Services	1.08	12.8x	1.2x	1.2x	7.6x	5.0%	3.6%	-1.7x
Technology	1.06	16.2x	2.6x	2.2x	10.7x	4.6%	2.0%	0.7x
STOXX 600 Index	1.00	11.3x	1.3x	0.9x	7.8x	6.8%	4.8%	3.2x

Source: Bloomberg

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Country/Region Overview - UK

The FTSE 100 (UKX) forward PE (Source: Bloomberg) has fallen from 13.5x on February 14th to 10.0x by March 20th. COVID-19 has hit the UK particularly hard, with new confirmed cases growing at a rapid pace. A complete lockdown was imposed on March 23rd to provide some breathing space for emergency services and hopefully to limit the growth of new confirmed cases. The UKX is down 32.6% of a YTD basis.

The feel good factor following the election result in December is gone. The decisive election result brought to an end months of speculation and uncertainty. As a result, UK domestic equities were performing strongly in anticipation of a large expansionary budget that was expected to boost the UK economy. However, fiscal stimulus was announced to support the economy during these tough times. The Bank of England has also been aggressive in its rate cuts in an effort to keep funding costs under control.

A complete lockdown is a necessity to limit human loss. This is not up for debate, but it is also true that lockdowns bring economic activity to a halt. Consumer spending falls rapidly (excluding online buying), business investment is postponed and it could also lead to a jump in unemployment and business failures. This impairs the earnings and profit growth outlook for UKX in the near term. In addition, since such uncertainty is not limited to the UK, the large international portion of the index will also feel the pain through lower demand for exports.

Using consensus data provided by Bloomberg, the UKX is trading on a forward FY20 and FY21 PE of 9.7x and 8.8x respectively. Oil and gas accounts for 12.8% of the UKX, the highest exposure for the index, while banks account for 11.5%.

GS expect UKX earnings to decline 11.3% in FY20, but then grow 16.3% in FY21. This implies FY20 PE of 9.1x and FY21 PE of 7.8x. These estimates are likely to be revised unless the virus is brought under some sort of control over the coming weeks. The peak is expected to happen in April/May.

The valuation of UK stocks is slowly falling to historic lows, with the average percentile at 8.8%. This means that the market has been more expensive than current levels 91.2% of the time. Dividend yield is also at very high levels, but the sustainability of these dividends is under increased scrutiny due to the liquidity problems brought about by COVID-19.

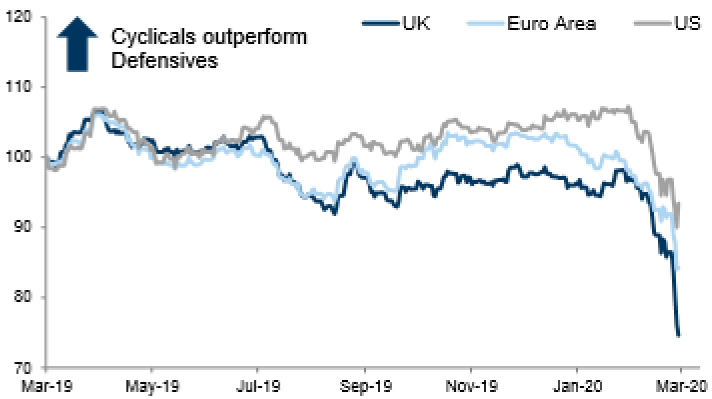
GS say that from current levels, subsequent equity returns have been positive over the next 12 months in 90% of the times. The only caveat to add here is that the virus has created unprecedented disruption that could persist for longer than currently expected.

The yield gap has widened to 950bp (20th March) which is still well below the highs seen during the GFC (1140bp). We expect the yield gap to fall slightly as the virus is brought under control, but will likely widen in the coming weeks as confirmed cases move closer to the peak.

GS have updated their price target for the UKX on 20th March. The near term price target has been set at £5,300 (5.7% upside from current prices) and a 12 month price target of £6,300 (25.6% upside). The situation is quite fluid and we expect more revisions in the coming weeks.

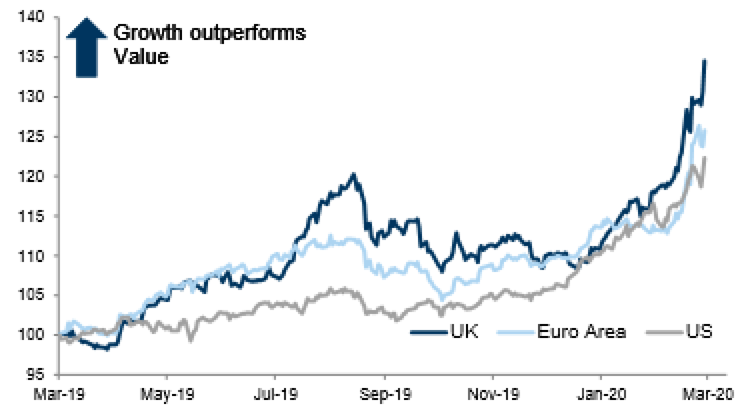
Performance overview by style - UK

Defensive and cyclical



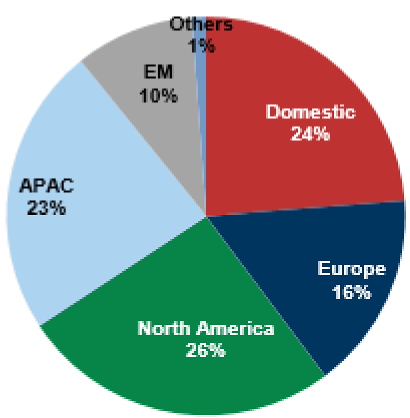
Source: Goldman Sachs

Value and growth



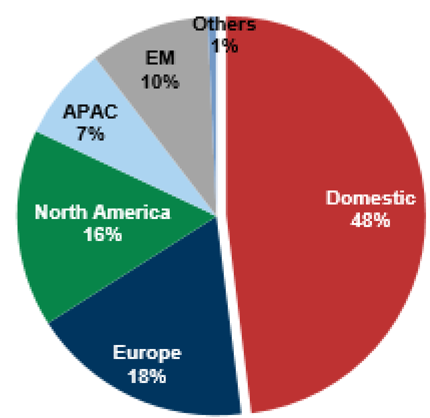
Source: Goldman Sachs

FTSE 100 geographic sales exposure



Source: Goldman Sachs

FTSE 250 geographic sales exposure



Source: Goldman Sachs

Performance overview by sector - UK

	FY19	1 mth	3 mths	LTM	YTD	01/01 to 14/02	14/02 to 20/03
Chemicals	10.6%	-13.2%	-24.5%	-24.0%	-24.9%	-6.1%	-20.7%
Basic Resources	16.8%	-21.0%	-35.5%	-34.7%	-35.4%	-4.6%	-32.7%
Construction & Materials	48.8%	-30.9%	-40.3%	-23.1%	-40.0%	-2.1%	38.1%
Industrial Goods & Services	26.1%	-24.6%	-27.9%	-15.9%	-27.6%	5.6%	-31.3%
Automobiles & Parts	N/a	N/a	N/a	N/a	N/a	N/a	N/a
Food & Beverage	18.0%	-14.5%	-24.7%	-20.1%	-25.0%	-2.3%	-23.4%
Personal & Household Goods	20.0%	-12.8%	-17.7%	-13.8%	-17.7%	4.8%	-21.3%
Health Care	28.3%	-4.2%	-15.2%	3.7%	-13.6%	-5.2%	-9.2%
Retail	30.5%	-9.4%	-19.2%	-12.4%	-20.3%	-1.0%	-19.8%
Media	22.2%	-26.8%	-35.2%	-23.4%	-35.3%	0.5%	-35.9%
Travel & Leisure	13.1%	-38.9%	-48.8%	-42.9%	-48.9%	-1.0%	-48.5%
Telecommunications	-3.2%	-14.9%	-28.8%	-25.6%	-26.7%	-4.5%	-23.7%
Utilities	27.2%	-16.1%	-15.3%	-2.8%	-14.3%	8.4%	-21.4%
Banks	8.8%	-17.6%	-29.3%	-27.0%	-28.7%	-4.3%	-26.1%
Insurance	22.8%	-32.7%	-41.3%	-36.4%	-41.4%	2.0%	-42.7%
Real Estate	38.9%	-20.4%	-28.6%	-18.0%	-31.4%	0.2%	-30.2%
Oil & Gas	2.0%	-36.8%	-50.4%	-53.2%	-50.0%	-8.6%	-45.7%
Financial Services	52.5%	-26.3%	-32.3%	-8.2%	-32.9%	3.3%	-35.3%
Technology	24.0%	-19.9%	-25.4%	-27.7%	-25.5%	8.2%	-30.9%
FTSE 100	*17.2%*	*-29.7%*	*-30.7%*	*-25.5%*	*-30.4%*	*-1.5%*	*-29.5%*

Source: Bloomberg
Returns above are price return

Valuation - UK

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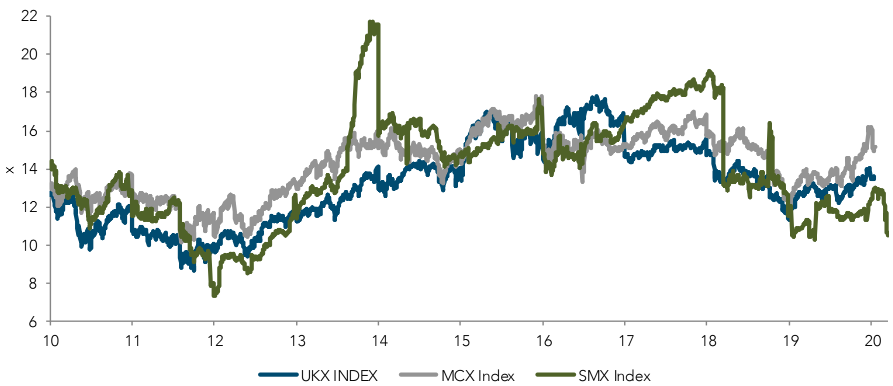
Forward PE



Source: Bloomberg

Valuation table

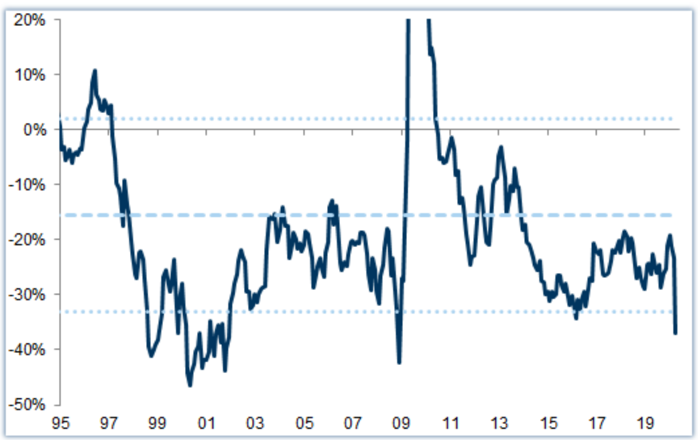
Historical Data	FTSE100	FTSE250	FTSESmallCap
Current Forward PE ratio (FPE)	10.0x	9.4x	8.3x
Forward PE ratio (Jan 20)	13.6x	15.1x	13.0x
10 Year data			
Highest	17.8x	17.8x	21.7x
Highest (date)	02/09/2016	07/12/2015	06/12/2013
Lowest	8.7x	10.2x	7.3x
Lowest (date)	04/10/2011	08/08/2011	05/01/2012
Median	13.2x	14.6x	13.4x
95th percentile	16.7x	16.6x	18.4x
5th percentile	9.9x	11.3x	9.4x
Historical rank (since 2006)			
Percentile	8.8%	7.9%	12.0%
Current FPE, % above/ (below) median	-24.2%	-35.7%	-38.5%
Current FPE, % above/ (below) Jan 20	-26.9%	-37.9%	-36.2%

Source: Bloomberg

Domestic vs International

Source: Goldman Sachs

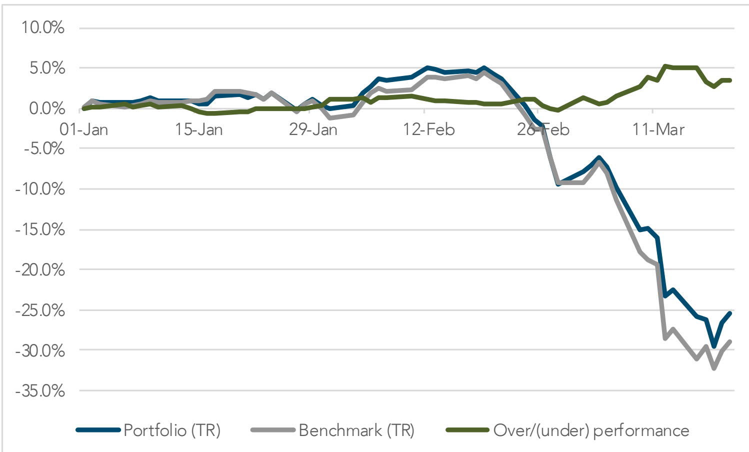
UK Cyclicals vs Defensives



Source: Goldman Sachs

Equity Model Portfolio - Performance

Performance – Portfolio vs Benchmark



Source: Bloomberg

Performance by sector – Portfolio vs Benchmark

	Weight			Total Return			Contribution to return		
	Port	Bench	+/-	Port	Bench	+/-	Port	Bench	+/-
Food & Beverage	15.3%	7.8%	7.5%	-14.7%	-14.1%	-0.7%	-1.9%	-1.0%	-0.9%
Technology	12.9%	6.1%	6.8%	-17.1%	-21.7%	4.6%	-2.0%	-1.3%	-0.7%
Industrial Goods & Services	10.5%	11.2%	-0.8%	-46.1%	-32.4%	-13.6%	-5.4%	-3.8%	-1.6%
Not Classified	0.0%	0.7%	9.4%	-14.2%	0.0%	-14.2%	-1.3%	0.0%	-1.3%
Insurance	9.6%	5.6%	4.1%	-32.1%	-35.0%	2.9%	-3.2%	-2.1%	-1.1%
Real Estate	8.9%	2.3%	6.6%	-46.8%	-29.5%	-17.3%	-4.7%	-0.7%	-4.0%
Personal & Household Goods	8.3%	8.7%	-0.4%	-29.3%	-18.9%	-10.4%	-2.5%	-1.6%	-0.9%
Travel & Leisure	8.3%	1.2%	7.1%	-28.2%	-43.4%	15.2%	-2.4%	-0.6%	-1.8%
Health Care	15.5%	16.1%	-10.7%	-22.3%	-14.2%	-8.1%	-1.2%	-2.1%	1.0%
Banks	4.3%	8.6%	-4.3%	-41.0%	-33.3%	-7.7%	-1.9%	-3.0%	1.1%
Retail	4.1%	3.0%	1.1%	-8.4%	-19.3%	10.9%	-0.4%	-0.6%	0.2%
Financial Services	0.7%	2.6%	-1.9%	-29.5%	-32.2%	2.7%	-0.2%	-0.9%	0.7%
Utilities	0.4%	4.9%	-4.5%	-25.8%	-25.1%	-0.7%	-0.1%	-1.2%	1.1%
Oil & Gas	0.4%	4.7%	-4.3%	-46.1%	-35.9%	-10.2%	-0.2%	-1.8%	1.6%
Media	0.4%	1.8%	-1.5%	-17.7%	-30.6%	12.9%	-0.1%	-0.6%	0.5%
Telecommunications	0.3%	3.0%	-2.7%	-14.6%	-17.3%	2.7%	0.0%	-0.5%	0.4%
Chemicals	0.2%	4.4%	-4.2%	-26.6%	-18.5%	-8.1%	-0.1%	-0.8%	0.7%
Construction & Materials	0.1%	3.0%	-2.9%	-27.9%	-30.6%	2.8%	0.0%	-1.0%	0.9%
Automobiles & Parts	0.1%	2.0%	-1.9%	-41.1%	-34.9%	-6.2%	0.0%	-0.8%	0.7%
Basic Resources	0.0%	2.4%	-2.4%	-20.7%	-29.0%	8.4%	0.0%	-0.7%	0.7%

Our model equity portfolio generated a total return of -25.4% up to 20/03/2020 compared to -28.9% for the benchmark. The main driver of this has been our relatively defensive positioning and the decision to reduce our allocation to the asset class towards the end of February.

We closed our positions in Total, ArcelorMittal and Amazon on 26th February after the virus spread outside of China intensified. In January, we closed our position in Inditex and increased our exposure to Health care ETF (defensive). More recently, we closed our position in Tesco.

A defensive positioning coupled with an underweight helped year-to-date performance. Since 26th February, our benchmark lost -24.5% on a total return basis, while Total and ArcelorMittal lost -37.0% and -43.0%. Amazon was relatively unchanged.

Airbus was the worst performing stock amongst our selection on a year-to-date basis. The pressure being faced by the airline industry in general has hurt investor sentiment, but we think the stock is oversold with fundamentals still appearing solid. The deliveries and orders release due in April will give us a clearer indication of the situation in terms of order cancellations - a key concern for investors. However, order deferrals and potential production disruption (supply chain issues or plant closures in the event of a lockdown) will continue to act as a headwind in the near term.

AroundTown was another stock that underperformed on a year-to-date basis. The concern here is mainly the hotel portfolio (24% of AT1's property portfolio). AT1's hotel leases are fixed and have no variable element but the potential for defaults exists. Notwithstanding this, hotel operators are insured against any temporary business interruption and Government relief should also help. In our opinion the stock is oversold at these levels, considering that it is currently trading at all time lows.

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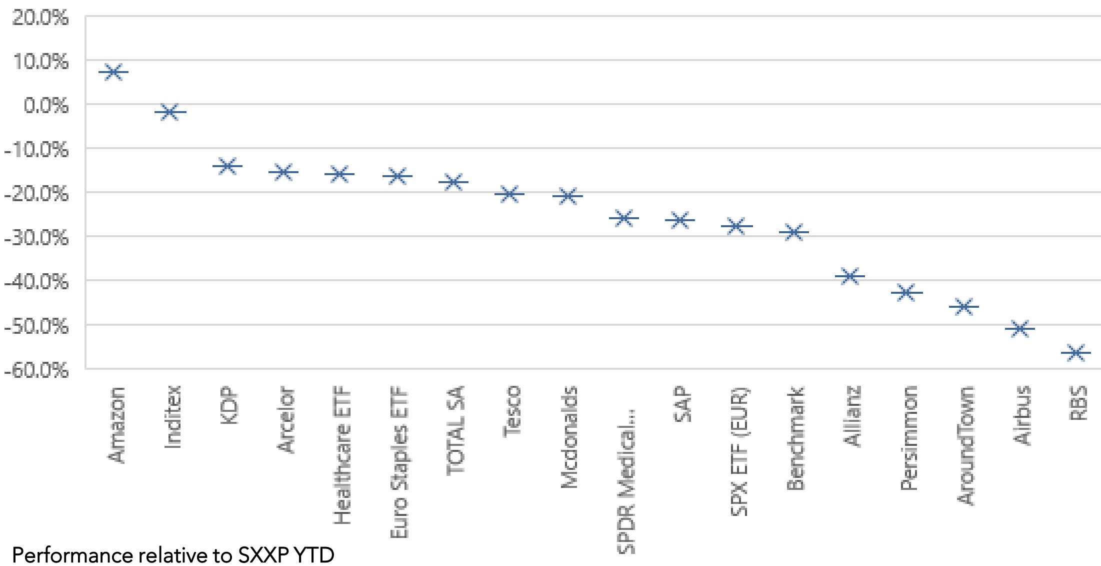
Equity Model Portfolio - Performance

Total return on a YTD basis



Source: Bloomberg

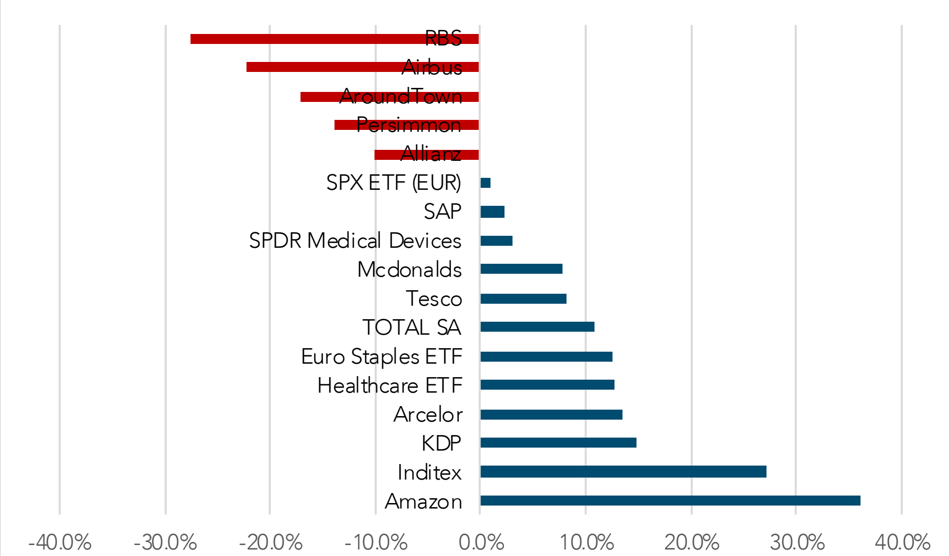
Note: The chart includes the total return of positions that have been closed. Performance in such cases has been calculated from the start of the year to the date position was closed as follows:

28/01/2020 – Inditex

26/02/2020 – Total, Arcelor & Amazon

13/03/2020 - Tesco

Performance relative to SXXP YTD



Source: Bloomberg

Note: The chart includes the relative performance of positions that have been closed. Performance in such cases has been calculated from the start of the year to the date position was closed as follows:

28/01/2020 – ITX

26/02/2020 – Total, Arcelor & Amazon

13/03/2020 - Tesco

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Equity Model Portfolio - Positioning

Portfolio beta at the start of the year and on 20/03

	01/01/2020		20/03/2020	
	Weight	Beta	Weight	Beta
McDonalds	5.2%	0.56	7.9%	0.56
Persimmon	2.4%	1.23	2.7%	1.23
Amazon	5.1%	0.67	0.0%	0.67
Inditex	7.2%	1.02	0.0%	1.02
KDP	5.7%	0.44	10.0%	0.44
Tesco	2.5%	0.63	0.0%	0.63
Total	8.9%	1.37	0.0%	1.37
Allianz	7.3%	1.13	9.3%	1.13
RBS	3.8%	1.14	3.4%	1.14
Airbus	8.2%	1.34	7.3%	1.34
SAP	7.0%	0.87	11.3%	0.87
ArcelorMittal	4.8%	1.88	0.0%	1.88
ArounTown	6.6%	0.96	7.1%	0.96
Staples ETF	8.2%	0.68	13.5%	0.68
Healthcare ETF	3.2%	0.79	10.9%	0.79
Healthcare equip ETF	5.6%	0.80	4.2%	0.80
SPX (Eur Hedged)	8.6%	0.88	12.4%	0.88
	100.0%		100.0%	
Portfolio beta		*0.98*		*0.85*

Source: Bloomberg

Following the equity market rally in the first quarter of 2019 we initiated a re-balancing process. We felt at the time that the equity market was pricing in most of the good things for 2019 and valuations seemed stretched. On this basis, our beta exposure of higher than 1.0 felt unjustified.

We shifted our style from value oriented to a more defensive. We added stocks that are less cyclical like McDonalds and KDP whilst selling cyclical names like Michelin, BNP Paribas and Heidelberg Cement. This offered some diversification benefit whilst also reducing the volatility of our stock selection. We reduced beta gradually to around 0.98 by year-end from 1.06 at the start of the year.

We maintained our defensive stance during 2020, but we reduced beta to 0.85 in view of the virus concerns. We closed our position in Amazon (temporarily), ITX, Total, ArcelorMittal (all cyclical) and Tesco. Our allocation to the equity market was reduced from 106% (overweight) at the start of the year to 83% (underweight). The rationale for our overweight position at the start of the year was more a reflection of limited investment alternatives that produced a decent yield rather than on positive growth prospects.

The virus continues to weigh on sentiment and will remain a major headwind for equity markets. Macro-economic data has been weak (China, EU, UK) which has led to drastic action being taken by Governments and Central Banks. Actions taken by Governments to limit loss of life (although positive in nature) will curtail growth further.

With near term risks still elevated we believe that the current beta exposure is reasonable. Earnings visibility remains clouded, and with macro data coming in worse than expected we could see additional global economic growth cuts in the coming weeks.

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Equity Model Portfolio – Sector exposure

Sector weighting and view

	Weight			Current	CP	GS EU
	Port	Bench	+/-	Position	View	View
Food & Beverage	15.3%	7.8%	7.5%	OW	OW	OW
Technology	12.9%	6.1%	6.8%	OW	OW	OW
Industrial Goods & Services	10.5%	11.2%	-0.8%	N	N	N
Insurance	9.6%	5.6%	4.0%	OW	N	N
Real Estate	8.9%	2.3%	6.6%	OW	OW	N
Personal & Household Goods	8.3%	8.7%	-0.4%	N	N	OW
Travel & Leisure	8.3%	1.2%	7.1%	OW	OW	UW
Health Care	15.5%	16.1%	-0.6%	N	N	OW
Banks	4.3%	8.6%	-4.3%	UW	UW	N
Retail	4.1%	3.0%	1.1%	N	N	N
Financial Services	0.7%	2.6%	-1.9%	N	N	N
Utilities	0.4%	4.9%	-4.5%	UW	UW	N
Oil & Gas	0.4%	4.7%	-4.3%	UW	UW	N
Media	0.4%	1.8%	-1.5%	N	N	N
Telecommunications	0.3%	3.0%	-2.7%	UW	UW	OW
Chemicals	0.2%	4.4%	-4.3%	UW	NV	N
Construction & Materials	0.1%	3.0%	-2.9%	UW	UW	OW
Automobiles & Parts	0.1%	2.0%	-1.9%	UW	UW	UW
Basic Resources	0.0%	2.4%	-2.4%	UW	UW	N

Source: Bloomberg

Our current sector positioning is largely in line with our FY20 equity market outlook. The largest divergence is in the insurance sector. However we sought to trim the unrealised gains on Allianz in February.

Our OW in Travel & leisure is mainly due to McDonalds. Despite Airbus being closely related to Travel, it is being included in Industrial goods and services. We are comfortable with both exposures at these levels.

GS have an OW on construction & materials and telecommunications. We think telecoms have structural problems including low growth prospects, intense competition and significant capex needs which hits FCF, even though the low rate environment helps. As for construction, we expect this sector to do well in times of expansion or if Governments announce large infrastructure projects. We think that the recent COVID-19 related stimulus makes infrastructure investments less likely as countries budgets are under pressure.

As the equity markets normalise we will look to increase exposure to Technology and other growth sectors. The low growth low inflation environment could be set to persist for longer and sectors such as technology and luxury goods have performed relatively well in this environment.

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What to look out for in the coming weeks

Trying to time the market is a futile exercise that rarely works. Fundamental analysis helps us to identify possible valuation levels at which point equities may start to appear unreasonable. However these levels are by no means set in stone and investors might act before or after these levels are reached. The main talking point today is when equities will bottom. In this respect we attempt to identify some indicators that may indicate a possible shift in sentiment.

Central banks and Governments globally have announced a number of measures to try and shield, at least partially, their economies from the COVID-19 impact. Their response has been swift and large compared to other slowdowns in history, helped by the current lower inflation threat. Bearing in mind the unprecedented impact on global demand and supply conditions, we think investors will want to get comfortable around the effectiveness of these measures in propping up global economy growth.

There is generally some lag between when stimulus is announced and when investor confidence returns. We expect macro data in the near term to be weak as the global economy grinds to a halt, unemployment and the risk of business failure rises. We see better prospects for the equity market as we get closer to the end of the year with rates still at or close to the zero bound and fiscal stimulus starting to impact end consumers (higher consumer confidence).

Yield Curve: **Growth assets like equities tend to generate higher returns during periods of economic expansion.** A steeping yield curve could provide an indication that investors are expecting stronger economic growth and higher inflation. There is currently a lot of noise at the short-end of the curve given the measures being taken and expected from the FED which could be distorting curve. The 2Y versusv10Y spread has increased from 31bp at the start of the year to 53bp on 20th March. However we believe it is too early to regard this as an indication of improving expectations.

Volatility: **High levels of volatility are usually indicative of periods of uncertainty.** Equity volatility measured by the VIX index surged from 12 at the start of the year to 66 on 20th March. In the rates market, volatility measured by the MOVE index has similarly increased from 58 to 133 over the same period. We think that lower volatility could be a bullish indicator for the equity market.

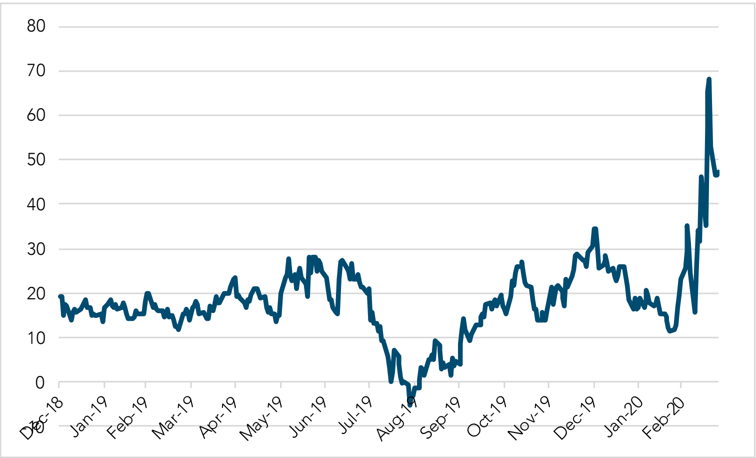
Liquidity: **Financial conditions remain tight despite the FED going "all in" with a slew of measures announced over the past weeks.** Financial conditions have tightened by roughly 300bp (equivalent to 12 25bp rate hikes by the FED) on 20th March compared to four weeks earlier. These levels were only observed during the liquidity crunch of 2008. Until financial conditions ease we think equities are unlikely to bottom. This could partly explain why Central banks globally were so quick in announcing liquidity measures, when these measures have little/no impact on the hit to demand/supply conditions caused by the virus.

Peak in new virus cases: **A slowdown in the number of confirmed cases is an obvious catalyst for the equity market.** It seems like consensus is looking for confirmed cases to peak over the coming weeks. We think equities will struggle until we have some sort of confirmation of the April/May peak - current base case assumption. A persistent slow down in the number of new cases could be what the market is looking for.

US Dollar: **The US Dollar has strengthened over the past weeks with the Bloomberg Dollar basket rallying by 8.0% from the start of the year.** This could indicate weak investor confidence, with a preference being shown for safe haven assets. A weaker dollar in the coming weeks could potentially indicate less risk aversion in the market, a positive for risky assets like equities.

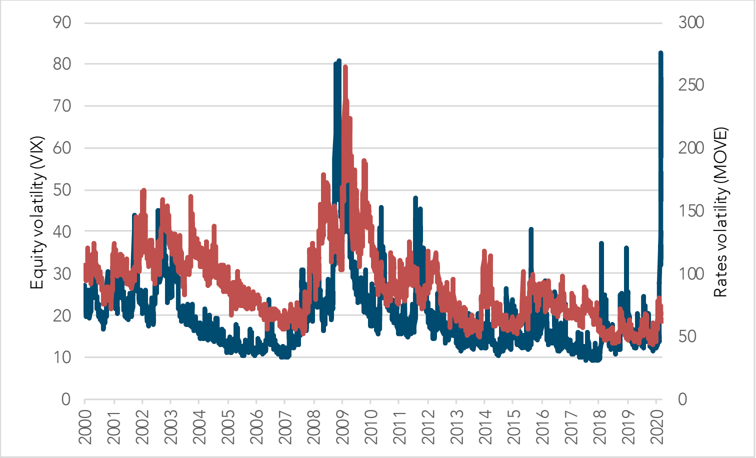
What to look out for in the coming weeks

2Y10Y yield spread



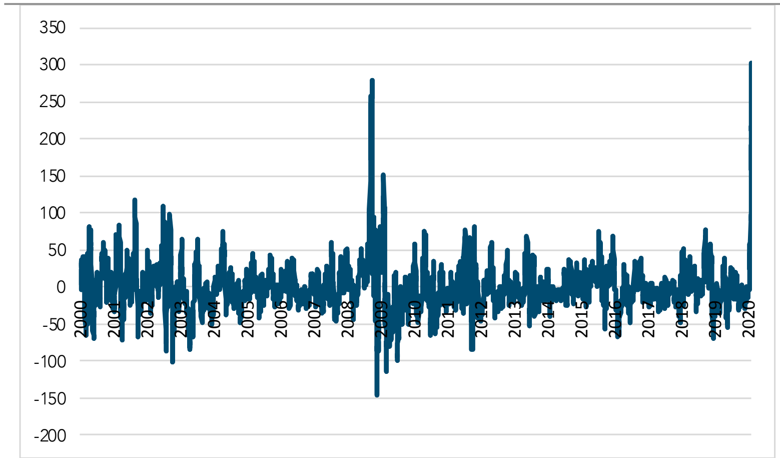
Source: Bloomberg

VIX (LHS) and MOVE (RHS)



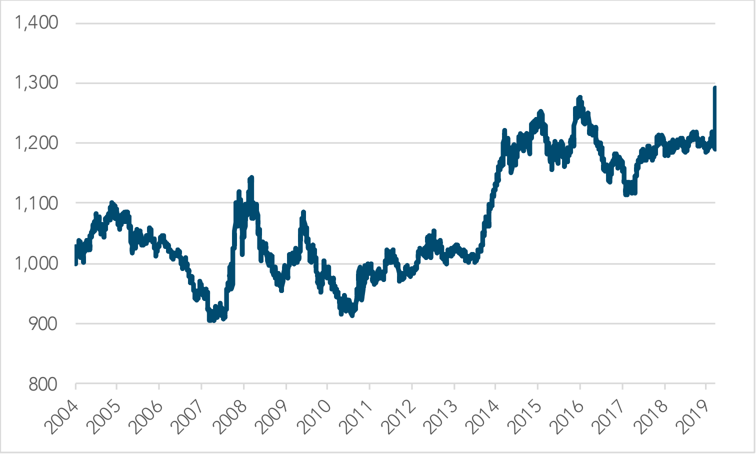
Source: Bloomberg

GS US Financial conditions index (1 month change)



Source: Bloomberg

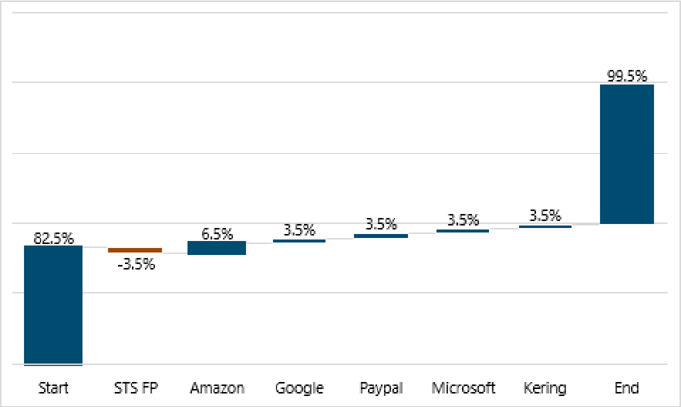
GS US Financial conditions index (1 month change)



Source: Bloomberg

What to buy when environment normalises

Proposed changes to the portfolio (% weighting)



Revised weighting vs benchmark

	Target exposure	Benchmark	O/(U)
Food & Beverage	10.7%	7.8%	2.9%
Technology	17.7%	6.1%	11.6%
Industrial Goods & Services	12.1%	11.2%	0.9%
Insurance	7.9%	5.6%	2.4%
Real Estate	7.4%	2.3%	5.0%
Personal & Household Goods	5.6%	8.7%	-3.1%
Travel & Leisure	6.8%	1.2%	5.6%
Health Care	12.7%	16.1%	-3.3%
Banks	3.5%	8.6%	-5.1%
Retail	13.1%	3.0%	10.1%
Financial Services	0.6%	2.6%	-2.0%
Utilities	0.4%	4.9%	-4.5%
Oil & Gas	0.3%	4.7%	-4.4%
Media	0.3%	1.8%	-1.5%
Telecommunications	0.2%	3.0%	-2.7%
Chemicals	0.1%	4.4%	-4.3%
Construction & Materials	0.0%	3.0%	-2.9%
Automobiles & Parts	0.0%	2.0%	-1.9%
Basic Resources	0.0%	2.4%	-2.4%

Source: Bloomberg

The recent measures announced by central banks globally and the inflation outlook supports growth stocks. These developments indicate that we are heading back to the goldilocks environment when growth stocks comfortably outperformed their value counterparts. In this respect we considering Amazon, Google, Paypal, Microsoft and Kering as potentially new positions when there are signs of stabilisation.

The fiscal stimulus announced by Governments in Europe will possibly curtail future much needed infrastructure investment. Understandably given the situation, the EU has relaxed its debt targets. However, we think that it is unlikely that counties like Italy will have much room to manoeuvre in the future. The potential for large fiscal spending to support the economy is unlikely. This reduces the attraction for value names.

We have revised our targeted sector exposure to take into consideration our recommendations. The impact is summarised below:

- Sell 3.5% STS FP: 2.0% F&B, 1.3% P&H Goods, 0.2% retail
- Buy AMZN & KER: +10% retail
- Buy GOOGL & MSFT: +7% Technology
- Buy PYPL: +3.5% Industrial goods and services

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Worst performing stocks included in our screen

Name	Sector	YTD	Performance 17/02 - 20/03
NORWEGIAN CRUISE LINE HOLDIN	Retail	-85.1%	-83.4%
ROYAL CARIBBEAN CRUISES LTD	Travel & Leisure	-82.0%	-78.7%
AIR CANADA	Travel & Leisure	-74.4%	-73.2%
COPA HOLDINGS SA-CLASS A	Travel & Leisure	-71.0%	-71.5%
CARNIVAL CORP	Travel & Leisure	-76.1%	-71.5%
SIGNET JEWELERS LTD	Personal & Household Goods	-63.9%	-70.3%
UNITED AIRLINES HOLDINGS INC	Travel & Leisure	-72.2%	-69.2%
DUFRY AG-REG	Retail	-71.9%	-68.5%
TOLL BROTHERS INC	Personal & Household Goods	-59.9%	-66.8%
JETBLUE AIRWAYS CORP	Travel & Leisure	-61.8%	-66.4%
INTL CONSOLIDATED AIRLINE-DI	Travel & Leisure	-65.4%	-66.2%
ASTON MARTIN LAGONDA GLOBAL	Autom obiles & Parts	-70.5%	-66.0%
RH	Retail	-61.5%	-65.5%
CAPRI HOLDINGS LTD	Personal & Household Goods	-74.1%	-65.5%
TEMPUR SEALY INTERNATIONAL I	Personal & Household Goods	-62.0%	-65.5%
PVH CORP	Personal & Household Goods	-69.9%	-64.6%
AMERICAN AIRLINES GROUP INC	Travel & Leisure	-63.7%	-64.5%
ALASKA AIR GROUP INC	Travel & Leisure	-65.0%	-64.4%
DELTA AIR LINES INC	Travel & Leisure	-63.2%	-63.5%
CALLAWAY GOLF COMPANY	Personal & Household Goods	-65.7%	-62.6%
QANTAS AIRWAYS LTD	Travel & Leisure	-65.6%	-61.5%
WYNN RESORTS LTD	Travel & Leisure	-62.2%	-60.3%
STAR ENTERTAINMENT GRP LTD/T	Travel & Leisure	-63.5%	-59.6%
EASYJET PLC	Travel & Leisure	-56.2%	-58.7%
TAPESTRY INC	Personal & Household Goods	-54.7%	-58.2%
SLEEP NUMBER CORP	Personal & Household Goods	-51.8%	-57.4%
NORDSTROM INC	Retail	-55.8%	-55.0%
ARCELORMITTAL	Basic Resources	-51.9%	-52.8%
AIR FRANCE-KLM	Travel & Leisure	-53.5%	-52.4%
CANADA GOOSE HOLDINGS INC	Personal & Household Goods	-58.6%	-51.6%
HUGO BOSS AG -ORD	Personal & Household Goods	-50.6%	-51.5%
RENAULT SA	Autom obiles & Parts	-61.7%	-51.1%
WILLIAMS-SONOMA INC	Retail	-50.2%	-50.9%
FIAT CHRYSLER AUTOMOBILES NV	Autom obiles & Parts	-53.4%	-50.1%
INTER PARFUMS INC	Personal & Household Goods	-51.5%	-49.6%
HELLA GMBH & CO KGAA	Autom obiles & Parts	-54.7%	-49.5%
GLENCORE PLC	Basic Resources	-49.2%	-49.5%
WIZZ AIR HOLDINGS PLC	Travel & Leisure	-41.5%	-49.3%
CONTINENTAL AG	Autom obiles & Parts	-50.2%	-48.9%
PORSCHE AUTOMOBIL HLDG-PRF	Autom obiles & Parts	-49.4%	-48.5%
PORSCHE AUTOMOBIL HLDG-PRF	Autom obiles & Parts	-49.4%	-48.5%
MARRIOTT INTERNATIONAL -CL A	Travel & Leisure	-50.6%	-48.3%
DECKERS OUTDOOR CORP	Personal & Household Goods	-38.5%	-48.2%
DAIMLER AG-REGISTERED SHARES	Autom obiles & Parts	-54.1%	-48.1%
DAIMLER AG-REGISTERED SHARES	Autom obiles & Parts	-54.1%	-48.1%
POLARIS INC	Personal & Household Goods	-52.0%	-48.0%
VALEO SA	Autom obiles & Parts	-52.9%	-46.6%
TESLA INC	Autom obiles & Parts	2.2%	-46.6%
ANGLO AMERICAN PLC	Basic Resources	-47.6%	-45.9%
TENARIS SA	Basic Resources	-48.1%	-45.7%
MOVADO GROUP INC	Personal & Household Goods	-57.8%	-45.6%
HILTON WORLDWIDE HOLDINGS IN	Travel & Leisure	-44.4%	-45.5%

Source: Bloomberg

Name	Sector	YTD	Performance 17/02 - 20/03
VOLKSWAGEN AG-PREF	Autom obiles & Parts	-46.6%	-45.4%
RALPH LAUREN CORP	Personal & Household Goods	-43.2%	-45.3%
MICROCHIP TECHNOLOGY INC	Technology	-42.9%	-45.3%
CROWN RESORTS LTD	Travel & Leisure	-46.2%	-45.2%
SEOUL AUCTION CO LTD	Retail	-43.6%	-45.2%
SOUTHWEST AIRLINES CO	Travel & Leisure	-40.6%	-44.7%
LAM RESEARCH CORP	Technology	-35.7%	-44.6%
BENETEAU	Personal & Household Goods	-47.1%	-44.0%
APPLIED MATERIALS INC	Technology	-37.6%	-43.0%
INTERCONTINENTAL HOTELS GROU	Travel & Leisure	-47.1%	-43.0%
PARADISE CO LTD	Travel & Leisure	-43.0%	-42.9%
RYANAIR HOLDINGS PLC	Travel & Leisure	-39.8%	-42.8%
FARFETCH LTD-CLASS A	Retail	-29.8%	-42.5%
BURBERRY GROUP PLC	Personal & Household Goods	-47.4%	-42.2%
PEUGEOT SA	Autom obiles & Parts	-46.9%	-42.2%
VAIL RESORTS INC	Travel & Leisure	-39.5%	-41.8%
FAURECIA	Autom obiles & Parts	-44.0%	-41.3%
DEUTSCHE LUFTHANSA-REG	Travel & Leisure	-45.0%	-41.0%
INTERGLOBE AVIATION LTD	Travel & Leisure	-34.6%	-40.1%
CHRISTIAN DIOR SE	Personal & Household Goods	-41.9%	-39.9%
KGHM POLSKA MIEDZ SA	Basic Resources	-39.4%	-39.4%
BROADCOM INC	Technology	-38.1%	-38.5%
MICRON TECHNOLOGY INC	Technology	-32.9%	-38.3%
RESORTTRUST INC	Travel & Leisure	-45.7%	-38.2%
SKYWORKS SOLUTIONS INC	Technology	-38.8%	-38.1%
BAYERISCHE MOTOREN WERKE AG	Autom obiles & Parts	-43.4%	-37.8%
BAYERISCHE MOTOREN WERKE AG	Autom obiles & Parts	-43.4%	-37.8%
MELCO RESORTS & ENTERT-ADR	Travel & Leisure	-43.8%	-36.5%
EVRAZ PLC	Basic Resources	-38.5%	-36.0%
LAS VEGAS SANDS CORP	Travel & Leisure	-36.1%	-35.1%
LULULEMON ATHLETICA INC	Personal & Household Goods	-28.8%	-35.1%
KLA CORP	Technology	-35.7%	-35.0%
JAPAN AIRLINES CO LTD	Travel & Leisure	-42.0%	-34.9%
STORA ENSO OYJ-R SHS	Basic Resources	-38.0%	-34.7%
NIKE INC -CL B	Personal & Household Goods	-33.2%	-34.7%
GENTING SINGAPORE LTD	Travel & Leisure	-37.0%	-34.5%
KANGWON LAND INC	Travel & Leisure	-41.2%	-34.2%
NOKIAN RENKAAT OYJ	Autom obiles & Parts	-30.7%	-34.1%
WYNN MACAU LTD	Travel & Leisure	-39.8%	-33.2%
QORVO INC	Technology	-39.0%	-33.2%
MICHELIN (CGDE)	Autom obiles & Parts	-31.1%	-33.1%
CHINA SOUTHERN AIRLINES CO-H	Travel & Leisure	-39.5%	-32.6%
BOLIDEN AB	Basic Resources	-35.6%	-32.2%
BHP GROUP PLC	Basic Resources	-35.3%	-32.1%
LUK FOOK HOLDINGS INTL LTD	Retail	-38.4%	-31.9%
INTEL CORP	Technology	-23.0%	-31.9%
INTEL CORP	Technology	-23.0%	-31.9%
SJM HOLDINGS LTD	Travel & Leisure	-27.3%	-31.7%
QUALCOMM INC	Technology	-30.4%	-31.5%
BROWN-FORMAN CORP-CLASS B	Food & Beverage	-27.5%	-31.4%
HOTEL SHILLA CO LTD	Travel & Leisure	-25.4%	-30.5%
SINGAPORE AIRLINES LTD	Travel & Leisure	-33.4%	-30.5%
MAXIM INTEGRATED PRODUCTS	Technology	-27.7%	-30.0%

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