The unicorn defends itself
Unknown author, 1495-1505

HOUSE VIEW

OCTOBER 2019

THE HUNT FOR THE UNICORN

BancaMarch

THE HUNT FOR THE UNICORN

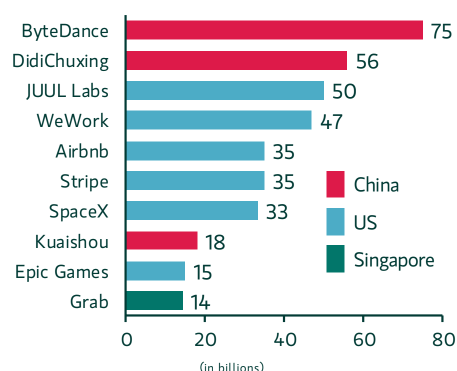
In the middle ages, the unicorn was a symbol of strength, a fantastic being capable of defeating physically superior animals, even elephants. It was coveted for its horn, which was believed to protect against all poisons and diseases.

In 2013, Aileen Lee, founder of Cowboy Ventures, associated the term "unicorn" with those tech start-ups capable of securing a value of one billion dollars in any given funding round. Though unicorns are mythical creatures, the current process of technological disruption makes it possible for these types of companies to become a reality and defeat many of the "elephant" firms that, despite having more initial resources, consist of complex, traditional structures and are slow to adapt to new trends.

A good example of this is the artificial intelligence implemented in the music applications of companies like ByteDance, DidiChuxing's (China's Uber) ongoing revolution in the transport sector, or JUUL Labs' electronic cigarettes.

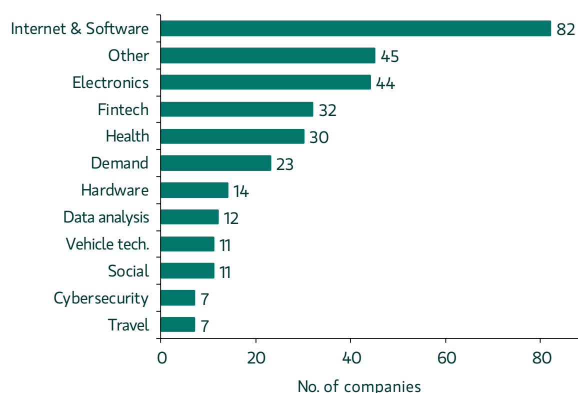
1. THE WORLD'S TOP 10 UNICORNS

Source: World Economic Forum and Banca March



2. DISTRIBUTION OF COMPANIES BY SECTOR

Source: World Economic Forum and Banca March



In recent years, unicorns have multiplied exponentially, with growth rates matched only by breeding rabbits, metaphorically. According to CB Insights, there are currently 403 unicorns, with a joint valuation of 1.3 trillion dollars, an amount similar to the GDP of countries like Spain.

Many of these companies prefer to attend private funding rounds rather than resort to the secondary market but, ultimately, as they mature, they inevitably agree to be listed and it is the stock market that determines their final value. Let us look at the five largest companies in the US. Apart from Microsoft and Apple (founded in the 70s), Alphabet, Amazon and Facebook, which didn't even exist in the mid-90s, have traded on the public market for less than 20 years and have triggered a real revolution in lifestyle habits.

Investing in Amazon—doubtless one of the most successful unicorns in history—in 1997 would have meant an annualised return of 36.9% vs. the 7.7% of the S&P 500. In monetary terms, an investor who bought shares worth USD 1,000 at IPO would have USD 1,130,100 today, compared to USD 5,245 obtained by the index.

We would all like to discover the next Amazon and have the ability to spot the best businesses, like Rockefeller himself (who, incidentally, donated the Dutch tapestry featured on the front page of this report to the New York MET Cloisters in 1937). But it is important to put into context some figures on global venture capital and the IPO process of companies before embarking on the hunt for the unicorn.

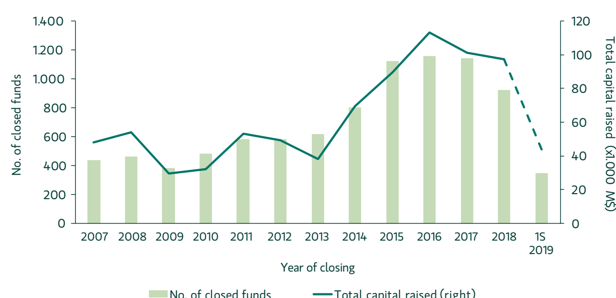
Venture Capital fundraising remains strong despite drifting from the highs reached in 2016.

The technological revolution and new consumer trends, coupled with low economic growth and minimal interest rates, continue to rouse the interest of many investors who commit their money to venture capital funds focused on backing companies that are often in the initial phases of fundraising. As illustrated in graph 3, this trend escalated consistently until 2016, and after a weaker 2018, if this year continues to advance at its current pace, nearly USD 70 billion will be raised, on par with 2014 levels, which could help limit price pressures on new operations.

It is worth noting that, though most unicorns are located in the US, there is a lot of liquidity focused on the growing Asian market. Asia accounts for 45.7% of all deals closed in 2018, with China representing 28% of the overall figure and North America accounting for 34% of operations (graph 4).

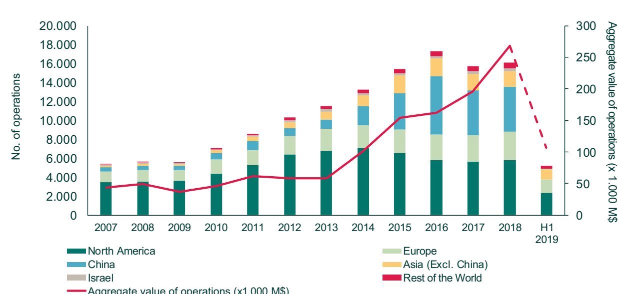
3. VENTURE CAPITAL: EVOLUTION OF CAPITAL RAISED

Source: Preqin and Banca March



4. VENTURE CAPITAL OPERATIONS BY REGION

Source: Preqin and Banca March



The corporate sector continues to invest in venture capital in a sustained way, accumulating 18% of all operations.

More and more companies are using venture capital to outsource their R+D and launch new projects. These types of commitments generally focus on companies in the initial phases of investment.

IPOs do not guarantee a higher return for investors who buy on the secondary market.

Once the venture capital phase is over and the company decides to go IPO, the best stock market return is not necessarily guaranteed. Studies like Ritter's[1] (using a sample of 8,363 IPOs on the US market from 1980-2017) demonstrate that three years after going public, companies rarely outperform the rest of the market. On average, they return 21.9%, meaning, -17.9% worse than the benchmark indices. Regardless, it is important to point out that higher sales typically equal better stock market performance. The 1,092 companies studied, with 2019 turnover in excess of USD 500 million, performed 2.1% better than the index, and those with more than one billion USD in sales, 7% better.

Studies like Ritter's support our view about the extent to which venture capital funds are able to maximise the value of the companies in which they invest and squeeze the price before proceeding to "share" ownership of the investment through an IPO.

The quality of companies going public is worsening.

Only 18% of the 63 US companies that have gone public in 2019 have been profitable in the last 12 months. This is the lowest figure in history, exceeding even the 19% hit in 2000. Nevertheless, it should be noted that, unlike in 2000, unlisted companies have more financing capacity on the private market than ever before and, as often as possible, they select this type of financing before opting for an IPO, which is where poorer quality options, like Uber (-35% since May), congregate. One of the main reasons for delaying an IPO is to ensure more freedom when implementing a long-term growth strategy and bypass the often-coercive pressure from public markets. Taken together, this year's IPOs have accumulated an average return of 7.6%.

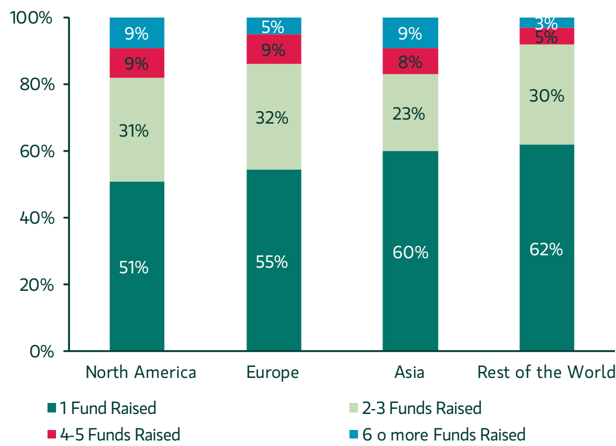
The importance of knowing how to pick.

Knowing the experience of the managers that will accompany our investments is crucial. Still, as graph 5 illustrates in dark green, in actual practice, more than have of currently operating funds have no previous history in the region in which they are invested. It would be desirable to focus investment on venture capital funds in which some previous capacity to generate value can be measured (light green, and especially red and blue). This is one factor that explains the vast disparity of results among managers (graph 6).

[1] Jay R. Ritter. IPO: Updated Statistics on Long-run Performance. University of Florida. April 9, 2019.

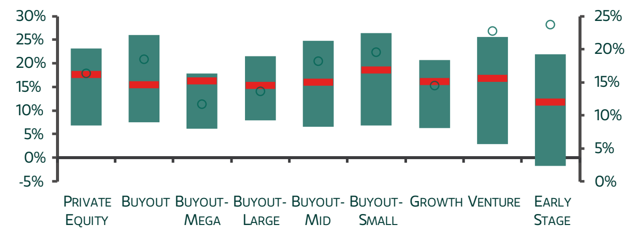
5. EXPERIENCE OF VENTURE CAPITAL MANAGERS BY REGION

Source: Preqin and Banca March



6. IRR DISPARITY BY STRATEGY

Source: Preqin and Banca March



Funds between the first and third quartile; 1980-2015. Local currency.

In this global context of magnified generational shifts and negative real interest rates, it is worthwhile to continue trying to capture the illiquidity premium and the growth that venture capital offers. Doubtless, in light of the data, success is in the details and the trick lies in knowing how to choose a hunting partner.

Joan Bonet Majó
Chief Investment Strategist

Steamboat Geyser
Yelowstone National Park, Wyoming

HOUSE VIEW

OCTOBER 2019

CENTRAL BANKS EXTEND THE CYCLE. **NOW WHAT?**

BancaMarch

HOW TO POSITION OURSELVES IN THE CURRENT SCENARIO

Central Banks extend the cycle. Now what?

STRATEGIC POSITION

ASSET CLASS	-2	-1	NEUTRAL	+1	+2
LIQUIDITY				■	
BONDS	■				
EQUITIES		■			
ALTERNATIVES				■	

BONDS	-2	-1	NEUTRAL	+1	+2
SOVEREIGN DEBT	■				
High quality (AAA)	■				
Peripheral			■		
CORPORATE BONDS		■			
Investment Grade		■			
High Yield		■			
EMERGING DEBT				■	
CONVERTIBLE BONDS			■		

EQUITIES	-2	-1	NEUTRAL	+1	+2
EUROPE			■		
UNITED STATES			■		
EMERGING				■	
JAPAN			■		

MACROECONOMIC SCENARIO

Activity data show progressive deceleration, but the sharp deterioration of confidence indicators triggers alarm.

The global growth rate continues to slow, but because no abrupt curtailment in activity data is evident at the moment, it seems premature to assert that the world economy is on the brink of recession. If we examine the figures published across major regions, the US closed the second quarter of the year with a GDP advance of +2.3% year-on-year and an economy creating jobs. In China, meanwhile, GDP slowed incrementally, though the Asian giant grew at a rate of +6.2% year-on-year. In both cases, the data confirm our scenario of waning dynamism relative to the previous quarter, but do not indicate a contraction in activity.

By contrast, the Eurozone shows less encouraging activity figures. In Germany, the disruption in train service put downward pressure on the region's overall growth. The nature of the German economy—with greater emphasis on the industrial sector (28% of GDP) and elevated exposure to the foreign sector (aggregate exports account for nearly 50% of GDP)—make it more vulnerable in the current climate of increasing trade tensions, with an economy already undergoing a technical recession prompted mainly by a decline in global trade. For its part, the Italian economy also stagnated, confirming expectations that internal political unrest would adversely affect activity.

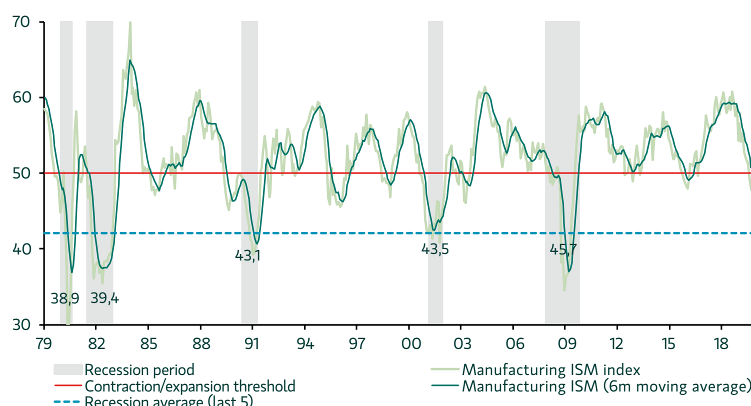
Therefore, without the support of the first and third largest economies in the region, prospective growth for this year continues to be revised downward and is now expected to close near +1%, its weakest advance since the public debt crisis.

While activity data are consistent with our deceleration scenario, fears of a recession have skyrocketed in recent weeks, following an acute plunge in business confidence indicators signalling a loss of dynamism at a faster rate than in previous months.

September's leading indicators reveal two worrying signs: i) business confidence indicators worldwide show that the weakness of the industrial sector is beginning to spread to the service sector, raising the risk of contraction; and ii) the US economy is also showing signs of increasing weakness, proof that it will not be immune from the deteriorating global prospects triggered by the trade war. As illustrated in graph 1, there has been a sharp decline in the Manufacturing ISM in the United States.

1. EVOLUTION: MANUFACTURING ISM VS. RECESSIONS

Source: Bloomberg and Banca March



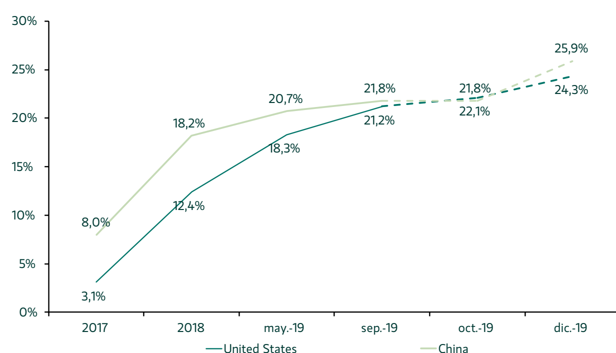
Historically, this indicator is one of the best predictors of cyclical change in the US economy. If we analyse the last five recessions since 1980, we see that on average this indicator stood at 42.1, relative to the current 47.8, with September's levels more than five points higher. Therefore, the decline in business confidence is a clear warning but, as we have already mentioned, it would be premature to conclude that a recession looms. As we observed in 2012-13 and 2015-16, periods when the indicator stood at levels similar to the present figure, activity rebounded with support from stimulus measures.

In conclusion, given that world growth is slowing and leading indicators have deteriorated, is the global economy on the brink of a recession or are we experiencing a period of cyclical deceleration? Is there still time to take action to prevent a recession?

In our baseline scenario, we maintain that the slowdown will continue but will not result in a global recession in the short term because the economies with room to manoeuver will adopt fiscal policies to stimulate growth, and primarily because the Central Banks have shifted their monetary policies to include stimulus measures.

2. EVOLUTION OF AVERAGE TARIFFS (US AND CHINA)

Source: Bloomberg and Banca March



The main downside risk in this scenario comes from the trade war. As of today, US-imposed tariffs on China have risen from an average of 3% in 2017 to nearly 20%. If the threat of additional hikes materialises, the United States could apply tariffs to all Chinese imports from the end of the year, boosting the average to 25%. China would likewise respond by raising tariffs, which would close the year at 24% on average.

Nevertheless, in the coming months we expect at least a truce to be reached in the escalation of reciprocal tariffs; perhaps a minimal agreement of some kind, that circumvents this negative scenario, may materialise before the next US elections. This premise is based on three factors:

I. Further protectionist measures will punish all economies, including that of the United States, a trend confirmed in the latest macroeconomic data published in recent weeks.

II. The new round of proposed tariffs will directly affect a greater number of US consumer goods, and thus have a more direct effect on the pocketbooks of American consumers (voters).

III. The US presidential election next year (3 November 2020) may make Trump more willing to reach an agreement. If we analyse the US electoral process since 1910, only one president won re-election in the midst of a recession; all others incumbents who ran during a recession lost at the ballot box.

In any case, a new round of negotiations between the United States and China is scheduled to begin in the second week of October. It will be essential that both parties return to the negotiating table in order to reach an agreement and avoid negative scenarios.

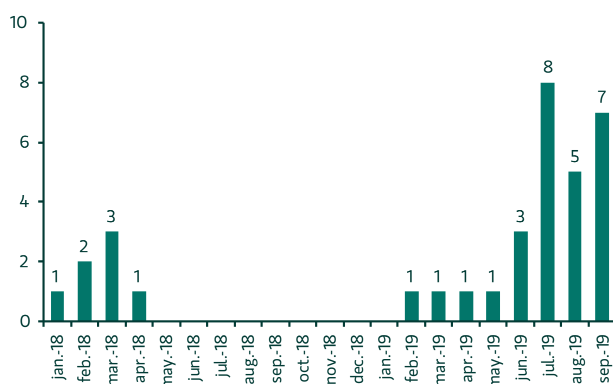
CENTRAL BANKS AND BONDS

Central Banks accelerate the implementation of new monetary stimulus measures, which should serve to bolster activity, though the impact on the economy will not be immediate.

After a brief attempt at monetary normalisation, the economic slowdown has prompted the Central Banks to inject liquidity into the system and become net asset buyers once again. If we analyse the decisions made in the last three months, we see how the Central Banks' responses have accelerated by implementing interest rate cuts and/or increasing asset purchases. Specifically, in the last three months, 12 of the 15 key monetary authorities have adopted some form of stimulus, confirming that the trend is global. These latest measures will serve to bolster stock exchanges and reduce the risk of sharp corrections, but it is important to bear in mind that their impact will not be immediate and that economic activity typically takes 12 to 18 months to react.

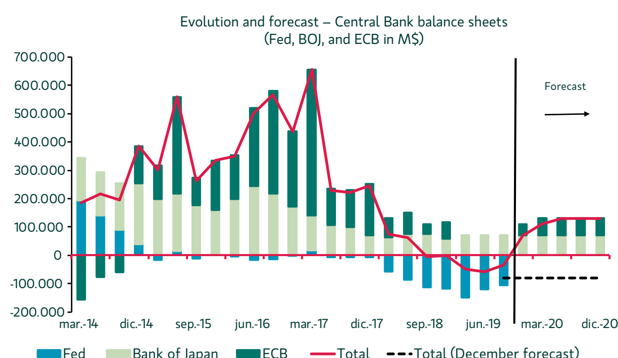
3. NUMBER OF RATE CUTS PER MONTH

Source: Bloomberg and Banca March



4. EVOLUTION OF CENTRAL BANK BALANCE SHEETSS

Source: Bloomberg and Banca March

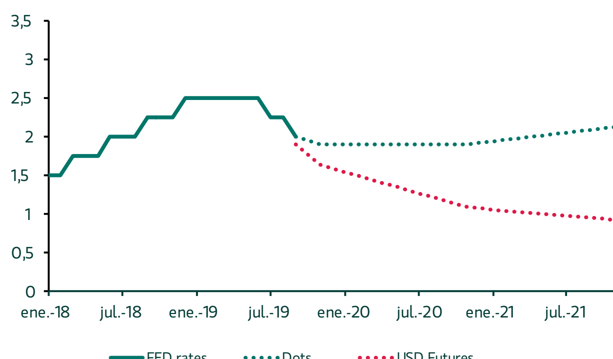


This is a major change compared to expectations at the beginning of the year (graph 4). Under the new measures, the three main Central Banks will re-inject liquidity into the system.

For now, let us focus momentarily on the two main Central Banks. In September, the Fed cut interest rates for the second time in a row to a range of 1.75% - 2%. Looking ahead to the coming months and in light of slowing activity, we expect an additional rate cut before the end of the year. However, the market has already taken into account the fact that cuts will continue in 2020 until reaching 1%. These aggressive interest rate prospects are not compatible with our core scenario, which includes an economic slowdown, but one that does not precipitate a global recession.

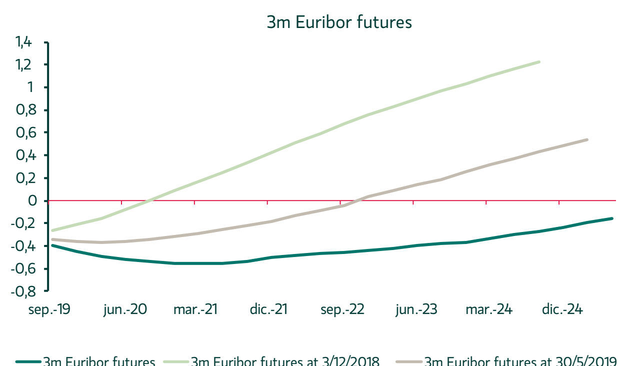
5. MARKET PROSPECTS: FED INTEREST RATES

Source: Bloomberg and Banca March



6. MARKET PROSPECTS: 3M EURIBOR

Source: Bloomberg and Banca March



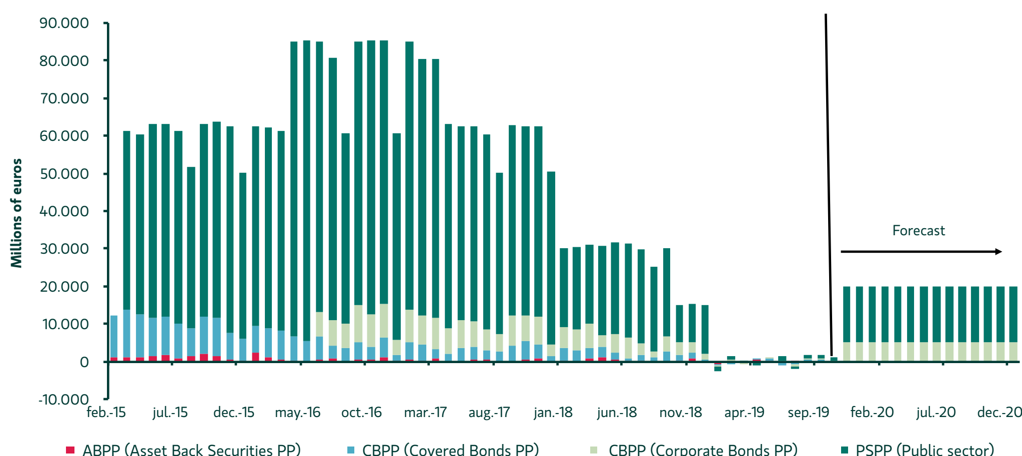
Finally, the ECB announced new monetary stimulus measures, cutting the deposit facility rate 10 b.p. to -0.5% and introducing a tiered system to alleviate some of the potentially adverse effects on the banking sector.

After the news, the futures market reflected the fact that interest rates in Europe would remain negative for a prolonged period, at least until 2025 (as illustrated in graph 6). Additionally, the European Central Bank will re-launch its Asset Purchase Program (APP). Though the 20 billion announced is less than the 30 billion expected, the surprise lay in the program's duration: rather than a limited period of 12 months, the program will be indefinite, and will once again include the purchase of high quality corporate bonds to stimulate the real economy.

The volume of corporate bond purchases should echo the pattern of the previous program, although after 18 months corporate bond purchases will gain significance.

7. ECB PURCHASE FORECAST

Source: Bloomberg and Banca March



Under the previous program, corporate bonds accounted for between 6% and 23% of monthly asset purchases, 7% of the total program. These proportions are not expected to vary much when the breakdown by asset class is announced on 1 November. The problem with applying the program is that, in the past, the ECB has self-imposed the restriction of not holding more than 33% of a member state's public debt. So, if the recently announced plan is expanded, which appears likely, that limit could be reached and, without an agreement to raise it (given the reluctance of France and Germany to reboot the programme), surely corporate bond purchases will gain importance. Therefore, we estimate that new corporate bond purchases will be within the range of 2.5 – 5 billion.

The stimulus measures implemented in the past narrowed credit spreads but also increased duration.

With the launch of the bond purchase programs, credit spreads narrowed, helping companies reduce their financing costs and bank dependence. However, this effect was not limited only to bonds eligible for the purchase program, the rest of the credit market was also affected. One important side effect was the lengthening of financing terms and the subsequent boost in sensitivity to the interest rates of the corporate bond aggregate[2].

The potential that will generate a compression in credit spreads will be negatively offset by the effect of interest rates. It is our opinion, therefore, that corporate bonds offer little value.

Under the new purchase program we expect the effects of the past will now be more attenuated, meaning, there will be a narrowing of credit spreads with an extension in financing terms, but with less intensity. We believe that the appreciation caused by the buybacks will be virtually eliminated by the rise in benchmark rates which, in our core scenario, will drop from current levels but remain negative, and the Bund will approach -0.25%.

Ultimately, it is worth examining whether—given the start of a new purchase program—we should reconsider corporate fixed income, supported by ECB demand, as a haven asset. In our view, the investment-grade return of 0.4% in euros fails to offset the risk or the long duration assumed.

We maintain that emerging bonds in hard currency are the most attractive of fixed income assets.

[2] The impact of the corporate sector purchase programme on corporate bond markets and the financing of euro area non-financial corporations. Roberto A. De Santis, André Geis, Aiste Juskaite and Lia Vaz Cruz. – ECB Economic Bulletin, Issue 3/2018.

EQUITIES

October began with stock market declines. We believe equity markets will stay within the trading range we saw between February and July.

The macroeconomic and profit deterioration materialising day by day is the primary reason we have maintained a recommendation of tactical underweighting in equities since March. For the moment, we are awaiting fresh opportunities to increase investment levels once again. In any case, we are aware that the measures implemented by the Central Banks from July open the doors to a scenario where declines should be increasingly restrained.

It is also important to bear in mind that, despite the favourable performance of exchanges in 2019, investment flows in equity funds have experienced net redemptions worth USD 200 billion. In fact, net inflows in equities are mainly attributable to treasury share buyback policies that, once amortised, improve the EPS of existing shares. Thus far in 2019, the influx has reached nearly USD 850 billion, in addition to USD 1.3 trillion in mergers and acquisitions. This situation of widespread negativism on the part of active management is another factor that will limit potential market losses.

Stock markets rallied in September, buoyed by the central banks and critical sector rotation from growth to value.

Stock markets closed September with gains, driven by the announcement of widespread rate cuts and expectations of new trade talks. The S&P 500 and the Nasdaq closed with monthly advances, though they failed to surpass the high set in July, standing at 2% and 6% below the maximum. In Europe, the indices most exposed to the financial sector, like the IBEX and the EuroStoxx50, partially bridged the annual yield spread vis-à-vis US stock exchanges, thanks to the ECB's announcement of a tiered system penalising bank deposits in an effort to mitigate the negative impact of a lower deposit facility rate (-0.5%).

By sector, September brought a critical sector rotation that favoured advances for value rather than *growth* industries. Telecommunications recovered in Europe, while utilities rebounded in the US. More important, however, was the overall advance of the energy and financial sectors.

8.MSCI WORLD: PERFORMANCE BY SECTOR

Source: Refinitiv and Banca March

SECTOR	Evolution (%)		52 Weeks (%)	
	September	YTD	Max	Min
Technology	1,50	29,58	-3,45	37,36
Discretionary spending	1,31	16,95	-5,11	22,31
Financial	4,91	13,01	-5,67	15,11
Healthcare	-0,24	8,28	-3,97	12,25
Industry	2,48	16,92	-4,34	20,83
Materials	2,29	11,33	-7,37	11,69
Utilities	3,27	20,93	-0,75	20,17
Real estate	0,84	22,46	-0,73	21,87
Telecom	0,04	18,51	-3,58	22,77
Consumer goods	0,44	19,60	-1,85	20,48
Energy	4,14	3,36	-23,56	5,02
MSCI World	1,90	16,67	-3,11	19,95

We maintain our recommendation for the energy sector.

Despite the high volatility of crude recently, industry forecasts remain positive in the short term given the cumulative supply deficit: sanctions on Iran, tapered production in Venezuela and Nigeria, production controlled by OPEC and Russia, and recent attacks on oil facilities. Integrated oil companies are still highly undervalued in our opinion, reflecting levels of $30-35/barrel as opposed to the actual $60 and ignoring good profit expectations, low debt, and high cash generation capacity, permitting the distribution of generous dividends.

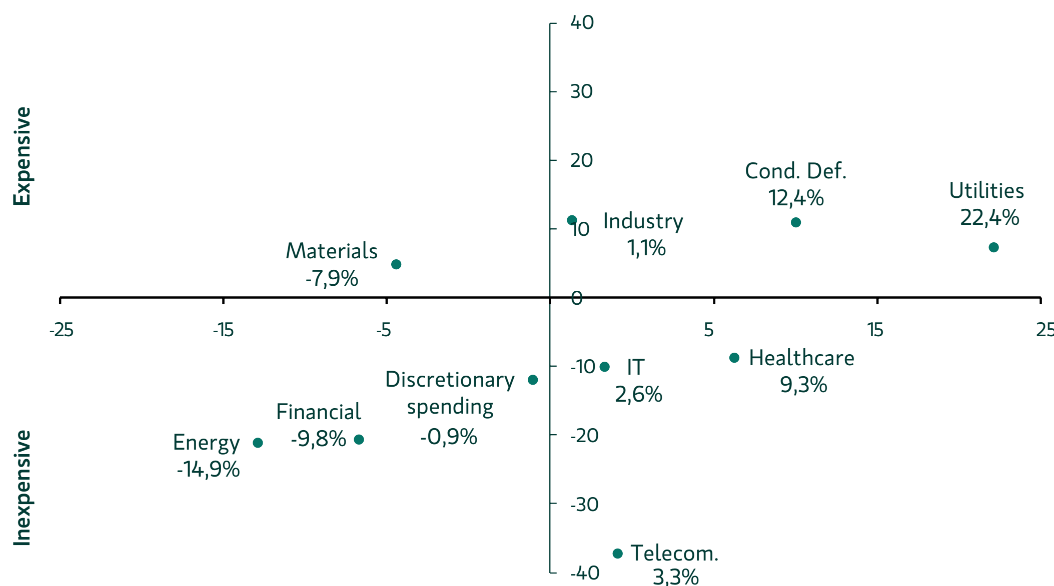
However, we remain neutral with regard to the financial sector, which has performed so well following the announcements of the Fed and the ECB. Though sector valuations and dividend policies are attractive, it is difficult to find the catalyst—in the short term—that can reduce the sizable discount in the trading price considering its elevated macro sensitivity, which signals an environment of depressed rates, especially in Europe, for the coming years.

From a sector perspective, we recommend a combination of growth industries, like technology, which should continue to perform well in an expansionary monetary policy environment, and attractively valued defensive sectors, like healthcare and energy.

As illustrated in graph 9, within the defensive sectors, healthcare and energy have the most attractive valuations. Despite the maturity of the cycle, macro deterioration, and the flattening of the curve, it is essential to be selective within defensive sectors, favouring mainly those that offer more attractive valuations.

9. HISTORICAL P/E RATIO VS. RELATIVE RETURN (12M MSCI EUROPE) (*)

Source: Refinitiv, Bloomberg and Banca March



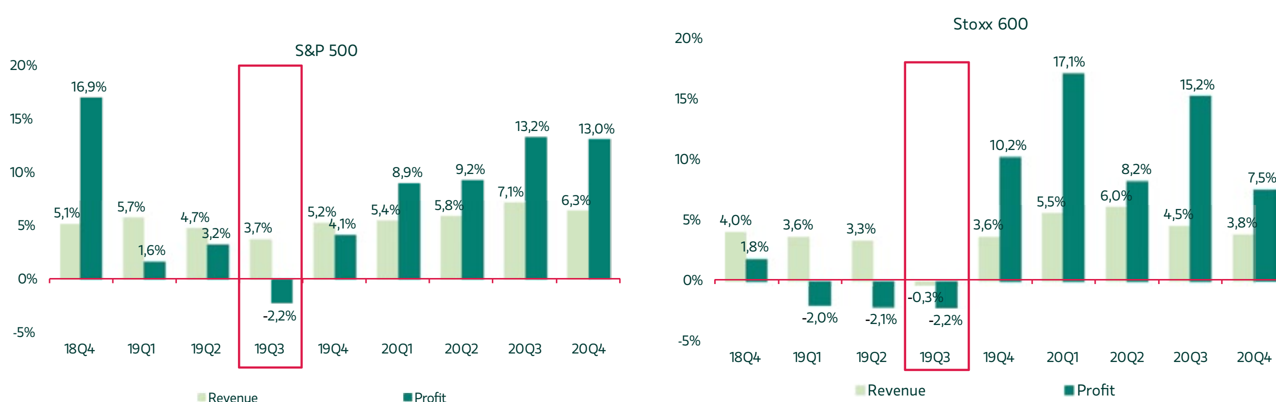
* Historical under-/over-valuation vs. P/E ratio 12 m average calculated since 1995.

Third-quarter results should continue to be sluggish within the lower-growth scenario we anticipate, but the primary risk is focused on 2020. Consensus estimates are too high and will be revised downward.

Parallel to the downward revision of global growth forecasts, profit estimates for the current quarter are weak and include a nearly 2% profit decline on both sides of the Atlantic. With regard to revenue, the trade war will reverberate through European sales, with -0.4% q-o-q expected, while the relative isolation of the US economy allows for sales growth estimates of roughly 4%.

10 - 11. EPS GROWTH PROSPECTS (S&P 500 AND STOXX 600)

Source: Refinitiv and Banca March



In line with a scenario of lower growth, we reiterate our view that corporate profits will remain under pressure with no recovery in sight before the end of the year. For the whole of 2019, the profit revision places expected growth at just 2%, relative to 10% at the beginning of the year. From our perspective, the greatest risk lies in the numbers for 2020, where the consensus maintains a growth forecast of 10.2%, which will not be met, but which—by comparison—will hover below 5%.

By region, emerging shares and specifically the Asian market continue to show the highest potential.

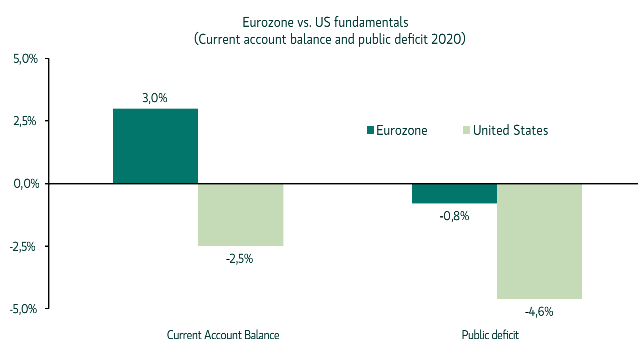
Despite Europe's partial recovery vis-á-vis the US, and its better relative valuation, we are comfortable with the reduction of levels implemented in Europe in July. We believe that given the ECB's limited capacity to enact rate cuts, the strong exposure to the financial sector, and the dependence on the foreign sector in Europe, it is advisable to adopt a less aggressive approach.

CURRENCIES

Fundamentals suggest the dollar should cease its current overvaluation.

12. TWIN DEFICITS

Source: Bloomberg and Banca March



Exchange rates are mechanisms of economic flexibility and an economy with a high fiscal deficit, coupled with an off-kilter trade balance, tends to register downward pressure on its currency as a means of correcting the external deficit. These factors are present in the value of the dollar, especially when compared to aggregate eurozone data (graph 12). Nevertheless, the greenback has continued to appreciate against the euro in recent months. So, what is underpinning the US currency?

The evolution of exchange rates in the last few months was dictated by the interest rate spread, which remains favourable to the dollar. Despite the Fed's two cuts over the summer, the dollar is one of the few reserve currencies with positive interest rates. (It is worth noting that in Switzerland, Japan and the eurozone, interest rates are zero or negative).

However, from our point of view, the strength of the dollar relative to the euro is largely attributable to factors weakening the single currency: global economic slowdown, technical recession in Germany (which will be confirmed in the coming months), and growing concerns about Brexit all weigh heavily on the euro.

Looking ahead to the coming months, our core scenario is one in which these political uncertainties recede little by little, helping to stabilise growth in the eurozone, which is highly dependent on improvements in world trade. Moreover, a potential fiscal boost from Germany would be a welcome development for the euro since it would prompt a narrowing of the growth spread with the United States and, subsequently, a narrowing of the interest rate spread.

In this scenario, although the expected depreciation of the dollar against the euro may take longer than previously anticipated, we must not forget that leading indicators suggest the US economy will undergo a cooling period and the Fed will implement at least one more rate cut before year-end. We think both factors should serve as triggers to weaken the dollar. In short, we fail to see the benefit of adopting positions in the dollar at these levels and we maintain our view that the crossover should be in the range of 1.15-1.20 EUR/USD, levels more consistent with its fundamental value.

Brexit frictions continue to influence the movement of the pound against the euro. Only three options remain going forward: agreement, extension, or failure to comply (contempt).

The pound rallied throughout September, especially following Parliament's decision to avert a disorderly exit from the EU should the parties fail to reach an agreement—this in spite of the statements of the prime minister who insists Brexit will proceed whether or not a deal is reached by October 31. This situation has significantly increased the possibility of snap elections, given that Boris Johnson has only three paths left: agreement with the EU, extension, or failure to comply. The deadline is up and if there is no agreement at the European Council on 17 October, it is highly probable that parliament will take control of the situation before the 31st if there is no assurance that the PM will request a formal extension. For now, talks are focused on the issue of the Irish back-stop, but it appears unlikely that the EU will modify the terms of the agreement reached with Theresa May.

13. THE POUND REMAINS IN RANGE

Source: Bloomberg and Banca March

It is our view that the most likely scenario will entail a withdrawal agreement between the European Union and the United Kingdom in the medium term, preceded by an extension of the 31 October deadline. We also believe elections will take place prior to this agreement, once again bringing volatility to the pound, which should remain within our target range of 0.85 – 0.90 EUR/GBP.

Banca March Market Strategies Team:

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EURIBOR

	LAST	1 MONTH	YTD	1 YEAR
1 MONTH	-0,46	-0,43	-0,36	-0,37
3 MONTHS	-0,42	-0,43	-0,31	-0,32
6 MONTHS	-0,39	-0,43	-0,24	-0,27
12 MONTHS	-0,33	-0,38	-0,12	-0,16

CURRENCIES

	LAST	1 MONTH	YTD	1 YEAR
EUR/USD	1,0903	1,098	1,145	1,16771
EUR/GBP	0,887	0,904	0,898	0,891
EUR/CHF	1,088	1,089	1,126	1,141
EUR/JPY	1117,9	116,8	125,6	132,4

GOVERNMENT BONDS

		LAST	1 MONTH	YTD	1 YEAR
USA	2 YEARS	1,62	1,50	2,49	2,82
	5 YEARS	1,54	1,39	2,51	2,95
	10 YEARS	1,66	1,50	2,68	3,06
	30 YEARS	2,11	1,96	3,01	3,21
GERMANY	2 YEARS	-0,77	-0,93	-0,61	-0,52
	5 YEARS	-0,77	-0,92	-0,31	-0,09
	10 YEARS	-0,57	-0,70	0,24	0,47
	30 YEARS	0,07	0,18	0,88	1,08
SPAIN	2 YEARS	-0,51	-0,56	-0,24	-0,19
	5 YEARS	-0,30	-0,37	0,34	0,52
	10 YEARS	0,15	0,11	1,42	1,50
	30 YEARS	1,05	0,99	2,61	2,58
UK	2 YEARS	0,37	0,40	0,75	0,82
	5 YEARS	0,29	0,33	0,90	1,17
	10 YEARS	0,49	0,48	1,28	1,57
	30 YEARS	0,97	1,02	1,82	1,92

CORPORATE BONDS (1 YEAR SPREAD)

	LAST	1 MONTH	YTD	1 YEAR
AA	-0,30	-0,41	-0,18	-0,22
A	-0,25	-0,34	-0,09	-0,17
BBB	-0,15	-0,26	0,05	-0,04

COMMODITIES

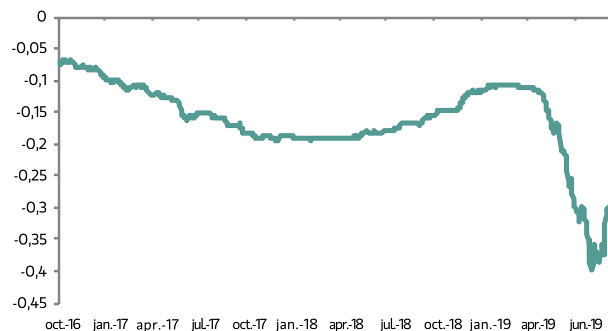
	LAST	1 MONTH	YTD	1 YEAR
BRENT	60,78	60,43	53,80	81,72
GOLD	1472,4	1520,3	1282,5	1182,9

EQUITY INDICES (3 YEARS)

	LAST	1 MONTH	YTD	3 YEARS
MSCI WORLD*	520,65	1,91%	14,26%	24,63%
SP500	2976,74	1,72%	18,74%	36,79%
EUROSTOXX50	3569,45	4,16%	18,93%	17,77%
TOPIXX	1587,8	5,02%	6,27%	20,95%
IBEX35	9244,6	4,90%	8,25%	6,44%
FOOTSIE100	7408,21	2,79%	10,11%	8,61%
MSCI BRAZIL	2101,52	2,42%	8,11%	26,87%
MSCI CHINA	75,21	-0,20%	5,63%	20,82%
MSCI EMERGING	1001	1,69%	3,65%	11,36%

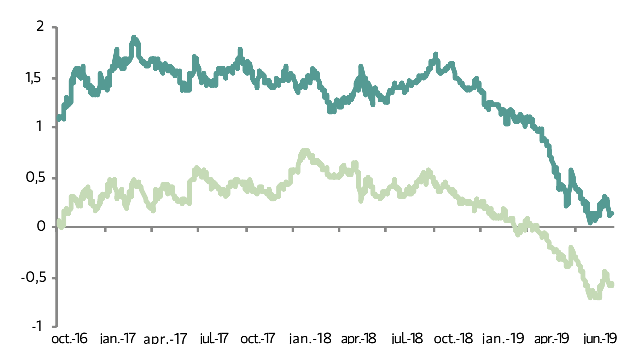
* All countries

EURIBOR 12 MONTHS (3 YEARS)

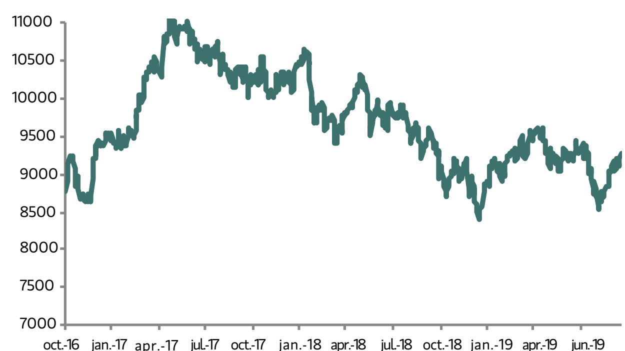


EUR/USD (3 YEARS)

10 YEARS GOVERNMENT YIELDS (SPAIN VS GERM.)



IBEX (3 YEARS)

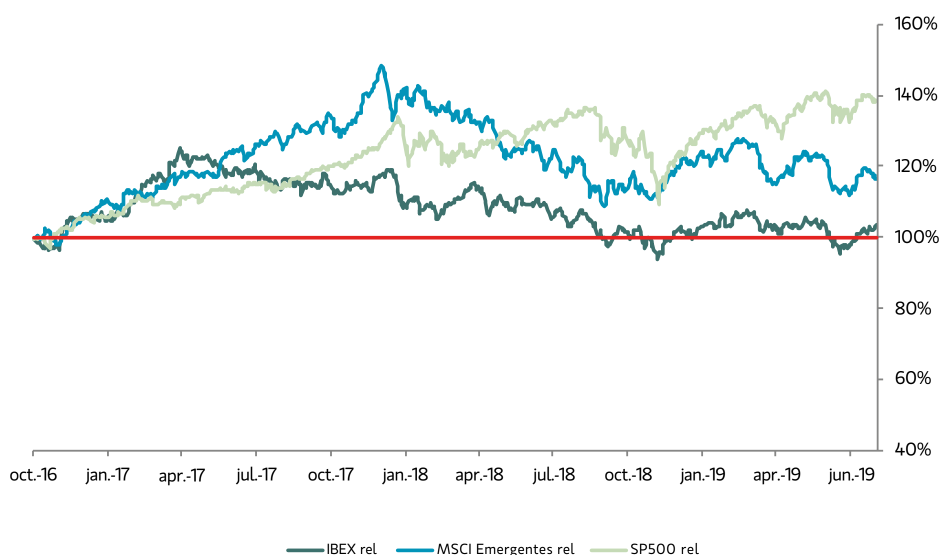


Data: Bloomberg

EQUITY INDICES PERFORMANCE (3 YEARS)

Data: Bloomberg

- IBEX REL
- MSCI EMERGENTES REL
- SP500 REL



*DATA AS OF 30TH SEPTEMBER 2019

	RETURN				DURATION		PORTFOLIO DISTRIBUTION			CURRENCY EXP. (NO EUR)	
	WEEK	MONTH	YTD	1 YEAR AGO	CURRENT	1 MONTH AGO	FI	EQUITY	ALTERNATIVE INV.	TOTAL	USD
MARCH RENDIMIENTO F.I.	-0,01%	-0,05%	-0,31%	-0,35%	0,237	0,130	47,30%	0,00%	0,00%	0,00%	0,00%
MARCH RENTA FIJA CORTO PLAZO F.I.	0,01%	-0,05%	0,83%	-0,27%	0,395	0,400	78,92%	0,00%	0,00%	0,00%	0,00%
MARCH PATRIMONIO C.P. F.I.	0,01%	-0,05%	0,76%	-0,44%	0,608	0,618	82,80%	0,00%	0,00%	0,00%	0,00%
FONMARCH F.I.	0,02%	-0,27%	2,33%	1,22%	2,053	2,069	98,00%	0,00%	0,00%	0,01%	0,00%
MARCH EUROPA F.I.	-2,71%	0,41%	-2,57%	-21,92%	0,003	0,003	0,00%	95,39%	0,00%	53,64%	3,90%
MARCH INTL - VALORES IBERIAN EQUITY	-1,80%	0,18%	5,91%	-9,88%	0,000	0,000	0,00%	71,75%	0,00%	2,63%	1,64%
MARCH GLOBAL F.I.	-1,41%	1,98%	17,44%	-3,07%	0,003	0,003	0,00%	94,92%	0,06%	60,51%	16,13%
MARCH INTL - MARCH VINICATENA	0,36%	1,48%	9,39%	-3,37%	0,000	0,000	0,00%	79,88%	0,02%	44,78%	18,34%
MARCH INTL - THE FAMILY BUSINESSES FUND	0,31%	2,44%	16,08%	2,64%	0,000	0,000	0,00%	81,01%	0,00%	40,14%	22,20%
MARCH NEW EMERGING WORLD F.I.*	-1,17%	2,67%	4,01%	-5,29%	0,003	0,003	0,00%	104,31%	0,00%	50,24%	-27,05%
MARCH INTL - TORRENOVA LUX	0,04%	0,51%	4,51%	0,44%	1,0	1,0	65,52%	16,10%	0,00%	14,45%	7,64%
TORRENOVA DE INVERS. S.I.C.A.V. S.A.	0,03%	0,59%	4,92%	0,91%	1,018	1,046	70,55%	17,96%	0,00%	5,88%	0,40%
CARTERA BELLVER S.I.C.A.V., S.A.	-0,08%	2,15%	8,15%	-2,44%	1,101	1,121	41,14%	48,30%	0,00%	24,05%	5,32%
LLUC VALORES S.I.C.A.V., S.A.	-0,13%	4,51%	12,41%	-4,23%	0,003	0,003	0,00%	84,58%	0,00%	46,91%	10,36%
MARCH PATRIMONIO DEFENSIVO F.I.*	-0,09%	-0,15%	2,08%	-0,86%	0,003	0,003	67,15%	13,93%	10,64%	2,94%	2,79%
MARCH CARTERA CONSERVADORA F.I.*	-0,15%	0,05%	4,42%	-1,22%	0,003	0,003	52,50%	30,32%	11,25%	3,13%	2,93%
MARCH CARTERA MODERADA F.I.*	-0,26%	0,26%	6,77%	-1,99%	0,003	0,003	34,35%	52,50%	7,77%	4,83%	4,56%
MARCH CARTERA DECIDIDA F.I.*	-0,44%	0,71%	8,99%	-4,28%	0,003	0,003	8,23%	74,67%	11,42%	3,66%	3,32%
PLAN PENSIÓN CRECIENTE, F.P.	0,02%	-0,21%	1,30%	-0,19%	1,471	1,444	96,45%	0,00%	0,00%	0,00%	0,00%
MARCH PENSIONES 80/20, F.P.	-0,30%	0,32%	6,12%	0,47%	2,335	2,327	71,78%	24,37%	0,01%	15,26%	4,28%
MARCH PENSIONES 50/50, F.P.	-0,59%	1,05%	9,92%	-0,02%	2,113	2,149	47,25%	48,05%	0,01%	30,47%	8,81%
MARCH ACCIONES, F.P.	-1,16%	2,39%	19,32%	-1,02%	0,003	0,003	0,00%	93,13%	0,02%	58,81%	16,14%
MARCH AHORRO, F.P.	-0,47%	0,61%	7,44%	0,21%	2,271	2,259	65,19%	32,48%	0,01%	20,47%	6,08%
PLAN ÓPTIMO, F.P.	-0,49%	0,56%	6,85%	0,53%	2,322	2,318	64,19%	30,54%	0,01%	18,89%	5,53%
MARCH MODERADO EPSV	-0,29%	0,39%	6,08%	-0,18%	1,717	1,828	60,16%	24,02%	0,01%	14,43%	3,95%
MARCH ACCIONES EPSV	-1,24%	2,29%	18,08%	-0,87%	0,003	0,007	0,00%	94,61%	0,02%	61,49%	17,67%

IMPORTANT REMARK:

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