

*“You can fool some of the people all of the time,
and all of the people some of the time,
but you cannot fool all of the people all of the time”.*
Abraham Lincoln

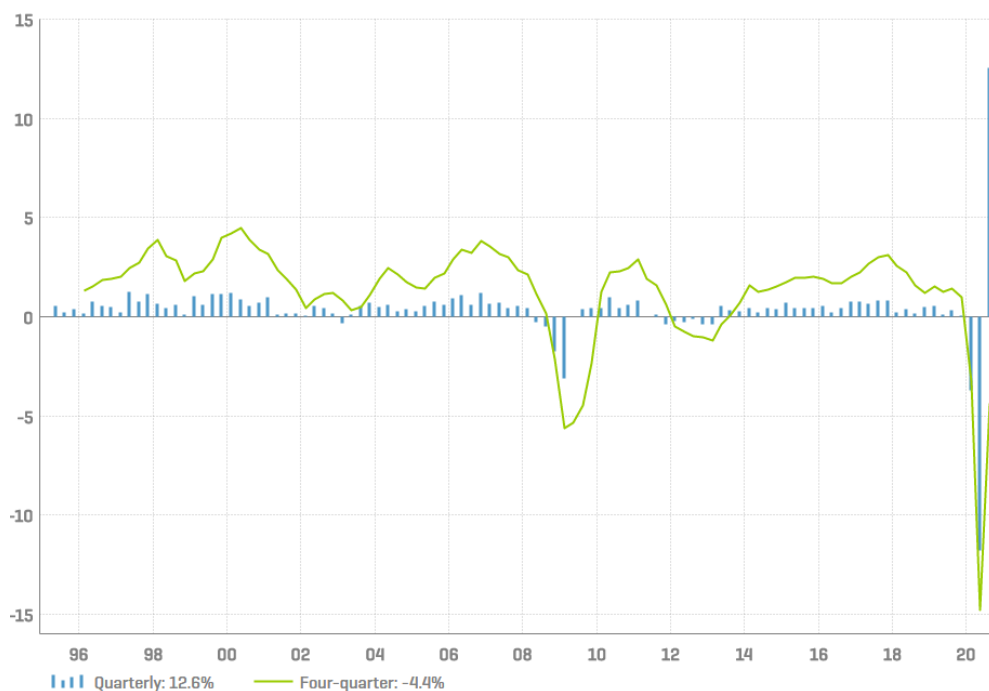
With Europe now in the grip of a second wave of COVID infections, European countries have been forced into another lockdown, putting the brakes on the reopening of the economy that started in the third quarter.

Macroeconomic situation

EUROZONE

All equities indices fell. Of the EU blue-chip indices, Eurostoxx50 was, unsurprisingly, the most affected with a shrinkage of more than 7%. Although the correction was not as nearly as severe as the one in March, the markets closed October in the red. No sector was spared, but technology and healthcare were the hardest hit, along with the energy sector. In the case of tech and healthcare stocks, investors decided to cash out on the gains they had earned since March, while for energy it was the drop in oil prices that pushed stock prices lower. Eurostat announced a 12.6% increase in growth in the third quarter compared to the previous quarter, and a -4.4% decrease compared to the previous year. To provide additional support to eurozone economies, the European Central Bank announced a new monetary stimulus package for December.

Eurozone GDP

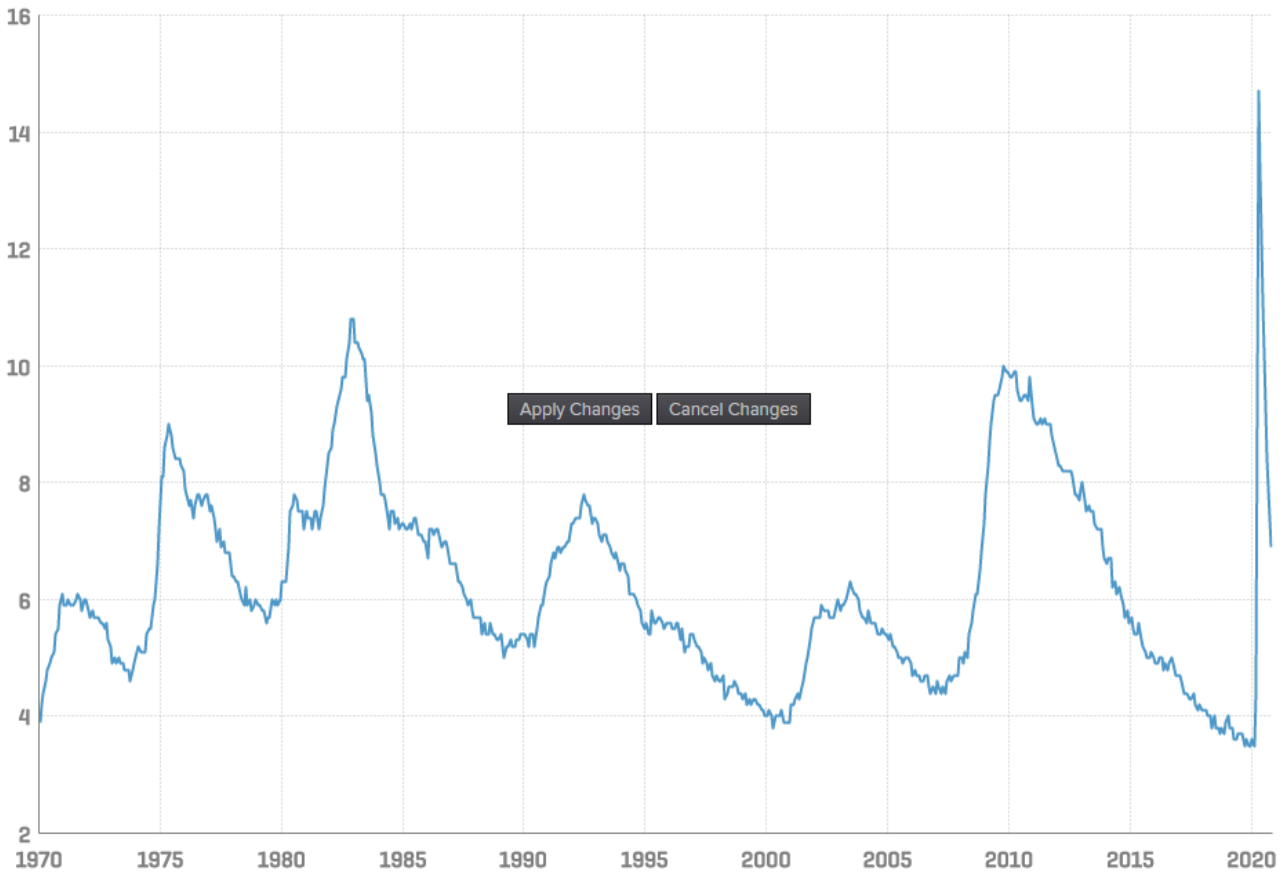


Source: Refinitiv Datastream/AG Insurance

USA

The growing infection count on the other side of the Atlantic and its detrimental consequences for the economy also started to spook markets. U.S. indices performed only slightly better than European indices: the S&P 500 posted a loss of 3% over the month. The technology-heavy Nasdaq limited its decline to 2%. Investors were also expecting the announcement of a new fiscal stimulus plan to support the U.S. economy, but no agreement could be reached before the presidential elections. Although quarterly growth figures increased by 33%, unemployment remained at 7%, i.e. double the rate prior to the coronavirus crisis.

U.S. unemployment rate

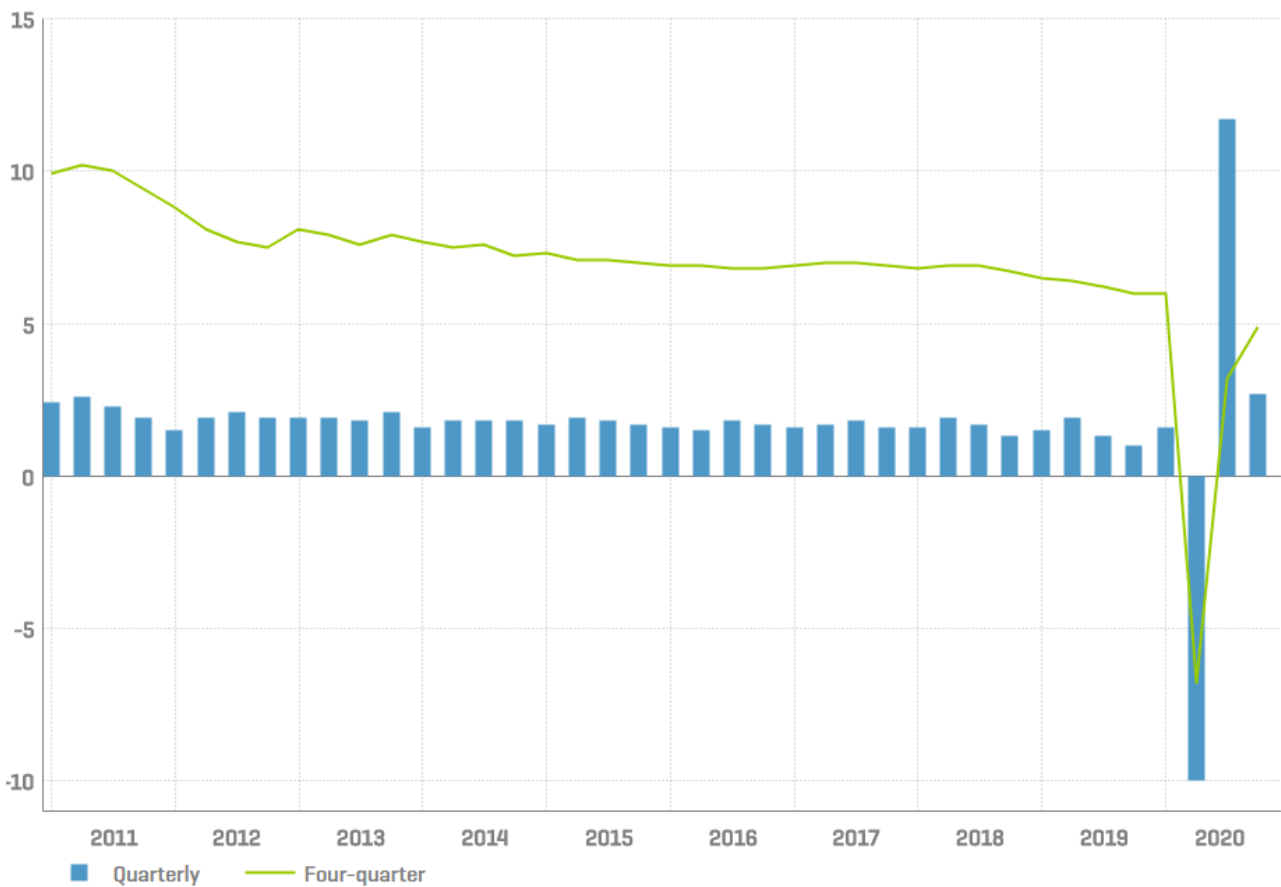


Source: Eikon/AG Insurance

EMERGING MARKETS

In contrast to developed markets, emerging markets fared quite well in November. Asia was the top performer, fuelled [as usual] by growth in China. Going forward, China should benefit from an easing of tensions with a Democrat as president. The EMEA region [Europe, Middle East and Africa] and Latin America, on the other hand, were busy fighting the second wave of the pandemic and reimposed partial or full lockdowns on their populations. The drop in oil prices also had net exporters such as Russia feeling the pinch.

China's GDP



Equity markets

Against this backdrop, our equities benchmarks contracted: -5.58% for the MSCI EMU and -2.42% for the MSCI World. Fears of overvaluation prompted a selloff in tech and healthcare stocks in October. The energy sector was particularly affected by plummeting oil prices, but also by Joe Biden's intent to sign the Paris Climate Agreement.

MSCI Indexes	Oct-20	YTD
EMU	-5.58%	-17.10%
Emu Value	-5.98%	-24.96%
Emu Growth	-5.16%	-8.69%
Emerging Europe	-9.73%	-35.50%
Emu excl. tobacco, weapons	-5.74%	-16.07%
World	-2.42%	-5.00%
World Value	-2.18%	-20.02%
World Growth	-2.62%	10.85%
Emerging Markets	2.74%	-2.79%
World excl. tobacco, weapons	-2.36%	-4.19%

Performances

Equities World	Sept-20	Excess
Fiera	-2.61%	-0.19%
T. Rowe	-0.03%	2.38%
BNPP AM P	-2.43%	-0.02%
Polaris	0.63%	3.05%
Russell SRI	-2.45%	0.77%
Alliance Bernstein	-1.77%	0.65%
Acadian	-3.02%	-0.60%
MAJ	-2.14%	0.27%

Equities EMU	Sept-20	Excess
Lazard	-5.75%	-0.17%
BNPP AM Best Selection	-5.31%	0.27%
Alliance Bernstein	-5.45%	0.14%
BNPP AM Passive	-5.93%	-0.34%
ComGest	-5.10%	0.48%
Acadian	-6.07%	-0.49%

This month was hit-or-miss for our equity fund managers. While the ever-reliable T.Rowe and its overweight position in tech stocks once again outperformed its benchmark by 2.38%, Polaris was a surprise as this month's top performer. Despite investors' waning interest in value strategies, Polaris came in at more than 3% above its benchmark, buoyed by an overweight position in healthcare and clever stock picks in technology. In contrast, Acadian, with its quantitative strategy to control volatility, proved to be unsuccessful. It underperformed its benchmark by 60bps in October.

Bond markets

Bonds fulfilled their role as a safe haven investment in this risk-averse market: the Barclays Euro Aggregate ended the month at +0.84%, while its global equivalent, the Barclays Global Aggregate, was down -0.06% this month. Massive central bank bond-buying programmes continued to give them a lift. Furthermore, the ECB announced a new set of monetary policy measures for December.

Barclay's Capital indexes	Oct-20	YTD
Euro Aggregate	0.84%	3.62%
Global Aggregate hedged	-0.06%	3.54%
Euro Aggregate Treas.	0.99%	4.73%
Global Aggregate Treas.	-0.12%	3.66%
Euro Aggregate Corp.	0.78%	1.56%
Global Aggregate Corp.	0.04%	4.20%
Euro High Yield	0.21%	-2.52%
Global High Yield in Euro	0.13%	-2.21%
Euro EMD	0.84%	-0.98%
Global EMD	-0.06%	0.31%

Performances

Bonds World	Sept-20	Excess
Pimco	0.14%	0.19%
Alliance Bernstein	-0.08%	-0.04%
Aberdeen Standard	-0.02%	-0.10%
Morgan Stanley	-0.03%	0.02%
Russell SRI	0.14%	-0.08%
BNPP AM Passive	0.05%	0.10%

Bonds EMU	Sept-20	Excess
Insight	0.85%	0.01%
Bluebay	0.70%	-0.14%
BlackRock	0.80%	-0.04%
State Street	0.42%	-0.35%
BNPP AM Passive	0.96%	-0.03%

Our bond managers all outperformed the market this month. This helped our global and Eurozone bond funds gain back some of the ground they lost in March. Pimco fared especially well, beating its benchmark by more than 19bps to ultimately catch up and even overtake the market.

Eric Giegas - CHIEF INVESTMENT OFFICE

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