

Golden November



November was a golden month for the stock market, which made us forget many of the price slumps we had to endure during this exceptional year. However, while the mood on Wall Street, the world's leading stock exchange, has been good for months, optimism has been spreading worldwide in recent weeks. Even in the emerging markets, whose stock markets are, as experience shows, particularly affected in every crisis, have recently joined the upward trend.

Remarkable gains are also being reported from Japan, where the Nikkei 225 Index has meanwhile climbed to its highest level in thirty years. However, it should be added that it is still well below its record level of 1989. The European stock indices are some way off their highs, too. Nevertheless, the German DAX index, for example, which soon will be extended from thirty to forty constituents, is well within reach of its historic record, announced shortly before the outbreak of the Corona crisis.

Equity investments are, however, not the only ones that have recently been on the rise. Nearly all asset classes are able to record growth. This holds true for commodities as well as for real es-

tate. And even nominal assets such as government bonds were able to do well this year despite their sustained bull market for more than three decades. The structural cause of this phenomenal development is easy to pinpoint. It is the drastic interest rate cuts and above all the huge bond purchase programs of the central banks that have made a decisive contribution to the record run described above. That applies at least to the bond markets, where no end to central bank interventions is in sight. On the contrary, the European Central Bank is currently considering expanding its stimulus programs in view of a renewed economic shutdown. Moreover, German bonds are reported to be experiencing strong

demand, despite negative nominal yields of around 0.6%. The same is true for the EU's "Social Bonds", which now is authorized to issue own debt.

Those speculative goods, which are generally regarded as 'safe havens', such as the US dollar or gold, which is very popular in Germany, have recently suffered a setback. After all, the voting out of President Trump in the USA lets markets believe in a return to constructiveness and objectivity. However, at least as important is the recently announced development of several vaccines against COVID-19. An effective vaccination strategy could hopefully put an end to the pandemic by the summer of next year and improve

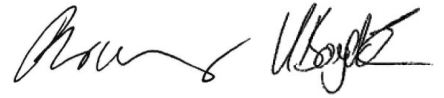
economic growth. Furthermore, China will be back driving the global economy, now that it has overcome its own Corona crisis.

The six LOYS funds were able to fully participate in the latest advances of stock markets and are positioned to face an upbeat year-end. Particularly encouraging is the fact that LOYS Global LS, the

firm's most defensive fund, has now moved into positive territory year-to-date after advancing almost 11% during the month. LOYS Aktien Europa, which gained more than 23% in November, took the cake, however.

Sincerely yours,

Fund managers and co-investors



Dr. Christoph Bruns Ufuk Boydak

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