

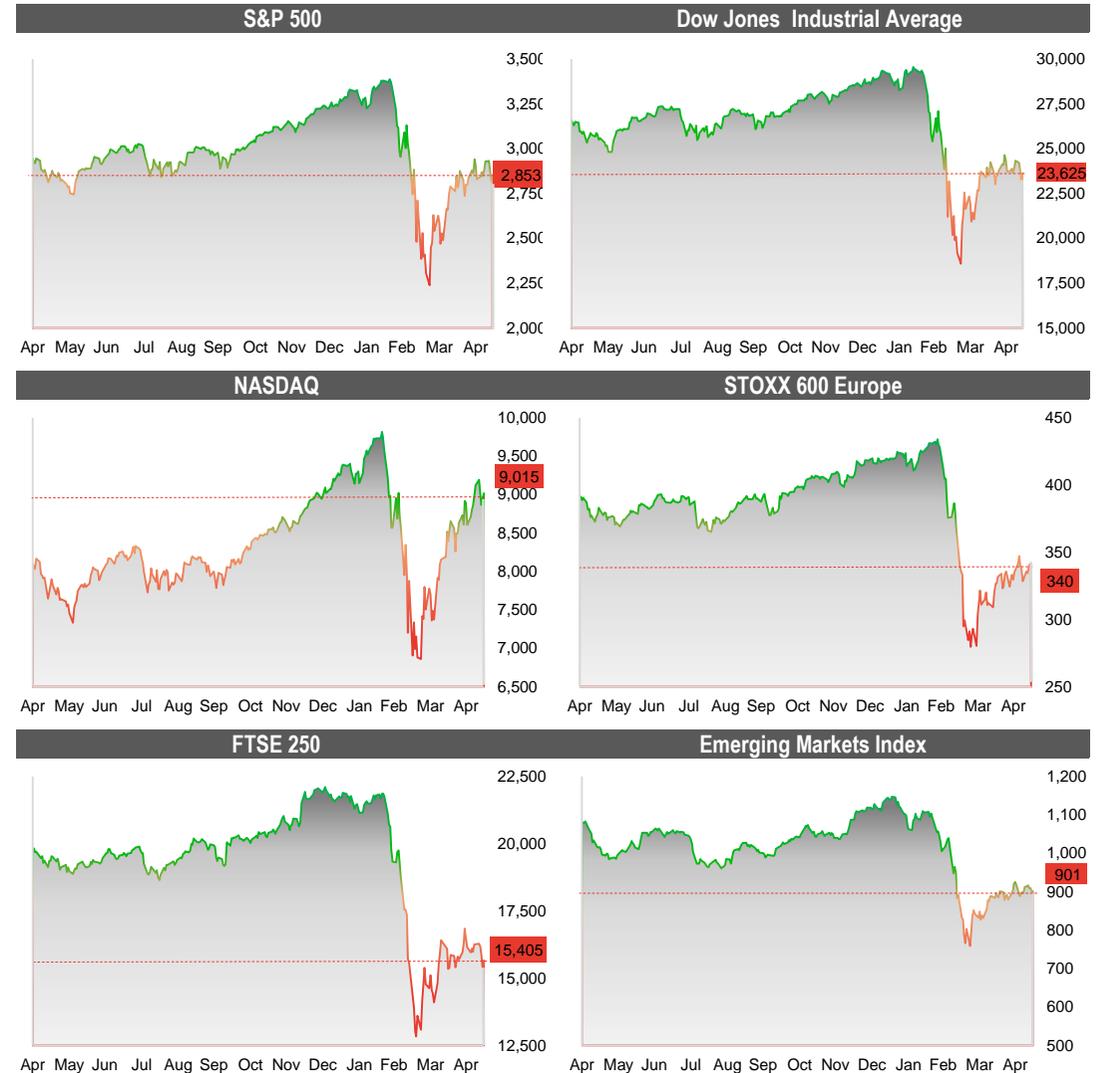


Global Market Watch

Global markets
Periodic
May 18, 2020

What's moving markets

- COVID-19 pandemic has pushed the world economy into a recession and International Monetary Fund (IMF) forecasts global growth in 2020 to fall to -3%. For the first time since the Great Depression both advanced economies (-6.1% growth forecast by IMF) and emerging markets (-1% growth forecast) are in recession.
- Global policy-makers have responded with **unprecedented monetary and fiscal measures**. Central banks of advanced economies cut policy rates to historic lows. To date, central banks have announced plans to expand their provision of liquidity by at least US\$ 6tn. Namely, the FED restarted Quantitative Easing (QE), pledging US\$ 700bn in asset purchases and initiated a US\$ 2.3tn infrastructure spending bill. European Central Bank (ECB) has also announced a stimulus package by expanding QE and cut the cost of funding for banks. On 27 April, Bank of Japan (BoJ), announced unlimited QE and tripled the amount of corporate bond purchases to JPY 20tn.
- Global stocks have suffered their **worst quarterly declines since the 2008 financial crisis** as pandemic has resulted in unprecedented shutdowns of the global economies. US indices - Dow Jones Industrial Average, S&P 500 and NASDAQ - all recorded their biggest quarterly declines by mid-March. European equities also experienced sharp declines with Stoxx 600 down 33%, while FTSE 250 declined by 41% in the same period. Nikkei 225 of Japan fell 28% by mid- March.
- Central banks' monetary expansion as well as the hopes on the COVID 19 drug from Gilead (on 29 April Gilead published positive test results of their coronavirus drug – remdesivir), have **helped equity markets to recover from the lows of 23 March**. Notably, the S&P500 index closed near 2,900 the average level of 1H19. Dow Jones has also picked up, reaching 23,600, levels last seen in the beginning of March. Strong results from tech giants (Facebook, Microsoft etc.) have completely trimmed the recent losses for Nasdaq Composite. In Europe, Stoxx 600 was up 21%, while FTSE 250 was up 20% since 23 March lows. In Asia, equity markets are also positive with Japan's Nikkei 225 up 19% from 23 March lows, while China's Shanghai Composite Index increased 8% in the same period.



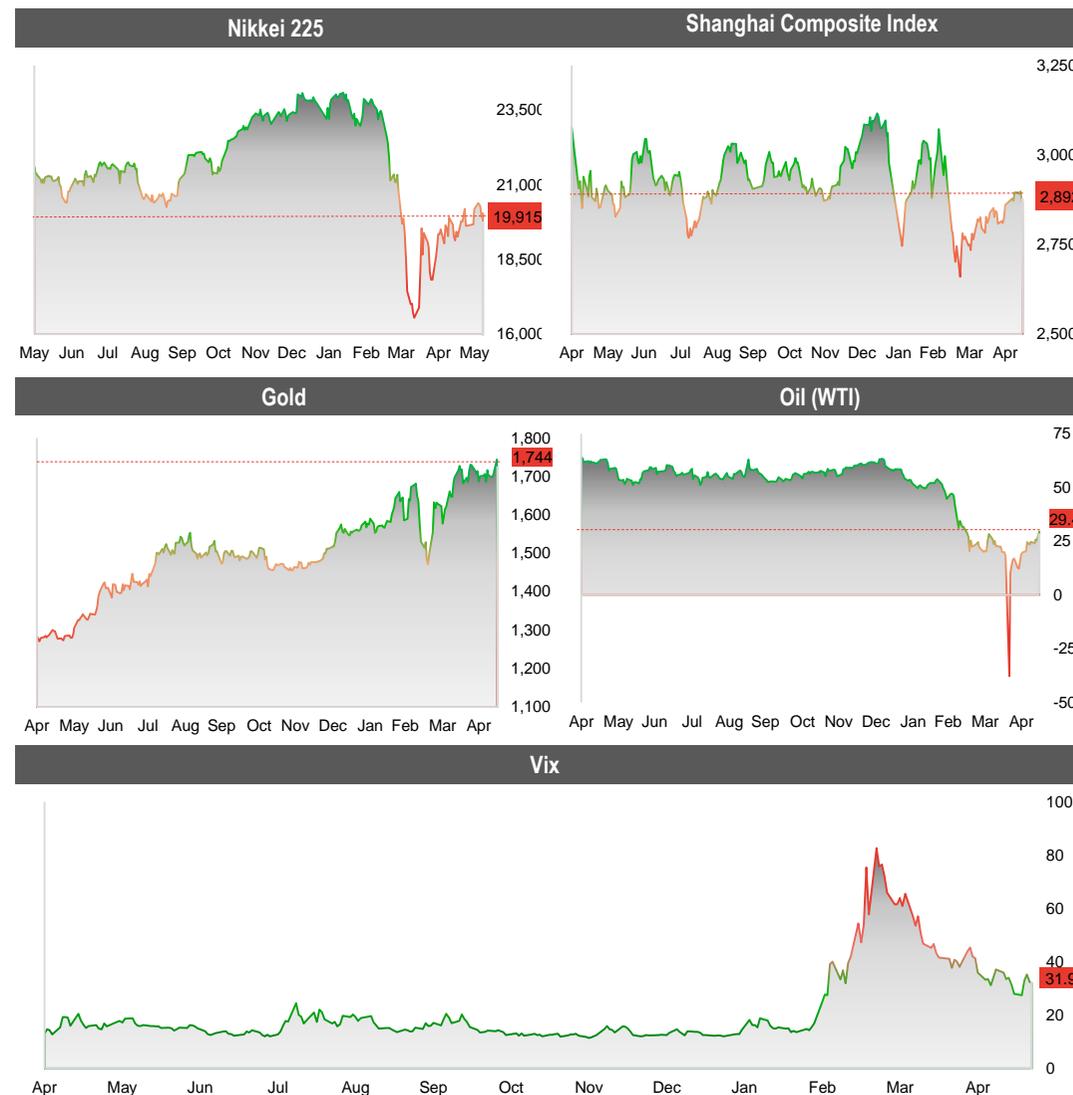
- **Spread of COVID 19 started to decelerate** in major markets including US in second half of April. In US, in the last week of April new cases growth slowed, while in Italy, which remains to be one of the hardest hit countries, has turned the corner and is seeing both number of new cases and deaths to decline. This has given the countries around the world, hopes to gradually start to ease lockdowns.
- In 1Q20 **US economy contracted at the fastest rate since the 2008 financial crisis**, shrinking by 4.8% based on the preliminary estimates published by Bureau of Economic Analysis on 29 April. This comes against the Bloomberg's -4.0% consensus for the first quarter. Notably, many Wall Street economist expect US GDP to decline by anything up to 40% in the second quarter. **While Eurozone economy experienced record-breaking contraction of 3.8% q/q** in 1Q20 (with France, Spain and Italy hit hardest), surpassing the levels of US economy (-1.2% q/q).

Commodities

- First quarter has turned out to be unprecedented for oil markets. **Plunge in global demand coupled with oil storage problems and the excess supply, have pushed West Texas Intermediate (WTI) price to negative territory**, with WTI May contract dropping from more than US\$ 60 a barrel in early January to a record low of negative US\$ 37.63 on 20 April. Since then, oil prices have recovered, helped by major oil producers' efforts to curb supply by cutting production (Norway joined the list of countries by cutting production for the first time in 18 years). Oil prices closed at US\$ 29 on 15 May, helped by the signs that fuel consumption is starting to recover.
- The Gold price hit a seven-year high in April/May 2020, rising 15% to US\$ 1,744/ounce by 15 May 2020. Globally, **gold is perceived as the "safe asset" by investors** to hedge against the economic downturn. With growing concerns on the global economy amid the pandemic and related tumble in global equities, interest towards gold has increased tremendously. Increasing number of investors have surged holdings in gold-backed ETFs to record highs in 2020.

Volatility

- The Cboe Volatility Index, VIX, is a real-time market index that represents the market's expectation of 30-day forward-looking volatility, from the price inputs of the S&P 500 index options. The Vix is sometimes called the "fear index" as it tracks expected volatility of the market. The uncertainty around the pandemic has also created extraordinary volatility, with VIX hitting record-high levels in 1Q20.



Source: Bloomberg
Note: Data as of 15 May 2020

Selection of commonly used ETFs

An ETF, or exchange traded fund, is a marketable security that tracks an index, a commodity, bonds, or a basket of assets like an index fund. Unlike mutual funds, an ETF trades like a common stock on a stock exchange. ETFs experience price changes throughout the day as they are bought and sold. ETFs typically have higher daily liquidity and lower fees than mutual fund shares, making them an attractive alternative for individual investors. Because it trades like a stock, an ETF does not have its net asset value (NAV) calculated once at the end of every day like a mutual fund does.

The funds below are most commonly traded ETFs that aim to track the performance of the corresponding indices. The investment seeks to provide investment results that, before expenses, correspond generally to the price and yield performance of the respective index. The funds seek to achieve their investment objective by holding a portfolio of underlying securities (stocks, commodities, bonds, etc.) that are included in the index with the weight of each stock in the portfolio substantially corresponding to the weight of such stock in the index.

Fund Name	Underlying Index	Ticker	Last Price (as of 15.05.2020)	Avg. Daily Volume (mn)	Performance (1m)	Performance (3m)	Performance (YTD)	Performance (1yr)	Expense Ratio	Morningstar Rating™
SPDR® Dow Jones Industrial Avg ETF	Dow Jones Industrial Average	DIA US	\$ 236.79	8.10	1.03%	-18.89%	-16.16%	-5.45%	0.160%	★★★★★
SPDR® S&P 500 ETF	S&P 500	SPY US	\$ 286.14	180.20	3.07%	-14.68%	-10.51%	2.51%	0.095%	★★★★★
Invesco QQQ Trust	NADAQ 100	QQQ US	\$ 223.21	70.60	6.61%	-4.64%	5.24%	22.99%	0.200%	★★★★★
iShares STOXX Europe 600	STOXX Europe 600	SXXPIEX GY	€ 32.63	0.83	2.14%	-22.89%	-20.57%	-10.70%	0.200%	★★★★
iShares FTSE 250 ETF	FTSE 250	MIDD LN	£ 14.86	0.90	1.81%	-28.24%	-28.45%	-17.68%	0.400%	★★★
Unites States Oil Fund	Oil	USO US	\$ 22.16	19.30	-36.82%	-74.44%	-78.15%	-78.42%	0.790%	n/a
SPDR Gold Shares	Gold	GLD US	\$ 163.16	16.50	1.29%	10.02%	14.72%	33.94%	0.400%	n/a

Source: Morningstar
 Note: As of 15 May, 2020

How to Buy

You need a **G&T TRADER** online trading account to invest in ETFs.

If you already have a G&T TRADER online trading account, you can get started investing in ETFs right away. If you are already investing in ETFs, you can easily transfer those ETFs into your G&T TRADER online trading account.

Open your G&T Trader account in one day - avoid account opening and additional account service fees by registering on our website (www.trader.ge) or contact us as at sales@gt.ge

Taxation

Any income and/or capital gain received by investor from ETFs is NOT subject to any tax in Georgia.

About Galt & Taggart

Galt & Taggart (www.galtandtaggart.com) is the leading investment bank in Georgia and one of the leading in the region, providing all the major investment banking services, such as: brokerage, DCM/ECM, M&A, asset management and investment research.

Galt & Taggart Brokerage is the largest brokerage house in Georgia and one of the leading in the region. We offer competitive brokerage services for the global exchanges as well as for the regional, hard-to-reach, markets. Licensed by the National Bank of Georgia since 2000 (brokerage license: #820 (10.09.2014)), Galt & Taggart Brokerage prides itself on its reputation as a top-quality service provider across multi-asset and multi-market brokerage proposition, including financing, custody and execution.

Services we provide:

- We use an established global and regional network of trading partners to provide efficient execution in domestic, regional (hard-to-reach, frontier markets, such as: Georgia, Ukraine, Armenia, Azerbaijan, Turkey, Russia, Kazakhstan, etc.) and international markets.
- We provide international custody service to safeguard our clients' local and international assets with low fees and no hidden costs
- We operate a hybrid brokerage strategy, offering traditional brokerage account as well as best-in-class online trading account.
- Galt & Taggart Brokerage offers a competitive and tailored pricing for investors and traders with no hidden fees

Our team - our business is all about the ability and talent of our people. Therefore, we have people who, in addition to having a range of technical skills, are customer and solutions focused, entrepreneurial, professional and able to perform in a pressurized environment.

We are fully committed to pursuing our clients' best interests and approach every client with the aim of securing their best possible outcome. With our unique insight into the regional markets and a solid infrastructure, our brokerage house is well positioned to offer direct access to local as well as international financial markets and assist our clients in exploring outstanding investment opportunities.

Disclaimer

This document is the property of and has been prepared by JSC Galt & Taggart ("Galt & Taggart"), a member of Bank of Georgia Group plc ("Group") solely for informational purposes and independently of the respective companies mentioned herein. This document does not constitute or form part of, and should not be construed as, an offer or solicitation or invitation of an offer to buy, sell or subscribe for any securities or assets and nothing contained herein shall form the basis of any contract or commitment whatsoever or shall be considered as a recommendation to take any such actions.

Galt & Taggart is authorized to perform professional activities on the Georgian market. The distribution of this document in certain jurisdictions may be restricted by law. Persons into whose possession this document comes are required by Galt & Taggart to inform themselves about and to observe any and all restrictions applicable to them. This document is not directed to, or intended for distribution, directly or indirectly, to, or use by, any person or entity that is a citizen or resident located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or which would require any registration or licensing within such jurisdiction.

Investments (or any short-term transactions) in emerging markets involve significant risk and volatility and may not be suitable for everyone. The recipients of this document must make their own investment decisions as they believe appropriate based on their specific objectives and financial situation. When doing so, such recipients should be sure to make their own assessment of the risks inherent in emerging market investments, including potential political and economic instability, other political risks including without limitation changes to laws and tariffs, and nationalization of assets, and currency exchange risk.

No representation, warranty or undertaking, express or implied, is or will be made by Galt & Taggart or any other member of the Group or their respective directors, employees, affiliates, advisers or agents or any other person as to, and no reliance should be placed on, the fairness, accuracy, completeness or correctness of this document and the information contained herein (and whether any information has been omitted from this document) and no reliance should be placed on it. This document should not be considered as a complete description of the markets, industries and/or companies referred to herein. Nothing contained in this document is, is to be construed as, or shall be relied on as legal, investment, business or tax advice, whether relating to the past or the future, by Galt & Taggart any other member of the Group or any of their respective directors, employees, affiliates, advisers or agents in any respect. Recipients are required to make their own independent investigation and appraisal of the matters discussed herein. Any investment decision should be made at the investor's sole discretion. To the extent permitted by law, Galt & Taggart, any other member of the Group and their respective directors, employees, affiliates, advisers and agents disclaim all liability whatsoever (in negligence or otherwise) for any loss or damages however arising, directly or indirectly, from any use of this document or its contents or otherwise arising in connection with this document, or for any act, or failure to act, by any party, on the basis of this document.

The information in this document is subject to verification, completion and change without notice and Galt & Taggart is not under any obligation to update or keep current the information contained herein. The delivery of this document shall not, under any circumstances, create any implication that there has been no change in the information since the date hereof or the date upon which this document has been most recently updated, or that the information contained in this document is correct as at any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same. No representation or warranty, expressed or implied, is made by Galt & Taggart or any other member of the Group, or any of their respective directors, employees, affiliates, advisers or agents with respect to the accuracy or completeness of such information.

The information provided and opinions expressed in this document are based on the information available as of the issue date and are solely those of Galt & Taggart as part of its internal research coverage. Opinions, forecasts and estimates contained herein are based on information obtained from third party sources believed to be reliable and in good faith, and may change without notice. Third party publications, studies and surveys generally state that the data contained therein have been obtained from sources believed to be reliable, but that there is no guarantee of the accuracy or completeness of such data. Accordingly, undue reliance should not be placed on any such data contained in this document. Neither Galt & Taggart, any other member of the Group, nor their respective directors, employees, affiliates, advisors or agents make any representation or warranty, express or implied, of this document's usefulness in predicting the future performance, or in estimating the current or future value, of any security or asset.

Galt & Taggart does, and seeks to do, and any other member of the Group may or seek to do business with companies covered in its research. As a result, investors should be aware of a potential conflict of interest that may affect the objectivity of the information contained in this document.

Unauthorized copying, distribution, publication or retransmission of all or any part of this document by any medium or in any form for any purpose is strictly prohibited.

The recipients of this document are responsible for protecting against viruses and other destructive items. Receipt of the electronic transmission is at risk of the recipient and it is his/her responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.