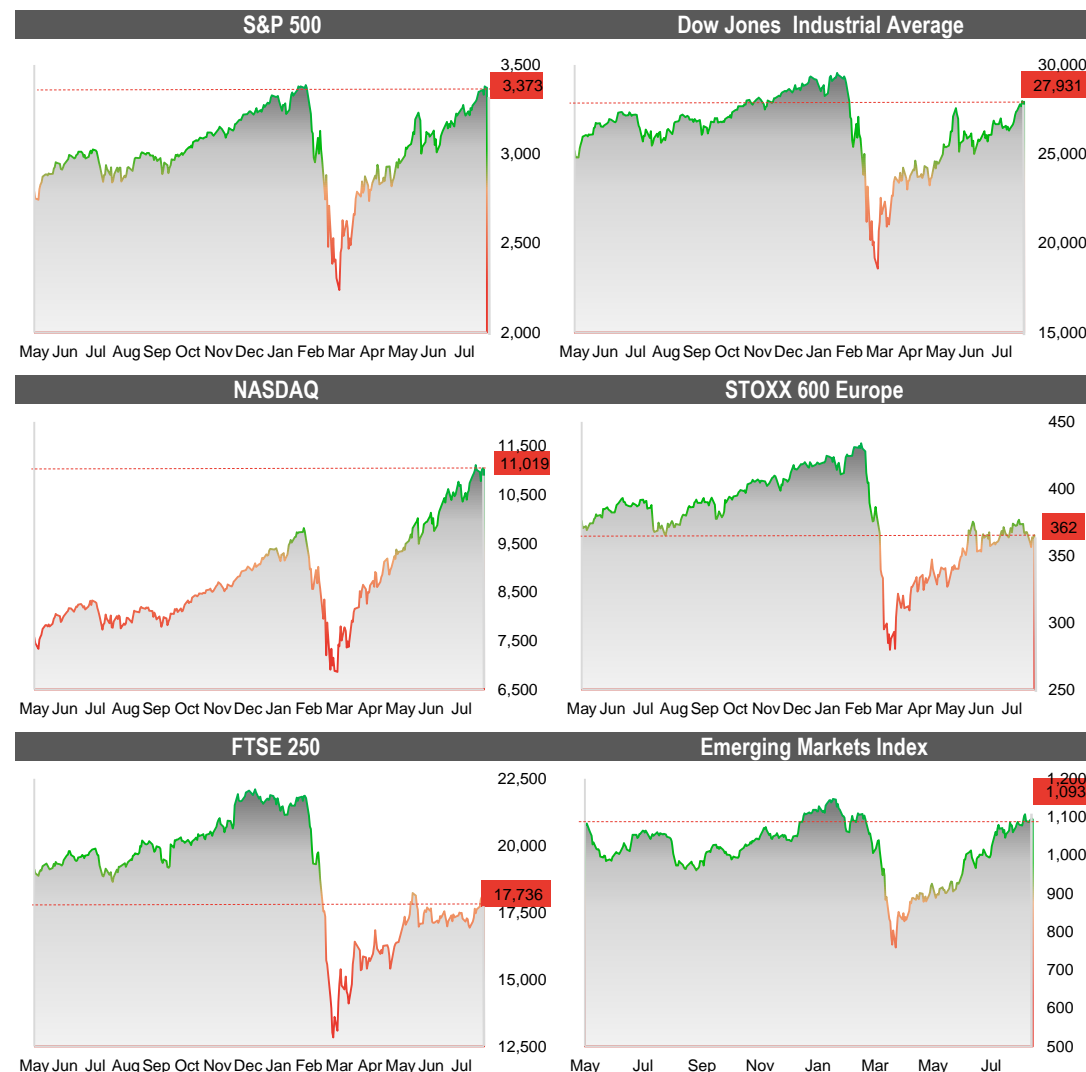


Global Market Watch

Global markets
Periodic
August 18, 2020

What's moving markets

- US stocks were lifted by the news of an extension of fiscal stimulus by Donald Trump.** The discussions to extend the second stimulus package failed in Congress, after which US President Donald Trump signed four executive orders which include temporary payroll tax holiday, stop of evictions, deferment of student loan payments and further extension of unemployment benefits. Second stimulus package came in on the back of the escalated US-China relations (China sanctioned high level US politicians, including Marco Rubio and Ted Cruz) and increasing coronavirus cases in US (surpassing 5.5mln cases).
- S&P 500 index was trading within 0.2% range from its all-time high level hit in February.** In the first two weeks of August S&P 500 index increased by 3.1% reaching 3,373 by 14 August. After the S&P 500 rally helped by the tech giants, value stocks strengthened and outperformed, lifting the index. Dow Jones jumped c. 1,500 points in the two week period or 5.7%, while NASDAQ composite continued the rally, up 2.6% in the same period.
- UK economic slump turned out to be the worst in Europe in the second quarter.** UK economy shrank at a record 20.4% q/q in 2Q20. Notably, this level is double that in the US and Germany. The likely reason behind the severe drop is the economic structure of UK, where economy relies more heavily on consumer-facing services sector. Furthermore, length of the lockdown was longer in the UK compared to its neighbours.
- European stocks also traded in green during the first two weeks of August.** STOXX upped 2.6% in the two week period, while FTSE 250 posted a strong, 4.7%, growth in the same period. It's notable though that as more and more people are on vacation and travel restrictions within Eurozone are eased the number of COVID 19 cases started to rise again. Germany and Greece have seen highest daily increases since May, while situation is worsening in France's big cities like Paris and Marseille.
- Emerging markets index continued the growth, up 1.3% compared to 31 July level.**



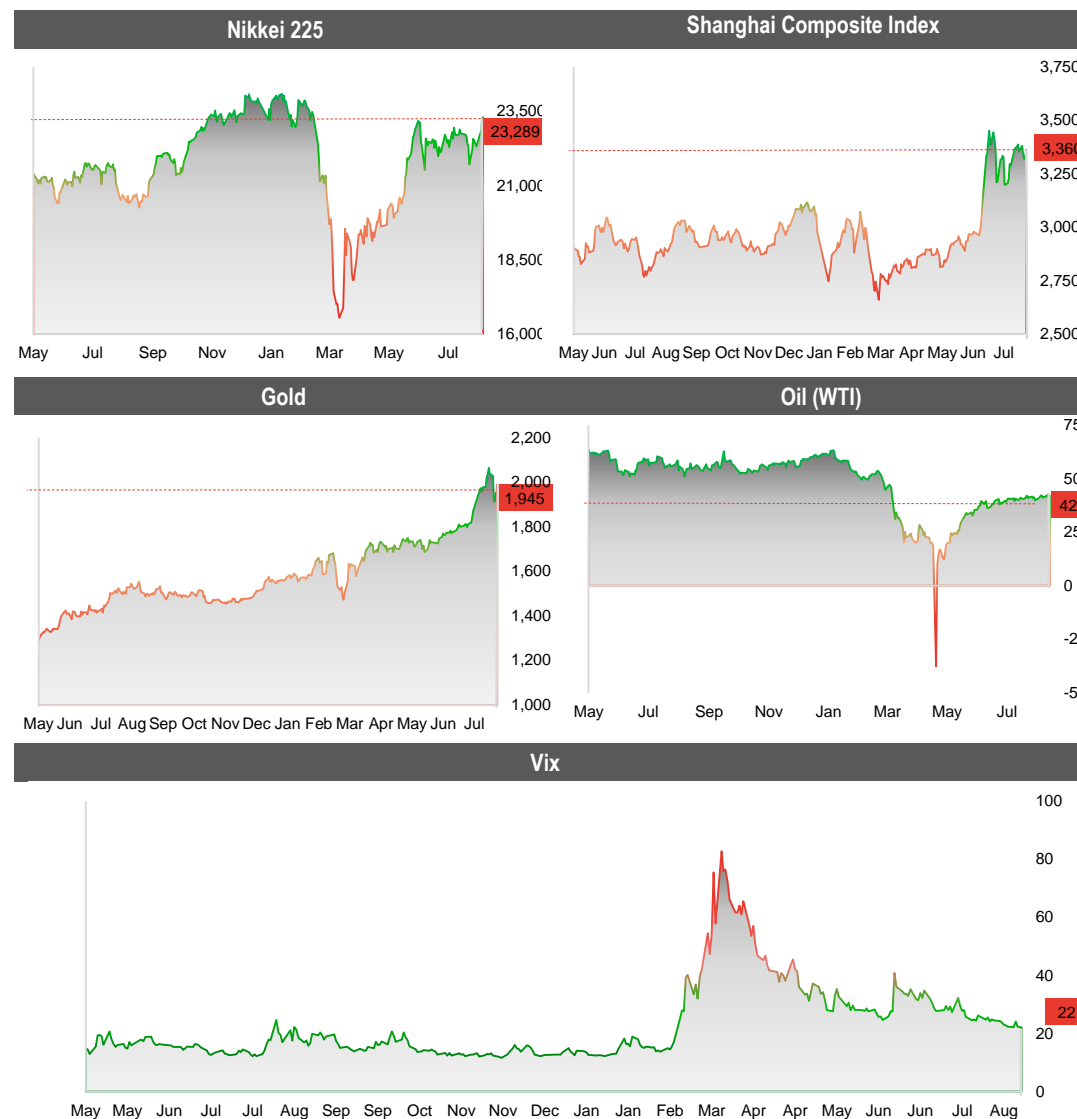
- Japan's Nikkei 225 index advanced 4.3% in the first two weeks of August and closed at 23,289 by 14 August. Notably, Japan's economy shrank by 7.8% in the second quarter, albeit this level is less severe compared to other developed countries like US, Germany or UK, but much higher than the neighbouring South Korea or Taiwan, where 2Q20 GDP shrank by only 3.3% and 0.7%, respectively. This difference once more underlines the importance of the country's effectiveness against the virus.
- In China, Shanghai Composite Index remained mostly flat in the two-week period (+1.5% compared to 31 July level) as US-China tensions and slowdown in economic recovery keep investors cautious.

Commodities

- Oil climbed 4.3% in the first two weeks of August, helped by the news that American crude stockpiles shrank.** The price of the WTI oil reached US\$ 42.7 on 12 August, while Brent crude oil was trading at US\$ 45.3 per barrel. Partial rebound in the oil price suggests that long-awaited recovery in demand is underway.
- Gold experienced a bumpy ride during the first two weeks of August.** On 6 August, Gold hit all-time high, surpassing the US\$ 2,060/ounce for the first time. After the surge in gold price in the first week of August, on Tuesday 11 August, gold price experienced, the biggest one-day loss in seven years, with the price plunging by 5.7% to US\$ 1,912/ounce. The price of the metal rebounded later, reaching US\$ 1,945/ounce by the end of the week. The likely reason behind the selloff is the fresh US stimulus package, leading investors to flee "heaven" assets and move into riskier ones.

Volatility

- The Cboe Volatility Index, VIX the gauge of fear in S&P market has remained mostly flat in the last couple of months, with a slight downtrend. The VIX continued the decline in August, retreating to 22.1 as of 14 August, 2020, level last seen in early February.



Source: Bloomberg
Note: Data as of 14 August 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 14.08.2020)	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	\$ 279.80	4.2	5.04%	18.85%	-0.62%	12.25%	0.160%	★★★★★
SPDR® S&P 500 ETF	S&P 500	SPY US	\$ 336.84	83.7	5.62%	18.73%	5.76%	21.05%	0.095%	★★★★★
Invesco QQQ Trust	NADAQ 100	QQQ US	\$ 272.11	41.0	4.53%	22.90%	28.50%	50.12%	0.200%	★★★★★
iShares STOXX Europe 600	STOXX Europe 600	SXXPIEX GY	€ 36.58	0.33	0.48%	13.17%	-10.38%	3.06%	0.200%	★★★★
iShares FTSE 250 ETF	FTSE 250	MIDD LN	£ 16.82	0.32	3.52%	15.41%	-18.46%	-3.49%	0.400%	★★★
Unites States Oil Fund	Oil	USO US	\$ 30.33	8.2	5.02%	41.40%	-70.40%	-66.86%	0.790%	n/a
SPDR Gold Shares	Gold	GLD US	\$ 182.54	13.7	7.26%	11.98%	27.74%	27.87%	0.400%	n/a

Source: Morningstar

Note: Data as of 14 August 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.

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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.

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