



## A turbulent year is almost back at the starting point

**Stock markets plunged as investors realized the scale of the corona crisis, but four months after the crisis began, most stock markets are almost back at the level from the beginning of the year.**

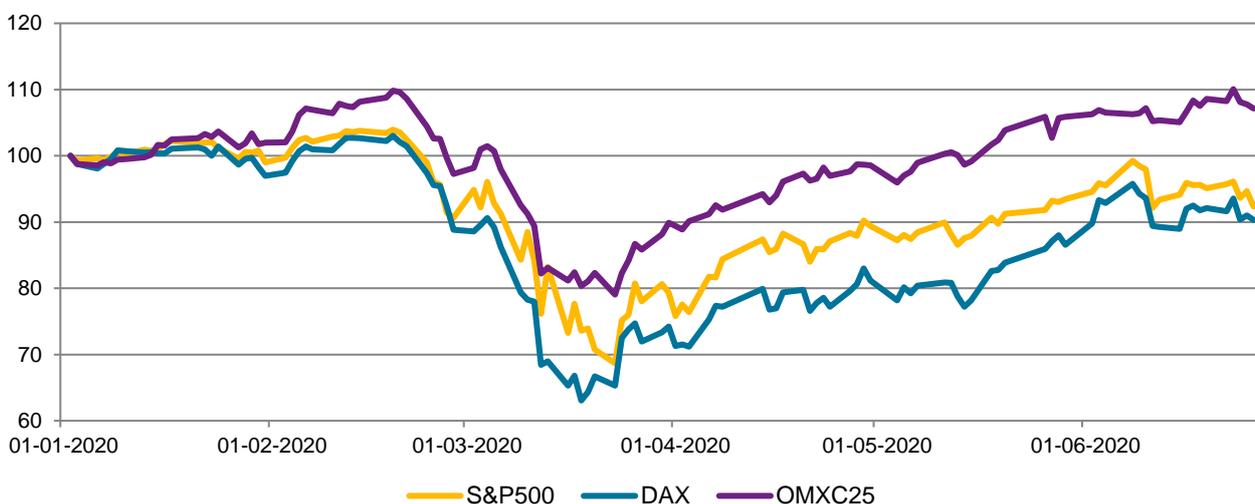
*By Martin Wex*

2020 has provided a bit of a roller coaster ride for investors. The year started off with health price increases before the corona crisis hit the market in late February, and since the end of March, prices have again started to rise with a few bumps on the way up.

Many stock markets have returned to the level from the beginning of the year and the Danish OMXC25 index has even provided a positive return of 7.1 percent as of 26 June – after the index had been down to a minus of 21.0 percent.

»It is really a bit of a mystery why the stock prices have risen so much in the last three months when you consider how much uncertainty remains about the spread of the corona virus and the economic recovery. However, the positive development of Danish stocks is undoubtedly due to the many relief packages that have helped to create liquidity around the world and have had a positive influence for Danish companies,« says Head of Savings Morten Linde from Willis Towers Watson, pointing out that Denmark has not been as badly affected by corona as many other countries.

»The Danish C25 index is favoured by the fact that the worst affected industries – the oil industry and the travel industry – are not represented at all. The service company ISS, which, among other things, provides cleaning services to offices and hotels, is one of the companies that has had a hard time, but this is more than offset by a strong pharmaceutical industry that has managed quite well,« says Morten Linde.

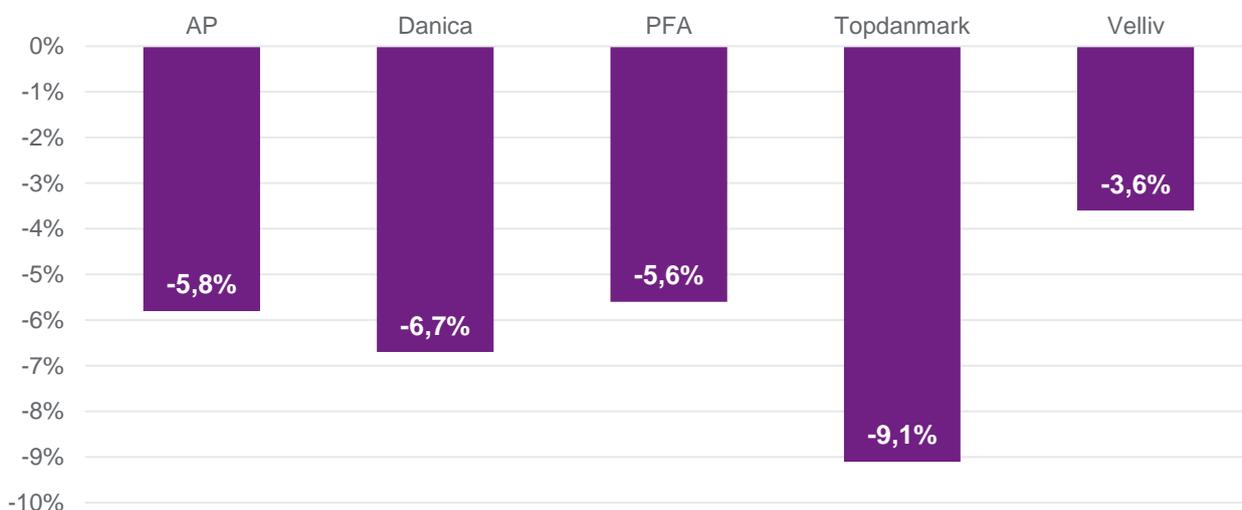


US stocks have also performed relatively well – with the S&P500 down only 7.6 percent as of 26 June – which, according to Morten Linde, is due to a number of relief packages, and not least that the Federal Reserve has started buying corporate bonds to increase liquidity in the market.

## Good times for alternative investments

All Danish pension companies have delivered negative returns during the first five months of the year, but they have not performed equally good or bad. Velliv has generally outperformed its competitors, while Topdanmark has underperformed.

»The returns for the companies are partly related to whether they have increased or decreased the risk in their portfolios. In general, the companies have lowered their risk into 2020, but Velliv has been a little more cautious and has therefore not been so badly affected by the fall in stock prices. Topdanmark has the lowest proportion of alternative investments, which during a period of turbulence in stock markets typically fluctuate less, as they are not valued as often as listed shares or bonds,« says Morten Linde.



Stock prices are expected to fluctuate more than usual in the coming months, and it remains Willis Towers Watson's recommendation that investors maintain their long-term investment strategies.

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