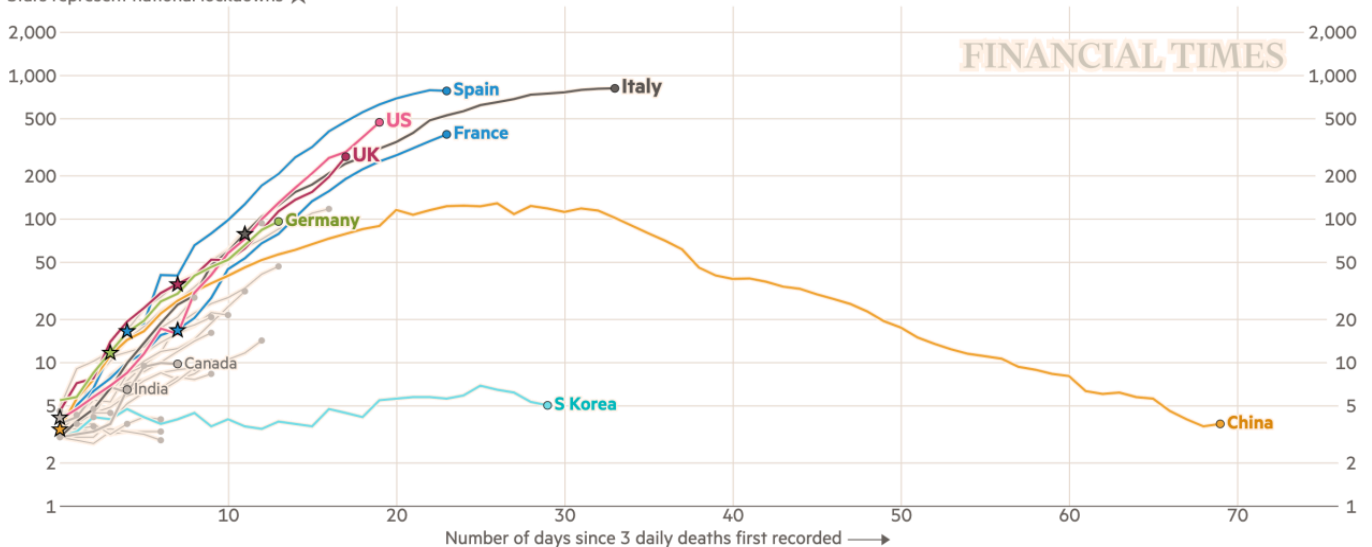


## COVID-19

Whilst some countries are reporting a slowdown in the spread of COVID-19, many are seeing a day on day increase. The UK, and many other countries have implemented lockdown procedures, however other nations are taking their own steps to contain the outbreak.

New deaths with coronavirus per day, by number of days since 3 daily deaths first recorded  
Stars represent national lockdowns ★



FT graphic: John Burn-Murdoch / @jburnmurdoch  
Source: FT analysis of European Centre for Disease Prevention and Control; Worldometers; FT research. Data updated April 01, 19:00 GMT  
© FT

“Sweden has gone mostly for voluntary measures because that’s how we’re used to working... And we have a long tradition that it works rather well.” The words of Anders Tegnell, the lead epidemiologist of Sweden’s Public Health Agency. It may appear on the surface that Sweden have not put any measures in place, but that is not the case. Non-essential travel is being avoided, remote working policies have been advocated and establishments educating those over the age of 16 have been closed. The country has also banned gatherings of 50 people or more, as well as visits to care homes.

The president of Belarus, Alexander Lukashenko, has decided to take an altogether different tact. He is quoted as saying “It’s better to die standing than to live on your knees” during an interview conducted after taking part in an ice hockey match. Sporting events continue to go ahead, as well as restaurants, bars and cafés remaining open. He has also reportedly claimed that vodka and saunas can be used to kill the virus. There have however been some measures put into place, though these mainly apply to the elderly.

On the 31st March 2020, Sir Patrick Vallance reported that the UK lockdown appears to be

### Mazarin Balanced

ISIN: GB00BGGJHT07  
OCF: 1.37%  
Currency: GBX (Pence)  
Fund Size: £64.7m as at 31/03/2020

### Mazarin Cautious

ISIN: GB00BGGJHR82  
OCF: 1.34%  
Currency: GBX (Pence)  
Fund Size: £37.8m as at 31/03/2020

With investing, your capital is at risk. The value of your investments can go down as well as up and you may get back less than you invested.

slowing the spread of the virus and that social distancing measures are “making a difference”. It has however been previously suggested that the UK are ‘weeks’ behind Italy and Spain in terms of confirmed cases and mortalities. Sir Vallance seemed to confirm this indirectly by stating that “we expect this to get worse” as the delay from social distancing takes effect.

It is clear that the situation will sadly worsen before we see any marked improvement. This could mean an extended lockdown or a transition period with the relaxation of some measures.

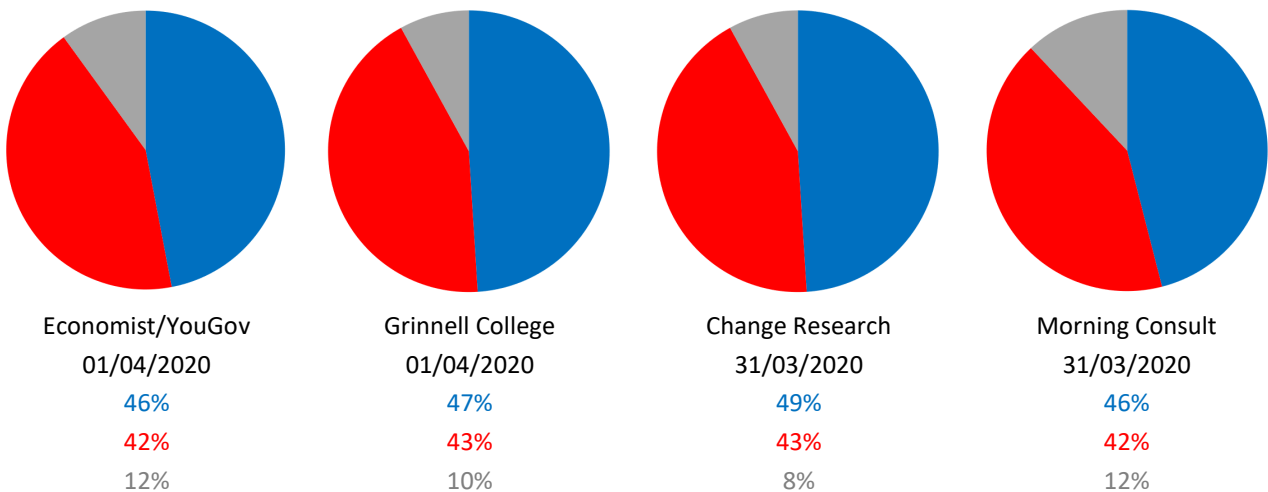
In these turbulent times, we hope that you and your family remain safe and well.

## US Election

If it is possible to look beyond the COVID-19 pandemic, we should be mindful of any other upcoming events that may have an impact on global financial markets. We would presume that the US presidential election in November 2020 will be one of those events.

The race is likely be between the incumbent Donald Trump and the Democrat Joe Biden. Betting odds at the time of writing place Trump at 1/1, with Biden at 11/8 (Source: [www.oddschecker.com](http://www.oddschecker.com) - 01/04/20).

### Biden | Trump | Other



Data source: <https://www.270towin.com/polls/2020-presidential-election/>

The number of US cases is rapidly rising, and the economy appears to be spiralling drastically. Americans, like in most countries, are now staying home and limiting their contact with others. President Donald Trump is still campaigning, trying to convince a distracted American public to re-elect him this November.

Given the circumstances, Trump could certainly postpone, or cancel the biggest political event of the year. The latest polls suggest that Trumps is favoured on the economy and Biden on healthcare – this of no surprise with Trump in his tenure as president flying the flag for

corporate America with tough trade negotiations, and large tax cuts for businesses. Up until the pandemic, Trump could claim that the US economy was strong with equity indexes reaching all-time highs. The story is now different with most economists predicting a sharp downturn in economic activity coupled with high unemployment.

Whilst we cannot predict the outcome of the election we would assume a Trump administration would continue to be business friendly and would continue to pursue expansionist policies with further tax cuts to bolster the economy. Biden on the other hand, although on the right wing of the Democrat party, would favour policies to improve and widen access to healthcare and other social care issues. Although not anti-business it is likely that economic policies will not be as business friendly.

In these unprecedented times, we should all remember the old adage that “When America sneezes the whole world catches a cold.”

## Markets and Performance

Only four months into 2020 and it appears that we are on course for the worst year for stock markets since the Global Financial Crisis of 2008. There is no doubt that investors watched closely the events taking place in China when the news of the virus first broke, but it was not until Europe became the epicentre that the freefall began. With markets already volatile, we saw “Black Monday” on 9th March, with the FTSE 100 and Dow Jones closing down -7.7% and -7.8% respectively. Since then, there have been periods of recovery, but volatility still lingers in the background. This continued period of uncertainty is being driven by the constant stream of global news covering COVID-19’s spread and the effect it is having on our lives. The below table demonstrates the performance of the FTSE 100 and Dow Jones in quarter one of 2020.

FTSE 100	Dow Jones
-23.84%	-21.42%

Three month performance on a total return basis—period: 31/12/2019—01/04/2020. Data source: FE Analytics.

For perspective, the table below shows the performance of both indexes over the past five calendar years.

	1st Jan 2015 — 1st Jan 2016	1st Jan 2016— 1st Jan 2017	1st Jan 2017— 1st Jan 2018	1st Jan 2018— 1st Jan 2019	1st Jan 2019— 1st Jan 2020
<b>FTSE 100</b>	-1.32%	19.07%	11.95%	-8.73%	17.32%
<b>Dow Jones</b>	5.23%	37.85%	16.18%	1.83%	19.63%

Five year performance on a total return basis—period: 01/01/2015—01/01/2020. Data source: FE Analytics.

Added into this mix is the ongoing oil ‘price war’ between Saudi Arabia and Russia. As oil demand fell, a number of nations led by Saudi Arabia proposed a cut to daily production figures. However, Russia rejected the proposed cut, and sparked an unfortunately timed ‘price war’. With lockdowns in force across much of the world, demand for oil has plummeted despite the fact that both countries continue to produce it at a high rate, forcing prices to extreme lows throughout March. It is however now believed that both countries have reached an agreement to slow production by at least 10 million barrels, with the oil price and Dow Jones rallying on this news.

Throughout March a number of property funds took the decision to suspend dealing, with many citing the turbulent market conditions and being unable to accurately value their properties as the cause. Many UK property funds own buildings in the areas hit hardest by the pandemic and the lockdown, such as hotels, cinemas, restaurant and high street retailers. It is not possible at this time to predict when we might see these funds re-open, but it appears likely it will coincide with stabilisation of markets. BAM took the decision to remove all property exposure in Mazarin in Q4 2019 as we were not comfortable with the apparent illiquidity in the sector.

When we look at the performance of the Mazarin funds during this period, they have of course not been immune to markets. Over the same 3 month period discussed earlier (31/12/2019—01/04/2020), Balanced has returned -16.02% and Cautious -14.55%. As illustrated below, Mazarin fell broadly in line with the sector over the period in question and this is to be expected as very few asset classes were left unaffected.

Mazarin Balanced A Acc GBP	IA Mixed Investment 40-85%	Mazarin Cautious A Acc GBP	IA Mixed Investment 20-60%
-16.02%	-16.15%	-14.55%	-13.26%

Three month performance on a total return basis. IA Mixed Investment are the sector benchmarks for Mazarin —period: 31/12/2019—01/04/2020. Data source: FE Analytics.

Our investment philosophy has always centred around long term investing, managers who identify good quality businesses and the importance of diversification, with the current asset allocation of the funds reflecting this. Whilst markets remain volatile, the initial shock appears to have now passed and the Mazarin funds are now positively outperforming the sector.

It is by no means clear where we will find ourselves in 6 months time, in a month, or even tomorrow. This is best summed up by a quote from Terry Smith, CEO of Fundsmith LLP, taken from his 31st March shareholder letter.

“What will emerge from the current apocalyptic state? How many of us will become sick or worse? When will we be allowed out again? Will we travel as much as we have in the past? Will the extreme measures taken by governments to maintain the economy lead to inflation? I haven’t a clue. Rather like some of the companies we most admire, I try to spend very little time considering matters which I can neither predict nor control and focus instead on those

which I can affect. So at Fundsmith our focus will be on keeping our service to investors fully functioning, and then seeking to grasp any new investment opportunities which are unearthed by the turmoil whilst ensuring that our colleagues, families, friends, and anyone else we can reach receives any help they need and that we can provide. I hope and expect that our strategy of only investing in good businesses will continue to see our Fund through these trying times intact and continuing to prosper.”

	1st Jan 2015 – 1st Jan 2016	1st Jan 2016 – 1st Jan 2017	1st Jan 2017 – 1st Jan 2018	1st Jan 2018 – 1st Jan 2019	1st Jan 2019 – 1st Jan 2020
<b>Mazarin Balanced*</b>	4.73%	11.86%	16.07%	-5.93%	15.38%
<b>Sector</b>	2.68%	12.87%	9.98%	-6.11%	15.78%

Five year performance on a total return basis—period: 01/01/2015—01/01/2020. Data source: FE Analytics.

**\*Past performance of the Fund has been simulated. Please refer to the important information section at the end of this document for further information.**

	1st Jan 2015 – 1st Jan 2016	1st Jan 2016 – 1st Jan 2017	1st Jan 2017 – 1st Jan 2018	1st Jan 2018 – 1st Jan 2019	1st Jan 2019 – 1st Jan 2020
<b>Mazarin Cautious*</b>	5.60%	7.37%	11.83%	-4.48%	12.82%
<b>Sector</b>	1.22%	10.33%	7.16%	-5.10%	11.84%

Five year performance on a total return basis—period: 01/01/2015—01/01/2020. Data source: FE Analytics.

**\*Past performance of the Fund has been simulated. Please refer to the important information section at the end of this document for further information.**

## Hope

We find ourselves in worrying and uncertain times, the landscape of the world currently unrecognisable to us all. Despite this, moments of hope, of joy and of warmth are all around us. It is often the most trying times in our lives which bring out the best in us all.

- A 101 year old Italian man, born during the Spanish Flu pandemic has made a full recovery from COVID-19.
- The UK public joined together to collectively clap in tribute to our brave NHS staff.
- Wild goats have ventured down from the Great Orme to the seaside town of Llandudno due to the lack of human activity, entertaining isolated locals.
- Lockdown measures have reportedly led indirectly to huge decreases in air pollution across Europe as vehicle use drops dramatically.
- Battersea Dogs and Cats Home reportedly rehomed more than double their usual number of cats and dogs last week (w/c 16th March).

- Norwich City footballers have contacted season ticket holders in their 80s to check they are well and have everything they need.
- ‘Meals for the NHS’ has been set up by a group of friends with the mission of providing free meals to London’s frontline NHS workers through public donations.
- Four Wells Cathedral choristers have been regularly singing from their front garden to lift spirits and entertain their neighbours.
- People across the world are placing teddy bears in their windows to entertain and brighten the mood of children in their neighbourhoods.

What we must endeavour to remember at this time, is that the pandemic is something which affects us all. A random act of kindness could mean the world to another – it is with the support of each other that we beat the virus.

**Mitchell Jacobs**  
*Investment Analyst*

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## Risk Warnings & Disclaimer

With investing, your capital is at risk. The value of your investments can go down as well as up and you may get back less than you invested. This document refers to past performance, which is not a reliable indicator of future results.

**\*The simulated past performance for both Mazarin Balanced and Mazarin Cautious is a blend of Baggette Asset Management Limited’s existing Model Portfolios and the corresponding OEICs. Performance data switches from Model Portfolio to Mazarin from 21st August 2019 (date of first trading) and at this switch, constituent holdings remained largely the same. Simulated returns contain some non-NURS compliant holdings. The simulated performance data is over a 5 year period and has been provided by FE Analytics.**

This document does not constitute or form part of and should not be construed as, an initiation to buy or sell shares in the Fund and neither this document nor anything contained or referred to in it shall form the basis of, or be relied on in connection with, any offer or commitment whatsoever. The Fund’s philosophy and underlying investments may not be suitable for all investors. We recommend that all potential investors contact their financial adviser. Equity investments should always be considered as long term. As well as equities, the Fund’s underlying assets may also invest in fixed interest instruments and Real Estate Investment Trusts (REITs) which are affected by interest rate movements. Though every effort is made to minimise currency risk, the value of the Fund can be impacted by fluctuations and exchange rates. The Fund may also be exposed to higher risk assets such as Collective Investment Schemes (CIS), smaller companies, emerging markets, property and commodities. Investors should not purchase shares in the Fund except on the basis of information contained in the Fund’s Prospectus. The Fund’s Prospectus and Key Investor Information Document (‘KIID’) are available directly from Baggette Asset Management Limited or the Authorised Corporate Director, Investment Fund Services Limited (IFSL) at [www.ifslfunds.com](http://www.ifslfunds.com).

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