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Positive bottom line for our funds in 2019

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Only a few more weeks, and 2019 will be history. This also puts a button on a decade that was characterised by numerous political and economic events on the financial markets. These events were vastly different from each other, straining the sentiment of investors. Sometimes we saw moments of glory that would fuel market euphoria; sometimes, warning signs would emerge, advising caution.

A turbulent decade is coming to an end

We regard the recovery on the equity markets in the wake of the financial crisis in 2008 and the positive development of many companies as highlights. The crucial question about the future of the euro is closely linked to the financial problems of entire states such as Greece, while still unclear situations such as the imminent Brexit and the trade conflict between the USA and China as well as Europe have been the Sword of Damocles above the markets.

Bright results at the stock exchange in 2019

“Black December” last year showed how quickly nervousness could catch the markets off-guard: the willingness to take risks by investors swiftly switched to a defensive mode, leaving the stock exchanges with a negative annual result. Fortunately, 2019 was a different kettle of fish. Generally speaking, in 2019 we did not only experience significant rises on the stock exchanges, but indeed almost all asset classes recorded gains.

Unexpected bond upswing on the back of yields at record lows

After the slump prior to Christmas 2018, the original scenario at the outset of the year 2019 was completely different: many equity markets had suddenly become “cheap” despite the fact that the economic news had not really deteriorated. Also, hardly anyone had expected any further increases in credit-safe bonds. The international central banks loosened their monetary and interest rate policy in order to prevent the economy from weakening (see below). While interest rates were cut step by step in the USA, the period of interest rates close to or below zero was extended in Europe. Yields fell further below their already low levels until September, which led to an unexpected and sharp rise in bond prices.

No economic crisis in the foreseeable future

People have been talking about a possible weakening of the global economy for months now. While some economic indicators suggest slightly less vigorous economic activity at this point, we are nowhere near a recession. It is true that the forecasts for 2020 have been revised downwards almost across the board, but there is no need to worry (please also see the forecast by the [International Monetary Fund](#) and the [OECD](#)). Private consumption and the low unemployment are supporting the global economy. Inflation remains low.

Funds benefited from positive capital markets

All in all, 2019 has been a decidedly good year for the financial markets. As of mid-November, all important asset classes have recorded significant gains, and the equity markets have even posted double-digit returns, some of them above 20%. [The funds of Erste Asset Management](#) have also benefited from the upswing, resulting in a positive picture from a 5Y perspective:

Note: Past performance is not indicative of future development.

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