

SHAREHOLDER'S NEWS

Malta Association of Small Shareholders - MASS VO 0629

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Editorjal

minn Tarcisio Barbara



Ħbieb, qed nerġgħu niltaqgħu magħkom permezz tal-fuljett informattiv tagħna, imma minħabba raġunijiet ovji, qed nibgħatulkom dan il-fuljett digitalment biss permezz tal-imejl. Ninsabu fix-xahar ta' April, imsakkrin ġewwa djarna minħabba dan il-virus infettiv. Tiskanta kif mikrobu li ma jidhirx, mhux biss waqqaf il-progress ta' pajjiżna, imma waqqaf lid-dinja. Il-problema hi, li ma nafux kemm se ndumu hekk.

Minbarra l-istress li kulhadd għandu bħalissa, aħna l-Investituri ż-żgħar, qed inħossu d-daqqa kbira li hađu l-ishma u l-bonds f'dawn l-aħħar ġimgħat. Lejn l-aħħar tas-sena l'oħra, diġà konna hađna daqqa minħabba s-sitwazzjoni politika f'Malta, imma f'Jannar is-suq beda jirkupra u hekk kif daħal ix-xahar ta' Marzu, is-suq lokali u dak ta' pajjiżi oħra beda niżel drastikament minħabba l-pandemija. Is-suq lokali niżel b'madwar 20 fil-mija u swieq barranin niżlu bi 30 fil-mija u aktar.

Aħna l-Investituri ż-żgħar f'dawn il-ġranet qlajna daqqa ta' ħarta oħra, il-għaliex minħabba s-sitwazzjoni preżenti, il-Bank Ċentrali Ewropew (ECB), hareġ direttiva biex il-Banek Ewropej ma jqassmux dividendi fis-sitwazzjoni preżenti u jipposponuh għall-aħħar kwart tas-sena. Biex tgħaxxaq ukoll, issa l-kumpliment tal-Kumpaniji l'oħra llistjati fuq il-Borża ta' Malta, qed jiddeċiedu wkoll li ma jqassmux dividendi għalissa. B'dispjaċir ngħid li din hija sitwazzjoni mhux aċċettabbli għalina. Tal-ECB jafu li għandna Bank li ma kienx qed iqassam dividendi f'dawn l-aħħar snin? Tal-ECB jafu li l-Banek f'Malta f'dawn l-aħħar snin naqqsu ħafna d-dividendi, minħabba spejjeż li zdidulhom fuq regoli ġodda li ġew imposti fuqhom? Aħna ma naqblux ma' numru ta' regolamenti li qed jidhlu fl-Ewropa u li ma jgħoddux għal pajjiż żgħir bħal Malta, inkluż għall-Banek Maltin, li għad li 2 minnhom huma kbar, fejn Banek Ewropej huma żgħar ħafna. Suppost tal-ECB jafu li dawn id-dividendi kienu ġejjin mill-qlieġ li l-Kumpaniji għamlu s-sena l'oħra, mela għaliex waqqfuhom? Aħna ma neskludux li se jkun hemm kumpaniji bi skuża tajba u jaħtfu l-okkażjoni biex ma jqassmux dividendi.

Kif tafu il-maġġoranza kbira tal-Investituri ż-żgħar ikunu qed jistennew dak id-dividend, biex jgħinu ruħhom u lill-familja tagħhom finanzjarjament. Nafu b'ħafna pensjonanti li qed jispicċaw sitwazzjoni mwerġha u ma għandhomx biex iħallsu ċertu spejjeż, mod speċjali min qiegħed f'Dar tal-Anzjani. Ma nistgħux nibqgħu sejr in hekk, aħna hemm b'zonn li nqumu u nitkellmu, niktbu fil-gazzetti, inwasslu l-messaġġ tagħna, inkellmu lill-Politiċi tagħna, inkellmu lill-Membri Parlamentari Ewropej tagħna u ngħidulhom bil-preokkupazzjonijiet tagħna. F'dawn il-ġranet qrajna li l-Investituri ż-żgħar ta' Hong Kong, qed jingħaqdu biex jipprotestaw mal-Bank HSBC ta' Londra, għax mhux se jħallas dividend. Dan għaliex il-Bank of England hareġ direttiva biex il-Banek jipposponu id-dividend għal wara din is-sena. Għaldaqstant dawn l-Investituri qegħdin jingħaqdu biex jigbru 5 fil-mija tal-ishma, biex ikunu jistgħu isejju laqgħa ġenerali straordinarja sabiex jitolbu aktar spjegazzjoni dwar din il-materja.

Indirizz

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Kull ma jinkiteb f'dan il-fuljett mhux bilfors jirrifletti l-fehma tal-Membri tal-Kumitat tal-MASS

Hbieb nappellalkom biex ninghaqdu iżjed f'dan il-mument diffiċli, halli l-messaġġ tagħna jasal fejn mixtieq. Jiddispaċini li llum kont ftit iebes fil-messaġġ tiegħi, imma qed inwassal is-sentiment ta' hafna Investituri żgħar imwegġgħin bhalna. Nifhmu wkoll li ċertu Kumpaniji jridu jzommu l-finanzi minhabba s-sitwazzjoni preżenti, imma dawn il-Kumpaniji jridu jifhmu wkoll li aħna nkunu qed nistennew dak l-introjtu kull sena, għalhekk investejna flusna fil-Kumpanija. Barraminhekk, meta l-Kumpaniji ma jagħtux dividendi, il-prezzijiet tal-ishma jibdedw neżlin kif qed jagħmlu bħalissa u l-kapital li nkunu nvestejna jkompli nieżel. Imma fuq nota pożittiva ejja naghmlu kuraġġ u ma nippanikkjawx, għax wara l-maltemp dejjem ġie l-bnazzi u din id-disfatta issa tista' tkun opportunità biex wiehed jixtri ishma jew bonds.

Intant, dan huwa t-tielet fuljett ta' din is-sena, bħas-soltu b'taġrif u artikli interessanti, imma din id-darba mingħajr avvizi, għax il-laqgħat kollha skedati thassru, inkluż il-laqgħa ġenerali annwali tal-MASS. F'din in-Newsletter, numru 51 għax-xahar ta' April 2020, se ssibu l-**Editorjal** u l-**Impenji tal-MASS** miktuba minni. Imbagħad ser issibu messaġġ mill-President tal-MASS, Alfred Portelli: **Żmien il-Prova li nkunu Għaqlin.**

Wara għandkom artiklu minn membru tal-MASS, Jean-Pierre Caligari: **L-Effetti tal-Covid-19 fuq l-Ishma Lokali.** Imbagħad issibu Stqarrija bl-Ingliz li harġu l-Assoċjazzjoni tal-Bankiera Maltin, rigward mistoqsija minn Ġurnalist Lokali lill-Prim Ministru, fuq proposta ta' taxa ġdida fuq il-Banek Maltin: **Don't touch our Profits: Malta Banks come out against Windfall Tax.**

Relatat ma' dan is-sugġett aħna wkoll hrigna **Stqarrija bl-Ingliz u bil-Malti**; fejn minbarra li bghatniha lill-midja lokali kollha, għaddejnieha wkoll lill-Prim Ministru, Dr. R. Abela, lill-Ministru tal-Finanzi, Profs E. Scicluna u lis-Segretarju Parlamentari, is-Sur Clayton Bartolo. L-aħhar artiklu huwa bl-inglez mis-Sur Edward Rizzo: **Equity Markets plunge in Q1.** Fl-aħhar paġna ta' din in-Newsletter issibu l-**Applikazzjoni għal Shubija fil-MASS.**

Jalla se ssibu din ir-rivista interessanti wkoll; min naħa tagħna nixtiequ nisimgħu l-kummenti tagħkom. Nixtiequ ukoll f'isem sħabi niringrazzja lil numru kbir ta' membri li kitbulna wara li ċċirkolajna l-istqarrija li hrigna, fejn irringrazzjawna, tawna l-appoġġ kollu u inkoraġġewna biex nibqgħu mexjin kif aħna. Min għandu xi artiklu li nistgħu nipubblikawh, jekk jogħgobkom għadduhulna. Niringrazzjakom hafna tal-appoġġ u niringrazzja b'mod speċjali lill-isponsors kollha li tarawhom fil-lista **MASS Sponsors** fl-aħhar paġna. Inrodd hajr ukoll f'isem il-MASS lill-kontributori kollha għal dan il-fuljett.

Impenji tal-MASS

Kif tafu, l-impenji u laqgħat li kellha l-MASS thassru kollha. Thassru wkoll il-konferenzi li kienu se jsiru mill-MASS fil-ġimgħat li ġejjin.

Saret laqgħa waħda biss tal-Kumitat fit-**12 ta' Marzu, 2020**, fil-Borża ta' Malta, il-Belt Valletta. Wara l-qari tal-minuti tal-aħhar seduta u ddiskutejna xi punti minnhom, rajna l-korrispondenza. Imbagħad bdejna bl-aġenda formali u ddiskutejna dan is-sugġett li ġej.

Laqgħa ġenerali annwali: Rajna r-rapporti kollha bi preparazzjoni, kif ukoll rajna n-nominazzjonijiet kollha li dahlu għal Kumitat ġdid. Minhabba l-pandemija, ddeċidejna li nipposponu din il-laqgħa u kellu jintbagħat avviz bl-imejl lill-membri kollha biex ninfurmawhom li thassret.

Tkellimna wkoll fuq xi sugġetti li tqajmu mill-membri tagħna, imma minhabba s-sitwazzjoni fil-pajjiż li kienet qed tigrava, ftehimna li ma jkollniex laqgħat iżjed sakemm is-sitwazzjoni tinbidel. Fil-fatt minn dak in-nhar, il-laqgħat ġenerali annwali tal-kumpaniji li kienu skedati, thassru u sal-lum aħna l-membri tal-Kumitat tal-MASS ma ltaqjna qatt u qed niddjalogaw biss bit-telefon u permezz tal-imejls.

Għal-lum se nieqaf hawn u jekk Alla jrid nerġgħu niltaqgħu b'harġa ohra tan-Newsletter fil-ġimgħat li ġejjin, filwaqt li nawguralkom is-saħħa.

Żmien Il-Prova Li Nkunu Għaqlin

minn Alfred Portelli - President MASS



Bhalissa pajjiżna bhal hafna pajjiżi oħra fid-dinja, jinsab għaddej minn żmien ta' sfida kiefra hafna bla mistennija, jiġġieled kontra l-coronavirus. Dan il-fenomeni rnexxielu jaqfel miljuni ta' nies ġo djarhom, waqt li qiegħed iwaqqaf l-ekonomija dinjija u jkissrilna dak li kull wieħed u waħda minna tant stinkajna u batejna biex niksibu, fosthom aħna l-azzjonisti u r-“retail investors”.

Dan il-fenomeni halla lil kulhadd maħsud u lix-xjentisti mediċi jhabirku biex isibu mezz mediku kif iwaqqfuh mill-herba u l-qerda li qiegħed jirnexxilu jagħmel mill-bniedem, fosthom lil dawk in-nies għaqlin li biex jgħixu ta' nies min jaf kemm iċċaħdu minn affarijiet. Dawn in-nies, fosthom l-azzjonisti, jehtieg li l-għaqal ma jtilfuhx, ma jinfjux u ma jippanikjawx.

Huwa importanti hafna illi l-azzjonisti u dawk li għandhom il-bonds tal-privat u/jew stokks tal-Gvern, jibqgħu bil-għaqal u ma ttihomx rashom. Inkella nsiru biċċa mix-xewqa tal-coronavirus li jeqridna xorta. Għalhekk, jehtieg li nkunu kawti hafna biex ma nkunux aħna nfusna li nitfgħu l-gebel fuq saqajna. Ma nharbtux dak li b'tant saġrificju rnexxielna nibnu: il-portafoll.

Hekk nafuha lid-dinja aħna l-bnedmin. Kull tant żmien jinqala' l-għawġ, jew bi gwerra jew b'xi pandemija bhal din tal-lum. Izda tghallimna li dawn kollha jgħaddu. Għalhekk, nagħmlu kuraggħi halli ż-żmien ġdid isibna li għadna b'saħħitna u ma tkissirniex. U b'hekk, inkomplu ngħixu l-hajja normali tagħna waqt li nkomplu nsahhu l-portafoll mingħajr ma nkunu naqqasnieh għax inkunu qağhdna bil-għaqal.

L-Effetti tal-Covid-19 fuq l-Ishma Lokali

minn Jean-Pierre Caligari

Ftit wara li feġġ l-ewwel każ ta' Covid-19 f'Malta, bdejna naraw hafna iktar negozju mis-soltu fil-Borża ta' Malta. Aktar ma bdew jgħaddu l-gimghat u jziedu l-każijiet tal-Covid-19, bdiet tinholq iktar incertezza b'mod speċjali f'setturi partikolari bħat-turiżmu. Ċerti deċiżjonijiet li kellhom jittieħdu biex jissalvagwardjaw is-saħħa tal-poplu b'mod partikolari l-għeluq tal-ajruport u diversi stabbilimenti jew hwienet, ziedu iktar l-incertezza fost l-azzjonisti ż-żgħar. Xi prezzijiet ta' ishma lokali fosthom: l-MIA plc, IHI plc, Tigne Mall plc, Malita Investments plc u MPC plc niżlu f'daqqa fi ftit granet u kienu ilhom numru ta' snin ma jinżlu f'livell daqshekk baxx. Perezempju kien hemm ġurnata partikolari f'Marzu meta l-prezz tal-MIA plc għalaq €3.52ċ. Wieħed jara diskrepanza kbira meta dan il-prezz iqabblu ma' €7.95ċ, l-iktar għoli li qatt kien irreġistrat fl-2019. Dan juri li l-pandemija tal-Covid-19 holqot opportunitajiet tajbin għal ċerti azzjonisti li kellhom ammont ta' flus x'jinvestu u hatfu l-mument biex ikollhom sehem jew iżidu s-sehem li diġà kellhom f'kumpaniji li għandhom *balance sheet* b'saħħitha.

Minkejja l-opportunitajiet li seta' kien hemm fil-gimghat li għaddew jew se jkun hemm fiż-żmien li ġej, mhux kollha u zahar. Sfortunament diversi azzjonisti investew flushom meta l-prezz tal-kumpaniji lokali kien ferm aktar għoli mil-lum u għalissa ma jaqblilhomx ibiġħu l-ishma tagħhom, għax jtilfu hafna flus. Fl-aħħar gimghat ukoll xi kumpaniji bħall-MIA plc u l-GO plc habbru li se jerġgħu jikkonsidraw ihallsux id-dividend li kienu rakkomandaw aktar kmieni din is-sena b'rabta mar-rizultati finanzjarji tas-sena l-oħra, minhabba li issa ċ-ċirkostanzi nbidlu u jridu jevalwaw l-effetti negattivi tal-Covid-19. Il-BOV Plc u l-HSBC Bank Malta plc habbru li laqgħu r-rakkomandazzjoni tal-Bank Ċentrali Ewropew u se jipposponu l-hlas tad-dividend finali fuq ir-rizultati finanzjarji tal-2019 għall-aħħar kwart ta' din is-sena. Din ir-rakkomandazzjoni mill-BĊE saret biex il-banek Ewropej ikunu jistgħu jgħinu aktar lill-pajjiżi jekk il-Covid-19 ikompli jhalli effetti negattivi fuq l-ekonomija.

Il-Covid-19 se jhalli impatt negattiv fuq il-profitti ta' diversi kumpaniji lokali kkwotati fil-Borża ta' Malta. Naturalment ċerti kumpaniji qed ikunu milquta aktar minn oħrajn, għax bhalissa l-operat tagħhom huwa kwazi

wieqaf jew wieqaf għal kollox. Il-problema ewlenija hija li hadd ma jaf meta din il-pandemija se tgħaddi u nirritornaw bil-mod għall-ħajja li konna ngħixu. Diffiċli ferm li l-ekonomija tirkupra malajr jew fi żmien qasir mill-krizi preżenti. Dan kollu se jaffettwa hażin lill-azzjonisti ż-żgħar, għax il-kumpaniji se jonqsilhom il-profitt u għalhekk il-probabbiltà hija li jqassmu inqas dividend jew ma jqassmu xejn. Fil-biċċa l-kbira tal-każijiet it-tnaqqis fid-dividend jew in-nuqqas tiegħu jirrifletti hażin ukoll fil-prezzijiet tal-ishma. Dan seħħ ukoll fl-ahħar snin meta xi kumpaniji minhabba raġunijiet differenti, ddecidew li ma jqassmux dividend u l-prezz tagħhom nieżel drastikament.

L-azzjonisti ż-żgħar investew flushom fil-kumpaniji lokali b'ħafna saġrificċji u naħseb tajjeb wiehed jiftakar fihom ukoll. Bhalissa r-rata ta' taxxa fuq hlas ta' dividend hija ta' 35%. Fis-snin li għaddew kien hemm xi tnaqqis f'din ir-rata, iżda mhux l-azzjonisti kollha bbenefikaw mill-miżuri li daħlu fis-seħħ. Jekk ir-rata ta' taxxa tkun ħafna inqas minn 35% għall-azzjonisti kollha, sservi biex tpatti f'it għaž-żmien diffiċli li qegħdin fih u fil-futur tagħmel tajjeb għan-nuqqas li se jkun hemm fil-profitti ta' xi kumpaniji lokali.

Don't touch our Profits: Malta Banks come out against Windfall Tax

Malta Bankers Association insists banking profits are not excessive and should not be taxed any more to finance coronavirus pandemic budget

Malta's banking owners have outrightly refuted calls for a tax on super-profits, claiming a windfall tax on their profits would be "short-sighted" and devastating for the economy.

With Bank of Valletta registering close to €90 million in pre-tax profits, and HSBC Malta just over €45 million, the Malta Bankers Association today replied to calls for a windfall tax by declaring that their profits were not excessive.

A MaltaToday editorial on Wednesday argued that banking profits could be used to shore up a government coronavirus stimulus package that will cost close to €70 million each month to subsidise wages for business owners who are unable to trade, but still face the weight of interest rates and rents.

"Banks are amongst the most stringently, multi-regulated and supervised entities at a local, European and international level. Their very existence and continuity to operate depends on their ability to make and retain certain levels of profits," the MBA said.

"They are evaluated on the profitability of their business model, their level of capital adequacy and the observance of minimum ratios, amongst various other things. Bank profits and their financial strength are what enables them to keep lending and supporting economic activity."

Malta had already introduced a windfall tax on banking profits in 1998, when Labour minister Leo Brincat levied a one-off 15% on profits. The move replicated a similar windfall tax by UK Labour prime minister Tony Blair in 1997.

But prime minister Robert Abela on Tuesday evening said he would not think of taxing banking profits in the current climate.

But the MBA insisted that its banks had paid "hundreds of millions of euros in direct taxes not to mention many tens of millions more in indirect taxes", and that its profits benefited thousands of shareholders. "As employers and providers for the livelihood of thousands of bank employees and their families, the banks' contribution to the country's social and welfare system is significant."

The MBA said its banks will continued to provide their essential service with "the necessary lifelines, reliefs and support to their customers in this time of need despite knowing that the banks will also carry their share of the burden for this."

The MBA said banks will see "a challenging year for bank profitability" with the coronavirus pandemic in 2020. "Talk of imposing special or windfall taxes on the banks as some kind of consequence for their strong past performance would be a dangerous step at a time when the banking system needs all the stability it can have."

CEOs and senior executives of the core domestic banks have met government officials this week. "Separately the banks have been communicating their own schemes, engaging with and reaching out to their customers in the process. Discussions are also at an advanced stage with the Malta Development Bank with regard to the guarantee schemes announced by Government as part of its economic relief measures," the MBA said.

Malta Association of Small Shareholders - Press Release

26-3-20



The Malta Association of Small Shareholders, taking note of the proposal that a windfall tax be imposed on banking profits to help finance the cost of the precautionary measures, which the Government of Malta is taking to prevent the spread of the coronavirus in Malta, wishes to make it clear that it disagrees emphatically with the imposition of such a tax.

It is the considered opinion of the executive committee of the MASS, that it would be most unfair for the government to single out the banks and their shareholders, to carry a disproportionate share of the financial burden which the country will have to carry in combatting the spread of this deadly virus.

The leading local commercial banks have already come forward with various schemes which the banks will be implementing to lend a helping hand to their clients, in handling the financial difficulties they may have to face in the present circumstances. The implementation of such measures may already have a negative effect on the overall profits of banks.

The continuous growth of the Maltese economy is highly dependent on the financial support which only a strong, highly organised and disciplined banking sector can offer. The presence of such a banking sector will be very important for the resurgence of the Maltese economy when eventually the threats resultant from the presence of the coronavirus begin to ebb.

It is to be noted that a considerable proportion of the tens of thousands of the small shareholders of the leading local commercial banks are pensioners and heads of local households, for whom the dividend distributions of banks often represent a considerable part of their total income. Such persons have been suffering a serious decline in their bank dividend income in recent years mainly due to expensive regulatory measures introduced by local and EU regulators, and expensive internal reorganisations undertaken by these banks, to increase their efficiency and security of depositors' funds.

In these circumstances the imposition of any additional tax on the banking sector, should be considered not only as most inappropriate, but as unthinkable, as PM Dr. Robert Abela has already remarked.

Assoċjazzjoni Maltija tal-Azzjonisti Żgħar - Stqarrija għall-Istampa

26-3-20

L-Assoċjazzjoni tal-Azzjonisti ż-Żgħar, filwaqt li tiegħu nota tal-proposta li tiġi imposta taxxa fuq il-profitti bankarji biex tgħin tiffinanzja l-ispiża tal-miżuri ta' prekawzjoni li l-Gvern ta' Malta qed jieħu biex jipprevjeni t-tixrid tal-coronavirus f'Malta, jixtieq jagħmilha ċara li hija ma taqbilx b'mod enfatiku mal-impożizzjoni ta' tali taxxa.

Hija l-opinjoni meqjusa tal-kumitat eżekuttiv tal-MASS, li kien ikun l-iktar inġust għall-Gvern li jgħabbi l-banek u l-azzjonisti tagħhom, sabiex igorru sehem sproprorzjonat tal-piż finanzjarju li l-pajjiż ikollu jgħorr fil-għieda kontra t-tixrid ta' dan il-virus fatali.

Il-banek kummerċjali ewlenin lokali diġà pproponew diversi skemi li huma se jkunu jimplimentaw biex jagħtu għajjnuna lill-klijenti tagħhom biex jimmaniġġjaw id-diffikultajiet finanzjarji li jista' jkollhom fiċ-ċirkustanzi preżenti. L-implimentazzjoni ta' dawn il-miżuri jista' jkollha effett negattiv serju fuq il-profitti generali tal-banek.

It-tkabbir kontinwu tal-ekonomija Maltija jiddependi hafna fuq l-appoġġ finanzjarju kontinwu li jista' joffri biss settur bankarju b'saħħtu, organizzat tajjeb u dixxiplinat. Il-preżenza tas-settur bankarju bħal dan se jkun importanti hafna għall-qawmien mill-ġdid tal-ekonomija Maltija, meta eventwalment it-theddid li jirriżulta mill-preżenza tal-coronavirus jibda jbatti.

Ta' min jinnota li proporzjon konsiderevoli mill-eluf kbar tal-azzjonisti żgħar tal-banek kummerċjali lokali ewlenin, huma pensjonanti jew kapijiet ta' familji, li għalihom id-distribuzzjonijiet ta' dividendi tal-banek spiss jirrappreżentaw parti konsiderevoli tad-dhul totali tagħhom. Id-dhul ta' dawn il-persuni sofra tnaqqis serju f'dawn l-aħħar snin, prinċipalment minhabba miżuri regolatorji stretti, introdotti minn regolaturi lokali u tal-UE, u riorganizzazzjonijiet interni serji, li saru minn dawn il-banek biex iżidu l-effiċjenza tagħhom u s-sigurtà tal-fondi tad-depożitanti.

F'dawn iċ-ċirkostanzi l-impożizzjoni ta' kwalunkwe taxxa addizzjonali fuq is-settur bankarju għandha titqies barra minn lokha, iżda wkoll bħala inkonċepibbli, kif diġà irrimarka l-PM Dr. Robert Abela.

Equity Markets plunge in Q1

by Edward Rizzo

April 9, 2020

Most investors have probably had an overdose of articles and reports hitting their screens explaining the dismal performance of equity markets over recent weeks. However, when deciding about the topic for this week's article, I thought it would still be important to try to provide a brief overview of the more important events that led to the fastest bear market in history.

International equity markets had a positive start to the New Year continuing on their bull market phase which had started in March 2009. In fact, US equities rallied strongly in the first half of January with the S&P 500 hitting a new record high in the middle of the month after the US and China signed 'phase one' of a trade deal. In the second half of January, however, mounting fears over the spread of the coronavirus in China and beyond erased the gains with the main indices in the US ending the month flat.

The S&P 500 Index touched a fresh record high in early February following robust economic data and President Trump's acquittal in the final impeachment vote. However, as many of the world's biggest economies went into lockdown as a result of the 'Covid-19' outbreak, investor confidence was shattered and the S&P 500 index in the US suffered its quickest fall into a bear market on record. The index took just 16 days to slump from all-time highs to bear market territory (a drop of 20%) easily surpassing the previous record of the quickest fall into a bear market that was set in 1929 at 44 days. The S&P 500 index ended the quarter with a decline of 20% – the weakest quarter since the financial crisis.

Apart from the concerns regarding the spread of the 'Covid-19', another determining factor was the sharp decline in the oil price to its lowest level in 18 years. Oil was impacted by the dual shock of the largest drop in demand in history as the coronavirus cut consumption and a surge in supply following the start of a price war between Saudi Arabia and Russia.

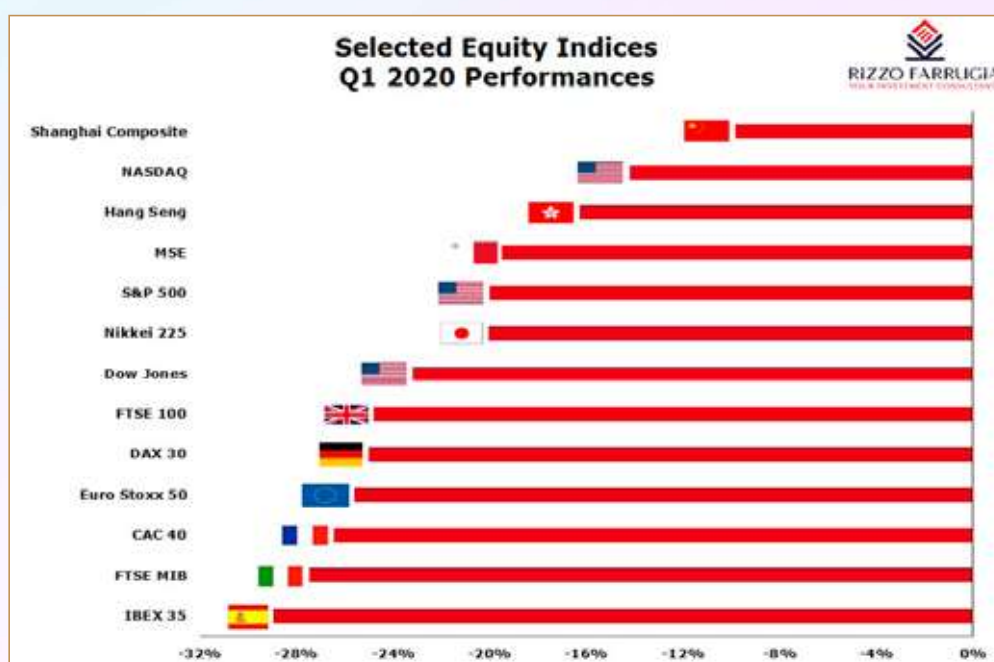
Volatility across most equity markets was very high in the latter part of the quarter. However, as governments and central banks put together significant packages to offset some of the large negative economic effects of the virus, investor sentiment improved and equity markets recovered from their lows. In fact, US equities advanced by almost 18% from their lowest levels of the year on 23 March 2020. Despite the recovery, the Dow Jones Industrial Average shed 23.2% throughout Q1 – its steepest first quarter decline on record.

The House of Representatives in the US approved a USD2.2 trillion stimulus bill to offset the economic destruction of the 'Covid-19' pandemic which was signed into law by President Donald Trump. The Federal Reserve cut US interest rates to close to zero and later unveiled a variety of programs to combat the impact of the coronavirus including a 'Commercial Paper Funding Facility', a 'Primary Dealer Credit Facility', a 'Money Market Mutual

Fund Liquidity Facility', a 'Primary Market Corporate Credit Facility', a 'Secondary Market Corporate Credit Facility' and a 'Term Asset-Backed Securities Loan Facility'. In particular, , and for the first time ever, the Fed also intervened in the corporate bond market through the 'Secondary Market Corporate Credit Facility' which essentially is a mechanism for the purchase in the secondary market of corporate bonds issued by investment grade US companies and US-listed exchange-traded funds whose investment objective is to provide a broad exposure to the market for US investment grade corporate bonds.

In Europe, the European Central Bank continued to ramp up its response with President Christine Lagarde stating that there are "no limits" to its commitment to the euro. The pan-European STOXX 600 index registered its worst quarter since 2002 with a decline of 23%. The worst performing markets were Italy and Spain as both countries suffered the highest number of deaths from the pandemic.

In the UK, the FTSE 100 dropped by almost 25% – its worst quarter since the 1980's. Ironically, the Chinese Shanghai composite was the best performing index with a decline of only 9.8%.



In Malta, a total of 16 equities suffered double digit declines with International Hotel Investments plc ranking as the weakest performer with a drop of just over 35%. The benchmark MSE Equity Price Index ended the quarter with a decline of just under 20%. The share price of Malta International Airport plc dropped by 28% in Q1 after it had registered a drop of just over 49% before staging a remarkable recovery from the low of €3.50 on 23 March 2020 (coinciding with the low in US stocks).

In the quarterly market reviews published in the past, I generally concluded by giving a brief outlook on expected developments in the following months. This time, it is naturally too hard to do the same given the extraordinary circumstances we are facing and the huge amount of uncertainty on when some form of 'normality' returns and certain businesses can restart operations. The second quarter of the year is generally an exciting time for the Maltese investing public as the annual reporting season reaches a climax with companies publishing their financial statements and most declaring dividends. Moreover, it is also a time when Annual General Meetings take place, giving investors an opportunity to gain a deeper understanding on the business strategy of a company and also give space for some social gathering while nibbling on the famous Maltese 'pastizzi'. Unfortunately, this year's annual reporting season is clouded and overshadowed with the ongoing impact of the 'Covid-19' and irrespective of the successful financial performance of several companies in 2019, the focus is very much on the manner in which the virus is affecting a company's current performance and the near-term outlook. Similar to developments overseas, many companies are postponing their dividends in order to retain as much cash as possible given the uncertainties

on when certain business lines can resume. Annual General Meetings have also been postponed due to restrictions by health authorities. For the first time ever, some Maltese companies may need to resort to organising their annual shareholder meetings remotely causing added hurdles for those investors who are less IT savvy.

Many people are understandably very anxious due to the impact of the 'Covid-19' on their daily lives and the concerns about contracting the virus especially those classified as most vulnerable. The dismal performance of equity markets, the uncertainty being created by the very challenging times and the postponement of dividend payments, which are important sources of income for many investors, adds to the overall level of anxiety being faced. It is therefore natural that this leads to panic selling at times. However, while listening in to a conference call recently organised by an experienced international fund manager, it was argued that recessions are the best times for long-term investors as in such times markets tend to overreact bringing about good opportunities.

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