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While infections are still rising, more people are recovering

◆ Number of recoveries per known cases are back to highs despite much more widespread testing.

◆ Improvement could suggest that doctors are becoming better at dealing with the new coronavirus.

◆ Better ability to treat the disease reduces the likelihood of health systems being overwhelmed and, by proxy, of governments enacting widespread lockdowns.

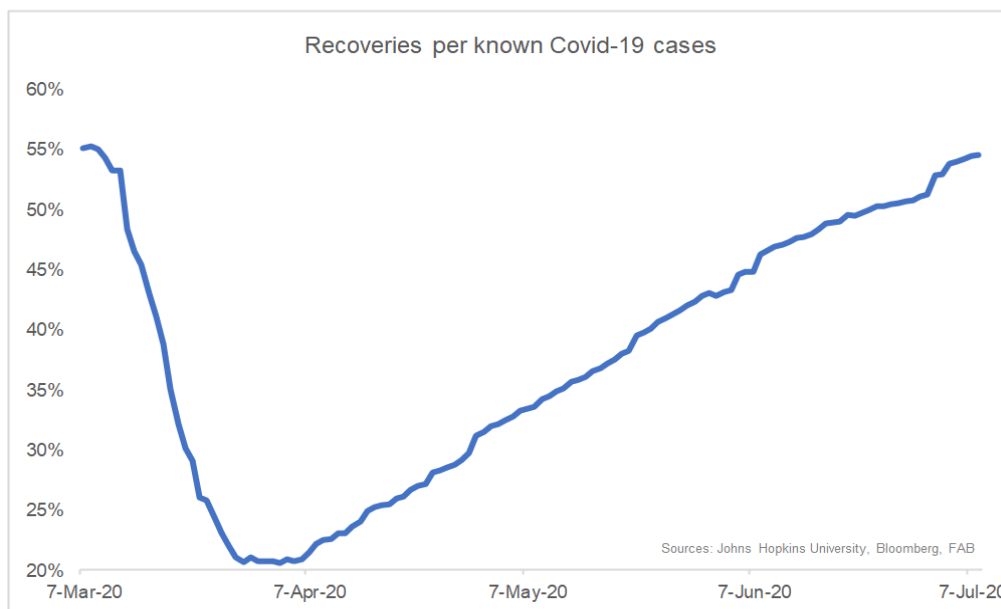
◆ Meanwhile, investors look to the latest stimulus in the UK as a blueprint for other developed economies.

◆ FAB AAC remains overweight high-quality investment grade bonds.

Those following the number of new coronavirus infections may often feel depressed and overwhelmed as every day brings about a new record in cases. According to data of Johns Hopkins University in the US, which has been tracking the number of global reported cases, 11.9 million people have gotten Covid-19 across the world so far.

The number is terrifying but should hardly be surprising. As any highly infectious (and potentially airborne) disease, more people are going to get it as time goes by. Plus, more people are getting tested, and that also helps increase the numbers.

What is perhaps more comforting is the fact that it looks like more people are recovering from the virus. The seven-day moving average of the number of reported deaths from the virus has dropped to 4,700 from a peak of 7,000 in the third week of April. Meanwhile, in the same



period the same moving average for the number of new reported Covid-19 cases has risen 38% to nearly 193,000.

While these statistics could be attributed simply to more testing, there could be something else at work. Doctors across the world know better how to deal with the virus now than they did in April, when most scientists knew very little about it. The jury may still be out on the effectiveness of several drugs from a scientific standpoint, but doctors are applying empirical knowledge acquired from treating hundreds of thousands of patients and, based on the number of recoveries, it could be working.

That is great news for everyone as it makes Covid-19 less scary (though, at a general mortality rate of nearly 5%, it is hardly something to ignore). It also makes it much easier for governments to justify being less draconian about how they deal with flare-ups, which, again, are inevitable for such an infectious disease.

The percentage of known Covid-19 patients who have recovered is steadily rising

The result has already started to be seen. A surge in new cases in Leicester prompted a local lockdown instead of a national one in the UK. Similarly, Beijing stamped out a breakout by isolating certain affected areas and tracking down people who could have been infected. This approach is much less deleterious to the economy and bodes well.

The other good news that could help support markets in coming weeks is how fast fiscal stimulus will be added and what form it will take. In that sense, the UK may have provided a blueprint. The country announced today that it will give one-time bonuses for companies to bring back their employees. This approach could provide that last boost that global economies need to get up from their beds.

Investment Strategy Update

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