



# Portfolio Scoop

Insights into the Trends and their performance

**DECEMBER 2021**

- **December capped off a positive but volatile year for 2021 as markets dealt with the ongoing coronavirus as a new variant, Omicron emerged and the likelihood of inflation and supply shortages impacting global growth going into 2022.**
- **European markets led with the France's CAC index up +6.43% and Eurostoxx 50 Index up 5.79% (all local prices).**
- **The worst performing major markets were once again from Hong Kong with both the Hang Seng Index and the HSCEI Index, down -1.58% and -0.33% respectively (all local prices).**
- **The stronger AUD versus the USD and EUR dampened AUD returns for the Trends and indices.**
- **The monthly performances across our Trends were +0.38%, -1.03% and -0.28% for the Big Data, Online Shopping Spree and Clean Disruption Trends respectively (versus MSCI World ex Australia Index of +1.68%).**

Dear Members

Welcome to our latest Portfolio Scoop from AtlasTrend, which provides insights into our Trends and their performance.

## What happened to the markets in December?

December saw the emergence of the Omicron variant, which caused market volatility at the beginning of the month. Concerns over inflation and supply shortages also made investors cautious. However, this quickly reversed as investors took the view that the Omicron variant was less severe (albeit more transmissible).

Investors also took on an optimistic belief that gradual tightening laid out by central banks will help the global economy on an equilibrium of moderate growth and moderate inflation. Bloomberg Economics predicts that in the decade ahead, the world economy is expected to average annual growth of around 3.2%, slightly below the average of 3.5% in the period from 2010 to 2019.

European markets led with the France's CAC index up +6.43% and Eurostoxx 50 Index up 5.79% (all local prices). The worst performing major markets were once again from Hong Kong with both the Hang Seng Index and the HSCEI Index, down -1.58% and -0.33% respectively (all local prices). The stronger AUD versus the USD and EUR dampened AUD returns for the Trends and indices.

Overall, the MSCI World Daily Net Total Return ex Australia Index (this MSCI Index measures the equity market performance of shares listed on the exchanges of 23 of the world's major developed economies ex Australia factoring in reinvested net dividends) ended the month +1.68% in AUD terms.

### **Economic data continues to improve but expect to see interest rates hikes in 2022**

December saw a series of positive economic data from the U.S. including higher job numbers, low unemployment (4.5%), rising consumer sentiment, faster consumer spending and a seven-month high in sales of new homes. However, inflation remained elevated at 6.8% in November, prompting the Federal Reserve to turn hawkish. It is expected to finish its asset purchase program by March 2022 (ahead of schedule) with many economists believing that interest rate increases will begin in 1H 2022, which may see up to 3 hikes for the full year.

It did not seem to impact markets by the end of December as both the S&P 500 Index and Dow Jones Index reached near their all-time highs. The NASDAQ Index underperformed as technology stocks continued their weakness as investors shied away from richer valuations and hedge funds unwound those positions.

Lastly, President Joe Biden's US\$2 trillion package remains at an impasse in Congress as a few Democrats and largely the whole Republican Party reject the bill.

### **European economic policy unlikely to tighten in 2022**

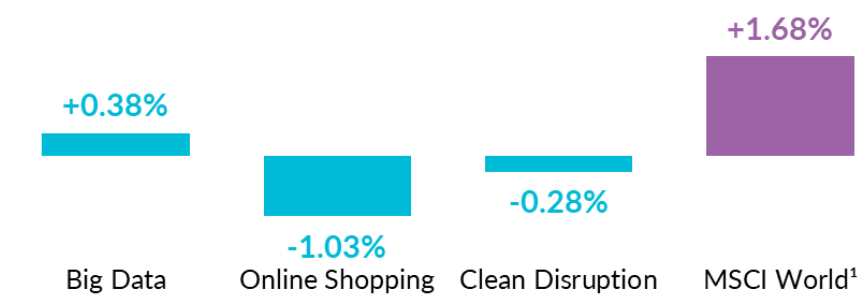
European Central Bank President Christine Lagarde stated during the month that the likelihood of a rate hike in 2022 was unlikely. It continues to view inflation as transitory (4.9% in November) and sees it moderating in 2022.

### **Chinese economy slowing and requiring stimulus**

Economic activity in China is slowing due to property sector downturn and more subdued retail consumption. This has resulted in the PBOC easing monetary policy by cutting the reserve requirement ratio for banks by 0.5% releasing some RMB 1.2 trillion (US\$188 billion) of liquidity. The Communist Party has also ordered for more fiscal spending in 2022.

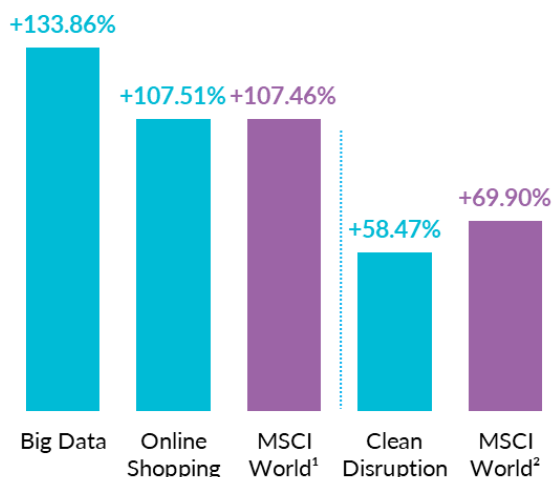
## Trend Round Up

### Trends Performance



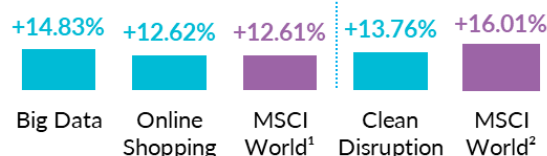
Note: Launch date of the Trends is 9 November 2015 apart from Clean Disruption Fund, which was launched on 6 June 2018. MSCI World refers to the MSCI World ex Australia Index. <sup>1</sup> Start date 9 November 2015. <sup>2</sup> Start date 6 June 2018.

### Trends Performance



Note: Launch date of the Trends is 9 November 2015 apart from Clean Disruption Fund, which was launched on 6 June 2018. MSCI World refers to the MSCI World ex Australia Index. <sup>1</sup> Start date 9 November 2015. <sup>2</sup>

### Trends Performance p.a.



In the last 12 months, we have delivered performances of +16.80%, +7.03% and +10.36% for the Big Data, Online Shopping Spree and Clean Disruption Trends respectively (versus MSCI World ex Australia Index of +29.58%).

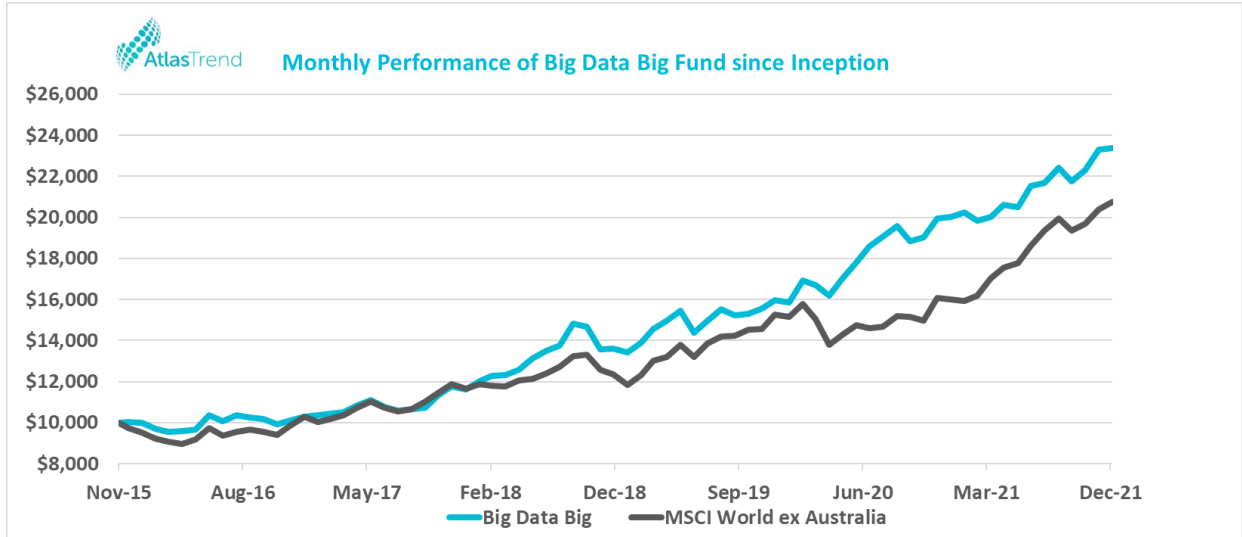
In the last 6 months, we have delivered performances of +8.59%, -3.25% and +3.15% for the Big Data, Online Shopping Spree and Clean Disruption Trends respectively (versus MSCI World ex Australia Index of +11.46%).

In the last 3 months, we have delivered performances of +7.56%, +2.42% and +2.91% for the Big Data, Online Shopping Spree and Clean Disruption Trends respectively (versus MSCI World ex Australia Index of +7.19%).

## Big Data Big Fund

The Trend return for the month was +0.38% and since launch (9 December 2015) is +133.86%.

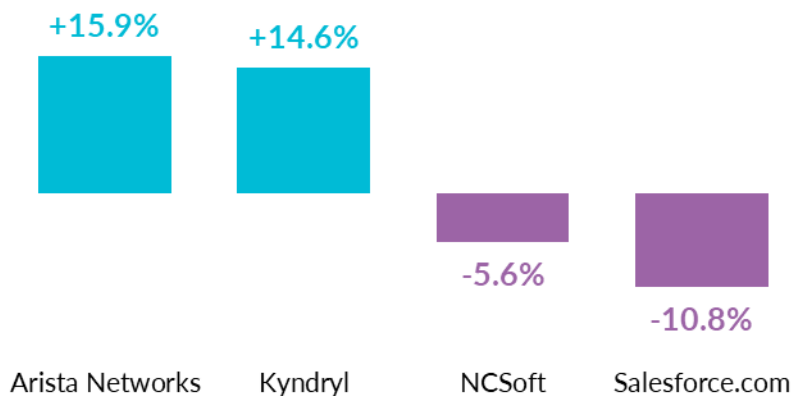
This Trend has delivered a +15.19% return per annum since inception.



This Trend had saw weakness in its software names as part of an overall sell-off in technology stocks. We saw weakness led by Salesfore.com. Splunk, NCSOFT and Amazon.com. However, hardware and network names continued their strong performance, led by IBM, Arista Networks, Seagate, Intel and Apple.

As of the end of December 2021, this Trend consisted of 17 companies.

### Top & bottom performers for December 2021 Big Data Big Fund

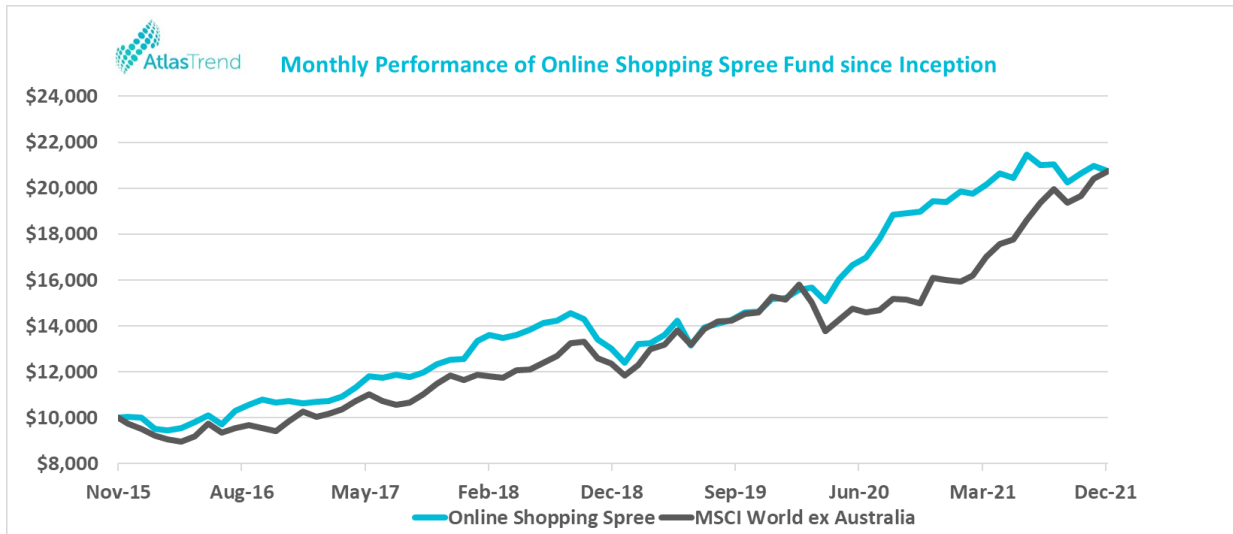


Note: % share price return in local currency, excluding any dividends received during the month

## Online Shopping Spree Fund

The Trend return for the month was -1.03% and since launch (9 December 2015) is +107.51%.

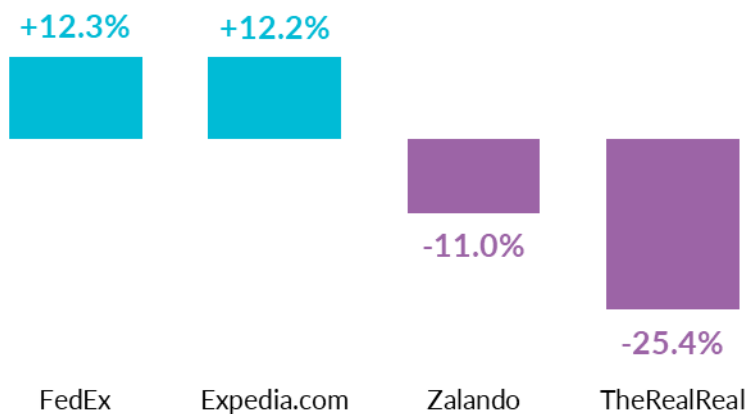
This Trend has delivered a +12.62% return per annum.



This Trend had another mixed month with FedEx, Expedia.com, Apple, Walt Disney and Prologis being positive contributors. Weakness was led by TheRealReal and Zalando, both online apparel retailers and our Chinese names remained weak. The Omicron variant is impacting logistics in the e-commerce space as staffing remains challenging due to workers getting sick, leaving the industry or not working due to tighter government restrictions.

As of the end of December 2021, this Trend consisted of 16 companies.

### Top & bottom performers for December 2021 Online Shopping Spree Fund

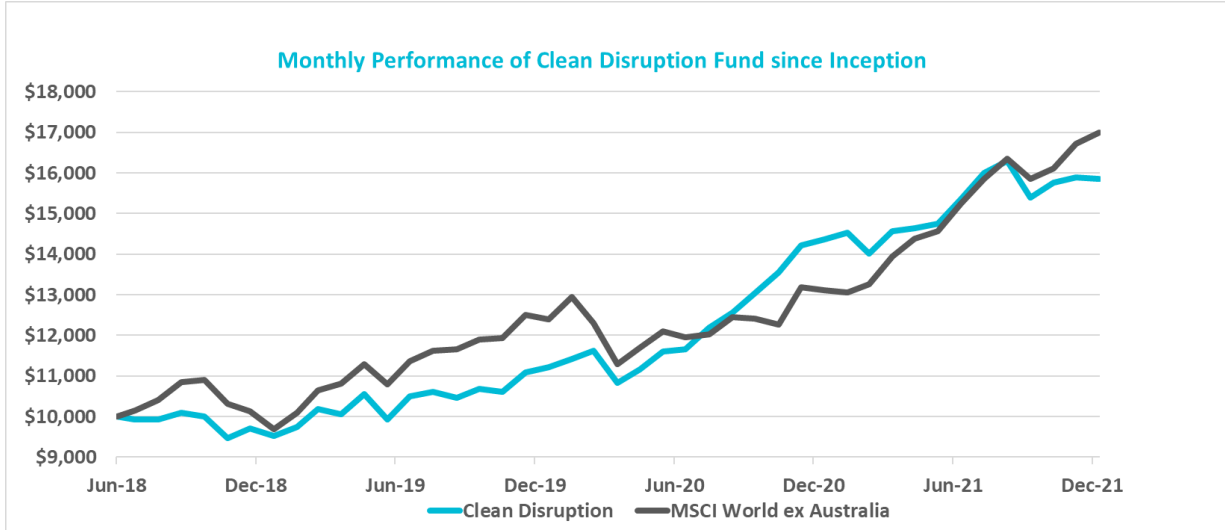


Note: % share price return in local currency, excluding any dividends received during the month

### Clean Disruption Fund

The Trend return for the month was -0.28% and since launch (6 December 2018) is +58.47%.

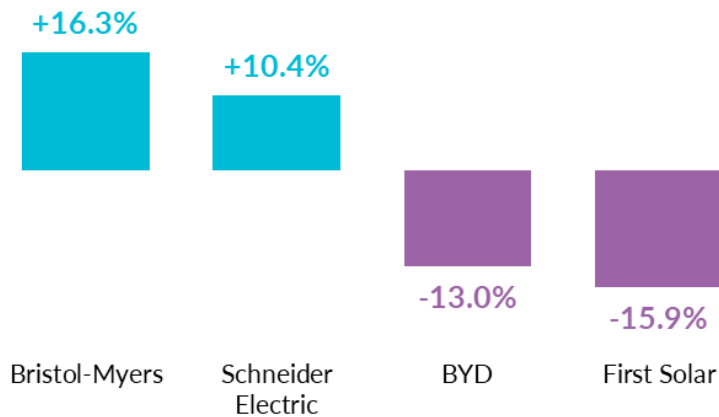
This Trend has delivered a +13.76% return per annum since inception.



This Trend also had a mixed month with the majority of positions being positive Bristol-Myers-Squibb, Schneider Electric, Fanuc, KLA-Tencor, Algonquin and Iberdrola. However, largest underperformers were Vestas Wind Systems and First Solar again as well as BYD. These stocks are dealing with the current rise in commodity prices and supply chain bottlenecks that have disrupted production and decreased margins.

As of the end of December 2021, this Trend consisted of 18 companies.

#### Top & bottom performers for December 2021 Clean Disruption Fund



Note: % share price return in local currency, excluding any dividends received during the month

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