Portfolio Scoop

Insights into the Trends and their performance

FEBRUARY 2022

- **February saw a spike in volatility in financial markets as Russia initiated its war against Ukraine, which is leading to several knock-on effects on markets including rising oil, energy and commodity prices.**
- **All the major developed markets were weak with the worst performing markets being Germany's DB Index, down -6.53% and the Euro Stoxx 50 Index, down -6.00% (all local prices).**
- **The only markets that showed any positive performance were China's Shanghai Composite Index, up +3.00% and the U.S. Russell 2000 Index, up +0.97% (all local prices).**
- **A stronger AUD helped added to AUD losses in the Trends and indices.**
- **The monthly performances across our Trends were -5.50%, -7.27% and -1.44% for the Big Data, Online Shopping Spree and Clean Disruption Trends respectively (versus MSCI World ex Australia Index of -5.52%).**

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 February?

February saw a spike in volatility in financial markets as Russia initiated its war against Ukraine, which is leading to several knock-on effects on markets including rising oil, energy and commodity prices. This is exacerbating investor concerns about inflation and rising interest rates and the impact on global growth.

Sanctions on Russia including on its Russia's central bank and excluding some of the country's banks from the SWIFT messaging system are already impacting the Russian economy and its currency. A prolonged war is likely to be a major blow to global markets but also potentially slow down the normalisation of central bank interest rate rises this year.

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The only markets that showed any positive performance were China's Shanghai Composite Index, up +3.00% and the U.S. Russell 2000 Index, up +0.97% (all local prices). A stronger AUD helped added to AUD losses in the Trends and indices.

The monthly performances across our Trends were -5.50%, -7.27% and -1.44% for the Big Data, Online Shopping Spree and Clean Disruption Trends, respectively. 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 -5.52% in AUD terms.

The war in Ukraine may slow down pace of interest rate hikes

U.S. inflation rose 7.5% in January, the fastest increase in 40 years stoking fears of a more aggressive interest hike schedule by the U.S. Federal Reserve starting in March.

The global supply-chain crisis has been one of the biggest drivers of inflation but there were signs from shipping companies and other companies that suggested some bottlenecks were beginning to ease. However, the war in Ukraine and follow-on sanctions on Russia will continue to place pressure on inflation globally.

The war may lead to the U.S. Federal Reserve pulling back on the pace of interest rate hikes as it balances the need to control inflation but not hinder growth or employment.

No rate rises in Europe for now

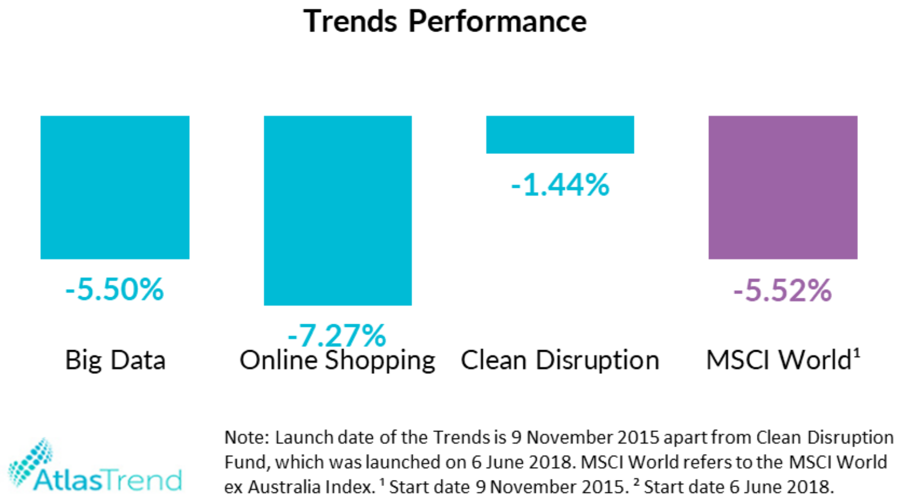
While the Bank of England delivered back-to-back interest rises, the European Central Bank kept its rates steady as the cloud of the war in Ukraine grew. Its President, Christine Lagarde said that raising interest rates would not solve any of the current problems in the economy and acting too quickly risked damaging the region's economy.

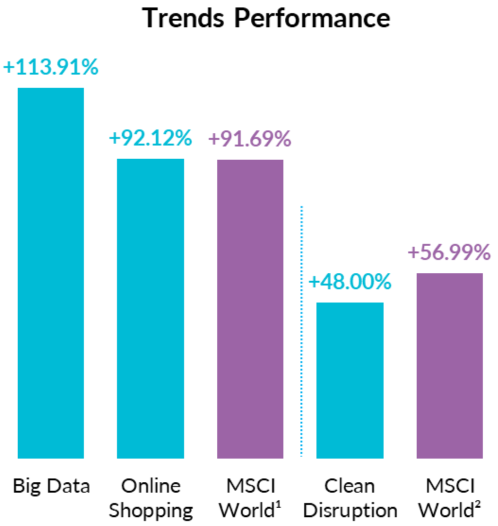
Europe heads into April with much uncertainty given the war in Ukraine and the sanctions (such as halting the certification of the Nord Stream 2 gas pipeline) that it is levying on Russia and the knock-on effects to energy supply.

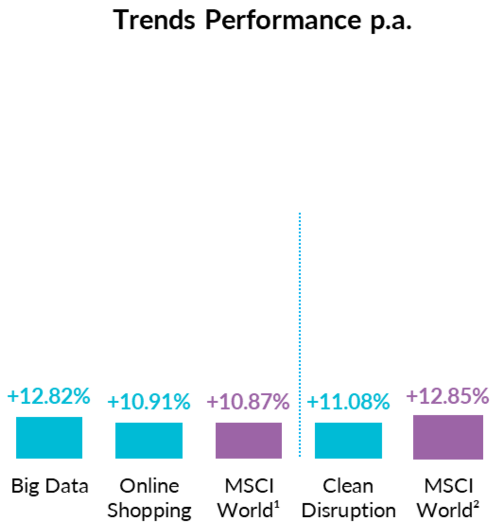
Hong Kong is the latest to deal with a coronavirus outbreak

The story for February was the growing coronavirus case numbers in Hong Kong. While attempting to stick with China's zero covid policy, Hong Kong has seen an outbreak that has caused the city to re-impose restrictions including a flight ban on nine countries including the U.S., U.K. and Australia that is extending to 20 April. Schools are also taking early holidays and there is ongoing discussion about a lockdown to control case numbers.

Trend Round Up







AtlasTrend

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. [1] Start date 9 November 2015. [2]

In the last 12 months, we have delivered performances of +7.81%, -2.76% and +5.67% for the Big Data, Online Shopping Spree and Clean Disruption Trends respectively (versus MSCI World ex Australia Index of +18.33%).

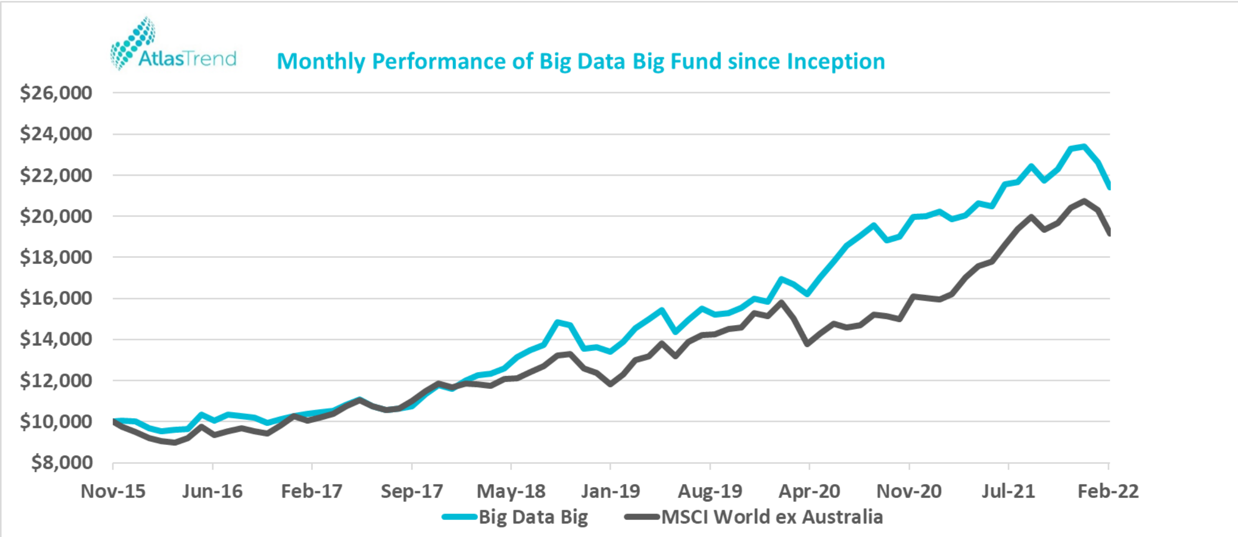
In the last 6 months, we have delivered performances of -4.65%, -8.65% and -9.17% for the Big Data, Online Shopping Spree and Clean Disruption Trends respectively (versus MSCI World ex Australia Index of -3.98%).

In the last 3 months, we have delivered performances of -8.18%, -8.37% and -6.86% for the Big Data, Online Shopping Spree and Clean Disruption Trends respectively (versus MSCI World ex Australia Index of -6.05%).

Big Data Big Fund

The Trend return for the month was -5.50% and since launch (9 February 2015) is +113.91%.

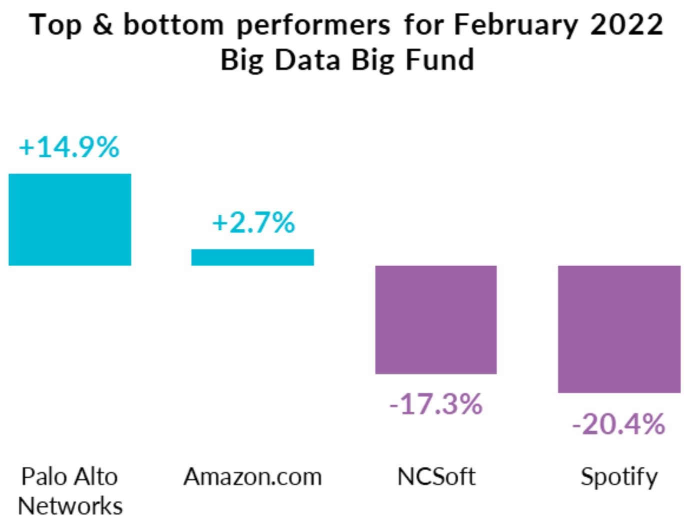
This Trend has delivered a +12.82% return per annum since inception.



Although it outperformed its benchmark, this Trend saw continued weakness from its technology names, as growth stocks continued to be sold as investors sort value and de-risked. The weakness was led by NCSoft, Spotify, Tencent, Alarm.com and Digital Realty. Spotify reported weak quarterly results and continues to deal with the controversy around hosting the Joe Rogan podcast.

The positive names were Palo Alto Networks and Amazon.com. Alphabet also performed relatively well as it showed the strength of its online ad business and more gains in cloud computing after beating profit estimates in its 4Q 2022 results. The company also announced a 20-for-1 stock split.

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

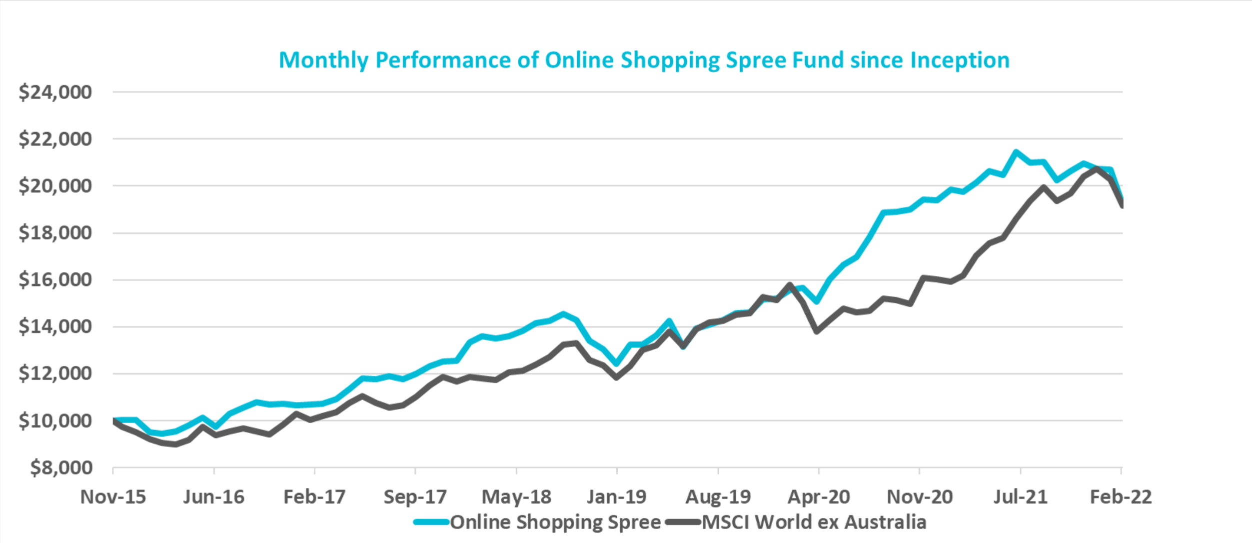


Note: % share price return in local currency, excluding any dividends received during the month

Online Shopping Spree Fund

The Trend return for the month was -7.27% and since launch (9 February 2015) is +92.12%.

This Trend has delivered a +10.91% return per annum.



Like the Big Data Big Fund, this Trend suffered from the sell-off in growth and technology stocks. Weakness came from Chinese names such as Alibaba, Meituan and Tencent as well as Zalando. Alibaba announced that it will focus on retaining users rather than growing its market share aggressively. The company reported the slowest revenue growth since it went public.

Amazon.com, Disney and Expedia.com were the positive performers. Disney earnings showed strong subscriber growth in Disney Plus while its other off-line businesses were showing improvement coming out of the pandemic.

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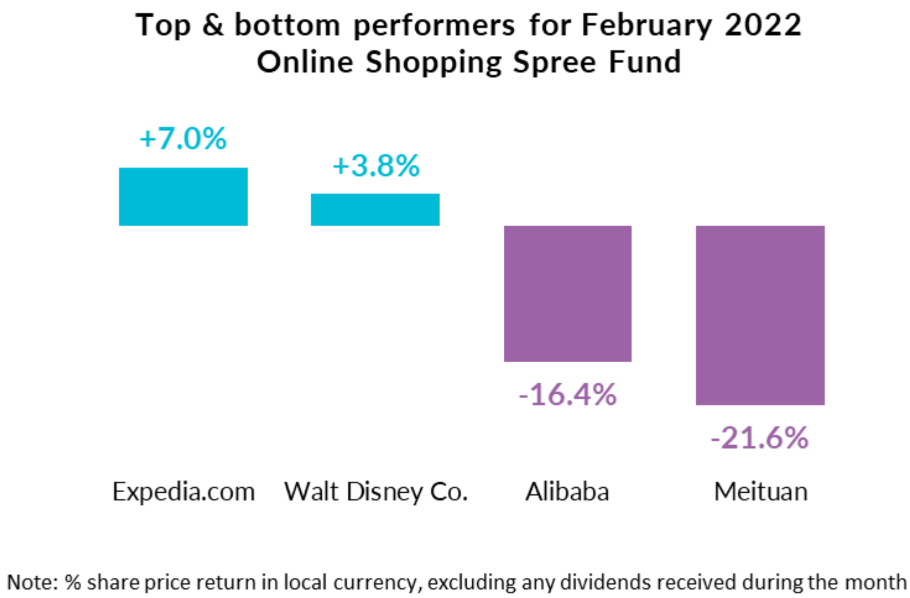
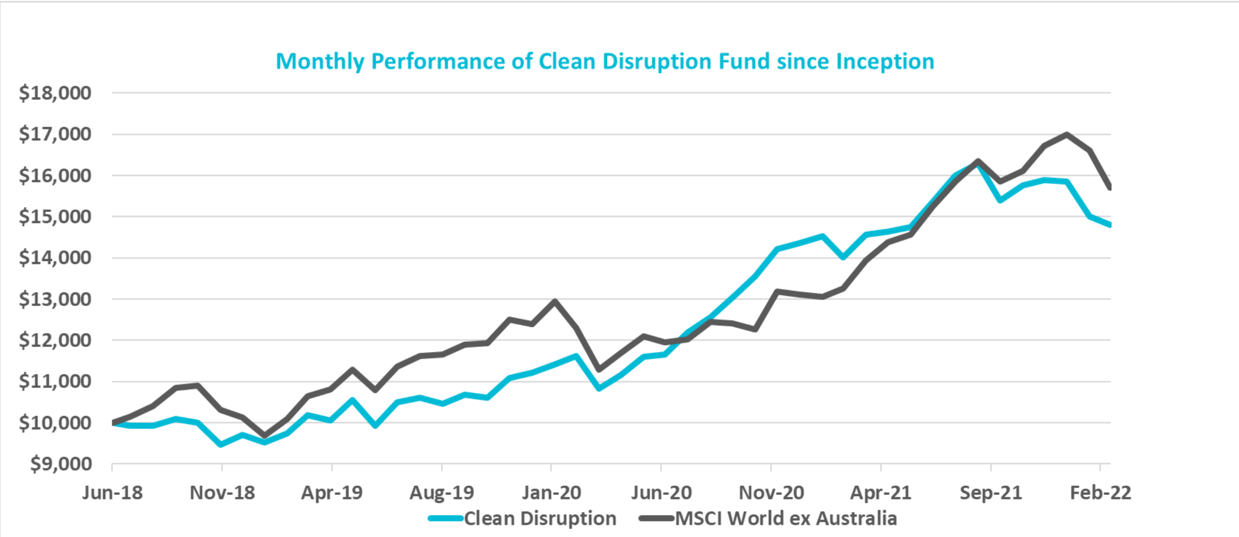


Clean Disruption Fund

The Trend return for the month was -1.44% and since launch (6 February 2018) is +48.00%.

This Trend has delivered a +11.08% return per annum since inception.



This Trend also had a strong relative month versus its benchmark although its overall performance was mixed. Weakness came from IPG Photonics, Xylem, KLA-Tencor and Rockwool.

However, we saw strong months from Orsted, Vestas Wind Systems, Northland Power and BYD as the European energy suppliers bounced with investors re-focusing on who would be the winners from the potential energy shortage resulting from the war in Ukraine.

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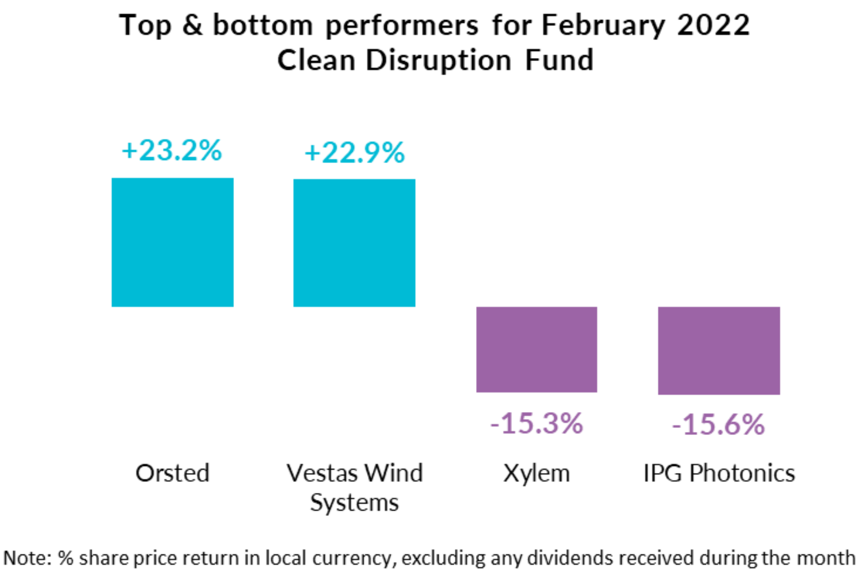

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