



Portfolio Scoop

Insights into the Trends and their performance

OCTOBER 2021

- **October was a bounce back month as strong corporate earnings and prospects of sustained growth outweighed concerns over global inflation and a winding back of the U.S. Federal Reserve's monetary policy.**
- **The bounce back was led by U.S. markets with the NASDAQ Index, up +7.27%, the S&P 500 Index, up +6.91% and Dow Jones Industrial Index, up +5.84% (all local prices).**
- **The worst performing major were from Japan, with the Nikkei 225 Index, down -1.90% and TOPIX Index, down -1.43% and China with its Shanghai Composite Index, down -0.58% (all local prices).**
- **The USD weakened by 3.87%, which impacted overall AUD returns for the month.**
- **The monthly performances across our Trends were +2.53%, +1.81% and +2.38% for the Big Data, Online Shopping Spree and Clean Disruption Trends respectively (versus MSCI World ex Australia Index of +1.65%).**

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 October?

October saw a bounce back rally as strong corporate earnings and prospects of sustained growth outweighed concerns over global inflation and a winding back of the U.S. Federal Reserve's monetary policy. However, many continue to hold these concerns as well as concerns over ongoing spread of the coronavirus delta variant and China's energy shortage and regulatory clampdown.

The International Monetary Fund ("IMF") reduced its global growth estimate slightly to 5.9% from 6% this year and held its 2022 forecast at 4.9%. It cited U.S. supply constraints (both source materials and transportation) and consumer spending and business investment in China as the key reasons for the reduction.

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The USD weakened by 3.87%, which impacted overall AUD returns for the month.

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 +1.65% in AUD terms.

Inflation remains the greatest risk to the U.S. economic recovery

While Congress negotiated raised the U.S. debt ceiling during the month and negotiated infrastructure and tax-and-spending bills, the U.S. economy dealt with rising inflation and a forestalled recovery in consumer spending. Goldman Sachs economists reduced their U.S. growth forecasts from 5.7% to 5.6% for 2021 and from 4.4% to 4.0% in 2022 as consumer confidence hit a 7-month low.

Meanwhile, inflation remains elevated at over 5% with core inflation (stripping out food and energy costs) remained at 4% making the argument of transitory inflation harder to justify although the U.S. Federal Reserve economists maintain a 2% inflation rate for 2022. Treasury Secretary, Janet Yellen expects inflation to remain high in 1H 2022 but will ease later in 2022 as conditions in supply bottlenecks, energy prices and a tight U.S. labour market improve.

Inflationary concerns are also top of mind in Europe

Inflation in Europe remains elevated as it reached 3.4% in September and 4.1% in October, levels not seen in almost 20 years as natural gas prices hit another record high. This is leading to increasing concerns about global growth and the economic recovery from the coronavirus pandemic, coinciding with tightening monetary policy, which may occur prematurely. On that note, European Central Bank President, Christine Lagarde believes underlying economic conditions remain too weak for policy makers to retreat from stimulus.

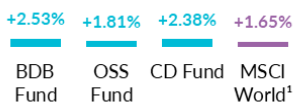
An energy shortage and slowing growth in China

The current electricity shortage in China caused by high coal prices is impacting overall industrial output and threatens to worsen global supply chains. This is forcing China to prioritise energy security for itself by reshaping its electricity market, building reserves and adding more renewable and flexible energy sources.

China's economic growth slowed to 5% in the 3Q 2021 from 7.9% in the prior three months, as the energy crunch, coronavirus, high commodity prices and the property crackdown all took their toll. Both Bank of America and Citigroup are now predicting that China will fall short of the 8.2% growth target anticipated by a consensus of economists with growth slowing to below 5% for 2022.

Trend Round Up

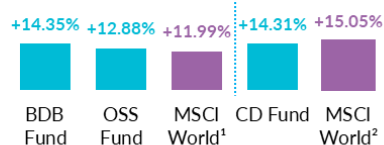
Trends performance for the month of Oct 2021



Trends performance since launch to 31 Oct 2021



Trends performance p.a. since launch to 31 Oct 2021



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 Start date 6 June 2018.

In the last 12 months, we have delivered performances of +17.27%, +8.62% and +16.32% for the Big Data, Online Shopping Spree and Clean Disruption Trends respectively (versus MSCI World ex Australia Index of +31.36%).

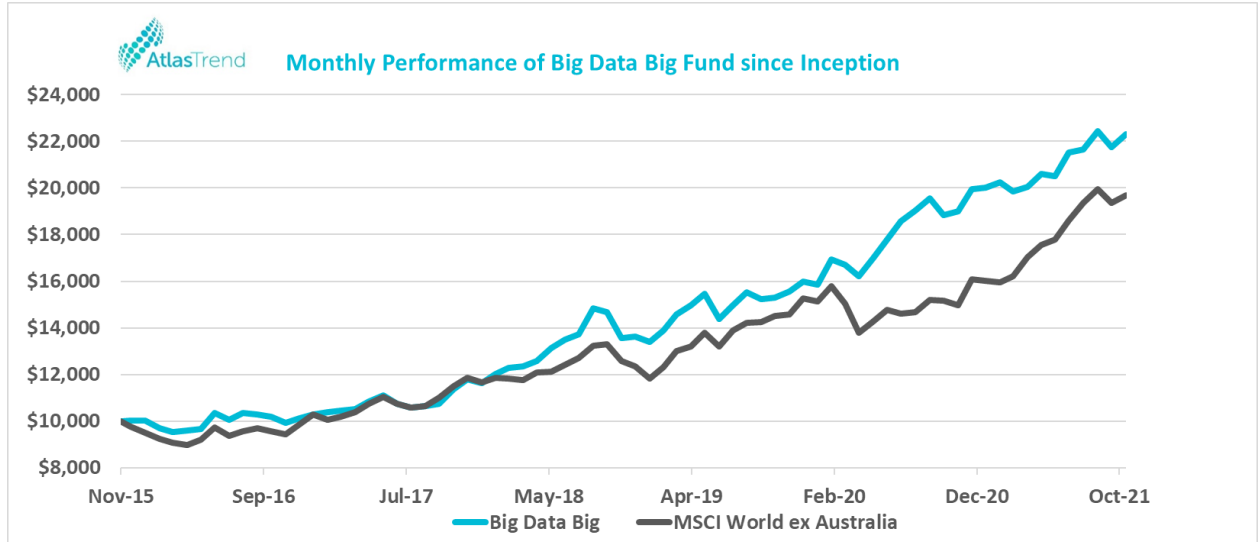
In the last 6 months, we have delivered performances of +8.14%, -0.10% and +7.70% for the Big Data, Online Shopping Spree and Clean Disruption Trends respectively (versus MSCI World ex Australia Index of +12.01%).

In the last 3 months, we have delivered performances of +2.90%, -1.81% and -1.51% for the Big Data, Online Shopping Spree and Clean Disruption Trends respectively (versus MSCI World ex Australia Index of +1.61%).

Big Data Big Fund

The Trend return for the month was +2.53% and since launch (9 November 2015) is +122.93%.

This Trend has delivered a +14.35% return per annum since inception.

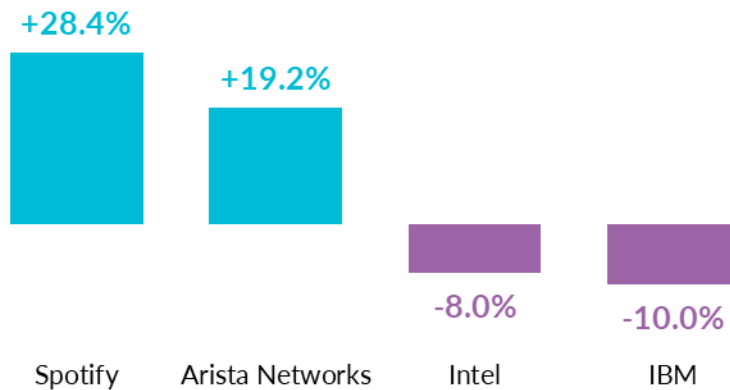


This Trend was strong across the board with only two exceptions, IBM and Intel with the former readying for its 1:5 spin-off of its IT services business, Kyndryl. The Trend was led by Spotify, Arista Networks, Splunk, Alphabet and Salesforce.com.

The common theme amongst hardware and network names was supply constraints that is impacting output and sales.

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

Top & bottom performers for October 2021 Big Data Big Fund

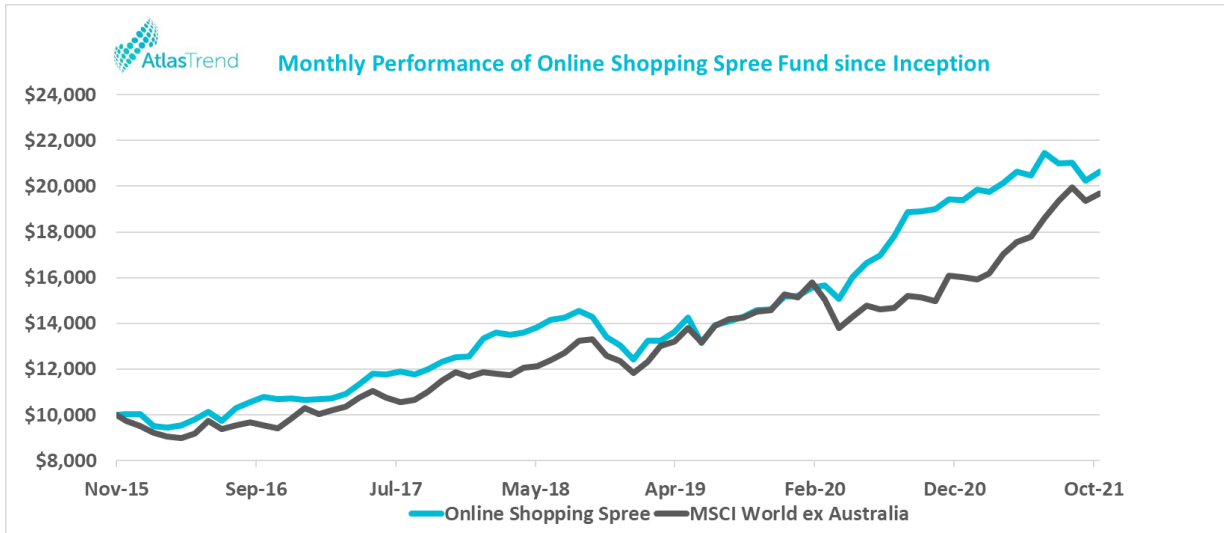


Note: % share price return in local currency, excluding any dividends received during the month

Online Shopping Spree Fund

The Trend return for the month was +1.81% and since launch (9 November 2015) is +106.27%.

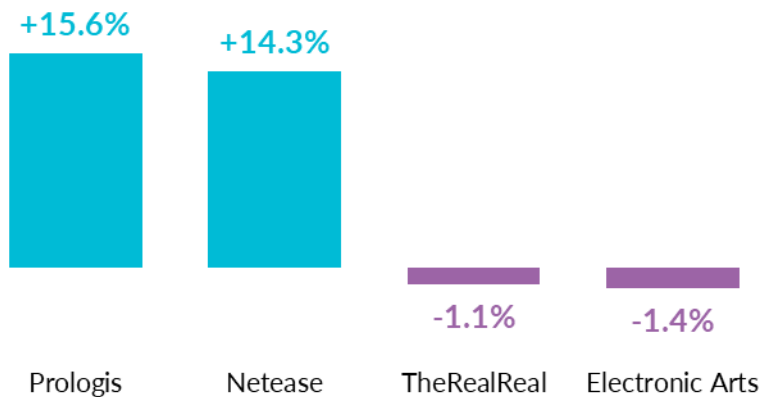
This Trend has delivered a +12.88 % return per annum.



This Trend had a restively strong month with Prologis, Netease, Target, Alibaba, eBay and Meituan leading the positive contributors. The only 3 small, negative performers were TheRealReal, Electronic Arts and Walt Disney Company. During the month, we saw the conclusion of the acquisition of Stamps.com. The position contributed +2.11% in Trend performance and the US\$330 takeover price was a +92.6% gain vs our average entry price.

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

Top & bottom performers for October 2021 Online Shopping Spree Fund

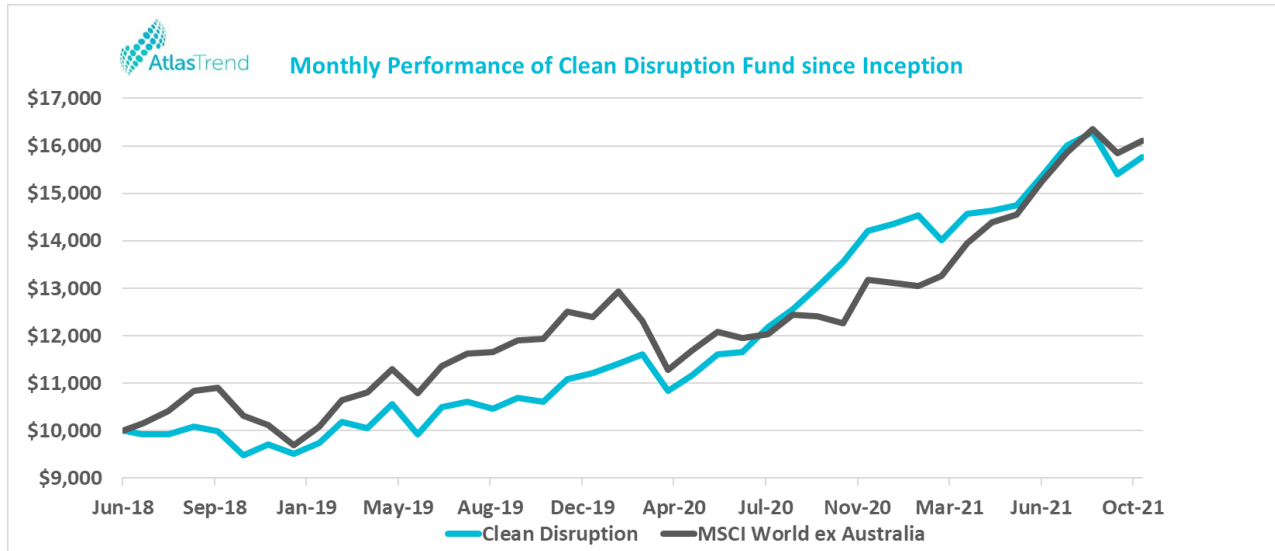


Note: % share price return in local currency, excluding any dividends received during the month

Clean Disruption Fund

The Trend return for the month was +2.38% and since launch (6 October 2018) is +57.66%.

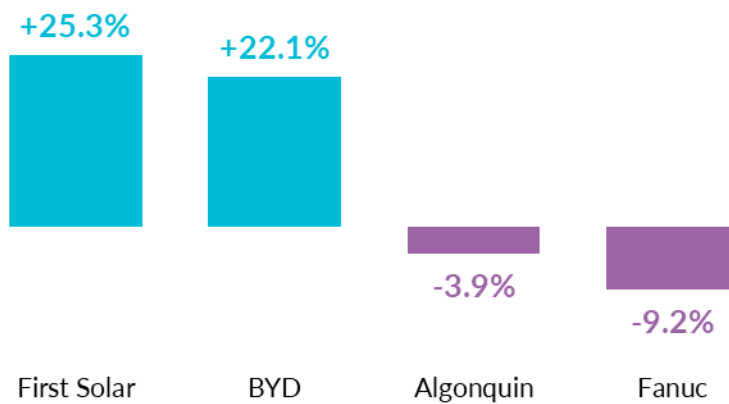
This Trend has delivered a +14.31% return per annum since inception.



This Trend had a strong month led by double-digit performances from First Solar, Tomra Systems, BYD, Iberdrola, KLA-Tencor and Varta. The negative performers were Fanuc, Algonquin, Bristol-Myers Squibb and Northland Power.

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

Top & bottom performers for October 2021 Clean Disruption Fund



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

Important notice

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