



# Portfolio Scoop

Insights into the Trends and their performance

**SEPTEMBER 2021**

- **September was a difficult month for markets as a multitude of factors turned investors bearish including the economic impact of the coronavirus delta variant and potential changes in central bank stimulus measures.**
- **Markets were mostly negative led down by the U.S. NASDAQ Index, down -5.31%, Hong Kong's HSCEI Index, down -4.98% and HSI Index, down -5.04% (all local prices) as the latter 2 indices continued their recent underperformance.**
- **The only major markets that were positive were Japan, led by Nikkei 225 Index, up +4.85% and TOPIX Index, up +3.54% and China with its Shanghai Composite Index up +0.68% (all local prices).**
- **The monthly performances across our Trends were -3.09%, -3.66% and -5.50% for the Big Data, Online Shopping Spree and Clean Disruption Trends respectively (versus MSCI World ex Australia Index of -3.05%).**

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 September?

September was a difficult for markets as a multitude of factors turned investors bearish including the economic impact of the coronavirus delta variant, potential changes in central bank stimulus measures and concerns on China's property sector and regulatory overhaul. Lastly, the pressure on energy supplies and rising energy prices risks spreading from Europe to other parts of the world, raising fears that global inflation may not be as transitory as previously thought.

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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 -3.05% in AUD terms.

## **Weaker economic data including inflation are risks to the U.S. economic recovery**

Recent economic data such as payrolls and employment from the U.S. has not been as strong leading to concerns about the economy's growth recovery. Like Europe, prices on raw materials such as aluminium and oil are putting inflation under pressure with prices rising more than 5% for three straight months. The debate now is whether such inflation is transitory or part of a longer-term trend, which will impact how the U.S. Federal Reserve shapes its strategy on tapering back asset purchases. The Federal Reserve may start scaling back asset purchases in November and complete the process by mid-2022 along with raising interest rates in 2022.

## **European recovery also at risk with rising energy prices**

Purchasing-manager survey data during the month showed that growth in both manufacturing and services had slowed with Germany, France and the U.K. all reporting slower-than-expected growth. Continued issues with global supply chains and rising raw material and energy prices is feeding through to the cost of goods and causing inflationary pressures.

Europe's energy shortage has governments warning of blackouts and factories being forced to shut. Inventories at European storage facilities are at historically low levels and pipeline flows from Russia and Norway have also been low. The energy distribution in the U.K. is being severely disrupted as many smaller suppliers fail due to rising supply costs, thereby forcing some 1.7 million homes to switch energy providers.

## **Regulatory pressures and the property sector remain key issues in China**

China continued its push for more regulations as part of its "common prosperity" policy and closing the country's widening income gap. The policy involves not merely taxing the rich and the corporate sector but also directing more resources into rural areas and lower-income families.

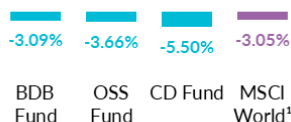
However, it comes with a cost as China's economy continued to slow down with data on consumption, construction, industrial output and investment showing slowing growth. Coronavirus control measures also dampened economic growth.

Focus also shifted to the plight of China's largest property developer, Evergrande which faces a liquidity crunch and defaults on its debt obligations. Concerns centred around the contagion affects of any default or collapse, but it is more likely that to be managed via a government led debt restructuring.

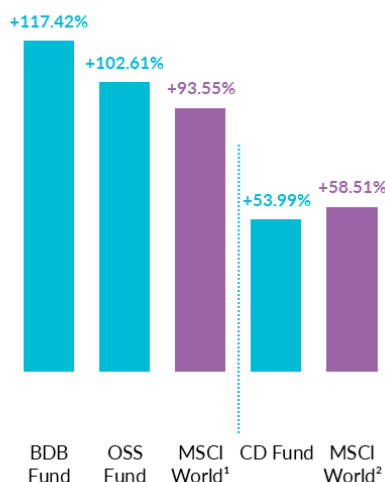
Japan was a highlight this month as it rallied the TOPIX Index to a 31-year high with expectations that the Bank of Japan will continue its accommodative policy to help the economy recover.

## Trend Round Up

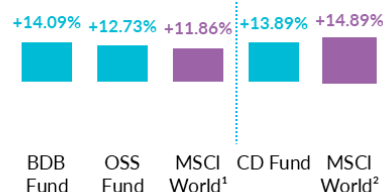
Trends performance for the month of Sep 2021



Trends performance since launch to 30 Sep 2021



Trends performance p.a. since launch to 30 Sep 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. <sup>1</sup>Start date 9 November 2015. <sup>2</sup>Start date 6 June 2018.

In the last 12 months, we have delivered performances of +15.45%, +7.20% and +18.14% for the Big Data, Online Shopping Spree and Clean Disruption Trends respectively (versus MSCI World ex Australia Index of +27.76%).

In the last 6 months, we have delivered performances of +8.52%, +0.50% and +5.71% for the Big Data, Online Shopping Spree and Clean Disruption Trends respectively (versus MSCI World ex Australia Index of +13.69%).

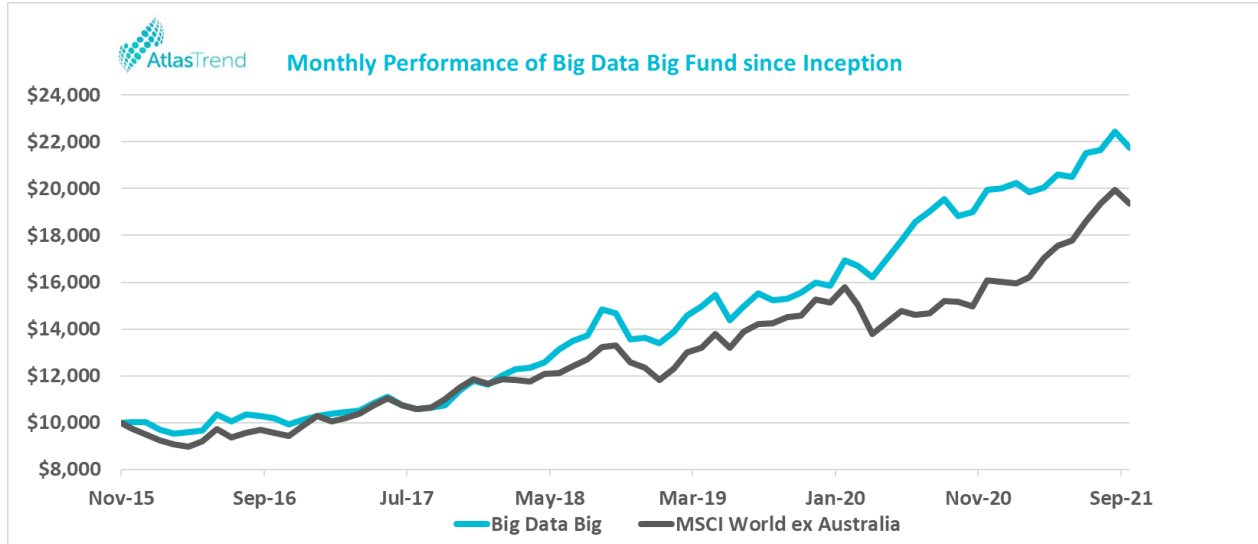
In the last 3 months, we have delivered performances of +0.96%, -5.44% and +0.24% for the Big Data, Online Shopping Spree and Clean Disruption Trends respectively (versus MSCI World ex Australia Index of +3.99%).

Slowing growth, the ongoing coronavirus delta variant impact and inflationary pressures are making us pause and look for better entry points to many of our identified potential investments. We are remaining patient and optimistic over the medium term, so will look to buy into weakness in coming months as valuations become more reasonable.

## Big Data Big Fund

The Trend return for the month was -3.09% and since launch (9 November 2015) is +117.42%.

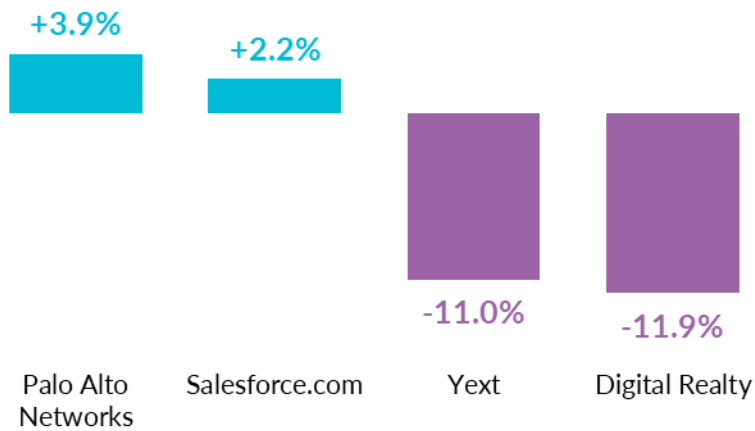
This Trend has delivered a +14.09% return per annum since inception.



This Trend was weak across various names from Digital Realty, Yext and NCSOFT as well as mega caps such as Amazon and Alphabet. Only Palo Alto Networks and Salesforce.com performed well and built upon their positive performances in August.

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

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

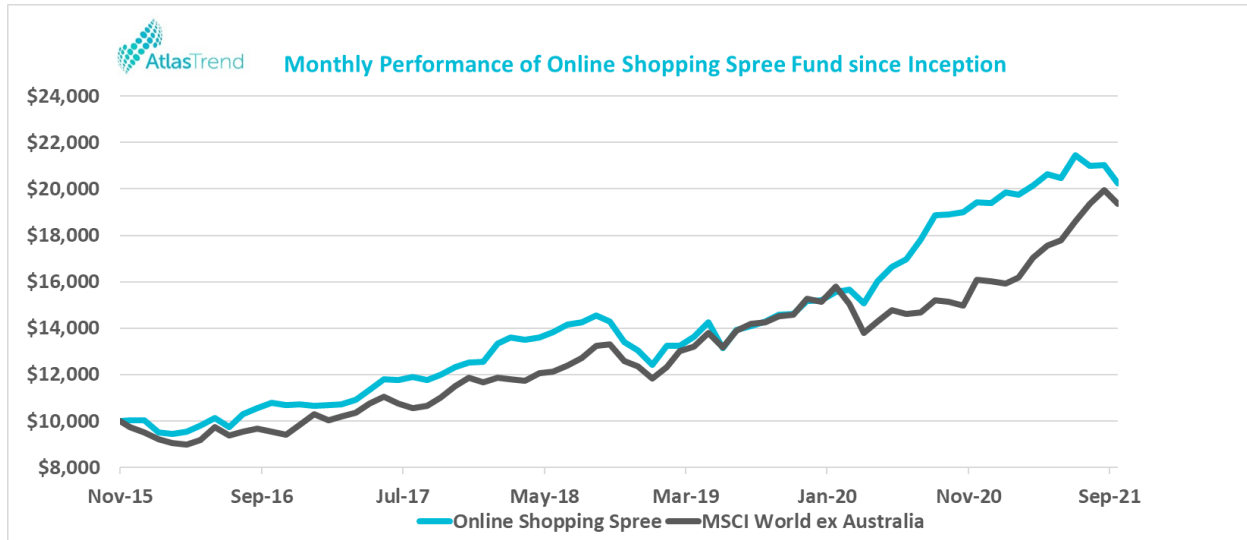


Note: % share price return in local currency, excluding any dividends received during the month

## Online Shopping Spree Fund

The Trend return for the month was -3.66% and since launch (9 November 2015) is +102.61%.

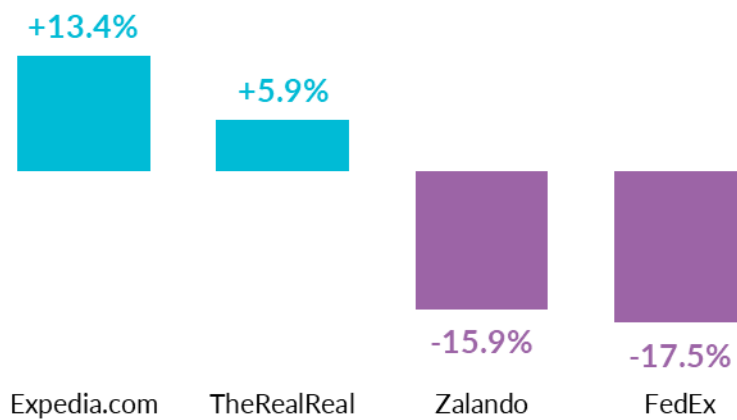
This Trend has delivered a +12.73 % return per annum.



This Trend saw weakness across both mid cap and large cap names including FedEx, which saw rising costs offsetting gains in parcel volumes and underlying demand. Other underperformers Zalando, Alibaba, eBay and Target. Expedia.com bounced back with strong results due to rising travel volumes in North America.

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

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

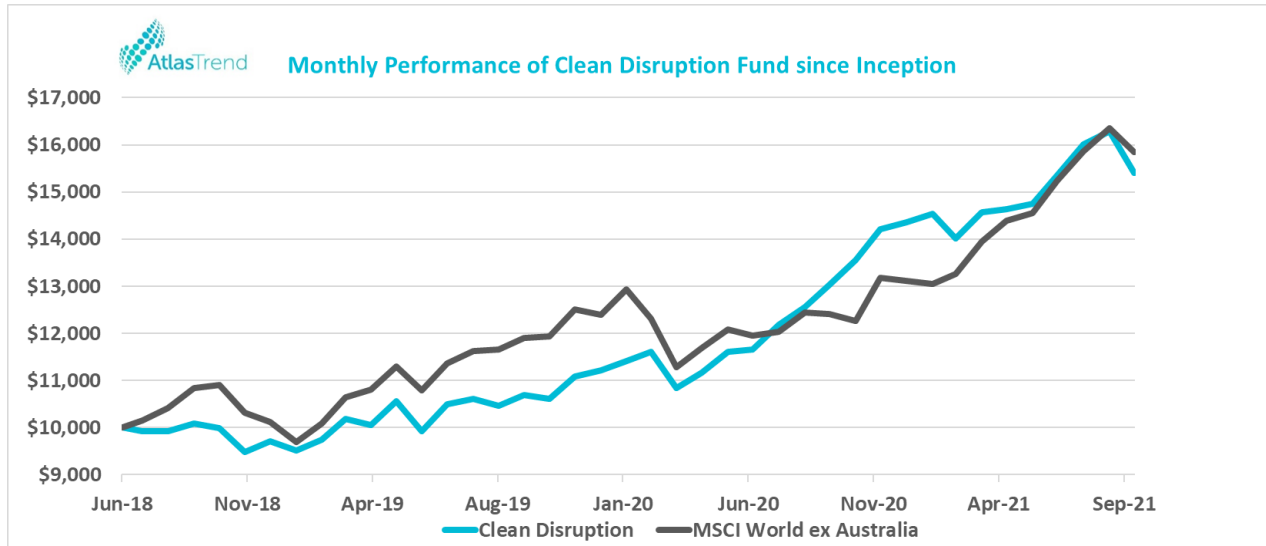


Note: % share price return in local currency, excluding any dividends received during the month

## Clean Disruption Fund

The Trend return for the month was -5.50% and since launch (6 September 2018) is +53.99%.

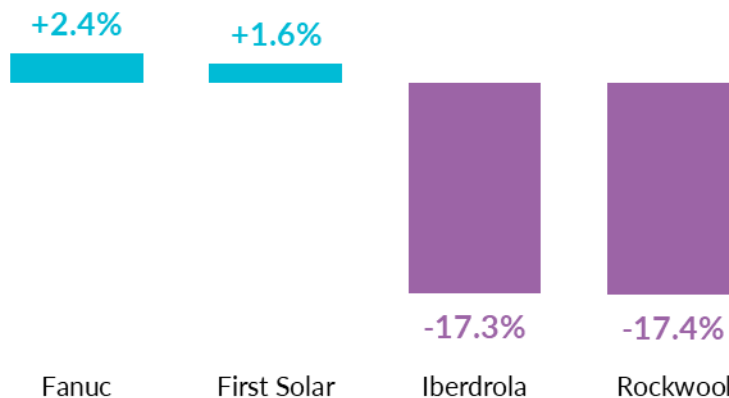
This Trend has delivered a +13.89% return per annum since inception.



This Trend had a disappointing month as its exposure to the European energy (namely Iberdrola and Orsted) negatively impacted its returns. Other weak names were also from Europe including Varta, Rockwool and Tomra. We are now seeing more value in many of these names and will look to add incrementally at the right entry points. The positive highlights from the month were Fanuc and solar energy producer, First Solar.

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

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



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

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