



Portfolio Scoop

Insights into the Trends and their performance

DECEMBER 2022

- **Most developed markets retreated after the rally in recent months as investors' concerns about a global recession outweighed the news of China re-opening and moving away from its Covid Zero policy.**
- **Hong Kong markets rose again after months of underperformance with the HSI and HSCEI Indices, up 6.37% and +5.18% respectively (local prices). Interestingly, China's Shanghai Composite Index was down only -1.97% (local price) in comparison.**
- **All other major developed market indices were in the negative with the U.S. NASDAQ Index, down -8.73% and Japan's Nikkei 225 Index, down -6.70% (local prices) being the worst performers.**
- **The monthly performances across our Trends were -6.65%, -5.11% and -3.02% for the Big Data, Online Shopping Spree, and Clean Disruption Trends respectively (versus MSCI World ex Australia Index of -5.49%).**

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?

Most developed markets retreated after the rally in recent months as investors' concerns about a global recession outweighed the news of China re-opening and moving away from its Covid Zero policy.

Hong Kong markets rose again after months of underperformance with the HSI and HSCEI Indices, up 6.37% and +5.18% respectively (local prices). Interestingly, China's Shanghai Composite Index was down only -1.97% (local price) in comparison.

All other major developed market indices were in the negative with the U.S. NASDAQ Index, down -8.73% and Japan's Nikkei 225 Index, down -6.70% (local prices) being the worst performers.

The monthly performances across our Trends were -6.65%, -5.11% and -3.02% 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 -5.49% in AUD terms.

Fears of recession weigh on U.S. markets

The U.S. Federal Reserve will likely slow the pace of its interest-rate increases but emphasised that rates will need to keep rising and remain restrictive for some time to control inflation, which came in at 7.1% for November, which was lower than expectations.

In December, it raised interest rates by another 0.50% with projected rates ending next year at 5.1%, before being cut to 4.1% in 2024. It said that the size of the next rate increase in February 2023 would depend on incoming data with an expectation that once they reach that peak, they'll stay on hold through all of 2023.

However, investors remained concerned for the economic outlook for 2023 as CEOs from Goldman Sachs and JPMorgan warn of recession and earnings weakness.

Europe also faces recessionary concerns

Europe is facing similar recessionary concerns with the Purchasing Managers Index falling to its lowest level in two years in France. Similarly, U.K. companies are bracing for an economic contraction, with both the manufacturing and service sectors experiencing a slowdown in 4Q 2022.

China re-opening brings some hope but even more questions

During December, China's National Health Commission set out 10 new measures to assist the move away from its Covid Zero policy. Historic protests put pressure on President Xi Jinping to quickly change policy direction, particularly as the country continued to produce weak trade and economic data. Retail sales and factory output have slowed, and unemployment has increased.

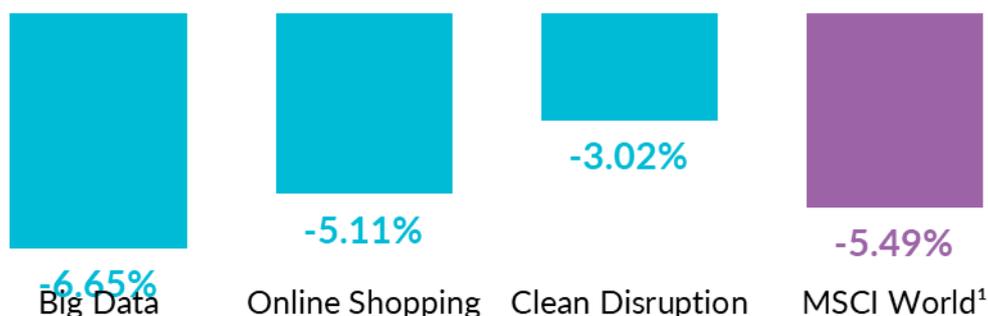
With the economy re-opening, coronavirus infections are spreading rapidly. China's elderly vaccination rate is still well below other countries and the healthcare system is under-resourced and under pressure. It is also increasing isolation in the short-term and causing a fall in travel and economic activity as evidenced by subway passenger numbers falling in cities including Shanghai and Guangzhou as infections surged.

Investors are also concerned that China's decision to relax its pandemic restrictions would spur inflation even further globally.

Meanwhile, the Bank of Japan amended its yield curve control stance by doubling its cap on 10-year yields to 0.5%. However, it was more aimed at keeping stimulus than changing policy trajectory. Its dovish stance was reinforced as it announced a bond buying operation after global yields surged. Japan's factory output shrank for a third straight month in November, supporting the central bank's view that the economy continues to need monetary support.

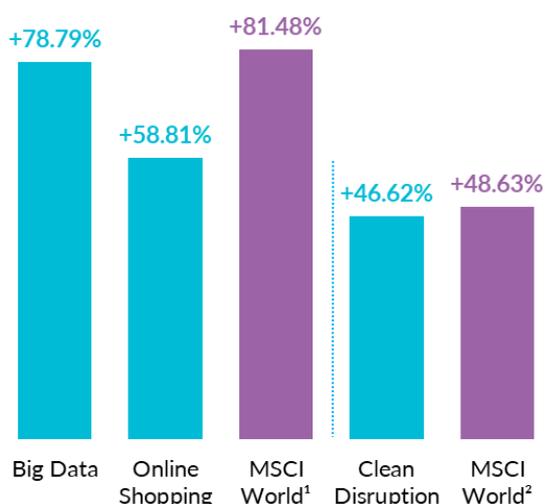
Trend Round Up

Trends Performance for the month of December 2022



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.

Trends Performance



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Trends Performance p.a.



In the last 12 months, we have delivered performances of -23.55%, -23.47% and -7.47% for the Big Data, Online Shopping Spree, and Clean Disruption Trends respectively (versus MSCI World ex Australia Index of -12.52%).

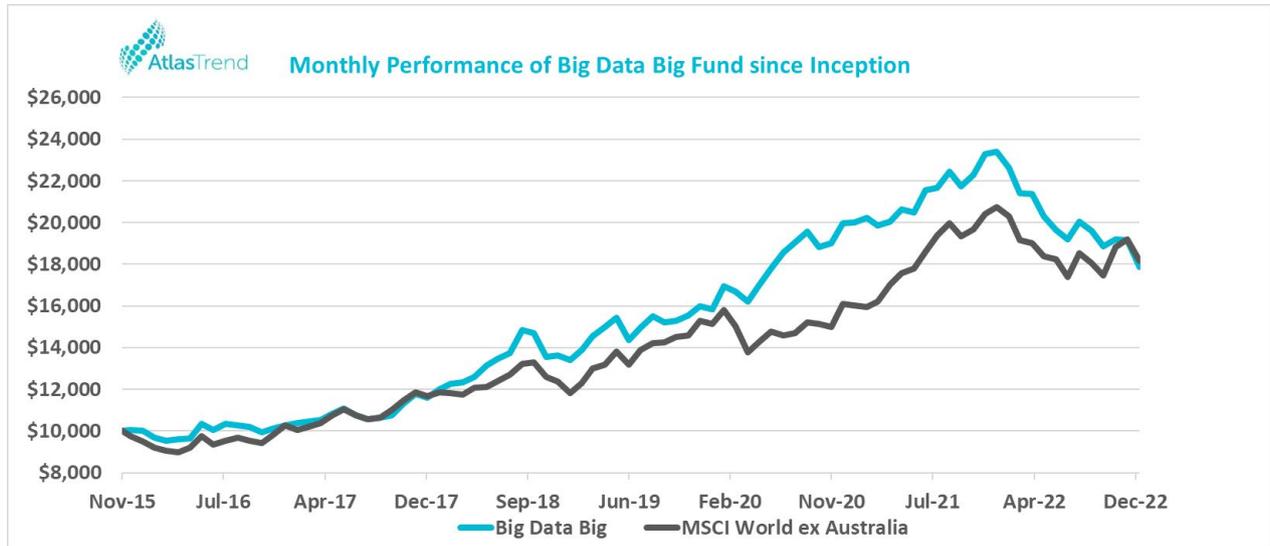
In the last 6 months, we have delivered performances of -6.79%, -4.14% and +2.21% for the Big Data, Online Shopping Spree, and Clean Disruption Trends respectively (versus MSCI World ex Australia Index of +4.31%).

In the last 3 months, we have delivered performances of -5.21%, -1.23% and +2.18% for the Big Data, Online Shopping Spree, and Clean Disruption Trends respectively (versus MSCI World ex Australia Index of +3.95%).

Big Data Big Fund

The Trend return for the month was -6.65% and since launch (9 December 2015) is +78.79%.

This Trend has delivered a +8.47% return per annum since inception.

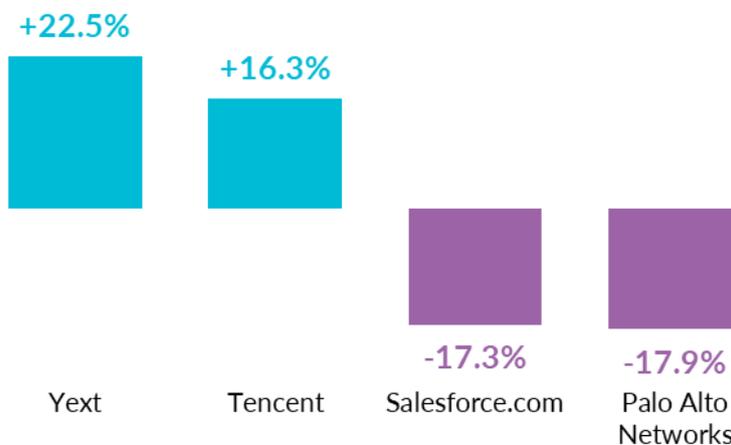


This Trend had a weak month with its Chinese companies including JD.com and Tencent continuing their rally. Other strong performers included Splunk and Yext.

However, the U.S. technology sector experienced a broad sell-off with the likes of Palo Alto Networks, Salesforce.com, Arista Networks, Amazon.com and Alphabet being the Trend’s weakest names.

As of the end of December 2022, this Trend consisted of 18 companies.

Top & bottom performers for December 2022 Big Data Big Fund

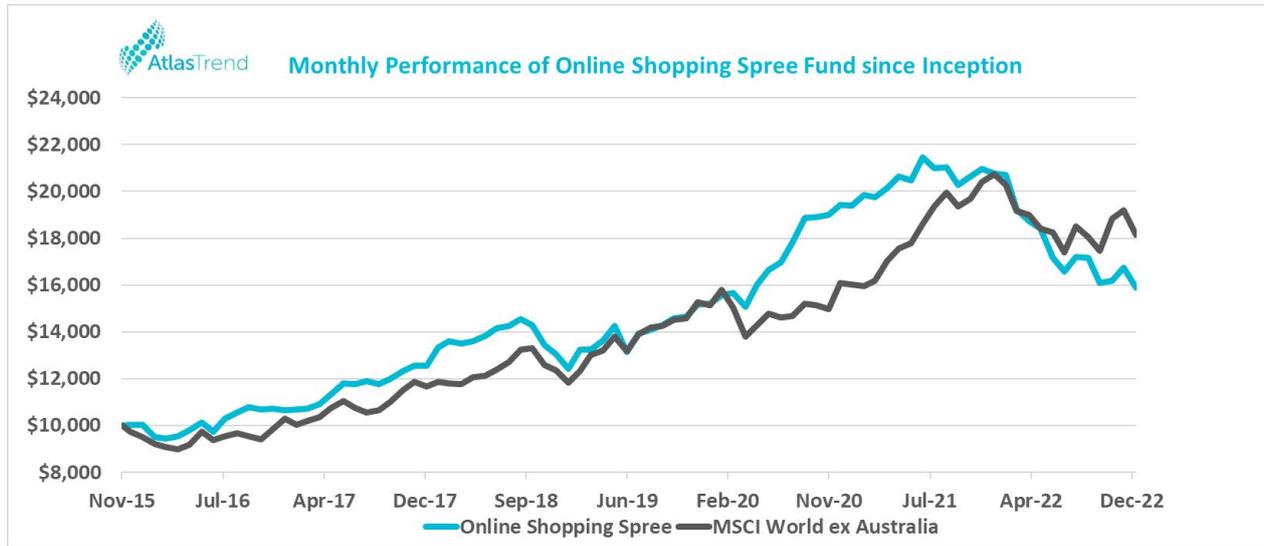


Note: % share price return in local currency, excluding any dividends received during the month

Online Shopping Spree Fund

The Trend return for the month was -5.11% and since launch (9 December 2015) is +58.81%.

This Trend has delivered a +6.69% return per annum.

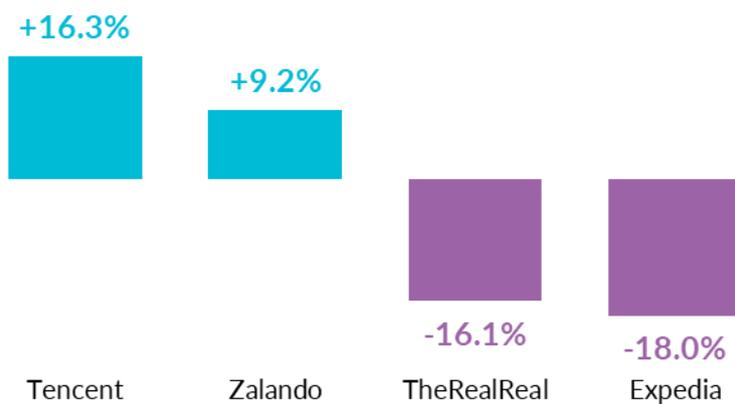


This Trend had a weak month as Chinese equities continued their rally with the Trend’s Chinese names (JD.com, Netease, Alibaba, Meituan and Tencent) all outperforming.

However, the U.S. market experienced a broader sell-off with the likes of Expedia, TheRealReal, Amazon.com, Apple and Target being the Trend’s weakest names.

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Top & bottom performers for December 2022 Online Shopping Spree Fund

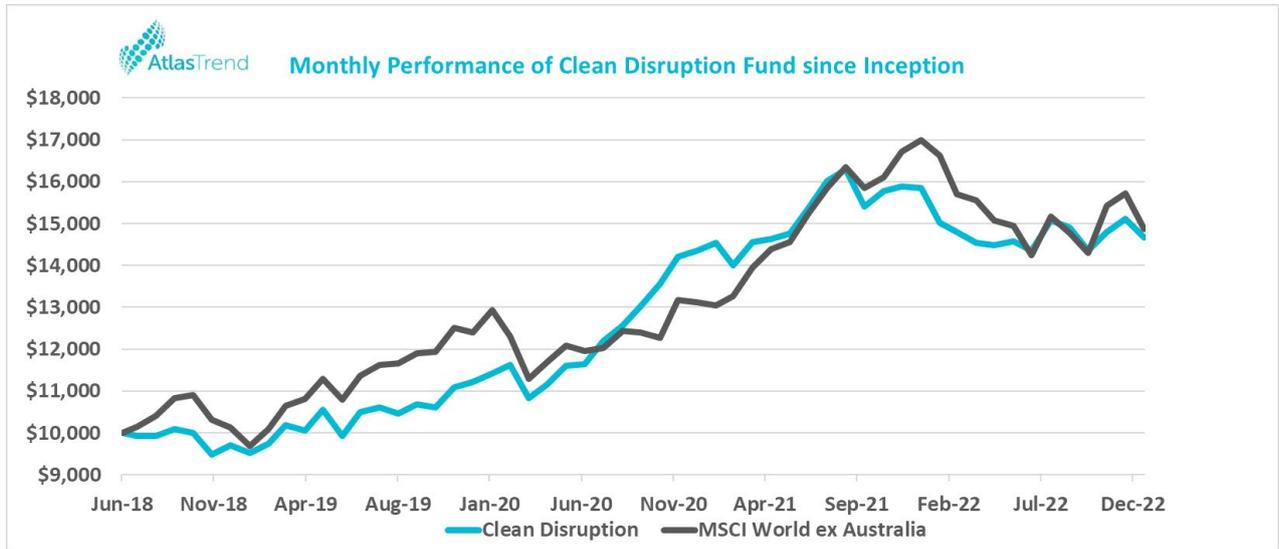


Note: % share price return in local currency, excluding any dividends received during the month

Clean Disruption Fund

The Trend return for the month was -3.02% and since launch (6 December 2018) is +46.62%.

This Trend has delivered a +8.74% return per annum since inception.

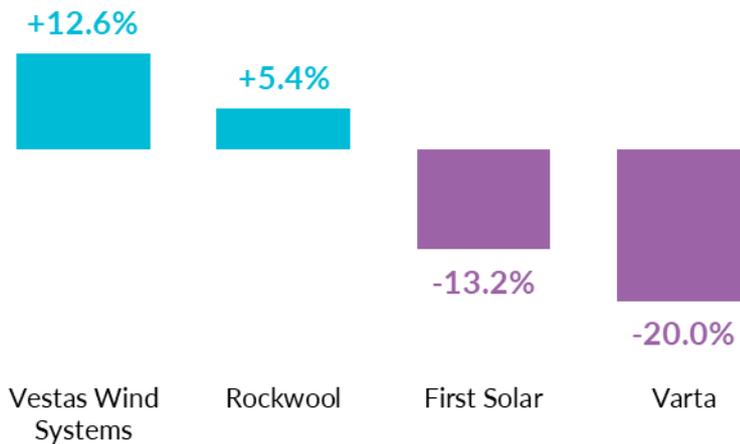


This Trend performed relatively well with positive performances from Vestas Wind Systems, Rockwool, Orsted, IPG Photonics, Iberdrola and BYD and Tomra Systems.

Varta and First Solar were the weakest names followed by Algonquin and Tomra Systems.

As of the end of December 2022, this Trend consisted of 18 companies.

Top & bottom performers for December 2022 Clean Disruption Fund



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

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