

Current Update

December 2020



Market Commentary

Enhancer Assets gained in December as a number of vaccine breakthroughs fostered hopes of a return to economic normality. Anchor asset performance was mixed, with Inflation linked bonds and UK Government Gilts gaining as yields fell but absolute return strategies struggled. Diversifiers were generally positive, at least in Sterling Terms, led by commodities and international property.

US equities gained but, for once, lagged other national indices and gains spread beyond just technology. The certainty of Joe Biden's presidential election victory was followed by the announcement of a \$900 billion stimulus package in late December. The Federal Reserve nonetheless reinforced its supportive message, stating it will continue with current levels of quantitative easing.

European equities gained sharply, again on the news of effective vaccines. Sectors that had previously suffered most severely from the pandemic, such as energy and financials, were the top gainers. However, rising Covid infections saw many European countries tighten restrictions.

UK equities performed well over the month reversing some of the underperformance that they suffered versus other regions during the global pandemic's initial stages. The market responded well to November's vaccine news and then again to the Brexit trade deal, with domestically-focused areas of the market outperforming.

Japanese equities continued to rally, driven from early November by vaccine-related news and the US presidential election result. The style reversal seen in most markets has not yet materialised in Japan, with only a brief outperformance for value stocks, while small caps underperformed sharply in the quarter.

The MSCI Asia ex Japan Index rallied strongly as did Emerging Markets, particularly India.

In commodities, vaccine news lifted hopes for a global economic recovery in 2021. US dollar weakness was also beneficial. Crude oil prices rallied as a stronger demand outlook offset concerns over increased supply.

UK	31-Dec-20	31-Dec-19
FTSE 100	6,460	7,542
FTSE 100 % Change	-14.34%	
BoE Interest Rate	0.10%	0.75%
CPI	0.30%	1.50%
Govt, 10YR Yield	0.20%	0.83%
FTSE 350	3,697	4,249

Currency	31-Dec-20	31-Dec-19
GBP/USD	1.37	1.32
GBP/EURO	1.12	1.18

Commodity (\$)	31-Dec-20	31-Dec-19
Gold	1,893	1,518
Silver	26.57	18.00
Brent Crude Oil	51.80	66.03

Govt 10YR Bond	31-Dec-20	31-Dec-19
US	0.92	1.92
Japan (JGB)	0.03	-0.02
Germany (Bund)	-0.57	-0.18

Global Markets	31-Dec-20	31-Dec-19
Dow Jones	30,606	28,538
Dax	13,719	13,249
CAC	5,551	5,978
Nikkei 225	27,444	23,656
Shanghai	3,473	3,050
Sensex	47,751	41,253
Nifty 50	13,981	12,168

Contact

Richard Bonnor-Morris
rbm@riverscm.com

Eduardo Tomacelli
etomacelli@riverscm.com

Najib El-Rayyes
ner@riverscm.com

Rivers Capital Management

27 Gloucester Place

London

W1U 8HU

Tel. +44 (0)20 3383 0180

10 Key Events to Watch:

UK		Previous	Forecast
Friday, Jan 15, 2020	Manufacturing Production (MoM) (Nov)	1.7%	0.3%
Friday, Jan 15, 2020	GDP (YoY) (Nov)	-8.2%	-16%
Wednesday, Jan 20, 2021	CPI (YoY) (Dec)	0.3%	0.6%
Friday, Jan 22, 2021	Retails Sales (MoM) (Dec)	-3.8	-
GLOBAL			
Sunday, Jan 17, 2021	China GDP (YoY) (Q4)	4.9%	5.2%
Tuesday, Jan 19, 2021	German ZEW Economic Sentimant (Jan)	55.0	45.5
Thursday, Jan 21, 2021	Euro ECB Interest Rate Decision (Jan)	-	-
Wednesday, Jan 27, 2021	USA Interest Rate Decision	-	-
Friday, Jan 29, 2021	French GDP (QoQ)	18.7	-

Key Recent Announcements

US ISM MANUFACTURING PMI (Nov):

Survey results shows down trend to 57.5 in Nov 2020 from 59.3 as compared to previous month, against market expectations of 58.0.

UK MANUFACTURING PMI (Nov):

Manufacturing PMI stood at 55.6 as compared to 55.6 from the previous month.

UK INFLATION RATE YoY (NOV):-

The rate of inflation across the UK stood at 0.3 percent in Nov 2020, compared to 0.7 percent the previous market expectations of 0.6 percent.

US GDP (QOQ) (Q3):

The US GDP stood at 33.4 percent in Q3 as compared to -31.4% percent from the previous quarter.r.

For further information or enquires, professional advisors please contact the investment team directly on **020 3383 0180** or by emailing **info@riverscm.com**

Disclaimer: Rivers Capital Management is authorised & regulated by the Financial Conduct Authority (FCA) Reference No. 801238. Its registered offices are at 27 Gloucester Place, W1U 8HU London, United Kingdom. This document is intended only for use by Financial Advisors and not for distribution to retail investors. This document does not constitute professional advice, or an offer, or a solicitation of an offer, to sell securities and no securities are to be offered or sold other than to persons whose ordinary activities involve them

in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses, or otherwise in circumstances which have not resulted and will not result in an offer to the public within the meaning of the Financial Services and Markets Act 2000. The Model Portfolio is not suitable for all types of investor and investor accounts may only be attached to it by the instruction of a professional Financial Advisor. Past performance is not necessarily a guide to the future performance. Market and currency movements

may cause the value of investments and the income from them to fall as well as rise. Unless otherwise stated, the source of all figures contained herein is Rivers Capital Management. Whilst all reasonable care has been taken in preparing this document, the information contained herein has been obtained from sources that we consider reliable but we do not represent that it is complete or accurate and it should not be relied upon as such.