

**By Saftar Sarwar, Chief Investment Officer, Binary Capital Investment Management**

This year has been one full of 24hrs news primarily around the COVID-19 pandemic – *the pandemic of a generation*. Such pandemic news emerged at the start of this year and further developed throughout the year. It has been a very challenging year.

In the UK we are emerging from lockdown 2.0. November *appears* to have been a positive turning point. It has been a month of regular ‘Monday morning’ vaccine updates and announcements, from Pfizer, Moderna and Astra Zeneca respectively. Surprising to many, we are very close to a roll-out of a usable, high efficacy vaccine by the end of this year or early into 2021.

The positive vaccine news had a dramatic impact on investment returns. During the month there was a significant movement away from growth/momentum equities and then back again. On the day of the Pfizer vaccine press release (Monday, 09 November 2020) within minutes we saw a massive growth stock sell-off into more under-valued, or so-called value stocks - this was the so-called ‘rotational trade’. Apparently, this was a 15 standard deviation event and in essence something that is an almost impossible occurrence – but it did happen! This trend continued for much of November albeit at different magnitudes. The month closed with both the US stock market and the US technology index (NASDAQ) at record highs.

Whilst the introduction of the vaccine(s) into the world is to be welcomed, how this will play out into 2021 economically and strategically is still very uncertain – the logistics and the efficacy of the vaccine towards vulnerable older people is still to be properly discovered. The uptake of the vaccine is also an unknown. The vaccine has new science at the heart of it. There is still much uncertainty. There is political and economic talk of social normality returning by easter of 2021, I would expect that to be unrealistic and a somewhat optimistic expectation - the summer of 2021 seems much more likely. Will 2021 be a normalised year for economic growth? I doubt it, it will still in part resemble 2020.

Throughout the month of November, we remain committed to our unique investment strategy. It is pleasing to report such good performance for the month and indeed for the year to date. The below table summarises a sample of our investment returns:

Portfolio Model	November 2020	Year to Date
BCIM Active Balanced	+6.0%	+15.0%
Benchmark	+6.2%	+9.2%
<b>Difference</b>	-0.2%	+5.8%
BCIM Active Adventurous	+6.7%	+17.3%
Benchmark	+8.1%	+9.3%
<b>Difference</b>	-1.4%	+8.0%

The above numbers are very good, they speak for themselves and we welcome such returns. How has this performance come about? *We are long-term conviction led investors, with a very patient capital mindset way of investing. We are a ‘concentrator’ investment solutions provider, our performance numbers in the short-term and long-term bear this out.* Our focus is on scalable growth opportunities. By not having an inherent bias towards the UK has also helped in performance.

We now look ahead to 2021 and already have a focus on a few key variables: the US and China as investment drivers next year. We look ahead with optimism, complete focus, and absolute conviction.

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Source of data: Bloomberg, Binary Capital IM.

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