



BINARY CAPITAL

Binary Capital Investment Management



Chief Investment Officer Note

November Direction

Long-termism shapes our relationships and our investments.

November 2021



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November Direction



Performance rules everything we do. We focus our time around creating value-add performance across all our investment strategies. In market downturns we remain patient to benefit from the eventual upturn. *By staying resilient and focused, we are capable of producing investment returns far from index-like and industry peers.* This investment philosophy is unique to Binary Capital IM and one we look to refine all the time.

Authored by:



Saftar Sarwar

Chief Investment Officer

saftar.sarwar@binarycapital.co.uk

November was a volatile month for our strategies. Having performed well throughout the month, some of the gains were reduced as investors continued to digest news around elevated inflation, interest rates cycles and different economic growth trajectories globally and for specific countries. A very demanding and volatile time.

Markets will continue to wrestle with economic and political and financial concerns. As we move into the end of the year it is pleasing to note that our strategies (in the main) have performed well. Many of our investment strategies have delivered double digit returns, for example our sustainable adventurous strategy is +12% to the end of November. This has taken place with similar or often less volatility than the equivalent benchmark comparison. Our risk adjusted return is therefore superior to the benchmark. We have also out-performed similar peer group comparisons.

Looking back at this year, our allocation to the US was a positive in our portfolios. Furthermore, our focus around key growth themes: technology and healthcare was also a positive contributor. So far, our allocation to China has detracted from performance, especially in the middle summer months.

Overall, we are happy with how performance developed. We can always do better; we will aim to do so. We are ultra long-term investors we do not pay too much attention to short-term performance, even six months is very short-term. We need to state and cover short-term performance metrics when we articulate such performance to clients, and potential clients. Such performance data in itself does not tell us much, it gives us very little insight. In our view, short-term performance is just a journey towards more longer-term investment gains for clients.

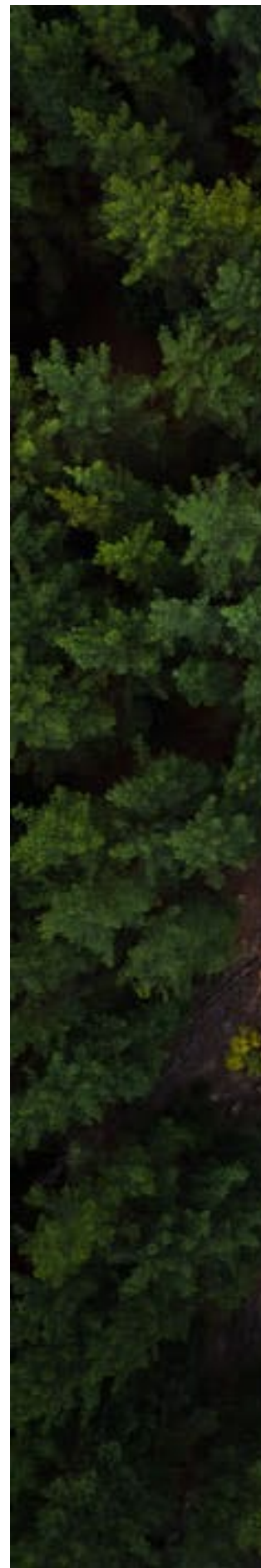


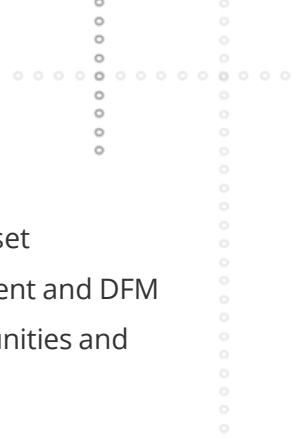
Shortly we will be articulating our investment house views for 2022. We are currently finalising some insights and data. The US equity market, in our view, still looks attractive. By way of initial thoughts, we will continue to seek long-term gains for clients, we will continue to be resilient and patient around our investment philosophy. We will continue to seek out returns that are non-index like and away from consensus thinking around economics, assets and global investment returns.

The recent news around a fresh coronavirus variant of concern (Omicron) has further emphasized the need for liquid, transparent long-term investment solutions that are *resilient* in market environments. This is an area of the investment markets that we specialise in. Our emphasis on future disruptive growth is important and an area that investors look at in times of such 'covid19 volatility' indeed technology is seen as a defensive sector. We await further data around this new variant but clearly markets are re-pricing for something serious and prolonged, however, we believe, this is not a March 2020 scenario. We have come along way since the initial pandemic stages. The effectiveness of mRNA technology will be clear soon, very soon. Overall, we are bullish around the scope for technology and innovative healthcare to continue to get us through the pandemic, and moreover create true democratic engagement with end consumers, especially within emerging markets.

Earlier I noted our strategies have held up well in November against the background of very challenging market conditions, the resilience of the last week of November or so has been particularly impressive. Throughout this year, technology, healthcare and biotechnology has been a strong theme running through all our portfolios. This will continue to be the case in 2022.

Our thinking will continue to be centered around 'growth countries' and 'growth assets' with a high focus around US and Chinese investments. Longer-term these countries will out-perform returns from comparable peers. There is nothing we have witnessed this year that will give us concern to deviate from our asset allocation radically, indeed this year has resolved our need to be high conviction and more focused on the *real* performers. A full breakdown of our asset allocation framework for 2022 will be available soon.





The recent market sell-off in December highlights the need to trust real innovators in the asset management industry and to steer away from traditionally held biases. The asset management and DFM market itself is being disrupted. I expect 2022 to be a year full of specific investment opportunities and stark investment choices globally.

The complete dedication to asset allocation, fund and stock selection within a very unique investment style stands us out from our peers. Our coming three-year performance numbers will bear out our differentiated approach in what is a very crowded but *index-like* competitor place.

This year I have profoundly talked about closet-indexation, asymmetrical investing, investing with a global mindset, investing for future growth opportunities, patient capital strategies. Our dedicated work continues to bring all of these issues together and more. We focus and focus.

Saftar Sarwar
Chief Investment Officer
Binary Capital Investment Management
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Contact Us

+44 (0)203 943 5080

info@binarycapital.co.uk

15 Half Moon St, Mayfair, London, W1J 7DZ

