

## Investment commentary – October 2020

### Market Overview

Markets experienced further volatility during October as a second wave of COVID-19 took hold across Europe. New stringent lock-down restrictions were introduced in Italy, Spain, France, Germany and other European countries. As a result, global equity markets declined significantly in the latter part of the month. October was very much a month where market price action was dictated by pandemic news flow and uncertainties around the outcome of the US Presidential election.

President elect Joe Biden still faces a potential challenge from a gridlocked in Congress. With a divided Congress, the prospect of a post-election fiscal stimulus package seems to have receded, which may dampen near-term investor sentiment. However, recent positive news around successful COVID-19 vaccines provides a very positive market outlook for November.

### RHIM Portfolio Performance

Absolute performance across all Richmond House mandates were negative for the month of October. This is reflective of the wider deterioration in market conditions towards the end of the month. Positive performance was achieved against benchmark for the period (excluding the Income strategy).

Further portfolio changes were agreed at October's Investment Committee and implemented on 9<sup>th</sup> November. The Investment Committee has reduced exposure to UK equities given economic concerns and Brexit risk, preferring a bias towards US equities. We expect to see the positive benefits of this portfolio adjustment reflect in performance numbers over the coming months.

Looking ahead, November has been a strong month for performance so far. Continued positive vaccine news has provided significant support to markets and given recent portfolio adjustments, the RHIM models are adequately positioned to capture further positive returns.

If you have any questions or queries, please contact us and a member of the team will be able to assist you.

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