

## Investment commentary – December 2020

### Market Overview

Equity markets continued to rally in December and finished 2020 strongly, with news surrounding the arrival and potential roll-out of COVID-19 vaccines continuing to boost investor sentiment. Boris Johnson also delivered the long-promised gift of a Brexit deal with the European Union. However, near-term headwinds still exist, with renewed winter lockdowns, country-specific spikes in virus cases, new variants of the disease and the logistics of a vaccine roll-out acting as a restraining influence on markets and investor sentiment.

Although consumer confidence and business investment may take time to fully return, the direction of travel is slightly more positive. An improved cycle of corporate earnings growth can be expected in 2021 with continued accommodative policy measures and extensive support schemes from central banks and governments.

### RHIM Portfolio Performance

In terms of investment performance, strong gains were delivered across all Richmond House mandates for the month of December, outperforming underlying benchmarks.

With an improving economic outlook, the Investment Committee agreed to increase risk exposure, within tolerances, across all strategies during December. Capital held in 'cash' has been redeployed through the introduction of thematic and global sector exposure. This will be generated via investments in the Ninety-One Global Environment and Legg Mason Global Infrastructure funds. The Investment Committee feel these sectors are best placed to capitalise on recent global policy shifts in Europe (European Green Deal), China (carbon neutral policy by 2060) and the US (Biden's presidential election victory).

Overall, this concludes what has been a positive second half to 2020. Back in June, changes were made to asset allocation methodology and portfolio fund selection. These changes have delivered significant improvements in portfolio performance across all Richmond House strategies and we hope to build on this as we enter 2021.

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

#### **RISK WARNING**

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