

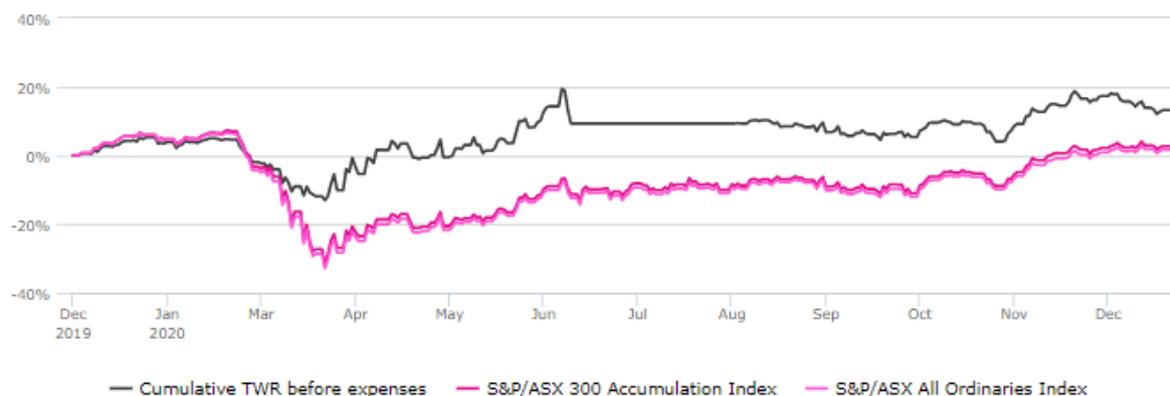
Marcus Today SMA | December Monthly Update



MARCUS TODAY GROWTH SMA (MT0001) PERFORMANCE

Periods to 31 December 2020	1 mth	3 mths	1 yr	2 yrs p.a.	Since inception p.a.
Portfolio return before expenses (TWR)	-2.58%	6.72%	12.49%	13.91%	7.45%
S&P/ASX 300 Accumulation Index	1.32%	13.79%	1.73%	12.21%	9.07%
S&P/ASX All Ordinaries Index	1.61%	14%	0.71%	9.54%	5.51%

Cumulative returns over time



Source: Praemium

The Marcus Today Growth SMA fell 2.58% in December, underperforming the 1.32% rise in the benchmark S&P/ASX 300 Accumulation index by 3.9%. **The Growth SMA has risen 12.49% over the past 12 months – outperforming the 1.73% rise in the benchmark index by 10.76% for the period.**

Early in the month we exited our APX position and initiated a position in data centre operator NXT, while at the back end of the month we exited our travel positions: CTD, FLT, QAN, SYD, and WEB. Simultaneously we also reduced our oil exposure, trimming ORG, OSH, STO, WOR, and WPL to 1.5% weightings. Our current cash weighting is 24%.

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MARCUS TODAY EQUITY INCOME SMA (MT0002) PERFORMANCE

Periods to 31 December 2020	1 mth	3 mths	1 yr	2 yrs p.a.	Since inception p.a.
Portfolio return before expenses (TWR)	1.27%	9.6%	-2.83%	3.95%	1.19%
S&P/ASX 200 INDUSTRIAL (TR)	-0.56%	12.58%	-0.3%	10.58%	7.31%
S&P/ASX All Ordinaries Index	1.61%	14%	0.71%	9.54%	5.51%

Cumulative returns over time



Source: Praemium

The Marcus Today Equity Income SMA rose 1.27% in December, outperforming the benchmark ASX 200 Industrials TR index which fell 0.56% for the month. **The Equity Income SMA has a 12-month gross yield of 4.37%, which sits above the market average yield of around 3.5%.**

Through the month we removed our travel stocks in **QAN** and **SYD**, while also reducing our positions in **WPL**, **STO** and **ORG** to 1.5% each. Our cash balance is currently sitting at 12%.

WHAT HAPPENED IN DECEMBER



Source: Reuters

The ASX 200 rounded out the year with a 1.06% rise through December. The rise saw the market finish the year in positive territory, with a 0.71% gain recorded for 2020. Resources were the star of the show through the month, with an 8.45% rally in the sector as the iron ore price rose 25.1%.

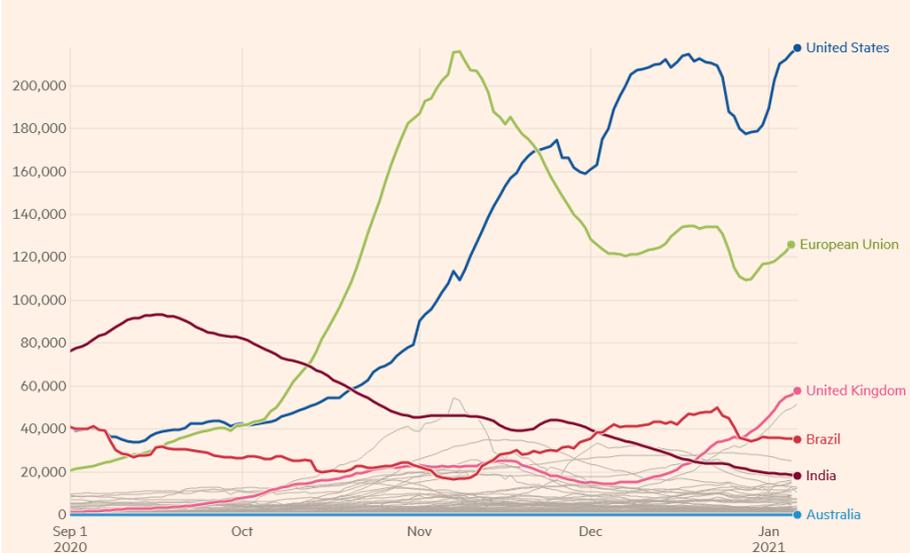
Over in the US, each of the three major indices broke record highs. For the month the Dow Jones rose 3.27%, the S&P 500 rose 3.71% and the Nasdaq jumped 5.65%. For the year, the Dow Jones rose 11.84%, the S&P 500 rose 10.75% and the Nasdaq rose an astronomical 43.64%.

The virus and vaccine developments once again controlled the headlines. **There was a raft of negative news through the month with coronavirus case numbers and hospitalisations continuing to rise in the US, a new highly contagious strain taking off in the UK and vaccine distribution challenges continuing to get a lot of attention, but despite this, the market remained focused on broader vaccine development optimism.**

INDICES	Dec	Nov	2020 Calendar Year	This Financial Year	Rolling Year
ALL ORDS INDEX	+1.61%	+9.93%	+0.71%	+2.26%	+0.71%
ASX 200	+1.06%	+9.96%	-1.45%	-0.48%	-1.45%
ALL ORDS inc	+1.75%	+10.16%	+3.64%	+7.35%	+3.64%
MSCI WORLD INDEX	+4.14%	+12.66%	+14.06%	+23.49%	+51.18%
DOW JONES	+3.27%	+11.84%	+7.25%	+15.06%	+7.25%
S&P 500	+3.71%	+10.75%	+16.26%	+27.68%	+16.26%
NASDAQ	+5.65%	+11.80%	+43.64%	+60.98%	+43.64%
FTSE	+3.10%	+12.35%	-14.34%	-13.00%	-14.34%
GERMANY	+3.22%	+15.01%	+3.55%	+10.65%	+3.55%
FRANCE	-0.89%	+13.25%	-7.14%	+0.22%	-7.14%
ITALY	-0.04%	+25.18%	-15.45%	-12.23%	-15.45%
SPAIN	+0.52%	+25.80%	-15.35%	-13.09%	-15.35%
CHINA	+2.40%	+5.19%	+13.87%	+16.59%	+13.87%
HONG KONG	+3.38%	+9.27%	-3.40%	-4.59%	-3.40%
JAPAN	+2.84%	+11.12%	+4.84%	+16.35%	+4.84%
INDIA	+8.16%	+11.45%	+15.75%	+21.21%	+15.75%
SECTORS					
INDUSTRIALS	-0.74%	+9.85%	-2.77%	-1.26%	-2.77%
RESOURCES	+8.45%	+10.38%	+3.81%	+2.55%	+3.81%
PROPERTY TRUSTS	-0.89%	+13.25%	-7.99%	-10.10%	-7.99%
BANKS INDEX	+0.59%	+17.18%	-6.75%	-15.24%	-6.75%
ENERGY SECTOR	-0.88%	+28.4%	-17.76%	-20.27%	-17.59%
COMMODITIES					
AUSSIE DOLLAR	+4.75%	+4.54%	+9.59%	+9.60%	+9.59%
GOLD	+6.72%	-5.37%	+25.01%	+34.59%	+25.01%
OIL	+6.97%	+26.8%	-20.92%	-16.92%	-20.92%
IRON ORE	+25.1%	+3.7%	+70.26%	+42.74%	+70.26%
COAL	+11.9%	+12.9%	+22.07%	+6.50%	+22.07%
COPPER	+2.5%	+12.8%	+24.88%	+29.58%	+25.79%
NICKEL	+3.6%	+5.8%	+16.05%	+30.91%	+18.45%

Source: Reuters/Marcus Today
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New confirmed cases of Covid-19 in United States, United Kingdom, European Union, Australia, India and Brazil
Seven-day rolling average of new cases



Source: Financial Times analysis of data from the World Health Organization, the Covid Tracking Project, the Johns Hopkins CSSE, the UK Government coronavirus dashboard, the Spanish Ministry of Health and the Swedish Public Health Agency. Data updated January 7 2021 5.01pm GMT. Interactive version: ft.com/covid19

Locally our control over the virus was tested. An outbreak in Sydney's northern beaches plunged parts of Sydney back into lockdown and saw the return of border closures and quarantine protocols for interstate travellers. The restrictions brought uncertainty back to the forefront and saw travel stocks come under pressure after having seen stellar runs as the outlook started to clear over the last couple of months. For the month **WEB** fell 4.91%, **QAN** fell 11.33% and **FLT** fell 7.36%. As of January 14th, there are 296 active cases in the country.

28,650 Total cases	296 Active cases (estimated)	909 Total deaths
1 Locally acquired* in last 24 hours	15 Overseas acquired in last 24 hours	46 Total hospitalised
19 Locally acquired* last 7 days	92 Overseas acquired last 7 days	69,775 Tests in last 24 hours

Source: Health.gov.au

Over in the US Presidential tensions started to simmer as the election challenges slowly came to an end. Not one to stay out of the headlines, out-going President Trump started with a barrage of Presidential pardons. Trumps buddies and allies ranging from aides who lied during the Russia investigation, Republican politicians, to state department contractors convicted over a massacre in Iraq received pardons, and there has even been reports that Trumps final act in office will be to pardon himself.

Alongside signing those pardons, Trump also found time to finally put pen to paper on a coronavirus bill. The bill saw US\$2.3tr in pandemic aid and spending, with the restoration of unemployment benefits and US\$900bn in pandemic relief for individuals and business.

Other Things in December

- **The banks** held ground through the month as they paid their dividends. CBA results on Feb 10 will give us the heads up on the likely timing of dividend normalisation.



Source: Reuters

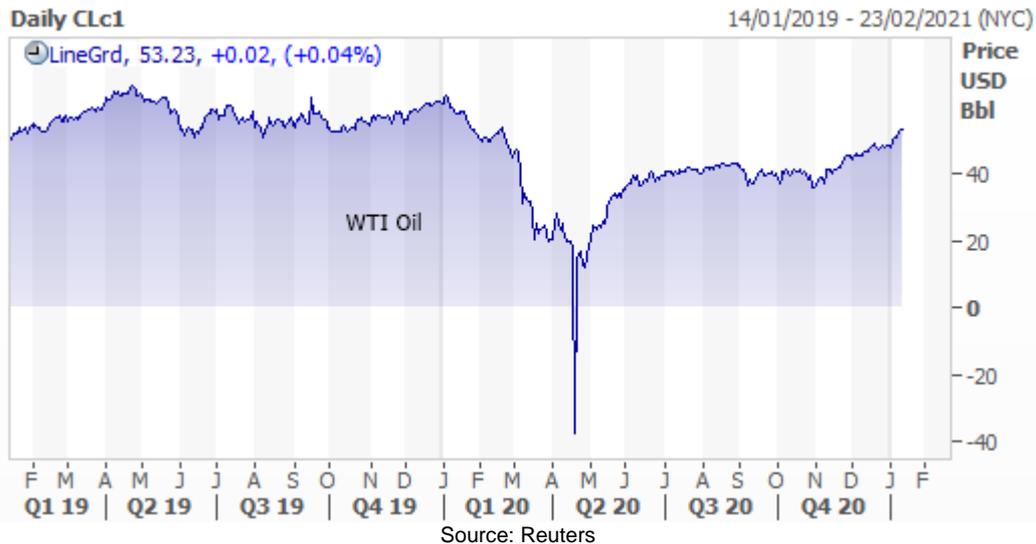
- **Tech stocks** came under pressure on over-valuation concerns. The top end of the sector held up okay (APT, XRO, REA), but there was some carnage below.



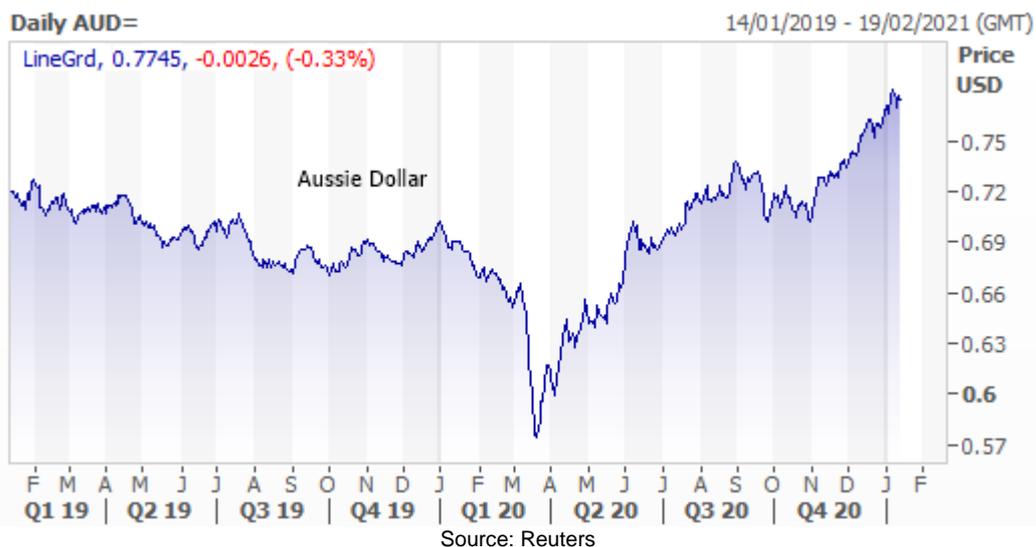
- **The resources sector** continued to run on momentum as the iron ore price rose another 25% to now breach US\$170. For the month BHP up 10.04%, RIO up 10.57% and FMG up 27.82%.



- **Energy stocks** continued to rally as the unilateral Saudi production cut supported the oil price. For the month oil rose 6.97%.



- **Base metals** too started to make a move, with copper up 2.5% and Nickel up 3.6%.
- Surging commodity prices and a weaker US dollar has driven the **Australian dollar** through US78¢ for the first time in almost three years. Up 4.75% for the month.



- **Australian retail sales** jumped 7.1% in November as shoppers were lured by pre-Christmas sales with the second-most populous state of Victoria emerging out of a lengthy lockdown in a positive omen for the country's economy.
- **The RBA** kept rates unchanged and reiterated they are prepared to do more if needed.
- The latest FOMC minutes, which showed **the Fed** has given itself a lot of flexibility when it comes to making any changes to the asset purchase program.
- **Bond yields** rose with the US 10-year above 2% for the first time in over two years. One newswire's explanation of the continuing rally included "vaccine development, central bank liquidity tailwinds, fiscal stimulus, upside risk to consensus economic and earnings growth expectations and FOMO".



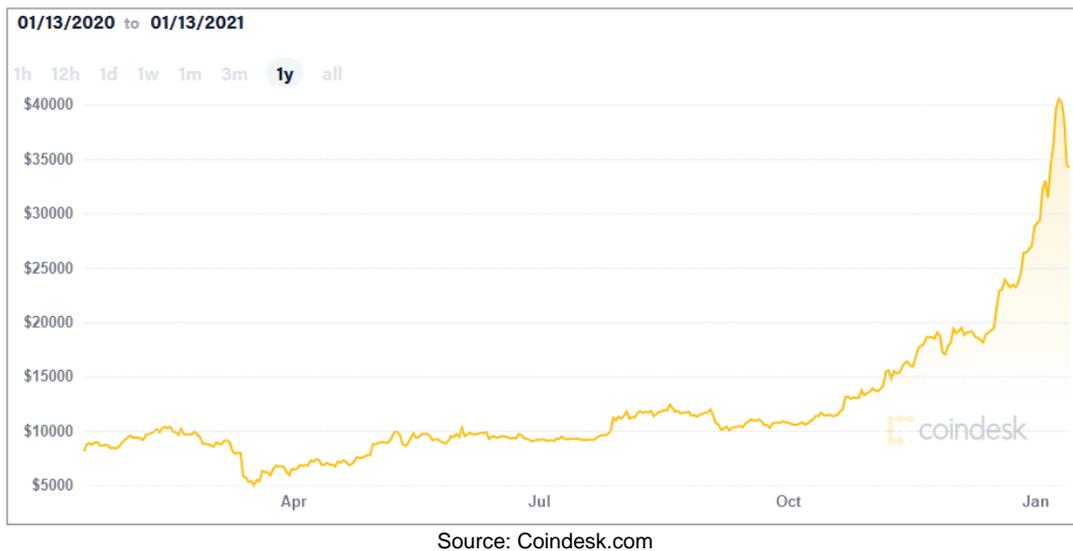
- The **VIX Volatility Index** held steady around the low-mid twenties through the month. Still at elevated levels compared to “normal”.



- **Gold** rose 6.72% in December but has since lost its shine as the vaccine and recovery rally gathered pace.



- Bitcoin broke through its 2017 high and quickly doubled from there to touch US\$40,000. It has since dropped back 25% to around \$30,000.



This update provides commentary on the funds as well as a comment on current market thinking. If you have any questions please contact: sma@marcustoday.com.au and our team will get back to you.



Marcus Padley

Fund Manager



Ben O'Leary

Co-Fund Manager