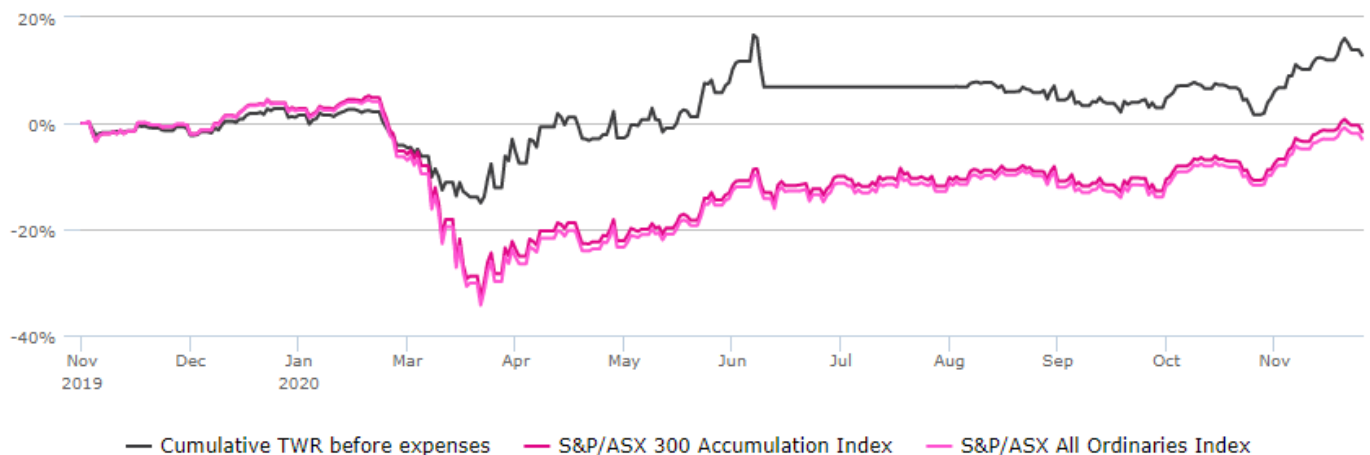


Marcus Today SMA | November 2020 Update

MARCUS TODAY GROWTH SMA (MT0001)

Periods to 30 November 2020	1 mth	3 mths	1 yr	2 yrs p.a.	Since inception p.a.
Portfolio return before expenses (TWR)	11%	6.23%	12.82%	15.11%	8.32%
S&P/ASX 300 Accumulation Index	10.23%	8.27%	-1.62%	11.35%	8.91%
S&P/ASX All Ordinaries Index	9.93%	7.94%	-2.96%	8.29%	5.21%

Cumulative returns over time



Source: Praemium

The Marcus Today Growth SMA rose 11.00% in November, marking our best monthly rise ever and outperforming the 10.23% rise in the benchmark S&P/ASX 300 Accumulation index by 0.77%. **The Growth SMA has risen 12.82% over the past 12 months – outperforming the 1.62% fall in the benchmark index by 14.44% for the period.**

Being fully invested and heavily exposed to the energy, travel and resources themes, we were well placed as the vaccine rally took hold and the market turned “risk-on” with a focus on those recovery themes.

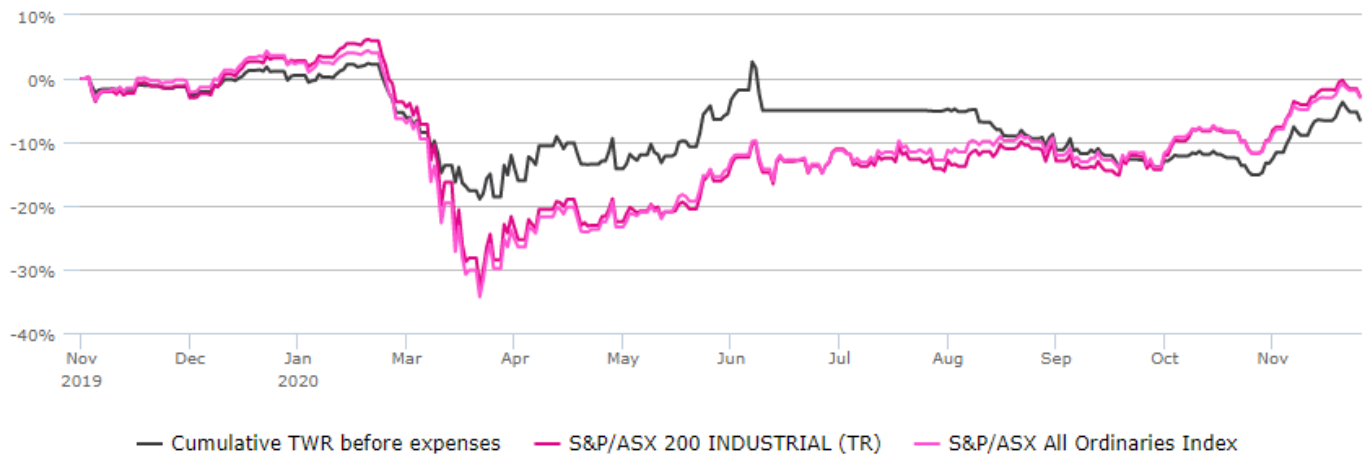
Our focus on recovery names meant that we were still able to outperform the market despite having no banking exposure (outside of MQG), with the likes of STO, WOR, FLT and WEB doing the heavy lifting, alongside strong rallies in BHP, RIO and FMG.

*In the early stages on December we have made a couple of changes to the portfolio, selling **TWE** after it took a 30% revenue hit thanks to the Chinese tariffs on Australian winemakers, and buying small holdings in two data-tech plays in **DTL** and **NXT**.*

MARCUS TODAY INCOME SMA (MT0002)

Periods to 30 November 2020	1 mth	3 mths	1 yr	2 yrs p.a.	Since inception p.a.
Portfolio return before expenses (TWR)	10.14%	3%	-6.53%	2.99%	0.9%
S&P/ASX 200 INDUSTRIAL (TR)	10.17%	9.55%	-2.79%	10.13%	7.62%
S&P/ASX All Ordinaries Index	9.93%	7.94%	-2.96%	8.29%	5.21%

Cumulative returns over time



Source: Praemium

The Marcus Today Equity Income SMA rose 10.14% November (our best month on record), just shy of the benchmark ASX 200 Industrials TR index which rose 10.17% for the month. **The Equity Income SMA has a 12-month gross yield of 4.07%, which sits above the market average yield of around 3.5%.**

After transitioning from 66% cash to being fully invested through October, we were well positioned to capitalise on the market rally this month.

*In response to the vaccine news in the early stages of November we raised our travel exposure by topping up **SYD** and **QAN**, reintroduced energy exposure through **ORG**, **WPL** and **STO** and **re-added** banking exposure through **ANZ**, **NAB** and **WBC** – all of which proved fruitful through the month as travel, energy and financials led the market higher.*

Our other portfolio change for the month was the removal of TWE after Chinese Authorities imposed tariffs ranging between 107% and 212% on Australian Wine Exports. In FY20 China represented around 30% of the Groups earnings, all of which will essentially be wiped out by the tariffs.

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NOVEMBER MONTHLY COMMENTARY



Source: Refinitiv Eikon

three-session fall wasn't enough to stop November recording the strongest month of gains in 32 years for the Australian market. **The ALL ORDINARIES INDEX rose 9.93% for the month, and the "recovery trade" took centre stage as increasing election clarity combined with vaccine developments to turn the market "risk on"**. The energy sector led the way, with a phenomenal 28.37% rise as the OECD upgraded global growth forecasts on the vaccine developments and the prospects of an eventual "return to normal" rose. Travel stock and financials were among the other beneficiaries of the improving outlook after being among the worst hit through the pandemic.

Over in the US, the Dow Jones (up 11.84% for the month), the S&P 500 (up 10.75%) and the Nasdaq (up 11.80%) all broke record highs through November and continue to push higher in the early stages of December.

VACCINE FRENZY

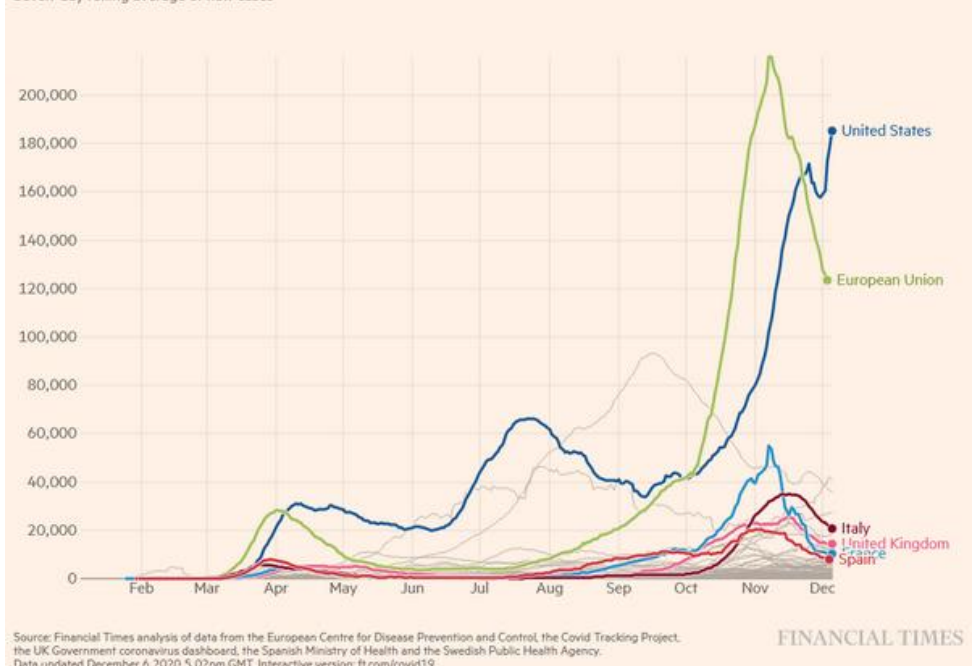
The month saw a flurry of vaccine developments and headlines. As we stand, **Moderna's coronavirus vaccine is 94.5% effective** and stable at standard refrigerator temperatures for 30 days (up from a previous estimate of seven days), peer-reviewed data published in *The Lancet Journal* indicated that the **AstraZeneca-Oxford vaccine is safe and effective in preventing symptomatic COVID-19** and that it protects against severe disease and hospitalization, and **the UK has just begun inoculating its citizens with the first 800,000 doses of the Pfizer-BioNTech vaccine (which the FDA has just said it saw no safety concerns that would preclude issuance of an emergency use authorization)**. Antiviral treatments from Regeneron and Eli Lilly are also on the way to approval.

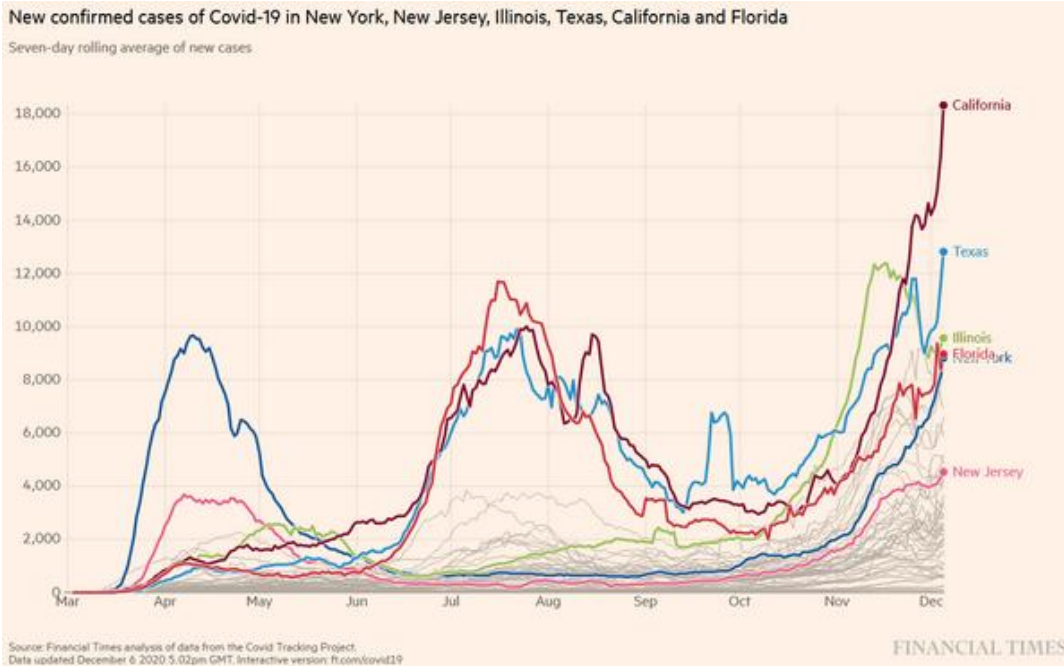
This comes as case numbers in the UK and many of its European neighbours begin to steadily decline, hopefully marking the beginning of the end of the second wave, and the first steps in a move back towards 'normal'. **Many European countries are now looking to ease restrictions leading into the Christmas holiday season as the case numbers decline.**

INDICES	Nov	Oct	2020 Calendar Year	This Financial Year	Rolling Year
ALL ORDS INDEX	+9.93%	+2.06%	-0.89%	+0.64%	-2.96%
ASX 200	+9.96%	+1.92%	-2.49%	-1.53%	-4.79%
ALL ORDS inc	+10.16%	+2.08%	+1.85%	+5.50%	-0.08%
MSCI WORLD INDEX	+12.66%	-3.14%	+9.53%	+18.58%	+45.18%
DOW JONES	+11.84%	-4.61%	+3.86%	+11.42%	+5.66%
S&P 500	+10.75%	-2.77%	+12.10%	+23.11%	+15.30%
NASDAQ	+11.80%	-2.29%	+35.96%	+52.37%	+40.77%
FTSE	+12.35%	-4.92%	-16.92%	-15.61%	-14.71%
GERMANY	+15.01%	-9.44%	+0.32%	+7.20%	+0.41%
FRANCE	+13.25%	-0.37%	-7.69%	-0.37%	-6.55%
ITALY	+25.18%	-3.94%	-15.42%	-12.20%	-13.63%
SPAIN	+25.80%	-3.75%	-15.78%	-13.53%	-14.24%
CHINA	+5.19%	+0.20%	+11.20%	+13.86%	+18.10%
HONG KONG	+9.27%	+2.76%	-6.56%	-7.71%	-0.02%
JAPAN	+11.12%	-2.84%	+1.95%	+13.14%	+3.27%
INDIA	+11.45%	+4.06%	+7.02%	+12.07%	+8.23%
SECTORS					
INDUSTRIALS	+9.85%	+2.75%	-2.05%	-0.53%	-5.26%
RESOURCES	+10.38%	-1.35%	-4.27%	-5.43%	-2.91%
PROPERTY TRUSTS	+13.25%	-0.37%	-7.16%	-9.29%	-12.70%
BANKS INDEX	+17.18%	+7.55%	-7.30%	-15.73%	-9.01%
ENERGY SECTOR	+28.37%	-0.8%	+0.49%	-2.59%	-0.82%
COMMODITIES					
AUSSIE DOLLAR	+4.54%	-1.89%	+4.61%	+4.63%	+8.59%
GOLD	-5.37%	-0.40%	+17.14%	+26.11%	+21.39%
OIL	+26.82%	-11.0%	-26.07%	-22.34%	-22.23%
IRON ORE	+3.7%	-3.1%	+36.15%	+14.14%	+47.17%
COAL	+12.9%	-9.7%	+9.13%	-4.80%	-3.13%
COPPER	+11.6%	+0.7%	+20.59%	+25.14%	+27.89%
NICKEL	+8.6%	+4.4%	+14.95%	+29.67%	+20.37%
ZINC	+8.1%	+4.7%	+9.39%	+11.03%	+12.91%
ALUMINIUM	+10.8%	+5.0%	+21.21%	+12.02%	+22.94%

Unfortunately, things are not looking quite as optimistic in the US, where they have just passed 15m cases. Outbreaks in California, Texas, Florida and New York are still spiralling out of control. Counting down the days until they have a vaccine rollout. There are **40m vaccine doses due for arrival by the end of the year.**

New confirmed cases of Covid-19 in United States, United Kingdom, European Union, France, Italy and Spain
Seven-day rolling average of new cases





Locally **CSL Limited** (CSL) executive Dr Andrew Nash warned that the virus may be "with us for a number of years" and we are going to have to "learn to live with ambiguity" at the AFR Innovation Summit on December 7th. Nash also said that we are already seeing supply chain issues with some vaccines, and widespread vaccine rollouts would not occur in Australia until the second half of 2021.

President Joe

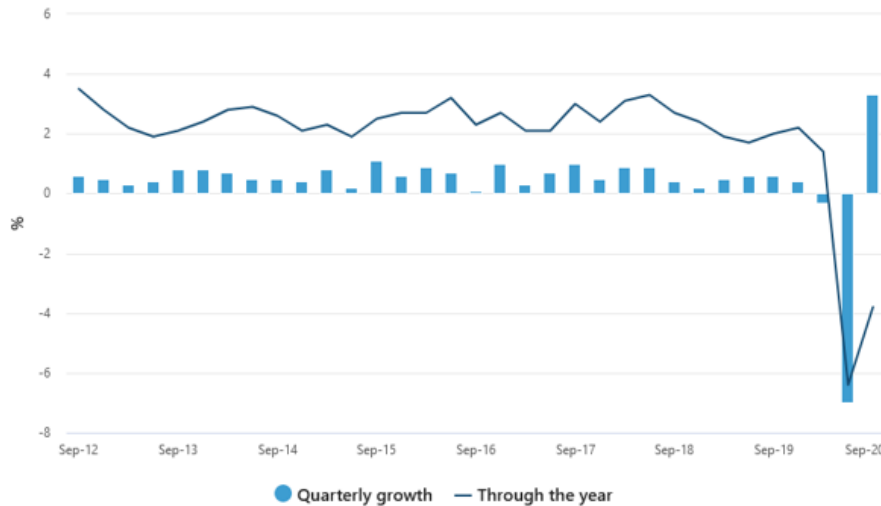
After countless accusations, legal challenges and recounts, **Joe Biden is all set to become the next President of the United States**. Early polls showed Trump in a very strong position, but the strength of numbers of mail-in voters in the likes of Michigan, Wisconsin, and finally Pennsylvania got the democrats over the line. Somewhat surprisingly, Trump has allowed the transition of power processes to begin, but in typical Trump manner, he is yet to concede as the legal challenges continue. On November 16th he **briefly acknowledged that Joe Biden had won the US election, before quickly backtracking** and affirming he concedes "nothing" in a series of Twitter posts.



ALSO, IN NOVEMBER

- **The Australian Stock Exchange had a technical meltdown** that saw trading halted just 24 minutes into the session on November the 16th. The ASX said a major software update of its Nasdaq-supplied trading platform caused a problem with combination trades, which are trades in multiple securities in one single order. Trading resumed without issue the following day.
- **The NSW/Victorian border was reopened**, and Qantas CEO Alan Joyce has said the airline instantly saw "massive demand", with 25,000 seats on the Melbourne to Sydney route sold in the first 24 hours, as they resumed 17 flights on that route.
- **South Australia had perhaps the shortest lockdown of the pandemic**, reversing its restrictions barely 24 hours after they were imposed, as it was discovered the decision was based on a lie told to contact tracers.

- The **ACT government is set to give Canberrans vouchers worth up to \$40 a day in the lead up to Christmas**, in a \$500,000 attempt to boost spending with local businesses.
- **Treasurer Josh Frydenberg expanded the government's business expense tax break to allow companies with over \$5bn in revenue to instantly deduct the cost of new capital investments**, as long as they make less than that amount in Australia
- **The RBA kept the cash rate on hold in December at 0.1%** - "Given the outlook, the Board is not expecting to increase the cash rate for at least 3 years."
- **The Australian recession (technically) ended almost as quickly as it began, after the Bureau of statistics data showed 3.3% rise in GDP in the September quarter.**



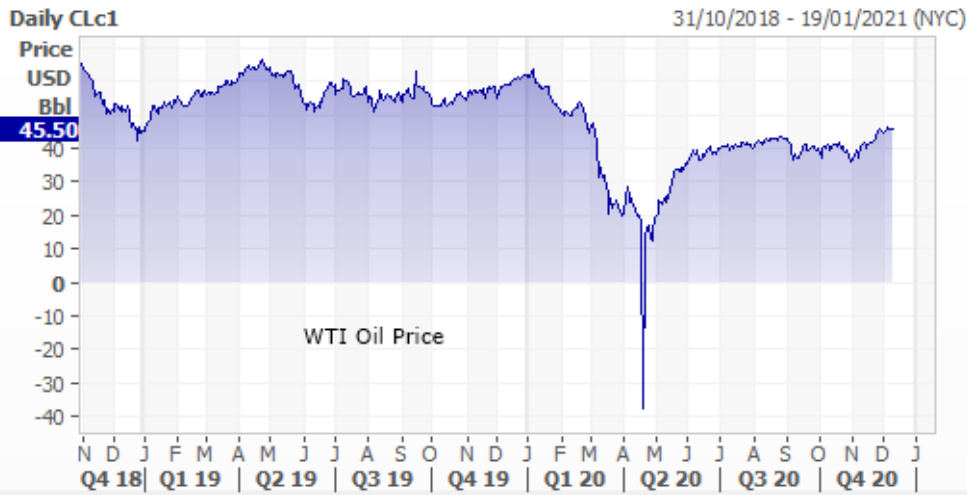
Source: ABS

- **The bank sector rose 17.18% as economic outlook optimism rose.**



Source: Refinitiv Eikon

- **A bit of profit taking in the energy sector to end the month** as OPEC delay their meeting, seemingly unable to get members to finalise the deal to delay the scheduled tapering of production cuts and to enforce the lack of compliance with earlier cuts. Saudi Arabia's energy minister has threatened to resign as co-chair of an OPEC panel. After a 25%+ bounce in the oil price and the energy sector last month, a bit of profit-taking is to be expected.



Source: Refinitiv Eikon

- The gold price fell 5.37% as the economic optimism and election clarity weighed and investors turned “risk-on”.



Source: Refinitiv Eikon

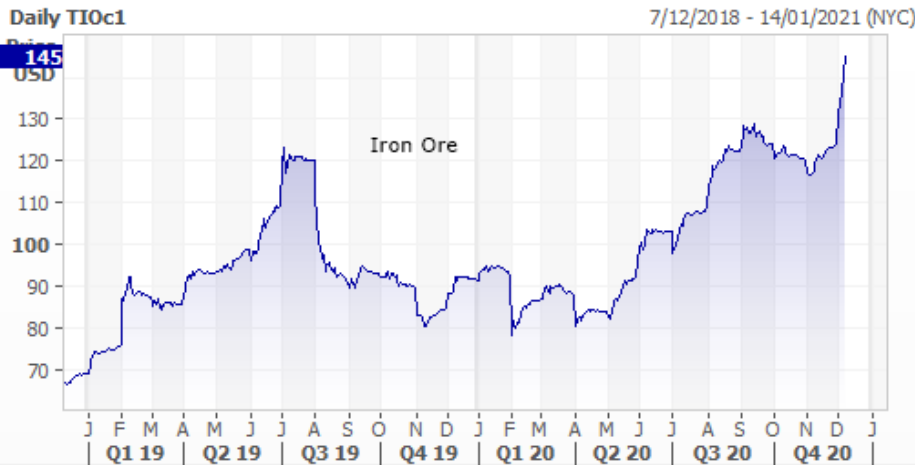
- The VIX Volatility Index fell 45% through November – now sitting around 20 (down from 80 at its peak). A “normal” reading is about 15.



Source: Refinitiv Eikon

- Base metals had a good month, with copper up 11.6%, nickel up 8.6%, Zinc up 8.1% and Aluminium up 10.8%.

- Iron ore rallied 3.7% through the month but has taken off in the early stages of December on the back of supply worries. Now sitting at record highs.



Source: Refinitiv Eikon

- **FOMC Minutes suggest the Fed are prepared to extend their money printing** to "protect against emerging risks" or rising market interest rates - the Fed worrying about interest rates and being concerned about the impact of economic optimism is a change.
- **Bond yields on the rise** – good for banks and interest rate sensitive stocks – reflective of a renewed economic optimism.



Source: Refinitiv Eikon

- Tech came off the boil as the focus turned to recovery stocks - More taking a breath while those that were left behind catch up than a full-blown rotation.



Source: Refinitiv Eikon

- Bitcoin jumped 40% to finish the month near its 2017 all-time high.

SANTA CLAUS RALLY

Three weeks to Christmas and the commentators are talking about the “Santa Claus Rally”, which is when the market seasonally rallies into the New Year. It is a well-accepted market phenomenon, and there is some logic behind it. A lot of financial decisions are made by companies and individuals at the end of the tax year which for a lot of the northern hemisphere is December 31. One of the big decisions is what to do with profits and in the case of individuals in particular that quite often means there is this decision in January to put the money into the equity market. With a pandemic recovery and a stock-market rally going on, a lot of that will find its way into the equity market. Net result a lot of fund managers are handed money at the beginning of the year, and they invested in January. The Santa Claus Rally is the market running in anticipation of a good rally in January. It is more a US thing than an Australian thing (our financial year-end is June 30, not December 31) but with such a high correlation between our markets, we also participate.

This chart shows the effect working in Australia. This is the **ASX 200 "Seasonal Chart"** since 1990. It shows the average performance of the market over the calendar year, month by month. So you can see that on average the market has its best months from December to May and goes sideways the rest of the year, hence the expression "Sell in May and go away".



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

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