SHERLOCK WEALTH

Market Review

November 2020

How the different asset classes have fared:

(As at 30 November 2020)

Asset Class	10 Yr % p.a.	5 Yr % p.a.	3 Yr % p.a.	1 Yr % p.a.	YTD %	6 Mth %	3 Mth %	1 Mth %
Cash[1]	2.48	1.56	1.31	0.44	0.36	0.05	0.03	0.01
Australian Bonds[2]	5.62	4.69	5.33	3.04	4.77	1.51	1.25	-0.11
International Bonds[3]	5.82	4.48	4.61	4.52	4.82	1.70	0.90	0.53
Australian Shares[4]	8.11	9.46	7.54	-0.08	1.85	16.35	8.60	10.16
Int. Shares Unhedged[5]	13.39	10.64	10.80	5.42	6.33	9.02	5.91	7.50
Int. Shares Hedged[6]	12.26	10.28	8.32	9.42	6.97	17.59	4.85	11.61
Emerging Markets Unhedged[7]	6.02	9.82	5.49	8.10	3.82	17.48	9.95	4.04
Listed Infrastructure Unhedged[8]	11.67	7.65	4.85	-8.97	-8.92	-3.07	6.51	2.94
Australian Listed Property[9]	11.32	8.12	5.68	-8.58	-4.54	19.40	11.27	12.88
Int. Listed Pty Unhedged[10]	8.87	1.97	1.00	-21.92	-18.52	2.57	6.25	7.74

1 Bloomberg AusBond Bank 0+Y TR AUD, 2 Bloomberg AusBond Composite 0+Y TR AUD, 3 Bloomberg Barclays Global Aggregate TR Hdg AUD, 4 S&P/ASX All Ordinaries TR, 5 Vanguard International Shares Index, 6 Vanguard Intl Shares Index Hdg AUD TR, 7 Vanguard Emerging Markets Shares Index, 8 FTSE Developed Core Infrastructure 50/50 NR AUD, 9 S&P/ASX 300 AREIT TR, 10 FTSE EPRA/NAREIT Global REITs NR AUD

Markets rebounded strongly over November due to a number of factors including RBA cutting interest rates to a record low of 0.10%, in addition, to its announcement of $100bn quantitative easing program, Joe Biden being declared the winner of the US presidential election and positive news regarding COVID-19 vaccines (Pfizer and Moderna).

On 3rd November, the RBA cut the official cash rate from 0.25% to a ~~new~~ record low of 0.10%. In addition, it announced a $100 billion quantitative easing program. These actions show the RBA's unprecedented stance to provide support to the Australian economic recovery and ~~. These actions~~ bode well for the domestic economy. The ~~and~~ ASX saw a sharp rally following the announcement.

After several days of uncertainty, as the US counted postal votes, Joe Biden was announced as the winner of the US presidential election. The results are usually clear on the night of the election, however, as millions of Americans casted their votes via post due to COVID, there was a delay in the announcement of the winner. This delay ~~caused major misinformation and~~ created s~~c~~kepticism amongst Trump support~~ers~~s~~;~~ paving the way for Trump to declare voter fraud and demanding recounts. Ultimately after some recounts, Joe Biden was declared the winner.

Following the announcement of Joe Biden as the winner of the US presidential election, Pf~~zi~~zer revealed its vaccine results from Phase 3 testing which showed a 90% effectiveness. Not long after, Moderna announced its vaccine results from Phase 3 testing which showed a 94.5% effectiveness. Both ~~news~~ announcements are extremely positive results in steps towards normalisation. Markets reacted positively to the news but interestingly during the early days of the announcement markets saw a rotation out of growth stocks towards value stocks. Value continued to outperform growth up until the end of the month.

One major downside over the month was the continued rise of COVID-19 infections, particularly in Europe and the US. With the northern hemisphere heading into winter and the easing of restrictions in August and ~~/~~ September, Europe and the US entered a second wave. Most European countries implemented new lockdown measures and some states in the US have started to tighten restrictions. Deaths have remained well below their prior peaks as treatment methods are better. ~~,~~ ~~h~~However, the new infection rates are starting to put pressure on the medical system as hospitalisation rates increase. The continued rise in infections will continue to put pressure on any economic recovery for these economies until a vaccine can be rolled out.