

PWM MARKET OVERVIEW

The year 2020 will be remembered for many decades as one of the most challenging years in recent history. The battle for the human race was, and is still being fought on two fronts: health and economy.

The severity of the March 2020 market crash reflected deep fear and anxiety about the long-lasting effects of this novel coronavirus. The advent of Covid-19 can be classified as a “**Black Swan**” event which generally do create severe market crashes.

The subsequent market recovery from April has been astounding, proving that markets are forward-looking by rising on the expectation of a resolution to this problem in 2021. The recovery was largely attributed to the mega cap technology stocks, which proved resilient in these circumstances.

PWM MODEL PORTFOLIO PERFORMANCE

Portfolios managed by PWM have fared very well in these tough market conditions and are summarized below.

PWM PORTFOLIOS	RISK PROFILE	2020 RETURN	CRASH & REACTION	
			MAR	APR - DEC
PWM Defensive Solution	Defensive	2.88%	-8.41%	15.80%
PWM Optimised Growth Solution	Moderate	2.35%	-11.43%	21.87%
PWM Enhanced Market Solution	Assertive	1.83%	-13.30%	25.84%
PWM Equity Centric Solution	Aggressive	3.60%	-13.96%	30.01%
Alternative Hedge Blend 1	Absolute	10.23%	-7.70%	26.49%
Alternative Hedge Blend 2	Absolute	15.09%	-3.02%	19.16%
Prescient Flexible Bond	Defensive	5.28%	-7.56%	12.18%

PWM managed portfolios recovered strongly after March 2020 and are well-positioned for a further rally in 2021. Our allocation to Alternative Assets Classes (Hedge Funds) outperformed the market by a handsome margin.

INVESTMENT MANAGEMENT TOOLS

PORTFOLIO CONSTRUCTION METHODS	PORTFOLIO MANAGEMENT TOOLS	INVESTMENT APPROACH
<input checked="" type="checkbox"/> Asset Class Diversification	<input checked="" type="checkbox"/> High-Quality Fund Managers	<input checked="" type="checkbox"/> No Panic Selling
<input checked="" type="checkbox"/> Offshore Exposure	<input checked="" type="checkbox"/> Quantitative Research	<input checked="" type="checkbox"/> Investing more as the Market Recovered

Our Investment Management Tools (depicted above have enabled PWM to make optimal investment decisions for our clients, cementing the recovery into positive returns in 2020.

2021 MARKET OUTLOOK AND CONCLUDING REMARKS

We are optimistic that markets will continue to beat cash, despite the 2nd wave of infections, for the following reasons:

- Vaccine roll-out** to counter the coronavirus infection rate.
- The **Joe Biden presidential victory and Democrats Senate victory** confirms more expansive fiscal stimulus, resulting in a weaker US\$, boosting markets globally.
- Low interest rates for longer** and further **stimulus packages**.
- Projected for ZERO “net new infections” is:
 - Developed world – June 2021
 - South Africa – September 2021

Whilst we do understand that the Coronavirus remains a fundamental short-term risk in financial markets, PWM expects strong market performance over the next 2 to 3 years. This will, no doubt, be accompanied by volatility.

Please contact our office should you wish to discuss our views and/or your investment portfolio.

We wish all our clients good health and a prosperous New Year!

VIREN BHAGWANDAS GARACH

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