

SIX SOLUTIONS FOR 2021

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A human tragedy and a double face scenario in terms of investments. Indeed in 2020 the financial markets have gone through a rough path of rise, collapse and recovery but with a significant dispersion, in terms of yields, between sectors and securities. Some of them, such as tech, utilities, consumer staples, exceeded their records, while sectors such as tourism, banks, insurance and automotive were severely affected. We have seen the same discrepancy within country indices: Nasdaq index registered a significant growth in 2020, together with other US and Asian indices, while Europe mostly underperformed.

SHARES, BONDS, GOLD AND CRIPTOCURRENCIES. A FOCUS ON ASSET CLASSES THAT WILL SHINE IN THE NEW YEAR

Bond markets, driven by central banks' quantitative maneuvers, have also shown positive performance.

What about the future? What are the expectations for the new year? **ADVISOR** has asked five asset and bond managers. From technology - a market that overperformed during and after the first two stages of the pandemic – to US Small Cap – that could benefit from the recovery in the US – from China's equity to global bonds seeking positive returns following the central banks' financial repression. Finally, we will focus on two portfolio protection tools: a traditional one, gold (and gold securities leveraging physical metal) and a modern one, cryptocurrencies (as there are no investment funds, an ETP issuer was chosen). On the following pages, you will find our experts' answers.

MAIN FEATURES OF THE SIX SELECTED SOLUTIONS

	AB INT. TECHNOLOGY PORTFOLIO	BANOR GREATER CHINA EQUITY	T. ROWE PRICE US SMALLER COMPANIES EQUITY FUND	DPAM BONDS UNIVERSALIS UNCONSTRAINED	NINETY ONE GLOBAL GOLD FUND	21SHARES CRYPTO BASKET INDEX
Manager	Samantha S. Lau	Dawid Krige	Curt Organt	Peter De Coensel	George Cheveley	-
ISIN	L00060230025	LU0634294572	LU0918140210	LU0174544550	LU0345780448	CH0445689208
3-year performance*	29.99%	16.44%	16.75%	5.59%	22.70%	44.8%**
3-year performance*	25.79%	18.54%	14.33%	4.86%	22.40%	-
Asset under management	880	318	1314	1150	760	27.5
Alpha	1.23	0.03	5.00	3.24	2.7	-
Beta	1.01	1.09	0.90	0.99	1.0	-
Sharpe Ratio	1.29	0.79	0.86	1.11	0.70	-
Rating Morningstar	****	-	*****	*****	*****	-

Source: ADVISOR data on www.morningstar.it (data extraction 5/12/2020); *"annualised performance"; ** annualised performance from Nov. 2018 to Dec. 2020

CHINA EQUITY
BANOR GREATER CHINA EQUITY

China has the virus under control and its economy is recovering. Sales of consumer goods during the October 2020 Golden Week grew to 1.6 trillion yuan (over 200 billion euros), a roughly 5 % nominal increase from 2019 Golden Week. Growth is the government’s top priority; it has ample resources to support businesses and consumers. On an income basis, Chinese people are still poor with a GDP per capita of \$10,098, but inflation-adjusted wages in China have grown at a rapid 10% p.a. during the past 20 years. Over the next decade, it is conceivable that they could double again, given the country’s buoyant economy and low unemployment.

From an investment point of view, we generally like sectors benefiting from the growth of the Chinese middle class. We like consumer products like beverages, condiments, restaurants, education and niche financials. We like internet and software and also beauty and healthcare. We generally do not invest in SOEs (state owned enterprises), heavy industries, commodities-

related businesses, large banks. Our investable universe is made of no more than 130 stocks out of the 6000 companies listed in Greater China. We focus on businesses exposed to domestic consumption and we filter down using a “3M” approach: we want companies with a strong Moat around them (durable and self-reinforcing competitive advantage); a strong Management and a wide Margin of safety.

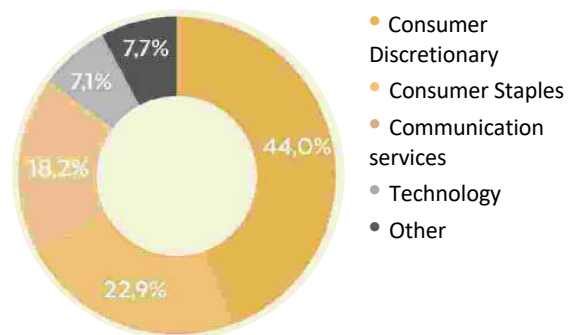
An example? We bought Yihai (sauces, condiments) in the summer of 2016. Yihai leverages the powerful brand of its sister company Haidilao, China’s most famous hot pot restaurant chain. Haidilao restaurants are famous for wonderful customer service. Today Haidilao has over 400 restaurants. Hot pot sauces in China enjoy rapid growth: Yihai’s sales and earnings are up +60% and +39% respectively in 2020. Yihai is the best managed company in its industry, and that distributors loved selling its products because of its strong brand and support. When we invested, it had a US\$400mn market cap and limited liquidity: we paid less than 10x pre-tax earnings for a high-quality business growing north of 20%.

TOP TEN HOLDINGS

Alibaba Group	Naspers
Dada Nexus	NetEase
Gds Holdings	Tencent Holdings
Haidilao Int.	Wuliangye Yibin Co
Kweichow Moutai	Yihai Int.

Source: Banor Sicav; data as at 30/11/2020

SECTOR EXPOSURE



Source: Banor Sicav; data as at 30/11/2020