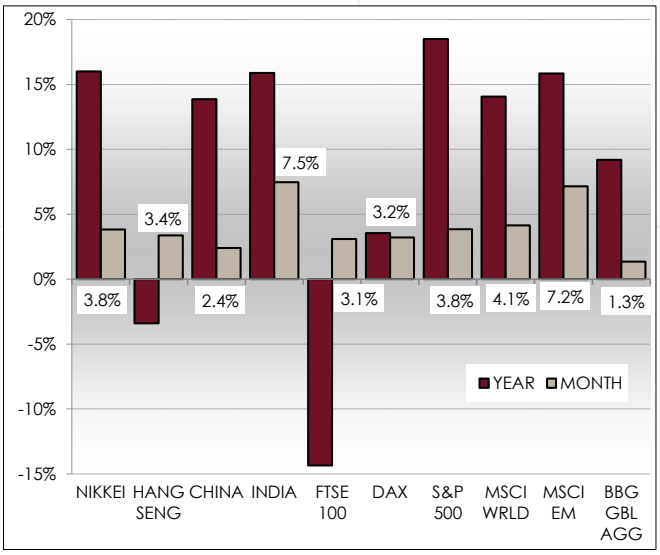
December in perspective – global markets

The year-end break brought with it the opportunity to reflect on what will surely be one of the most bizarre, challenging, and for many people, the most devastating year in their lives. Ironically, it will also go down as one of the most profitable years in developed market history. Of course, markets are not economies, and it is also true that most economies, with the exception of China, are now smaller than they were this time last year, have significantly more debt, and are facing unprecedented social, political and economic challenges. How it all ends will continue to be debated for years to come, but in the absence of agreement on this score, and in the absence of any obvious remedial action required on the part of governments, markets continue to allocate capital as they see fit. In this regard, markets continue to scale the proverbial "wall of worry" and the data shows that they did this particularly well last year.

Chart 1: Global returns to 31 Dec 2020



Like many other months in 2020, December saw global markets rise further, with many ending the year at record peaks. One of the most influential variables during the month was the dollar, which continued to decline against other currencies; the (DXY) dollar index lost 2.1% during December, bringing its annual decline to 6.7%. The weak dollar set the stage for a rally in emerging markets (the MSCI Emerging market index rose 7.2%), commodity prices (the Bloomberg Commodity index rose 5.0%), and of course emerging currencies. The euro rose 2.4% against the dollar, and the rand 3.9%. Even sterling rallied 2.4% against the dollar.

The weak dollar didn't stop developing markets from posting strong gains, too. The MSCI World index rose 4.1%, bringing its 2020 return to 14.1% - not bad for a year that saw the greatest economic and social crisis in living memory, is it? The MSCI Emerging market index rose 15.8% in 2020. Leading the equity market gains in December were Turkey, up 15.1%, Greece (9.8%), Brazil (9.3%), Russia (8.2%), and India (7.5%). The US, Swiss and German markets rose 3.9%, 2.2%, and 3.2% respectively. However, perhaps the real "stars" of the month were US Mid and Small caps, which were buoyed by the prospect of a Democratic sweep in the US elections (which has since come to pass), which would increase the chance of more stimulus being rolled out to US consumers and businesses. The S&P Mid and Small cap indices rose 6.4% and 8.2% respectively, bringing their respective 2020 gains to 11.8% and 9.6%. The US large cap (S&P500) index rose 18.5% during 2020, and was powered throughout most of the year by strongly growing (growth) and large tech companies. This much is clear when you consider that the NASDAQ index, which is dominated by tech companies, rose 5.7% in December and by an astonishing 43.6% for the year as a whole.

Having alluded to strong commodity prices, special mention must be made of the iron ore price, which has particular relevance to the South African economy and mining sector. Iron ore has been on a tear this year, defying all forecasts and even understanding, particularly when one considers the global economic crisis the world finds itself in. Yet the iron ore price rose 20.3% in December alone, and by 73.1% for the year as a whole. This comes after its 26.5% rise in 2019. We are watching closely to see just how sustainable this price rise is, although we note that other metal prices were also firm in 2020; the palladium price rose 22.9%, the gold price rose 24.6%, copper 25.7%, and silver 46.8%. The oil price, for the record, declined 26.7%.

Despite rising levels of debt around the world, bonds enjoyed a reasonable month in December. The Bloomberg Global Aggregate Bond index rose 1.3%, to bring its 2020 return to 9.2% - a credible performance indeed but still far below most equity indices.

Bald eagle, Maryland, USA

Source: @gregpiperarts

What's on our radar screen?

Here is a summary of the things we have been keeping an eye on:

- *The SA economy:* We have continually expressed our fears about the state and future of the SA economy. As time passes, our concern only grows. Sadly, as time passes we are able to add more and more reasons to the already long list of concerns. With government shutting down entire industries and sectors of the economy, for no logical reason and in a seemingly haphazard fashion, with load-shedding now an ongoing occurrence, and a lazy, belligerent, and unyielding unionized labour force, there can truly be little hope for the future of our once great country. If this sounds a bit melodramatic, let's wait a few years and have the conversation again; these things take time to have a real but lasting effect on the economy. For now though, the signs are not good; we think they will only get worse as time progresses. The annual headline inflation rate declined from 3.2% in November to 3.1% in December, the lowest for many years. The problem is that it is declining for the wrong reason, namely a dramatic decline in consumption. The annual core rate of inflation in December was 3.3%. The annual *decline* in retail sales increased from 2.3% to 4.0% in November.
- *The US economy:* The US labour market showed the first month-on-month loss of jobs since April. December saw a loss of 140 000 jobs although the unemployment rate remained steady at 6.7%, breaking a 7-month streak of improvement. Headline inflation rose 0.4% month-on-month in December, bringing the annual inflation rate to 1.4%. Annual core inflation i.e.

excluding food and energy prices, came in at 1.6%. November retail sales were revised down to -1.4% while December retail sales fell 0.7%, adding to concern about the pace of the US economic recovery in the face of the second wave of the pandemic.

- *Developed economies*: Unemployment in the Eurozone area declined to 8.3% in November although it is likely to deteriorate once the recent lockdowns across the region gain traction.

Orca on dawn patrol, Norway

Source: @ paulniklen

- *Emerging economies:* The annual level of inflation in India declined to 4.6% in December, led by lower food inflation and a favourable base effect. That means inflation is now within the Reserve Bank of India's 2% to 6% target range. The annual rate of core inflation declined from 5.7% to 5.5%. Moving over to China, that country recorded economic growth during the December quarter (Q4) of 6.5%, bringing the annual rate of growth for 2020 to 2.3%. If that seems rather low, which it is in historic terms, I humbly remind you that China is the only country on this planet that will record positive growth for 2020. That alone is no mean feat and will result in China gaining significantly more economic momentum and strength than any other country during this extraordinary time of unprecedented economic shrinkage. China's Q4 growth was led by industrial output, which grew at an annualized rate of 7.3%, although the growth in retail sales was lower than expected, at 2.3%. Fixed asset investment for all of 2020 increased by 2.9% while unemployment stood at 5.2%.

Quotes to chew on

Tesla – yes, again …

I am sure by now you are possibly sick of hearing about Tesla, but it continues to plot financial history on an almost daily basis, and the details continue to boggle the mind. I will have more to say on Tesla later, but I list the following quote, contained in *Deutsche Bank Jim Reid's* daily letter *Early Morning Reid* of 8 January: "The only noise in markets yesterday was a bullish stampede as markets continued their strong start to 2021 yesterday as investors brushed off the violence in Washington to look forward to the prospect of more stimulus and less political volatility under a new administration in less than two weeks' time. … US equities hit fresh highs, with the S&P500, the Dow Jones, and the NASDAQ all reaching new records. The latter was helped by the large rally in tech, with the biggest highlight being Tesla gaining 7.9% on the day. *That means the electric car company's market cap rose by $56.9bn, or nearly the entire market cap of GM ($62bn) on the day!*" (my italics).

BRICS revisited

Many of you may have heard of Jim O'Neill, the former chairman of Goldman Sachs Asset Management and the person credited for coining the term "BRIC", being the collective economies of Brazil, Russia, India, and China. He

did so in an economic paper he wrote 20 years ago. On the occasion of the 20th anniversary of that paper, O'Neill wrote an article to place his original comments into perspective. I encourage you to read the original article, which you will find by clicking here.

I thought the following excerpt of the article was worth sharing: "We do not yet know the 2020 GDP numbers for major economies, but most countries' real and nominal 2020 GDP will certainly be smaller than in 2019, and probably significantly so in the case of Brazil, India and Russia. The exception will be China, whose GDP will probably have increased by 5% or more in nominal (US dollar-denominated) terms, further increasing its share of global GDP.

Observing the world under mom's safety

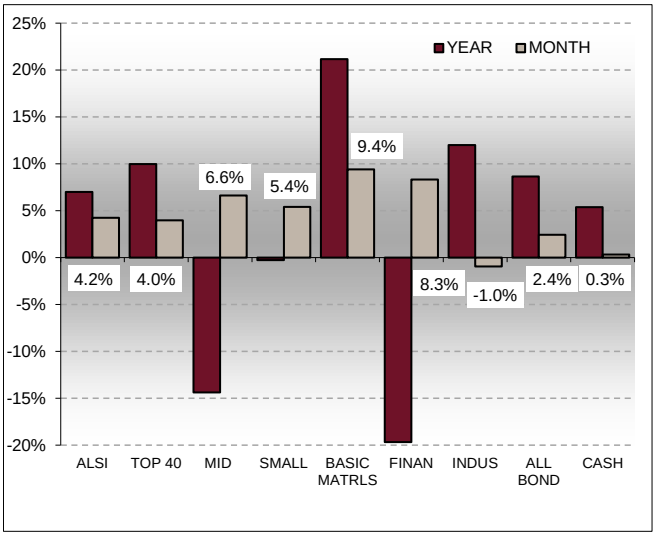
Source: @michele_bavassano

"The pandemic comes on the tail of a decade (2011-20) that was nowhere near as fruitful as the first one. Brazil and Russia's respective shares of global GDP are probably roughly back to their level in 2001. And while India has emerged as the world's fifth-largest economy, it has suffered several rocky years. China alone enjoyed remarkable success during this period. With a nominal GDP of more than $15tn, its economy is around 15 times bigger than it was in 2001, triple the size of Germany and Japan, and five times the size of the United Kingdom and India. Already around three-quarters the size of the US, its economy is on track to become the largest this decade in nominal terms, having already achieved this threshold in purchasing power parity terms".

December in perspective – local markets

Turning to the South African markets, the global trends shaped local market returns. The bond market did fairly well, rising 2.4%, as global investors continued to find our yields attractive (that also explains much of the rand's strength). The Mid and Small cap indices also outperformed the large cap index. The Mid and Small cap indices rose 6.6% and 5.4% respectively, while the Large cap (Top40) index rose 4.0%. The All Share index rose 4.2%, ending the year only 7.0% higher than where it started 2020. The Basic Material, Financial, and Industrial index returns during December were 9.4%, 8.3% and -1.0% (Naspers was under a lot of pressure given Tencent's flat December return and the strong rand), while their respective 2020 annual returns were 21.1%, -19.7% (the prevailing Covid-19-induced crisis was anything but conducive to financial returns), and 12.0% respectively. Finally, we have noted the strong rand; it rose 4.5% in December but for 2020 as a whole *declined* 4.3% against the greenback.

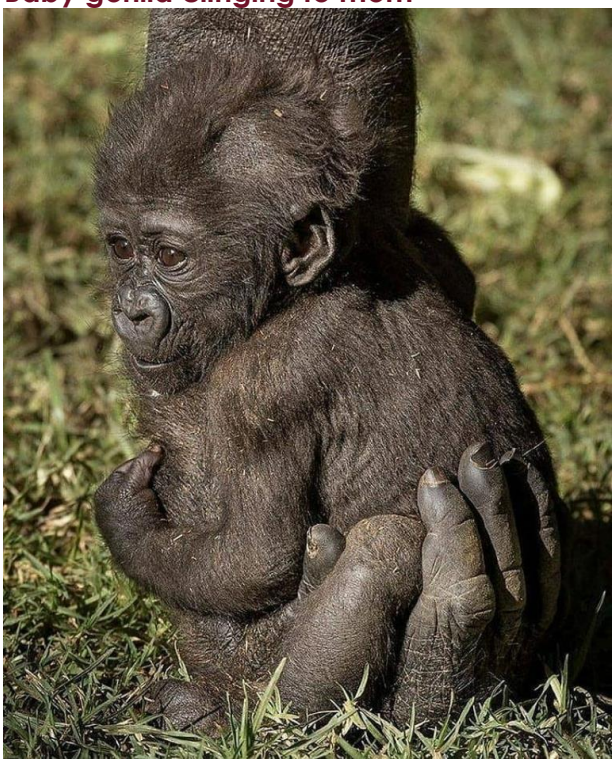
Chart 2: Local returns to 31 Dec 2020



It would be remiss of me not to share our view that 2021 is going to be another very tough year, economically, socially, and politically. The Covid pandemic has brought with it the worst South Africa has to offer: racial tension, corruption, inept governance, incompetence, an unproductive and uneducated workforce, an uncompetitive manufacturing sector, and social restlessness. Highly skilled and educated tax payers continue to leave the country at a faster rate than ever before, despite the unattractive destinations elsewhere. Government has yet to fully grasp the depth and extent of the country's problems, which will only lead to further misery and hardship. We are not at all positive about the outlook for South Africa over any period.

Further afield, although 2020 was a calamitous year by all accounts across the world, again with the exception of China, there are a number of reasons to expect a better year. Share markets posted strong gains during 2020 and are anything but cheap. However, the prospects of a return from cash are minimal, and the prognosis for bond markets is even worse, which leads us to believe that equity markets will remain the asset class of choice, just as it was during 2020. We do not subscribe to the view that a major global equity market correction is about to occur, notwithstanding the expensive ratings and political turbulence in many parts of the world. So it is with a "calm cautiousness" that we are looking forward to the year ahead, and all that the markets have in store for us, and all investors.

Baby gorilla clinging to mom



Source: @rideon

Obituary: Jonas Gwangwa (1937 – 2021)

Jonas Gwangwa, the Oscar-nominated South African jazz musician, has died, aged 83. Born in Soweto in 1937, he mastered the trombone in his youth and in the late '50s was a founding member of the pivotal South African group the Jazz Epistles. The ensemble also featured future legends like pianist Abdullah Ibrahim (then known as Dollar Brand), trumpeter Hugh Masekela, and alto saxophonist Kippie Moeketsi. Modelled after Art Blakey and the Jazz

Messengers, the band was a superb showcase for Gwangwa, whose trombone style embodied both the commanding flamboyance of Jack Teagarden and the technical precision of JJ Johnson. In 1959, he and the Jazz Epistles recorded the first LPs by black South African jazz artists.

Following the 1960 Sharpeville Massacre, government imposed wide-ranging laws that included banning jazz performances and broadcasts, which brought the promising combo to a premature end. Despite the restrictions at home, Gwangwa continued to compose and perform internationally. He was one of the featured artists in the Sound of Africa concert at Carnegie Hall in 1965, which also featured performances by Masekela, Miriam Makeba and Letta Mbulu.

In the early '70s, Gwangwa began living in exile, but continued to employ his music as a form of resistance. From 1980 to 1990, he was the leader of Amandla, the cultural ensemble of the African National Congress. He co-composed the theme song for the 1987 movie *Cry Freedom*, about the anti-apartheid activist Steve Biko, starring Denzel Washington. He was nominated for two Oscars in 1988, for best original score and song. He returned to South Africa in 1991, and continued to record and release music. In 1997, he composed the music for South Africa's bid for the Olympic Games.

Gwangwa's death comes three years to the day after the passing of Hugh Masekela and exactly two years, to the day, after the death of Zimbabwean great Oliver Mtukudzi.

South African pianist Nduduzo Makhathini meditated on the loss. "A jazz community without Gwangwa is hard to imagine. I recall, this particular time experiencing him in festival here in South Africa, he played his classic 'Flowers of the Nation' and I felt as though the entire universe was in agreement with his sound. That evening I left thinking, 'Gwangwa composes anthems.' These anthems now live to comfort us; perhaps the most immortal part of an improviser is his or her songbook.

"If we go with this notion, then Gwangwa lives to eternity," Makhathini wrote. "His stories, through his sound, will be told to our grandchildren for many generations to come." In 2010 Jonas Gwangwa received a national Order of Ikhamanga for his outstanding contribution to music and the struggle for freedom in SA. He and his very special contribution to the country's musical heritage, will be sorely missed.

"To achieve great things, two things are needed; a plan, and not quite enough time."
- Leonard Bernstein

For the record

Table 1 lists the latest returns of the mutual and retirement funds under Maestro's care. Returns include income and are presented *after* fees have been charged. Fund Summaries for each respective fund listed in the table, as well as all the historic returns, are available on our website.

Table 1: The returns of funds in Maestro's care

	Period ended	Month	Year to date	Year
Maestro Equity Prescient Fund	**Dec**	**3.0%**	**10.7%**	**10.7%**
JSE All Share Index	*Dec*	*4.2%*	*7.0%*	*7.0%*
Morningstar sector ave	*Dec*	*4.0%*	*2.1%*	*2.1%*
Maestro Growth Fund	**Dec**	**0.5%**	**11.7%**	**11.7%**
Fund Benchmark	*Dec*	*2.9%*	*8.9%*	*8.9%*
Morningstar sector ave	*Dec*	*2.5%*	*5.1%*	*5.1%*
Maestro Balanced Fund	**Dec**	**0.6%**	**11.0%**	**11.0%**
Fund Benchmark	*Dec*	*2.5%*	*8.9%*	*8.9%*
Morningstar sector ave	*Dec*	*1.9%*	*5.1%*	*5.1%*
Maestro Cautious Fund	**Dec**	**0.7%**	**6.2%**	**6.2%**
Fund Benchmark	*Dec*	*2.1%*	*7.6%*	*7.6%*
Morningstar sector ave	*Dec*	*1.5%*	*4.9%*	*4.9%*
Maestro Global Balanced Fund	**Dec**	**-1.8%**	**21.5%**	**21.5%**
Benchmark	*Dec*	*-1.5%*	*17.8%*	*17.8%*
*Sector average **	*Dec*	*-1.4%*	*14.4%*	*14.4%*

* Morningstar Global Multi Asset Flexible Category

Notwithstanding the returns listed in Table 1, we thought it would be appropriate to list our longer-term returns for our investment solutions, shown in the following tables. All returns are for periods to 31 December, and are taken from Morningstar's monthly unit trust survey. Returns are shown on a net basis i.e. after all fees have been deducted.

Table 2: The Maestro Equity Prescient Fund

Morningstar (ASISA) South Africa Equity General - December 2020						
	3 mths	6 mths	1 year	3 years	5 years	10 years
Maestro Equity Prescient Fund	***6.9%***	***10.9%***	***10.7%***	***0.0%***	***-0.4%***	***5.3%***
Maestro Equity Fund benchmark	9.4%	8.5%	7.6%	1.8%	4.8%	11.4%
SA Peer Group Average	9.7%	10.9%	2.1%	0.2%	3.4%	7.2%
Maestro position within Group	139	78	15	78	99	53
Number of participants	169	167	166	146	114	63
Quartile	4th	2nd	1st	3rd	4th	4th

Table 3: The Maestro Growth Fund

Morningstar (ASISA) South Africa Multi-Asset High Equity - December 2020						
	3 mths	6 mths	1 year	3 years	5 years	10 years
Maestro Growth Fund	***-0.3%***	***2.1%***	***11.7%***	***5.4%***	***3.5%***	***7.2%***
Maestro Growth Fund benchmark	6.9%	7.9%	8.9%	6.0%	7.6%	9.8%
SA Peer Group Average	5.9%	7.2%	5.1%	3.5%	4.4%	8.0%
Maestro position within Group	206	196	10	32	100	43
Number of participants	208	204	199	176	134	59
Quartile	4th	4th	1st	1st	4th	3rd

Table 4: The Maestro Balanced Fund

Morningstar (ASISA) South Africa Multi-Asset Medium Equity - December 2020						
	3 mths	6 mths	1 year	3 years	5 years	10 years
Maestro Balanced Fund	***0.1%***	***2.4%***	***11.0%***	***4.4%***	***3.3%***	***6.9%***
Maestro Balanced Fund benchmark	6.0%	7.1%	8.9%	6.4%	7.7%	9.5%
SA Peer Group Average	4.5%	5.6%	5.1%	4.1%	4.6%	7.4%
Maestro position within Group	96	88	3	42	63	25
Number of participants	99	97	95	85	70	37
Quartile	4th	4th	1st	2nd	4th	3rd

Table 5: The Maestro Cautious Fund

Morningstar (ASISA) South African Multi-Asset Low Equity - December 2020						
	3 mths	6 mths	1 year	3 years	5 years	10 years
Maestro Cautious Fund	***1.6%***	***2.1%***	***6.2%***	***5.6%***	***5.4%***	***7.6%***
Maestro Cautious Fund benchmark	5.4%	6.6%	7.6%	6.6%	8.1%	8.1%
SA Peer Group Average	3.6%	4.6%	4.9%	4.8%	5.3%	7.5%
Maestro position within Group	144	151	54	47	53	24
Number of participants	160	160	158	136	107	54
Quartile	4th	4th	2nd	2nd	2nd	2nd

Table 6: Maestro Global Balanced Fund

Morningstar (ASISA) Global Multi-Asset Flexible - December 2020						
	3 mths	6 mths	1 Year	3 Years	5 Years	10 years
Maestro Global Balanced Fund	***-6.6%***	***-4.7%***	***21.5%***	***15.3%***	***N/A****	***N/A****
Global Balanced Fund benchmark	-4.1%	-2.8%	17.8%	13.5%	6.7%	14.2%
SA Peer Group Average	-2.8%	-0.9%	14.4%	11.9%	6.0%	12.9%
Maestro position within Group	37	31	5	6	N/A	N/A
Number of participants	39	36	32	25	20	11
Quartile	4th	4th	1st	1st	N/A	N/A

Table 7: Central Park Global Balanced Fund

Morningstar USD Moderate Allocation (in US dollars) - December 2020						
	1 Year	3 Years	5 Years	7 years	10 years	15 years
Central Park Global Balanced Fund ($)	***18.2%***	***7.9%***	***8.9%***	***4.7%***	***2.9%***	***3.4%***
Central Park Glbl Balanced Fund benchmark	12.8%	7.4%	8.0%	5.7%	5.6%	5.0%
Global Sector Average	7.2%	4.4%	5.7%	3.8%	3.8%	N/A

By way of background to the above returns, particularly those during the second half of the year, all our local funds have a very strong offshore (foreign) weighting. In addition, the (Central Park Global Balanced Fund) equity portfolio into which our retirement funds are directed, has a strong Chinese and growth bias. Both these areas of the market underperformed the major indices during the second half of last year – refer to Chart 3 to see how our global equity lagged the markets during the past three and six months. Consequently, between the lagging offshore component and the firm rand – the rand firmed 25.0% against the dollar between

"To achieve great things, two things are needed; a plan, and not quite enough time."
- Leonard Bernstein

end-April and December 2020 – it is not surprising to see that most of our offshore and local funds lagged during this period.

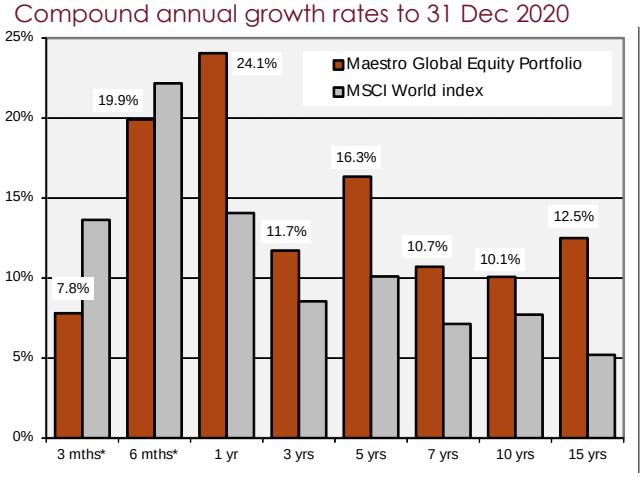
Monkey on hearing of Trump impeachment

Source: @michele_bavassano

Ironically, it was exactly this offshore, growth and China bias that propelled our funds to such enjoyable returns during the first half of 2020. We are of the humble view that the rand is unlikely to sustain its recent strength. In addition, the "sector rotation" we have seen globally i.e. away from growth shares towards value-orientated shares (to use the stereotypical jargon) is unlikely to continue for much longer. Consequently, we have not brought about any material changes to our funds in terms of their biases or asset allocations, and are hopeful that their outperformance will eventually resume and vindicate our views, particularly with regard to our exposure to offshore markets and away from the rand.

Chart 3: Maestro global equity returns

Compound annual growth rates to 31 Dec 2020



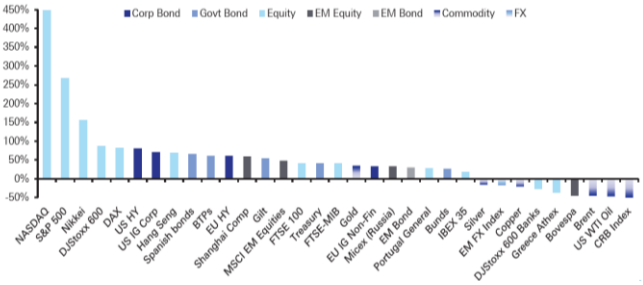
We understand that there will be times when we underperform, but hopefully those will be only for short periods. We are humbled, but delighted, to think that *we have delivered a return of 12.5% on average <u>each year</u> for the past 15 consecutive years*. This is all the more remarkable when you consider that global equities have only delivered 5.2% each year over the same period – refer again to Chart 3 in this regard. These returns provide the foundation of our confidence that, over time, we will continue to deliver above-average returns from global equity markets.

Charts of the month

A review of the returns during the past decade

Moving into 2021 and a new decade provides the opportunity to reflect on the best, and worst, returns that were achieved during the decade. In short, you wanted to own US equities (the S&P500 rose 267%, and the NASDAQ 449% in absolute terms) and didn't want to own commodities, with the CRB Index falling 50% during the decade, with oil not far behind. A summary of returns is provided in Chart 4 – the returns are shown in US dollar terms.

Chart 4: Total (US dollar) returns 2011 - 2020

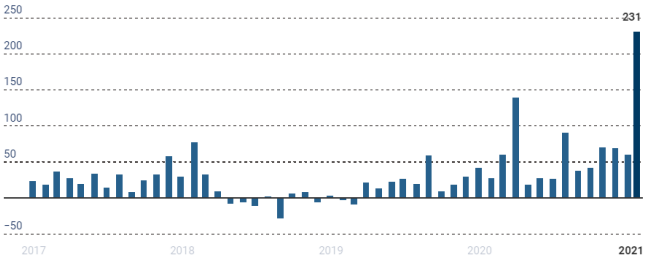


Source: Deutsche Bank

Hong Kong shares – off to a cracking start

The Hong Kong share market lagged badly last year, with a 2020 return of -3.4%. While there were many reasons for this, the Hang Seng index has started 2021 at a blistering pace, having risen 10.8% so far this year at the time of writing, its highest level since May 2019, and the best start to a year since 1985.

Chart 5: Mainland China flows into Hong Kong via Stock Connect (HKDbn)

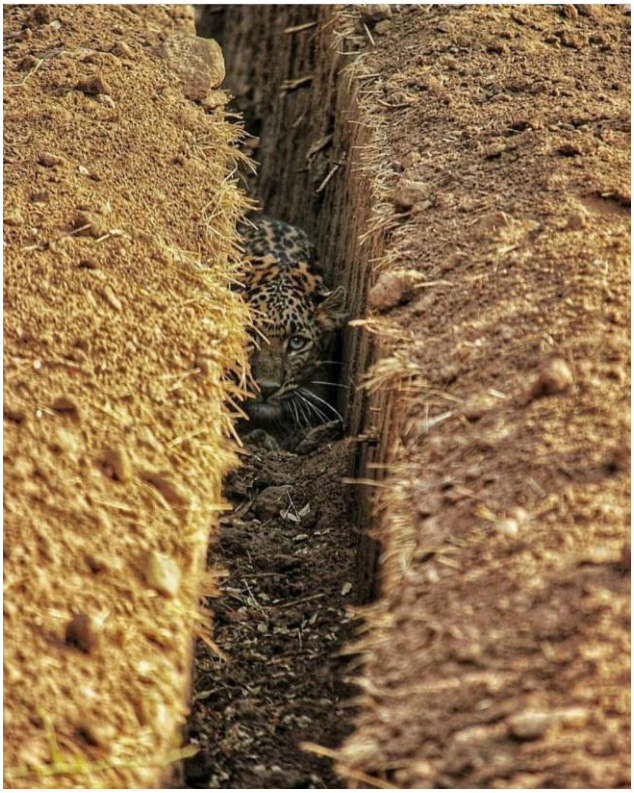


Source: South China Morning Post

One of the reasons behind the strength has been significantly more flows so far this year from mainland Chinese investors – refer to Chart 5 in this regard. The Stock Connect program was established to facilitate market access between Hong Kong and mainland China, specifically the Shanghai (in November 2014) and Shenzhen (December 2016) exchanges. While the flows between the markets has been moderate until now, so far this month alone more than HKD231bn ($29.8bn) has flowed from the North to the South as mainland investors have snapped up shares in Hong Kong, which are significantly cheaper than in mainland China. Chinese A shares trade at about a 35% premium to their peers in Hong Kong (the H shares).

It would appropriate to highlight here that our global unit trust, Central Park Global Balanced Fund, holds many shares listed on the Hong Kong market which are benefitting from this regional strength so far this year. Of course, the Fund lagged the global equity market during the second half of the year in 2020, partly due to the weakness in some of its Hong Kong-listed investments (Alibaba and Tencent being two primary examples). However, so far this year these shares are rapidly making up lost ground, as the returns for January will show in due course.

Feline hide and seek



Source: @abhinavgarg123

Mandarin duck

Source: @k_zalo

File 13: Info almost worth remembering

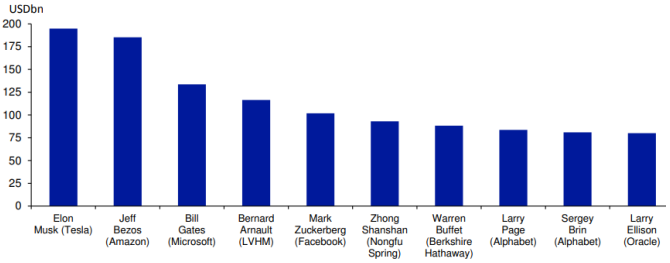
Tesla – yet again

We refer to Tesla so often you can be forgiven for thinking we own shares in it; but we don't. The truth is when a share rises 743.4% in a year, as it did during 2020, off an already-high base, then "things happen" as you will soon see from the comments below. Love it or hate it, Tesla has become the leading light of innovation, of breaking boundaries – a true pioneer in a very competitive industry. Irrespective of where the share price lands up from its current heady levels, in decades to come we will read about Tesla as the iconic pioneer in many fields. To be honest we are privileged to live at a time when this kind of history is being laid down before our very eyes on a daily basis. If you think that is melodramatic, then read on and decide for yourself.

On 7 January, Tesla Founder and CEO Elon Musk surpassed Amazon's Jeff Bezos to become the richest man in the world. At the time of writing, he was worth $202bn. In addition, Tesla's market capitalization (size) is now greater than that of Facebook – remarkable when one thinks that one is a giant tech business with global reach while the other is a "simple" car manufacturer – although admittedly there is much more to the Tesla story that just that.

Deutsche Bank's Jim Reid summed it up well on 8 January: "With Tesla's 7.9% rise yesterday, its $56.9bn increase in market cap (size) *on the day* was the equivalent of nearly one General Motors, or 1.6x Fords. In the process Elon Musk became the richest man in the world. His wealth is virtually identical to the GDP of Greece (population 10.7m) even if one is a stock and one a flow".

Chart 6: The ten richest people in the world



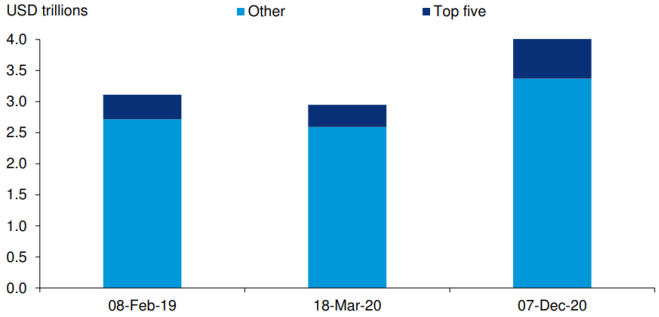
Source: Deutsche Bank

Talking of wealth, Deutsche Bank produced a second, interesting chart – refer to Chart 7 – that demonstrates the increase in wealth of 5 billionaires relative to other US billionaires. The five are Elon Musk (whose primary engine of wealth is driven by Tesla), Jeff Bezos (Amazon), Bill Gates (Microsoft), Mark Zuckerberg (Facebook), and Warren Buffet (Berkshire Hathaway). The external environment has been kind to the five billionaires, partly due to the nature of their businesses (mainly in the service industry) and the significant injections of liquidity by central bankers.

After the initial shock of the pandemic, an index of US billionaire wealth has increased consistently and is now 29% above where we were in February 2019, with the top five 62% above. These are remarkable numbers given the period we've been through. Whether this attracts the attention

of the new US Administration will be interesting to watch and something that could impact markets at some point given how big and important the companies are that these people own.

Chart 7: Wealth of top 5 and other US billionaires



Source: Deutsche Bank

Sending the wrong signal

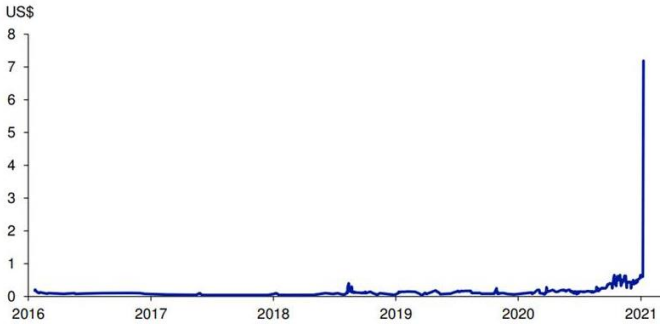
Talking of how influential people can be, especially billionaires – and apologies for this useless information but it really has to be read to be believed – on 11 January something unusual, some would say bizarre, happened.

Bald eagle, Newtown, Pennsylvania, USA

Source: @thrukurtsiens

Again, in the words of *Jim Reid*: "In years to come we'll know whether the 2020-21 period saw a historic asset price bubble the equivalent of say 1929 or 2000. If indeed it is eventually proved we were in one, one story that may capture attention was the 1 500% surge in Texas healthcare company Signal Advance over a 24-hour period after Thursday's tweet from Elon Musk to 'Use Signal'. He was apparently referring to a rival messaging app to WhatsApp but instead fuelled a frenzy in a company that surged from a market cap of around $7m to over $100m on that one misinterpreted tweet. Even after dipping from the highs, it was still up about 1 100% over Thursday and Friday and still had a market cap of $89m by the close for the week.

Chart 8: Signal's surge on Musk mistweetment

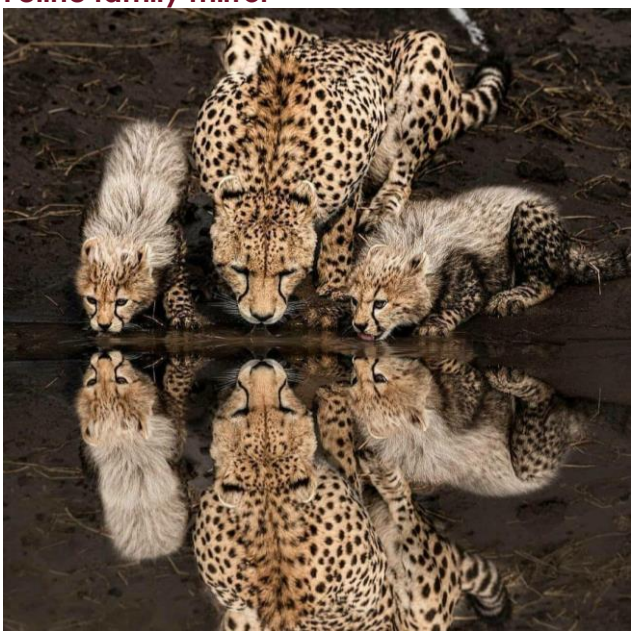


Source: Deutsche Bank

As if that wasn't bizarre enough, the saga continued on 12 January: "At the moment financial markets are benefitting from the liquidity; the story of the moment for me remains Signal Advance - a very small Texas healthcare company. Yesterday it went up 1 500% in 24 hours (before dipping back) after a misinterpreted tweet from Elon Musk on Thursday. Well, yesterday initially it went up close to another 1000% intra-day in a move that nearly made it a billion dollar company for a short period, 48 hours after it was a $7m company and a penny stock for the last 5 years. It still closed up +438% even though the error is now well in the public domain.

"I wonder whether the bubble stories that future historians will write might include this story. Clearly there have been others in this pandemic, notably sound alike companies to Zoom. Maybe I should set up a company called Tolsa Botcoin and see how rich I can get".

Feline family mirror



Source: @alissatphotos

Some astonishing data …

Firstly in China: I was astonished to learn the other day that between March and December last year, China exported 240bn masks in order to deal with the global pandemic. Note, it exported this quantity i.e. that volume excludes all the masks consumed within China; that equates to around 40 masks per person on this planet outside of China. One still hears a lot of criticism about and against China, which is the traditional Western narrative against that country, but I was left wondering where the world would be in terms of fighting the pandemic, especially within the healthcare and medical communities, if it wasn't for the prolific "China machine" that could churn out so many masks for the world to use.

Then secondly, I recently read that during the peak trading day in March last year, as markets headed down to their trough, the New York Stock Exchange handled 100bn trades in one day. No matter how you slice or dice it, that is a lot of trades on one day!! In the daily ease of global trading, one forgets at times just how big and deep global capital markets are, and how effectively they function. Just to recap, that is 100bn orders processed in one day!

Exchange Traded Fund (ETF) lows in 2020:

New business for managers of exchange traded funds jumped by more than a third during 2020 with record net investor inflows pushing global ETF assets to an all-time high of $8tn in a tectonic shift that is ratcheting up competitive pressures across the investment industry globally. Investors world-wide allocated $763bn into ETFs (funds and products) last year, up 34.0% on the net inflows of $569bn registered in 2019, according to preliminary data from ETFGI, a London-based consultancy. Last year's haul was also 16.6% higher than the previous annual inflow record of $654bn set in 2017, a remarkable performance given the violent correction that battered stock markets in the first quarter as the coronavirus pandemic gathered pace across the world. "No one could possibly have predicted back in March during the stock market correction that the ETF industry would end the year with record investor inflows and global ETF assets at a record $8tn. It is truly astonishing," said Deborah Fuhr, the founder of ETFGI. The surge in ETF inflows gathered pace last year after central banks slashed interest rates and provided massive doses of emergency liquidity to stabilise equity markets that had fallen sharply after lockdown measures plunged leading economies into recession. Central banks' aggressive monetary response also helped gold ETFs to collect record

inflows of $44.9bn, pushing the price of the precious metal to above the $2 000 an ounce mark in August.

So what's with the pics?

After last month' theme of cold, ice and snow, I thought I would include only animals this month – although judging from the weather in Europe and the UK perhaps I should stay with cold and snow?

There is no common denominator amongst these photographs, other than that they all represent remarkable shots, surely the product of hours of patience, dedication and professionalism. I hope you enjoy them as much as I do.

"I see you …"

Source: @johanna_abert

White-lipped pit viper

Source: @yensen_tan