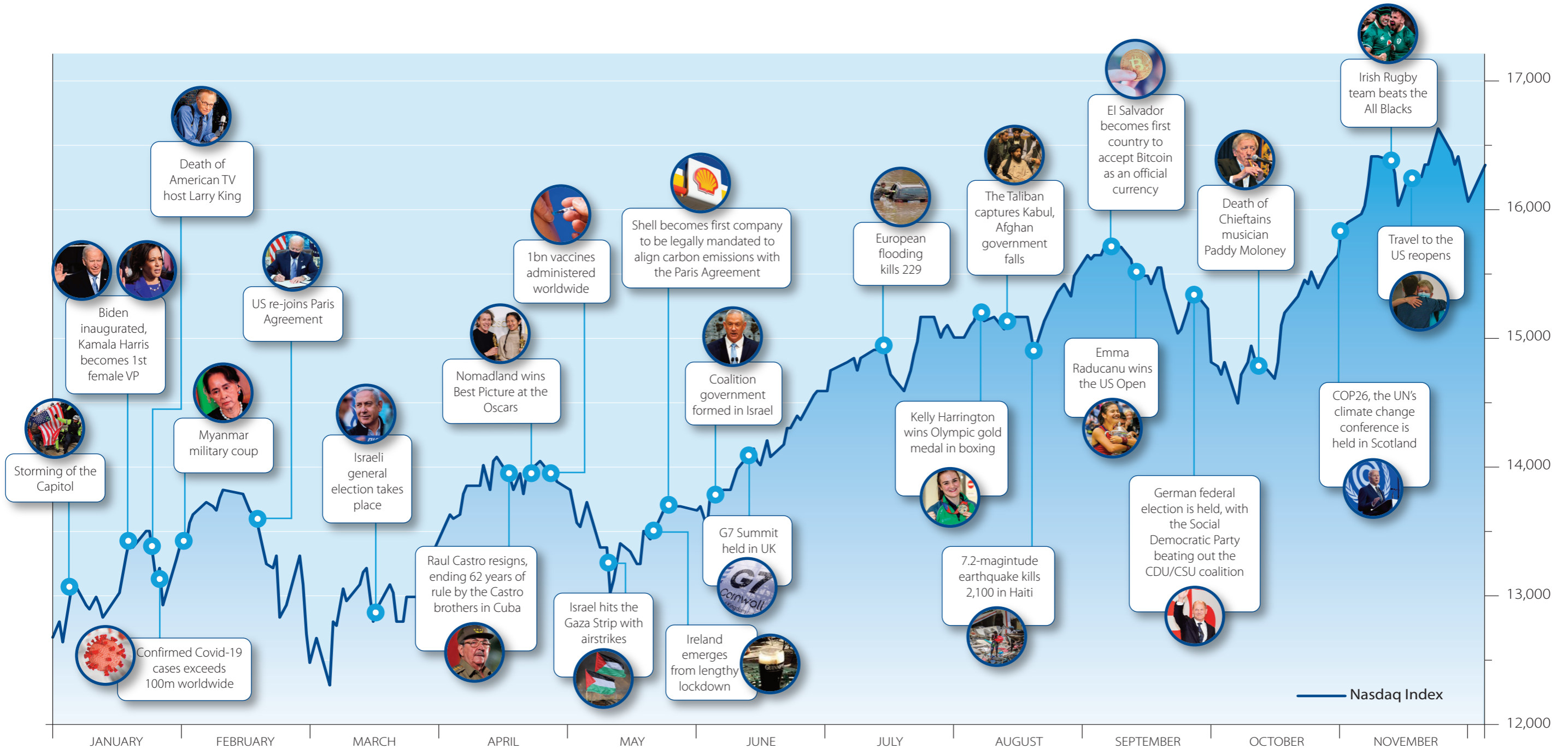


2021 in Review

Top stories and financial news mirrored through the **Nasdaq Index**



Q1 Vaccine rollout begins in earnest with the US and UK particularly fast out of the blocks. Risk assets welcome this, trading higher in anticipation of an acceleration in economic activity as world emerges from lockdown. Cyclical stocks such as financials, miners and energy amongst the biggest gainers. Commodity prices rise strongly including oil, as concerns over inflation emerge, bond yields rise. Emerging markets underperform, as investors worry about the economic impact of rising commodity prices. US President Biden gets inaugurated, promising spending on infrastructure and social programs.

Q2 The quarter begins with a continuation of the trends from Q1 dominating. Vaccine roll-out accelerates in Europe and risk assets remain sought after. Brent crude oil continues to rise, reaching \$75 a barrel by the end of Q2, having begun the year at \$50. Emerging markets remain left out of the party however, as Chinese equities struggle to regain much ground. Despite rising commodity prices, inflationary fears recede somewhat as central bankers insist the current pick-up in inflation is "transitory". US bond yields trend lower, ending the quarter with the 10-year yielding under 1.5%.

Q3 Strength in the US\$ notably gathers momentum, particularly against the Euro, which falls from \$1.18 to \$1.16 during the quarter, as investors anticipate a faster tightening of monetary policy from the Fed than the ECB. The going gets tougher for cyclical assets, as concerns increase over a slowdown in China and the potential for tightening of monetary policy in the US and UK. The Nasdaq resumes its outperformance as corporate results from sector heavyweights like Apple and Microsoft illustrate the resilience of their business models. Over the summer many governments accelerate the relaxing of lockdown rules as vaccination programs continue.

Q4 Covid headlines return to the fore. Despite the successful vaccination rollout, the Delta variant continues to cause concerns, with cases rising again particularly amongst the unvaccinated. In late November, the new variant Omicron emerges. This causes a sharp sell-off in markets and a flight to safety in safe havens such as US Treasuries, whilst oil gives back some of its gains trading down to below \$70. Markets stabilise however, as confidence grows that existing vaccines will provide at least some protection against this new variant and can be reformatted quickly if necessary. Investors also take comfort from strong corporate results and monetary policy that remains accommodative.

WARNING: The value of your investment may go down as well as up.

WARNING: Past performance is not a reliable guide to future performance.