

STRATEGY FOR week commencing 4 January

Out with the old and bring in the new. 2020 will always be a year remembered for the impact of the pandemic which has devastated economies and humanity. 2020 has been a shocker of a year and best confined to the history books. Yet history will also remember it for the finale of Brexit where the UK has finally divorced itself from Europe. A new year alas can not start with a clean sheet as the legacy of 2020 will continue into 2021. Positives from a global roll out of a vaccine to assist in providing protection gives some light at the end of the tunnel. And of course with a new US president about to take office, markets are about to see a new governor in charge at the White House.

The performance of the stock market in January has changed dramatically over time. Since 2000 the average market return in January has been -1.6%, with the market seeing positive returns in only six years. This makes January the worst of all months for shares since 2000. So what's in store for 2021. An anomaly that is often overlooked is that from the point of view of the UK market, it often performs better when there is a democratic president against a republican president. In 2020 the UK FTSE 100 saw a -15% decline over the year. And with the UK now securing independent sovereign status with a free trade agreement with the EU and new trade agreements with Vietnam and Turkey in toe perhaps the UK may yet prove the critics wrong as the place to be as potential upside a possibility.

For a lighter change in mood whether these [2021 predictions- CLICK HERE](#) come true well only know at the end of 2021. Sovereign Debt and how to pay for the massive deficit funding and pseudo money creation will probably be the topic themes of discussions by the political commentators as Brexit has now been consigned to history. The recent surge in crypto currency to elevated new heights last week is probably a reaction to the dive for cover for exploratory assets. I favour a return to more traditional defensive asset allocation. 2021 may well see a resurgence of geo political tensions with the new president stating his case for change.

Gold and resource stocks may well return to favour if the VIX starts to see volatile activity. Again diversification and asset allocation an important part of portfolio management. The portfolio ended last week with a -1.71% decline yet the year ended with a positive December seeing a +6.5% monthly increase thereby confirming that the Santa rally helped the portfolio soften the final yearly decline for the portfolio -6%. In comparison the FTSE 100 losing -15% for 2020, I at least beat the UK market benchmark. This validated my change in emphasis in the 2020 holdings by shifting to US stocks in asset allocation with a minimum exposure to UK stocks. Refiguring the portfolio to sectors that should gain US political traction in 2021 has been my aim with the inclusion of Solar stocks (Canadian Solar, First Solar), Health (Halozyme Therapeutics, Hologic, Orthofix medical), Mining- (Lithium Americas), Renewables (Renewable Energy), Mobile Technology (Apps) . UK Stocks Spirent Communications has been consolidating recently and Housing stocks Bellway and Redrow being muted performers as housing dynamics change (end of stamp duty holiday in March). Further disposals will be on my agenda as I look to take profits early January whilst the market has a temporary exuberance until mid-January when the new president arrives on the scene. Whatever 2021 brings I look to continue my journey in beating the market as best as I can. So forget if one can 24/7 Covid as good fortune is just around the corner. Until Next Time.

[STRATEGY FOR week commencing 28 December](#) [21 December](#) [14 Dec](#) [9 Nov](#) [2 Nov](#) [26 Oct](#) [19 October](#) [12 October](#) [5 October](#) [28 September](#) [21 September](#) [14 Sept](#) [7 Sept](#) [31 Aug](#) [24 Aug](#) [17-10 Aug](#) [3 Aug](#) [27 July](#) [20 July](#)