EB Wealth

QUARTERLY REPORT Q3 2020

Global Overview

Global sector performance for the period 01/07/2020 - 30/09/2020				
Markets	Country	Index (ex div) / Sector	Performance for the Period 01/07/2020 to 30/09/2020	Performance for the Period 01/01/2020 to 30/09/2020
North America	USA	Nasdaq	14.98%	28.41%
		S&P 500	7.05%	2.38%
		Dow Jones	7.95%	-3.77%
UK	UK	FTSE 100	-4.74%	-22.86%
		FTSE All-Share	-3.68%	-22.44%
Europe	Germany	Xetra DAX	4.08%	-4.67%
	France	Paris CAC 40	-2.51%	-20.49%
	EU Countries	FTSEurofirst 300	-0.67%	-14.59%
Asia	Japan	Nikkei 225	4.81%	-0.09%
	China	Hang Seng	-6.63%	-17.81%
	India	Nifty 50	7.84%	-7.67%
South America	Brazil	Sao Paulo Se Bovespa	-1.66%	-20.22%
	Mexico	SE IPC	-0.43%	-15.7%
Other Markets	South Africa	JSE FTSE ALL	0.89%	-5.98%
	Australia	S&P AUST	-1.04%	-12.22%
	Russia	RTS	-5.59%	-24.66%
	Canada	S&P/TSX	3.19%	-5.72%
Commodities	N/A	Gold	6.51%	23.56%
		Silver	28.81%	31.94%
		Brent Crude Oil	3.56%	-27.58%
		Copper	10/.99%	8.21%

Most of the indices weren’t able to maintain the recovery they experienced in Q2, and instead had negative growth in Q3. The North American indices, however, bucked this trend, with the NASDAQ in particular growing by 14.98%. Commodities continued to perform strongly in Q3, with everything apart from Crude Oil in the green for the year.

EB Wealth Viewpoint

US Presidential Election

When Donald Trump announced his intentions to run for president back in June 2015, most major political figures did not take his campaign seriously, assuming it was another vanity project for the controversial businessman. However, with his brash personality and his slogan of “Make America Great Again”, he quickly rose to the top of opinion polls and secured the Republican nomination for the 2016 Presidential race.

Despite trailing behind Hillary Clinton in the polls, he eventually caused one of the biggest upsets in political history by winning the 2016 election.

If we were to ignore everything else and just focus on the US economy, one could argue his presidency was a success, prior to the COVID-19 pandemic. the US economy had grown at an average annual rate of 2.5% over the first three years. This growth was also backed by the Dow Jones Index rising to its highest point just before the pandemic. Trump also brought unemployment down to 3.5%, the lowest it has been in over 50 years.

Trump slashed taxes, increased spending which caused the federal budget deficit to increase significantly to a point where it was estimated to be 4.7% of GDP at the end of 2019. With the COVID-19 pandemic wreaking havoc in 2020, the fiscal office has estimated that the deficit will be at least 17.9% of GDP by the end of 2020, raising the question of when the debt will start hurting the economy.

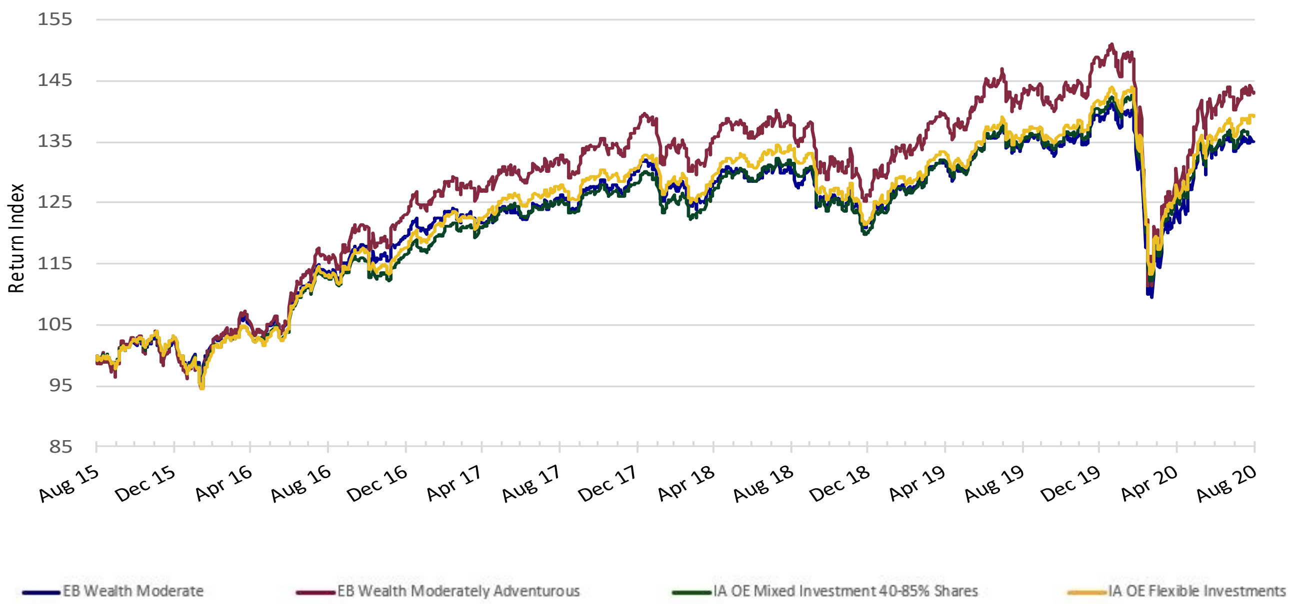
Donald Trump assumed the 2020 Republican nomination and seems undaunted by Joe Biden who has now secured the Democratic nomination. Trumps economic record is impressive, but with the pandemic rampant in the US, Trump’s approval ratings face tough scrutiny as he fails to acknowledge the virus and subsequently protect the American people. It seems, Trump would rather risk death than close down ‘business as usual’ or wear a mask. It is difficult to predict what will happen in the next few months.

But, if Biden were elected, we can expect that he will reverse many of Trump’s economic policies, such as reinstating corporate tax. Whilst this would mean US companies would feel some strain in the short-term, it should be beneficial for the economy in the long-term and would help bring down the US deficit. Biden could also bring a conclusion to the China trade war, which would be welcomed by companies such as Apple, who rely on China for the manufacture of their products.

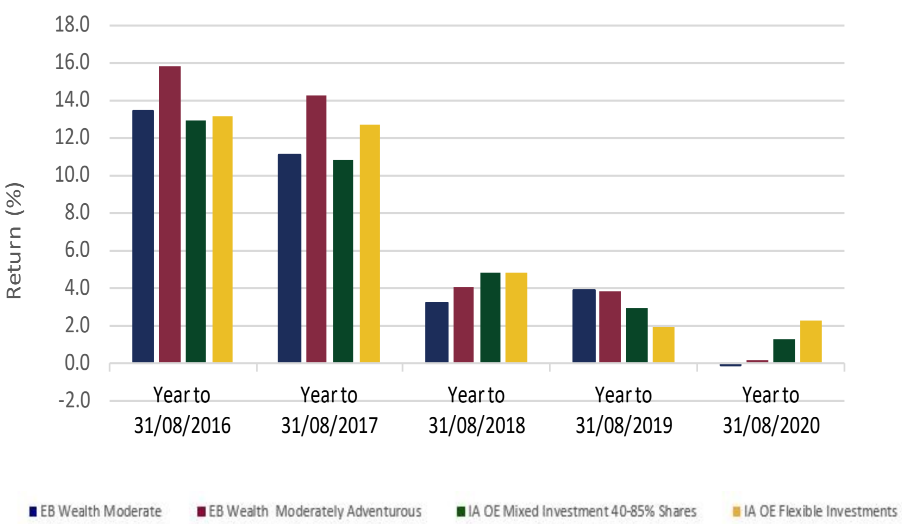
despite the US having the largest economy in the world and having strong growth over the past few years we at EB Wealth believe, it is best for us to maintain a neutral position in the US market.

Tharshan Balenthiran
EB Wealth

EB Wealth Portfolio Performance



This chart shows year to date performance of our Moderate and Moderately Adventurous fund portfolios over the last five years. We have also included the IA OE Mixed Investments 40-85% returns and IA OE Flexible Investments as benchmarks. Please see the last page for more information in relation to the benchmarks along with further information on our portfolio returns.



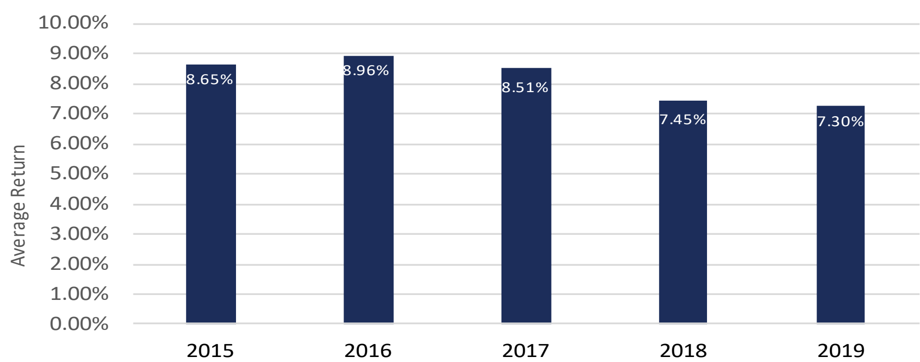
Discrete Annual Performance

This chart shows the discrete annualised performance of our Moderate and Moderately Adventurous fund portfolios over the last five years.

We also run Cautious, Moderately Cautious and Adventurous portfolios and information on these portfolios can be obtained upon request

Structured Product Average Return

This chart shows the average return achieved on our structured products recommendations on a discrete annualised basis.



Market Commentary UK

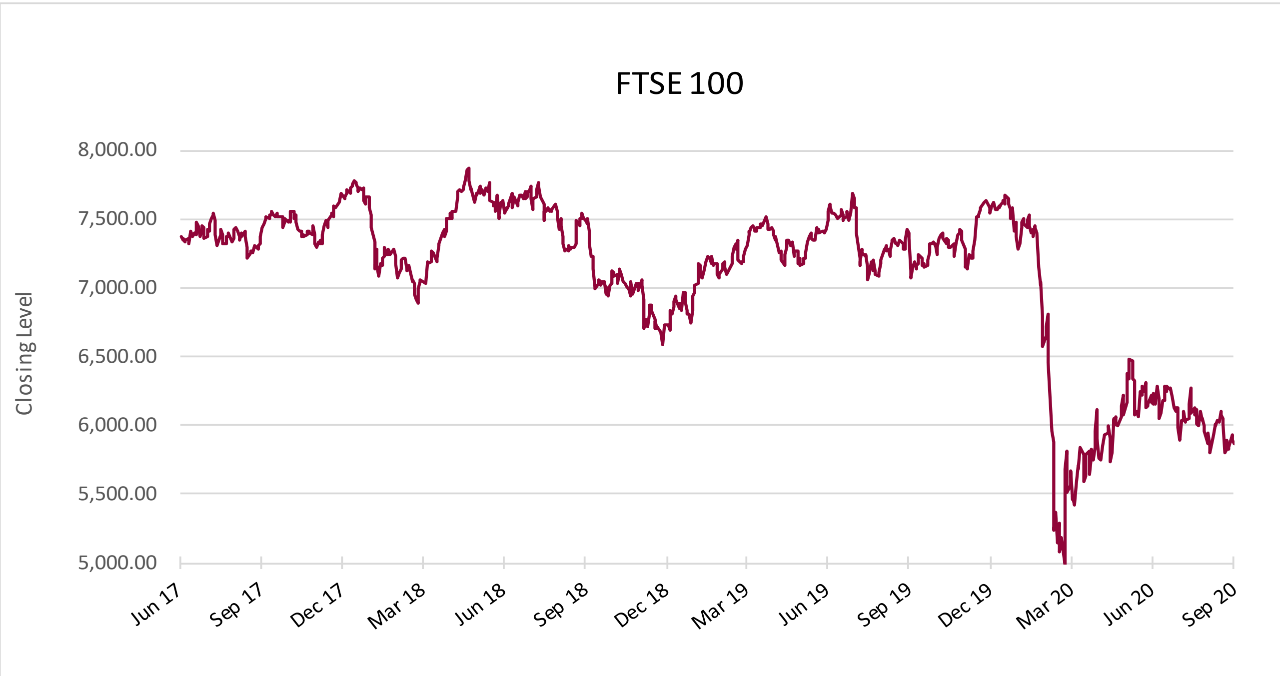
Macroeconomic Highlights 01/07/2020 to 30/09/2020		
	Latest Reading	Compared to Previous Quarter
GDP Growth	16%	Increased from -18.8%
Yearly Inflation	0.6%	Remained at 0.6%
Wage Growth Including Bonuses	1.4%	Increased from -0.2%
Unemployment Rate	4.5%	Increased from 4.1%
Interest Rates	0.1%	Remained at 0.1%

Buoyed by the success of Q2 it seemed the UK economy was heading for a quick recovery; unfortunately, as the virus continued to spread Q3 saw the FTSE 100 Index fall again by 4%.

Initially, Q3 saw restrictions eased with the hospitality sector opening in July. In order to boost this sector, Rishi Sunak introduced the "Eat Out to Help Out" scheme which ran throughout August. Over 64M meals were claimed and over 2M jobs protected. Whilst this gave a boost to the UK economy, a second wave of COVID-19 cases, travel restrictions and the stalemate of the Brexit trade negotiations, dragged the index down.

Currently, the only solution is a vaccine administered to the masses, creating heard immunity so things can return to normal. However, even if a vaccine were approved, it would still be late 2021 by the time enough of the global population could be vaccinated for this pandemic to end.

Therefore, the economic recovery will be slow, and the uncertainty will continue. At EB Wealth, we remain cautious about the UK economy. However, we believe that now is a good time to invest for our clients with a good level of cash reserves.



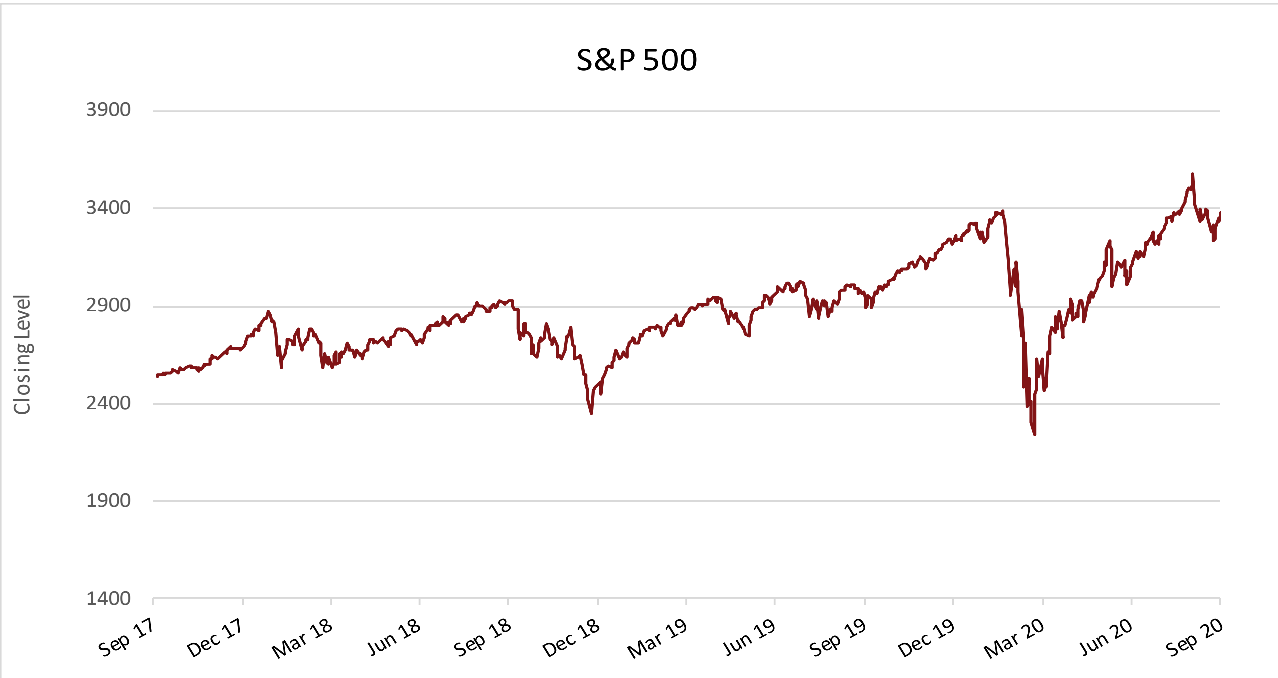
Market Commentary US

Macroeconomic Highlights 01/07/2020 to 30/09/2020		
	Latest Reading	Compared to Previous Quarter
GDP Growth	33%	Increased from -31.4%
Yearly Inflation	1.2%	Increased from 0.3%
Wage Growth Including Bonuses	1.01%	Increased from -3.94%
Unemployment Rate	8.8%	Fell from 13.1%
Interest Rates	0.25%	Remained at 0.25%

The S&P 500 started off in a strong position, recovering beyond its pre COVID-19 level and eventually reaching its highest point of 3,508 in late August. Building upon the healthy recovery it had seen in Q2 August saw its best growth in 34 years.

This growth was led by consumer spending specifically in technology with adults and children working from home. Apple was able to exceed the $2 trillion valuation. On the flip side, the energy sector, which is heavily reliant on the US economy, continued to suffer as it's down by more than 20%. With oil prices remaining low, the energy sector will continue to have some difficult quarters ahead.

The US economy has performed well throughout Q3, going against most forecasts. However, with the Presidential election on the horizon, it is hard to predict whether this strong performance will continue in Q4 and therefore EB Wealth will be maintaining its neutral position in the US market.



Market Commentary Europe

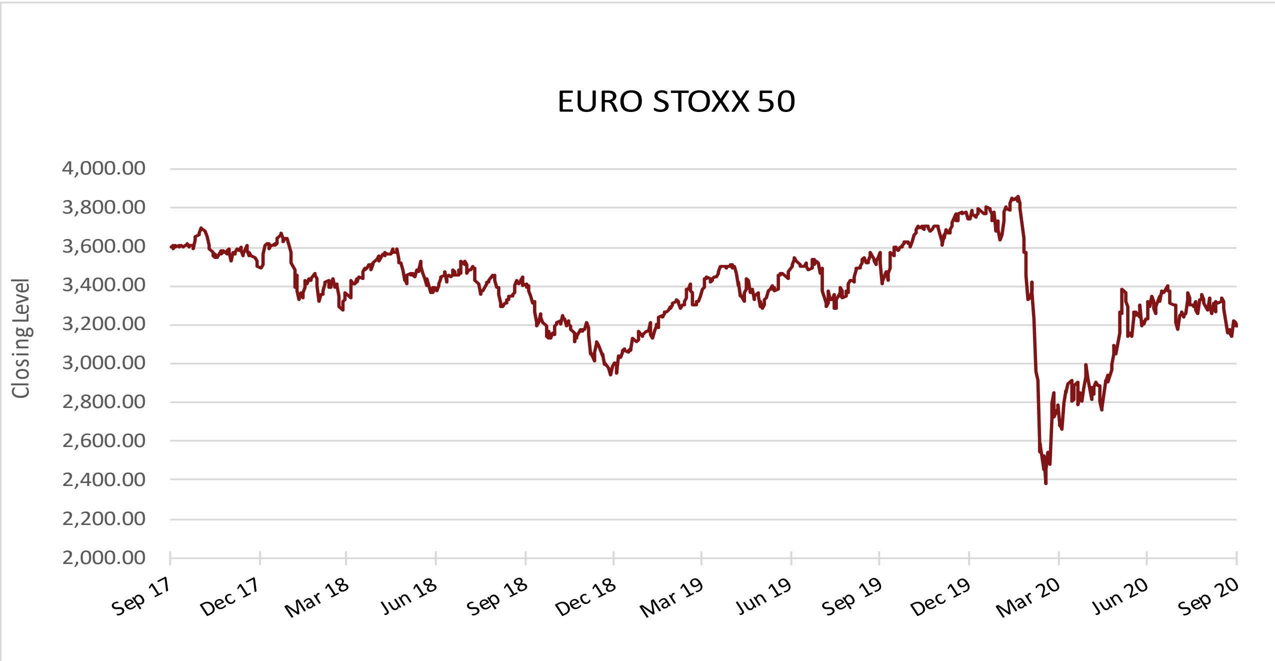
Macroeconomic Highlights 01/07/2020 to 30/09/2020		
	Latest Reading	Compared to Previous Quarter
GDP Growth	12.5%	Increased from -11.7%
Inflation	-0.03%	Fell from 0.2%
Wage Growth	2.2%	Fell from 4.5%
Unemployment Rate	8.6%	Increased from 7.6%

The economic performance of the European equities slowed down in Q2, providing flat returns throughout Q3. The sharpest falls were seen within the energy and financial sectors, whilst the materials and the automotive industries performed particularly well.

The Euro Stoxx 50 Index lagged towards the end of the quarter as COVID-19 infections sharply increased throughout Europe, particularly in France and Spain where new restrictions were announced to try and curb the virus. Despite the high number of cases, death rates still remain relatively low in comparison to the initial outbreak as treatments have improved.

In order to help the damaged European economy, where various national lockdowns had been imposed in Q2, the EU announced a €750 billion (6% of Eu GDP) package to support the economies. However, with localised lockdowns being announced throughout the continent towards the end of the quarter, this support package may not have the desired effect EU leaders originally envisaged.

How the European economy will fare in Q4 will largely come down to how bad the anticipated second wave of COVID-19 is. At EB Wealth, we remain cautious about the prospects of European shares in Q4.



Market Commentary Japan

Macroeconomic Highlights 01/07/2020 to 30/09/2020		
	Latest Reading	Compared to Previous Quarter
GDP Growth	5.3%	Increased from -8.3%
Inflation	0.2%	Increased from 0.1%
Unemployment Rate	3%	Increased from 2.8%

The Japanese economy continued its strong recovery from Q2, recording growth of 5.2%. The growth was led by the strong progress of higher-valuation stocks. Small cap stocks also performed particularly well, with their value exceeding pre COVID-19 levels by the end of the quarter. The Nikkei 225 Index has mostly recovered from its losses from March. Another positive in the quarter is that industrial production has rebounded back larger than expected.

Prime Minster Shinzo Abe announced his resignation in August due to health problems. He was quickly replaced by Yoshihide Suga, who was the Chief Cabinet Secretary.

Regarding COVID-19, Japan has largely shut itself off from the rest of world. However, towards the end of the quarter, Japan set up a travel corridor with five other Asian countries. COVID-19 cases peaked in early August, but cases have been on a downward curve since.

Japan has so far appeared to avoid the brunt of the COVID-19 pandemic with less cases and deaths compared to the other major superpowers, allowing the economy to perform strongly in both Q2 and Q3. Whether Japan can maintain this strong growth in Q4 under a new prime minster remains to be seen. As such, it could now be a good time to invest in the Japanese market.

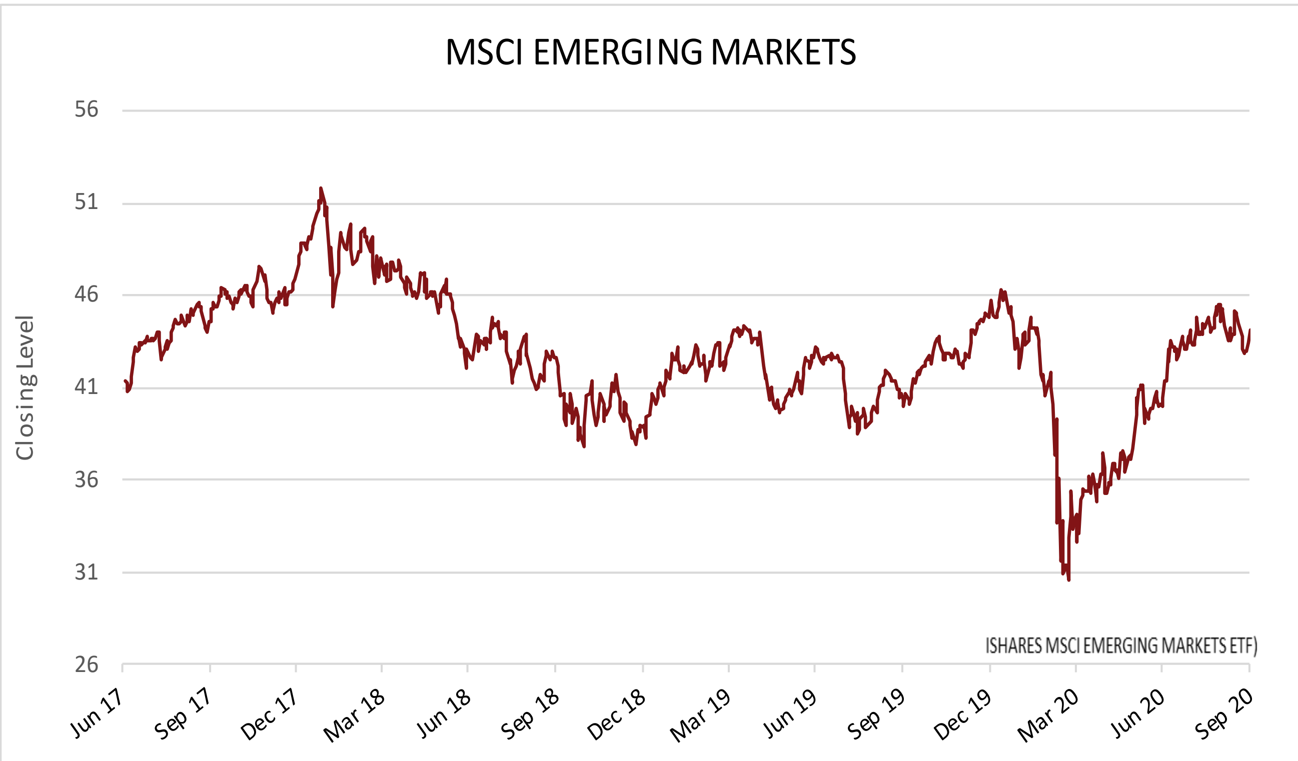
Market Commentary Emerging Markets

The Emerging Markets Index performed well in Q3, almost recouping all the losses it suffered in March. The weak US dollar aided the recovery of the index in the early part of the quarter, along with optimism that a COVID-19 vaccine could be potentially approved for use by the end of 2020.

Despite the cross-border skirmishes in the Himalayas between India and China, both countries have managed to finish the quarter ahead of the index. However, China also enacted its controversial security law in Hong Kong, which has soured its international relations. COVID-19 still presents a significant problem in India, which has over 6 million cases and well over 100,000 deaths. With testing still being an issue in the country, the true numbers could be much higher. On a positive note, towards the end of the quarter, the infection rate in India appeared to be slowing down.

The North Asian countries of South Korea and Taiwan also performed well in the quarter, due to their tech and ecommerce sectors. Also, these countries handled the virus relatively well and were able to re-open their economies to a greater degree. Countries such as Brazil and Russia, that are closely linked to commodity production, both struggled in the quarter, falling 7% and 4.2% respectively.

Looking to Q4 and beyond, it is hard to predict what will be in store for the index as the uncertainty around COVID-19 continues. Despite the pandemic, most key markets remain strong and the aggressive fiscal stimulus pursed by the US Federal Reserve has weakened the US dollar, giving much needed breathing space to countries that borrow from the US. At EB Wealth, we expect the tech-heavy sectors of North Asia to continue to do well.



Market Commentary Fixed Interest

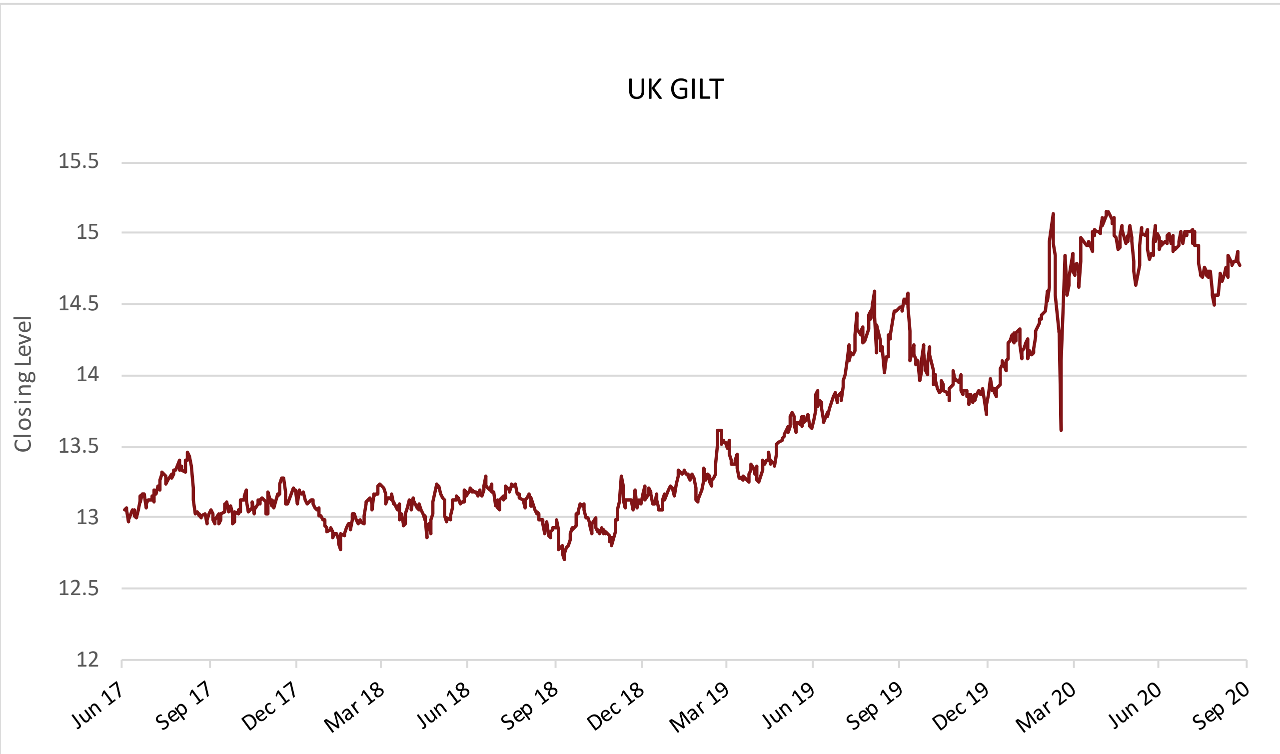
The UK Gilt Index performed well in Q3 on the back of the various fiscal support packages announced by the UK government to counteract the economic downturn from COVID-19. However, towards the end of the quarter, the UK yield fell as the uncertainty around Brexit resumed.

The Bank of England (BoE) also wrote out to banks in the UK, asking them to prepare for a scenario where they may introduce negative interest rates, which would cause the yield to fall even further, potentially pushing bond prices to the highest level we have ever seen them.

Corporate bonds performed strongly in the quarter, supported by the purchasing of the bonds by various central banks across the globe. With the UK government announcing a new version of the furlough scheme, it can be reasonably expected that UK bonds will continue to perform well.

With the global market currently awash with an oversupply of government bonds - and with most global interest rates remaining close to zero - government yields will continue to go down and get closer to 0%. What will happen in the UK bond market will largely depend on whether the BoE decides to bring in negative interest rates. Whilst the BoE Governor, Andrew Bailey, has ruled this out in the short term, the current indications suggest that this could come sooner rather than later.

With global uncertainty continuing, we at EB Wealth will maintain our current position in the fixed interest market.



Our Tactical Allocation

Sector	Forecast	Position	Morningstar Moderately Adventurous Allocation (%)	Tactical Overlay (%)	Moderately Adventurous Final Allocation (%)
US	Unfavourable	Underweight	11	-2	9
UK Large Cap	Unfavourable	Underweight	22	-5	17
UK Mid Cap	Unfavourable	Underweight	8	-3	5
UK Small Cap	Unfavourable	Underweight	5	-3	2
Europe	Unfavourable	Underweight	13	-1	12
Japan	Fair	Neutral	7	0	7
Asia	Unfavourable	Underweight	4	-3	1
Emerging Markets	Favourable	Overweight	9	1	10
Property	Unfavourable	Underweight	5	-1	4
Commodities	Unfavourable	Underweight	5	-2	3
Global Fixed Income	Unfavourable	Underweight	2	-1	1
UK Gilts	Unfavourable	Underweight	2	-1	1
UK Corporate Bonds	Fair	Neutral	2	0	2
UK Inflation Indexed	Favourable	Overweight	2	2	4
Cash	Favourable	Overweight	3	19	22

Notes on EB Wealth Performance Statistics

Our Benchmarks

1. IA OE Mixed Investments 40-85% - this shows the average performance of all funds which qualify for the 'Mixed Investments 40-85%' sector which have the following characteristics:

- Include a range of different investments
- Maximum 85% equity exposure (including convertibles)
- Minimum 40% equity exposure
- No minimum fixed income or cash requirement
- Minimum 50% investment in established market currencies (US dollar, sterling & euro) of which 25% must be sterling
- Sterling requirement includes assets hedged back to sterling

This is broadly in line with what the industry used to refer to as a 'Balanced Managed' fund and is broadly in line with our Moderate as well as Moderately Adventurous portfolios. However, our portfolios have no set mandates as to the amount of exposure we hold in any specific asset class.

2. IA OE Flexible Investments - this shows the average performance of all funds which qualify for the 'Flexible Investments' sector which have the following characteristics:

- Include a range of different investments
- No minimum equity requirement
- No minimum fixed income or cash requirement
- No minimum currency requirement

This is broadly in line with what the industry used to refer to as "Specialist". Since we do not impose any asset allocation restrictions on our portfolios, this benchmark is relevant; however, currently our Moderate and Moderately Adventurous portfolios would also fall within the mandate to be considered IA OE Mixed Investments 40-85%.

3. RPI (Retail Price Index) - along with the CPI (Consumer Prices Index), the RPI measures consumer inflation in the UK. Whilst the official measure is now CPI, RPI is still used for many types of cost escalation and we believe is a more relevant figure for measuring real returns. RPI is currently running circa 0.9% higher than the official government CPI figures.

Structured Product Returns

The performance data provided is the average of all structured products we have recommended to clients over the last six years where the return of the product is known i.e. where a product has matured, or an income payment has been received. We have also weighted the performance figures based on the level of investment we have made i.e. if we recommended a greater level of investment in one particular product over another, we have weighted the performance figures accordingly.

As structured products are close-ended investments, clients will only benefit from returns on the products they own personally rather than the average figures published in this report. The average figures are provided to highlight the general benefit of using structured products to reduce the volatility of a portfolio without necessarily impacting the total return.

The structured product returns quoted in this report may change in subsequent reports due to the fact that products which we have recommended, but are yet to mature, have not been included in the returns quoted above. (For example, a five-year product with the potential to pay 6% a year which has not yet matured, will not be included in the figures above. Depending on the outcome of the investment, when the product matures, we will allocate either 6% or 0% a year to the preceding five years).

Our Services

Wealth Management

Pension / SIPP funding
Pension / SIPP investment management
Pensions in retirement / Income drawdown
ISA funding
ISA investment management
Trustee Investments
School Fees Planning
Managing estates under Power of Attorney

Personal Insurances

Life and Critical Illness Cover advice and brokerage
Family Income Benefit advice and brokerage
Mortgage Protection advice and brokerage
Income Protection advice and brokerage
Private Medical Insurance advice and brokerage
Tax Planning / Other

Pension funding and 'in retirement' tax planning

Inheritance Tax planning
Capital Gains Tax planning
VCTs, EISs, ISAs, Bonds
Financial Planning in relation to Marriage, Divorce or bereavement.

Corporate Services

Auto Enrolment and Company Pensions
Partnership/ Shareholder Protection
Key Person Insurance
Employee Benefit Programmes and Communication
Services for Charities
Business Exit Planning

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