



ECONOMIC RECOVERY IS SLOWLY STARTING. US GDP ROSE IN Q4 2020

VACCINATIONS ARE BEING ADMINISTERED



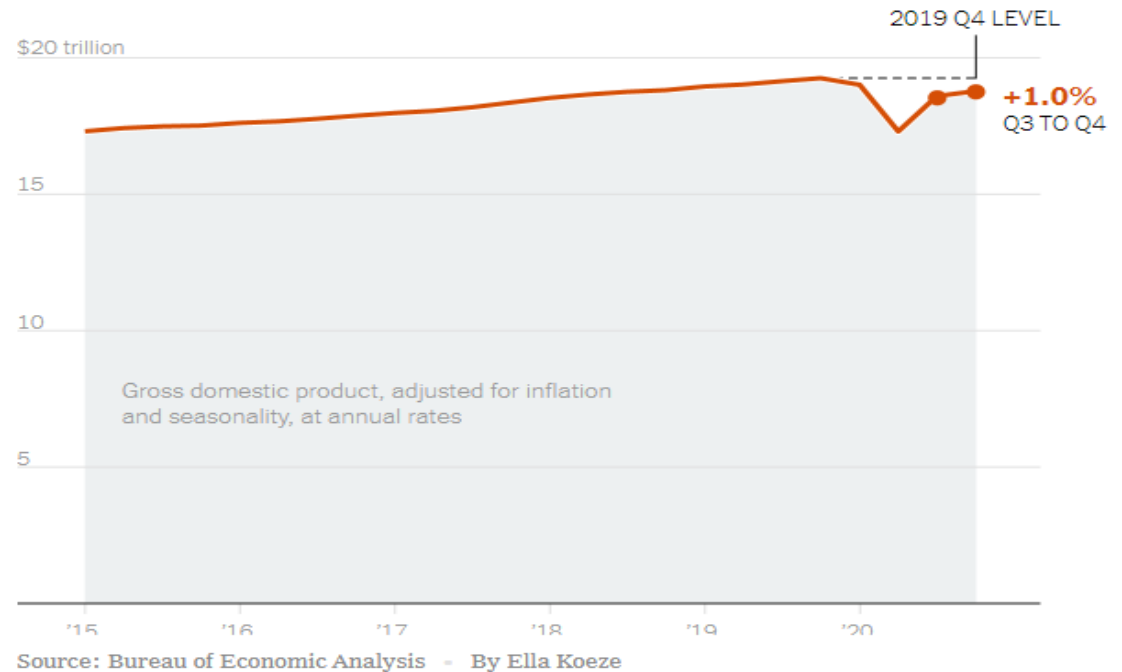
US GDP ROSE IN
Q4 2020. THE US
ECONOMIC
RECOVERY HAS
SLOWED BUT WILL
SHOW GROWTH
WITH INCREASED
VACCINATIONS

- ✓ Global vaccinations are underway 9.4% USA, 13.95% UK
- ✓ US GDP Q4 2020 slowed as expected. Growth outlook will improve and is positive as outlined by Goldman Sachs. Growth forecast revised up to 6.6% in 2021
- ✓ Technology and E-commerce's importance continues to grow in the economy. Weighting in the S&P 500 Index.
- ✓ Performance is solid with trail for IFAs.

US GDP ROSE IN Q4 2020. THE US ECONOMIC RECOVERY HAS SLOWED AS COVID-19 KEPT PEOPLE AT HOME

GDP Growth for Q4 2020

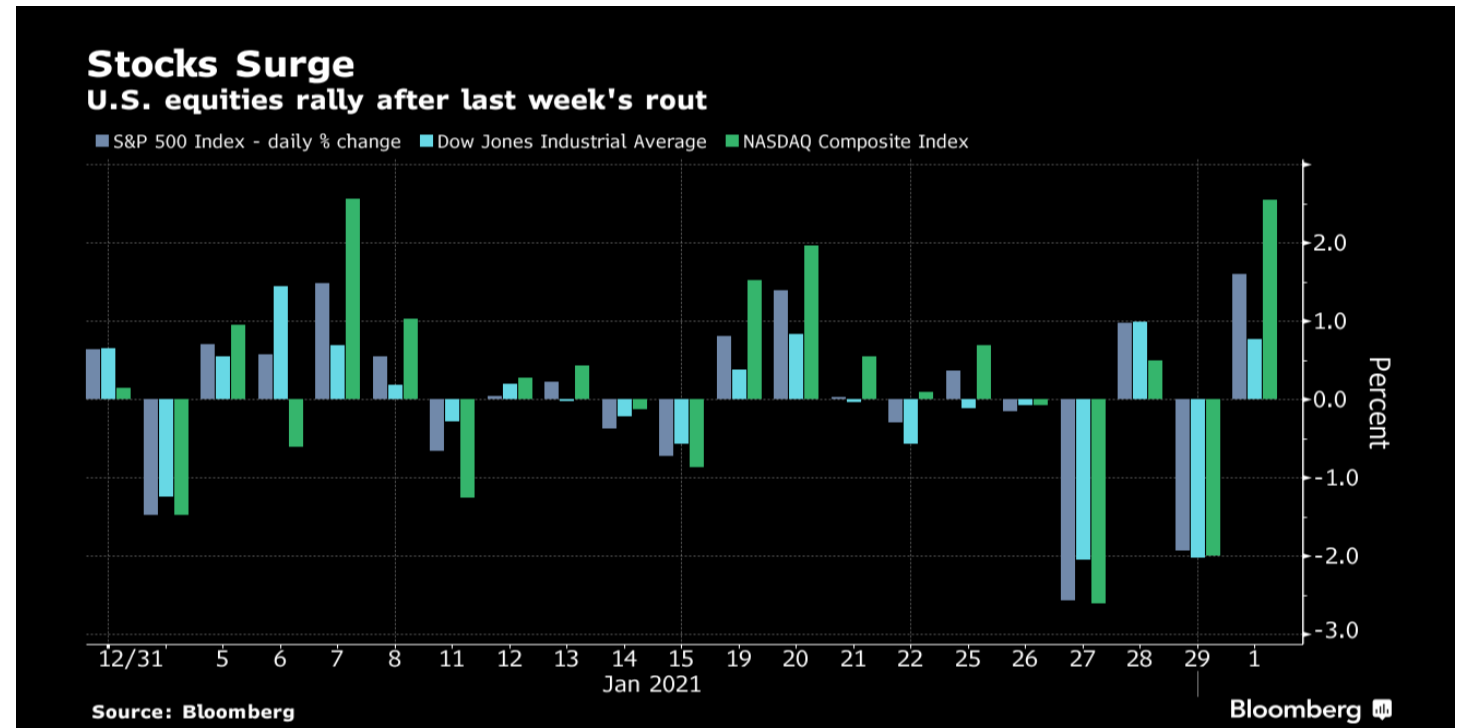
G.D.P. grew in the fourth quarter but isn't back to pre-pandemic levels.



- ✓ Q4 GDP improved in the US, however it will not be a straight line.
- ✓ COVID-19 lockdowns have kept many people at home over the winter season, which will have directly effected the GDP numbers.

US EQUITIES RALLY AFTER LAST WEEK'S DECLINE

As February Begins Stocks Surge



- ✓ Stocks rallied on Monday to counteract the decline towards the end of January. Equities remain the only place to get any real return on investment.
- ✓ This shows minor roadblocks that dent investor confidence such as the Gamestop surge do not influence the markets negatively over time.

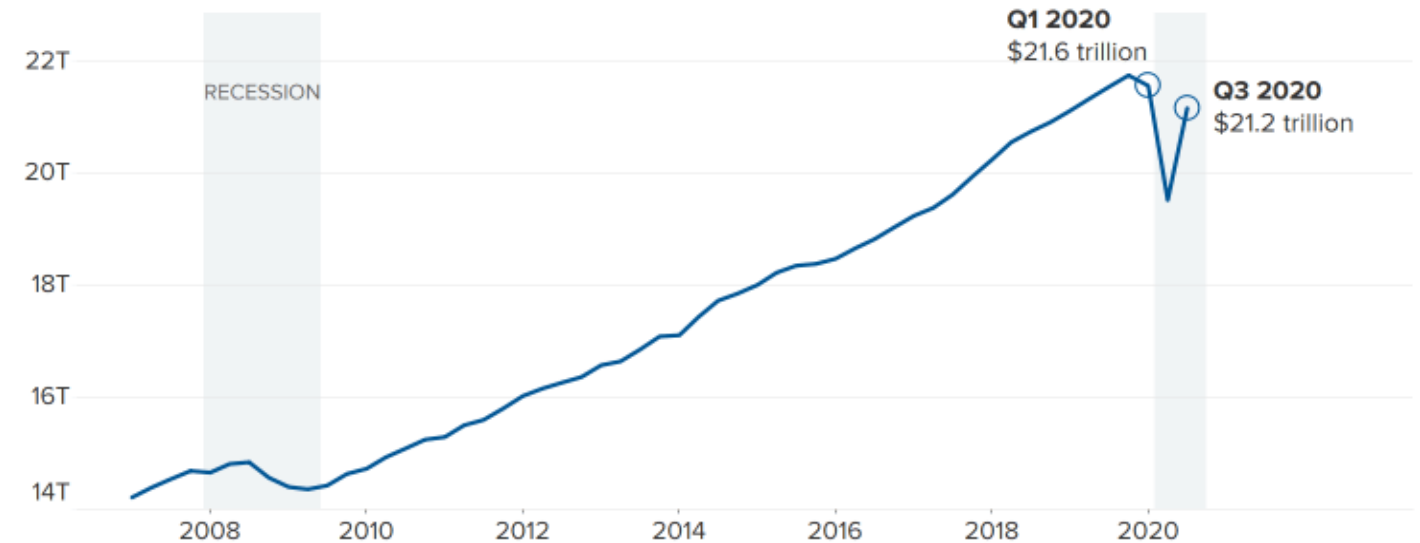
THIS IS WHAT WE
SAID AFTER Q3
2020 GDP
NUMBERS
“ECONOMY IS
RECOVERING IN
THE UNITED
STATES”

(WON'T BE A
STRAIGHT LINE)

Economy Recovering In United States

U.S. gross domestic product (GDP)

Total value in current U.S. dollars, seasonally adjusted



SOURCE: Bureau of Economic Analysis. Data is seasonally adjusted.



- ✓ GDP is improving in the US, however it will not be a straight line.
- ✓ The improving economic outlook will bolster confidence in the markets and push prices higher as the economy opens further.

PERCENTAGE OF
PEOPLE
VACCINATED
GLOBALLY IS
GROWING
(13.95% UK,
9.40% USA)

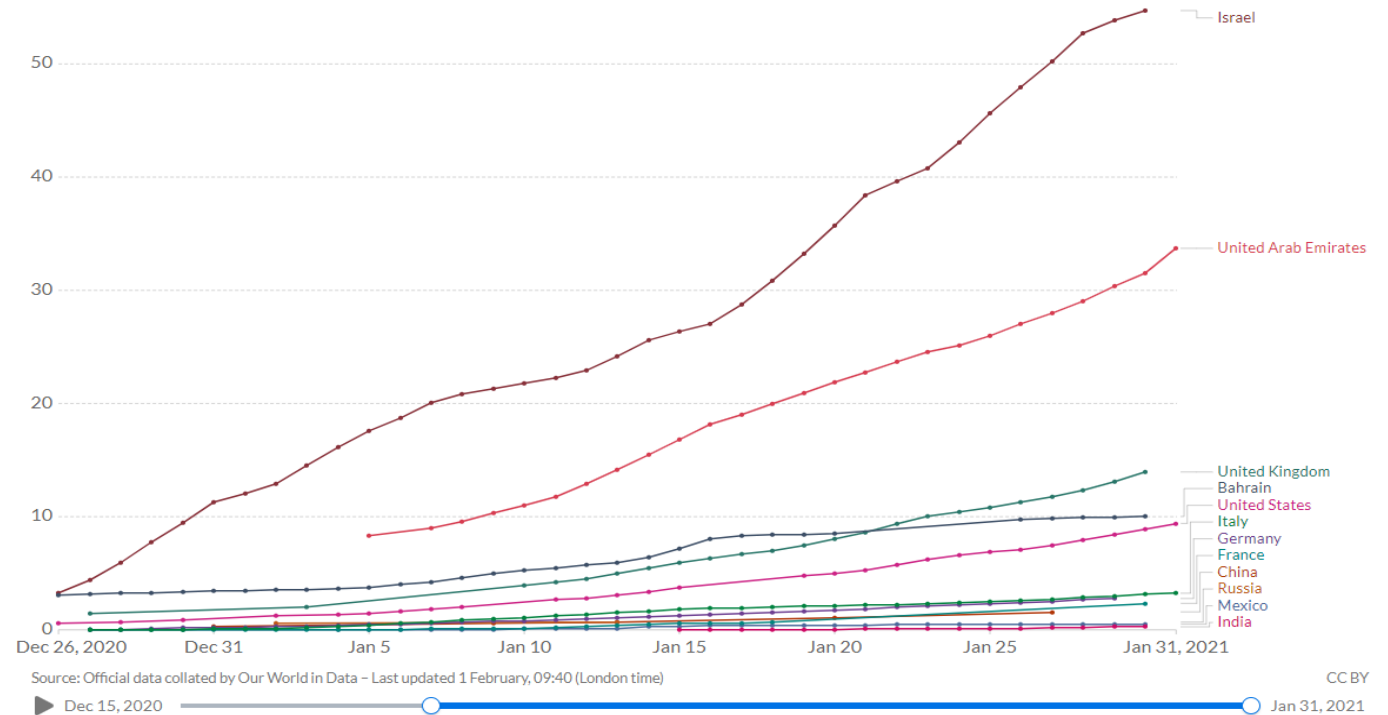
People Are Being Vaccinated in Growing Numbers

Cumulative COVID-19 vaccination doses administered per 100 people

This is counted as a single dose, and may not equal the total number of people vaccinated, depending on the specific dose regime (e.g. people receive multiple doses).

Our World
in Data

LINEAR LOG

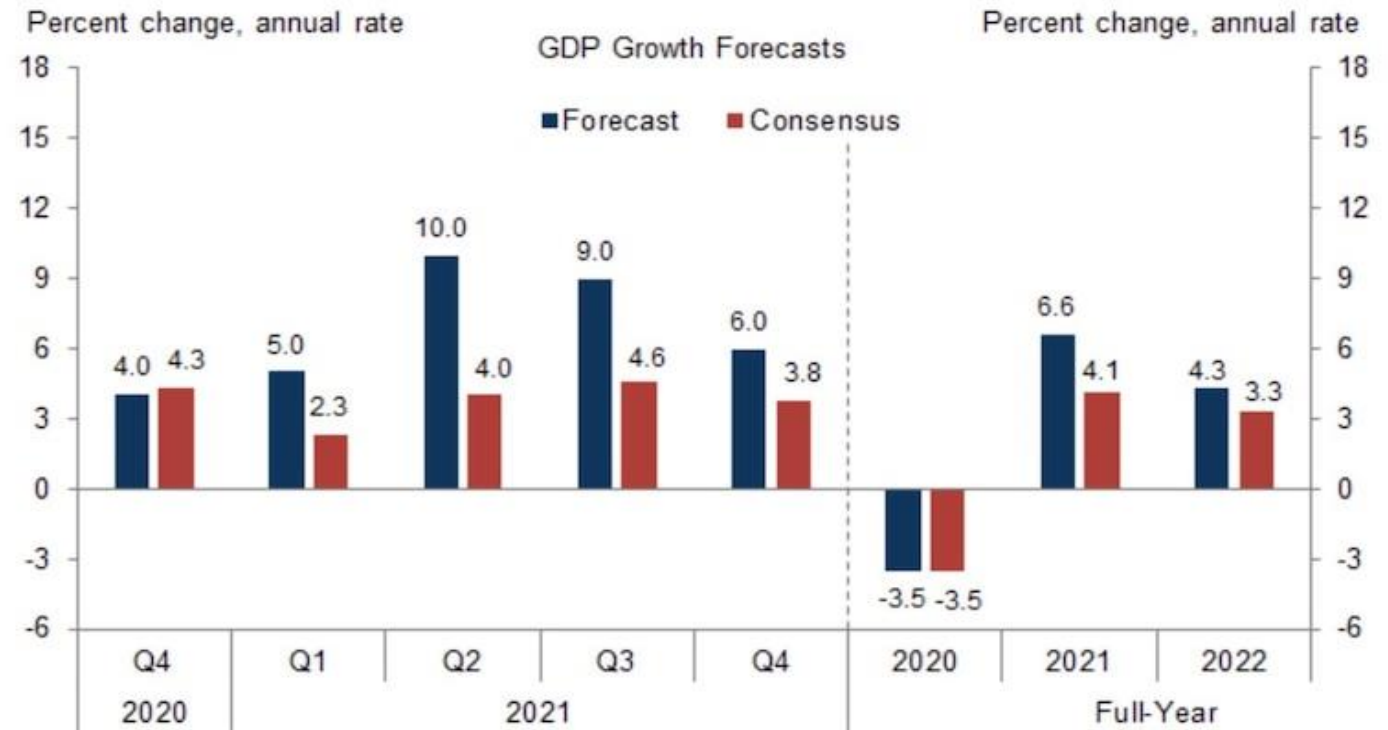


- ✓ Vaccinations are being widely administered now, and while some responses might be slower than anticipated, an end to the pandemic is in sight.

US GOVERNMENT
AID TO THE
ECONOMY AND
VACCINATIONS
WILL RESULT IN A
MUCH STRONGER
RECOVERY IN 2021

Forecasts Predict A Strong 2021

Exhibit 3: We Have Raised Our 2021 GDP Growth Forecast to +6.6% on a Full-Year Basis



Source: Bloomberg, Goldman Sachs Global Investment Research

- ✓ Goldman Sachs believes GDP for the USA will exceed expectations in 2021.
- ✓ This positive outlook will help stock prices and economies, as people see an end to the pandemic on the horizon.

MICROSOFT
 CLOUD SERVICES
 REVENUE
 GROWTH +21%
 Q4 2020
 (PREVIOUS
 QUARTERS +24%,
 +33%, +32%,
 +32%)

Microsoft Cloud Services Continue To Grow



Intelligent Cloud Overview

Investor Metrics	FY19 Q4	FY20 Q1	FY20 Q2	FY20 Q3	FY20 Q4
Server products and cloud services revenue growth (y/y)	22% / 24%	30% / 33%	30% / 32%	30% / 32%	19% / 21%
Enterprise Services revenue growth (y/y)	4% / 6%	7% / 8%	6% / 7%	6% / 7%	0% / 2%

Growth rates include non-GAAP CC growth (GAAP % / CC%).

Total Revenue

- Revenue grew 17% (up 19% CC) driven by server products and cloud services

Operating Income

- Gross margin dollars grew 19% (up 21% CC). Gross margin percentage increased slightly with improvement in Azure, partially offset by an increased mix of cloud offerings
- Operating expenses grew 19% driven by investments in Azure
- Operating income grew 19% (up 22% CC)



Includes non-GAAP constant currency ("CC") growth. See Appendix for reconciliation of GAAP and non-GAAP measures. Growth rates in GAAP and CC are equivalent unless otherwise noted.

- ✓ There has been a huge increase in cloud services usage in 2020, driving positive performance for Microsoft.
- ✓ Revenue and operating income both increased, putting them in a strong position to continue innovating.

AMAZON
RESULTS OUT
TODAY
FEB 2, 2021



GAMESTOP IS
JUST A
“SIDESHOW”

Disruptions To The Market Are Temporary



Cramer says short squeezes like GameStop are a ‘sideshow’ and cannot bring down the entire market

[Kevin Stankiewicz](#)

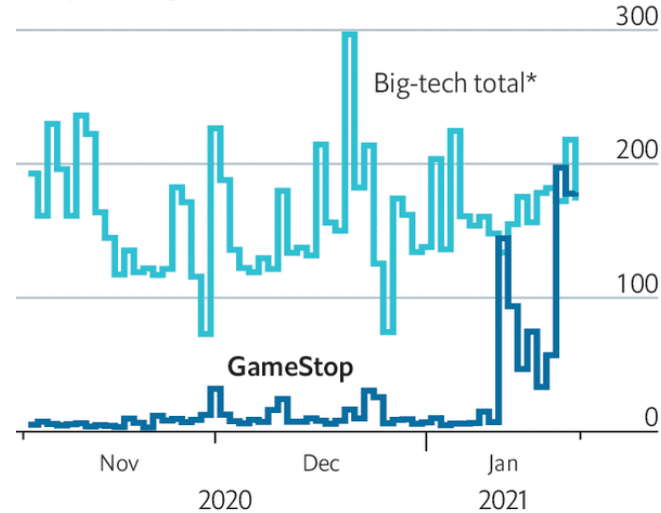
- ✓ The squeeze in the market will not have a lasting effect, although Hedge funds may look into how they manage shorting companies such as Gamestop in the future.
- ✓ It is important to note that the market has already rallied from the dip in confidence that followed the Gamestop rally.

IT SHOWS THAT
HEDGE FUND'S
AND
ALTERNATIVE
ASSET
MANAGERS HAVE
NO RISK
MANAGEMENT
IN PLACE

Retail Investors vs Hedge Funds

UnStoppable

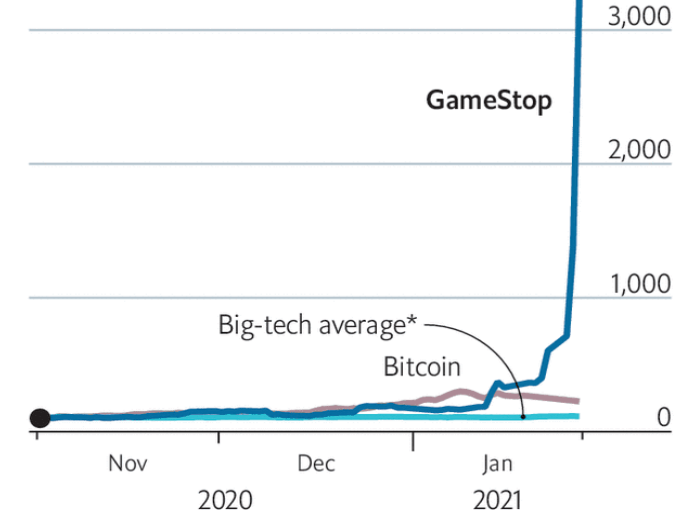
Daily trading volume, shares, m



Source: Bloomberg

The Economist

Price, Nov 2nd 2020=100



*Alphabet, Amazon, Apple, Facebook, Microsoft

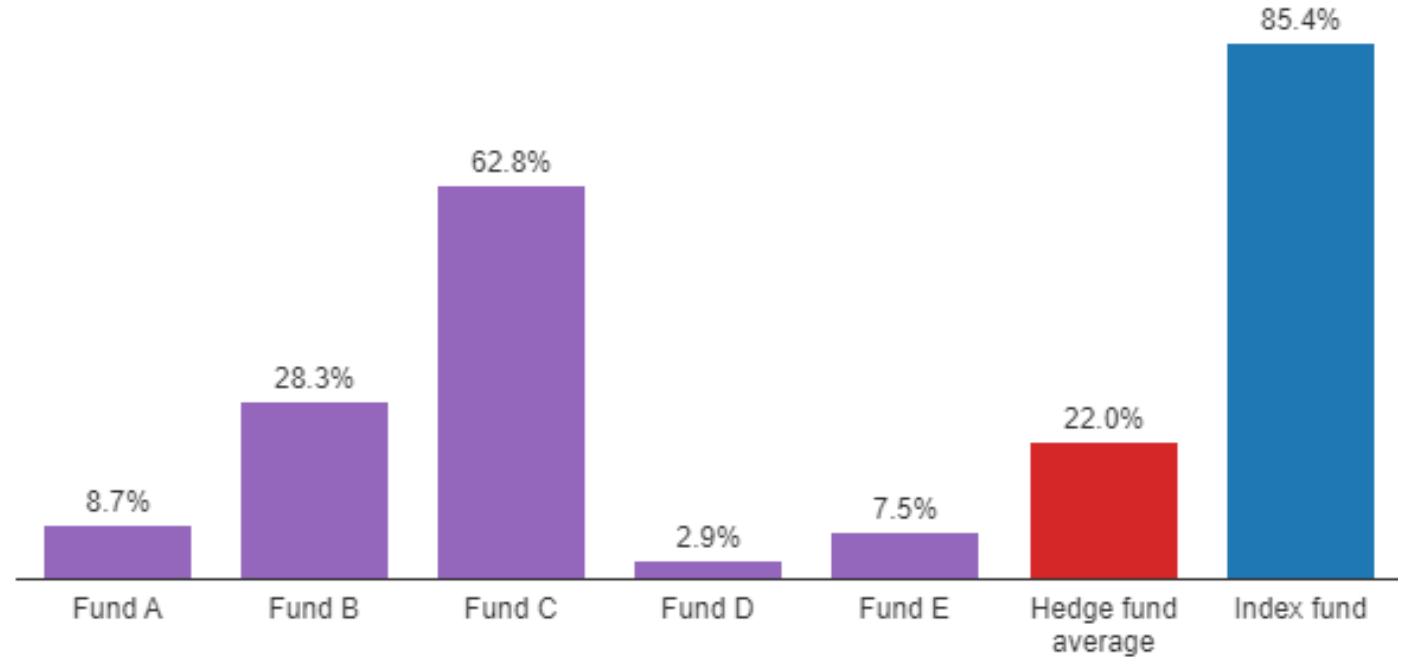
- ✓ Gamestop was a heavily shorted stock and trading blogs organised retail investors to buy. This rapid price increase forced short covering by Hedge funds, which in turn sent prices for a thinly traded stock stratospheric.
- ✓ While this is an interesting development it is not based on stock fundamentals and will not continue in the long run.

HEDGE FUND'S
AND
ALTERNATIVE
ASSET FUNDS
JUST DON'T
WORK

Hedge Funds Do Not Give Best Returns

Year 9: cumulative returns

2008 through 2016



- ✓ Investing in an S&P 500 index fund gained almost 4 times more returns than the Hedge fund average.
- ✓ Long only stocks are the best way to see higher returns, and the recent Gamestop issue has highlighted the flaws in Hedge fund practices.

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