



Executive Summary

November was, without a doubt, the best month for equity markets in local currencies since 1994. The two major catalysts were the recent, positive vaccine news and the surprisingly smooth US election process. Despite our cautious stance on the vaccine, we continue to view equities constructively, as the next year will bring favorable combination of growing corporate profits, low discount rates and low inflation.

The Technology of the Future Fund had a **+18.1%** return in November, outperforming the benchmark MSCI World Index (USD), which had a return of **+12.7%**. The fund delivered a YTD **+33.8%** return, significantly outperforming the benchmark MSCI World Index (USD), which had a return of **+9.5%**.

Economy and markets

“The one reality that you can never change is that a higher-priced asset will produce a lower return than a lower-priced asset. You can’t have your cake and eat it. You can enjoy it now, or you can enjoy it steadily in the distant future, but not both—and the price we pay for having this market go higher and higher is a lower 10-year return from the peak.”

Jeremy Grantham, CNBC, November 12, 2020

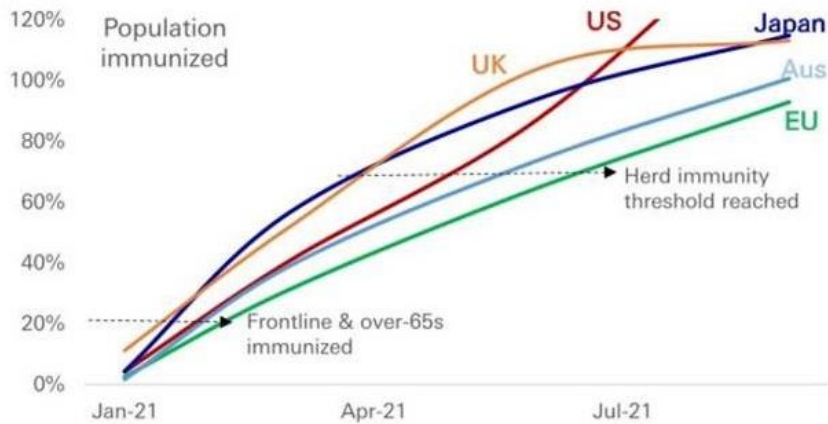
Risk assets led the way in November, with STOXX 600 Banks (+30.2%), Greek Athex (+29.4%), and Brent Crude (+27.0%) seeing the strongest performance in terms of local currency. Bitcoin also performed well, up +39.9% over the month after a +29.4% rise in October. Meanwhile, the STOXX 600 posted its strongest-ever monthly performance in terms of price, seeing a 13.7% rise.

Vaccine news momentum continues to build. US Surgeon General, Dr. Jerome Adams, M.D., stated on December 10 that Pfizer/BioNTech will submit an Emergency Use Authorization (EUA) request for their vaccine and that Moderna will follow suit on December 18. Dr. Anthony Stephen Fauci, Director of the National Institute of Allergy and Infectious Diseases, stated that vaccines would likely be rolled out from the middle to the end of December. Our position on the vaccine’s progress remains cautious, as there is no data indicating how long the vaccine would be effective. All three vaccines awaiting fast-track approval have the same weakness: they have a short-term effect in that immunity improves but declines again after few months. Please see [our note](#). We also believe that the timing of Pfizer/BioNTech’s success announcement was highly political. Thus, one of the core assumptions in our strategy is that additional infection waves cannot be ruled out and that lockdowns may continue in 2021.

Deutsche Bank analysts believe, as shown in the chart below, that G10 countries will achieve herd immunity by the middle of 2021 based on the conditions that the third vaccine, AstraZeneca/Oxford, reaches the 90% efficacy rate and pre-orders for all three vaccines are being filled without delay. Japan and the UK would be first to receive the vaccine, followed shortly by the US. Distribution in Australia and the EU could lag a bit, but it should be available in those countries by the end of H1.



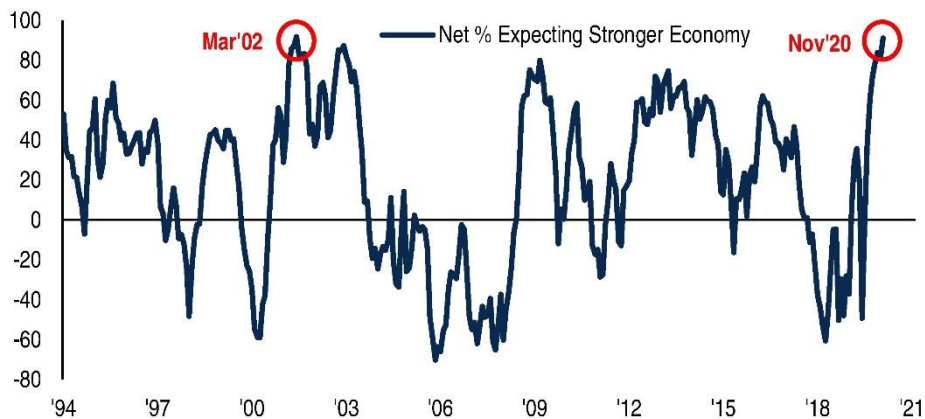
Technology of the Future Fund



We continue to assume that COVID-19 is here to stay. Humanity will need to learn to live with it and adapt accordingly.

At the same time, BofA published 2020's most bullish Fund Manager Survey (FMS) based on news of the vaccine and the elections. The key message in the survey: there is a big drop in cash, a 20-year high in GDP expectations as shown in the chart below, and a big jump in equity, small cap, and emerging markets exposure.

FMS growth expectations at 20-year highs



Despite impressive November returns and rich valuations, we believe the market is underestimating the desire to return to normal in H1 of next year, especially in a period during which authorities will still be injecting great liquidity into the financial system. Equities are likely to continue to perform well in this environment.

Investment strategy and portfolio changes

Allocation of spare capital into deep-value stocks in September and October played out well in November. The oil stock **Petrobras** (+41.6%) was among the top three winners, as Brent Crude Oil was up 27%. **Raytheon Technologies** (+32%) was also a key winner, as vaccine news inspired hope for the recovery of the commercial aerospace segment. At the end of November, we had to sell two stocks in our portfolio, as their performance was not justified by company's fundamentals: Chinese car producer **Geely** (+50%) and German 3D-printer producer **Voxeljet** (+35%).



Technology of the Future Fund

In today's environment it is challenging to find reasonably-valued companies in our core areas of interest: compounders and technology disruptors. We focus on, and never stop searching for, new ideas with attractive risk reward in the sectors under our radar. In November we opened a new position in the company Artificial Solutions, the leading specialist in enterprise-strength conversational AI. This technology allows people to communicate with applications, web sites, and devices in human-like, natural language via voice, text, touch, and gesture input. This is the first true AI technology company in our portfolio.

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Monthly performance %

As of 30.11.20

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2020	-0.11%	+0.79%	-7.86%	+6.45%	+8.51%	+6.03%	-0.17%	+1.51%	-0.22%	-1.39%	+18.08%	-	+33.76%

Technology of the Future Fund performance vs. major equity indexes

	November 2020	YTD 2020
Technology of the Future Fund (USD)	+18.08%	+33.76%
S&P 500 (USD)	+10.75%	+12.10%
NASDAQ (USD)	+11.80%	+35.96%
DJ Stoxx 600 (USD)	+16.47%	-0.37%
MSCI EM (USD)	+9.21%	+8.11%
Micex, Russia (USD)	+20.08%	-17.14%
Shanghai Composite (USD)	+7.04%	+17.72%
MSCI World (USD) (Fund's benchmark)	+12.66%	+9.53%

Performance contributors

November 2020

Top contributors	Return %	Contribution
Translate Bio	+73.19%	+3.6
Petrobras	+41.64%	+2.1
Raytheon Technologies	+32.03%	+1.23

Bottom contributors	Return %	Contribution
Alteryx	-4.40%	-0.21
Kazatomprom	-0.35%	-0.01

Performance contributors, November 2020

Progress on potential vaccines from Moderna and Pfizer pushed higher the share price of Biotech company **Translate Bio's**. All three companies are using messenger RNA (mRNA) to instruct cells to manufacture specific coronavirus proteins that then produce an immune response. mRNA technology's key difference is that it "turns on" sleeping genes. On October 15 the company announced that clinical trials of an experimental COVID-19 vaccine, developed jointly with Sanofi, demonstrated a favorable immune response in mice and monkeys. Human clinical trials are expected to begin in 4Q 2020. Regarding the company's shares, we maintain our position with no changes.

The weak performances of **Alteryx** and **Kazatomprom** are purely based on market volatility. There was no fundamentally positive or negative news about these companies in November 2020.

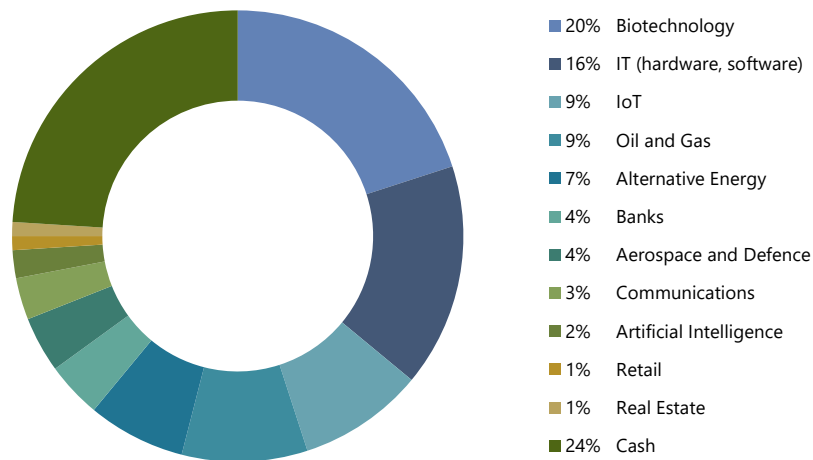


Technology of the Future Fund

Portfolio Structure

After heavy investing activity in September and October, November was limited to selling using market strength (see above). In the coming months, we will focus on our long-term strategic portfolio. Despite seeing many investment opportunities in value stocks in the broader market, as well as ongoing rotation from growth stocks to value stocks, we will continue to focus on our core strategy and invest the capital in companies with breakthrough technologies. This will result in long-term outperformance. We expect to see COVID-19-related and general-economy-related uncertainties going into 2021, and we will use market strengths to sell non-core positions and add to the positions we plan to hold throughout the business cycle.

Portfolio structure



Legal Disclaimer

Technology of the Future Fund

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