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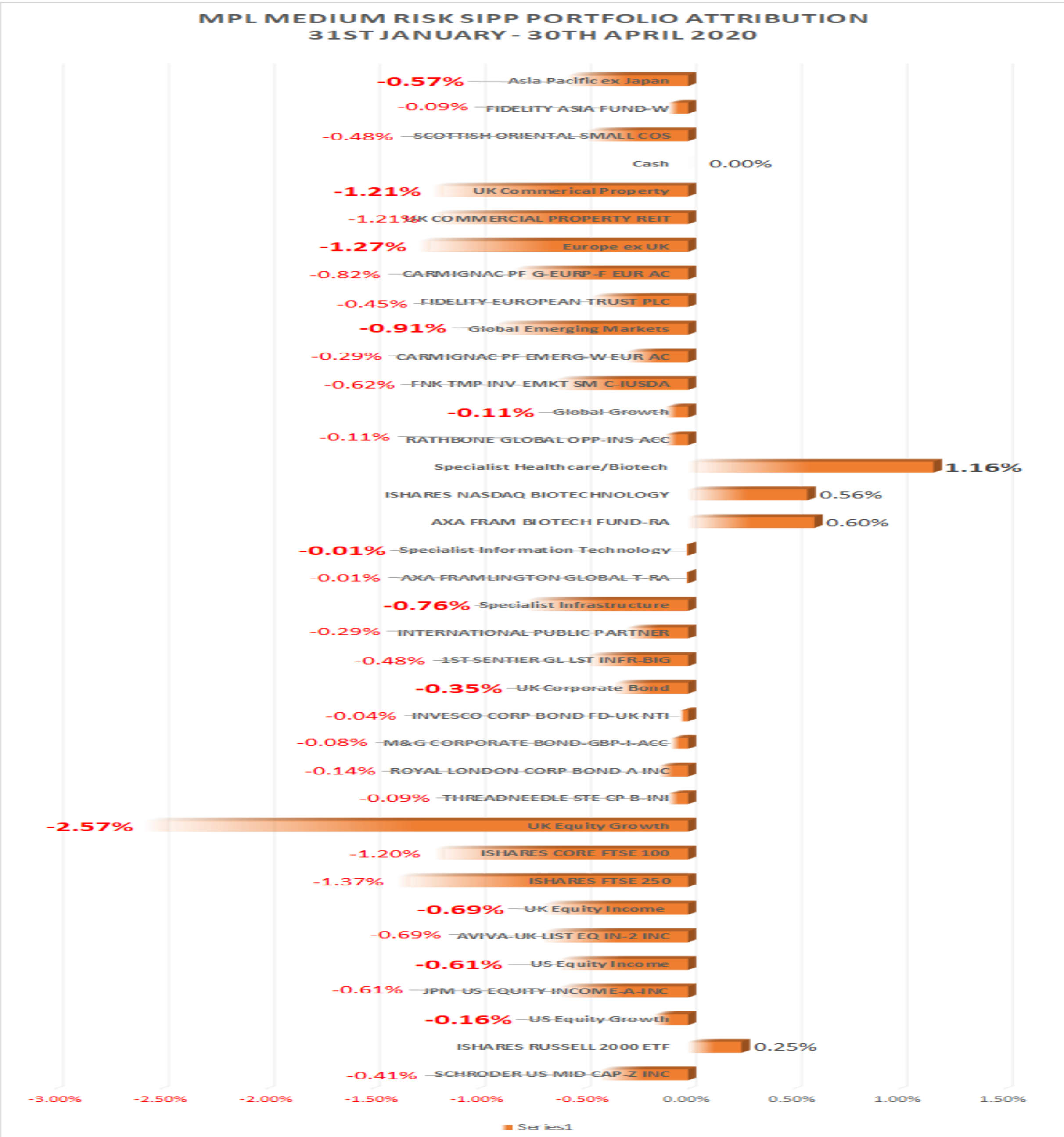
With what has been a well-documented and torrid year now behind us in some respects and still lingering on in others, we have looked at what happened to our clients' portfolios from the height of the market turmoil in the March/April 2020 period, to give you a greater understanding of where we are now, and what we anticipate will occur going forward.

Despite raising over 20% of cash across all client portfolios at the outset of the global equity market crash in late February, by mid-to late March some of the portfolios had briefly fallen over 10% from the portfolio and market highs experienced during February 2020. The schematic below illustrates how individual holdings performed over the first few months of that year:



Source: MPL

The chart clearly illustrates where the greatest negative contributors to the drawdown in client portfolios at this point were – the UK Equity Growth and UK Commercial Property sectors, which both rank amongst the most economically sensitive cyclical asset classes within MPL client portfolios, which fortunately had relatively modest exposure to UK equities at this point.

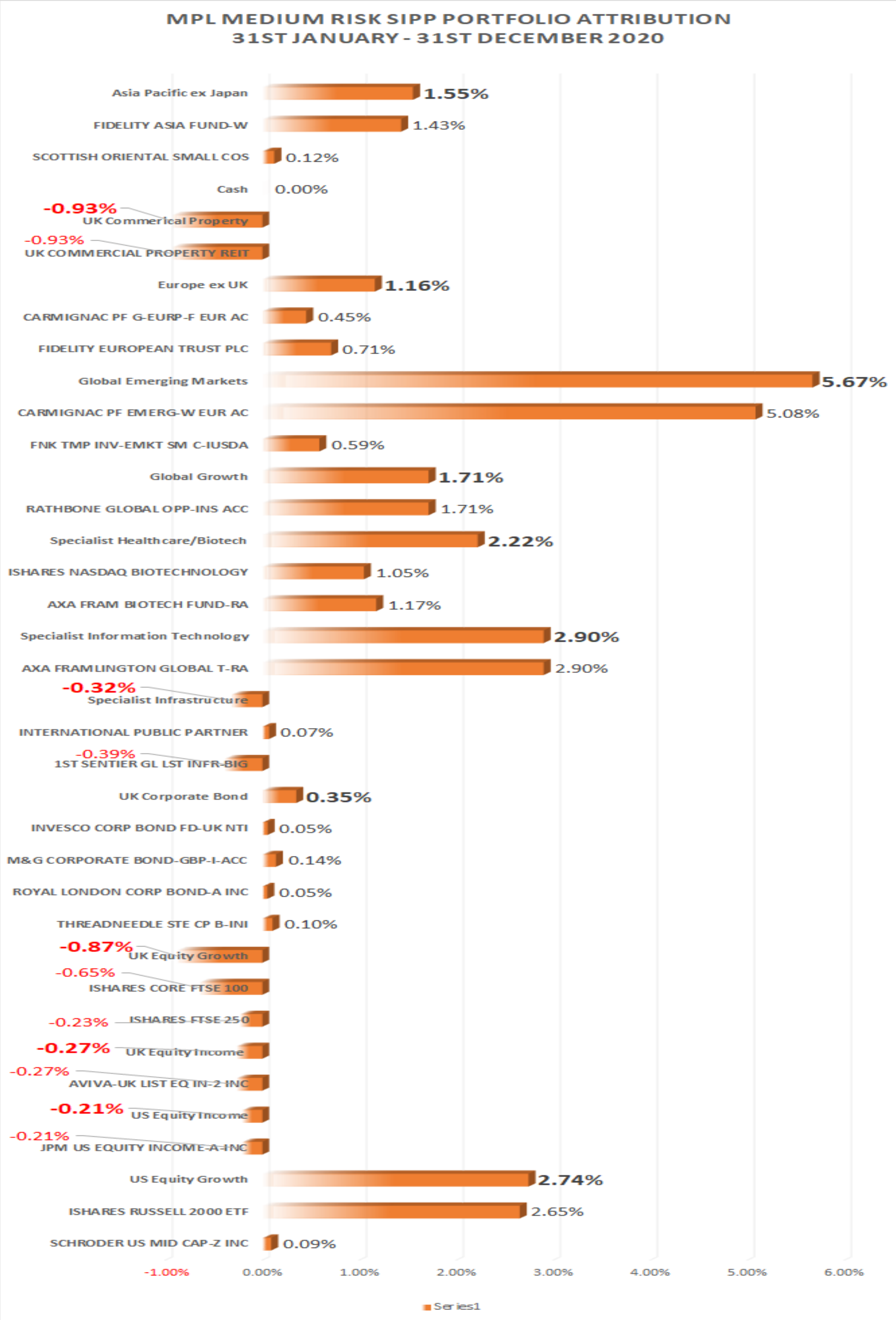
With the imposition of mass travel lockdowns across the globe leading to parts of the global services economy grinding to a halt almost overnight, many companies and landlords within these sectors saw their current business operational and revenue models severely challenged, with no indication as to when they could or would resume. With no forward visibility present, and the ability to generate earnings curtailed (one of the main drivers, if not the primary driver of share valuations), prices plummeted harder in the services area than in less economically sensitive areas.

In mid-March, a portion of the cash raised earlier in 2020 was utilised to gain tactical and increased exposure to the large-capitalisation Global Equity and Global Technology market sectors. These areas were clearly likely to benefit from the "Stay-at-Home" theme, which in essence was the only weapon available at the time with which the authorities globally were able to fight the growing pandemic. This theme then led to the 'total addressable market' for major companies with an online presence such as Walmart, Target, Apple, Netflix, and Amazon, amongst many others, expanding significantly as the global population was forced to greatly increase the level by which it consumed products via the internet, and to greatly reduce its consumption via more traditional avenues of high street and other conventional retailers.

By June and when to some extent global lockdown measures were being eased, the MPL investment team began to reposition client portfolios for the restart of the global economy. This involved taking some profits from the tactical large-cap exposures discussed above, and by increasing exposure to the more cyclical, mid-capitalisation equity sectors in the UK, USA, and Europe. That is to say we reduced the Stay-at-Home thematic stocks in favour of more traditional equity sectors.

All this was occurring against the backdrop of the global hunt for effective vaccines with which to fight the pandemic. Positive developments in the creation of vaccines led to positive gains in the Healthcare and Biotechnology holdings held within client portfolios, as the pivotal role that these companies would play in any effective counter-attack against Covid became clear.

By December 2020, the performance of the various equity and other sectors over the course of the full year is made clear through the following chart:



MPL MEDIUM RISK SIPP PORTFOLIO ATTRIBUTION
31ST JANUARY - 31ST DECEMBER 2020
Asia Pacific ex Japan 1.55%
FIDELITY ASIA FUND-W 1.43%
SCOTTISH ORIENTAL SMALL COS 0.12%
Cash 0.00%
UK Commerical Property -0.93%
UK COMMERCIAL PROPERTY REIT -0.93%
Europe ex UK 1.16%
CARMIGNAC PF G-EURP-F EUR AC 0.45%
FIDELITY EUROPEAN TRUST PLC 0.71%
Global Emerging Markets 5.67%
CARMIGNAC PF EMERG-W EUR AC 5.08%
FNK TMP INV-EMKT SM C-IUSDA 0.59%
Global Growth 1.71%
RATHBONE GLOBAL OPP-INS ACC 1.71%
Specialist Healthcare/Biotech 2.22%
ISHARES NASDAQ BIOTECHNOLOGY 1.05%
AXA FRAM BIOTECH FUND-RA 1.17%
Specialist Information Technology 2.90%
AXA FRAMLINGTON GLOBAL T-RA 2.90%
Specialist Infrastructure -0.32%
INTERNATIONAL PUBLIC PARTNER 0.07%
1ST SENTIER GL LST INFR-BIG -0.39%
UK Corporate Bond 0.35%
INVESCO CORP BOND FD-UK NTI 0.05%
M&G CORPORATE BOND-GBP-I-ACC 0.14%
ROYAL LONDON CORP BOND-A INC 0.05%
THREADNEEDLE STE CP B-INI 0.10%
UK Equity Growth -0.87%
ISHARES CORE FTSE 100 -0.65%
ISHARES FTSE 250 -0.23%
UK Equity Income -0.27%
AVIVA-UK LIST EQ IN-2 INC -0.27%
US Equity Income -0.21%
JPM US EQUITY INCOME-A-INC -0.21%
US Equity Growth 2.74%
ISHARES RUSSELL 2000 ETF 2.65%
SCHRODER US MID CAP-Z INC 0.09%
-1.00%
0.00%
1.00%
2.00%
3.00%
4.00%
5.00%
6.00%
Series1

Source: MPL

The "Stay-at-Home", healthcare, and global economic restart themes (not to forgot portfolio positions in Emerging Markets and specifically South East Asian markets) all had a hand in the positive portfolio attribution experienced especially in the second half of 2020. At the same time, huge monetary stimuli provided by global central banks and fiscal support from government throughout this global pandemic also acted to support markets overall. Our UK Equity and Commercial Property holdings were still negative contributors to performance at the end of 2020, although that was more due to the seemingly interminable Brexit negotiations than the global pandemic. In any event, the negative positions in these sectors were far less severe than was the case at the end of April, as we neared what the markets had correctly assumed to be a high likelihood of some form of successful resolution to the Brexit negotiations, even if that was likely to involve necessary compromise from both sides.

Late December 2020 however still saw a distinct element of uncertainty remaining in the guise of the US elections. In short, whilst Democratic President-Elect Joe Biden had secured a mandate to lead the US people for the next four years and the Democratic Party had retained control of Congress, political control in the Upper House on the Capitol, the Senate, hung in the balance as we awaited outcomes of two Georgia Senate run-off elections. With more than a touch of irony, both these seats were effectively handed to the Democrats by the actions of none other than Donald Trump following the 3 December Presidential election, and his refusal to concede defeat graciously.

To clarify the outlook over the immediate term for global assets, the result in the Senate was very important, and more so than would normally be suggested by a mere two seats being contested in the chamber. Democratic Party control of the Senate in addition to both Congress and the White House, would most likely lead to the ultimate passing of a further circa $2.2 trillion stimulus plan, that would provide COVID-19 relief/aid to families, schools, restaurants, businesses, airlines, and a host of other hospitality / leisure and consumer-discretionary businesses badly impacted by the pandemic and its resultant lockdowns. The extent of this stimulus package would most likely be far larger than anything a Republican-controlled Upper House would be prepared to countenance and would provide a further and much-needed fiscal fillip for the US economy (and risk assets generally, such as equities), with the considerably greater stimulus being targeted at the US economy in an effort to shore up badly affected areas of the consumer market.

Directly after the Presidential election, and with the number of seats secured in the Senate more or less deadlocked between the Republican and Democratic Parties (there are two Independents, who invariably caucus with the Democrats), attention turned to the two Senate races in the state of Georgia. A runoff-vote on 5th January 2021 was required here because no candidate cleared the 50% threshold to win the two seats contested during the 3 December election.

In the aftermath of Democrat Raphael Warnock winning the first seat in this race, and with fellow Democrat contender Jon Ossoff also ahead in the polls at that time, the MPL Investment team took a pre-emptive decision to invest the remainder of the portfolio funds held on deposit, in the process increasing exposures to cyclical market areas in the UK, the US, Asia, and Emerging markets, as well as those connected to Global Infrastructure. Within hours of this decision, equity markets rallied sharply as Jon Ossoff won the final seat in Georgia, giving the Democrats control of the Upper House.

Traditionally at the start of a new year, market participants attempt to forecast the prospects for the year ahead, and beyond. Typically these forecasts can price into markets very quickly during the first and second quarters of the year, dependent of course upon the quarterly earnings guidance provided by companies. We currently have a cocktail of ultra-loose monetary policy from global central banks, with the US Federal Reserve actively seeking to stoke inflation and stating it is happy for inflation to 'run a little hot' for some indeterminate timeframe. This exists in tandem with further fiscal stimulus from central governments the world over as they attempt to restart their respective economies, hampered as they are by the second and very serious wave of Covid-19. All of these measures remain hugely supportive of risk assets.

Furthermore, the development and approval of several vaccines (with more still under development and showing promise) to help the globe tackle and hopefully abate the effect of the Coronavirus, has also triggered increased overall optimism that economies will struggle more or less intact through this crisis, in turn leading to more positive sentiment in investment markets.

However, we must remain nimble, whilst there are many areas within certain asset classes which are overvalued at present, the wheel remains broken in many other areas and this can provide a source of further opportunity to find growth going forward.

In the UK market for instance, recovery opportunities remain within the hospitality, energy, and travel sectors to name but a few. Our view here is that Brexit (which had acted as a fairly strong headwind against the UK Equity market for around seven years) is now becoming a tailwind. The fear of any prolonged UK recession being brought forward by the global pandemic should also fade into the rear-view mirror as the UK economy recovers its business model over the next two years, leading to a more favourable view amongst overseas investors - who are currently severely underweight in the UK - of what remains a relatively attractively priced major market.

Continued monetary and fiscal stimulus worldwide should contribute ultimately to a weaker US Dollar, which will prove to the benefit of UK exporters and highlight the inherent value in UK equity markets relative to other global markets. This should culminate in greater total returns from UK assets going forward, led more by capital gains rather than dividends, the latter of which may take some time to be restored to their former levels.

Kind regards.

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