Market Commentary

Recommended Investment (cont):

Theme 4: Minimum Volatility

The onset of the coronavirus in 2020 turned the longest bull market in history into a bear market, practically overnight. Volatility, which was low in early 2020 after a robust year for equities in 2019, spiked higher and has remained elevated. Is it time to cash in the chips? Investors exit the stock market at their own peril, as long-term returns from equities consistently have outpaced long-term returns from other asset classes such as fixed income and cash. So, what's a potential equity strategy for investors amid all the uncertainty? We believe that 'Min Vol' is an all-weather strategy that is timely in any investing climate. Academic literature and, more to the point historic returns, indicate that 'Min Vol' can deliver market-matching returns on an absolute basis and superior returns on a risk-adjusted basis over various time periods.

The iShares Edge MSCI World Minimum Volatility ETF (MINV.L, TER=0.30%) provides exposure to global companies that exhibit lower volatility characteristics that the wider market.

Theme 5: Innovation

This is likely to be an investment theme for a very long time, at least as long as US companies continue to address increasingly complex demands - not only from their domestic consumers, but from global markets as well.

The Ark Innovation ETF (ARKK, TER=0.75%) is an actively-managed US-listed ETF that provides exposure to companies that develop new products or services in DNA Technology, Industrial Innovation, Next Generation Internet and Fintech.