

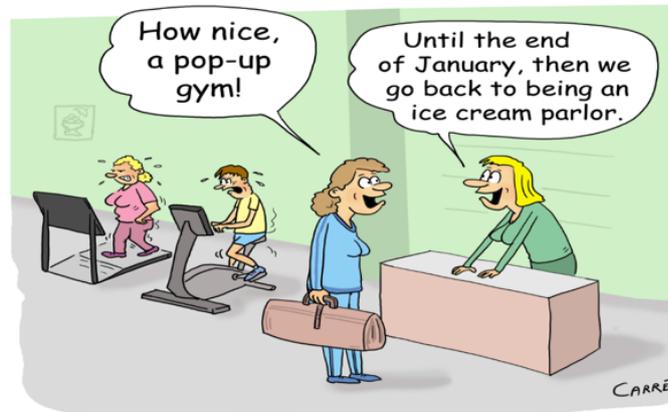


MVAM  
MOLE VALLEY  
ASSET MANAGEMENT

# MVAM Newsletter

'Stressed is Desserts spelt backwards'

January 2021



As I walked around the local supermarket on the 2nd of January, with my mask on, I did wonder what the world was coming to. What is normal these days? My eldest daughter is doing Veganuary so the cheap salmon at the fish counter was out. My wife, after some dodgy homemade cocktails on New Year's Eve, is trying Dryanuary so working out which gin has no alcohol took some time. And like last year the whole family is on Greenanuary so the cling-film that I have always thought so useful, was ditched at the checkout as I remembered our 2021 New Year's resolutions.

So January it seems is a time for extremes. A time when we test our values and set out to make resolutions that underpin our view of ourselves. Unsurprisingly in a "normal" year more people join the gym in January than any other month. Eighty percent have normally given up within 5 months!!

The stock market has a theme for January too, I call it Tryanuary. Professional and indeed individual investors are eager to kick the year off well. So well it makes them try too hard. They firstly try hard to spot the new trends. Okay, they are the same trends that were there in December but hey those Quorn sales are roofing it. Secondly, they are looking to be different, they are looking to project their own self-image on their portfolio as they are with their supermarket purchases. No wonder ESG (Environmental sustainability, Social issues, Governance issues) is an acronym that trips off most CEO's lips these days. The better your ESG credentials the higher your share price in January 2021.

Can this stock market rally last? Well January is also seen as an indicator for how the stock market goes for the whole year. "As January goes so goes the year" That is to say if January gives a positive return so will the whole year and vice-versa. For the UK market over the last 50 years there have only been 14 years where the market has not kept to that rule. It must be said in the last few years it has not been a reliable indicator. Also, these stock market statistics should be taken with a pinch of salt. Most "rules of thumb" rely on a relatively small number of readings – 50 is small when trying to spot a real correlation.

Still with the stock market strong in the first days of the month I took off for my second supermarket trip with more of a spring in my step. Knowing now where to look for the vegan pies, undoubtedly a contributing factor. I thought perhaps I should join in with the new year spirit. I needed a theme for January too, one that supported my view of myself and where my year was heading. After some deliberation I settled on Chocanuary. I have to say it is going well so far. It is just a pity from an investment point of view we sold Cadbury off to the Americans long ago!!! But a visit to a Hotel Chocolat store as soon as it can be open, is one New Year's resolution I'm likely to keep.

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Authorised and Regulated by the  
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Reg No. 613008

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