



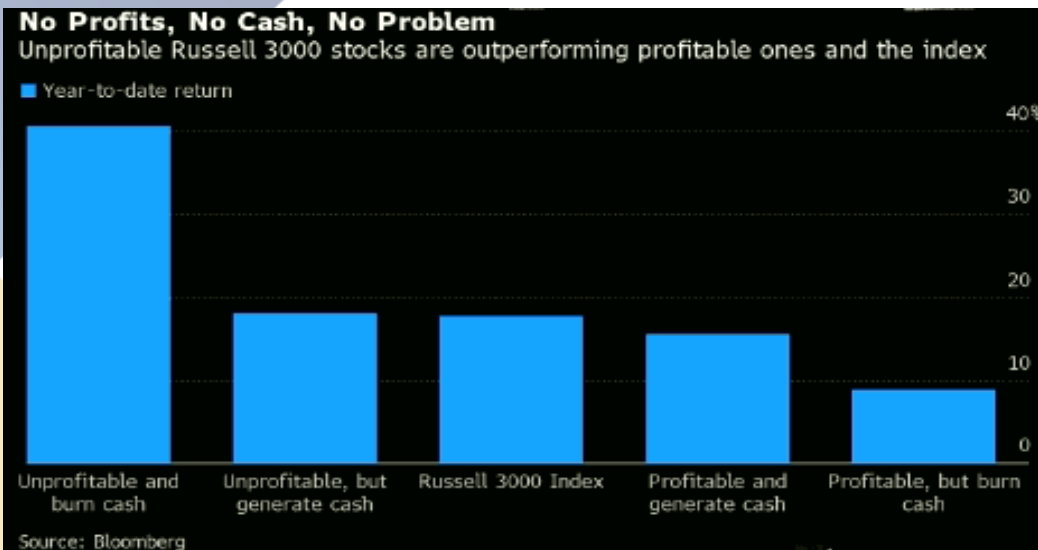
Weekly Report and Outlook on Global Markets

11th December 2020

Market Developments	2
Major Moves This Week	4
Global Fund Managers' Statements	5
Global ETF Fund Flows	5
PACE 360's Future Outlook	6

MARKET DEVELOPMENTS

Unprofitable Russell 3000 stocks are outperforming profitable ones and the index



Profitability and cash generation are hardly requirements anymore. Looking at the Russell 3000 Index, around 502 companies whose operations are unprofitable and burn cash, they've returned, on average, 40.6% this year, while those that generated both operating profits and cash flow returned 15.6%. Even

Figure 1: The chart depicts YTD returns for various type (based on Profitability and cash flow) of stocks within Russell 3000

firms that are unprofitable and generate cash are up 18%, which just beats an index that has returned 17.7% including dividends in 2020.

Crude held on tankers at sea dips below 100 million barrels



Figure 2: The figure depicts barrels of Crude oil held on tankers at sea

One of the oil market's surest signs of surplus supply -- crude being kept on tankers -- is steadily whittling away. The amount of oil held on so-called floating storage plunged below 100 million barrels last week to 98.96 million barrels, the first time it's shrunk to that level since April. Keeping barrels on tankers became popular during lockdown measures earlier this year as oil demand crashed at a time when producers weren't taking steps to restrict oil supply.

Global supply of bonds with negative yield hits record \$18 trillion

Less Than Zero

Global supply of bonds with negative yields hits record \$18 trillion

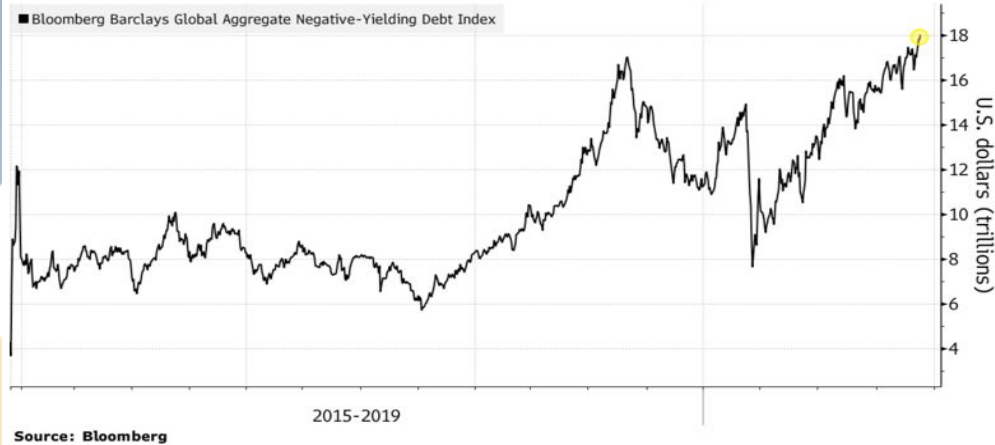


Figure 3: The chart depicts market cap of negative yielding debt

ever recorded. About \$1 trillion of bonds have seen their yields turn negative this week, meaning 27% of the world's investment-grade debt is now sub-zero.

The world's stockpile of negative-yielding debt has swelled to a fresh record in a sign that demand for havens is just as intense as that for riskier assets.

The market value of the Bloomberg Barclays Global Negative Yielding Debt Index rose to \$18.04 trillion on Thursday, the highest level

Divergence between Chinese margin trading value and ChiNext composite



Figure 4: The graph depicts Chinese margin trading balance(in white, Right Axis) and ChiNext Composite Index (in Blue, Left Axis)

The outstanding balance of margin trading, which shows how much money investors are borrowing to buy stocks, has risen steadily in the second half of this year. The ChiNext Composite Index, which tends to be a target for speculators because it measures the performance of innovation and growth stocks, has tracked margin trading balances for most of that period. That is, until the past month, when the ChiNext pulled back from November's high and started consolidating.

The divergence has yet to widen significantly, but it's worth keeping an eye on because it could be a sign that investors can't get enough of borrowing money to buy risky assets. After all, leveraged speculation amid a market that is losing its upside momentum can lead to hasty position unwinding should things turn sour.

MAJOR MOVES THIS WEEK

Currencies

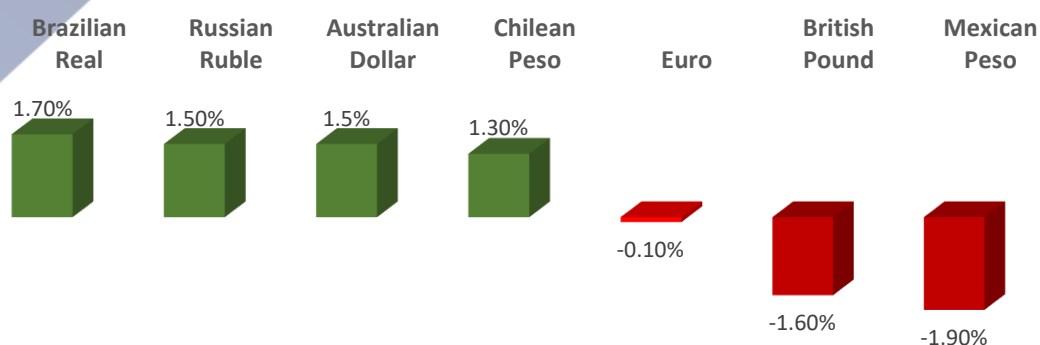


Figure 5: The graph represents Currency returns with respect to US Dollar as the base currency for this week

This week there was no major risk on/risk off behaviour visible across currencies. Their returns were majorly a function of internal factors. Euro and British pound were under pressure due to lack of progress over Brexit deal. Commodity linked currencies like Australian dollar, Chilean Peso and Colombian peso performed pretty good due to rising commodity prices. Mexican peso was one of the major underperformers among emerging market currencies.

Equity Indices

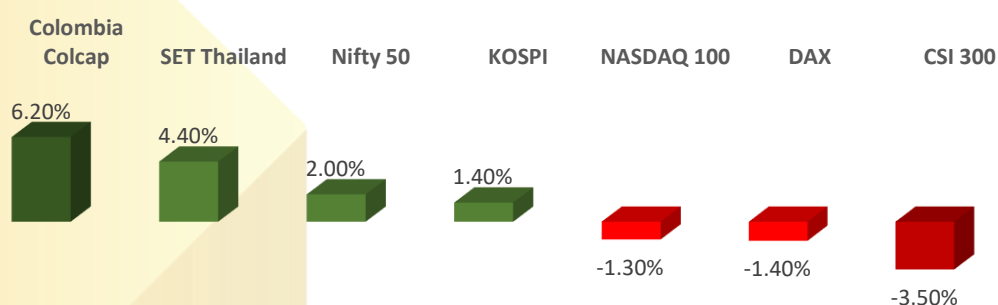


Figure 6: The chart represents the Equity Index returns over this week.

This week US and European indices gave muted returns as they took a breather after appreciating in the past few weeks. European and UK stocks have also discounted the negative Brexit statements passed from both the sides. For the emerging market stocks this was a decent week. Colombian Colcap have outperformed its peers after gaining 6.2%. China was the outlier which lost 3.5% this week.

Commodity Futures

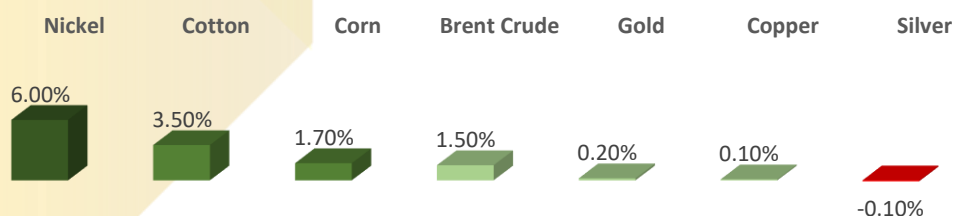


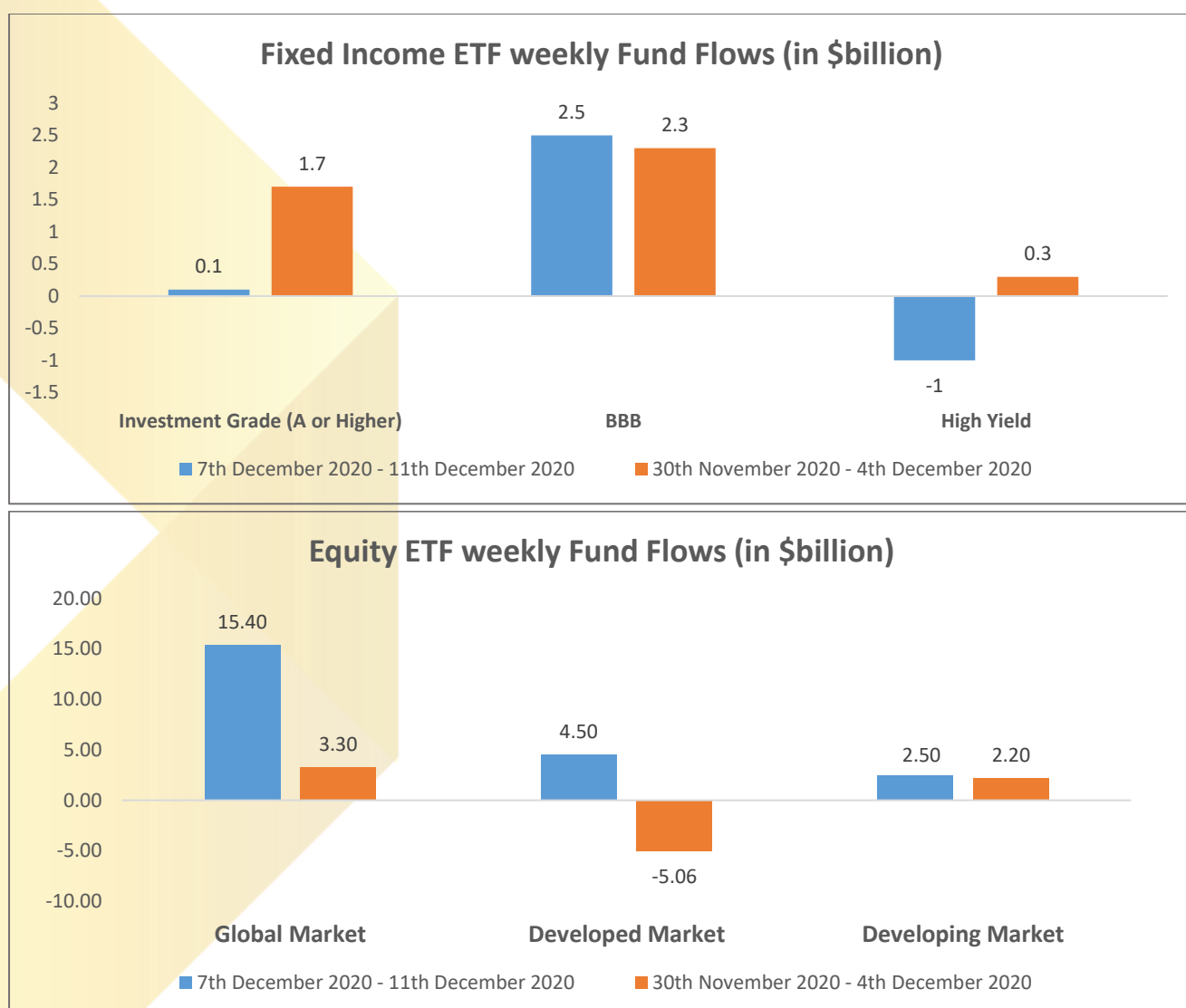
Figure 7: The chart represents the Commodity returns over the week.

Among precious metals gold and silver both were volatile throughout the week however, both gave flat returns with respect to the previous week. Nickel was the outperformer among industrial metal segment gaining 6% this week. Copper also had a decent week though it gave away its gains on the last trading session. Soybean and corn both remained sideways for this week as well. Among agriculture commodities cotton outperformed its peers after gaining 3.5%.

GLOBAL FUND MANAGERS' STATEMENTS

- 1) Jim Rogers (Co-Founder, Quantum Fund): "It is beginning to [a bubble] in some stocks and in other countries as well, but in the U.S. I don't know anywhere where there's a full-fledged bubble yet in any stock market. The bond market is in a bubble. The bond market all over the world is a bubble, but I don't know any stock market that's a full-fledged bubble yet."—KITCO News, 08th December 2020
- 2) Jeffrey Gundlach(Founder, DoubleLine Capital LP): "The US inflation will likely trough in the next several months and rise above 2% in 2021. The inflation may range from 2.25% to 2.4% in 2021. I am neutral on gold as of now. Looking at the copper-gold ratio, it suggests that 10-year Treasury yields should be higher, "fundamentals do not support today's Treasury levels."" - Webcast on Bloomberg , 08th December 2020

GLOBAL ETF FUND FLOWS



Please note that the Global ETF fund flows under Equity ETF weekly flows category will not be equal to the sum of their respective sub-categories which are mentioned on their right side since there are other sub categories as well

PACE 360'S FUTURE OUTLOOK

"We believe risk assets are in a complete bubble territory and this bubble is bigger than the ones in 1929 and 2000. We expect the bubble to pop over the coming months. There is a good chance that we may see a correction setting in over the next 2 weeks triggered by buying exhaustion and by year end rebalancing. We expect all risk assets to fall by 5-10% before December end. This will be only the first salvo in a very long bubble bursting process that may take a long time to fully unravel."

DISCLAIMER

The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent. This report and information herein is solely for informational purpose and may not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. Each recipient of this document should make such investigations as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved), and should consult its own advisors to determine the merits and risks of such an investment. The investment discussed or views expressed may not be suitable for all investors. Certain transactions –including those involving futures, options, another derivative product as well as non-investment grade securities - involve substantial risk and are not suitable for all investors. No representation or warranty, express or implied, is made as to the accuracy, completeness or fairness of the information and opinions contained in this document. The Disclosures of Interest Statement incorporated in this document is provided solely to enhance the transparency and should not be treated as endorsement of the views expressed in the report. This information is subject to change without any prior notice. The Company reserves the right to make modifications and alternations to this statement as may be required from time to time without any prior approval. This document is being supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, copied, in whole or in part, for any purpose. Neither the Firm, not its directors, employees, agents or representatives shall be liable for any damages whether direct or indirect, incidental, special or consequential including lost revenue or lost profits that may arise from or in connection with the use of the information. The person accessing this information specifically agrees to exempt PACE or any of its affiliates or employees from, any and all responsibility/liability arising from such misuse and agrees not to hold PACE or any of its affiliates or employees responsible for any such misuse and further agrees to hold PACE or any of its affiliates or employees free and harmless from all losses, costs, damages, expenses that may be suffered by the person accessing this information due to any errors and delays.

CONTACT US



+91-11-4742 1001



info@pace360.in



A-1/291, Safdarjung Enclave, New Delhi – 110029

FOLLOW US ON SOCIAL MEDIA



Facebook.com/PaceThreeSixty



Twitter.com/PaceThreeSixty



Linkedin.com/company/50145027