MeDirect

QUARTERLY REPORT

January - March 2021

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Recovery continues

Tim Rooney
CEO MeDirect

Dear clients,
Even though the Covid pandemic is not yet over, the end of this difficult period seems to be in sight. We notice this in the financial markets because they always tend to anticipate the future. After all, investors do not wait until everything is resolved to get back into the market. The recovery had already started in the 2nd quarter of last year, but the trend was confirmed in the 1st quarter of this year as well.

It is mainly cyclical stocks that performed strongly in the past quarter. This was partly due to their very attractive valuations against growth stocks, but mainly due to the recovery.

Coming out of a deep recession where the economy slowed down, the restart is creating a rising demand for energy and raw materials, for example. Thus, airline companies are seeing demand rise as well as their potential revenues.

This is causing a return of inflation, although this is mainly due to the strong increase in demand for energy. So far, central banks continue to operate a fairly flexible monetary policy.

Optimism is certainly present thanks to the recovery. We can see this, for example, in the PMIs, being the confidence of purchasing managers. Although many elements seem positive, volatility shocks are certainly to be expected in such scenarios. Diversification in line with your risk profile therefore remains the message.

With kind regards,
Tim Rooney
CEO MeDirect

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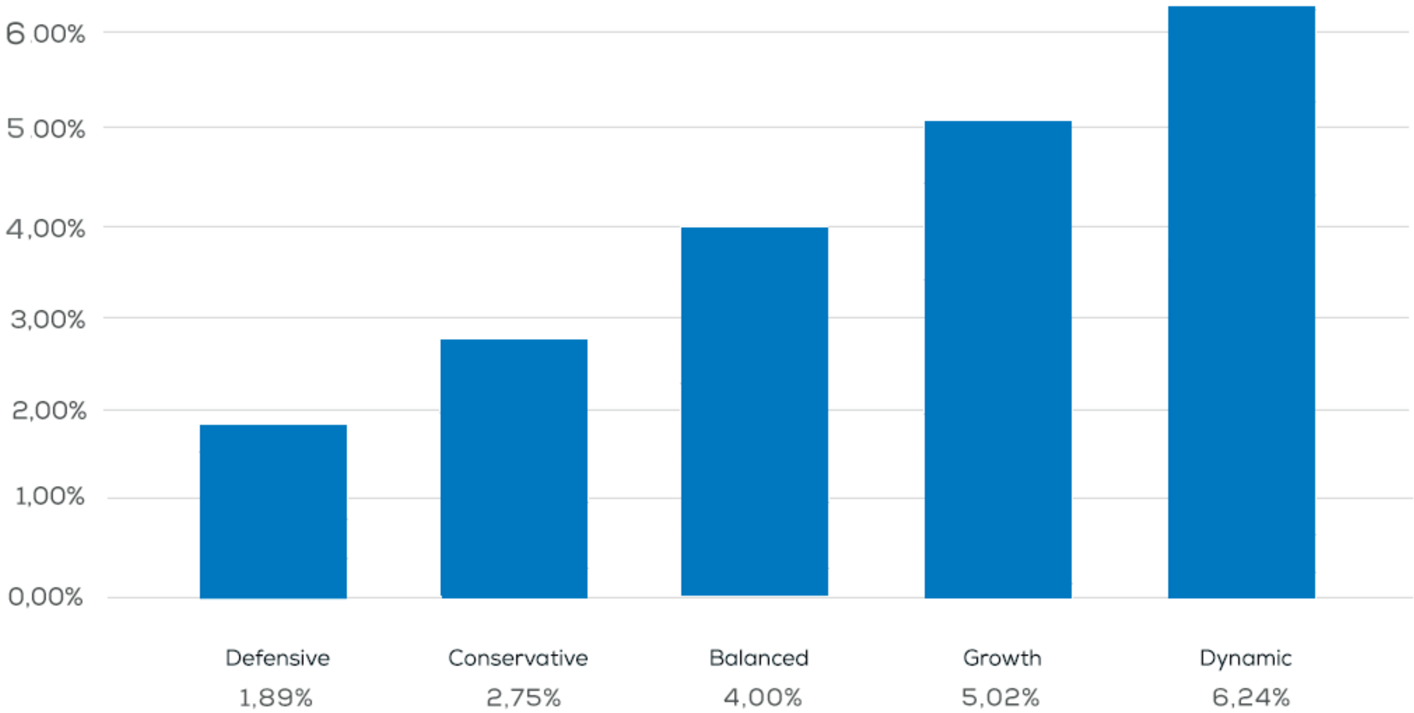
Chart: Returns over 5 years from 01/04/2016 to 31/03/2021



** The above returns refer to the gross returns (excluding management fees and any taxes) of the 01/04/2016 to 31/03/2021. The results obtained in the past obviously do not predict future performance, but give an idea of the quality of the portfolios.*

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Performance MeDirect Portfolios first quarter 2021

In the first quarter, our MeDirect Online Wealth Management delivered returns between **-1,04%** for the Defensive profile and **7,28%** for the Dynamic profile.

Start date End date	1-Jan-21 31-Mar-21	Benchmark performances 1-Jan-21 until 31-Mar-21
Defensive	-1,04%	-0,74%
Conservative	0,07%	0,19%
Balanced	2,61%	2,38%
Growth	4,62%	4,59%
Dynamic	7,28%	6,90%

The above returns indicate the gross returns (excluding management fee (0,90% and possible taxes) from 01/01/2021 - 31/03/2021.

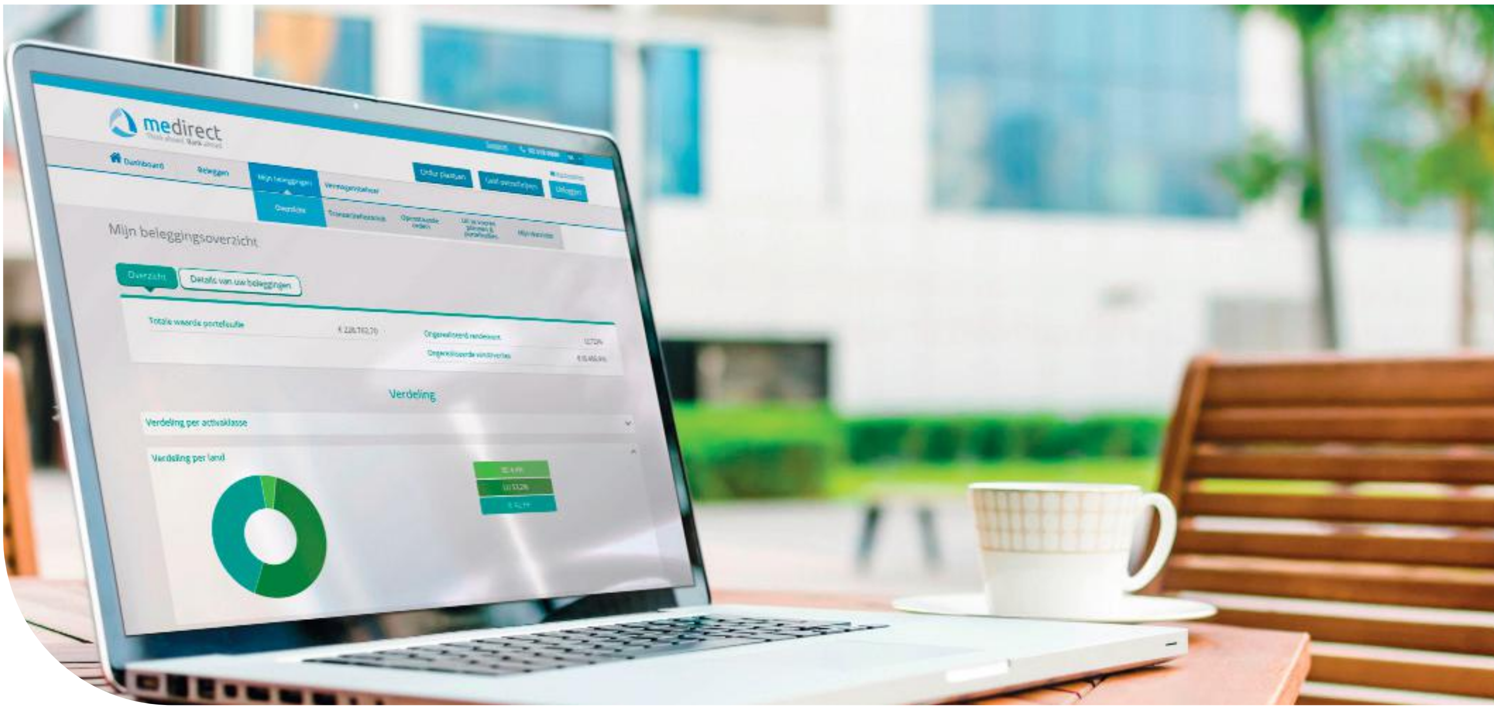
Market commentary:

What a difference a quarter of a year makes. After a dramatic 2020, we have seen the green shoots of "reflation", with several significant developments co-existing. The major market influences are a) inflation expectations are higher with central banks, for now, willing to let prices rise, b) economic growth forecasts increasing following solid vaccine progress, c) company reporting broadly exceeding expectations, d) geopolitical tensions and systemic risks softening, and e) investors conditioned by strong returns through good news and bad.

This culminated in strong returns for equities but weak returns for bonds in the first quarter. Among equities, the corners of the markets that had been hot—in some cases for years—turned cold. In fact, we saw a remarkable change with value stocks at the top of the leaderboard, buoyed by energy and financial companies, and technology stocks landed in the unusual position of worst performers. Smaller companies more likely to have their fortunes tied to the strength of the economy were among the best performers. Dividend-payers, which struggled in 2020, also saw a first-quarter recovery.
In the bond market, dormant expectations for inflation began to emerge, leading to losses across interest-rate-sensitive sectors of the market even as central banks committed to easy-money policies. The first-quarter bond sell-off hit government bonds the hardest, followed by safer core and corporate bonds. Only high-yield bonds managed to end the quarter just in positive territory.

In the background, the yield curve (which looks at the effective interest rate for governments over different time periods) steepened severely from three months ago on expectations for stronger economic growth. For example, the 10-year yield in the U.S. has risen by 1.04 points since last year, reaching pre-pandemic levels near the end of the first quarter.

Clear reporting and follow your Portfolio 24/7 online



You don't have to wait for the digital quarterly report. You can always access the most recent details of your Portfolio on our online platform, whenever it suits you. 24 hours a day, 7 days a week. You'll find detailed information such as the composition and the total returns of your portfolio, but also the returns and details of each fund.

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CONTACT US

Please contact us with any questions or comments you may have on MeDirect Online Wealth Management. You can reach us at 02 518 00 00 From Monday to Friday 09h00 - 20h00 and on Saturday from 09h00 - 14h00 or send an email via info@medirect.be

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