



**TRINITY SMF**  
STUDENT MANAGED FUND

## *Monthly Markets Review*

*January 2021*



## **Introduction**

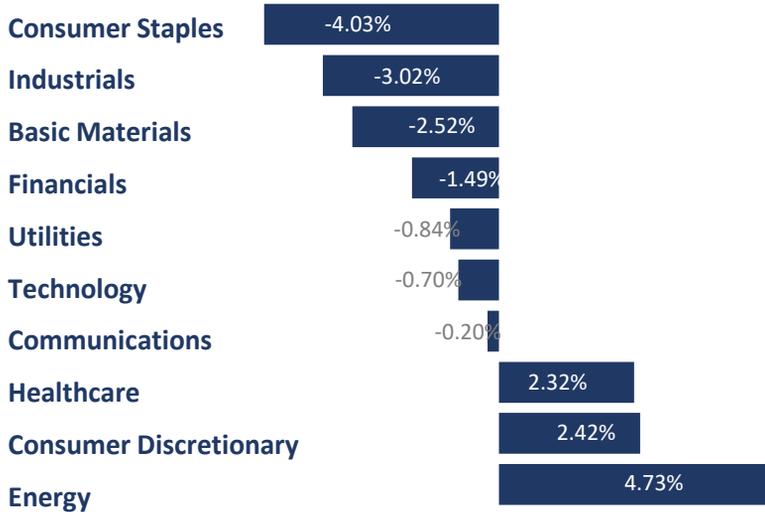
Welcome to the first edition of the Trinity SMF Monthly Markets Review. The aim of this report is to give SMF members a monthly roundup of what's been moving markets with short, informative summaries of the major headlines for the month.

The markets rallied across the board to kick off the new year as the bull run looked to continue however it ran out steam towards the end of the month, with the last week of January being the worst week for equities since October.

Slow vaccine rollouts, more virulent strains, tighter lockdowns and travel restrictions weighed heavily on the markets with the S&P down 1.11%, and the Dow down 2.04% for the month of January. However, the Nasdaq composite was up 1.42% during the month due to its high technology weighting.

January was certainly not a dull month with the inauguration of U.S. President Biden, the impeachment of Trump after the Capitol Hill riots, a short squeeze for the ages and the start of earnings season. Further analysis plus more below.

## January Sector Performance



	January Close
S&P 500	3,714.24 (-1.11%)
Dow	29,982.62 (-2.04%)
Nasdaq	13,070.69 (+1.42%)
Gold	1,847.30 (-2.42%)
Oil (WTI)	52.20 (+7.58%)
Bitcoin	33,114.36 (+14.18%)
EURUSD	1.212 (-1.46%)
GBPUSD	1.3725 (+0.69%)
US Treasury 10-Yr	1.0930%

## Top Stories

- **The Fed** announced on Wednesday 27<sup>th</sup> that it was keeping interest rates at near-zero citing slowing economic recovery and high unemployment rates. They pledged to continue making huge bond purchases at \$120 billion per month to help the economy. [NYT](#).
- **Public companies** have been taking advantage of a hot stock market by issuing shares at record pace in January. U.S. listed companies conducted 80+ follow-on stock offerings in January with Zoom Communications raising \$2 billion in the largest of the offerings. [WSJ](#).
- **Joe Biden** was inaugurated as President on January 20<sup>th</sup>, and quickly got to work signing several executive orders. Notable orders include re-joining the Paris Agreement, halting construction of the US-Mexico border wall, revoking the permit for the Keystone XL pipeline and reversing the decision to leave the WHO. [FT](#).
- **Google** is threatening to shut down search in Australia, over a proposed law requiring tech giants to pay publishers for news. Facebook has also said it would restrict Australian users from sharing news articles on the platform if the proposal became law. It is expected a compromise will be met as [WSJ](#).
- **Melvin Capital**, the hedge fund headed by Gabe Plotkin, a former Steve Cohen protégé, was on the wrong end of a short squeeze for the ages as a Reddit forum, r/wallstreetbets, engineered one of the most vicious short squeezes in history. Melvin Capital is reported to have lost 53%, or \$4.5bn for the month of January, as retail investors piled into GameStop. GameStop stock is up 1784.06% in January (yes, you read that correctly). [FT](#).
- **Earnings season** was getting started with 22% of the S&P announcing earnings in the last week of January. Apple, Facebook and Tesla beat expectations, whereas Boeing did not. For further analysis, click [here](#).

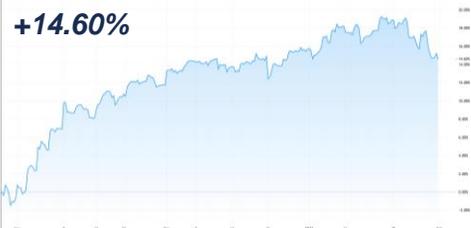
### MSCI World (URTH) January

-0.66%



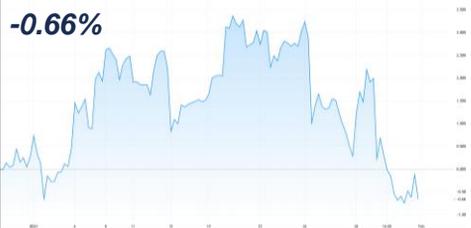
### MSCI World (URTH) 3 Month

+14.60%



### MSCI World (URTH) YTD

-0.66%



### MSCI World (URTH) 1 Year

+12.12%



### MSCI World (URTH) 5 Year

+80.12%



## Deal Flow

- **Amerisource Bergen** to buy Walgreens Health Unit, Alliance Healthcare, for \$6.5bn. Alliance Healthcare is one of the biggest drug distributors in Europe and this represents Amerisource Bergen's plans to rev up its overseas operations. [Bloomberg](#).
- **Affirm Holdings**, a company that helps consumers finance online purchases, went public on January 12<sup>th</sup>. Shares doubled in value on their first day of trading. The IPO raised roughly \$1.2bn. [Forbes](#).
- **Poshmark**, a second-hand clothing marketplace, went public on January 14<sup>th</sup>. Shares soared 142% on the first day of trading, pushing its valuation above \$7bn and raising more than \$227m in the offering. [Forbes](#).
- **Bumble**, the dating app which puts females in the driving seat, filed to go public. Its IPO is expected in February, where they will be looking to raise around \$100m. [Barron's](#).
- **Deliveroo**, the food delivery app, raised \$180m in the private market, valuing it at over \$7bn. Durable Capital Partners and Fidelity Management & Research Company led the funding round. Deliveroo is expected to IPO sometime soon. [FT](#).
- **Coinbase**, the cryptocurrency exchange, announced plans to go public via direct listing in late February or early March. Coinbase is eyeing up a potential \$50-\$75bn valuation once it lists. [Fortune](#)
- **SpaceX** is close to finalising a massive funding round, that could skyrocket the company's valuation to at least \$60bn. [BI](#).
- **Qualtrics**, a cloud software vendor that spun off from SAP, raised \$1.6bn in an IPO. The share price popped 40% at the open, valuing the company at roughly \$25bn. [WSJ](#).

## Looking Forward

- Plenty more **quarterly earnings** to be announced over the coming weeks with the likes of Amazon, Alphabet, Pfizer and Moderna just some of the few behemoths announcing their quarterly earnings in February. For a full calendar click [here](#).
- The **r/wallstreetbets** horde doesn't look finished quite yet, expect further volatility surrounding GameStop, AMC and a shifted focus on silver.