



# DART CAPITAL

## Views from the Monument

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### Coronavirus Vaccine

Healthcare companies worldwide have been working around the clock to find a vaccine against coronavirus and today, the Pfizer/BioNTech candidate made perhaps the most encouraging advance so far in the battle against coronavirus, as the first interim results of phase 3 trials showed the vaccine is 90% effective at preventing coronavirus. Whilst the trial will continue to confirm its efficacy rate, the companies plan to apply for emergency approval to use the vaccine by the end of November with regulators previously indicating that they would approve a vaccine that has a far lower effectiveness rate.

Markets reacted positively to the news with the FTSE 100, German DAX and French CAC – all of which were in negative territory year-to-date – rallying 4.7%, 4.9% and 7.6% respectively. Notably, some of the most beaten up areas of the market so far this year, have led the market today with the likes of Rolls-Royce and British Airways up 43.8% and 25.5%. Whilst there is undoubtedly some way to go in the fight against coronavirus, today has provided some indication of the moves that can take place in a more positive environment and the speed in which the market direction can change.

Despite the upward move in equity markets today, we do expect volatility to remain elevated as the situation progresses and it is important to note that we hold several positions within our managed portfolios, in particular gold, US Treasuries and short-dated UK Gilts, which act as risk dampeners during more volatile periods.

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## US Election

As we have become increasingly used to over recent years, political events have again come to the forefront with the recent developments in the US election causing positive moves across global markets as investors began to price in the greater certainty of a Biden presidency. Whilst Joe Biden is pushing forwards with his plans for office, the Senate is expected to remain under Republican control which will likely see a return to the Obama years with the Senate blocking many of the Democrat party's key goals.

In reaction to the outcome of the election, investors have been forced to reduce some of their expectations for a large fiscal stimulus package and an increase in corporate tax rates, two policies which the Democrat party could have pursued had they controlled both Congress and the Senate. Furthermore, the prospect of a Republican-controlled Senate has bolstered sentiment towards several healthcare and technology companies, such as AstraZeneca and Microsoft two of our largest underlying holdings, which would have been hurt by the more interventionist policies.