

## CASTLESTONE MANAGEMENT LLC

Peter Conniff  
Head Trader



Investment Advisor  
Castlestone Management LLC  
Harborside 5  
185 Hudson Street, Suite 2544  
Jersey City, NJ 07311  
United States of America  
Phone: +1 201 633 4714  
info@castlestonemanagementllc.com  
http://www.castlestonemanagementllc.com

### ELECTION RESULTS 2020

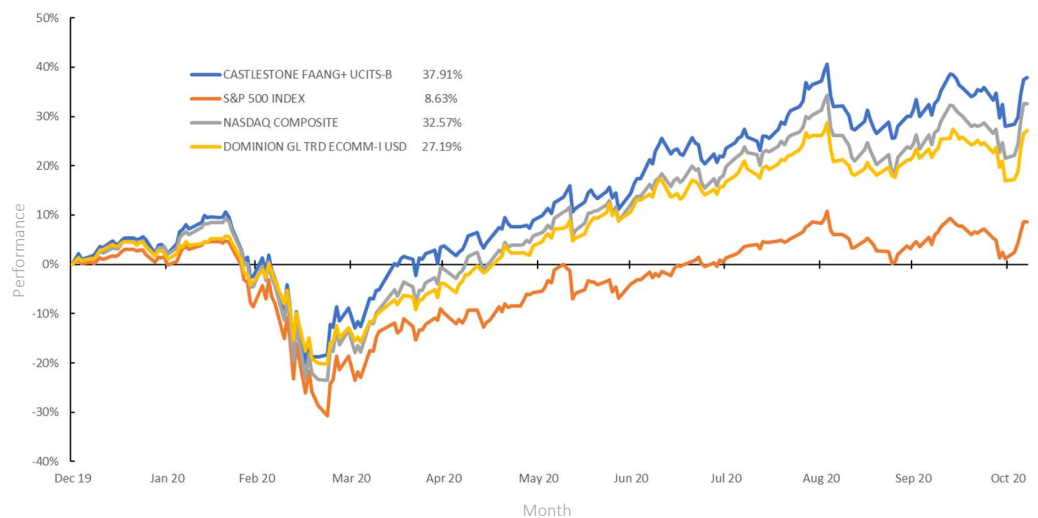
We finally have the results from the US elections, well maybe. The major news outlets in the US have declared Democrat Joe Biden the winner over the incumbent President Donald Trump. Unfortunately, Trump is yet to concede the election and is challenging the results in several key states. In addition, the Senate will likely remain in Republican hands. The so called “blue wave” giving the Democrats a sweep of the White House and Senate never materialized on election day. Potential pickups in Maine and North Carolina didn’t materialize, and Iowa wound up a rout. That leaves the Democrats with a net gain of one seat at this point, out of three that they needed to take the chamber. They’ll very likely need to win both of two January runoffs in Georgia — which will be very tough — to get a 50-50 split and effective control off the Senate (with Vice President-elect Kamala D. Harris breaking the tie). The state of Georgia ended up with two Senate races where neither candidate received more than 50% of the vote forcing a runoff to be held in January. So, a clear outcome will not be known for some time. However, we can make some likely assumptions. Biden will lead a divided government and country. Regardless of how the election shakes out, history points to continued equity gains in this low interest rate environment.

What does this mean for US Stocks? Historically, divided government has been a positive for markets. A Democratic President with a Republican lead Congress returns somewhere around 12-13%. Possibly the biggest stock-market winners will be tech stocks, if only for how much they had to lose. A split Congress suggests the likelihood of antitrust legislation passing is small. Financials and healthcare stocks similarly will get a lift as further regulations are put on hold. Energy stocks will remain under pressure, as a Republican-controlled Senate will likely stave off the most progressive green-energy policies backed by the Biden presidency. The fate of the infrastructure stocks will depend on the size of the next stimulus bill. I will suggest that bill will be tapered down from its original size.

### FAANG+ UCITS FUND

The FAANG+ Fund provides the investor with exposure to the world’s largest technology companies with an emphasis on the United States and the FAANG stocks. The Fund also invests in the growing Chinese internet companies like Tencent and Alibaba, as well as semiconductor makers and mobile phone producers like Taiwan Semiconductor and Samsung. The Fund is traded daily, long-only, liquid and unleveraged. The portfolio is completely transparent and uses currency hedging to offset fluctuations in the value of currencies

The FAANG+ fund should benefit from its geographic diversity and focus on the top US Tech names, as those stocks can now expect less regulation and freer trade policies under the new administration. Low Volatility should see better returns as the new administration takes on the COVID-19 pandemic rather than denies it as the past administration has done. In addition we have increased our tech exposure in our Low Volatility UCITS fund and lowered our energy exposure in recent weeks.



Source: Data sourced from Bloomberg - 31/12/2019 to 06/11/2020. Chart by Castlestone Management.

## CASTLESTONE MANAGEMENT LLC

---

### Disclaimer

AQA UCITS Fund SICAV plc is licensed in Malta by the Malta Financial Services Authority as an undertaking for collective investment in transferable securities (UCITS).

This document is issued by Castlestone Management LLC ("We"). The information contained in this document is not directed at, nor is it intended for distribution to, or use by, persons in any jurisdiction in which the investment products are not authorized for distribution or in which the dissemination of information regarding the investment products is not permitted. This document is not offering to sell any product. Any investment in the Fund is required to be undertaken in line with the Offering Supplement of the Fund. Copies of the Offering Supplement, audited annual financial statements and half-yearly reports and the key investor information documents (in English Language) are available free of charge upon request. We will not be liable for any use you make of any information in this document. We are not your advisor or fiduciary. We are not recommending or making any representations as to suitability of any product or the tax, legal or accounting treatment of any product. We are not responsible for information stated to be obtained or derived from third party sources. All opinions are given as of the date hereof and are subject to change. We are not obliged to inform you of any such changes. Any projections and opinions expressed herein are expressed solely as general market commentary and do not constitute investment advice or guaranteed return. They represent the views of Castlestone Management LLC at the time of publication and are subject to change without notice. Any simulated performance data and/or past performance data contained herein is not a reliable indicator or guarantee of future performance. An investment in the Fund may include a commission or sales fee which is charged at the time of the initial purchase of the investment and may be deducted from the invested amount therefore lowering the size of your investment. A redemption / contingent deferred sales charge may be charged at the time you redeem your investment and such charge may have an impact on the amount of money you receive back upon your redemption. Income from investments may fluctuate and investors may not recoup the amount originally invested. An investment in the Fund may be effected by changes in currency exchange rates. If you redeem your investment before 6 years, you may be at higher risk of losing some, or all of, the money you invest. Any forward-looking statements concerning the financial condition, results of operations and businesses of Castlestone Management LLC expressed or implied, are based on management's current expectations and assumptions, which may change without notice, and are no guarantee of future results, performance or events. Nothing in this document constitutes a representation that any investment strategy or recommendation is suitable or appropriate to an investor's individual circumstances or otherwise constitutes a personal recommendation. Investments involve risks, and investors should exercise prudence and their own judgement in making their investment decisions. Investors and prospective investors should make reference to the risk warnings set out in the Offering Supplement of the Fund. This document is confidential. No part of it may be reproduced, distributed or transmitted without Castlestone Management's written permission. Neither this document nor any copy of it may be distributed, directly or indirectly, in the United States of America or its territories or possessions (the "United States" or to any US Person as defined in Regulations under the United States Securities Act of 1933 (as amended)). Any failure to comply with these restrictions may constitute a violation of United States securities law. This is not exhaustive; other regional-specific wording may apply. If in doubt, please consult with Castlestone Management's Compliance department. Castlestone Management LLC is a registered investment adviser in the state of New Jersey. Being registered does not imply a certain level of skill or training. Investment in any Fund involves significant risks. A prospective or continuing investor should not invest in any Fund unless satisfied that it and/or its investment representative or professional adviser has/have asked for and received all information which would enable it or both of them to evaluate the risks in terms of an investment or continued investment in the Fund. The information in this document has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. No invitation to the public in Hong Kong to buy or subscribe for any product is permitted to be made. You should consult your own attorney, business adviser and tax adviser as to legal, business, tax and related matters concerning any of the contents of this document. Additional information about Castlestone Management LLC is available on the United States Securities and Exchange Commission's website at <https://adviserinfo.sec.gov/firm/summary/170379>.

### W A R N I N G

The contents of this document have not been reviewed by any regulatory authority in Hong Kong. You are advised to exercise caution in relation to the offer. If you are in any doubt about any of the contents of this document, you should obtain independent professional advice.