



*Churchill Management Group*

Monthly Market Update

December 8, 2020

## TACTICAL STRATEGIES

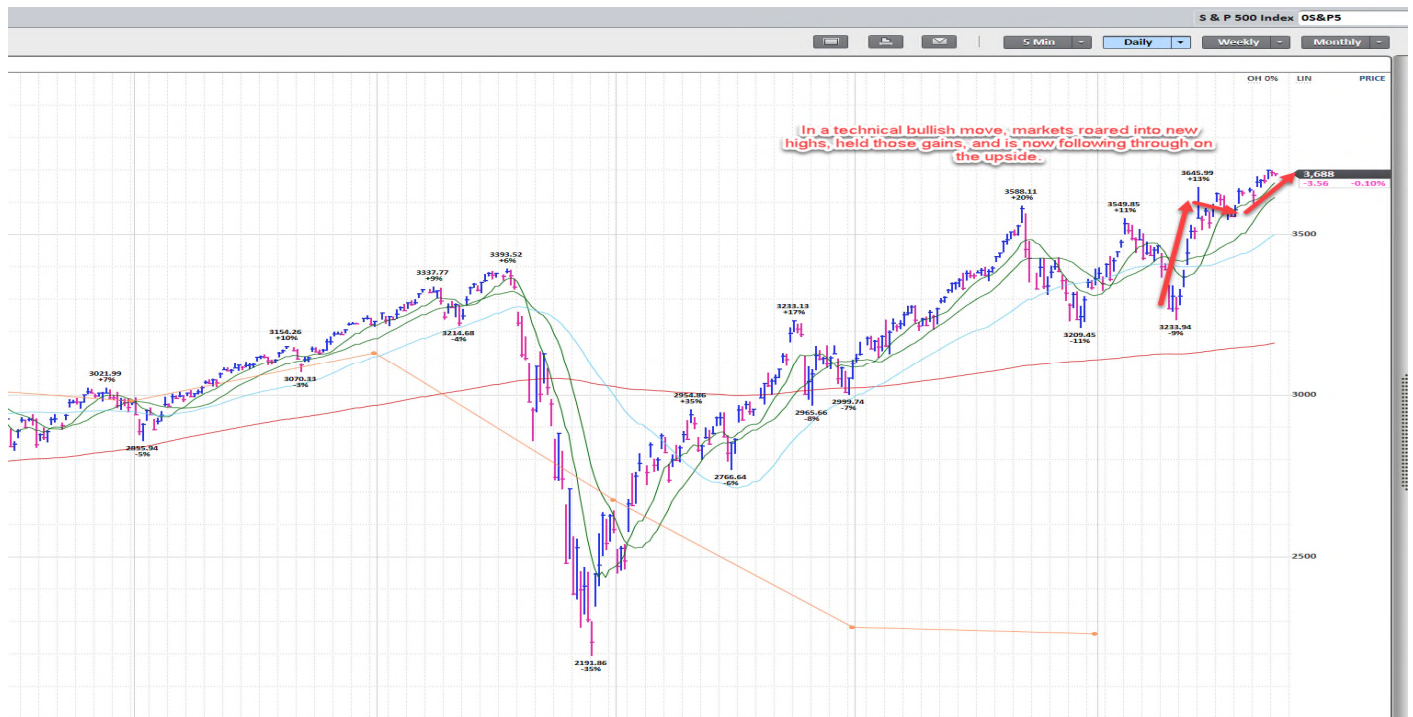
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### PREMIER WEALTH TACTICAL & PREMIER WEALTH TACTICAL CORE

Stock markets worldwide have pushed higher since the start of November, rallying behind positive vaccine news and what appears to be a sigh of relief that neither political party will have complete control.

Despite troubling Covid-19 case counts, the market believes there is a light at the end of the tunnel. Encouraging news on the vaccine hit three weekends in a row, pushing the market up each time. While some may have issues, like the AstraZeneca vaccine, both Pfizer and Moderna vaccines appear to be well tolerated and quite effective during trials. The big questions are supply and how many will actually take the vaccine. On the supply front, Pfizer has already cut in half what they thought they could produce this year. They did reaffirm their production numbers for 2021.

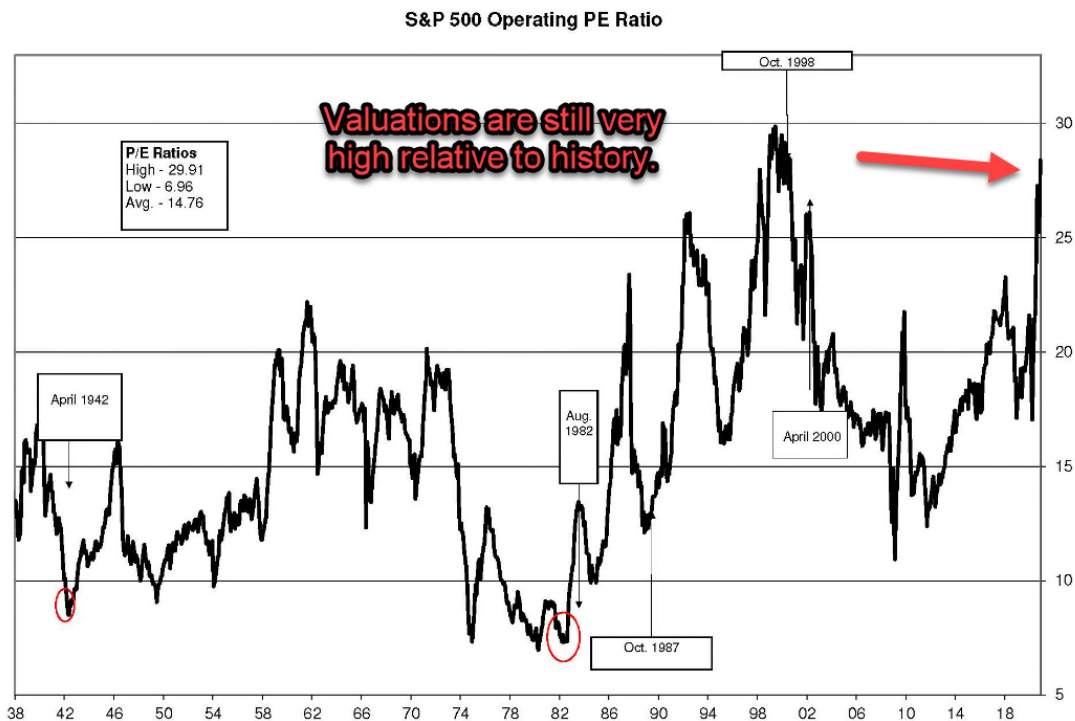
On hopes that a return to normal life may not be terribly far away, stocks followed through on the optimistic vaccine news with most of the major indices hitting new all-time highs, holding those highs, and then extending their gains. From a technical viewpoint, this is positive news. Double-digit returns in most of the major indices were seen during November.



The trade in markets was a role reversal. Stocks that have led year to date, like Amazon, lagged. Stocks that had been beaten down for the year, such as energy, bounced significantly. Small Caps, for example, had dramatically underperformed during the pandemic, following the theory that smaller companies are not as well capitalized, putting them at greater risk of default the longer the pandemic lasts. However, in the last month, Small Caps as represented by the Russell 2000, jumped nearly 18% over the past several weeks!

It seems that many investors believe the pandemic is essentially over, despite the record cases happening today. With vaccines in front of us, hopes are that this might be the final wave of Covid-19 and markets appear to be looking beyond this spike and towards a recovery. Time, of course, will tell if this is overly optimistic.

Given what we have seen as positive action in the market, we have increased our exposure in our tactical strategies. While the near-term view is positive, it is prudent to remember that some of the underlying problems, such as excessive valuations and extreme sentiment readings, have not gone away.



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Through 12/1/2020

For now, we have a bullish bias but also a healthy dose of reality. We will keep watching developments closely and, as usual, make any changes as necessary.

## TACTICAL OPPORTUNITY

Market strength has led to some increased exposure. We have seen huge gains from semiconductor sector stocks like Applied Materials. With few weak spots in the holdings, November made for a nice month.

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## FULLY INVESTED

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### ETF SECTOR ROTATION

November was a strong and strange month for the markets – strange in that leading the charge was Energy, the most beaten down sector. Energy has surged over 35% since November 1, leading to the model opening a position. Across the board, the Sector Rotation portfolios are now very broad-based. We have positions in eight of the 11 sectors, with only slight overweights in Tech, for example. There are minor underweights in Utilities and Real Estate, and no buy signal in Financials yet, despite some strength there.

Reflecting the recent strength in the broad markets, we have now opened positions in all categories – Growth, Value, Large Cap, Midcap, and Small Cap. Same story for the Internationals, where we have green lights on for both Europe and the Emerging Markets.

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### EQUITY GROWTH AND VALUE

November was strong, with positive numbers across the board. Surprising lags from the likes of Microsoft, Amazon and Facebook reflect the rotation toward Value and stocks that had yet to participate in the rally. Semiconductors and Materials were particularly solid performers.

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### EQUITY GROWTH OPPORTUNITY

We had some turnover in November to broaden the portfolio exposure. The vaccine news has lifted the broad economy and provided a boost to sectors beyond just technology. We added some exposure to industrials, energy, and travel to round out the portfolio while maintaining a solid weighting in technology. The strategy maintains a green light in the current environment and we aim to capitalize on what is currently a healthy looking market.

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## EQUITY DIVIDEND INCOME

With the rotation toward Value and previously left-behind holdings, dividend stocks outperformed. The rotating we have been doing in the portfolio over the past few months paid off in November. Financials, such as JPMorgan Chase and Prudential Financial, booked nice months, as did the likes of Eastman Chemical and LyondellBasell. Minor weeding of the portfolio continues, but nothing out of the ordinary.

For a full description of each strategy, please [click here](#).

Best regards,

**CHURCHILL MANAGEMENT GROUP**

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\*\* This report is meant to inform the reader of our current market opinion, which we, as professional money managers, use in our decision-making. It should be noted that stock market and bond market data are subject to varying interpretations and any one interpretation will not necessarily guarantee investment success. The information obtained from the sources specified herein and used as basis for our current market opinion is believed reliable, but we do not guarantee the accuracy of such information.

