

Portfolio returns & commentary

GBP - USD - EUR

July 2022



This presentation is not for retail investors



July 2022 commentary - covering June

It was another challenging month for capital markets in June as concerns surrounding global growth prospects deepened. Additionally inflationary pressures persisted putting further pressure on central bankers and prompting a more hawkish rhetoric, whilst geopolitical tensions surrounding the conflict in the Ukraine remain. On a more favourable note, Chinese markets responded positively to an easing of Covid-related restrictions during the month which resulted in the MSCI Emerging Markets Index outperforming its developed counterpart, returning -6.6% versus the MSCI World Index's -8.6% return (both figures in USD).

US

Headline inflation in the US surprised on the upside in May, accelerating to a 40-year high of 8.6%. The Federal Reserve ('Fed') responded aggressively, hiking rates by 75 bps - its largest increment since 1994 - whilst suggesting further hikes are anticipated. Employment data releases over the month suggest the labour markets are robust, with unemployment continuing to fall. Meanwhile, whereas the latest Composite Purchasing Managers Indices ('PMI') reading of 52.3 indicated an expansion in economic activity, it was the lowest since January. Against this backdrop, the US market declined, with the S&P 500 Index down -8.3% over the period.

Europe

Revised Eurozone GDP data for the first quarter indicated growth was faster than initially projected (0.6% vs 0.3%), while June's Composite PMI print of 52 - a 16-month low - represented a significant contraction from May's 54.8 and suggested a slowing of growth expectations going forward. At the same time inflation hit an all-time record in June with prices 8.6% higher than a year ago leaving the European Central Bank ('ECB') in a difficult position, acknowledging the need to tighten monetary conditions to combat inflation whilst not excessively impeding economic growth and triggering a recession. The prospects for the quicker withdrawal of stimulus measures in Europe caused investor sentiment to dampen and European bourses to sell off, with the broad FTSE World Europe ex UK Index falling -8.3% in EUR terms.



July 2022 commentary - covering June

UK

The Bank of England continued its rate hiking cycle in June, raising its policy rate a further 25bps to 1.25% and commenting that it will act more aggressively if required. The cost of living crisis continues to bite the British consumer, as reflected in a contraction of retail activity. UK inflation showed prices were 9.1% higher y-o-y and are forecast to rise to double figures by the autumn, putting further pressure on spending. Forecasts for economic growth paint a gloomy picture for the remainder of the year and into 2023. From a market perspective the All Share Index as a proxy for the UK market fell -6.0% in June.

Yields

Elevated inflation and the tightening of monetary conditions has caused a spike in volatility within fixed income markets. The Merrill Lynch Option Volatility Estimate ('MOVE') Index, which measures US Treasury yield volatility, jumped to its highest level since the depths of the pandemic. As an indication, the yield on the benchmark 10-year Treasury traded within a whisker of 3.50% intra month before settling at 3.01% - an increase of 17bps over the period. Not to be outdone, yields on German bunds were just as volatile, closing the month 22bps higher at 1.34% as the ECB signalled its rate hiking cycle will likely begin in July. Investment grade corporate bonds didn't fare much better: the ICE BofA Sterling Index fell -3.39% over the month, Euro credit weakened -3.43% and the US -2.35%.



Blair Campbell
Portfolio Manager



Portfolio returns (GBP)

	1 month	YTD	1 year	3 years	5 years	Since inception
MMPS +2% GBP	-2.86	-7.17	-6.53	0.26	1.90	15.91
ARC GBP Cautious	-2.50	-6.92	-5.21	3.35	7.30	21.08
MMPS +3% GBP	-3.10	-9.51	-8.61	2.37	6.07	27.28
ARC GBP Cautious	-2.50	-6.92	-5.21	3.35	7.30	21.08
MMPS +4% GBP	-3.50	-11.54	-10.07	4.70	10.62	37.13
ARC GBP Balanced	-3.60	-9.44	-6.63	4.94	11.03	31.78
MMPS +5% GBP	-3.80	-12.84	-10.82	6.31	14.91	48.37
ARC GBP Balanced	-3.60	-9.44	-6.63	4.94	11.03	31.78
MMPS +6% GBP	-3.93	-13.93	-11.47	9.53	22.09	63.47
ARC GBP Steady Growth	-4.50	-11.21	-7.67	6.44	15.62	43.80



Portfolio returns (USD)

	1 month	YTD	1 year	3 years	5 years	Since inception
MMPS +2% USD	-3.36	-8.65	-8.33	0.99	4.87	11.24
ARC USD Cautious	-3.10	-10.90	-10.38	-0.27	5.44	11.89
MMPS +3% USD	-3.94	-11.93	-11.58	2.50	7.82	17.20
ARC USD Cautious	-3.10	-10.90	-10.38	-0.27	5.44	11.89
MMPS +4% USD	-4.87	-15.31	-14.72	3.65	10.84	21.71
ARC USD Balanced	-4.90	-15.73	-14.22	3.19	11.13	20.37
MMPS +5% USD	-5.66	-17.82	-16.99	4.07	13.12	26.62
ARC USD Balanced	-4.90	-15.73	-14.22	3.19	11.13	20.37
MMPS +6% USD	-6.32	-20.13	-19.15	6.06	17.85	34.59
ARC USD Steady Growth	-6.00	-17.67	-15.08	8.68	20.16	33.30



Portfolio returns (EUR)

	1 month	YTD	1 year	3 years	5 years	Since inception
MMPS +2% EUR	-3.19	-8.09	-7.32	-0.98	-0.71	11.06
ARC EUR Cautious	-3.50	-10.49	-8.78	-1.81	-0.62	5.44
MMPS +3% EUR	-3.59	-10.57	-9.29	2.05	4.32	22.08
ARC EUR Cautious	-3.50	-10.49	-8.78	-1.81	-0.62	5.44
MMPS +4% EUR	-4.09	-12.81	-10.62	5.26	9.93	31.18
ARC EUR Balanced	-4.50	-12.38	-9.27	3.15	6.10	16.79
MMPS +5% EUR	-4.51	-14.28	-11.26	7.93	14.97	40.78
ARC EUR Balanced	-4.50	-12.38	-9.27	3.15	6.10	16.79
MMPS +6% EUR	-4.73	-15.45	-11.74	12.25	23.00	56.19
ARC EUR Steady Growth	-5.50	-14.20	-8.79	11.53	18.16	36.88



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