

Portfolio returns & commentary

GBP - USD - EUR

September 2022



This presentation is not for retail investors



September 2022 commentary - covering August

August demonstrated that monetary authority rhetoric remains the central influence on the current path of markets. Comments made by Federal Reserve ('Fed') Chair Jerome Powell at the Jackson Hole meeting of global policymakers at the end of the month underscored this assertion, souring investor sentiment, sending global equity markets into negative territory and driving bond yields higher. Developed markets (as measured by the MSCI World Index) ended the month -4.1% lower after being up 3.7% mid-month, while the corresponding Emerging Markets benchmark fared better, returning +0.4% with regional idiosyncratic factors contributing toward the outperformance.

US

At the Jackson Hole Symposium Chair Jerome Powell reiterated that the Fed's principal focus is to bring about price stability, acknowledging the likely negative impact on growth and a softening of the labour market. These remarks caused a reversal of investor sentiment, after the positive response to July's Consumer Price Index ('CPI') print which indicated inflation was running at 8.5%, down from June's 9.1% and seemingly past its peak. Following the comments the Fed Funds futures market is pricing in a 75% probability of a 0.75% increase to US interest rates. The enhanced hawkish tone of the Fed weighed on investors in the US which saw the S&P 500 tumbling -4.1%.

Europe

Contrasting with the US, inflation in Europe shows no sign of peaking as the Eurozone's CPI hit another record of 9.1% in August. Composite Purchasing Manager Indices ('PMI') data also disappointed, indicating business activity within the Eurozone is contracting with a reading of 48.9 (below 50 indicates contraction). Meanwhile employment data suggests the job market is tight with the unemployment rate hitting a record low of 6.6% in July. Economic conditions are raising expectations that the European Central Bank ('ECB') will raise its key interest rate by 0.75% points at its next meeting in September, increasing the prospects of a forthcoming recession in the region. The MSCI Europe ex-UK Index was down -5.1% in local currency terms.



September 2022 commentary - covering August

UK

After raising its policy rate by 0.5% to 1.75% to stave off record levels of persistent inflation, the Bank of England ('BoE') is predicting that a UK recession will start in the fourth quarter. The latest CPI print of 10.1% is still some way below the forecast year-end peak of 14% and further tightening of financial conditions seems inevitable. The FTSE All Share Index fell -1.7% in Sterling terms.

Yields

Reflecting the gloomy economic outlook Gilts suffered their biggest monthly fall for almost 30 years, underperforming most other developed sovereign bond markets on their way to a return of -8.1% (per the Bloomberg Barclays benchmark government Indices) over the period. Bunds and US Treasuries didn't fare much better, with their corresponding benchmarks down -5.1% and -2.6% respectively over the same time frame. From a corporate sense the UK was again the worst performing region, the ICE BofA Sterling Corporate Index fell -6.6% compared to the equivalent US and Euro indices which fell -2.7% and -4.3% respectively in local currency terms.



Blair Campbell
Portfolio Manager



Portfolio returns (GBP)

	1 month	YTD	1 year	3 years	5 years	Since inception
MMPS +2% GBP	-0.28	-5.20	-5.15	1.21	2.69	18.36
ARC GBP Cautious	-2.40	-7.13	-6.74	1.86	5.56	20.80
MMPS +3% GBP	-0.76	-7.63	-7.82	3.09	6.34	29.93
ARC GBP Cautious	-2.40	-7.13	-6.74	1.86	5.56	20.80
MMPS +4% GBP	-0.99	-9.23	-9.42	5.80	11.03	40.71
ARC GBP Balanced	-2.00	-8.15	-7.39	5.21	10.98	33.66
MMPS +5% GBP	-1.09	-10.11	-10.17	7.42	15.40	53.02
ARC GBP Balanced	-2.00	-8.15	-7.39	5.21	10.98	33.66
MMPS +6% GBP	-1.12	-10.77	-10.85	11.26	22.62	69.47
ARC GBP Steady Growth	-1.50	-8.91	-7.92	8.26	16.26	47.52

Source: FE Analytics as at 31st August 2022



Portfolio returns (USD)

	1 month	YTD	1 year	3 years	5 years	Since inception
MMPS +2% USD	-0.93	-7.44	-7.63	1.67	4.83	12.71
ARC USD Cautious	-2.10	-10.31	-10.85	-0.46	4.95	12.64
MMPS +3% USD	-1.94	-11.10	-11.69	3.16	7.18	18.31
ARC USD Cautious	-2.10	-10.31	-10.85	-0.46	4.95	12.64
MMPS +4% USD	-2.84	-14.65	-15.46	4.79	9.57	22.66
ARC USD Balanced	-3.00	-14.06	-14.09	5.11	11.65	22.76
MMPS +5% USD	-3.50	-17.24	-18.11	5.35	11.40	27.53
ARC USD Balanced	-3.00	-14.06	-14.09	5.11	11.65	22.76
MMPS +6% USD	-4.10	-19.61	-20.68	8.04	15.47	35.47
ARC USD Steady Growth	-3.40	-16.23	-15.73	11.13	20.02	35.63

Source: FE Analytics as at 31st August 2022



Portfolio returns (EUR)

	1 month	YTD	1 year	3 years	5 years	Since inception
MMPS +2% EUR	-0.86	-6.33	-6.13	0.03	0.77	13.18
ARC EUR Cautious	-2.70	-8.96	-8.70	-0.92	0.60	7.24
MMPS +3% EUR	-1.68	-9.05	-8.83	2.79	5.87	24.16
ARC EUR Cautious	-2.70	-8.96	-8.70	-0.92	0.60	7.24
MMPS +4% EUR	-2.32	-10.75	-10.21	6.69	12.47	34.29
ARC EUR Balanced	-2.80	-10.53	-9.42	4.75	8.29	19.26
MMPS +5% EUR	-2.76	-11.80	-10.86	9.55	18.71	44.85
ARC EUR Balanced	-2.80	-10.53	-9.42	4.75	8.29	19.26
MMPS +6% EUR	-3.14	-12.62	-11.43	14.59	27.77	61.41
ARC EUR Steady Growth	-2.90	-11.72	-9.09	14.37	22.40	40.82

Source: FE Analytics as at 31st August 2022



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