

Portfolio returns & commentary

GBP - USD - EUR

February 2023



This presentation is not for retail investors



February 2023 commentary - covering January 2023

Data releases over the course of the month reinforced the view that inflationary pressures had largely peaked, allowing central banks to consider ending their hiking cycles. The prospects of such proved positive for market sentiment, ensuring global markets kicked off the year in a buoyant mood. Emerging markets were propped up by policymakers in China embarking on stimulus measures to rejuvenate the economy further, with investors anticipating that the easing of Covid restrictions will begin unlocking pent-up demand. Against the backdrop of expectations for easier monetary policy developed market equities returned 7.1% in January whereas emerging markets returned an impressive 7.9% (as measured by MSCI global indices on a total return basis in US Dollars).

US

In the US, consumer price pressures continued to ease in January, with headline inflation falling to 6.4% for December, raising expectations that the Federal Reserve ('Fed') will soon pause its rate hiking cycle. Strong employment data, by contrast, would indicate that the US labour market is on a healthy footing, giving the Fed cause for concern that a tight labour market and associated wage pressures may lead to stickier inflation. The S&P 500 Index climbed 4.7% over the month.

Europe

Although debatable whether recession in Europe is imminent, growth data from the Eurozone surprised to the upside in January. Purchasing Manager Composite Index ('PMI') data indicated a modest expansion in business activity with a reading of 50.2 (above 50 indicates expansionary business conditions). Inflation data also provided a boost to investor sentiment, with the Consumer Price Index ('CPI') falling to 9.2% in December, while the region should benefit from a positive trading outlook due to the reopening of the Chinese economy. European equities rallied in response: the FTSE World Europe ex-UK Index was up 7.3% in EUR terms.



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UK

In contrast to Europe and the US, a recession in the UK looks likely. The economy is still grappling with double-digit inflation rates (consumer prices rose 10.5% in December). Moreover, to ease the upward pressure on prices, the Bank of England is expected to raise interest rates at their next meeting in February (which they duly did by 50 basis points to 4.0% on the 2nd of February). With a relatively high (compared to the US and Europe) percentage of householders on tracker or short-term fixed rate mortgages, the increase is projected to put further pressure on consumers. Investors shrugged off the weak data however, pushing the FTSE All Share Index up 4.5%.

Yields

January saw fixed income markets follow their equity counterparts higher, buoyed by optimism of an end in sight of central bank interest rate hikes. Returns were well received across both government and corporate indices, with yields falling and spreads tightening across regions. UK markets led the way with the ICE BofA Sterling Corporate Bond Index gaining 4.10%. The equivalent European and US indices were also positive, returning 2.0% and 3.9% respectively. From a Sovereign standpoint, UK Gilts returned 2.75% with US Treasuries (+2.59%) & German Bunds (+1.69%) also in positive territory.



Blair Campbell
Portfolio Manager



Portfolio returns (GBP)

	1 month	YTD	1 year	3 years	5 years	Since inception
MMPS +2% GBP	2.23	2.23	-1.08	2.28	4.38	21.01
ARC GBP Cautious	2.20	2.20	-3.31	2.32	6.97	22.84
MMPS +3% GBP	2.95	2.95	-2.46	3.91	7.97	32.80
ARC GBP Cautious	2.20	2.20	-3.31	2.32	6.97	22.84
MMPS +4% GBP	3.80	3.80	-2.57	6.81	12.60	44.29
ARC GBP Balanced	3.00	3.00	-2.96	5.44	11.68	36.18
MMPS +5% GBP	4.45	4.45	-1.68	9.31	18.24	58.13
ARC GBP Balanced	3.00	3.00	-2.96	5.44	11.68	36.18
MMPS +6% GBP	4.94	4.94	-1.58	12.74	24.77	74.88
ARC GBP Steady Growth	3.50	3.50	-2.72	7.66	16.70	50.47



Portfolio returns (USD)

	1 month	YTD	1 year	3 years	5 years	Since inception
MMPS +2% USD	2.86	2.86	-1.66	2.76	6.58	17.18
ARC USD Cautious	3.20	3.20	-5.22	-0.10	5.44	15.83
MMPS +3% USD	3.81	3.81	-3.71	3.61	8.51	23.77
ARC USD Cautious	3.20	3.20	-5.22	-0.10	5.44	15.83
MMPS +4% USD	5.04	5.04	-5.05	5.15	10.59	29.91
ARC USD Balanced	4.50	4.50	-6.75	4.80	10.31	27.80
MMPS +5% USD	6.20	6.20	-5.37	6.24	12.58	37.14
ARC USD Balanced	4.50	4.50	-6.75	4.80	10.31	27.80
MMPS +6% USD	6.79	6.79	-6.63	7.97	15.48	46.33
ARC USD Steady Growth	5.50	5.50	-7.42	10.15	16.88	42.65



Portfolio returns (EUR)

	1 month	YTD	1 year	3 years	5 years	Since inception
MMPS +2% EUR	2.23	2.23	-3.08	-0.55	1.24	14.78
ARC EUR Cautious	2.20	2.20	-7.19	-3.04	-1.40	6.88
MMPS +3% EUR	3.08	3.08	-4.94	0.80	5.51	25.72
ARC EUR Cautious	2.20	2.20	-7.19	-3.04	-1.40	6.88
MMPS +4% EUR	3.99	3.99	-5.54	3.16	11.03	36.02
ARC EUR Balanced	3.00	3.00	-7.42	0.74	4.43	19.09
MMPS +5% EUR	4.86	4.86	-5.33	5.14	16.91	47.31
ARC EUR Balanced	3.00	3.00	-7.42	0.74	4.43	19.09
MMPS +6% EUR	5.28	5.28	-5.54	8.23	24.11	63.85
ARC EUR Steady Growth	3.90	3.90	-7.56	7.60	16.75	40.81



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