

# Portfolio returns & commentary

GBP - USD - EUR

May 2023

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This presentation is not for retail investors



# May 2023 commentary - covering April 2023

Robust, forward-looking global growth data proved supportive of risk assets in April. At the same time, indications emerged suggesting inflation data is softening, leaving investors optimistic an end to interest rate tightening cycles are in sight, further boosting sentiment. Developed market equities outperformed their emerging counterparts with the latter being dragged down by concerns surrounding the sustainability of Chinese growth and the former benefiting from the impact of energy prices on inflation expectations. As measured by MSCI indices, developed markets returned 1.8% over the course of the month whereas MSCI's emerging market gauge fell -1.1%.

## US

In the US, base effects on energy prices put downward pressure on April's inflation print. Broadly speaking, data was largely positive with leading indicators also suggesting future consumer price rises should moderate. The Federal Reserve ('Fed') is still expected to hike interest rates a further 25 basis points ('bps') in May, however, as pressures persists from a core inflation perspective. Composite Purchasing Manager Index ('PMI') data indicated business activity in the private sector expanded at its fastest pace in a year (53.40) with both the services (53.60) and manufacturing (50.20) sectors indicating expansion. The S&P 500 returned 1.6%.

## Europe

Though disappointing, GDP data showed the eurozone economy grew marginally over the first quarter of the year, expanding by 0.1%. Nonetheless, PMI data beat estimates, rising to 54.1, an 11-month high. The expansion in business activity was not broad based however, with April's reading driven exclusively by the services sector (56.20), outstripping the composite's manufacturing component (45.80) - any number above 50 signals expansion. The European Central Bank ('ECB') remains hawkish on interest rate policy with expectation the ECB will maintain their hiking cycle to combat stickiness in core price data. The market is currently pricing in a further 75 bps of hikes. European equity markets shrugged off the ECB's hawkish rhetoric returning 2.3% in local currency terms as measured by the MSCI's European ex UK index.



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## UK

UK equities outperformed in April despite depressed economic data; the FTSE All Share climbed 3.4%, beating developed markets on a regional basis. Headline inflation data remains above 10%, leading to the anticipation of a Bank of England (‘BoE’) rate rise in May; the BoE duly raised rates by 25bps on the 11th of May. First quarter GDP growth came in flat whilst retail sales contracted, underlining the challenges facing the British consumer. Surprisingly, consumer confidence levels rebounded. GfK’s consumer confidence barometer, although still in negative territory, climbed to its highest level since the start of 2022, increasing six points to -30.

## Yields

From a fixed income perspective, US indices outperformed, reflecting the view from investors that US interest rates are closer to a peak than their developed market equivalents. As measured by ICE BofA indices, US Treasuries returned 0.55% over the month. In contrast, UK Gilts returned -1.79% and German Bunds 0.07%. From a corporate perspective the US again outperformed. The ICE BofA corporate gauges returned 0.85%, 0.22% and 0.70% for US, Sterling and Euro indices respectively.



**Blair Campbell**  
Portfolio Manager



# Portfolio returns (GBP)

	1 month	YTD	1 year	3 years	5 years	Since inception
MMPS +2% GBP	0.36	1.16	-0.49	8.47	4.39	19.74
ARC GBP Cautious	0.30	1.25	-2.68	5.12	6.75	21.69
MMPS +3% GBP	0.12	0.73	-2.29	9.26	6.87	29.94
ARC GBP Cautious	0.30	1.25	-2.68	5.12	6.75	21.69
MMPS +4% GBP	0.12	0.84	-2.81	13.13	10.66	40.18
ARC GBP Balanced	0.40	1.96	-2.39	11.39	11.48	34.81
MMPS +5% GBP	0.15	0.76	-2.81	16.59	15.25	52.55
ARC GBP Balanced	0.40	1.96	-2.39	11.39	11.48	34.81
MMPS +6% GBP	0.09	0.83	-3.17	20.12	20.90	68.03
ARC GBP Steady Growth	0.50	2.56	-1.87	16.96	16.49	49.10



# Portfolio returns (USD)

	1 month	YTD	1 year	3 years	5 years	Since inception
MMPS +2% USD	0.72	2.16	0.40	9.67	7.25	16.39
ARC USD Cautious	0.60	3.15	-0.51	3.33	7.51	15.77
MMPS +3% USD	0.70	2.25	-1.10	10.67	8.88	21.92
ARC USD Cautious	0.60	3.15	-0.51	3.33	7.51	15.77
MMPS +4% USD	0.99	3.28	-1.40	14.64	11.18	27.73
ARC USD Balanced	0.90	4.61	-0.58	11.84	13.69	27.93
MMPS +5% USD	1.29	4.16	-1.27	18.15	13.28	34.51
ARC USD Balanced	0.90	4.61	-0.58	11.84	13.69	27.93
MMPS +6% USD	1.40	4.27	-2.22	20.81	15.89	42.89
ARC USD Steady Growth	1.20	5.92	0.01	20.05	21.73	43.21



# Portfolio returns (EUR)

	1 month	YTD	1 year	3 years	5 years	Since inception
MMPS +2% EUR	0.30	0.96	-2.33	5.98	1.19	13.35
ARC EUR Cautious	0.30	1.76	-4.30	2.22	-0.17	6.43
MMPS +3% EUR	0.07	0.77	-4.52	7.07	4.45	22.90
ARC EUR Cautious	0.30	1.76	-4.30	2.22	-0.17	6.43
MMPS +4% EUR	0.09	1.06	-5.32	11.08	9.21	32.20
ARC EUR Balanced	0.40	3.05	-4.11	9.30	6.64	19.15
MMPS +5% EUR	0.14	1.40	-5.73	14.78	14.23	42.46
ARC EUR Balanced	0.40	3.05	-4.11	9.30	6.64	19.15
MMPS +6% EUR	0.10	1.41	-6.39	18.65	20.50	57.84
ARC EUR Steady Growth	0.40	3.97	-4.02	18.64	19.24	40.91



# Important Information

**The value of investments and the income from them may go down as well as up and you may realise less than the sum invested. Past performance is not a guide to future performance and may not be repeated. No guarantees are offered in respect of investment returns and/or capital invested.**

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