

Portfolio returns & commentary

GBP - USD - EUR

September 2023



This presentation is not for retail investors



September 2023 commentary - covering August 2023

August saw mixed macroeconomic announcements over the course of the month with investors choosing to focus on softer data points, putting downward pressure on risk assets. Inflation rates, though in decline, continued to exceed forecasts, whilst economic growth statistics, particularly in China, largely disappointed. Against this backdrop, global stock indices were firmly in the red, with concerns surrounding the growth outlook in China contributing to emerging markets' underperformance of their developed counterparts. As measured by MSCI Indices, emerging markets fell -6.1% versus the MSCI's developed market gauge of -2.3%.

US

As had been widely anticipated, Fitch downgraded the credit rating of the US to AA+, as a result, market reaction to the downgrade was muted. Consumer Price Index ('CPI') data remained at levels perceived 'too high' by Federal Reserve representatives, with Chair Jerome Powell signalling that interest rates may need to be held higher for longer to subdue inflationary conditions. From a relative sense, GDP statistics suggest the US economy is resilient, expanding at a 2.1% annualised rate over the second quarter. Contrary to the announcement, the S&P 500 contracted -1.6%.

Europe

Growth concerns and the expectation of additional rate rises soured investor sentiment in Europe, dragging the MSCI European ex UK Index down by -2.2% in local currency terms. Inflation remained flat in August, with a reading of 5.3%, ahead of expectations of a marginal fall. The stickiness of the data increases the likelihood that the European Central Bank ('ECB') will increase interest rates further. July's Purchasing Managers Index ('PMI') print of 47.0 (48.6 previously) indicated that the decline in Eurozone business activity was sharper than had originally been expected, as the index fell to its lowest level (excluding during the pandemic) since 2012.



September 2023 commentary - covering August 2023

UK

Inflation data in the UK continued its descent. Though comparatively high from a G7 standpoint, July's headline reading of 6.8% was a considerable fall from June's 7.9%. The UK's elevated inflation readings, however, prompted the Bank of England to raise rates by 25 basis points at the beginning of the month to 5.25%, with the expectation that the bank will hike by a further 25 bps at September's Monetary Policy Committee meeting. The FTSE All Share fell -2.5% in Sterling terms.

Yields

From a fixed income perspective, conflicting narratives of central bank tightening policies to combat inflation and the implications of deteriorating growth metrics for the global economy are driving the direction of fixed income markets. US Treasuries and UK Gilts were both down -0.50% in August, whilst Bunds bucked the trend, returning 0.4%. High yield indices in the US and Europe were positive over the course of the month, both returning 0.2%.

High yield returns as measured by BofA/Merrill Lynch High Yield Indices with Government Bond returns measured by Barclays Aggregate Government Bond Indices.



Blair Campbell
Portfolio Manager



Portfolio returns (GBP)

	1 month	YTD	1 year	3 years	5 years	Since inception
MMPS +2% GBP	-0.39	0.33	0.33	1.68	2.95	18.76
ARC GBP Cautious	-0.10	1.09	-0.58	0.82	5.58	21.51
MMPS +3% GBP	-0.66	0.53	-0.19	1.56	4.95	29.68
ARC GBP Cautious	-0.10	1.09	-0.58	0.82	5.58	21.51
MMPS +4% GBP	-0.90	1.16	-0.07	4.18	8.26	40.61
ARC GBP Balanced	-0.60	1.91	-0.38	5.12	9.06	34.74
MMPS +5% GBP	-1.20	1.80	0.72	7.72	11.98	54.12
ARC GBP Balanced	-0.60	1.91	-0.38	5.12	9.06	34.74
MMPS +6% GBP	-1.39	1.99	0.29	9.88	16.16	69.96
ARC GBP Steady Growth	-0.90	2.93	0.37	9.24	12.90	49.65



Portfolio returns (USD)

	1 month	YTD	1 year	3 years	5 years	Since inception
MMPS +2% USD	-0.75	1.71	2.80	2.12	6.45	15.87
ARC USD Cautious	-0.60	3.61	2.79	-2.68	7.07	16.29
MMPS +3% USD	-1.16	2.66	3.47	1.86	8.52	22.41
ARC USD Cautious	-0.60	3.61	2.79	-2.68	7.07	16.29
MMPS +4% USD	-1.59	4.39	5.25	3.84	11.34	29.11
ARC USD Balanced	-1.20	6.15	5.40	2.41	13.78	29.82
MMPS +5% USD	-2.09	6.20	7.54	6.76	13.98	37.15
ARC USD Balanced	-1.20	6.15	5.40	2.41	13.78	29.82
MMPS +6% USD	-2.45	6.54	7.77	7.43	16.49	45.99
ARC USD Steady Growth	-1.60	8.59	8.06	8.16	22.19	46.82



Portfolio returns (EUR)

	1 month	YTD	1 year	3 years	5 years	Since inception
MMPS +2% EUR	-0.48	0.30	-0.50	0.17	0.30	12.61
ARC EUR Cautious	-0.10	2.87	-0.07	-1.43	1.10	7.58
MMPS +3% EUR	-0.70	1.22	-0.57	1.21	3.54	23.44
ARC EUR Cautious	-0.10	2.87	-0.07	-1.43	1.10	7.58
MMPS +4% EUR	-0.91	2.55	-0.10	4.97	8.56	34.15
ARC EUR Balanced	-0.40	4.85	0.91	4.27	7.77	21.23
MMPS +5% EUR	-1.17	4.16	1.03	9.74	13.73	46.34
ARC EUR Balanced	-0.40	4.85	0.91	4.27	7.77	21.23
MMPS +6% EUR	-1.33	4.64	0.90	13.07	19.38	62.86
ARC EUR Steady Growth	-0.70	6.79	2.21	12.50	19.49	44.73



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