

4th Quarter 2023

MPS Fixed Interest Risk Profile 4

Inflation source:

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Performance, costs and charges:

The performance illustration represents the performance of the Risk Profile using the Managed Portfolio Service (MPS) historic data of Psigma Investment Management until 30/06/22 and CGWM Master Models from 01/07/22. All performance figures are shown net of underlying fund charges and net of the MPS Annual Management Charge 'AMC' of 0.40%. Fees charged by any Financial Adviser are not taken into account.

Glossary

Annualised volatility: risk is measured by the variability of performance. The higher the standard deviation, the greater the variability (and therefore the risk) of the Fund or the index.

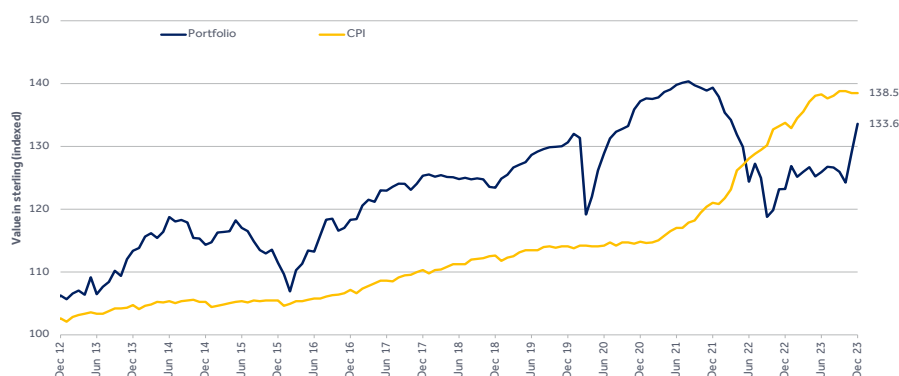
Maximum historic loss: is the maximum loss from peak to trough in an investment's history. The figures are indicative and will depend on circumstance.

Investment objectives

Our objective for this strategy is to achieve a return of 5% over a minimum period of 5 years, with the vast majority of returns coming from income generated. The strategy is designed to generate risk adjusted returns over the suggested time horizon.

The strategy is exclusively focused on Fixed Interest investments, which will be unlikely to generate significant capital gains over the longer term; The portfolio will be sensitive to interest rate changes. Investors in the Risk Profile 4 Fixed Interest strategy are prepared to accept occasional capital losses in order to achieve a slightly higher total return.

Performance since inception (29/02/2012)



Past performance is not a guide to future performance.

Discrete performance (%)

Total return to end of last calendar quarter 31/12/2023.

	2023 YTD*	2022	2021	2020	2019	2018	2017	2016	2015	2014
Model	+8.4	-11.6	+1.6	+5.0	+5.9	-1.5	+5.9	+6.1	-2.5	+0.9
CPI	+3.5	+10.5	+5.4	+0.6	+1.3	+2.1	+2.9	+1.6	+0.2	+0.5

*2023 YTD data is for year to date from 01 January 2023 to 31 December 2023

Cumulative performance (%)

Total return from inception to 31/12/2023.

	3 months	1 year	3 years	5 years	Since inception (29/02/2012)
Model	+6.1	+8.4	-2.6	+8.2	+33.6
CPI	-0.2	+3.5	+20.6	+23.0	+38.5

Risk & return since inception (%)

	Model	CPI
Annualised volatility	-15.4	+5.4
Maximum historic loss	-1.1	+1.5

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Source: Canaccord Genuity Wealth Management (CGWM) Interactive Data as at 31/12/2023.

*Inception date is 29/02/2012.



MPS Fixed Interest Risk Profile 4 Portfolio suggested asset allocation (%)



	Model
Government Bonds	28.5
Corporate Bonds	34.2
International Bonds	35.7
Cash	1.6

Investment involves risk.

The value of investments and any income from them can go down as well as up and you may not get back the amount originally invested.

Past performance is not a guide to future performance.

Figures represent the performance of a model portfolio, investors should note that individual account performance may differ.

Levels and bases for taxation may change.

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Top 10 holdings (%)

iShares \$ Trs Bd 7-10yr ETF	11.7
Jupiter Strategic Bond	11.5
TwentyFour Core Corporate Bond	11.3
Invesco Sterling Bond	11.3
iShares \$ TIPS 0-5 ETF	10.0
TwentyFour Focus Bond	8.0
Neuberger Berman Short Duration EM Debt Fund	7.9
TwentyFour Asset Backed Income Fund	7.9
L&G All Stocks Gilt Index	6.8
UBS Asia Flexible Bond Fund	6.5

Top ten holdings excluding cash

Source: CGWM

Portfolio Manager commentary

2023 ended with a bang, and November and December proved to be richly rewarding months for investors. Global equities rose by 10% in the last two months of 2023, with global bonds also rising an impressive 7%.

The change in tone from the miserable month of October 2023 was down to a major shift in messaging from the US Federal Reserve in terms of interest rates, and the US Treasury over bond issuance. The consensus is now expecting significant policy loosening (interest rate cuts) in 2024 and, while there has been a modicum of pushback in recent weeks, the US Federal Reserve has not tried overly hard to change investors' minds. At the same time as this change of mentality around interest rates and a symbiotic shift lower in bond yields, recent economic data has been dull but not disastrous, hinting that an economic 'soft landing' is still the 'base case'.

The obvious question is whether there will now be a period of 'January blues' for investors, as markets digest the significant gains made over the past couple of months. Markets have moved a long way very quickly and there is little doubt that expectations around the supportive backdrop for markets (economic growth, receding inflation and rate cuts) will be tested at various points in the coming months. We suspect that the downward move in bond yields has been overly aggressive in recent weeks, not least given how much fresh debt will need to be issued later this year, and some indigestion is likely. We view current government bond yields and credit spreads (excess yield gap over government bonds) as towards the bottom of likely short-term range.

Despite short term risks and likely volatility, we still believe that the compensation offered in fixed interest markets is appropriate and we should make money from bonds this year. Equity valuations are now more expensive, and they will be tested by corporate results in 2024 and corporate managements' guidance for the uncertain year ahead. Our base case for equity markets remains that there are plenty of opportunities in various sectors and regions where valuations are appropriate, and we again expect to make positive returns this year.

Technically, equity markets look in decent shape, with the US market in particular now benefitting from a broadening out of positive moves, after a period in the first 10 months of 2023 when the "Magnificent Seven" dominated returns. The biggest risk arguably comes from investor complacency in a year where economic uncertainty will be high and political risks are elevated.

2023 was a year for 'balance, diversification, and an open-minded approach to investment'. It might well be repetitive to say the same now, but 2024 seems likely to be a year when those mottos are once again very relevant.

Contact us

+44 (0)20 7523 4597

intermediary@canaccord.com

canaccordgenuity.com