Canaccord Genuity Wealth Management

2nd Quarter 2023

MPS Risk Profile 6 Portfolio

ARC data is confirmed until 31 March 2023.

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 0.50%. Fees charged by any Financial Adviser are not taken into account.

ARC data is confirmed until March 2023. From April to June 2023 the data is based on estimates from ARC and is subject to change.

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.

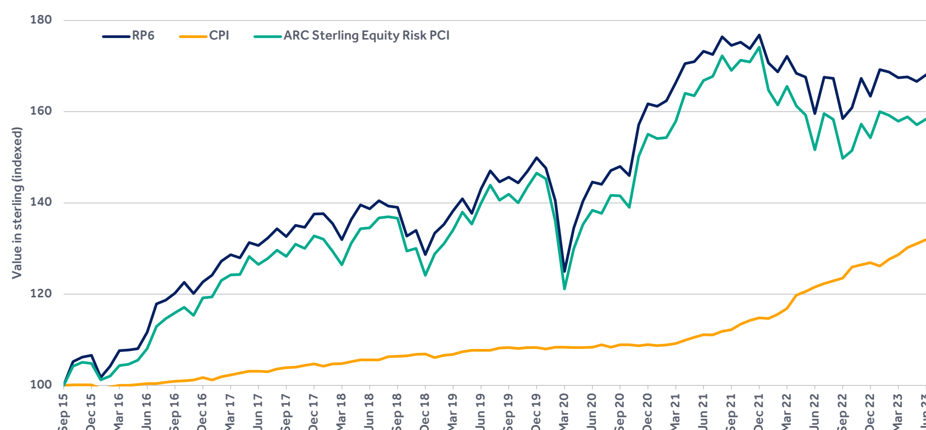
Sharpe ratio: measures the risk/return trade-off. It is the annualised return less the average risk-free rate, divided by the annualised volatility of the model.

This document is intended to aid a wider discussion between clients and their investment and/or financial adviser about this investment portfolio. It is for information purposes only and is not to be construed as a solicitation or an offer to purchase or sell investments, address the financial situations or needs of any specific investor nor is it deemed to be a form of advice to invest in this portfolio. Investors should make their own investment decisions based upon their own financial objectives and financial resources and, if in any doubt, should seek advice from an investment and/or financial adviser.

Investment objective

Our objective for this strategy is to generate a total return equivalent to 80% of the equity benchmark over a minimum rolling period of 10 years. A proportion of the overall return will come from the income generated. The strategy is designed to generate risk adjusted returns over the suggested time horizon. This portfolio is mostly focused on global equity investments, but will also invest in fixed income assets, as well as using other diversifying financial instruments. To assist in the reduction of volatility and deliver uncorrelated returns during periods of unfavourable market conditions, alternative asset classes such as commodities, currencies, infrastructure and hedge funds may be used. Investors in the Risk Profile 6 strategy are prepared to accept a very high proportion of equity risk in pursuit of returns closer to the longer-term returns available from major equity markets. By the same token, at times of stress, the benchmark has generated losses slightly lower than those from major equity markets. The strategy is heavily exposed to equities, which increases the risk of losses that may take some years to recover.

Performance since inception (30/09/2015)



Discrete performance (%)

Total return to end of last calendar quarter 30/06/2023.

	2023 YTD*	2022	2021	2020	2019	2018	2017	2016
Model	+2.9	-7.6	+9.3	+7.9	+16.5	-6.5	+12.1	+15.1
CPI	+4.0	+10.5	+5.4	+0.6	+1.3	+2.1	+2.9	+1.6
ARC Sterling Equity Risk PCI	+2.6	-11.4	+12.3	+5.8	+18.0	-6.5	+11.4	+13.7

* 2023 YTD is data for year to date from 01 January 2023 to 30 June 2023

Cumulative performance (%)

Total return from inception to 30/06/2023.

	3 Months	1 Year	3 Years	5 Years	Inception (30/09/2015)
Model	+0.4	+5.3	+16.3	+21.2	+68.1
CPI	+2.6	+8.6	+21.8	+25.0	+32.0
ARC Sterling Equity Risk PCI	+0.3	+4.4	+14.5	+17.7	+58.4

Risk & return since inception (%)

	Model	CPI	ARC Sterling Equity Risk PCI
Annualised volatility	+9.8	+1.6	+10.1
Maximum historic loss	-16.6	-0.8	-17.3
Sharpe ratio	+0.7		+0.6

Source: Canaccord Genuity Wealth Management (CGWM) Interactive Data as at 30/06/2023.

*Inception to date. Inception is 30/09/2015.

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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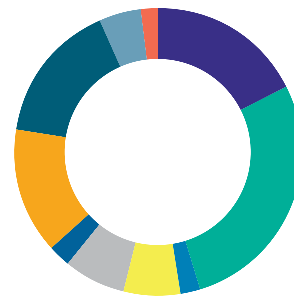
MPS Risk Profile 6 Portfolio suggested asset allocation (%)



	Model
Fixed Interest	17.5
UK Equity	28.0
Emerging Equity	2.2
Asia Equity	6.3
International Equity	7.1
Japan Equity	2.4
US Equity	14.0
Thematic Equity	15.9
Alternatives	4.8
Cash	1.8

Top 10 holdings (%)

Holding	%
Ishares FTSE 100	8.7
Artemis Income	5.9
iShares Physical Gold	4.8
Harris Assocs Us Value Equity	4.4
Threadneedle (Lux) US Disciplined Core Equities	4.2
iShares Treasury Bond 7-10yr	4.1
Fidelity Special Situations	4.1
iShares Ultrashort Bond	3.9
Lindsell Train UK Equity	3.9
Liontrust Sustainable Future UK Growth	3.8

Top ten holdings excluding cash

Source: CGWM

Portfolio Manager commentary

One of the big stories this year is that central banks continue to surprise the markets with either more rate hikes or hints of more rate hikes to come. This month both the Bank of England and Norges Bank surprised investors with 50 basis point (bp) hikes. The US Federal Reserve paused its rate rising cycle in June but gave a strong message that there was more to come; they still expect two more 25bp hikes this year followed by a long on hold period. Meanwhile, the European Central Bank, Swiss National Bank and Swedish Central Bank all increased interest rates by 25bps as expected and signalled further hikes will be necessary.

Despite this, the "Sell in May and go away" mantra, that would have served you so well in 2022, failed to materialise in June, with stock markets generally ending the month in positive territory. Unlike 12months ago, central bank policy tightening is much closer to done, economists continue to kick the imminent recession 6 months further down the road, inflation is trending lower (albeit remaining sticky in certain areas of the economy), and commodity prices have normalised. Even the VIX Index, a measure of US stock market volatility and consequently investor sentiment, has fallen to a level last seen pre-COVID.

That is not to say any market predictions have been easy in the first half of the year given some of the alarming macro headlines we've seen year to date, which included fears of a collapse of the US regional banking system, a US default and, as we saw just recently, an attempted coup in Russia, albeit one denied by Prigozhin, the Head of the Wagner Group. At the other end of the spectrum, investors have had to cope with a handful of stocks tied to AI exploding higher, which has derailed the value convergence trade that dominated relative returns last year; in the US, value stocks outperformed their growth counterparts by 24% in 2022, but they lag by over 8.5% year to date.

The second half of the year is unlikely to offer much more clarity or predictability to investors than the first, with a number of sources of potential financial instability lurking in the background. However, perhaps the most likely outcome is that the much-predicted recession does finally begin under the weight of tighter monetary policy, falling profit margins, and contracting consumption as unemployment rises. From a market perspective, this is not the worse outcome, as it should result in a reset of some of the more expensive sectors and offer investors an opportunity to deploy money more broadly than in just in a narrow band of high-flying stocks.

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