Canaccord Genuity Wealth Management

2nd Quarter 2023

MPS Risk Profile 3 Income 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.

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.

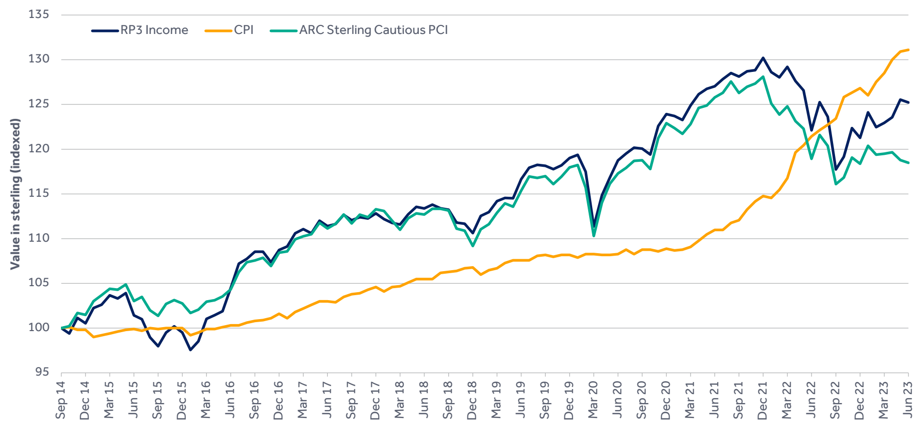
Sharpe ratio: measures the risk/return trade-off. It is the annualised return less the average risk-free rate, divided by the annualised volatility of the model.

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 achieve a return of inflation +2% over a minimum rolling period of five years with a higher degree of returns coming from the income generated by the underlying investments. The strategy is designed to generate risk adjusted returns over the suggested time horizon. A large proportion of the portfolio is likely to be comprised of fixed income assets with a lower proportion invested in global equity investments. 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 3 strategy are prepared to accept some occasional and modest losses in order to generate slightly higher total returns.

Performance since inception (30/09/2014)



Discrete performance (%)

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

	2023 YTD*	2022	2021	2020	2019	2018	2017	2016	2015
Model	**+3.3**	**-6.9**	**+5.1**	**+4.1**	**+7.6**	**-2.0**	**+3.8**	**+9.3**	**-1.0**
CPI	**+3.2**	**+10.5**	**+5.4**	**+0.6**	**+1.3**	**+2.1**	**+2.9**	**+1.6**	**+0.2**
ARC Sterling Cautious PCI	**+0.1**	**-7.6**	**+4.2**	**+4.2**	**+8.1**	**-3.6**	**+4.5**	**+5.5**	**+1.3**

* 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 (30/09/2014)
Model	**+1.9**	**+2.5**	**+5.5**	**+10.5**	**+25.2**
CPI	**+1.9**	**+7.8**	**+20.9**	**+24.1**	**+30.9**
ARC Sterling Cautious PCI	**-0.8**	**-0.3**	**+1.1**	**+5.2**	**+18.5**

Risk & return since inception (%)

	Model	CPI	ARC Sterling Cautious PCI
Annualised volatility	**+4.8**	**+1.6**	**+4.2**
Maximum historic loss	**-9.6**	**-1.1**	**-9.4**
Sharpe ratio	**+0.6**		**+0.5**

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

*Inception to date. Inception is 30/09/2014.

defaqto EXPERT RATED DFM MPS on Platform 2023

defaqto EXPERT RATED DFM Bespoke 2023

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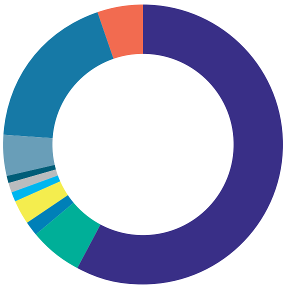
MPS Risk Profile 3 Income Portfolio suggested asset allocation (%)



	Model
Fixed Interest	58.5
UK Equity	6.8
Emerging Equity	1.6
Asia Equity	1.5
International Equity	2.0
Europe Equity	1.0
US Equity	1.0
Thematic Equity	6.6
Alternatives	16.5
Cash	4.5

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 (%)

Fidelity Global Inflation-Linked Bond	9.5
iShares Treasury Bond 7-10yr	9.0
Invesco Sterling Bond	7.0
MI TwentyFour Core Corporate Bond	6.9
Jupiter Global Macro Bond	6.9
SEI Liquid Alternative	5.2
Trojan Fund X Income	5.0
TM Fulcrum Income	5.0
MI TwentyFour Focus Bond	4.1
MI TwentyFour AM Asset Backed Income	4.1

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.

We made a few changes during the month shifting the portfolio in a mildly more defensive direction. Within our Alternatives allocation we added the Ruffer Diversified Return fund which adds some additional downside protection into our portfolios. Also, we unhedged and slightly reduced our infrastructure equities. We adjusted our position in US High Yield credit slightly reducing risk. Finally, given the aggressive move higher in Gilt (UK Government bond) yields we decided to partially close our underweight by buying gilts for first time in years. This was done via a new position in the passively managed L&G All Stocks Gilt Index.

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