

April was a strong month for the performance of the core BAM portfolios, primarily driven by allocations to alternatives as well as Chinese and UK equities. The performance of commodities was particularly pleasing, however, given it is more challenging for ethical investments to gain exposure to commodities, the Social Impact and Ethical Growth portfolios were comparatively weaker.

US INTEREST RATES

Economists have now been debating for so long, on whether we're likely to see 'higher for longer' interest rates, that in truth, we've seen the results before the debate has reached a conclusion. The US Federal Reserve's base rate reached 5% in March 2023 and has remained there ever since, with the market currently implying that it's likely to stay that way until at least November. This would once have been considered a dystopian economic scenario but the nightmare hasn't materialised due to a stronger than expected US economy. Due to this economic strength, Fed Chair Jerome Powell said in April that he was "in no rush to cut interest rates, whilst the decline of inflation was still ambiguous". What this means for investments is that interest rate sensitive, US based assets are unlikely to be off to the races any time soon, but they may well offer a reasonable yield in the meantime. Elsewhere, the UK and Europe now look likely to cut before the Fed which would go against what was consensus only a couple of months ago. Christine Lagarde, President of the European Central Bank has gone as far as to publicly reaffirm that pending any data surprises, European interest rates are likely to be reduced in June. This therefore means the cost of capital is likely to be reducing sooner in a number of regions outside of the US and consequently the BAM team continue to hold an underweight to US companies, finding better opportunities elsewhere.

COOL BRITANNIA

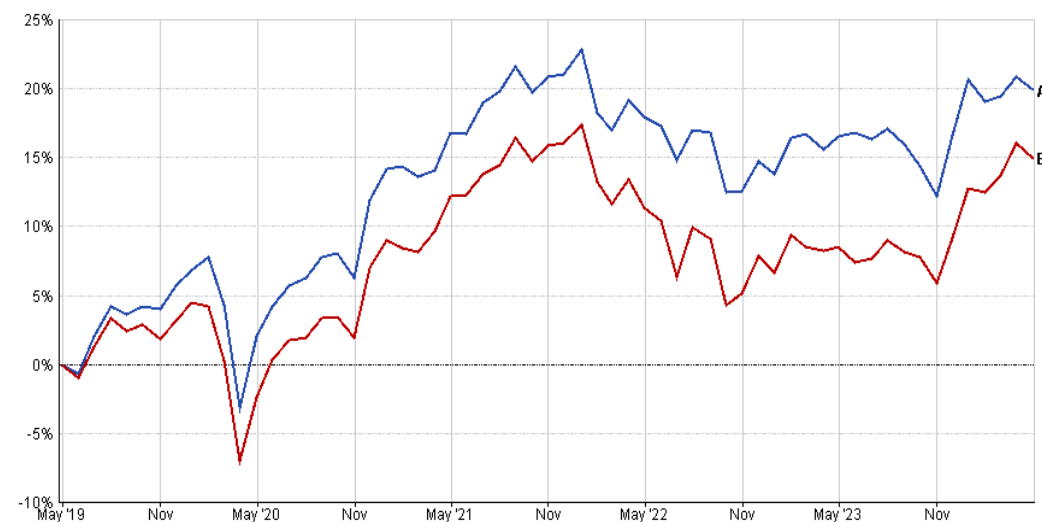
Inflation continues to cool in the UK and remains on track to return to the Bank of England's 2% target in April. Inflation in the UK topped out higher than in the US and didn't peak until a number of months later. Consequently and somewhat perversely, a relatively weak economy has helped improve the attractiveness of the UK with interest rate expectations the widest they've been relative to the US for over 12 months (according to Bloomberg World Interest Rate Probabilities). It comes as no

surprise therefore that the FTSE 100 surpassed its previous high from 14 months ago. The Blenheim UK Equity fund has undoubtedly benefited from this strong performance however, the team would argue that because the FTSE 100 contains many large multinational companies, a positive view on the UK is better reflected through investing in smaller companies whose earnings are predominantly made in the UK. For this reason BAM have decided to increase the portfolio's allocation to UK smaller companies.

OPPORTUNITY IN ALTERNATIVES

It wouldn't be unreasonable to suggest that rising interest rates are the nemesis to the long-term stable incomes that often define alternative assets, however, the inverse is also true which is leading to increasing optimism. "Planet essential assets" is a phrase often used to describe a number of the holdings that relate to long term themes such as solar panels, wind turbines and the wider electrification trend. In the short term these assets have experienced extreme, interest rate driven, pessimism which has presented a number of opportunities which the team are optimistic will reward a patient, long term investor in the BAM portfolios.

SOCIAL IMPACT



■ A - Social Impact Portfolio 05/12/2023 TR in GB [19.96%]
■ B - ARC Sterling Balanced Asset PCI TR in GB [14.92%]

5 YEAR MODEL PERFORMANCE VS BENCHMARK*

DEFENSIVE MIXED ASSETS MODEL



DEFENSIVE BALANCED MIXED ASSETS MODEL



BALANCED MIXED ASSETS MODEL



FOCUSED GROWTH MIXED ASSETS MODEL



BAM MPS PERFORMANCE FIGURES TAKE INTO ACCOUNT THE ONGOING CHARGES OF THE UNDERLYING HOLDINGS BUT EXCLUDE ADVISER CHARGES AND PLATFORM FEES. INCLUSION OF THESE WILL RESULT IN A LOWER RETURN TO THE END INVESTOR, DEPENDING ON THE CLIENT AGREEMENT AND THE PLATFORM USED.

ARC PCI: ASSET RISK CONSULTANTS (ARC) OPERATE THE PRIVATE CLIENT INDICES (PCI) ACROSS THE RISK SPECTRUM AS PERFORMANCE MEASUREMENT AND YARD-STICKS FOR DISCRETIONARY PORTFOLIO MANAGERS. THIS DATA INCLUDES PLATFORM FEES AND MAY BE ESTIMATED AND SUBJECT TO REVISION.

AS IS THE VERY NATURE OF INVESTING, THERE ARE INHERENT RISKS AND THE VALUE OF YOUR INVESTMENT WILL BOTH RISE AND FALL OVER TIME. PLEASE DO NOT ASSUME THAT PAST PERFORMANCE WILL REPEAT ITSELF AND YOU MUST BE COMFORTABLE IN THE KNOWLEDGE THAT YOU MAY RECEIVE LESS THAN YOU ORIGINALLY INVESTED. CHANGES IN RATES OF EXCHANGE MAY HAVE AN ADVERSE EFFECT ON THE VALUE, PRICE OR INCOME OF AN INVESTMENT. THE OPINIONS STATED ARE THOSE OF BECKETT ASSET MANAGEMENT LTD, WHICH IS AUTHORISED AND REGULATED BY THE FINANCIAL CONDUCT AUTHORITY.