MARKET UPDATE

December 2021

Equity markets had a mixed and turbulent November. In particular Emerging Markets and the UK market took a tumble in the final week of the month. European and Japanese markets also produced negative returns over the month. However, North American equities were positive along with Asia (ex Japan). Across the other asset classes, alternatives offered positive returns, showing the benefits of a multi-asset diversified portfolio, whilst fixed income and property were largely flat. The Global Horizon Portfolio was negative for the month due to its 100% weighting to equities. However, all other portfolios were positive with Defensive Mixed Assets leading the way.

COAL, CARS, CASH AND TREES

November began with COP26 dominating the headlines. Whilst many doubted how much progress the conference could or would make, it does appear that highlights include more than Greta Thunberg's antics and a hard-hitting speech from Sir David Attenborough. Developed nations have agreed to transitioning away from coal by 2030 and for developing nations to achieve the same by 2040. Whilst it will be fiercely debated whether these promises bring about change soon enough, the obvious negative is India's climate minister insisting on a change of wording from 'phase out of coal' to 'phase down' which may turn out to be more of a cop-out than an international promise. Boris Johnson set out his priorities for the UK around four key themes; keeping 1.5°C within reach, adaptation, finance, and collaboration which he summarised as 'coal, cars, cash and trees.' What this means in practice for the UK is yet to be entirely clear. However, one would expect increasing expenditure in eco-friendly technologies and processes. This can only be considered a good thing for both humanity as well as investments, given that over time exposure to environmentally friendly assets continues to expand within the BAM portfolios.

INFLATED AND 'MESSI'

After experiencing one of the greatest economic shocks of the past century, the global economy has been vaulted into one of the most rapid recoveries ever. We've seen transitory inflation, a phrase newly re-elected US Federal Reserve chairman, Jerome Powell, has said should be retired. Followed by the debate of how transitory is transitory and we're now looking at 'MESSI' (Moderating Expansion with Sticky Supply-driven Inflation). Powell has stated that the threat of higher inflation has grown. Consequently, it is expected for the Fed to taper their quantitative easing sooner than initially thought. On our side of the pond we have another inflationary force in the participation rate, the percentage of people of working age who are currently employed. In the UK this has dropped by over 2% in the last 5 years and so demand is soaring but with a shortage of labour, ultimately leading to higher prices. Whilst this may sound very doom and gloom, a well-diversified, multi-asset portfolio, particularly with exposure to property and alternative investments, will more often than not offer a level of inflation-proofing.

OMICRON

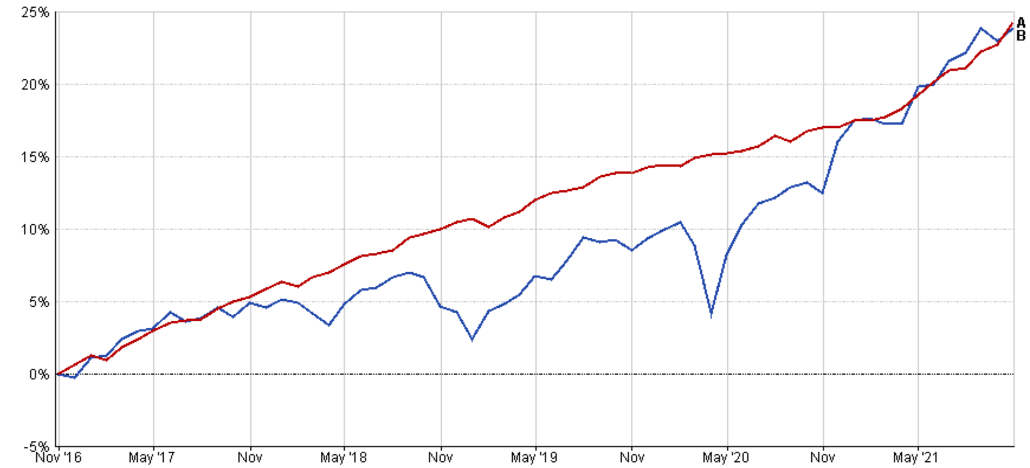
Whilst we're sure most people would rather never hear of Covid-19 ever again, it's near impossible to avoid comment on the discovery of the Omicron variant. Moderna CEO, Stéphane Bancel, stated in an interview that he predicts a "material drop" in effectiveness which appeared to spark a fall in oil and stock prices. Despite this, initial reports from South Africa have given a us a positive dose of information suggesting that the Omicron variant appears to cause less severe symptoms although this remains unconfirmed. Deutsche Bank took a somewhat contrarian approach by asking is this realistically going to be anything nearly as bad as what we've already been through and therefore will the impacts be nearly as severe? All things considered, the sensible decision will always be to wait for the scientific facts to emerge, as Joe Biden has been quoted saying, "it's a cause for concern, not a cause for panic."

We at Beckett Asset Management would like to wish you all a very merry Christmas and a happy, prosperous New Year.

SOCIAL IMPACT MODEL

5 YEAR MODEL PERFORMANCE VS BENCHMARK*

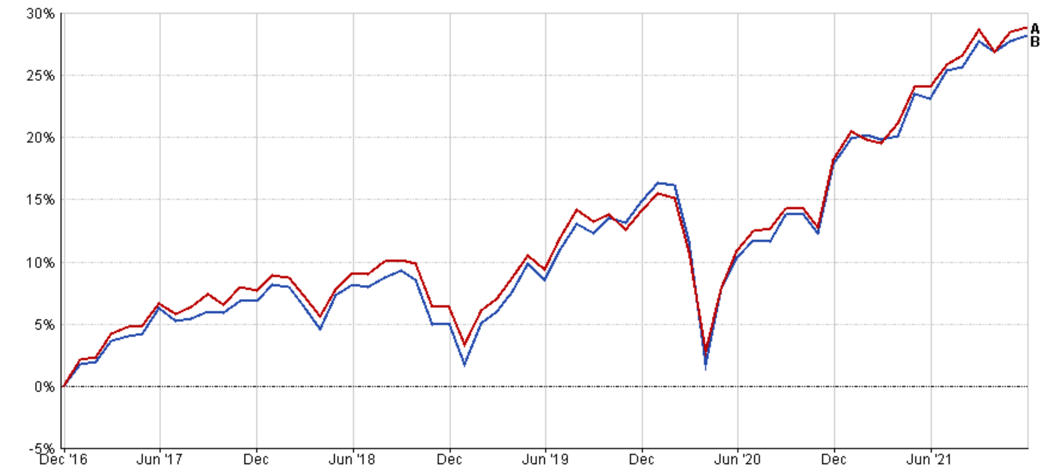
DEFENSIVE MIXED ASSETS MODEL



A - UK Consumer Price Index + 2% TR in GB [24.25%]
B - Defensive Mixed Assets 16/07/2021 TR in GB [23.88%]

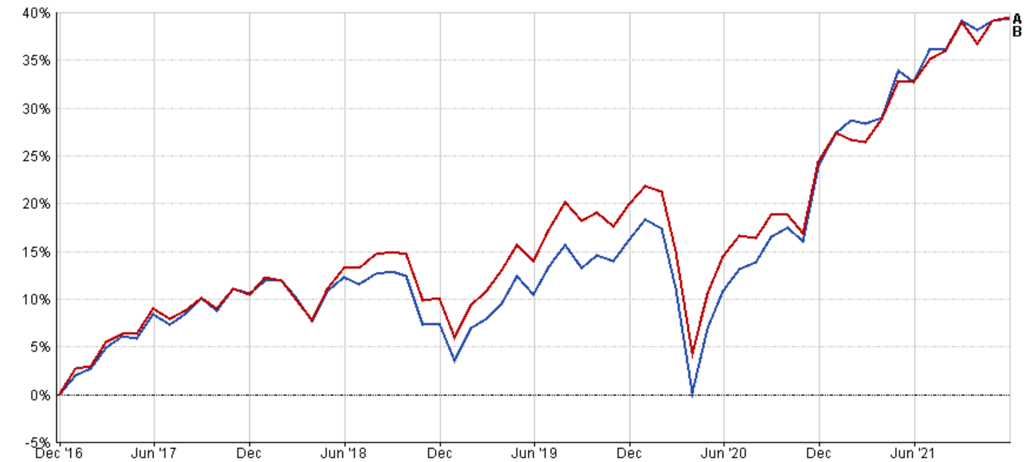
*5 Years to 30/11/2021 (last CPI point)

DEFENSIVE BALANCED MIXED ASSETS MODEL



A - ARC Sterling Balanced Asset PCI TR in GB [28.88%]
B - Defensive Balanced Mixed Assets 23/08/2021 TR in GB [28.19%]

BALANCED MIXED ASSETS MODEL



A - ARC Sterling Steady Growth PCI TR in GB [39.51%]
B - Balanced Mixed Assets 16/07/2021 TR in GB [39.44%]

FOCUSED GROWTH MIXED ASSETS MODEL

A - Focused Growth Mixed Assets 16/07/2021 TR in GB [62.57%]
B - ARC Sterling Equity Risk PCI TR in GB [49.93%]

Total Return figures take into account normal dealing costs but not Adviser fees. Source: FE Analytics – Total Return.

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