MARKET UPDATE

September 2020

While August saw many investors and fund managers take part in "staycations" and put the Eat Out to Help Out scheme to good use, risky assets continued to perform in spite of Covid 19 fears, as global liquidity conditions remain very supportive. Bonds struggled across the board, especially developed world government debt. Corporate bonds fared better as the riskier part of the fixed income market is supported by central bank asset purchases.

CHANGE AT THE TOP IN JAPAN

The US was making most of headlines with the S&P 500 reaching all times highs but European stocks also posted their biggest August gain since 2009 and Japanese assets delivered a strong performance for Sterling-based investors. At the end of August in Japan, though, we saw Japan's longest serving Prime Mister, Shinzo Abe resign due to ill heath which introduces some uncertainty around geopolitics and the possibility that the world's third largest economy will change its policy approach. Almost regardless of who the Prime minister is, many Japanese companies will continue being global leaders in tech hardware and high quality consumer goods - a market in which our fund managers have demonstrated excellent stock picking skills.

CHINA LEADS THE WAY

China, the world's second-largest economy, has enjoyed a head start on the path to recovery. Chinese equities are up strongly year to date and there is lots of activity on Hong Kong's Stock Connect platform, which is the main access point for overseas investors. Ant Group, a subsidiary of Alibaba and operator of China's largest mobile payment services platform Alipay (a bit like a Chinese version of Paypal) is choosing to dual list on Shanghai's STAR market as well as in Hong Kong, tapping both domestic and global investors for capital. Historically, Ant would almost certainly have listed as an ADR (American deposit receipt) in the US. Many Chinese companies with ADR listings are now applying for a secondary listing in Hong Kong which points to an enduring and important role as the gateway for corporate China to international capital and vice-versa. According to Allianz Global Investors, there are now more Chinese (124) than American (121) companies in the Fortune Global 500. In fact, China has more firms on the list than Germany, France and Britain combined.

BIG TECH GOES GREEN

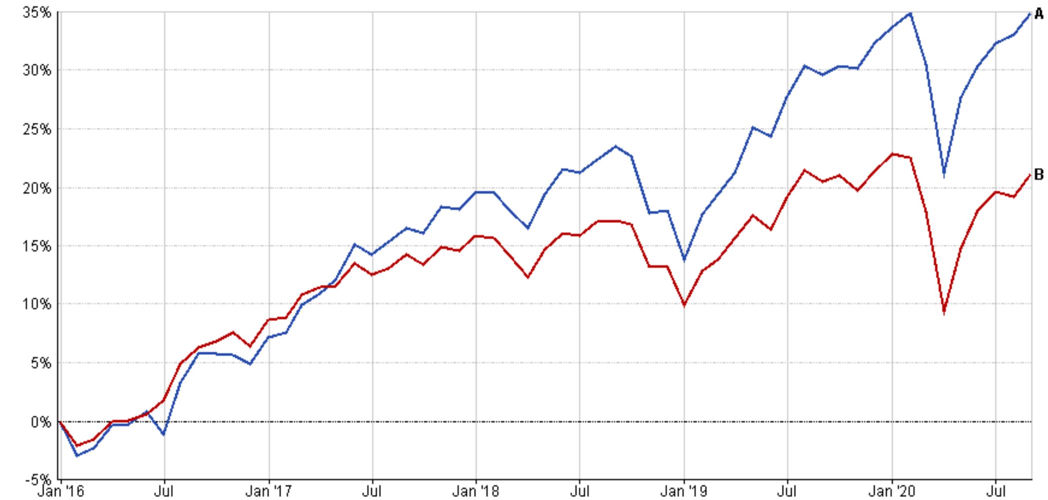
While the current valuations of the Tech behemoths may be too high, or too low depending on who you listen to and what valuation metrics you use, there is no doubt that these companies make real money. Bubbles are built on people paying high prices for nothing and that isn't the case, for most of them. And, after years of mounting criticism, big US tech companies could now be leading the green agenda. Alphabet (Google's parent company) has just launched the biggest green bond in history, for projects such as clean energy, energy-efficient buildings and helping governments deal with the aftermath of Covid-19. Apple and Google already source all their power from renewables, while Facebook should be able to make that claim by year end. The huge scale of their investment should speed technology developments in renewables and drive down prices.

THE B WORD IS BACK

We are in for the third and hopefully final instalment of the Brexit deadline, or the fifth if you include the 2019 spin-offs- "May's last chance in April" and the autumn's "Boris hasn't pre-heated the oven yet". The plot is the same: complicated trade deals should only be decided at the 11th hour. This weighs on the UK market, plus, it is heavily exposed to Commodities and Financials, so it continues to be one of the most unloved. We trimmed our UK weightings in models earlier in the summer and aren't likely to change that yet as Furlough Schemes come to an end and we find out how resilient companies are.

Autumn is upon us and while history shows that September and October collectively, on average, are the worst two performing months of the year for the equity markets, there has been nothing average at all about 2020 so far.

SOCIAL IMPACT MODEL

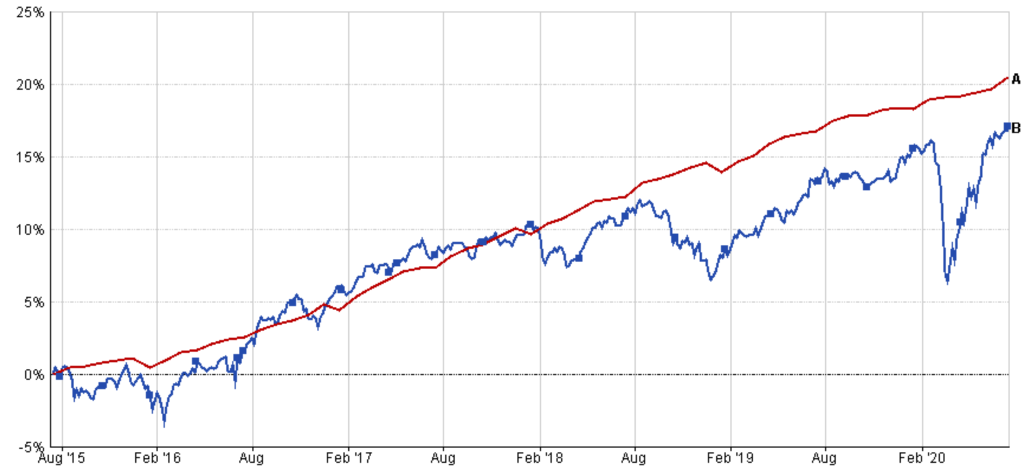


A - Social Impact Portfolio 15/07/2020 TR in GB [34.89%]
B - ARC Sterling Balanced Asset PCI TR in GB [21.10%]

PERFORMANCE SINCE INCEPTION IN 2016

5 YEAR MODEL PERFORMANCE VS BENCHMARK*

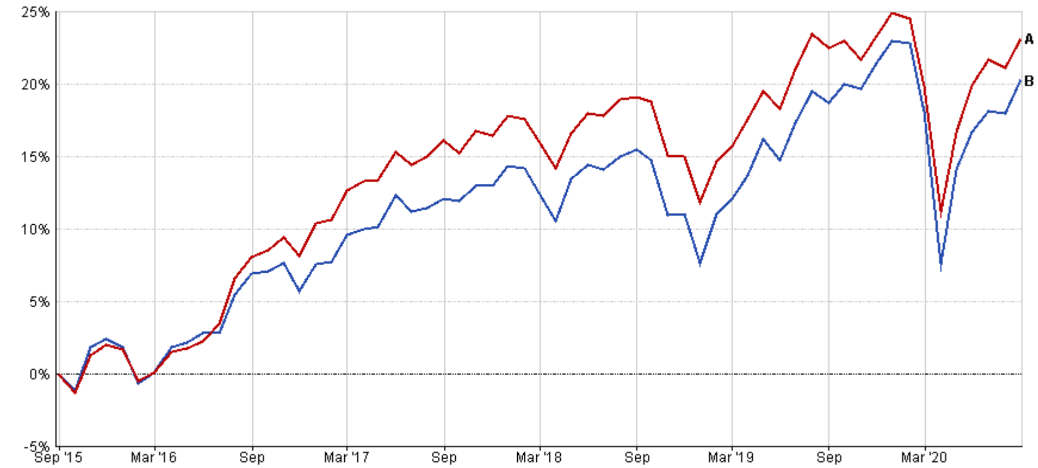
DEFENSIVE MIXED ASSETS MODEL



A - UK Consumer Price Index + 2% TR in GB [20.46%]
B - Defensive Mixed Assets 15/07/2020 TR in GB [17.08%]

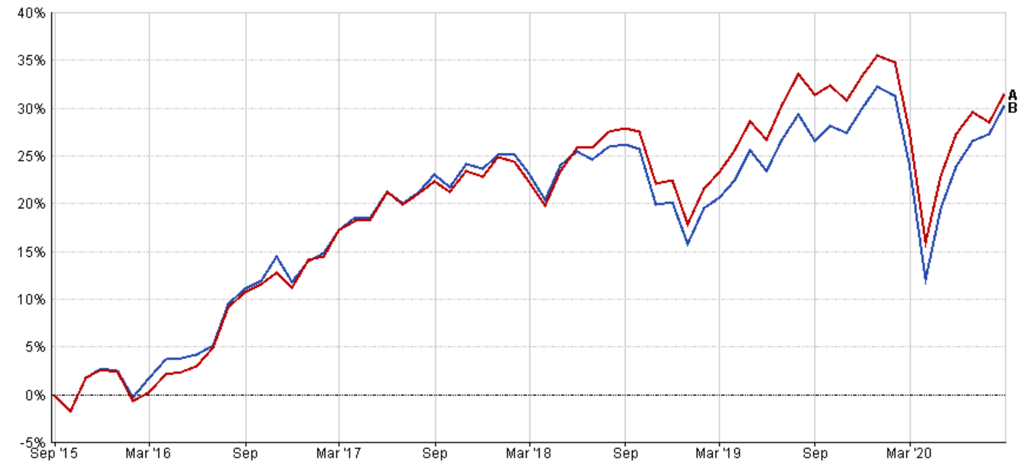
*5 Years to 15/07/2020 (last CPI point)

DEFENSIVE BALANCED MIXED ASSETS MODEL



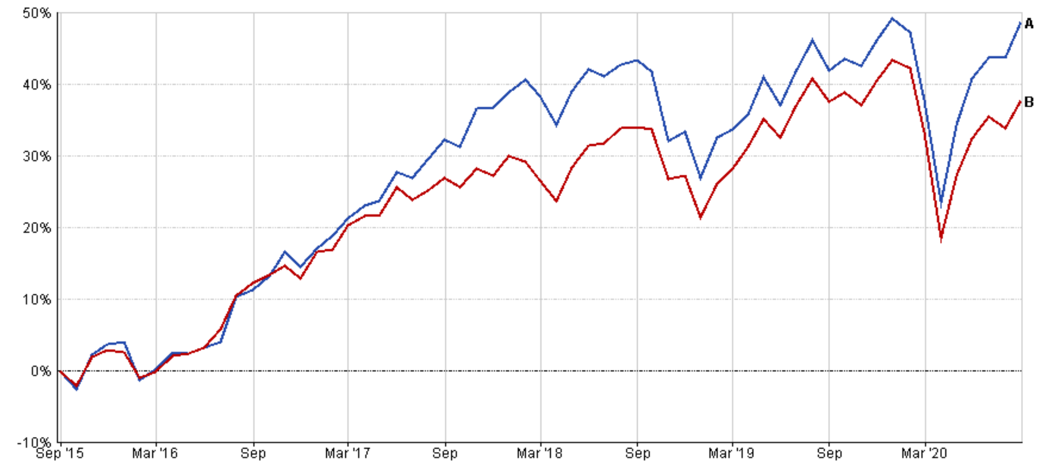
A - ARC Sterling Balanced Asset PCI TR in GB [23.11%]
B - Defensive Balanced Mixed Assets 15/07/2020 TR in GB [20.35%]

BALANCED MIXED ASSETS MODEL



A - ARC Sterling Steady Growth PCI TR in GB [31.57%]
B - Balanced Mixed Assets 15/07/2020 TR in GB [30.28%]

FOCUSED GROWTH MIXED ASSETS MODEL



A - Focused Growth Mixed Assets 15/07/2020 TR in GB [48.78%]
B - ARC Sterling Equity Risk PCI TR in GB [37.72%]

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

The investments mentioned in this report are intended as long-term investments. Some of them may go down as well as up and you therefore may not get back the full amount invested. Where investments are denominated in foreign currencies, changes in the rate of exchange may have an adverse effect on the value or price of the investment in Sterling terms. Past performance is not necessarily a guide to future performance. This document should not be construed as an offer document or solicitation and is circulated because the contents may be of incidental interest. The opinions stated are those of Beckett Asset Management Ltd, which is authorised and regulated by the Financial Conduct Authority.