

In August, the lower-risk portfolios posted the best returns, as property assets did particularly well due to the expectation of falling interest rates, which was also positive for fixed income allocations. Equities were marginally negative as the strength of a number of economies was brought into question, creating a headwind for the higher-risk portfolios, although this is not a narrative the team subscribes to.

SOME MIGHT SAY A KNEE-JERK REACTION

Recent US unemployment data has caused a ripple across financial markets, with investors reacting nervously to signs of a weakening labour market. The uptick in the unemployment rate, coupled with slower job creation, has fuelled concerns over the health of the US economy, prompting a sharp sell-off in equities. However, this reaction may be somewhat overblown. While the labour market shows some signs of weakening, the unemployment rate remains below its long-term average or what may be deemed normal. With inflation still a concern, the Fed's path forward may involve more caution, but it is expected to maintain a firm stance against any substantial weakening in employment conditions. Some of the market movements in August may have led some to believe that something more sinister may be lurking, but the BAM team do not believe this to be the case. The team maintain the view that US technology companies appear expensive but that there are numerous opportunities elsewhere.

UK INTEREST RATES CUTS LITTLE BY LITTLE

In a significant move at its August meeting, the Bank of England cut interest rates by 25 basis points, bringing the base rate down to 5%. This decision, reflecting a shift in the Bank's approach, was primarily driven by signs of a cooling economy and the need to provide support amid increasing recession fears. The BoE's action follows a period of aggressive rate hikes intended to combat persistent inflation, which has now shown signs of easing. However, with inflation still above the Bank's 2% target, this rate cut is a delicate balancing act to maintain economic stability while avoiding a sharp downturn. This marks a cautious pivot for the BoE, indicating that while inflation remains a concern, the priority is shifting towards sustaining economic growth. The BAM team believe that the outlook for the UK has been improving for some time and is now one of the preferred geographies, with each portfolio having a sizable allocation to the region.

PANDAS ALL AROUND THE WORLD

Have you ever seen a panda? We haven't, and aside from the fact that they are typically found loafing around the Chinese countryside rather than Suffolk, there's a fair reason why. All pandas are 'owned' by China and loaned out to zoos worldwide as and when the government sees fit. Therefore, in theory, if you're not chummy with China, you don't get any pandas, and if you fall out, you might find yourself panda-less altogether. This might sound like nonsense but following US President Richard Nixon's visit to China (the first president to visit), Washington duly received two pandas following a restoration of political relations. Conversely, in 2010, China recalled two pandas due to displeasure at Barack Obama's cooperation with Tibetan leaders and in 2023, nearly all pandas were recalled as China's relations with the West were going through a particularly rocky phase. Why are we talking about this now? At the start of August, Yun Chuan and Xin Bao became the first pandas to enter the US in over two decades. Therefore, there's a reasonable argument that current relations may be better than it initially seems. but dare we say the result of the upcoming Presidential election may mean relations aren't always black and white.

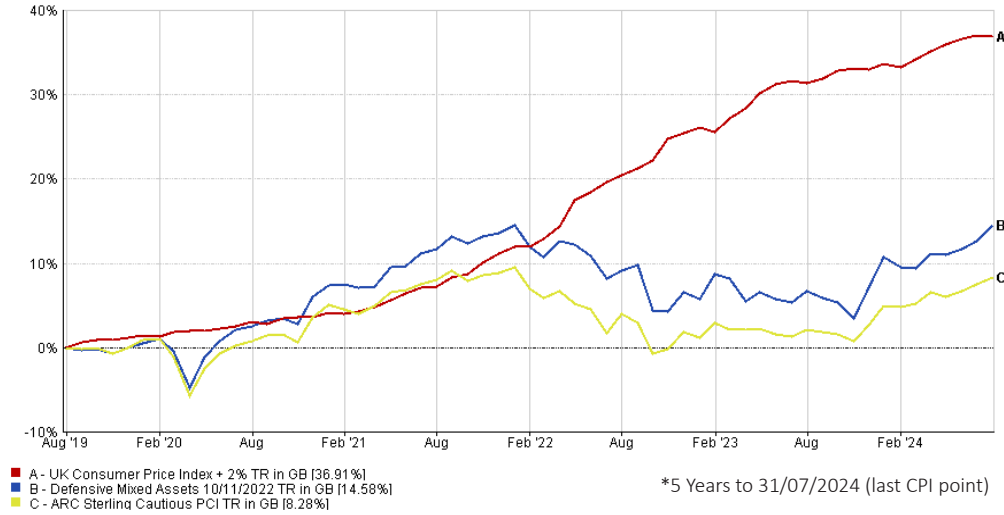
SOCIAL IMPACT



■ A - Social Impact Portfolio 05/12/2023 TR in GB [19.56%]
■ B - ARC Sterling Balanced Asset PCI TR in GB [15.89%]

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.