MARKET UPDATE

October 2024

The BAM Portfolios were largely flat in October and equity markets in particular were polarised. US equities were the greatest contributors to returns whereas Japanese and UK equities lagged. As expected, it was a month in which politics played a key role in conducting the ebbs and flows of market movements, a feature that isn't going to fade anytime soon.

TRUMP 2.0

Although technically November's news, at the time of writing, the US election has already occurred and so it only feels right to address it. Most forecasters had expected the election to be much closer than the resounding Trump victory that happened but now we find ourselves asking how Trump 2.0 will differ from what we saw before. One thing that is abundantly clear is the focus on protectionist policies with the intention of providing a boost to US businesses. As part of his election campaign, we saw Trump buddying up with Elon Musk and it would be a surprise to no one if this turns out to be a friendship of mutual convenience. Thus far we have seen a short-term bounce in equities as market participants speculate the corporation tax cuts that featured heavily in Trump's previous presidency may return. Despite this, we are sceptical around longer-term growth due to Trump's apparent obsession with imposing tariffs on other nations. In our opinion they never work quite in the way they are intended and they're ultimately inflationary. This will be one of the contributing factors as to why bond markets reacted negatively, as well as the expectation that the US Government's 'deficit attention disorder' is set to continue. The return of a Trump presidency undoubtedly comes with a smattering of uncertainties however, tax cuts would likely support markets. Our view remains largely unchanged that the US outlook is mixed, and opportunities can be found elsewhere that are just as favourable, if not more so. For this reason, we are maintaining our underweight to the US.

UK BUDGET

At one point it felt as though the majority of the British public were braced for impact in the build up to budget day, but the reality felt much milder - possibly because so much was leaked that the Speaker of the House of Commons felt compelled to give Rachel Reeves a slap on the wrist. There are grounds to feel hard done by if you are a farmer or caught up in inheritance tax changes but on the whole markets only reacted slightly negatively. Main concerns now linger around the impacts of increasing employer national insurance as this is likely to hit smaller businesses who may already have been operating on narrow profit margins, especially at a time where the national minimum wage is also rising. Of course, tax rises are rarely positively received, but in the interest of a balanced argument we should recognise that if the funds raised from rising tax receipts are used wisely, in productive areas of the economy there is a very real opportunity for growth in the UK but only time will tell if the Government can be successful in this next stage of their long-term plan.

DEMOGRAPHIC SHIFTS

We have recently had a shake-up of the themes targeted within our Global Horizon Portfolio, one of which is demographic shifts. In timely fashion, research provider Oxford Economics have released their latest report on the consequences of an ageing population which is expected to impact a range of economic variables from GDP growth to public finances. The ratio of retirees to working age population is expected to nearly double in Europe by 2060, whilst it will more than triple in China. One can argue whether greater immigration or higher taxes will be required to curb the effects of an ageing population, but we can be quite confident that investment in services serving an older population is inevitable. Thus, making it a long-term megatrend that we are targeting within the GHP Portfolio.

SOCIAL IMPACT

5 YEAR MODEL PERFORMANCE VS BENCHMARK

DEFENSIVE MIXED ASSETS MODEL

A - Defensive Mixed Assets 22/10/2024 TR in GB [16.57%]
B - ARC Sterling Cautious PCI TR in GB [9.78%]

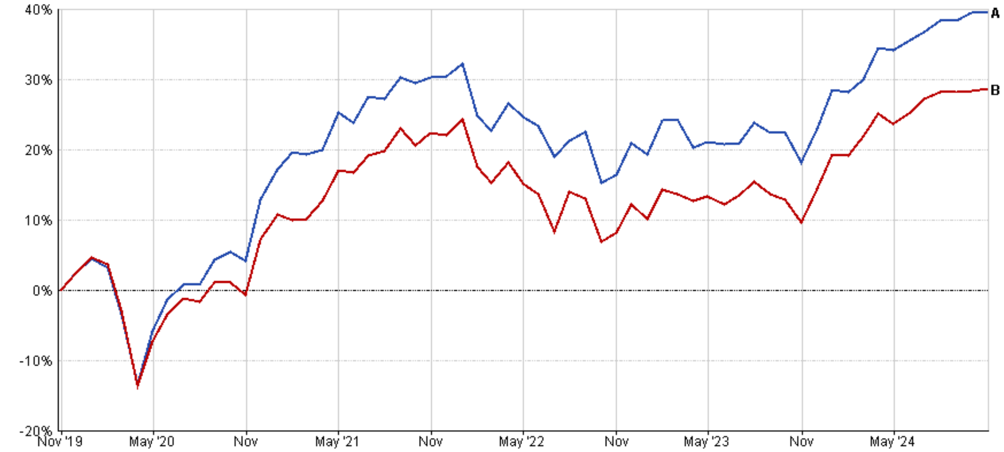
DEFENSIVE BALANCED MIXED ASSETS MODEL

A - ARC Sterling Balanced Asset PCI TR in GB [17.16%]
B - Defensive Balanced Mixed Assets 22/10/2024 TR in GB [16.59%]

BALANCED MIXED ASSETS MODEL

A - Balanced Mixed Assets 22/10/2024 TR in GB [29.05%]
B - ARC Sterling Steady Growth PCI TR in GB [22.86%]

FOCUSED GROWTH MIXED ASSETS MODEL



A - Focused Growth Mixed Assets 22/10/2024 TR in GB [39.68%]
B - ARC Sterling Equity Risk PCI TR in GB [28.74%]

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.