Global Matters | Quarterly

Market Review

June 2023

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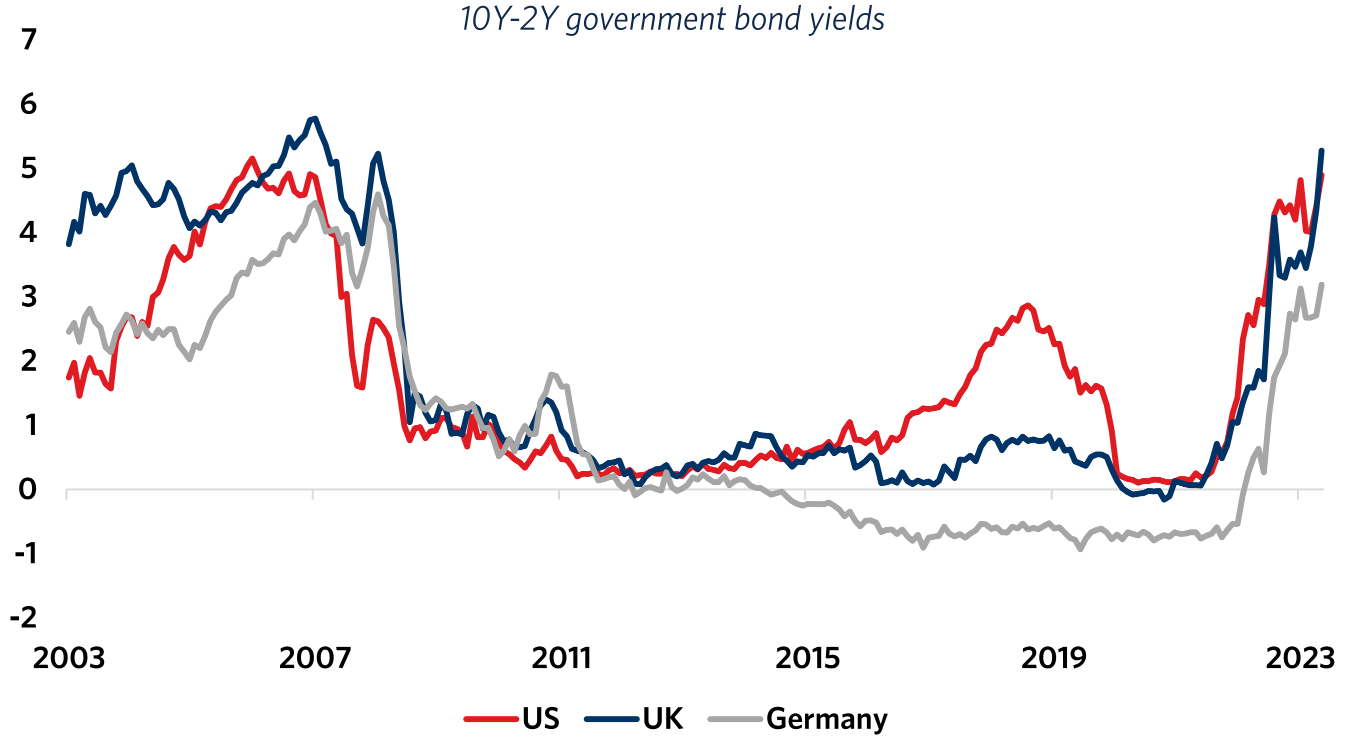
Global market review & outlook

The persistence of core inflation across the developed world at well above central bank targets remained the driving narrative for global markets in Q2, leading to further rises in policy rates and significant shifts in market expectations for peak rates and their time at terminal levels. Over the quarter, expectations for the policy rate at the end of 2023 in the US rose by 100bps to 5.4%, in the Eurozone by close to 50bps to 3.9%, and in the UK by almost 170bps to 6.1%. In turn this pushed bond yields higher, especially at shorter durations, with 2Y bond yields up by 88bps in the US to 4.9%, 52bps in the Eurozone to 3.2%, and by an extraordinary 182bps in the UK to 5.2%. Yield curves have moved to extreme levels of inversion, with shorter maturity yields much higher than longer dated yields, often a precursor to recession.

Yield curves deeply inverted - recession precursor?

10Y-2Y government bond yields

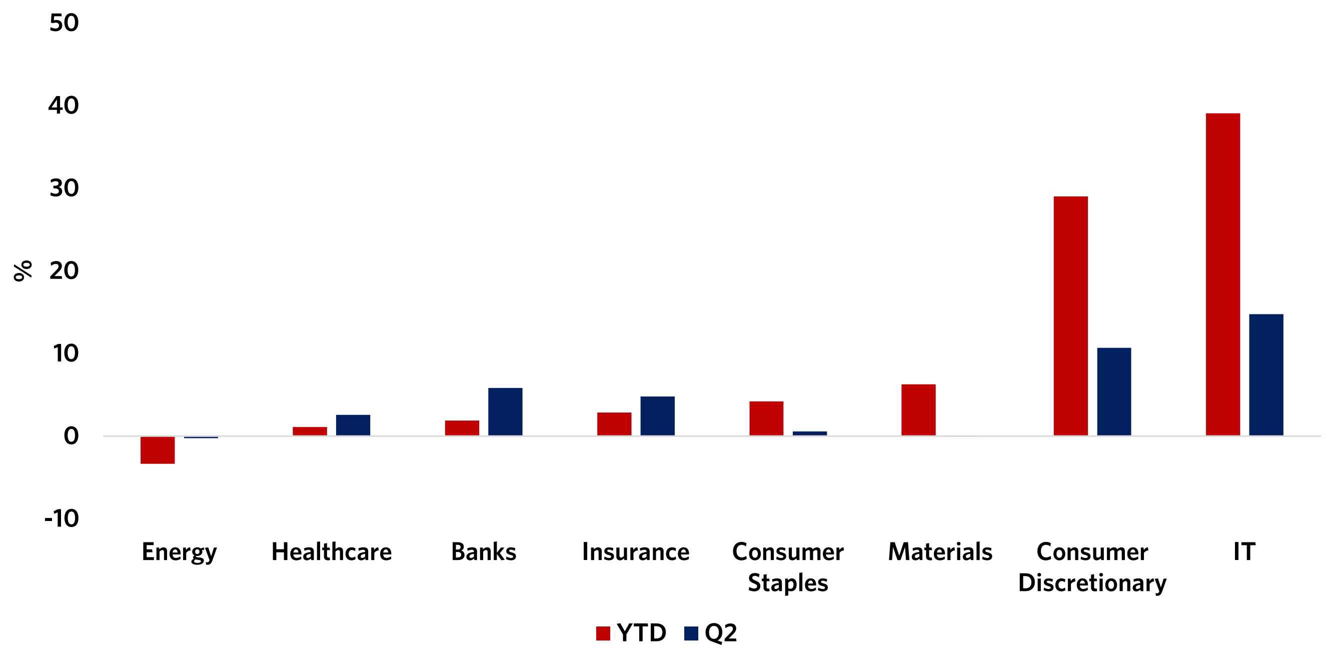


Source: Bloomberg Finance L.P. as at 30 June 2023.

The prospect of rates higher for longer, combined with tightened lending standards following the banking crisis in March, heightened fears of recession. If central banks are to succeed in reining in inflation in the face of tight labour markets, sharply rising wages and sticky inflation, a recession seems an increasingly likely consequence. Yet economies remained surprisingly resilient, and to date corporate profits have generally exceeded expectations, with many companies succeeding in passing on inflationary price rises to customers and protecting margins.

Equity markets therefore held up better than expected, and were boosted by the AI boom rapidly unfolding, turbo-charged by the extraordinary success of ChatGPT since its launch in late 2022. Mega-cap tech stocks in the US led the way, with the FANG+ index of ten major US tech stocks up by 25% in the quarter, underpinning a return of 8.6% in the S&P 500, and taking YTD returns to 74% and 17% respectively. The dominance of US mega-cap stocks, both in US and global equities, is extreme, with the five largest stocks, Apple, Microsoft, Alphabet, Amazon and Nvidia, representing 24% of the S&P 500 index and 16% of MSCI World. Stripping out the impact of these huge stocks by using an S&P 500 equally weighted market cap index reduces the returns for US equities to 3.5% for Q2 and 6.0% YTD. Most other equity markets have much lower exposure to big tech and AI beneficiaries, and underperformed the US. A similar pattern was seen in factor returns, with growth stocks returning 10% in Q2, while value and small cap struggled by comparison, with returns of around 2%.

MSCI style factors - Growth and Quality dominate returns



Source: Bloomberg Finance L.P. as at 30 June 2023.

Europe struggled in the face of economic headwinds and hawkish central banks: in local currency terms, MSCI Europe-ex UK was up 2.5% in Q2, while the UK market (MSCI UK index) returned -0.8%. Asian markets were held back by concerns about the fading strength of the Chinese post-Covid recovery, with China returning -9.7% in Q2, leaving it -5.5% YTD. Only Japan of the major markets outperformed the US, returning 14.4% in Q2 and 22.7% YTD in yen terms, although weakness of the yen, down 8% in Q2, eliminated the outperformance in USD terms.

The Japanese market has been boosted by its low valuation, the increasing focus of corporate Japan on shareholder returns, a resilient economy, helped by the weak yen, and the Bank of Japan's continuation of its ultra-loose yield curve control policy, keeping short term policy rates negative and 10-year JGB yields at 0%, within a +/- 50bps band. Japan's inflation rate is well below other developed nations at 3.2% yoy, but is no longer in deflation; stripping out food and energy, inflation is running at a 40-year high of 4.3%, increasing the likelihood of measures to support the yen and ultimately an end to the unsustainable yield curve control policy.

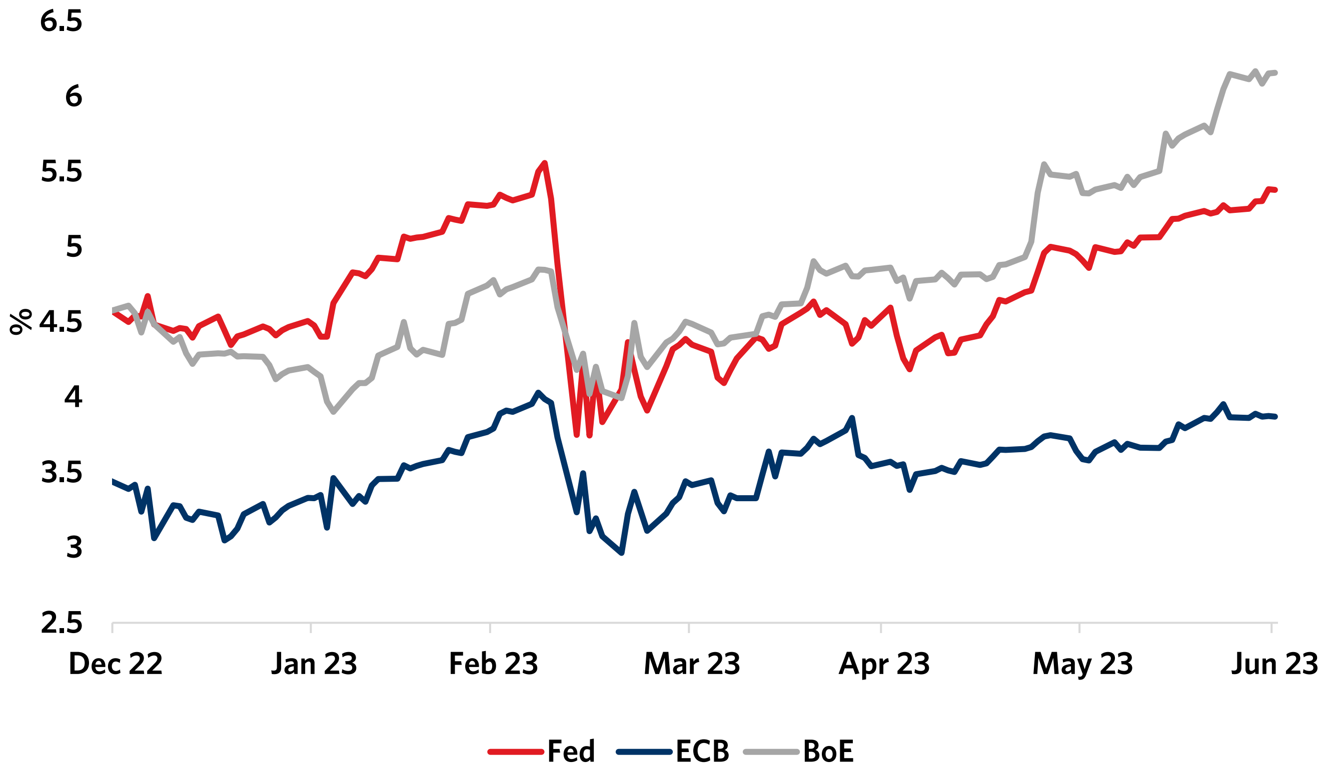
Bond yields, which had fallen sharply in March following the banking crisis, reversed those falls in Q2, as contagion risks diminished substantially, and central banks maintained a hawkish policy bias. Yields rose across the maturity spectrum, with the steepest moves in shorter durations, taking 2Y bond yields in the US, Europe and UK to the highest since before the GFC. Unusually in a period of sharply rising rates, weak government bond markets, and worries about economic activity, credit performed relatively well, helped by the resilience in the corporate sector: while US Treasuries returned -1.3% in Q2, corporate investment grade credit returned -0.3% and US high yield 1.8%, taking YTD returns to 1.6% for Treasuries, 3.2% for credit, and 5.4% for high yield.

Although the banking crisis in March spilled over into Q2, it was essentially limited to US regional banks, and contagion risks have been well contained by prompt action by regulators and the financial strength and capacity of large banks to absorb weakened competitors. The crisis caused short term wobbles in markets, including a flight into bonds, but any fear of systemic risks was quickly dispelled. As the tightening cycle continues, financial accidents and further problems among weaker mid-sized banks cannot be ruled out, but the industry is generally well capitalised and able to weather more challenging conditions. While less significant than the troubles in banking, the political fiasco surrounding the debt ceiling negotiations in the US created short term market volatility, but again proved to be market noise.

The key issues for markets remain inflation, the speed with which it will be brought back to target and the damage inflicted on economies in so doing. Across the world, headline inflation is falling, helped by a reversal of the spike in oil, food and other commodity prices in the past two years, and by normalised supply chains. But core prices continue to surprise on the upside, labour markets remain tight, wages are rising at uncomfortably high levels, and the risks of wage-price spirals remain a worry. Navigating the trade-off between controlling inflation and maintaining financial stability while avoiding recession is becoming increasingly challenging for central banks.

Following upside surprises to core price indices, the Fed increased its policy rate by 25bps in May, to 5.0-5.25%, a rise of 5 percentage points since the current tightening cycle started in February 2022, and maintained its balance sheet reduction at $95bn per month. However, it flagged a pause in the hiking cycle, noting the uncertain impact of tightened bank lending standards on economic activity, the cumulative tightening of policy, and the lags with which monetary policy takes effect. The subsequent FOMC meeting in June duly delivered the pause, but the accompanying statement ('the process of getting inflation back down to 2% has a long way to go') and economic projections were widely interpreted as hawkish. Fed governors' median forecasts for 2023 growth and core inflation were revised up, and the median projection for the Fed Funds rate at end 2023 was up by 0.5% since the previous projections in March to 5.6%, indicating the likelihood of two further rate rises before year end. The market adjusted rapidly to the Fed's signal and pushed expectations for Fed Funds by year end close to the Fed's projections, as well as pushing out the timing of the first cuts in the cycle.

Sharp rise in Q2 in market expectations for end 2023 policy rates



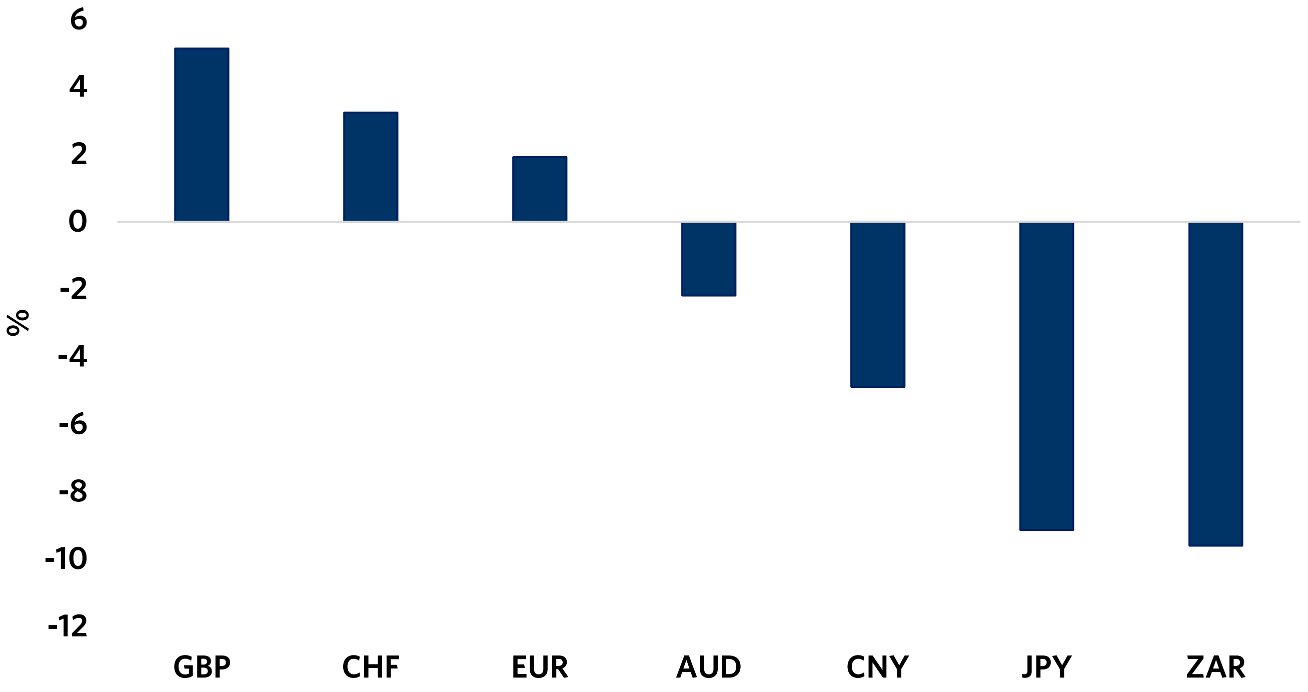
Source: Bloomberg Finance L.P. as at 30 June 2023.

Similar shifts took place elsewhere: the ECB was later in starting to tighten policy but is now adopting a distinctly hawkish approach, prioritising the control of inflation at the risk of damaging growth, despite the EU experiencing a technical recession of two consecutive quarters of, albeit marginal, negative growth. But nowhere are the imbalances more evident than in the UK, which is suffering much higher inflation than expected, along with a resilient economy and labour shortages. Latest data show wages rising at a 7.2% annualised rate and core inflation in May at 7.1%, the highest in over 30 years. The Bank of England, with its woeful forecasting record, has badly misjudged the persistence of inflation and is now scrambling to prevent wage and price inflation becoming embedded. It implemented a 50bps rise in base rate in June to take it to 5%, with clear signals of further rises ahead, potentially of 100bps or even more. With the interest rate sensitive parts of the economy, notably housing, in an inevitable downturn, it is increasingly difficult to see how the UK can avoid recession if inflation is to be brought under control. Yet sterling has been buoyed by the sharp rises in interest rates and bond yields, as well as the fiscal consolidation underway under the technocratic leadership of PM Sunak, and is the best performing major currency both in Q2, up 3% against the dollar, and YTD, +5.1%.

In contrast, the Yuan has been under pressure this year, down 5.2% in Q2 and 7.6% YTD, as the Chinese economic recovery following the end of Covid restrictions faded. The manufacturing sector has fallen into recessionary conditions, with factory gate production growth slowing sharply, Purchasing Managers' Indices indicate further weakness ahead, private sector construction is falling, and retail sales growth tailing off. Deflation has returned to producer prices, -4.6% yoy in May, the eighth consecutive month of falling prices. The People's Bank of China reacted by cutting its key lending rates, a signalling tool indicating the likely use of other measures to stimulate the economy. The administration's growth target of around 5% for 2023 is under threat and the stock market is one of the worst performers this year, casting a cloud over Asian markets. China's equity market (MSCI China) is down by 19% from its peak in January, and has now lost about half of the ground it made up from the market low in October 2022. Valuations have moved into attractive territory with enough margin to compensate for the geopolitical risks.

> ***"The Yuan has been under pressure this year, down 5.2% in Q2 and 7.6% YTD, as the Chinese economic recovery following the end of Covid restrictions faded"***

Major currencies v USD YTD 2023

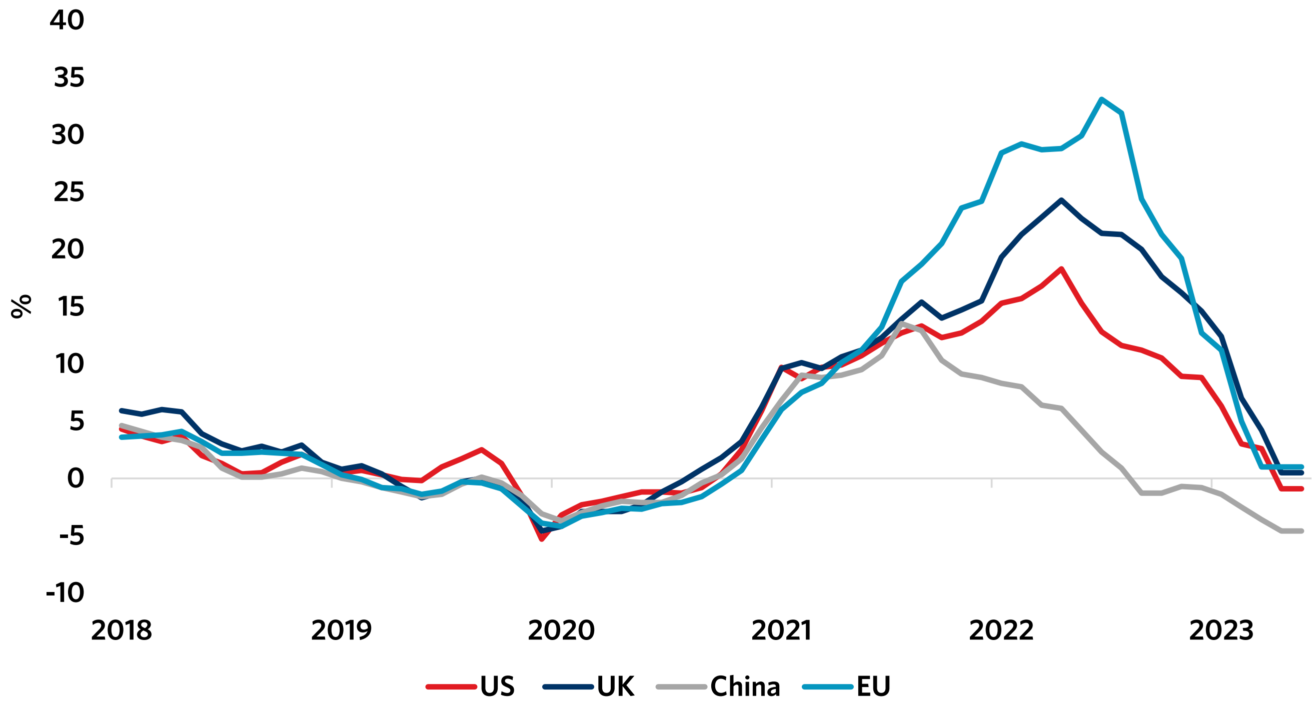


Source: Bloomberg Finance L.P. as at 30 June 2023.

Weakness in China's economy, especially in manufacturing and construction, has been a significant factor in commodity markets, which remained under pressure in the first half of the year. Energy markets led the falls, with crude oil down 6% in the latest quarter, taking its decline YTD to 13%, with bigger falls in natural gas. The brief but shocking insurgency in Russia in late June produced a short-lived surge in prices of commodities most exposed to dislocation in Russia, the wheat price shooting up by some 20% amidst the uncertainty, but the equally surprising collapse of the insurgents saw prices quickly fall back.

Despite increasingly tight monetary policy, markets have been relatively benign so far this year, surprising most investors who went into 2023 with expectations for a recession. In the event, economic activity and corporate earnings have held up better than expected, and fears about financial stability after the banking crisis have not materialised. However, the resilience of economies and continuing tight labour markets means that the battle to control inflation has yet to run its course. Leading indicators point to weakness in the manufactured goods part of economies, and here producer price inflation has collapsed over the past 12 months, but the much larger service sector remains relatively buoyant. Policy rates have yet to peak, and it is increasingly likely that they will stay higher for longer, raising the probability of a recession to break a wage-price spiral developing before this cycle can end.

Producer Price Inflation collapses



Source: Bloomberg Finance L.P. as at 30 June 2023.

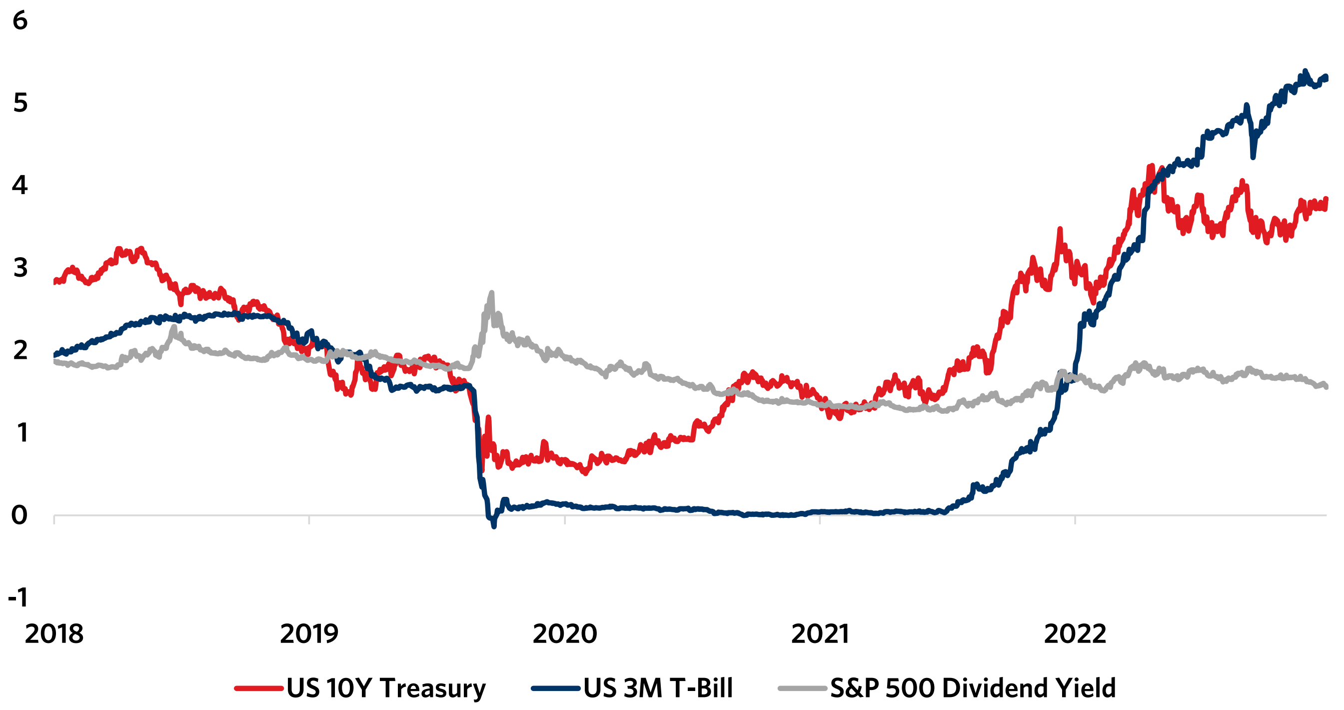
We therefore expect the second half of the year to stay challenging. Equity markets have been narrowly driven, and valuations of the dominant stocks, big tech, have become stretched. Outside big tech, valuations are more reasonable but face increasingly tough economic headwinds as the long stretch of monetary tightening finally begins to bite. Markets do not seem to be braced for the risk of an earnings downturn and a potential hard landing.

However, most of the rises in rates are now behind us: the peak is in sight, and inflation is likely to fall materially in coming months. Policy is now firmly in restrictive territory, sharp falls in producer prices will flow through to consumers, the slowdown ahead will lead to a softer labour market and ease wage pressures, and base effects will help year-on-year inflation figures. Importantly, longer-term inflation expectations in the US, whether measured by household and business surveys or as reflected in financial markets, remain well anchored. A turn in the cycle might not be imminent but it will come, and within months the prospect of cuts in policy rates will re-emerge.

> ***"most of the rises in rates are now behind us: the peak is in sight, and inflation is likely to fall materially in coming months"***

The immediate outlook calls for continuing caution, but the sharp rises in interest rates and bond yields are generating the best opportunities in safe-haven government bond markets in many years. Nearly all the rise in bond yields in Q2 has been due to rising real yields, and significantly positive real yields are now available on the world's pre-eminent risk-free asset, US Treasuries, across nearly the whole yield curve. Government bonds can again play an important role in multi-asset portfolio construction and risk control.

US bond and cash yields at attractive levels



Source: Bloomberg Finance L.P. as at 30 June 2023.

We remain patient before adding to risk assets, and at the margin have been trimming after the unexpected strength this year, but are looking for opportunities to add to duration in fixed income, taking advantage of the attractive returns now available, as we wait for the turn in the economic and market cycle which we expect to be in sight as we enter 2024.

> ***"We remain patient before adding to risk assets, as we wait for the turn in the economic and market cycle which we expect to be in sight as we enter 2024"***

Market performance - *Global (local returns) as at 30 June 2023*

Asset Class / Region	Index	Ccy	1 month	3 months	YTD	12 months
Developed Markets Equities						
United States	S&P 500 NR	USD	6.6%	8.6%	16.6%	19.0%
United Kingdom	MSCI UK NR	GBP	1.2%	-0.8%	3.2%	8.4%
Continental Europe	MSCI Europe ex UK NR	EUR	2.7%	2.5%	12.7%	19.4%
Japan	Topix TR	JPY	7.5%	14.4%	22.7%	25.7%
Asia Pacific (ex Japan)	MSCI AC Asia Pacific ex Japan NR	USD	3.1%	-1.0%	3.0%	0.8%
Global	MSCI World NR	USD	6.0%	6.8%	15.1%	18.5%
Emerging Markets Equities						
Emerging Europe	MSCI EM Europe NR	USD	6.9%	11.2%	12.9%	41.6%
Emerging Asia	MSCI EM Asia NR	USD	2.7%	-0.8%	4.0%	-0.9%
Emerging Latin America	MSCI EM Latin America NR	USD	12.0%	14.0%	18.5%	29.8%
China	MSCI EM China NR	USD	5.4%	-1.2%	-0.4%	-5.3%
BRICs	MSCI BRIC NR	USD	4.0%	-9.7%	-5.5%	-16.8%
Global emerging markets	MSCI Emerging Markets NR	USD	3.8%	0.9%	4.9%	1.7%
Bonds						
US Treasuries	JP Morgan United States Government Bond TR	USD	-0.7%	-1.3%	1.6%	-1.9%
US Treasuries (inflation protected)	BBgBarc US Government Inflation Linked TR	USD	-0.3%	-1.4%	2.0%	-1.3%
US Corporate (investment grade)	BBgBarc US Corporate Investment Grade TR	USD	0.4%	-0.3%	3.2%	1.5%
US High Yield	BBgBarc US High Yield 2% Issuer Cap TR	USD	1.7%	1.8%	5.4%	9.1%
UK Gilts	JP Morgan UK Government Bond TR	GBP	-0.4%	-5.7%	-3.6%	-14.9%
UK Corporate (investment grade)	ICE BofAML Sterling Non-Gilt TR	GBP	-1.2%	-3.4%	-1.0%	-7.1%
Euro Government Bonds	ICE BofAML Euro Government TR	EUR	-0.3%	0.1%	2.1%	-4.9%
Euro Corporate (investment grade)	BBgBarc Euro Aggregate Corporate TR	EUR	-0.4%	0.4%	2.2%	0.1%
Euro High Yield	BBgBarc European High Yield 3% Constrained TR	EUR	0.5%	1.7%	4.4%	9.1%
Japanese Government	JP Morgan Japan Government Bond TR	JPY	0.2%	0.4%	2.8%	0.1%
Australian Government	JP Morgan Australia GBI TR	AUD	-2.3%	-3.7%	1.3%	0.8%
Global Government Bonds	JP Morgan Global GBI	USD	-0.2%	-2.2%	0.8%	-2.8%
Global Bonds	ICE BofAML Global Broad Market	USD	0.0%	-1.4%	1.6%	-1.6%
Global Convertible Bonds	ICE BofAML Global Convertibles	USD	4.1%	3.0%	7.6%	10.0%
Emerging Market Bonds	JP Morgan EMBI+ (Hard currency)	USD	2.3%	1.4%	3.3%	6.1%

Asset Class / Region	Index	Ccy	1 month	3 months	YTD	12 months
Property						
US Property Securities	MSCI US REIT NR	USD	4.8%	2.3%	4.8%	-1.4%
Australian Property Securities	S&P/ASX 200 A-REIT Index TR	AUD	-1.6%	1.8%	1.6%	3.1%
Asia Property Securities	S&P Asia Property 40 Index NR	USD	1.9%	-3.9%	-7.0%	-11.3%
Global Property Securities	S&P Global Property USD TR	USD	3.5%	0.8%	1.1%	-4.0%
Currencies						
Euro		USD	2.1%	0.6%	1.9%	4.1%
UK Pound Sterling		USD	2.1%	3.0%	5.1%	4.3%
Japanese Yen		USD	-3.5%	-8.0%	-9.2%	-5.9%
Australian Dollar		USD	2.5%	-0.3%	-2.2%	-3.5%
South African Rand		USD	4.7%	-5.6%	-9.7%	-13.6%
Commodities & Alternatives						
Commodities	RICI TR	USD	4.5%	-2.5%	-7.1%	-9.6%
Agricultural Commodities	RICI Agriculture TR	USD	5.7%	0.9%	0.5%	0.1%
Oil	Brent Crude Oil	USD	3.1%	-6.1%	-12.8%	-34.8%
Gold	Gold Spot	USD	-2.2%	-2.5%	5.2%	6.2%
Hedge funds	HFRX Global Hedge Fund	USD	0.6%	0.5%	0.5%	1.2%
Interest Rates				**Current Rate**		
United States				5.25%		
United Kingdom				5.00%		
Eurozone				4.00%		
Japan				-0.10%		
Australia				4.10%		
South Africa				8.25%		

Source: Bloomberg Finance L.P. , Momentum Global Investment Management. Past performance is not indicative of future returns.

Market performance - *UK (all returns GBP) as at 30 June 2023*

Asset Class / Region	Index	Local Ccy	1 month	3 months	YTD	12 months
Equities						
UK - All Cap	MSCI UK NR	GBP	1.2%	-0.8%	3.2%	8.4%
UK - Large Cap	MSCI UK Large Cap NR	GBP	1.6%	-0.6%	1.2%	7.1%
UK - Mid Cap	MSCI UK Mid Cap NR	GBP	-0.9%	-1.7%	8.1%	10.0%
UK - Small Cap	MSCI Small Cap NR	GBP	-1.3%	-1.5%	0.2%	0.4%
United States	S&P 500 NR	USD	3.8%	5.5%	10.9%	13.9%
Continental Europe	MSCI Europe ex UK NR	EUR	2.6%	0.0%	9.3%	19.1%
Japan	Topix TR	JPY	1.4%	2.2%	6.0%	13.1%
Asia Pacific (ex Japan)	MSCI AC Asia Pacific ex Japan NR	USD	0.4%	-3.9%	-2.0%	-3.5%
Global developed markets	MSCI World NR	USD	3.3%	3.7%	9.5%	13.5%
Global emerging markets	MSCI Emerging Markets NR	USD	1.1%	-2.0%	-0.2%	-2.6%
Bonds						
Gilts - All	ICE BofAML UK Gilt TR	GBP	-0.5%	-6.0%	-3.8%	-15.5%
Gilts - Under 5 years	ICE BofAML UK Gilt TR 0-5 years	GBP	-1.2%	-2.2%	-1.4%	-3.7%
Gilts - 5 to 15 years	ICE BofAML UK Gilt TR 5-15 years	GBP	-1.7%	-6.0%	-3.4%	-12.5%
Gilts - Over 15 years	ICE BofAML UK Gilt TR 15+ years	GBP	1.6%	-8.3%	-5.8%	-25.0%
Index Linked Gilts - All	ICE BofAML UK Gilt Inflation-Linked TR	GBP	3.2%	-6.9%	-2.9%	-17.6%
Index Linked Gilts - 5 to 15 years	ICE BofAML UK Gilt Inflation-Linked TR 5-15 years	GBP	1.0%	-4.2%	0.7%	-7.3%
Index Linked Gilts - Over 15 years	ICE BofAML UK Gilt Inflation-Linked TR 15+ years	GBP	5.8%	-10.2%	-5.8%	-26.8%
UK Corporate (investment grade)	ICE BofAML Sterling Non-Gilt TR	GBP	-1.2%	-3.4%	-1.0%	-7.1%
US Treasuries	JP Morgan US Government Bond TR	USD	-3.2%	-4.0%	-3.9%	-6.2%
US Corporate (investment grade)	BBgBarc US Corporate Investment Grade TR	USD	-2.1%	-3.0%	-2.3%	-3.0%
US High Yield	BBgBarc US High Yield 2% Issuer Cap TR	USD	1.7%	1.8%	5.4%	9.1%
Euro Government Bonds	ICE BofAML Euro Government TR	EUR	-0.3%	0.1%	2.1%	-4.9%
Euro Corporate (investment grade)	BBgBarc Euro Aggregate Corporate TR	EUR	-0.4%	0.4%	2.2%	0.1%
Euro High Yield	BBgBarc European High Yield 3% Constrained TR	EUR	0.5%	1.7%	4.4%	9.1%
Global Government Bonds	JP Morgan Global GBI	GBP	-2.8%	-5.0%	-4.1%	-6.9%
Global Bonds	ICE BofAML Global Broad Market	GBP	0.0%	-1.4%	1.6%	-1.6%
Global Convertible Bonds	ICE BofAML Global Convertibles	GBP	4.1%	3.0%	7.6%	10.0%
Emerging Market Bonds	JP Morgan EMBI+ (Hard currency)	GBP	-0.4%	-1.5%	-1.7%	1.6%

Asset Class / Region	Index	Local Ccy	1 month	3 months	YTD	12 months
Property						
Global Property Securities	S&P Global Property TR	GBP	0.8%	-2.1%	-3.8%	-8.1%
Currencies						
Euro		GBP	0.0%	-2.2%	-2.9%	-0.2%
US Dollar		GBP	-2.0%	-2.9%	-4.7%	-4.1%
Japanese Yen		GBP	-5.4%	-10.6%	-13.4%	-9.8%
Commodities & Alternatives						
Commodities	Rogers International Commodity (RICI) TR	GBP	1.8%	-5.3%	-11.6%	-13.4%
Agricultural Commodities	Rogers International Commodity (RICI) Agriculture TR	GBP	3.0%	-2.0%	-4.4%	-4.2%
Oil	Brent Crude Oil	GBP	0.4%	-8.8%	-17.1%	-37.5%
Gold	Gold Spot	GBP	-4.7%	-5.4%	0.1%	1.7%
Interest Rates				**Current Rate**		
United Kingdom				5.00%		

Source: Bloomberg Finance L.P. , Momentum Global Investment Management. Past performance is not indicative of future returns.

June 2023

Asset allocation views

Score	1	2	3	4	5	6	7

− ← → +

Score	Change	1	2	3	4	5	6	7
MAIN ASSET CLASSES	▲/▼/—							
Equities	▼			■				
Fixed Income	—				■			
Alternatives	—					■		
Cash	—				■			

Our Overall View

We have downgraded our outlook on equities in terms of our overall asset class weightings. The lack of depth in this year's market rally is a cause for concern with fears of a recession still high. Our fixed income view remains neutral due to higher rates and although the threat of a recession requires an element of caution with certain fixed income assets, good opportunities are still prevalent. Alternative assets remain a good diversifier of returns, especially favourable should market volatility increase.

Score	Change	1	2	3	4	5	6	7
EQUITIES	▲/▼/—							
Developed Equities	▼			■				
UK Equities	—						■	
European Equities	—				■			
US Equities	—			■				
Japanese Equities	—						■	
Emerging Market Equities	—					■		

Our downgraded view on equities is driven largely by a more challenging outlook for developed market corporates. Last year's aggressive rate hikes continue to show signs of pushing developed economies towards recession and there are concerns regarding complacency in risk markets. US equities in particular have shown a worrying lack of breadth in this year's rally. Valuations look positive in European equities, but the most compelling opportunities remain in the UK and Japan where valuations are still attractive.

Score	Change	1	2	3	4	5	6	7
FIXED INCOME	▲/▼/—							
Government	—				■			
Index-Linked	—				■			
Investment Grade Corporate	—				■			
High Yield Corporate	—			■				
Emerging Market Debt	—					■		
Convertible Bonds	—			■				

Rates remaining elevated so far in 2023 mean that bonds continue to provide attractive selective opportunities. Although rates remain high there are still concerns that the spreads offered today on investment grade and riskier high yield corporate bonds do not offer a suitable risk premium over safer sovereign bonds. The possibility of a recession and rising default rates suggest that an element of caution is necessary. We continue to prefer shorter duration bonds in both developed and emerging markets. Improving real yields and weak growth expectations have also improved the appeal of inflation linked bonds.

Score	Change	1	2	3	4	5	6	7
SPECIALIST ASSETS/ALTERNATIVES	▲/▼/—							
Commodities	—				■			
Property	—				■			
Infrastructure	▲					■		
Liquid Alternatives	—				■			
Private Equity	—						■	
Specialist Financial	▲						■	

Commodity prices are likely to be challenged against a slowdown in global growth. With expectations of a more turbulent period ahead in markets, alternatives continue to offer diversification benefits at attractive valuations after a period of poor investor sentiment. Discounts in NAVs in private equity continue to appear overly pessimistic while secular trends in infrastructure and specialist financials have boosted our outlook for both asset classes. Our liquid alternatives continue to offer attractive diversification benefits especially during periods of market uncertainty.

Score	Change	1	2	3	4	5	6	7
CURRENCIES vs. USD	▲/▼/—							
GBP	—					■		
EUR	—				■			
JPY	—					■		
Gold	—			■				

Against long term valuation metrics, Sterling and Yen continue to remain cheap relative to the Dollar. The Bank of Japan's ongoing policy of yield curve control policy holds the Yen back, for now. Recession expectations in the US and inflation in Europe could mean divergent rate expectations in support of the Euro. Gold's status as a haven asset has been beneficial in the face of recent market uncertainty and remains a good diversifier.

The asset allocation views are updated quarterly unless otherwise stated.

"With the recent rise in global rates, bonds now provide a more attractive opportunity"

For more information, please contact:
Distribution Services

E: distributionservices@momentum.co.uk
T: +44 (0)207 618 1803

Important Notes

Investment Manager - Momentum Global Investment Management Limited (MGIM).

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