JULY 2022 Market Report

Investment Review

Summary

During the one-month period to 30th June 2022, major equity markets, as measured by the aggregate FTSE All – World Index, fell 8.11%, taking the year-to-date loss to 19.9%. Only Chinese equities bucked this sharp downward monthly move, registering their biggest monthly rise (+7.4%) since July 2020. The VIX index rose, finishing the period at a level of 29.4. Key equity market drivers were growing concerns over global economic growth, inflation, food crises and rising interest rates. Most government Fixed Interest stocks fell over the month, despite some "safe "haven" buying later in the period on recession fears. Japanese bonds, however, rose in price terms The UK 10-year gilt ended the month on a yield of 2.46% with corresponding yields of 3.11%, 1.34% and 0.22% in USA, Germany, and Japan respectively. Speculative and lower quality bonds also fell in price terms. Currency moves featured a weaker Yen. Commodities mostly fell in price terms on sharply revised economic growth forecasts.

News

Over the recent month, there have been **further significant global economic downgrades for the 2022/2023 period (OECD,World Bank)** after last year's strong rebound, in both developed (especially China, USA,UK and Europe) and emerging economies, and ,indeed the word "recession" has entered many discussions . Reasons for this adjustment are not difficult to find with the ongoing Russian/Ukraine conflict, increasingly hawkish Central Banks and the Chinese slowdown affecting both supply and demand. The"pre-war" IMF report predicted 6% global economic growth this year, but estimates from a number of independent institutions are now in the 2.5% to 3% area. Accompanying inflation forecasts, expect prices to rise by at least 6% in 2022.The BIS recently (June 27th) recommended that "Central banks should not be shy of inflicting short term pain and even recessions to prevent any move to a persistently high inflation world"

All organizations highlight the considerable regional variation.

At the time of writing the implications of the Russian invasion of Ukraine are still evolving. The humanitarian cost unfortunately is very high and remains the main concern. Longer term effects will include disruption to certain globalised supply chains and financial linkages.

The IMF, UN and G7 have all issued stark warnings about the global food crisis.

US

Recent **US Federal Reserve meetings and informal comments by Jerome Powell and other Fed governors have clearly become much more hawkish and several interest rate increases are expected over coming months, building on the well flagged 25bp hike in March. The May increase however of 75bp was however more of a surprise. Several more increases are expected.**

Recently announced inflation indicators showed May headline CPI of 8.6%, much higher than most estimates and broadly based. Provisional first quarter GDP growth of - 1.4%annualised, and a full year figure of 5.7%, were higher than earlier estimates, although downward revisions to consumer demand have more recently been published. Recent consumer sentiment indicators, retail sales, property market activity and provisional PMI figures show a deteriorating trend into June. The University of Michigan sentiment indicator, released late in the month showed a sharp drop in consumer sentiment. Independent economic forecasts are now expecting 3.4%-4% GDP growth for full year 2022 with the unemployment level at around 4.0%.

EUROPE

Recent **ECB** meetings and statements have become distinctly more hawkish, and Christine Lagarde hinted strongly, late May, that borrowing costs may rise to zero or above by end September, with the first 25bp hike in July. First quarter 2022 GDP for the Eurozone showed a weaker than expected trend especially in Sweden, Italy and Germany and more recent indicators show a continuation of this trend into April and May exacerbated by the Russia/Ukraine conflict, supply chain issues, and rapidly increasing costs.

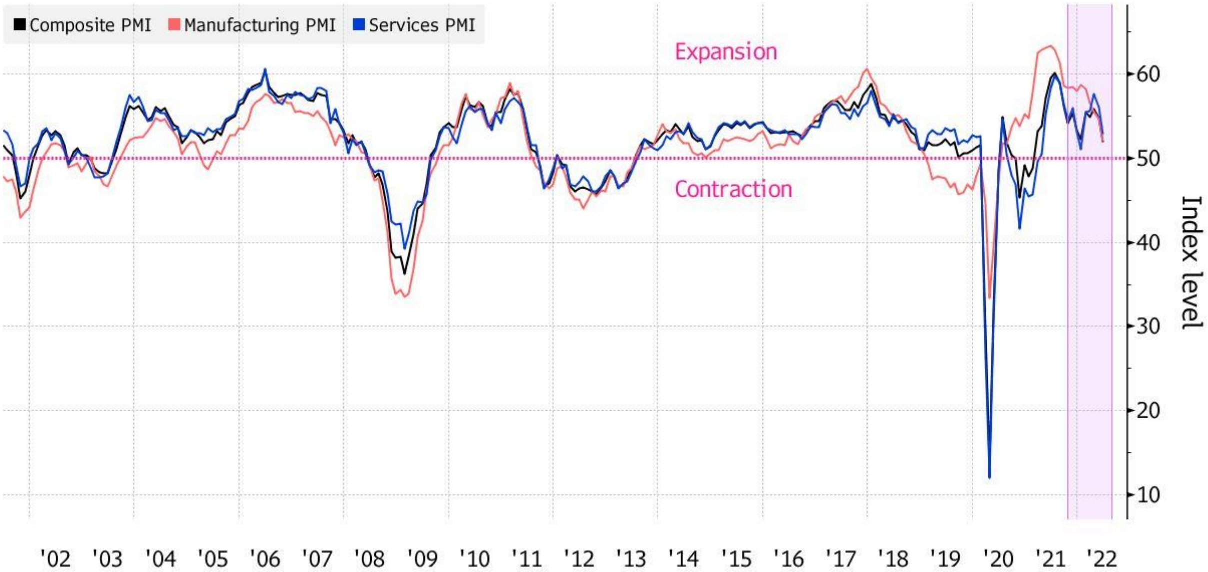
Current ECB staff projections foresee economic growth of 2.8% for 2022, a sharp reduction on the previous forecast, and further downgrades could be likely in the wake of the ongoing Ukrainian conflict.

May Eurozone inflation, of 8.1% was higher than expected, as was the recently announced ECB forecast of 6.8% for full year 2022.

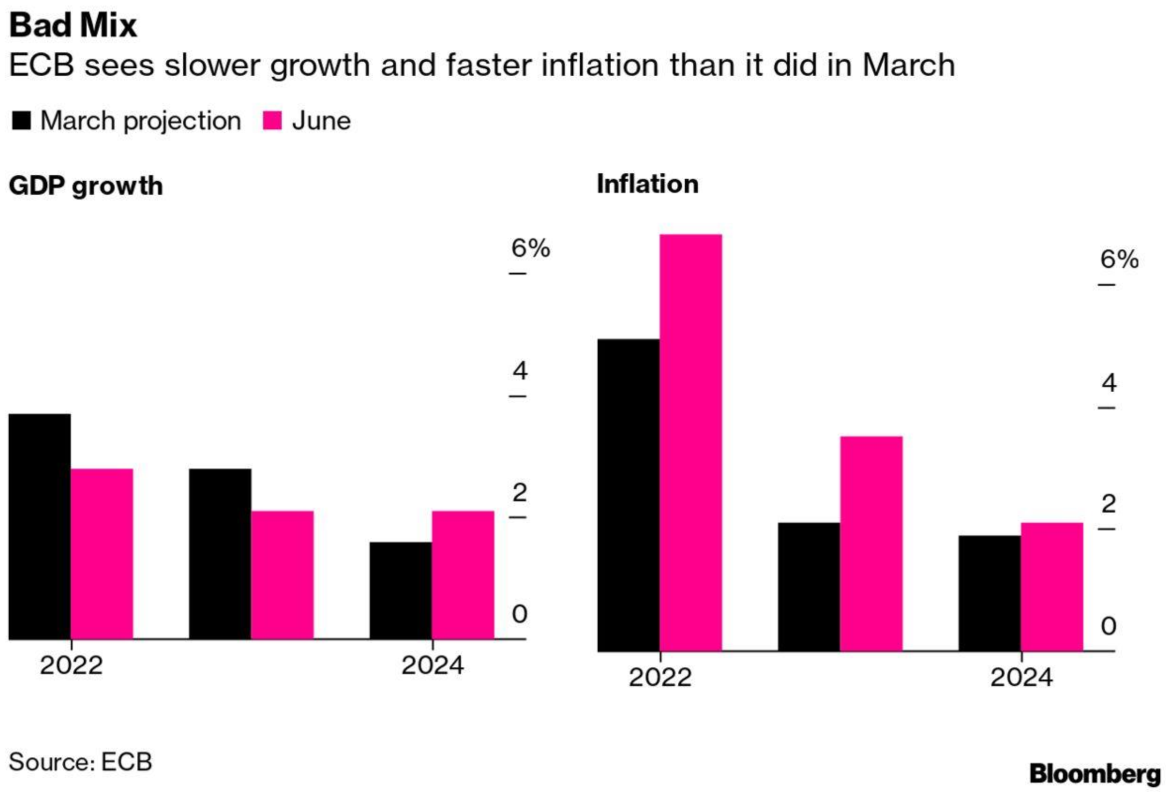
Amongst significant political events Macron lost his majority in France's parliamentary elections losing ground to both extreme right and extreme left groupings.

Slowing Sharply

Economic momentum in the euro area falls to a 16-month low

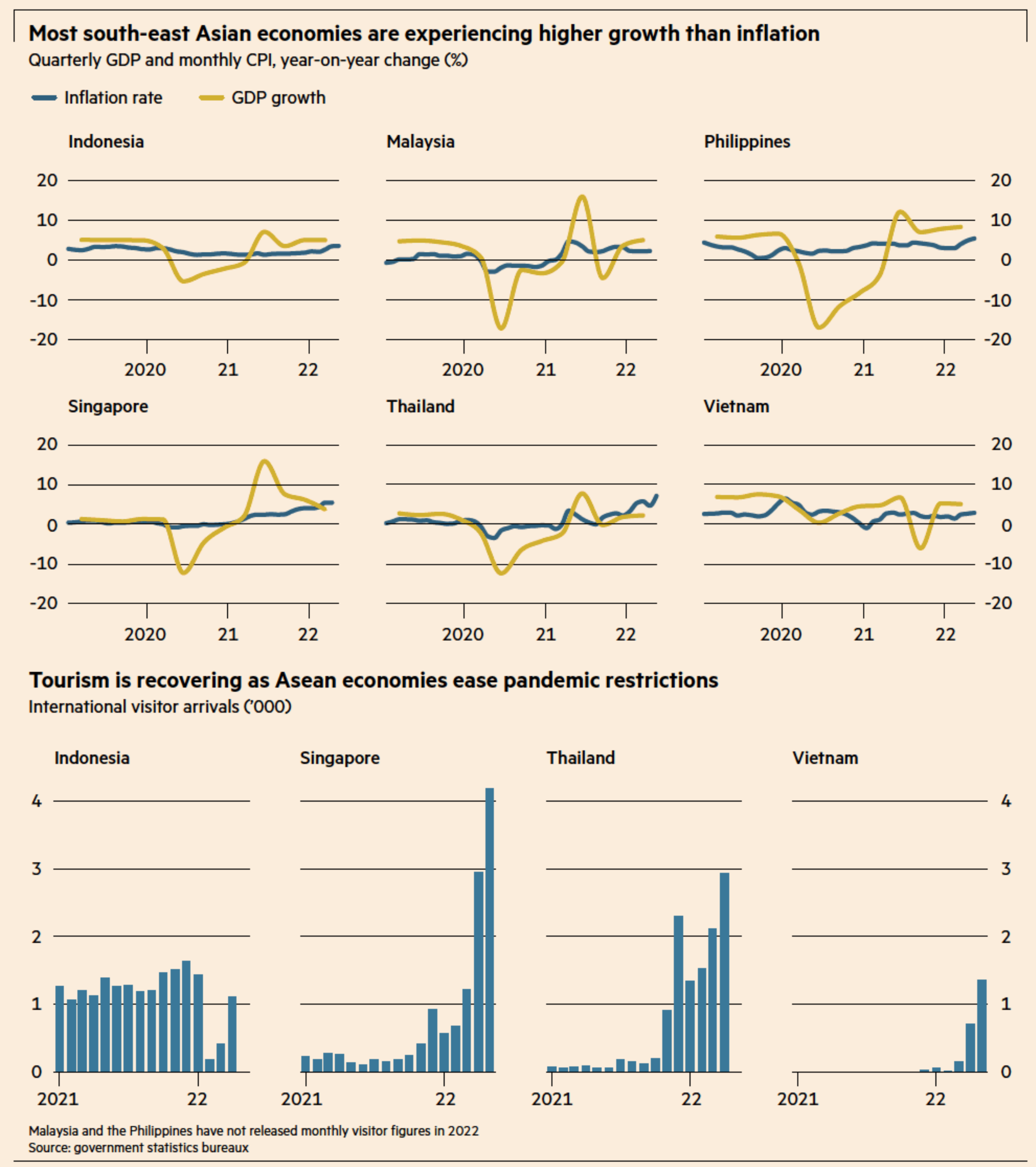


Source: S&P Global Bloomberg



ASIA excl JAPAN

Asia excluding Japan, is expected to show economic growth of about 3.5% in aggregate for 2022, but at individual country level, there are a wide range of possible outcomes depending on commodity exposure, tourism, debt, Chinese linkages etc. Recent FT analysis shows that in four of the six biggest countries in ASEAN (Vietnam, Malaysia, Indonesia and Philippines),GDP is rising faster than inflation(see graph below).Sharp bounce back from the pandemic(Philippines),commodity exposure(Indonesian palm oil and coal, Malaysian palm oil and rubber, and Thai rubber) and shifting supply chains away from China(Apple iPads from Vietnam) are all factors behind the region's resilience.



CHINA

Chinese economic data has been casting doubt on the 5.5% official growth target for 2022, despite some stabilisation in recent weeks. Official data released over the April/May period (following the first quarter growth of 4.8%) showed a poor development of consumer growth and export s, while "live" tracking data e.g., mobility, electricity use also showed subdued economic activity. Clearly the Zero Covid policy measures are affecting demand and supply and the property market also remains under a cloud. Various government "economic support" measures have been introduced and, some Covid restrictions have recently been eased, including shorter quarantine periods and more freedom of travel. 2022 National Congress this autumn will be closely monitored. Further reinforcement of “common prosperity” and “anti-corruption “themes could lead to unpredictable government interference at short notice.

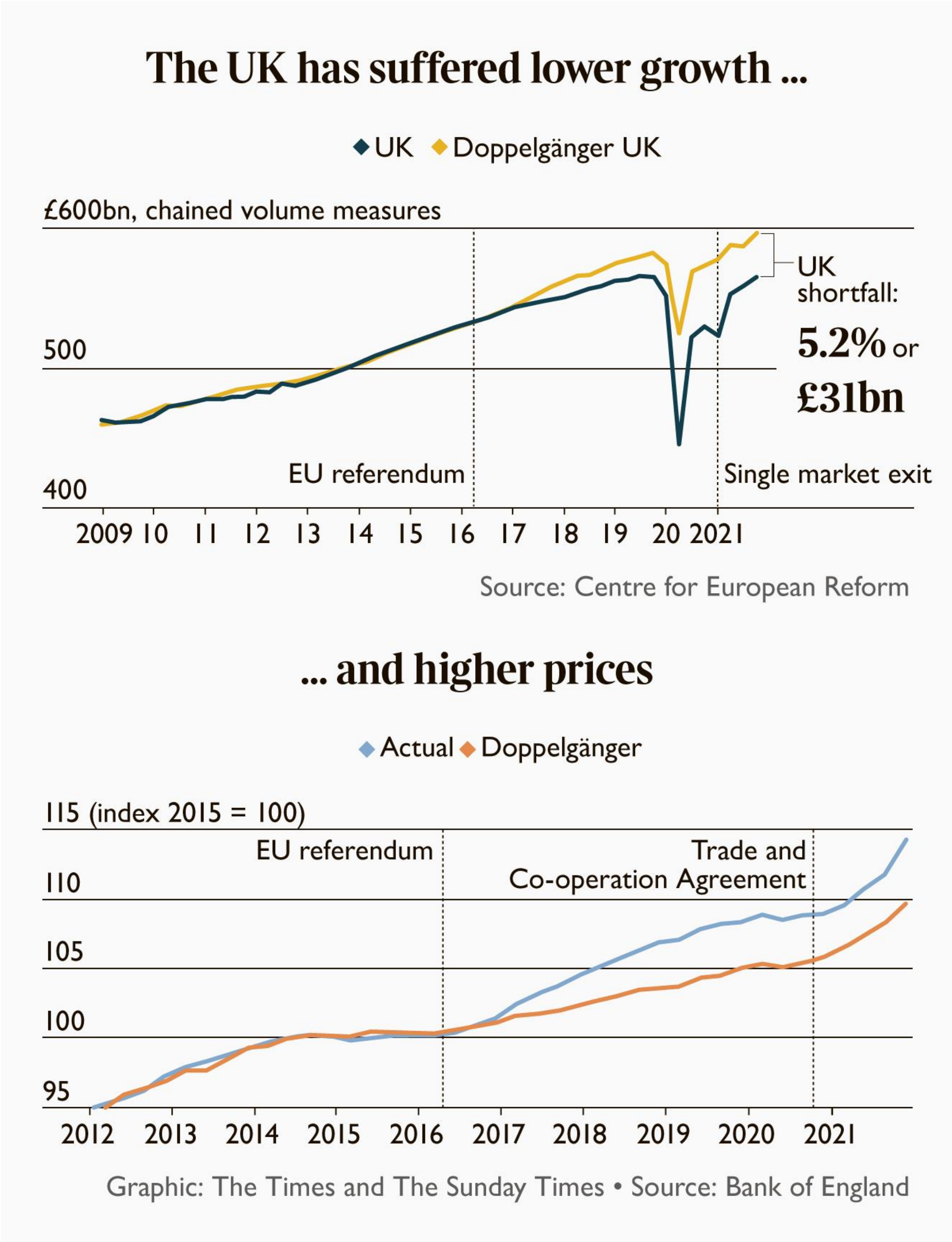
JAPAN

After fourth quarter GDP 2021 growth of 5.4% annualised, led by more buoyant consumer spending and a tentative manufacturing recovery, the first quarter 2022 figure showed a decline of 1.0% annualised, somewhat higher than some estimates. Inflation, while still well below international peers rose by 2.5% YoY in April, (core 2.1%,) the highest since 2014.Fuel, food prices and furniture were the main contributors, which took the rate above the government target for the first time in many years. Fiscal policy, however, remains loose, and the BOJ recently reaffirmed its yield control policy, while keeping key interest rates at -0.1%. The Yen continues to weaken on a trade weighted basis as other leading economies adopt much tighter policies

UNITED KINGDOM

Within the UK, live activity data (e.g June Gfk data) shows a weaker overall trend, especially within the services sector. According to this survey, released on June 23rd, consumer confidence dropped to its lowest level since records began in 1974 amid the cost-of-living chrisis.May PMI data and retail sales, just released ,show a similar depressing trajectory. Separately released data from the Bank of England showed credit and debit card spending on discretionary items down 14% from pre-pandemic levels. Unemployment, however, is still at a very low level, although recent official figures did show a tentative slowing in hiring intentions. Inflation continues to rise, the May CPI and RPI readings registering hikes of 9.1% and 11.0% respectively led by fuel and food prices.

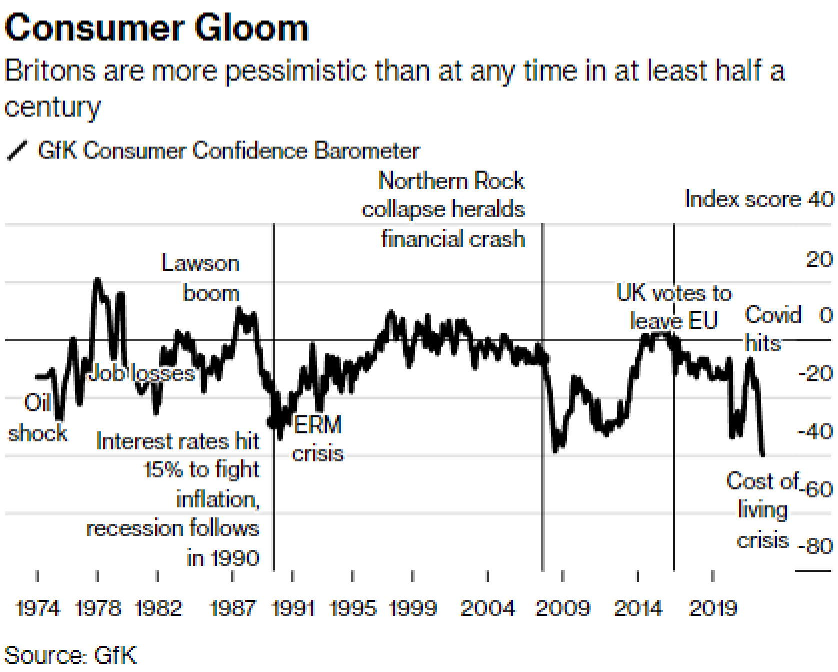
Scheduled utility bill increases (October?), disappearing EU farm payments, selected VAT hikes, fuel (exacerbated by military conflict) and shop price inflation, merchandise availability, tax/NI hikes, upward interest/mortgage rate pressure, stalling house prices, insolvencies/evictions, pension triple-lock suspension(22/23), legacy Brexit issues(see graph below),strike activity and political uncertainty will continue to be headwinds and a technical recession over coming quarters, is looking increasingly likely.

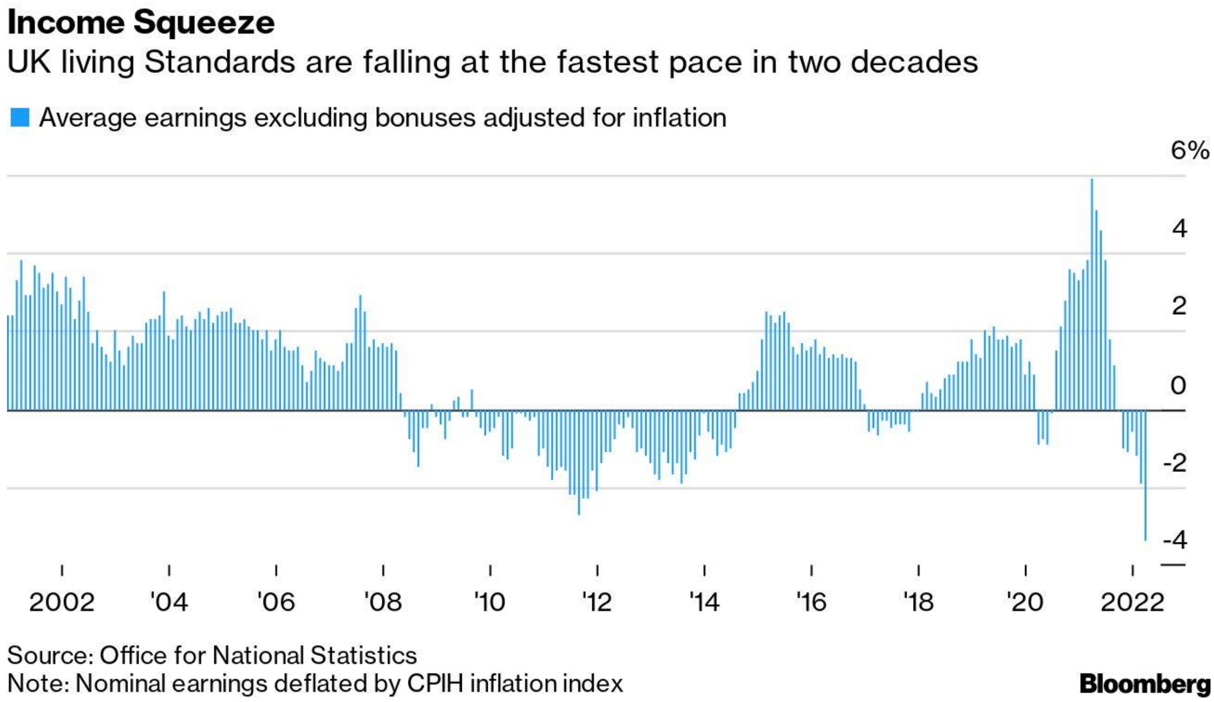


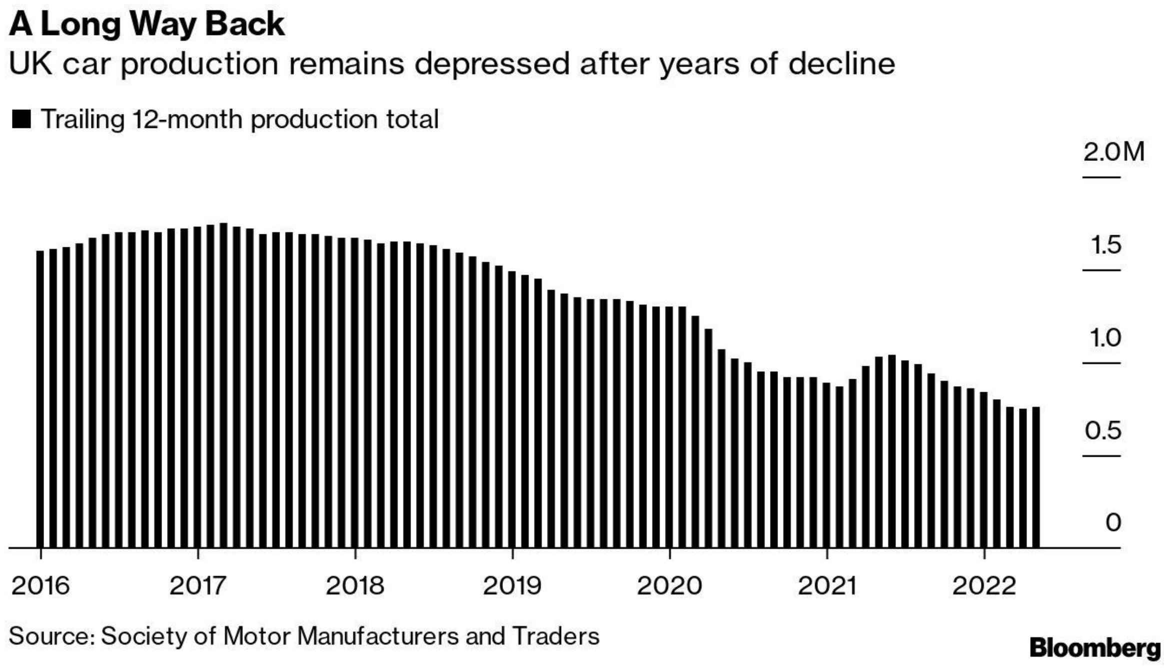
Public sector net borrowing remains broadly lower than expected-one temporary economic bright spot. Lower than expected borrowing was reported for both April and the full financial year as tax receipts grew and pandemic support costs fell. Although now past its peak of approx. 15% of GDP, the absolute numbers are still very large by normal standards. For the full fiscal year public sector borrowing of £144.6 billion was £7.2 billion less than earlier ONS estimates. The deficit is likely to rise again over coming months with lower tax revenues and greater outgoings.

Monetary policy has tightened from a 0.1% interest rate in December last year to the 1.25% rate set in June and Andrew Bailey warned yesterday, June29th, that there might need to be a 50bp increase at the next meeting in August. Markets currently expect rates to be about 3% by mid-2023.

Forward looking **independent economic growth estimates cover a wide range, as the positive argument of relief/catch up spending, by an** element of the population from records savings must be balanced against the factors laid out above. International factors e.g Ukraine, Chinese Covid policy, food prices will continue to add layers of uncertainty.







Monthly Review of Markets

Equities

Global Equities showed an aggregate loss over June 2022, the fall of 8.1% taking the year-to-date decline to 19.9%. with large variation between countries and sectors. China bucked the monthly slump rising 7.4% and now actually outperforming the world average over the six-month period.

Both major UK indices fell by about 6% and now in negative territory year to date. The largest monthly underperformer was the German DAX index, amongst the major markets, falling 11.2% The VIX index rose over the month to an end June at a level of 29.4 which while still in "nervous" territory is well off the so called "capitulation" level. The six months gain of 70.62% reflects the degree of risk aversion compared with the" relative calm" of last December (medical, geo-political and economic!).

Exhibit 1: S&P 500 Strategist Estimates for the End of 2022

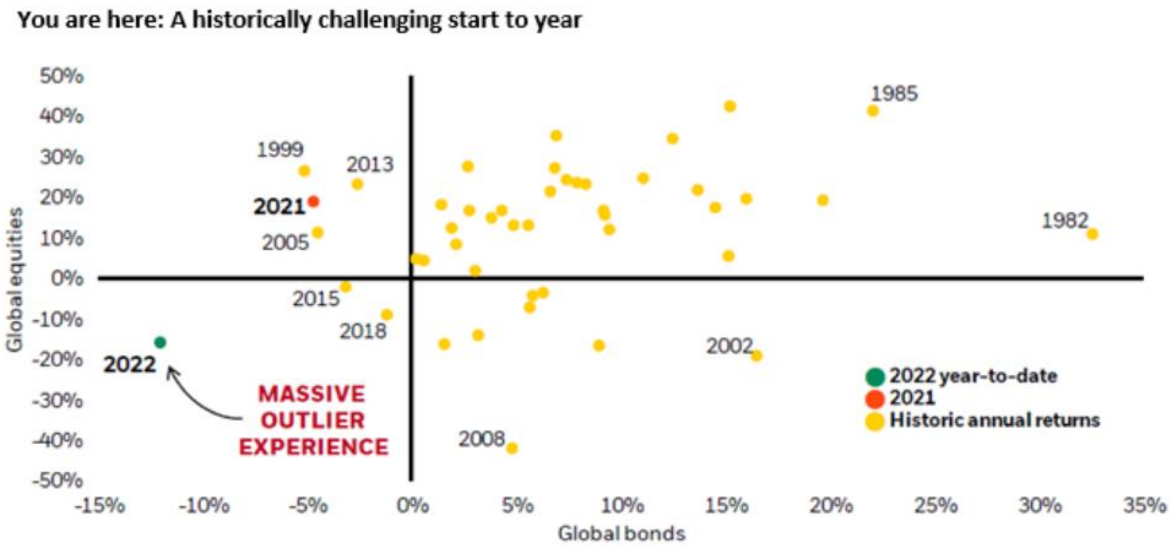
Firm (in alphabetical order)	S&P 500 Forecast (year-end 2022)	S&P 500 Forecast (year-end 2022, as of March 31, 2022)	S&P 500 Forecast (year-end 2022, as of June 30, 2022)
Bank of America	4,600	4,600	4,500
Barclays	4,800	4,500	4,500
BMO	5,300	5,300	4,800
BNP Paribas	5,100	4,900	4,400
Cantor Fitzgerald	4,800	4,800	3,900
Citigroup	4,900	4,700	4,200
Cornerstone Macro / Piper Sandler*	4,600	4,800	4,000
Credit Suisse	5,000	5,200	4,900
Goldman Sachs	5,100	4,700	4,300
Jefferies	5,000	5,000	4,650
JPMorgan	5,050	4,900	4,800
Morgan Stanley	4,400	4,400	3,900
RBC Capital Markets	5,050	5,050	4,700
Scotiabank	4,800	5,000	4,600
UBS	4,850	4,850	4,850
Wells Fargo	5,200	4,715	4,715
Average 2022 Forecast (points)	**4,909**	**4,838**	**4,482**
2022 Forecast Standard Deviation (%)	**4.9%**	**5.0%**	**7.5%**

*Cornerstone Macro was acquired by Piper Sandler in February 2022.

Source: Bloomberg, Research Reports, as of 30 June 2022. Industry estimates are hypothetical in nature, do not reflect actual investments and are not guarantees of future results.

CRYSTAL BALLTIME!(current level 3796.97)

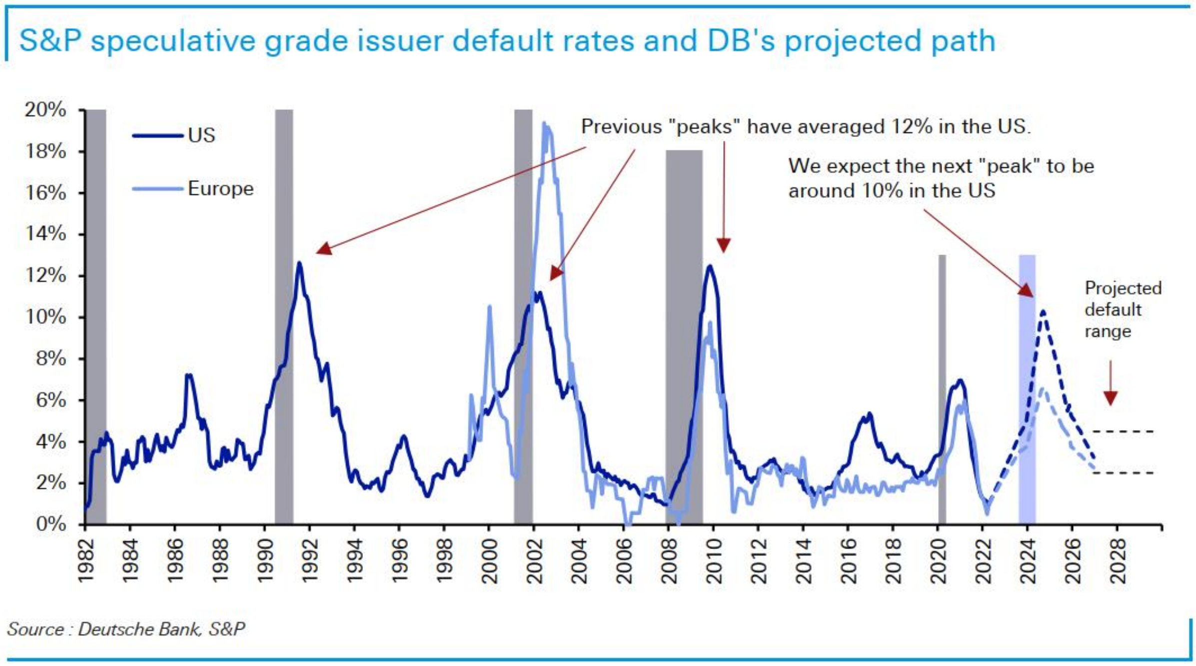
UK Sectors
Sector moves showed great volatility during June, with double digit percentage falls being experienced in industrial mining, travel, leisure and construction while pharmaceuticals and tobacco eked out gains. Since the beginning of the year oil, gas and tobacco shares the leading performance position with gains of around 30%, **ironic for ESG watchers**! Mining, retailers and household goods, however, have experienced similar size falls on recessionary fears. The FTSE100 is outperforming the FT ALL-Share largely due to the domestic bias of the latter. By IA sectors, UK unit trusts are **significantly underperforming benchmark indices, trackers etc,** so far this, with small company funds even more so. The latter category is underperforming the FT All_-share by about 15% so far this year-**a poor period for most active funds**. "Balanced" funds, by IA definitions, are falling by about 10% so far this year (Source: Trustnet)

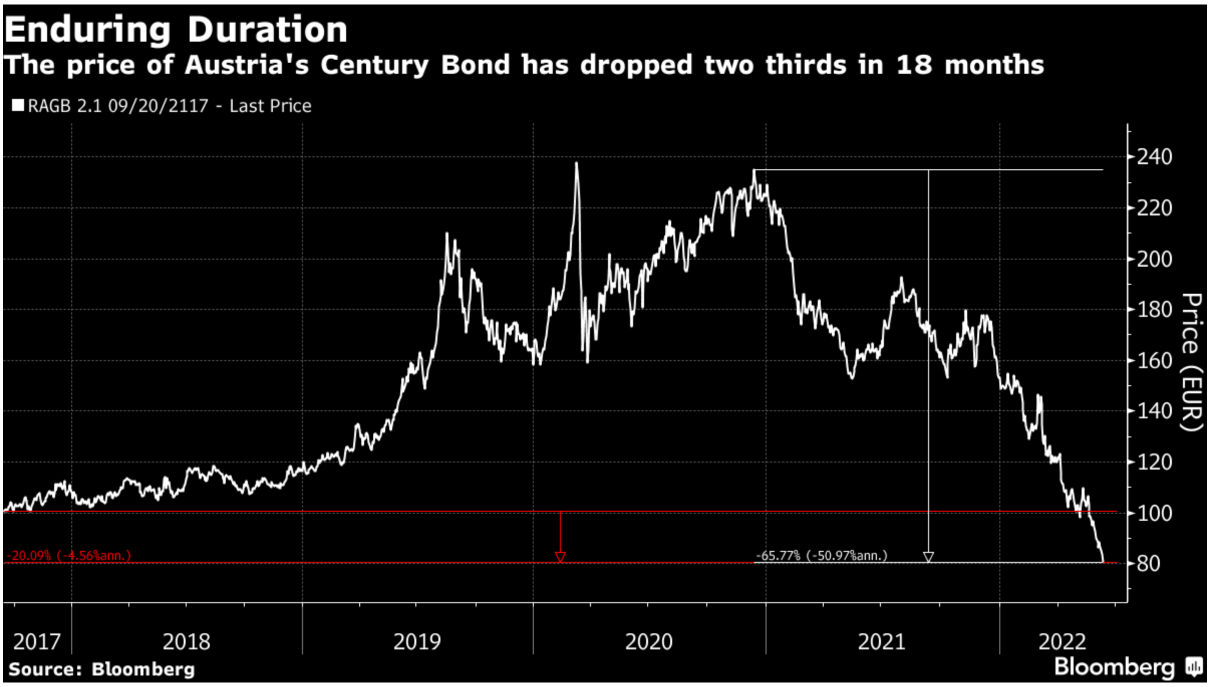


WHAT DIVERSIFICATION BENEFITS?

Fixed Interest
Major global government bonds continued to decline, in price terms over June, the UK 10-year yield for instance finishing the month at a yield of 2.46%. Other ten-year government bond prices showed closing ten-year yields of 3.11%, 1.34% and 0.22%.
in USA, Germany, and Japan respectively. Year to date, the composite gilt index has fallen approximately 15% as have UK higher quality corporate bonds. Over the month, speculative grade e.g emerging market, high yield etc also fell, in price terms. **As well as the actual price declines, bond volatility has also increased markedly, across all maturities. The graph below illustrates the effect of shorter term interest moves on an "ultra-long"(maturing 2117!) maturity bond**. Declining liquidity is another potentially worrying recent development, looking forward.

Check my recommendations in preference shares, selected corporate bonds, floating rate bonds, zero-coupons, speculative high yield etc. A list of my top thirty income ideas from over 10 different asset classes is also available to subscribers.



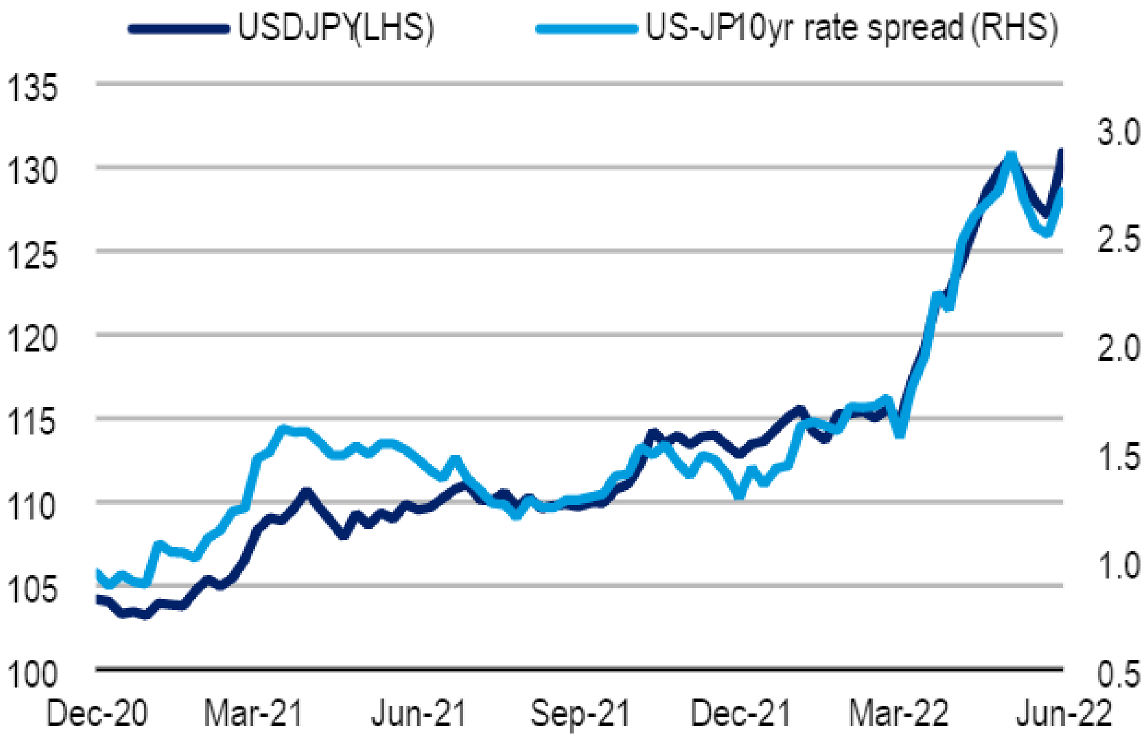


Foreign Exchange

Currency moves amongst the majors featured a weaker Japanese Yen, largely on divergent economic policies. The greenback is up approximately 18% against the Japanese unit over the six-month period. Sterling weakened against the US Dollar and the Euro. Holders of the hedged MSCI Japanese ETF, IJPH, are currently enjoying strong relative performance and this remains one of my core ideas for exposure to the country.

Exhibit 2: USD/JPY vs 10yr US-JP government bond yield spread

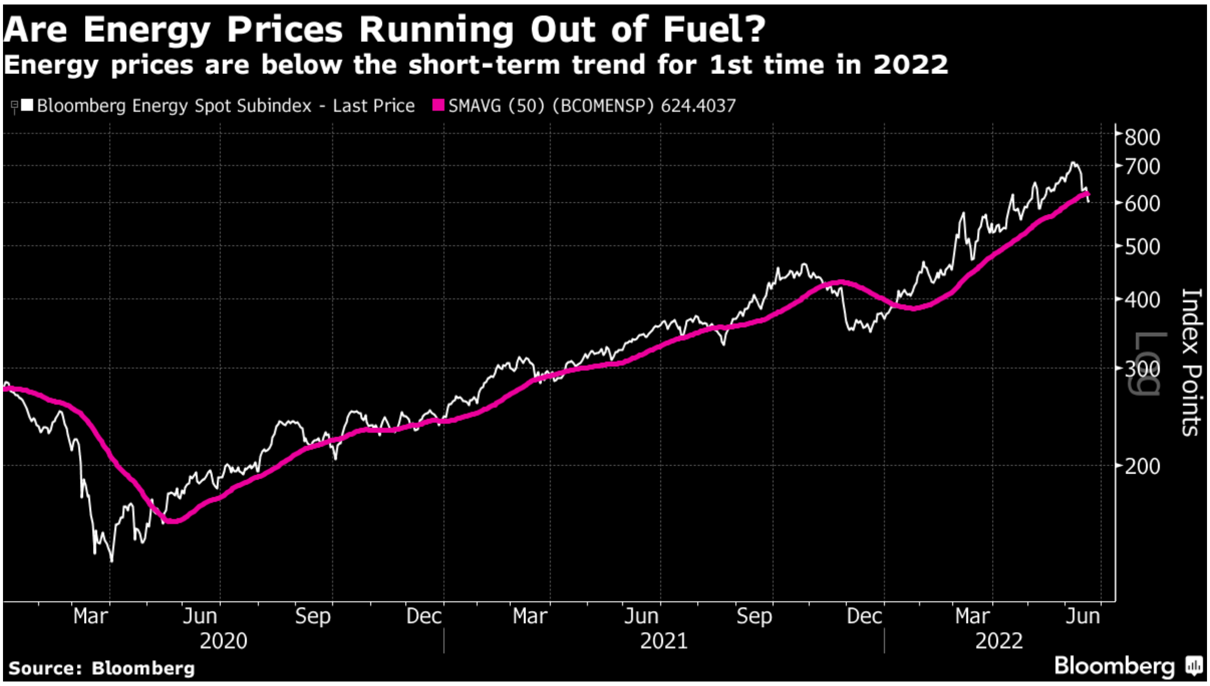
USD/JPY may have started outperforming long-term yield spread



Source: BofA Global Research, Bloomberg

Commodities

Most commodities fell, some quite sharply, over the month. Wheat, natural gas and several industrial metals fell between 10% and 20%, largely on reduced economic growth expectations. Precious metals and soy price moves were relatively small. Over the full six-month period however, the Bloomberg broad commodity index has shown growth of over 30% (in dollar terms), with particularly large gains in energy and food, moves not unnoticed by Central Banks, and shoppers around the globe!



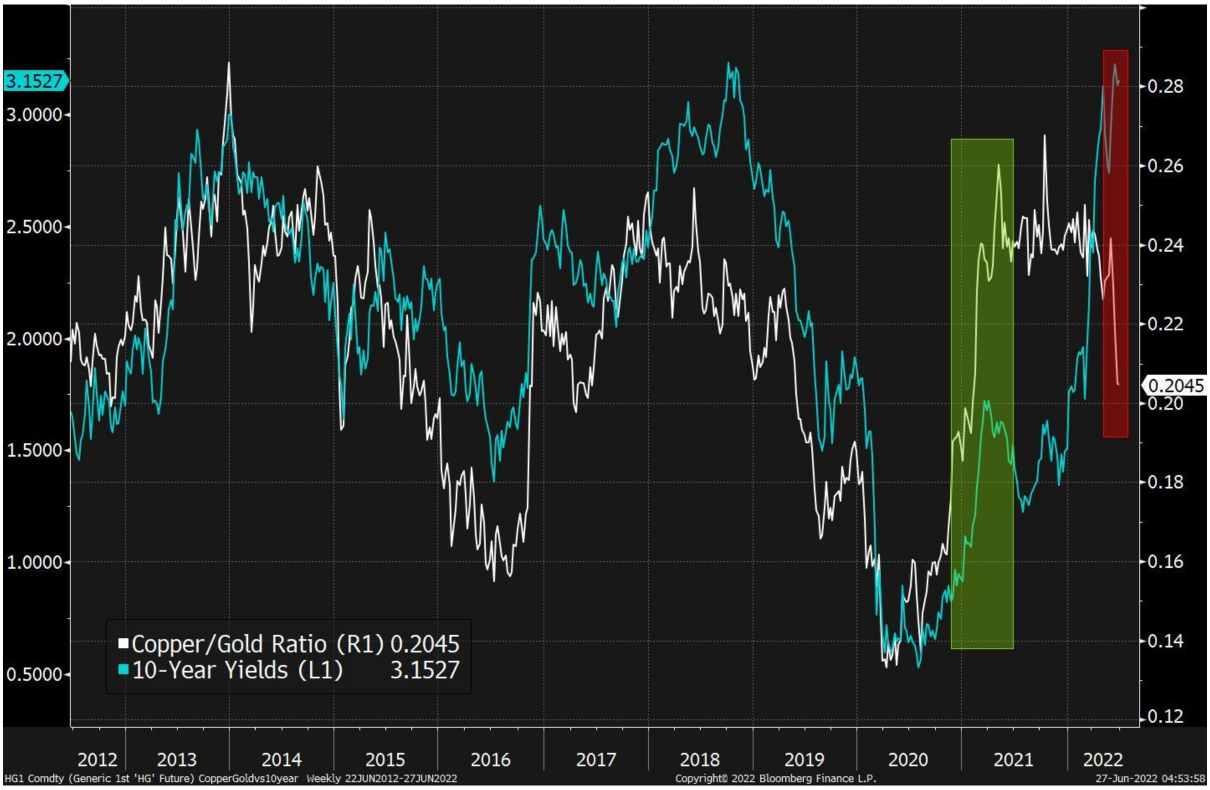
Looking Forward

Longer term investment concerns regarding variable economic recoveries and inflation, with related interest rate/fiscal implications have superseded Covid worries, even though the latter is "far from over" in a global perspective. **Shorter term, Ukraine issues are adding to equity, bond, currency and significantly, commodity, volatility. At the time of writing, the situation is far from resolved**. Even though the combined economic, and stock market, weights of Russia, Ukraine and Belarus combined is of the order of 1% of the world total, the indirect human, geo-political, corporate linkage, and resource issues will be of greater and longer lasting attention.

Major central banks are clearly turning more hawkish with reducing QE and the bringing forward of rate increases. In a growing number of smaller economies where US contagion, politics, commodity exposure inflation/fx are also issues, several official increase rate increases have already taken effect. Japan, however, continues to adopt stimulative measures.

Major Global Government Bonds have started to stabilise somewhat in recent weeks, after earlier sharp falls as recessionary talk grows. Absolute yield levels, however, still look low when inflation, government supply and quantitative tightening are considered.

For equities, the two medium term key questions will be when **rising interest rates** eventually cause equity derating/fund flow switches, government, corporate and household problems, and how the rate of **corporate earnings growth** develops after the initial snapback. Going forward, withdrawal of certain pandemic supports, uncertain consumer and corporate behaviour and cost pressures are likely to lead to great variations by sector and individual company.



An Interesting graph in my view-Bonds,Gold or Copper out of line?

Observations/Thoughts

ASSET ALLOCATION

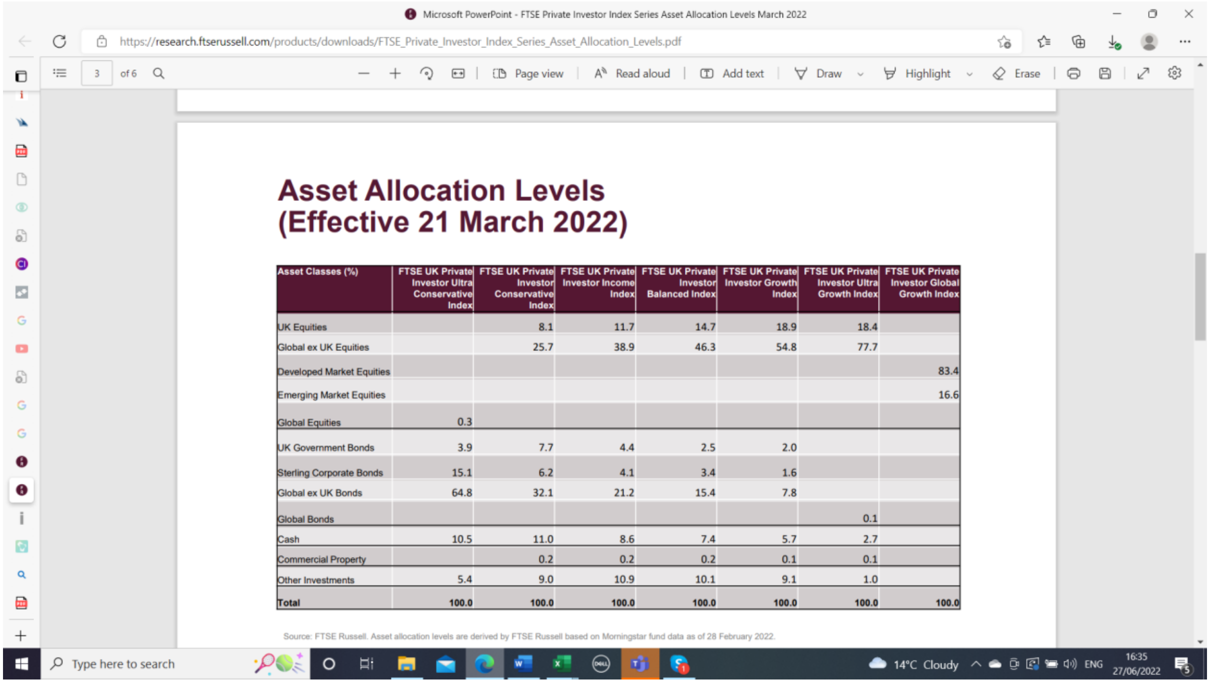
-As well as maintaining an **overweight position in UK** and European equities, it may be worth initiating or adding to **Japanese positions** within an international portfolio. The **US market** has, as expected, fallen further than other leading markets, especially the growth stocks but remains an **underweight** in my view. Current Ukraine tensions have opened new opportunities within the emerging market space, but extreme caution warranted**. Latin America and parts of Asia for example have enjoyed economic rebounds, revived tourism, some commodity exposure, and little negative Ukraine spill over and this has been reflected in some indices.**

	PE	PE	P/B	P/B	Yield	Yield	Eps growth	Eps growth	Dividend growth	Dividend growth
	22	23	22	23	22	23	22	23	22	23
World	14.7	13.7	2.4	2.2	2.4	2.5	11	7.8	8.9	5.5
USA	17.2	15.6	3.5	3.2	1.7	1.8	9.6	10.1	68	7.2
Japan	12.4	11.8	1.2	1.1	2.7	2.8	9.1	4.8	6.3	5.2
Europe ex-UK	12.5	11.9	1.7	1.6	3.6	3.8	12.8	5.1	10	5.7
UK	9.6	9.6	1.5	1.4	4.5	4.5	16.5	0	13	1.3

Global Emerging	**11.3**	**10.4**	**1.5**	**1.4**	**3.4**	**3.5**	**10.1**	**8.7**	**11.5**	**5**

Source: MSCI, IBES,Morgan Stanley June 24 2022.

Another major asset allocation decision would be to **replace part of the conventional "fixed interest" portion with alternative income plays in the infrastructure, renewables, and specialist property areas.** Many instruments in this area provide superior capital growth, income, and lower volatility than gilts for example**. I am also adding selected preference shares to the "fixed interest" allocation ,**where annual yields over 6% are currently available.



Asset Allocation Levels
(Effective 21 March 2022)

Asset Classes (%)	FTSE UK Private Investor Ultra Conservative Index	FTSE UK Private Investor Conservative Index	FTSE UK Private Investor Income Index	FTSE UK Private Investor Balanced Index	FTSE UK Private Investor Growth Index	FTSE UK Private Investor Ultra Growth Index	FTSE UK Private Investor Global Growth Index
UK Equities		8.1	11.7	14.7	18.9	18.4	
Global ex UK Equities		25.7	38.9	46.3	54.8	77.7	
Developed Market Equities							83.4
Emerging Market Equities							16.6
Global Equities	0.3						
UK Government Bonds	3.9	7.7	4.4	2.5	2.0		
Sterling Corporate Bonds	15.1	6.2	4.1	3.4	1.6		
Global ex UK Bonds	64.8	32.1	21.2	15.4	7.8		
Global Bonds						0.1	
Cash	10.5	11.0	8.6	7.4	5.7	2.7	
Commercial Property		0.2	0.2	0.2	0.1	0.1	
Other Investments	5.4	9.0	10.9	10.1	9.1	1.0	
Total	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

Source: FTSE Russell. Asset allocation levels are derived by FTSE Russell based on Morningstar fund data as of 28 February 2022.

<u>FTSE Private Client Asset Allocaton..Effective 21st March..Source FT Russell/Morningstar</u>

- **UK EQUITIES** continue to remain a **relative overweight** in my view, based on a number of conventional investment metrics (see above), longer term underperformance since the Brexit vote, style preference (value over growth) and international resource exposure although be aware of the numerous headwinds I have highlighted above. **One sectoral change I would currently make is to reduce strong overweight positions in the resource sector**. Large profits are there to be taken and slowing growth worries are starting to impact certain direct commodities. Remain **overweight in pharmaceuticals**. Extra due diligence at **stock level more generally** will be required as I expect a growing number of profit warnings and downbeat forward looking statements.

Takeover activity is also clearly increasing with, for example, private equity snapping up UK-listed companies at the fastest pace for more than twenty years. One sector attracting very recent corporate interest is the transport area, more specifically bus companies.

JAPANESE EQUITIES also remain an overweight in my view, especially on a hedged basis. Unlike most other major economies, Japan is likely to continue its easy money policy. The Yen is likely to weaken further, especially versus the UD Dollar. Exporters will benefit and there has been a good long-term correlation between local market performance and the $/Yen exchange rate. The price/book ratio of 1.1 is attracting interest of corporate and private equity buyers, while the prospective yield of 2.8% is above the world average and compares very favourably with USA (1.8%). Corporate governance is rapidly improving with diverse boards, reduction of cross holding, higher dividends etc. Private equity stake building interest in Toshiba and growing activity in the property sector (discount on a discount in a cheap currency) demonstrate the search for value in Japan.

On a valuation basis (see table above) the forward PE multiple of 11.9 is at a considerable discount to the world, and especially US average. On this point Morgan Stanley estimate multiples of 11.1 and 14.4 for exchange rates of over 15 Yen/Dollar and below 120, respectively (current level -135.9).

- **EMERGING MARKETS**-Very difficult to adopt a "blanket" approach to the region even in "normal times", but especially difficult now, with so many different COVID, commodity, sectoral mix, debt, geo-political and increasingly natural disaster variables. Interestingly the rush into Emerging Market assets, both bonds and equities, at the start of 2021 moderated through the year as many dramas have unfolded e. g South Africa, Turkey, Ukraine, Chinese regulation. This latter factor has special relevance to those using Emerging Market Benchmark Indices. The IMF recently warned that several emerging nations could disproportionately suffer from a combination of COVID and adverse reaction to "tapering" by developed counties e.g., FX/Interest rate pressures. Six countries have already defaulted during the pandemic, while Fitch issued 45 sovereign downgrades in 2020, including Mexico, South Africa and, recently, Turkey. At the time of writing Sri Lanka's central bank confirmed that the country missed a deadline for foreign debt repayments, the first sovereign default in the Asia-Pacific region this century according to Moody's.

- Extra due diligence is required and remember to understand the currency as well as local market dynamics, Turkey, Ukraine and Russia being obvious recent examples.

However, within the emerging space, I continue to have a **relatively f**avourable longer term view on Asia, where relative COVID success, stable FX,inward investment, lower relative inflation and export mix are supportive.
Vietnam, for example, is supported by positive demographics, with a population of near 100 million, an emerging middle class, and a recipient of strong foreign direct investment. The economy is expected to grow at around 6.5% this year. On a stock market prospective PE of just over 12 based on forecast earnings growth over 20%, Vietnamese equities appear good value.

Caution is required in many **South American** markets with poor COVID-19 situations, deteriorating fiscal balances and inefficient governments, many of which are up for change. However, some stock market valuations currently appear interesting in the region, which, so far, has been relatively unaffected by events in Ukraine. Commodity exposure, deglobalization beneficiary, valuation and recovery from a very low-level account for some of the early year strength (graph below).

Certain areas within Central Europe are starting to receive more attention, mainly on valuation grounds, but the lingering Covid effects and indirect effects of the Russia/Ukraine invasion should be borne into account.

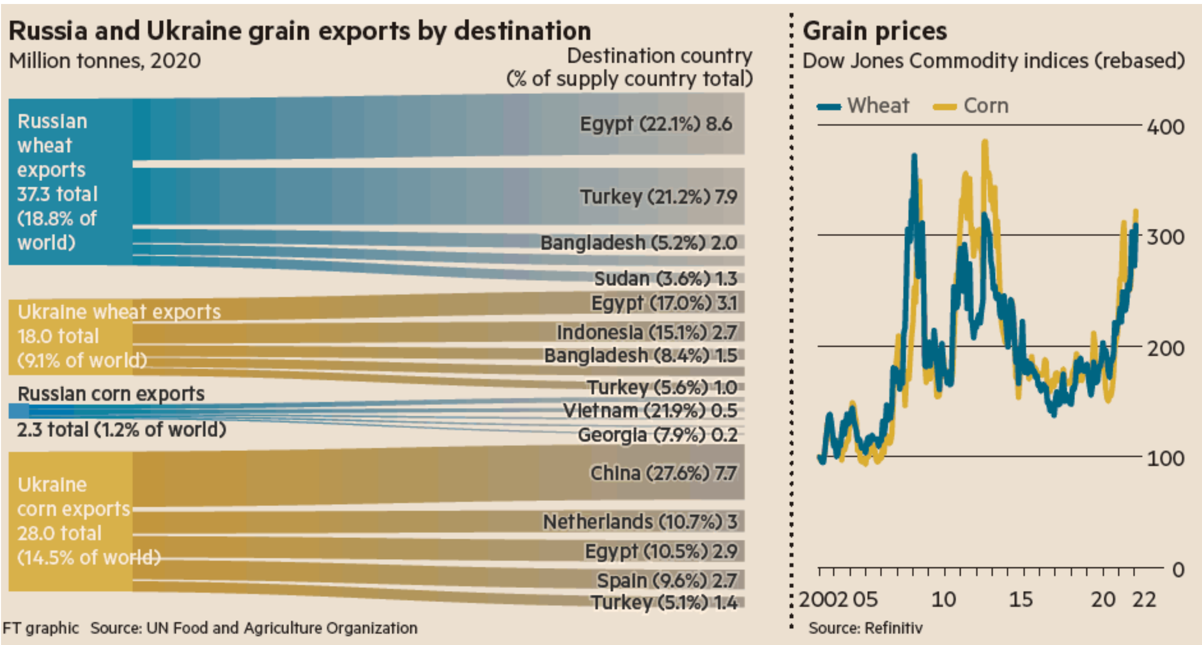
India, although quite highly rated, warrants inclusion in a diversified portfolio, and is currently receiving some fund flows from "overweight" Chinese portfolios.

Comments re great selectivity above also apply to **emerging market debt**. For the more adventurous fixed interest investor combinations of well above average yields (s sometimes caused by pre-emptive moves last year), stable fiscal and FX situations and, diversified economic models could provide outperformance from carefully selected bonds.

- **COMMODITIES**- Gold has remained relatively flat in price terms,despite no shortage of usual price moving catalysts, and the longer term prospects for more cyclical plays continue to look brighter. Increased renewable initiatives, greater infrastructure spending as well as general growth, especially from Asia, are likely to keep selected commodities in demand at the same time as certain supply constraints (weather, Covid, transport) are biting. Anecdotal evidence from reporting companies RTZ, BHP and Anglo American appear to suggest that the industry is enjoying a bumper time, and with disciplined capex programmes, extra dividends and share buy-backs are commonplace! In the short term there could be additional **supply** disruption in the areas of natural gas, palladium, nickel, aluminium, potash and certain foodstuffs, although current recession speculation is starting to affect projected short term demand e.g copper.

- Wheat and other grain prices have soared since the Russian invasion of Ukraine. The disruption of exports from the Black Sea ports are likely to lead to physical shortages of certain foods. If the conflict is prolonged it will affect millions of people living in such places as Egypt, Libya,Lebanon Tunisia, Morocco, Pakistan and Indonesia that could have political consequences. There has been renewed interest in **agricultural funds** as well as the soft commodities themselves. Contact for details of current ideas.

- Keep some exposure to this general asset class either directly or through investment trusts or ETF's.My favoured one stop resource play, Black Rock Energy and Resources Income Investment Trust currently offers a yield of 3.8% and trades at a discount of near 8%. Wisdom Tree can provide products that track individual commodities, including agricultural names as well as broader indices eg Bloomberg Commodities.



GLOBAL CLIMATE CHANGE remains **a longer-term theme,** and will be built into the many infrastructure initiatives, being pursued by Europe, USA, and Asia. The Russia/Ukraine conflict is accelerating the debate, and hopefully the action. There are several infrastructure/renewable investment vehicles which still appear attractive, in my view, combining well above average yields and low market correlation with low premium to asset value. The recent volatility in natural gas prices has highlighted both risks and opportunities in the production and storage of energy from alternative sources. However, increasing levels of due diligence are required, in committing new money to the area overall. Financial watchdogs across the world are sharpening their scrutiny of potential "greenwashing" in the investment industry on rising concerns that capital is being deployed on misleading claims.

- However, in the **shorter term**, the Russian invasion of Ukraine has precipitated a global energy crisis, that has forced countries, especially in Europe to look for ways to quickly wean themselves off Russian oil and gas, and reconsider timelines of commitments to cut the use of fossil fuels. At the time of writing, it seems highly likely that USA will increase oil and gas output, UK North Sea may see further investment and EU coal consumption could increase. As a further sign of UK possible "feet" dragging on certain environmental projects, chancellor Rishi appeared to be prioritising living standards over energy security in his recent statement. The mooted "windfall" tax, in my opinion, is not a good idea if it discourages longer term investment in renewables etc.

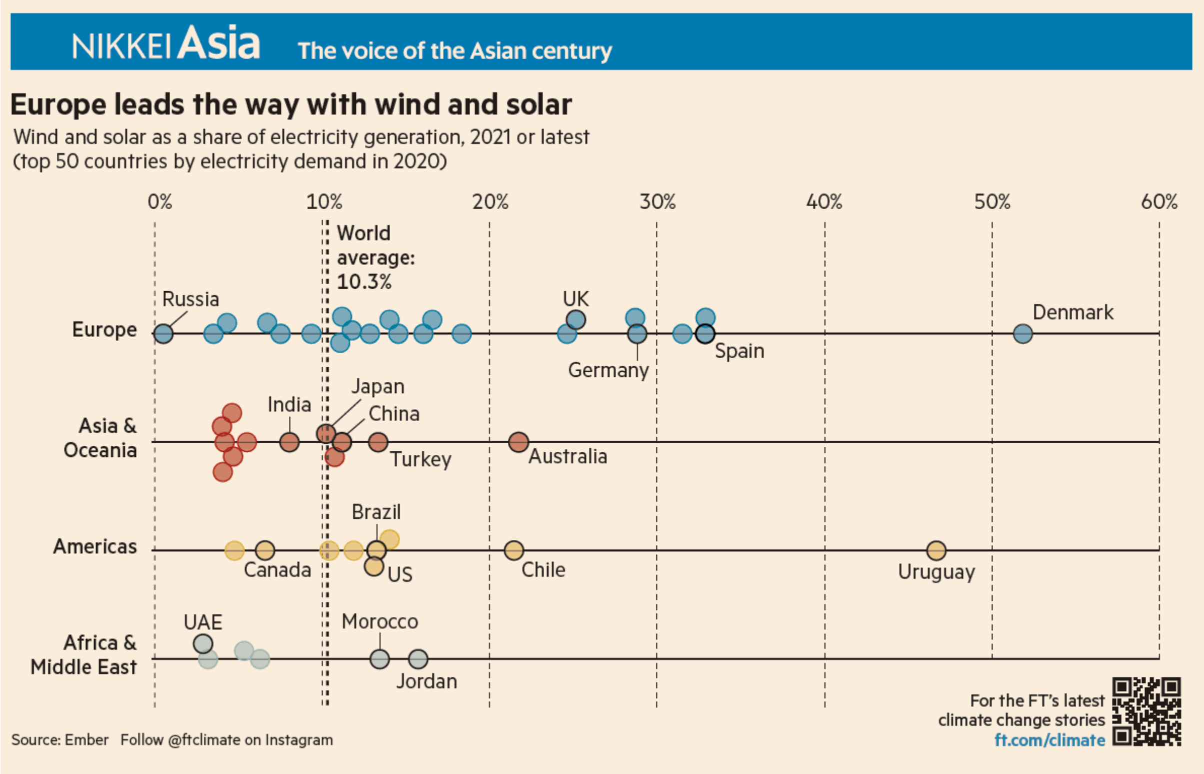
- For contrarians/tactical trading, there are currently enormous opportunities for investors willing to lean against the ESG wave, a trend already apparent with many private equity deals, and hedge funds one of whom has been building stakes in tobacco companies. It may also make sense not to "abandon" the traditional oil and gas companies, which are taking big steps to realign their "carbon" policies, have financial strength and are still cheaply rated.

- Another area currently in the ESG purist cross hairs is **"nuclear".** Ignoring the fact that nuclear weapons have not been used in anger since 1945, and the fact that some deterrent is needed, (now?), where should the confused investor stand when it comes to nuclear power substituting coal power? Another bombed out sector to join oil, gas, tobacco as an area, perhaps, for betting against the consensus. I have some interesting "uranium play" ideas for those interested

- **ALTERNATIVE ASSETS**-this group, encompassing private equity, private debt, hedge funds, real estate, infrastructure, and natural resources is expected to continue growing both in actual and relative terms over coming years.

Traditional asset management groups are racing to expand offerings in alternative investments as they seek to boost profitability ad head off competition from private equity groups (see graph below).

I have, for a while, recommended some exposure to this area maybe as part of the former "gilt allocation". With strong caveats re liquidity, transparency, dealing process, I still adopt this stance, continuing to use the investment trust route**. So far this year, gilts have declined approximately 15% while my favoured UK and European renewable closed-end funds have appreciated by between 5% and 9% in capital terms and delivered about 6% in annual income.** Please contact me directly for specific ideas



COMMERCIAL PROPERTY-The most recent MSC/IPD UK Property Index up to the end of **May 2022** showed a monthly total return of 1.3% (16.4% annualised!) across all properties, 8.8% total return year to date, thus building on the 21.9% return experienced for full year 2021.All sectors rose in capital terms over the month, with industrial and retail warehousing leading the way. Rents grew on average at an annualised rate of 4.9% over the five -month period with offices and industrial outpacing retail.

Full asset allocation and stock selection ideas if needed for ISA/dealing accounts, pensions. Ideas for a ten stock FTSE portfolio, model pooled fund portfolios (cautious, balanced, adventurous, income now available online for DIY investors), 30 stock income lists, defensive list, hedging ideas, and a list of shorter-term low risk/ high risk ideas can also be purchased, as well as bespoke portfolio construction/restructuring and analysis of legacy portfolios.

Independence from any product provider and transparent charging structure

Feel free to contact regarding any investment project.

Good luck with performance!

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1st July,2022

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