DECEMBER 2022 Market Report

Investment Review

Summary

During the one-month period to 30th November 2022, major equity markets, as measured by the aggregate FTSE All – World Index, rose by over 5%, reducing the year-to-date loss to 18%, in $ terms. Chinese equities, were very strong gaining over 30% and taking the broad emerging market indices and Asia with them. The VIX index fell, finishing the period at a level of 22.22.
Government Fixed Interest stocks also rose over the month. The UK 10-year gilt ended the month on a yield of 3.16% with corresponding yields of 3.77%, 1.94% and 0.25% in USA, Germany, and Japan respectively. Speculative and lower quality bonds, however,fell in price terms. Currency moves featured a weaker US dollar. Commodities were mixed.

News

Over the recent month, the OECD has made further downgrades to world economic growth and anecdotal evidence from several third quarter reporting companies suggests that the slowdown is accelerating. e.g. Maersk ("freight rates peaked….decreasing demand").

At the same time, key data indicators (factory gate and commodity prices, shipping rates, inflation expectations) suggest that headline price growth is set to slow in coming months, although labour compensation developments must be watched carefully .

More volatility expected in oil prices as western countries prepare to impose a price cap on Russian crude.

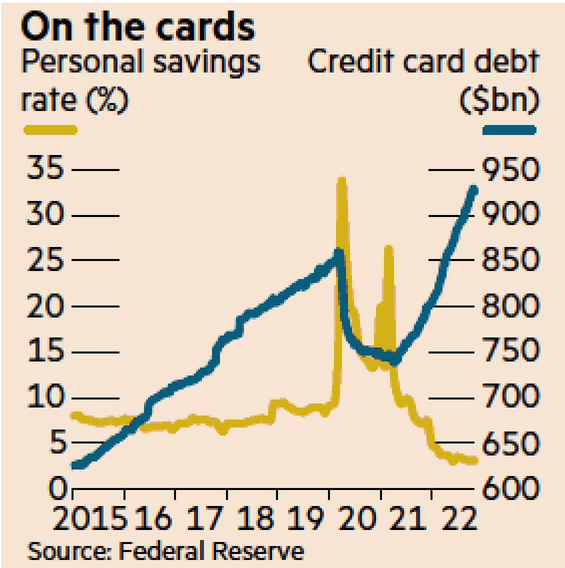
FTX,a leading crypto exchange,and a sprawling network of affiliated firms filed for bankruptcy protection dealing another blow to the crypto sector.

US

Recent **US Federal Reserve meetings and informal comments by Jerome Powell and other Fed governors remain hawkish and further increases are expected though calls for 50bp rather than 75bp are increasing. The latest rise took the benchmark rate to the 3.75%/4% range.At a speech at the Brookings Institute yesterday,the Fed Chairman sent mixed signals that the fight against inflation "had a long way to go" while also sending a strong hint that the next rate rise,mid December, would be 50bp rather than 75bp**
would be Downward projections to economic growth, and upward moves to inflation forecasts were also released.

Recently announced inflation indicators showed October headline CPI of 7.7%, lower than estimates, while the core inflation rate rose by 6.3%. First quarter negative GDP growth followed by second quarter of -0.9% signals a "technical recession", although labour/employment trends still seem reasonably robust. Third quarter preliminary GDP growth of 2.6%, annualised, while higher than estimates concealed a weaker consumer component offset by a strong trade balance. Recent consumer sentiment indicators (November composite PMI for example), retail sales, housing activity, construction figures and the Empire States Survey back this up, showing declining trends into recent weeks. . The Fed's own forecasts expect GDP growth of 0.2% and 1.2%, and core PCE growth of 4.5% and 3.1% respectively for 2022 and 2023

US midterm election results showed the Republicans narrowly taking control of the House of Representatives while the Democrats retained the Senate, a situation which could minimise more extreme policies, but also thwart some of Biden's ambitions. Donald Trump has vowed to return in 2024, although the Republican Party is far from united at the current time

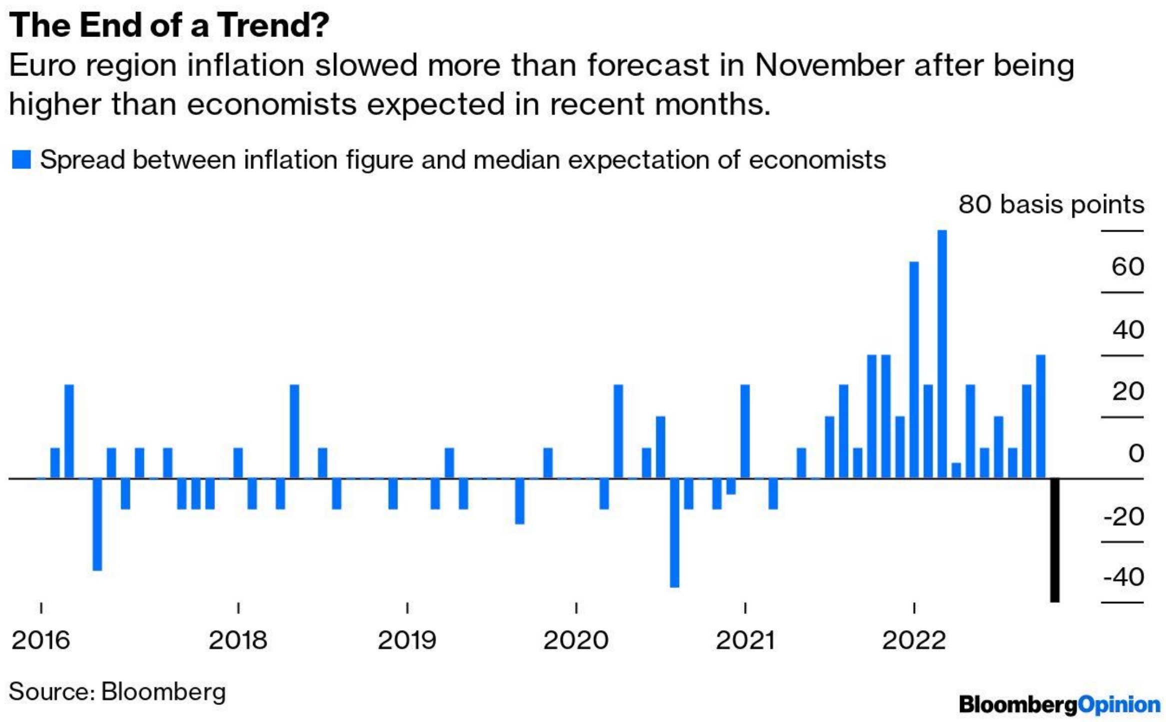


EUROPE

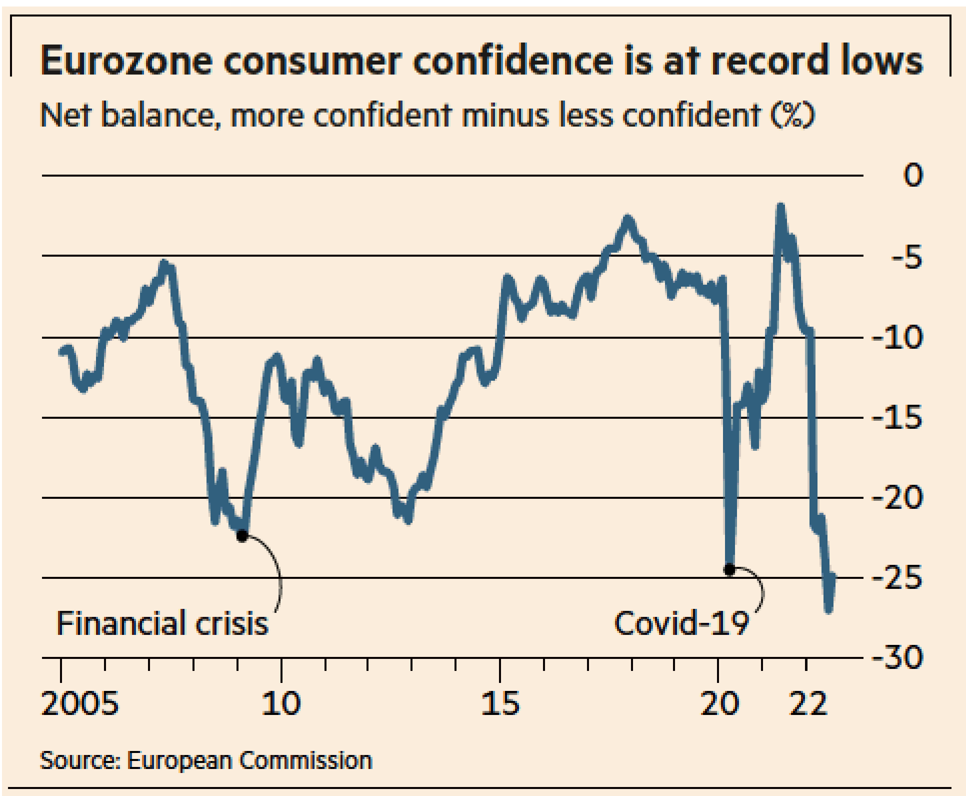
The European Central Bank raised interest rates by half a percentage point on July 22nd, and a further 75bp in September also pledging to support surging borrowing costs from sparking a eurozone debt crisis. The ECB raised interest rates by another 75bp, to their highest level since 2009, on 27th October, pledging to continue increasing borrowing costs in the coming months to tackle record inflation, despite a looming recession. On 29th November, Christine Lagarde, the ECB president, warned that the bank was "not done" raising interest rates, saying that inflation "still has a way to go".

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, exacerbated by the Russia/Ukraine conflict, supply chain issues, and rapidly increasing costs. The "flash" PMI figure for October, released on the24th October, fell to 47.1 the lowest since November 2020, although German quarterly GDP growth figures, just released, were marginally ahead of expectations.
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 and related gas shortages.

November Eurozone inflation, just released, of 10.0% was lower than expected.with slower gains in energy and services ,and faster growth in food prices.



The End of a Trend?
Euro region inflation slowed more than forecast in November after being higher than economists expected in recent months.
Spread between inflation figure and median expectation of economists
80 basis points
60
40
20
0
-20
-40
2016
2018
2019
2020
2021
2022
Source: Bloomberg
BloombergOpinion



Eurozone consumer confidence is at record lows
Net balance, more confident minus less confident (%)
0
-5
-10
-15
-20
-25
-30
Financial crisis
Covid-19
2005
10
15
20
22
Source: European Commission

ASIA excl JAPAN

The GDP figures, shown below (source: CLSA, CEIC) show that 2022 and 2023 growth projections for the Asia excl Japan region compare favourably with those of other developed regions. The reasons include a “better” Covid experience, selective commodity exposure, tourism, continued FDI Investment (especially China related) and better initial fiscal situations (compared with late 90’s for example) and limited direct connections with the Russia/Ukraine situation. The forecasts do not assume a total easing of Chinese covid rules.

Headline inflation of around 5% (core 3%) also compares favourably.

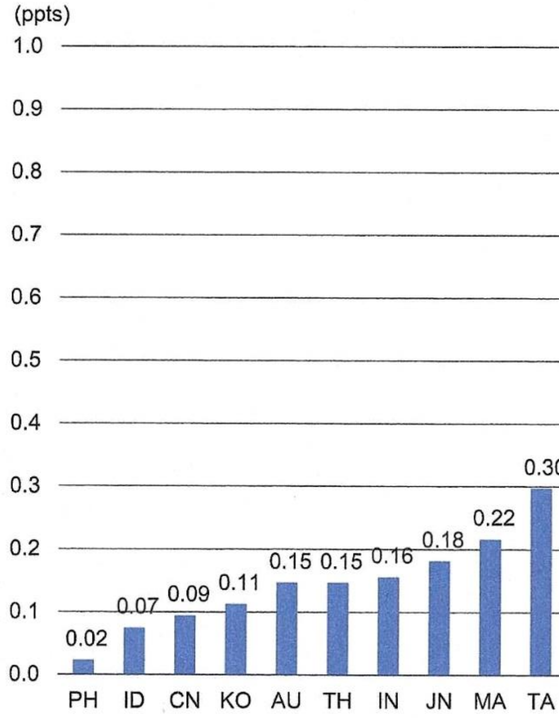
Geo-political concerns must be taken into account, especially In Taiwan.

GDP growth forecasts

	GDP growth (% yoy)	
	2022E	2023F
US	1.4	0.4
Eurozone	2.7	-1.0
Japan	1.5	1.0
Australia	4.5	1.9
China	3.2	5.0
Hong Kong	-0.2	5.0
India[1]	6.8	5.2
Indonesia	5.5	5.0
Korea	2.6	1.4
Malaysia	6.1	4.2
Philippines	6.4	5.6
Singapore	3.6	2.6
Taiwan	2.3	1.0
Thailand	3.2	2.9
Vietnam	6.6	6.0

Forecasts are offered as opinion and are not reflective of potential performance. Forecasts are not guaranteed and actual events or results may differ materially
[1] Fiscal year starting April of captioned calendar year
Source: CLSA, CEIC, September 2022

Elasticity of growth to world trade growth



Source: CLSA, CEIC, cpb.nl, September 2022

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CHINA

The 5.5% official GDP growth target for 2022 looks clearly unachievable, with some investment banks now forecasting below 3%. Official data shows weakening trends in consumer spending, fixed asset investment and construction activity while more recent "live" tracking data e.g., mobility, cement production and electricity use also showed subdued economic activity. Official data for the third quarter, just released shows growth of 3.9%. The major historic negative issues of a very restrictive anti-Covid policy and major disruption within the property market have now been supplemented by increasing US restrictions on the production/export of certain key electronic products.
At the time of writing a property "rescue" package has been implemented, while on the Covid front, tens of thousands of people have taken to the streets protesting strict coronavirus controls and suppression of freedom of speech, triggering clashes with police and security forces.While nothing is certain in Xi's approach to the Covid Pandemic,there is a growing feeling that certain measures will be relaxed/increase in vaccination.

Figure 1: China's Equities At 30 Years of Support

Source: Bloomberg, Evercore ISI Research

JAPAN

The Japanese economy contracted 1.2% on an annualized basis during the third quarter of 2022, missing forecasts of 1.1% growth, and considerably weaker than the 4.6% expansion recorded during the second quarter. This was the first down quarter of the year reflecting weak domestic consumption, a slowdown in business investment and an acceleration in imports. Estimates for the full year seem to fall mainly within the 1.5%-2.0% band. Inflation, while still well below international peers, rose by 3.6% in October, the highest since 1982, driven by currency weakness.

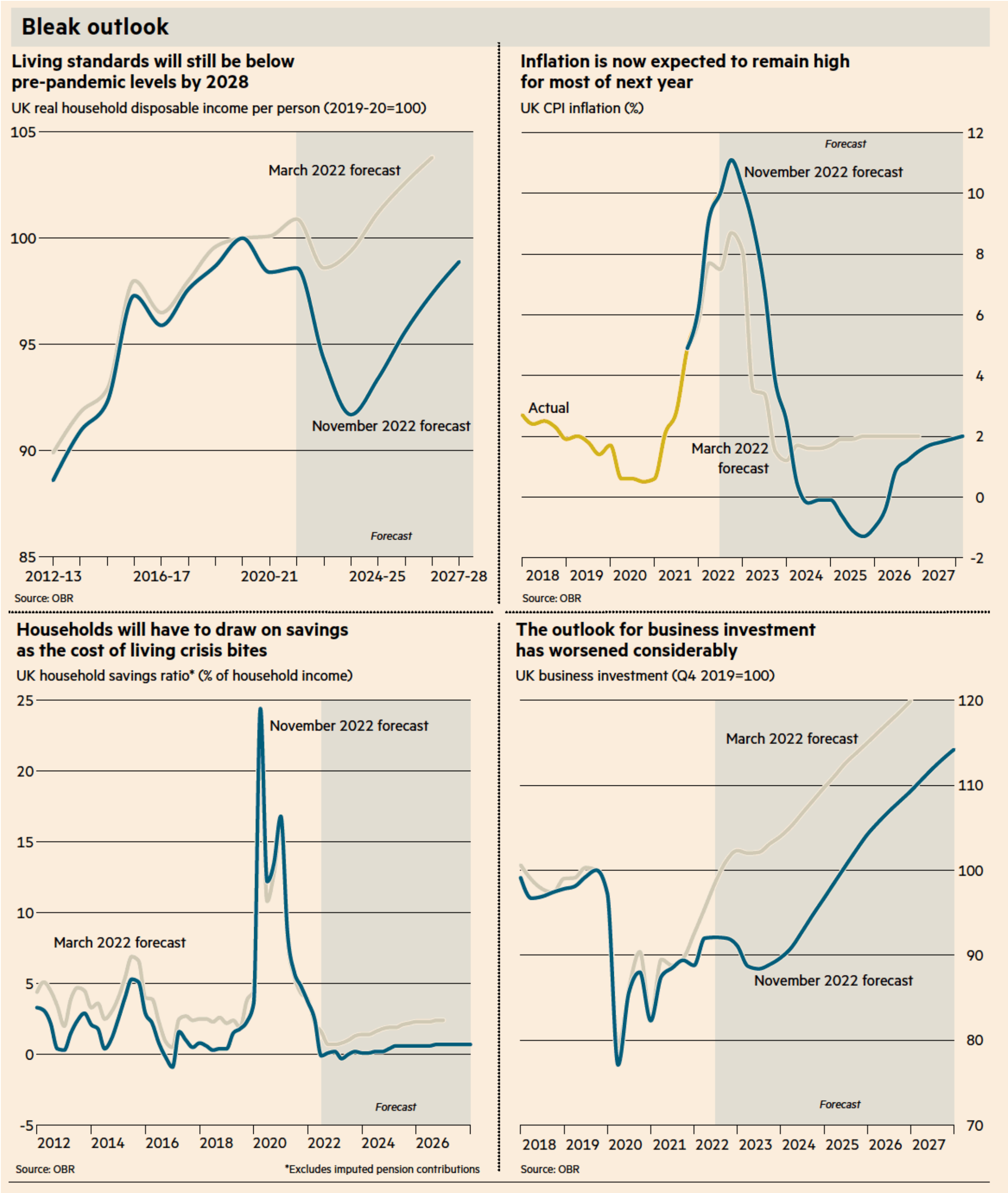
Recently the Japanese government unveiled a $197 billion stimulus package to ease the impact on consumers of soaring commodity prices and a falling yen, while the BoJ stuck by its ultra-loose policy, maintaining very low interest rates and re-affirming it yield control policy.

UNITED KINGDOM

Within the UK, live activity data (e.g November Gfk data) continues to show a weaker overall trend, especially within the services sector. According to this survey, released late November, covering the mid November period, consumer confidence remains very low, amid the cost-of-living crisis.The retail sales figure for October did however show a slightly better than expected reading but this may have been distorted by the Queen's mourning period . 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 October CPI and RPI readings registering hikes of 11.1% and 14.2% respectively. Kantar and the ONS both reported food/grocery prices rising about 15% year on year as well as turkey/egg shortages.Happy Christmas!

The PSBR was starting to deteriorate again, largely as a results of rapidly rising interest (index linked) payments and expectations of higher public sector pay and state pensions. The most recent "official" figure showed September PSNB at £20 billion, much larger than forecast and the second largest since monthly records began in 1993, according to the ONS.



Despite some relief with the recent energy price package, until April at least, (but not other utilities- see below), shop price inflation, greater Council Tax "freedom", upward interest/mortgage rate pressure, stalling house prices, accelerating rents, insolvencies/evictions, legacy Brexit issues and , strike activity, will continue to be headwinds and the outlook for economic growth over coming quarters is highly uncertain. **Both the Bank of England as well as the OBR and now the OECD are expecting recessionary conditions for one to two years**.

Experts at consultancy EY-Parthenon reported that company profit warnings had jumped from 51 to over 86 over the third quarter of 2022 citing increasing costs and overheads as the main reason, especially in consumer facing businesses. Another report from Begbies Traynor, [Latest Red Flag Alert]

Report for Q3 2022 - 07:00:07 19 Oct 2022 - BEG News article | London Stock Exchange quoted that over 600,000 business were already in severe financial distress.

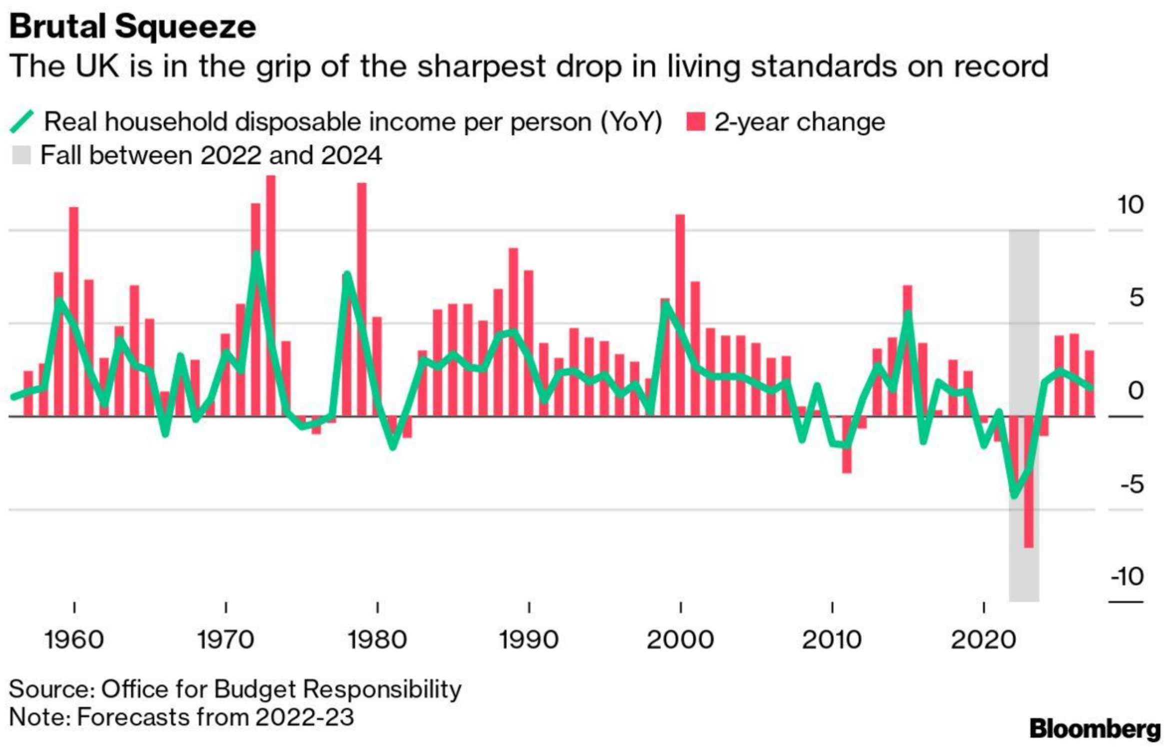
Monetary policy has tightened from a 0.1% interest rate in December last year to the 1.25% rate set in June and a further 50bp at the August, meeting, followed by 50bp in September, taking the benchmark rate to 2.25%. Markets are expecting rates to be above 4.0% by mid-2023.

Autumn Statement

On 17th November, Chancellor Hunt told a sombre House of Commons that a massive fiscal consolidation including £30 billion of spending cuts and £25 billion of tax rises was needed to restore Britain's credibility and tame inflation. The OBR said they expected the economy to shrink 1.4% and not regain pre -pandemic levels until 2024.Inflation was expected to remain over 7% next year.

While many of the proposals had been leaked, and the market reaction was muted (first objective achieved!), there were a few positive surprises (e.g help for NHS and education) and several negatives.

From an investor point of view the reduction in tax free allowances for investment income and capital gains, was higher than expected. Make full use of ISA etc while can!



Monthly Review of Markets

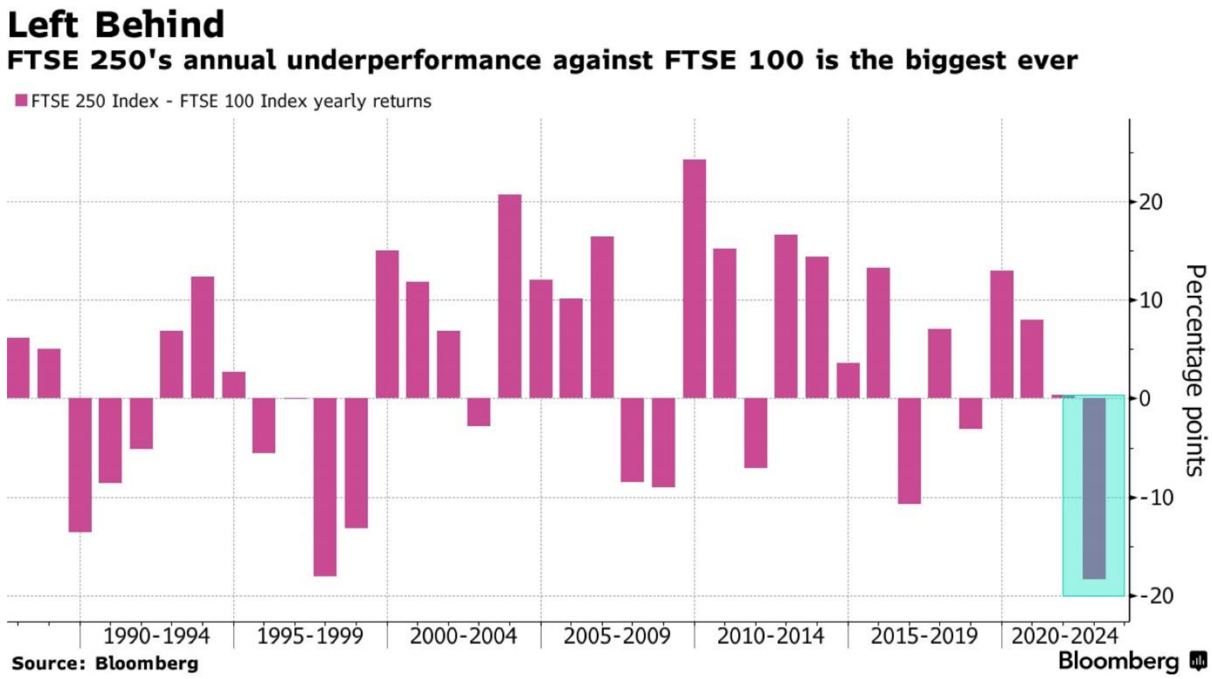
Equities

Global Equities rose over November (+5.02%) extending the quarterly recovery and reducing the year to date decline to 18.04% in dollar terms. All major indices climbed with especially large gains registered in China, which also benefited Emerging Market and FT Asia-excl Japan bourses.

Continental European indices were also relatively strong, while the NASDAQ and Nikkei lagged in relative terms. The VIX index fell over the month to end November at a level of 22.22. The ten - month gain of 29.04% reflects the degree of risk aversion compared with the" relative calm" of last December (medical, geo-political and economic!)

UK Sectors

Sector moves were again very mixed over the month although most ended in positive territory. The few losers included telco's and tobacco On the other hand, miners, utilities, life companies, financials,retailers and food were relatively strong. The FTSE100 outperformed the All-Share Index and is about 3% ahead of the broader index since the beginning of the year. By IA sectors, UK active unit trusts are **underperforming benchmark indices, trackers etc,** so far this year, with small company funds even more so. Income based funds, by contrast, are significantly outperforming the averages. "Balanced" funds, by IA definitions, are falling by about 8%-10% so far this year (Source: Trustnet November 30th).

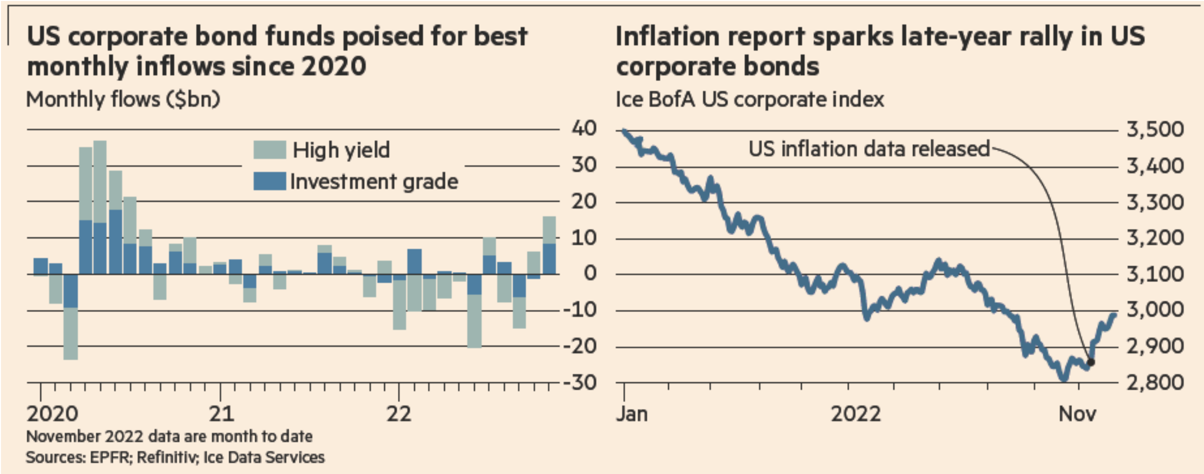


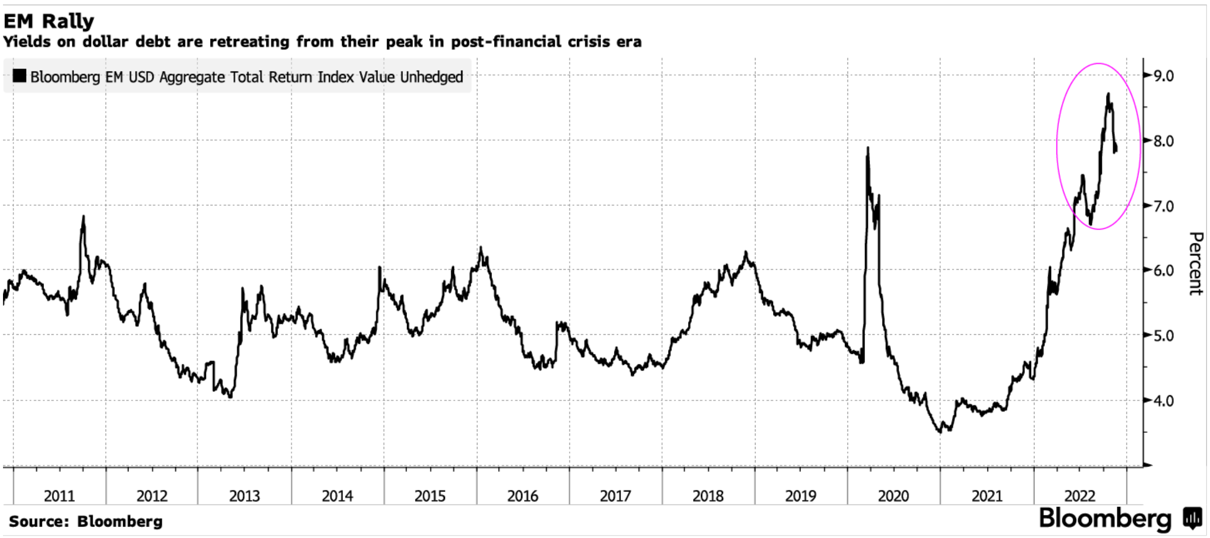
Fixed Interest

Major global government bonds rose in price terms over November, the UK 10-year yield for instance finishing the month at a yield of 3.16%. Other ten-year government bond yields showed closing month yields of 3.77%,1.93% and 0.25% for US, German and Japanese debt respectively. UK corporate bonds also bounced strongly, up approximately 4% on the month in price terms. Speculative bonds, however, bucked the trend falling in price terms.

Year to date, the composite gilt index has fallen approximately 22% underperforming UK higher quality corporate bonds in price terms and more so in total return.

Check my recommendations in preference shares, selected corporate bonds,fixed interest ETF's , zero-coupons, speculative high yield etc. A list of my top ideas from over 10 different asset classes is also available to subscribers.



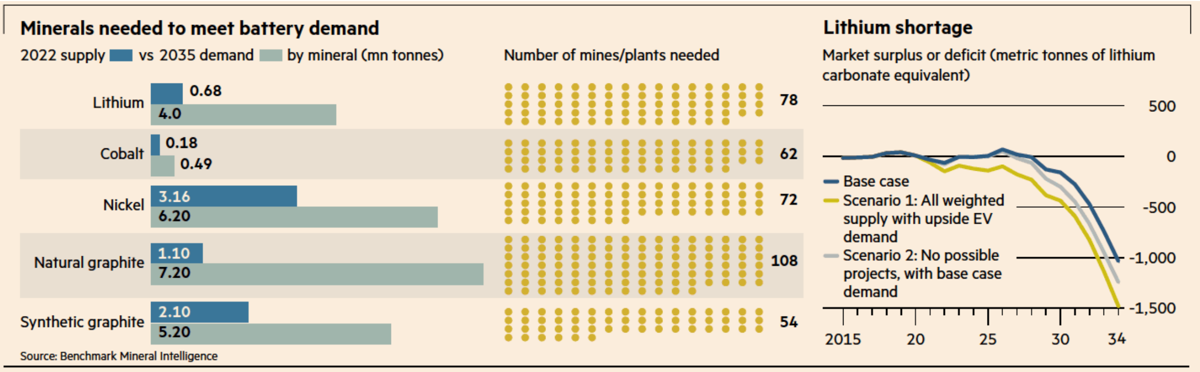


Foreign Exchange

Currency moves featured a sharp fall in the US dollar, largely following the better-than-expected inflation rate. Sterling rose against the US dollar but fell against the Japanese Yen and Euro. Currency developments during November also included modest strength in the Chinese Yuan.

Commodities

A mixed performance by commodities during November with weakness in Oil and many agricultural commodities and strength in copper, Iron ore and the precious metals. Year to date, uranium and the energy complex are strongly up in price terms while industrial metals copper, aluminium and iron have all shown price declines of over 13%. Gold has also dropped in dollar terms by about 3% so far this year.



Looking Forward

Major central banks have remained hawkish with reducing QE/commencing QT and accelerating the timing and extents of rate increases as the main objectives, especially where inflation control is the sole mandate. 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, has continued to adopt stimulative measures, up to now.

Global Government Bonds have stabilised somewhat although differing inflationary outlooks and supply concerns could lead to continued volatility in the sector.

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. The third quarter reporting season produced several negative surprises e.g large American technology companies and UK building and property companies.

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Observations/Thoughts

ASSET ALLOCATION

As well as maintaining an **overweight position in UK equities**, it may be worth initiating or adding to **Japanese positions** within an international portfolio. The **US market** has fallen about 19% so far this year (NASDAQ -30%) but remains a relative **underweight** in my view. Margin pressure headwinds, political uncertainty, prospective dollar weakness and technology sector volatility must be balanced against the current stock market ratings. **Continental European equities** appear cheaply rated in aggregate, but great selectivity is required.Within **the Emerging market space** I currently favour exposure to **the Far East.**

	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	15.6	15.1	2.5	2.3	2.3	2.4	9.7	3.4	10.5	3.2
USA	18.9	18	3.9	3.4	1.6	1.7	6.1	4.7	8.0	5.3
Japan	12.9	12.1	1.9	1.8	2.5	2.6	12.7	1.1	8.3	3.1
Europe ex-UK	13.5	13.2	1.9	1.8	3.3	3.4	15.8	3.1	11.4	3.3
UK	9.4	9.7	1.6	1.5	4.1	4.3	22	-1.2	9.2	5.1
Global Emerging	11.4	11.1	1.5	1.4	3.5	3.4	2.8	12.5	18.4	-0.8

Source: MSCI, IBES,Morgan Stanley November 25th,2022 .

Another major asset allocation decision would be to **keep part of the conventional "fixed interest" portion in 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**. Recent stock market volatility has brought several renewable stocks back to attractive levels.**

I am also adding selected preference shares to the "fixed interest" allocation, where annual yields of approximately 6% are currently available.

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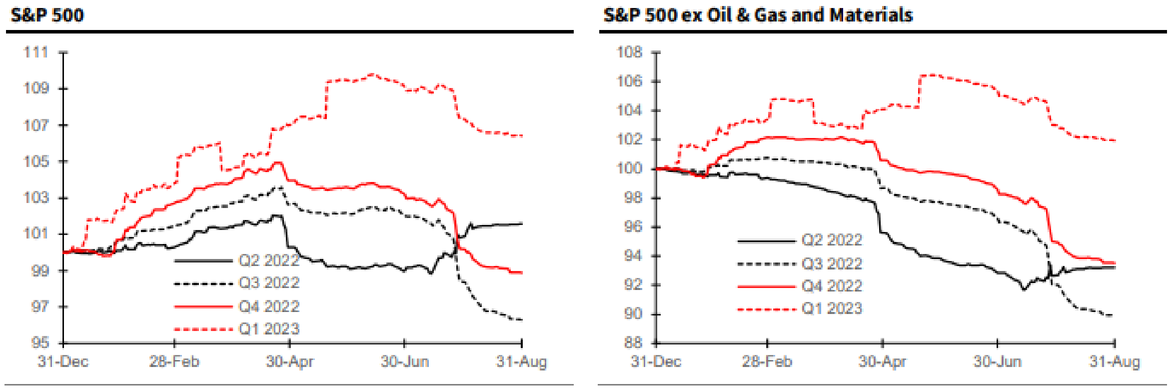
US earnings quarterly changes



<u>UK Equities</u> continue to remain a **relative overweight** in my view, based on several conventional investment metrics (see above), longer term underperformance since the Brexit vote, style preference (value overgrowth) and international resource exposure although be aware of the numerous domestic headwinds I have highlighted above.

Value should be favoured over growth, and the FTSE 100 favoured over the FT All-Share. Apart from the style drift, remember that the non sterling element of leading FTSE 100 companies and sectors is relatively high

By sector, **Oil and Mining** equities continue to benefit from above average yields, strong balance sheets, dollar exposure and secular demand e.g copper, cobalt for electronics, construction, electric vehicles etc. Any moves regarding Chinese re-opening the economy would be another positive for this sector.

Remain overweight in **pharmaceuticals a**nd underweight in non-renewable **utility** stocks which may suffer from consumer and government pressures, and no longer trade on yield premia, especially against the backdrop of higher gilt yields.

Construction materials, especially cement will benefit from growing infrastructure/renewable initiatives., although rising cost pressures and falling housing activity must also be considered.

Banks, may enjoy some relative strength from rising interest rates, but continue to monitor the recession/loan growth and default risks.These mixed trends were very evident in the recent third quarter figures. Preference Shares as well as ordinary shares have attractions in this area

Housebuilders and real estate-expect depressed activity and remember that the rising interest rates have not yet been fully factored into bricks and mortar property yields. Industry data and anecdotal news from both housebuilders and REIT's suggest further weakness to come.

Retailers are in general suffering from a combination of falling sales and rising costs and clear trends in consumers “trading down” are apparent. Certain on-line operations e.g Asos additionally are suffering from an element of post-Covid comparison.

Domestic Breweries/pubs etc are having a hard time with stalling consumer’s expenditure, supermarket competition and rapidly rising costs.

Airlines may suffer as a result of large dollar costs, uncertain foreign travel outlook and often high debt levels

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. See the EY and Begbies statements on page 7 above.

However,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. Foreign takeover, stake building is also increasing, current weak sterling being a factor, with Vodafone under scrutiny by a French (who already have BT interest!) investor. Biffa (waste management),MicroFocus(technology),Aveva(software) and RPS(professional services) have all succumbed to foreign takeovers in recent months, much by “strong dollar” American or Canadian organizations.

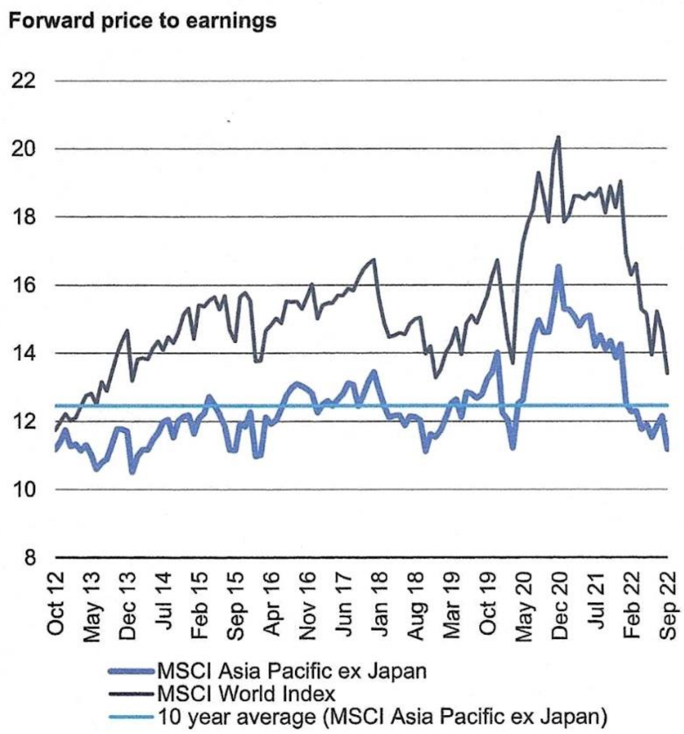
<u>JAPANESE EQUITIES</u> also remain an overweight in my view, although my recent comment re hedging may “nuanced “now following the extreme currency weakness and surprise intervention. Unlike most other major economies, Japan is expected to continue its easy money policy. Exporters have benefitted from the plunging Yen although higher input costs and more “off-shoring” also must be considered. The prospective price/book ratio of 1.19 is attracting interest of corporate and private equity buyers, while the prospective yield of 2.6% is above the world average and compares very favourably with USA (1.7%). Corporate governance is rapidly improving with diverse boards, reduction of cross holding, higher dividends etc. There are clear signs that inward investment attracted by the pro-growth, pro-deregulation agenda and relatively low costs (average Japanese annual wage $30000 compared with $75000 USA) is increasing. 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. Investors may wish to adopt a partially rather than fully hedged FX position following recent developments

On a valuation basis (see table above) the forward PE multiple of 12.9 is at a considerable discount to the world, and especially US average (18.0)

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. 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, and the IMF is currently in various stages of bail-out discussions with Pakistan,Argentina,Zambia,Sri Lanka,Ghana,Tunisia and Egypt.

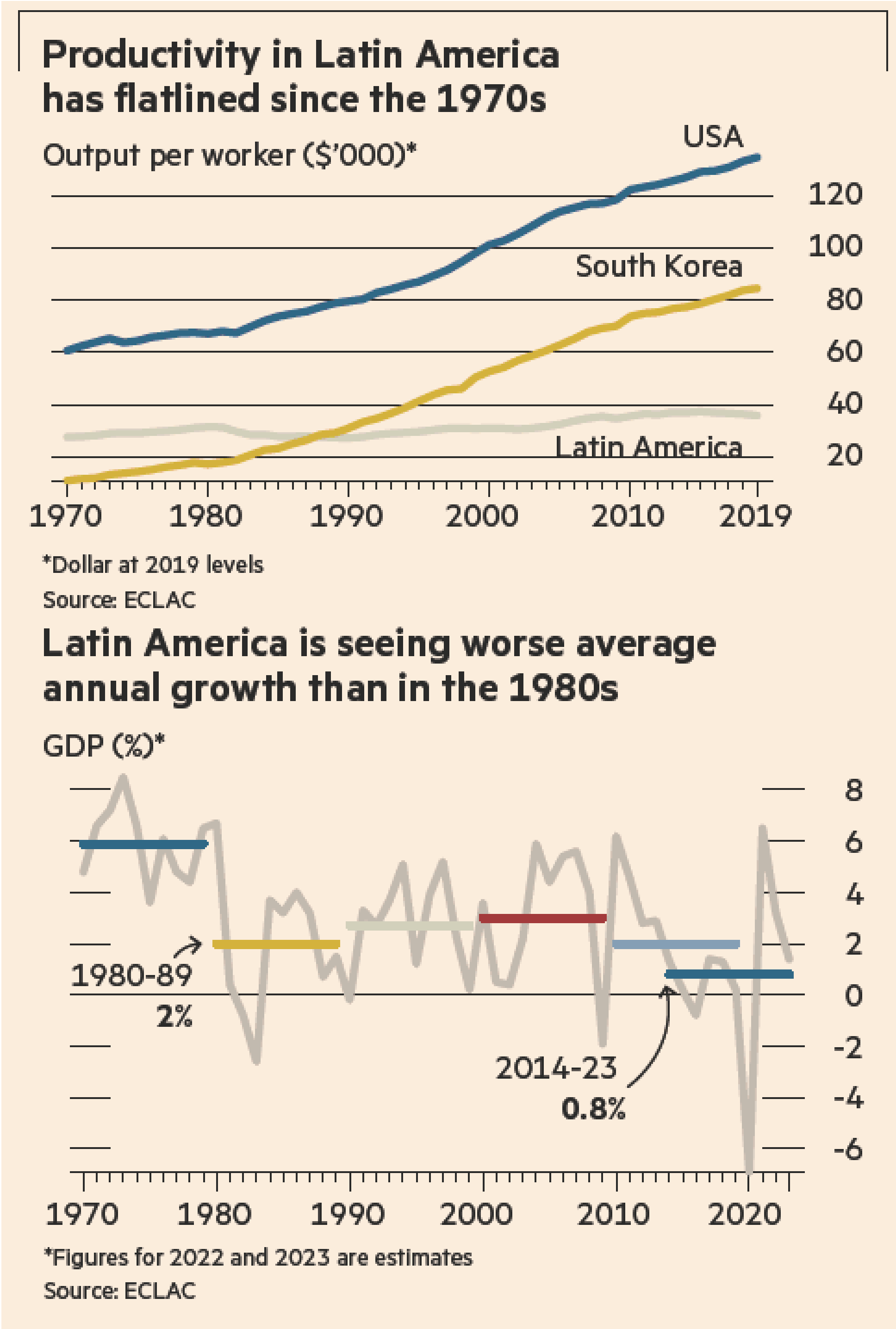
Within the emerging/frontier universe I continue to **have a relatively positive view on Asia**. The economic fundamentals were discussed on page 16 above, and the forward-looking multiples and dividend growth metrics appear relatively attractive in a global context. Any move by China to open more fully after their severe Covid lockdown, would of course additionally help. Exposure to the entire area can be achieved through a number of ETF's and also investment trusts currently on discounts

If a country-by-country approach is adopted, I have a longer term positive view on Vietnam **where**, the nation is supported by positive demographics, with a population of near 100 million, an emerging middle class, and a recipient of strong foreign direct investment. Qualconn,an Apple supplier, Intel(semi-conductors),Lego and Samsung(mobile phone plant) have all recently invested in new capacity in the country. Other big names moving chunks of production from China to Vietnam include Dell and HP (laptops), Google(phones)and Microsoft (Games Consoles) The economy is expected to grow at around 6.5% this year (7.7% Q2 2022) and current inflation is running at about 3.5%. On a relatively low prospective PE based on forecast earnings growth over 20%, Vietnamese equities appear good value. **India**, although quite highly rated and a major oil importer, warrants inclusion in a diversified portfolio, and is currently receiving some fund flows from "overweight" Chinese portfolios. Indonesia, the last of my current Asian ideas benefits from a commodity boom, strong domestic market, low debt, relatively stable currency, forecast 5% GDP growth and 5% inflation



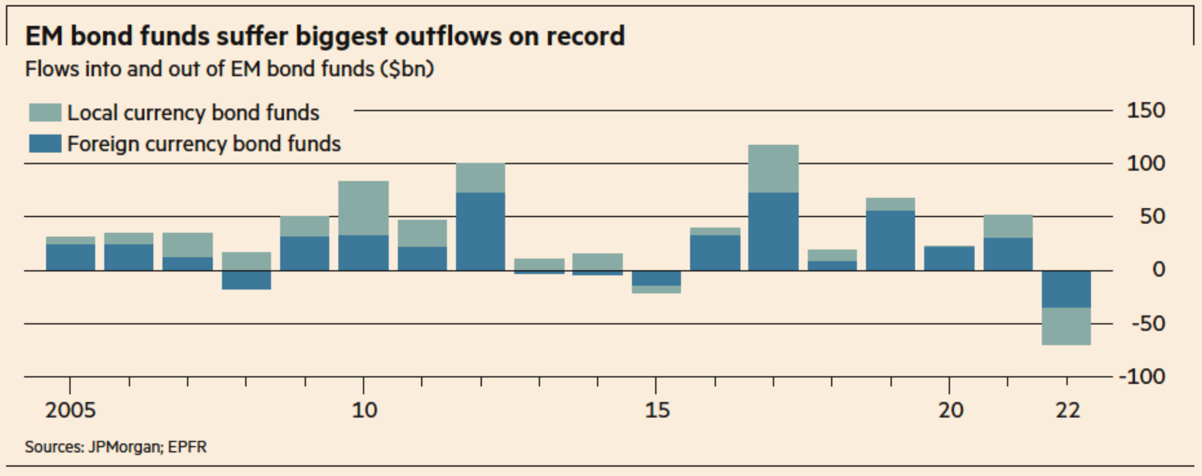
Source: Bloomberg, 30 September 2022. For illustrative purposes only. No assumptions regarding future performance should be made

Caution is required in many **South American** markets with poor COVID-19 situations, deteriorating fiscal balances, weak investment, low productivity (see below) and governments in a state of transitioning e.g Brazil. 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 year-to-date stock market relative out- performance. Many of these countries also raised interest rates at an earlier stage, allowing relative currency strength, compared with say the Euro,Yen or Sterling.



Certain areas within Central Europe are starting to receive more attention, mainly on valuation grounds, but the lingering Covid effects and indir
ect effects of the Russia/Ukraine invasion should be borne into account. Regarding the latter, a reduction/termination of Russian gas supply could have a serious recessionary impact in certain countries. Large refugee influxes e.g Poland are also starting to create budgetary/social issues.

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



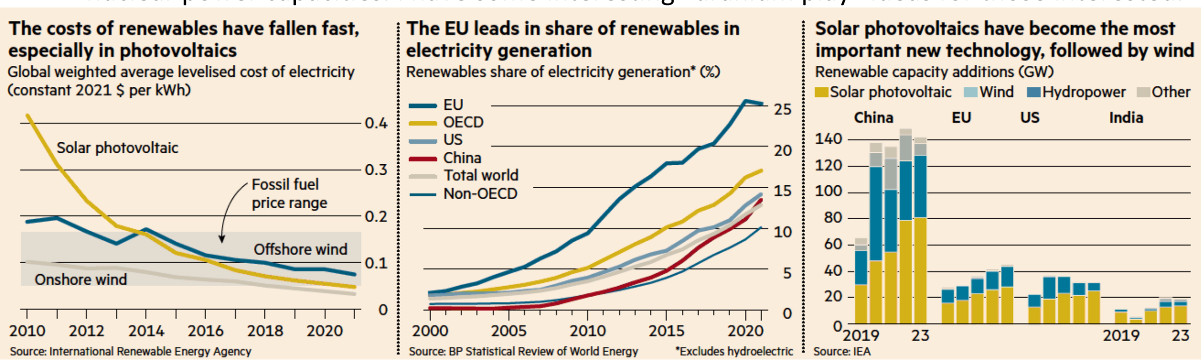
- **COMMODITIES**- Gold spiked to over $2000 in March, a recent high, when Russia invaded Ukraine, but has since fallen about 12%, although of course, remaining reasonably stable in many local currency terms . The **longer-term prospects** for more cyclical plays continue to look brighter. Increased 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, labour and equipment shortages, 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! Current rumours of a cautious relaxation of the Chinese Covid policy, may provide a boost to base metals.

- Wheat and other grain prices have fallen from the levels reached following the Russian invasion of Ukraine, but the current grain shipment complications, planting/harvesting schedules within the region and extreme global meteorological conditions are expected to lead to further price volatility. 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.

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.

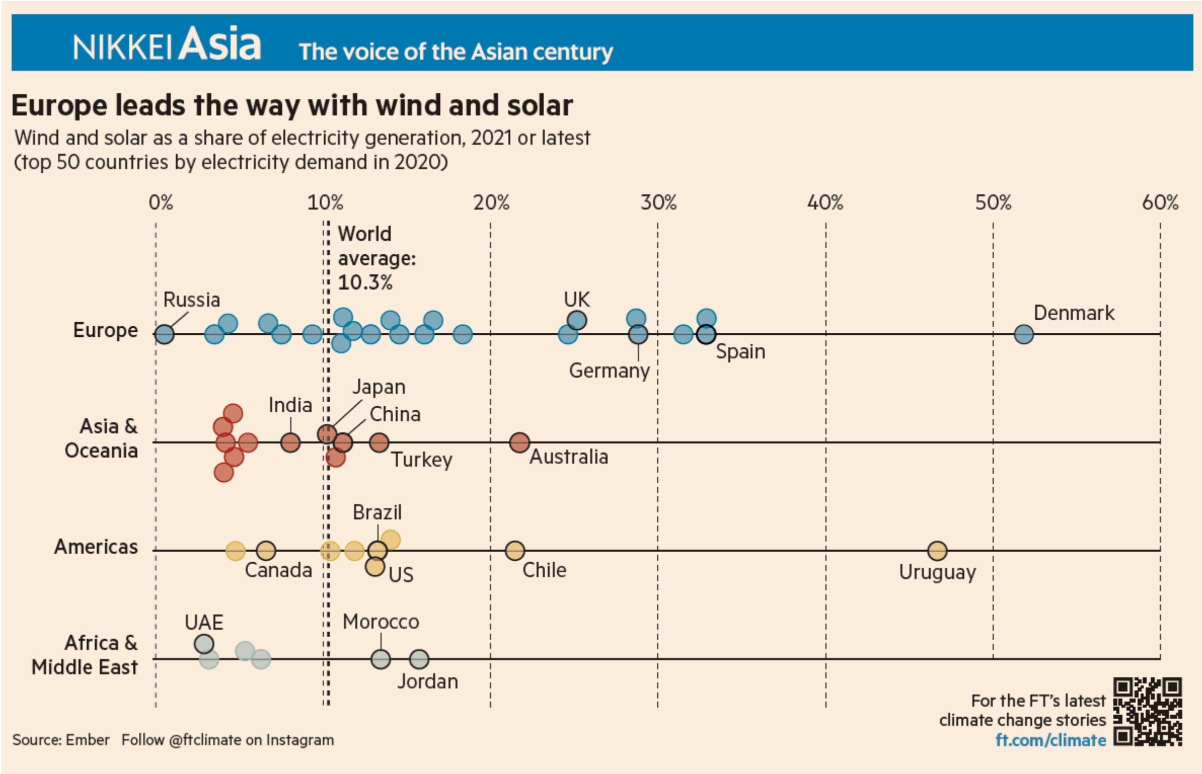
- Another area currently in the ESG purist cross hairs is **"nuclear".** Ignoring the fact that nuclear weapons have not been used in anger since 1945, and the fact that some deterrent is needed, (now?), where should the confused investor stand when it comes to nuclear power substituting coal power? Japan, UK and Germany are all studying proposals to revive their nuclear power capacities. 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 and 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 24% while my favoured UK renewable closed-end funds have appreciated by around 6% in capital terms and delivered about 6% in annual income.** Please contact me directly for specific ideas

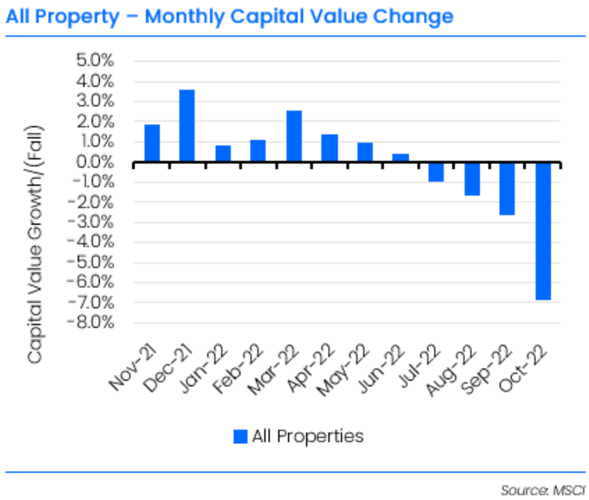


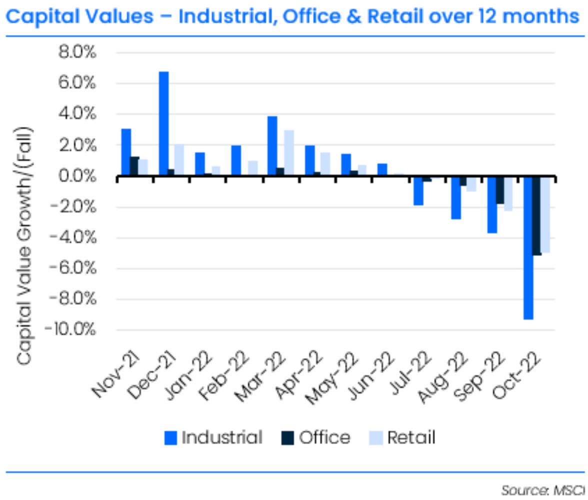
COMMERCIAL PROPERTY-

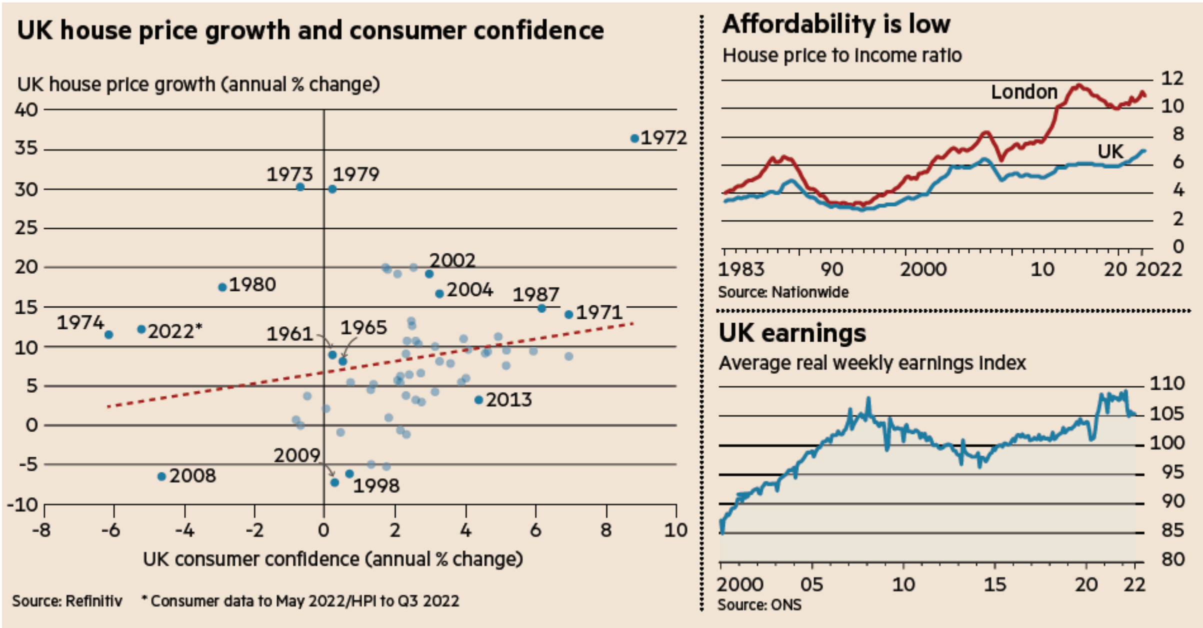
The MSCI/IPD Property Index showed a sharp fall in the total return across all properties in October, the decline of 6.4% (-6.8% capital values, +0.4% income),taking the year to date return to -1.6% (capital -5.2%,Income +3.8%).The monthly decline accelerated the downward trend started in July this year, especially in Industrial Properties. Rental growth however was positive at +2.4% in October..or 4.4% annualised for the ten month period

Several analysts are down grading their estimates for the sector following the rapid move in UK longer and shorter-term interest rates. Property asset valuations take time to materialise where there is a lag between balance sheet date and results publication in the listed area. Live traded property corporate bonds, however, have already moved sharply lower.

Quoted property giants British Land and Land Securities both reported deteriorating conditions witing their third quarter statements, expecting further valuation declines following rising yields.







Full asset allocation and stock selection ideas if needed for ISA/dealing accounts, pensions. Ideas for a ten stock FTSE portfolio. Stock/pooled fund lists for income, cautious or growth portfolios are available. Hedging ideas, and a list of shorter-term low risk/ high risk ideas can also be purchased.

I also undertake 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!

Ken Baksh Bsc,Fellow (UK Society of Investment Professionals)

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1st December ,2022

Important Note: This article is not an investment recommendation and should not be relied upon when making investment decisions - investors should conduct their own comprehensive research. Please read the disclaimer.

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