For professional advisers only

Bespoke Portfolio Service
Quarterly performance ARC Private Client Indices

Q1 2024

PCI PRIVATE CLIENT INDICES

BM BROOKS MACDONALD

Brooks Macdonald **Bespoke Portfolio Service** (BPS) performance vs **ARC Private Client Indices** (PCI) Q1 2024

		Rolling 12 month performance (%)					Cumulative performance (%)				
		12 mths to 31.03.20	12 mths to 31.03.21	12 mths to 31.03.22	12 mths to 31.03.23	12 mths to 31.03.24	3 mths to 31.03.24	1 yr to 31.03.24	3 yrs to 31.03.24	5 yrs to 31.03.24	10 yrs to 31.03.24
Low Risk	BM Low Risk	- 5.19	13.38	0.83	- 4.97	6.31	1.39	6.31	1.86	9.50	30.58
	ARC Sterling Cautious PCI	- 2.29	11.34	1.62	- 4.25	4.30	1.55	4.30	1.49	10.40	26.59
	Relative performance	- 2.89	2.04	- 0.79	- 0.73	2.01	- 0.16	2.01	0.38	- 0.89	3.98
Low- to- Medium Risk	BM Low- to- Medium Risk	- 7.00	20.42	2.18	- 5.05	8.15	2.64	8.15	4.92	17.51	48.29
	ARC Sterling Balanced Asset PCI	- 5.44	17.86	3.46	- 4.52	7.19	2.90	7.19	5.88	18.01	44.30
	Relative performance	- 1.55	2.56	- 1.28	- 0.54	0.97	- 0.26	0.97	- 0.96	- 0.49	3.99
Medium Risk	BM Medium Risk	- 9.40	28.91	2.93	- 5.23	10.56	4.17	10.56	7.84	25.96	66.24
	ARC Sterling Steady Growth PCI	- 7.71	23.53	4.64	- 4.52	9.24	3.99	9.24	9.15	24.44	62.79
	Relative performance	- 1.69	5.38	- 1.71	- 0.71	1.31	0.18	1.31	- 1.31	1.52	3.45
Medium- to- High Risk	BM Medium- to- High Risk	- 10.55	38.06	2.13	- 6.13	12.64	5.61	12.64	7.99	33.36	85.68
	ARC Sterling Equity Risk PCI	- 9.65	30.35	4.84	- 4.61	10.99	4.89	10.99	10.99	30.73	77.15
	Relative performance	- 0.90	7.71	- 2.71	- 1.52	1.66	0.73	1.66	- 3.01	2.63	8.53
High Risk	BM High Risk	- 11.36	43.23	1.44	- 6.90	13.37	6.25	13.37	7.06	35.92	96.12
	ARC Sterling Equity Risk PCI	- 9.65	30.35	4.84	- 4.61	10.99	4.89	10.99	10.99	30.73	77.15
	Relative performance	- 1.71	12.88	- 3.40	- 2.29	2.38	1.36	2.38	- 3.94	5.19	18.96

Past performance is not a reliable indicator of future results.

All figures are rounded to two decimal places. Please note that due to rounding, the figures shown in this table may not precisely add up to the totals/differentials shown. All performance figures are net of underlying fund charges and Brooks Macdonald management fees but gross of professional adviser charges. Deduction of these fees will impact on the performance shown. Source: Brooks Macdonald, Asset Risk Consultants (ARC) Research Limited www.suggestus.com. All data as at 31 March 2024.

Equity Market Strength

In the first calendar quarter of 2024, the global economy's perceived strength, notably in the US, propelled equity markets upward. The MSCI All Countries World Total Return (Net) Index rose 9.18% in sterling terms. Regionally, Japanese and US equities led with double-digit gains, while the UK market lagged with a more modest return of 3.79% from the UK IMI (Investable Market Index) Total Return (Net) Index. Chinese equities ended the quarter lower, impacting broader Asian equities. Sector-wise globally, technology companies performed strongly, buoyed by continued optimism around generative Artificial Intelligence, with US companies Nvidia and Meta reporting impressive earnings. The banking and energy sectors also outperformed the broader global market index.

Bond Market Weakness

Bond markets underperformed equities over the quarter as signs of persistent inflation and resilient economic growth lead investors to temper their expectations for both the timing and cumulative size of interest rate cuts later in the year. Following a very positive fourth quarter in 2023, developed market government bond indices recorded losses for the first quarter of 2024. The Bloomberg Sterling Gilts Total Return index fell -1.80%. Within the fixed-income asset class, corporate bonds in aggregate outperformed government bonds.

Portfolio Performance

All Brooks Macdonald's risk profiles generated positive returns over the quarter, with returns increasing up the risk spectrum. Higher exposure to equities, particularly in the US and technology, proved advantageous over the quarter. Exposure to Far East Asian equities and UK property detracted from returns. Short duration positioning within fixed income allocations helped protect returns by managing interest-rate sensitivity, and remains a crucial risk diversification tool when set against our broader asset allocation.

Outlook and Strategy

The risk of renewed inflationary pressures remains the principal concern for both policy makers and investors alike. Additionally, ongoing geopolitical tensions in the Middle East, Eastern Europe and between China and the US have the capacity to create fresh market volatility. Complicating this investment backdrop, the rapid pace of technological advancement through generative Artificial Intelligence presents both challenges and opportunities. Adapting to uncertainties and diversifying portfolios to prepare for various economic scenarios is crucial.

Our objective remains to stay invested while ensuring a balanced approach, such that we can keep exposure towards more than one economic scenario materialising

During the quarter we moved some of our equity allocation away from Asia Pacific ex-Japan equities towards US small and mid-capitalised (SMID) equities. Over the past year, US SMID has underperformed large-capitalised companies, and currently sits at a Price-to-Earnings Per Share (PE) relative discount, whereas historically it has enjoyed a premium. As the US economic outlook continues to improve, we would expect a broadening-out of equity performance, which has hitherto been dominated by a small group of mega-cap technology firms.

Key Drivers of Q1 performance:

Preference for Equities

We continue to retain a constructive outlook across our asset allocation settings, with a preference for equities over bonds. In bonds, we recognise that with higher interest rates, 'income' is back in fixed income, but here we are focused on bonds with shorter weighted average maturities which are relatively less sensitive to any change in the interest rate outlook ahead.

Government Bond Yields Rise

The shift in market sentiment, from expectations of imminent cuts to a revival of a 'higher for longer' interest rate narrative has led to a general rise in global bond yields, translating to lower bond prices. Given the ongoing uncertainty and volatility in growth and inflation expectations, our short-duration strategy remains a crucial tool for both minimising and diversifying risk.

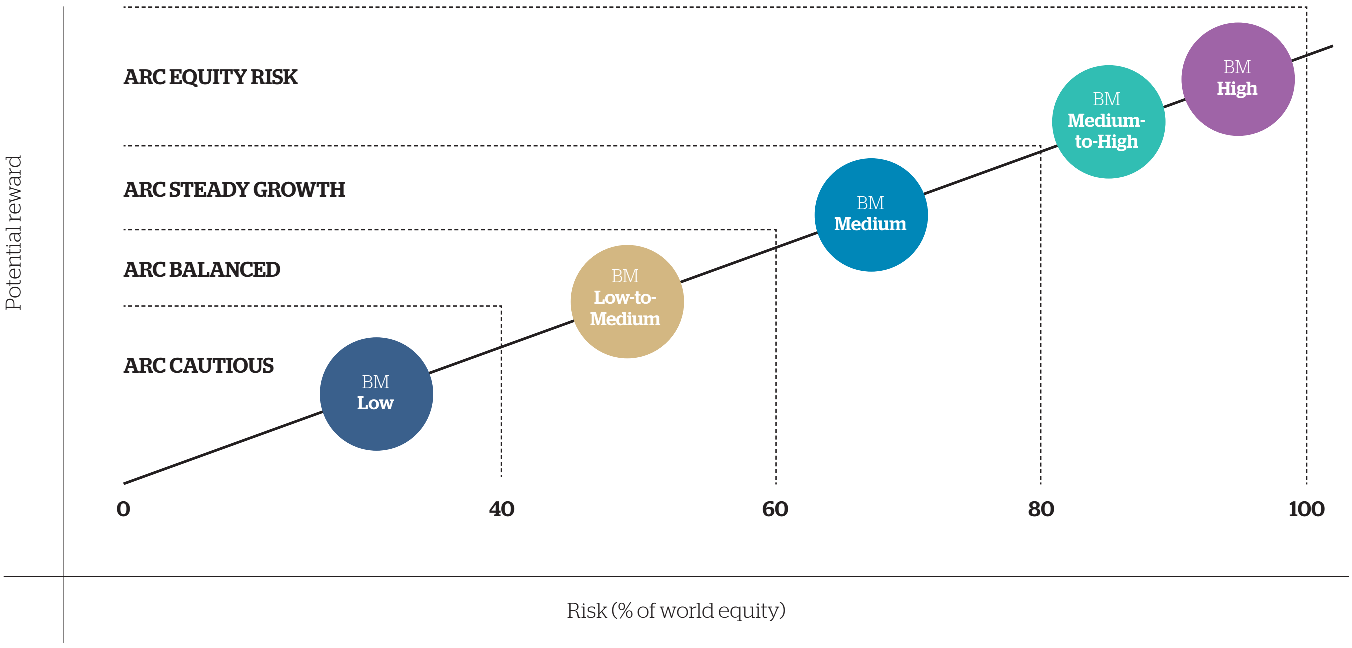
Asian Assets Underperform

Asia Pacific ex Japan equity returns were weighed down by Chinese equities which fell over the quarter. While Chinese policy makers have recently made fresh attempts to put a floor under market sentiment investors remain cautious overall; both as regards (1) the state of the Chinese economy given the structural challenges of its indebted property market, as well as (2) the ramifications of continued geopolitical tensions with the US.

Source Brooks Macdonald, MSCI: please see important information. As at 31 March 2024

Brooks Macdonald BPS portfolios mapped against ARC's PCI risk categories

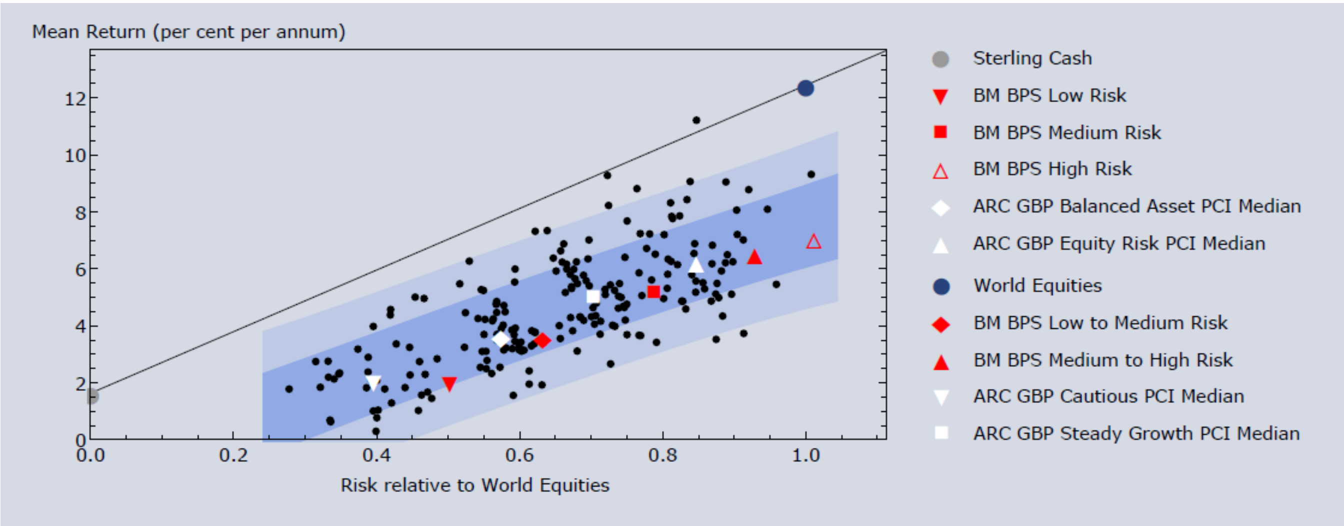
- ARC's PCI are broken down into four risk categories, each based on equity risk.
- Brooks Macdonald's five risk-rated portfolios are profiled to ARC's PCI risk categories.
- In this report, equity risk means the percentage of historic risk relative to world equities.



The diagram is for illustrative purposes only. Source: Asset Risk Consultants (ARC) Research Limited www.suggestus.com

This chart shows the three-year risk-return characteristics for each Brooks Macdonald risk profile, alongside the PCI Data Contributor averages and the Sterling PCI Medians of ARC's four PCI risk categories.

Return vs risk (60 months)



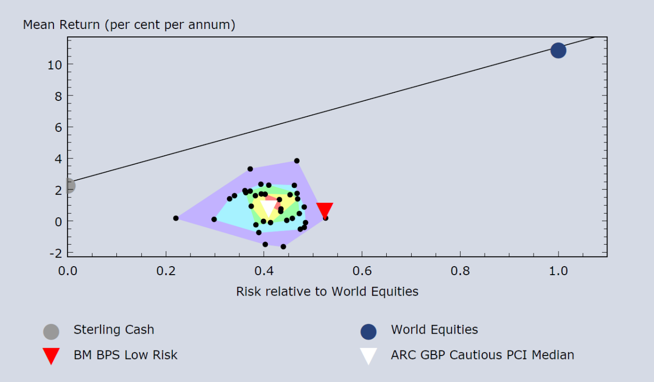
Past performance is not a reliable indicator of future results. All performance figures are net of underlying fund charges and Brooks Macdonald management fees but gross of professional adviser charges. Deduction of these fees will impact on the performance shown. Source: Brooks Macdonald, Asset Risk Consultants (ARC) Research Limited www.suggestus.com. As at 31 March 2024.

BM Low Risk

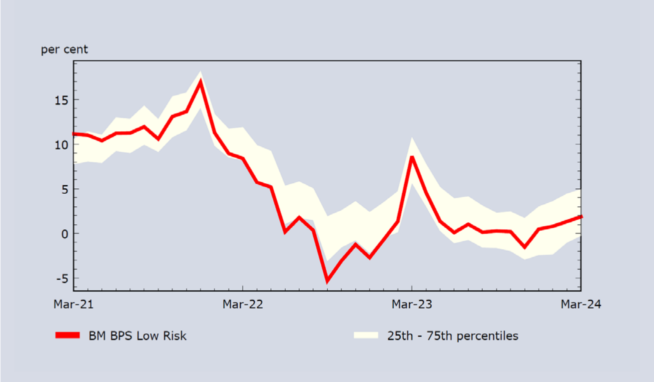
The BM Low-risk portfolio has delivered a robust performance, ranking in the top quartile of the ARC Sterling Cautious peer group over one-year. Additionally, it has outperformed the index over three- and ten-year periods.

This strong performance follows a period of heightened challenges for low-risk investors, marked by a sharp increase in interest rates. Traditionally, bonds have offered diversification benefits in investment portfolios; however, the concurrent decline in equity and bond markets during 2022 in particular, spurred by rising rates, put these advantages to the test. Our strategic emphasis on shorter-dated bonds, which are less sensitive to shifts in interest rate forecasts, has played a crucial role as a risk mitigator.

Return vs risk (36 months)



Cumulative returns (36 months rolling)



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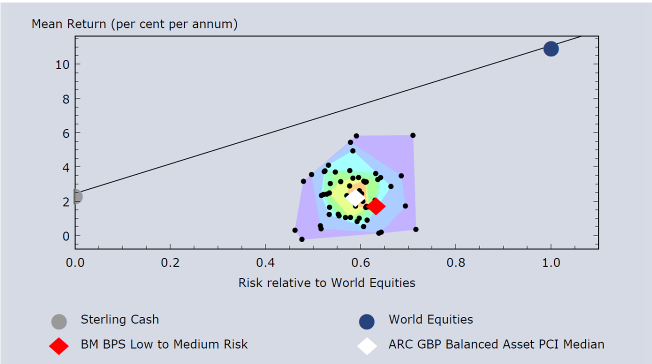
BM Low-to-Medium Risk

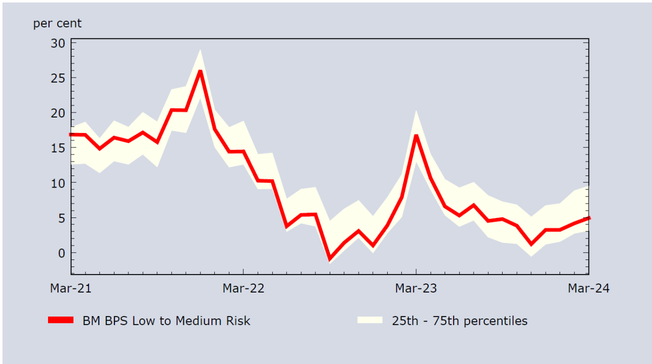
The BM Low-to-medium risk portfolio has outperformed the ARC Sterling Balanced Asset Index over one year and is ahead of the peer group looking over the longer term (ten year) period.

The accompanying rolling 3-year return chart below underscores the portfolio's steady, consistent performance relative to the ARC Sterling Balanced Asset peer group. Returns reliably fall within the 25th to 75th percentile range, as indicated by the white shaded area on the graph.

Return vs risk (36 months)



Cumulative returns (36 months rolling)



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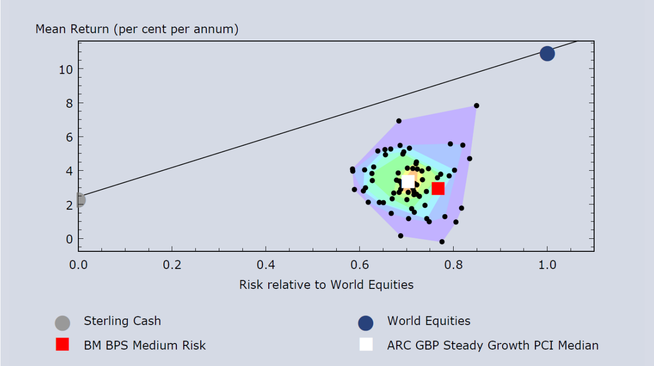
BM Medium Risk

The BM Medium risk portfolio has outperformed the ARC Sterling Steady Growth Index over the quarter and across one-, five- and ten-year intervals.

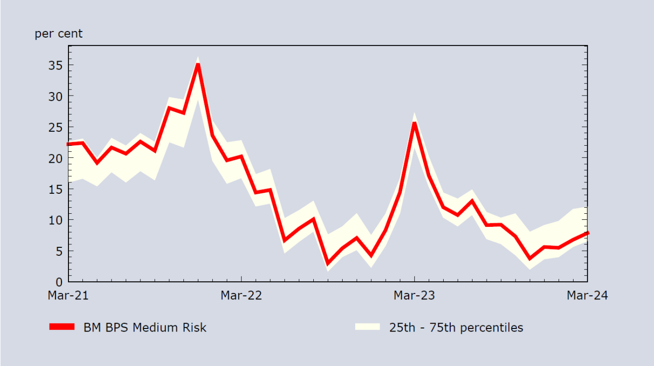
The accompanying rolling 3-year return chart below underscores the portfolio's steady, consistent performance relative to the ARC Sterling Steady Growth peer group. Returns reliably fall within the 25th to 75th percentile range, as indicated by the white shaded area on the graph.

The level of equity allocation increases as we move up the risk range of our five core strategies, with our Medium Risk portfolios having a strategic equity range of 55-75%.

Return vs risk (36 months)



Cumulative returns (36 months rolling)



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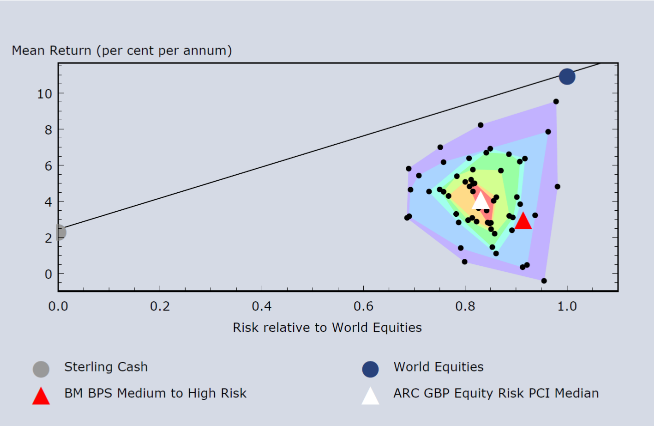
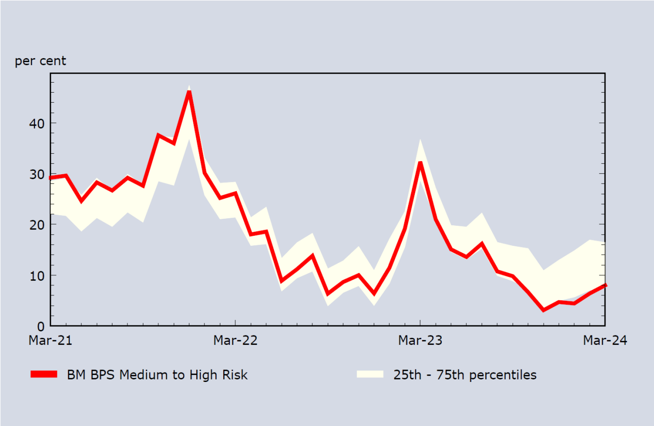
BM Medium-to-High Risk

The Medium-to-High risk (75%-95% equity) portfolio has outperformed the ARC Sterling Equity Risk Index over the quarter and across one-, five- and ten-year intervals.

Return vs risk (36 months)



Cumulative returns (36 months rolling)



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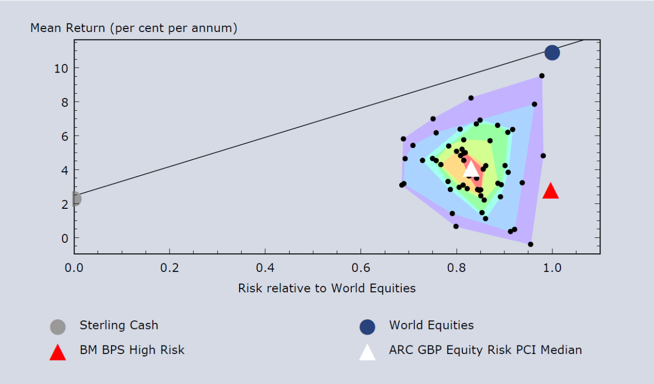
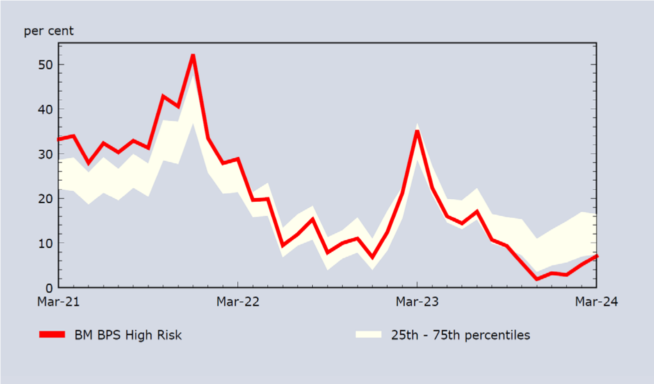
BM High Risk

The High risk portfolio return is in the top quartile of the ARC Sterling Equity Risk Index over the quarter and across one-, and ten-year intervals.

Return vs risk (36 months)



Cumulative returns (36 months rolling)



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Important information

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