BOWMORE ASSET MANAGEMENT

Market Review

Published December 2021

LAST QUARTERS MAIN MARKET MOVERS

COVID-19 CASES

SUPPLY CHAIN CONCERNS

MONETARY TIGHTENING

REGULATORY CLAMPDOWNS

"A turbulent quarter to say the least. After a positive start to the period, September saw some of the worst set backs since the March 2020 sell off. That being said, there were still some great buying opportunities as we edge closer towards a pre-pandemic environment"

Jonathan Webster-Smith, Chief Investment Officer

ASSET ALLOCATION CHANGES

GLOBAL EQUITY

We have reduced our exposure to global growth stocks, opting to bring in an allocation to financials. As we move through the economic recovery and inflationary pressures persist, rising interest rates will provide a favourable backdrop for financial companies such as banks. This move has also balanced the portfolio with regards to its growth/value style bias, decreasing allocation to expensive growth stocks that may suffer profit taking during bouts of volatility, as we have seen at times this year.

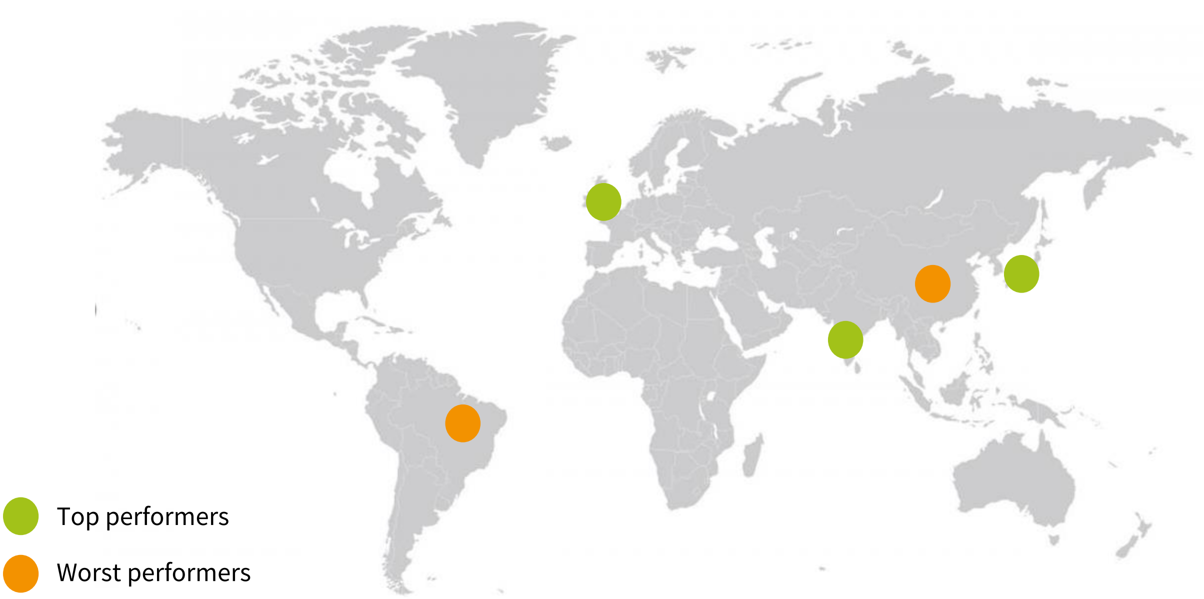
COMMODITIES

As economies have reopened in a post-pandemic world, demand for goods and tight supply chains have pushed commodity prices higher. We have chosen to leverage this trend by reallocating assets from our Structured Product sector into the Commodities space.

FIXED INCOME

Within the High Yield asset class we have carried out a like for like fund switch, with weightings remaining the same. We have chosen to rotate out of the PIMCO High Yield fund, into Liontrust High Yield. We have monitored the Liontrust offering for some time and it has provided comparable or greater returns, generated with lower volatility and a more concentrated portfolio.

Bowmore Asset Management Limited
One Heddon Street, Mayfair, London W1B 4BD
Tel: +44 (0)20 3617 9206 | www.bowmorewealth.com

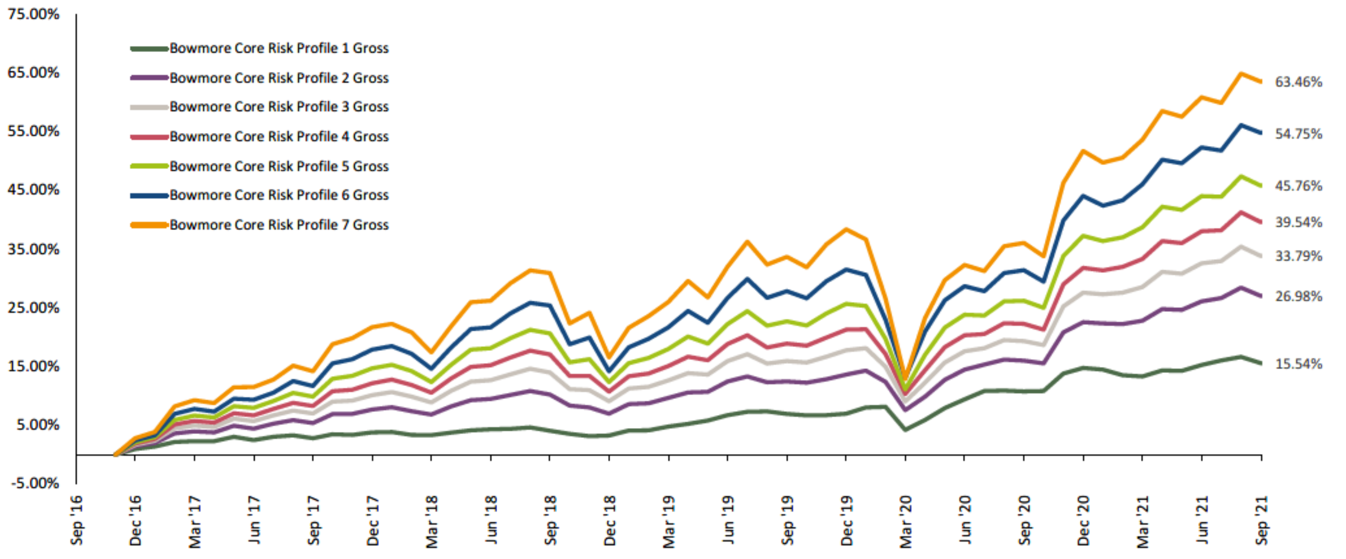


TOP PERFORMERS	Performance		Comments
STEWART INVESTORS INDIAN SUBCONTINENT SUSTAINABILITY	**Return** **Benchmark*** **Relative**	14.08% 15.47% -1.39%	Continuing its trend of solid performance for 2021, this fund invests in high quality companies that contribute to the sustainable development of the countries they operate in (92% in India and 3.6% in Bangladesh).
L&G JAPAN INDEX	**Return** **Benchmark^** **Relative**	6.52% 6.97% -0.45%	The Japanese equity market (Nikkei 225) traded sideways at the start of Q3, before surging +4.85% in September. This strong performance was largely precipitated by the surprise resignation of Yoshihide Suga. The expectation is that a new leader will make policy changes to support the wider economy and increase government spending.
FTF FRANKLIN UK MID CAP	**Return** **Benchmark"** **Relative**	4.75% 4.35% 0.40%	UK equities rose during the quarter. UK small and mid-cap equities participated in the September sell offs, but strong performance at the beginning of the quarter helped provide positive performance for the quarter on the whole. Small and mid-caps remain a sweet spot for M&A activity which was reflected in the positive overall market returns.
WORST PERFORMERS	**Performance**		**Comments**
JP MORGAN CHINA	**Return** **Benchmark**** **Relative**	-19.87% -7.34% -12.53%	Chinese equities sold off during Q3 off the back of the surprise government announcements in relation to regulations aimed at clamping down on both the technology and private education sectors in China. To compound the short-term pain, the most recent economic data indicates slowing economic growth as well as a weakening real estate sector.
MATTHEWS CHINA SMALL COMPANIES	**Return** **Benchmark^^** **Relative**	-7.78% -11.02% 3.24%	Despite the tough market conditions in China, Matthews China provided strong relative outperformance, attributed to both stock selection and sector allocation. More specifically the fund's overweight positions to IT, industrials and financials helped them to outperform the market. Small cap has also benefited from less government security compared to large cap companies.
FEDERATED HERMES GLOBAL EMERGING MARKET	**Return** **Benchmark""** **Relative**	-5.89% -5.71% -0.18%	Emerging market equities declined in Q3 largely due to continued concerns over supply chain disruptions and rising energy prices. Brazil was the weakest market as inflation rates persisted above their target level. The fund slightly underperformed its benchmark due to its overweight exposure to China.

BENCHMARKS

*MSCI India Net Index
^Tokyo Stock Price Index - Topix
"FTSE 250
**MSCI China All Shares
^^MSCI China Smaller Cap
""MSCI Emerging Market

OUR SEVEN RISK PROFILES



Q3 2021 PERFORMACE

		3m	1year	3year	5year
Risk Level 1	Bowmore Core 1	0.31	4.33	11.04	14.58
	ARC Composite 1	0.20	3.14	5.75	8.48
Risk Level 2	Bowmore Core 2	0.64	9.46	15.22	27.63
	ARC Composite 2	0.39	6.33	11.62	17.41
Risk Level 3	Bowmore Core 3	0.76	12.07	17.42	35.39
	ARC Composite 3	0.60	8.61	13.57	21.85
Risk Level 4	Bowmore Core 4	0.88	14.08	19.22	41.95
	ARC Composite 4	0.81	10.93	15.47	26.35
Risk Level 5	Bowmore Core 5	0.89	15.41	20.86	48.87
	ARC Composite 5	1.05	13.38	17.74	32.23
Risk Level 6	Bowmore Core 6	1.09	17.62	23.45	59.07
	ARC Composite 6	1.25	16.78	21.02	40.04
Risk Level 7	Bowmore Core 7	1.04	20.06	24.90	68.83
	ARC Composite 7	1.32	19.42	23.69	45.86

HOW DID OUR PORTFOLIOS PERFORM?

Our Japanese and Indian equity exposure helped to protect on the downside through the challenging month of September, with most other regions moving lower during the month. Although it was a turbulent period for China, our active allocation to smaller companies in the region outperformed its benchmark by 3%. With a backdrop of higher inflation and the expectation of rising interest rates, fixed interest markets suffered during the period (we expect this to be a continuing theme).

However, our allocations to short duration, index linked and high yield bonds have been able to generate additional positive returns within the portfolios in an environment with a number of headwinds. The world is adapting to new working practices and needs to be weaned-off the enormous fiscal and monetary support. Central banks are preparing investors well in advance for this, and will be aiming to do so without damaging markets. As always, in the final quarter of the year we will need to look through the short-term noise, and keep an eye on long-term gains.

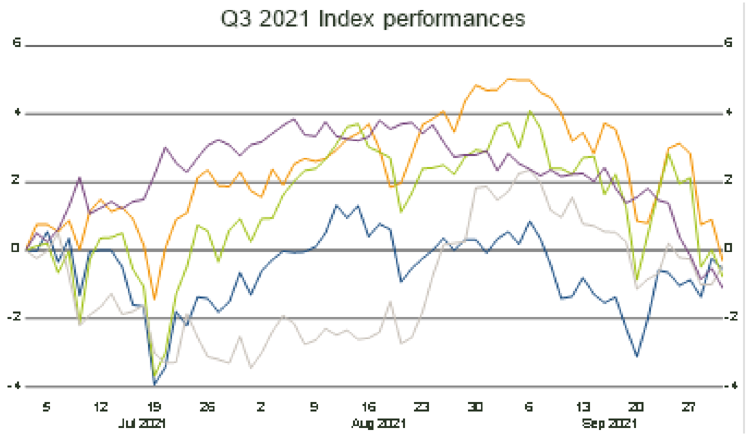
Q3 MARKET REVIEW

The last three months have yielded mixed fortunes for markets. September kicked off a difficult period and proved to be the worst month for US equities since March 2020. With inflationary and supply chain concerns weighing on sentiment, investors mulled the prospect of pending interest rate rises and policy tightening. The stand out winner over the month was Japan, which welcomed the resignation Yoshihide Suga, with an equity rally.

However, strong earnings reports in October helped the US push on once again, as Fixed Interest markets had a bumpy ride. Persistent bottlenecks in global supply helped fan inflationary pressures further, with commodities pressing higher. Though the Bank of England was expected to raise rates in November, this was not forthcoming and somewhat caught investors off guard. With mounting worries about higher hospitalisation rates due to Covid and the late introduction of the Omicron variant, investors reverted to the 2020 trend of US tech and growth stocks protecting in a negative market, whilst value, cyclical and emerging markets suffering amidst an uncertain backdrop with a falling oil price.

Despite this, we still feel the direction of travel is forwards, towards full reopening and normalisation. As we move into December and Christmas festivities, investors are watching central banks closely and will continue to do so into 2022. Both the Bank of England and the Federal Reserve have provided strong indications that they will tighten policy soon in response to persistent inflation and other factors, including employment nearing their targets.

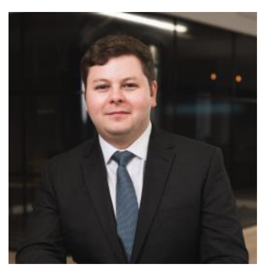
Lastly, this years Conference of the Parties (COP 26), the 26th meeting of nations to combat climate change, delivered a mixed bag of outcomes – insufficient for some and solid progress for others. One of the standout consequences being a global agreement to eliminate deforestation by 2030.



% Change of US 500	% Change of AC ASEAM	% Change of Europe 50
% Change of UK 100	% Change of UK Gilt	Source: Refinitiv

FOR FURTHER INFORMATION

Jonathan Webster-Smith
Chief Investment Officer
T: 0203 617 9206
E: Jws@bowmoream.com



Owen Moore
Investment Manager
T: 0203 617 9206
E: Owen@bowmoream.com

Max Petite
Investment Manager
T: 0203 617 9206
E: Max@bowmoream.com

Stephanie White
Office Manager
T: 0203 617 9206
E: Stephanie@bowmoream.com

Bowmore Asset Management Limited
One Heddon Street, Mayfair, London W1B 4BD
Tel: +44 (0)20 3617 9206 | www.bowmorewealth.com