



**MAIN MARKET MOVERS**



**COVID-19  
CASES**



**Inflation**



**MONETARY  
TIGHTENING**



**UKRAINIAN  
CRISIS**

*“The last three months have seen elevated volatility with some gains over the last couple of weeks. Why is this? Our view is that the relief rally comes from a combination of more attractive valuations and some encouraging macro economic news: like the rolling back of some US tariffs on China, combined with an ending of lockdown in China. This is so important to allow global supply chains to recover. With inflation falling from its peaks can central banks bring us a soft landing? The next few months should give us a better indication of this.”*

*Jonathan Webster-Smith, Chief Investment Officer*

**LATEST ASSET ALLOCATION CHANGES**



**EMERGING  
MARKETS**

We have reduced our exposure to Emerging Markets, increasing the liquidity profile of our portfolios and reducing risk exposure. In the short to medium term we expect the supply chain issues to continue to weigh on Emerging countries.



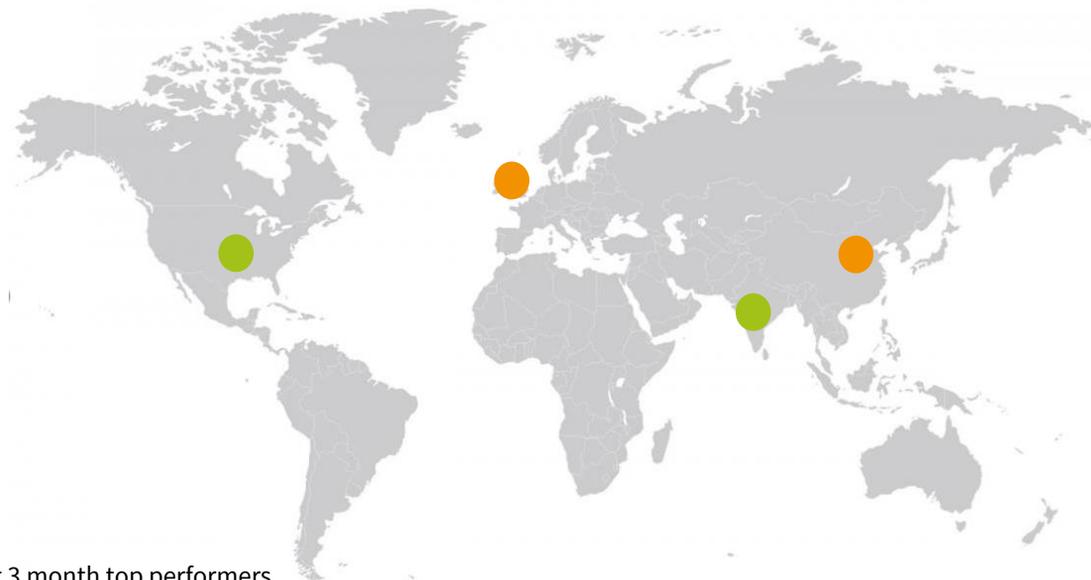
**ALTERNATIVES**

Alternatives play a vital role when wider equity and fixed interest markets are under pressure. Our exposure to Alternatives has shown its value this year, providing an uncorrelated return (compared to more traditional assets) and in many cases generating positive returns in falling markets. Our commodity and infrastructure allocations have served as a hedge against inflation and have been the stand out performers year to date.



**UNITED  
KINGDOM**

The risk of recession in the UK has increased. Consumers are feeling the squeeze and as a result sentiment has weakened. UK fiscal policy is less supportive and there doesn't appear to be appetite to offer further support to struggling households. As such, we are in the process of reducing our domestic UK equity allocation, whilst increasing our allocation to UK large cap, an area of the market more sheltered from a slowing UK economy.



Last 3 month top performers

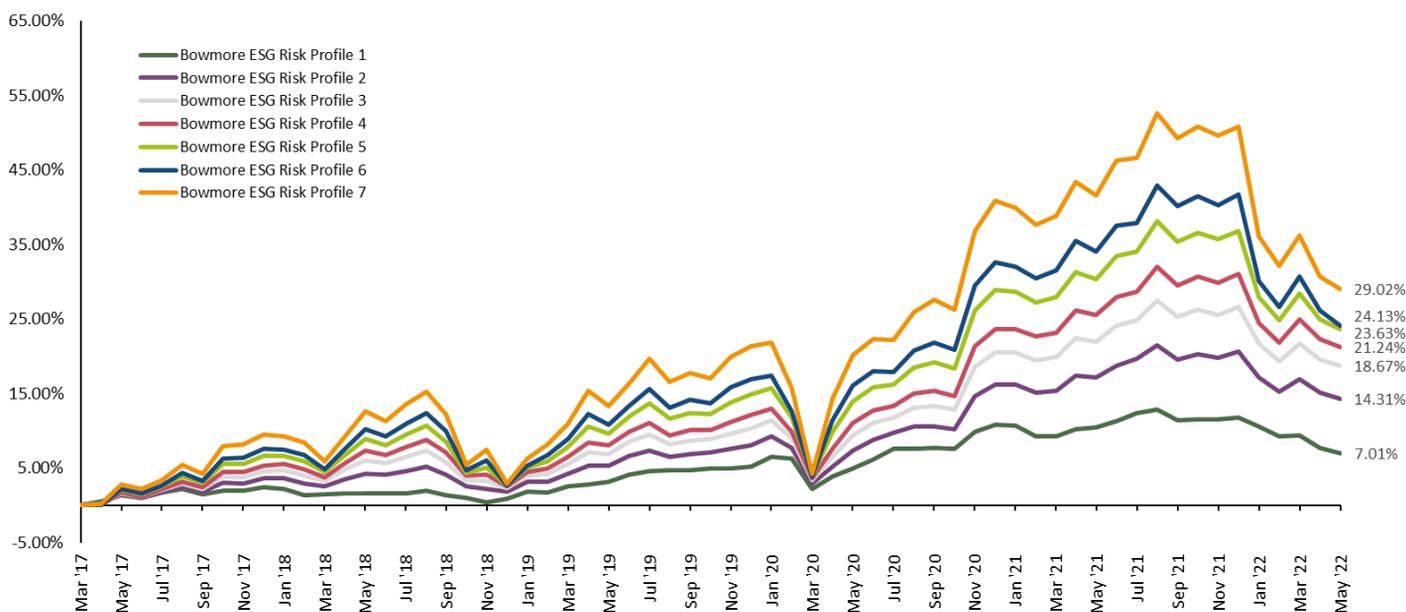


Last 3 month worst performers

TOP PERFORMING FUNDS					
ASSET CLASS	PERFORMANCE	COMMENTS			
NN Commodity Enhanced Hedged GBP	Alternative (Commodity)	3 month	+10.97%	Commodity prices have been driven higher amidst inflationary pressures caused by prolonged Covid-related supply chain issues. This has been compounded by the war in Ukraine pushing energy and food prices higher still.	
		1 year	+38.13%		
		3 year	n/a		
Trium ESG Emissions Impact	Alternative (Hedge Fund)	3 month	+3.92%	As a market-neutral strategy, the fund is focused on delivering returns through stock selection and ESG improvement regardless of market direction. The fund aims to make a positive impact and aims to be carbon negative.	
		1 year	+9.64%		
		3 year	n/a		
Stewart Investors Indian Sustainability	Equity (Asia)	3 month	+3.48%	Continuing its trend of solid performance from 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).	
		1 year	+12.93%		
		3 year	+40.87%		
WORST PERFORMING FUNDS					
ASSET CLASS	PERFORMANCE	COMMENTS			
First Trust Cybersecurity Index	Equity (Global Themes)	3 month	-10.61%	This index fund is designed to track the performance of companies engaged in the cybersecurity sector. Whilst cybersecurity is an area that will continue to experience significant growth moving forwards, the sector has been hamstrung over the past few months by the wider sell off for growth-orientated stocks.	
		1 year	8.29%		
		3 year	+33.03%		
Federated Hermes Global Emerging Markets	Equity (Emerging)	3 month	-5.33%	In addition to elevated inflation, geopolitical uncertainty is still high. Tensions between the US, Russia, China and Iran are likely to persist. Supply chain disruptions impacted the performance of businesses across emerging countries and a high US dollar and oil price traditionally weighs on the sector.	
		1 year	-17.57%		
		3 year	+12.72%		
ASI UK Ethical	Equity (UK)	3 month	-1.89%	The fund is managed with a quality growth investment bias, which has been hit harder by fears of inflation and the interest rate hikes intended to control it. Weaker performers over Q1 in the UK were generally the fastest-growing companies that are not yet profitable.	
		1 year	-15.76%		
		3 year	+17.07%		



# OUR SEVEN RISK PROFILES



## PERFORMANCE

	3 month	1 year	3 year	Since Inception
Bowmore ESG 1	-2.01	-3.05	3.49	7.01
Bowmore ESG 2	-0.79	-2.40	8.42	14.32
IA Mixed Investment 0-35%	-2.15	-3.94	4.69	8.68
Bowmore ESG 3	-0.58	-2.67	10.98	18.67
Bowmore ESG 4	-0.53	-3.33	12.25	21.24
IA Mixed Investment 20-60%	-0.91	-2.66	9.87	14.93
Bowmore ESG 5	-1.01	-5.12	12.74	23.63
Bowmore ESG 6	-1.92	-7.35	12.01	24.13
IA Mixed Investment 40-85%	-0.37	-0.90	17.62	26.33
Bowmore ESG 7	-2.36	-8.90	13.82	29.02
IA Flexible Investment	-0.17	-1.29	19.96	28.08

## HOW DID OUR PORTFOLIOS PERFORM?

Covid-related fears now seem like a thing of the past, only to be replaced by Russia's invasion of Ukraine and the subsequent impacts on economic growth. Markets primary focus is the inflationary issues the globe is facing and how central banks are combating this.

Positive contributors within portfolios include commodities, real estate and hedge funds, with exposure to value stocks a key component to limiting downside.

We are in the process of making adjustments to our UK mid-cap weighting and reallocating to larger capitalisation stocks. This allows us to increase exposure to sectors such as energy and banks, which are benefiting from the prevailing macroeconomic trends. We have also diversified our Asian allocation, balancing the risk exposure in this region better by bringing in a more generalist regional manager with a strong track record.

Source: Bowmore Asset Management, Morningstar Direct



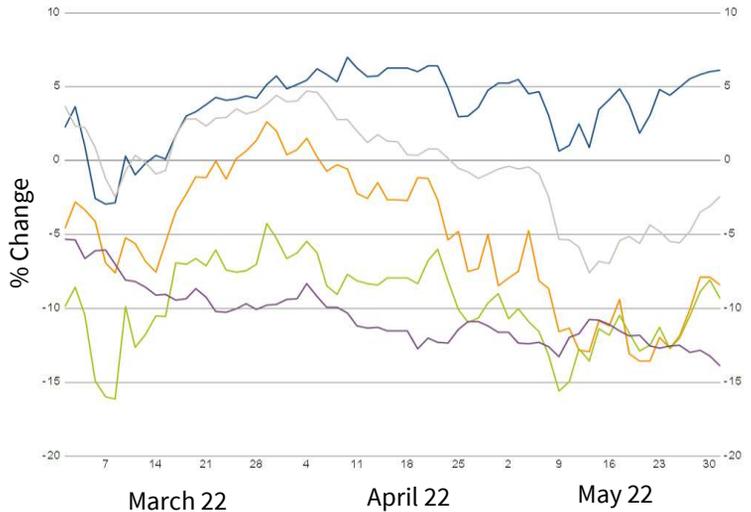
## MARKET REVIEW

The Federal Reserve (Fed) had clearly signalled its intention to raise base rates by 0.5% ahead of its last meeting. Therefore, despite first quarter US GDP data contracting, the largest and unanimously agreed increment in over 20 years had little market impact. The Fed also mentioned that they expect to implement similar increases over the next couple of meetings and announced that it would start the process of unwinding its balance sheet holdings of Treasuries and Mortgage-Backed Securities in June. Whilst inflation in the US slightly slowed from 8.5% in March to 8.3% in April, the deceleration was less than expected and was primarily due to rises in housing costs and air fares. It is widely expected that inflation will continue to moderate as we go through the rest of the year, but the Fed may adjust policy depending on the speed of decline.

The Bank of England (BoE) also hiked rates as expected, this time by a further 0.25% to 1%, but it was one of the most split Monetary Policy Committee decision for some time. The committee is looking to balance a very tight labour market with the rising cost of living. A tight labour market risks wages rising materially higher, adding to inflationary pressures; and given the steep rise in energy costs, they now forecast inflation to peak above 10% in the fourth quarter of this year. The BoE is predicting that the UK economy will slow and even shrink by 0.25% next year.

Whilst the US and UK push ahead with tightening, the European Central Bank (ECB) is also expected to make similar moves as soon as July. Although it is likely to act slower than the US, the European economy has been hit harder by the war in Ukraine. Elsewhere around the world, tightening is not universal. The Bank of Japan has made no policy move despite a sharply weaker Yen. Meanwhile, China's government announced they will continue to support the economy by sticking to their growth target, given latest pandemic-related lockdowns in the country.

### Index Performances



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

## FOR FURTHER INFORMATION



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The value of your investments can go down as well as up, so you could get back less than you invested

Performance shown net of management fees and net of underlying fund costs. Performance is shown to 31.05.2022

Past performance is not a reliable indicator of future results

This document is suitable for private clients and professional advisers

