



MAIN MARKET MOVERS



RECESSION PROSPECT



INFLATION



MONETARY TIGHTENING



UKRAINIAN WAR

As I said last quarter, the US terminal rate will continue to drive markets and indeed this is the position we are in. US inflation looks to be more persistent than expected, and the surprising strength of the jobs market and economy overall is pushing up the terminal rate expectations. Higher for longer expectations of US interest rates has had knock on effect in Asia and in the bond markets which have both had a tough time over the last few weeks.

Overall, we expect uncertainty will continue until we start to see meaningful falls in inflation and wage growth.

Jonathan Webster-Smith, Chief Investment Officer

LATEST VIEWS



US Equity

At the beginning of February, the Federal Reserve voted unanimously to raise interest rates, though with a very dovish tone. Later in the month the Chairman, Jerome Powell, warned that the process of disinflation is expected to take a long period of time and further rate hikes are likely needed, especially if macroeconomic data continues to be strong.



Emerging Markets

The Chinese economy is rebounding quickly with the country's reopening. Excess savings, which are high, should help to boost consumption growth in the coming months. Overall, emerging markets fared better than developed markets in January. With declining inflation rates, central banks should be able to support growth further when compared to their developed counterparts.



Sustainable Energy

Sustainable energy remains one of our favoured themes and a sector we believe will continue to grow as corporate and government commitments and social expectation drives a move towards renewables. As in healthcare, one of the themes within our core portfolios, technology has disruptive potential within the energy space, where efficiencies can drive value.



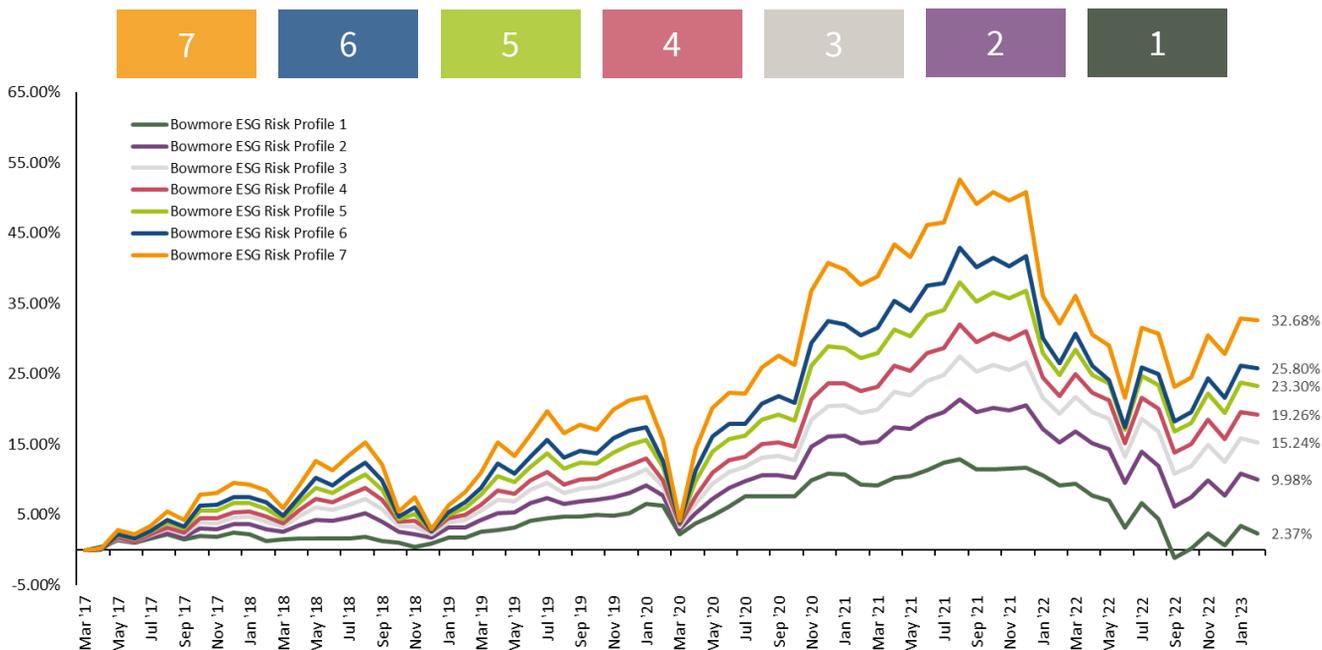
3 month fund performance

- Top performers
- Worst performers

TOP PERFORMING FUNDS				COMMENTS
ASSET CLASS	PERFORMANCE			
Vanguard SRI European	Equity (Europe)	3 month	+8.67%	European value stocks are currently cheap, which makes them more sensitive to positive news. The risk of Europe of running out of gas this winter is now off the table, and Eurozone growth continues to be positive.
		1 year	-2.64%	
		3 year	+18.62%	
Guinness Sustainable Energy	Equity (World)	3 month	+5.11%	Guinness continues to benefit from the Inflation Reduction Act of 2022. The US Act includes a \$369bn package providing financial support and tax credits to companies associated to reducing emissions.
		1 year	+4.03%	
		3 year	+123.88%	
Premier Miton Responsible UK	Equity (UK)	3 month	+5.06%	Economic activity in the UK slightly improved from depressed levels over the last three months. Retail sales and consumer confidence also strengthened, compared to mid-year 2022.
		1 year	+16.94%	
		3 year	+9.00%	
WORST PERFORMING FUNDS				COMMENTS
ASSET CLASS	PERFORMANCE			
GS Commodity Enhanced	Alternative (Commodity)	3 month	-7.94%	Industrial and precious metals were the worst performing components of this index. Silver and gold both declined in the month. Energy prices also weakened following on from positive news flow of ample reserves in Europe.
		1 year	-11.29%	
		3 year	+12.41%	
Stewart Indian Subcontinent Sustainability	Equity (India)	3 month	-4.18%	Indian inflation jumped in January, building speculation over the direction for interest rates in the country. After a strong year for Indian equities we have seen investors take profits amidst monetary policy uncertainty this year.
		1 year	+11.72%	
		3 year	+23.78%	
Hermes Emerging Markets	Equity (Emerging)	3 month	-2.37%	Emerging market (EM) equities posted negative returns in February and underperformed global equities. Re-escalation in US-China tensions weighed on investors sentiment. The prospect of further rate hikes in the US made for a stronger Dollar, which was another headwind for EM.
		1 year	-8.37%	
		3 year	+5.65%	



OUR SEVEN RISK PROFILES



Source: Bowmore Asset Management, Morningstar Direct as at 28/02/2023; Net of fees

PERFORMANCE

	3 month	1 year	3 year	5 year
Bowmore ESG 1	-0.11	-6.66	-5.14	-0.13
Bowmore ESG 2	-0.06	-4.95	0.80	7.52
IA Mixed Investment 0-35%	0.35	-5.62	-1.94	4.46
Bowmore ESG 3	0.17	-3.86	4.43	12.57
Bowmore ESG 4	0.53	-2.58	7.23	16.17
IA Mixed Investment 20-60%	1.24	-3.02	4.98	11.11
Bowmore ESG 5	0.75	-1.75	8.98	19.83
Bowmore ESG 6	1.03	-1.12	10.32	21.96
IA Mixed Investment 40-85%	1.65	-1.14	14.27	23.41
Bowmore ESG 7	1.60	-0.02	13.44	28.14
IA Flexible Investment	1.64	-0.23	17.25	25.94

Source: Bowmore Asset Management, Morningstar Direct as at 28/02/2023; Net of fees

HOW DID OUR PORTFOLIOS PERFORM?

As we approach the warmer months of Spring, 2023 has already been more comfortable for investors than 2022. Although December continued to see asset prices slide under macro headwinds, in January markets rebounded strongly on positivity around falling inflation and a softer outlook for rates. Though February saw these hopes tempered, the three month period was generally positive for risk assets.

These events allowed portfolios to recover losses from December and remain relatively flat amongst lower-risk mandates, with our highest risk portfolio generating 1.7% over the period.

Positive contributors within portfolios included European value stocks, structured products and UK equities, with a stronger dollar helping overseas earnings. Meanwhile, property assets continues to exhibit weakness as growth expectations are tested, and commodities detracted from performance as recessionary pressures and higher energy reserves relieved upward pressure on prices.



MARKET REVIEW

After a punchy beginning to the year, global equities declined during the month of February. Strong economic news gave pause for thought as investors weighed the possibility that a pause on hikes or even cuts is less likely in the near future. The Federal Reserve, European Central Bank and Bank of England all raised rates during the month, which was in line with expectations. All three central banks felt the recent decline in inflation readings did not go far enough, and rates need to stay high for now.

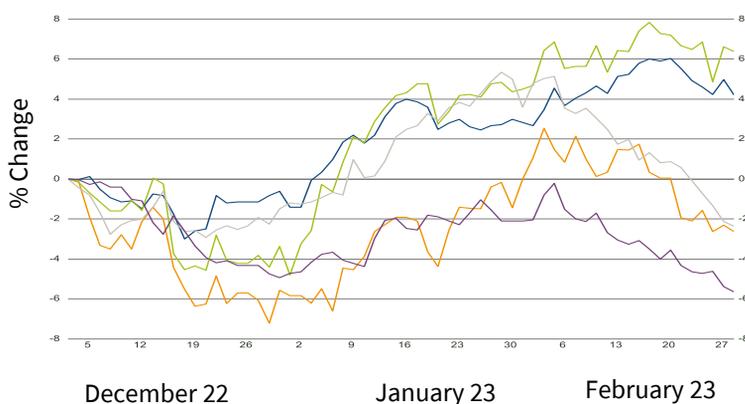
In the US, the Federal Reserve indicated that their monetary policy intervention had started to work on fighting inflation, but there is a way to go. The Central Bank committee's agreed that rates may need to rise further than was initially expected. GDP growth for the last quarter of 2022 was revised slightly down, but was still strong (+2.7%) relative to global peers.

The European Commission suggested a new green deal Industrial Plan last month, with the aim to provide support to EU companies and reach Europe's climate targets. With the risk of recession decreasing, European indexes excluding UK have performed well in the last three months. European banks have rallied significantly since the lows of October.

In December, China re-opened from Covid measures, which led to an impressive rebound. Excess savings built up by the Chinese population are significant and should fuel an increase in consumption. However, with Chinese markets depicting this positivity in January, geopolitical tensions have driven investors to take profits during the month of February.

Investment markets are forward looking. If inflation readings continued to step down over the course of this year it would push Central Banks to soften their monetary policies and pause/cut interest rates, bringing relief to bond and equity investors.

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 28.02.2023
Past performance is not a reliable indicator of future results.

This document is suitable for private clients and professional advisers

