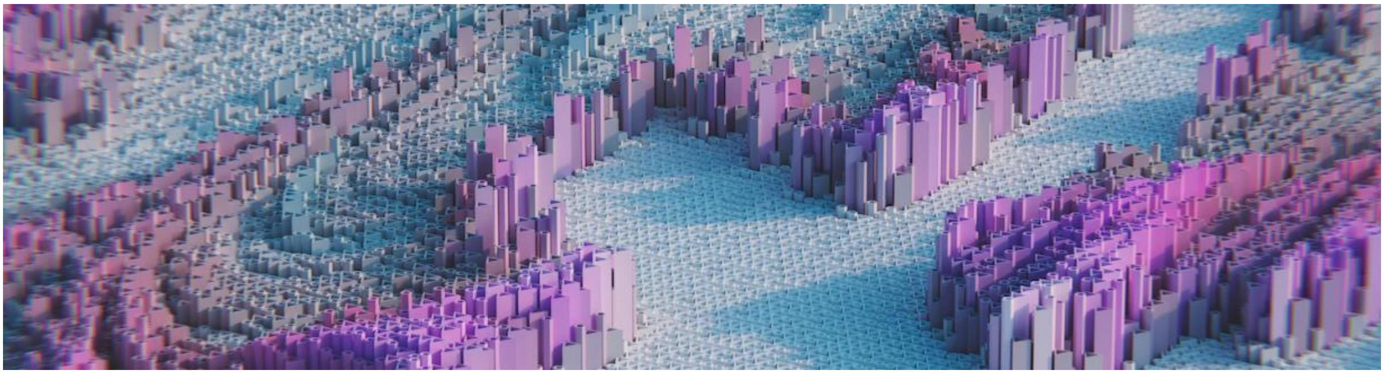
BOWMORE ASSET MANAGEMENT

Mid –Quarter Review ESG

Published June 2023



MAIN MARKET MOVERS

RECESSION PROSPECT | INFLATION | MONETARY TIGHTENING | BUSINESS SURVEYS (PMI)

US & European banking took the headlines in March, resulting in risk off sentiment across most major asset classes. Headline inflation is generally falling, with deflation emerging in China. This coupled with some weakening of the US jobs market might, but with around 70% probability, allow the Federal Reserve to holding exchange rates in June and this, along with better corporate results than expected, has given equities, especially US technology companies, the rally into bull market territory (+20% from market lows in October).

It remains a fine balancing act for central banks - growth is proving more resilient than expected but there is a lagged effect between rates rising and their impact. The next few months will be driven by macro-economic data and comments from central banks.

Jonathan Webster-Smith, Chief Investment Officer

LATEST VIEWS

US Equity

While economic data remained positive and supportive, the idea of the government default made investors worried. Additionally, markets are still pricing the risk of a coming recession even if this risk is reducing with time. The US labour market remains tight and unemployment rate fell to a low of 3.4% in March.

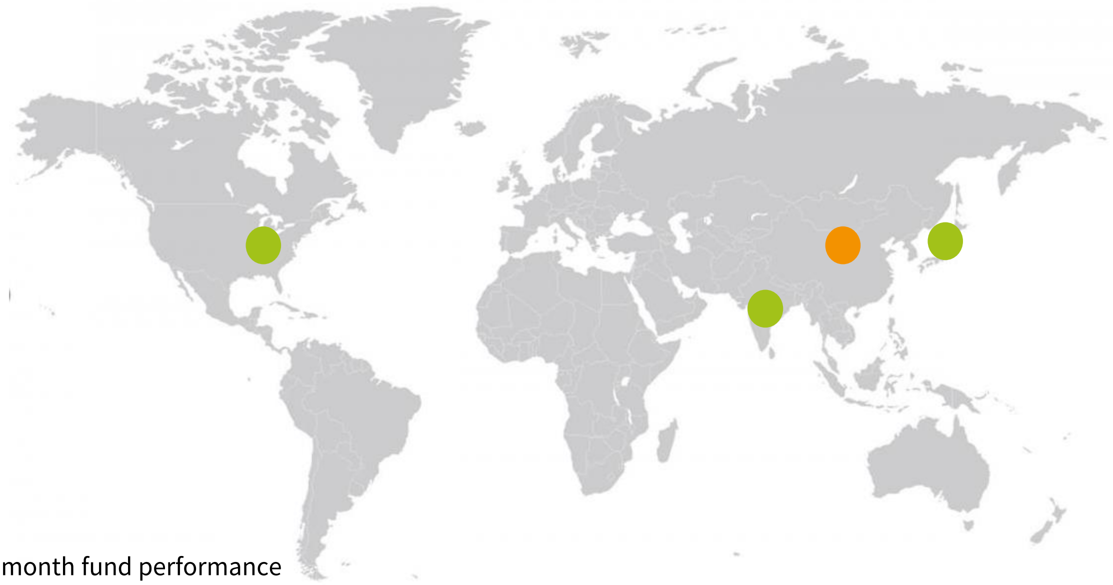
Japan

Japanese stocks continues a strong rally in the past months. Foreign investors continue to purchase Japanese large cap growth. Japanese Yen continues to weaken against the US dollar, reaching 140 yen, which is one of the reasons behind the positive momentum. Latest corporate earnings were strong and Japanese companies announced an increase in Dividends increasing the shareholder returns.

Europe

Higher core inflation is keeping investors anxious. However, European natural gas prices have fallen significantly in the past months helped by a warm winter and reducing pressure for households and businesses. Despite of the high volatility and pressure from the banking sector during the month of March and April, interest rates are now in positive territory after a decade of negative interest rate regime.

Bowmore Asset Management Limited
Birchin Court, Birchin Lane, London EC3V 9DU
Tel: +44 (0)20 3617 9206 | www.bowmorewealth.com
Authorised and Regulated by the Financial Conduct Authority
Registered in England 09051799 | VAT number 202663930



3-month fund performance

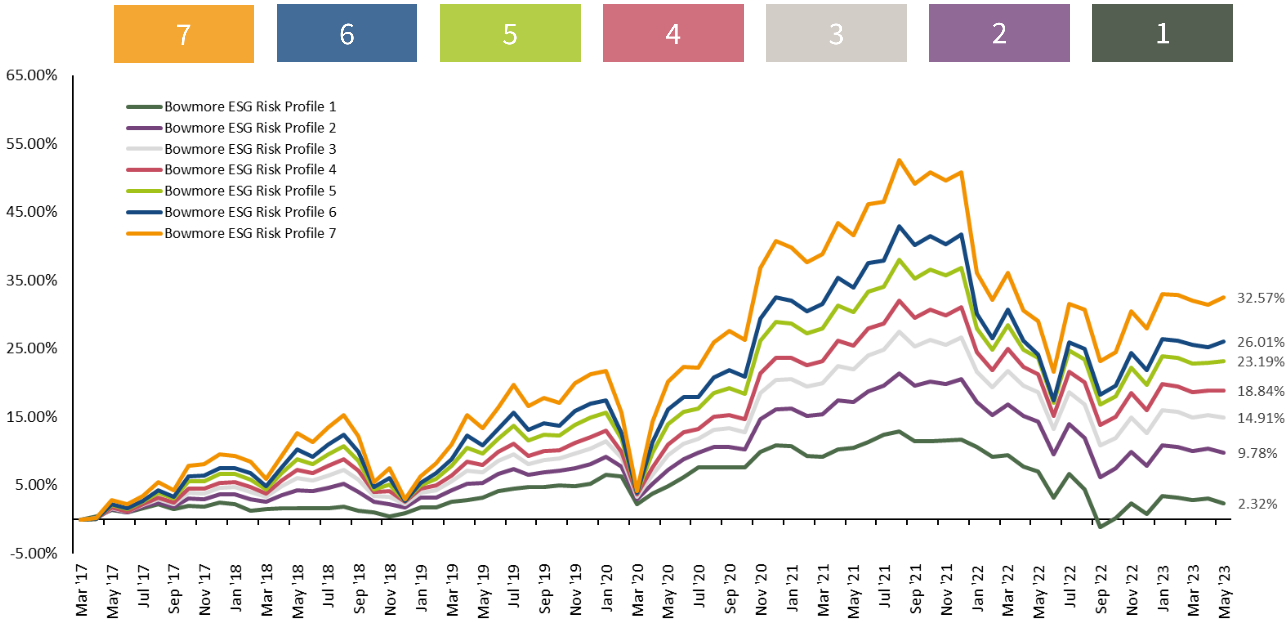
Top performers

Worst performers

TOP PERFORMING FUNDS	ASSET CLASS	PERFORMANCE		COMMENTS
Brown Advisory US Sustainable Growth	Equity (US)	3 month 1 year 3 year	+6.43% +8.21% +33.17%	Large technology firms in the US outperformed overall markets due to strong earnings reports.
Stewart Indian Sustainability	Equity (India)	3 month 1 year 3 year	+3.27% +12.42% +91.24%	Indian stocks achieved modest returns in the last couple of months due to positive economic data and optimistic sentiment towards the future.
HSBC Japan Sustainability	Equity (Japan)	3 month 1 year 3 year	+2.24% +4.51% +14.44%	In Japan, Q1 GDP rose by 1.3% year on year, driven by increasing consumption and investments. Markets are becoming more and more optimistic that Japan is now out of the deflationary stagnation of the last decades.

WORST PERFORMING FUNDS	ASSET CLASS	PERFORMANCE		COMMENTS
GS Commodity Enhanced	Alternative (Commodity)	3 month 1 year 3 year	-8.59% -26.95% +3.70%	Commodity markets have seriously weakened in the last three months. Oil is now down more than 35% compared to the same time last year. Price declines is due to a fall in global demand and a weakening activity in China.
Hermes Emerging Markets	Equity (Emerging Markets)	3 month 1 year 3 year	-6.43% -6.61% +5.07%	Re-escalation between US - China tensions continued to weight on investor sentiment. Further rates hikes in the US made a stronger Dollar, which didn't help Emerging Markets.
Impax Asian Environmental Markets	Equity (Asia)	3 month 1 year 3 year	-4.68% -5.93% +23.75%	Asia and especially China recorded a negative performance since the beginning of the year with sharp declines in Hong Kong. The optimism seen earlier in the year following the reopening of china's economy after the covid-19 crisis completely faded due to weak economic data.

OUR SEVEN RISK PROFILES



PERFORMANCE

	1 year	3 year	5 year	Since Inception
Bowmore ESG 1	-4.43	-2.80	0.33	1.96
Bowmore ESG 2	-4.08	2.04	4.99	9.49
Bowmore ESG 3	-3.29	4.82	8.18	14.69
Arc Cautious	-2.88	2.27	5.26	7.70
IA Mixed Investment 0-35%	-4.06	-1.17	1.83	4.27
Bowmore ESG 4	-2.19	6.84	10.54	18.60
Arc Balanced	-2.40	7.39	9.17	13.70
IA Mixed Investment 20-60%	-3.07	6.44	7.04	11.35
Bowmore ESG 5	-0.57	7.83	12.86	22.87
Bowmore ESG 6	1.20	8.22	13.95	25.65
Arc Steady Growth	-1.79	11.86	13.10	20.39
IA Mixed Investment 40-85%	-1.65	14.08	16.24	24.23
Bowmore ESG 7	2.62	10.21	17.51	32.40
Arc Equity Risk	-1.36	16.13	16.95	26.46
IA Flexible Investment	-1.05	16.99	18.23	26.74

HOW DID OUR PORTFOLIOS PERFORM?

The last three months has seen a list of different issues affecting the markets and portfolios. The central banks of most developed markets have continued to hike interest rates due to slow decreasing of inflation. Markets are still very much focused on the possibility of a coming recession, especially in the United States.

Positive contributors within portfolios include Japan and India, and our exposure technology has been our best performer in the last three months due to recent solid corporate earnings and enthusiasm over Artificial Intelligence. Meanwhile, property assets have continued to significantly underperform, reflecting rates rising and slowdown in demand. Energy prices was also a negative contributor due to a sharp fall in the price of natural gas and crude oil.

We have made changes to our portfolio composition over the period, reducing our direct allocation to China and increasing exposure to Emerging Market globally.

Bowmore portfolios	Corresponding benchmark

Source: Bowmore Asset Management, Morningstar Direct as at 31/05/2023; Net of fees

MARKET REVIEW

Global shares fell in the last three months except for US technology stocks due to enthusiasm over Artificial Intelligence. Discussions around the debt ceiling were the main focus in the last month. With Democrats and Republicans having found a deal in the last weekend of May, raising the country's borrowing limit.

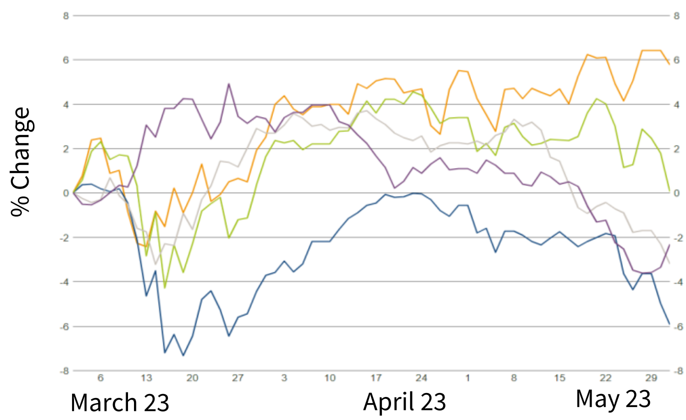
Economic data in the US remained positive even with the prospect of a government default made investors quite anxious. The US labour market remains tight even if it the unemployment rate eased during the last month. Inflation rose in April and continues to stagnate around 5% since March. Business surveys also improved in May. Growth in the US is expected to be modest for the year, with possibilities of a recession during the second half of the year.

The Bank of England (BOE) announced a 12th consecutive rise in the base rate, reaching now 4.5%. With an achieved growth of 0.1% in the first quarter of 2023, UK has avoided a technical recession. Overall, UK economy data was weaker than expected in March, with higher rates, higher inflation and tax increases, likely to keep the economy weak over the rest of the year. The BOE will want to see that inflation is easing and labour market is cooling before cutting rates.

European markets took a hit in the past three months after a positive year so far. Most recent data pointed to an economic slowdown in the current quarter with business surveys slightly more negative than previously. However, several countries have shown a drop in inflation including Germany. France also reported a slowdown in price growth, giving some hopes for rate rises to be over soon.

Globally, bond yields climbed during the month of May with some divergence between markets. The US Federal Reserve announced its 10th interest rate hike. The new increase brought the Fed funds rate to a target range of 5% to 5.25%, highest level since August 2007.

Index Performances

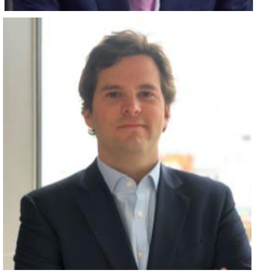


US 500	AC ASEAM	Europe 50
UK 100	UK Gilt	Source: Refinitiv

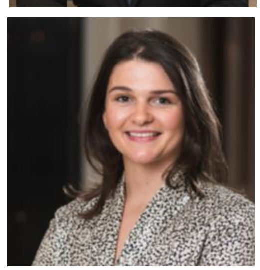
FOR FURTHER INFORMATION

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



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

Bowmore Asset Management Limited
Birchin Court, Birchin Lane, London EC3V 9DU
Tel: +44 (0)20 3617 9206 | www.bowmorewealth.com