BOWMORE ASSET MANAGEMENT

Mid –Quarter Review

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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 faired 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.

Healthcare

Healthcare remains one of our favoured themes and a sector we believe will continue to grow and innovate to service an ageing society. Despite progress, healthcare costs are rising rapidly due to inefficiencies, but technology has disruptive potential in this area and companies that are able to create better care and efficiency are positioned to capture attractive gains.

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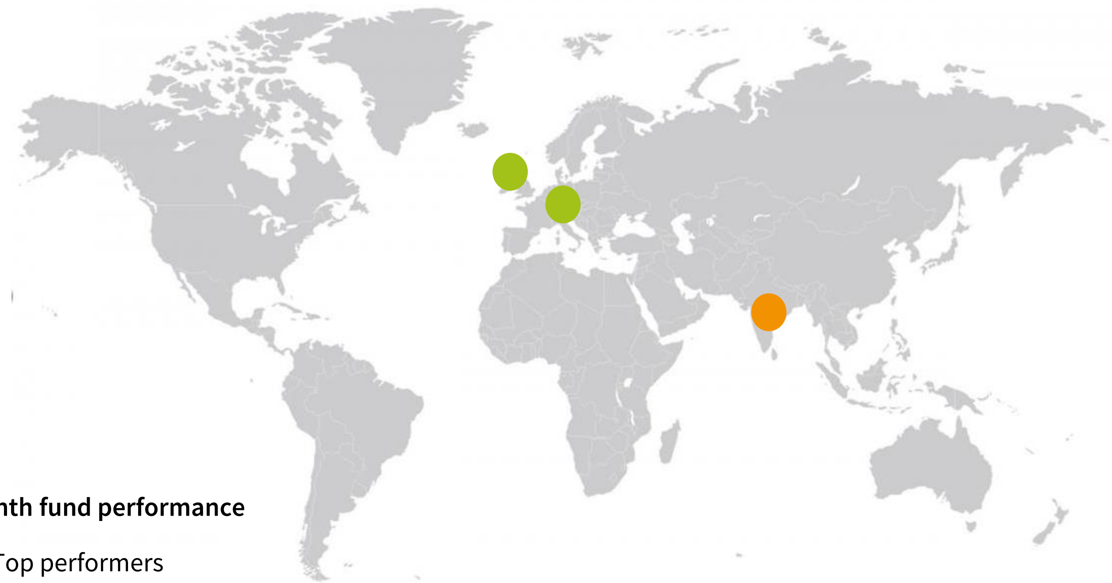


3 month fund performance

Top performers

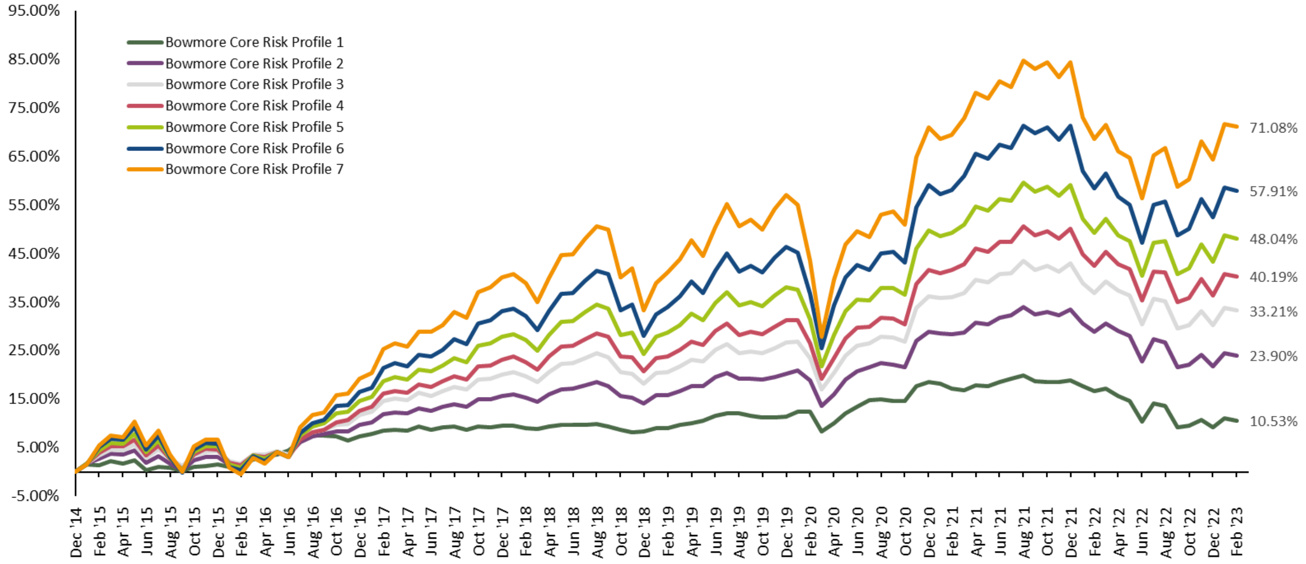
Worst performers

TOP PERFORMING FUNDS	ASSET CLASS	PERFORMANCE		COMMENTS
Artemis UK Select	Equity (UK)	3 month	+12.27%	The UK market was led by the energy, healthcare and telecom sectors, which benefited from a period of renewed Dollar strength, while investors speculated how much higher US interest rates can go.
		1 year	+7.50%	
		3 year	+42.08%	
Lightman European	Equity (Europe)	3 month	+11.53%	European value stocks are currently cheap, which makes them more sensitive to positive news. The risk of Europe running out of gas this winter is now off the table, and Eurozone growth continues to be positive.
		1 year	+21.93%	
		3 year	+67.22%	
R&M UK Recovery	Equity (UK)	3 month	+8.47%	With a very positive January this fund has benefited from a diverse portfolio of very cheap UK holdings, an area of the market we saw improve over the period.
		1 year	+6.38%	
		3 year	+38.70%	

WORST PERFORMING FUNDS	ASSET CLASS	PERFORMANCE		COMMENTS
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	-8.38%	
		3 year	+5.65%	

OUR SEVEN RISK PROFILES

7 6 5 4 3 2 1



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

PERFORMANCE

	3 month	1 year	3 year	5 year
Bowmore Core 1	-0.23	-5.59	-2.74	-0.48
Bowmore Core 2	-0.20	-4.17	3.16	5.66
IA Mixed Investment 0-35%	0.35	-5.62	-1.94	3.46
Bowmore Core 3	0.06	-3.01	6.85	9.48
Bowmore Core 4	0.25	-2.03	9.50	12.24
IA Mixed Investment 20-60%	1.24	-3.02	4.98	9.60
Bowmore Core 5	0.74	-1.10	11.49	14.43
Bowmore Core 6	0.99	-0.55	13.67	16.89
IA Mixed Investment 40-85%	1.65	-1.14	14.27	20.22
Bowmore Core 7	1.67	1.05	17.41	20.51
IA Flexible Investment	1.64	-0.23	17.25	21.38

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

Bowmore portfolios | Corresponding benchmark

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 c.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 continue to exhibit weakness as growth expectations are tested. 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.

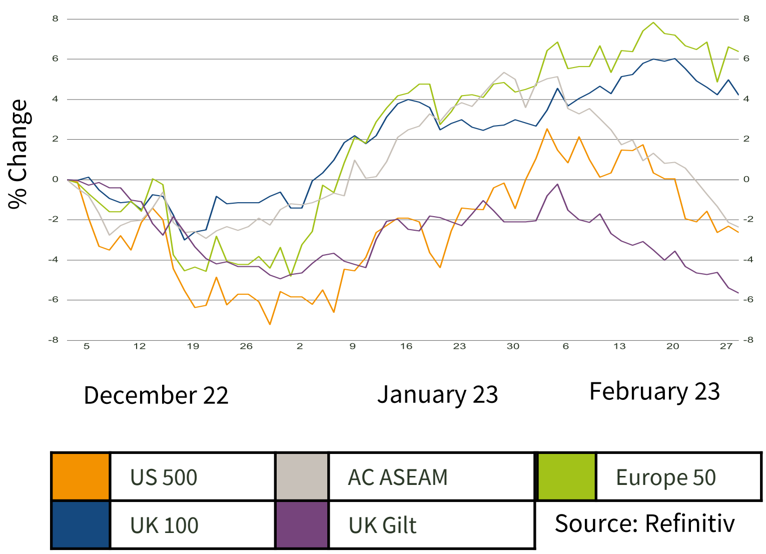
In the US, the Federal Reserve indicated that their monetary policy intervention had started to work on fighting inflation, but there is a way to go. The Central Bank committee's agreed that rates may need to rise further than was initially expected. GDP growth for the last quarter of 2022 was revised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



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