



MAIN MARKET MOVERS



RECESSION PROSPECT



INFLATION



MONETARY TIGHTENING




BUSINESS SURVEYS (PMI)

Western developed central banks have aggressively tightened monetary policy trying to reduce demand and bring down inflation. The consequence being a meaningful slowdown in global growth and several corporate failures, like US regional banks. However, consumer demand and wage growth remain resilient continuing the interest rate debate and concerns of a US or global recession.

At this stage we feel like a shallow slowdown can be achieved with further weakness in Q4, before moving in 2024 into more positive growth territory. Statistically the US will hold for around six months before the first rate cut. As is normal, we expect the UK and Eurozone will follow the US, with a lag of around two to six months.


Jonathan Webster-Smith, Chief Investment Officer

LATEST VIEWS




US Equity

Markets are still pricing in the risk of a recession; however, this risk is easing, even with the recent credit rating downgrade of US government debt from Fitch. In fact, yields continue to rise on the back of strong economic data prints in the US.



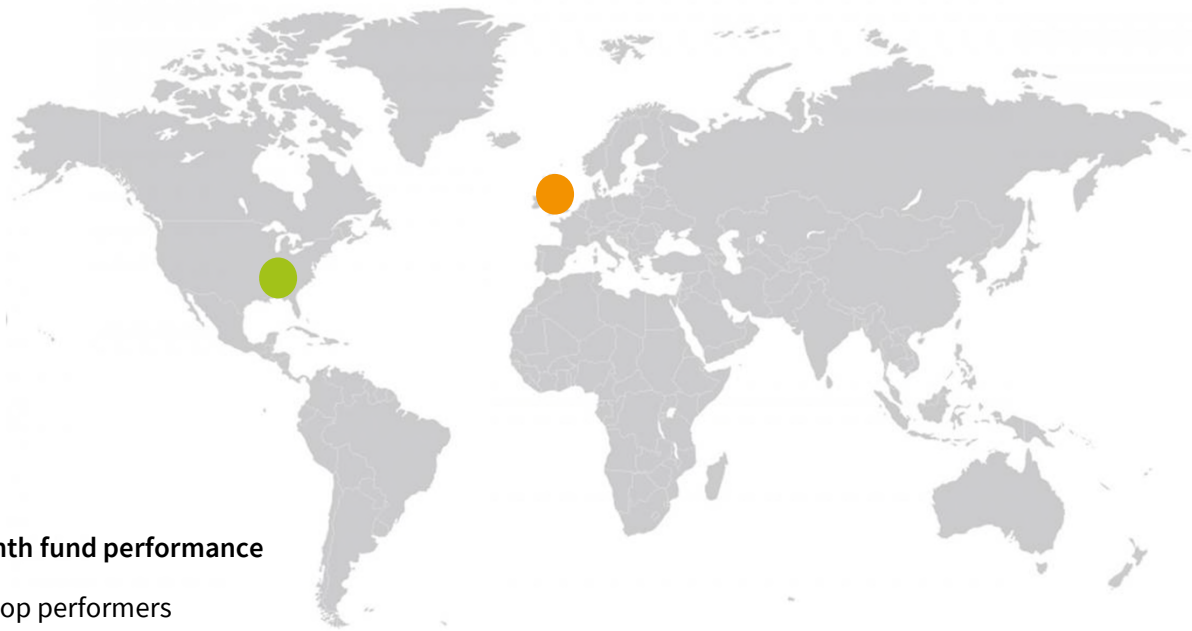
Fixed Income

With inflation and rising rates across the globe, fixed income assets have become more attractive, with higher yields on offer. With the new regime we have entered and with increased volatility, we continue to believe that investors should remain well diversified, including utilising fixed income in their portfolios.



China

China is the only major economy currently experiencing negative inflation, with low business confidence. Markets have started to price in a possible real estate collapse, with a massive fall in investment into the sector. The two biggest property developers in China have heavily stretched balance sheets.



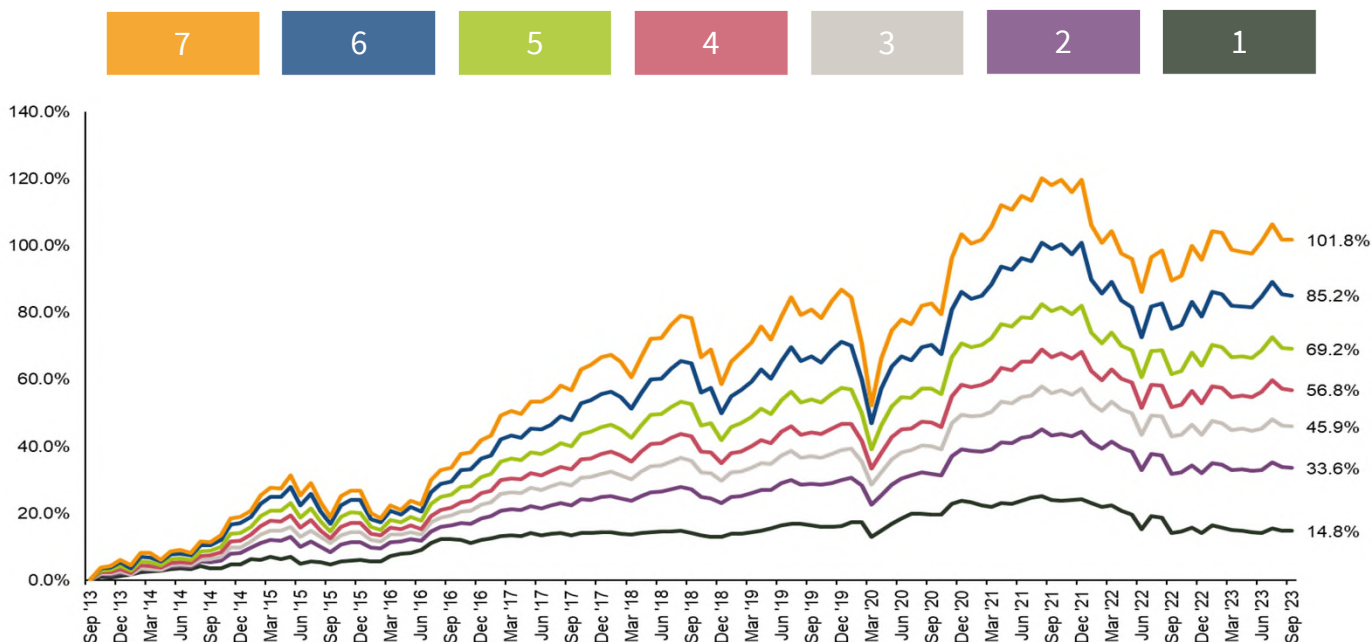
3-month fund performance

- Top performers
- Worst performers

TOP PERFORMING FUNDS				ASSET CLASS	PERFORMANCE	COMMENTS
GS Commodities	Alternative (Commodity)	3 month	+6.90%		Global oil prices increased on reduced supply, and European natural gas prices rose by 23% in the last month due to possible strikes in three LNG plants in Australia.	
		1 year	+10.80%			
		3 year	n/a			
Brown Advisory US Sustainable	Equity (US)	3 month	+6.90%		Markets in the US suggest the Fed could deliver a final rate rise before the year-end, followed by four or five cuts in 2024. Business surveys are also suggesting more positive outlooks.	
		1 year	+8.45%			
		3 year	+33.56%			
Fidelity MSCI World Index	Equity (Global)	3 month	+6.76%		Overall, markets have performed well despite increased volatility, with rate expectations, Chinese weakness and sticky inflation failing to hold global equities down.	
		1 year	+13.61%			
		3 year	+28.60%			
WORST PERFORMING FUNDS				ASSET CLASS	PERFORMANCE	COMMENTS
Vanguard UK Long Duration Gilt	Bond (UK)	3 month	-2.88%		The Bank of England is continuing to increase its policy rate, bringing its bank rate to 5.25%. They mentioned they will continue to hold rates at high levels for some time, having a more significant impact on longer duration bonds.	
		1 year	-17.65%			
		3 year	-46.98%			
T Rowe Price Dynamic Global Bond	Bond (Global)	3 month	-3.82%		The downgrade of the US government from AAA to AA+ and the federal reserve's intention to increase rates have caused yields to rise. Investment grade assets across developed markets underperformed due to wider spreads relative to government bonds.	
		1 year	-7.28%			
		3 year	+1.03%			
Guinness Sustainable Energy	Equity (Global)	3 month	-7.39%		Industrial metals prices have come under pressure, with lower prices from nickel, zinc, aluminium and copper. Precious metals also fell in the last months.	
		1 year	-7.11%			
		3 year	+41.50%			



OUR SEVEN RISK PROFILES



PERFORMANCE

	1 year	3 year	5 year	Since Inception
Bowmore Core 1	0.5%	-4.11%	0.60%	14.79%
Bowmore Core 2	1.34%	1.34%	5.12%	33.65%
Bowmore Core 3	2.08%	4.17%	7.52%	45.93%
ARC Cautious	2.67%	0.36%	5.34%	23.97%
IA Mixed Investment 0-35%	2.66%	-3.77%	1.32%	24.71%
Bowmore Core 4	3.34%	6.57%	9.71%	56.84%
ARC Balanced	3.57%	4.42%	8.69%	38.77%
IA Mixed Investment 20-60%	4.24%	3.55%	6.51%	38.30%
Bowmore Core 5	4.65%	7.48%	10.83%	69.16%
Bowmore Core 6	5.75%	8.75%	12.35%	85.16%
ARC Steady Growth	4.79%	8.34%	12.30%	54.93%
IA Mixed Investment 40-85%	5.27%	10.30%	15.01%	63.39%
Bowmore Core 7	6.44%	10.38%	13.08%	101.78%
ARC Equity Risk	5.94%	12.09%	16.11%	67.71%
IA Flexible Investment	4.76%	12.32%	17.08%	67.48%

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
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Source: Bowmore Asset Management, Morningstar Direct as at 30/09/2023, Net of fees



MARKET REVIEW

Volatility has picked up during the summer, reflecting stress coming from China due to weak macroeconomic data and CPI turning negative in July, at -0.3% year on year. Retail sales in China continue to miss expectations significantly, business confidence is low and real estate continues to be the weakest sector. Difficulties experienced by Evergrande and the largest property developers in China also highlight weakness in August. To address deflationary risks, the People's Bank of China (PBoC) continued to lower its interest rate in August, but credit demand continues to be weak. The Chinese government did take some initiatives to support the financial market, such as halving stamp duty on stock trading.

Not too far away, the Japanese economy continues to grow, activity indicators are showing strong momentum for coming quarters. The deflationary period in Japan seems to be over, with inflation reaching 4.3% year on year in July. Additionally, the country saw its biggest wage increase in 30 years.

Eurozone inflation stayed surprisingly flat in August at 5.3% year on year, while core inflation did fall modestly, though remains well above the European Central Bank's

target. Markets continue to expect ECB rate increases before the end of the year. European markets did fall during the summer, not helped by the Italian government announcing a tax on banks' excess profits.

The credit rating agency Fitch downgraded the US government's credit rating from AAA to AA+. Yields rose due to strong and better than expected economic data and growth, pricing in expectations of further rate rises. The labour market in the US is still strong (unemployment ticked down to 3.5%), while the average hourly wage is still growing. The latest minutes from the Federal Reserve show the committee is still worried about inflation and are ready to increase rates if needed.

FOR FURTHER INFORMATION



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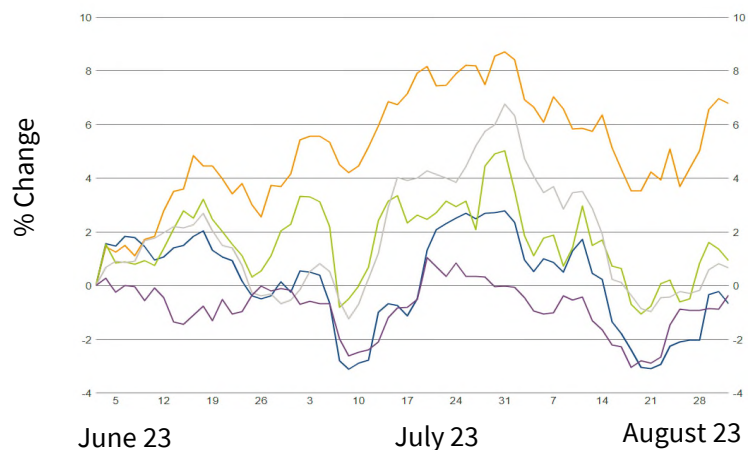







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Index Performances



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

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 30.09.2023
Past performance is not a reliable indicator of future results.
This document is suitable for private clients and professional advisers

