31 October 2023 — Succession Global Specialist Moderate

Fund Details

Currency	USD($)
Benchmark	EAA OE USD Moderate Allocation
Risk profile	Moderate
Investment period	6 years or longer
Launch date	01 June 2022

Fund Objectives

The investment objective of the Fund is to provide medium to high levels of capital growth through higher levels of exposure to global equity markets over a market cycle. This Fund is suitable for investors who want to grow capital significantly over a 6-year or longer timeframe. The Fund can have a maximum equity exposure of 70%, depending on the investment manager's investment strategy for a Moderate portfolio at the time.

Holdings as at Month End	%
Amplify Global Equity Fund	4.00
Baillie Gifford Worldwide Emerging Markets Leading Companies	1.00
Baillie Gifford WW Long Term Global Growth	2.50
Catalyst Global Real Estate	4.50
Dodge & Cox Worldwide - Global	10.00
Dodge & Cox Worldwide Global Stock	6.00
Fundsmith Equity	3.50
Goldman Sachs Global Core Equity Portfolio	4.00
iShares World Equity Index	7.50
Legg Mason Brandywine Global	4.00
Nedgroup Inv Global Equity	2.00
Nedgroup Inv Global Property	4.00
Neuberger Berman Global Opport	5.00
Ninety One Global Franchise	4.00
Pacific North of South EM All Cap Equity	1.00
Payden US Dollar Liquidity	4.00
PGIM Absolute Return	4.00
PIMCO GIS Global Bond	9.00
PIMCO GIS Total Return Bond	4.00
Sands Capital Funds PLC - Sand	2.50
Schroder ISF Global Recovery	5.50
T Rowe Price Global Focused Growth Equity	2.50
T. Rowe Price Emerging Market Discovery Equity	1.00
Vontobel - TwentyFour Absolute Return Credit	3.50
WCM Global Emerging Markets Equity	1.00

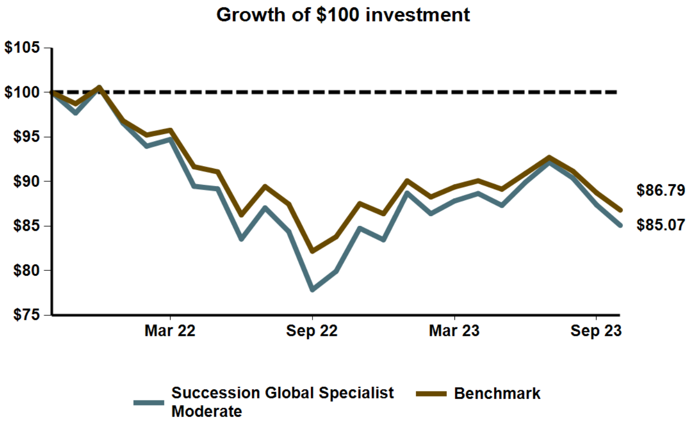
Global Asset Allocation

Investor Profile

This fund is suitable for investors looking for:

- Higher levels of exposure to global equity markets
- Significant growth capital over a 6-year or longer timeframe
- A minimum Investment horizon of 6 years or longer

Cumulative performance - 2 years*



Performance (%)	Fund*	Benchmark
1 Month	-2.63	-2.18
3 Months	-7.68	-6.38
6 Months	-4.04	-3.65
YTD	1.93	0.48
1 Year	6.45	3.58
2 Years (annualised)	-7.77	-6.84
Since Launch (annualised)	-3.27	-3.35

Risk statistics (2 years)	Fund*	Benchmark
Returns (annualised)	-7.77%	-6.84%
Standard deviation (annualised)	12.95%	9.95%
% Positive months	41.67%	41.67%
Maximum drawdown	-22.59%	-18.27%
Sharpe ratio	-0.27	-0.25

Fees (incl. VAT)	
Annual Wrap fee	0.29
Underlying Manager TER's	0.73

* The simulated analysis before launch date was created using Morningstar and is for illustrative purposes only. It provides an indication of hypothetical past performance given historic asset and manager allocation, and cannot be construed as providing an indication of expected future performance. The investor is liable for CGT on any transactions in the unit trusts of the underlying unit trusts within the wrap funds. Compulsory investments are not subject to CGT. Performance is calculated using net returns (after fees) of the underlying unit trusts, and quoted excluding wrap fund fees. Performance quoted is pre-tax. Fund performance numbers shown are for a notional portfolio and do not reflect the actual performance of the client invested in the wrap fund due to timing differences of investments or disinvestments of the client. Dual-listed wraps will reflect combined fund sizes and will reflect primary platform performance information. Benchmark returns for CPI are based on actual published returns and an estimated one month return for the month of the report date. ASISA Benchmark returns are the ASISA returns available as at the time of reporting.

Commentary

Market Review

Broad market weakness continued into October as the MSCI World Index was negative for the third straight month (returning -2.90% for October). The MSCI Europe Index finished the month lower, driven by rising government bond yields, weak economic data, and pessimistic earnings updates. The Nikkei 225 Index fell as the Bank of Japan altered its cap on 10-year bond yields, allowing long-term borrowing costs to rise even more.

In the US, the S&P 500 Index posted a loss as six of the 11 major S&P 500 sectors traded lower, with Information Technology as the largest laggard. Despite Congress averting a government shutdown early in the month, investors remained uneasy amid a battle for the US House of Representatives speakership and escalating conflict in the Middle East. Uncertainty stemming from geopolitical tensions was additionally exacerbated by relatively underwhelming earnings reports posted by various regions. Negative performance was also a function of the lagged effects of the rate hike cycle, as well as persistent rate volatility from divergent outlooks on the likelihood of the US Federal Reserve (Fed) continuing rate hikes into the fourth quarter.

Indeed, the US 10-year Treasury yield briefly reached 5% for the first time in 16 years, and ended 36 basis points (bps) up for the month, at 4.93%. Heightened concerns about the increasing federal deficit contributed to this increase. Other developed market sovereign yields were mixed in October as central banks generally kept policy rates steady. In Germany, the 10-year Bund yield fell 3 bps to 2.81% as growth contracted in the third quarter, while the 10-year UK gilt yield rose 7 bps to 4.51%. In Japan, the 10-year JGB yield continued to climb following the July adjustment to yield curve control, ending 18 bps higher at 0.95%.

US economic reports started to signal a slowdown in the labour market, with the US unemployment rate rising to 3.9% ? its highest level since January 2022. Further, the non-farm payrolls report showed the US economy added just 150 000 jobs in October, as prolonged labour strikes led to job losses in motor vehicle production.

The Fed announced a second straight rate pause at their meeting that concluded on 1 November. Chair Powell appeared to reinforce the current market pricing of another pause at the Fed's next meeting in December, and the latest Fed commentary seems to suggest that tighter financial conditions may continue to ease inflationary pressures over the coming months.

Interestingly, despite the introduction of an additional risk to oil supply from the crisis in the Middle East, crude oil prices ended the month lower. The price decline suggests that market participants believe that headwinds to demand are likely to outweigh the risk of a supply shock. Instead, the heightened geopolitical risk created upside pressure on gold. The US dollar also benefited from safe-haven demand – as well as relatively stronger economic conditions in the US vis-à-vis the rest of the world – and was the only other asset that boasted a positive return last month.

Emerging Market (EM) equities underperformed their Developed Market (DM) counterparts by 0.98% in aggregate. The MSCI EM Index posted a loss of 3.88%.

The Bloomberg Global Aggregate Bond Index was down 1.20% for October.

Property, as measured by the FTSE/EPRA Nareit Developed Market Property Index, sold off by 4.75% for the month.

Outlook

Going forward, we think the risks are heightened that the resilience of the US economy will ultimately give way to a recession in 2024, as the full effect of restrictive monetary policy is transmitted to the economy. Indeed, there are signs that conditions are weakening in the fourth quarter of this year. The Global Composite PMI slid to a nine-month low in October, sending a pessimistic signal about economic conditions around the world. The 0.5-point decline pushed the index down to 50.0 – right on the boom-bust line indicating that global activity stagnated last month. Both the Manufacturing and Services PMIs contributed to this weakness, falling to 48.8 and 50.4, respectively. Importantly, service sector activity has been slowing since May and is now on the brink of contraction. This dynamic has narrowed the gap between the Manufacturing and Services PMIs. While the Manufacturing PMI remains in contraction territory, the economic weakness is now spreading to services, which had been benefiting from pent-up demand and a consumption rotation following the end of pandemic restrictions.

Although some global manufacturing indicators suggest that the industrial cycle is bottoming, they do not point to a robust rebound. Instead, they suggest that for now conditions are stabilising. In fact, the Global Manufacturing PMI indicates that New Orders and New Export Orders are still declining. In this context, the softening of service sector conditions adds an additional headwind to the global economy.

Meanwhile, the EM and DM PMIs suggest that the weakness is more pronounced among developed market economies. That said, the EM Composite PMI is also deteriorating and emerging market economies are unlikely to be a source of much relief. While it is true that the Chinese economy has stabilised, it probably will not rebound meaningfully. This outlook implies that China will not provide a tailwind to global growth.

This lower growth dynamic would limit upside pressure on bond yields. Our outlook has thus diminished from a broadly balanced one to one that is somewhat more cautious.