



# MONTHLY REVIEW – MARCH 2023

## OUR PERSPECTIVE

For a long time, we have believed that the consequences of monetary and financial largesse, and more specifically, the swift reversal of these, will ultimately be the cause of the next crises.

In our opinion, many of the issues we now face, including the cost-of-living crisis, the boom-and-bust of crypto-mania, the excessive leverage burdening the global financial system and the failure of SVB/ Signature Bank, are all either direct or indirect outcomes of irresponsible fiscal and monetary policies over the last decade, if not longer. One can even argue that Credit Suisse is an outcome of ever-lower cost-of-capital and poor controls combined with capitalist greed!

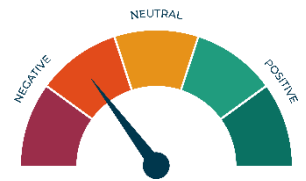
Our fear is that Central Banks feel obliged to reverse direction in fighting inflation too soon, and restart policies which once again create moral hazard. That said, we believe inflation is likely to fall throughout this year, and that the coming battle relates to ensuring that overly rapid tightening of monetary conditions doesn't break anything. Well...cracks have shown up! Tread carefully!!!!

	Index Series	FX	Last Price	Since: 31/03/2023		
				MTD	YTD	1 Year TR
EQUITIES	Bloomberg World Equity Index	USD		3.01%	7.26%	-7.10%
	Bloomberg World Equity - Growth	USD		5.36%	10.08%	-9.10%
	Bloomberg World Equity - Value	USD		-0.88%	2.51%	-5.27%
	Bloomberg UK Equity Index	USD		-0.36%	5.98%	-1.03%
	Bloomberg US Equity Index	USD		3.92%	7.65%	-8.54%
	Bloomberg Europe ex-UK Equity Index	USD		3.54%	12.33%	2.89%
	Bloomberg Japan Equity Index	USD		3.91%	6.55%	-4.67%
	Bloomberg Asia ex-Japan Equity Index	USD		0.45%	4.10%	-8.81%
	Bloomberg Emerging Market Equity Index	USD		0.53%	3.55%	-10.25%
FIXED INCOME	Bloomberg Global Aggregate Index	USD		3.19%	2.87%	-8.19%
	Bloomberg US Treasury Index	USD		2.91%	2.49%	-4.98%
	Bloomberg US Corporate Bond Index	USD		2.67%	2.80%	-6.19%
	Bloomberg UK Gilt Index	GBP		3.53%	2.17%	-17.23%
	Bloomberg Sterling Corporate Bond Index	GBP		1.18%	2.47%	-11.30%
	Bloomberg EM Hard Currency Aggregate Index	USD		1.19%	1.72%	-5.04%
	Bloomberg EM Local Currency Govt Index	USD		1.89%	2.71%	-4.13%
COMMODITIES	Gold Spot \$/Oz	USD	\$ 1,969.28	7.79%	7.96%	1.64%
	LME Copper Spot (\$)	USD	\$ 9,003.25	0.58%	7.63%	-13.10%
	Oil - Brent (\$)	USD	\$ 79.89	-4.77%	-7.01%	-25.97%
	Bitcoin (\$)	USD	\$ 28,592.65	21.31%	72.78%	-38.10%
CURRENCIES	GBP-USD FX-Rate	USD	\$ 1.23	2.62%	2.10%	-6.10%
	EUR-GBP FX-Rate	GBP	£ 0.88	0.09%	0.72%	-4.17%
	USD-JPY FX-Rate	JPY	¥ 132.86	2.49%	-1.31%	-8.40%
	EUR-USD FX-Rate	USD	\$ 1.08	2.49%	1.25%	-2.06%

Source: Bloomberg L.P, 31/03/2023\*

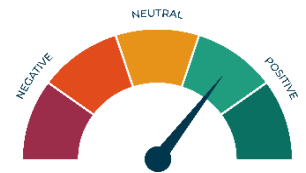
## EQUITIES

Equity markets were generally weak in March, with 'Growth' equities outperforming 'Value' equities as fears of market fragility rose following the failure of several banks. Long duration, cash flow growth and quality outperformed – with the market viewing mega tech as higher quality. We retain exposure to these large cash-flow generators with attractive structural opportunities.



## FIXED INCOME

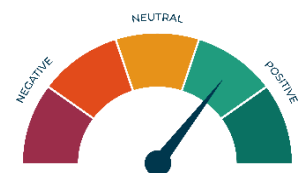
Treasury markets in the UK and US rallied as bond markets reacted to the failure of SVB, Signature Bank and Credit Suisse on increased concerns that liquidity would be affected. We retain our overweight to Government bonds. Given our views on inflation, we retain exposure primarily towards nominal bonds, but we also have some shorter duration inflation linked bonds given the uncertain outlook. With regards to credit markets, we do not believe markets are pricing risk efficiently, and remain underweight credit.



## REAL ASSETS

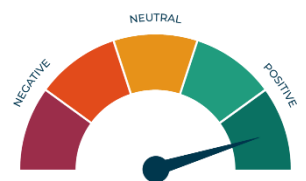
We remain underweight property given prices do not reflect the significant repricing of interest rates and of weakening demand. On the other hand, we remain positive on the outlook for infrastructure, especially in the renewable and digital infrastructure space.

Within the commodity complex, whilst positive on the longer-term trends, the near term the risk of an economic downturn could put further pressure on already weak commodity prices, and we remain underweight. That said, Gold has been the best performing asset YTD, with especially strong performance in March. We retain a significant overweight position in Gold...



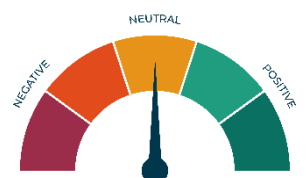
## SPECIALIST STRATEGIES

Specialist strategies continue to play a significant stabilising role within our portfolios. Managed futures had a difficult March however, as the rapid change in sentiment and spike in volatility caught many on the wrong side of the trade. We retain conviction in Managed Futures, especially the managers we're invested with!



## CURRENCIES

Generally, we remain neutral on currencies. The USD dropped following the backstop announcement, but we will have to wait and see whether it is short-term weakness or a new trend. We remain positive on the Japanese Yen, which we believe is both undervalued and under-owned, with potential catalysts for a revaluation higher.



## CONTACT US

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For further information on any of our services, or if you would like to arrange a meeting with an investment manager to see how we can work with you, please find get in touch.

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### **\*Source:**

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