



FINANCE SHOP
Independent Financial Advisers

ADVISORY PORTFOLIO MANAGEMENT QUARTERLY REVIEW Winter 2023

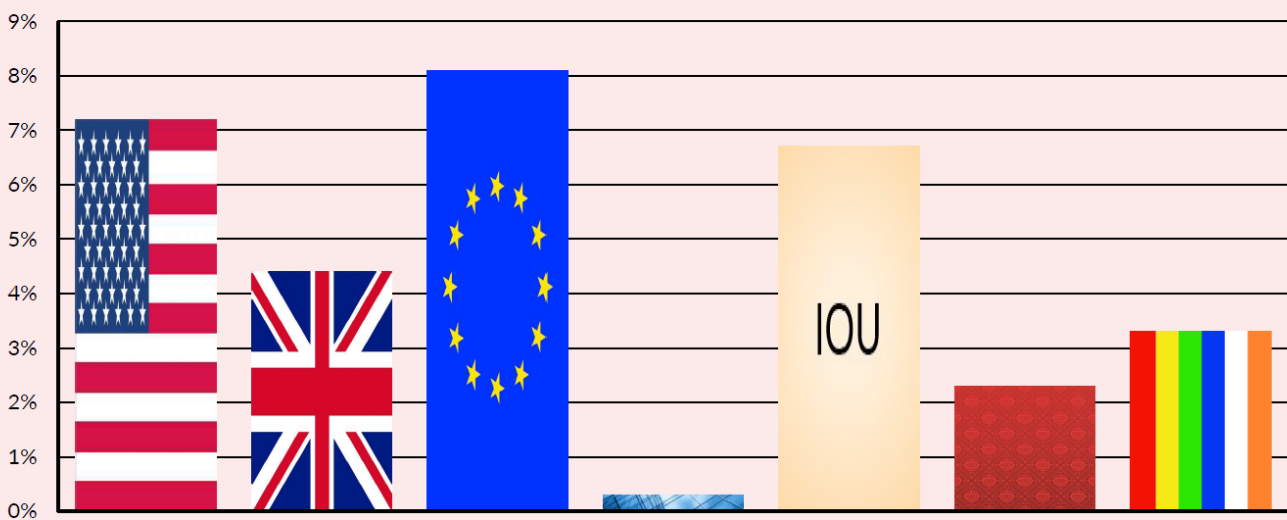
MARKET OVERVIEW - QUARTER FOUR 2023

The fourth quarter began with widescale weakness across most asset classes, as concerns around the rise in bond yields caused a marked sell-off. Indeed, by the end of October yields on many developed market government bonds had reached levels not seen since before the financial crisis, and this in turn led many equity markets to decline significantly.

As November dawned however, sentiment began to recover, led by better than expected inflation data, with numbers falling more than anticipated across much of the developed world. This reversed the direction of bond yields, seeing them fall sharply, as confidence increased that we had seen interest rates peak. Just as optimism was waning, markets received a boost from U.S. central bank governor Jerome Powell, who hinted at a slight softening of policy. Markets needed no second invitation to grasp the initiative, believing prospects had improved for early rate cuts in 2024. Bond yields tumbled further, and equities enjoyed the so called 'Santa Claus rally' through much of December. The question now is have markets moved too far too quickly.

Looking ahead, market focus is likely to shift from inflation to the prospects for growth, and here could lie the catalyst for some questions over the durability of markets resilience. We go into the new year with many economists predicting a soft landing, the opposite of last year where many were predicting a recession. Questions remain over the impact of interest rate rises and whether central banks moved too much to the upside. It is difficult to see anything other than another volatile year, particularly when you factor in the number of elections (some 40 or more) across the world including the U.K. and U.S. That said, it is unlikely that returns will again be driven by such a focused number of stocks and valuation anomalies abound, this should provide a fertile backdrop for actively managed funds and bond investors may well be more richly rewarded.

KEY MARKET PERFORMANCE - QUARTER FOUR 2023



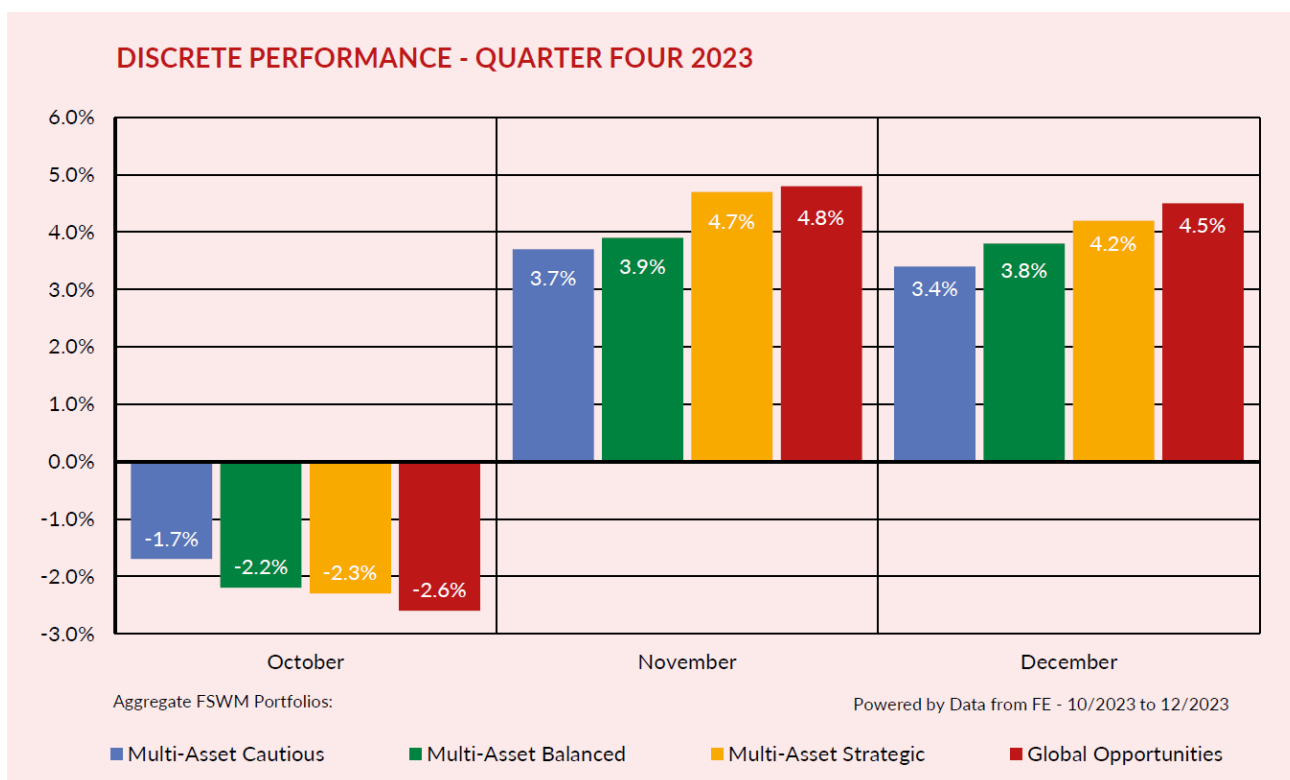
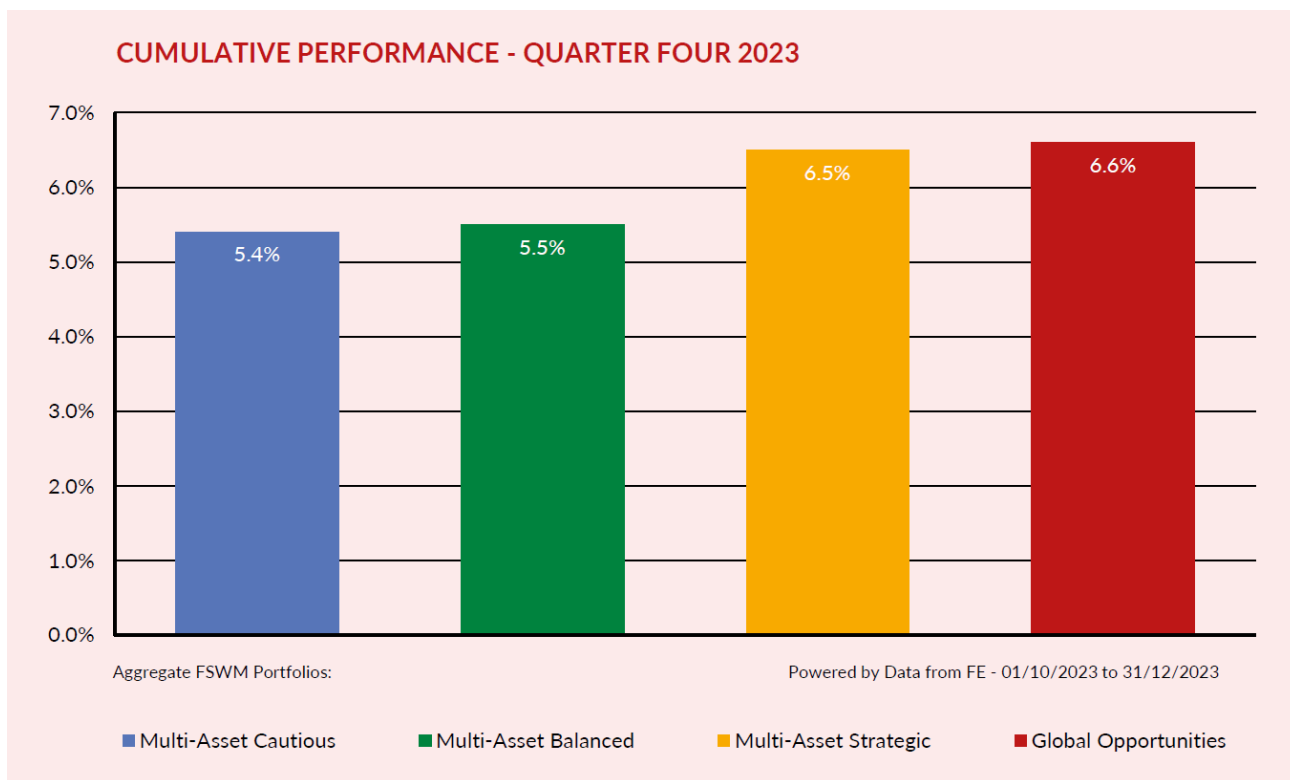
Powered by Data from FE - 01/10/2023 to 31/12/2023

- IA North America (7.2%)
- IA UK All Companies (4.4%)
- IA Europe excluding UK (8.1%)
- ABI UK Direct Property (0.3%)
- IA Sterling Bond (6.7%)
- IA Asia excluding Japan (2.3%)
- IA Global Emerging Markets (3.3%)

APM PORTFOLIOS – QUARTER FOUR 2023 PERFORMANCE

The graphs below show how the APM portfolios within the four Finance Shop risk categories have behaved over the last three months. The first graph shows the total return for the quarter whereas the second graph illustrates the “month by month” performance. The performance figures are aggregated so, for example, the green bar is made up of all the APM Multi-Asset Balanced portfolios across all product types.

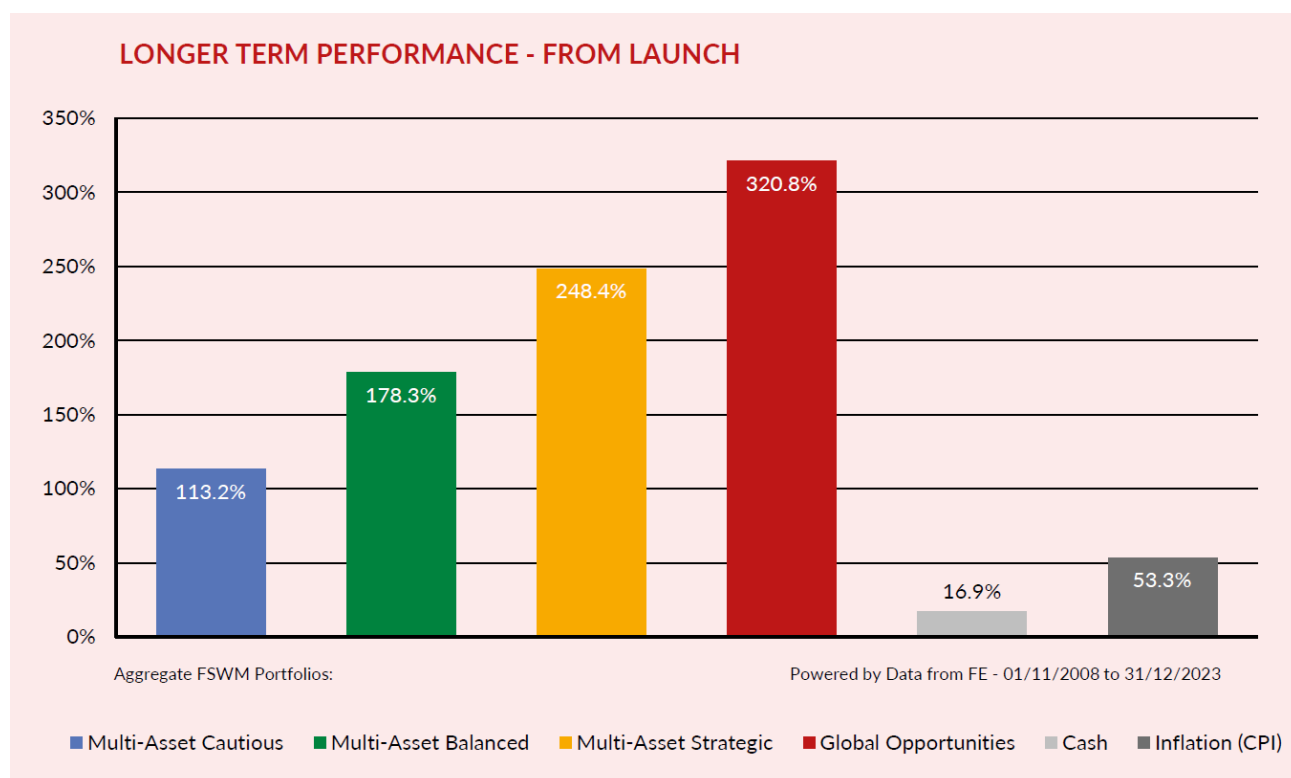
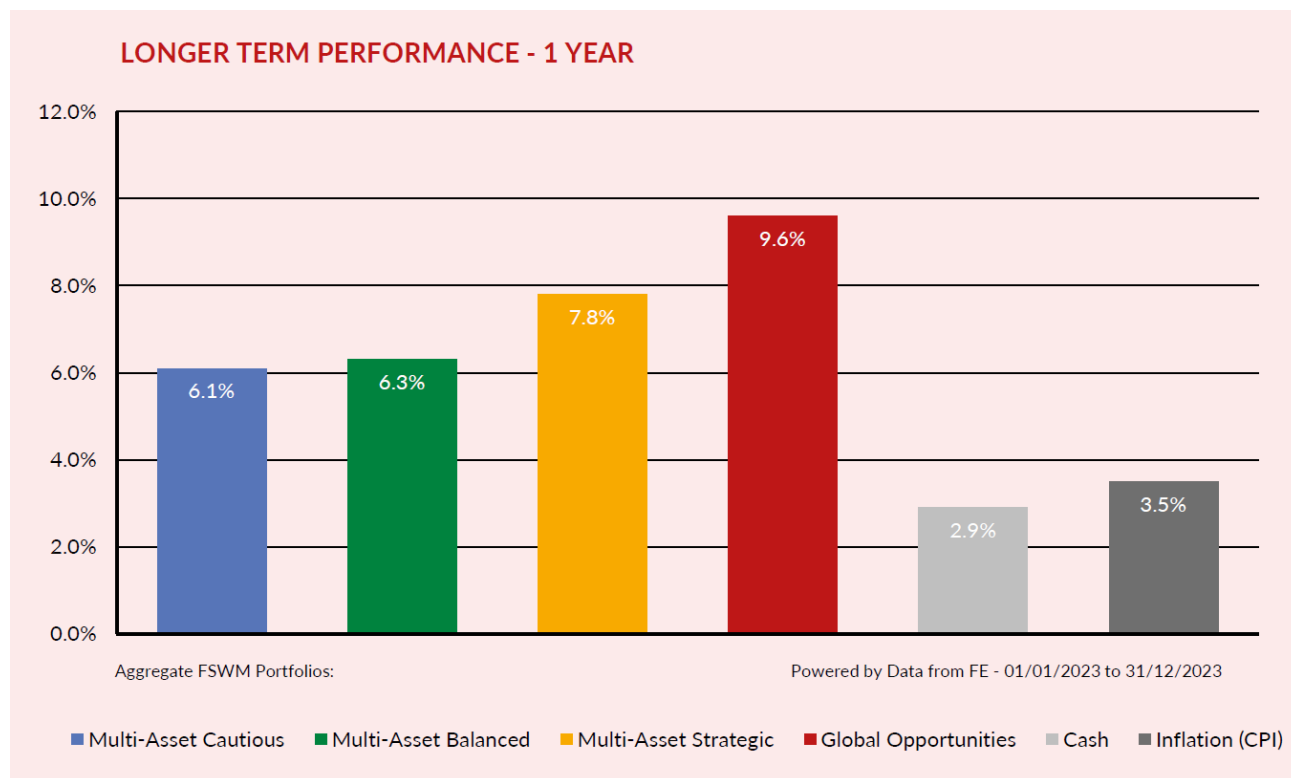
If you require specific performance figures for your plan, please contact your adviser.



APM PORTFOLIOS – LONGER TERM PERFORMANCE

The first graph below shows how the APM portfolios have performed over 12 months. For comparison, the returns of cash (MoneyFacts 90 days' notice 10K) and inflation (UK Consumer Price Index) are also shown. The second graph illustrates how the portfolios have performed since launch (1st November 2008).

As with the graphs on the previous page, the figures for each category are aggregated.



PERFORMANCE REVIEW

All the portfolios enjoyed strong returns over the quarter propelled upwards by the recovery in both bonds and equities. Pleasingly all of the portfolios also finished the year with positive returns ranging between mid and high single digit, with our most adventurous portfolio providing the greatest rewards, with the wider exposure to equities helping its outperformance.

APM FUND REVIEW POLICY

A key part of the APM service is to monitor the underlying performance of each fund within the portfolios for both risk and return. We have selected quality funds with strong track records and therefore do not envisage a high turnover of holdings.

However, there will be occasions when the performance of an individual fund will lead to its expulsion from the portfolio(s). There are several factors that determine this decision, for example consistent under-performance, change of management team etc. It is also important, however, to have patience with a fund that is just suffering short-term under-performance.

We operate a “traffic light” system and will move a fund from a “green” to “amber” rating if the fund requires closer scrutiny at the next review. If a fund shows sufficient improvement, it will move back to “green”.

If the fund consistently under-performs without good reason its status will change to “red” and the fund will be removed from the portfolio(s). A replacement fund will be selected and all clients holding the fund within their portfolio will be notified. Upon receipt of their authority, the client’s funds will be switched accordingly.

RESULTS OF FUND & ASSET ALLOCATION REVIEW

The Investment Committee meets on a quarterly basis and one of its primary functions is to review our existing fund range.

Within this meeting we scrutinise any funds which we feel are performing significantly differently to their peer group or benchmark, with a number then run against our internal performance and risk measurements.

The changing backdrop for the forthcoming year has led us to make a number of changes to the make-up of the portfolios, and we are currently debating the final asset allocations which we expect to complete in early January. We would then anticipate writing to you over the coming months outlining the changes and requesting permission to action them.

IMPORTANT INFORMATION

This report has been issued by the Investment Committee of the Finance Shop Wealth Management team using data provided by Financial Express. Care has been taken to ensure that the information is correct but Financial Express and Finance Shop neither warrants, represents nor guarantees the contents of the information, nor does Financial Express or Finance Shop accept any responsibility for errors, inaccuracies, omissions, or any inconsistencies herein.

Past performance is not a guide to future performance. The value of investments and the income from them may go down as well as up and investors may not get back the amount originally invested. Currency fluctuations can also affect fund values. The above report does not constitute advice and you should speak to your Independent Financial Adviser before you make any alterations to investments or pension plans.

The instruments recorded above are weighted model portfolios created using Financial Express Analytics. Performance figures shown are based on the weighted models and may differ from the actual returns achieved by investors. Performance figures shown are based on bid-to-bid gross returns and do not include plan, contract, or ongoing adviser charges / commission. Please refer to your policy documentation for further details.

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