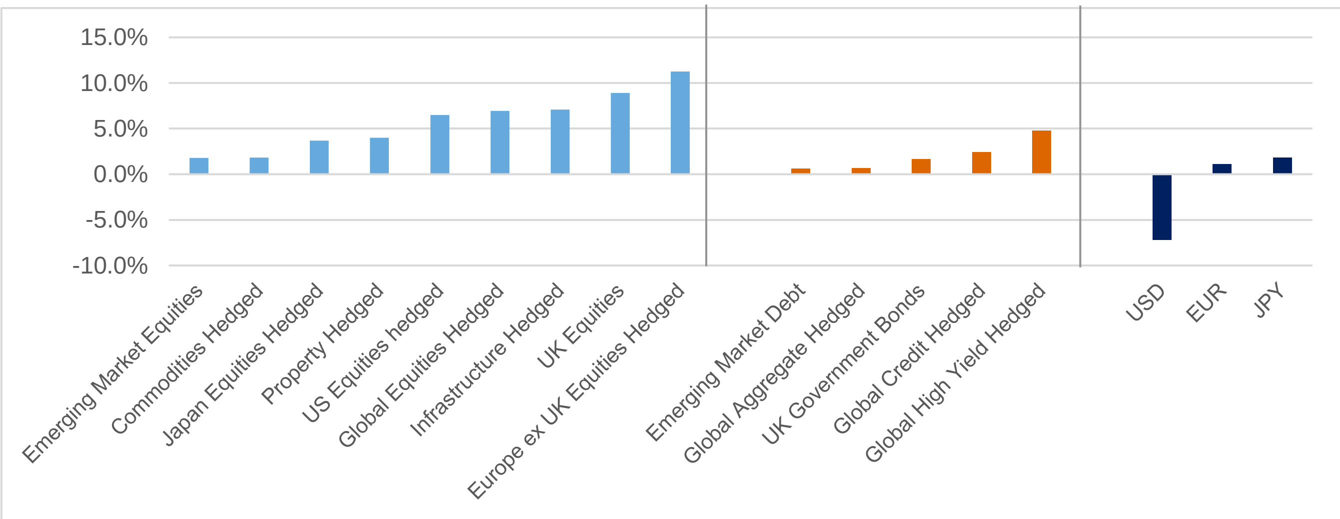
JGC - WPP Performance Summary Q4 2022

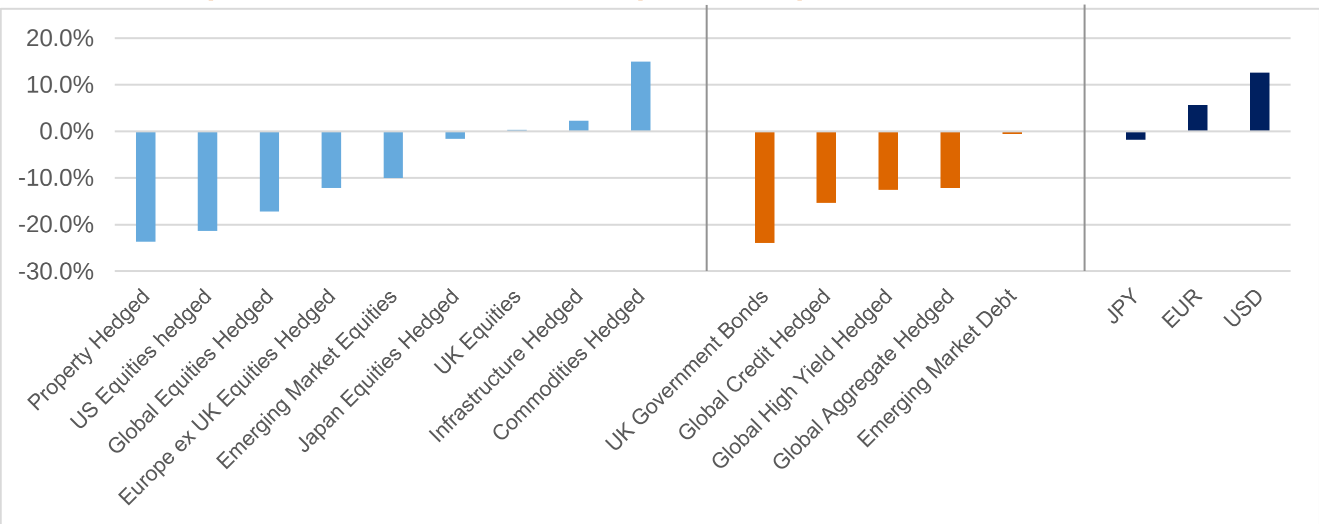
Global Market Commentary

The MSCI World Net Index recorded its first positive quarter in a year. This was the strongest quarter for the index since the fourth quarter of 2020. An anticipated slower pace of future interest rate hikes and softer-than expected inflation data boosted investor enthusiasm. However, the US Federal Reserve (Fed), Bank of England (BoE) and European Central Bank (ECB) all raised interest rates as expected this quarter. The US dollar (USD) depreciated over the quarter in contrast to its strong 2022 performance. US equities underperformed other markets in a weaker period for large cap growth stocks and the US dollar. In the eurozone, value stocks were in demand. The central bank also downgraded its 2023 growth forecasts but pushed 2024 expectations higher. In the UK, market conditions improved after former Chancellor of the Exchequer, Rishi Sunak, became the leader of the Conservative party and the UK's new Prime Minister. Emerging Markets narrowly lagged global equities.

Asset class performance – Quarter to Date (December) 2022



Asset class performance – Year to Date (December) 2022



Benchmarks : Global equity hedged (MSCI World ACWI), UK equity (FTSE All Share), US equity hedged (Russell 1000 Net GBPH), Europe ex UK equity (MSCI Europe ex UK Equity Net GBPH), Japan equity (TOPIX Net GBPH), Emerging equity (MSCI Emerging Markets Net), Global HY bonds (BofAML Global High Yield 2% Constrained Index), EMD LC (JP Morgan GBI-EM Global Diversified Index), Global credit hedged (Bloomberg Barclays Global Aggregate Credit Index), Global aggregate hedged (Bloomberg Barclays Global Aggregate Bond Index GBPH), UK Government Bonds (ICEBofAML UK Gilts All Stocks (GB), Property hedged (FTSEEPRA Nareit Dev Re GBP)

Global Opportunities Equity Fund:

	Three Months	1 Year	Since Inception
Gross	2.17	-4.14	10.47
Net	2.10	-4.39	10.18
MSCI AC World Index Net	1.86	-8.08	8.89
Excess returns (gross)	0.31	3.94	1.58

Inception Date: COB 14th February 2019

Source: Russell Investments as of 31 December 2022

Overall Fund Commentary
In factor performance, large cap value stocks were in the highest demand this quarter. In sharp contrast, large cap growth stocks were the weakest performers. Overall, value comfortably outperformed growth, which extended growth's weak 2022 performance. Small cap stocks outperformed large caps this quarter but slightly lagged over 2022 on aggregate. Momentum also outperformed this period. European growth manager SW Mitchell significantly outperformed over the quarter, followed by Sanders, which benefitted from its global value focus. In contrast, Morgan Stanley detracted, punished by its focus on growth. Nissay, Jacobs Levy and Numeric (core) also underperformed in the quarter, albeit to a lesser extent.

Global Growth Equity Fund:

	Three Months	1 Year	Since Inception
Gross	3.57	-10.46	8.51
Net	3.47	-10.80	8.09
MSCI AC World Index Net	1.86	-8.08	9.23
Excess returns (gross)	1.71	-2.38	-0.73

Inception Date: 6th February 2019

Source: Northern Trust as of 31 December 2022

Overall Fund Commentary
After an extremely difficult year for equities, global stock markets staged a rebound in Q4. The strength in the rally was driven primarily by expectations that global inflation has peaked and will start to decline in 2023 and that central banks are much closer to the end of their tightening cycles. The unexpected relaxation of China's zero-covid policy also helped to boost returns. The fund outperformed its benchmark in Q4 rising 3.47% net of fees vs the benchmark of 1.86%. Value continued to outperform growth in Q4, and as such, top contributor to performance was the fund's holding in value manager Pzena, who saw strong gains due in part to its holdings in value driven sectors such energy, financials, and materials. The strength in Pzena performance was offset by underperformance form Baillie Gifford and Veritas. From a geographic perspective, gains in the fourth quarter were made from strong regional performance form the US, France, and the UK As we move into 2023 the outlook for global equities remains mixed and we would expect continued volatility throughout the year as the tensions between whether global central banks can cool economies sufficiently to dampen inflation without causing a global recession.

EM Market Commentary

The MSCI Emerging Markets (EM) Index narrowly lagged global equities in the final quarter of 2022. Investors responded positively to developments in China, as the country loosened strict Covid restrictions. An anticipated slower pace of future interest rate hikes in developed markets and softer-than-expected inflation data boosted investor enthusiasm. In contrast to its strong 2022 performance, the US dollar depreciated over the period which was a further tailwind. South Korea enjoyed a strong return but ended the year in negative territory. Elsewhere, South Africa’s central bank also increased rates, by 75 bps to 7.0% as expected. Brazil capped a positive year with a 2.4% return this quarter. Former president and Workers’ Party candidate Luiz Inácio Lula da Silva narrowly defeated incumbent Jair Bolsonaro in the second-round Presidential election.

EM Opportunities Equity Fund:

	Three Months	1 Year	Since Inception
Gross	1.63	-11.23	-10.47
Net	1.54	-11.53	-10.78
MSCI Emerging Market Index	1.80	-10.02	-9.47
Excess returns (gross)	-0.18	-1.21	-1.00

Inception Date: COB 20th October 2021

Source: Russell Investments as of 31 December 2022

Overall Fund Commentary
The Fund’s tilt towards and effective selection of value stocks contributed positively. In contrast to early-year performance, underweights to India, Saudi Arabia and Qatar contributed positively this period. An underweight to China was negative although exposure to Hong Kong-based stocks and effective selection effects contributed positively. Selection within Mexico and the financials (banks) and materials (metals & mining) sectors was also rewarded. The overweight to and selection within Brazil and selection within Taiwan weighed on performance.

UK Market Commentary

The FTSE All Shares Index - Total Returns recorded a positive return in the final quarter. Market conditions improved from the negative and volatile third quarter. Former Chancellor of the Exchequer, Rishi Sunak, became the leader of the Conservative party and the UK's new Prime Minister. This followed Liz Truss' resignation as leader after a tumultuous period. However, new Chancellor Jeremy Hunt announced restrictive fiscal policies in his Autumn Statement – a sharp contrast to the previous administration's "growth plan". The Bank of England twice raised rates, including its largest rate increase in three decades in November (+75 basis points). The central bank's rate setting committee argued more hikes were likely to be required despite warning the UK economy may have to endure a "very challenging" two-year economic contraction.

UK Opportunities Equity Fund:

	Three Months	1 Year	Since Inception
Gross	11.03	-7.33	2.14
Net	10.92	-7.65	1.73
FTSE All Share	8.90	0.34	3.93
Excess returns (gross)	2.13	-7.67	-1.79

Inception Date: COB 11th October 2019

Source: Northern Trust as of 31 December 2022

Overall Fund Commentary
In factor performance, high dividend yield stocks produced the strongest returns this quarter, while small and mid-capitalisation stocks did better than large caps. Value outperformed growth during the quarter, extending its positive 2022 performance. In sectors, basic materials and health care produced the biggest absolute returns, followed by consumer discretionary. Telecommunications was the only sector to produce an absolute negative return for the quarter. Within this environment, the Fund's overweight to small caps was advantageous. Stock selection within financials and consumer staples contributed to the positive return. All managers produced positive relative returns versus the benchmark with the exception of Baillie Gifford. Ninety One led the outperformance followed by Liontrust.

Fixed Income Market Commentary

The Bloomberg Global Aggregate Bond Index brought a negative year to a close with a positive return in the fourth quarter. Investors continued to assess the future path for interest rates amid expectations of a global slowdown. The US Federal Reserve (Fed), Bank of England (BoE) and European Central Bank (ECB) raised interest rates as expected during the period. Policymakers predicted rates would continue to rise to tackle high inflation. However, an anticipated slower pace of future rate hikes and softer-than-expected inflation data boosted investor enthusiasm. In the US, the Fed increased its benchmark interest rate by 75 basis points (bps) and 50 bps respectively to end the year at a 4.5% rate. Fed Chair Jerome Powell highlighted a likely moderation in rate increases going forward. In the eurozone, the ECB twice raised rates to end the year at a 2.5% rate – the highest level since 2009. In Japan, the benchmark 10-year yield climbed a notable 18 bps to 0.42%.

Global Government Bond Fund:

	Three Months	1 Year	Since Inception
Gross	1.85	-10.76	-4.89
Net	1.78	-11.00	-5.12
FTSE World Gvt Bond Index (GBP Hedged)	-0.62	-13.76	-6.82
Excess returns (gross)	2.47	3.00	1.93

Inception Date: COB 19th August 2020

Source: Northern Trust as of 31 December 2022

Overall Fund Commentary
The Fund significantly outperformed the negative benchmark return this quarter with both underlying managers outperforming. The Fund's exposure to short-dated UK gilts early in the period suited the market environment. An underweight to Japanese and core European duration in a period where yields rose was also rewarded.

Global Credit Fund:

	Three Months	1 Year	Since Inception
Gross	3.14	-15.91	-6.09
Net	3.09	-16.06	-6.25
Bloomberg Barclays Global Agg Credit Index (GBP Hedged)	2.43	-15.34	-6.48
Excess returns (gross)	0.71	-0.58	0.39

Inception Date: COB 20th August 2020

Source: Northern Trust as of 31 December 2022

Overall Fund Commentary
The Fund's overweight to European HY and IG credit was a key positive driver this quarter. An overweight to US HY was also rewarded, although this was slightly mitigated by an underweight to US IG credit. In contrast to the previous quarter, the Fund's EMD positioning weighed on returns this period.

Multi Asset Credit Fund:

	Three Months	1 Year	Since Inception
Gross	4.28	-12.49	-2.22
Net	4.17	-12.74	-2.56
3 Month GBP SONIA + 4%	1.69	5.47	4.65

Performance Target is 3 Month GBP SONIA + 4%, we have not shown excess return as this is a target.

Inception Date: COB 11th August 2020

Source: Northern Trust as of 31 December 2022

Overall Fund Commentary
Global credit markets increased amid a wider investor enthusiasm for risk assets. This was most notable in Europe while US high yield also tightened for the quarter despite widening in December. Global investment grade credit spreads tightened more modestly in comparison. Emerging Market debt (EMD) benefitted from a weaker US dollar (USD) and expectations of a slowing of policy tightening within developed market countries. All underlying managers recorded positive absolute returns, with loan specialist ICG and EMD specialist Man GLG performing well.

Absolute Return Bond Strategy Fund:

	Three Months	1 Year	Since Inception
Gross	1.67	2.55	1.87
Net	1.56	2.42	1.56
3 Month GBP SONIA + 2%	1.20	3.44	2.67

Performance Target is 3 Month GBP SONIA + 2%, we have not shown excess return as this is a target.

Inception Date: COB 30th September 2020

Source: Northern Trust as of 31 December 2022

Overall Fund Commentary
Investment grade credit positioning was a key contributor this period in a positive environment for the tilt towards European credit. Duration exposure also remained positive through short duration positioning to German 5-year, US 10-year and Japan 10-year bonds. In contrast to the previous quarter, prepayment strategies contributed positively. Long exposure to mortgage basis was rewarded in a period where spreads tightened. Macro strategies also had a positive impact.

Sterling Credit Fund:

	Three Months	1 Year	Since Inception
Gross	6.46	-16.39	-6.61
Net	6.43	-16.50	-6.73
ICE Bank of America Merrill Lynch Euro-Sterling Index plus 0.65%	6.38	-17.10	-7.14

Performance Target is ICE Bank of America Merrill Lynch Euro-Sterling Index plus 0.65%, we have not shown excess return as this is a target.

Inception Date: COB 19th August 2020

Source: Northern Trust as of 31 December 2022

Overall Fund Commentary

The Fund exhibited positive returns of 6.46% gross in the fourth quarter of 2022.

The fund is mostly exposed to Western countries, mainly US (~13%), UK (~38%), and EU (~29%) corporate IG and HY bonds denominated in GBP where bond returns have been impacted by inflation, monetary policies from the central banks in these regions, and energy prices in the wake of the conflict in Ukraine.

The first three quarters saw the bond market have its worst performance since the 2008 crisis as a result of a sharp increase in government yields and credit spread widening due to accelerating inflation, central bank aggressive interest rate hikes and high recession risk. During that period the 10-year Gilt yield sharply increased by about 3.9%, Global IG and HY credit spreads sharply widened by about 79 bps and 212 bps, respectively.

Conversely, in the fourth quarter, the bond market was supported by slowing inflation, smaller increases in energy prices, central banks reducing the pace of interest rate hikes, and western economies turning out to be more resilient than expected. As a result, the 10-year Gilt yield decreased by about 46bps, Global IG and HY credit spreads tightened by about 28 bps and 73 bps, respectively, which explains the fund's 6.46% positive returns over the fourth quarter. Unfortunately, the fourth-quarter positive returns were not sufficient to offset the strong negative returns generated in the three first quarters, and the fund finished the year with a negative performance of 16.39% gross.