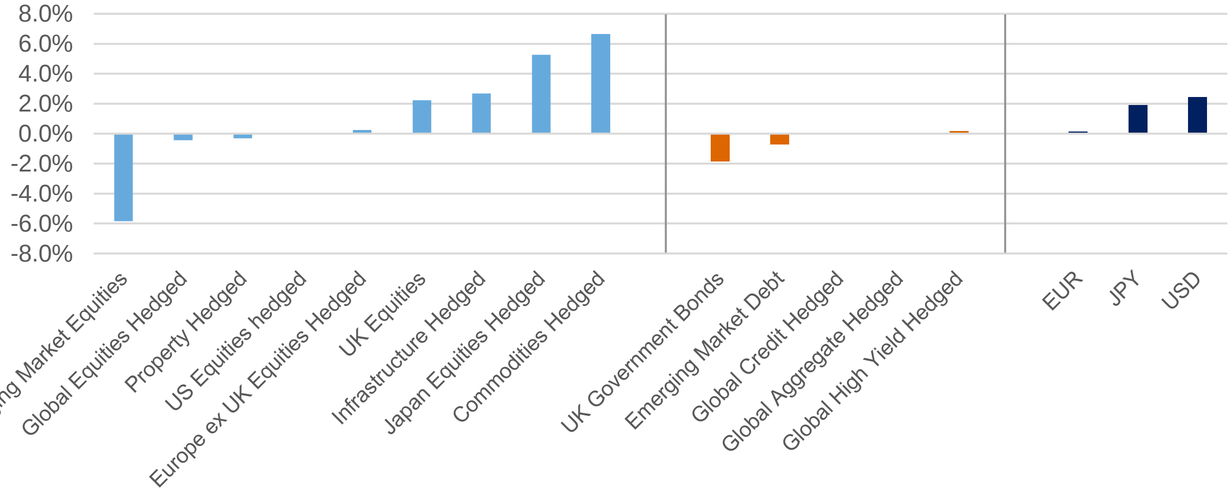
JGC - WPP Performance Summary Q3 2021

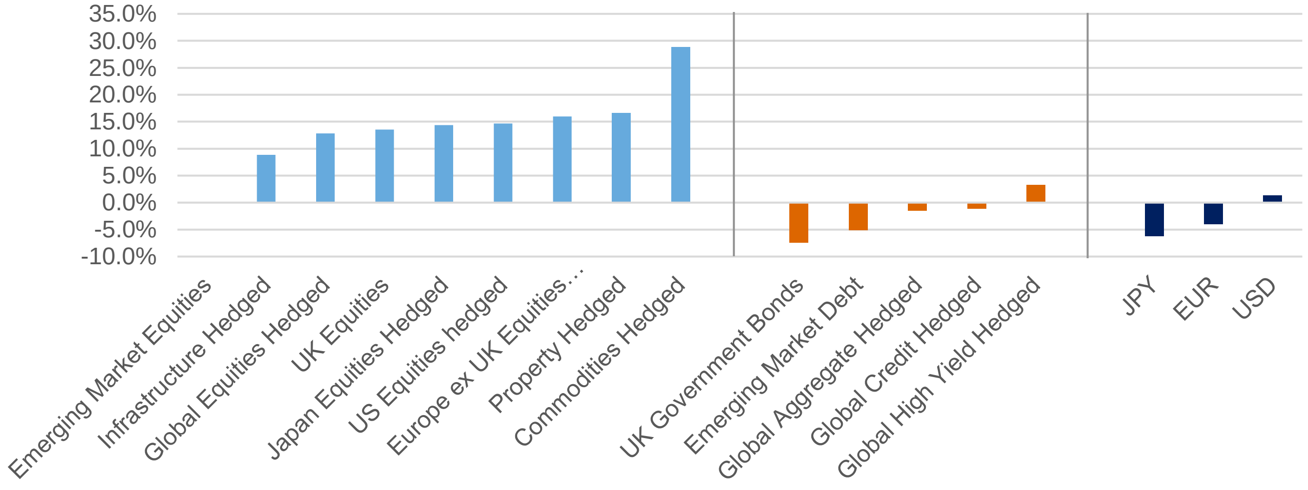
Global Market Commentary

The positive market momentum which dominated the first two months of the quarter, reversed quite sharply in September. Lingering concerns about higher inflation persisted throughout the whole period, forcing major central banks to turn more hawkish. The Federal Reserve (Fed) confirmed in September that it will taper its asset purchase programme by the end of the year, whilst the Bank of England (BoE) and the European Central Bank (ECB), also acknowledged that a change in policy may be needed. Additionally, the spread of the “Delta” variant of Covid-19, despite the continued rollout of vaccines, dented global economic growth projections. China also contributed to market volatility as its government cracked down on several sectors in the name of general prosperity. Furthermore, the prospect that China’s highly indebted property developer Evergrande could collapse, also sent shivers across global markets. Over the quarter, both the US dollar and oil prices strengthened.

Asset class performance – Quarter to September 2021



Asset class performance – Year to September 2021



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	0.46	24.37	15.58
Net	0.39	24.01	15.22
MSCI AC World Index Net	1.37	22.19	14.45
Excess returns (gross)	-0.91	2.18	1.14

Inception Date: COB 14th February 2019

Overall Fund Commentary
The Fund registered positive absolute returns over the third quarter but finished behind the benchmark on a relative basis. Momentum, growth, large-caps and quality outperformed. As such, growth manager SW Mitchell registered robust positive returns helping to limit underperformance. Volatility in Emerging Markets (EM), driven by negative returns in China, also spilled over to the Funds EM strategy. Further underperformance was driven by the Fund’s exposure to small-caps and value as this did not suit the market environment.

Global Growth Equity Fund:

	Three Months	1 Year	Since Inception
Gross	0.76	27.19	16.82
Net	0.66	26.70	16.37
MSCI AC World Index Net	1.37	22.19	14.93
Excess returns (gross)	-0.62	5.01	1.90

Inception Date: 6th February 2019

Overall Fund Commentary

The Fund marginally underperformed its benchmark in the September 2021 quarter. Pzena slightly underperformed the MSCI ACWI Index but outperformed the MSCI ACWI Value Index. Within their portfolio, Newell Brands (consumer products), NOV (oil services), and Lear Corp. (car seat manufacturer) were the largest absolute detractors from performance.

Baillie Gifford also recorded underperformance for the quarter of 2.0%. Prosus' share price continued to come under pressure, a result of concerns relating to its large holding in Tencent. This concern emanated from investor concern about possible actions from China's market regulators. Shares in the e-commerce software platform Shopify declined during the quarter reflecting broader weakness in high growth 'technology' companies.

Veritas outperformed the benchmark during the quarter by 1.1%. Alphabet continued to perform well over the quarter as did Thermo Fisher Scientific, whose shares rose after the company said it anticipates total revenues of $40 billion for 2022, a 12 percent increase over its $36 billion in anticipated revenues for 2021. It has also increased expected earnings per share.

UK Market Commentary

The Bank of England (BoE) unanimously decided to keep its interest rate unchanged but acknowledged that inflation could peak at 4.0% and remain at that level until the second quarter of 2022. The positive market momentum which dominated the first two months of the quarter reversed in September. Inflationary pressures, uncertain global growth expectations and the anticipated tightening of monetary policy by global central banks weighed on investor sentiment amid an apparent fuel shortage and lack of HGV drivers. The global spread of the “Delta” variant of Covid-19 also dented economic growth projections. Notably, the benchmark 10-year gilt yield increased by 30 bps in this environment. Sterling weakened over the period despite appreciating in September.

UK Opportunities Equity Fund:

	Three Months	1 Year	Since Inception
Gross	1.75	31.82	6.57
Net	1.65	31.30	6.12
FTSE All Share	2.23	27.89	4.13
Excess returns (gross)	-0.47	3.93	2.44

Inception Date: COB 11th October 2019

Overall Fund Commentary
The Fund underperformed the positive benchmark return in the third quarter. Growth was the strongest-performing factor this quarter whereas value underperformed the benchmark which did not suit the market environment. Overall Fund performance was primarily driven by stock selection effects. Selection within the consumer discretionary sector was the key detractor. Negative selection within the basic materials, information technology and consumer staples sectors outweighed positive sector positioning. However, strong stock selection within the financials sector (banks) was rewarded as investors anticipated higher interest rates.

Fixed Income Market Commentary

Higher inflation was persistent throughout the whole of the third quarter of 2021. The Fed maintained its current monetary policy for now, however Fed Chair Jerome Powell revealed that tapering of monthly bond purchases could “easily move ahead” as soon as November. Across the pond, the BoE unanimously decided to keep its interest rate unchanged for now but acknowledged that inflation could peak at 4.0% and remain at that level until the second quarter of 2022. On mainland Europe, the ECB decided to keep its interest rate unchanged but added that it would move to “a moderately lower pace” in its €1.85 trillion pandemic emergency purchase programme initiative. President Joe Biden’s $3.5 trillion domestic spending package faced immense pressures as influential Democrat and US Senator Joe Manchin, only declared his support for up to $1.5 trillion of a potential fiscal package. This comes as political concerns around the US debt ceiling also continued to rage on. Meanwhile in Europe, German coalition negotiations await following federal elections in late September. The Social Democratic Party (SDP) secured the highest share of votes, edging out the conservative bloc of outgoing chancellor Angela Merkel's Christian Democratic Union. These factors helped corporate high yield spreads to widen in the US and in the EU.

Global Government Bond Fund:

	Three Months	1 Year	Since Inception
Gross	-0.03	0.03	0.03
Net	-0.08	-0.17	-0.18
FTSE World Gvt Bond Index (GBP Hedged)	-0.08	-2.30	-1.78
Excess returns (gross)	0.05	2.33	1.80

Inception Date: COB 19th August 2020

Overall Fund Commentary
The Fund outperformed the benchmark this period. In the UK, the benchmark 10-year gilt yield increased by 30 bps. Meanwhile, the German 10-year bund yield increased by 1 bp to -0.20%. Within this environment, the Fund benefitted from its underweight duration positioning to the UK. However, underweight exposure to the US and Germany were small detractors. Colchester extended its inception-to-date outperformance this quarter whereas BlueBay underperformed over the period.

Global Credit Fund:

	Three Months	1 Year	Since Inception
Gross	0.12	2.87	2.27
Net	0.08	2.71	2.11
Bloomberg Barclays Global Agg Credit Index (GBP Hedged)	0.01	1.19	0.78
Excess returns (gross)	0.11	1.68	1.49

Inception Date: COB 20th August 2020

Overall Fund Commentary
The Fund outperformed the benchmark this period. The overweight to European HY industrials and UK HY financials was beneficial this quarter. An underweight to European IG industrials as well as an overweight to UK IG financials were further contributors. Similar to the previous quarter, underweight exposure to Emerging Market names detracted from additional outperformance.

Multi Asset Credit Fund:

	Three Months	1 Year	Since Inception
Gross	0.07	8.53	7.27
Net	0.00	8.12	6.85
3 Month GBP Sonia + 4%	1.00	4.05	4.06

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

Overall Fund Commentary
The Fund returned marginally below its target over the quarter. The exposure to securitised assets was a positive contributor to performance. In addition to this the overweight to high yield industrials was also a benefit to the Fund. However, broader uncertainty amongst investors saw emerging market debt (EMD) underperform and high yield spreads widen.

Absolute Return Bond Strategy Fund:

	Three Months	1 Year	Since Inception
Gross	0.23	2.32	2.32
Net	0.13	1.86	1.86
3 Month GBP Sonia + 2%	0.51	2.05	2.05

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

Overall Fund Commentary
The Fund returned below its target this quarter. Concerns about higher inflation persisted throughout the whole period. Prepayment strategies were a detractor to the Fund's overall performance over the quarter. However, exposure to securitised assets such as asset backed securities was a positive contributor to performance as investors demand for assets with lower interest rate sensitivity increased.

Sterling Credit Fund:

	Three Months	1 Year	Since Inception
Gross	-0.81	0.94	0.86
Net	-0.84	0.82	0.74
ICE Bank of America Merrill Lynch Euro-Sterling Index plus 0.65%	-0.79	0.36	0.59
Excess returns (Gross)	-0.02	0.58	0.28

Inception Date: COB 19th August 2020

Overall Fund Commentary

The portfolio generated negative returns over the quarter but only slight underperformance against the index. Fidelity have been biased towards ABS names for some time; this positioning buoyed returns over the quarter as the asset-backed sector outperformed. The overweight exposure to securitised names such as Together Asset Backed Securitisation, AA Bond Co and Peel South East added value.

The overweight stance in financials such as UBS, Pension Insurance and Phoenix Group boosted performance given the potential for higher interest rates. However, overall credit strategy detracted from returns as risk sentiment wobbled with the likes of Evergrande, potential Fed tapering, and rising gas prices created concerns.

The portfolio's interest rate strategy enhanced returns. The underweight position at various maturities across the Gilt yield curve added relative value as core government bond yields rose. Gains were partially offset by the overweight position at the long end of the Gilt yield curve, as yields rose across the curve. Adverse positioning across the US Treasury yield curve also weighed on returns.