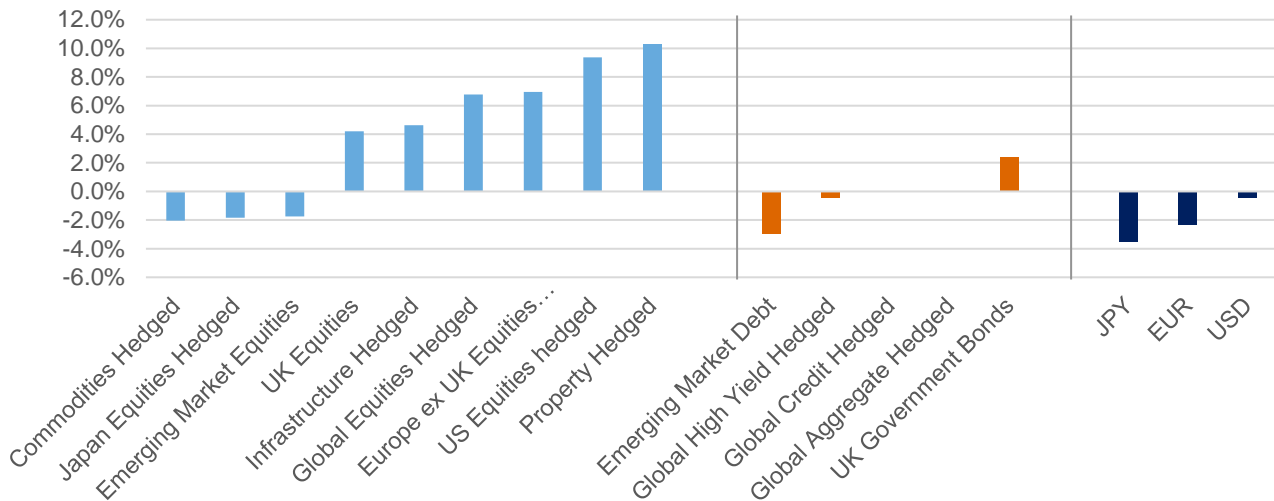


# JGC - WPP Performance Summary Q4 2021

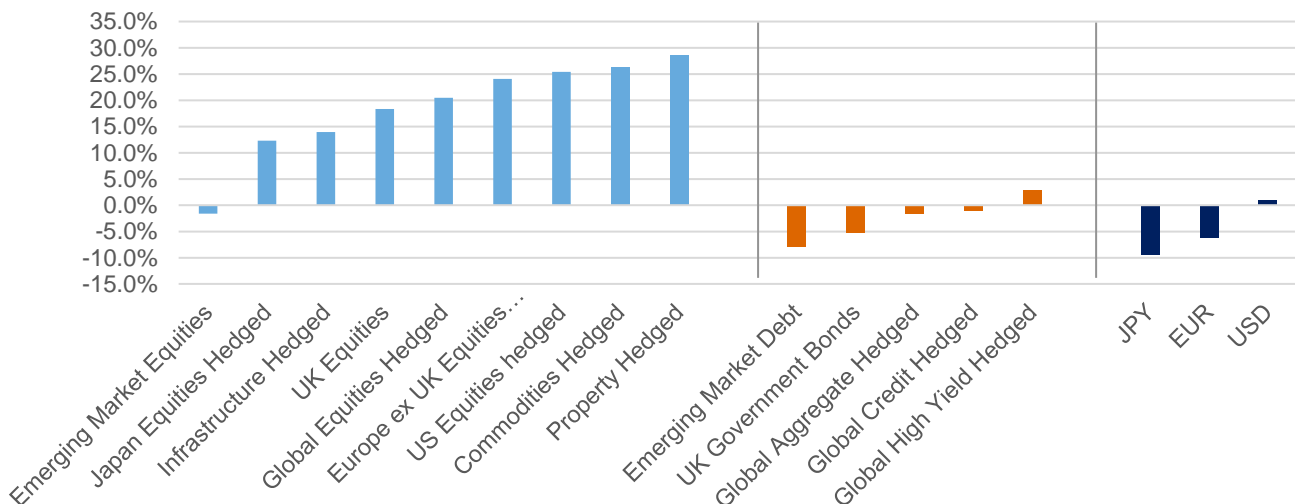
## Global Market Commentary

Over the quarter “transitory inflation” became increasingly persistent, in part owing to global supply chain issues and in late December, G4 central banks turned hawkish. The Bank of England (BoE) raised its interest rate, whilst the Federal Reserve (Fed), European Central Bank (ECB) and Bank of Japan (BoJ) signaled that they will significantly scale back pandemic-era economic support. Meanwhile, a new Covid-19 variant called Omicron was discovered in November, introducing another facet of volatility for markets to contend with. This followed new lockdown rules in many countries (notably in Europe) struggling with surging coronavirus cases. However, in the latter part of December, medical studies suggested the new Omicron variant was milder than previous variants, which helped improve investor risk sentiment. Over the period, both the US dollar and oil prices strengthened.

## Asset class performance – Quarter to December 2021



## Asset class performance – Year to December 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
<b>Gross</b>	5.31	19.22	16.20
<b>Net</b>	5.23	18.89	15.83
<b>MSCI AC World Index Net</b>	6.20	19.63	15.49
<b>Excess returns (gross)</b>	-0.88	-0.41	0.71

Inception Date: COB 14th February 2019

### Overall Fund Commentary

Investors preferred the quality style over the quarter, which was also the best performing factor in 2021. Safety offered by large-cap holdings was also preferred, whilst growth outperformed value. As such, the multi-factored approach of Jacobs Levy was beneficial over the period, as well as Numeric's core strategy, which has an overweight to growth and large caps. The major factor laggards in the fourth quarter were small-caps, momentum, low-volatility and yield. This held back the low-volatility strategy of Numeric. Meanwhile, Emerging Markets (EM) and Japan's equity market, underperformed over the period. Additionally, we added a new Japanese (Nissay) contrarian value strategy to the Fund over the period.

## Global Growth Equity Fund:

	Three Months	1 Year	Since Inception
<b>Gross</b>	1.72	14.19	15.93
<b>Net</b>	1.61	13.75	15.48
<b>MSCI AC World Index Net</b>	6.20	19.63	15.92
<b>Excess returns (gross)</b>	-4.48	-5.44	0.01

Inception Date: 6th February 2019

### Overall Fund Commentary

The Fund underperformed its benchmark in Q4 2021. Baillie Gifford, whose growth style suffered the effects of interest rate uncertainty on its tech stocks and the Chinese government's imposition of widespread regulation changes on its Chinese holdings, posted negative returns for the quarter. Pzena posted positive returns for the quarter but underperformed the benchmark. Holdings in the cyclical consumer discretionary and materials sectors posted losses, while more defensive information technology, health care, and utilities stocks gained the most, driving portfolio returns. Veritas also posted positive returns for the quarter but underperformed the benchmark as valuations continued to soar and investors shunned cash generative but modestly growing companies, the types of companies Veritas' valuation discipline favors.

## Emerging Market Market Commentary

EM Markets declined over the quarter owing to a higher rates environment in the developed world, China's property market turmoil and higher commodity prices. In South Africa, swift work by the country's laboratories in analysing genome sequencing, prompted South Africa to alert the world of a new variant of Covid-19. The World Health Organisation designated this a "variant of concern" and named it "Omicron". In China, John Kerry and Xie Zhenhua, the respective US and Chinese climate envoys, made a rare joint declaration at the United Nations COP26 summit, to co-operate on climate change. However, relations between the two nations remained frosty as the US blacklisted a dozen Chinese quantum computing companies. In Turkey, the central bank cut interest rates to 14.0% in mid-December, the fourth cut in as many months, with the country's President Tayyip Erdogan explaining he would "lift the interest rate burden from citizens". He also declared that the country was waging an "economic war of independence". This resulted into the Turkish lira weakening to fresh record lows, as investors continued to lose faith in the country's economic prospects.

## Emerging Market Equity Fund:

	Since Inception
<b>Gross</b>	-0.86
<b>Net</b>	-0.97
<b>MSCI Emerging Market Index</b>	-1.10
<b>Excess returns (gross)</b>	0.24

Inception Date: COB 29th October 2021

### Overall Fund Commentary

The Fund outperformed its benchmark return. Large cap growth stocks ended the month and year as the weakest-performers. Quality was among the best-performing factors this quarter. Within this environment, the Fund's tilt away from growth and exposure to momentum contributed to performance. The broader underweight to China - particularly large cap growth names within the consumer discretionary sector – underpinned outperformance.

## UK Market Commentary

UK equities overcame a less accommodative monetary policy environment, high inflation and Covid-19 concerns to end a healthy year with a positive return in the fourth quarter. The Bank of England disappointed markets in November by holding rates steady, before surprising with a 15 bps rate rise in December (to 0.25%). This came despite the government's new domestic restrictions aimed at limiting the spread of the Omicron variant. Governor Andrew Bailey explained that the bank's decision came on the back of "evidence of a very tight labour market" and to tackle "persistent inflation pressures". The benchmark UK 10-year gilt yield sold-off following the announcement and ended five bps lower for the quarter at 0.97%. Sterling strengthened against the US dollar, euro and Japanese yen over the quarter.

## UK Opportunities Equity Fund:

	Three Months	1 Year	Since Inception
<b>Gross</b>	1.90	14.78	6.70
<b>Net</b>	1.79	14.31	6.26
<b>FTSE All Share</b>	4.20	18.32	5.58
<b>Excess returns (gross)</b>	-2.30	-3.54	1.12

Inception Date: COB 11th October 2019

### Overall Fund Commentary

The Fund underperformed over the quarter. Small cap stocks suffered from heightened investor concern driven by the discovery of the Covid-19 Omicron variant. Quality and defensive factors such as high quality and minimum volatility performed well over the period. Value outperformed growth. Momentum lagged behind. selection within the industrials sector was negative. Positioning towards, and selection within the consumer discretionary (internet-based stocks) and materials sector also detracted. However, positive selection within the communication services sector limited additional underperformance. Baillie Gifford suffered from unrewarded stock selection, and value manager Ninety One underperformed through its negative selection within cyclical industries. During the quarter, we added J O Hambro to the Fund, which holds a pragmatic and flexible market-orientated stock selection approach.

## Fixed Income Market Commentary

Early in the quarter, G4 central banks were cautious about scaling back expansionary policies which were implemented last year to counter adverse effects of the pandemic. This is because they believed rising inflation was largely transitory and they did not want to dent any economic recovery. However, “transitory inflation” became increasingly persistent, in part owing to global supply chain issues and in late December, G4 central banks turned hawkish. December. In light of strong jobs and inflation numbers, the Fed decided in December that the taper will double to \$30.0 billion in January with Fed officials looking to raise interest rates three times in 2022. The BoE unexpectedly did not raise its interest rate at its November meeting, but surprised markets with a rate rise in December. In the eurozone, the annual inflation rate rose sharply to 4.9% in November, the highest point since July 1991. In response to the higher inflation data, the ECB said it would exit its €1.85 trillion Pandemic Emergency Purchase Programme next year.

## Global Government Bond Fund:

	Three Months	1 Year	Since Inception
<b>Gross</b>	-0.50	-2.33	-0.34
<b>Net</b>	-0.58	-2.55	-0.57
<b>FTSE World Gvt Bond Index (GBP Hedged)</b>	0.07	-2.40	-1.40
<b>Excess returns (gross)</b>	-0.57	0.07	1.06

Inception Date: COB 19th August 2020

### Overall Fund Commentary

The Fund underperformed the benchmark this period. the benchmark UK 10-year gilt sold-off following the announcement and ended only five bps lower for the quarter at 0.97%. Elsewhere, both the benchmark 10-year US Treasury yield and German 10-year bund yield increased two bps to 1.51% and -0.18% respectively. Within this environment, the Fund’s underweight to UK gilts detracted. An underweight to the long end of the curve for eurozone bonds was negative. However, an underweight to US duration was rewarded. Both Colchester and BlueBay underperformed over the period.

## Global Credit Fund:

	Three Months	1 Year	Since Inception
<b>Gross</b>	-0.02	-0.27	1.83
<b>Net</b>	-0.07	-0.44	1.66
<b>Bloomberg Barclays Global Agg Credit Index (GBP Hedged)</b>	-0.05	-1.13	0.60
<b>Excess returns (gross)</b>	0.03	0.86	1.23

Inception Date: COB 20th August 2020

### Overall Fund Commentary

The Fund marginally outperformed the benchmark this period. several European countries such as Austria, Germany and the Netherlands, reintroduced new lockdown measures to contain a rise in coronavirus cases. This dampened regional growth expectations and thus, corporate HY spreads widened considerably in the EU. The Fund’s overweight to European HY did not suit this market environment. An underweight to Middle Eastern hard currency emerging market debt (EMD) was also unrewarded. However, an overweight to US corporate HY, underweight to Latin American hard currency EMD and sovereign credit Spain, generated gains.

### Multi Asset Credit Fund:

	Three Months	1 Year	Since Inception
<b>Gross</b>	0.01	2.68	5.92
<b>Net</b>	-0.11	2.27	5.49
<b>3 Month GBP Sonia + 4%</b>	1.00	4.06	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 recorded a flat absolute return in the fourth quarter. Corporate high yield (HY) spreads tightened modestly in the US but widened considerably in the EU amid new lockdown measures to contain a rise in coronavirus cases. Both Barings and multi-sector specialist BlueBay (overweight European HY) underperformed, returning some of their longer-term outperformance this period. Meanwhile, exposure to non-agency commercial mortgage-backed securities underpinned Voya's outperformance. Emerging Market Debt (EMD) was flat over the period. Specialist EMD manager Man GLG finished slightly behind its benchmark, suffering from an underweight to Middle-Eastern names.

### Absolute Return Bond Strategy Fund:

	Three Months	1 Year	Since Inception
<b>Gross</b>	-0.64	0.75	1.33
<b>Net</b>	-0.75	0.31	0.87
<b>3 Month GBP Sonia + 2%</b>	0.51	2.06	2.06

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. Market volatility and persistent inflation expectations did not suit the Fund over the quarter. In contrast to the previous quarter, macro-driven duration and yield curve strategies detracted this period which did not suit the Wellington strategy. Underweights to UK and eurozone duration in November when yields declined detracted from overall performance. Putnam's Prepayment strategies continued to weigh on performance. Technical pressures within the market led to interest-only securities being marked down, and spreads widened over the period due to broader market volatility.

## Sterling Credit Fund:

	Three Months	1 Year	Since Inception
<b>Gross</b>	0.77	-2.10	1.27
<b>Net</b>	0.73	-2.23	1.14
<b>ICE Bank of America Merrill Lynch Euro-Sterling Index plus 0.65%</b>	0.57	-2.37	0.89
<b>Excess returns (gross)</b>	0.20	0.27	0.37

Inception Date: COB 19th August 2020

### Overall Fund Commentary

During the quarter, the fund outperformed the benchmark, posting excess returns of 0.2%. Concerns over the new COVID-19 variant resulted in a risk-off environment over the quarter, causing credit spreads to widen. The period also saw a continuation of the decompression trade, with financials underperforming non-financials. Consequently, the overweight stance in Wellcome Trust and M&G detracted from returns. Conversely, the overweight exposure to Thames Water and HSBC were among the top contributors to performance at the issuer level.

The portfolio's interest rate strategy enhanced returns. The overweight position at the long end of the UK government bond (Gilt) yield curve enhanced returns as yield curve flattened. Yields fell at the long end as investors were increasingly concerned that developed market economies will not be able to handle higher interest rates to counter an increase in inflation as growth showed signs of slowing down.