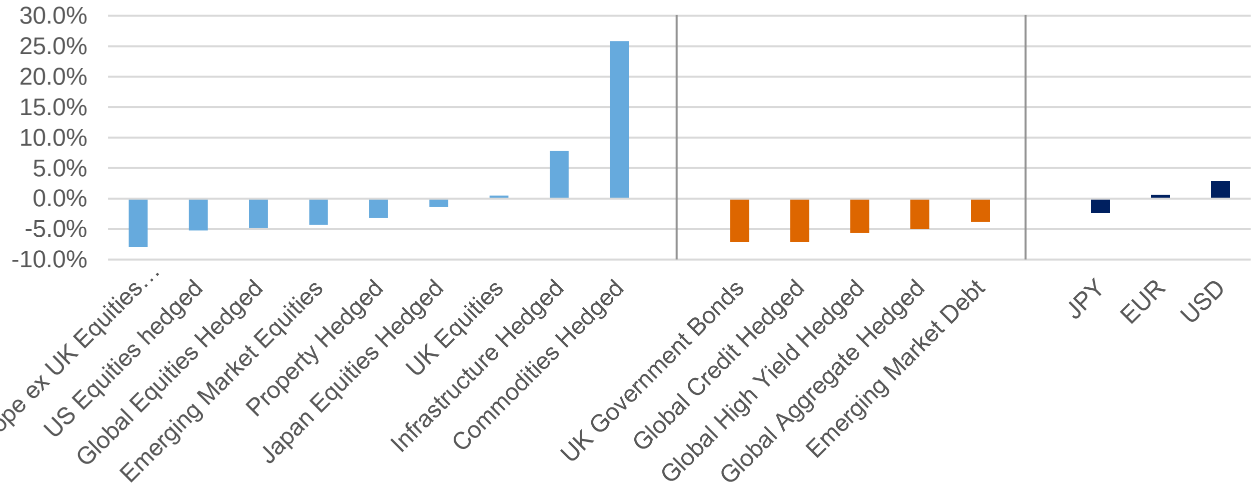
JGC - WPP Performance Summary Q1 2022

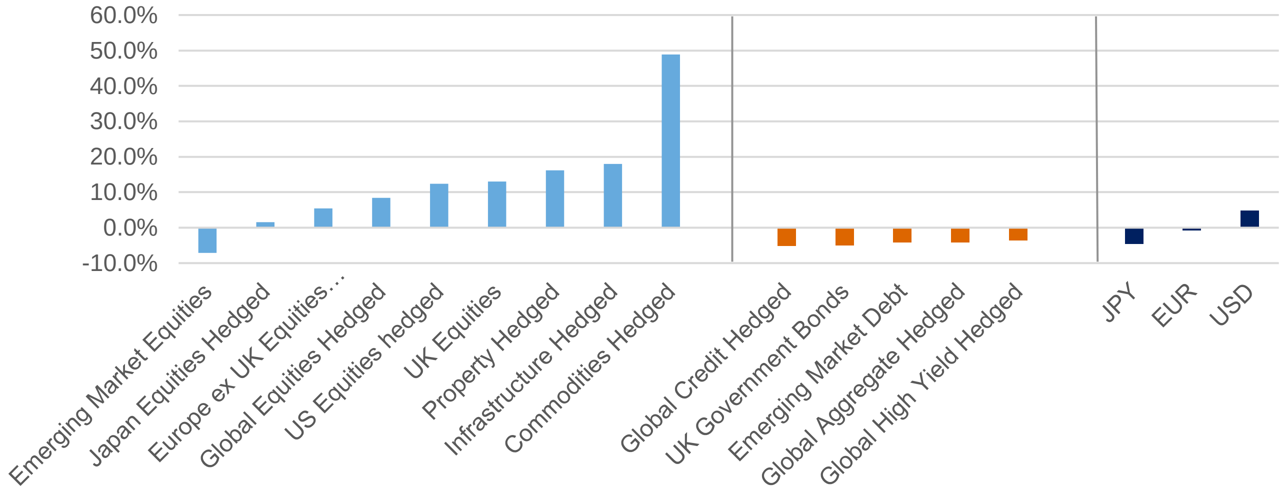
Global Market Commentary

Global financial markets recorded a negative start to 2022. Russia's invasion of Ukraine –the largest conventional warfare operation in Europe since the Second World War –drove market volatility. The unpredictability of the war and its potential impacts on global economic growth heightened investor uncertainty. Record levels of inflation and a faster-than-expected path for monetary policy tightening from the US Federal Reserve (Fed) and Bank of England also weakened investor sentiment. In the UK, the Bank of England recorded its first back-to-back rate hike since 2004. In the US, a tight labour market and high inflation ensured the Fed raised its interest rate by 25 bps to 0.50% at its March meeting. The European Central Bank (ECB) is expected to raise its interest this year, whilst the Bank of Japan (BoJ) maintained an ultra-loose monetary policy despite a weakening yen. Chinese markets struggled with Beijing's zero-Covid policy, which left several regions under severe lockdown rules, denting growth prospects. Meanwhile, oil prices also rose significantly owing to growing risks to global supplies.

Asset class performance – Quarter to March 2022



Asset class performance – Year to March 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	-1.34	11.12	14.33
Net	-1.38	10.84	13.99
MSCI AC World Index Net	-2.64	12.42	13.21
Excess returns (gross)	1.30	-1.30	1.12

Inception Date: COB 14th February 2019

Overall Fund Commentary
The Fund registered negative absolute returns over the first quarter but finished ahead of the benchmark on a relative basis. In factor performance, defensive styles and large-cap value outperformed over the period. Yield and low volatility also held up well. As such, the multi-factored approach of Jacobs Levy (overweight value, underweight volatility) was beneficial over the period, as well as Numeric's low volatility and Numeric's core strategies, which has an overweight to value. Whilst Sanders' value tilt was suited to the market environment, the manager's exposure within the financials and communication services sectors, was negative. Japan's contrarian value manager Nissay outperformed, alongside the Emerging Markets mandate of Oaktree. Meanwhile, growth styles were out of favour amongst investors, whilst quality, small-caps and cyclical sectors also struggled. This weighed heavily on growth manager Morgan Stanley, whilst SW Mitchell's growth bias was helped by the overweight to the well-performing energy sector.

Global Growth Equity Fund:

	Three Months	1 Year	Since Inception
Gross	-4.97	3.00	12.76
Net	-5.07	2.61	12.31
MSCI AC World Index Net	-2.64	12.42	13.62
Excess returns (gross)	-2.33	-9.41	-0.86

Inception Date: 6th February 2019

Overall Fund Commentary

The Fund exhibited negative returns in the first quarter of 2022. While having similar region exposures to its benchmark, the MSCI AC World Index, including the US, the largest weight exceeding 50% of the fund, the UK and Eurozone, the fund underperformed its benchmark by 2.33%. The fund has also similar sector exposures to the benchmarks. The underperformance could be explained by its higher exposure to the consumer discretionary sector, which is the worst performance by far among the sectors since the start of 2022. Cyclical sectors have been the most impacted (information technology, consumer discretionary, telecommunication) in the wake of rising inflation, as opposed to defensive sectors (consumer staples, utilities, healthcare). The Energy has been the only positive sector due to the conflict in Ukraine.

However, the fund somewhat benefited from its exposure to UK equities (about 9% of the fund), which have shown strong resilience to the stressed market compared to the other regions due to its low exposure to the information technology and consumer discretionary sectors. With more than 50% invested in USD stocks, the fund also benefited from the increase in USD relative to GBP, which has reduced the negative performance compared to currency hedged USD equities.

Global equities have been penalized by inflationary pressures in the Western world in the wake of the Ukraine war hurting consumers' purchasing power and increasing the risk of stagflation, global economic growth uncertainty as a result of the war in Ukraine exacerbating supply chain disruptions, and China economy slowing as a result of its tighter covid-19 containment measures.

EM Market Commentary

In Emerging Markets, Chinese equities lagged as the country's zero-Covid policy left several regions under severe lockdown rules, denting growth prospects. Meanwhile, international sanctions on Russia led to the country's exclusion from major equity and bond indices. The unpredictability of the war and its potential impacts on global economic growth heightened investor uncertainty. In March, MSCI removed Russia from the benchmark, with securities removed at a price that is effectively zero. Negative performance from China, particularly large cap growth stocks, also weighed on the benchmark return. Oil prices surged higher while the US dollar was supported by investor risk aversion and the first rate increase by the US Federal Reserve. Over the quarter, small cap value stocks were in the highest demand. This ensured value comfortably outperformed growth, extending its period of outperformance.

EM Opportunities Equity Fund:

	Three Months	Since Inception
Gross	-4.89	-5.71
Net	-5.02	-5.94
MSCI Emerging Market Index	-4.30	-5.36
Excess returns (gross)	-0.59	-0.35

Inception Date: COB 20th October 2021

Overall Fund Commentary

The Fund underperformed the negative benchmark return. Within this environment, the Fund's tilt towards value and small cap stocks contributed positively. However, underweights to oil exporting countries Saudi Arabia and the United Arab Emirates (UAE) detracted in a period where the oil price rallied. Stock selection within Taiwan was also negative. The Fund's small overweight exposure to Russia was a slight negative but not a material driver of performance. In contrast, an underweight to China contributed positively to relative performance. This included underweights to large cap names within the consumer discretionary sector. The overweight to Brazil, which had a strong start to 2022, was also additive to relative returns. Barrow Hanley was the best-performing strategy, recording a positive absolute return. Pan China specialist Bin Yuan was the weakest-performing strategy and underperformed its benchmark.

UK Market Commentary

Record levels of inflation and a faster-than-expected path for monetary policy tightening from the Bank of England weighed on investor risk sentiment. Central bank Governor Andrew Bailey warned the inflation rate could reach 8.0% by June, as the central bank recorded its first back-to-back rate hike since 2004, taking interest rates back to pre-Covid levels at 0.75%. However, UK equities outperformed other regions, driven by narrow market leadership. Defensive, large cap and high dividend-yielding stocks within the energy and materials sectors performed well, benefitting from investor uncertainty and the rapid rise in commodity prices. Large cap pharmaceuticals led a rally for the health care sector. Small- and mid-cap stocks were the weakest-performers this quarter, which was a large headwind for active managers.

UK Opportunities Equity Fund:

	Three Months	1 Year	Since Inception
Gross	-6.05	1.50	3.37
Net	-6.13	1.10	2.95
FTSE All Share	0.49	13.03	5.22
Excess returns (gross)	-6.54	-11.54	-1.85

Inception Date: COB 11th October 2019

Overall Fund Commentary
The Fund struggled in what was a difficult market environment over the period. Within this unfavourable factor environment, the Fund's underweights to the largest market capitalisation companies in the UK detracted. The Fund's positioning and negative selection within the consumer discretionary (overweight), communication services (overweight), health care (underweight) and energy (underweight) sectors was negative. However, the underweight to consumer staples contributed positively and limited negative selection effects. Baillie Gifford was the primary laggard. The long-term growth-oriented strategy suffered from multiple factor headwinds this period. Lazard and Liontrust also underperformed.

Fixed Income Market Commentary

Global financial markets recorded a negative start to 2022. Russia's invasion of drove market volatility. Government bonds also sold off despite the heightened geopolitical uncertainty. By the end of the period, inflation had risen rise to decade-highs, leading to the US Federal Reserve and Bank of England to raise interest rates. The benchmark US 10-year Treasury yield surged 83 basis points (bps) to 2.34%, peaking in late March at its highest yield since May 2019. Segments of the US Treasury yield also inverted in late March. Meanwhile, the benchmark 10-year UK gilt yield increased 64 bps for the quarter to 1.61%, having touched its highest yield since 2015 in late March. In the eurozone, the European Central Bank left interest rates unchanged, but surprised investors with plans for a faster tapering of its asset purchase programme. The German 10-year bund yield increased to its highest since early 2018 in late March and ended 73 bps higher for the quarter at 0.55%.

Global Government Bond Fund:

	Three Months	1 Year	Since Inception
Gross	-3.77	-3.47	-2.85
Net	-3.83	-3.70	-3.08
FTSE World Gvt Bond Index (GBP Hedged)	-4.85	-4.17	-3.69
Excess returns (gross)	1.08	0.70	0.84

Inception Date: COB 19th August 2020

Overall Fund Commentary
The Fund outperformed the negative benchmark return this quarter. Within this environment, the Fund's underweights to US and UK duration contributed to relative returns. BlueBay's macro-fundamental strategy outperformed. An underweight to US and UK duration added to relative returns. An overweight to the benchmark 10-year eurozone bond weighed on further outperformance. Colchester's value-oriented strategy outperformed. An underweight to US and core eurozone duration contributed to relative returns. The underweight to UK gilts also suited the market environment.

Global Credit Fund:

	Three Months	1 Year	Since Inception
Gross	-6.46	-4.12	-2.57
Net	-6.50	-4.29	-2.74
Bloomberg Barclays Global Agg Credit Index (GBP Hedged)	-7.02	-5.10	-3.93
Excess returns (gross)	0.56	0.98	1.36

Inception Date: COB 20th August 2020

Overall Fund Commentary
The Fund outperformed the negative benchmark return this quarter. High yield spreads widened over the period, particularly within Europe. However, credit markets were partially supported in the US by broadly positive corporate earnings reports and higher energy prices. Emerging market debt (EMD) lagged other fixed income markets, with hard EMD the weakest-performing market. The Fund's underweight to Russia and dynamic positioning to European high yield fields suited this market environment. All underlying strategies outperformed this quarter. US duration exposure weighed on additional outperformance.

Multi Asset Credit Fund:

	Three Months	1 Year	Since Inception
Gross	-3.91	-1.98	2.48
Net	-3.91	-2.28	2.12
3 Month GBP Sonia + 4%	1.08	4.14	4.12

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 negative absolute return this quarter. High yield spreads widened over the period, particularly within Europe. However, credit markets were partially supported in the US by broadly positive corporate earnings reports and higher energy prices. Within this environment, Voya was the strongest-performing strategy, benefitting from its exposure to non-agency commercial mortgage-backed securities. In contrast, Barings returned some of its longer-term performance due to its exposure to Russia ahead of the Ukraine invasion, however an underweight to European high yield financials was positive. BlueBay recorded a positive return. ICG – the strongest-performing strategy since inception – recorded a negative return this quarter.

Absolute Return Bond Strategy Fund:

	Three Months	1 Year	Since Inception
Gross	1.28	0.67	1.96
Net	1.36	0.42	1.64
3 Month GBP Sonia + 2%	0.59	2.14	2.11

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 recorded a positive absolute return this quarter. Government bonds also sold off despite the heightened geopolitical uncertainty. The benchmark 10-year UK gilt yield increased 64 bps for the quarter to 1.61%, having touched its highest yield since 2015 in late March. Within this environment, global macro specialist Wellington was the strongest-performing strategy, benefitting from its low duration exposure. In contrast, Aegon recorded a negative return in a volatile period as Russia’s invasion of Ukraine weighed heavily on the region and the market was not immune to generic risk-off sentiment.

Sterling Credit Fund:

	Three Months	1 Year	Since Inception
Gross	-5.48	-3.30	-2.40
Net	-5.51	-3.42	-2.52
ICE Bank of America Merrill Lynch Euro-Sterling Index plus 0.65%	-6.00	-4.45	-3.03

Inception Date: COB 19th August 2020

Overall Fund Commentary

The Fund exhibited negative returns in the first quarter of 2022. However, it outperformed its benchmark by 51 bps.

The bond market has been having its worst performance since the 2008 crisis with government yields increasing significantly since the start of 2022, and credit spreads widening above their median levels of the past 12 years. Inflation pressures, in the wake of the Ukraine war have pushed UK government yields to levels not seen since December 2015. The conflict in Ukraine has also generated economic growth uncertainty with rising prices hurting purchasing power resulting in a widening of corporate credit spreads across the board.

The fund is mostly exposed to US (~15%), UK (~40%), and EU (~32%) corporate IG and HY bonds denominated in GBP and, as such, has been negatively impacted by the increase in UK government yields, the widening in GBP swap spreads and the widening in US, UK, and EU corporate credit spreads. In the first quarter of 2022, the GBP 10-year swap rate rose by 72bps to 1.93% and IG and HY credit spreads widened on average by 25bps and 38 bps, respectively.

In this context, the fund's long-only corporate bond investment strategy denominated in GBP has generated a negative performance but better than its benchmark and global bonds, which, for a large proportion, are denominated in USD. Global IG and HY bonds generated a negative performance of 7.4% and 5.7%, respectively, over the same period.