HOYL CAPITAL WEALTH

HOYL

CREATE FINANCIAL MANAGEMENT

INDEPENDENT FINANCIAL ADVISERS

2024 Q1 INVESTMENT UPDATE

Welcome to our latest update in partnership with PortfolioMetrix (PMX), which follows our Investment Committee's recent meeting to review and discuss performance along with fund selection, asset allocations and future global macro-economic events.

We are pleased to provide you with another broadly positive update, although the last 3 months have seen very little change, with inflation remaining stubbornly high, and any reductions in interest rates potentially delayed until later in the year. While this has impacted markets somewhat, as expected, discipline and patience remain the order of the day.

YOUR PORTFOLIO

PMX Hoyl Model Portfolio 6

(Portfolio Weightings shown)

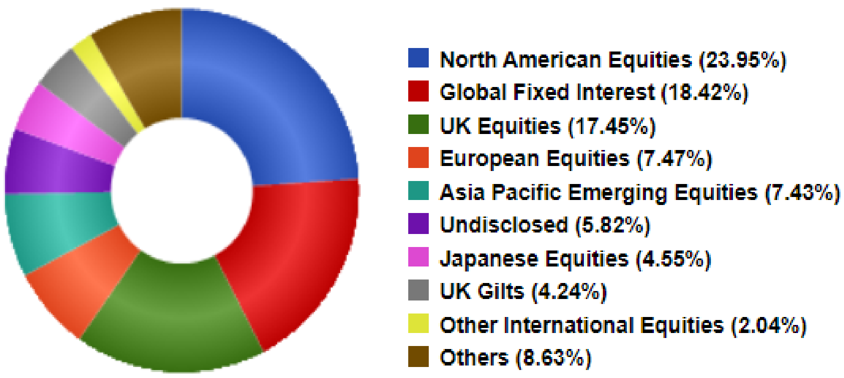
ASSET ALLOCATION

As at 1 May 2024

PORTFOLIO PERFORMANCE

1 Nov 23 to 31 Jan 24 – **+8.51%**

1 Feb 24 to 30 Apr 24 – **+3.65%**



PORTFOLIO CHANGES

Your portfolio is monitored continually by PMX, with overview from our Investment Committee, so changes can be made to the funds and/or allocations whenever these are in your best interests. This includes a regular check for 'drift', where particularly strong performance of certain funds or individual asset types can change the overall risk profile of a portfolio.

Although your portfolio is marginally overweight with equities, driven mainly by the strong performance of Global Equities, in particular, US Equities, this is not yet material enough to impact its risk level.

Both PMX and our Investment Committee are satisfied your portfolio remains aligned to its target allocation within an acceptable margin (usually within 6%), and a rebalance is therefore not yet needed.

IN No changes this quarter

OUT No changes this quarter

SUMMARY

Q1 was positive for global equities overall, particularly the shares of larger companies. Economic data also remained solid, although investors scaled back their expectations of interest rate cuts, leading to muted bond performance.

High expectations globally of large and frequent falls in inflation were reflected in the high asset prices and performance seen at the end of Q4 (Dec/Jan). However, since the start of the first quarter it has become clear that while still expected, these predicted rate falls are now likely to be slower and less frequent than anticipated, and this has seen markets adjust to take account of this.

Whilst performance has dipped from the unprecedented highs we saw in December and January during Q1, strong performance is still being returned, and the market outlook for the next quarter remains positive.

ASSET CLASSES

Q1 saw global equities, particularly Japanese Equities, US Equities and large-cap equities (companies with a market capitalisation value of more then $10 billion) perform strongly.

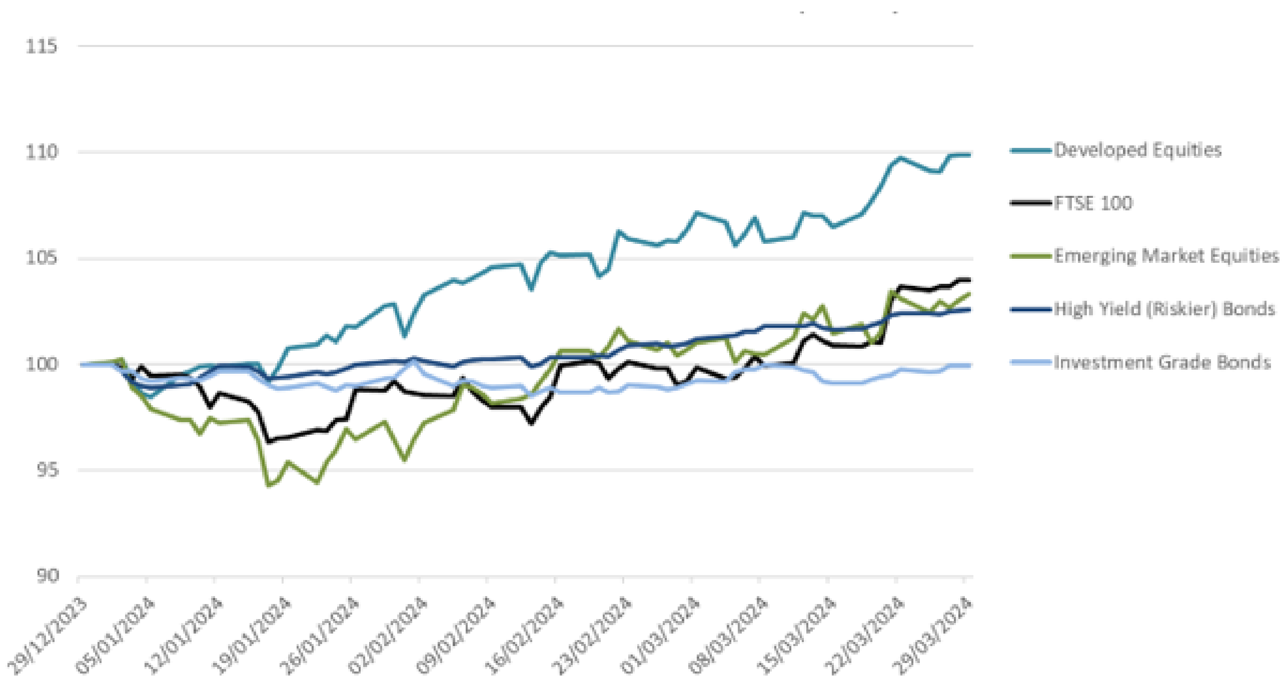
The FTSE 100 rose 4% including dividends, recently reaching an all-time high of over 8,000, while emerging market equities (MSCI EM Index) rose 3.3%.

Global bond yields also rose modestly, leading to high quality bonds (as measured by the Bloomberg Global Aggregate Index) falling (as bond yields and prices move in opposite directions), while lower quality 'high yield' bonds, which are less sensitive to interest rates, rose 2.6%.

Oil rose 13.5% over Q1, exceeding $90 per barrel in the first week of April, although highs of $130 per barrel were seen just 2 years ago. In terms of currencies, the pound rose 0.9% against the US dollar but rose 1.4% against the euro and 6.4% against the yen.

Finally, gold, often seen as a safe haven in times of geopolitical uncertainty, benefitted from strong demand, rising 8.2%.

Selected Asset Class Returns - 2024 year to date (in GBP)



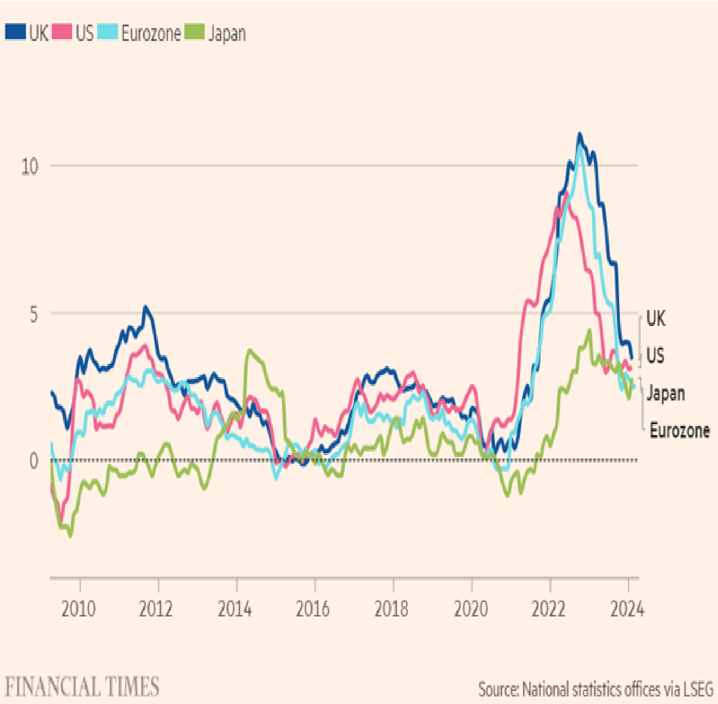
Data Source: Financial Express
Indicies used (including interest & dividends): Investment Grade Bonds - GBP hedged Bloomberg Global Aggregate Index; High Yield (Riskier) bonds - GBP hedged Bloomberg Global High Yield Index, Developed Equities - MSCI World Index in GBP; Emerging Market Equities - MSCI Emerging Markets Index in GBP; FTSE 100 (UK Large Capitalisation Equities)

YOUR 2021 Q1 INVESTMENT UPDATE continued

LOOKING FORWARD

Inflation, interest rates and recession remain the biggest drivers of markets, together with a number of geopolitical risks as we move further into 2024.

Consumer Price Inflation (Annual % Change)



While inflation appears to be coming down, it remains above the 2% target of most western central banks. However, consistently strong economic data from the US, and more recently other regions including the Eurozone, has reduced investor concern on the possibility of a serious global recession.

Interest rates remain the biggest uncertainty in markets, with the possibility of rate cuts in the US reducing as inflation proves stickier than hoped. This fading optimism hasn't appeared to hold back global equity markets, which have had a great year so far, but has dented returns on bonds.

The big risks are that inflation doesn't continue to fall and/or economic growth slows.

There are geopolitical risks that could impact both outcomes, with conflicts in Ukraine and the Middle East having potential to spread, which could impact supply chains and energy exports, and boost inflation.

We also have a number of elections to come, the most important being November's US election. While it's not possible to accurately forecast how this will affect markets, increased volatility appears a reasonably safe bet.

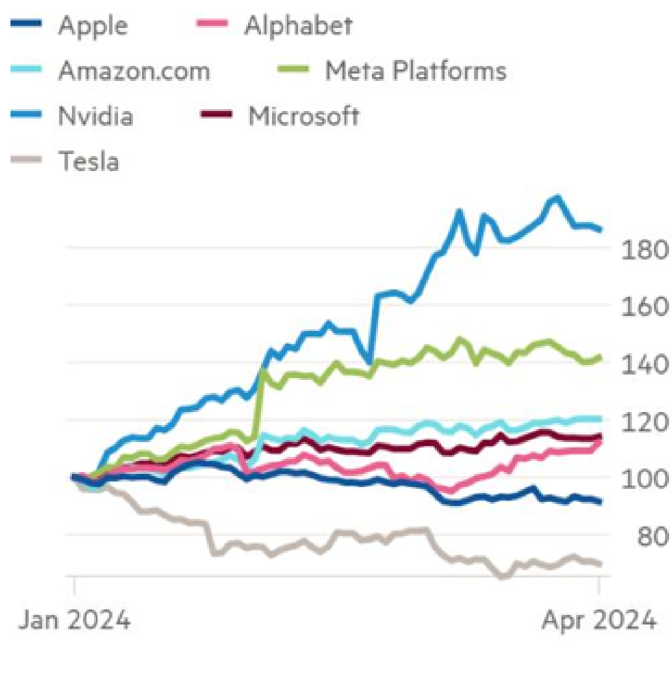
More locally, a UK election also needs to be held before the end of January 2025 and will most likely happen this year too. This could affect UK assets, although investors certainly do not seem as concerned by the prospect of a Labour victory as they have in the past.

We've shown the cracks now appearing in some of the "Magnificent 7" opposite, and these are important to note.

While Nvidia powered ahead during Q1 on the back of AI enthusiasm, Tesla fell 30% whilst Apple, formerly the world's biggest company, was down 8%.

However, given how different these companies are (AI chips, to online advertising to electric vehicles) these companies have performed quite differently over previous few years too.

Finally, bonds are looking attractive as an asset class, currently generating decent yields that, in most cases, healthily exceed current and expected future inflation rates, making them a sensible long-term portfolio holding again.



Source: LSEG via markets.ft.com
© FT

YOUR 2024 Q1 INVESTMENT UPDATE continued

WOULD YOU LIKE TO KNOW MORE?

Our updates are deisgned to give you a broad overview of global investment conditions as seen by PortfolioMetrix and our Investment Committee.

If you would like to know more, either about your portfolio, the investment markets, or investing in general, then you are always welcome to get in touch with your financial adviser.

Our next update will be in August and we wish you all the very best until then.

WHAT WILL YOUR LEGACY LOOK LIKE?

Once only a concern for the very affluent, Inheritance Tax (IHT) is now an issue for many ordinary families, who could find themselves handing over an unprecedented portion of their estates to the taxman.

This is the result of many years of house price growth, inflation and stagnant tax thresholds. The Office for Budget Responsibility anticipates that IHT will bring in £7.2 billion in the 2023/24 fiscal year.

Source date: https://obr.uk/forecasts-in-depth/tax-bytax-spend-by-spend/inheritance-tax/

NEED HELP WITH INHERITANCE TAX PLANNING?

Inheritance Tax planning is complex, but with our advice, we could help you mitigate or reduce a potential tax bill with careful consideration and planning. You've worked hard to build up your wealth. So, it could be a good time to plan so your loved ones can get the most from the estate you intend to leave behind.

Please contact your financial adviser for more information and guidance if you, or perhaps a friend or relative would like to know more.