

NOVEMBER 2023

MONTHLY INVESTMENT COMMENTARY

Market Overview

After a weak October, markets bounced back strongly in November, with global equities in sterling up over 5%. Global bonds also rallied, as the headline inflation print in the US fell short of expectations, showing a 3.2% increase in inflation compared to the market's forecast of 3.3%. Lower travel costs and hotel rates were positives for markets, as these had previously been stubbornly high. This positive news was compounded by UK and European inflation results coming in below expectations.

This, combined with the fact that the Federal Reserve has paused its interest rate hikes and that economic momentum in both the labour market and consumer data remains surprisingly positive despite a significant rise in interest rates, further fuelled this relief rally across assets.

Equities

- Within equities, many of the largest regions, including the US, Japan, Europe and the UK posted strong positive returns.
- Our holding in the S&P 500 ETF was the strongest contributor to returns over the course of the month.

Fixed Income

- Within fixed income, our holdings in US Inflation linked bonds added value over the course of the month, and at the start of the month we added to these positions, as we felt that after the sell-off in October they were more attractively valued.

Alternatives and Diversifying Assets

- Within alternatives, our position in REITS ETF and Riverstone added significant value, with both strategies up in double digits.
- We have long held the view that these assets offered highly attractive value and that corporate action could take place given persistent discounts to NAV.
- In the case of REITS, the fall in UK real yields was the driver, and with respect to Riverstone, the bid for its largest asset was a positive catalyst for the share price.

PLEASE GET IN TOUCH



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5 STAR DEFAQTO RATED

Pacific Asset Management has received the highest possible rating from Defaqto for 2023, meaning it is considered to be one of the highest quality MPS offerings on the market.



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