BRI Wealth Management PLC

BRI Wealth Management

Managed Portfolio Service

April 2022

Market Commentary

The first quarter of 2022 has been carved into the history books: a quarter that saw devastating hostilities between two nations (Ukraine and Russia) and that has seen the West unite to condemn the actions of Vladimir Putin. Over the last 100+ years we have seen the stock market witness many wars around the world, yet the market has always bounced back stronger. Yet, this is just one factor affecting global stock markets. Commodity prices have soared with the price of a barrel of oil rising 33% from $80 to over $100 for the first time since 2014.

Inflation is hitting new 40-year highs, putting pressure on households; we've seen the start of another interest rate hiking cycle from the Federal Reserve; supply chains are still under pressure; and let's not forget the coronavirus that appears to be spreading like wildfire once again, although – thankfully – a lot less severely due to successful vaccination programmes worldwide.

Q1 2022 was the worst quarter for stocks and fixed income assets since Q1 2020 when the world went into its first COVID lockdown. Only two asset classes (commodities and infrastructure) out of thirteen posted a positive return for the quarter.

For the first time since 2011, London's FTSE 100 outpaced other global stock indices over a quarter, buoyed by its international diversification and exposure to energy companies, mining companies and banks that have gained from surging oil and commodity prices and rising interest rates. London's blue-chip equity gauge added 2.88%, the only developed market recording a positive return for the quarter, and drastically outperforming its younger brother (FTSE 250) which recorded a -9.46% quarterly return. By market capitalization, large-cap stocks outperformed small-cap stocks, which was to be expected given the geopolitical uncertainty and rising interest rates.

What's surprising for a lot of investors is the performance of UK gilts over the quarter. Despite the textbook attraction of a "risk-free return" from Government bonds, gilts fell over 11%, their worst quarterly return in almost 50 years.

In the US, it was a volatile quarter. At its bottom, the S&P 500 index was down over 10% by late February; however, thanks to a strong recovery, in March the US market ended the quarter down just -1.97%. The rotation out of 'growth' into 'value' continued with the MSCI North American Value sector outperforming its growth counterpart by 7.72% over the quarter. Russia's invasion of Ukraine amplified existing concerns over inflation pressures, particularly through food and energy, although US economic data otherwise remained stable. The US unemployment rate dropped from 3.8% in February to 3.6% in March. The annual US inflation rate hit 7.9% in February. The Federal Reserve raised interest rates by 0.25%, with calls from within for more aggressive tightening. Further hikes are expected through the rest of 2022.

Eurozone shares fell sharply in the quarter. The region has close economic ties with Ukraine and Russia, particularly when it comes to reliance on Russian oil and gas. The European market shed 8.25% over the quarter.

Emerging market equities (inc. China) were firmly down in Q1 as geopolitical tensions took centre stage following Russia's full-scale invasion of Ukraine. The MSCI emerging market index fell 4.30% over the quarter. Commodity prices moved higher in response to the war, raising concerns over the impact on inflation, policy tightening and the outlook for growth. After weakness in January and February, the Japanese stock market rose in March to end the first quarter just slightly below its end 2021 level.

As we move forward into the second quarter, a lot of the risks mentioned above have yet to subside, However the positive long-term outlook for markets remains. We take an active approach to ensure that portfolios remain well-balanced to weather short-term volatility, but it seems likely that we're in for a choppy 2022. We remain committed to stewarding your capital over the short, medium, and longer term and remain confident in the medium- to long-term outlook for markets.

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Moderate to Adventurous Risk Portfolio Managed Portfolio Service April 2022

Portfolio Information

Income Yield (estimate)	**1.60%**
Ongoing Charges Figure (estimate*)	**0.43%**
Benchmark	**CPI +3.0%**

*BRI's annual fee will be in addition and will be 0.3%. Please liaise with your own advisor for more details regarding his or her own costs.

Investment Objective

Moderate to Adventurous portfolios are structured to achieve to achieve capital growth in the longer term. The asset allocation will normally be biased toward equity based investments but the portfolio may include fixed investments to help meet the income target and help reduce volatility.
This fund aims to outperform the CPI + 3.0% benchmark, the details of which are available upon request.

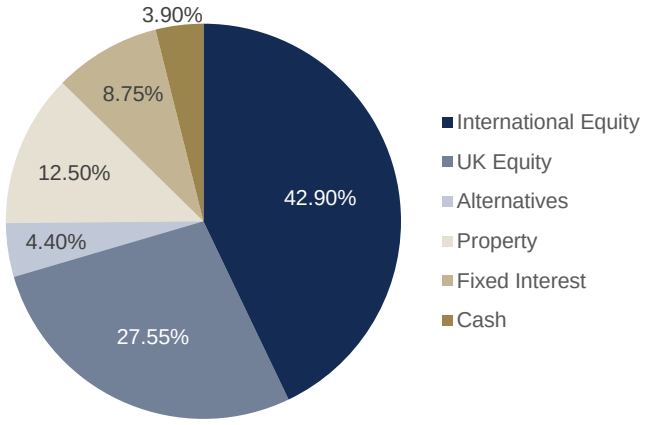
Performance Since Inception

Performance Figures

	MPS Moderate to Adventurous	Benchmark
3 Months	-5.05%	1.09%
6 Months	-0.40%	4.29%
1 Year	6.44%	8.75%
3 Years	17.93%	17.98%
5 Years	27.94%	30.64%
Since Inception†	114.72%	68.36%
5 Years Volatility	10.63	1.18

†01/09/2011

Sector Breakdown



Top Ten Holdings (as at 31/03/2022)

1	iShares US Equity Index	12.75%
2	Gravis UK Listed Property	12.50%
3	HSBC FTSE 250 Index	11.00%
4	Baillie Gifford Emerging Market Growth	6.65%
5	Man GLG Undervalued Assets	6.30%
6	Liontrust Special Situations	6.30%
7	HSBC European Index	4.45%
8	Liontrust Global Dividend	4.25%
9	Baillie Gifford Long Term Global Gr	4.05%
10	L&G Global Healthcare Pharmaceuticals Index	4.00%