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Global Market Overview
July 2022

It is quite clear that the era of 'ultra-easy' money has ended, but it has unfortunately ended more swiftly than expected, and in response to 'bad' inflationary pressures created by extraordinary global events: a two-year global lockdown as a result of Covid, continued mini-lockdowns within China as they pursue their zero Covid policy, complex and unanticipated global supply chain problems as the world emerged from the pandemic, and, most distressing of all, the conflict between Ukraine and Russia. Undoubtedly it is the unnecessary loss of life and devastation of Ukraine that is the real cost, but the impact on global energy prices has simply exacerbated an already difficult situation for all.

The 'bad' inflationary pressures have resulted in a 'cost-shock' – as opposed to 'good' inflationary pressures from healthy demand. Central bankers, in response, have made a sharp reversal to monetary policies and signalled interest rate rises in an attempt to lower anticipated inflation levels and engineer a soft landing. This has, however, been very hard to achieve and, thus far, has resulted in an especially difficult environment for almost all asset classes. Moreover, it has resulted in a painful half year for investors.

Many developed equity markets fell into bear market territory (a fall of 20% or more) during the first half of the year, and bonds, which have traditionally been a safer haven during periods of falling stock markets, have also fallen sharply. The very low interest rates of the past decade left bonds vulnerable to interest rate increases and, as a result, they were no longer able to provide their two historic functions within portfolios: to diversify risk exposure, and to provide a steady source of income.

With both core building blocks of portfolios falling by double digits this year, inevitably portfolio values are now markedly below where they started the year, and, unusually, across all investment objectives and risk profiles. In short, recent falls in asset prices have effectively removed the gains achieved within portfolios since the start of 2020. It is quite understandable, therefore, that investors are unsettled, and this has led to increased volatility within markets as they seek to determine the impact and/or future meaning of each new release of data.

It remains especially difficult to decipher the signals that markets are currently providing, and in recent weeks we have heard mention of impending recessions, although should a recession occur it is likely to be a mild economic slowdown, with many developed economies potentially remaining resilient, having strong employment and relatively high levels of personal cash; accordingly, we anticipate that such a recession would be shallow and swift in nature. It could also be argued that, following the sizeable falls experienced in recent months, it is not unreasonable to suggest that a significant level of negative sentiment is already embedded in asset prices and stock markets.

At times of extreme market stress, it is wise to recall the historically stress-tested key principles of investment, which are diversification, broad asset allocation, and long-term investment horizons. We believe inflation may start to abate as we proceed through the year, but until that becomes clearer, and until central bank policies are clarified, market volatility is likely to continue. It is easy to be driven by the continual news flow, or to misunderstand market signals, and consequently to make ill-timed changes to portfolios. During our careers, markets and economies have been through many challenging periods such as these, but they have eventually emerged and continued to provide good returns to the steadfast investor.

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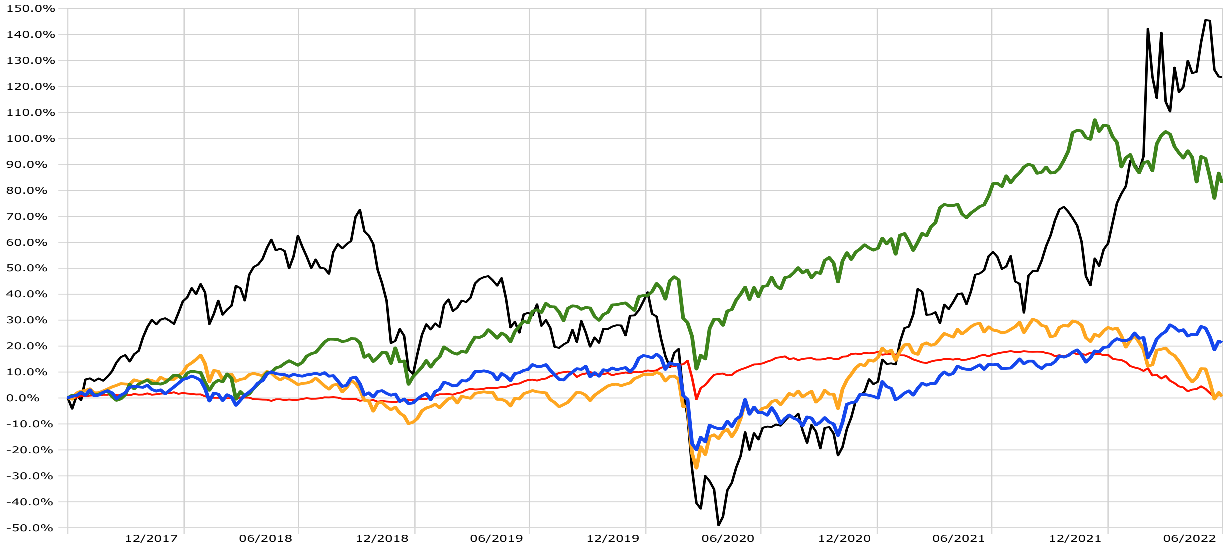
Five Years to end June 2022 – percentage price/return



S&P UK TR GBP 21.3% S&P 500 TR GBP 82.7% MSCI World ex USA All Cap PR USD 0.5%

S&P GSCI Brent Crude Spot 123.6% ICE BofA Global Corporate TR HGBP 1.3%

Source: Morningstar Direct

Index, Benchmark and Exchange Traded Fund – percentage growth to end June 2022

		Three Months	Six Months	One Year	Three Years
Fixed Interest/Bonds					
Bloomberg Global High Yield TR	GBP Hedged	-11.02	-15.70	-16.02	-8.12
ICE BofA Global Corporate TR	GBP Hedged	-6.69	-13.13	-13.19	-5.23
US Equities					
S&P 500 TR	GBP	-9.04	-10.73	1.68	41.78
NASDAQ 100 TR	USD	-22.30	-29.22	-20.38	53.76
UK Equities, and RPI					
S&P UK TR GBP	GBP	-3.01	1.41	8.92	9.30
iShares MSCI UK Small Cap ETF Acc	GBP	-12.22	-22.71	-20.10	-5.79
UK RPI				10.89	16.40
Japanese Equities					
Nikkei 225 Average TR	Yen	-4.94	-7.30	-6.52	31.30
TOPIX 500 PR	Yen	-4.09	-6.10	-3.63	21.32
European Equities					
iShares STOXX Europe 600	Euro	-9.35	-14.94	-7.59	13.82
MSCI AC Europe GR	Euro	-8.39	-14.69	-8.58	10.43
Asia, and Emerging Market Equities					
Morningstar Asia GR	GBP	-3.72	-7.84	-11.13	12.47
iShares Core MSCI Emerging Markets ETF	GBP	-10.84	-17.34	-24.44	3.64
Morningstar China GR	GBP	11.42	-0.27	-20.97	6.10
Global Equities					
MSCI World All Cap PR	Various	-14.77	-19.11	-13.35	19.02
MSCI World ex USA All Cap PR	Various	-9.77	-13.41	-9.76	7.12
Global Property, and Infrastructure					
S&P Global Property TR	USD	-16.51	-19.34	-13.14	-1.80
Morningstar Global Equity Infrastructure PR	GBP	-3.52	-0.65	6.12	15.32
Commodities					
S&P GSCI Brent Crude Spot	USD	4.13	40.18	46.11	68.41
S&P GSCI Gold Spot	USD	-7.51	-1.16	2.02	27.84
Asset Risk Consultants Indices*					
ARC Cautious PCI TR GBP	GBP	-4.45	-6.92	-5.21	3.35
ARC Balanced Asset PCI TR GBP	GBP	-6.29	-9.44	-6.63	4.94
ARC Steady Growth PCI TR GBP	GBP	-7.45	-11.21	-7.67	6.44
ARC Equity Risk PCI TR GBP	GBP	-8.21	-12.74	-8.92	8.58
ARC Cautious PCI TR USD	USD	-6.69	-10.90	-10.38	-0.27
ARC Balanced Asset PCI TR USD	USD	-10.87	-15.73	-14.22	3.19
ARC Steady Growth PCI TR USD	USD	-12.37	-17.67	-15.08	8.68
ARC Equity Risk PCI TR USD	USD	-14.58	-20.62	-18.39	10.84

Important Information

Source for graphs, economic and market data: Morningstar Direct. *Asset Risk Consultants' data contains estimated numbers. TR is Total Return. PR is Price Return. GR is Gross Return. With investment, your capital is at risk. Opinions constitute our judgement as of this date and are subject to change without warning. The value of investments, and the income from them, can go down as well as up, and you may not recover the amount of your initial investment. Past performance is not a reliable indicator of future results and forecasts are not a reliable indicator of future performance. LAM accepts no responsibility for any direct, indirect, or consequential loss suffered by you or any other person as a result of your acting, or deciding not to act, in reliance upon any information contained in this document. The information in this document does not constitute advice or a recommendation and you should not make any investment decisions based on it. If you do, however, require advice we would of course be happy to assist.