

copia:capital

Quarterly Performance Update

31 December 2021

For advisers only

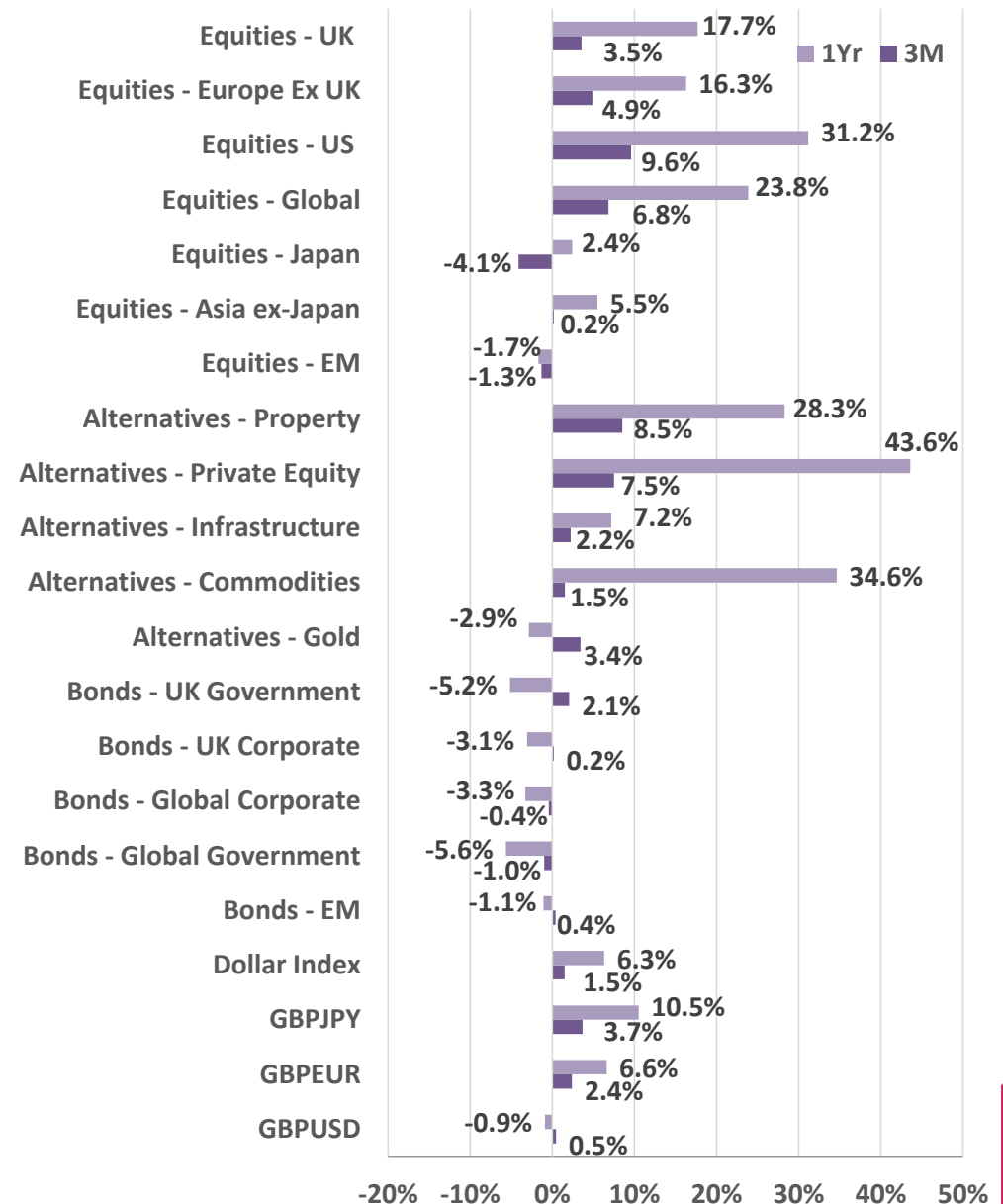


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Market performance Q4 2021

- The year 2021 closed with global equity markets at all time highs as the “Santa Claus rally” didn’t disappoint investors. US equities were the best performing market 4 consecutive years in a row, locking in a return of 31% for 2021 in Pound Sterling terms. Although developed market equities delivered strong performance for the month, Japan, China and Asian equities continued their underperformance.
- Although the new Omicron variant is more contagious, overall levels of serious illness and hospitalisation continue to be manageable. There is evidence the booster vaccination programme is working and most economies have resisted large scale lockdowns. The equity rally in December was reflective of this positive development.
- Oil markets recovered from the big drop of 20% in November as OPEC signalled strong demand in 2022. US shale explorers have not returned to drilling at the same pace as before and the move toward ESG has reduced overall investment in the oil and gas sector. There are signs oil prices may remain high and continue to have an impact on inflation.
- Markets expect US inflation to peak in Q1 before reverting back down, but settle at higher levels compared to pre-covid, at around 3%. This reinforces the view that Central Banks will follow through with their rate hike plan in 2022, putting pressure on bonds.
- The Chinese authorities have signalled a loser monetary policy going forward as they try to soften the impact from the slowing property sector. So far the unwinding in the property sector continues to be orderly and the risk of a systemic impact appears to be low.



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Strong GDP growth expected to continue in 2022

- Global GDP is estimated to have increased by 6.0% in 2021 as the world economy fully recovers from the Covid recession in 2020, but taper down to 4% in 2022, higher than the long term GDP growth levels. **The large amounts of fiscal stimulus implemented globally continues to work its way through the system and has sufficient momentum to carry the world economy further before moderating to normal levels in 2023.**
- Demand for goods and services continues to remain high as economists estimate excess retails savings to be over \$3 trillion globally. This capital is expected to support demand further as it is either used for consumptions or for investments in assets.
- Business investment has already recovered faster than global growth and more significantly than in recent downturns. This should make the recovery more durable, and with technological enhancements, productivity could be boosted further while lessening inflationary pressures.

Real GDP Growth (%Y)	2020	2021 E	2022 E	2023 E
	Actual	Consensus	Consensus	Consensus
Global	-3.2	6.0	4.3	3.6
U.S.	-3.4	5.7	4.0	2.4
Euro Area	-6.5	5.1	4.3	2.1
Japan	-4.6	2.4	2.6	1.3
UK	-9.7	7.0	5.0	2.0
China	2.3	8.1	5.0	5.4
India	-7.0	8.0	6.8	7.2
Brazil	-4.1	5.0	1.0	2.0
Russia	-2.9	4.3	2.5	2.1

US and UK inflation soars to 10-year high and prices rising faster than wages

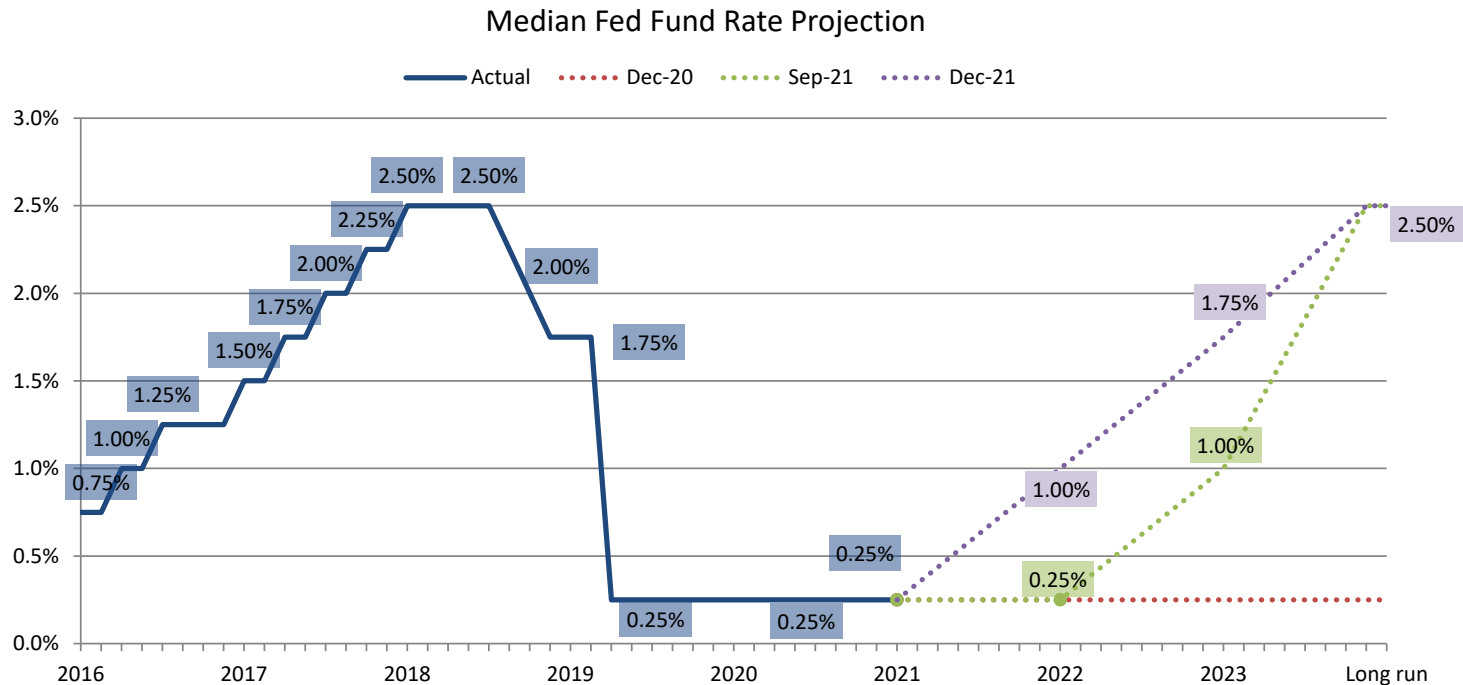
US Inflation	Un-adjusted 12-mos. ended Nov. 2021
All items.....	6.8
Food.....	6.1
Food at home.....	6.4
Food away from home ¹	5.8
Energy.....	33.3
Energy commodities.....	57.5
Gasoline (all types).....	58.1
Fuel oil ¹	59.3
Energy services.....	10.7
Electricity.....	6.5
Utility (piped) gas service.....	25.1
All items less food and energy.....	4.9
Commodities less food and energy commodities.....	9.4
New vehicles.....	11.1
Used cars and trucks.....	31.4
Apparel.....	5.0
Medical care commodities ¹	0.2
Services less energy services.....	3.4
Shelter.....	3.8
Transportation services.....	3.9
Medical care services.....	2.1

- CPI in the US was 6.8% for November 2021, while in the UK was 5.1%, its fastest pace in a decade. The primary drivers were pandemic recovery related, as energy and commodity prices continued to jump along with used car prices. The rises were predominantly due to base effects as prices have substantially recovered from depressed figures during the pandemic. **Economists expect contribution from these items will start to taper in 2022 after peaking in Q1.**
- However, there are signs of inflation spilling over into stickier components like house and rental price rises along with other services. A transition to a greener economy with less investment in Oil & Gas is also expected to keep energy prices high. **Consensus expectation is for US inflation to settle around 3% by end of 2022.**
- The US labour market has tightened further and indeed now appears stretched by historic norms. Unemployment and under-employment have fallen back close to pre-pandemic lows, and short-term unemployment is at a record low. There are signs that the tightening in the labour market is being reflected in higher pay, especially in new hires. Average Weekly Earnings (AWE) cross the economy has risen to around 4½% YoY, clearly above the pre-pandemic pace. **This signals a much stronger inflationary cycle leading to higher inflation expectation over the next few years.**



Fed makes a sharp hawkish pivot on increased inflation expectations

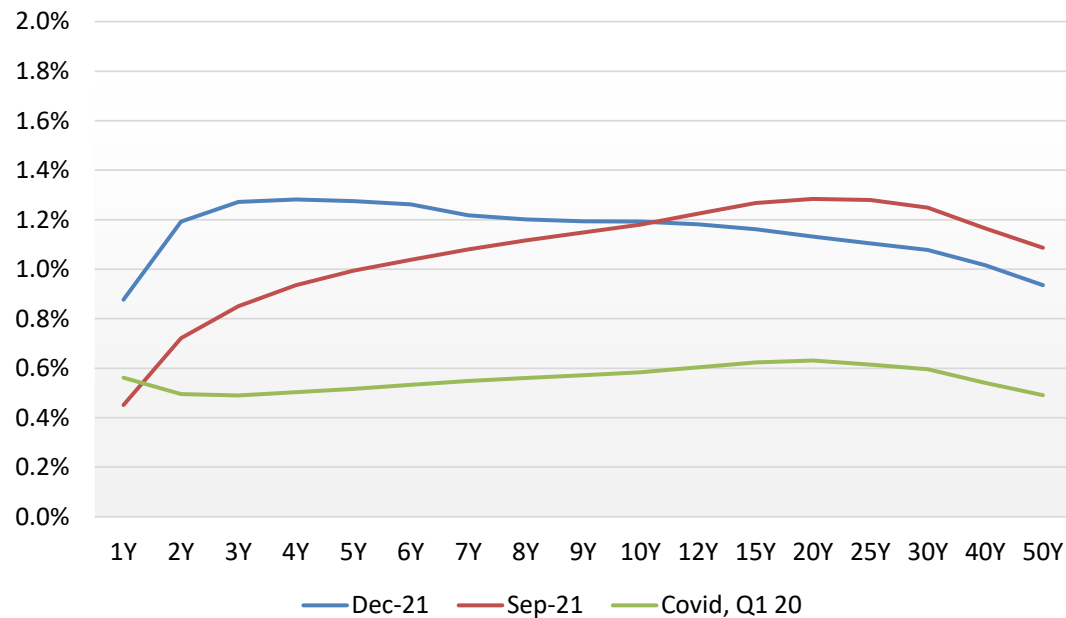
- The US Fed in its December meeting took a hawkish pivot, retracting from its initial expectation of inflation to be transitory.
- The Fed stated that the job market has made sufficient progress while inflation remains much higher than their stating target of 2%.
- To counter inflation, the Fed announced a faster rate of tapering of its bond buying program which is now to end in March 2022.
- They also increased interest rate hike expectations to 3 rate hikes in 2022, 3 in 2023, followed by another 3 in 2024.
- Fed minutes indicated that balance sheet runoff could commence as soon as the first rate hike takes place in March 2022.



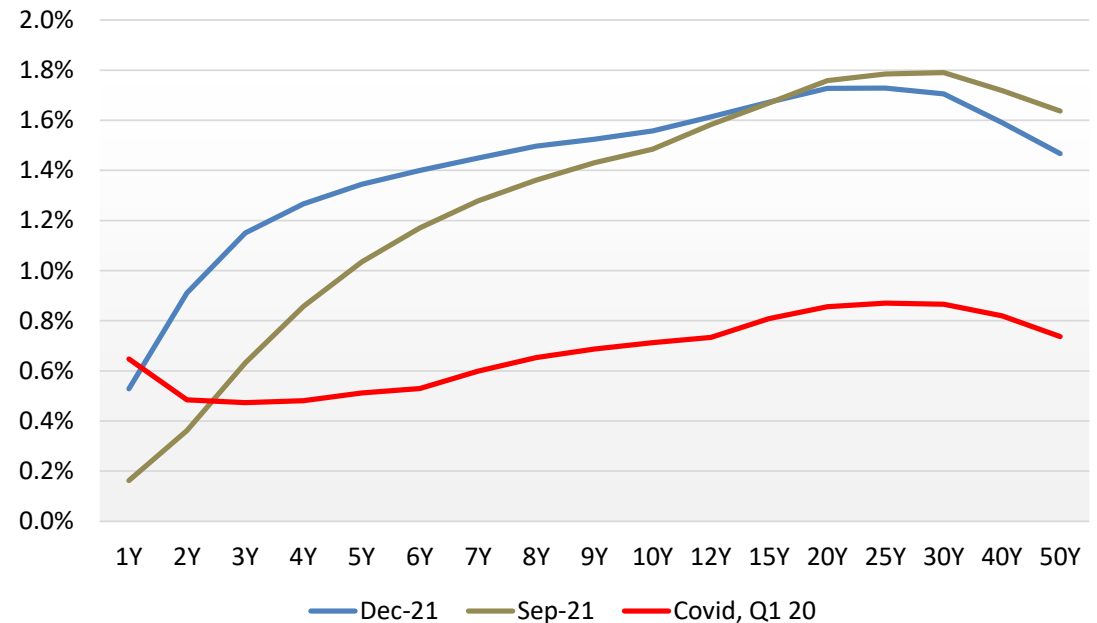
UK and US yield curves flatten

- With inflation running at high levels, Central banks indicating rate hikes in 2022 and slowing growth expectations, yield curves have flattened substantially.
- Short term bond yields have risen on rate hike expectations while long term bond yields remain depressed suggesting the economy is entering mid to late cycle.
- Bond yields are expected to move higher in 2022, delivering negative returns two years in a row which has not happened in over 5 decades.
- The current market dynamic continues to favour short duration and inflation linked bonds.

UK Yield Curve



US Yield Curve



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+0.20

As of 30-September-2021



+0.16

As of 31-December-2021

Based on our proprietary Prediction Algorithm the Copia Risk Barometer is now reading +0.16 as of 31-December-2021, a change of -0.04 from last quarter, staying in the Amber zone, indicating that the global economic outlook is neutral.

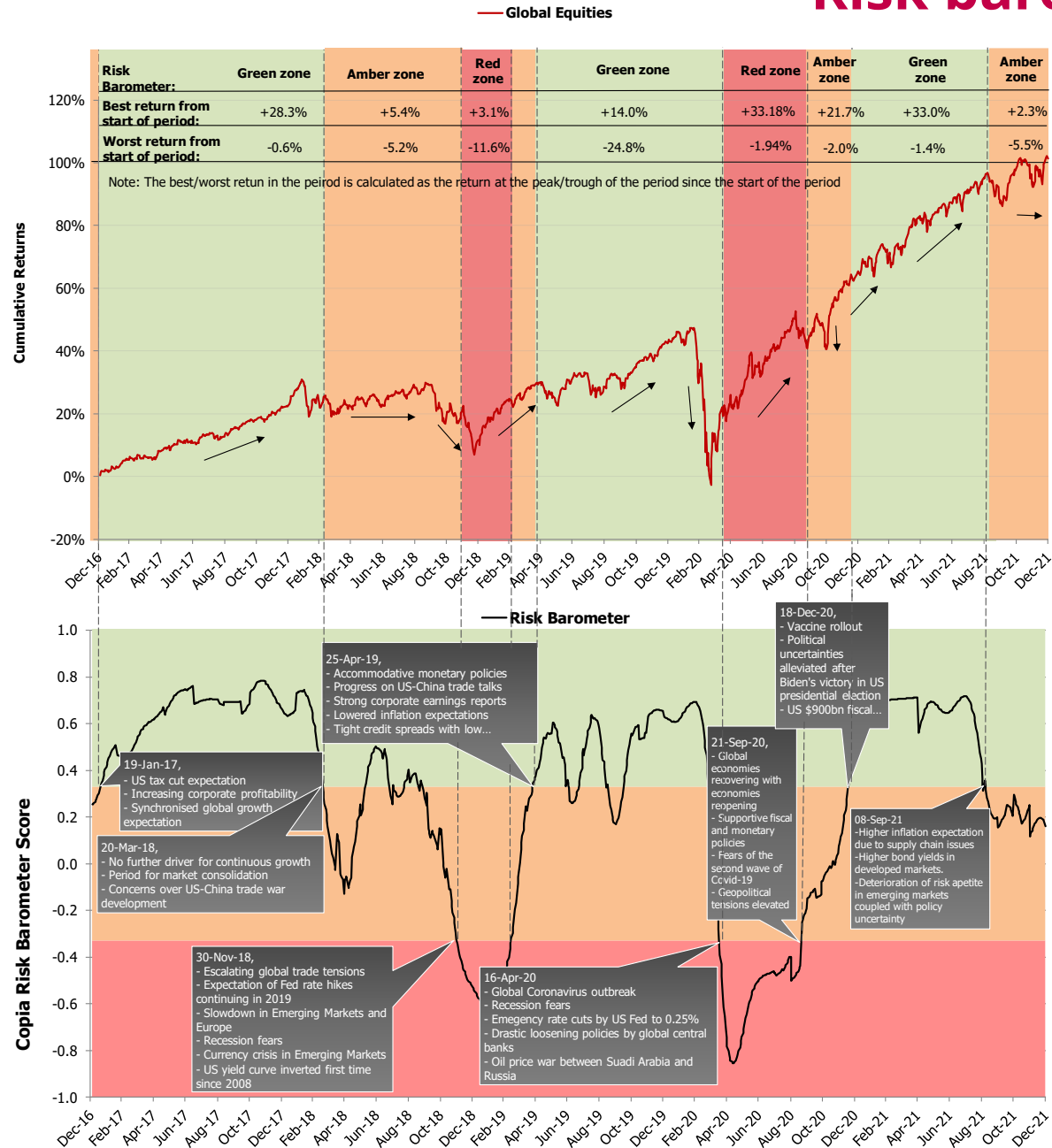
Primary drivers for the Risk Barometer:

- **Government bond markets:** Short term bonds continued to price imminent rate hikes by central banks, as inflation is expected to remain elevated while tapering gradually toward the end of the year. The US Fed pivoted on its view about inflation being transitory and announced a quicker pace of tapering its bond buying program. The yield curve remains flat, as bond markets are nervous the economy may not be able to handle the rate hikes beyond 2022. This is a cautionary signal from the bond markets suggesting the liquidity fuelled rally in risk assets is coming to an end and further gains would have to be driven by improving fundamentals.
- **Equity market pricing:** Economic growth expectations have been lowered going forward as companies start to feel the pressure from supply chain issues and rising inflation. However equity markets continue to have momentum and is still being viewed as offering the best reward to risk in the current inflationary environment.
- **Credit Spreads:** Credit spreads continue to remain tight. Although the Fed may be pulling back on bond buying, liquidity continues to be plentiful in credit markets. Corporate bond investors are not pricing in a systemic default of the bonds and signalling a very low probability of recession.
- **Overall:** Mixed positive and negative signals are being picked up by the Risk Barometer, suggesting a cautionary outlook toward risk assets.

Note: The Risk Barometer score varies between -1.0 and +1.0. A score of -1.0 indicates an extremely poor economic outlook, which is accompanied by a high probability of negative returns in risky asset classes. A score of 0 indicates a neutral economic outlook with almost equal probability of positive and negative returns in risky asset classes. A score of +1.0 indicates an extremely positive economic outlook, which is accompanied by a high probability of positive returns in risky asset classes.

Risk Barometer history

- The top chart shows the market performance (best and worst returns) during different Risk Barometer regimes.
- The bottom chart shows how the Risk Barometer has moved between different regimes and the triggers for regime changes.
- The Risk Barometer is a forward-looking quantitative model that provides a systematic rules-based approach for dynamic risk management.



Note: The Risk Barometer score varies between -1.0 and +1.0.

A score of -1.0 indicates an extremely poor economic outlook, which is accompanied by a high probability of negative returns in risky asset classes.

A score of 0 indicates a neutral economic outlook with almost equal probability of positive and negative returns in risky asset classes.

A score of +1.0 indicates an extremely positive economic outlook, which is accompanied by a high probability of positive returns in risky asset classes.

Source: Copia Capital Management, Refinitiv Datastream

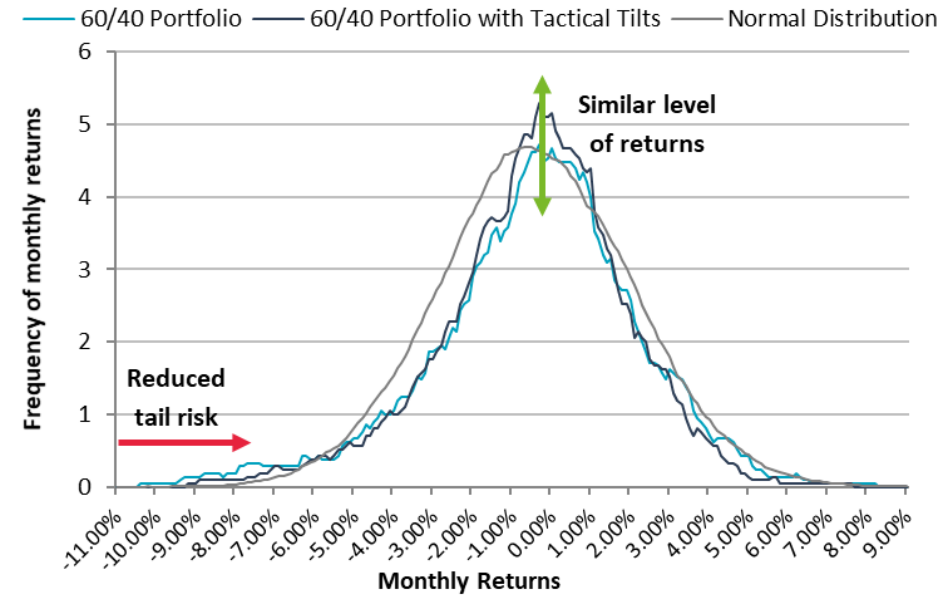
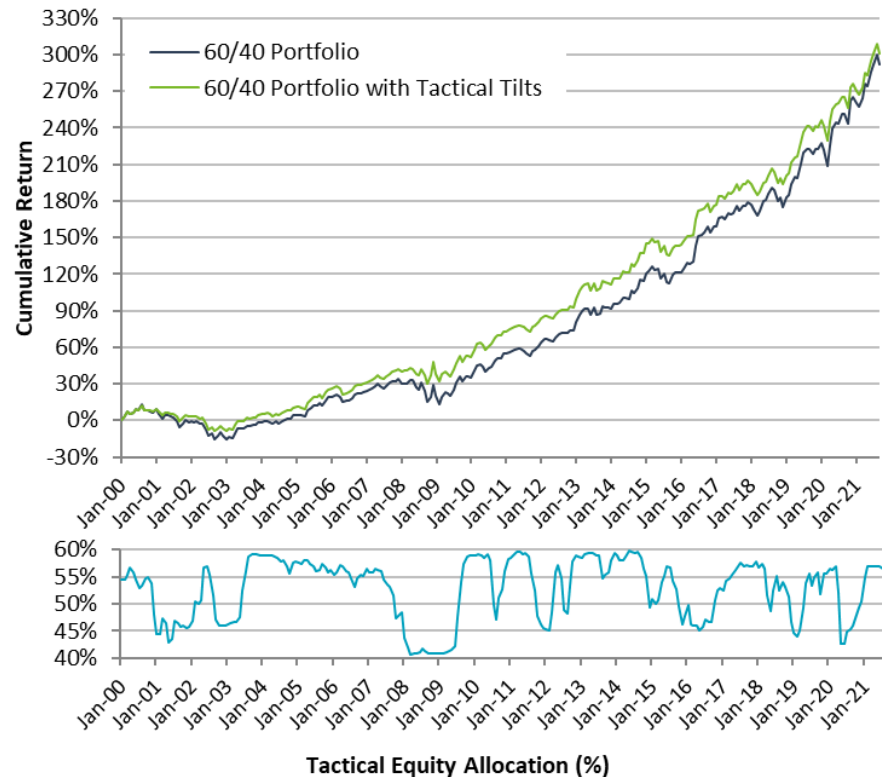
Global Equities Returns is based on actual data of MSCI World Index for the period between 31-Dec-2016 and 31-Dec-2021.



Impact of dynamic risk management using the Risk Barometer

- Objective is to achieve similar levels of returns, with a narrower dispersion of returns (reduced tail risk)
- Can enhanced risk-adjusted returns
- Can deliver a smoother investment journey whilst mitigating downside risk
- We evaluate impact using a theoretical 60/40 portfolio with and without the Risk Barometer

	Annualised Return	Annualised Volatility	Sharpe Ratio	Maximum Drawdown
60/40 Portfolio	6.51%	8.21%	0.79	-25.40%
60/40 Portfolio with Tactical Tilts	6.62%	7.09%	0.93	-19.13%
Impact	→ 0.11%	↓ -13.69%	↑ 17.88%	↓ -24.68%



Note: 60/40 Portfolio consists of 60% allocation to MSCI World Index and 40% allocation US 10 year Bond Index rebalanced monthly. Figures are based on historic actual figures in GBP terms for the period 31-Jan-2000 and 31-Dec-2021. All return figures are before fees.

The 60/40 Portfolio with Tactical Tilts consists of dynamic allocation to MSCI World Index within a range of 40% to 60% driven by the Risk Barometer. The portfolio is rebalanced monthly and remaining allocation is to US 10 year Bond Index.

Source: Copia Capital Management, Refinitiv Datastream

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Select Acc. and Select ESG performance table

Select Acc. was previously known as Select

Select Accumulation	Discrete											
	3 M	6 M	1 Yr	3 Yr	Since Inception (31-Oct-2016)	Since Inception (31-Oct-2016) (Annualized)	1 Yr Volatility	Year 1 31-Dec-16 to 31-Dec-17	Year 2 31-Dec-17 to 31-Dec-18	Year 3 31-Dec-18 to 31-Dec-19	Year 4 31-Dec-19 to 31-Dec-20	Year 5 31-Dec-20 to 31-Dec-21
Cautious	1.53%	2.17%	2.03%	18.46%	20.87%	3.74%	4.15%	3.00%	-0.46%	9.29%	6.24%	2.03%
Moderate	1.61%	2.65%	6.03%	28.44%	34.45%	5.89%	4.26%	6.04%	-1.74%	13.31%	6.91%	6.03%
Balanced	2.62%	3.99%	10.26%	36.97%	45.27%	7.49%	4.72%	8.93%	-3.96%	16.12%	6.98%	10.26%
Growth	3.56%	5.11%	13.74%	42.44%	52.80%	8.55%	5.31%	10.07%	-4.28%	17.57%	6.51%	13.74%
Equity	3.71%	5.54%	15.85%	46.73%	59.10%	9.40%	5.95%	12.07%	-5.22%	18.11%	7.24%	15.85%
Returns based on Total return, assuming income is re-invested immediately and rebalanced on due dates												

Select ESG	Discrete											
	3 M	6 M	1 Yr	3 Yr	Since Inception (31-Mar-2020)	Since Inception (31-Mar-2020)	1 Yr Volatility	Year 1 31-Dec-16 to 31-Dec-17	Year 2 31-Dec-17 to 31-Dec-18	Year 3 31-Dec-18 to 31-Dec-19	Year 4 31-Dec-19 to 31-Dec-20	Year 5 31-Dec-20 to 31-Dec-21
Cautious	1.83%	2.68%	1.93%	#N/A	11.13%	6.20%	4.78%	#N/A	#N/A	#N/A	#N/A	1.93%
Moderate	2.27%	3.62%	6.45%	#N/A	22.60%	12.32%	5.11%	#N/A	#N/A	#N/A	#N/A	6.45%
Balanced	3.46%	5.37%	10.45%	#N/A	35.13%	18.73%	5.56%	#N/A	#N/A	#N/A	#N/A	10.45%
Growth	4.61%	6.85%	14.06%	#N/A	43.63%	22.94%	6.07%	#N/A	#N/A	#N/A	#N/A	14.06%
Equity	4.98%	7.59%	16.26%	#N/A	49.18%	25.62%	6.70%	#N/A	#N/A	#N/A	#N/A	16.26%
Returns based on Total return, assuming income is re-invested immediately and rebalanced on due dates												

Select Decumulation performance table

Previously known as Retirement Income

Select Decumulation							Discrete					
	3 M	6 M	1 Yr	3 Yr	Since Inception (28-Feb-2017)	Since Inception (28-Feb-2017) (Annualized)	1 Yr Volatility	Year 1 31-Dec-16 to 31-Dec-17	Year 2 31-Dec-17 to 31-Dec-18	Year 3 31-Dec-18 to 31-Dec-19	Year 4 31-Dec-19 to 31-Dec-20	Year 5 31-Dec-20 to 31-Dec-21
RP1/3-10Y	0.88%	1.04%	2.11%	8.79%	8.80%	1.76%	1.61%	#N/A	-0.91%	5.98%	0.53%	2.11%
RP1/11-15Y	1.56%	1.73%	3.06%	11.66%	11.32%	2.24%	2.85%	#N/A	-1.85%	8.45%	-0.10%	3.06%
RP1/16-20Y	1.78%	2.02%	3.60%	13.72%	14.09%	2.76%	3.57%	#N/A	-1.87%	9.95%	-0.16%	3.60%
RP1/20-25Y+	2.18%	2.70%	4.56%	16.55%	17.44%	3.38%	4.31%	#N/A	-1.98%	11.05%	0.37%	4.56%
RP2/3-10Y	1.85%	2.38%	4.84%	11.56%	10.88%	2.16%	2.48%	#N/A	-2.39%	7.81%	-1.29%	4.84%
RP2/11-15Y	1.99%	2.42%	5.03%	13.17%	12.31%	2.43%	3.46%	#N/A	-3.26%	10.83%	-2.77%	5.03%
RP2/16-20Y	2.57%	3.19%	6.40%	16.61%	16.47%	3.20%	4.19%	#N/A	-3.13%	12.29%	-2.40%	6.40%
RP2/20-25Y+	2.87%	3.69%	6.86%	18.94%	19.52%	3.75%	4.75%	#N/A	-2.99%	13.22%	-1.68%	6.86%
RP3/3-10Y	2.48%	3.21%	7.04%	13.25%	12.21%	2.41%	3.51%	#N/A	-3.60%	10.37%	-4.14%	7.04%
RP3/11-15Y	3.01%	3.84%	8.22%	15.81%	14.88%	2.91%	4.66%	#N/A	-4.11%	12.48%	-4.85%	8.22%
RP3/16-20Y	3.28%	4.21%	8.99%	19.22%	18.97%	3.65%	5.09%	#N/A	-4.04%	14.37%	-4.36%	8.99%
RP3/20-25Y+	3.28%	4.32%	8.82%	20.11%	20.30%	3.89%	5.38%	#N/A	-3.89%	14.84%	-3.89%	8.82%
RP4/3-10Y	3.93%	5.22%	11.49%	18.08%	16.79%	3.26%	5.27%	#N/A	-4.90%	13.96%	-7.06%	11.49%
RP4/11-15Y	4.36%	5.76%	12.61%	19.46%	18.81%	3.62%	5.96%	#N/A	-4.86%	15.18%	-7.90%	12.61%
RP4/16-20Y	4.36%	5.64%	12.58%	20.92%	20.69%	3.96%	6.21%	#N/A	-4.61%	15.23%	-6.79%	12.58%
RP4/20-25Y+	3.66%	4.61%	10.56%	19.14%	19.03%	3.66%	6.28%	#N/A	-4.53%	15.35%	-6.58%	10.56%
RP5/3-10Y	5.49%	7.40%	16.81%	26.56%	27.51%	5.15%	7.21%	#N/A	-4.17%	16.11%	-6.69%	16.81%
RP5/11-15Y	5.33%	7.23%	16.50%	23.84%	25.36%	4.78%	7.17%	#N/A	-3.72%	15.20%	-7.73%	16.50%
RP5/16-20Y	5.14%	6.79%	16.02%	22.84%	23.96%	4.54%	7.20%	#N/A	-4.01%	14.84%	-7.81%	16.02%
RP5/20-25Y+	4.76%	5.97%	14.73%	21.15%	21.50%	4.10%	7.23%	#N/A	-4.60%	15.13%	-8.27%	14.73%

Returns based on Total return, assuming income is re-invested immediately and rebalanced on due dates

Select Volatility	Cumulative Returns				Since Inception (28-Oct-2013)	Since Inception (28-Oct-2013) (Annualized)	1 Yr Volatility	Discrete Returns				
	3 M	6 M	1 Yr	3 Yr				Year 1 31-Dec-16 to 31-Dec-17	Year 2 31-Dec-17 to 31-Dec-18	Year 3 31-Dec-18 to 31-Dec-19	Year 4 31-Dec-19 to 31-Dec-20	Year 5 31-Dec-20 to 31-Dec-21
Model 1	-0.22%	-0.82%	-1.21%	2.77%	9.57%	1.12%	1.15%	0.58%	-0.28%	3.03%	0.96%	-1.21%
Model 2	0.47%	-0.17%	-0.78%	3.33%	9.77%	1.15%	2.07%	0.68%	-0.05%	3.33%	0.79%	-0.78%
Model 3	2.21%	2.40%	1.83%	6.69%	18.45%	2.09%	3.08%	3.41%	-2.52%	5.74%	-0.91%	1.83%
Model 4	3.64%	3.99%	3.62%	9.37%	24.81%	2.75%	3.89%	4.03%	-3.48%	6.26%	-0.67%	3.62%
Model 5	4.32%	4.43%	4.38%	10.47%	26.33%	2.90%	4.90%	6.39%	-4.71%	7.99%	-2.00%	4.38%
Model 6	5.08%	5.63%	6.49%	13.00%	29.88%	3.25%	5.20%	7.22%	-4.96%	9.17%	-2.79%	6.49%
Model 7	5.91%	6.67%	9.20%	16.44%	37.09%	3.93%	5.86%	8.20%	-4.96%	10.12%	-3.17%	9.20%
Model 8	6.78%	7.83%	11.42%	21.63%	43.84%	4.54%	6.28%	8.68%	-5.40%	10.44%	-1.16%	11.42%
Model 9	7.73%	7.88%	12.84%	23.52%	47.14%	4.83%	6.98%	9.33%	-6.96%	11.98%	-2.24%	12.84%
Model 10	8.06%	8.02%	12.35%	26.00%	49.08%	5.00%	7.19%	9.57%	-7.27%	12.74%	-0.52%	12.35%

Returns based on Total return, assuming income is re-invested immediately and rebalanced on due dates

Select Volatility	Cumulative Returns				Since Inception (02 Nov 20)	Since Inception (02 Nov 20) (Annualized)	1 Yr Volatility	Discrete				
	3 M	6 M	1 Yr	3 Yr				Year 1 31-Dec-16 to 31-Dec-17	Year 2 31-Dec-17 to 31-Dec-18	Year 3 31-Dec-18 to 31-Dec-19	Year 4 31-Dec-19 to 31-Dec-20	Year 5 31-Dec-20 to 31-Dec-21
Select Preservation	1.92%	2.63%	4.10%	#N/A	7.79%	3.33%	5.35%	#N/A	#N/A	#N/A	#N/A	4.10%

Returns based on Total return, assuming income is re-invested immediately and rebalanced on due dates

	Discrete Returns											
	3 M	6 M	1 Yr	3 Yr	Since Inception (14-Mar-2016)	Since Inception (14-Mar-2016) (Annualized)	1 Yr Volatility	Year 1 31-Dec-16 to 31-Dec-17	Year 2 31-Dec-17 to 31-Dec-18	Year 3 31-Dec-18 to 31-Dec-19	Year 4 31-Dec-19 to 31-Dec-20	Year 5 31-Dec-20 to 31-Dec-21
Select Thematic	1.01%	3.36%	14.58%	33.24%	70.74%	9.66%	6.88%	15.42%	-7.90%	12.88%	3.01%	14.58%

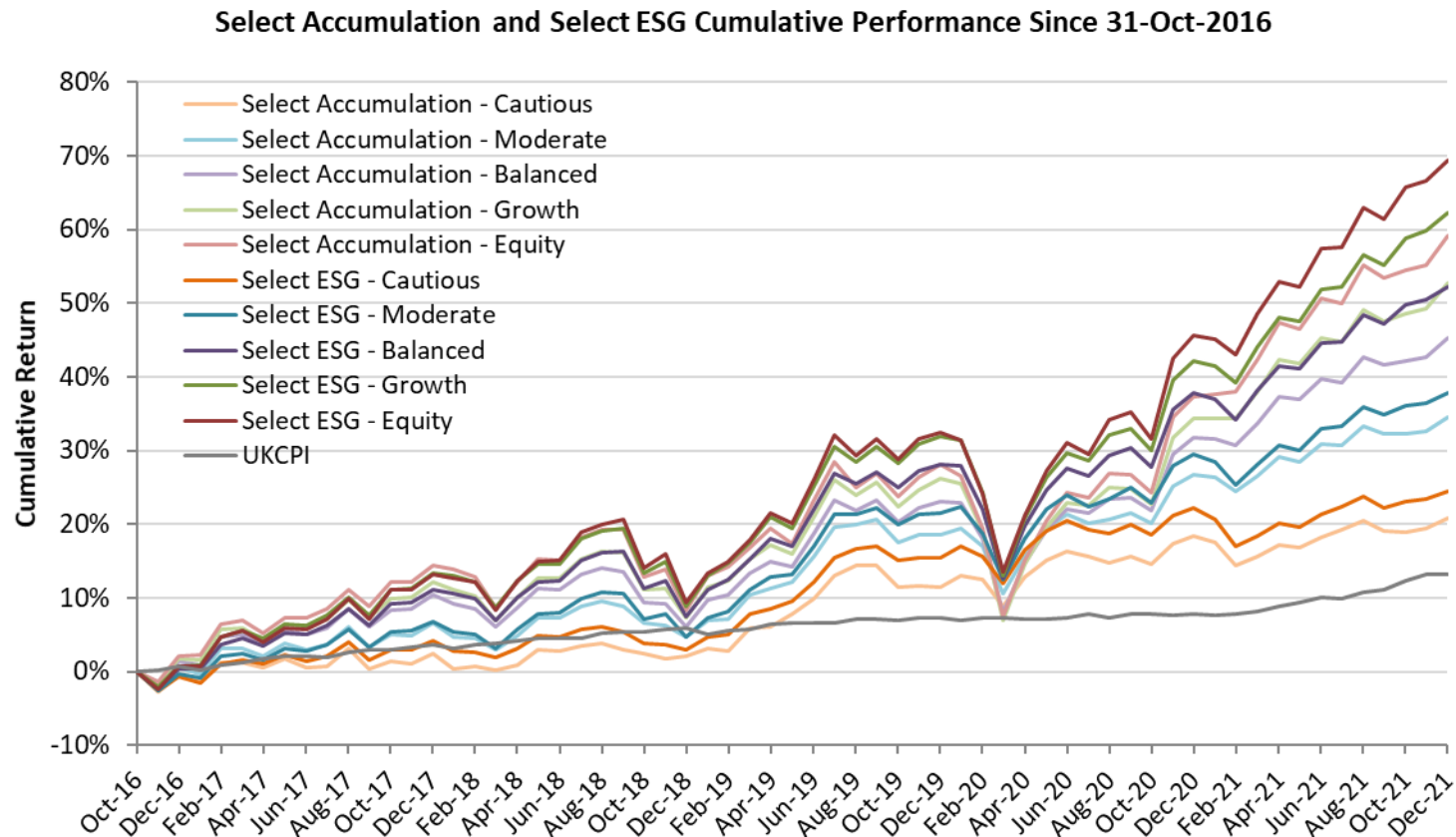
Returns based on Total return, assuming income is re-invested immediately and rebalanced on due dates



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Outcome (cumulative return) analysis as of 31 December 2021



Our 'Select Accumulation' portfolio was previously known as 'Select'.

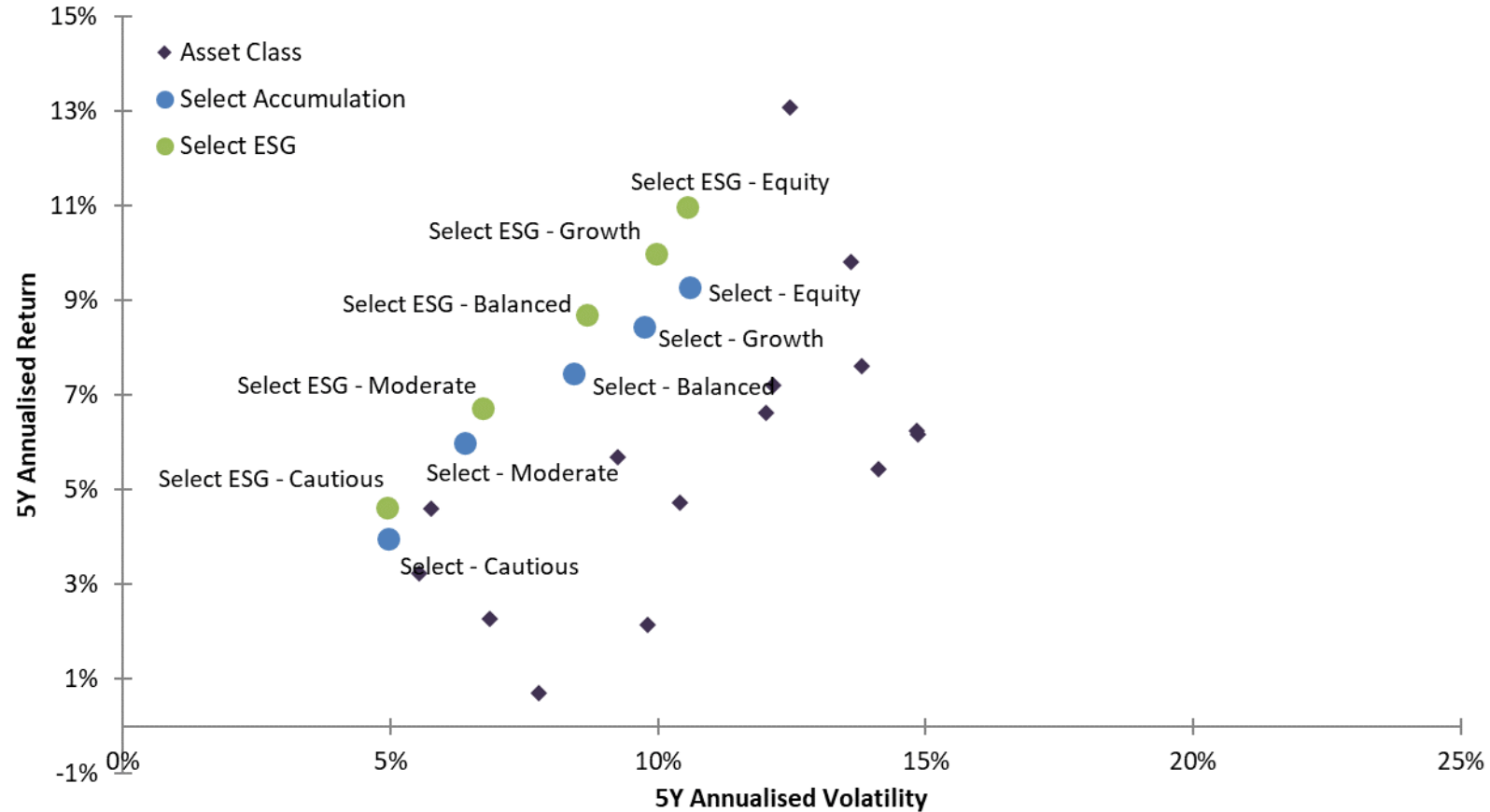
For illustration only.

Returns based on Total return, assuming income is re-invested immediately and rebalanced on due dates.

Available CPI data has been used as a comparator for real returns. CPI data for December 2021 is currently unavailable and not shown.

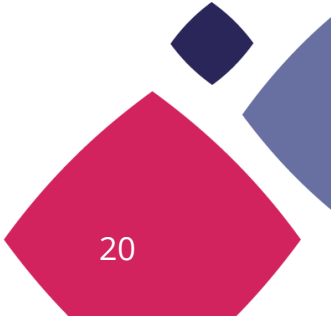
The cumulative returns are calculated based on the period from the inception date of the Select Accumulation portfolios (31-Oct-2016). The performance figures for Select ESG portfolios include simulated data before the inception date of the Select ESG portfolios (31-Mar-2020).

Outcome (risk-return) analysis as of 31 December 2021

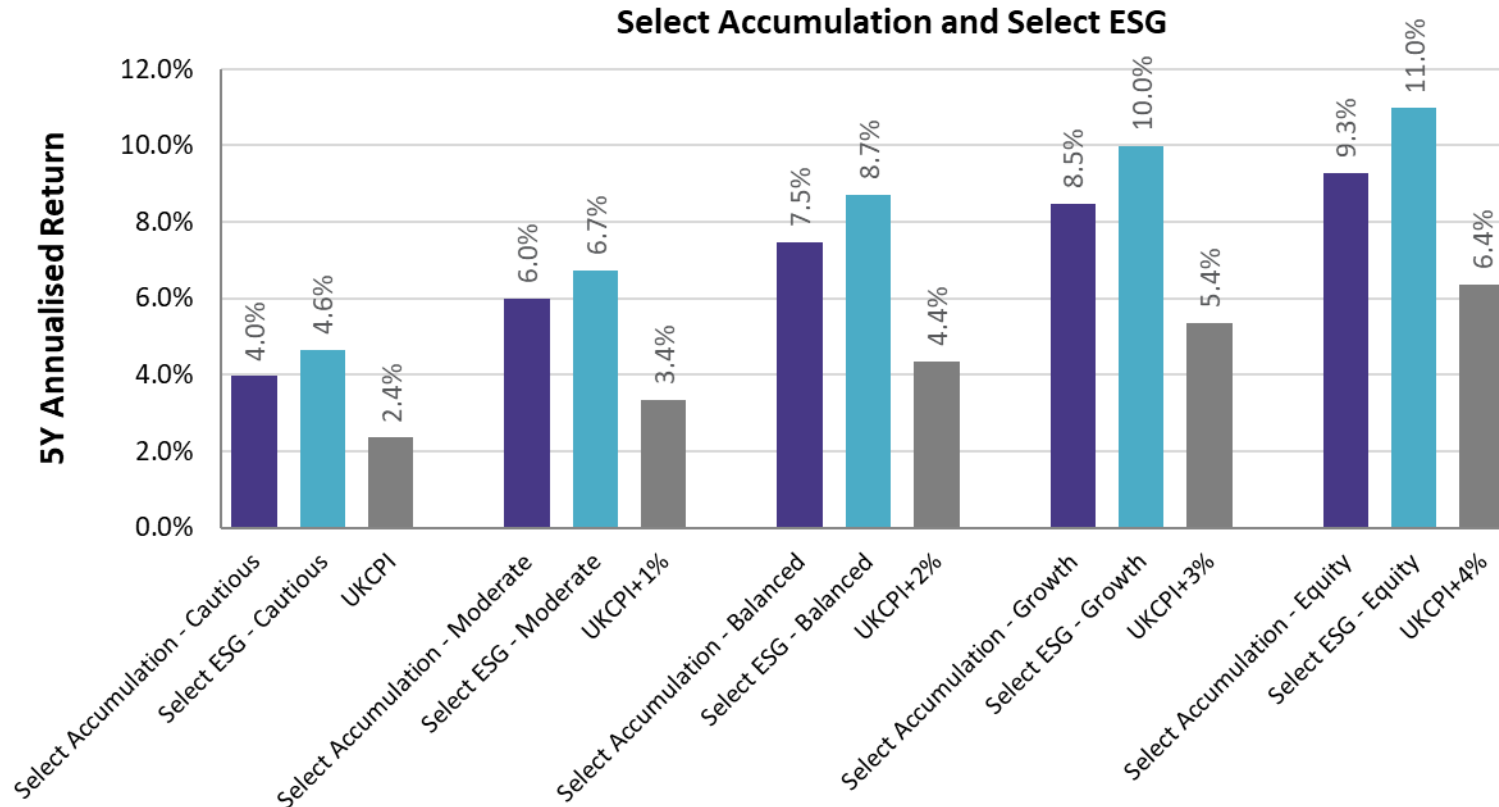


Our 'Select Accumulation' portfolio was previously known as 'Select'.

*For illustration only.
Returns based on Total return, assuming income is re-invested immediately and rebalanced on due dates.
The annualised risk and return figures are calculated based on a historic 5 year period as of 31-Dec-2021.
The performance figures for Select ESG portfolios include simulated data before the inception date of the Select ESG portfolios (31-Mar-2020).*



Outcome (annualised return) analysis as of 31 December 2021



Our 'Select Accumulation' portfolio was previously known as 'Select'.

For illustration only.

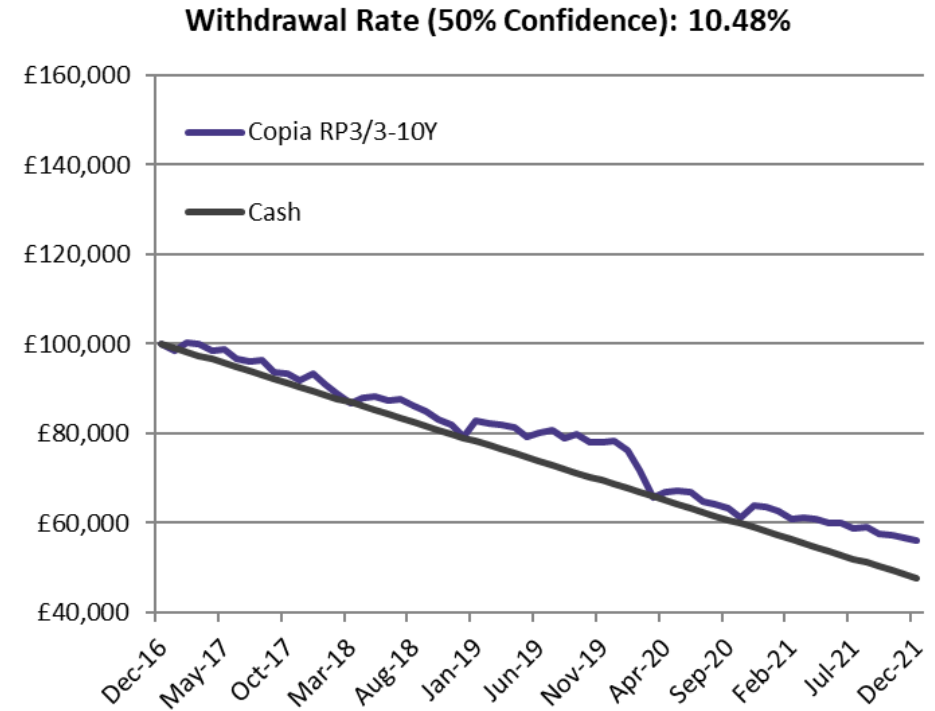
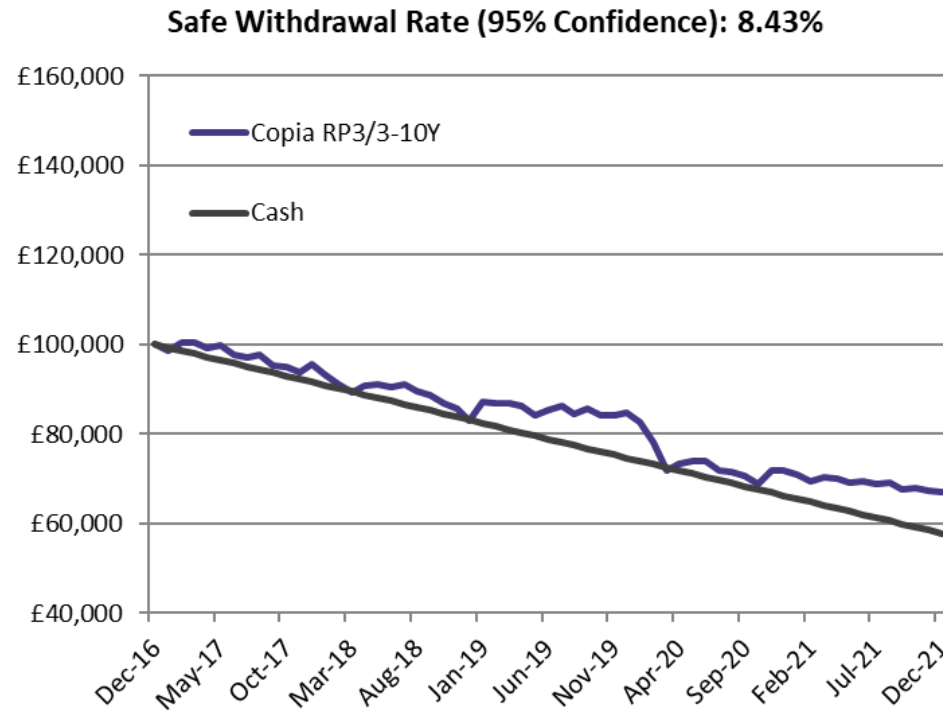
Returns based on Total return, assuming income is re-invested immediately and rebalanced on due dates.

Available CPI data has been used as a comparator for real returns. CPI data for December 2021 is currently unavailable and not shown.

The annualised returns are calculated based on a historic 5 year period as of 31-Dec-2021.

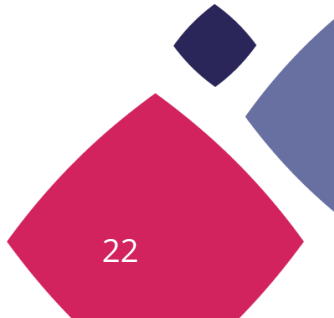
The performance figures for Select ESG portfolios include simulated data before the inception date of the Select ESG portfolios (31-Mar-2020).

Outcome analysis as of 31 December 2021

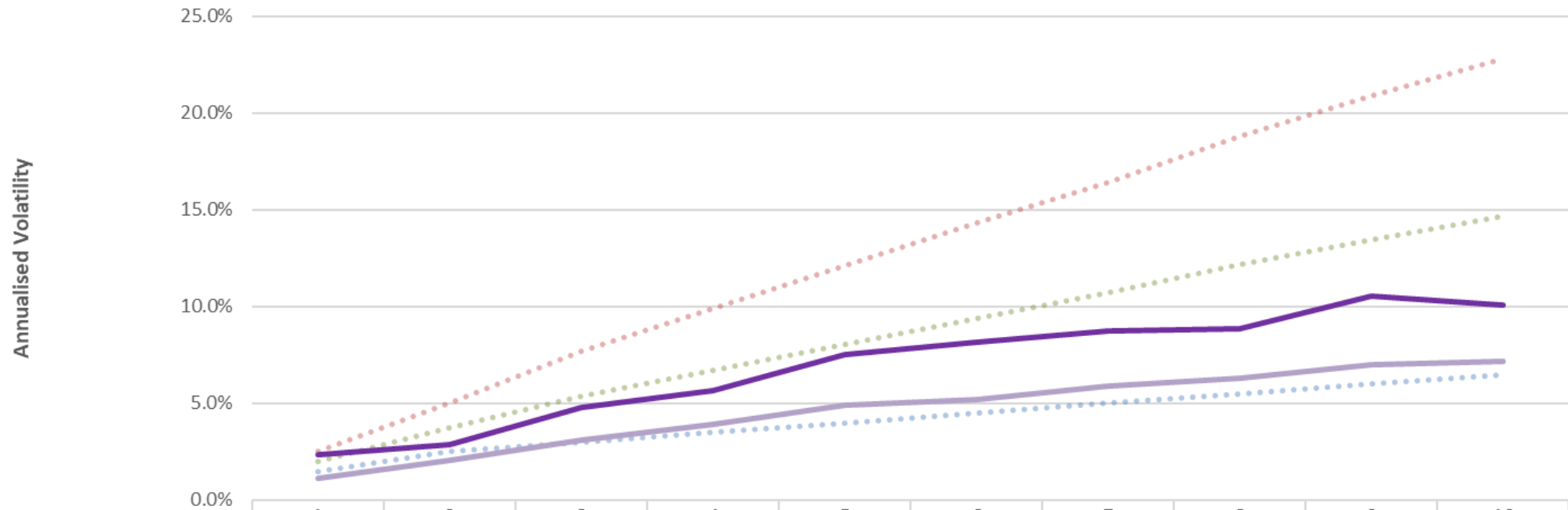


Our 'Select Decumulation' portfolio was previously known as 'Retirement Income'.

*For illustration only.
Returns based on Total return, assuming income is re-invested immediately and rebalanced on due dates.
Performance includes simulated performance for data prior to launch date (28-Feb-2017). Actual data is used from 1-Mar-2017 to Present.*



Outcome analysis as of 31 December 2021

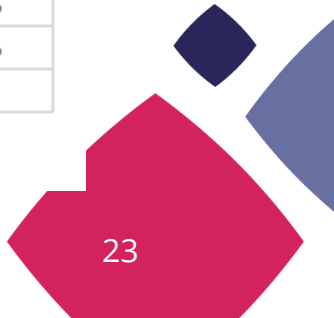


	1	2	3	4	5	6	7	8	9	10
Lower Limit	1.5%	2.5%	3.0%	3.5%	4.0%	4.5%	5.0%	5.5%	6.0%	6.5%
Higher Limit	2.5%	5.0%	7.7%	9.9%	12.1%	14.3%	16.4%	18.8%	20.9%	22.8%
Expected Level	2.0%	3.8%	5.4%	6.7%	8.1%	9.4%	10.7%	12.2%	13.5%	14.7%
Actual - 36 Month	2.3%	2.9%	4.8%	5.7%	7.5%	8.2%	8.7%	8.9%	10.5%	10.1%
Actual - 12 month	1.2%	2.1%	3.1%	3.9%	4.9%	5.2%	5.9%	6.3%	7.0%	7.2%

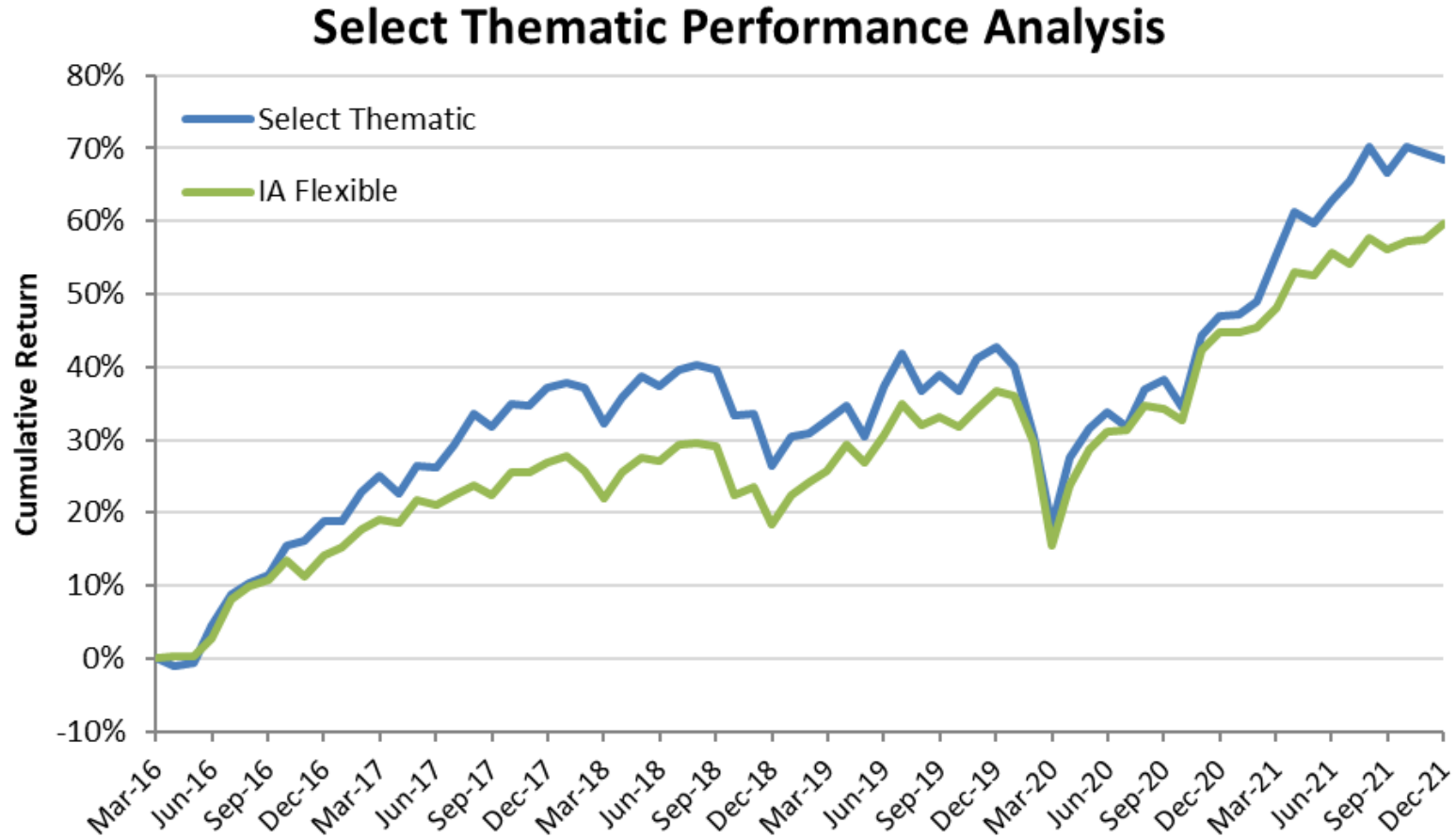
Copia Volatility Focus Portfolios

Our 'Select Volatility' portfolio was previously known as 'Volatility Focus'.

*For illustration only.
Returns based on Total return, assuming income is re-invested immediately and rebalanced on due dates.*

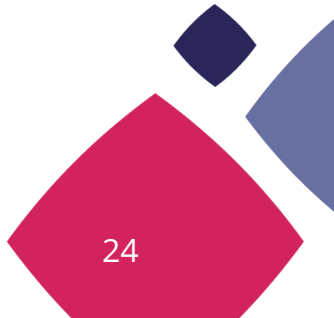


Outcome analysis as of 31 December 2021



Our 'Select Thematic' portfolio was previously known as 'Copia Enhanced Equity'.

*For illustration only.
Returns based on Total return, assuming income is re-invested immediately and rebalanced on due dates.*





Disclaimer

Some figures and numbers in this document are based on Copia's simulation data. Figures relating to simulated performance is not a reliable indicator of the future. Models are prepared in accordance with tolerance to risk and not client circumstances and information is from given sources and taken to be reliable and accurate, which Copia cannot warrant for accuracy or completeness. This document is intended to provide information for professional Advisers only and is not intended for onward transmission to clients. Copia does not provide advice – Advisers must seek their own compliance/legal advice before relying on the information provided in this document.

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