

copia:capital

Quarterly Performance Update

30 June 2022

For advisers only



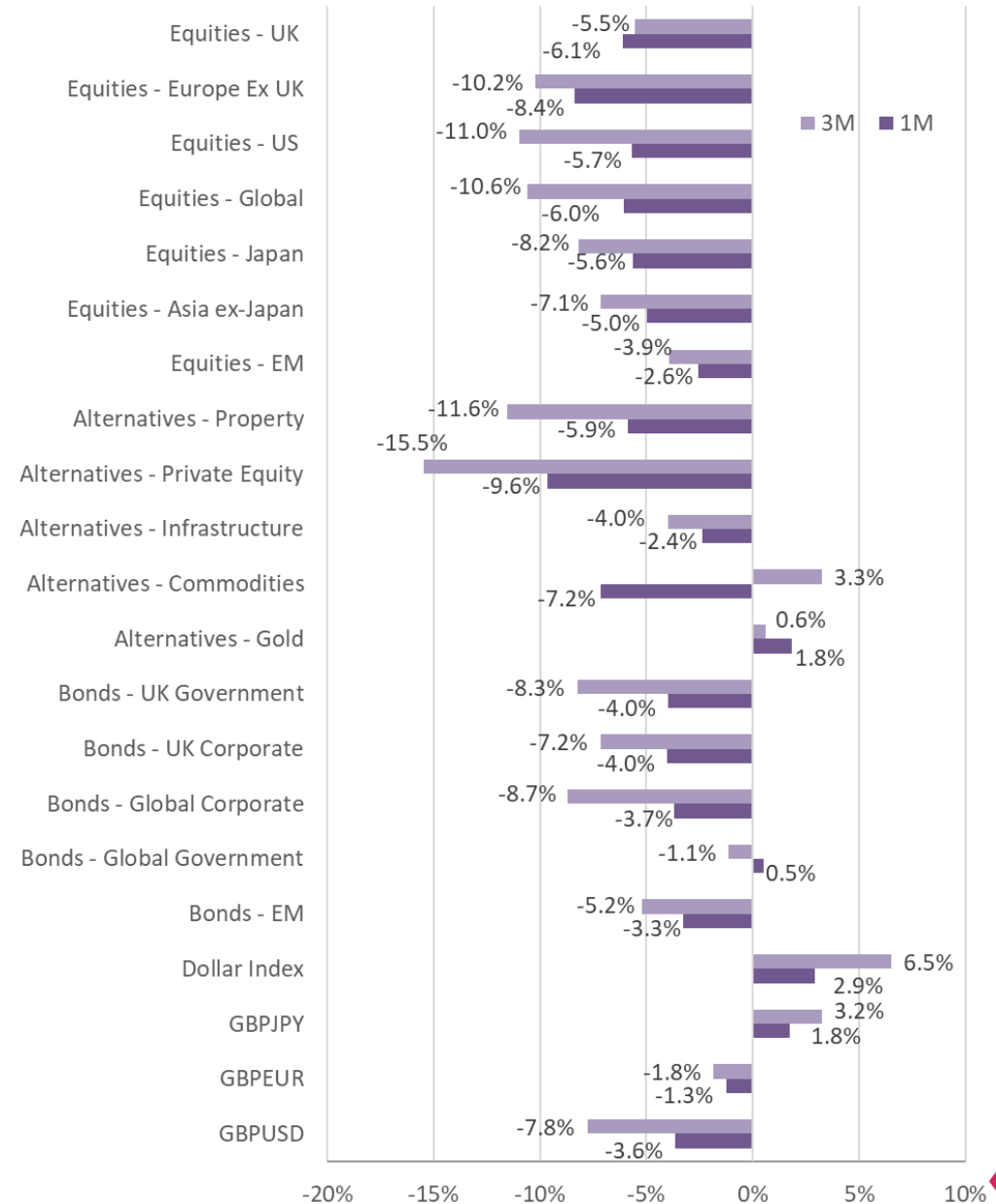
Market performance
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Market performance Q2 2022

- Returns across equity markets were negative in June, as central banks continued to push through interest rate increases in an attempt to bring inflation back under control. Investors increasingly believe this action will lead to a recession, with share prices tumbling as a consequence. Despite strong job markets and robust wage growth, consumer confidence is low, which is likely to impact demand.
- Controlling inflation through higher interest rates is the primary objective of central banks. Many have been clear that recession is a price worth paying to ensure inflation does not become embedded in market expectations over the medium term. Although there have already been some significant equity market drops, there could be further pain for investors when corporate earnings begin to fall.
- Recession fears have checked the pace of price rises in commodities, with oil and metals such as iron ore becoming more volatile as investors worry that a pullback will result in lower demand for these commodities.
- Inflation and higher central bank interest rates have resulted in rapidly rising bond yields and capital losses for bondholders. As a result, investors across the risk spectrum have experienced negative returns this year. Although no one likes to see their asset valuations fall, investors should remember that occasional falls in markets are normal but longer term performance has been strong. We would caution against making large switches to cash, crystallising a loss on paper and then trying to time when to buy back in – something that has proved very difficult even for experienced fund managers.

Market Performance



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- We believe we are already in a bear market (albeit with occasional dead cat bounces)
- Inflation likely to remain high for some time (the Fed and BOE have been too slow to raise interest rates)
- Interest rates will continue to rise (getting closer to the point where bond yields are “ok” – a credible alternative to equity returns)
- Quantitative Tightening (QT) to reduce liquidity and therefore less marginal cash looking for returns by investing in equities
- China equities have been over-sold
- The conflict in Ukraine has exacerbated all of the above (impact on trade; impact on inflation)
- Brexit remains a concern for the UK (GBP remains weak)

Consequently:

- Remain well diversified
- Maintain a “risk off” mind-set (risk barometer remains in the red)
- Prefer value over growth
- Gradual transition from short dated bonds to medium/long dated bonds (between now and year end)
- Keep China exposure within Emerging Markets Funds

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-0.60
As of 31-March-2022



-0.72
As of 30-June-2022

Based on our proprietary Prediction Algorithm the Copia Risk Barometer is now reading -0.72 as of 30-June-2022, a change of -0.12 from last quarter, staying in the Red zone, indicating that the global economic outlook continues to be negative.

Primary drivers for the Risk Barometer:

- **Government bond markets:** Major global yield curves continue to be inverted following a steep shift upwards over the last quarter. This is a cautionary signal from the bond markets suggesting the liquidity fuelled rally in risk assets is coming to an end. Historically recessions have followed 9 out of 10 times, 18 months from the point when the yield curve inverts and remains in inversion.
- **Equity market pricing:** Economic growth expectations have been lowered going forward as companies start to feel the pressure from supply chain issues, rising inflation and stalling growth. Geopolitical uncertainty remains high and equities are likely to remain volatile in the near term. Markets have also lost its long term positive momentum and are very close to bear market territory.
- **Credit Spreads:** The tight credit spreads which had underpinned positive sentiment in risk assets all through 2021 have materially expanded. Rising Credit Default Swap indices indicate corporate bond investors have now started to price in a probability of an inflation/Fed induced recession. Although these levels are not comparable to those seen during the Covid recession, the spreads have materially widened compared to levels seen over the last few months.
- **Overall:** The Risk Barometer is picking up much more negative signals than positive ones and is indicating a negative outlook toward risk assets. Volatility is likely to persist and if these conditions continue, economic growth outlook will be challenging for the rest of 2022.

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.

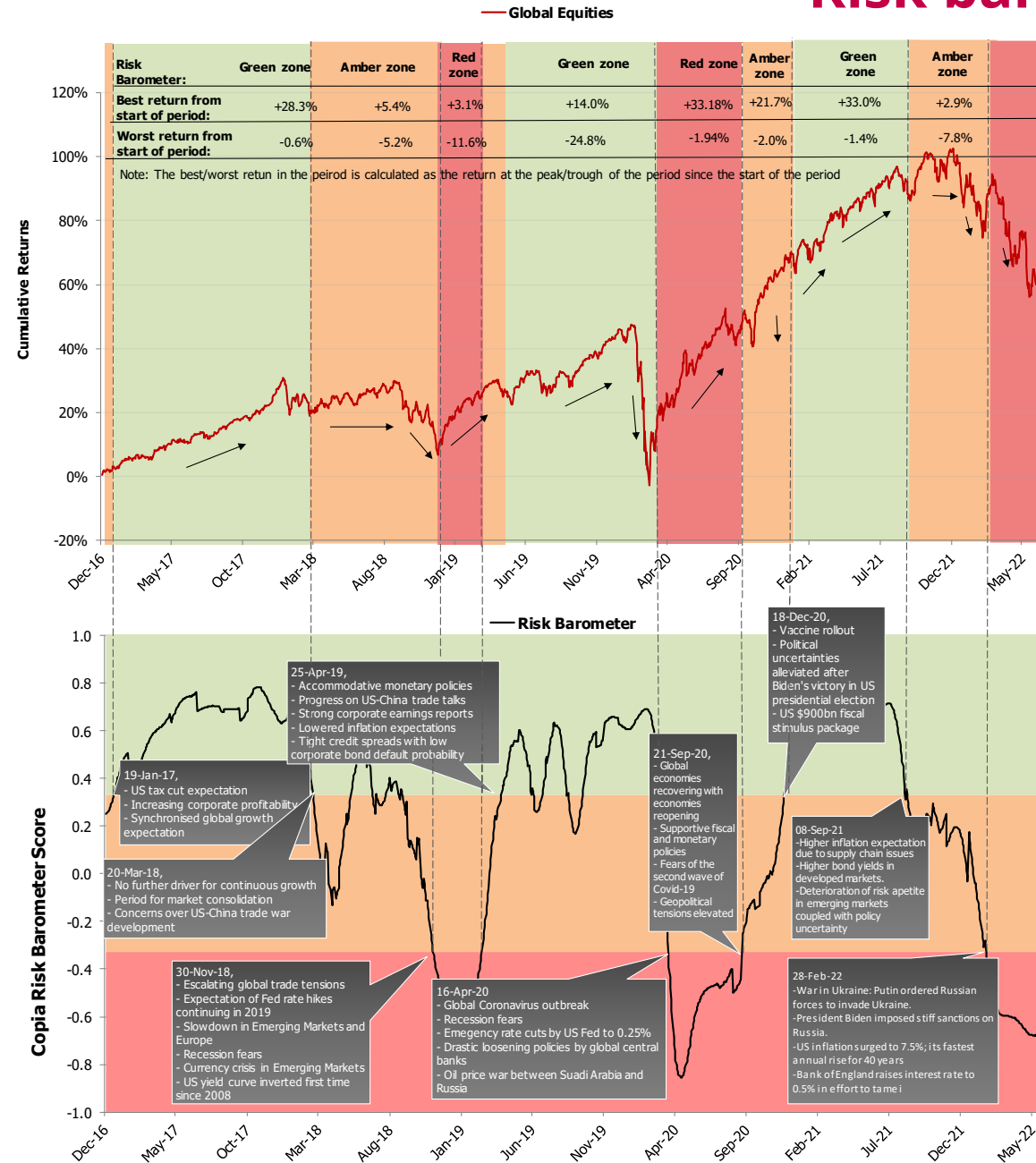
A score of -1.0 indicates an extremely poor economic outlook, which is accompanied by a high probability of negative returns in risky asset classes.

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.

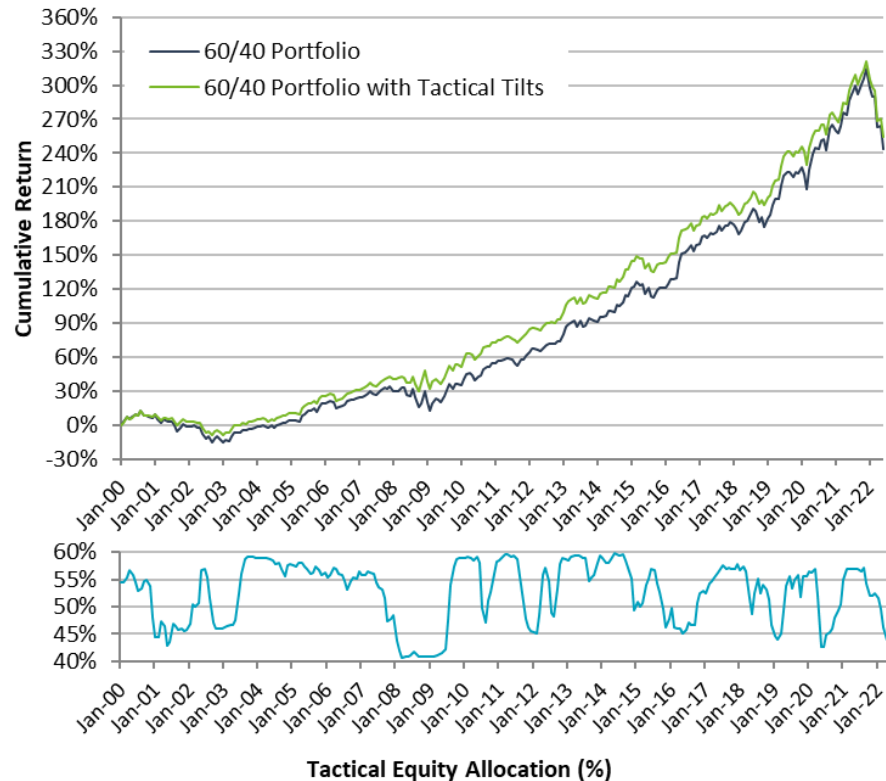
Source: Copia Capital Management, Refinitiv Datastream

Global Equities Returns is based on actual data of MSCI World Index for the period between 31-Dec-2016 and 30-Jun-2022.

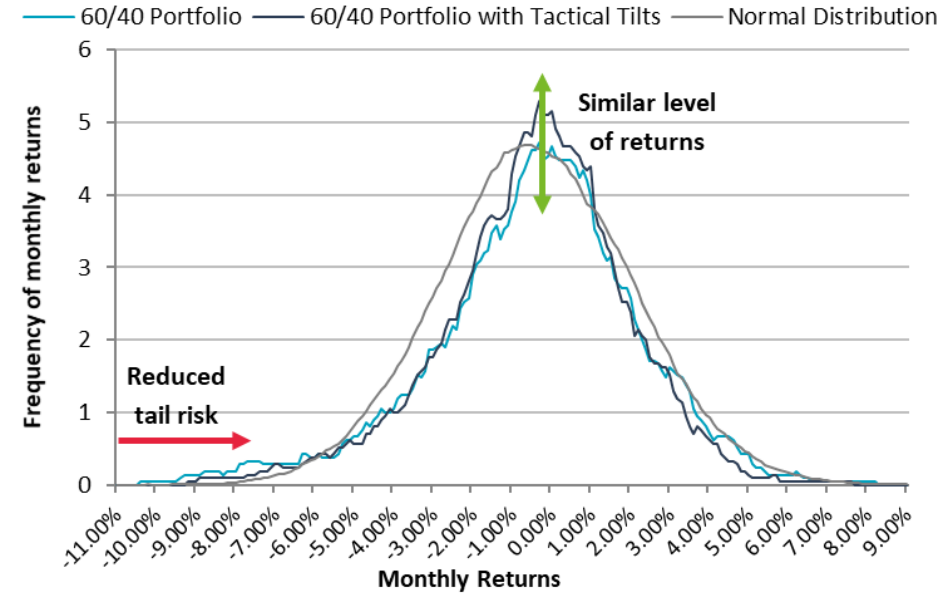


Impact of dynamic risk management using the Risk Barometer

- 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	5.66%	8.42%	0.67	-25.40%
60/40 Portfolio with Tactical Tilts	5.81%	7.29%	0.80	-19.13%
Impact	→ 0.15%	↓ -13.38%	↑ 18.51%	↓ -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 30-Jun-2022. 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 30-Jun-17 to 30-Jun-18	Year 2 30-Jun-18 to 30-Jun-19	Year 3 30-Jun-19 to 30-Jun-20	Year 4 30-Jun-20 to 30-Jun-21	Year 5 30-Jun-21 to 30-Jun-22
Cautious	-3.61%	-5.32%	-3.26%	4.18%	14.14%	2.36%	4.46%	2.26%	6.61%	5.89%	1.70%	-3.26%
Moderate	-4.16%	-6.11%	-3.62%	9.15%	25.71%	4.12%	5.27%	4.36%	7.04%	4.88%	7.98%	-3.62%
Balanced	-5.14%	-7.16%	-3.46%	13.62%	34.51%	5.37%	6.99%	5.86%	6.33%	2.83%	14.46%	-3.46%
Growth	-6.71%	-8.73%	-4.07%	15.25%	39.51%	6.05%	9.07%	6.19%	7.43%	1.54%	18.31%	-4.07%
Equity	-6.55%	-8.31%	-3.23%	18.39%	45.86%	6.89%	9.34%	7.28%	7.07%	0.81%	21.36%	-3.23%

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) (Annualized)	1 Yr Volatility	Year 1 30-Jun-17 to 30-Jun-18	Year 2 30-Jun-18 to 30-Jun-19	Year 3 30-Jun-19 to 30-Jun-20	Year 4 30-Jun-20 to 30-Jun-21	Year 5 30-Jun-21 to 30-Jun-22
Cautious	-3.28%	-5.65%	-3.12%	#N/A	4.85%	2.13%	3.99%	#N/A	#N/A	#N/A	0.71%	-3.12%
Moderate	-4.12%	-6.90%	-3.53%	#N/A	14.14%	6.06%	4.93%	#N/A	#N/A	#N/A	7.35%	-3.53%
Balanced	-4.94%	-8.03%	-3.10%	#N/A	24.27%	10.14%	6.56%	#N/A	#N/A	#N/A	13.30%	-3.10%
Growth	-6.25%	-9.68%	-3.50%	#N/A	29.72%	12.26%	8.46%	#N/A	#N/A	#N/A	17.11%	-3.50%
Equity	-6.34%	-9.91%	-3.07%	#N/A	34.39%	14.04%	9.07%	#N/A	#N/A	#N/A	20.12%	-3.07%

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 30-Jun-17 to 30-Jun-18	Year 2 30-Jun-18 to 30-Jun-19	Year 3 30-Jun-19 to 30-Jun-20	Year 4 30-Jun-20 to 30-Jun-21	Year 5 30-Jun-21 to 30-Jun-22
RP1/3-10Y	-1.77%	-3.20%	-2.20%	2.21%	5.31%	0.97%	1.98%	1.18%	2.10%	2.40%	2.06%	-2.20%
RP1/11-15Y	-2.86%	-5.36%	-3.72%	1.22%	5.36%	0.98%	3.32%	1.70%	2.54%	1.81%	3.26%	-3.72%
RP1/16-20Y	-3.55%	-6.30%	-4.41%	1.19%	6.90%	1.26%	4.04%	2.37%	3.44%	1.72%	4.07%	-4.41%
RP1/20-25Y+	-4.01%	-7.27%	-4.76%	1.69%	8.90%	1.61%	4.71%	2.10%	4.91%	1.58%	5.11%	-4.76%
RP2/3-10Y	-2.79%	-4.87%	-2.60%	2.13%	5.48%	1.00%	3.37%	1.66%	1.69%	-0.01%	4.87%	-2.60%
RP2/11-15Y	-3.85%	-6.84%	-4.58%	-0.17%	4.63%	0.85%	4.38%	2.46%	2.31%	-1.58%	6.30%	-4.58%
RP2/16-20Y	-4.43%	-7.81%	-4.87%	0.58%	7.37%	1.34%	5.25%	2.80%	3.89%	-1.42%	7.26%	-4.87%
RP2/20-25Y+	-5.17%	-8.59%	-5.22%	0.94%	9.24%	1.67%	5.95%	2.59%	5.37%	-1.69%	8.33%	-5.22%
RP3/3-10Y	-3.93%	-6.95%	-3.97%	0.19%	4.41%	0.81%	4.81%	2.18%	1.82%	-3.06%	7.62%	-3.97%
RP3/11-15Y	-4.90%	-8.71%	-5.20%	-0.37%	4.88%	0.90%	6.02%	2.86%	2.12%	-3.70%	9.14%	-5.20%
RP3/16-20Y	-5.38%	-9.39%	-5.57%	-0.02%	7.81%	1.42%	6.59%	2.88%	4.49%	-3.91%	10.18%	-5.57%
RP3/20-25Y+	-5.80%	-9.93%	-6.05%	-0.42%	8.35%	1.51%	6.91%	2.84%	5.43%	-4.54%	11.03%	-6.05%
RP4/3-10Y	-5.46%	-9.76%	-5.05%	-0.32%	5.40%	0.99%	7.13%	3.14%	2.10%	-6.34%	12.09%	-5.05%
RP4/11-15Y	-5.76%	-10.83%	-5.69%	-0.96%	5.95%	1.09%	7.90%	3.21%	3.11%	-7.27%	13.26%	-5.69%
RP4/16-20Y	-5.91%	-11.03%	-6.01%	-0.48%	7.38%	1.34%	8.06%	3.30%	3.93%	-6.59%	13.35%	-6.01%
RP4/20-25Y+	-6.11%	-10.85%	-6.74%	-2.13%	6.12%	1.12%	7.75%	3.37%	4.52%	-7.09%	12.95%	-6.74%
RP5/3-10Y	-7.86%	-12.70%	-6.24%	1.40%	11.31%	2.03%	10.17%	3.95%	5.48%	-7.28%	16.63%	-6.24%
RP5/11-15Y	-6.90%	-12.96%	-6.67%	-0.65%	9.10%	1.65%	9.80%	3.82%	5.60%	-8.26%	16.04%	-6.67%
RP5/16-20Y	-6.81%	-12.77%	-6.85%	-1.07%	8.13%	1.48%	9.59%	4.03%	4.90%	-8.48%	16.04%	-6.85%
RP5/20-25Y+	-6.59%	-12.49%	-7.26%	-1.76%	6.33%	1.16%	9.24%	3.84%	3.87%	-8.38%	15.61%	-7.26%

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

Select Volatility performance table

Previously known as Volatility Focus

Select Volatility	Cumulative Returns				Since Inception		1 Yr Volatility	Discrete Returns				
	3 M	6 M	1 Yr	3 Yr	Since Inception (28-Oct-2013)	(28-Oct-2013) (Annualized)		Year 1 30-Jun-17 to 30-Jun-18	Year 2 30-Jun-18 to 30-Jun-19	Year 3 30-Jun-19 to 30-Jun-20	Year 4 30-Jun-20 to 30-Jun-21	Year 5 30-Jun-21 to 30-Jun-22
Model 1	1.41%	-1.30%	-2.10%	-0.14%	8.15%	0.91%	2.21%	0.40%	1.21%	2.21%	-0.20%	-2.10%
Model 2	3.73%	1.45%	1.28%	3.09%	11.36%	1.25%	3.63%	0.54%	1.43%	2.41%	-0.62%	1.28%
Model 3	1.30%	-1.72%	0.63%	0.72%	16.41%	1.77%	4.10%	1.82%	1.59%	0.91%	-0.81%	0.63%
Model 4	-0.32%	-3.38%	0.48%	0.51%	20.62%	2.18%	4.88%	2.52%	1.17%	-0.82%	0.86%	0.48%
Model 5	-1.37%	-5.04%	-0.84%	-2.29%	20.03%	2.13%	5.97%	4.08%	1.92%	-3.40%	2.00%	-0.84%
Model 6	-0.78%	-4.15%	1.25%	0.24%	24.59%	2.57%	6.56%	4.68%	2.07%	-4.29%	3.44%	1.25%
Model 7	-1.47%	-5.01%	1.33%	1.42%	30.37%	3.10%	7.78%	5.85%	2.96%	-4.55%	4.86%	1.33%
Model 8	-2.47%	-5.93%	1.44%	4.39%	35.47%	3.56%	8.80%	6.15%	3.21%	-2.69%	5.76%	1.44%
Model 9	-3.45%	-6.92%	0.41%	3.36%	37.13%	3.71%	9.84%	6.64%	2.75%	-5.63%	9.07%	0.41%
Model 10	-6.08%	-9.42%	-2.15%	2.06%	35.19%	3.54%	10.68%	6.64%	3.07%	-3.82%	8.44%	-2.15%

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

Select Volatility	Cumulative Returns				Since Inception		1 Yr Volatility	Discrete				
	3 M	6 M	1 Yr	3 Yr	Since Inception (02 Nov 20)	(02 Nov 20) (Annualized)		Year 1 30-Jun-17 to 30-Jun-18	Year 2 30-Jun-18 to 30-Jun-19	Year 3 30-Jun-19 to 30-Jun-20	Year 4 30-Jun-20 to 30-Jun-21	Year 5 30-Jun-21 to 30-Jun-22
Select Preservation	-3.03%	-3.40%	-0.86%	#N/A	4.12%	2.47%	3.90%	#N/A	#N/A	#N/A	#N/A	-0.86%

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 30-Jun-17 to 30-Jun-18	Year 2 30-Jun-18 to 30-Jun-19	Year 3 30-Jun-19 to 30-Jun-20	Year 4 30-Jun-20 to 30-Jun-21	Year 5 30-Jun-21 to 30-Jun-22
Select Thematic	-10.73%	-14.58%	-11.71%	4.62%	45.84%	6.17%	12.52%	8.82%	0.10%	-2.60%	21.66%	-11.71%

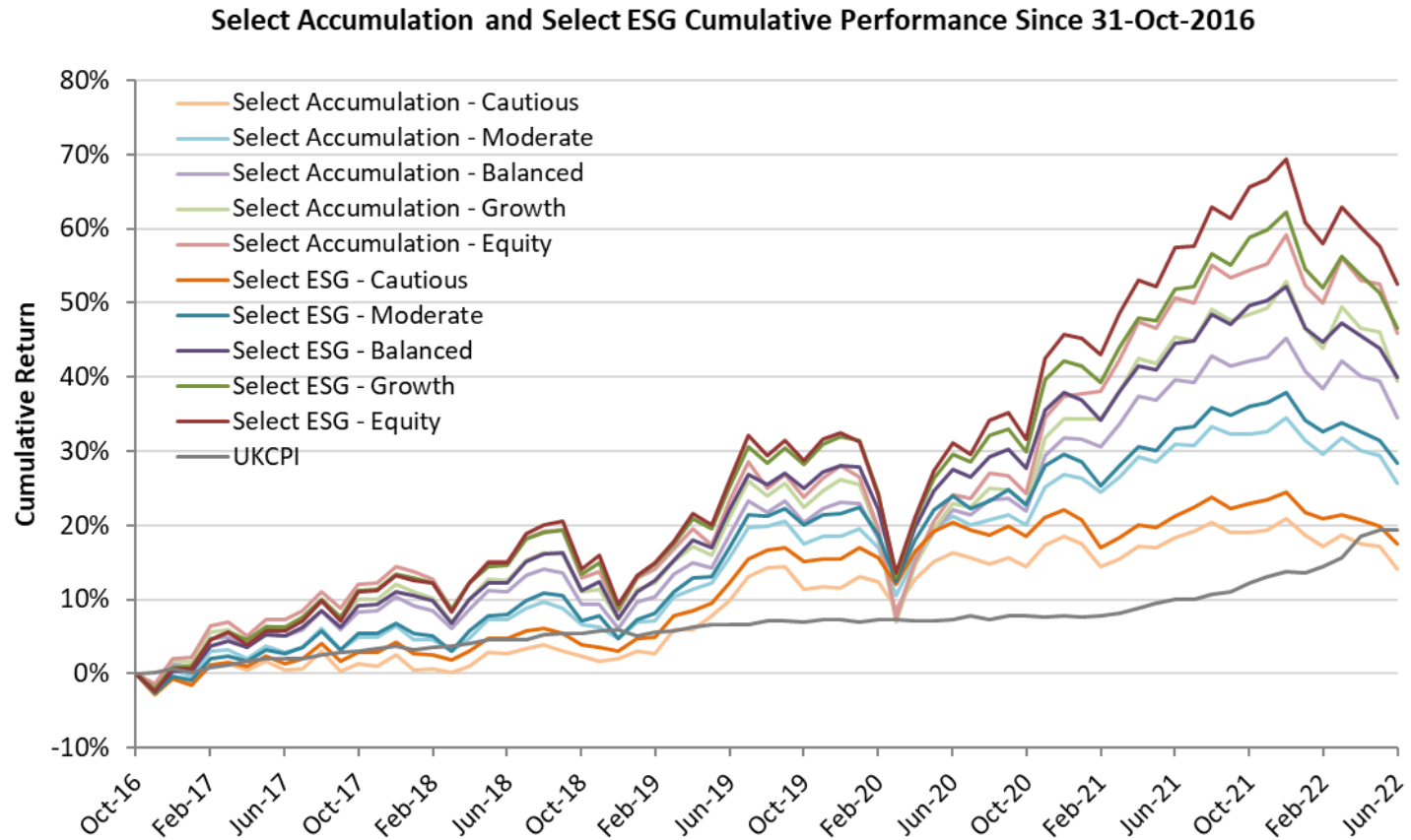
Returns based on Total return, assuming income is re-invested immediately and rebalanced on due dates



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Outcome (cumulative return) analysis as of 30 June 2022



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

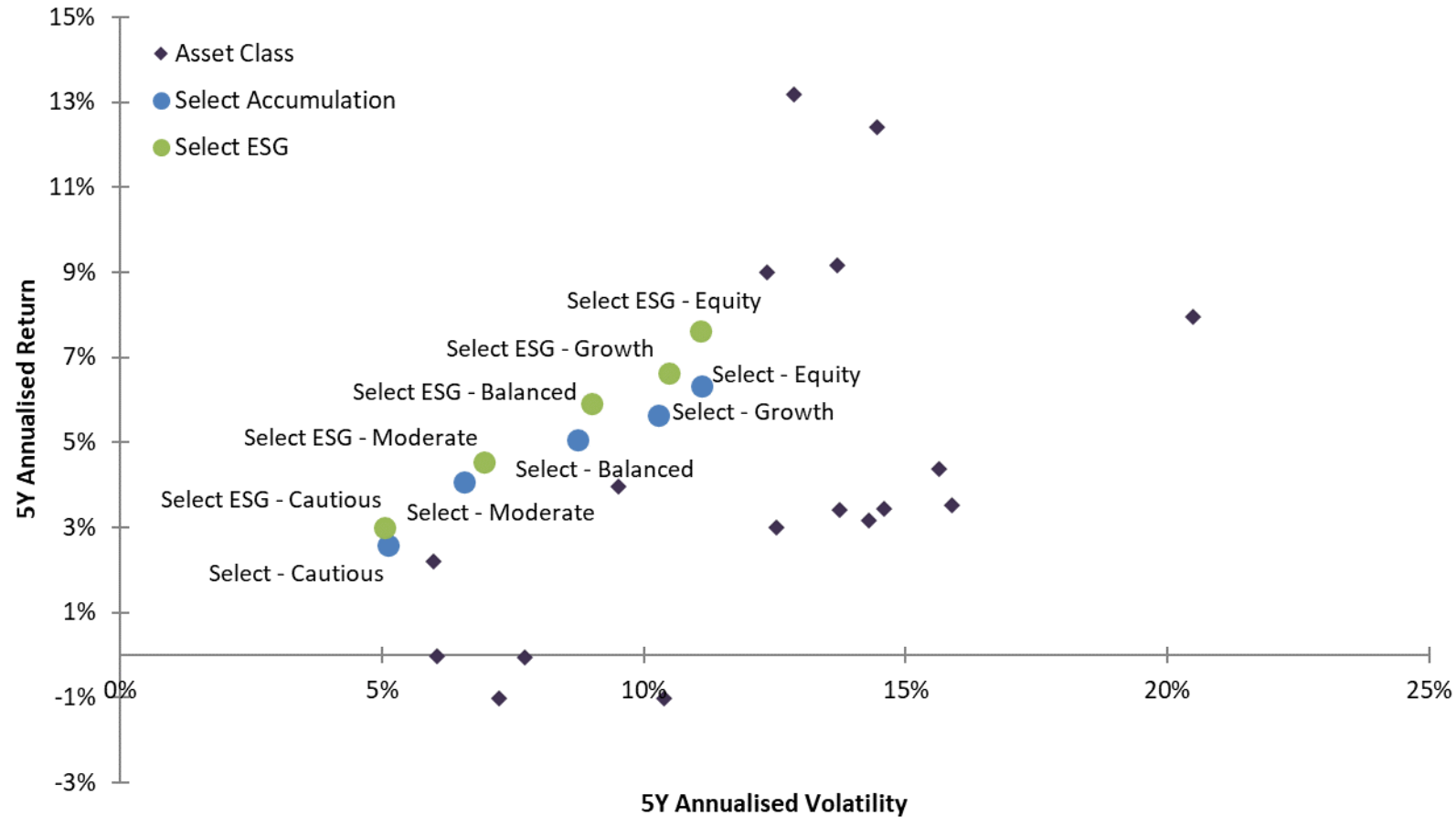
For illustration only.

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 June 2022 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 30 June 2022



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

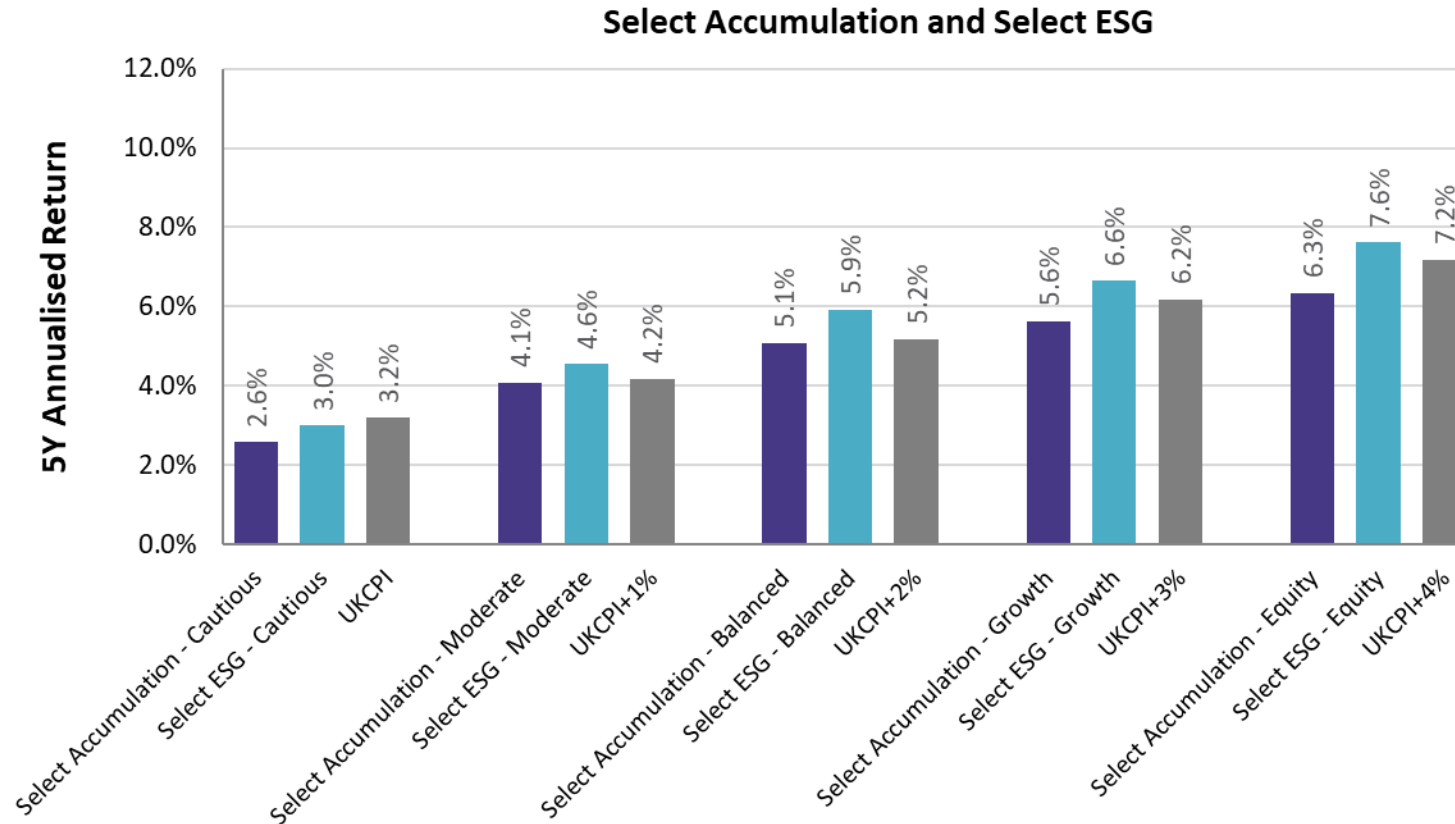
For illustration only.

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 30-Jun-2022.

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 30 June 2022



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

For illustration only.

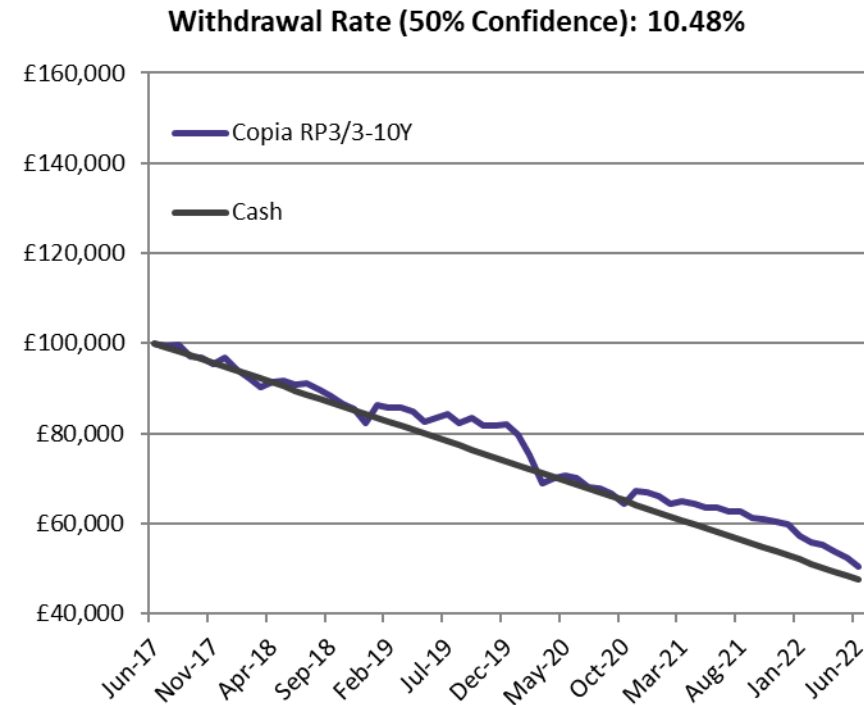
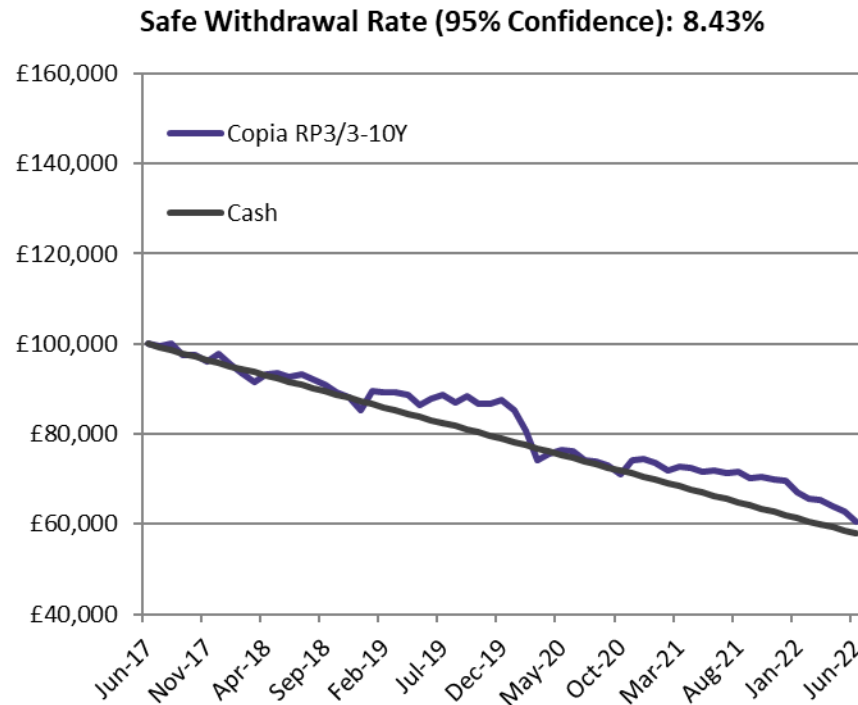
Returns based on Total return, assuming income is re-invested immediately and rebalanced on due dates.

Available CPI data has been used as a comparator for real returns. CPI data for June 2022 is currently unavailable and not shown.

The annualised returns are calculated based on a historic 5 year period as of 30-Jun-2022.

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 30 June 2022

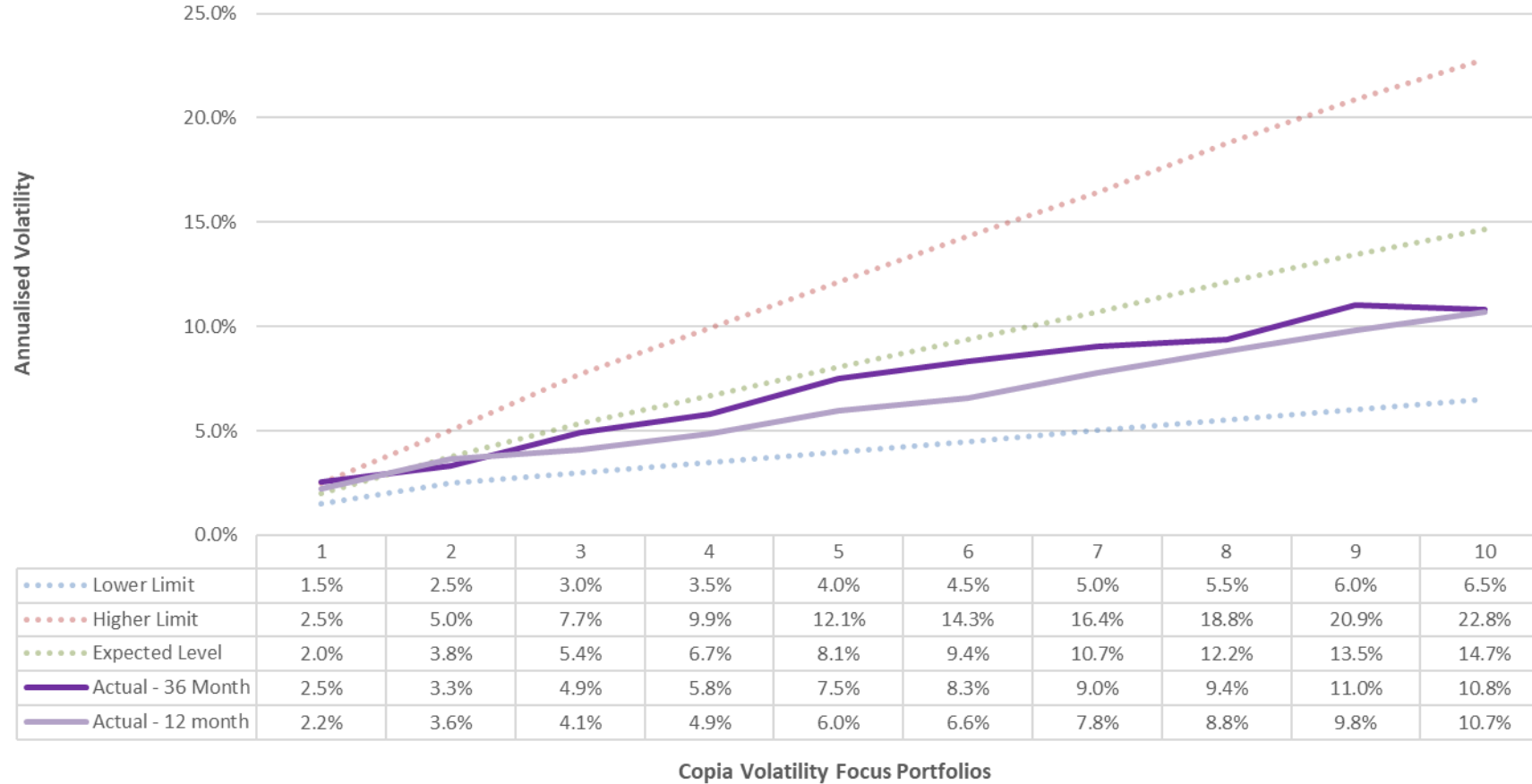


Our 'Select Decumulation' portfolio was previously known as 'Retirement Income'.

*For illustration only.
Returns based on Total return, assuming income is re-invested immediately and rebalanced on due dates.
Actual data is used from 1-Mar-2017 to Present.*

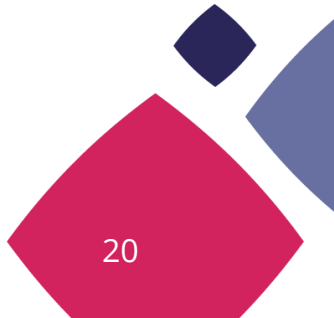


Outcome analysis as of 30 June 2022

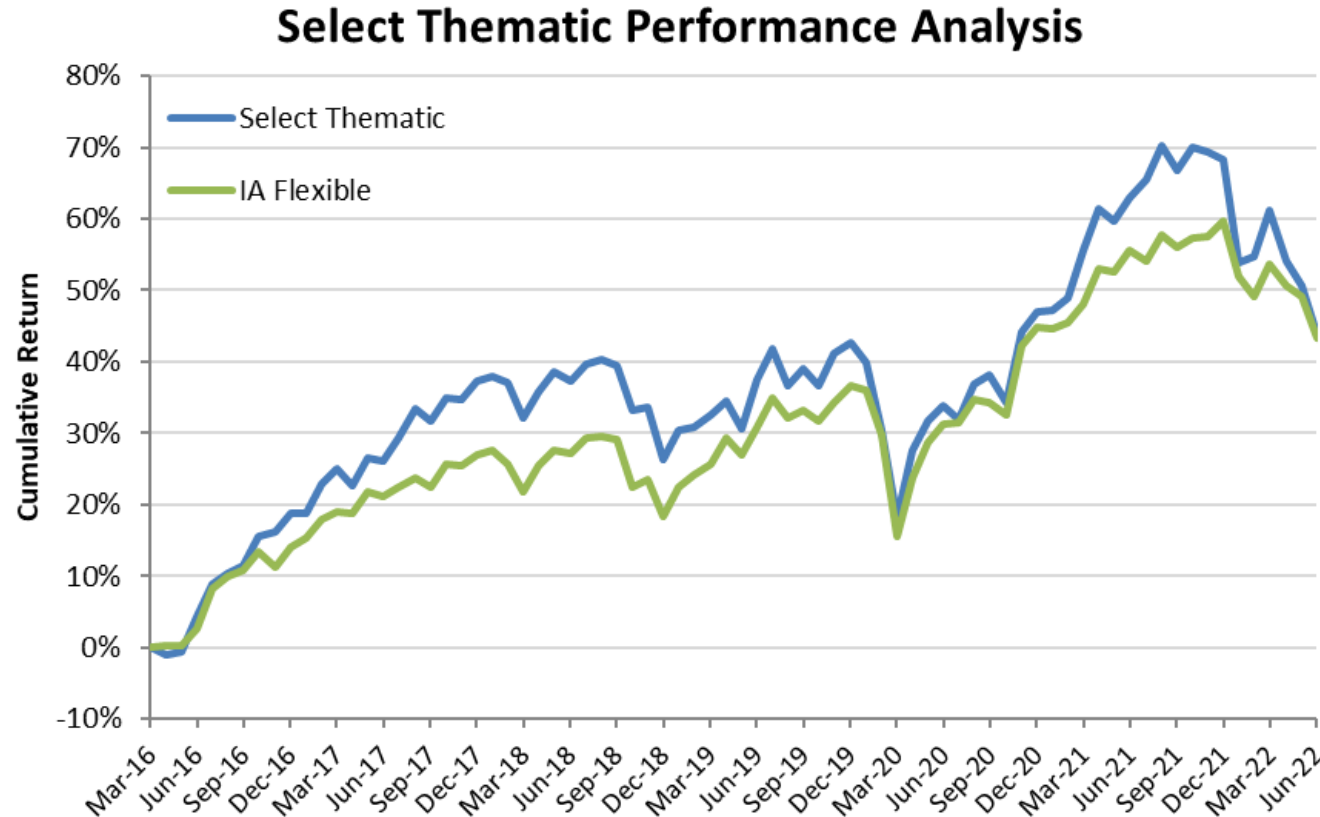


Our 'Select Volatility' portfolio was previously known as 'Volatility Focus'.

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



Outcome analysis as of 30 June 2022



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.

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