

copia:capital

Quarterly Performance Update

28 June 2024

For advisers only



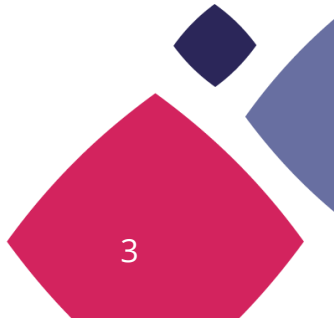
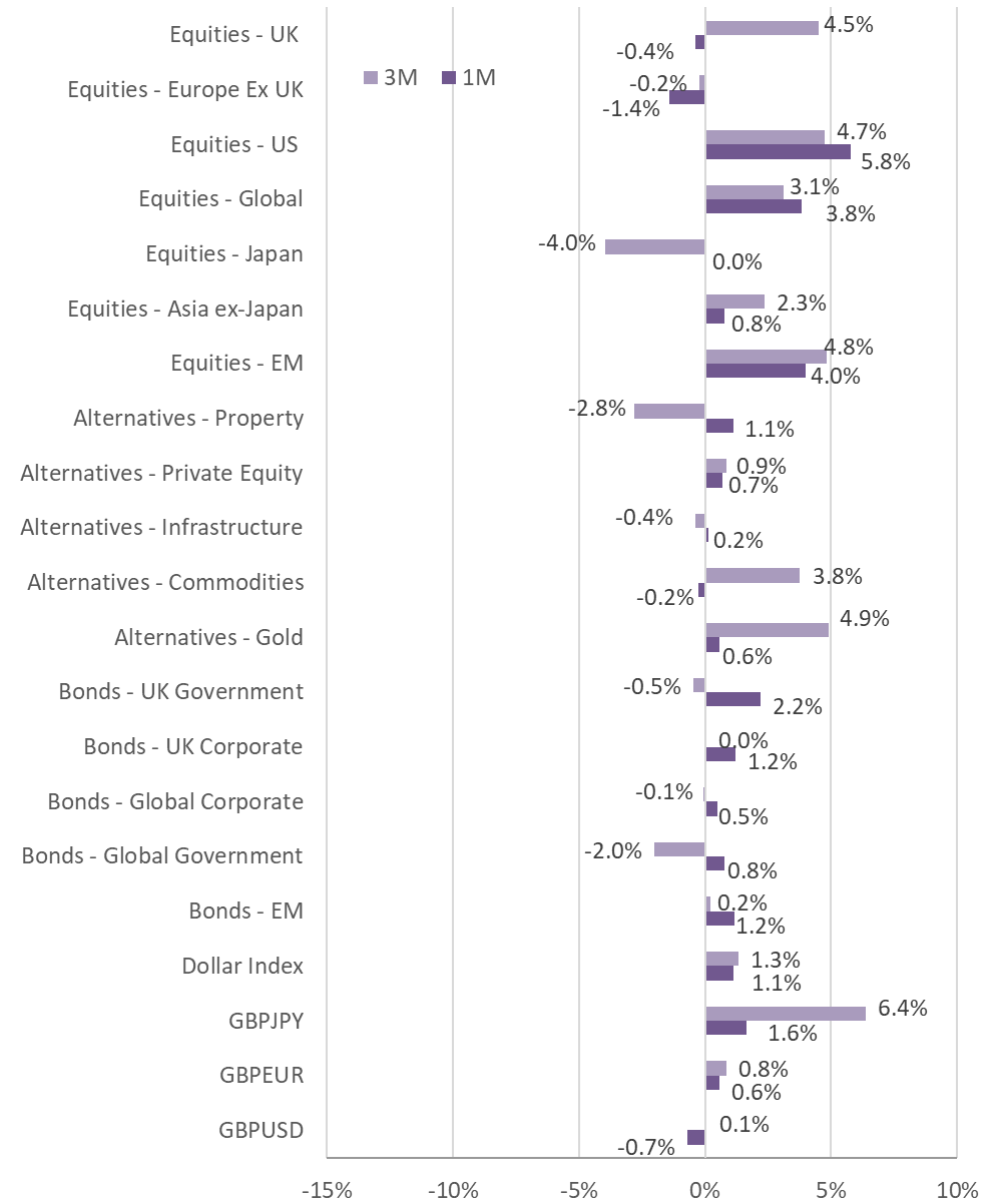
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Market performance Q2 2024

- June was generally a positive month for most asset classes with global equities, fixed income and most alternative assets delivering positive absolute returns. The only exception to this was UK and European equities which were both negative, giving up some of the positive returns we saw the regions deliver in the previous month.
- US equities was the best performing region delivering 5.8%, which significantly contributed to the +3.8% for the broad global index. Momentum within the US in the “Magnificent 7” (Apple, Amazon, Alphabet, Meta, Microsoft, Nvidia and Telsa) continued at a pace during the month. According to the Bank of America asset flow survey, the month of June was one of the largest on record for positive flows into growth orientated strategies of which the above group of stocks are part of.
- Europe was the worst performing equity region, delivering a negative return of -1.4%. French President Emmanuel Macron called a snap election following the success of the far-right parties in European elections. Financial markets in Europe responded negatively to the possibility of the Far-Right National Rally (RN) led by Marie Le Pen forming a government. This outweighed the positive news earlier in the month, when the European Central Bank (ECB) cut interest rates by 25bps to 3.75%.
- Emerging Market equities were positive for the month delivering a +4.0% return. This was despite weak Chinese economic data and there continues to be doubts about the country’s recovery, particularly with the issues in the property sector. Furthermore, there was volatility in India around the time of their election, which saw an initial sharp sell-off in the region. However, investors soon brushed this off and the region finished with markets at all-time highs. Taiwan and South Korea delivered strong returns where Artificial Intelligence (AI) and chip related stock surged, echoing movements in the US technology sector, as these markets have high exposure to AI and technology.
- Returns across fixed income markets delivered positive returns. The best performing asset class was UK Government bonds which returned +2.2%. We saw the ECB cut interest rates this month, and there is a high probability being priced into bond markets that the Bank of England (BOE) will look to start cutting interest rates in their August meeting. UK inflation readings have fallen substantially and is now getting closer to the Bank’s 2% target. Though infrastructure returns were more muted, the narrative around inflation and interest rate cuts drove the asset class slightly higher.
- We have seen a positive start to the year for equity markets, but we are likely to continue to see volatility in most asset prices as we navigate macroeconomic and geopolitical hazards. However, we are encouraged by improving economic activity, and inflation that continues to move in the right direction. As always, this should present some interesting investment opportunities over the medium to long term.

Market Performance



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- Recent comments by Federal Reserve Chairman Powell have encouraged markets that interest rate cuts are likely in 2024, however the path remains highly uncertain
- We expect inflation to continue to slow, but likely remain above central bank targets
- Central banks are beginning to discuss slowing down Quantitative Tightening (QT), which has been reducing liquidity since June 2022, a positive signal for equity markets
- Asian and Global Emerging Market equities have been oversold but economic landscape has improved. China starting to show seeds of recovery
- Geopolitical issues remain elevated with the ongoing conflict in Ukraine and Israel/Gaza, with the potential for economic disruption on a global scale, we continue to monitor developments closely
- 2024 is a big year for elections, national votes due in 40 countries. Particular attention will be paid to the US, Taiwan, UK & European Parliament.
- Several policies and reforms have been put through in the UK which have generally gone under the radar, these should help drive growth and enhance economic relations with Europe and Asia (Windsor Trade Agreement & Mansion House Reforms)

Consequently:

- Remain well diversified
- Risk barometer moves further into the Green zone, signalling a more positive outlook
- Preference for value and quality versus growth
- Within fixed income, we have begun to transition portfolios towards market weight duration
- Keep exposure to Asia and Emerging Markets

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+0.42

As of 29-Mar-2024



+0.59

As of 28-June-2024

Based on our proprietary Prediction Algorithm the Copia Risk Barometer is reading +0.59 as of 28-Jun-2024, a change of +0.17 from last quarter, staying in the green zone, indicating that the global economic outlook is positive.

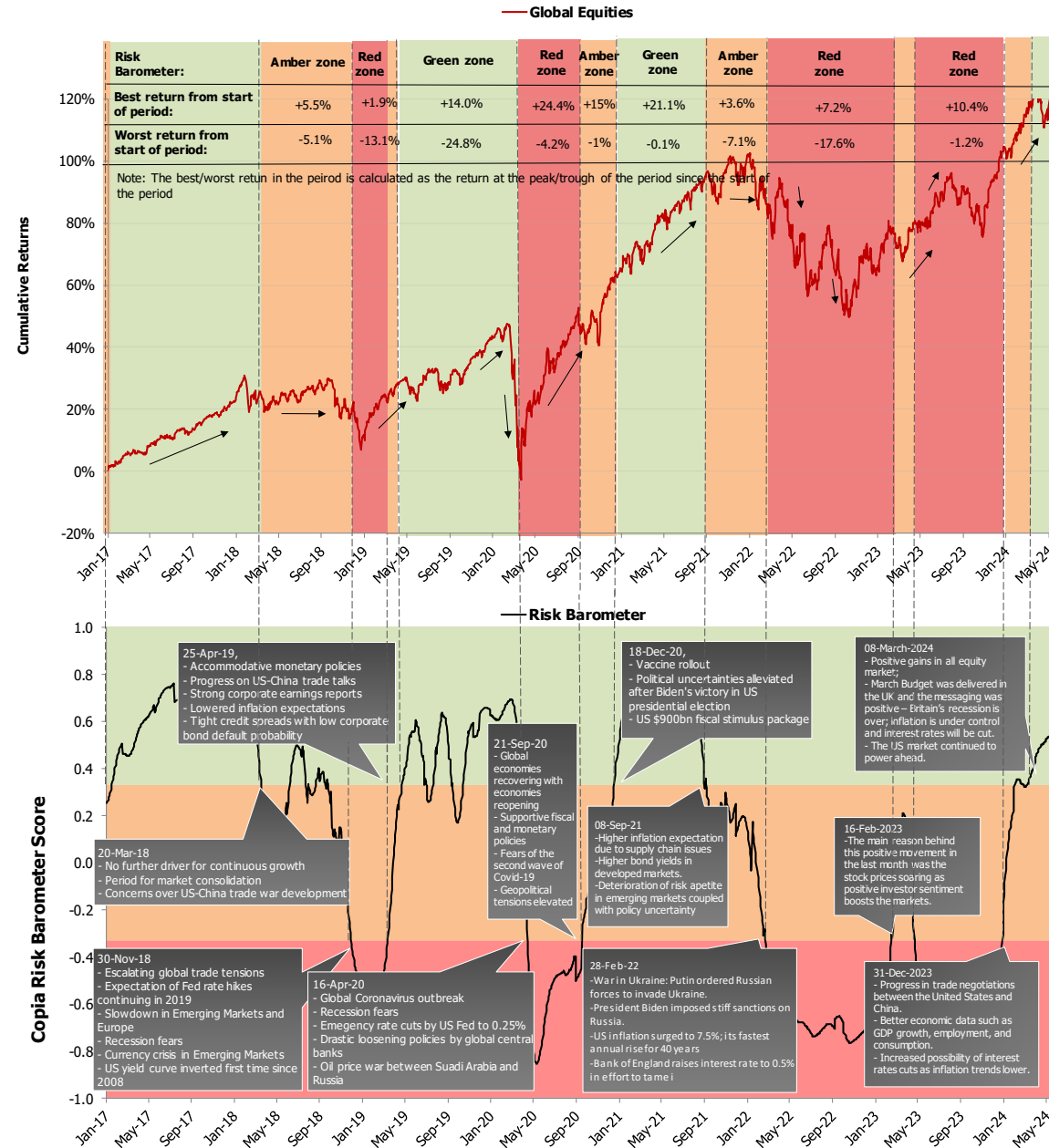
Primary drivers for the Risk Barometer:

- **Government bond markets:** Despite major global yield curves remaining inverted, the extent of inversion has narrowed from the levels seen for throughout 2023. This is an encouraging signal from bond markets, suggesting an increased likelihood of rate cuts in developed markets this year.
- **Equity market pricing:** Following Federal Reserve Powell's unexpected dovish comments, investors are pricing in expectations that the Fed is likely done raising rates. This has been a positive signal for markets with equity market momentum rising over the past quarter.
- **Credit Spreads:** Credit spreads have continued to tighten, indicating corporate bond investors are not pricing in a systemic default of the bonds and signalling a lower probability of recession.
- **Overall:** The overall signals from both equity and fixed income have improved. Leading to the Risk Barometer providing a positive outlook towards 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.



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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.

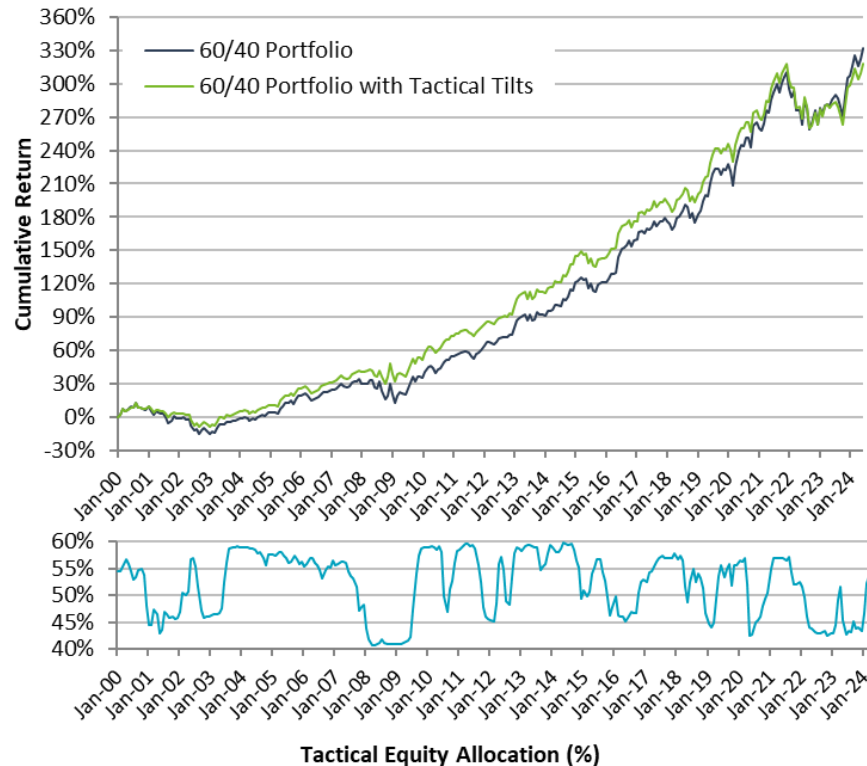
Source: Copia Capital Management, Refinitiv Datastream

Global Equities Returns is based on actual data of MSCI World Index for the period between 31-Dec-2016 and 29-Mar-2024.

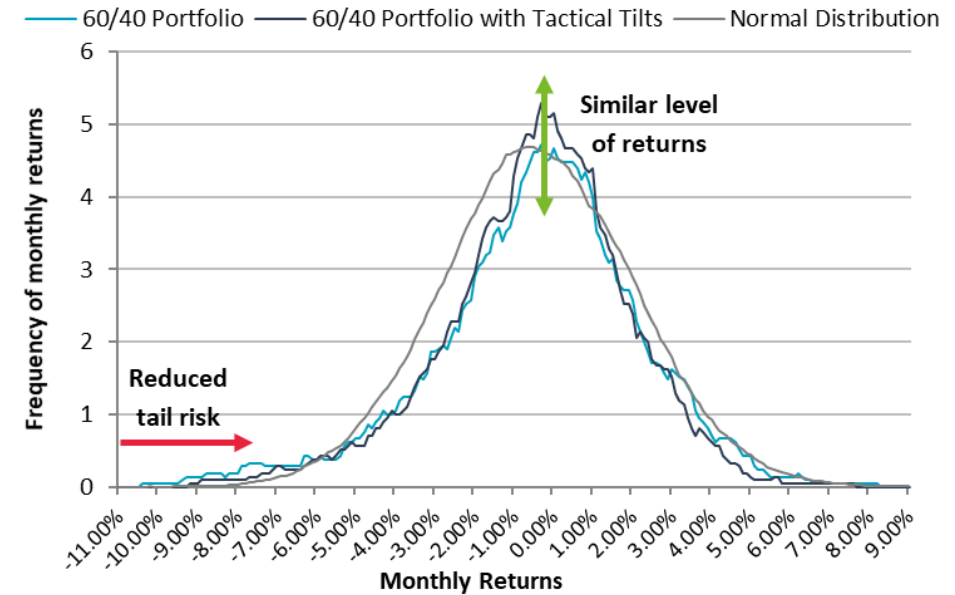


Impact of dynamic risk management using the Risk Barometer

- 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	6.18%	8.36%	0.74	-25.40%
60/40 Portfolio with Tactical Tilts	6.04%	7.34%	0.82	-19.13%
Impact	→ -0.14%	↓ -12.22%	↑ 11.38%	↓ -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 28-June-2024. 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-18 to 30-Jun-19	Year 2 30-Jun-19 to 30-Jun-20	Year 3 30-Jun-20 to 30-Jun-21	Year 4 30-Jun-21 to 30-Jun-22	Year 5 30-Jun-22 to 28-Jun-23	Year 5 30-Jun-22 to 28-Jun-23
Cautious	1.03%	3.01%	8.27%	5.90%	24.96%	3.40%	4.73%	6.61%	5.89%	1.70%	-3.21%	1.05%	8.27%
Moderate	1.54%	4.14%	8.96%	6.08%	38.36%	5.00%	5.06%	7.04%	4.88%	7.98%	-3.62%	1.01%	8.96%
Balanced	1.91%	5.65%	11.07%	10.78%	54.35%	6.73%	6.08%	6.33%	2.83%	14.46%	-3.50%	3.36%	11.07%
Growth	2.48%	7.88%	13.82%	14.93%	67.13%	8.02%	7.40%	7.43%	1.54%	18.31%	-4.17%	5.38%	13.82%
Equity	2.57%	8.20%	13.66%	16.09%	74.99%	8.76%	7.50%	7.07%	0.81%	21.36%	-3.36%	5.69%	13.66%

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-18 to 30-Jun-19	Year 2 30-Jun-19 to 30-Jun-20	Year 3 30-Jun-20 to 30-Jun-21	Year 4 30-Jun-21 to 30-Jun-22	Year 5 30-Jun-22 to 28-Jun-23	Year 5 30-Jun-22 to 28-Jun-23
Cautious	0.67%	1.66%	7.52%	3.26%	11.76%	3.49%	5.62%	#N/A	#N/A	0.71%	-3.36%	-0.63%	7.52%
Moderate	0.57%	1.53%	7.25%	1.49%	20.09%	5.81%	6.79%	#N/A	#N/A	7.35%	-3.93%	-1.49%	7.25%
Balanced	0.49%	2.06%	7.54%	3.99%	33.37%	9.28%	7.93%	#N/A	#N/A	13.30%	-3.70%	0.42%	7.54%
Growth	0.19%	2.71%	8.11%	6.27%	42.86%	11.62%	9.41%	#N/A	#N/A	17.11%	-4.35%	2.77%	8.11%
Equity	0.23%	2.75%	8.04%	6.46%	47.61%	12.75%	9.83%	#N/A	#N/A	20.12%	-4.01%	2.66%	8.04%

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

Select Retirement Income and Retirement Income Plus performance table

Select Retirement Income	Discrete												
	3 M	6 M	1 Yr	3 Yr	Since Inception (28-Feb-2023)	Since Inception (28-Feb-23) (Annualized)	1 Yr Volatility	Year 1 30-Jun-18 to 30-Jun-19	Year 2 30-Jun-19 to 30-Jun-20	Year 3 30-Jun-20 to 30-Jun-21	Year 4 30-Jun-21 to 30-Jun-22	Year 5 30-Jun-22 to 28-Jun-23	Year 5 30-Jun-22 to 28-Jun-23
Risk Profile 1	1.22%	3.86%	8.29%	#N/A	9.42%	31.49%	3.94%	#N/A	#N/A	#N/A	#N/A	#N/A	8.29%
Risk Profile 2	1.54%	5.53%	9.86%	#N/A	11.11%	37.76%	4.96%	#N/A	#N/A	#N/A	#N/A	#N/A	9.86%
Risk Profile 3	1.57%	6.53%	11.26%	#N/A	12.50%	43.07%	5.61%	#N/A	#N/A	#N/A	#N/A	#N/A	11.26%
Risk Profile 4	1.39%	7.57%	13.05%	#N/A	14.30%	50.15%	6.42%	#N/A	#N/A	#N/A	#N/A	#N/A	13.05%
Risk Profile 5	1.36%	7.75%	13.93%	#N/A	14.98%	52.90%	7.59%	#N/A	#N/A	#N/A	#N/A	#N/A	13.93%
Returns based on Total return, assuming income is re-invested immediately and rebalanced on due dates													

Retirement Income Plus	Discrete												
	3 M	6 M	1 Yr	3 Yr	Since Inception (28-Feb-2023)	Since Inception (28-Feb-23) (Annualized)	1 Yr Volatility	Year 1 30-Jun-18 to 30-Jun-19	Year 2 30-Jun-19 to 30-Jun-20	Year 3 30-Jun-20 to 30-Jun-21	Year 4 30-Jun-21 to 30-Jun-22	Year 5 30-Jun-22 to 28-Jun-23	Year 5 30-Jun-22 to 28-Jun-23
SLI Risk Profile 1	1.50%	4.82%	9.35%	#N/A	10.41%	35.15%	4.04%	#N/A	#N/A	#N/A	#N/A	#N/A	9.35%
SLI Risk Profile 2	1.74%	6.40%	10.97%	#N/A	12.17%	41.82%	5.23%	#N/A	#N/A	#N/A	#N/A	#N/A	10.97%
SLI Risk Profile 3	1.65%	7.13%	12.13%	#N/A	13.36%	46.44%	5.97%	#N/A	#N/A	#N/A	#N/A	#N/A	12.13%
SLI Risk Profile 4	1.36%	7.78%	13.39%	#N/A	14.65%	51.55%	6.73%	#N/A	#N/A	#N/A	#N/A	#N/A	13.39%
SLI Risk Profile 5	1.52%	8.02%	14.27%	#N/A	15.31%	54.25%	7.69%	#N/A	#N/A	#N/A	#N/A	#N/A	14.27%
Returns based on Total return, assuming income is re-invested immediately and rebalanced on due dates													

Select Preservation, Short Duration Bond and Thematic performance table

Previously known as Volatility Focus

	Discrete												
	3 M	6 M	1 Yr	3 Yr	Since Inception (02 Nov 20)	Since Inception (02 Nov 20) (Annualized)	1 Yr Volatility	Year 1 30-Jun-18 to 30-Jun-19	Year 2 30-Jun-19 to 30-Jun-20	Year 3 30-Jun-20 to 30-Jun-21	Year 4 30-Jun-21 to 30-Jun-22	Year 5 30-Jun-22 to 28-Jun-23	Year 5 30-Jun-22 to 28-Jun-23
Select Preservation	1.47%	3.65%	8.97%	7.85%	13.32%	4.83%	3.64%	#N/A	#N/A	#N/A	-0.93%	-0.10%	8.97%
Returns based on Total return, assuming income is re-invested immediately and rebalanced on due dates													

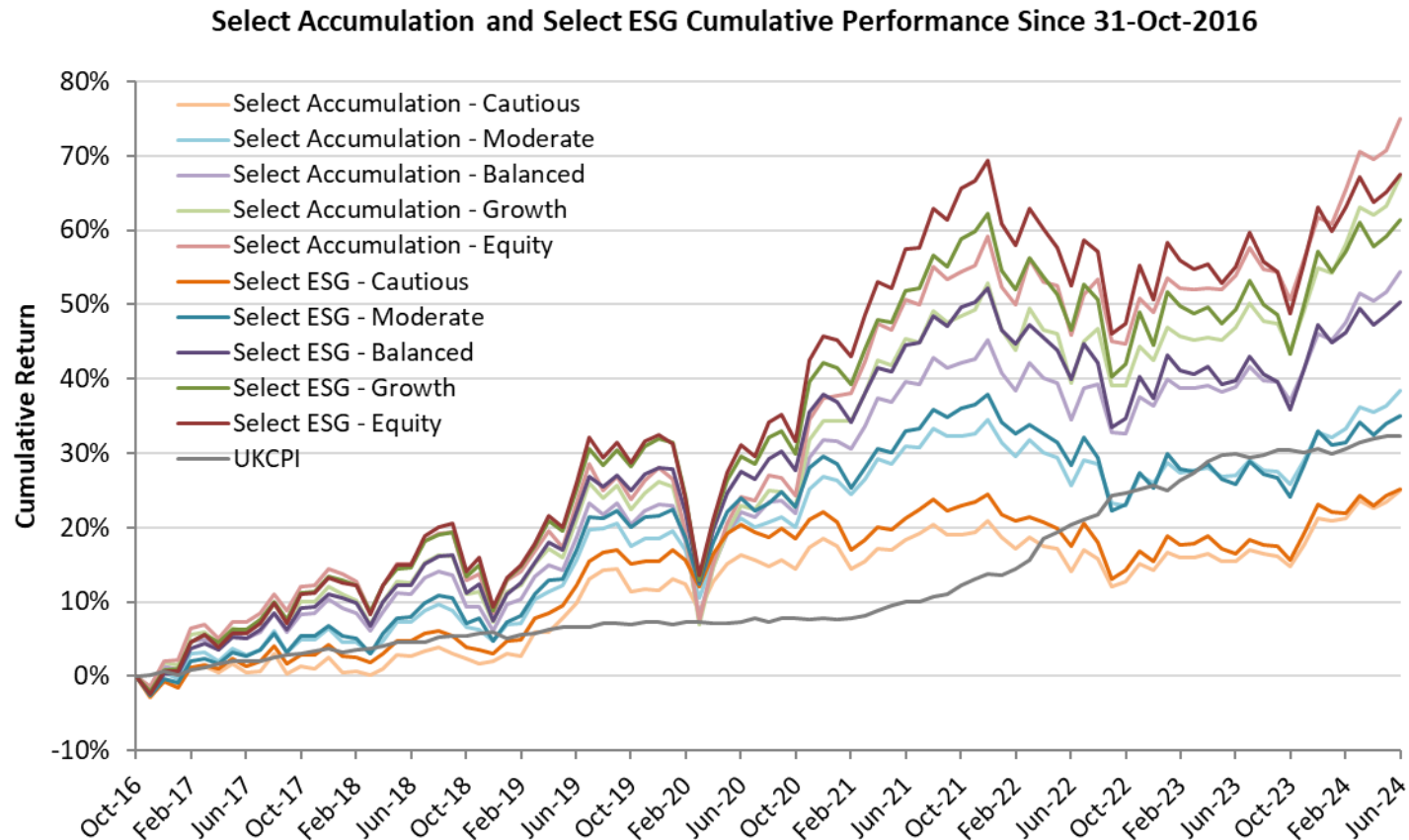
	Discrete												
	3 M	6 M	1 Yr	3 Yr	Since Inception (31 Oct 22)	Since Inception (31 Oct 22) (Annualized)	1 Yr Volatility	Year 1 30-Jun-18 to 30-Jun-19	Year 2 30-Jun-19 to 30-Jun-20	Year 3 30-Jun-20 to 30-Jun-21	Year 4 30-Jun-21 to 30-Jun-22	Year 5 30-Jun-22 to 28-Jun-23	Year 5 30-Jun-22 to 28-Jun-23
Copia Short Duration Bond Portfolio	1.01%	2.15%	8.61%	#N/A	11.38%	17.81%	2.29%	#N/A	#N/A	#N/A	#N/A	#N/A	8.61%
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-18 to 30-Jun-19	Year 2 30-Jun-19 to 30-Jun-20	Year 3 30-Jun-20 to 30-Jun-21	Year 4 30-Jun-21 to 30-Jun-22	Year 5 30-Jun-22 to 28-Jun-23	Year 5 30-Jun-22 to 28-Jun-23
Select Thematic	-2.99%	1.16%	5.51%	-2.01%	61.57%	6.80%	12.35%	0.10%	-2.60%	21.45%	-11.80%	5.29%	5.51%
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 28 June 2024



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

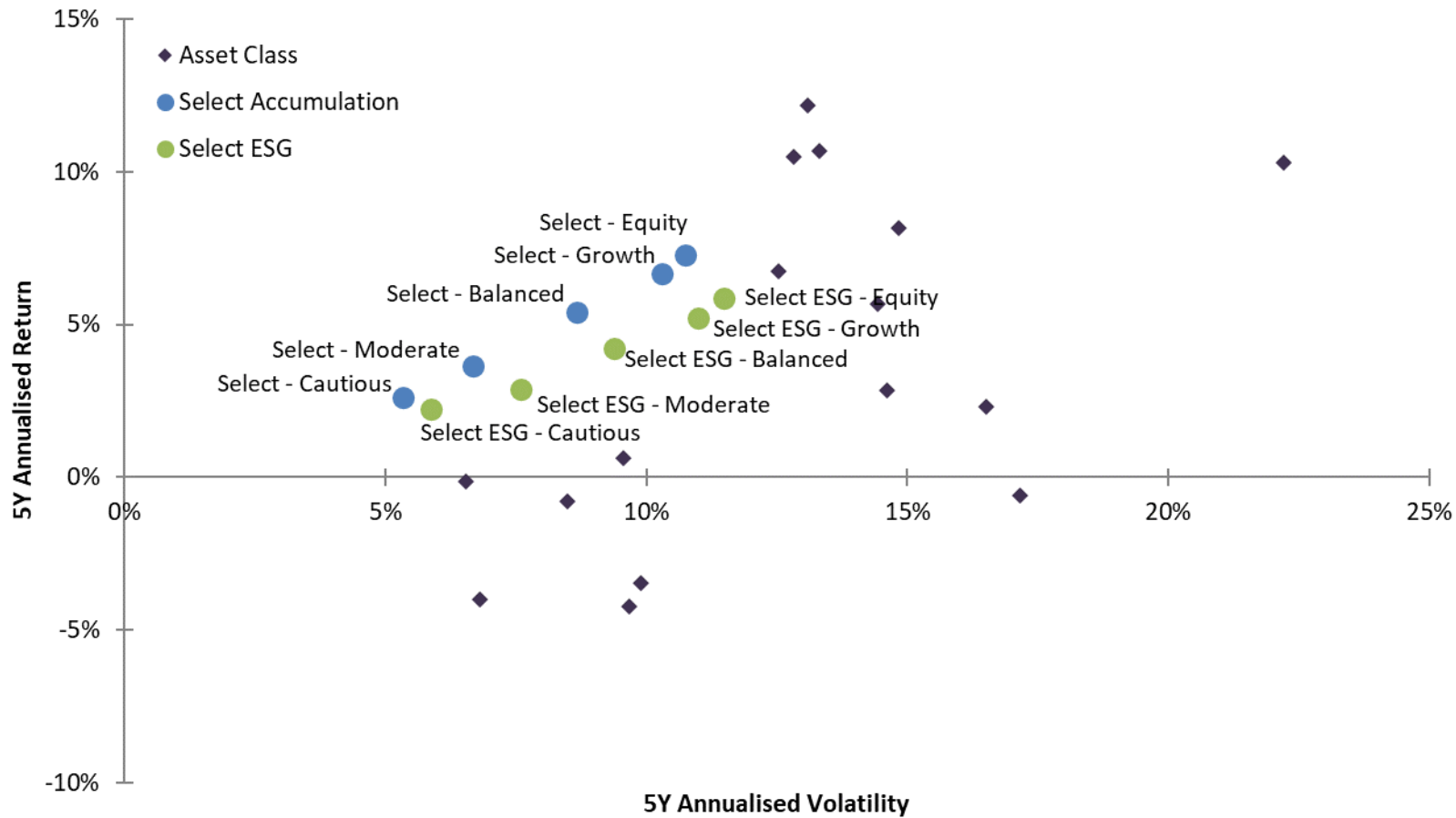
For illustration only.

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 2024 is currently unavailable and not shown. Past performance is not indicative of future performance.

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 28 June 2024



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

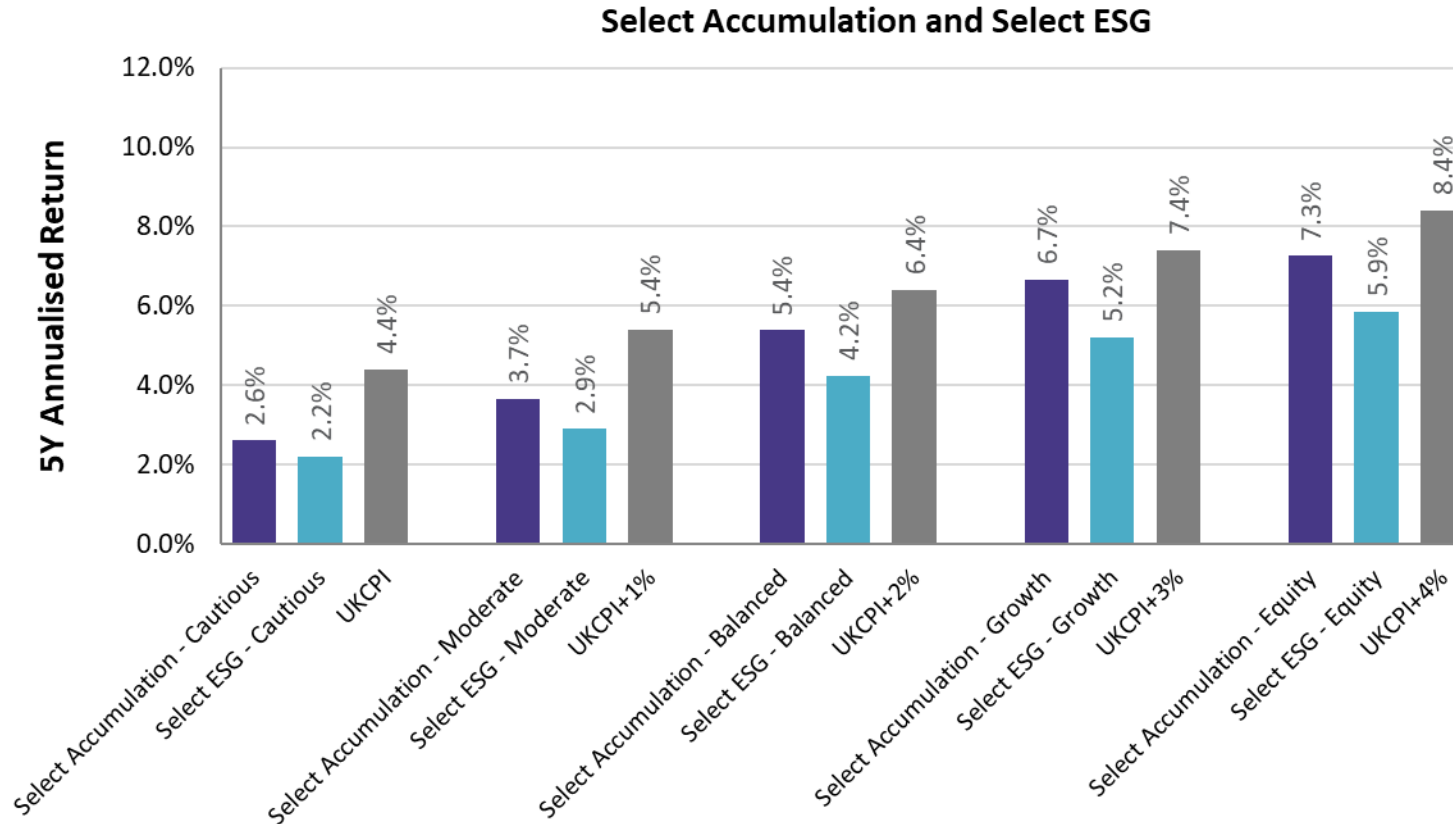
For illustration only.

Returns based on Total return, assuming income is re-invested immediately and rebalanced on due dates. Past performance is not indicative of future performance.

The annualised risk and return figures are calculated based on a historic 5-year period as of 28-June-2024.

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 28 June 2024



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

For illustration only.

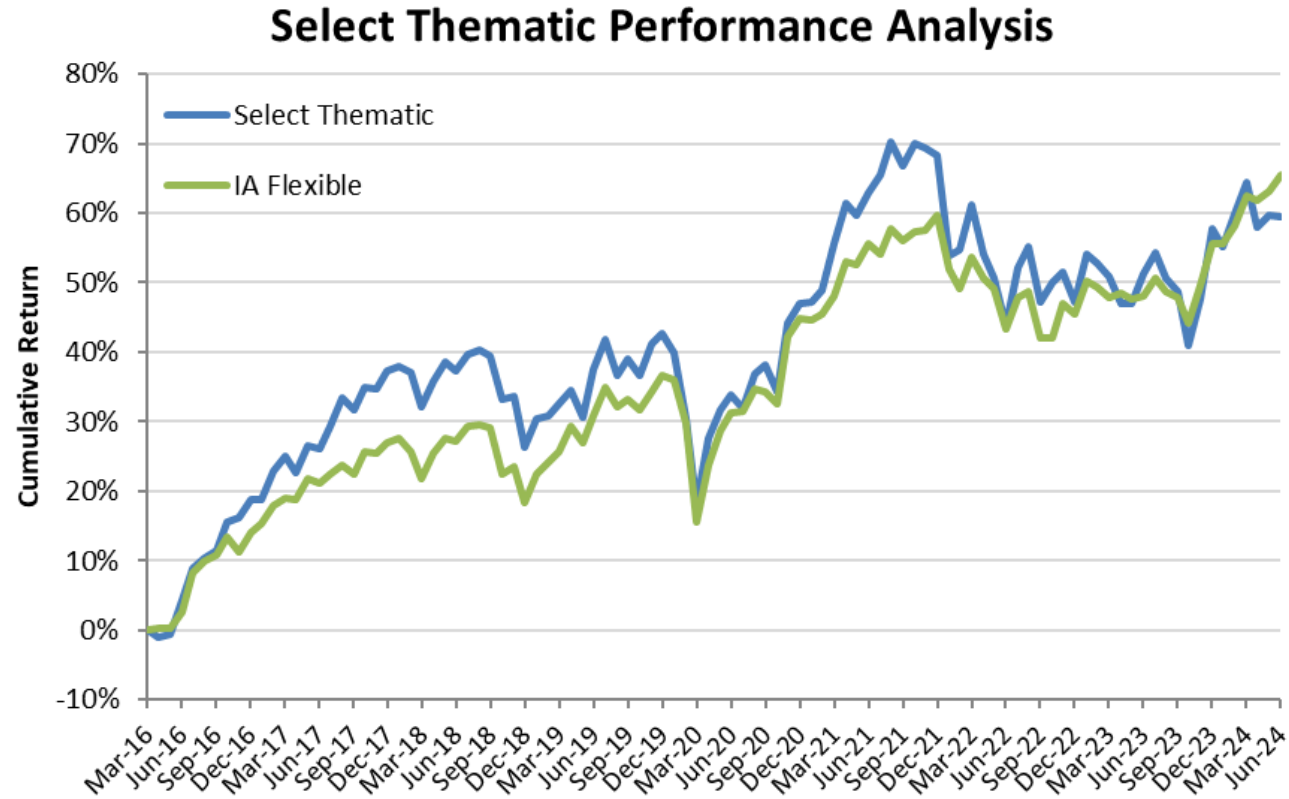
Returns based on Total return, assuming income is re-invested immediately and rebalanced on due dates.

Available CPI data has been used as a comparator for real returns. CPI data for June 2024 is currently unavailable and not shown. Past performance is not indicative of future performance.

The annualised returns are calculated based on a historic 5-year period as of 30-June-2024.

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 28 June 2024



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.

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Understanding the risks

- Investment model portfolios may not be suitable for everyone
- The value of funds can increase and decrease, past performance and historical data cannot guarantee future success
 - Investors may get back less than they originally invested

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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