

# **copia:**capital

## **Quarterly Performance Update**

**31 Dec 2024**

**For advisers only**



**Market performance**  
Market Positioning  
Risk barometer  
Portfolio performance  
Outcome charts



## Market performance Q4 2024

2024 ended with somewhat of a whimper despite being a strong year for risk assets. Within equities, the US market led the way, posting gains of 10.7% over the quarter and was also the top performing region in 2024. These returns were amplified by US dollar strength versus the Pound over the quarter (+6.6%). They reflect that the US has delivered stronger GDP growth in comparison to other developed market regions and the view that Trump's 2.0 economic agenda will continue to stimulate growth through lower taxes and deregulation. Similar to 2023, the artificial intelligence theme remained dominant propelling the so called "Magnificent Seven" US stocks to deliver outsized returns. That said, we are now starting to see other parts of the US market, such as the financial sector join in the growth. Trump's policies may also start to trickle down to the small capitalisation part of the market, which has lagged the broader market, driven by anticipated tax cuts and fiscal spending.

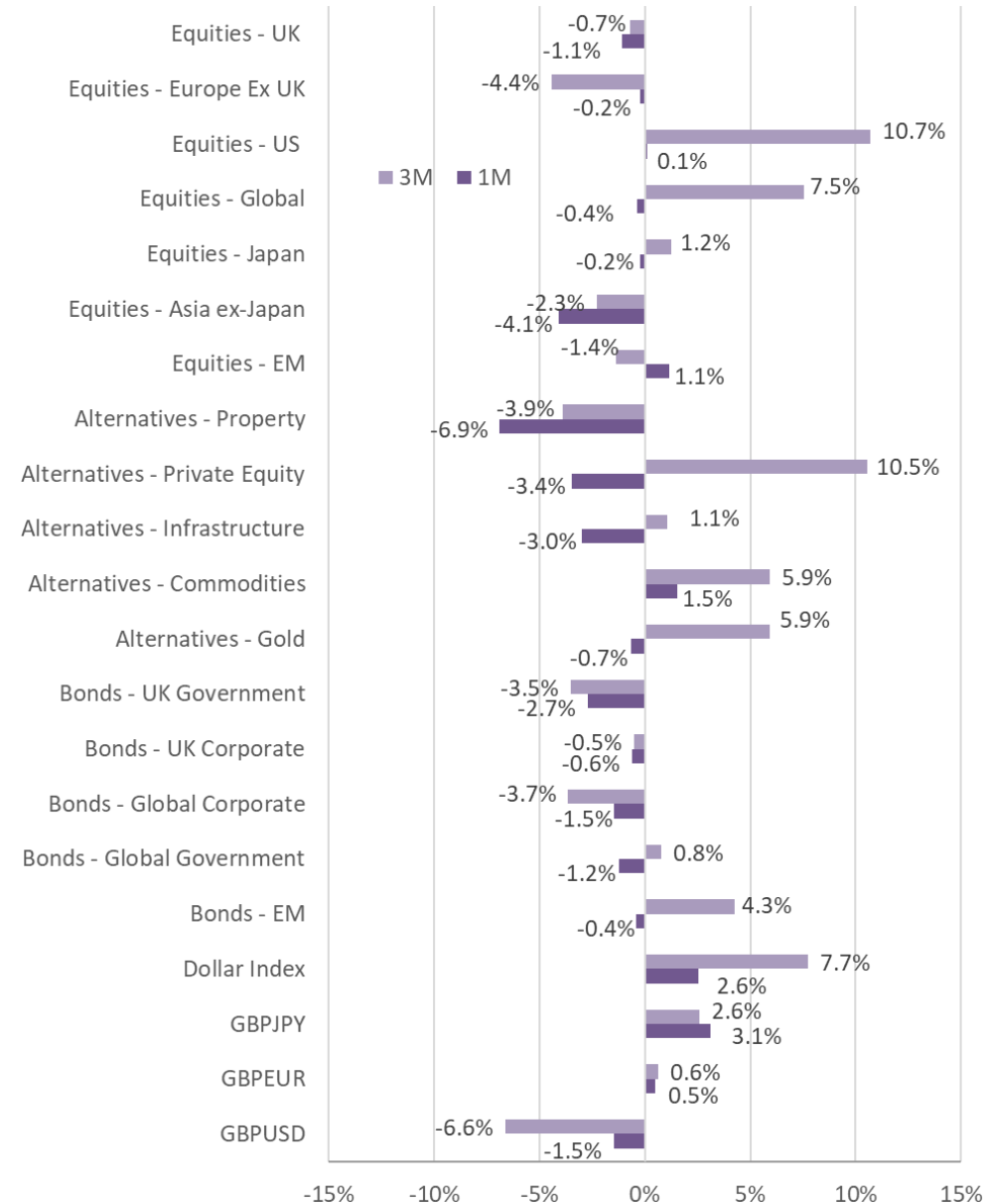
Outside of US equities, most other regions finished the quarter with losses despite generating decent gains for the year. Europe was the worst performing region over the period falling 4.4%. European manufacturing has been negatively impacted by higher costs, lack of export demand and competition from China. This has been compounded by political turmoil in France & Germany which has led to the decline in European equities.

UK equities returned -0.7% over the quarter and were up just under 10% on the year. The UK market started the year on a positive footing although the UK autumn budget tempered this somewhat with higher than anticipated tax hikes. On a more positive note, UK valuations remain attractive, and merger and acquisition (M&A) activity continue at pace.

Japanese equities posted a modest gain over the quarter as companies continue to benefit from ongoing corporate reforms and growing optimism that deflation is ending. Conversely, Emerging Market and Asian equity markets fell over the quarter as markets continue to grapple with Chinese macro headwinds including weaker economic data and falling property prices.

With regards to interest rates, for most of 2024 the markets were confident that inflation was falling, leading Central Banks (namely the FED, BOE and ECB) to cut rates. Post the US election, there is growing concern that Trump's policies may trigger inflation again, meaning central banks enthusiasm and ability to cut rates further may be limited. This led to weakness across many interest rate sensitive assets including bonds, infrastructure, and real estate in December. Finally, Gold was a solid performer over the quarter (+5.9%) and hit all-time highs in October on the back of geopolitical uncertainty and Central Bank purchases.

## Market Performance



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- The emphatic Trump and Republican victory in the US was a surprise to many, so far this has been received positively by markets. The prospect of further tax cuts & expansionary fiscal policy should be positive. However, global tariffs and expansion of the government balance sheet may see inflation become more of a problem going forward
- Inflation has declined substantially which has allowed central banks to cut interest rates. Questions remain about the future speed of interest rate cuts. Potential increase in tariffs by Trump may put pay to further rate cuts and may see inflation resurface
- China's central bank unveiled a surprising aggressive stimulus package that the market has received very positively. There remains concern over excessive leverage in the system, unresolved property issues and a deep crisis of confidence
- Geopolitics has intensified with military strikes between Israel and Iran. We have seen the oil price reflect some of the aggression but equity markets, so far, have remained sanguine
- Within the UK and Japan, we continue to see positive signs – M&A, share buybacks and dividends helping both markets. While we continue to see positive corporate change in Japan. Both equity regions look attractive from a valuation perspective, with notable interest in the mid and small cap part of the market.

## Consequently:

- Risk barometer remains in the Amber zone, signalling a neutral outlook
- Preference for value and quality versus growth
- Within fixed income – tilted towards short dated investment grade bonds, with some government bond duration exposure
- Adding in some US small cap equities, which should benefit from potential tax cuts and expansionary fiscal policy

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+0.25

As of 30-Sep-2024



-0.02

As of 31-Dec-2024

Based on our proprietary Prediction Algorithm the Copia Risk Barometer is reading -0.02 as of 31-Dec-2024, a change of -0.27 from last quarter, staying in the amber zone, indicating that the global economic outlook is neutral.

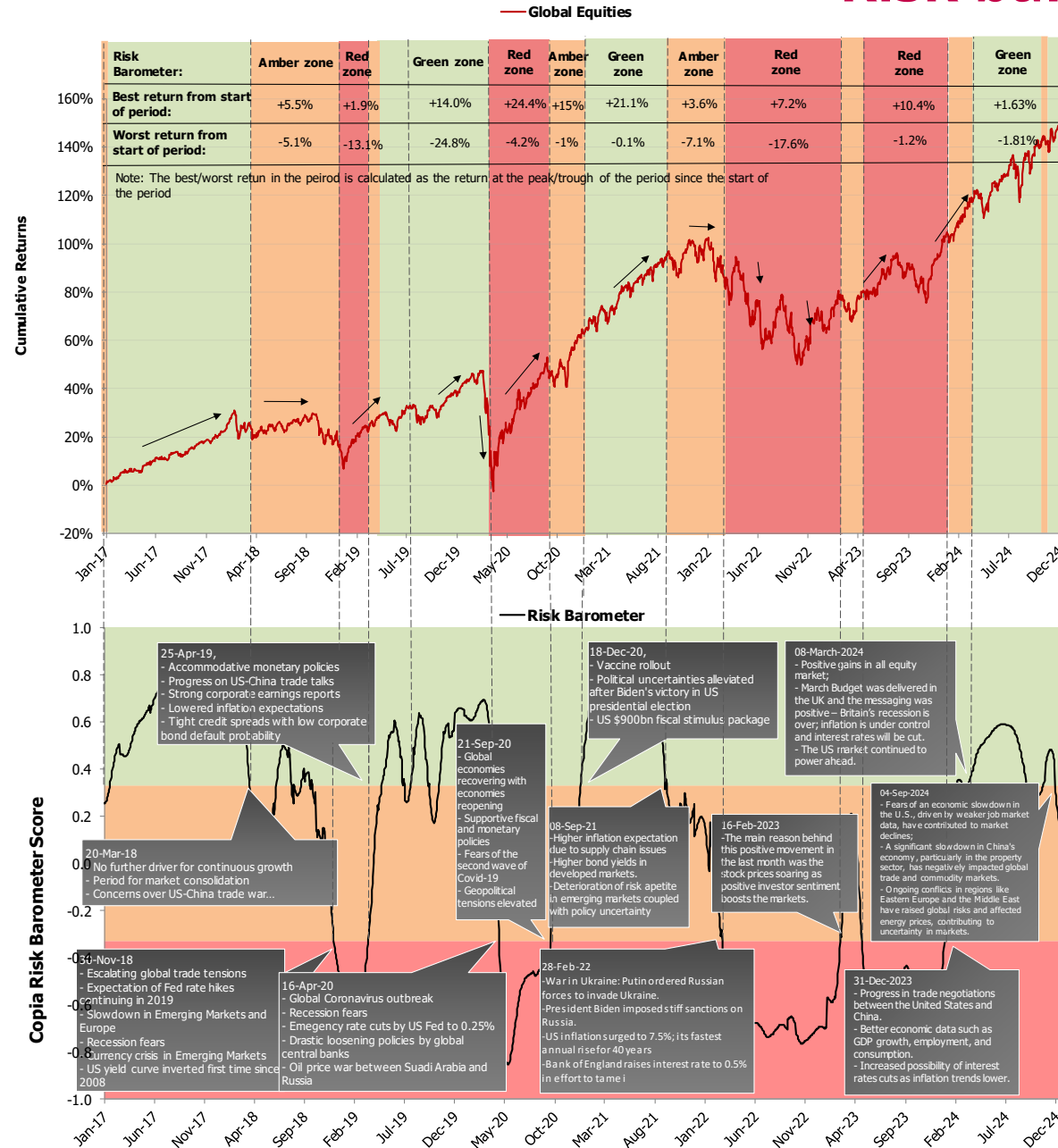
#### Primary drivers for the Risk Barometer:

- **Government bond markets:** Major global yield curves have transitioned to a more normal yield curve environment, a positive sign for the Risk Barometer, a result of falling yields at the short end of the curve and rising yields at longer maturities. However, uncertainty remains, given concerns about future inflation from major central banks, who have signalled caution for the pace of rate cuts in 2025.
- **Equity market pricing:** A slowdown in momentum in equity markets and an increase in volatility has led to increased uncertainty, leading to negative contributions towards the Risk Barometer score.
- **Credit Spreads:** Credit spreads continued to fall in 2024, and remain at multi-year lows, indicating corporate bond investors are not pricing in a systemic default of the bonds and signalling a low probability of recession.
- **Overall:** The overall signals from equity have worsened. Leading to the Risk Barometer providing a neutral 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.



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

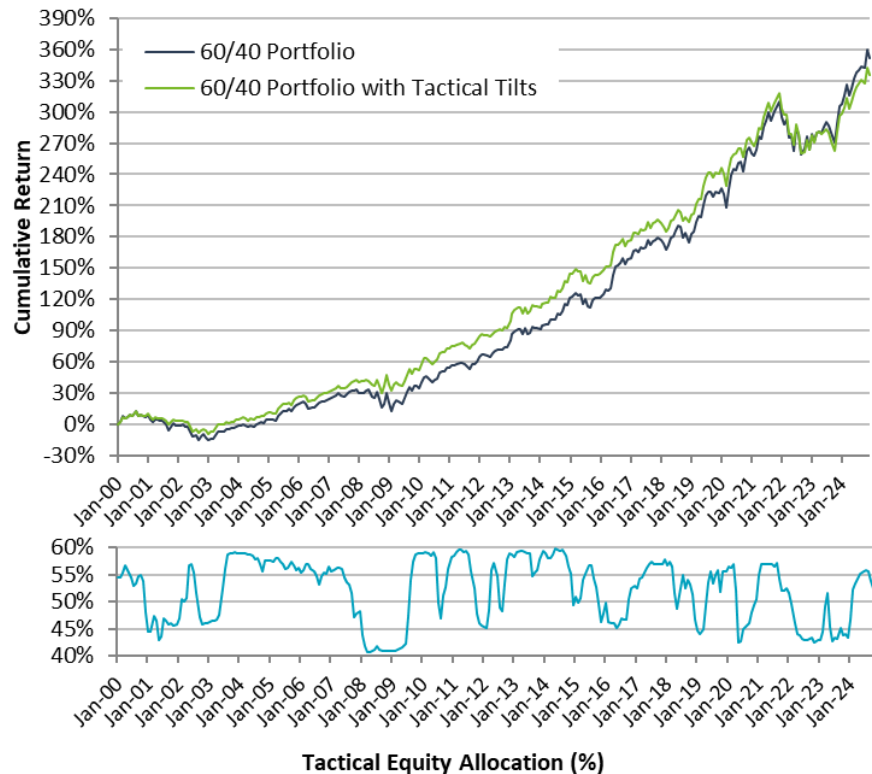
Global Equities Returns is based on actual data of MSCI World Index for the period between 31-Dec-2016 and 31-Dec-2024.



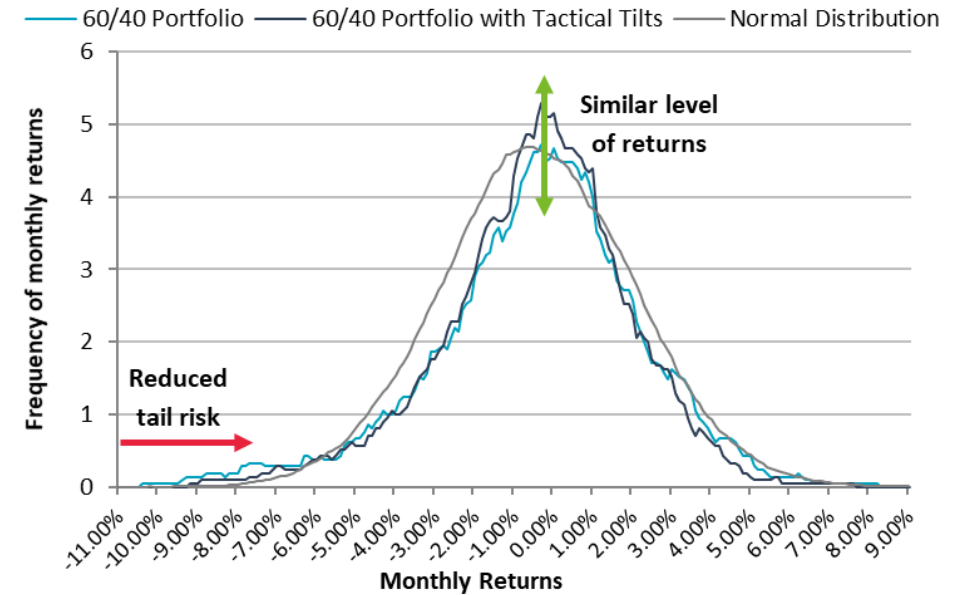


**Impact of dynamic risk management using the Risk Barometer**

- 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	6.24%	8.31%	0.75	-25.40%
60/40 Portfolio with Tactical Tilts	6.08%	7.31%	0.83	-19.13%
Impact	→ -0.16%	↓ -12.10%	↑ 10.87%	↓ -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-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., Select ESG and Select Blended performance table

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	31-Dec-19 to 31-Dec-20	31-Dec-20 to 31-Dec-21	31-Dec-21 to 31-Dec-22	31-Dec-22 to 31-Dec-23	31-Dec-23 to 31-Dec-24
Cautious	0.09%	2.44%	5.53%	6.18%	28.01%	3.07%	3.60%	6.24%	2.03%	-5.19%	6.13%	5.53%
Moderate	0.40%	2.63%	6.88%	6.06%	42.00%	4.38%	3.60%	6.91%	6.03%	-5.87%	5.42%	6.88%
Balanced	1.05%	2.85%	8.66%	9.57%	58.75%	5.82%	3.97%	6.98%	10.26%	-5.83%	7.08%	8.66%
Growth	1.81%	3.11%	11.25%	12.76%	72.36%	6.89%	4.69%	6.51%	13.74%	-6.73%	8.68%	11.25%
Equity	1.74%	3.00%	11.46%	13.31%	80.26%	7.48%	4.88%	7.24%	15.85%	-6.32%	8.52%	11.46%
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	31-Dec-19 to 31-Dec-20	31-Dec-20 to 31-Dec-21	31-Dec-21 to 31-Dec-22	31-Dec-22 to 31-Dec-23	31-Dec-23 to 31-Dec-24
Cautious	-1.64%	1.37%	3.05%	1.94%	13.28%	2.66%	4.36%	#N/A	1.93%	-7.34%	6.76%	3.05%
Moderate	-2.40%	0.96%	2.51%	-1.11%	21.25%	4.13%	5.08%	#N/A	6.45%	-9.05%	6.07%	2.51%
Balanced	-2.17%	1.22%	3.31%	-0.09%	35.00%	6.51%	5.38%	#N/A	10.45%	-9.74%	7.14%	3.31%
Growth	-2.03%	1.28%	4.03%	0.74%	44.69%	8.08%	6.27%	#N/A	14.06%	-10.94%	8.73%	4.03%
Equity	-2.00%	1.40%	4.19%	0.33%	49.67%	8.85%	6.43%	#N/A	16.26%	-11.05%	8.26%	4.19%
Returns based on Total return, assuming income is re-invested immediately and rebalanced on due dates												

Select Blended	Discrete											
	3 M	6 M	1 Yr	3 Yr	Since Inception (30-Sep-21)	Since Inception (30-Sep-21) (Annualized)	1 Yr Volatility	31-Dec-19 to 31-Dec-20	31-Dec-20 to 31-Dec-21	31-Dec-21 to 31-Dec-22	31-Dec-22 to 31-Dec-23	31-Dec-23 to 31-Dec-24
Cautious	-0.06%	2.36%	5.24%	4.39%	5.82%	-1.72%	3.51%	#N/A	#N/A	-6.04%	5.57%	5.24%
Moderate	0.27%	2.59%	6.47%	3.03%	4.48%	-1.34%	3.55%	#N/A	#N/A	-7.74%	4.88%	6.47%
Balanced	0.61%	2.76%	7.73%	4.25%	6.86%	-2.02%	4.11%	#N/A	#N/A	-8.62%	5.89%	7.73%
Growth	1.17%	3.11%	9.62%	5.03%	8.73%	-2.54%	4.92%	#N/A	#N/A	-10.07%	6.54%	9.62%
Equity	1.25%	3.12%	10.03%	5.43%	9.31%	-2.70%	5.10%	#N/A	#N/A	-10.10%	6.58%	10.03%
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	31-Dec-19 to 31-Dec-20	31-Dec-20 to 31-Dec-21	31-Dec-21 to 31-Dec-22	31-Dec-22 to 31-Dec-23	31-Dec-23 to 31-Dec-24
<b>Risk Profile 1</b>	0.27%	2.50%	6.49%	#N/A	12.19%	6.45%	3.14%	#N/A	#N/A	#N/A	#N/A	6.49%
<b>Risk Profile 2</b>	1.21%	3.37%	9.13%	#N/A	14.89%	7.83%	3.89%	#N/A	#N/A	#N/A	#N/A	9.13%
<b>Risk Profile 3</b>	0.56%	2.50%	9.23%	#N/A	15.34%	8.06%	4.15%	#N/A	#N/A	#N/A	#N/A	9.23%
<b>Risk Profile 4</b>	0.94%	2.48%	10.28%	#N/A	17.18%	8.99%	4.78%	#N/A	#N/A	#N/A	#N/A	10.28%
<b>Risk Profile 5</b>	0.88%	2.27%	10.25%	#N/A	17.65%	9.23%	5.39%	#N/A	#N/A	#N/A	#N/A	10.25%

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	31-Dec-19 to 31-Dec-20	31-Dec-20 to 31-Dec-21	31-Dec-21 to 31-Dec-22	31-Dec-22 to 31-Dec-23	31-Dec-23 to 31-Dec-24
<b>SLI Risk Profile 1</b>	0.44%	2.41%	7.39%	#N/A	13.12%	6.92%	3.31%	#N/A	#N/A	#N/A	#N/A	7.39%
<b>SLI Risk Profile 2</b>	1.54%	3.59%	10.27%	#N/A	16.25%	8.52%	4.19%	#N/A	#N/A	#N/A	#N/A	10.27%
<b>SLI Risk Profile 3</b>	0.72%	2.52%	9.87%	#N/A	16.26%	8.53%	4.42%	#N/A	#N/A	#N/A	#N/A	9.87%
<b>SLI Risk Profile 4</b>	0.99%	2.50%	10.52%	#N/A	17.57%	9.19%	5.04%	#N/A	#N/A	#N/A	#N/A	10.52%
<b>SLI Risk Profile 5</b>	0.96%	2.24%	10.49%	#N/A	17.95%	9.38%	5.41%	#N/A	#N/A	#N/A	#N/A	10.49%

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

	Discrete											
	3 M	6 M	1 Yr	3 Yr	Since Inception (02 Nov 20)	Since Inception (02 Nov 20) (Annualized)	1 Yr Volatility	31-Dec-19 to 31-Dec-20	31-Dec-20 to 31-Dec-21	31-Dec-21 to 31-Dec-22	31-Dec-22 to 31-Dec-23	31-Dec-23 to 31-Dec-24
<b>Select Preservation</b>	0.71%	3.10%	6.89%	8.28%	16.86%	3.81%	2.92%	#N/A	#N/A	-3.67%	5.15%	6.89%
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	31-Dec-19 to 31-Dec-20	31-Dec-20 to 31-Dec-21	31-Dec-21 to 31-Dec-22	31-Dec-22 to 31-Dec-23	31-Dec-23 to 31-Dec-24
<b>Copia Short Duration Bond Portfolio</b>	1.09%	3.35%	5.57%	#N/A	15.11%	6.70%	1.49%	#N/A	#N/A	#N/A	#N/A	5.57%
Returns based on Total return, assuming income is re-invested immediately and rebalanced on due dates												

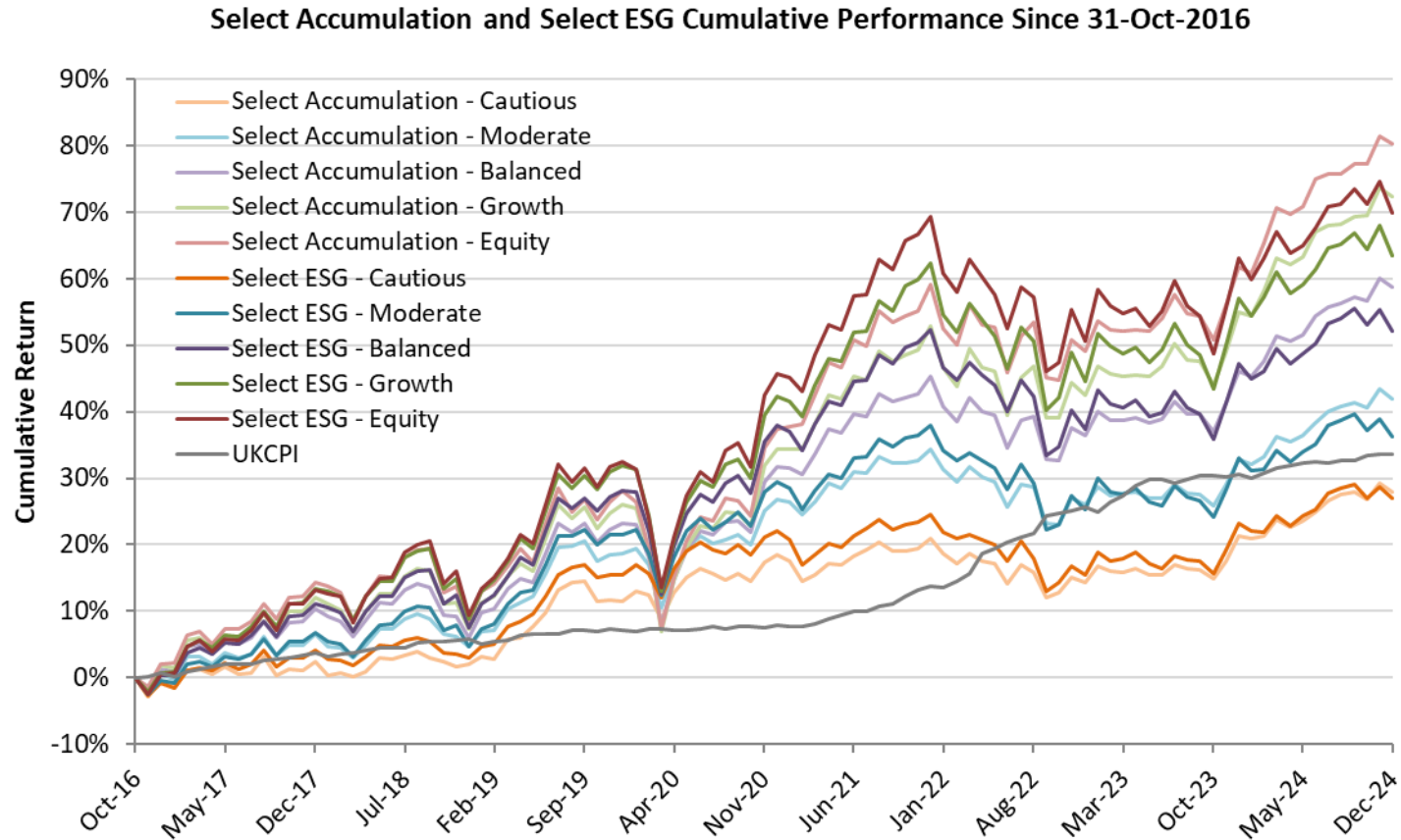
	Discrete Returns											
	3 M	6 M	1 Yr	3 Yr	Since Inception (14-Mar-2016)	Since Inception (14 Mar 2016) (Annualized)	1 Yr Volatility	31-Dec-19 to 31-Dec-20	31-Dec-20 to 31-Dec-21	31-Dec-21 to 31-Dec-22	31-Dec-22 to 31-Dec-23	31-Dec-23 to 31-Dec-24
<b>Select Thematic</b>	3.44%	4.35%	5.59%	-1.04%	68.64%	6.11%	9.20%	2.99%	14.39%	-12.64%	7.28%	5.59%
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 2024



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

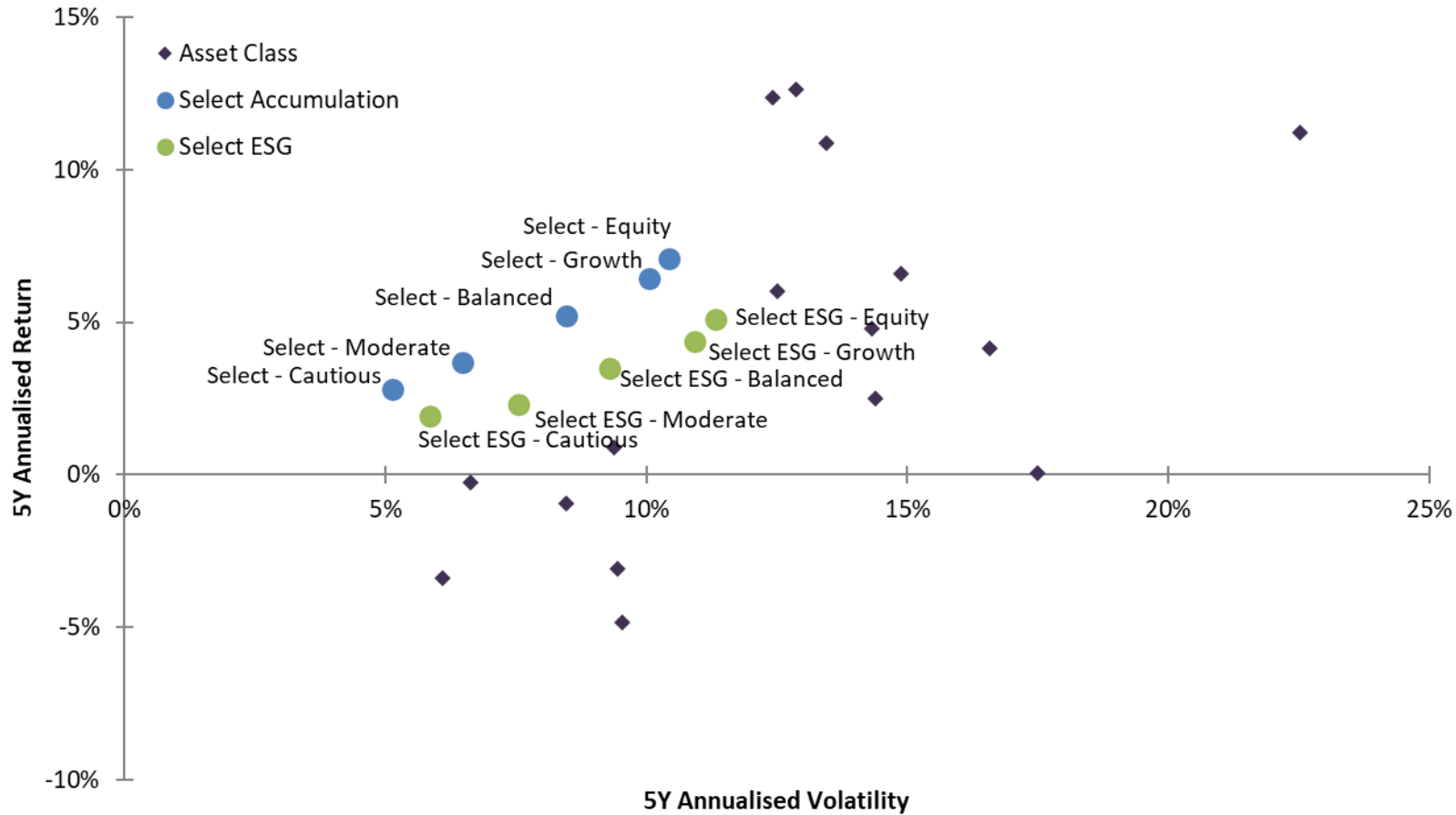
*For illustration only.*

*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 Dec 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 31 December 2024



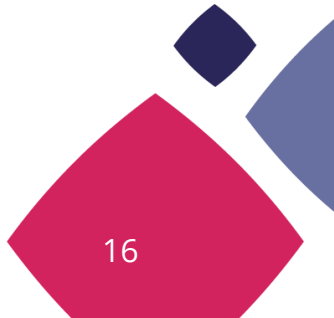
Our 'Select Accumulation' portfolio was previously known as 'Select'.

*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.*

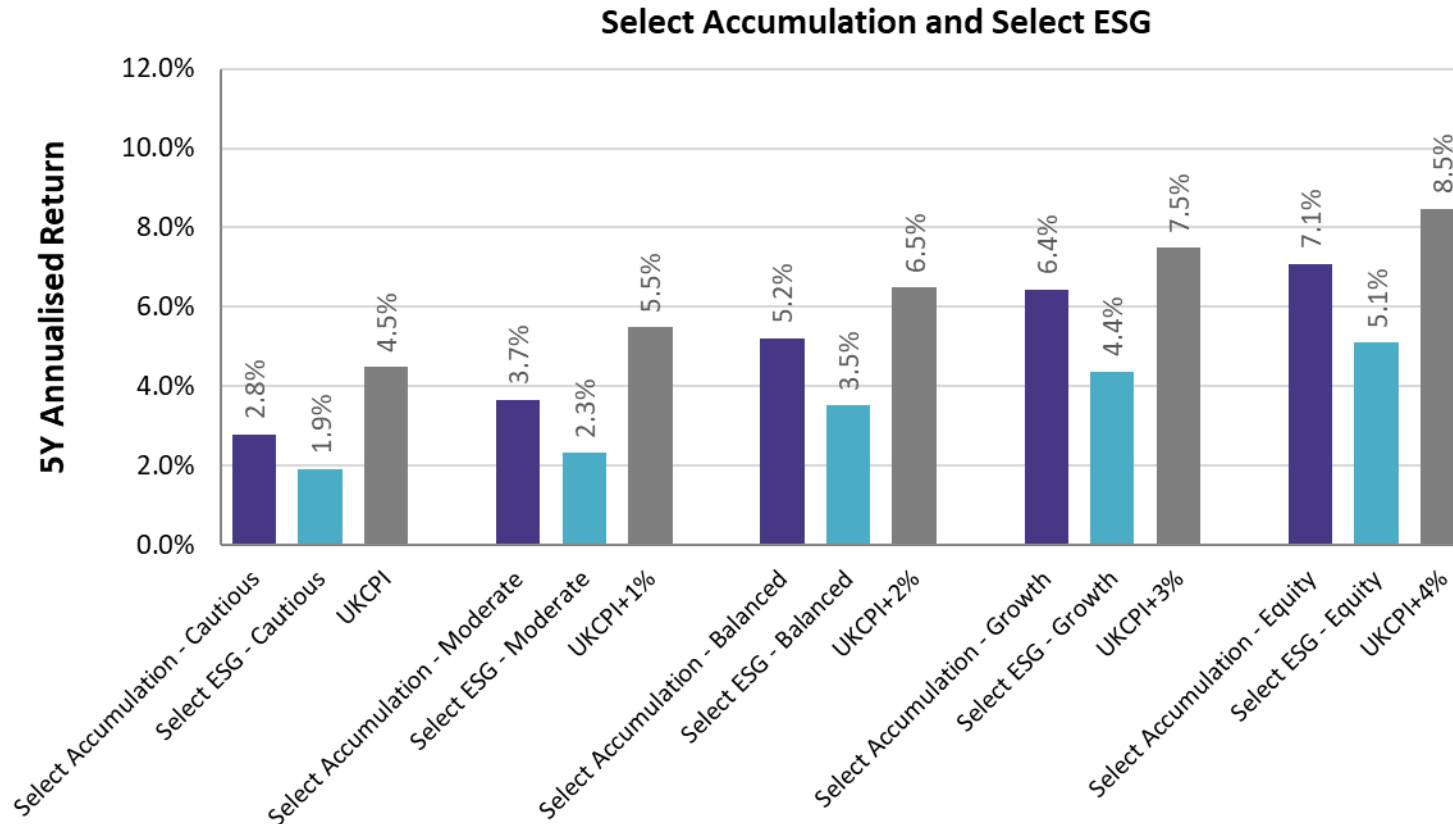
**The annualised risk and return figures are calculated based on a historic 5-year period as of 31-Dec-2024.**

**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 31 December 2024



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

*For illustration only.*

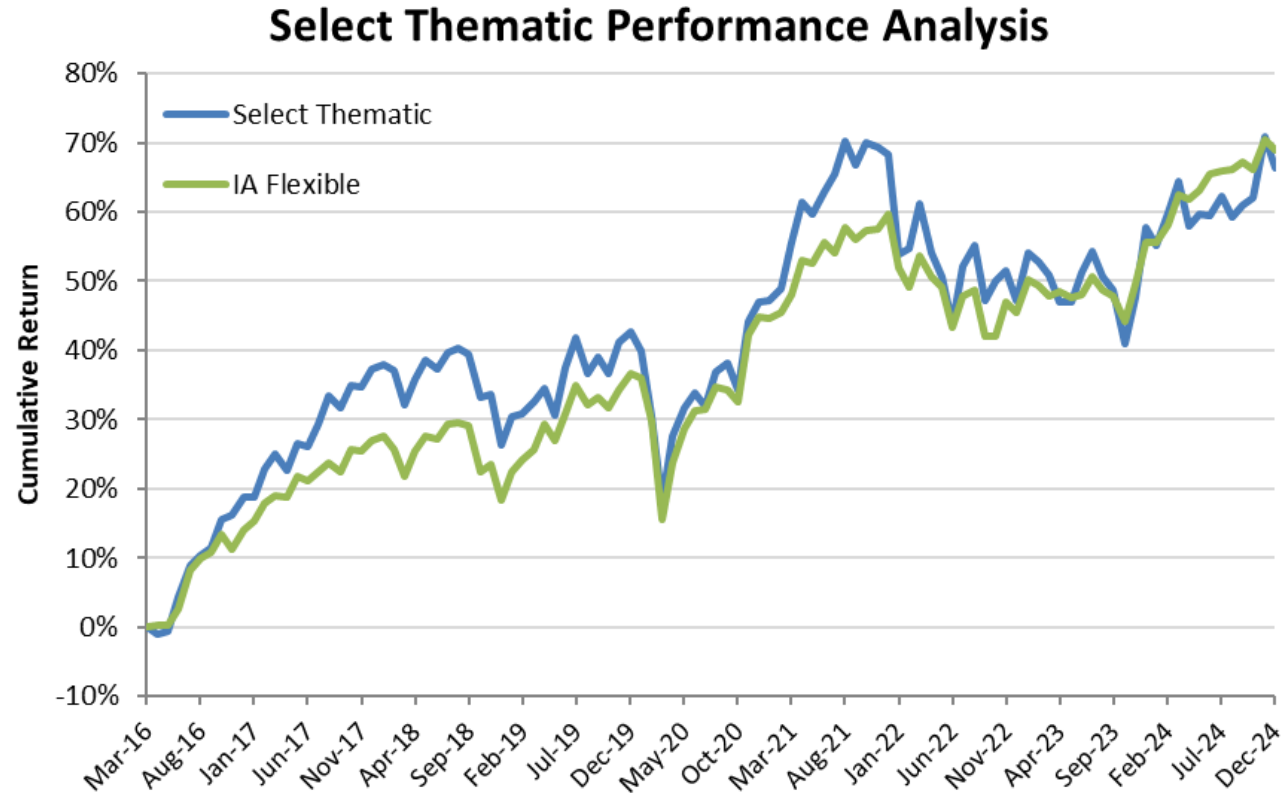
*Returns based on Total return, assuming income is re-invested immediately and rebalanced on due dates.*

*Available CPI data has been used as a comparator for real returns. CPI data for Dec 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 31-Dec-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 31 December 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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