EB Wealth

QUARTERLY REPORT
Q2 2022

Global Overview

Global sector performance for the period 01/03/2022 - 31/05/2022				
Markets	**Country**	**Index (ex div) / Sector**	**Performance for the Period 01/03/2022 to 31/05/2022**	**Performance for the Period 01/01/2022 to 31/05/2022***
North America	USA	S&P 500	-5.16%	-13.31%
		Dow Jones	-2.01%	-9.22%
		Nasdaq	-11.42%	-23.38%
UK	UK	FTSE 100	2.00%	1.37%
		FTSE All-Share	1.06%	-1.74%
Europe	Germany	Xetra DAX	-0.50%	-10.19%
	France	Paris CAC 40	-2.85%	-10.37%
	EU Countries	FTSEurofirst 300	-1.97%	-8.61%
Asia	Japan	Nikkei 225	2.84%	-6.90%
	China	Hang Seng	-5.71%	-7.99%
	India	Nifty 50	-1.38%	-6.04%
South America	Brazil	Sao Paulo Se Bovespa	-1.58%	7.15%
	Mexico	SE IPC	-3.09%	-2.24%
Other Markets	South Africa	JSE FTSE ALL SHARE	-5.25%	-2.21%
	Australia	S&P AUST	2.30%	-4.99%
	Russia	RTS	28.94%	-25.55%
	Canada	S&P/TSX COMPS	-1.88%	-2.39%
Commodities	N/A	Gold	-3.40%	1.85%
		Silver	-10.98%	-6.67%
		Brent Crude Oil	17.96%	50.89%
		Copper	-3.37%	-2.71%

*Based on the latest available data at the time of print.

The fall of almost all indices and sectors continued last quarter, with the exception of the Commodity sector, which had another strong finish. Exceptionally high inflation rates, an ongoing war, high fuel prices and COVID-19 continue to create turbulence in the markets and, as a result, volatility remains high.

Our portfolios have been static in terms of performance this quarter but have outperformed their respective benchmarks. We have also benefited from our increased exposure to index tracker holdings across all regions. We are also happy to see that all of our funds in the Emerging Markets sector have recovered nicely following last quarter’s losses. We will be making very few changes to our asset allocation this quarter but continue our ongoing themes of reducing managed funds in favour of index trackers.

Positions of Power

This quarter, the nation celebrated Queen Elizabeth's Platinum Jubilee, marking 70 years on the British throne. The extended bank holiday weekend, street parties and spectacular air shows lifted the spirits of many, momentarily allowing us to forget global troubles such as the Russia/ Ukraine war, COVID-19, record petrol prices and rising inflation.

A total of £28 million was set aside by Chancellor Rishi Sunak to fund the Queen's Platinum Jubilee celebrations, £12 million of which was dedicated to publishing and distributing a commemorative book, *Queen Elizabeth: A Platinum Jubilee Celebration,* to all children in state-funded primary school education in the UK. Granted, this was a rare occasion, but many used this to highlight the cost of the monarchy on the nation. On a more positive note, the surge of visitors to cities and towns across the UK both domestically and from abroad resulted in a footfall increase of 17.7% compared to the previous week.

Data from Barclaycard Payments showed that transaction volumes soared across several sectors, providing a much-needed boost specifically within the hospitality sector: consumer spending in restaurants was up 41.5%; spend in pubs, bars and night clubs was up 74.2%; while entertainment spending increased by 67.3%. Furthermore, Visit England predicted that £281.5 million would be spent on souvenirs, memorabilia, and gifts alone. This was a much-needed recovery in the tourist sector post-pandemic. COVID cost the UK tourism sector up to £97.1 billion in 2020 and 2021, mostly due to a lack of foreign visitors.

Over the years, Queen Elizabeth II has arguably provided the UK with not just a valuable income stream, but has continued to make allies globally, potentially reducing our exposure to international conflict and attack. She is estimated to have travelled to some 120 countries since her first trip to Kenya in 1952, uniting communities around the world. In addition, her diplomatic approach distinguishes her as a peaceful leader, contrasting many before her, as well as current global leaders.

Boris Johnson felt the fragility of his own popularity when his party's vote of no confidence was announced. The inquiry that led to this confidence vote related to whether or not he misled parliament by denying any COVID rules were broken during the so-called Downing Street 'Partygate'. Despite his eventual win, 41% of Tory MPs voted against him, highlighting possible turbulence in the months ahead.

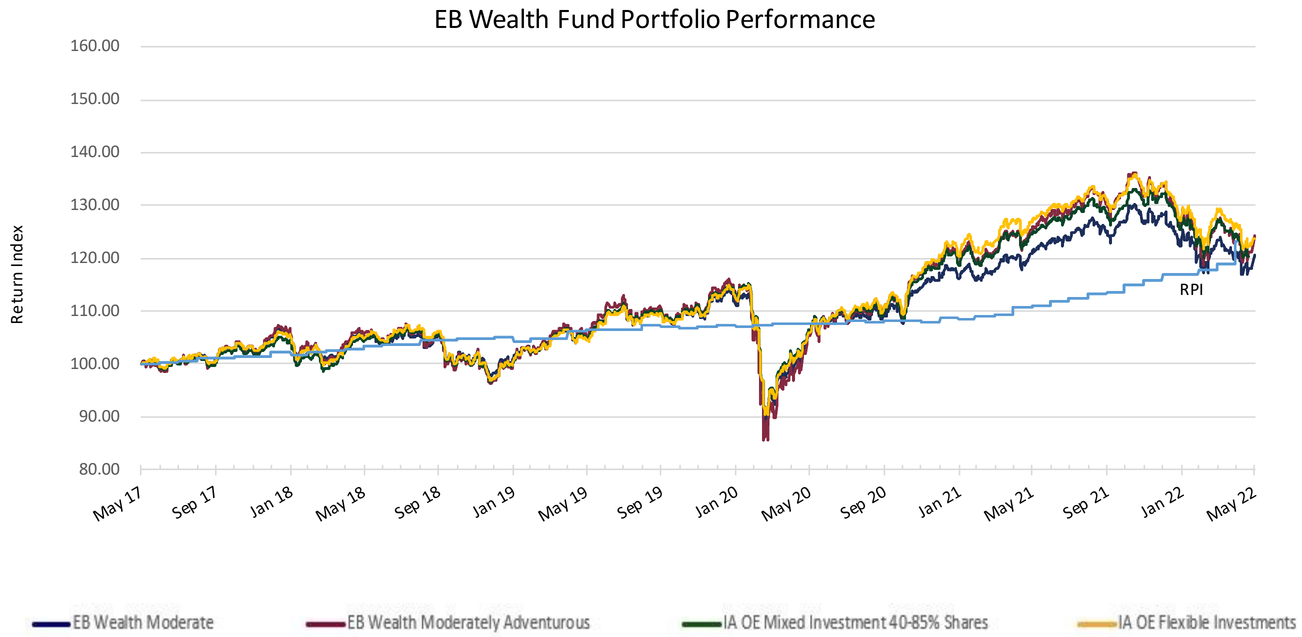
Positions of Power Continued

Partygate aside, another uncertainty within UK politics is the future of the United Kingdom: Nicola Sturgeon, the First Minister of Scotland, is campaigning for a second Scottish independence referendum and there are talks of a possible border poll in Ireland to reunite Northern Ireland with the Republic of Ireland, ultimately leading to a possible break away from the UK. Just six years on from the UK vote to break away from the EU, the UK could well see what it is like from the other side if the referendums successfully take place.

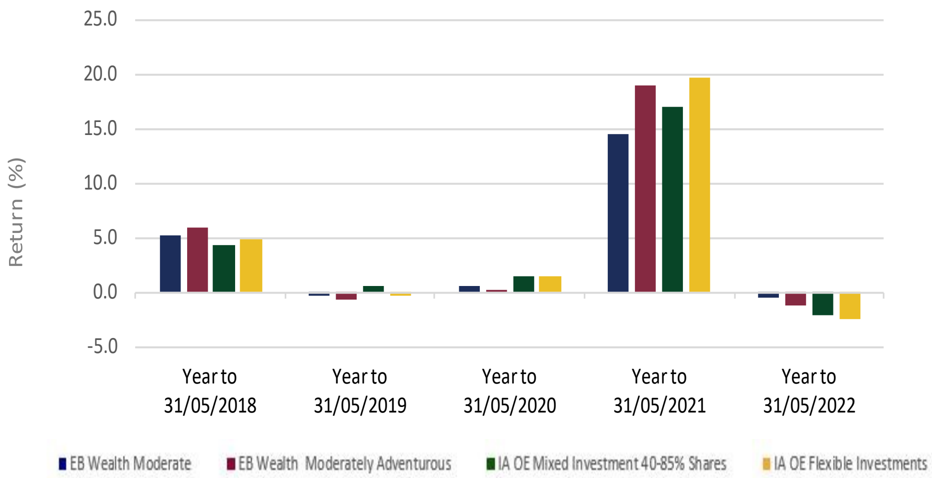
Doubts and insecurity are part of human nature. They can often be negative, undermining trust and leading to a fear of people and change. However, they can also bring about positive change. Let us all aim to be the inspiration for positive change and hope our leaders find the strength to do the same.

EB Wealth

EB Wealth Portfolio Performance



This chart shows year-to-date performance of our Moderate and Moderately Adventurous fund portfolios over the last five years. We have also included the IA OE Mixed Investments 40-85% returns and IA OE Flexible Investments as benchmarks. Please see page 15 for more information in relation to the benchmarks.



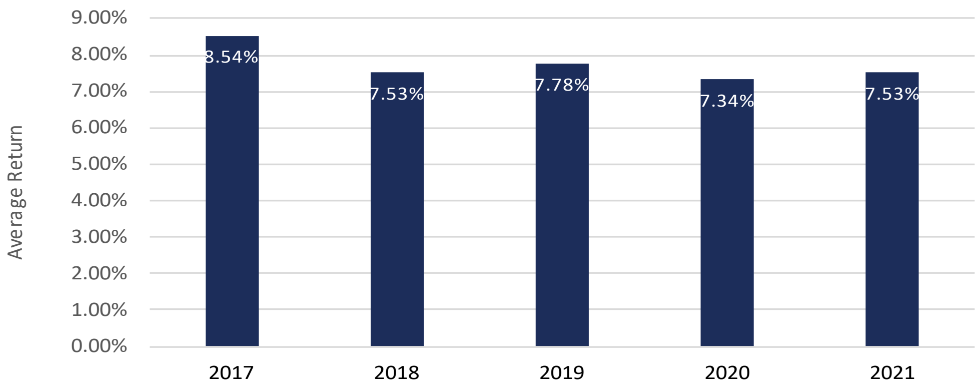
Discrete Annual Performance

This chart shows the discrete annualised performance of our Moderate and Moderately Adventurous fund portfolios over the last five years.

We also run Cautious, Moderately Cautious and Adventurous portfolios and information on these portfolios can be obtained upon request.

Structured Product Average Return

This chart shows the average return achieved on our structured product recommendations on a discrete annualised basis.



Market Commentary UK

Macroeconomic Highlights 01/03/2022 to 31/05/2022		
	Latest Reading	Compared to Previous Quarter
GDP Growth	0.8%*	Fell from 1.0%
Yearly Inflation	9.0%*	Increased from 5.3%
Wage Growth Including Bonuses	6.8%*	Increased from 4.3%
Unemployment Rate	3.8%*	Fell from 4.1%
Interest Rates	1.25%	Increased from 0.75%

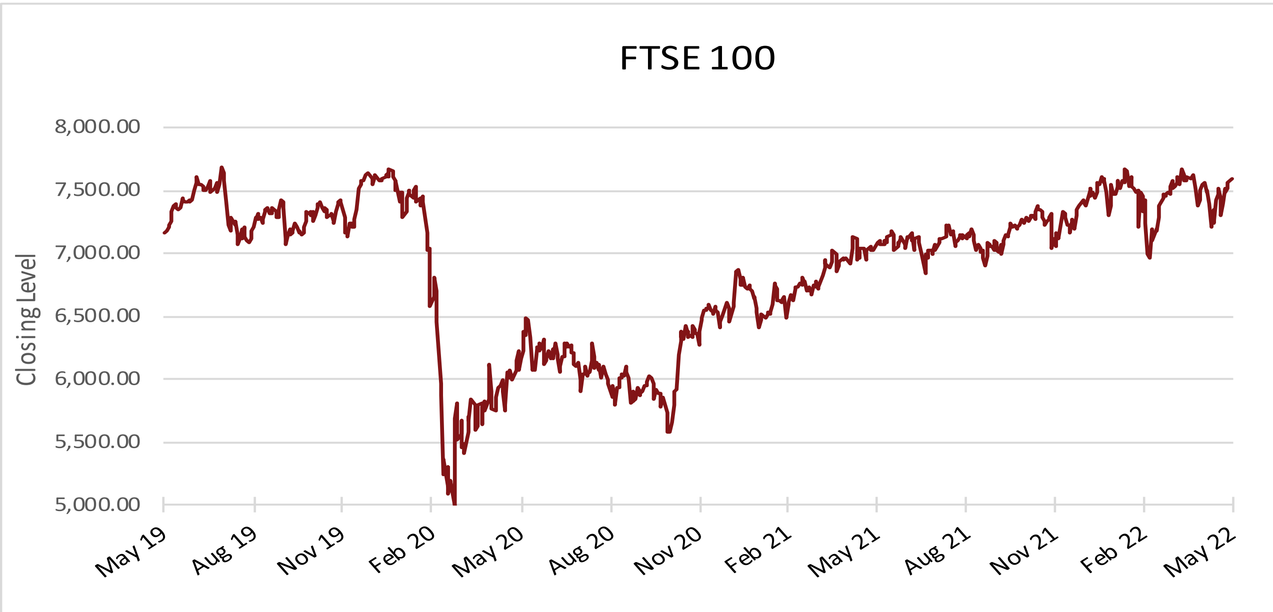
*Based on the latest available data at the time of print.

The British economy expanded 0.8% in Q1, slightly below market forecasts of 1.0%. Overall GDP, on a monthly basis, is now 1.2% above its pre-COVID level of February 2020. Unfortunately, households face their biggest squeeze on disposable income in decades while the Bank of England is trying to keep a lid on inflation without dampening the prospects for growth. The jump in inflation to a 40-year high in May might well turn into a permanent problem for our economy.

The latest jump was primarily due to the rise in the Government's energy price cap, which had previously sheltered households from rising wholesale energy prices. The System Average Price of gas increased by 64% in the week to 19th June. This is the second highest weekly increase this year. Since the price of fuel began to soar in March, it has been found that 43% of motorists are driving less or making shorter journeys.

House prices continued to climb in May, with prices up 10.5% in 12 months, mainly caused by the imbalance between supply and demand for properties. However, the inflationary pressure and successive interest rate rises are likely to affect the housing market as inflation is currently impacting on household budgets.

We will leave our allocation to UK unchanged next quarter.



Market Commentary US

Macroeconomic Highlights 01/03/2022 to 31/05/2022		
	Latest Reading	Compared to Previous Quarter
GDP Growth	-1.5%*	Fell from 7.0%
Yearly Inflation	8.6%*	Increased from 7.1%
Wage Growth Including Bonuses	11.7%*	Increased from 9.2%
Unemployment Rate	3.6%*	Fell from 3.9%
Interest Rates	1.75%	Increased from 0.25%

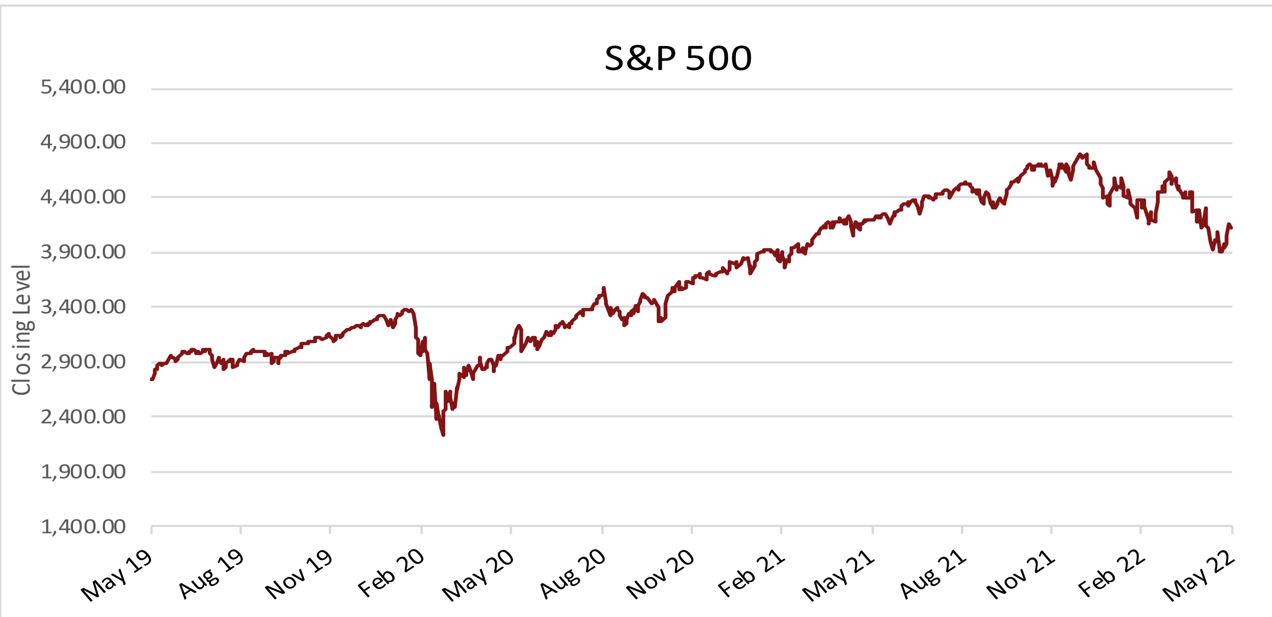
*Based on the latest available data at the time of print.

US equities continued their downward trend with US economic growth contracting at an annualised rate of 1.5% in the first quarter of 2022, the biggest drag coming from trade. The Federal Reserve's tone grew increasingly hawkish while growth concerns mount. Banks, however, are confident that the annualised inflation rate will be cut in half in the second half of the year leading investors to expect stronger returns.

Falling inflation would be most welcome for both investors and consumers after pent-up demand and supply-chain disruptions from the Ukraine-Russia war and China's COVID-19 lockdowns helped drive 40-year inflation highs. As might be expected, such a sharp decline in inflation can only be driven by a cease-fire between Russia and Ukraine, which should be feasible as the economic costs of the war become fully realised for many countries, including Russia.

Although banks are confident, Americans are becoming increasingly worried about a possible recession as inflation continues to rise. Google search trends show more and more people in the US looking up the word "recession". The good news is that bond markets have not reacted badly to Fed tightening. This perhaps suggests that investors expect a sharp but manageable slowdown. If a recession comes in the next year, market resilience suggests that the financial system is stable enough to cope with it.

We will leave our allocation to US unchanged next quarter.



Market Commentary Europe

Macroeconomic Highlights 01/03/2022 to 31/05/2022		
	Latest Reading	Compared to Previous Quarter
GDP Growth	0.6%*	Increased from 0.3%
Inflation	8.1%*	Increased from 5.8%
Wage Growth	2.7%*	Increased from 2.3%
Unemployment Rate	6.8%*	Fell from 7.0%

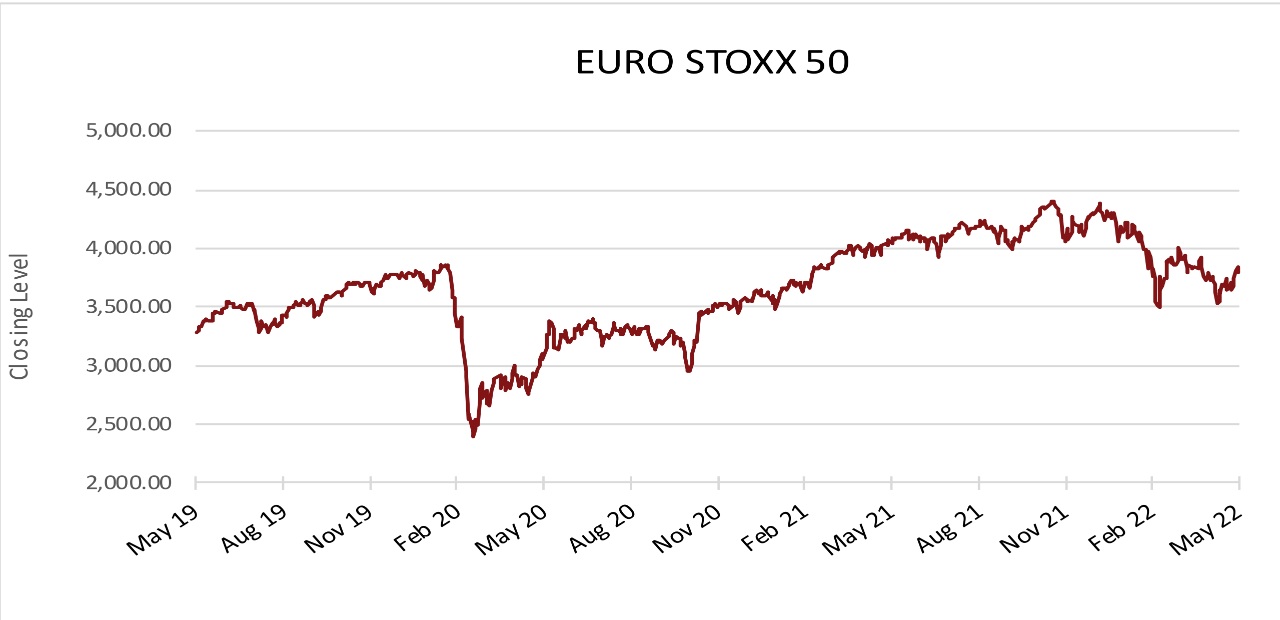
*Based on the latest available data at the time of print.

Even though April saw further declines for Eurozone equities as the war in Ukraine continued without let-up in inflationary pressures, shares still registered a modest positive return in May. The economy grew by 0.2% quarter-on-quarter in Q1 and the unemployment rate dipped by 0.2% to 6.8% in February. The energy sector was among the strongest performers amid ongoing robust demand for oil. In recent weeks, Gazprom has halted deliveries to Poland, Bulgaria, Finland and the Netherlands - with Germany also suffering delays in deliveries because of the Nord Stream's annual maintenance.

Since the beginning of the year, the European economy has recovered strongly from the lifting of COVID-19 restrictions, which has helped revive tourism in countries like Spain and Greece as well as transport. As gas shortages are likely to become more pronounced this year, the downside risks to economic growth remain significant during the remaining quarters of this year.

The European Central Bank is unlikely to deter from significantly increasing interest rates this year, regardless of how business sentiment is impacted by high inflation and disrupted supply chains. Naturally, the prospect of higher interest rates can only rekindle concerns over public debt.

We will leave our asset allocation to Europe largely unchanged next quarter.



Market Commentary Japan

Macroeconomic Highlights 01/03/2022 to 31/05/2022		
	Latest Reading	Compared to Previous Quarter
GDP Growth	-0.1%*	Fell from 1.1%
Inflation	2.5%*	Increased from 0.6%
Unemployment Rate	2.5%*	Fell from 2.7%

*Based on the latest available data at the time of print.

Japan's equity market largely reflected the US, although domestic sentiment was helped by the corporate results season for the fiscal year ending in March. It was not surprising to see some companies making overly conservative forecasts for the coming year, but the overall tone of results and guidance was still slightly better than expected. In parallel, Japanese consumer inflation rose to 2.5% year-on-year in April – the highest level since 2014. While this is short of the price rises elsewhere, Japan's history of chronic disinflation makes anything above the 2% target eye-catching.

As the world's central banks seem to be in a synchronised tightening mode, both the Bank of Japan and the People's Bank of China are engaged in forms of quantitative easing with the former committed to unlimited bond purchases. The contrast with the rest of the developed world is now causing strain in Japan's financial markets. However, the policy outlines released at the end of May have shifted the focus to economic growth, which was broadly welcomed by the equity market.

While the world's third largest economy appears problematic, the 2050 carbon neutrality target is still a priority: consumers have been told their lifestyles need to be adapted in the fight against climate change. Reward schemes have been introduced to incentivise responsible actions e.g., car pooling, declining single-use plastics, etc whereby credits earned can be used toward online purchases, airline mileage points or even investments.

We will leave our allocation to Japan unchanged next quarter.

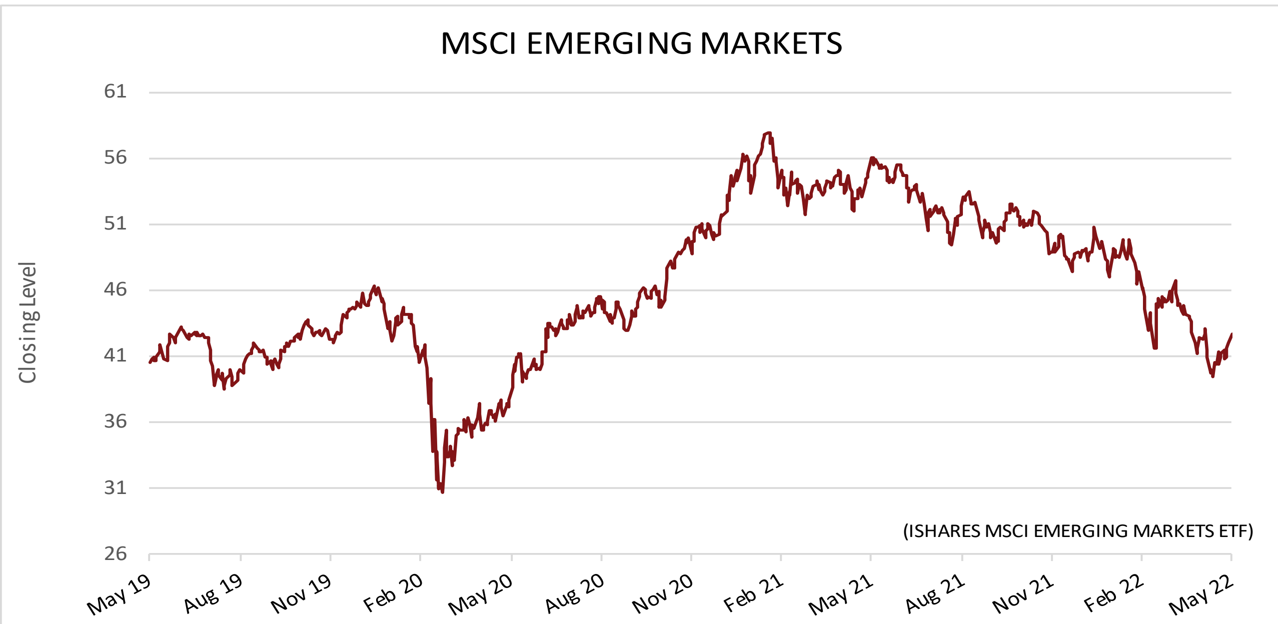
Market Commentary Emerging Markets

Emerging markets were firmly down in April but posted a modest gain in May. Concerns over the impact of more aggressive Federal policy tightening and Covid lockdowns in China eased as the month progressed. Increased concerns over the growth outlook and lockdowns implied that supply chain disruption may be prolonged, however, as soon as lockdown measures in Shanghai began to be lifted, the government stepped up stimulus.

Latin American markets generated robust gains, led higher by Chile which was the best-performing index market. However, growth in the coming months is likely to slow notably. Lockdowns in China (a key export market), potential flare-ups in social unrest if the new constitution is rejected and political violence in the South with the government's weak parliamentary base, are all factors to watch.

Indian markets underperformed as the central bank unexpectedly hiked its policy rate to 4.4% in response to accelerating inflation which hit 7.8% in April. Prime Minister Modi stayed optimistic about India's future economy, stating that it is expected to grow by 7.5% this year which will make it the fastest-growing major economy.

We will retain our existing allocation to Emerging Markets next quarter.

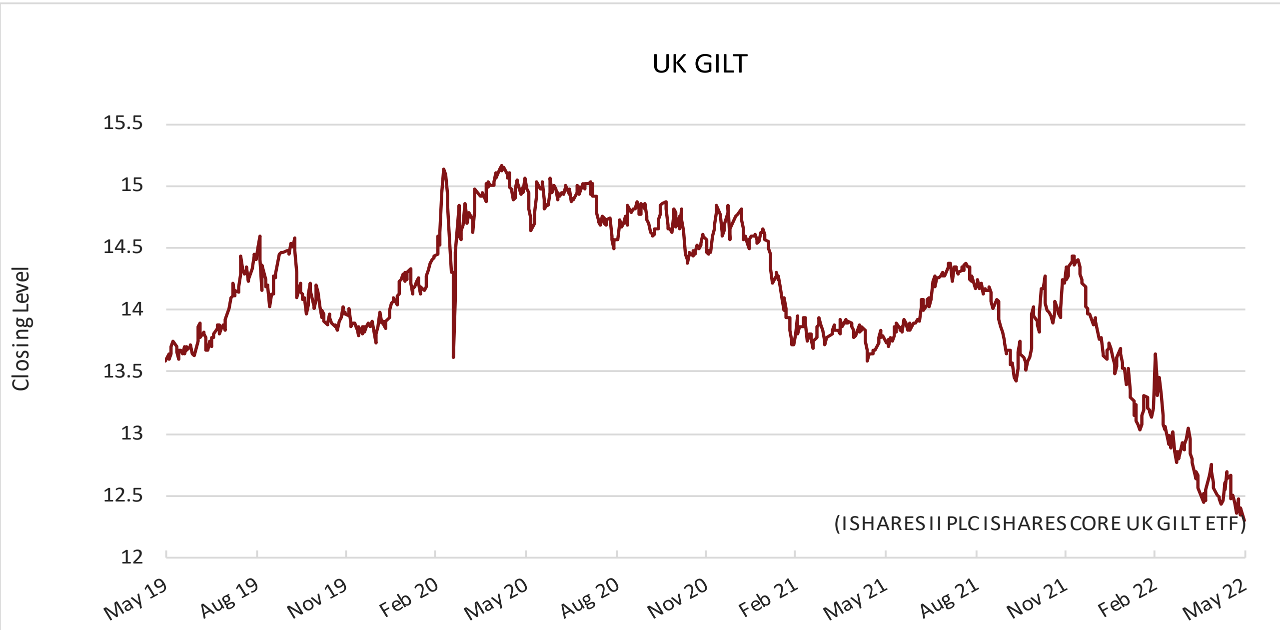


Market Commentary Fixed Interest

Bond yields continued to rise in April, resulting in further negative returns (note: yields and prices move in opposite directions), amid continued high inflation and expectations of significant interest rate hikes. Yields in Europe and the UK rose even further in May, with concerns over inflation and interest rises remaining a key issue.

This year has been a difficult environment for risk assets, but it is important not to automatically extrapolate the current environment into the future. Economic conditions can (and do) change and we may see both growth and monetary policy shift sooner than the market expects. Capital preservation in a climate of heightened uncertainty is essential, however, when monetary policy and the market narrative change eventually, this could provide potential exceptional returns.

We will continue to retain our exceptionally low allocation towards UK Gilts.



Our Tactical Allocation—Adventurous

Sector	Forecast	Position	Morningstar Adventurous Allocation (%)	Tactical Overlay (%)	Adventurous Final Allocation (%)
US	Fair	Neutral	23	0	23
UK Large Cap	Unfavourable	Underweight	34	-21	13
UK Mid Cap	Fair	Neutral	5	0	5
UK Small Cap	Favourable	Overweight	2	4	6
Europe	Favourable	Overweight	11	4	15
Japan	Favourable	Overweight	8	2	10
Asia	Favourable	Overweight	2	4	6
Emerging Markets	Favourable	Overweight	10	6	16
Property	Fair	N/A	0	3	3
Commodities	Favourable	N/A	0	1	1
Global Fixed Income	Unfavourable	Underweight	2	-2	0
UK Gilts	Unfavourable	Underweight	2	-2	0
UK Corporate Bonds	Unfavourable	Underweight	1	-1	0
UK Inflation Indexed	Fair	Neutral	0	0	0
Cash	Fair	Neutral	0	2	2

Our Tactical Allocation—Moderately Adventurous

Sector	Forecast	Position	Morningstar Moderately Adventurous Allocation (%)	Tactical Overlay (%)	Moderately Adventurous Final Allocation (%)
US	Fair	Neutral	20	0	20
UK Large Cap	Unfavourable	Underweight	28	-12	16
UK Mid Cap	Favourable	Overweight	4	1	5
UK Small Cap	Favourable	Overweight	2	1	3
Europe	Favourable	Overweight	9	5	14
Japan	Favourable	Overweight	7	1	8
Asia	Favourable	Overweight	2	2	4
Emerging Markets	Favourable	Overweight	8	3	11
Property	Fair	N/A	0	4	4
Commodities	Favourable	N/A	0	3	3
Global Fixed Income	Unfavourable	Underweight	5	-4	1
UK Gilts	Unfavourable	Underweight	7	-6	1
UK Corporate Bonds	Favourable	Overweight	5	-3	2
UK Inflation Indexed	Favourable	Overweight	0	5	5
Cash	Fair	Neutral	3	0	3

Our Tactical Allocation—Moderate

Sector	Forecast	Position	Morningstar Moderate Allocation (%)	Tactical Overlay (%)	Moderate Final Allocation (%)
US	Favourable	Overweight	15	1	16
UK Large Cap	Unfavourable	Underweight	22	-7	15
UK Mid Cap	Favourable	Overweight	3	1	4
UK Small Cap	Favourable	Overweight	0	2	2
Europe	Favourable	Overweight	7	4	11
Japan	Favourable	Overweight	5	2	7
Asia	Favourable	Overweight	2	3	5
Emerging Markets	Favourable	Overweight	6	1	7
Property	Fair	N/A	0	4	4
Commodities	Favourable	N/A	0	3	3
Global Fixed Income	Fair	Neutral	7	0	7
UK Gilts	Unfavourable	Underweight	13	-9	4
UK Corporate Bonds	Unfavourable	Underweight	7	-4	3
UK Inflation Indexed	Favourable	Overweight	3	6	9
Cash	Unfavourable	Underweight	10	-7	3

Our Tactical Allocation—Moderately Cautious

Sector	Forecast	Position	Morningstar Moderately Cautious Allocation (%)	Tactical Overlay (%)	Moderately Cautious Final Allocation (%)
US	Favourable	Overweight	10	3	13
UK Large Cap	Fair	Neutral	15	0	15
UK Mid Cap	Favourable	Overweight	2	1	3
UK Small Cap	Favourable	Overweight	0	2	2
Europe	Favourable	Overweight	5	1	6
Japan	Fair	Neutral	4	0	4
Asia	Favourable	Overweight	0	2	2
Emerging Markets	Favourable	Overweight	4	1	5
Property	Fair	N/A	0	4	4
Commodities	Favourable	N/A	0	3	3
Global Fixed Income	Unfavourable	Underweight	11	-2	9
UK Gilts	Unfavourable	Underweight	16	-9	7
UK Corporate Bonds	Unfavourable	Underweight	12	-4	8
UK Inflation Indexed	Favourable	Overweight	5	9	14
Cash	Unfavourable	Underweight	16	-11	5

Our Tactical Allocation—Cautious

Sector	Forecast	Position	Morningstar Cautious Allocation (%)	Tactical Overlay (%)	Cautious Final Allocation (%)
US	Favourable	Overweight	5	2	7
UK Large Cap	Favourable	Overweight	8	3	11
UK Mid Cap	Favourable	Overweight	0	1	1
UK Small Cap	Favourable	Overweight	0	1	1
Europe	Favourable	Overweight	3	2	5
Japan	Favourable	Overweight	2	2	4
Asia	Favourable	Overweight	0	1	1
Emerging Markets	Favourable	Overweight	2	1	3
Property	Fair	N/A	0	3	3
Commodities	Favourable	N/A	0	3	3
Global Fixed Income	Unfavourable	Underweight	15	-5	10
UK Gilts	Unfavourable	Underweight	20	-10	10
UK Corporate Bonds	Unfavourable	Underweight	18	-6	12
UK Inflation Indexed	Favourable	Overweight	6	14	20
Cash	Unfavourable	Underweight	21	-12	9

Notes on EB Wealth Performance Statistics

Our Benchmarks

1. IA OE Mixed Investments 40-85% - this shows the average performance of all funds which qualify for the 'Mixed Investments 40-85%' sector which have the following characteristics:

- Include a range of different investments
- Maximum 85% equity exposure (including convertibles)
- Minimum 40% equity exposure
- No minimum fixed income or cash requirement
- Minimum 50% investment in established market currencies (US dollar, sterling & euro) of which 25% must be sterling
- Sterling requirement includes assets hedged back to sterling.

This is broadly in line with what the industry used to refer to as a 'Balanced Managed' fund and is broadly in line with our Moderate as well as Moderately Adventurous portfolios. However, our portfolios have no set mandates as to the amount of exposure we hold in any specific asset class.

2. IA OE Flexible Investments - this shows the average performance of all funds which qualify for the 'Flexible Investments' sector which have the following characteristics:

- Include a range of different investments
- No minimum equity requirement
- No minimum fixed income or cash requirement
- No minimum currency requirement.

This is broadly in line with what the industry used to refer to as "Specialist". Since we do not impose any asset allocation restrictions on our portfolios, this benchmark is relevant; however, currently our Moderate and Moderately Adventurous portfolios would also fall within the mandate to be considered IA OE Mixed Investments 40-85%.

3. RPI (Retail Price Index) - along with the CPI (Consumer Prices Index), the RPI measures consumer inflation in the UK. Whilst the official measure is now CPI, RPI is still used for many types of cost escalation and we believe is a more relevant figure for measuring real returns. RPI is currently running circa 2.6% higher than the official government CPI figures.

Structured Product Returns

The performance data provided is the average of all structured products we have recommended to clients over the last six years where the return of the product is known i.e., where a product has matured or an income payment has been received. We have also weighted the performance figures based on the level of investment we have made i.e., if we recommended a greater level of investment in one particular product over another, we have weighted the performance figures accordingly.

As structured products are close-ended investments, clients will only benefit from returns on the products they own personally rather than the average figures published in this report. The average figures are provided to highlight the general benefit of using structured products to reduce the volatility of a portfolio without necessarily impacting the total return.

The structured product returns quoted in this report may change in subsequent reports due to the fact that products which we have recommended, but are yet to mature, have not been included in the returns quoted above. For example, a five-year product with the potential to pay 6% a year which has not yet matured, will not be included in the figures above. Depending on the outcome of the investment, when the product matures, we will allocate either 6% or 0% a year to the preceding five years.

Our Services

Wealth Management

Pension / SIPP funding
Pension / SIPP investment management
Pensions in Retirement / Income Drawdown
ISA/ LISA/ JISA funding
ISA/ LISA/ JISA investment management
Trustee Investments
School Fees planning
Managing estates under Power of Attorney

Personal Insurances

Life and Critical Illness Cover advice and brokerage
Family Income Benefit advice and brokerage
Mortgage Protection advice and brokerage
Income Protection advice and brokerage
Private Medical Insurance advice and brokerage

Tax planning

Inheritance Tax planning
Capital Gains Tax planning
VCTs, EISs, ISAs, Bonds
Financial Planning in relation to Marriage, Divorce or Bereavement.
General Tax Planning / Other

Corporate Services

Auto Enrolment and Company Pensions
Partnership/ Shareholder Protection
Key Person Insurance
Employee Benefit Programmes and Communication
Services for Charities
Business Exit Planning

Issue: June 2022

The EB Partnership London Ltd
Apsley House
176 Upper Richmond Road
London
SW15 2SH

Phone: 0207 015 2145
Email: ebwealth@theebpartnership.co.uk
Web: www.ebwealth.co.uk