

VT PPM Global Dynamic Fund

Strategy Description

The Fund will seek to achieve its objective by investing in a globally diversified portfolio, primarily (70%+) consisting of a range of open-ended funds and other collective investment vehicles such as investment trusts and exchange traded funds which will provide exposure to asset classes, mainly (at least 50%) equities and fixed income and to a lesser extent (i.e., less than 50%), money market instruments, cash, property, and commodities. The Fund may also invest directly in equities (although this is not expected to be significant and, in any event, be a maximum of 15% of the portfolio), fixed income, money market instruments, deposits, cash and near cash. The Fund will be actively managed with the underlying exposure to different asset classes varying (i.e., being dynamic) based on the Investment Manager's assessment as to wider market conditions and which investments will best assist in the objective of the Fund being achieved. The Fund will not have any particular geographic, industry or economic sector focus and as such weightings in these may vary as required.

Investment Objective

The investment objective of the Fund is to generate capital growth over the medium to long term (5 to 10 years).

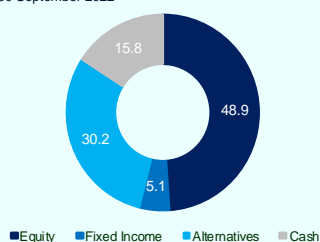
Fund Details

as of 30 September 2022

Investment Team	Alan Steven, Ian Black, Atif Latif, Marco Concina
Structure	UCITS OEIC
Domicile	United Kingdom
Launch Date	02 December 2019
Fund Size	£17.7m
Share Class	A Acc
Risk Profile	Balanced
Number of Holdings	21
Base Currency	GBP (Pound Sterling)
Liquidity	Daily
Minimum Investment	£1000
Ongoing Charge	1.65%
Comparator	IA Mixed Inv. 40-85% Sh.
ISIN	GB00BKTQPB49

Current Asset Allocation (%)

as of 30 September 2022



Top 10 Holdings (%)

as of 30 September 2022

Aberdeen Standard European Logistics Income	6.6
iShares Core FTSE 100 UCITS ETF	5.9
Gore Street Energy Storage Fund PLC	5.5
Hermes Unconstrained Credit F GBP Dist Hgd	5.1
Digital 9 Infrastructure	5.0
TB Amati Strategic Metals Fund	4.8
Heriot Global	4.7
Scottish Mortgage Investment Trust PLC	4.6
LXi REIT PLC	4.5
Fidelity Asia Pacific Opportunities	4.4
	51.1

Quarterly Commentary

Q3 2022 was another tough and volatile quarter for global financial markets with declines across most asset classes. Investors grew gradually more concerned about an imminent recession due to central banks reaffirming their commitment to fighting inflation by raising rates, slow growth, the energy crisis that primarily has impacted Europe, and financial system stress points such as the leverage crisis for defined benefit pension schemes in the UK.

Except for a short rally in July on hopes that the Fed would start cutting rates in 2023, the major equity indices posted negative returns over the period as the hawkish tone from global central banks increased and the overall macroeconomic environment deteriorated. Global bonds also performed poorly with Gilts among the worst impacted (-14.0%) given the market turmoil in the UK. This resulted in another difficult quarter for multi-asset portfolios – 2022 is the only year in history in which both the US market and the 10-Year Treasury Bond are down more than 10% (as of 30/09/22) with a typical 60/40 portfolio of US stocks and bonds delivering -21.0% YTD. Broad commodities also dropped with Brent crude and WTI posting their worst quarterly performance since Covid (-26.4% and -26.6%, respectively). Gold, down 8.1%, didn't provide any protection either. Hedge funds were the only exception with some strategies like macro, trend following, and multi-strategy posting positive returns. Finally, the USD continued appreciating against most developed market currencies (+7.1% just in Q3) due to its safe-haven appeal and the Fed's aggressive rate hikes combined with quantitative tightening (YTD: JPY/USD -20.5%, GBP/USD -17.4%, and EUR/USD -13.8%).

Against this backdrop, the Fund delivered a negative return of -3.99% during Q3 underperforming the comparator by 2.05% (IA Mixed Investment 40-85% Shares returned -1.94%). Over the period, we tactically reduced our exposure to equities (from c.60% to c.49%) in favour of cash. However, we are looking to deploy more than half of it across UK large-cap income and absolute return strategies beginning next quarter. We maintained our high exposure to alternatives (c.30%) which offer higher income stream and returns which tend to be less correlated to the stock markets. From a security selection point of view, we changed the profile of the funds within our equity basket and sold some holdings that we believed added risk at overall portfolio level given the current market circumstances.

After increasing the exposure to **Polar Capital Global Insurance** during H1, we took some profit by trimming the position as the fund delivered a positive return of 12.2% YTD. With the current hurricane season approaching the US and concerns that claims could be a record high, we think there is better value elsewhere. We sold the entire position in **Baillie Gifford Responsible Global Equity Income** as we tactically moved our dividend income asset allocation to the UK from a global basis. The UK large cap offers better opportunities for a less risk adjusted and higher dividend income versus a global fund. **TM Cerno Pacific** was sold at the same time after a prolonged period of underperformance. While the Asian regions have suffered due to a persistent restrictive domestic policy, we viewed that over the short term it was better to exit and await clearer developments. Finally, we progressively reduced the exposure to **Premier Miton European Opportunities** before selling the entire position at the end of the quarter. Europe is the region most at risk from a protracted conflict in Ukraine (many countries in the bloc are heavily reliant on Russian energy) and more sensitive to the global economic cycle due to the importance of its exports.

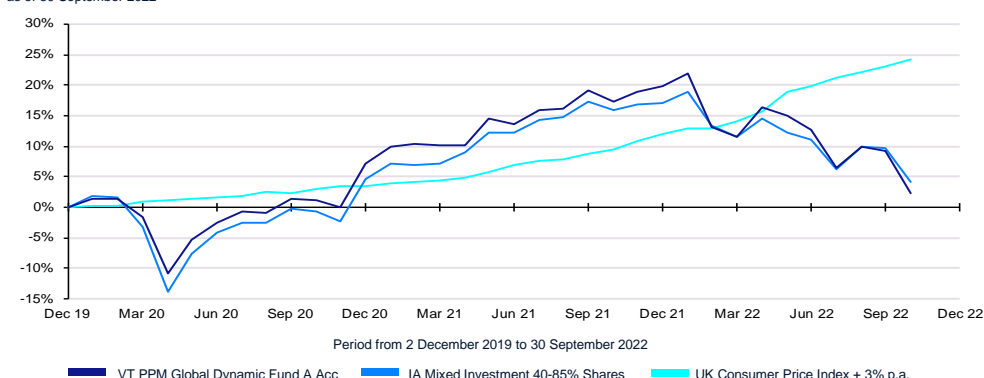
We are still holding **Baillie Gifford Scottish Mortgage Investment Trust** which was among the top positive contributors over the period. The nature of this growth portfolio is currently challenged in an environment characterised by increasing interest rates, higher inflation, and lower growth. However, we are reassured by the experience of the portfolios managers, and we believe that the investment thesis of the underlying companies will positively develop over the long term. We increased our position in **iShares Core FTSE 100 ETF** (initiated at the end of Q2), a cost-effective passive fund that tracks the FTSE 100 Index delivering 4% yield, as we believe that UK equities are trading near a record cheap valuation relative to global peers. A new addition to the portfolio was **Fidelity UK Smaller Companies** which replaced the position in **TB Amati UK Smaller Companies**. The fund invests in companies going through a period of positive change that can benefit from a valuation re-rating – we believe that the fund's portfolio is attractively valued from an absolute and relative perspective and its value-bias offers good upside potential.

Within the alternative space, REITs have experienced a large sell-off at the end of the quarter. The major concern is that borrowing costs are now higher than the initial yields on their portfolios, implying an upward re-basing of property yields and a decline in portfolio values. **ASI European Logistics Income** that is involved in logistics in Europe and **LXi REIT** which invests in UK commercial property were both among the top detractors for the period. Despite being disappointed by the low protection provided, we believe they have been oversold – rental growth should continue, the occupier market fundamentals are strong, and balance sheets of both REITs are in relatively good shape. Looking at private equity, we are still holding our small position in **Seraphim Space Investment Trust** which is now trading at a large discount after the poor performance YTD – deal flow and investment activity remains high, portfolio investee companies are well capitalised, and cash reserves should be sufficient to provide necessary levels of support to the portfolio. We believe the trust still represents an attractive opportunity to capitalise from multi-decade growth in demand for space related technologies. It was among the top contributors of Q3.

Overall, as we head towards the end of the year, high commodity prices and inflation, hawkish central banks, lower growth, and recession concerns show that the current outlook will remain challenging and likely characterised by elevated volatility. Our Fund remain defensively positioned, being underweight equities, with a low exposure to fixed income, and a higher allocation to alternatives. Within the alternatives' basket, we are constantly reviewing and monitoring our exposure to real assets (real estate and infrastructure) which were heavily impacted recently. Moreover, as mentioned above, we are looking to add other type of strategies within the hedge funds space which should offer uncorrelated returns to the equity markets. As always, we continue to rely on our deep expertise and research capabilities to select best-in-class strategies and tactically adjust our portfolio's asset allocation as the environment evolves.

Performance Since Inception Date (%)

as of 30 September 2022



Key Risks: past performance is not a guide to future performance. Investment in the Fund carries the risk of potential total loss of capital. Investment decisions should not be based on short-term performance.

Cumulative Performance (%)

as of 30 September 2022

	1M	3M	6M	1Y	YTD	3Y	5Y	SI*
Fund	-6.41	-3.99	-12.10	-12.81	-16.12			2.31
Comparator	-5.17	-1.94	-9.20	-10.15	-12.54			4.06
Excess Return	-1.24	-2.05	-2.90	-2.66	-3.58			-1.75

Discrete Performance (%)

as of 30 September 2022

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2019												
Fund												1.41
Comparator												1.83
2020												
Fund	-0.14	-2.95	-9.28	6.08	3.09	1.76	-0.21	2.29	-0.20	-1.11	7.30	2.43
Comparator	-0.27	-4.68	-11.02	7.34	3.68	1.67	-0.01	2.31	-0.39	-1.69	7.25	2.43
2021												
Fund	0.47	-0.24	0.08	3.85	-0.74	1.97	0.19	2.66	-1.53	1.32	0.76	1.82
Comparator	-0.28	0.24	1.60	3.08	-0.13	1.94	0.47	2.24	-1.36	0.93	0.25	1.53
2022												
Fund	-7.31	-1.31	4.32	-1.25	-1.85	-5.53	3.12	-0.52	-6.41			
Comparator	-4.73	-1.62	2.78	-2.13	-0.90	-4.53	3.50	-0.09	-5.17			

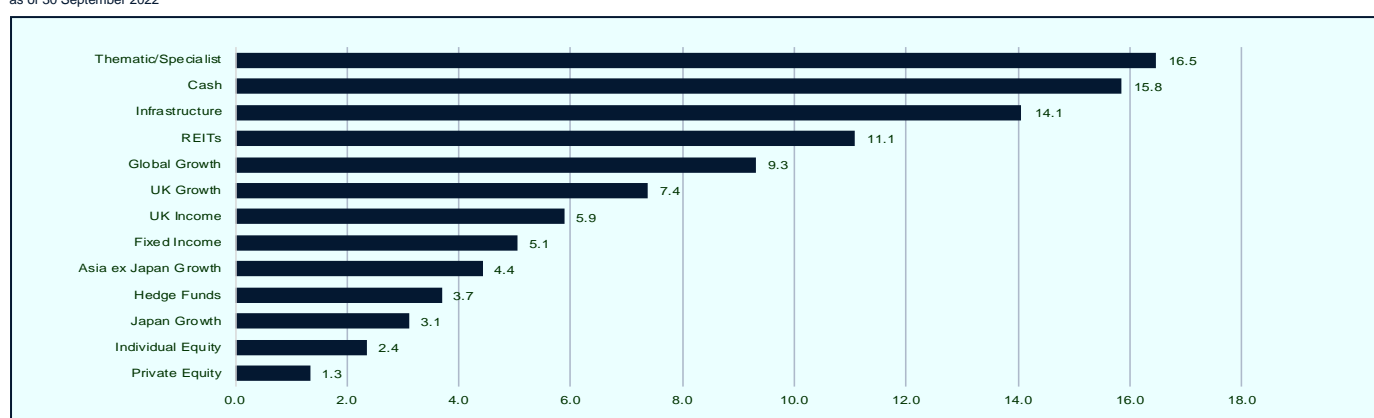
Source of performance data: Valu-Trac Investment Management Limited

Comparator: IA Mixed Investment 40-85% Shares

*Since Inception: 02 December 2019

Asset Breakdown (%)

as of 30 September 2022



Investment Team

Alan Steven

Alan was a founder of PPM in 1984 and is responsible for the overall running of the business as well as providing portfolio management and financial planning advice to clients. Alan is an Associate of the Chartered Insurance Institute and holds the Investment Management Asset Allocation Qualification (IMAAQ).

Ian Black

Ian has over 27 years of financial services experience, and having joined PPM in 1999, has been with the firm for over 23 years. He is a law graduate and is qualified as both a securities dealer and a discretionary portfolio manager.

Atif Latif

Atif is a graduate of Aberdeen University where he read Economic Science. He started his career at EY in Scotland and latterly London – where he spent 16 years. Atif has 21 years industry experience and a background in Equity Research, Stockbroking, Trading & Derivatives. Atif is level 6 Qualified having completed the PCIAM.

Marco Concina

Marco joined PPM Wealth as a Research Analyst covering funds and individual global equities. He provides input to, and oversight of, the firm's strategic and tactical asset allocation, and contributes to the management of PPM's discretionary portfolios and in-house UCITS funds. Marco holds a Master's degree in Law from the University of Udine (Italy) and a MSc in Finance from Newcastle University. He also holds the CFA Certificate in ESG Investing.

Platform Availability



Authorised Corporate Director



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About Us



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