

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).

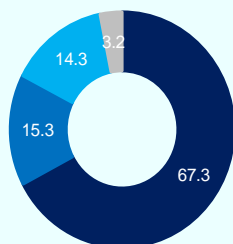
Fund Details

as of 30 June 2023

Investment Team	Alan Steven, Ian Black, Atif Latif
Structure	UCITS OEIC
Domicile	United Kingdom
Launch Date	02 December 2019
Fund Size	£18.7m
Share Class	A Acc
Risk Profile	Balanced
Number of Holdings	24
Base Currency	GBP (Pound Sterling)
Liquidity	Daily
Minimum Investment	£1000
Ongoing Charge	1.61%
Comparator	IA Mixed Inv. 40-85% Sh.
ISIN	GB00BKTQPB49

Current Asset Allocation (%)

as of 30 June 2023



Top 10 Holdings (%)

as of 30 June 2023

Liontrust Special Situations Fund	6.0
Evenlode Income	6.0
Trium ESG Emissions Impact Fund	5.9
Fidelity UK Smaller Companies	5.8
Hermes Unconstrained Credit	5.4
Polar Capital Global Insurance	5.3
JPMorgan Global Bond Opp Sustainable Fund	5.1
Heriot Global	5.0
TB Amati Strategic Metals Fund	4.7
Rathbone Ethical Bond	4.7
Total	54.0

Quarterly Commentary

Although markets rallied earlier this year, since the peak most global markets have weakened as the global rate hike cycle has been the most aggressive in decades to bring down inflation, whilst at the same time not slowing growth or moving the economies into recession. Although sentiment has improved, most markets have traded lower of late – as an example, the FTSE 100 Index traded from over 8000 to 7200 in quick succession through 2023 so far.

Indications point towards the positive economic surprises witnessed in the early part of 2023 being short-lived, as recent data flows in the Eurozone have disappointed expectations. However, China's economy is slowly recovering, while the US economy continues to deliver some positive surprises (as we have seen in Q2 earnings). It remains challenging to determine if positive surprises turned negative due to an actual deterioration in the economy or because forecasts had become overly optimistic.

Despite uncertainties, the Eurozone data now appears less confusing as it becomes easier to comprehend the apparent rebound, considering the impact of declining natural gas prices and the reopening of China's economy.

The global economy remains relatively strong, employment continues to be solid and spending trends moving upwards. In addition, the reopening of China has continued to boost asset prices whilst M&A has picked up – all evidencing that even if the probability of a recession has increased it should be short lived (but required to make inflation ease off quicker). We are mindful that even in a slowing growth environment secular growth stocks have outperformed, so if this materialises in H2 our portfolio changes are well positioned.

We have increased our UK exposure as the market retraced, across the market cap spectrum, which should benefit in Q3 from growth and dividend income and added into Fixed Income, given decade high yields. The alternatives have been a drag in performance, due to the sensitive nature of rates, but as we are approaching peak yields we anticipate the underperformance should start to reverse as the discounts for this sector is unprecedented (but offering unusually high yields).

The foundation of our projections for the upcoming 12 months relies on the following assumptions:

- Global GDP growth is expected to decelerate initially and subsequently rebound.
- Global inflation is projected to decrease but remain above the target levels set by many central banks.
- Major Western central banks are approaching the conclusion of their tightening cycles.
- Long-term government yields are likely to display mixed trends, with yield curves steepening during the second half of 2023.
- Credit spreads are anticipated to widen in the US, while narrowing in Europe, leading to an increase in defaults.
- The growth of equity dividends is predicted to moderate, and equity yields are expected to decline in certain markets.
- The rate of growth in real estate (REIT) dividends is likely to moderate, accompanied by falling yields.
- Commodities are expected to face challenges due to a slowdown in the global economy, except for agricultural products.
- The US dollar (USD) is predicted to weaken as the Federal Reserve concludes its tightening measures.

Portfolio Activity

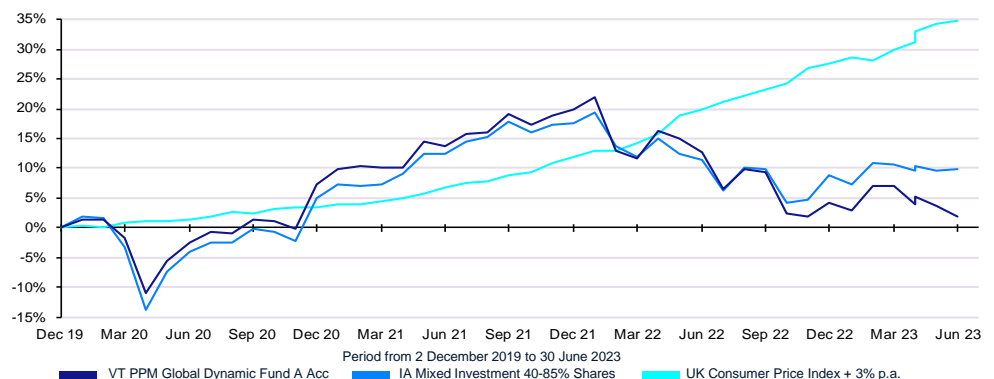
Elevated market activity has benefited active hedge fund strategies and we took advantage of this by adding into Brook Absolute Return. It has a strong performance over many years but, given the adverse publicity regarding the founder Crispin Odey, we sold immediately, prior to the fund being gated. With the proceeds and the weakness in the \$, and strong growth in other regions, we added into Arga Emerging Markets – a fund that has performed well and has a concentrated holding in the EM space blended across China, South Korea, Brazil and Asia. In addition to Arga we added into Stewart Investors Asia Pacific Sustainability – which has exposure in India, Taiwan and Japan as the top regional allocation. With the weakness in the dollar this region should continue to benefit from lower costs and increased growth rates.

Seraphim Space Investment Trust was trimmed, due to the issues faced by them by increasing cost of capital and funding pressures. It had performed strongly just after the IPO but was pressured by higher rates. Within some names in the Fixed Income market providing significant opportunities throughout the yield curve, we bought JPM Global Bond Opps Sustainable. This fund offers exposure across an unconstrained global portfolio of debt securities exhibiting positive ESG characteristics – including EM debt – which should continue to perform well towards the end of the hiking cycle and cooling inflation, whilst managing duration risk. We also added into Trium ESG – which is an absolute return fund strategy investing in companies that are improving their environmental and emissions footprint better than their peer group and short those that do not comply. With greater focus in this area, they are well positioned to take advantage of the ESG environment.

With increased asset allocation from outside investors into the UK, we took profit in a low-cost FTSE 100 tracker as the market retraced which provides a near 4.5% yield and rebought this as the market weakened. As the commodity cycle turns, asset flows into the UK market improve and, with M&A not slowing down the UK market represents a compelling opportunity. As demand for metals increases, we bought more Amati Strategic metals as they have tilted the portfolio into lithium and subsequently there has been global M&A for listed lithium names.

Performance Since Inception Date (%)

as of 30 June 2023



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 June 2023

	1M	3M	6M	1Y	YTD	3Y	5Y	SI*
Fund	-1.73	-2.01	-0.98	-4.40	-0.98	2.68		1.87
Comparator	0.32	0.17	2.42	3.32	2.42	12.59		9.91
Excess Return	-2.05	-2.18	-3.40	-7.72	-3.40	-9.91		-8.04

Discrete Performance (%)

as of 30 June 2023

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2019												1.41
Fund												1.83
Comparator												1.83
2020	-0.14	-2.95	-9.28	6.08	3.09	1.76	-0.21	2.29	-0.20	-1.11	7.30	2.43
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	-0.26	-4.67	-10.85	7.35	3.65	1.64	-0.04	2.31	-0.39	-1.71	7.30	2.42
2021	0.47	-0.24	0.08	3.85	-0.74	1.97	0.19	2.66	-1.53	1.32	0.76	1.82
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	-0.29	0.26	1.66	3.08	-0.10	1.94	0.48	2.25	-1.38	1.05	0.26	1.56
2022	-7.31	-1.31	4.32	-1.25	-1.85	-5.53	3.12	-0.52	-6.41	-0.27	2.27	-1.40
Fund	-7.31	-1.31	4.32	-1.25	-1.85	-5.53	3.12	-0.52	-6.41	-0.27	2.27	-1.40
Comparator	-4.76	-1.65	2.80	-2.28	-0.91	-4.50	3.59	-0.20	-5.27	0.63	3.80	-1.40
2023	4.05	-0.02	-2.86	1.16	-1.43	-1.73						
Fund	4.05	-0.02	-2.86	1.16	-1.43	-1.73						
Comparator	3.43	-0.32	-0.82	0.61	-0.75	0.32						

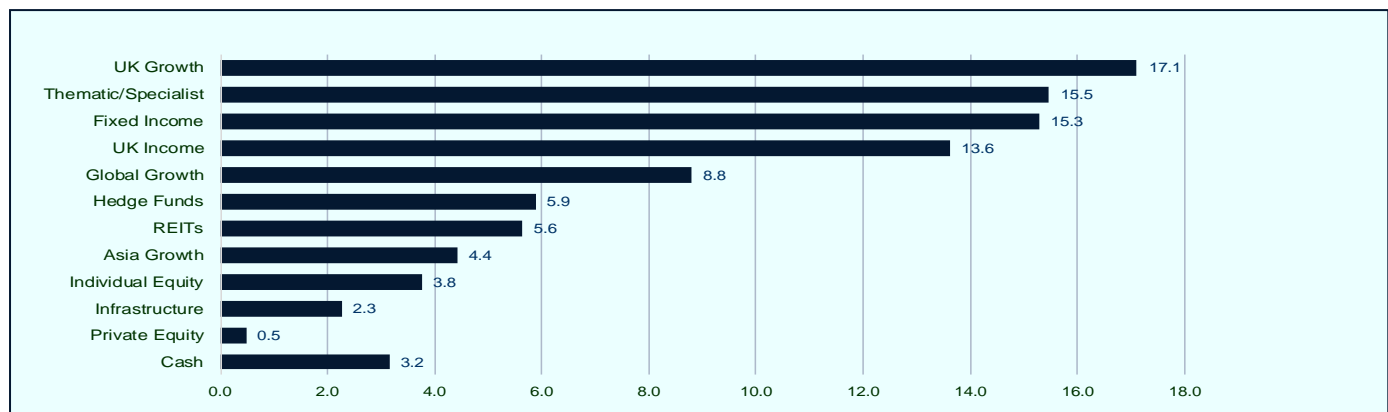
Source of performance data: Valu-Trac Investment Management Limited

Comparator: IA Mixed Investment 40-85% Shares

*Since Inception: 02 December 2019

Asset Breakdown (%)

as of 30 June 2023



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.

Platform Availability



Authorised Corporate Director



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About Us



PPM Wealth provides discretionary investment management, fund management, and personal financial planning advice.



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