Live Pulse Webinar

Global Crossroads - Navigating the 2024 election landscape

Nathan Sweeney, CIO Multi-Asset
Marlborough

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Agenda

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Introduction to the Marlborough Group

Providing robust investment solutions to support partners and clients

What sets us apart

01
Privately owned investment firm with innovative culture

02
Client-focused with a partnership approach

03
Leading force in fund governance, investment management and digital solutions

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The Marlborough Multi-Asset Investment Team

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Marlborough Multi-Asset Team

Analysts cover various sectors

Over 125 years of combined experience

Portfolio Managers

Nathan Sweeney & Raj Manon

Assistant Portfolio Managers

Scott Truter & Sarah Todino

Investment Analysts

Andrew Shaw & Benjamin Jones

Dealing and Data Analysts

Alan Jones & Georgina Hooper-Keeley

The whole team are members of CISI

CISI
CHARTERED INSTITUTE FOR SECURITIES & INVESTMENT

Nathan Sweeney CIO Multi-Asset
IMC / ESG
25 years of industry experience
Joined Marlborough in 2021

Raj Manon Head of MPS IMC / CFA
21 years of industry experience Joined Marlborough in 2003
Leads: UK Equity

Sarah Todino
Assistant Portfolio Manager IMC
18 years of industry experience
Joined Marlborough in 2006
Leads: European Equity, Government Bonds

Scott Truter
Assistant Portfolio Manager
IMC
17 years of industry experience
Joined Marlborough in 2016
Leads: US Equity, Thematic

Andrew Shaw Investment Analyst
IMC / ESG
21 years of industry experience Joined Marlborough in 2003
Leads: Japanese Equities, Corporate Bonds, Absolute Return

Ben Jones Investment Analyst
IMC
3 years of industry experience Joined Marlborough in 2022
Leads: Asian Equity, EM Equity, High Yield, EMD

Alan Jones
Dealer & Data Analyst
IOC
30 years of industry experience Joined Marlborough in 2019
Leads: Passives, Property

Georgina Hooper-Keeley Dealer & Data Analyst
IOC
3 years of industry experience Joined Marlborough in 2021
Leads: Money Market

Market Update

Polls apart

Will global politics derail markets?

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The planet goes to the poll

76 countries are set to vote in 2024

2024 Elections	Total	Global Share
Number of Countries Voting	76	39%
Population (Billions)	4.2	51%
GDP (USD, Trillions)	65.8	59%

Source: Marlborough Multi-Asset Team, Goldman Sachs

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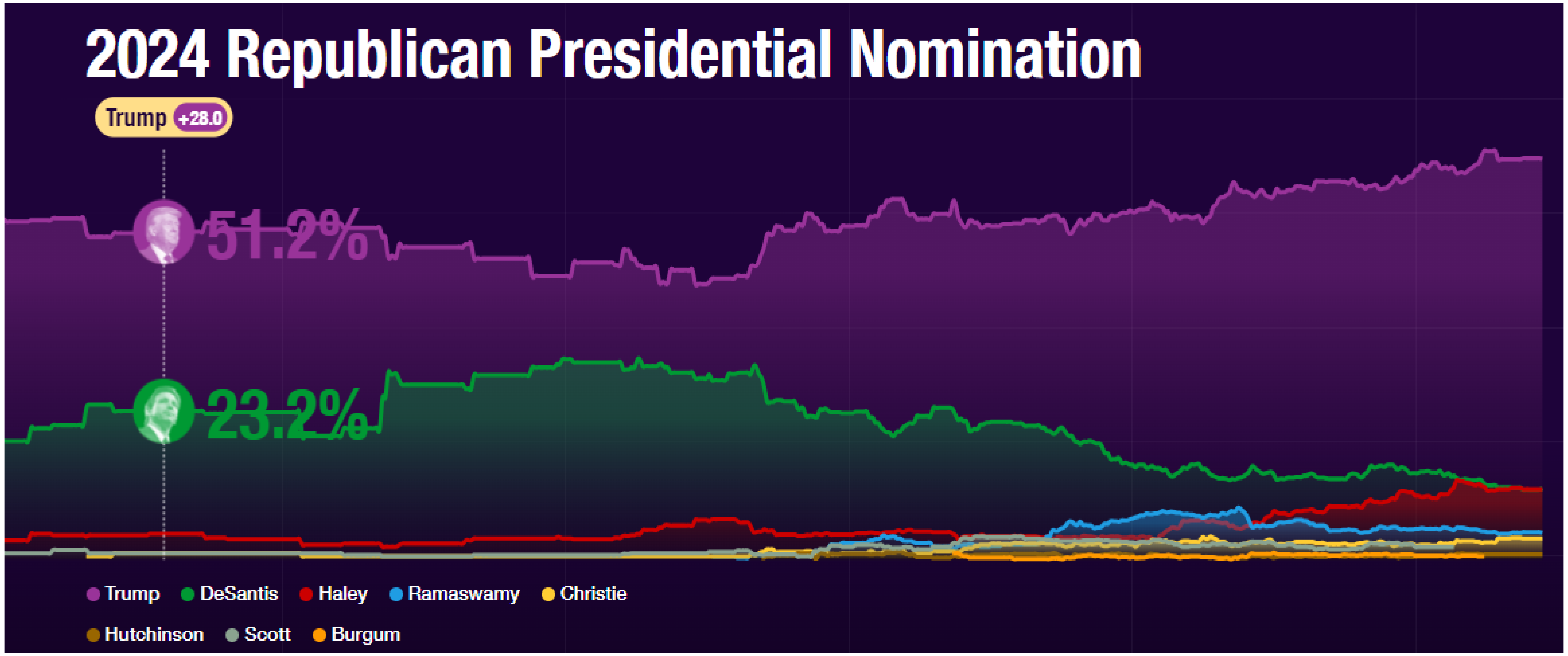
The US election will be held in November

This is likely to feature heavily in the news in 2024



Source: Marlborough Multi-Asset Team, Real Clear Politics

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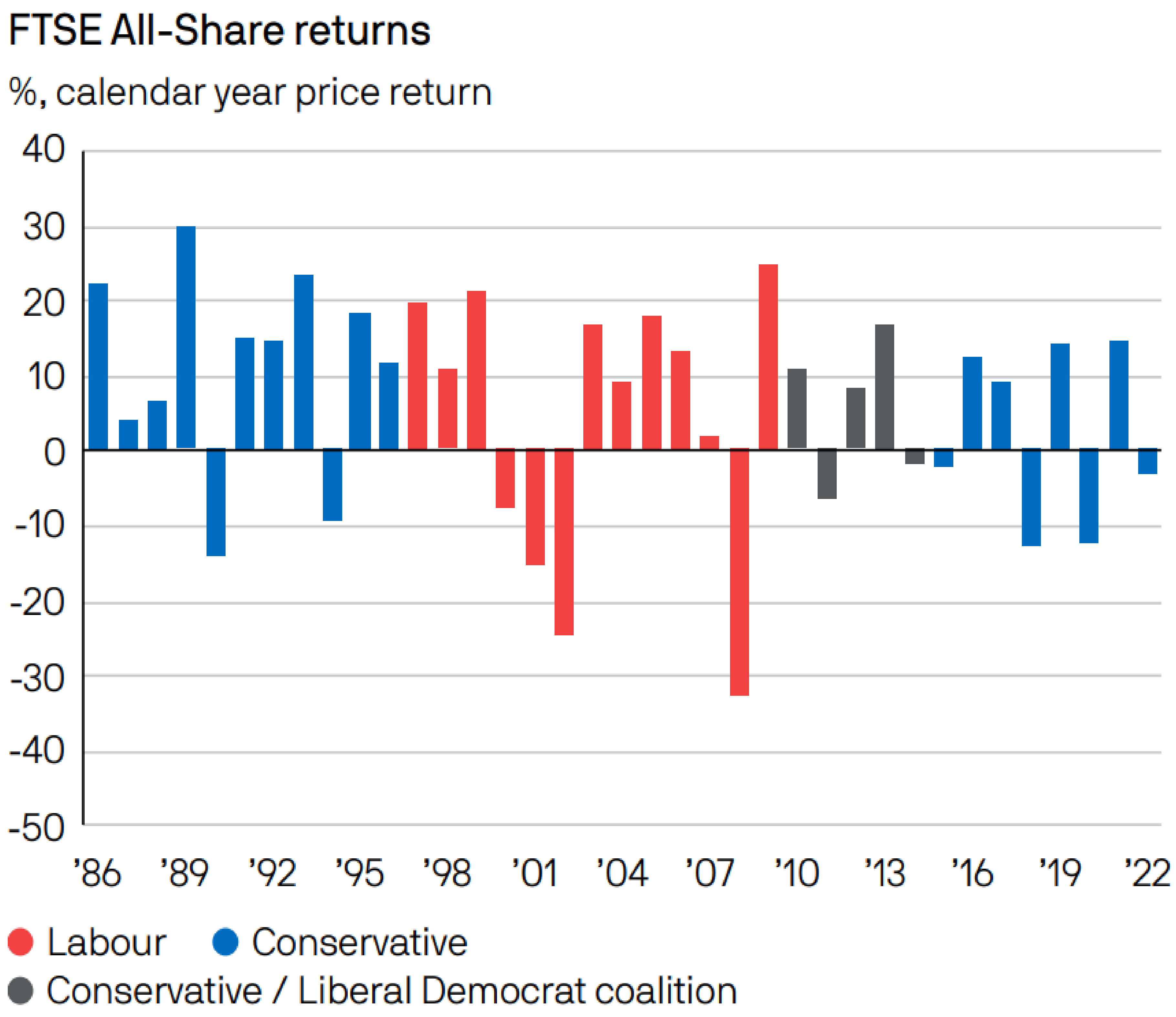
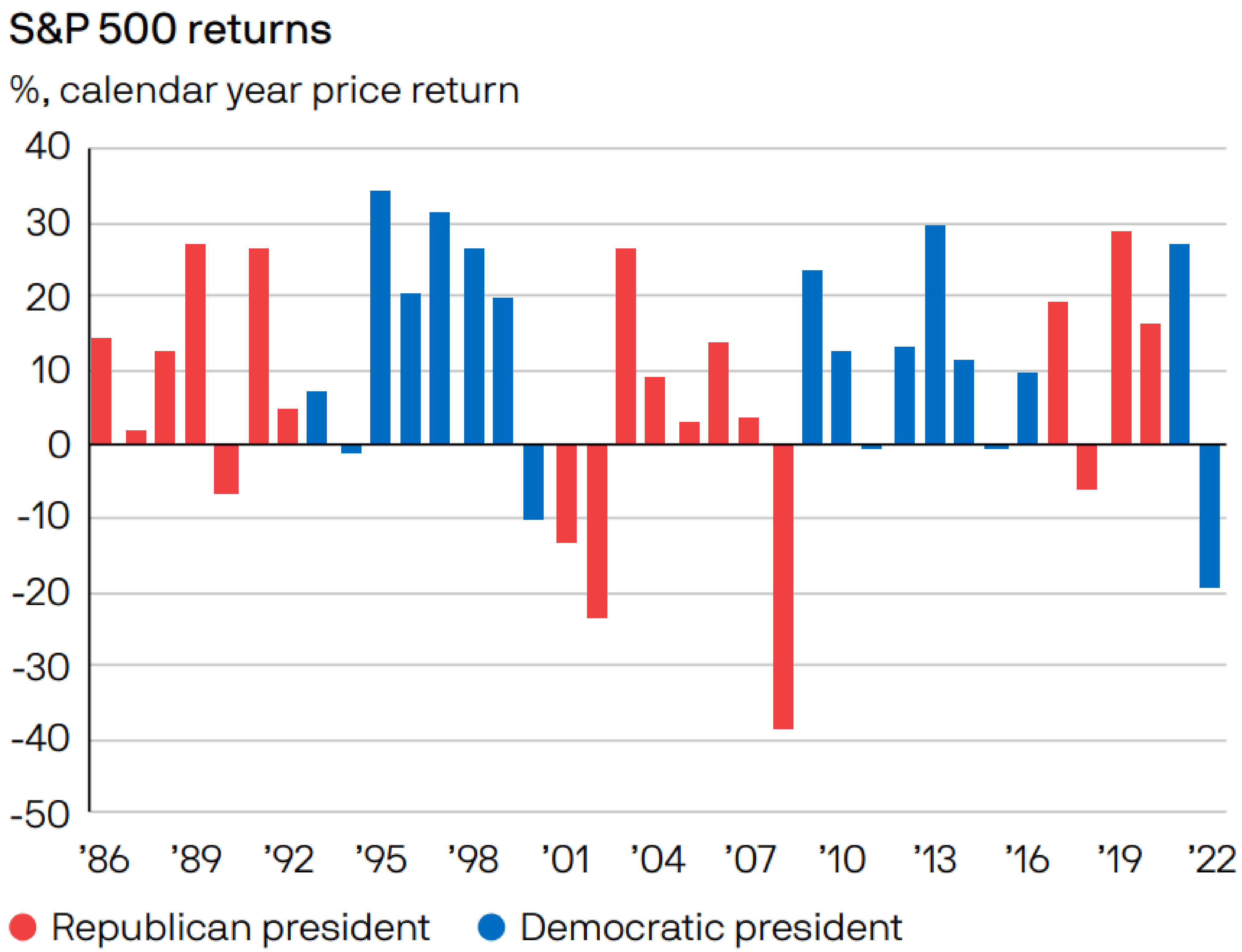
What will be the market impact?

No clear correlation between the governing party and market performance





Source: Marlborough Multi-Asset Team, JPM

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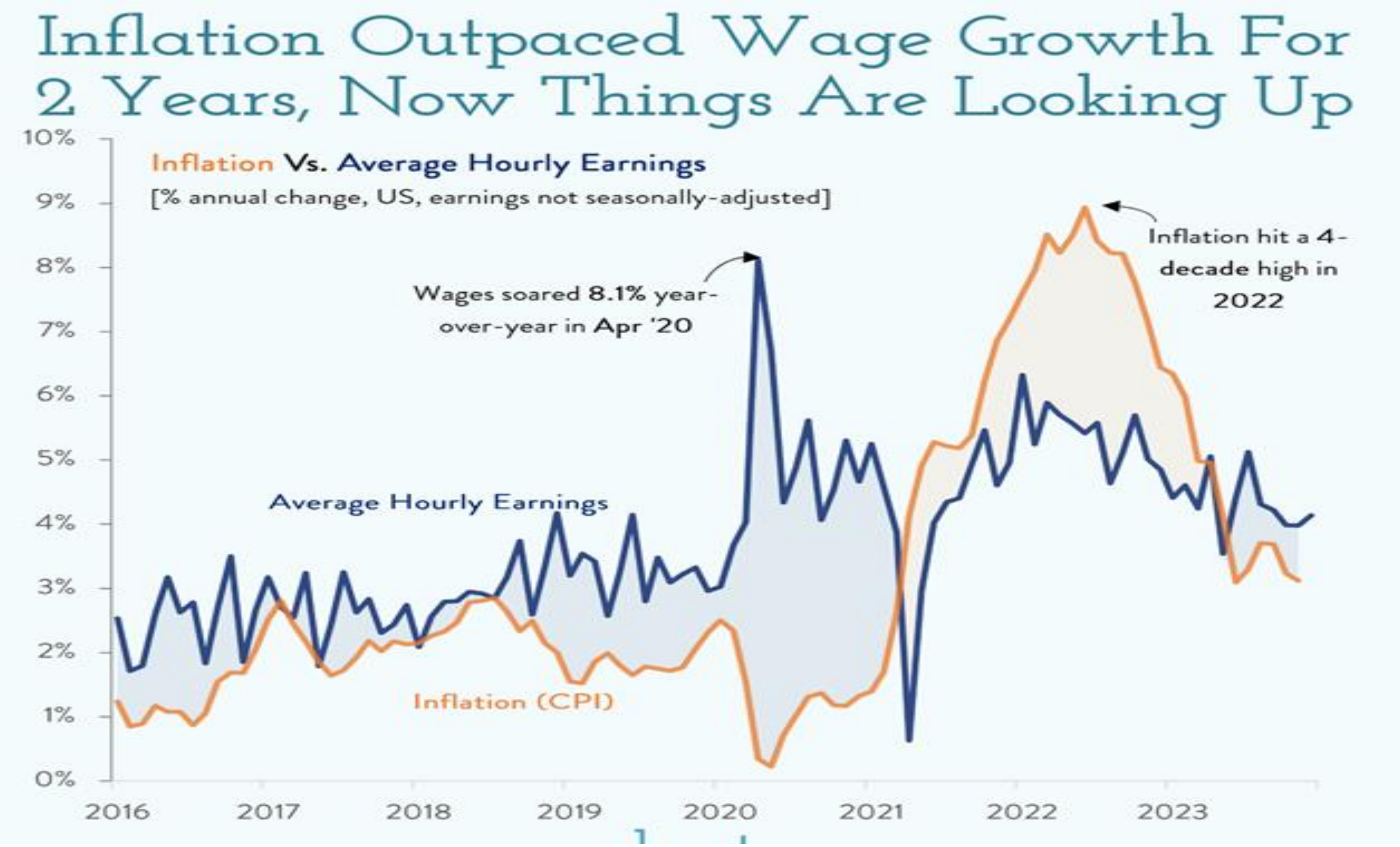
Inflation to deflation

Will interest rates be cut faster than expected?

Inflation is falling

Inflation could surprise to the downside



Source: Marlborough Multi-Asset Team, Chartr.

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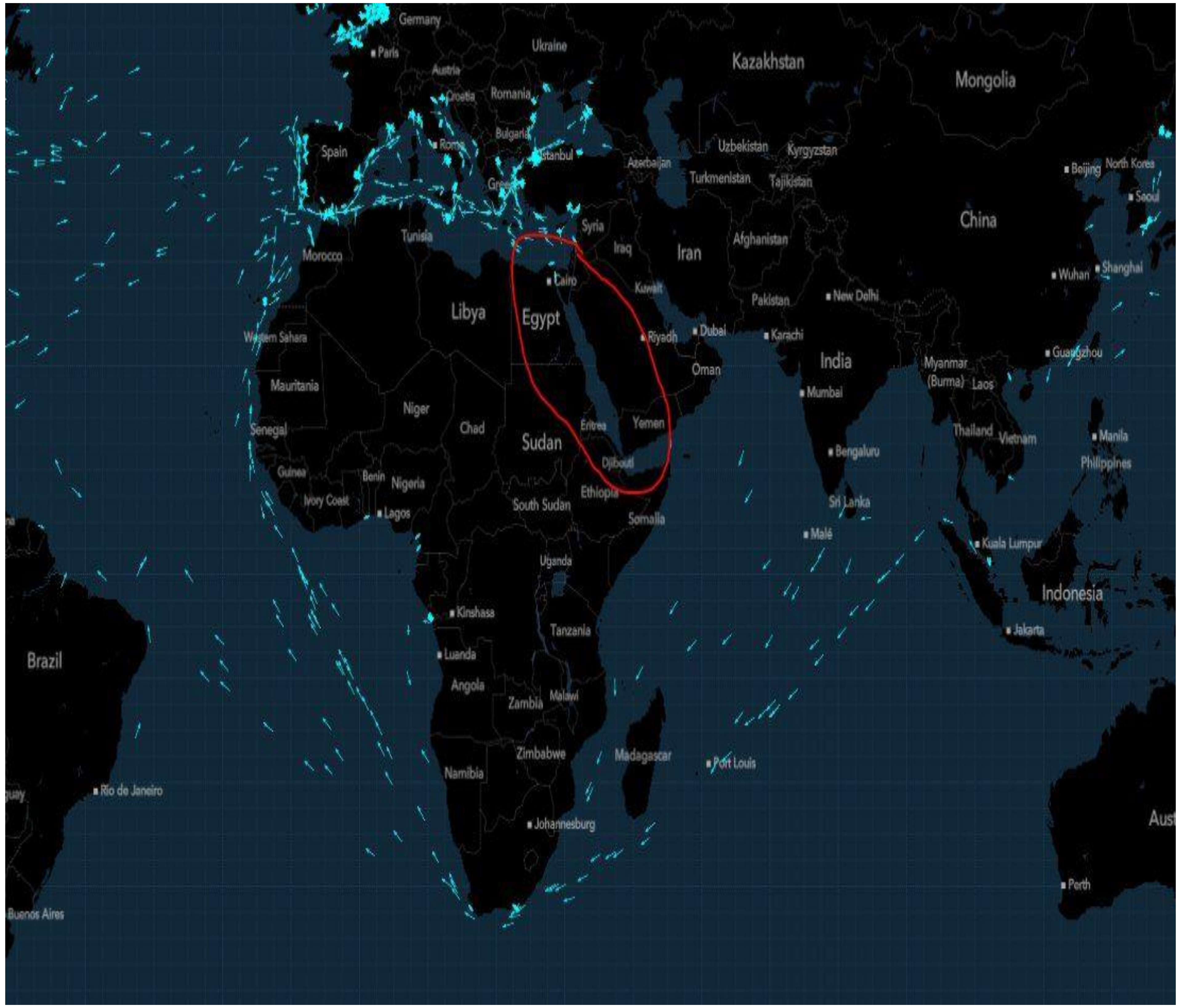
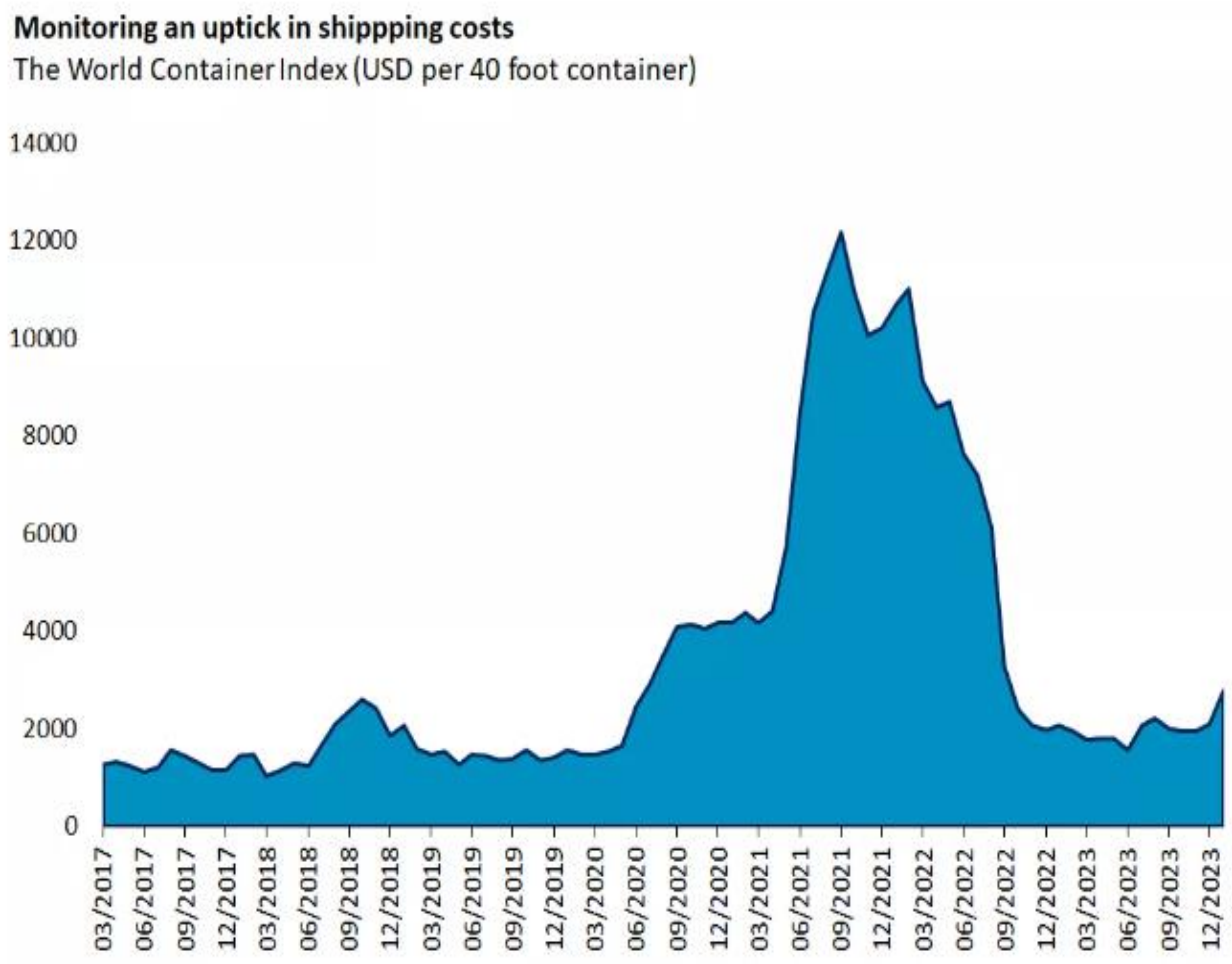
Prices are falling from last year's high

But could inflation come back?

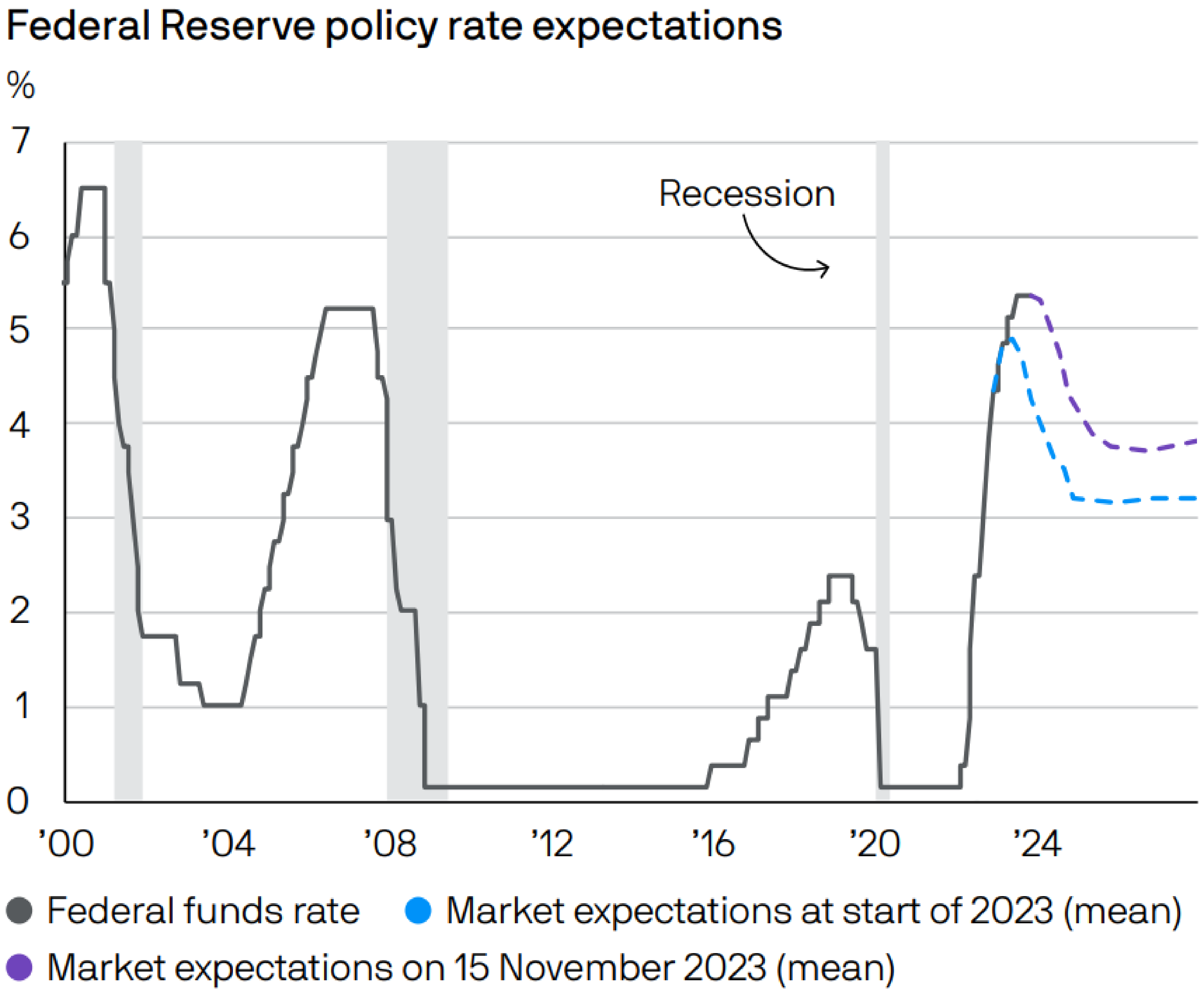




Source: Marlborough Multi-Asset Team, Bloomberg

Interest rates have peaked

We expect to see interest rate cuts in 2024



Data as at 15/11/23
Source: Marlborough Multi-Asset Team, JPM.

Current market view

For Professional Clients only.
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Tactical asset allocation (TAA)

Summary & Comments

Asset Class	Region / Sector	UW	N	OW	December Changes	Investment Team Views
Main Asset Classes	Equities	→	■		→	As interest rates are set to fall in many developed markets, we expect to see equities delivering a more broad-based recovery in 2024 as opposed to being dominated by profitable technology companies.
	Fixed Income		■			Bonds are now providing an attractive level of income for investors. With central banks pausing interest rate rises, and likely cutting in 2024, we expect improved performance in government bonds.
	Duration		■			Overall duration positioning is neutral, combining both shorter-dated and longer-dated bonds. The shorter-dated benefits from attractive yields due to high-interest rates, and the longer-dated is set to benefit from rate cuts.
	Cash			■		Cash offers an attractive yield and offers better opportunities on a risk-reward basis compared to absolute return.
Sub Asset Classes – Equities	US		■			Most of the performance year to date has been driven by mega-cap tech companies in the US. However, historically, when interest rates have peaked, you tend to get broader market participation, and we are beginning to see this.
	UK		■			Valuations are at attractive levels relative to other markets. The defensive and value characteristics of the UK market can be appealing in an environment of weaker growth. Inflation has been reducing and it is likely that we have now seen peak rates with the market pricing in cuts in 2024. Interest rate cuts would be a positive for UK equity markets and especially smaller companies.
	Europe	■				Interest rates appear to have peaked and the ECB may be one of the first major Central Banks to cut rates in 2024 as higher financing costs weigh on companies and consumers, and this reflects the deteriorating economic data.
	Japan			■		The Bank of Japan is expected to end Yield Curve Control soon, we wait to see how this will effect its markets and the currency. There are further corporate reforms being implemented in January which we see as a positive for equities.
	Asia Pacific		■			Some economies are expected to slow but export orientated economies will likely benefit as financial conditions begin to loosen. Valuations are cheap.
	Emerging Markets		■			We have seen a slight improvement in the Chinese economy but there are still issues in the property sector. Valuations are attractive but growth is expected to slow in EM in the coming quarters. Latin America continues to be the stronger region.
Sub Asset Classes – Fixed Income	UK Gilts			■		We are at peak interest rates in the UK, inflation continues to fall, and we are becoming more optimistic about duration, especially if there are rate cuts in 2024.
	Global Government			■		We have added some duration in global government bonds, particularly in US treasuries. We expect to see bonds providing diversification to portfolios should we see a recession. In the interim, yields are more attractive today.
	UK Investment Grade		■			With base rates expected to fall in 2024 we have positive sentiment towards credit, especially with the higher yields on offer.
	Global Investment Grade		■			Central bank rates across the three major areas (US, EU & UK) are expected to cut rates in 2024. This is one of the reasons we have a favourably view of credit going into the new year. Corporates generally remain in good health.
	High Yield	■				Spreads on high yield are tight and don't provide the necessary compensation versus investment grade. Defaults have started to increase but at a slow pace. We expect this to accelerate as we move into 2024 and more companies must refinance their debt at higher rates.
	Emerging Market Debt		■			Any dollar weakness will benefit EM Local currency bonds. There are still pockets of opportunities in both hard and local currency bonds so we prefer an actively managed blended strategy.
Sub Asset Classes – Alts	Property / Infrastructure		■			Rising interest rates and refinancing costs have already weighed on the sector performance. Infrastructure typically has more defensive characteristics and we prefer this exposure over property.
	Commodities		■			Gold and other precious metals are often negatively correlated to both equities and bonds. With heightened geopolitical tensions this could provide some further diversification within portfolios.
	Absolute Return	■				The absolute return sector has underperformed cash YTD. There is likely to be some volatility in markets. However, equities and bonds are broadly expected to be positive, so this area will likely continue to lag in the short term.

Macro View:
On balance, we are neutrally positioned in portfolios from a modestly risk-on position at the beginning of 2023. This follows good performance in the first half of 2023, due to falling inflation and economic activity being better than expected.

Core view:
Our core view is that inflation continues to moderate in development markets, helped by slower economic growth as global consumption slows following a sustained period of higher costs.
Economic growth and corporate earnings have been better than expected reducing the chance of a material global recession.

Micro View:
Equities:
We are underweight in Europe due to the impact of higher rates on consumers and economic growth, which is quite low already. We are overweight in Japan where we are seeing an improvement in companies' earnings.

Bonds:
We have added to long-duration bonds as interest rates looked to have peaked in the UK, Europe, and the US.
We have reduced exposure to high yield bonds as higher interest rates for longer are likely to lead to bankruptcies for riskier companies.

Key Risk:
Recession risk is likely to increase as higher interest rates filter through economies. The UK and Europe are more likely to enter a recession in 2024 compared to the US. Interest rate risk, if inflation resurfaces due to increasing energy prices, and causes central banks to hike interest rates again.

Expect growth to slow in 2024

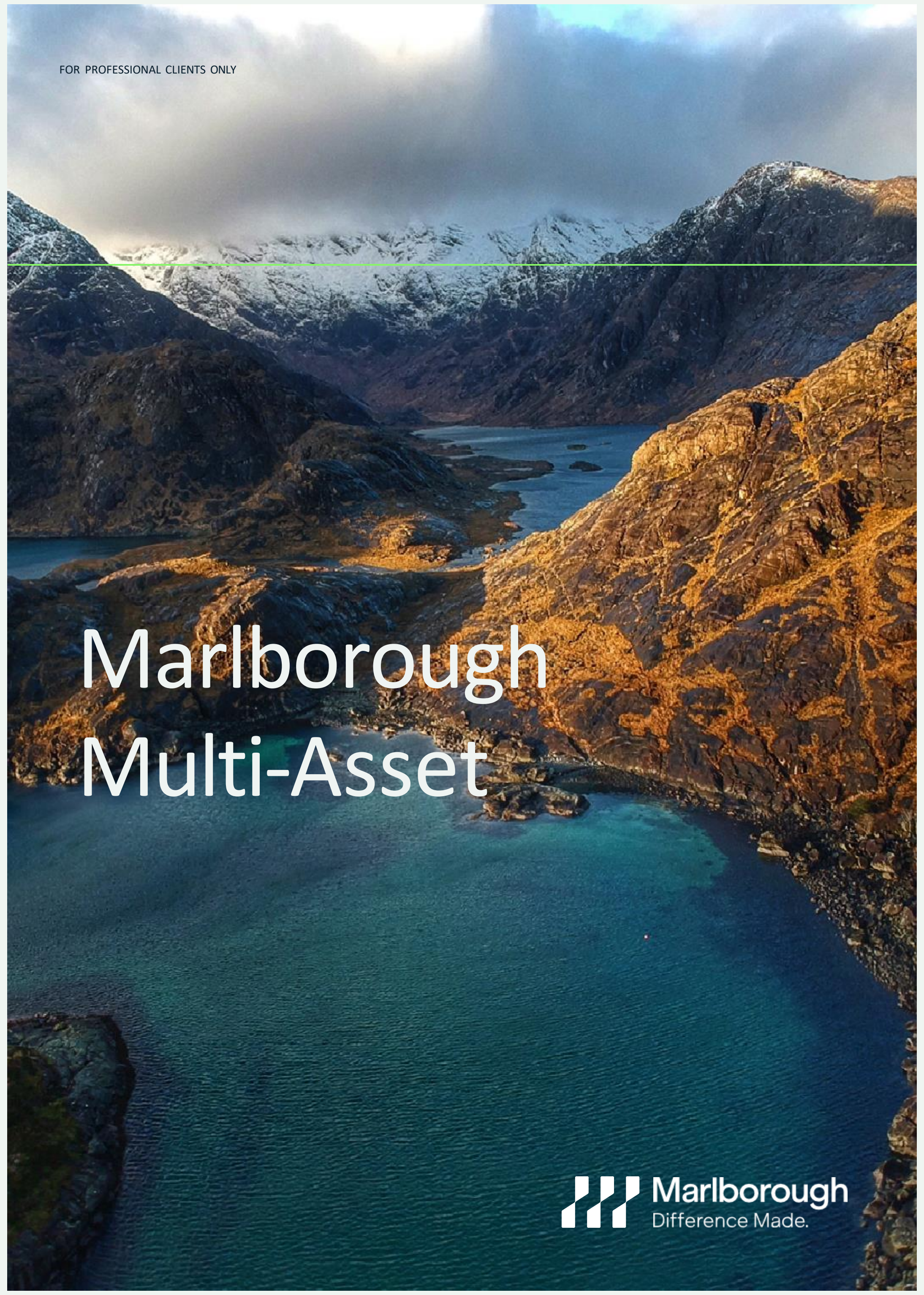
But what does that mean for markets?

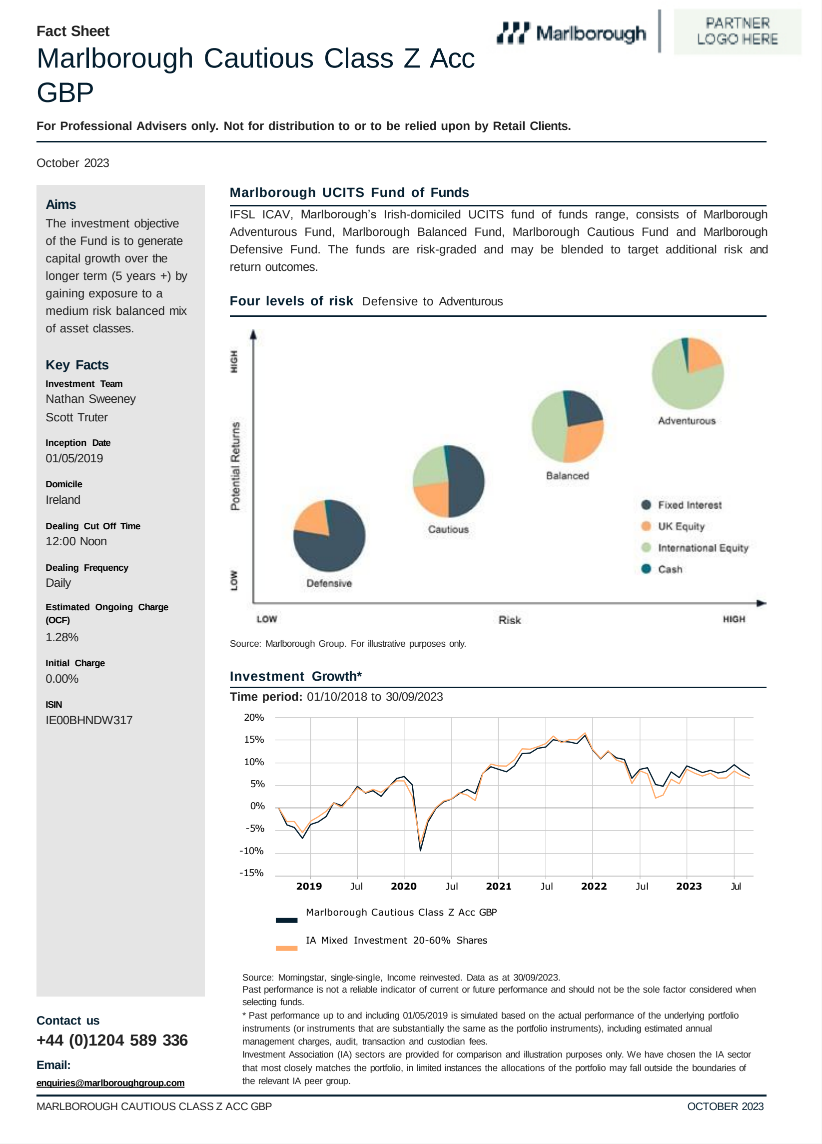
2024 Expected Outcome	Likelihood	GDP	Inflation	Interest Rates	Equity	Bonds	Cash
Central Case	80%	Moderate Slowdown	Falls to target	Gradual reduction			
Economy better	15%	Remains Steady	Remains above target	Higher for longer			
Economy Worse	5%	Material slowdown	Turns negative	Swifter reduction			

Data as at 31/07/23
Source: Marlborough Multi-Asset Team, Bloomberg.

Marlborough Collateral

Podcasts, Fact Sheets, Brochures, Commentaries





Fact Sheet

Marlborough Cautious Class Z Acc GBP

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October 2023

Aims

The investment objective of the Fund is to generate capital growth over the longer term (5 years +) by gaining exposure to a medium risk balanced mix of asset classes.

Key Facts

Investment Team
Nathan Sweeney
Scott Truter

Inception Date
01/05/2019

Domicile
Ireland

Dealing Cut Off Time
12:00 Noon

Dealing Frequency
Daily

Estimated Ongoing Charge (OCF)
1.28%

Initial Charge
0.00%

ISIN
IE00BHNDW317

Marlborough UCITS Fund of Funds

IFSL ICAV, Marlborough's Irish-domiciled UCITS fund of funds range, consists of Marlborough Adventurous Fund, Marlborough Balanced Fund, Marlborough Cautious Fund and Marlborough Defensive Fund. The funds are risk-graded and may be blended to target additional risk and return outcomes.

Four levels of risk Defensive to Adventurous

Source: Marlborough Group. For illustrative purposes only.

Investment Growth*

Time period: 01/10/2018 to 30/09/2023

Source: Morningstar, single-single, Income reinvested. Data as at 30/09/2023.
Past performance is not a reliable indicator of current or future performance and should not be the sole factor considered when selecting funds.
* Past performance up to and including 01/05/2019 is simulated based on the actual performance of the underlying portfolio instruments (or instruments that are substantially the same as the portfolio instruments), including estimated annual management charges, audit, transaction and custodian fees.
Investment Association (IA) sectors are provided for comparison and illustration purposes only. We have chosen the IA sector that most closely matches the portfolio, in limited instances the allocations of the portfolio may fall outside the boundaries of the relevant IA peer group.

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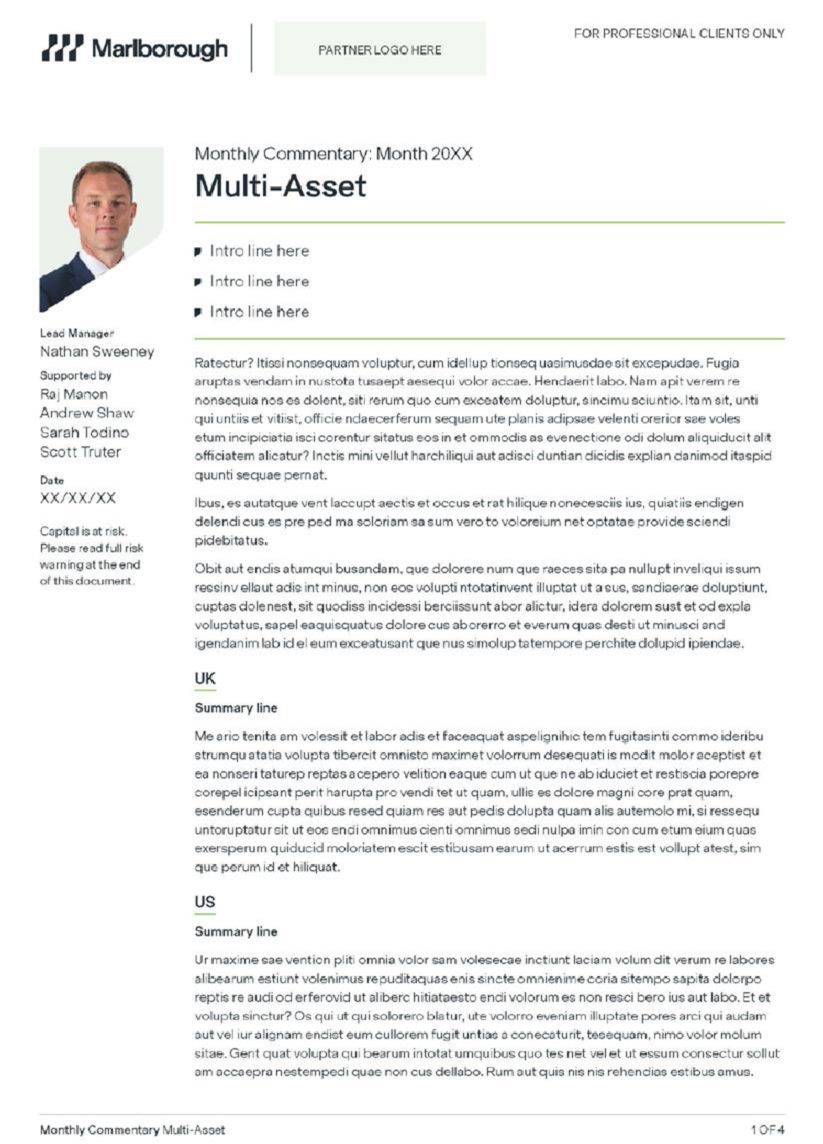
MARLBOROUGH CAUTIOUS CLASS Z ACC GBP — OCTOBER 2023



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Monthly Commentary: Month 20XX

Multi-Asset

- Intro line here
- Intro line here
- Intro line here

Lead Manager
Nathan Sweeney
Supported by
Raj Manon
Andrew Shaw
Sarah Todino
Scott Truter
Date
XX/XX/XX

Capital is at risk. Please read full risk warning at the end of this document.

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UK

Summary line

US

Summary line

Monthly Commentary Multi-Asset — 1 OF 4

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Risk Warnings

Capital is at risk. The value and income from investments can go down as well as up and are not guaranteed. An investor may get back significantly less than they invest. Past performance is not a reliable indicator of current or future performance and should not be the sole factor considered when selecting funds. The Funds invest for the long term and may not be appropriate for investors who plan to take money out within five years. Tax treatment depends on individual circumstances and may change in the future. As the Funds invest into other Collective Investment Vehicles, the Fund will also be subject to specific risks associated with its investment into such Collective Investment Vehicles as well as specific risks incurred at the level of the Collective Investment Vehicles and their investments. If the Collective Investment Vehicles invest in a particular asset category, investment strategy or financial or economic market, the Fund will then be exposed to fluctuations in value of such investments resulting from the performance of that particular asset category, investment strategy or financial or economic market.

Regulatory Information

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Regulatory Information