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YOUR Q4 2024 INVESTMENT UPDATE

Market Review

Q4 continued to see strong global growth, although confidence has begun to weaken outside of the US. Inflation is still a big talking point. We are seeing inflationary figures cooling, but this last mile is proving the hardest. These figures are still heading on the downward trend, however the pace of expected rate cuts for the coming year has slowed.

We head into 2025 with a new US President, and with Trump comes tariffs and tax cuts, though we are yet to see how these will fully play out. The consensus amongst investors, however, is that market performance is not overly impacted by a change in Presidency and over the years, government changes have been surprisingly lacking in market volatility.

Let's now take a brief overview of the primary market sectors during Q4.

Developed Equity

The last quarter brought some good news for investments in developed markets. In the US, both markets and the currency saw significant rallies following Donald Trump's Presidential victory and stronger economic data. However, they pulled back slightly due to expectations of higher interest rates in 2025.

In Japan, signs that interest rates could stay low weakened the Yen. This in turn boosted the stock market in local currency, Sterling and Euros. However, the strong US dollar resulted in less impressive returns when measured in US dollars.

Elsewhere in Europe and Asia, performance was weaker. In the UK, the fiscal budget needed more borrowing than anticipated, which slightly concerned investors and led to some weakness in the equity markets.

In mainland Europe, weaker economic data and the threat of US-imposed tariffs on EU imports continued to concern investors about future growth prospects, resulting in weaker equity market performance.

Emerging Equity

In contrast to the previous quarter, emerging markets faced more challenges than developed markets.

The election of Donald Trump raised concerns about potential tariffs on Chinese imports, which negatively impacted Chinese stocks.

India, which had performed strongly earlier in the year, experienced setbacks due to foreign investor outflows and a weakening Rupee. Overall, a stronger US dollar posed a headwind for these markets.

Global Real Assets

Global property and infrastructure were both impacted by higher interest rate expectations.

While real estate declined over the quarter in local currency terms, infrastructure performed much better and ended in positive territory.

Global Fixed Income

Q4 experienced significant bond market volatility, with yields rising and prices falling, especially in October and December. The increase in October was driven by higher realised and expected inflation.

In December, bond market instability was caused by concerns over higher inflation and the likelihood of fewer rate cuts through 2025.

In terms of actual policy decisions, both the US and Eurozone implemented two 0.25% interest rate cuts during the quarter, which was broadly in line with expectations. The UK, on the other hand, delivered just the one rate cut.

High yield bonds were the best-performing of the bond market over the quarter. Throughout the year, bond asset classes generally delivered solid returns.

Looking Ahead

As we move into 2025, the markets are relatively stable. Donald Trump's initial policy decisions will be closely monitored, as they could significantly influence market sentiment. His promises of lower energy costs, lasting peace in the Middle East, and ending the Russia/ Ukraine war are of particular interest.

These factors continue to pose significant risks to global markets. What unfolds in the coming months and how market participants react will play a crucial role in shaping the direction of 2025.

Our Investment Committee's goal remains to ensure your recommended investment solution navigates these changes with care, and ensures your portfolio is well-positioned to manage risks while tilting towards areas with longer-term opportunities.

60 Days & counting

Make the most of your 2024/25 tax allowances

With the tax year ending on 5th April 2025, you have just over 60 days left to use your 2024/25 tax allowances if you haven't done so yet.

This still leaves ample time to maximise your annual tax allowances, reduce your taxable income, and enhance your savings and investments.

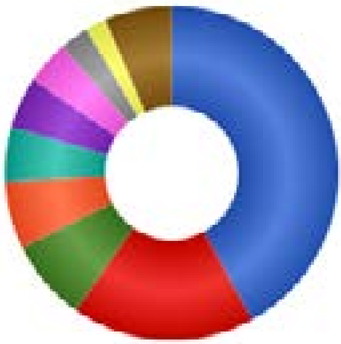
Need to chat?

Please contact your adviser if you have any questions or would like to discuss anything mentioned in this update or your investments in general.

Our next Newsletter will be with you in mid-March. Until then, we wish you all the very best for the weeks ahead.

Name	PMX Hoyl Model Portfolio 4
Investment Objectives	To generate income and capital growth over the medium to long term
Q4 Portfolio Changes	Shown below
Asset Allocation	Shown below as of 27th January 2025

Original Portfolio Weightings – breakdown per holdings based on original percentage weightings



- Global Fixed Interest (41.84%)
- North American Equities (17.67%)
- UK Fixed Interest (7.85%)
- UK Equities (6.52%)
- UK Gilts (5.28%)
- UK Corporate Fixed Interest (4.93%)
- European Equities (4.22%)
- Asia Pacific Emerging Equities (2.78%)
- Japanese Equities (2.02%)
- Others (6.49%)

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T.Rowe Price Emerging Markets Discovery

This fund has been introduced to replace the Artemis SmartGARP Global Emerging Markets fund.

It provides the same exposure levels as the Artemis fund but is more cost effective with less volatility and large style bias.

JPM UK Equity Plus

This fund has been brought in to achieve better control over the small and mid-cap exposure within the models, and will replace two funds in the UK sector. JPM is a good all round UK fund that will provide all-cap exposure to the UK equity sector, allowing greater control over the higher-risk small-cap equities.

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Artemis SmartGARP Global Emerging Markets

Artemis had been performing at a very high level. However, an analysis of what was driving this performance revealed some concerning large style and sector bets within the model which had a very possible potential to unwind.

This has been replaced with T.Rowe, which offers the same levels of exposure without the large bets and therefore a less volatile journey.

Liontrust Special Situations & Man GLG Undervalued Assets

Extensive analysis of the UK Equity sector revealed concerns around overexposure to mid and small-cap funds. Given the nature of smaller companies, this overexposure carries increased risk.

We still maintain a smaller companies fund within the UK. The introduction of the JPM fund is expected to provide better control over the cap exposure in UK equities.

Vanguard Global Bond Index

This change is intended to gain better control over the passive side of the models and simplfy portfolios by reducing the number of funds.

These changes were applied to models following a rebalance initiated on 28th October 2024.