



deVere
**MPS Review
& Outlook**

Q1 2024



Market Review

Equity markets performed strongly through the first quarter of 2024. Over the period, expectations for interest rate cuts from the Federal Reserve were dialled back, as data on growth and inflation surprised to the upside.

Growth data, particularly in the US shows a continued expansion of the economy, as consumers continue to spend on goods and services, and the labour market remains at full employment. Risks to the economy could come from a slowing of growth or a reacceleration of inflation, which could further push out the possibility of rate cuts.

deVere MPS Performance Review

deVere models were in line with, or outperformed ARC over the course of the quarter. Total returns were strong, with returns ranging from 6.7% to 31.1%.

All of the strategies within the deVere range added value, with the strongest returns being in the dVAM Global Equity Focus 13.6% fund, dVAM Global Equity Income 6.7% and Pacific Multi Asset Plus 6.5%

Cumulative Returns since 31st Dec 2018 – 29th March 2024

	1 Year	2 Year	5 Year
deVere MPS Growth - Clean	15.5%	18.7%	40.9%
ARC Equity Risk PCI	13.5%	10.8%	31.7%
deVere MPS Moderate Growth - Clean	13.9%	17.2%	37.7%
ARC Steady Growth PCI	11.4%	8.9%	25.1%
deVere MPS Balanced - Clean	12.1%	13.0%	29.3%
ARC Balanced Asset PCI	9.1%	5.8%	18.6%
deVere MPS Cautious - Clean	9.0%	4.2%	17.8%
ARC Cautious PCI	5.9%	1.6%	11.0%

Please Note: All funds referenced in this financial promotion are GBP Classes.

dVAM

Global Equity Focus Strategy

Performance

- The Fund outperformed its benchmark in Q1.

Top Performers

- Security selection primarily drove the relative gains, led by choices in technology. Picks in materials and consumer discretionary also helped.
- Sector allocation was helpful. An overweight in technology proved beneficial amid the AI-related rally. Zero weights in real estate and utilities also aided performance.
- At Stock level; zero weight to Apple made the largest positive impact.
- Nvidia holding also favourable. The chipmaker was at forefront of the rally, helped by a variety of improved offerings related to AI as well as Q4 2023 revenue and earnings coming in well above expectations.

Detractors

- HDFC Bank weighed on relative returns. Shares underperformed after the firm's quarterly results showed a decline in net interest margins, despite otherwise broadly positive results.

New Purchases

- **Applied Materials** - believe this will benefit from improving memory fundamentals, strong growth in advanced packaging applications, and the increasing complexity of electronic devices.
- **Insulet** - develops and manufactures medical devices for diabetes patients and boasts a strong brand reputation, experienced management team, and growing market share in the US.
- **AMETEK** - Favoured for its diversified revenue base rooted in a history of strong operational execution, returns-focused investments, and a disciplined acquisition strategy.

General Comments

- HDFC Bank and Ashtead were sold in order to pursue other opportunities.
- Sony was sold due to concerns around the firm's capital allocation given its conglomerate structure and plans to acquire Indian media assets.



dVAM

Global Equity Income

Performance

- The Fund underperformed the benchmark (MSCI World Index).

Top Performers

- Eaton (+30.3%) - US industrial power management company.
- Taiwan Semiconductor Manufacturing Company (+24.5%) - World's largest semiconductor foundry.
- Also benefited from individual stocks in Healthcare with Novo Nordisk (+24.2%) and AbbVie (+18.6%).

Detractors

- Reckitt Benckiser; weakest performer, falling -17.5% due to giant sell off as a US court awarded \$60m in damages over allegations about Reckitt's infant formula. Despite this, still optimistic about the long-term outlook for the business.
- Sonic Healthcare, also had a tough start to the year, falling -11.0% following softer-than-expected quarterly results.
- Overweight in Consumer Staples which underperformed the index by over 5% and therefore acted as a headwind.
- Underweight allocation to IT alongside the zero allocation to Energy and Communication Services also acted as a drag, as these were three of the four best-performing sectors in the index.

Dividend Updates (YTD 2024):

- Dividend updates from 21 of 35 holdings:
 - 19 companies announced increases for their 2024 dividend vs 2023;
 - 2 companies announced a flat dividend vs 2022;
 - No companies announced dividend cuts or cancellations.

General Comments

- No changes made to the portfolio in Q1.
- The portfolio continues to deliver on key tenets: quality, value, dividend, and conviction.
- The Fund continues to offer a portfolio of consistently highly profitable companies with strong balance sheets, at a small premium to the benchmark despite its quality and yield advantages.
- Unchanging approach; focusing on quality compounders and dividend growers.



dVAM

Diversified Liquid Alternatives

Performance

- dVAM DLA returned +1.79% for Q1 2024 (GBP A1 shares, net of fees) in line with the ARC Cautious benchmark.

Top Performers

- Natural Resources performed well, led by Energy, Commodities, Gold, Water and Agriculture.
- Infrastructure investments had positive returns, led by Electrification, Transport and Waste & Recycling.
- Credit spreads tightened, benefiting shorter duration securities and PGIM's allocation to lower quality external EMD.
- Securitised credit performed well as spreads tightened.
- Diversifiers with strong performance include: Fulcrum's Multi-Asset Trend Fund, Fidelity FAST Emerging Market and BlackRock Systematic Asia Pacific Equity Absolute Return funds.

Detractors

- REITs were negatively impacted by higher bond yields.

General Comments

- Reallocated some Natural Resources investments to Listed Infrastructure and REITs, reducing underweights, early in the quarter, given greater conviction in a soft-landing scenario.
- Took some profits on the JPY hedge after a strong end to the year for the JPY.
- Took profits, within credit, from several corporate bond positions in favour of PGIM's Total Return Emerging Market Debt Fund.
- Sold dVAM DLA's Gold exposure towards the end of the quarter and after it hit new highs.
- Exited the Tosca Global Financials Fund in February concurrent with the retirement of the portfolio manager and later redeemed from Ionic on reduced conviction.

Pacific

Longevity & Social Change

Performance

- Positive returns in Q1, but lagged benchmark due to weak Consumer holdings and zero allocation to Tech, which maintained its leadership in the quarter.
- Healthcare was solid at 8% (in GBP), however the category lagged the benchmark and an overweight allocation held back the portfolio's overall performance.

Top Contributors

- Healthcare subtheme; with strength across Pharmacy, Medical Devices and Drug Development & Manufacturing.
- Financial planning drove a positive overall contribution within the Longevity Consumer theme.
- At stock level; Catalent, part of Drug Development & Manufacturing, and ICG, part of the Financial Planning subtheme, were main contributors to performance. Novo Nordisk made a tender offer for Catalent in order to expand its manufacturing capacity of GLP-1 drugs. Intermediate Capital Group provided solid AUM update in Q1 and benefitted from renewed interest in alternatives.

Detractors

- Health insurer Humana and Pets at Home underperformed. The latter was hampered by the launch of a formal Vet Market investigation by the UK's Competition and Markets Authority (CMA). Follow up discussions had with the company and industry experts reassured that Pet's business model, is likely to mean it will be minimally affected by potential action from the regulator.

General Comments

- Aesthetics & Vision, part of Education & Wellbeing subtheme, was another positive contributor led by Essilor Luxottica and a solid performance in other holdings including Align Technology, Cooper and Ulta.
- Consumer weakness was focused on Fitness & Nutrition, where Basic Fit, lululemon and Nike were the main laggards. Health insurance, part of Later Living, also contributed negatively as industry specific news flow indicated continued unfavourable trends for profitability.
- Most of the other subthemes including Travel & Leisure and Screening made small positive contributions.



dVAM

Multi-Asset Active Range

Performance

- All of the dVAM Multi-Asset Active funds generated strong absolute returns over the course of the quarter.

Top Contributors

- Equities were a large contributor, with both the US and Japanese sectors up over 8%. The Mercer Global Equity fund performed strongly, up over 10% over the course of the quarter.
- Diversifying assets added value over the quarter. Returns from a trend following fund, the Schroder GAIA Bluetrend fund, which utilises momentum signals to generate returns across assets, was up 9%.

Detractors

- Fixed income was a slight drag over the course of the quarter – as yields moved higher.



PAM

Multi-Asset Accumulator Range

Performance

- All of the Pacific Multi-Asset Accumulator funds posted positive returns over the quarter.

Top Contributors

- Equities added value, with an overweight allocation to US equities (invested primarily via a S&P 500 ETF) added value over the course of the quarter.
- Alternative returns were strong over the quarter, with the asset class returning 9.9%. A holding in Riverstone returned cash to shareholders and rallied strongly.
- Diversifying Assets posted positive returns over the course of the quarter with AQR Style Premia generating returns of over 21%.

To learn more about our services, contact one of our Financial Advisors in your area.

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