



deVere  
**MPS Review  
& Outlook**

**Q2** 2024

# Q2

## Market Review

Equity markets continued their strong performance through the second 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.

Progress was made on inflation in many developed countries, with measures of headline inflation trending back towards central bank targets of 2%. Growth continues to be resilient, despite central banks maintaining interest rates at elevated levels, this is due to labour market strength, which has supported consumer spending, particularly in the US.

## deVere MPS Performance Review

deVere models were slightly behind ARC over the course of the quarter, however they remain ahead of their benchmark on a year-to-date basis. Total returns were positive across the models, ranging from 1.6% to 0.6%.

All of the strategies within the deVere range added value, with the strongest returns being in the dVAM Global Equity Focus fund (4.4%), dVAM Global Equity Income (2.77%) and dVAM Multi Asset Growth (0.94%).

## Cumulative Returns since 31<sup>st</sup> Dec 2018 – 28<sup>th</sup> June 2024

deVere MPS vs Benchmark	1 Year	2 Year	5 Year
deVere MPS Growth - Clean	14.3 %	13.0 %	35.9 %
ARC Equity Risk PCI	12.5 %	7.0 %	27.6 %
deVere MPS Moderate Growth - Clean	12.9 %	12.1 %	33.1 %
ARC Steady Growth PCI	10.9 %	5.7 %	21.9 %
deVere MPS Balanced - Clean	11.2 %	8.6 %	25.3 %
ARC Balanced Asset PCI	9.1 %	3.3 %	16.1 %
deVere MPS Cautious - Clean	8.6 %	1.4 %	14.3 %
ARC Cautious PCI	5.9 %	-0.1 %	8.9 %

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

# dVAM

## Global Equity Focus Strategy

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### Performance

- The Fund outperformed its benchmark (MSCI World Total Net Return) in Q2 due to favourable security selection and sector allocation.

### Positive Contributors

- **Stock Selection** - Healthcare, Communication Services, Industrials
- **Sector Allocation** - Technology overweight, zero weight in Energy

### Top Performers

- Taiwan Semiconductor Manufacturing Company (TSMC) - Shares reached record highs during the quarter when the firm reported strong sales as well as forecast-beating revenue and profit for Q1.
- Insulet - also outperformed, benefiting from reports that its automated insulin pumps may be able to improve the health of patients with Type 2 diabetes, as well as those with Type 1 diabetes.

### Detractors

- Mastercard detracted from relative performance amid ongoing litigation regarding merchant fees in the UK and US.

### New Purchases

- **ServiceNow** - Workflow & automation software platform, impressive growth, strong demand
- **DexCom** - Market leader in non-invasive glucose monitoring, strong financials, healthcare growth trends
- **Shopify** - Leading cloud-based commerce platform, dominant market position, organic innovation

### Sells to Fund Purchases

- Meta
- CRH
- Took profits from Procter & Gamble after a period of strong performance



# dVAM

## Diversified Liquid Alternatives

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### Performance

- dVAM DLA returned +0.63% for Q2 2024 (GBP A1 shares, net of fees) modestly underperforming the ARC Cautious benchmark. Relative performance is in line year-to-date.

### Top Performers

- At a high level, Diversifiers and Alternative Credit led returns, while Real Assets were flat.
- Diversifier investments with strong performance include: Fidelity FAST Emerging Market, Man GLG Absolute Value, Fulcrum Dispersion, and BlackRock Systematic Asia Pacific Equity Absolute Return
- Corporate and Securitised credit spreads continued to tighten, benefiting most Credit investments. Shorter duration investments, such as SKY Harbor and HSBC, outperformed.
- PGIM's Emerging Market Total Return Fund performed well, benefiting from being short EM FX vs the US dollar
- Natural Resources: Neuberger Berman's Commodities Fund and the Energy Transition Theme
- Infrastructure: Clean Energy, Electrification and First Sentier
- Digital REITs

### Detractors

- Most other REITs investments were again negatively impacted by higher bond yields.
- Within Diversifiers, Fulcrum's Multi-Asset Trend Fund, the JPY/US dollar hedge and Invenomic.
- Atlas within Infrastructure made a modest loss
- Local Currency Emerging Market Debt detracted, mainly due to the strength of the US dollar

### General Comments

- Markets fluctuated from month to month as they digested evolving data points, oscillating between potential economic outcomes.
- Our macroeconomic outlook was unchanged and we therefore made no portfolio changes.

# dVAM

## Global Equity Income

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### Performance

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

### Top Contributors

- Taiwan Semiconductor Manufacturing Company (+22.7%) - World's largest semiconductor foundry.
- Broadcom (+21.5%) - Developer, manufacturer and supplier of semiconductor software products.
- Stock selection within Industrials.
- Zero weighting to Consumer Discretionary, Energy, Materials, and Real Estate, which all posted negative returns.

### Detractors

- Diageo (-14.8%) - weak sentiment over the large drinks company amid a soft consumer environment.
- Underweight allocations to Information Technology and Communication Services, the two strongest sectors.
- Overweight in Consumer Staples, which underperformed.

### Dividend Updates (YTD 2024):

- Dividend updates have been received this year from 27 of 35 holdings:
  - 25 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

- In Q1 we sold Henkel, whose quality characteristics are declining, after a rally from recent lows.
- We replaced it with Publicis, the French advertising & media agency.
- 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.



# Pacific

## Longevity & Social Change

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### Performance

- Underperformance in Q2, vs a positive performance for the benchmark (MSCI World Net Total Return) due to zero allocation to Tech, which maintained its leadership in the quarter, and underperformance among several Consumer Discretionary holdings.
- Healthcare delivered a modest positive return and positive alpha (in GBP); however the category lagged the benchmark and an overweight allocation held back the portfolio's overall performance.

### Top Contributors

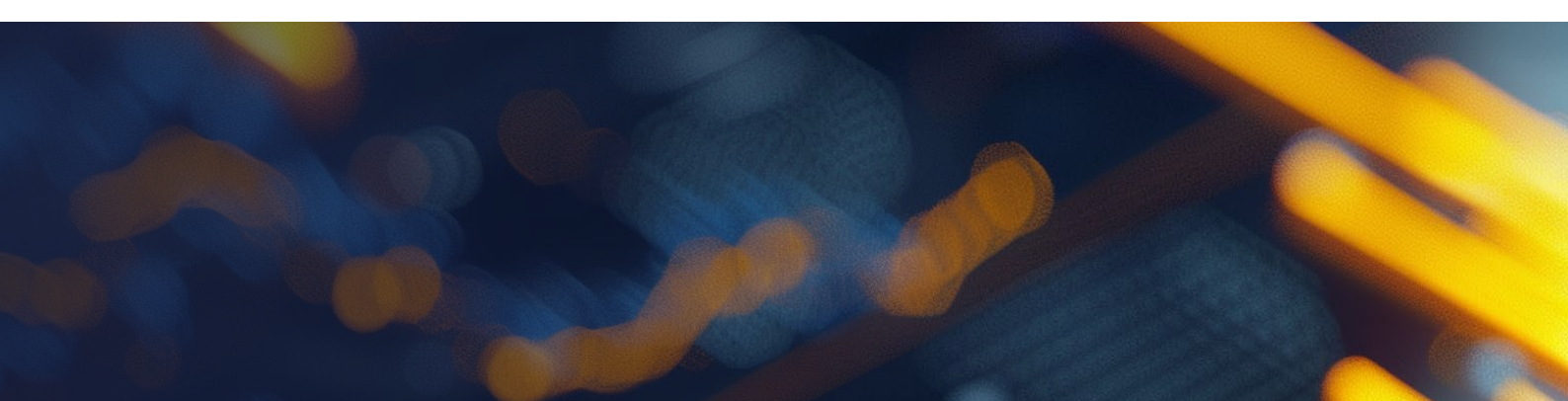
- Healthcare subtheme was the top contributor to performance; led by Medical Devices and Pharmacy, while Drug Development & Manufacturing lagged.
- Later Living also contributed positively, with a rerating in Health Insurance.
- At stock level; Transmedics and Procept Biorobotics, both part of Medical Devices subtheme, and Medicover, part of Health Insurance subtheme, were the top contributors to performance. Transmedics and Procept both reported strong Q1 beats and raised guidance. Transmedics' valuation also found support from strong trends in Services and Disposables.

### Detractors

- Exact Sciences, Ulta Beauty and Convatec were the main detractors from performance in Q2.
  - Exact Sciences derated on concerns over competitive product launches, a risk we see as manageable given its own pipeline.
  - Ulta Beauty underperformance reflects dual concerns around the strength of US consumer as well as an increasingly competitive environment in Beauty.  
*(While the latter holds true, we believe long term attractions of the Beauty sector remain intact, and retailers like Ulta should continue to benefit from product innovation while leveraging on its member behaviour insights).*
  - Convatec derated on the back of increasing reimbursement risks which we see as less material than the share price reaction would suggest.

### General Comments

- Aesthetics & Vision, part of Education & Wellbeing subtheme, was second weakest subtheme behind Screening, reversing some of the positive contribution seen in Q1, with declines led by Cooper, Ulta Beauty and Align Technology.
- Fitness & Nutrition weakness reflected concerns on decelerating trends at lululemon, Nike and Topsports.
- Education subtheme made a positive contribution to performance, as Adtalem recovered post the short seller report earlier in the year, supported by a solid fiscal Q3 report.



# dVAM

## Multi-Asset Active Range

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### Performance

- All of the dVAM Multi-Asset Active funds generated positive returns over the course of the quarter.
- Equities continued to rally, bringing year to date returns in Global Equities to 14% in Sterling terms.

### Top Contributors

- Equities were a large contributor, with both the US and UK rallying over 2.5%. Within UK Equities, the JO Hambro UK Equity Income fund performed strongly, up 6.2% over the quarter.
- Fixed income added value, with holdings in Investment Grade Corporate bonds and Absolute Return bonds rallying. The PGIM Absolute Return Bond Fund rallied 2% over the quarter.

### Detractors

- Diversifying Assets were a small drag over the course of the quarter, as performance was mixed within the asset class. Crucially, their correlation to equity and bond markets remains low however, helping diversify portfolios during periods of volatility.



# PAM

## Multi-Asset Accumulator Range

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### 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) adding value over the course of the quarter, returning over 4.1%.
- Returns were also strong in UK Equity markets, and a holding in the FTSE 100 tracker returned over 3.7%.
- Diversifying Assets posted positive returns over the course of the quarter with AQR Style Premia generating returns of 1.6%, which brings its year to date return to over 23%.

### Detractors

- After a strong start to the year, Alternatives such as REITS and commodities were a small drag on total portfolio returns

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

### Global Client Services

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