



deVere  
**MPS Review  
& Outlook**

**Q4** 2023



## Market Review

Markets performed incredibly strongly through the final quarter of 2023. Central banks indicated to market participants that they felt sufficient progress had been made on inflation. This led them to consider cutting rates at some point in 2024. The result was a rally across fixed income and all risk assets, including equities.

Economic data continued to be strong, particularly in the US over the period, showing the macroeconomic resilience to higher rates is greater than was anticipated at the beginning of 2023. US GDP was up 4.9% on a quarter-on-quarter basis, however some of this can be attributed to one off factors.

Over the period, Global Equities (MSCI World) rallied by 6.55% in GBP terms. Global aggregate bonds, which covers global government and highly rated company bonds was up 5.99%.

## 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 4.29% to 5.1%.

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All of the strategies within the deVere range added value, with the strongest returns being in the dVAM Global Focus fund and Pacific Longevity and Social Change fund.

## Cumulative Returns since 31<sup>st</sup> Dec 2018 – 29<sup>th</sup> Dec 2023

	1 Year	2 Year	5 Year
deVere MPS Growth (GBP) - Clean	9.5%	13.9%	40.4%
deVere MPS Moderate Growth (GBP) - Clean	8.3%	13.9%	37.8%
ARC Equity Risk PCI (GBP)	8.0%	6.6%	34.4%
deVere MPS Balanced (GBP) - Clean	7.7%	9.9%	29.7%
ARC Steady Growth PCI (GBP)	7.2%	5.5%	27.6%
ARC Balanced Asset PCI (GBP)	5.9%	3.2%	20.8%
deVere MPS Cautious (GBP) - Clean	6.5%	2.1%	19.5%
ARC Cautious PCI (GBP)	4.4%	0.4%	13.2%
deVere MPS Defensive (GBP) - Clean	5.1%	2.4%	13.2%

**N.B** All funds referenced in this financial promotion are GBP Classes.

# dVAM Global Equity Focus Strategy

## Performance

- The fund its benchmark in Q4, mainly due to being underweight in energy and overweight in technology.
- Zero weight in real estate detracted modestly as the sector benefitted from growing expectations of interest-rate cuts.
- Stock selection also contributed favourably, especially in healthcare, consumer discretionary and industrials.

## Top contributors

- Microsoft; shares benefitted from the company's strong fiscal Q1 earnings and from the acquisition of video game maker Activision Blizzard in October.
- Lam Research; Positive earnings updates from sector peers Micron Technology and Qualcomm stoked anticipation that the trough in the semiconductor cycle is ending and shares rallied.

## Detractors

- ON Semiconductor (also known as Onsemi); quarterly earnings beat expectations, yet company's guidance for Q4 revenue and profits disappointed markets, and shares fell late in October.

## New positions initiated in

- **Boston Scientific** - a stable compounder in the medical technology market, with improving cash flows and promising growth potential;
- **RELX** - a defensive business that also offers attractive growth prospects as it improves its market position in legal services;
- **Smurfit Kappa** - Europe's leading packaging firm and benefits from having a secure supply of products, a strong balance sheet, and resilient margins and cashflows.

## Sold

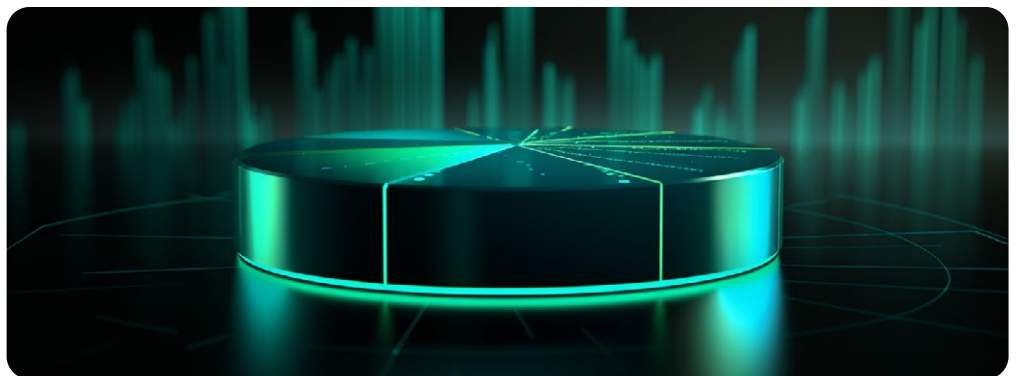
- Intercontinental Exchange and Apple.



# dVAM Global Equity Income

## Performance

- Outperformed in October (0.4%), underperformed in Q4 (0.3%).
- The last two months of the year have been described as an 'almost everything rally' with all styles, factors and regions showing solid gains.
- However, the tech stocks which dominated over most of 2023 performed particularly well – and the lower weight to this part of the market in the Fund acted as the main headwind to relative performance.



## Broad gains

- All sectors except Energy, all regions up (Europe Ex UK leading).
- Growth outperformed, but Value still gained 10%.

## Portfolio Change

- Sold VF Corp (struggling brands, high leverage, dividend cuts).
- Bought Assa Abloy (high-quality, defensive, growing dividend).

## Key Takeaways

- Strong market rebound after a weak 2022.
- Fund slightly underperformed due to sector weighting.
- Focus on high-quality, dividend-paying companies for 2024.

# Pacific

## Longevity & Social Change

### Performance

- The strategy beat the benchmark in Q4 despite being overweight in lagging Healthcare and no Tech.
- Stronger performance in smaller companies and well-chosen stocks within Healthcare, Consumer Discretionary, and Financials drove outperformance relative to the MSCI World.

### Top contributors

- Longevity Consumer subtheme, driven by Financial Planning, Travel & Leisure, and Insurance sub themes.
- At stock level, Carlyle Group and ICG, both part of the Financial Planning subtheme, were the main contributors to performance, benefitting from a rerating as inflation data continued to normalise and yields narrowed.

### Strong contributor

- Education & Wellbeing theme also made a strong contribution; Strong gains in Education, Aesthetics & Vision and Fitness & Nutrition, comfortably offsetting softness in Hygiene & Personal Care.
- Adtalem and lululemon, were key positive contributors. The latter reported a solid set of Q3 results in the quarter and has upgraded guidance again in early January.
- Healthcare performance drivers: Medical Devices subtheme, supported by a broad recovery in the SMID-cap names into the year end.
- Transmedics and Procept Biorobotics, which were the key contributors to performance, also gained on the back of solid quarterly updates.

### Detractors

- Longevity Consumer's Julius Baer and Pets At Home.

## 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 European sectors up over 6%. UK Small caps, such as a holding in Janus Henderson UK Smaller Companies fund, which was up over 11.4% over the quarter.

### Detractors

- Diversifying assets were a small drag over the course of the quarter but remains key due to being uncorrelated to both equity and bond market returns.

# dVAM Diversified Liquid Alternatives

## Performance

- dVAM DLA returned +4.27% for Q4 2023 and +4.10% for the year.

## Top performers

- **REITs and High Yield bonds:** Benefited from improved economic and interest rate outlook.
- **Infrastructure:** Strong returns driven by external managers and Transport Theme.
- **Precious metals and KBI Water Fund:** Mitigated losses in Natural Resources.
- **Diversifiers:** Most appreciated in value, including Long/Short Equity, Relative Value, and JPY vs USD hedge.
- **Credit strategies:** Contributed to returns with tightening spreads and declining bond yields.

## Detractors

- **Multi-Asset Trend Fund:** Detracted due to interest rate positioning.
- **Natural Resources:** Lagged overall, with losses in Energy Transition and Commodities.

# 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.
- Returns from alternatives, which include UK Commercial property trusts and special situations, were up significantly, with a holding in Riverstone rising 24% over the period. These strategies continue to trade at significant discount to their net asset values.
- Positions in fixed income generated strong returns, particularly in US Inflation Linked bonds, which rallied sharply.

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

### Global Client Services

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