



Month in Review

Once again, inflation is the headline grabbing theme for markets over the past month. Figures published over recent days in the US showed that prices for retail goods (excluding food and energy) rose by their highest year on year level since the 1990s. So far, markets are taking such developments in their stride, clearly accepting the line that the Federal Reserve will tolerate a certain amount of inflation and will hold the line on interest rate rises for a while yet. Should such trends continue over the coming months however, that acceptance is unlikely to last and we are likely to see enhanced volatility in equity and bond markets.

Another phenomenon which has re-emerged in recent weeks is that of retail investor power. We witnessed this back in January of this year when an army of small investors drove the share price of Gamestop to

extraordinary highs. Once again Reddit is the platform being used to co-ordinate a number of plays on out of favour companies. The share price of AMC for example, the entertainment company, has risen by some 150% over the past month as a result. Whether this phenomenon reflects a fundamental shift in the behaviour of small investors longer term or whether it is a side effect of a fully priced equity market which will ultimately end in tears, remains to be seen.

Both Big Tech and cryptocurrencies are currently suffering as a result of ongoing talk of increased regulation. Globally coordinated higher taxes and increased regulation are now a virtual certainty for the larger tech players. Similarly, if Bitcoin or any of the other cryptocurrencies are going to be around for the long term, regulation inevitable.

Major Equity Markets Year to Date (in euro terms)



Equity Markets

Outside of Europe, which rose by almost 3% over the past month, equity markets were relatively flat over the past month in euro terms. Year to date, the MSCI World has risen by 12% and the US, UK and Continental Europe have all grown by double digits over this period. China, Japan and emerging markets generally have all lagged this trend. In our view, emerging markets are offering some of the best

value opportunities at present. We see Asia as continuing to be a major engine for global growth, particularly so in a post Covid world and we strongly recommend that all clients carry some exposure to the emerging markets theme in their portfolios. Our featured fund this month, the Martin Currie Global Emerging Markets Fund is our current top pick in this space.

Equity Market Performances (in euro terms)

Market	Performance May 2021*	Performance 1 Year*	YTD*
Ireland	+2.4%	+42.4%	+13.2%
UK	+2.4%	+25.1%	+15.1%
Japan	-1.5%	+18.2%	-0.2%
Europe	+3.5%	+32.7%	+14.3%
US	-0.5%	+28.1%	+13.1%
China	+0.3%	+29.0%	+7.5%

Source: Financial Times, Financial Express

Bonds

Following the inflation-inspired jump in bond yields (and fall in prices) earlier in the year, bond markets have held relatively steady and yields have even moved down a little. We see sovereign bonds as continuing to offer very little to retail investors, a situation that's likely to persist for quite some time yet. However, there are

some bond market niches where value and income are still available. A number of funds specialising in these niches offer a genuine longer-term alternative to cash deposits and the income aspect is especially attractive to post retirement clients seeking an annual cash flow to help fund drawdowns.

Cash

As more banks apply negative interest rates to a growing range of accounts, holders of cash deposits are beginning to feel real pain, especially with negative rates as high as minus 1% per annum. We really don't

see this scenario changing for quite a long time. We are strongly advising clients to consider alternatives where the requirement for cash availability is beyond three years.

Technology

While Big Tech is currently in the spotlight with regulators and tax legislators, the rate of advance in several specialist areas of technology continues apace. In our view, a number of these areas will deliver strong growth over the coming decade to the benefit of those investors with an exposure. Areas of interest include

Robotics, AI, Cloud Computing and Cybersecurity amongst others. While it will be challenging to pick company winners within these subsectors it is relatively straightforward to gain a broad exposure via dedicated exchange traded funds.

Investments Outlook

Stretched valuations and a sufficient number of nervous investors will ensure that volatility will continue to feature over the course of 2021. However, there is growing optimism around the opening of economies and the rush of consumer spending which might accompany the

opening, this continues to support markets. On balance while we are cautious, we remain optimistic and our overall sense is that equity markets will continue to move forward between now and the end of the year.

Fund in Focus – Martin Currie Global Emerging Markets Fund

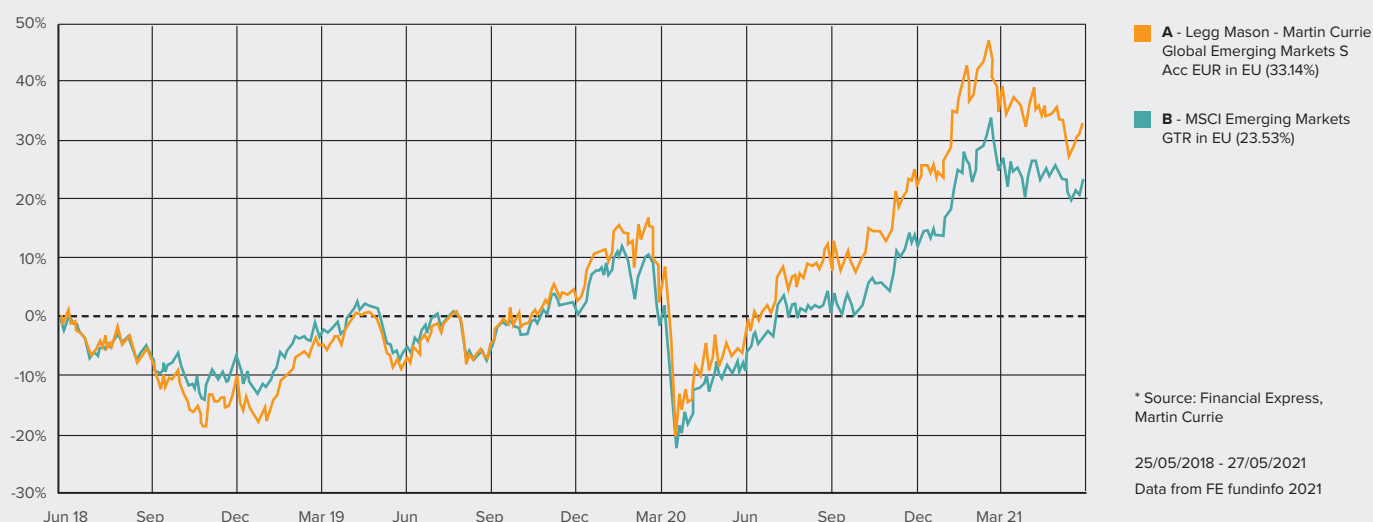
For our monthly Fund in Focus we are highlighting the Martin Currie Global Emerging Markets Fund. This fund is designed for investors who are seeking long term growth and intend to invest for five years or longer.

Our outlook for emerging market equities remains positive in anticipation of a strong rebound of global growth in 2021. We believe this sector has potential for high growth over the long term. While adding diversification to your portfolio, the MSCI Emerging Markets index has recovered well since March 2020 lows (+57.14% performance in Euro Terms since March 2020 to May 2021) *. Following decades of investment in tech innovation, emerging market companies are now at the heart of global supply

chains and uniquely placed to provide many of the solutions required to combat global warming.

- The fund provides a scale of opportunity by investing in companies who show competitive advantage, profit leadership and financial strength.
- Martin Currie has a proven record across a number of its funds for identifying strong companies in niche markets with unrecognised growth potential. This same approach is applied in the case of this fund.
- Invests when the opportunity is undervalued by the market.
- Strong ESG focus including analysis into companies' governance and sustainability.

3-year performance vs MSCI Emerging Markets Index*



The fund has been a consistent outperformer over the last number of years as the chart above shows. The investment would be suitable for clients looking to

diversify their pension and investment portfolios geared towards the growth potential available from emerging market equities.

Personalised Investment Service

Whether you're new to the investing or a sophisticated investor we have tailored investment services to suit you.

Dedicated Support

Working closely with your Client Advisor we can deliver bespoke investment solutions all built on a foundation of sound financial planning.

Holistic Investment Advice

Our Investment Advisory team are guided by leading-edge research, alongside our clear and consistent investment selection process. This insight ensures your portfolio remains in line with your objectives.



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Warning: The return may increase or decrease as a result of currency fluctuations.

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