



Current Topics in Markets

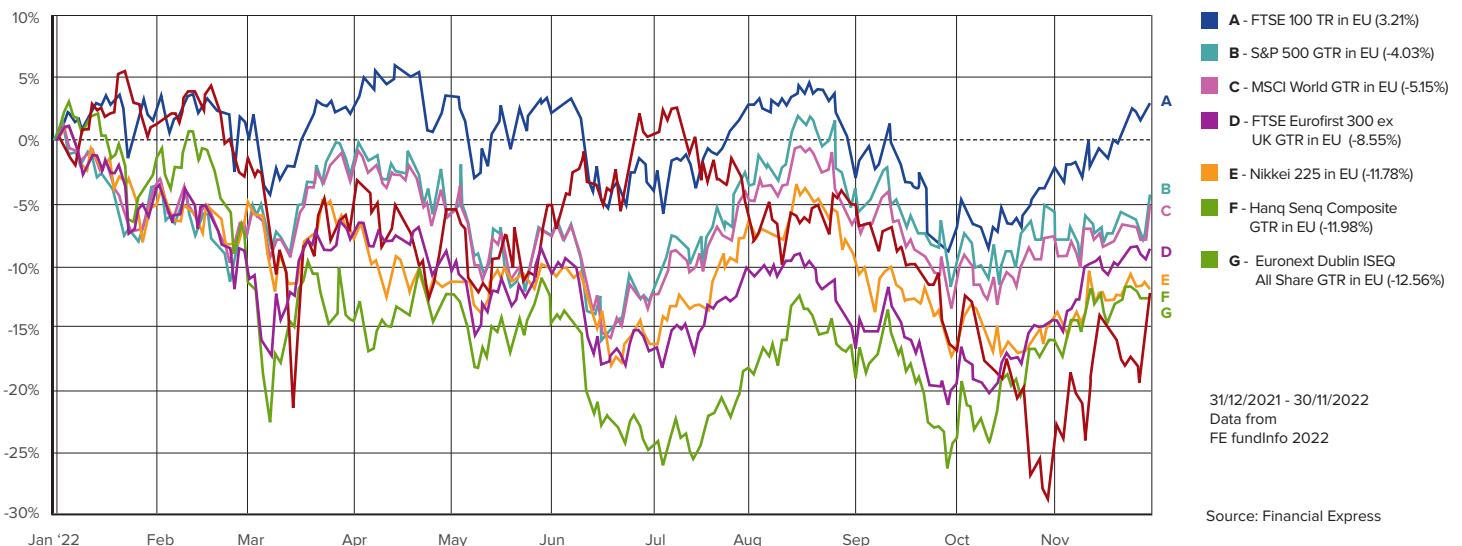
The latest economic forecast from the OECD predicts that the global economy will have grown by 3.1% in 2022, just over half the growth rate achieved in 2021. For 2023, the picture is no better with the IMF forecasting global growth of around 2%. A recession in 2023 for most of the developed world is pretty much a given at this point and the only question seems to be just how deep and long lasting that recession will be. The markets view at this point is that the US recession will be relatively mild but that Europe's will be more challenging.

With regard to interest rates and inflation, the latest data from the US, while a bit mixed, is mildly encouraging. A further 50 basis point rise is a virtual certainty this month and this will be followed by further rate rises in the first half of next year. However, the sense is that the picture

is gradually becoming clearer in terms of the trends. This sense led to equity and bond markets continuing to move generally in a positive direction during November.

As the second largest economy in the world, added to its pivotal position in terms of global manufacturing and trade, the importance of China's influence on the global economic outlook can hardly be overestimated. China has paid a big price for its zero Covid policy and signs that restrictions will be eased caused the Chinese equity market to recover strongly in November. In the background, however, tensions between the US and China continue to simmer and further worsening of this relationship in 2023, possibly triggered by aggression towards Taiwan, could grow to become the dominant global geopolitical issue in 2023.

Equity Markets Year to Date (Euro Terms)



Equity Markets

November saw further recovery in virtually all equity markets although China, in rising by more than 20% in local currency terms and recovering most of the losses it had suffered in October was clearly the story of the month. Further recovery in China is likely to depend on definite signs in relation to easing of Covid restrictions. Over the coming months, our sense is that equity markets will continue to make positive progress, most likely interrupted on a regular basis by

bouts of volatility. We see 'value stocks' (large established companies with strong cash flows) continuing to outperform 'growth stocks' (high valuation companies dependent on strong consumer spend) and we favour funds exposed to value stocks e.g. JP Morgan Global Income & Growth and BNY Mellon Global Equity Income. Both of these funds have held their values impressively in 2022 against a backdrop of falling equity markets.

Equity Market Performances (in euro terms)

Market	Performance Nov 2022*	Performance 1 year*	YTD*
Ireland	+4.0	-5.9	-12.6
UK	+5.4	+9.6	+3.2
Japan	+2.8	-10.6	-11.8
Europe	+6.7	-3.7	-8.6
US	+1.7	-0.8	-4.0
China	+16.88	-14.1	-12.0

Source: Financial Times, Financial Express

Bonds

Global bond markets have been impacted by an extraordinary combination of circumstances in 2022 (i) ending of quantitative easing (ii) a very rapid rise in inflation (iii) aggressive response of central banks in terms of rate increases. Predictably bond prices have fallen sharply this year, at a rate which stands out by comparison with any historic period. While further rate rises are certainly on the way, there is a case

to be made that these are now largely priced in and that there is now good value in bonds, particularly in longer duration and in high yield. With some recovery in prospect in 2023 and with very attractive levels of income available, bond markets now offer something for longer term investors seeking a combination of relative stability and income.

Property

The safe haven reputation of property as an asset class during inflationary times has been sorely tested this year. Real Estate Investment Trusts have generally behaved more like listed equities and have fallen in line with equity markets in 2022. Additional uncertainty around property has been generated by the news that the Blackstone Real Estate Fund, the world's largest publicly traded property vehicle, has been gated to withdrawals recently. However, as a result of a number of factors, including covid-related changes in the demand for office

space, growth in online shopping, supply constraints for residential property in many global cities etc property can no longer be seen as a uniform asset class. While some of the larger property sub-sectors are struggling, certain sub-sectors including residential, logistical, healthcare etc continue to experience strong demand. Selective investment in these areas can offer investors a combination of attractive growth potential and strong dividend income.

Alternatives

A number of the alternative asset classes have delivered for investors in 2022, performing against the negative trends in both bonds and equities. We see a number of these areas (infrastructure, renewable energy,

selected hedge funds) as continuing offer both value and attractive growth prospects. The fact that a number of these funds offer yields to investors as high as 5-7% per annum is a further sweetener.

Fund in Focus – Aubrey Global Emerging Markets

For our monthly Fund in Focus we are featuring the Aubrey Global Emerging Markets Fund. We are concentrating on this fund as we believe that now is quite an attractive entry point for Global Emerging Market Equities and that all clients should have some exposure to them. The objective of this fund is to generate attractive returns by investing solely in companies which are entirely focusses on the growth in consumption and services in Emerging Markets.

Points to Note:

- ESG is very much embedded throughout the strategy and is classified as an Article 8 Fund, with the fund excluding areas such armaments, tobacco manufacturers, fossil fuels etc.
- Aubrey have been consistently applying the same philosophy and process to the GEMS portfolio of

currently 37 quality growth stocks since launch in March 2012

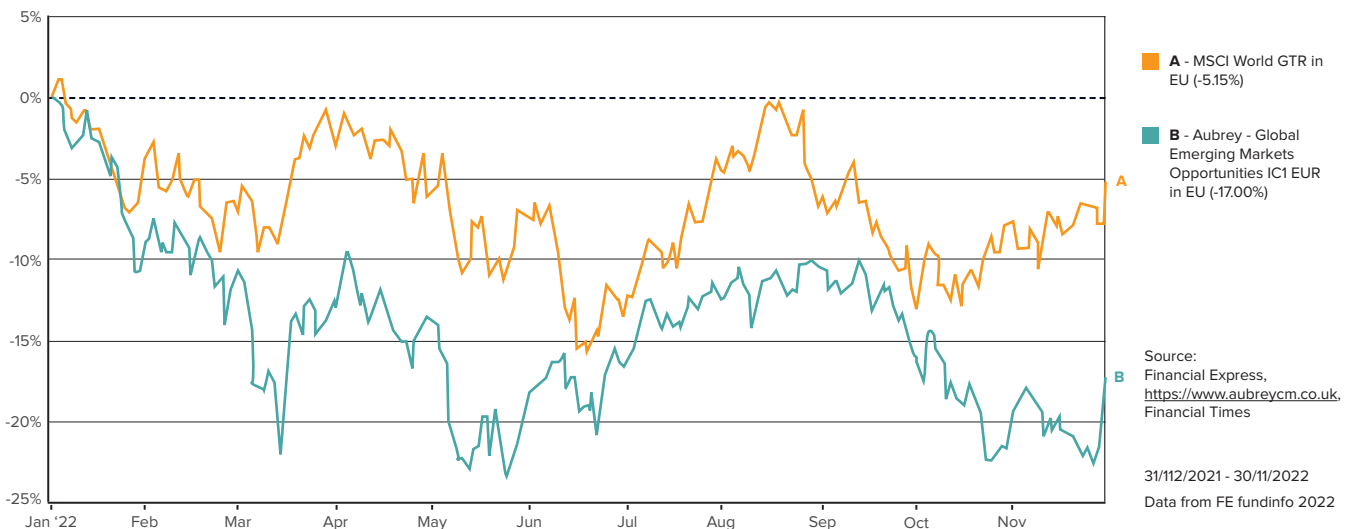
- Whilst investing in quality growth companies, they are still very much active managers and do not believe in complacency as can be seen from the country weightings below:

Month	China	India	RoEM
July	41%	37%	22%
August	38%	39%	23%
September	34%	42%	24%
October	25%	45%	30%

Source: Financial Times, Financial Express

If you would like to discuss this fund or look at other investment opportunities, please contact your Private Client Adviser.

Aubrey Global Emerging Markets – Performance YTD vs. MSCI World



Personalised Investment Service

Whether you are new to 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.



Harvest Financial Services Ltd,
Block 3, The Oval,
Shelbourne Road, Ballsbridge,
Dublin 4, D04 T8F2.

T: +353 1 237 5500
F: +353 1 237 5555
E: justask@harvestfinancial.ie
www.harvestfinancial.ie

13.52.12.22

Harvest Financial Services Limited is regulated by the Central Bank of Ireland.

Intended for distribution within the Republic of Ireland.

This marketing information has been provided for discussion purposes only. It is not advice and does not take into account the investment needs and objectives, financial position, risk attitude, liquidity needs, capital security needs and/or capacity for loss of any particular person. It should not be relied upon to make investment decisions.

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

Warning: The figures refer to the past. Past performance is not a reliable indicator of future results.

Warning: The value of your investment may go down as well as up.

You may get back less than you invest.

Warning: The income you get from this investment may go down as well as up.