

## March 2024 quarter end review update

The table details the quarterly data for the FTSE All-Share Index.

Quarter	Open	Close	High	Low	Return year to date
January – March	4232	4338	4338	4072	2.50%

The start of the year has been dominated by when the first interest rate cut will be and whether it will be by the ECB or the US Federal Reserve. For the UK, who at the March meeting of the BoE held rates at 5.25%, markets are starting to price in the first rate cut for June.

With the expected rate cuts, along with China's economy showing signs of better than expected growth, markets are pricing in the "perfect" outcome for global growth which in turn is pushing valuations higher. While this is positive, we need to continue to see earnings from companies matching expectations, if not exceeding them.

Against this backdrop, it is understandable that equity valuations are increasing, and certainly in the USA corporate earnings have been at or above market expectations. Some of the risks include if the USA growth story started to falter on the back of lower earnings growth or if the expected rate cuts are fewer or simply delayed. On the 20<sup>th</sup> March the US Federal Reserve confirmed that they would lower rates as they have previously indicated, and the following day all markets moved significantly higher. To us this would indicate that the way ahead for markets is unlikely to be smooth.

Geopolitical events continue to weigh on both markets and investor sentiment at times and, in some instances, with real economic consequences such as the impact of shipping being forced to avoid the Red Sea. This has seen the costs for the movement of goods and fuel escalate and will reflect in the price paid by the consumer.

As a final reminder, the Budget confirmed the Capital Gains Tax and dividend "exemptions" reductions – to be reduced down from £6,000/£1,000 in the 2023/24 tax year, to £3,000/£500 in 2024/25 tax year, respectively.

The table sets out our current asset allocation views.

Underweight	Neutral	Overweight
	Government Gilts Index-linked Gilts: Global High Yield Bonds (for income)	
	Investment-Grade Bonds Equities: US, China, Far East, Emerging Markets, Japan	Equities (large cap): UK, Europe, Asia
	Equities (small cap): UK, US, Europe	Specialist Equities (including global equities)
Property (bricks & mortar)	Commodities	
Gold	Global property shares	

\*Neutral means that, while we support the asset class, we do not generally want to adopt an overweight position.



2<sup>nd</sup> April 2024