



**FINANCE SHOP**  
Independent Financial Advisers

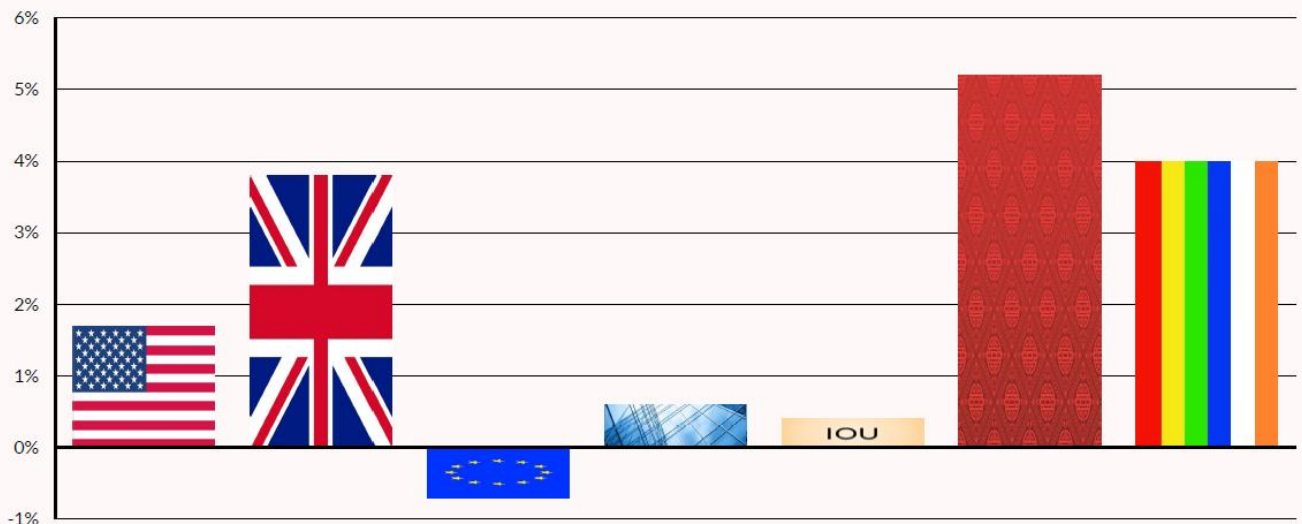
# ADVISORY PORTFOLIO MANAGEMENT QUARTERLY REVIEW SUMMER 2024

## MARKET OVERVIEW - QUARTER TWO 2024

The second quarter saw markets extend gains, with the UK performing strongly, along with Asia and the Emerging world. Once again returns in the US were dominated by the so called magnificent seven, a group of mega sized technology companies, with the artificial intelligence theme still dominating rhetoric. On the whole inflation data came in as expected, and the European Central Bank felt comfortable enough to follow Switzerland in cutting rates by 0.25%. In the UK any last thoughts of a cut in June were scuppered, when Rishi Sunak surprised markets by calling a snap election for July 4th. As we now know there has been a big swing to Labour after 14 years of Conservative rule, this however is not new news and had already been factored in by markets for some time. In European elections we saw a significant shift to the far right, prompting President Macron to also call a snap election. The first round of which was decisively won by Marine Le Pen, with Macron's own centre right party trailing home in third place. It is thought that tactical voting in the second round may allow a more balanced split, preventing the far right from gaining a decisive overall majority.

As we look ahead, equity markets should be supported by robust corporate earnings numbers and falling interest rates as inflation continues its descent back to target levels. In the US we hope to see market breadth broaden out and the move away from being driven so largely by such a narrow cohort of companies, where valuations look extended. Elsewhere however valuations look much more reasonable, particularly in the UK, along with much of the Emerging world. As ever risks remain, the geopolitical landscape is fractured increasing the chance of a wider fallout, whilst a sharper slowdown in the US would bring into question current extended valuation multiples. On balance however, a diversified blend of assets should benefit from reasonable growth and falling rates.

### KEY MARKET PERFORMANCE - QUARTER TWO 2024



Powered by Data from FE - 01/04/2024 to 30/06/2024

IA North America (1.7%)

IA UK All Companies (3.8%)

IA Europe excluding UK (-0.7%)

ABI UK Direct Property (0.6%)

IA Sterling Bond (0.4%)

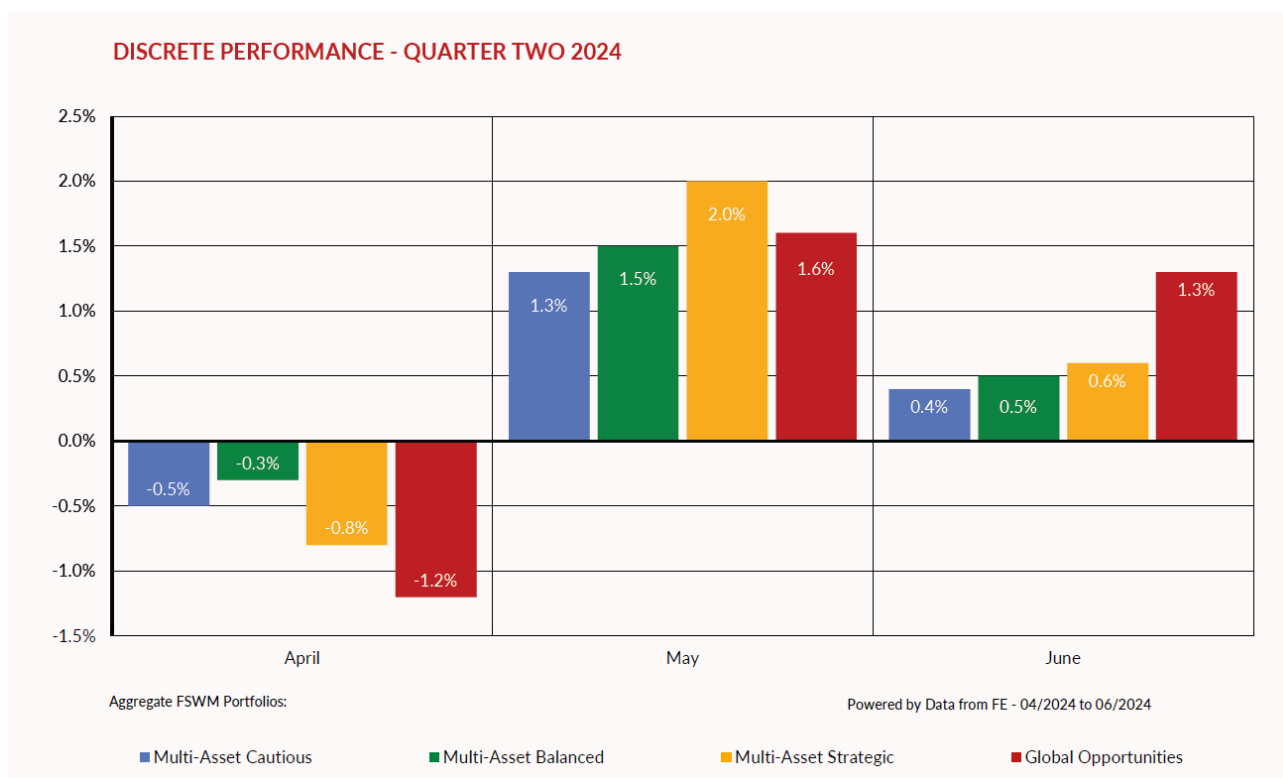
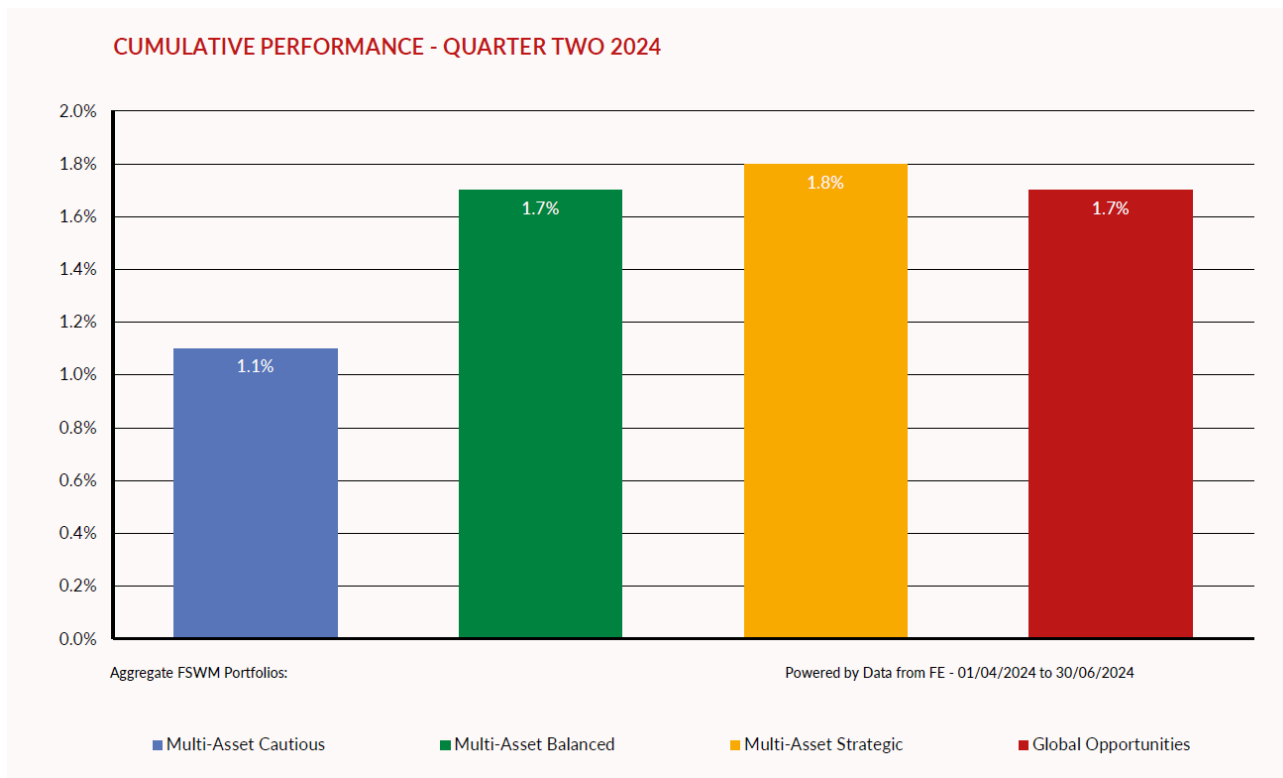
IA Asia excluding Japan (5.2%)

IA Global Emerging Markets (4.0%)

## APM PORTFOLIOS – QUARTER TWO 2024 PERFORMANCE

The graphs below show how the APM portfolios within the four Finance Shop risk categories have behaved over the last three months. The first graph shows the total return for the quarter whereas the second graph illustrates the “month by month” performance. The performance figures are aggregated so, for example, the green bar is made up of all the APM Multi-Asset Balanced portfolios across all product types.

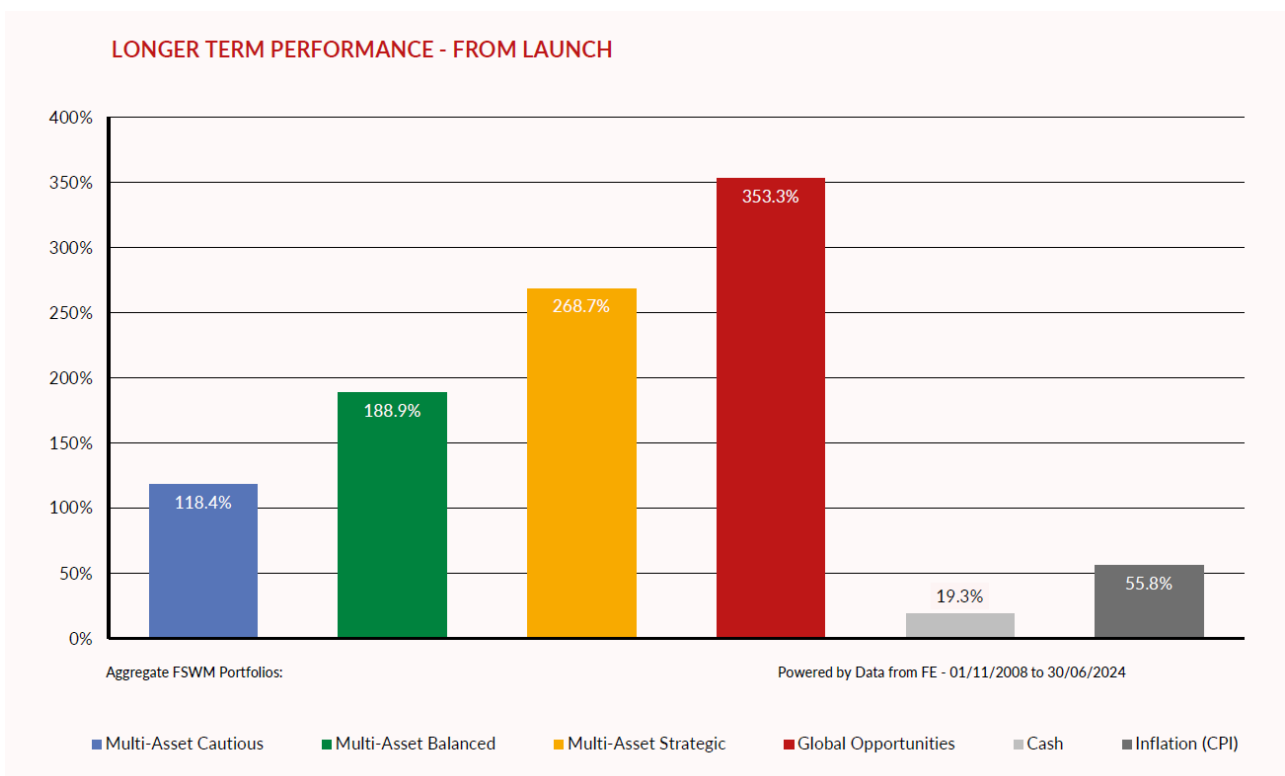
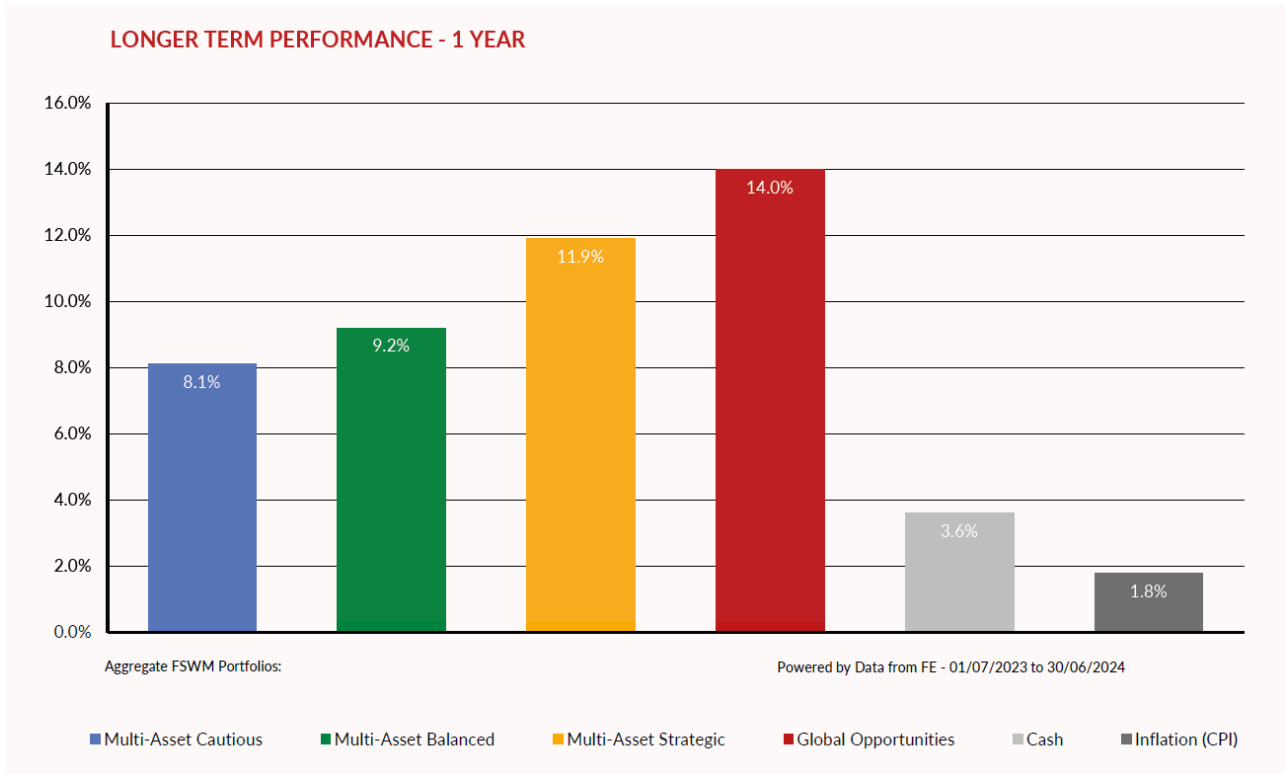
If you require specific performance figures for your plan, please contact your adviser.



## APM PORTFOLIOS – LONGER TERM PERFORMANCE

The first graph below shows how the APM portfolios have performed over 12 months. For comparison, the returns of cash (MoneyFacts 90 days' notice 10K) and inflation (UK Consumer Price Index) are also shown. The second graph illustrates how the portfolios have performed since launch (1st November 2008).

As with the graphs on the previous page, the figures for each category are aggregated.



## PERFORMANCE REVIEW

All the portfolios enjoyed positive returns over the quarter, propelled upwards by the continuation of a more optimistic outlook for rates. It was, however, a more balanced set of factors that drove returns, with income contributing to a greater degree, leaving gains more evenly balanced across the portfolios.

## APM FUND REVIEW POLICY

A key part of the APM service is to monitor the underlying performance of each fund within the portfolios for both risk and return. We have selected quality funds with strong track records and therefore do not envisage a high turnover of holdings.

However, there will be occasions when the performance of an individual fund will lead to its expulsion from the portfolio(s). There are several factors that determine this decision, for example consistent under-performance, change of management team etc. It is also important, however, to have patience with a fund that is just suffering short-term under-performance.

We operate a “traffic light” system and will move a fund from a “green” to “amber” rating if the fund requires closer scrutiny at the next review. If a fund shows sufficient improvement, it will move back to “green”.

If the fund consistently under-performs without good reason its status will change to “red” and the fund will be removed from the portfolio(s). A replacement fund will be selected and all clients holding the fund within their portfolio will be notified. Upon receipt of their authority, the client’s funds will be switched accordingly.

## RESULTS OF FUND & ASSET ALLOCATION REVIEW

The Investment Committee meets on a quarterly basis and one of its primary functions is to review our existing fund range.

Within this meeting we scrutinise any funds which we feel are performing significantly differently to their peer group or benchmark, with a number then run against our internal performance and risk measurements.

The changing backdrop for the forthcoming year has led us to make a number of changes to the make-up of the portfolios. We will write to you over the coming months outlining the changes and requesting permission to action them.

## IMPORTANT INFORMATION

This report has been issued by the Investment Committee of the Finance Shop Wealth Management team using data provided by Financial Express. Care has been taken to ensure that the information is correct but Financial Express and Finance Shop neither warrants, represents nor guarantees the contents of the information, nor does Financial Express or Finance Shop accept any responsibility for errors, inaccuracies, omissions, or any inconsistencies herein.

Past performance is not a guide to future performance. The value of investments and the income from them may go down as well as up and investors may not get back the amount originally invested. Currency fluctuations can also affect fund values. The above report does not constitute advice and you should speak to your Independent Financial Adviser before you make any alterations to investments or pension plans.

The instruments recorded above are weighted model portfolios created using Financial Express Analytics. Performance figures shown are based on the weighted models and may differ from the actual returns achieved by investors. Performance figures shown are based on bid-to-bid gross returns and do not include plan, contract, or ongoing adviser charges / commission. Please refer to your policy documentation for further details.

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