

Current Update

March 2023



Market Talking Points

- INFLATION:** Rate fell to 6.0% in the US (from 6.4%), rose to 10.4% (from 10.1%) in the UK and fell to 6.9% (from 8.5%) in the EU. These levels remain higher than Bank target rates and leave little room for the now expected rate cuts. Core Inflation remains over 5.5% in all three areas.
- CENTRAL BANK RATES:** During March despite financial stress interest rates rose in the US (5.00%), the EU (3.50%) and the UK (4.25%). With Inflation remaining resilient the Federal Reserve and ECB indicating that previous expectations of interest rate peaks may be premature.
- BENCHMARK RATES:** Longer term bond yields fell in UK, EU and US over the month as the failures of Silicon Valley Bank in the US and Credit Suisse in Europe raised expectations of Central Bank rate reversal during 2023. This in turn led to a rally in longer duration growth equities.
- ECONOMIC GROWTH:** Growth in the US in Q4 (0.9%) beat expectations as jobs data remained strong despite higher rates. The UK growth was confirmed as positive 0.4% over 2022. Growth also continued (1.9%) across the EU as benefits from the Chinese reopening continue.
- BANK FAILURE:** Silicon Valley Bank collapsed after depositors withdrew funds. The Fed guaranteed all US deposits, wiping out shareholders. The Swiss Central Bank ensured Credit Suisse was taken over by UBS which protected deposits and shareholders but not COCO/AT1 bond holders.

Rivers Asset Index Data

Anchor	1m	6m	12m	5yr*	20yr*	Eq Corr	5yr Vol
Cash Plus / Enhanced Cash	0.4%	2.1%	3.2%	1.8%	2.8%	-0.08	0.3%
High Grade Bond and Income	2.4%	2.5%	-6.9%	-0.3%	3.9%	0.26	6.2%
Low Risk Absolute Return	-0.8%	-5.6%	3.3%	4.3%	3.4%	0.22	6.0%
Enhancers	1m	6m	12m	5yr*	20yr*	Eq Corr	5yr Vol
Developed Market Equity	-0.6%	6.2%	2.3%	8.5%	9.6%	1.00	11.9%
Corporate, High Yield and Credit	1.0%	7.5%	-0.8%	2.5%	7.0%	0.81	9.3%
Emerging Market Equity	0.6%	0.9%	-3.5%	2.9%	10.9%	0.78	13.2%
Diversifiers	1m	6m	12m	5yr*	20yr*	Eq Corr	5yr Vol
Commodity Focused	-0.5%	-8.9%	-10.8%	9.0%	4.1%	0.35	11.6%
Medium Volatility Absolute Return	-1.3%	-8.4%	2.6%	6.3%	4.1%	0.31	7.8%
Themes, Macro and Trend	-3.9%	-12.0%	0.8%	9.2%	6.7%	0.24	10.2%
Real Estate	-2.6%	-6.9%	-14.2%	3.9%	7.0%	0.73	9.5%

*Annualised returns above 1 year, as of 31/03/2023

Current Portfolio Relative Risk Level

- On January 27th the Risk Committee decreased the Tactical Risk Level to Neutral Level 3, out of 7, decreasing Enhancer asset exposure and duration risk following portfolio gains since October
- Since risk was increased (October 18th) inflation and interest rate expectations have fallen leading to gains in most asset classes. Some of these recent gains appear unsustainable given prevailing uncertainty.
- With inflation still high and central banks remaining cautious a return to an underweight allocation was justified. While Anchor exposure was increased duration was materially reduced with returns from money market funds now becoming relatively more attractive
- Enhancer assets are primarily equity assets with a small percentage of credit
- Risk level 4 is the Neutral or Strategic asset allocation when valuations and risk are considered by the Risk Committee to be in equilibrium
- Lower risk levels (below 4) indicate that Enhancer valuations are relatively unattractive given to prevailing macro risks. Higher risk levels indicate they are relatively attractive

Key Future Announcements

UK		Previous	Forecast
Thursday April 13 2023	GDP (MoM) (Feb)	0.3%	0.1%
Thursday April 13 2023	Manufacturing Production (MoM) (Feb)	-0.4%	0.2%
Tuesday April 18 2023	Claimant Count Change (Mar)	-11.2K	-9.5K
Wednesday April 19 2023	CPI (YoY) (Mar)	10.4%	9.9%
Friday April 21 2023	Retail Sales (MoM) (Mar)	1.2%	-0.5%
GLOBAL			
Wednesday April 12 2023	US Inflation Rate and FOMC Minutes	6.0%	5.6%
Friday April 14 2023	US Retail Sales	-0.4%	-0.4%
Tuesday April 18 2023	German ZEW Economic Sentiment (Apr)	13.0	15
Wednesday April 19 2023	Euro Zone CPI (YoY) (Mar)	8.5%	6.9%
Friday April 28 2023	BoJ Interest Rate Decision	-0.1%	-0.1%

UK	31-Mar-23	31-Dec-22
FTSE 100	7,631	7,451
FTSE 100 % YTD	2.42%	-
BoE Interest Rate	4.25%	3.50%
CPI	10.40%	10.70%
Govt, 10YR Yield	3.49%	3.67%
FTSE 350	4,201	4,113

Currency	31-Mar-23	31-Dec-22
GBP/USD	1.23	1.21
GBP/EURO	1.14	1.13
EUR/USD	1.08	1.07

Commodity (\$)	31-Mar-23	31-Dec-22
Gold	1,986	1,830
Silver	24.16	24.18
Brent Crude Oil	75.67	80.51

Govt 10YR Bond	31-Mar-23	31-Dec-22
US	3.47	3.88
Japan (JGB)	0.33	0.42
Germany (Bund)	2.29	2.57
Italy (BTP)	4.11	4.69

Global Markets	31-Mar-23	31-Dec-22
Dow Jones	33,274	33,147
S&P 500	4,109	3,839
Nasdaq 100	12,221	10,466
Dax	15,628	13,923
CAC	7,322	6,473
Nikkei 225	28,041	26,094
Shanghai	3,272	3,089
Sensex	58,991	60,840
Nifty 50	17,359	18,105

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