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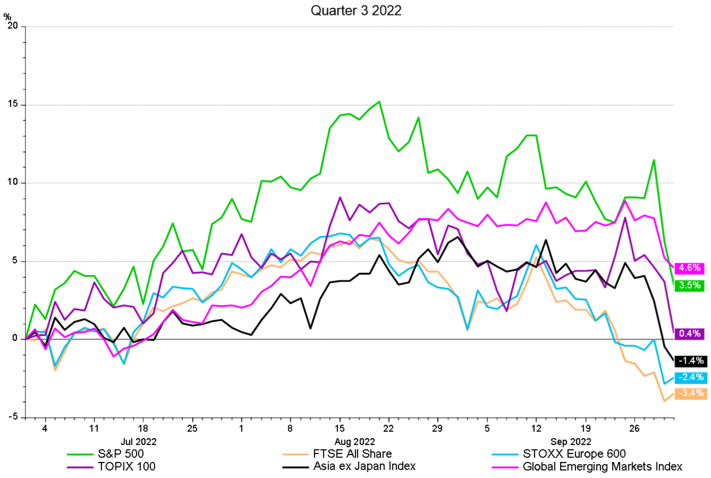
Figure 1 **Major Equity Markets**

Quarter 3 2022



Source: Refinitiv Datastream

Past performance is not a reliable indicator of future results
There are no charges associated with the indices shown within this chart

After a strong rally in equity markets in July, there was a considerable sell off in all regions towards the end of the quarter, wiping out most of the gains made during the quarter — highlighted in Figure 1 to the left hand side.

The Equity rally in July was helped by markets starting to price in the possibility of interest rate cuts from the largest central banks around the world in response to recessionary fears growing. Investors started to anticipate this as typically, when recessions are expected, central banks often cut interest rates to try to help stimulate the economy.

The buoyant sentiment encapsulated by the idea of central banks reversing their previous policy of interest rate increases was quashed rather swiftly as central bank chiefs again came out to reiterate that their priority was taming inflation rather than worrying about stimulating economic growth. This led to prices trending back down in the way they have done for the majority of the year so far.

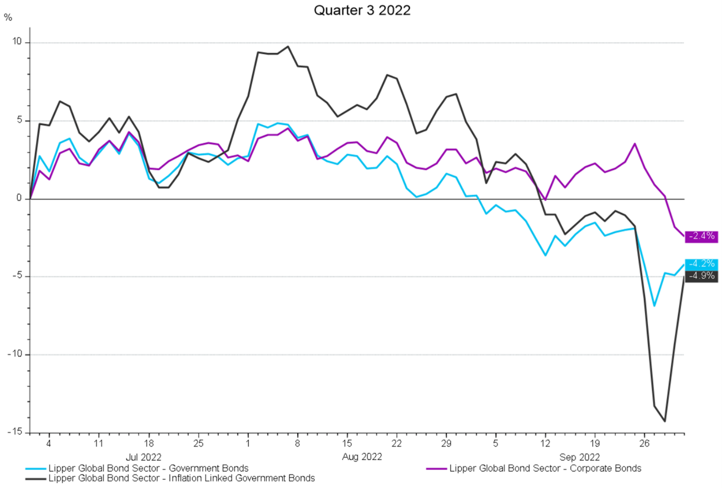
During the third quarter, we saw global inflationary pressures moderate somewhat on the back of lower oil and food prices which were two of the main components of inflationary price increases so far this year. The price of crude oil fell to it's lowest level since the start of the war in Ukraine. The price per barrel fell from just under $108 to below $80.

However — even with these substantial decreases in the price of oil and food — inflation generally remained well above central bank targets in most countries and so during the third quarter we saw Central banks back up their tough talk on inflation by increasing interest rates throughout the quarter.

Bond markets understandably continued their sell offs based on this news as investors priced in a much more aggressive path of future rate hikes, with rates now expected to rise to 4.5%, 3.5% and 5.75% by next year in the US, Europe and UK respectively. Remember, bond prices move in the opposite way to bond yields, so with central banks increasing their interest rates, bond yields moved up and bond prices fell.

Figure 2 **Major Bond Sectors**

Quarter 3 2022



Source: Refinitiv Datastream

Past performance is not a reliable indicator of future results
There are no charges associated with the sectors shown within this chart

During the third quarter, we saw a great deal of volatility in UK government bonds following the expansionary fiscal plans of the new UK government—specifically large tax cuts and energy price caps. These expansionary policies came at a time when the Bank of England was trying to cool the economy rather than grow it and the difference between the policy stance of the Bank of England and the UK Government led to investors questioning the stability of the country's finances. Given this, UK government bonds fell in value with a 30 year UK gilt down more than 30% for a short period during the quarter. These extreme price declines forced the Bank of England stepping as an emergency backstop in order to stabilise the market and reassure investors—which, thankfully, led to a substantial bounce back in bond values.

There was some good news to be found amongst the flurry of headlines in quarter 3 as against a backdrop of elevated inflation, slowing economic growth, and policy uncertainty, global equity market valuations have generally fallen below their 25-year averages —this just means that the prices paid relative to the earnings companies are generating are lower than we have seen typically in the last 25 years.

However, whilst the growth outlook remains challenging, some equity prices may already be reflecting the relatively high probability of at least a moderate recession in 2022 and Government bonds are now also pricing in a significant amount of further interest rate rises. So, after a very difficult year so far for both stocks and bonds, valuations now look more attractive for both than at the start of 2022.

Portfolio Performance

The table below shows performance of Gemini Asset Management's (GAM) discretionary risk rated portfolios over the course of the last 5 years. The table compares performance of GAM's Discretionary Models against the FTSE All Share and the most relevant Investment Association (IA) Mixed Investment sector. The weight of equity in each IA Mixed Investment sector is the main deciding factor when choosing which is the most suitable comparator to each GAM portfolios but the constitution of the GAM portfolios and the relevant IA sectors could still be very different from one another. Whilst a direct comparison of GAM's portfolios with an equity index such as the FTSE All Share, or the relevant IA Mixed Investment Sector are not like-for-like, it does give an indication of volatility and performance differences on a risk-adjusted basis and can demonstrate the importance of spreading risk through diversification.

Discrete Performance (%) to 30/09/2022										
Name	3 months	Sector	YTD	Sector	1 Year	Sector	3 Years	Sector	5 Years	Sector
GAM 3	-2.45	-3.65	-11.02	-12.87	-10.32	-12.00	-2.27	-6.38	4.97	-0.67
GAM 4	-2.50	-2.98	-13.22	-12.14	-12.14	-10.56	0.05	-0.83	7.44	5.82
GAM 5	-2.03	-1.94	-14.64	-12.54	-13.19	-10.15	3.16	4.59	12.35	14.81
GAM 6	-2.23	-1.94	-15.61	-12.54	-14.06	-10.15	4.89	4.59	15.46	14.81
GAM 7	-2.94	-1.94	-18.64	-12.54	-17.30	-10.15	3.67	4.59	15.29	14.81
FTSE All Share	-3.45		-7.87		-4.00		2.40		11.32	

Source: Financial Express Analytics data 30/09/2017 – 30/09/2022. Past performance is not a reliable indicator of future results. All figures given do not include any initial, on-going or product provider fees.

The sectors used as comparators with the portfolios are the respective Investment Association Mixed Investment sectors. Gemini's GDP 3 is compared to the IA Mixed Investment 0-35% Shares sector; GDP 4 is compared to the IA Mixed Investment 20-60% Shares sector; and GDP 5, GDP 6, and GDP 7 are compared with the IA Mixed Investment 40-85% Shares sector.

The value of an investment and the income from it could go down as well as up. The return at the end of the investment period is not guaranteed and you may get back less than you originally invested.

Asset Allocation and Fund Review

The Gemini Asset Management investment team reviewed the existing asset allocation model in conjunction with the recommendations and capital market assumptions put forward by our independent actuary, Dynamic Planner. As a result of this there were changes made to the GAM discretionary models during quarter 3 2022, which are outlined below.

Asset Allocation Changes

Asset Class Changes										
Asset Class	Risk 1	Risk 2	Risk 3	Risk 4	Risk 5	Risk 6	Risk 7	Risk 8	Risk 9	Risk 10
Cash/Money Market	100.00	53.00	19.00	14.00	11.00	7.00	0.00	0.00	0.00	0.00
Fixed Interest	0.00	35.00	54.00	41.00	25.00	16.00	8.00	7.00	0.00	0.00
Property & Real Assets	0.00	2.00	4.00	7.00	8.00	8.00	8.00	4.00	0.00	0.00
UK Equity	0.00	7.00	10.00	11.00	18.00	18.00	29.00	18.00	13.00	3.00
North American Equity	0.00	2.00	8.00	11.00	17.00	17.00	14.00	10.00	8.00	7.00
European ex UK Equity	0.00	0.00	0.00	5.00	5.00	5.00	6.00	6.00	6.00	0.00
Japanese Equity	0.00	0.00	3.00	4.00	5.00	6.00	7.00	5.00	5.00	0.00
Asia Pacific ex Japan Equity	0.00	0.00	0.00	3.00	3.00	9.00	11.00	21.00	24.00	26.00
Global Emerging Markets Equity	0.00	0.00	0.00	0.00	3.00	9.00	12.00	25.00	42.00	61.00
Global Specialist	0.00	1.00	1.00	2.00	3.00	3.00	3.00	2.00	0.00	0.00
Global Equity	0.00	0.00	1.00	2.00	2.00	2.00	2.00	2.00	2.00	3.00
TOTAL	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

Fund Changes			
Asset Class	Sell	Asset Class	Buy
Cash/Money Market	Various	Fixed Interest	Janus Henderson Strategic Bond
		Fixed Interest	Jupiter Strategic Bond

Given both the substantial and broad price declines in the global bond markets throughout 2022 so far we moved a small allocation out of the overweight cash position in the portfolios into the fixed interest asset class.

This move continues to keep the portfolios within the agreed upon risk tolerances and allows us to practice the investment principles we preach as we systematically 'top-up' into the downturn of assets which had already been significantly impacted in price so far this year.

Fund Changes

Cash to Fixed Interest (various funds) — We reduced the cash position in portfolios 2 to 6 mainly through the sale of L&G Cash Trust fund, using the proceeds to invest further into the Janus Henderson Strategic Bond fund, and in some portfolios into Jupiter Strategic Bond funds. We believe that the investment case for these two funds remains positive over an appropriate time horizon.

These changes were presented to the Gemini Wealth Management Investment Committee by the Gemini Asset Management Investment Team, and they were agreed upon by the members of the Gemini Wealth Management Investment Committee.