September 2021 Market Commentary

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Global Equities Markets (%)						
As Of 30/09/2021	1 Month	3 Months	1 YTD	1 Year	3 Years	5 Years
FTSE All Share	-0.96	2.23	13.56	27.89	9.53	29.81
MSCI Emerging Markets	-1.99	-5.84	0.12	13.34	23.82	49.82
MSCI ACWI IMI	-2.00	1.31	12.96	23.61	37.27	77.97
MSCI Asia Pacific (ex-Japan)	-2.19	-6.83	-2.09	10.75	26.71	55.86
S&P 500	-2.71	2.94	17.14	24.10	48.50	104.42
MSCI Europe (Ex-UK)	-3.59	0.50	10.96	20.94	27.37	56.76

Source: Morningstar

Overall Market Backdrop, September

- Global equities struggled and saw moderate negative returns for September, this was mainly driven byconcerns about a peak in the rate of economic growth and rising inflation.
- The US bond market saw yields gradually increase throughout the month, increasing by 0.22% and ending on1.52%.
- Value was the best-performing Factor for the month.

Drivers of Market Conditions in September

- US equities were one of the hardest-hit regions in September even though the first week saw the S&P 500rise to a new high on the back of declining US unemployment. However, this was short-lived, and fears of a slowing global economic growth took hold causing a major drawback for global equities. This fear was combined with previous fears of high inflation and news from the Federal Reserve (Fed) that suggested tapering may begin sooner rather than later, causing a gradual decline over the course of the month.
  - The Federal Open Market Committee (FOMC) suggested tapering could start as soon as November2021, while 9 of the 18 Fed members indicated their expectations to raise interest rates by the end of 2022.
- While Global equities faced pressure from high inflation and a slowing global growth rate, they also faced additional pressure from the Chinese property sector. Chinas Real estate activities account for almost one- third of GDP. When put into a peer comparison, housing in China represents 76% of the total market value of financial assets, due to this the strain coming from the Chinese property sector has rattled through globalequities.
- The UK equity market was one of the least hard-hit regions in September. The region did face some pressurefrom a proposal of raising taxes, but this was mostly offset when the Bank of England (BoE) held its policy rate steady. The BoE kept the discussion of rate hikes rates largely on hold, they did, however, recognise thatthe inflation outlook is troublesome.

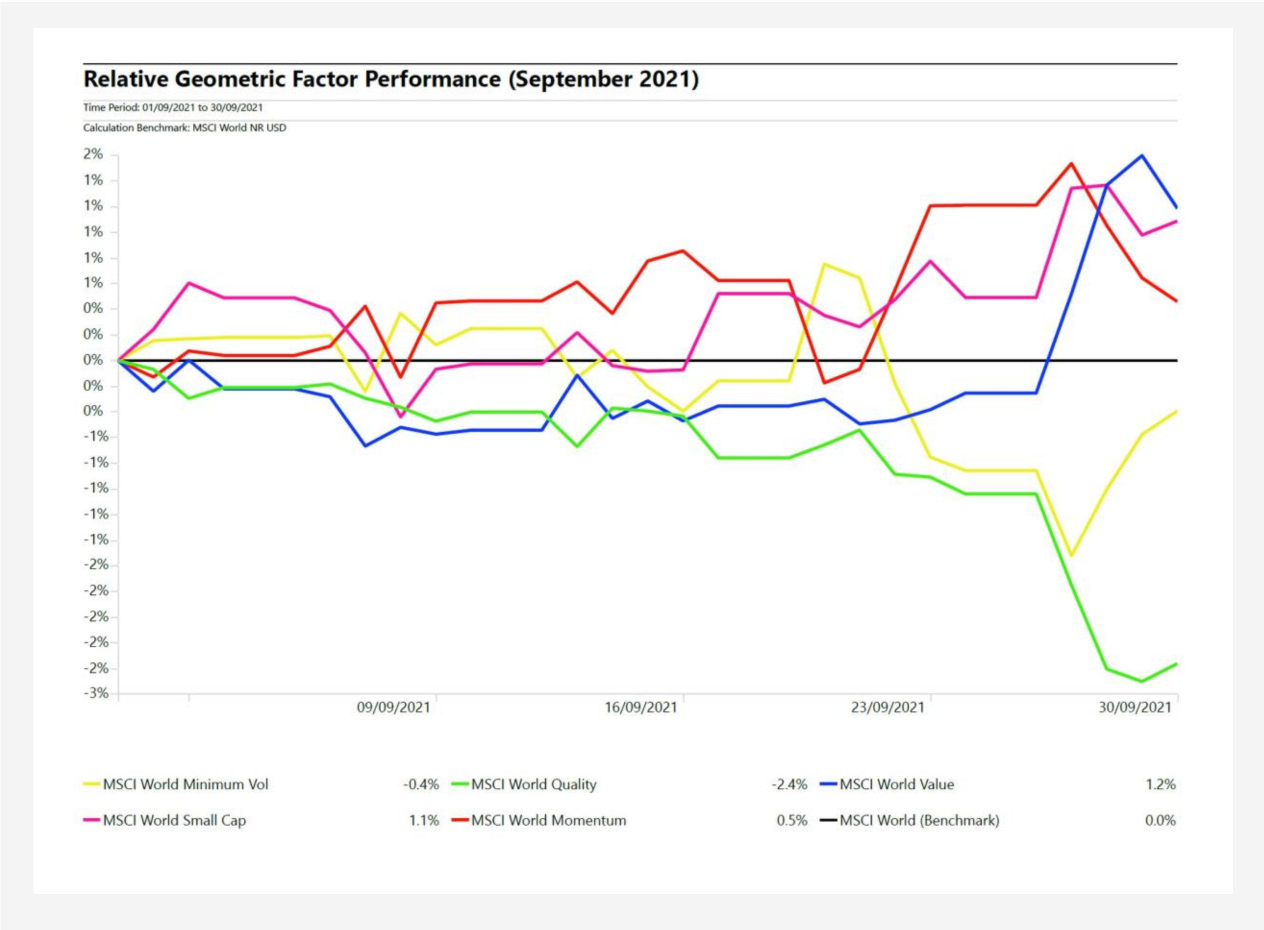
- Keeping in line with its international peers, the ECB signaled a moderate reduction in the pandemic purchasepace. However, they restated that this did not coincide with the end of PEPP.

- US Treasury yields increased throughout the month after the first week where rates were flat due to the jobless claims offsetting disappointing August payrolls. After this, Sovereign yields increased as markets largely adjusted to central bank policies and strong inflation prints. This was also complemented by hawkishcomments from Fed policymakers and a statement issued by the FOMC towards the end of the month.

- UK yields increased considerably after plans for additional bond sales for 2021 were announced, Yields alsorose on signs of continued inflation.

- Oil prices were mainly affected by Hurricane Ida which resulted in a tight supply and forced shutdowns of oil production causing refinery outages. This combined with the OPEC+’s decision to gradually hike outputcaused oil prices to increase.

How did Factors Perform in September?



The chart shows the relative Factor performance benchmarked against a global index (MSCI World). Performance data is for eachfactor index over the course of the month, with the market benchmark being the black line horizontally shown along the x-axis.

- Value was the best performing factor in September, albeit that all factors highlighted had negative returns. One possible driver for this may come from the current economic environment; in an inflationary environment, money now is worth more than money further down the line. High inflation expectations may have made Value stocks more attractive because the time taken to reach the potential of growth stocks is nownegative for investors.

Factor Performance (%)						
As Of 30/09/2021	**1 Month**	**3 Months**	**YTD**	**1 Year**	**3 Years**	**5 Years**
MSCI World Value	-1.01	1.60	15.33	26.24	17.50	45.33
MSCI World Small Cap	-1.10	0.99	14.79	34.46	31.84	73.30
MSCI World Momentum	-1.72	3.47	9.89	14.88	45.35	117.24
MSCI World	-2.17	2.45	14.60	23.51	40.07	83.40
MSCI World Minimum Vol	-2.55	2.25	8.37	8.32	21.15	45.54
MSCI World Quality	-4.48	2.52	15.54	20.67	58.15	114.72

Source: Morningstar

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