saltydog

INVESTOR

Successful trend investing

March 2023

Banking crisis overshadows the UK budget

Last week Jeremy Hunt presented his first Spring Budget to Parliament. I was wondering what he was going to deliver and how the markets would react, but in the end there were other issues determining the mood of the market.

There are undoubtedly significant challenges facing the UK economy. Record levels of debt, a labour shortage, a cost of living crisis (partly fuelled by record energy prices), and the worst strikes in decades. Then there are broader issues. The war in Ukraine continues, global growth is weak, inflation is high, and interest rates are still rising. However, that is nothing new and is probably already factored into equity prices.

What is more encouraging is that growth is probably not as weak as some had forecasted (the UK narrowly avoided a recession in 2022), and inflation is falling (albeit slowly and it has got a long way to go). Last month the Office for National Statistics announced that UK inflation had dropped to 10.1% in January, down from 10.5% in December, and in the US, annual inflation has fallen from over 9% last summer to 6% in February.

The Office for Budget Responsibility also had some good news for the Chancellor to shout about. The executive summary in their 'March 2023 Economic Outlook' starts "The economic and fiscal outlook has brightened somewhat since November. The near-term downturn is set to be shallower; medium-term output to be higher; and the budget deficit to be lower." They forecast that inflation will drop below 3% by the end of the year, meeting the Prime Minister's goal to halve inflation. They also expect the bank rate to peak at 4.25%, not 5% as previously reported, and predict that the UK economy will avoid a recession this year.

Now the one thing that we can be sure of is that the forecast will be wrong, but at least it suggests that at the moment

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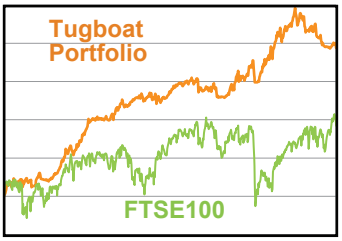
"UK inflation falls in January"

Our Tugboat portfolio has gone down by 1.3% over the last four weeks.



Average Annual Return 4.8%

Tugboat Portfolio 4 - 5

Ocean Liner 6 - 7

This portfolio has fallen by 2.7% in the last four weeks.

Sector Performance 2023

Our look at the IA Sector performance for the last few months. 8

Banking Crisis 2.0

Saltyblog 8

Sector and Fund Performance Tables and Graphs, showing IA sector trends, and highlighting the best performing funds. 9 - 19

Banking crisis overshadows the UK budget

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things are heading in the right direction.

The problem is that economies all around the world are so precarious and the margins for error are so fine. Governments and central banks are trying to encourage growth and avoid a recession, while bringing down inflation and limiting interest rate rises. It is a tricky balance and one of the consequences is that it makes stock markets very sensitive to any unexpected events.

We saw this when the US payroll figures for January were released. It showed Total "Non-farm Payroll Employment" rising by 517,000, significantly higher than the forecast of less than 200,000. Having more people employed could increase consumer spending and fuel wage inflation. This would encourage the Federal Reserve to increase interest rates further, putting more financial pressure on households, businesses, and the government.

Although there are probably other factors involved, the US stock market indices, that had done so well in January, went down immediately after the payroll data was announced.

But that was nothing compared to what we've seen over the last couple of weeks.

It started in the US on Wednesday 8th March when Silvergate Capital announced that it would 'wind down operations and voluntarily liquidate its bank'. The following Friday Silicon Valley Bank (SVB) was forced to close by the regulators, and then on Sunday the New York based Signature Bank was put into receivership. The US stock markets tumbled and everywhere else followed. Investors were wondering, is this the beginning of another banking crisis like we saw in 2008?

There was a temporary rebound after President Biden said that Americans could 'rest assured' that the banking system is safe and that customers would get back all of their money. But there are now concerns over some of the European banks and Credit Suisse in particular.

Stock Market Update.

Although nearly all of the stock market indices that we track went down last year, they did rally during October and November, and most made gains in the final quarter of the year.

This year started well and in January most stock markets made further progress. However, February ended up somewhat mixed. The UK, European and Japanese indices made gains, but the three from the US all went down. In the emerging markets, the Shanghai Composite went up, but the Sensex, Ibovespa and Hang Seng made losses.

So far, March has been much more worrying. We've seen volatility rise to levels not seen since the beginning of the Covid pandemic and there have been some dramatic stock market falls.

Stock Market Indices 2022/2023

Index	Country	2022 Full Year	Jan 2023	Feb 2023	1st to 17th March	1st Jan to 17th March
FTSE 100	UK	0.9%	4.3%	1.3%	-6.9%	-1.6%
FTSE 250	UK	-19.7%	5.3%	0.3%	-7.2%	-2.0%
Dow Jones Ind Ave	US	-8.8%	2.8%	-4.2%	-2.4%	-3.9%
S&P 500	US	-19.4%	6.2%	-2.6%	-1.3%	2.0%
NASDAQ	US	-33.1%	10.7%	-1.1%	1.5%	11.1%
DAX	Germany	-12.3%	8.7%	1.6%	-3.9%	6.1%
CAC40	France	-9.5%	9.4%	2.6%	-4.7%	7.0%
Nikkei 225	Japan	-9.4%	4.7%	0.4%	-0.4%	4.7%
Hang Seng	Hong Kong	-15.5%	10.4%	-9.4%	-1.4%	-1.3%
Shanghai Composite	China	-15.1%	5.4%	0.7%	-0.9%	5.2%
Sensex	India	4.4%	-2.1%	-1.0%	-1.6%	-4.7%
Ibovespa	Brazil	4.7%	3.4%	-7.5%	-2.8%	-7.1%

Data source: Morningstar

Membership Scheme

If you know someone else who would be interested in making the most of their investments, please go to the 'membership scheme' section of our website **www.saltydoginvestor.com** and give us their details.

We will e-mail them, and encourage them to come on board. If they subscribe and pay membership for at least 3 months, then we will send you £50 as a thank you.

Recommend a friend
and you could receive
£50

Portfolio Update

Each month I look at how the recent changes in sector performance affect our hypothetical portfolios.

In previous newsletters, I have discussed the rationale behind our example portfolios. If you haven't seen these, subscribers have access to our previous newsletters on our website - saltydoginvestor.com.

There is also an explanation in our members guide.

Last year was a difficult year for investors.

Nearly all of the Investment Association sectors went down in the first quarter of the year. The only ones that went up were Short Term Money Markets, which is basically cash, UK Direct Property, and a couple of the thematic sectors that we include in our Specialist sector analysis.

It was a similar story in the second quarter. None of the sectors in the 'Slow Ahead' Group went up, and UK Direct Property was the only sector in the 'Steady as She Goes' Group to make a gain.

All of the sectors in the 'Full Steam Ahead - Developed' Group also went down. The only other sector that went up was China / Greater China.

In the third quarter most sectors made further losses, but in quarter four, there was a significant improvement with most sectors making gains. Unfortunately, they were made in October and November and most sectors went down in December.

However, this year started well and in last month's newsletter most sectors were up over four and twelve weeks. That's why we reduced the levels of cash in all portfolios. Since then overall market conditions have deteriorated and so we are now looking to increase the cash levels again.

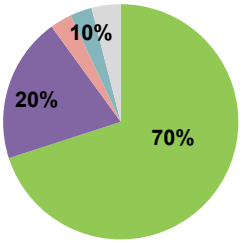
Our example portfolios

Here are the three hypothetical portfolios that we look at each month. They are shown at their most aggressive (under optimum market conditions), and how they are now - based on this month's data.

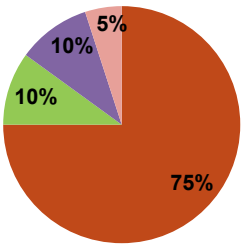
This month we have increased the amount of cash in the portfolios - most sectors are now showing losses over four weeks.

Portfolio 1 - The Tug

Optimum conditions

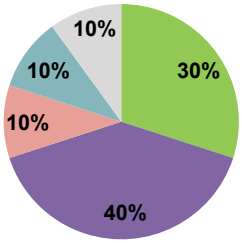


Market conditions
15/03/2023

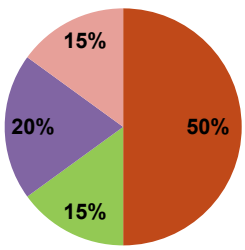


Portfolio 2 - The Ocean Liner

Optimum conditions

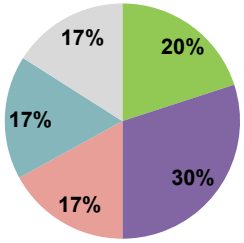


Market conditions
15/03/2023

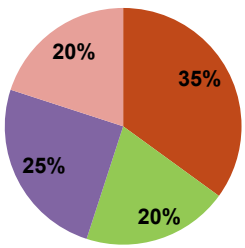


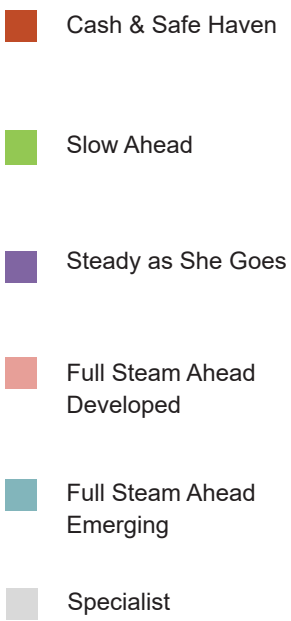
Portfolio 3 - The Speedboat

Optimum conditions



Market conditions
15/03/2023





On the next few pages we give the details of the Saltydog Demonstration Portfolios that we use to show how the Saltydog information can be used - details of each trade are reported every week on the website.

Tugboat Portfolio

Objective

In November 2010 we put just over £40,000 into a fund super-market to demonstrate how the data that we produce can be used to run a simple portfolio.

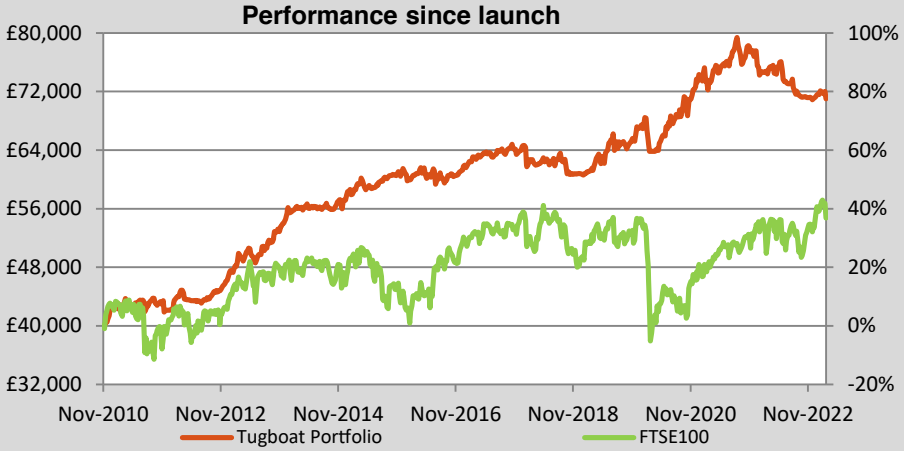
The aim is to run it in such a way that it avoids any major market falls, but also makes gains when they rise.

Because it's designed to weather the storms and make slow, but steady, progress we called it the 'Tugboat'.

The rules that we use to operate it are simple.

- Keep the majority of the portfolio in the 'Slow Ahead' Group, or the 'Safe Haven' and cash if necessary; never invest too much in the riskier 'Full Steam Ahead' Groups, a maximum of 10%.
- Only invest in the more volatile groups when their recent performance justifies it.
- Having determined which groups to invest in, choose the leading sectors from each group.
- Finally, pick funds from these sectors based on their recent performance.

Portfolio Performance



This portfolio was launched in November 2010, and demonstrates how the Saltydog data can be used to manage a cautious portfolio.

The majority of the investments are usually in funds from the sectors in the lowest volatility Groups. Our initial investment of £40,000 has now grown to over £71,000.

Since its launch in 2010 it has produced an average annual return of 4.8%.

Returns

Portfolio Launch Date	23/11/2010	Return in the last 4 weeks	-1.3%
Initial Investment	£40,042	Return in the last 3 months	-0.1%
Current Value	£71,029	Return in the last 6 months	-0.9%
Return since launch	77.4%	Average Annual Return since launch	4.8%

Current Holdings

Initial Trade Date	Fund Name	Group	Current Price (p)	Current Value (£)	Original Cost (£)	Gain (£)	Gain (%)	Portfolio %
13/10/2022	Royal London Short Term MMF	Safe	104	£12,661	£12,500	£161	1.3%	17.8%
17/11/2022	Liontrust SF Managed	Slow	227	£2,395	£2,507	-£112	-4.5%	3.4%
12/01/2023	EdenTree Responsible Managed	Slow	129	£4,876	£4,932	-£56	-1.1%	6.9%
19/01/2023	Invesco Managed Income	Slow	298	£2,473	£2,500	-£27	-1.1%	3.5%
12/01/2023	BNY Mellon UK Income	Steady	224	£2,485	£2,500	-£15	-0.6%	3.5%
09/02/2023	Schroder UK Alpha Plus	Steady	98	£2,412	£2,500	-£88	-3.5%	3.4%
05/01/2023	M&G European Sust Paris Aligned	Developed	2,702	£2,529	£2,500	£29	1.2%	3.6%
19/01/2023	LF Brook Continental European	Developed	225	£2,567	£2,500	£67	2.7%	3.6%
Cash				£38,632				54.4%
Total Portfolio Value				£71,029				

Pending Transactions (these are orders that have been placed, but not yet reflected in the figures above)

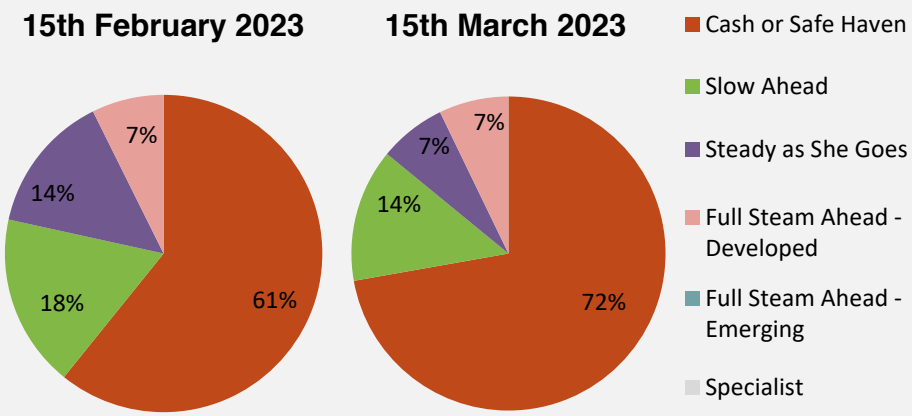
We are selling the Liontrust SF Managed fund.

Tugboat Portfolio

Other transactions this month

Fund	Group	Value (£)	Transaction	Date
Liontrust SF Monthly Income Bond	Slow	£2,392	Sell	02/03/2023
Baillie Gifford UK Equity Alpha	Steady	£5,053	Sell	02/03/2023
Liontrust SF Managed	Slow	£2,500	Reduce current holding	09/03/2023
EdenTree Responsible Managed	Slow	£2,500	Increasing current holding	09/03/2023

Group Allocation



Global financial markets had a difficult 2022 and most of the Investment Association sectors ended the year lower than they started. Many suffered significant losses.

There was an improvement during October and November and, although December was disappointing, most sectors made gains in the final quarter of last year.

We started to reinvest towards the end of last year, but over the last month that process has gone into reverse. Stock markets have been falling and fund performance has deteriorated.

Why we've done what we've done

‘Cash & Safe Haven’ - Up from 61% to 72% of the portfolio, soon to be 76%

There’s been a general decline in fund performance over the last month, which ended in a sudden collapse. We’re now waiting to see if there will be a rebound. Since the last newsletter we haven’t made a lot of changes, but have sold a couple of funds which has added to the cash in the portfolio. We are currently selling the balance of a fund that we have already halved, this will increase the cash further.

‘Slow Ahead’ - Down from 18% to 14% of the portfolio, now falling to 10%.

This month we have sold the Liontrust SF Monthly Income Bond fund which broke our ‘three weeks in decile six or worse’ rule. We have also reduced the Liontrust SF Managed fund and are now selling the rest.

‘Steady as She Goes’ - Down from 14% to 7% of the portfolio.

We have sold the Baillie Gifford UK Equity Alpha fund, but still hold the BNY Mellon UK Income and the Schroder UK Alpha Plus funds. They’ve suffered during the recent market panic, but signs have been a bit more encouraging in recent days.

‘Full Steam Ahead’ & Specialist - Unchanged at 7% of the portfolio.

We still hold the two European funds which have also been caught up in the recent crossfire following the collapse of a couple of banks in the US. We’re hoping that they will recover just as quickly as they went down.

Ocean Liner Portfolio

Objective

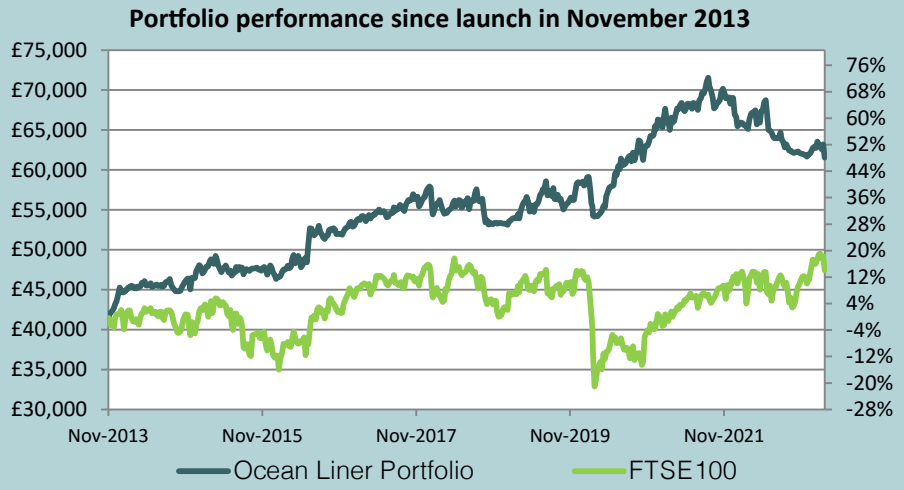
In November 2013 we launched our 'Ocean Liner' Portfolio.

We had been running our cautious 'Tugboat' for three years and wanted to demonstrate how our fund performance data could be used to run a more adventurous portfolio.

Protecting our capital during down-turns is still important, but we accept that if markets drop quickly this portfolio is more likely to suffer losses than the Tugboat. When markets are doing well, we hope to be able to take advantage by having increased exposure to the 'Full Steam Ahead' Groups.

- The overall volatility is limited by keeping at least 30% of the portfolio invested in the 'Slow Ahead' group (or Safe Haven / cash if market conditions are unfavourable).
- We only invest in the more volatile groups when their recent performance justifies it.
- When conditions are favourable, up to 30% of the portfolio can be invested in the most volatile 'Full Steam Ahead' Groups and the 'specialist' sector.

Portfolio Performance



The Ocean Liner portfolio was launched in November 2013 and aims to be slightly more adventurous than the Tugboat portfolio, which was started three years earlier. Since then it has gone up by 48.5%.

Our initial investment of just under £41,500 is now worth just over £61,500.

Since its launch in 2013 it has produced an average annual return of 4.3%.

Returns

Portfolio Launch Date	23/11/2013	Return in the last 4 weeks	-2.7%
Initial Investment	£41,452	Return in the last 3 months	-0.6%
Current Value	£61,538	Return in the last 6 months	-2.7%
Return since launch	48.5%	Average Annual Return since launch	4.3%

Current Holdings

Initial Trade Date	Fund Name	Group	Current Price (p)	Current Value (£)	Original Cost (£)	Gain (£)	Gain (%)	Portfolio %
13/10/2022	Royal London Short Term MMF	Safe	104	£12,671	£12,500	£171	1.4%	20.6%
17/11/2022	Baillie Gifford Managed	Slow	1276	£4,851	£5,030	-£179	-3.6%	7.9%
01/12/2022	EdenTree Responsible Managed	Slow	129	£4,985	£4,966	£19	0.4%	8.1%
01/12/2022	MI Chelverton UK Equity Income	Steady	243	£4,977	£5,000	-£23	-0.5%	8.1%
09/02/2023	Artemis UK Select Fund	Steady	770	£2,351	£2,500	-£149	-6.0%	3.8%
02/03/2023	Ninety One UK Special Situations	Steady	236	£4,770	£5,000	-£230	-4.6%	7.8%
17/11/2022	Man GLG Continental European	Developed	743	£2,629	£2,495	£134	5.4%	4.3%
05/01/2023	M&G European Sust Paris Aligned	Developed	2702	£2,529	£2,500	£29	1.2%	4.1%
16/03/2023	LF Brook Continental European	Developed	225	£2,366	£2,500	-£134	-5.4%	3.8%
Cash				£19,409				31.5%
Total Portfolio Value				£61,538				

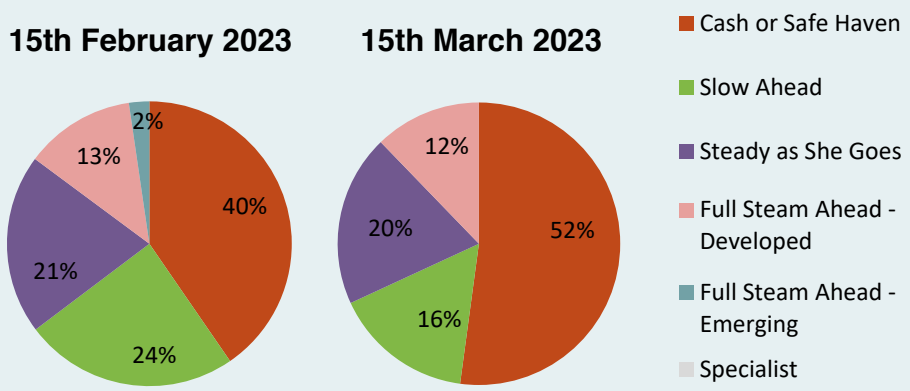
Pending Transactions (these are orders that have been placed, but not yet reflected in the figures above)

Ocean Liner Portfolio

Other transactions this month

Fund	Group	Value (£)	Transaction	Date
Liontrust SF Monthly Income Bond	Slow	£2,392	Sell	02/03/2023
Janus H'son UK Smaller Cos	Steady	£5,105	Sell	02/03/2023
Invesco China Equity	Emerging	£1,428	Sell	02/03/2023
Ninety One UK Special Situations	Steady	£2,500	Buy	02/03/2023
Baillie Gifford Managed	Slow	£2,500	Reduce curent holding	09/03/2023
Ninety One UK Special Situations	Steady	£2,500	Increase curent holding	09/03/2023
Man GLG Continental European	Developed	£2,500	Reduce curent holding	09/03/2023
LF Brook Continental European	Developed	£2,500	Buy	09/03/2023

Group Allocation



Nearly all of the Investment Association sectors went down in 2022, but most started to recover in the final quarter.

The rally started in mid-October, and in November we started investing. We added more funds at the beginning of December, but then waited as overall sector performance deteriorated during the month.

This year started well so we added to some of our existing holdings and bought a few more. Unfortunately, the recovery from the beginning of the year has faltered and so we are now increasing our cash position again.

Why we've done what we've done

‘Cash & Safe Haven’ - Up from 40% to 52% of the portfolio.

We started the year by responding to the general improvement in fund performance by increasing the amount invested. Unfortunately, that trend has now reversed and so we are reducing our holdings again.

‘Slow Ahead’ - Down from 24% to 16% of the portfolio.

We’ve sold the Liontrust SF Monthly Income Bond fund, which broke our ‘three weeks in decile six or worse rule’, and reduced the Baillie Gifford Managed fund.

‘Steady as She Goes’ - Down from 21% to 20% of the portfolio.

Since the last newsletter, we’ve sold the Janus Henderson UK Smaller Companies fund, from the UK Smaller Companies sector, and replaced it with the Ninety One UK Special Situations fund, from the UK All Companies sector.

‘Full Steam Ahead’ & Specialist - Down from 15% to 12% of the portfolio.

We’ve sold the Invesco China Equity fund, and reduced the MGM Continental Europe fund so that we could invest in the LF Brook Continental European fund.

Sector Analysis 2023

Every month we publish the Investment Association's average sector performance for the previous month, along with some previous history.

Most sectors made losses in 2022 and some of them were pretty hefty. European Smaller Companies went down by 22%, UK Smaller Companies fell by 26%, Technology lost 27%, and the worst, UK Index-Linked Gilts, ended the year down 35%.

Although December was disappointing, the final quarter of last year was better than the previous three, and 2023 started well. Most sectors went up in January. The best, Tech & Tech Innovations made 9.3%.

Unfortunately, in February a significant number of sectors went down, and at the moment March isn't looking good.

Investment Association Sector	2022 Quarterly Returns (%)				2023	
	Q1	Q2	Q3	Q4	Jan	Feb
Safe Haven						
Short Term Money Market	0.0	0.2	0.3	0.6	0.3	0.2
Standard Money Market	0.0	0.2	0.3	0.7	0.3	0.0
Slow Ahead						
Mixed Investment 40-85% Shares	-3.7	-7.5	-2.1	3.0	3.4	-0.3
£ High Yield	-3.8	-9.3	-0.9	4.4	3.1	-0.5
Mixed Investment 20-60% Shares	-3.4	-6.4	-3.1	3.1	3.0	-0.8
Mixed Investment 0-35% Shares	-3.1	-6.1	-3.6	2.3	2.6	-1.2
£ Strategic Bond	-4.3	-6.9	-4.8	4.1	3.0	-1.6
£ Corporate Bond	-5.6	-7.6	-9.3	5.7	3.7	-2.1
Steady as She Goes						
UK Equity Income	-0.1	-5.7	-6.2	10.6	4.2	1.9
UK All Companies	-4.9	-8.3	-5.0	9.6	4.5	1.6
UK Direct Property	2.8	2.2	-3.5	-9.1	0.1	-0.2
UK Smaller Companies	-13.1	-13.2	-9.3	8.6	3.2	-0.2
Flexible Investment	-3.6	-7.1	-1.3	2.7	3.5	-0.7
Global & GEM Bonds*	-3.7	-3.8	0.8	0.1	1.7	-1.4
UK Gilts	-7.2	-8.4	-12.3	1.6	2.7	-3.6
UK Index Linked Gilts	-6.7	-20.0	-11.9	-1.6	3.9	-5.8
Full Steam Ahead - Developed						
European Smaller Companies	-13.3	-14.5	-7.0	13.3	5.3	2.4
Europe Excluding UK	-7.6	-10.2	-2.5	12.6	6.0	2.1
Europe Including UK	-6.1	-8.5	-3.3	10.5	6.0	1.2
North American Smaller Companies	-7.0	-11.7	6.8	-1.8	6.6	0.9
Global Equity Income	-1.0	-5.2	0.0	5.5	2.5	0.5
Global	-5.0	-10.2	1.8	2.2	4.5	-0.2
North America	-2.9	-10.3	4.0	-0.7	3.7	-0.3
Japan	-5.8	-8.1	2.2	3.6	3.7	-2.1
Japanese Smaller Companies	-8.3	-7.0	6.6	2.3	1.9	-3.1
Full Steam Ahead - Emerging						
Tech & Tech Innovations	-10.3	-16.2	0.8	-3.9	9.3	1.0
Asia Pacific Including Japan	-7.7	-5.7	-1.5	1.8	5.3	-4.1
Global Emerging Markets	-6.7	-5.2	-2.7	1.8	5.8	-4.1
Asia Pacific Excluding Japan	-3.2	-3.2	-4.1	3.8	6.2	-4.7
China/Greater China	-12.7	10.0	-14.1	1.9	8.4	-7.4
Specialist / Thematic						
Financials and Financial Innovation	-6.0	-16.5	3.5	0.5	6.4	0.4
India/Indian Subcontinent	-3.4	-5.6	16.2	-7.0	-3.3	-1.0
Infrastructure	5.5	-2.0	-2.5	0.5	0.9	-1.7
Healthcare	-4.4	-4.8	5.4	1.0	-0.7	-2.0
Latin America	26.3	-16.9	13.9	-2.2	6.3	-3.6

data source: Morningstar

saltyblog
A PERSONAL VIEW

Banking crisis 2.0

Is this déjà vue? Is the failure of SVB comparable with Lehman Brothers back in 2008? Is this the beginning of another Global Financial Crisis?

I certainly hope not, but there are some similarities. It's an early indicator that something isn't right, a canary in the mine, and there are bound to be more banks in a similar situation.

However, I don't think the underlying problem is the same. In 2008 banks were holding assets that they didn't understand, subprime mortgage-backed securities which often ended up being worthless.

This time it's different (famous last words). The assets which the banks own are not subprime and they don't carry a high credit risk, they are government backed securities … safe as houses.

The problem is that they have long-maturity dates which don't necessarily tie in with the needs of the banks, and if they have to sell them in a hurry then at the moment they'll be selling at a significant loss. Rising interest rates have dramatically reduced their resale value. The banks could still run out of cash.

In the US, the Federal Reserve has established the 'Bank Term Funding Program' which allows banks to borrow against their bonds at their original value. It will be interesting to see if other countries follow suit.

Understanding the Saltydog System

Our Objective

We aim to provide you with up-to-date information about readily available investment funds, so that you can see which are currently performing well. In other words, to provide you with the data that will make DIY Investing a worthwhile hobby.

The Data

We cover Unit Trusts, OEICs, Investment Trusts, and ETFs.

At the beginning of each week we download the latest data, and select the funds that are easy to access in the UK. We then sort the data and highlight the best performing funds.
This sorted data is available to our subscribers on our website (saltydoginvestor.com) each week, and a summary of the data is included in our Newsletter.

To give an example of how our information can be used, we run our own real money portfolios based on the data, and publish details of what we buy and sell, and the overall performance.

We are very ready to help with any queries, but have to emphasise that we are not able to offer any financial advice.

Sectors

All funds are allocated a Sector by the relevant Financial 'body' such as the IA - the Investment Association. That means that all funds within a Sector will be investing within the constraints of that Sector, and so worthwhile comparisons of performance can be made.

Groups

We analysed the Sectors, and decided that it would be helpful to group sectors together according to their historical volatility, so we created Saltydog Groups.

These are:

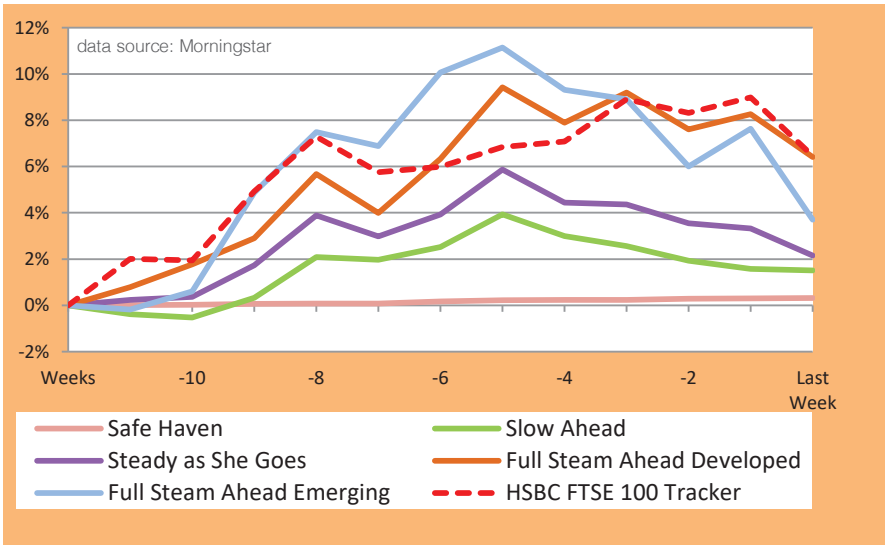
Safe Haven:	Very low risk, but also very low returns.
Slow Ahead:	Normally a low risk level and often with adequate returns.
Steady as She Goes:	Generally low to medium risk, with potentially higher returns.
Full Steam Ahead Developed:	Higher risk, but potentially higher returns.
Full Steam Ahead Emerging:	Higher risk, but potentially higher returns.

Need more information? Check out the 'How To' guides on our website - saltydoginvestor.com

Let's Get Underway!

The chart below shows how the 5 Saltydog Groups have performed over the last 12 weeks, based on the average of the leading funds in each Sector within the Group, on a week-by-week basis.
In the following pages you can see how the Sectors have performed within the Groups, and the funds that have performed best in each of the Sectors.

Saltydog Group Comparison



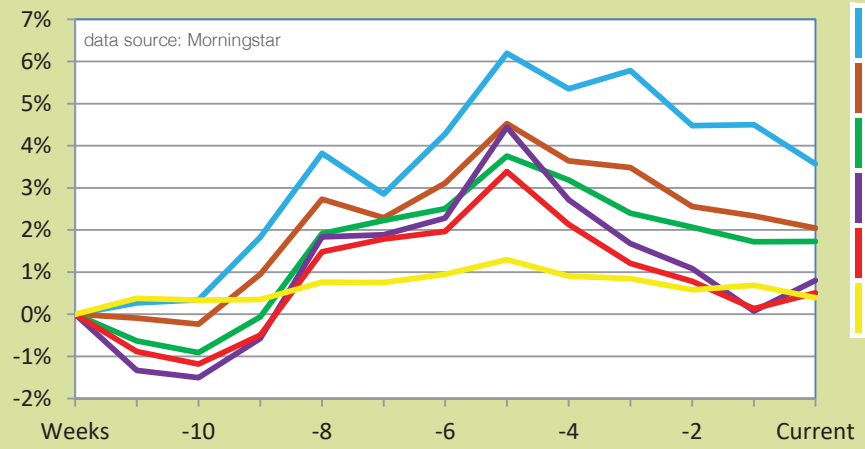
Group Performance for Last Week

Safe Haven	0.01%
Slow Ahead	-0.1%
Steady as She Goes	-1.2%
Full Steam Ahead Developed	-1.9%
Full Steam Ahead Emerging	-3.9%
HSBC FTSE 100 Tracker	-2.5%

A bad week for all our main Groups.

The HSBC FTSE 100 Tracker went down 2.5%, and that figure was exceeded by the Emerging Group which went down 3.9%.

Performance by Saltydog Group - Slow Ahead



This chart shows the relative performance of the sectors in this Group, calculated by looking at the average % return of the leading funds in each sector every week. In the table below the sectors are ranked by their four-week % return. All the return data is shaded to highlight the higher figures in each column.

Sector	Percentage Return Data										
	4wks	12wks	26wks	Wk -1	Wk -2	Wk -3	Wk -4	Wk -5	Wk -6	Wk -7	Wk -8
Targeted Abs Return	**-0.5%**	0.4%	0.1%	-0.3%	0.1%	-0.3%	-0.1%	-0.4%	0.3%	0.2%	0.0%
£ High Yield	**-1.5%**	1.7%	2.4%	0.0%	-0.3%	-0.3%	-0.8%	-0.6%	1.3%	0.3%	0.3%
Mxd Inv 0-60% Shares	**-1.6%**	2.0%	0.9%	-0.3%	-0.2%	-0.9%	-0.2%	-0.9%	1.4%	0.8%	-0.4%
£ Strategic Bond	**-1.6%**	0.5%	0.9%	0.4%	-0.7%	-0.4%	-0.9%	-1.3%	1.4%	0.2%	0.3%
Mxd Inv 40-85% Shares	**-1.8%**	3.5%	1.0%	-0.9%	0.0%	-1.3%	0.4%	-0.8%	1.9%	1.4%	-1.0%
£ Corporate Bond	**-1.9%**	0.7%	1.1%	0.7%	-1.0%	-0.6%	-1.0%	-1.7%	2.2%	0.4%	0.0%
Average:	*-1.5%*	*1.5%*	*1.1%*	*-0.1%*	*-0.3%*	*-0.6%*	*-0.4%*	*-0.9%*	*1.4%*	*0.5%*	*-0.1%*

Targeted Absolute Return

This is one of the Investment Association sectors designated for 'funds principally targeting an outcome'.

Funds are managed with the aim of delivering positive returns in any market conditions, but returns are not guaranteed. Funds in this sector may aim to achieve a return that is more demanding than a "greater than zero after fees objective."

Funds must state the timeframe over which they aim to meet their objective, and it must not be longer than three years.

Overall Group Performance

The average four-week return for this Group was 0.0% in the January issue. Last month it was up 0.9%, but this month it's down 1.5%.

All of the sectors in this Group went down in 2022.

In the first quarter they all made losses. The mixed investment sectors did better than the bond sectors, but they were still down by more than 3%. The worst performing sector was £ Corporate Bond which lost 5.6%.

The second quarter ended up being even worse. At the end of June all sectors were showing six-month losses of 9% or more. The worst performing sector was still £ Corporate Bonds, which had fallen by 12.8%.

It didn't get any better in quarter three, when all sectors made further losses, but in quarter four there was a distinct improvement. All sectors made gains and the best, £ Corporate Bonds, went up by 5.7%.

In January's newsletter the Mixed Investment and Targeted Absolute Returns sectors were up, £ High Yield was level, and £ Strategic and £ Corporate Bonds went down. Last month all sectors were showing gains over four and twelve weeks, but since then all of the sectors in this Group have gone down.

About the 'Slow Ahead' Group ...

Unit Trust and OEICs are already allocated IA sectors which determine what they can invest in. To bring together sectors of similar historic volatility, so that they can be analysed, we have created the Saltydog Groups.

The least volatile is the 'Safe Haven'. These are basically deposit accounts - performance data is only available on the website.

Next is the 'Slow Ahead' Group. Funds in this Group are normally relatively low risk, but can often deliver adequate returns.

Within the 'Slow Ahead' Group you will find sectors investing in bonds and gilts. Bond prices go up and down like share prices, but are usually less extreme.

There are also some of the mixed investment sectors which invest in a combination of bonds and shares.

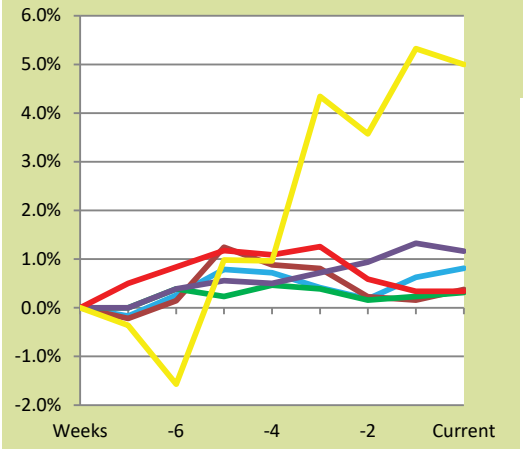
The 'Targeted Absolute Returns' funds are also in this Group and they aim to deliver positive returns in any market conditions. Typically funds in this sector would normally expect to generate absolute returns on a 12 month basis.

Performance by Saltydog Group - Slow Ahead

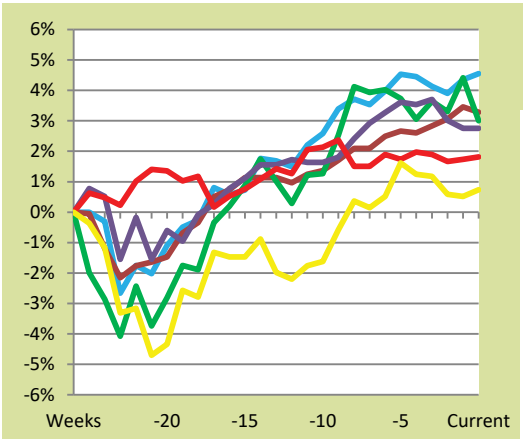
A new leader of the pack

The last time that the Targeted Absolute Return sector was at the top of the table was in the October newsletter. It had gone down by 1.3% in the previous four weeks. Not great, just better than the other sectors in the Group. It's a similar story this month. All of the sectors are showing four-week losses, but the Targeted Absolute Return sector has lost the least.

Similar listings are available for all sectors in the members area of the website.



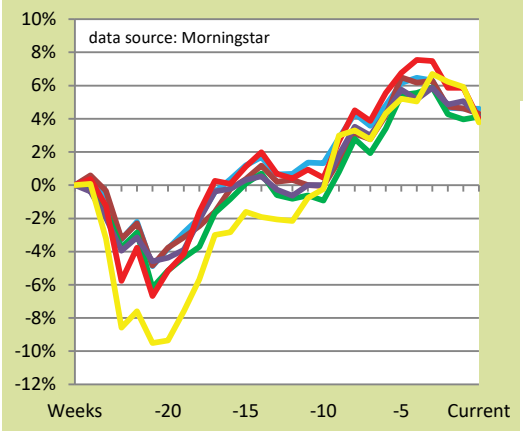
Targeted Abs Return	4 Week		12 Week		26 Week		Recent Weekly Deciles							
	Dec	**Ret**	Dec	Ret	Dec	Ret	-1	-2	-3	-4	-5	-6	-7	-8
7IM Real Return	**1**	**0.1%**	3	3.0%	1	4.6%	4	1	1	5	2	10	7	6
Janus H'son MM Abs Return	**1**	**-0.5%**	3	3.0%	6	0.7%	4	3	5	4	3	8	7	6
TM Tellworth UK Select	**1**	**-0.2%**	8	0.5%	4	1.8%	5	2	1	4	1	10	7	4
Janus H'son Abs Return	**1**	**0.7%**	4	2.3%	2	3.3%	6	1	1	3	2	10	7	4
JPM Unconstrained Bond	**1**	**-0.7%**	7	1.0%	2	2.8%	6	5	6	3	2	10	8	1
VT Argonaut Absolute Return	**1**	**4.0%**	10	-1.9%	7	0.3%	7	1	6	1	1	1	10	7



Targeted Abs Return	4 Week		12 Week		**26 Week**		Recent Weekly Deciles							
	Dec	Ret	Dec	Ret	**Dec**	**Ret**	-1	-2	-3	-4	-5	-6	-7	-8
7IM Real Return	1	0.1%	3	3.0%	**1**	**4.6%**	4	1	1	5	2	10	7	6
Janus H'son Abs Return	1	0.7%	4	2.3%	**2**	**3.3%**	6	1	1	3	2	10	7	4
Janus H'son Europ Abs Return	1	0.0%	4	2.7%	**2**	**3.0%**	10	1	2	2	4	10	9	6
JPM Unconstrained Bond	1	-0.7%	7	1.0%	**2**	**2.8%**	6	5	6	3	2	10	8	1
TM Tellworth UK Select	1	-0.2%	8	0.5%	**4**	**1.8%**	5	2	1	4	1	10	7	4
Janus H'son MM Abs Return	1	-0.5%	3	3.0%	**6**	**0.7%**	4	3	5	4	3	8	7	6

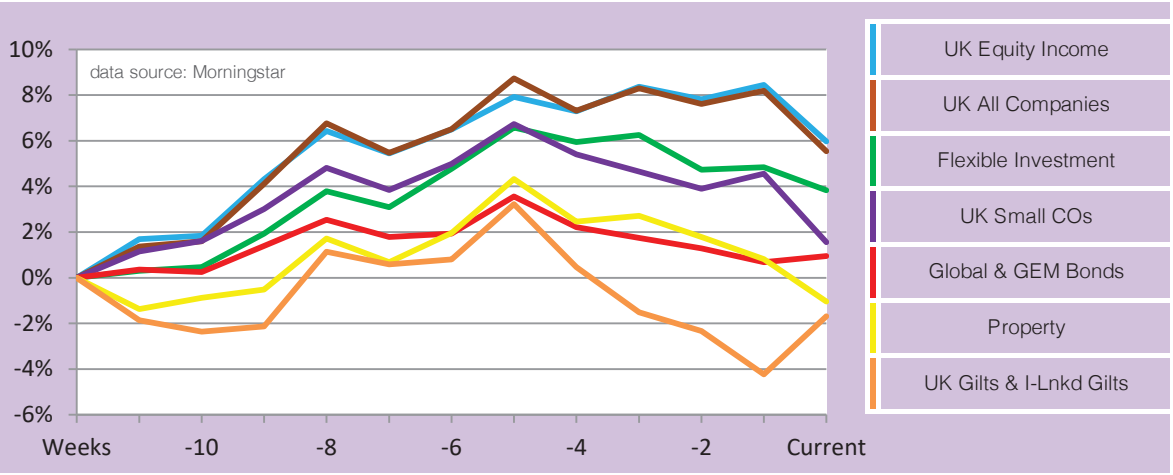
Last month's top dog

Until January, the Mixed Investment 40-85% Shares sector hadn't made it to the top of the 'Slow Ahead' Group table in our newsletter since June 2022. In December it was at the bottom of the table, with a four-week loss of 0.1%, and it was the only sector in the Group that hadn't gone up in the previous four weeks. In January it jumped up to first place, after gaining 1.0% in four weeks, and last month it was still at the top of the table with a four-week return of 1.5%. In the last four weeks it has gone down by 1.8% and dropped down to fifth place.



Mxd Inv 40-85% Shares	4 Week		12 Week		**26 Week**		Recent Weekly Deciles							
	Dec	Ret	Dec	Ret	**Dec**	**Ret**	-1	-2	-3	-4	-5	-6	-7	-8
7IM Moderately Advent	6	-1.8%	2	3.9%	**1**	**4.6%**	6	3	10	4	1	7	3	8
CT MM Navigator Balanced	6	-1.8%	1	4.0%	**1**	**4.3%**	7	4	10	3	3	2	2	7
abrdn Multi-Manager Balanced Mngd	4	-1.3%	1	5.0%	**1**	**4.1%**	4	5	10	2	1	4	2	9
Man Balanced Managed	2	-1.0%	1	4.8%	**1**	**4.1%**	9	2	7	1	3	6	2	8
Margetts Select Strategy	10	-3.3%	2	3.6%	**1**	**4.0%**	10	2	10	4	1	8	1	8
EdenTree Resp & Sust Mgd Inc	3	-1.2%	1	6.1%	**1**	**3.8%**	10	5	3	1	2	9	1	8

Performance by Saltydog Group - Steady as She Goes



This chart shows the relative performance of the sectors in this Group, calculated by looking at the average % return of the leading funds in each sector every week. In the table below the sectors are ranked by their four-week % return. All the return data is shaded to highlight the higher figures in each column.

Sector	Percentage Return Data										
	4wks	12wks	26wks	Wk -1	Wk -2	Wk -3	Wk -4	Wk -5	Wk -6	Wk -7	Wk -8
Global & GEM Bonds	**-1.3%**	0.9%	-1.2%	0.3%	-0.6%	-0.4%	-0.5%	-1.3%	1.6%	0.1%	-0.8%
UK Equity Income	**-1.3%**	6.0%	5.6%	-2.5%	0.6%	-0.5%	1.1%	-0.6%	1.4%	1.0%	-1.0%
UK All Companies	**-1.8%**	5.6%	4.3%	-2.7%	0.6%	-0.7%	1.0%	-1.4%	2.2%	1.0%	-1.3%
Flexible Investment	**-2.1%**	3.8%	2.0%	-1.0%	0.1%	-1.5%	0.3%	-0.6%	1.8%	1.7%	-0.7%
UK Gilts & I-Lnkd Gilts	**-2.2%**	-1.9%	-6.3%	2.5%	-1.9%	-0.8%	-2.0%	-2.8%	2.4%	0.2%	-0.5%
Property	**-3.4%**	-1.2%	-14.1%	-1.9%	-1.0%	-0.9%	0.3%	-1.9%	2.4%	1.3%	-1.0%
UK Small COs	**-3.8%**	1.5%	-1.3%	-3.0%	0.7%	-0.8%	-0.8%	-1.3%	1.7%	1.1%	-1.0%
Average:	*-2.3%*	*2.1%*	*-1.6%*	*-1.2%*	*-0.2%*	*-0.8%*	*-0.1%*	*-1.4%*	*1.9%*	*0.9%*	*-0.9%*

Global & GEM Bonds

The Investment Association now has over twenty sectors for funds investing in bonds and gilts. Funds are classified based on the type of bond that they invest in, and what currency they are denominated in.

There are four main types of bond. Corporate, Government, High Yield and Mixed. The currency categories for the Developed Markets are Sterling, Euro, US Dollar, and Global. Emerging Markets have local, hard, and blended.

For our analysis we split out the UK sectors, but put the rest into our combined Global & Global Emerging Market Bonds sector.

Overall Group Performance

The four-week average return for the sectors in this Group was a 0.9% gain in the January newsletter and a 0.5% gain last month. This month it's down 2.3%.

2022 was not a good year for the sectors in this Group. They all went down; two fell by around 25% and the worst lost 35%.

In the first quarter of last year, only one sector went up and that was Property. The worst performing sector was UK Smaller Companies which fell by more than 13%.

The second quarter wasn't any better. The Property sector went up but everything else went down. The losses ranged from 3.8% for Global & Global Emerging Market Bonds to 20.0% for UK Index-Linked Gilts.

Nearly all sectors went down in quarter three as well, but in the final quarter, most sectors made gains. The best, UK Equity Income, went up by 10.6%. The only ones that went down were UK Direct Property and Index-Linked Gilts.

In the January newsletter, the Property and Gilts sectors were still showing four-week losses, but everything else was up. Last month was a similar story, two sectors were down over four weeks (this time the Global Bonds and UK Gilts), but the others had gone up. This month, they are all showing four-week losses.

A bit about the 'Steady as She Goes' Group ...

The sectors in this Group have historically been more volatile than those in the 'Slow Ahead' Group, but when conditions are favourable they can give better returns.

In this Group there are some bond sectors as well as the Flexible Investment sector which invests in a combination of bonds and equities. It is one of the mixed asset sectors which were renamed at the end of 2011 and were previously known as the Cautious, Balanced, and Active Managed Sectors. These are often the 'default' funds for many financial products.

There's also the UK Equity Income sector. The income funds invest in shares that pay good dividends, and are less focused on capital growth. These tend to be the large, well known businesses like the banks, supermarkets, oil, utilities, and pharmaceutical companies.

The UK All Companies and UK Smaller Companies sectors are in this Group. Although they invest in UK Companies it's worth remembering that those companies are often international.

A full list of the sector definitions is available on the Investment Association website.

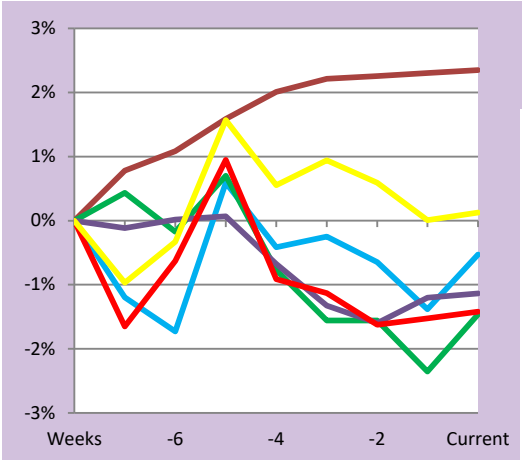
www.theinvestmentassociation.org

Performance by Saltydog Group - Steady as She Goes

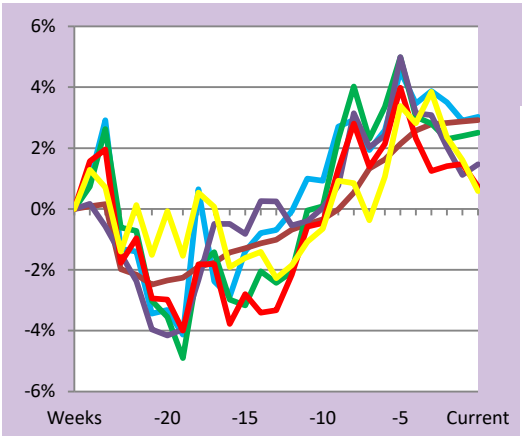
All change at the top

Our combined Global & Global Emerging Market Bond sector was at the top of the table in the September and October newsletters, but then dropped out of the limelight. Last month it was in sixth place with a four-week loss of 0.4%. In the last four weeks it has fallen a further 1.3%, but this month all of the other sectors have done worse and so it is back in the top spot. There is some more detailed analysis of the Global & Global Emerging Bond sectors on page 20.

Similar listings are available for all sectors in the members area of the website.



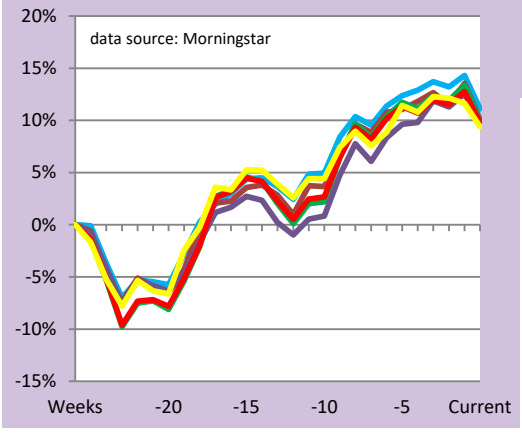
Global & GEM Bonds	4 Week		12 Week		26 Week		Recent Weekly Deciles							
	Dec	Ret	Dec	Ret	Dec	Ret	-1	-2	-3	-4	-5	-6	-7	-8
CT Dollar Bd	**1**	**-0.1%**	8	0.4%	9	-3.9%	1	9	3	7	5	4	10	7
MI Twentyfour Monument Bond	**1**	**0.3%**	6	3.6%	5	2.9%	2	7	1	6	1	10	8	1
JPM Global Bond	**2**	**-0.7%**	10	-1.4%	8	-2.1%	1	9	1	9	7	9	10	1
L&G Global Inflation Linked Bd Idx	**2**	**-0.5%**	9	-0.3%	8	-2.6%	2	6	2	8	4	10	9	1
CT EM Local Retl	**2**	**-0.5%**	5	4.7%	5	2.5%	2	7	4	8	7	7	6	9
M&G Emerging Mkts Bond	**2**	**-0.4%**	7	3.1%	5	3.0%	2	9	3	6	5	5	7	5



Global & GEM Bonds	4 Week		12 Week		26 Week		Recent Weekly Deciles							
	Dec	Ret	Dec	Ret	Dec	Ret	-1	-2	-3	-4	-5	-6	-7	-8
M&G Emerging Mkts Bond	2	-0.4%	7	3.1%	**5**	**3.0%**	2	9	3	6	5	5	7	5
MI Twentyfour Monument Bond	1	0.3%	6	3.6%	**5**	**2.9%**	2	7	1	6	1	10	8	1
CT EM Local Retl	2	-0.5%	5	4.7%	**5**	**2.5%**	2	7	4	8	7	7	6	9
M&G Europ Corp Bond	5	-1.6%	7	2.0%	**6**	**1.5%**	2	9	7	7	7	3	8	6
Baillie Gifford Emerg Mkts Bond	4	-1.5%	7	3.0%	**6**	**0.7%**	3	7	1	9	7	6	6	8
M&G Global Convertible	7	-2.2%	7	2.5%	**6**	**0.6%**	3	9	9	4	3	4	3	7

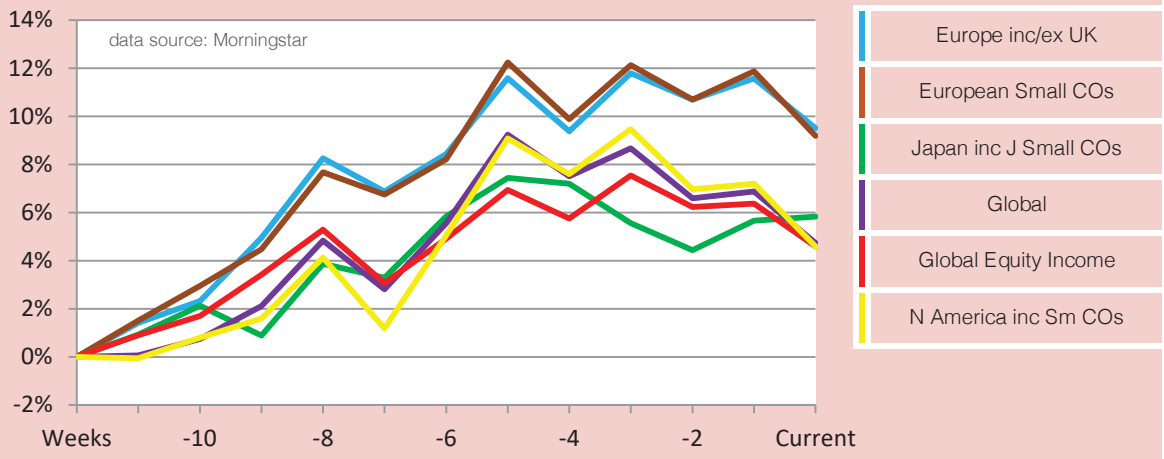
Still in second

In November the UK Equity Income sector was in second place with a four week return of 3.5%. At the time it was still down 5.7% over twelve weeks and 4.2% over twenty-six weeks. A month later and it was in first place, having gone up by 0.5% over four weeks, and it was also showing a gain over twelve weeks. In January it was still there with a four-week gain of 3.2%. Last month it dropped to second place, with a four-week return of 0.8%, and since then it's fallen by 1.3%, but held on to second place.



UK Equity Income	4 Week		12 Week		26 Week		Recent Weekly Deciles							
	Dec	Ret	Dec	Ret	Dec	Ret	-1	-2	-3	-4	-5	-6	-7	-8
BNY Mellon UK Income	5	-1.6%	**1**	8.5%	**1**	**11.1%**	8	2	3	5	1	9	2	4
UBS UK Equity Inc	5	-1.6%	**1**	9.0%	**1**	**10.1%**	9	1	7	5	1	10	2	4
Schroder Income	3	-1.0%	**1**	9.9%	**1**	**10.0%**	8	1	3	4	3	8	2	7
Jupiter Inc Trust,	1	0.0%	**1**	10.9%	**1**	**9.8%**	5	2	4	1	2	8	2	9
Schroder Inc Maximiser,	3	-0.8%	**1**	9.2%	**1**	**9.8%**	7	2	3	3	3	9	2	6
Royal London Equity Inc	4	-1.3%	**2**	6.7%	**1**	**9.4%**	4	9	2	3	3	4	4	7

Performance for the Full Steam Ahead Developed Group



This chart shows the relative performance of the sectors in this Group, calculated by looking at the average % return of the leading funds in each sector every week. In the table below, the sectors are ranked by their four-week % return. All the return data is shaded to highlight the higher figures in each column.

Sector	Percentage Return Data										
	4wks	12wks	26wks	Wk -1	Wk -2	Wk -3	Wk -4	Wk -5	Wk -6	Wk -7	Wk -8
Europe inc/ex UK	**0.1%**	9.6%	11.1%	-2.1%	0.9%	-1.1%	2.4%	-2.2%	3.2%	1.6%	-1.4%
European Small COs	**-0.8%**	9.3%	10.1%	-2.7%	1.2%	-1.4%	2.2%	-2.4%	4.0%	1.5%	-0.9%
Global Equity Income	**-1.2%**	4.5%	2.8%	-1.8%	0.1%	-1.3%	1.8%	-1.2%	2.0%	1.8%	-2.2%
Japan inc J Small COs	**-1.4%**	5.9%	4.0%	0.2%	1.2%	-1.1%	-1.6%	-0.2%	1.6%	2.6%	-0.6%
Global	**-2.8%**	4.6%	-1.2%	-2.1%	0.3%	-2.1%	1.2%	-1.7%	3.7%	2.7%	-2.0%
N America inc Sm COs	**-3.1%**	4.3%	-4.3%	-2.6%	0.2%	-2.5%	1.9%	-1.5%	4.0%	3.9%	-2.9%
Average:	*-1.5%*	*6.4%*	*3.8%*	*-1.9%*	*0.7%*	*-1.6%*	*1.3%*	*-1.5%*	*3.1%*	*2.3%*	*-1.7%*

The European Sectors

Funds investing predominantly in Europe fall into three different Investment Association sectors.

Europe including UK for funds investing at least 80% of their assets in European equities. They may include UK equities, but these must not exceed 80% of the fund's assets.

Europe excluding UK for funds which invest at least 80% of their assets in European equities and exclude UK securities.

European Smaller Companies for funds investing in companies from the bottom 20% of the European market by market capitalisation.

Overall Group Performance

In the January newsletter, the overall Group four-week average was a gain of 1.7% , and last month was even better, up 2.1%. Unfortunately, this month it's a loss of 1.5%.

Last year, all of the sectors in this Group went down and the worst, European Smaller Companies, fell by nearly 22%.

At the end of the first quarter of 2022, all sectors in this Group were already showing losses. By the end of the second quarter the situation was even worse.

Even the best performing sector, Global Equity Income, had gone down by 6.2% in the previous six months, and the worst sector, European Smaller Companies, had lost 25.9%.

In quarter three the American, Japanese, and Global sectors did make gains, but the others went down again.

Quarter four was better, with most sectors making gains. Only the American sector went down

In January's issue, the American and Japanese sectors didn't go up, but all the others did. Last month was better, with all sectors showing four-week gains, but this month most are down. Only our combined Europe inc/ex UK sector has gone up.

The sectors in the 'Full Steam Ahead Developed' Group ...

The sectors in the 'Full Steam Ahead' Groups have historically been the most volatile.

They can give the best returns when conditions are favourable, but are also likely to suffer the most if market conditions take a turn for the worse.

There are a lot of sectors which we consider 'Full Steam Ahead' and so we have split them into two groups to make analysis easier.

The 'Developed' Group focuses on sectors which are usually considered 'Developed' Markets. These are the UK, Europe, North America, and Japan.

The European funds are split into Europe including the UK, and Europe excluding UK, but we have joined them and called it Europe inc / ex UK - an oxymoron, but hopefully now it makes sense.

The North America and North American Smaller Companies sectors have also been combined, as have the Japan and the Japanese Smaller Companies.

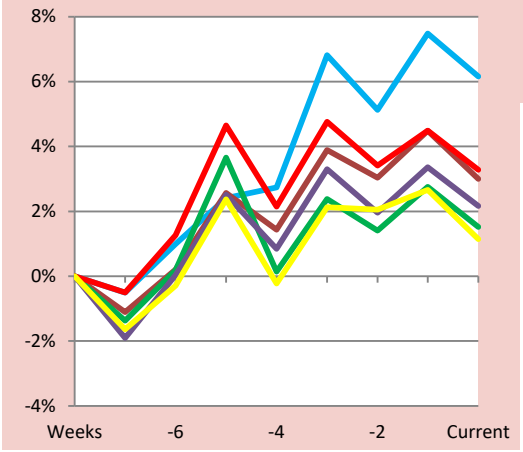
We also include the 'Property' sector in this Group.

Performance of the Full Steam Ahead Developed Group

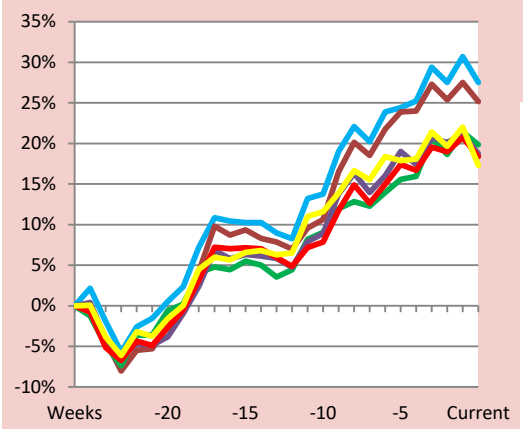
Back on top

The combined Europe including UK and Europe excluding UK sector was at the top of the table last November. It then dropped to second place in December, and was still there in January with a four-week return of 3.7%. Last month it dropped to fourth, but had still gone up by 1.0% in the previous four weeks. Since then it has only risen by 0.1%, but that's enough to put it back at the top of the table.

Similar listings are available for all sectors in the members area of the website.



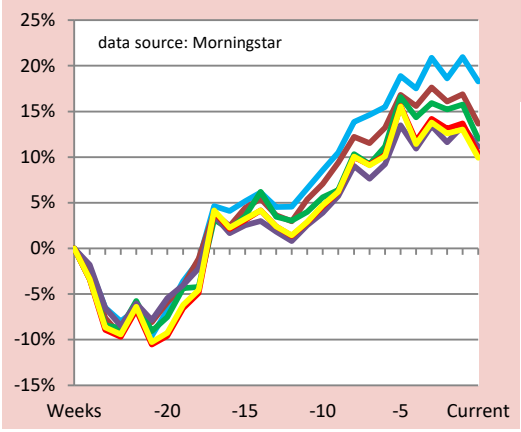
Europe inc/ex UK	4 Week		12 Week		26 Week		Recent Weekly Deciles							
	Dec	**Ret**	Dec	Ret	Dec	Ret	-1	-2	-3	-4	-5	-6	-7	-8
Artemis SmartGARP European Eq	**1**	**3.3%**	1	14.7%	1	19.8%	3	1	5	1	1	10	9	1
JPM Europe Dynamic	**1**	**1.5%**	2	9.6%	2	11.9%	3	2	2	2	4	8	9	2
CT Select European Equity	**1**	**1.3%**	2	10.1%	3	9.1%	3	2	2	3	10	5	8	4
JOHCM Continental European	**1**	**1.3%**	1	12.0%	1	16.6%	3	2	4	2	6	7	7	6
SVS Sanlam Europ Equity	**1**	**1.1%**	1	12.3%	1	12.3%	3	3	4	2	8	5	8	1
Schroder European	**1**	**1.3%**	2	9.5%	3	9.4%	3	5	1	3	9	7	9	5



Europe inc/ex UK	4 Week		12 Week		**26 Week**		Recent Weekly Deciles							
	Dec	Ret	Dec	Ret	**Dec**	**Ret**	-1	-2	-3	-4	-5	-6	-7	-8
LF Brook Continental European	1	1.8%	1	17.8%	**1**	**27.5%**	8	1	4	1	1	10	3	4
Schroder European Opportunities	1	0.9%	1	17.0%	**1**	**25.2%**	5	1	5	1	1	9	5	3
Artemis SmartGARP European Eq	1	3.3%	1	14.7%	**1**	**19.8%**	3	1	5	1	1	10	9	1
EdenTree Amity European	1	1.1%	1	13.3%	**1**	**18.7%**	6	4	1	1	5	7	8	6
Invesco Europ Equity.	1	1.5%	1	12.9%	**1**	**18.4%**	6	2	1	2	3	8	7	6
LF Lightman European	4	-0.7%	2	10.1%	**1**	**17.3%**	10	1	4	1	1	10	5	2

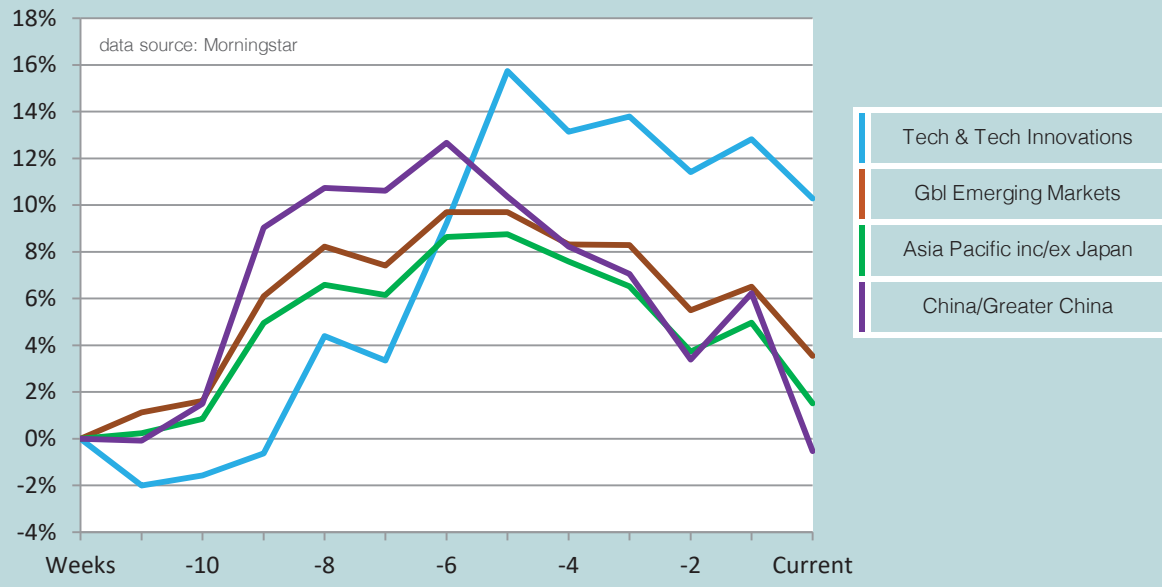
This month's runner up

The European Smaller Companies sector was in first place in the January newsletter, just ahead of the Europe inc/ex UK sector, having made 3.8% in the previous four weeks. Last month it dropped down to fourth place, with a four-week return of 2.1%, but this month it's moved up to second place, although it is reporting a four-week loss of 0.8%.



European Small COs	4 Week		12 Week		**26 Week**		Recent Weekly Deciles							
	Dec	Ret	Dec	Ret	**Dec**	**Ret**	-1	-2	-3	-4	-5	-6	-7	-8
Invesco Europ Small COs.	1	0.7%	1	13.1%	**1**	**18.3%**	7	1	6	1	4	6	10	1
Janus H'son Europ Sm COs	5	-1.7%	2	10.4%	**1**	**13.7%**	8	5	4	5	4	6	9	1
abrdn European Smaller Companies	6	-2.1%	3	8.7%	**2**	**12.0%**	10	6	1	7	7	2	8	2
Baring Europe Select.	2	0.2%	2	10.2%	**2**	**11.1%**	6	2	5	3	8	4	9	3
Jupiter Europe (ex UK) SmlComs	4	-1.2%	3	8.9%	**2**	**10.4%**	9	5	2	3	9	2	10	2
Jupiter European Smaller Coms	5	-1.4%	3	8.4%	**2**	**9.9%**	8	6	3	4	10	2	10	2

Performance for the Full Steam Ahead Emerging Group



This chart shows the relative performance of the sectors in this Group, calculated by looking at the average % return of the leading funds in each sector every week. In the table below the sectors are ranked by their 4 week % return. All the return data is shaded to highlight the higher figures in each column.

Sector	Percentage Return Data										
	4wks	12wks	26wks	Wk -1	Wk -2	Wk -3	Wk -4	Wk -5	Wk -6	Wk -7	Wk -8
Tech & Tech Innovation	**-2.9%**	10.0%	-3.8%	-2.5%	1.4%	-2.4%	0.6%	-2.6%	6.5%	5.9%	-1.1%
Gbl Emerging Markets	**-4.7%**	3.3%	-1.8%	-3.0%	1.0%	-2.8%	0.0%	-1.4%	0.0%	2.3%	-0.8%
Asia Pacific inc/ex Japa	**-6.0%**	1.2%	-2.0%	-3.4%	1.2%	-2.8%	-1.1%	-1.2%	0.1%	2.5%	-0.4%
China/Greater China	**-8.8%**	-1.4%	-6.5%	-6.8%	2.8%	-3.7%	-1.2%	-2.1%	-2.3%	2.1%	-0.1%
Average:	*-5.6%*	*3.3%*	*-3.5%*	*-3.9%*	*1.6%*	*-2.9%*	*-0.4%*	*-1.8%*	*1.1%*	*3.2%*	*-0.6%*

Tech & Tech Innovations

This is one of the more specialist sectors, defined by the Investment Association as:

"Funds that invest at least 80% of their assets in equities of technology and related sectors, including industries such as telecommunications, robotics and online retailers"

We include it in our 'Full Steam Ahead - Emerging' Group because of its historic volatility, and for the practical reason that there aren't many other sectors in this Group.

In terms of investment, these funds will probably be predominantly invested in the United States.

Overall Group Performance

In the January newsletter, the overall four-week Group average was a gain of 3.2%, and last month it was up 1.8%. This month it's down 5.6%.

The sectors in this Group tend to be the most volatile.

Unfortunately, last year was a year of losses. All sectors ended the year down and the worst, Technology & Technology Innovations, fell by just over 27%.

In the first quarter of 2022, all sectors in this Group went down. The China/Greater China sector had a strong second quarter, but everything else made losses.

Only the Technology sector went up in quarter three, and by just 0.8%. The China/Greater China sector went down by more than 14%. In the final quarter of last year, the Technology sector lost 3.9%, but all of the other sectors went up.

The Technology sector was also the only sector in the Group showing a four-week loss in the January issue. The China/Greater China sector was at the top of the table, up 7.4%.

Last month there was a complete reversal. The Technology sector jumped to the top of the table with a four-week return of 8.7%, while China/Greater China lost 2.6%.

The sectors in the 'Full Steam Ahead Emerging' Group ...

The sectors in the 'Full Steam Ahead' Groups have historically been the most volatile.

They can give the best returns when conditions are favourable, but are also likely to suffer the most if market conditions take a turn for the worse.

There are a lot of sectors which we consider to be 'Full Steam Ahead' and so we have split them into two groups to make analysis easier.

The 'Emerging' Group focuses on sectors which are usually considered 'Emerging' Markets. These are Asia Pacific, China & Greater China, and Global Emerging Markets.

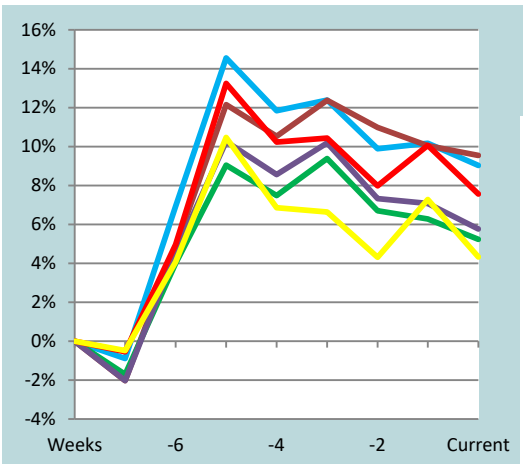
The Asia Pacific funds are split into those including Japan and those not including Japan - we have joined the two sectors and called it Asia Pacific inc / ex Japan.

The 'Technology & Technology Innovations' sector is also in this Group. It may not fit exactly with our 'Emerging Markets' theme, but the funds have a similar level of volatility, and so we put it into the 'Full Steam Ahead' Group with the fewest other sectors.

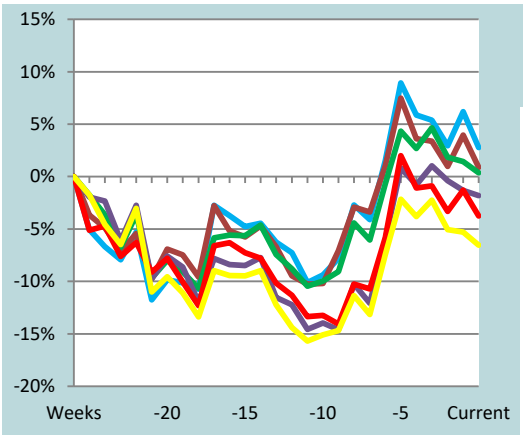
Performance of the Full Steam Ahead Emerging Group

Still on top

The Technology & Technology Innovations sector was at the bottom of the table in the September newsletter with a four-week loss of 4.5%. In the next four weeks it went down by 4.8% but moved up to third place, ahead of China/Greater China. In the November issue it was back in last place again,with a four-week loss of 7.7%, and it remained there in December with a four-week loss of 3.6%. In the January issue it was still at the bottom of the table, down 2.4%, but last month moved back into pole position, up 8.7% in four weeks. Since then it has gone down by 2.9%, but remains at the top of the table.



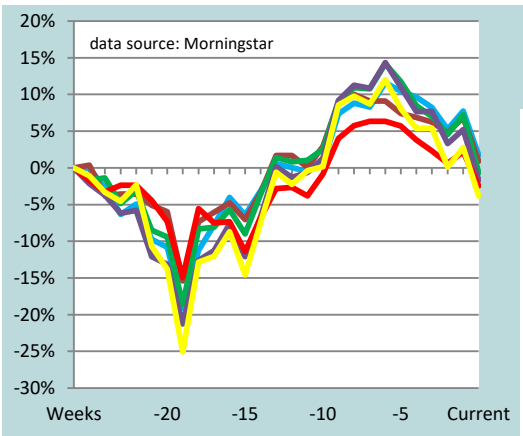
Tech & Tech Innovations	4 Week		12 Week		26 Week		Recent Weekly Deciles							
	Dec	Ret	Dec	Ret	Dec	Ret	-1	-2	-3	-4	-5	-6	-7	-8
T. Rowe Price Global Tech	1	-2.8%	1	12.1%	10	-9.0%	1	9	4	1	9	1	1	8
Liontrust Global Technology	1	-1.0%	1	11.9%	4	-1.8%	1	10	1	1	7	1	1	10
Janus H'son Gbl Technology	1	-2.3%	1	10.0%	3	0.4%	1	10	5	1	7	1	1	10
AXA Fram Global Technology	1	-2.8%	1	9.2%	8	-6.5%	1	10	6	1	7	1	1	10
L&G Global Tech Index	1	-2.7%	1	8.5%	6	-3.8%	2	3	3	2	10	1	1	5
Fidelity Global Technology	1	-2.6%	1	11.4%	2	0.9%	3	2	3	4	10	1	1	5



Tech & Tech Innovations	4 Week		12 Week		26 Week		Recent Weekly Deciles							
	Dec	Ret	Dec	Ret	Dec	Ret	-1	-2	-3	-4	-5	-6	-7	-8
Pictet - Robotics	2	-2.9%	1	10.8%	1	2.8%	5	2	3	4	9	1	1	10
Fidelity Global Technology	1	-2.6%	1	11.4%	2	0.9%	3	2	3	4	10	1	1	5
Janus H'son Gbl Technology	1	-2.3%	1	10.0%	3	0.4%	1	10	5	1	7	1	1	10
Liontrust Global Technology	1	-1.0%	1	11.9%	4	-1.8%	1	10	1	1	7	1	1	10
L&G Global Tech Index	1	-2.7%	1	8.5%	6	-3.8%	2	3	3	2	10	1	1	5
AXA Fram Global Technology	1	-2.8%	1	9.2%	8	-6.5%	1	10	6	1	7	1	1	10

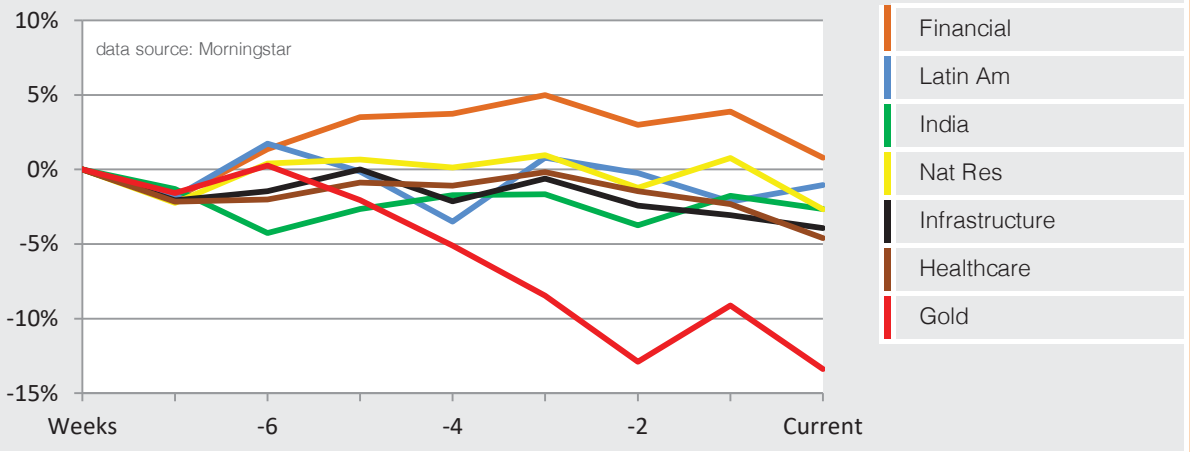
Still at the bottom

The China/Greater China sector was at the bottom of the table in the October and November newsletters. In the October issue it was showing a four-week loss of 5.8% and in the November edition it was down 7.7%. It then rebounded strongly. In the December edition it was at the top of the table with a four-week return of 9.5% and in January it was still in first place having gained a further 7.4%. In last month's newsletter, it was back down at the bottom of the table again after losing 2.6% in four weeks. This month it's still at the bottom of the table, but it is now showing a four-week loss of 8.8%.



China/Greater China	4 Week		12 Week		26 Week		Recent Weekly Deciles							
	Dec	Ret	Dec	Ret	Dec	Ret	-1	-2	-3	-4	-5	-6	-7	-8
FSSA Greater China Growth	8	-7.2%	6	1.7%	1	1.7%	8	3	5	8	1	8	3	5
FSSA China A Shares VI	5	-5.6%	8	-0.8%	2	0.9%	8	4	1	5	1	9	10	7
Matthews China Dividend	9	-8.4%	9	-1.5%	3	-0.7%	10	3	3	8	10	9	3	3
Invesco China Equity	9	-8.7%	8	-0.4%	4	-1.7%	9	4	9	2	10	9	3	4
abrdn China A Share Equity	6	-6.1%	7	0.2%	5	-2.5%	8	5	2	9	7	7	10	1
Fidelity China Consumer	9	-8.7%	9	-1.6%	6	-3.8%	9	2	10	2	9	10	3	9

Performance of the Saltydog SubZones



This chart shows the relative performance of the different SubZones that we have created to help make sense of this sector. In the table below the SubZones are ranked by their 4 week % return. All the return data is shaded to highlight the higher figures in each column.

SubZone	Percentage Return Data										
	4wks	12wks	26wks	Wk -1	Wk -2	Wk -3	Wk -4	Wk -5	Wk -6	Wk -7	Wk -8
Latin Am	2.4%	11.9%	0.9%	1.1%	-1.9%	-1.0%	4.3%	-3.4%	-1.9%	3.6%	-1.9%
India	-1.0%	-2.1%	-8.9%	-0.9%	2.0%	-2.1%	0.1%	0.9%	1.6%	-2.9%	-1.3%
Infrastructure	-1.8%	-0.2%	-8.0%	-0.9%	-0.6%	-1.8%	1.5%	-2.1%	1.5%	0.6%	-2.1%
Nat Res	-2.9%	2.8%	-0.9%	-3.4%	2.0%	-2.2%	0.8%	-0.5%	0.3%	2.6%	-2.2%
Financial	-3.0%	7.7%	2.0%	-3.1%	0.9%	-2.0%	1.3%	0.2%	2.1%	3.3%	-1.9%
Healthcare	-3.5%	-3.0%	-4.3%	-2.3%	-0.9%	-1.3%	0.9%	-0.2%	1.1%	0.1%	-2.2%
Gold	-8.8%	-0.7%	5.8%	-4.3%	3.8%	-4.4%	-3.4%	-3.1%	-2.3%	1.9%	-1.6%
Average:	*-2.7%*	*2.3%*	*-1.9%*	*-2.0%*	*0.7%*	*-2.1%*	*0.8%*	*-1.2%*	*0.4%*	*1.3%*	*-1.9%*

Overall Performance

Last month the SubZone four-week average return was a 1.4% loss and most of the SubZones had made four-week losses. This month it's a 2.7% loss.

Some of the best performing funds last year were from the specialist SubZones.

In the first quarter of 2022, the best performing funds were investing in Latin America. They went up by 26% when just about everything else was going down.

By the end of the second quarter, China/Greater China, from our 'Full Steam Ahead - Emerging' Group was leading the way, but then the Financial, Healthcare, Latin America, and India/Indian Subcontinent funds took over in quarter three.

The European sectors, from our 'Full Steam Ahead - Developed' Group, generated the greatest returns in quarter four with double-digit gains. Our specialist SubZones didn't perform well.

By the January newsletter, the situation had improved and only the India SubZone was showing a four-week loss. It didn't last long. In the February issue the Financial SubZone made 3.7%, Natural Resources was level, but all of the other SubZones were reporting four-week losses. This month only the Latin America SubZone is up over four weeks.

Liontrust Latin America

There are three Latin American funds in this month's 'Specialist' table. They are in second, third and fourth place. Jupiter India is in first.

The Liontrust Latin America fund was launched at the end of 2007 and at £35 million is still relatively small. It was called the Neptune Latin America fund until Liontrust acquired Neptune in 2019.

The objective of the fund is to provide capital growth by investing mainly in Latin American companies. Just under 65% of the fund is invested in Brazil and around 30% is in Mexico. The rest is in North America and Europe.

What is special about the 'Specialist' sector?

The specialist sector is a bit of an odd ball!

This is where all the funds which don't naturally fit into another sector end up and so, not surprisingly, is something of a mixed bag.

We consider it 'high risk', because most of the funds have the same level of volatility that you would associate with the 'Full Steam Ahead' Groups, but this is not always the case.

We don't calculate a sector average because it wouldn't be a fair comparison with the other Groups. There are nearly always funds doing well in this sector, but they might not be the ones that were doing well last month.

To help with our analysis we have created a number of SubZones where we analyse the relative performance of various funds investing in similar things. These are Financial, Infrastructure Healthcare, India, Latin America, Russia & Eastern Europe, and Gold.

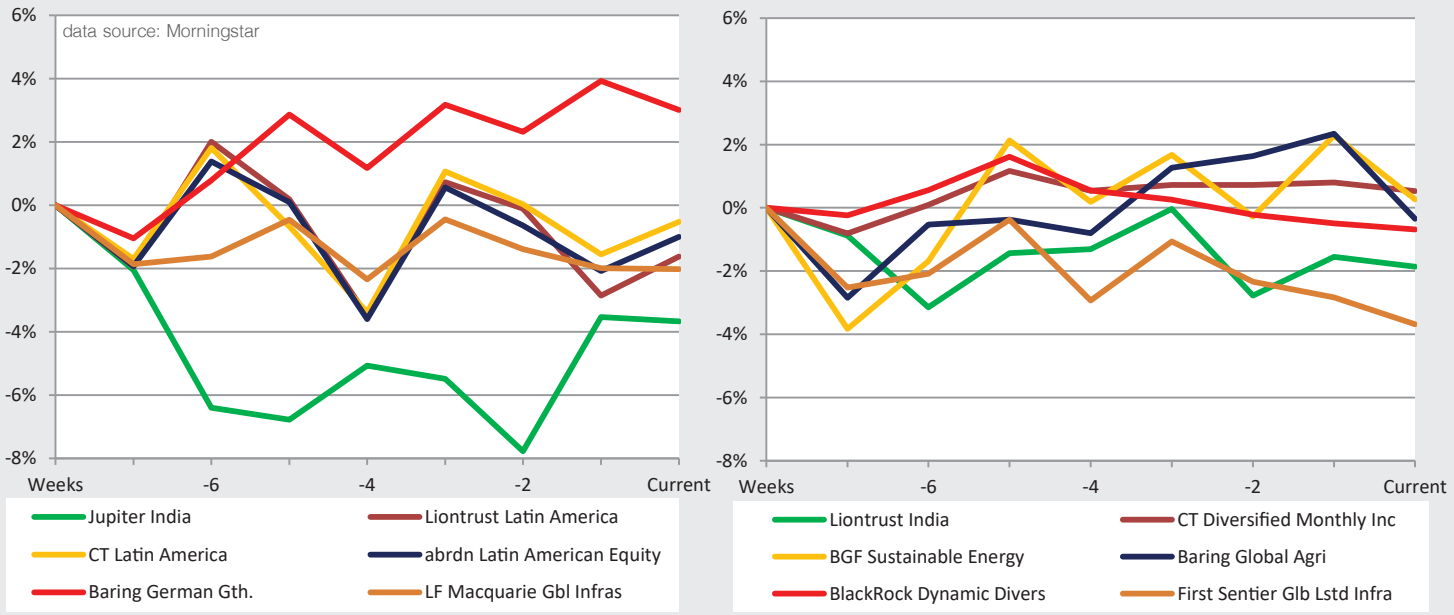
In total we analyse around 65 funds in this sector, most of which do not fall within one of the SubZones.

Specialist Sector - 4 Week Data

The Specialist Sector contains funds that do not fit into the constraints of the mainstream sectors, so they are something of a mixed bag. We have created our own SubZones for the funds that have a broadly similar focus - Healthcare, Financial, Gold, India, Latin America, Natural Resources, Infrastructure, Russia & Eastern Europe. All the funds are measured by their 4 Week Decile Ranking and then their Recent Weekly Deciles.

Fund	SubZone (If Applicable)	4 Week		12 Week		26 Week		Recent Weekly Deciles							
		Decile	Return	Decile	Return	Decile	Return	-1	-2	-3	-4	-5	-6	-7	-8
Jupiter India	India	1	1.3%	9	-1.7%	8	-5.7%	1	1	7	9	1	8	10	7
Liontrust Latin America	Latin Am	1	1.8%	1	11.0%	5	-0.3%	1	10	2	1	9	9	1	7
CT Latin America	Latin Am	1	2.8%	1	12.9%	4	1.0%	1	10	4	1	9	9	2	5
abrdn Latin American Equity	Latin Am	1	2.5%	1	12.0%	3	1.9%	1	10	4	1	10	8	2	6
Baring German Growth.		1	1.8%	1	11.4%	1	17.2%	3	3	2	1	7	3	5	4
LF Macquarie Global Infras,	Infrastructure	2	0.3%	5	1.9%	5	-0.3%	1	9	3	2	7	5	9	6
Liontrust India	India	2	-0.6%	9	-2.2%	9	-8.0%	2	4	9	4	3	4	10	3
CT Diversified Monthly Income 2		2	0.0%	6	1.2%	6	-1.1%	2	7	1	7	5	6	7	3
BGF Sustainable Energy		2	0.0%	2	6.3%	2	3.6%	5	3	6	4	7	2	5	10
Baring Global Agriculture.	Nat Res	2	0.4%	4	3.6%	7	-2.9%	6	5	1	1	4	8	4	10
BlackRock Dynamic Diversified		3	-1.2%	6	1.3%	4	0.5%	2	8	2	8	6	6	7	1
First Sentier Glb Lstd Infra	Infrastructure	3	-0.8%	7	-0.1%	9	-8.2%	2	9	4	2	8	5	9	9
Invesco Global Financial Capital	Financial	3	-0.9%	2	9.0%	1	12.8%	4	4	1	9	2	5	5	1
HSBC Monthly Inc		3	-1.1%	3	5.2%	2	5.2%	4	6	2	6	3	7	8	3
LF Canlife UK Equity and Bond Inc		3	-1.2%	4	4.3%	1	5.5%	5	6	2	5	2	7	7	3
FTF ClearBridge Global Infras	Infrastructure	4	-1.8%	8	-1.3%	10	-11.8%	2	10	5	3	9	7	7	6
Stewart Investors Indian Sbctnt	India	4	-1.8%	8	-0.7%	9	-10.0%	3	4	4	9	1	5	10	4
CG Absolute Return		4	-1.4%	7	1.0%	6	-2.4%	3	5	3	8	4	7	8	2
Royal London UK Income + Grth		4	-1.4%	4	4.2%	2	5.2%	4	7	3	5	3	5	8	3
CT Monthly Extra Inc		4	-1.4%	5	2.8%	3	2.6%	5	8	1	5	5	3	9	4
GS India Equity	India	5	-2.7%	10	-3.8%	10	-12.0%	5	5	6	7	3	2	10	4
Jupiter Financial Opps	Financial	5	-2.4%	2	6.9%	4	1.6%	7	5	5	3	2	6	3	7
Guinness Sustainable Energy	Nat Res	5	-2.3%	3	5.8%	5	0.1%	8	1	9	5	7	1	3	10
Pictet-Clean Energy	Nat Res	5	-2.7%	3	4.9%	7	-4.6%	8	3	7	3	9	1	1	9
Sarasin Food & Agri Opps	Nat Res	5	-2.5%	7	0.0%	8	-6.3%	8	7	1	4	10	2	6	8
M&G Global Listed Infrastructure	Infrastructure	6	-3.1%	6	1.3%	9	-6.5%	4	9	8	4	7	4	8	9
AXA Fram Health	Healthcare	6	-2.8%	9	-1.4%	7	-3.8%	5	10	3	4	3	8	9	6
TB Guinness Global Energy	Nat Res	6	-3.0%	5	3.0%	2	5.1%	6	3	9	7	1	10	4	5
AXA Fram Financial:	Financial	6	-2.9%	1	9.1%	7	-4.8%	7	4	9	2	8	1	2	8

The charts below shows the 8 week performance of the leading funds in the Specialist sector table above.



Global Bond Analysis

In 2021, the Investment Association introduced a whole range of new sectors to provide more specifc information about Global Bonds. Every few months we have a closer look at how they are doing.

On Page 8 we look at the monthly performance of most of the Investment Association sectors. This includes UK Gilts and Index Linked Gilts, as well as £ Corporate Bonds, £ High Yield Bonds and £ Strategic Bonds. All the other bond sectors are represented by our Global and GEM Bond sector.

Here we drill down into the performance of all the other individual bond sectors over the last couple of years.

All in all, it's not been great. Twelve out of the sixteen sectors went down in 2021, and only one sector didn't do down last year.

There was a pickup in January, but it was short-lived. Most sectors went down in February, however more than half are still up over two-months.

Investment Association Sector	Returns (%)				1st Jan to 28th Feb
	2021	2022	Jan	Feb	
Euro Corporate Bond	-7.2	-7.3	1.4	-2.0	-0.6
Euro Government Bond	-8.2	-12.2	1.8	-2.8	-1.1
Euro High Yield Bond	-3.4	-5.7	2.3	-0.8	1.5
Euro Mixed Bond	-8.0	-12.0	1.7	-2.4	-0.8
USD Corporate Bond	-0.4	-1.7	1.0	-0.9	0.1
USD Government Bond	-0.2	-0.4	0.0	-0.4	-0.4
USD High Yield Bond	5.0	-1.2	1.4	0.2	1.6
USD Mixed Bond	0.4	-1.5	0.9	-0.6	0.2
Global Corporate Bonds	-0.8	-11.9	2.6	-1.9	0.7
Global Government Bond	-5.3	-7.8	1.2	-2.0	-0.8
Global High Yield Bond	3.6	-7.3	2.7	-0.9	1.8
Global Inflation Linked Bond	3.7	-10.3	1.4	-1.5	-0.2
Global Mixed Linked Bond	-2.2	-8.7	2.0	-1.5	0.4
G.E.M Bond - Blended	-3.7	-8.0	2.6	-2.1	0.5
G.E.M Bond - Hard Currency	-2.0	-10.1	1.9	-1.6	0.3
G.E.M Bond - Local Currency	-7.6	0.3	2.5	-1.9	0.5

Data source: Morningstar

If you are managing your own investments, but need fixed tariff financial planning, then Saltydog have negotiated special rates for subscribers with IFA firm JPM Asset Management Ltd. For more information give them a call on 01184 181818, or visit their website www.jpmasset.co.uk

WHAT'S HOT AND WHAT'S NOT

GOING UP

ECB raises interest rates by 0.5%

Gold price back above $1900 / oz

Bitcoin up 35% in a week

BBC licence fee up £13 next year

Annual pension allowance increased to £60k

GOING DOWN

UK house prices to fall 10% by 2024 (OBR)

SVB Financial Group files for bankruptcy.

Oil price drops below $75/barrel

John Lewis scraps staff bonus

TikTok banned on Government devices

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