Handelsbanken
Wealth & Asset Management

MID-YEAR INVESTMENT OUTLOOK 2024

Beginning the next chapter

Contents

Welcome to our Mid-Year Investment Outlook

We could be approaching a different phase for the global economy, as regional economies begin to edge their way through (and out of) recessionary conditions and start to show signs of nascent life once more. In our first article, *On the lookout for green shoots of growth*, we look at the different ways in which major economies across the developed world have coped with a regime of sharply higher inflation and interest rates, and what could come next for global economic growth.

How could we go any further without putting interest rates under the microscope? Inflation appears to be coming back under control, and investors must now question how the world's leading central banks will proceed from here. Our second article, *Swinging the axe on interest rates*, highlights the market's predictions for the next steps for central bankers in the UK, Europe, and the US. We also outline our own expectations: suffice to say, we don't always agree with the market.

The second half of 2024 also plays host to a major political event in the world's most influential economy: the US presidential election. If you're interested in the betting odds on Trump versus Biden, the wider political changes the election could herald, and the likely response from stock markets to either winner, you might like to read our third article: *Entering the US voting booth*.

Sticking with the US, and we'd like to offer you a deeper dive on the companies dominating performance in the US stock market over the past few years. Who are the so-called 'Magnificent Seven', and what does their hold over the US market mean for investors? Read our fourth article, *Unmasking the Magnificent Seven*, to find out more.

Finally, amid political change and open conflict around the world, we consider the tools at our disposal to help weather the storms. From good old-fashioned 'safe havens', to complex financial products designed to kick in during sharp market falls, our final article, *Weathering financial markets amid conflict and upheaval*, outlines some of the tools we draw on in our efforts to protect your investments.

As always, we're keen to hear your feedback on this edition of our Mid-Year Investment Outlook. You can contact us with any thoughts or queries at **marketing.hwam@handelsbanken.co.uk**.

We wish you a safe and enjoyable next chapter in 2024, and look forward to keeping in touch.

Graham Bishop Chief Investment Officer

Over the past couple of years, the world's major developed economies have coped very differently with suddenly higher inflation and ratcheted-up interest rates.

Today, we stand on the brink of interest rate cuts and political upheaval. Will the economic disparities continue?

On the lookout for green shoots of growth

As interest rates shot higher in the fight against the highest inflation seen since the 1980s, the UK and German economies each experienced a 'technical recession' (two consecutive quarters of negative economic growth). Across the pond, however, the US economy proved much more resilient. Two major factors created this so-called 'US exceptionalism', boosting the performance of the US economy and its stock market:

1. **The US mortgage market's low sensitivity to interest rate hikes**

   Most US mortgage deals are fixed for 25-30 years (unlike for just a handful of years in the UK and Europe). This means that even very sharp interest rate hikes have less of an impact.

2. **A huge savings buffer for US consumers**

   US consumers built up excess savings of around $2.5trillion during the COVID-19 lockdowns, helping them to weather a 40-year high in the cost of living.

This remarkable resilience notwithstanding, we are now seeing signs that the US economy is still growing, but slowing. Consumers – who really drive the US economy – are increasingly unable to maintain the pace of consumption they've delivered over the past two years. Those excess savings have now been spent, and unemployment is slowly starting to rise – a trend we expect to continue as the year goes on.

US inflation levels also present challenges to the outlook for US economic growth. In the UK and Europe, inflation has been coming down sharply, but US pricing pressures are proving much more stubborn. We'll be keeping a close eye on this picture as it unfolds.

US INFLATION

MAY 2023
4.0%

MAY 2024
3.4%

UK INFLATION

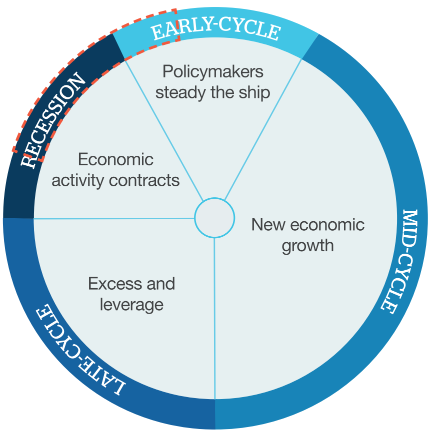
MAY 2023
8.7%

MAY 2024
2.0%

Source: National sources, inflation measured by headline Consumer Price Index (CPI)

> "US inflation levels also present challenges to the outlook for US economic growth. In the UK and Europe, inflation has been coming down sharply, but US pricing pressures are proving much more stubborn."

Graham Bishop Chief investment Officer



Source: Handelsbanken Wealth & Asset Management

Recession in the UK and Europe has given way to early signs of growth

Meanwhile, we are now seeing embryonic signs of green shoots in previously embattled economies on this side of the Atlantic Ocean. Consumer and business confidence has stopped contracting, and is now rising, in both the UK and Europe. Banks are being less restrictive when it comes to lending to consumers and businesses – often an indicator that an economy has reached the bottom of its recessionary period and is ready to move on through the economic cycle.

If UK and European inflation continues to fall back to more normal levels, it could give central banks room to incrementally lower interest rates. In turn, this should help to reinforce an improving economic growth backdrop.

Don't get too excited: government debt levels could stunt growth prospects

This sounds like an upbeat picture, but it's difficult to get too excited about the strength of any rising economic recovery. Unfortunately, high national debt levels are set to severely restrict the ability of governments to stimulate these green shoots into a full-blown recovery.

To a certain extent, politicians' hands are tied. The Truss saga of October 2022 must surely loom large in the memory of the incoming UK government, serving as a warning that high debt levels, widening government deficits, and splurging on unfunded promises are no longer palatable to investors. Indeed, political leaders around the world would be wise to take note, as voters collectively representing 40% of the world economy are heading to voting booths in 2024.

Will a busy year for elections influence our thinking?

The new UK government will find it challenging to fund any drastic new policies, and the results of the general election are therefore unlikely to affect our investment decisions in the near term.

However, the US election does have some capacity to modify the course for growth, inflation, and interest rates. Donald Trump's first turn at the helm was quite positive for economic growth and asset prices in the US (and globally), but we'd be less confident about this outcome in a second Trump presidency. You can read more about our views on the upcoming presidential election later in this Mid-Year Outlook, in our article *Entering the US voting booth*.

Our outlook for the global economy

In our last *Investment Outlook* a few months ago, it was our view that we were moving through the 'late-cycle' phase of the global economic cycle. (As a reminder, the global economic cycle charts the fluctuations in the world economy through periods of expansion and contraction.) We believed that the global economy would head into a period of recession over the next 12 months.

As the diagram on the left shows, we think the global economy is now set to move further around the cycle over the months ahead, edging towards the 'early-cycle' phase. This takes note of the fact that the UK and Europe have already experienced recessions.

What does this mean for our investments?

When the recession stage of the economic cycle loomed on the horizon, it made sense to be cautious about our exposure to stock markets. However, the 'early-cycle' phase typically provides the opportunity to position oneself ahead of new growth, making a higher-than-usual position in shares more appropriate.

Given that we see ourselves as somewhere between those two phases, we're currently taking a neutral stance on stock markets, and maintaining our preference for government bonds in anticipation of interest rate cuts. You can find out more about interest rate cuts and what they mean for financial markets in our next article, *Swinging the axe on interest rates*.

Swinging the axe on interest rates

In 2022, the world's leading central banks began to create the most aggressive interest rate rise environment seen in over forty years. By slowing down economic activity, these sharp interest rate hikes were intended to drag down inflation from multi-decade highs to more palatable levels.

The rate hikes seem to have done their job. So, with central banks in the UK, Europe, and the US now on the brink of a period of interest rate cuts, how low will rates go, and what will it mean for financial markets, consumers, and governments?

	START OF 2022	END OF 2023
US INTEREST RATES	0-0.25%	5.25-5.50%
UK INTEREST RATES	0.10%	5.25%

Will different central banks make their interest rate cuts at the same time?

Leading central banks like the US Federal Reserve, the European Central Bank and the Bank of England began raising interest rates roughly in sync in 2022. As pricing pressures are now substantially lower in most developed economies, the next step for policymakers is to slowly step back from these higher rates.

However, the journey to lower interest rates is likely to be much less synchronised. Not only are leading banks expected to cut rates at different times, they're also likely to make cuts of different sizes. This is because central banks in the UK, US and Europe are currently contending with slightly different economic environments, including different growth and inflation backdrops.

What do financial markets think will happen?

At the moment, signals from financial markets indicate that investors expect the European Central Bank – which has cut interest rates first – to also cut interest rates the most aggressively. Meanwhile, investors predict that central banks in the US and UK will move similarly to one another not only in the near term, but also over the coming three years.

These expectations are evident in bond market pricing, with the yields on bonds of different maturities providing a good indication of what investors expect to happen next.

Why do we disagree, and what does this mean for your investments?

We disagree slightly with the market's view. Our hunch is that the Bank of England will end up somewhere between the US and Europe on the scale of interest rate cuts. We think the market is underappreciating how many times the Bank will cut rates over the next few years. This is a key reason behind our current higher-than-usual position in UK government bonds, alongside the compelling valuations of these bonds. It also explains our comparatively lower exposure to US government bonds.

Historically, the sweet spot for financial returns from bonds is not during the period when rate cuts are anticipated, but in the period when these cuts are actually delivered – 'the show and tell' moment. This is because markets have tended to underappreciate how many rate cuts central banks deliver once they eventually begin cutting rates.

Will central banks take interest rates all the way to 0%?

When we look at the prices of government bonds maturing at varying times over the coming years, we see an estimate of where investors expect interest rates to level out. Importantly, this is nowhere close to the ultra-low interest rates which persisted from the aftermath of the financial crisis in 2008 up until rate hikes began in 2022.

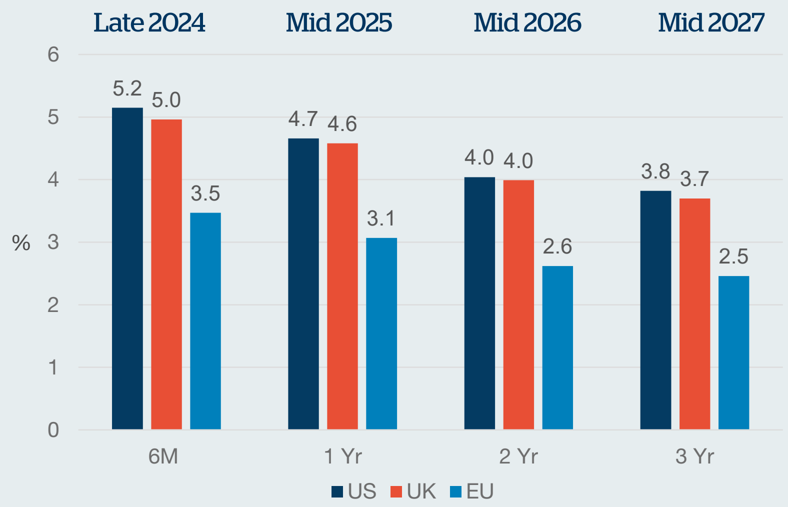
While this will be a challenge for some mortgage holders and businesses, we see this as a good thing from an economic and central bank policy perspective. Interest rates of 0% (and, in Europe, even negative rates) are an anomaly within a longer-term context, and should never have been seen as the norm. In the UK, the benchmark Bank of England interest rate has averaged 5.8% since the end of World War II. In more recent history – since the Bank became independent in 1998 – the average rate has been 2.63%, so interest rates hovering around 0% are most certainly unusual.

What will all this mean for newly elected leaders?

It's not just consumers and businesses who are impacted by a higher cost of borrowing through elevated interest rates: it also costs governments more to borrow and refinance the national debt. Given that the cost of government borrowing is now materially higher than it was just a few years ago, and will very likely stay higher, this will really affect the ability of the leaders installed in Downing Street and the White House to stimulate their economies.

What's more, investors will want to see some action on the large national debts built up by countries during the 2008 and 2020 crises. It's also likely that they will continue to demand a high price for debt financing (i.e. higher bond yields) wherever they see undisciplined government spending policies. Like financial markets and consumers, newly elected leaders will need to adjust to this new normal.

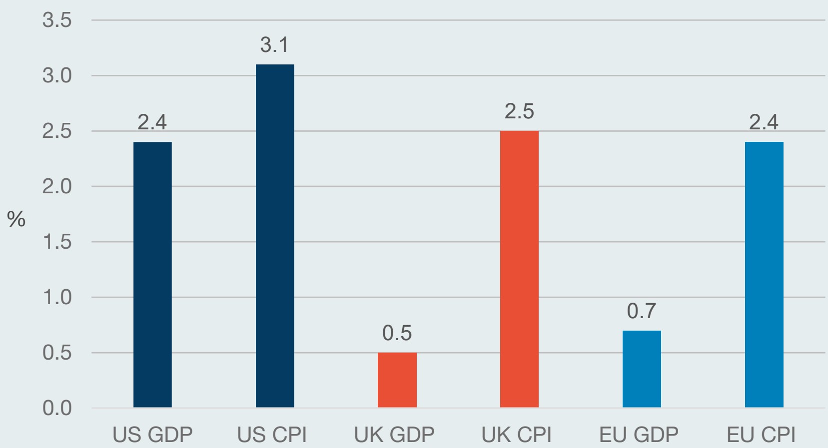
Investors' best guess for interest rates in:



Source: Bloomberg, market implied policy rates, data correct to May 2024

What do analysts expect next for inflation and economic growth?

Consensus forecasts for 2024 real economic growth (GDP) and inflation (Consumer Price Index, or CPI)



Source: Bloomberg, data correct to May 2024

> "Historically, the sweet spot for financial returns from bonds is not during the period when rate cuts are anticipated, but in the period when these cuts are actually delivered – 'the show and tell' moment."

David Absolon Investment Director

Entering the US voting booth

This autumn, the population of the world's most influential economy will head to the polls to decide who will rule from the White House for the next four years.

What should we expect from the US presidential election, and what will it mean for financial markets?

While more than half of the world's people live in countries holding elections in 2024, when it comes to potential impact on the global economy, the US presidential election is undeniably the most important.

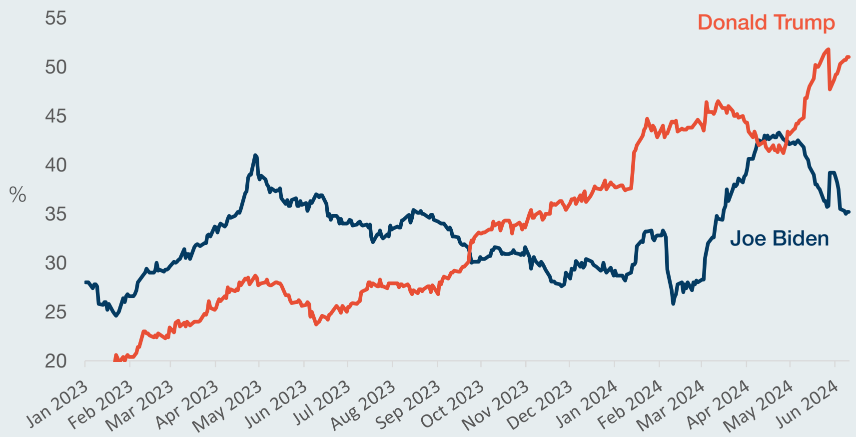
While history never repeats, it often rhymes, and 2024's US election will be a kind of replay of the contest between Presidents Biden and Trump in 2020.

Theoretically, history is on the side of Biden, if he can keep the economy out of recession up until November. In the past, re-election success for incumbent presidents has been highly dependent on the state of the economy: avoiding recession has created the conditions for success, while presiding over recessions in the run up to an election have led to failure. However, Biden remains very unpopular, despite a strong US economy and strong employment markets, with questions around his mental competency continuing to dominate the media narrative. More recently, his son Hunter's conviction on gun charges has done little to help matters.

Even Trump's many legal challenges do not appear to have been working in Biden's favour. So far, his legal proceedings have rather perversely served as a substantial fundraising platform, and Trump has taken a commanding lead in the polls, at the time of writing.

Biden can't shake his unpopularity, while the odds are in Trump's favour

Betting odds for Biden and Trump's presidential bids



Source: Real Clear Politics, Bloomberg

> "Despite the US having a population of nearly 330 million, with around 140 million voting, states with a 'tipping point' vote have ultimately decided elections."

David Absolon Investment Director

What do polling and survey data tell us?

It's interesting to see that consumer surveys show that while Democrat-voting consumers are optimistic about the economy, both Independent and Republican voters' confidence around economic conditions is actually below the level it was at the height of the pandemic in 2020. How those Independent voter intentions change between now and November will be key to who ultimately ends up residing in the Oval Office.

A look at polling in the last four elections shows us that voting in the US is a 50/50 split. Despite a population of nearly 330 million, with around 140 million voting, states with a 'tipping point' vote have ultimately decided elections. Because of the way voting works on a state-by-state basis, for Trump to win in 2016, the end result was effectively decided by 77,744 votes (or 0.06% of the total votes cast). By the same analysis, in 2020 that number was 65,559 (0.04%) in Biden's favour. In 2024, we could be in for another tight election contest.

What would a narrow win mean for either candidate?

It's not just the role of president that's up for grabs in November. Members of US Congress will also be re-selected. As a reminder, Congress is made up of the House of Representatives (roughly equivalent to the UK House of Commons) and the Senate (roughly equivalent to the House of Lords).

If voting is tight for Congress too, the newly elected president could find it extremely difficult to achieve a material majority of seats in either one. Without a good majority, it will be challenging for him to pass through any significant changes to government spending policies.

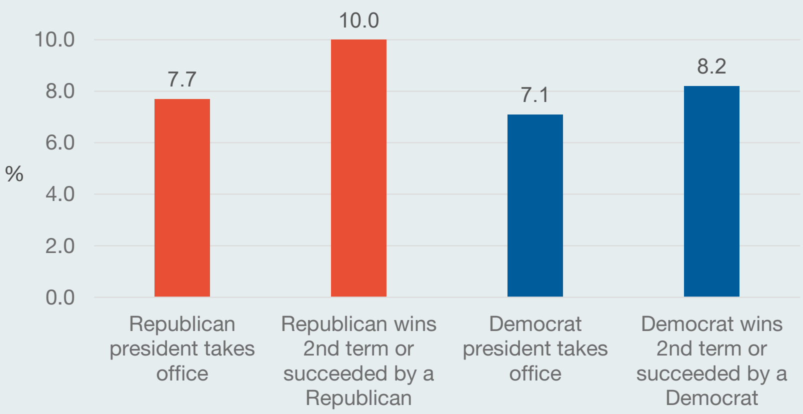
For financial markets, this isn't necessarily bad news. Investors typically prefer certainty around the future path of government policies, and this desire for stability is likely to be heightened at present, given that significant worries are emerging about the cost of servicing the very large US national debt amid high interest rates. From the point of view of financial markets, government prudence (or even inactivity) may not be such a bad thing after all.

In stock markets, on average, the benchmark US stock market index – the S&P 500 – has produced fertile returns during presidential re-election years. Despite the short-term market volatility common in election season, the historical performance of shares is largely agnostic to which party takes control of the White House.

In other words, financial markets largely look through elections. What really drives the market mood is the wider economic backdrop, and the actions of central banks. As a result, while we could tactically refine where we allocate assets in our investment strategies in the immediate aftermath of the election, our focus remains on our long-term investment goals and the more relevant factors driving financial markets.

Average US stock market gains in the year of a presidential election

S&P 500 performance (1936-2020) during election years



Source: Bloomberg

In 2016, we had high conviction that a Trump win would be seen as positive by financial markets, thanks to his pro-growth agenda and aggressive tax cuts. We positioned our investment strategies for this, and benefited accordingly. We have less conviction that a similar journey will take place in a second term for Trump, as 'easy wins' like corporation tax cuts are no longer available. What's more, Trump's rhetoric around NATO, Ukraine and potential tariff battles with Europe and China could prove less constructive and more inflationary. Together, this could unwind a lot of the hard work done by the US central bank (and others) to bring inflation down.

What could different outcomes mean for financial markets?

President **Biden** + **Democrat-controlled** Congress

- Another big government spending package
- Good for growth in the subsequent years, good for corporate earnings
- Higher bond yields (and lower bond prices)

President **Biden** + **Republican-controlled** Congress

OR

President **Trump** + **Democrat-controlled** Congress

- Limited changes to government policy over the four-year period
- Minimal political impact on financial markets

President **Trump** + **Republican-controlled** Congress

- An extension of Trump's previous tax cuts
- Geopolitical risks, given his firm views on NATO and Ukraine
- Good for growth in the near term, but potentially inflationary in the medium term
- Harder push on trade policy, possibly a stronger US dollar

Unmasking the Magnificent Seven

If you've been following stock market news over the past couple of years, you might have heard of the 'Magnificent Seven': a set of ultra-large US businesses dominating market performance. In 2024 so far, these seven businesses have accounted for around 50% of returns in the US stock market.

Who are they, and how significant is their influence?

What is the Magnificent Seven?

The Magnificent Seven consists of a handful of the largest stocks listed on the US market.

The group is made up of ecommerce titan Amazon, electric vehicle manufacturer Tesla, communications powerhouses Meta (Facebook) and Alphabet (Google), and technology giants Microsoft, Apple and Nvidia.

Just how big are they?

It's hard to take in the scale of the Magnificent Seven's market dominance. The combined value of their listed shares is now worth double that of Japan's entire stock market (the fourth largest stock market in the world). The total value of computer chip firm Nvidia's shares recently reached $3 trillion, making the company worth as much alone as the combined total of the company shares in the UK's benchmark stock market index, the FTSE 100.

The rise of some of the companies within the Magnificent Seven has been little short of meteoric. For example, in 2019, Tesla was not even considered large enough to join the main index of US company shares – the S&P 500, which represents the shares of the largest 500 US-listed businesses. Tesla only made the cut in December 2020, and its rapid rise to the top echelons underscores its unique trajectory.

This unofficial group has dominated the US market over the past five years, usually (though not quite always) leading the pack and contributing to more than half of market returns each year. In keeping with this, in 2024 so far, the group is responsible for around half of US stock market returns.

"In the first part of 2024, close to a third of overall US stock market returns have come from just one member of the Magnificent Seven: Nvidia.

This is an extraordinary level of dominance from one single company, and highlights the importance investors currently place on the artificial intelligence theme."

Nikki Howes Investment Manager

However, not all of the Magnificent Seven were created equal, and both Apple and Tesla actively detracted from the market's performance in the opening months of this year. Nvidia, on the other hand, is quite a different story…

Who leads the leaders?

If you think that just seven stocks dominating the US market sounds like a narrow field of leadership, you might be surprised to learn that in 2024, this leadership contest has tightened even further. In the first part of 2024, close to a third of overall US stock market returns have come from just one member of the Magnificent Seven: Nvidia.

This is an extraordinary level of dominance from one single company, and highlights the importance investors currently place on the artificial intelligence (AI) theme.

Nvidia's success has been driven by demand for the semiconductors which fuel the AI industry. In early June, the company revealed its next generation AI chip, and its share price soared. Nvidia overtook Apple to become the second most highly valued company in the world (only longstanding tech giant Microsoft is larger in market terms). In no other year in the past five years has one single company driven US market returns in this way.

What about the rest of the US stock market?

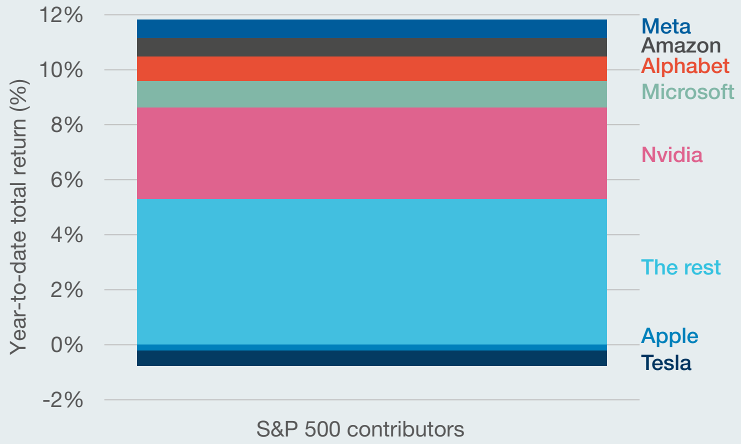
For analysts assessing US stock market performance, this really muddies the waters, distorting the true performance of the US stock market as a whole. At first glance, the US market looks strong, but really just a small number of companies is pulling up overall performance.

Absent the Magnificent Seven, and the S&P 500 Index has not performed especially well in recent history. Unlike the giants who make up the top performers, relatively smaller businesses can suffer in a higher interest rate environment, as they typically have tighter profit margins and struggle to pay higher interest rates on loans.

By the end of May this year, two thirds of the stocks in the S&P 500 Index were underperforming the overall index. This is on par with the pattern we saw in 2023 too.

The Magnificent Seven's contribution to US stock market returns

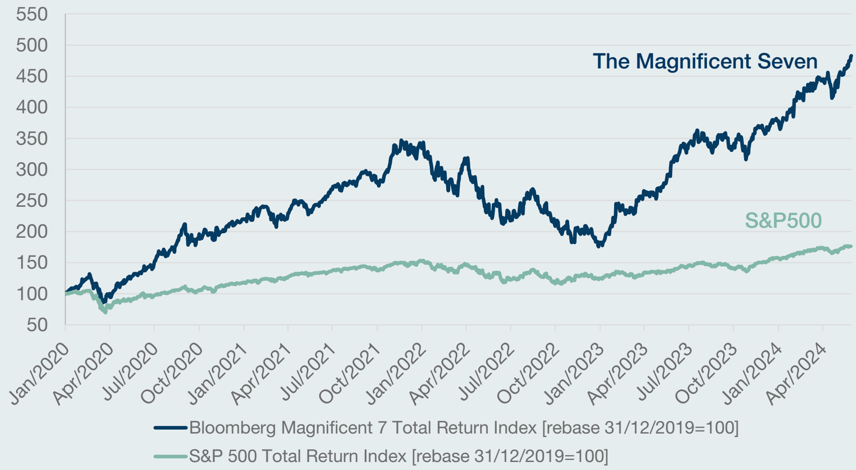
Year-to-date contributions to returns in the US market (represented by the S&P 500 Index)



Source: FactSet, data to 23 May 2024, measured in US dollars

The Magnificent Seven is pulling up US stock market performance

Market performance from January 2020 to May 2024



Source: Bloomberg, Macrobond, as at May 2024

What does this mean for investors?

The Magnificent Seven's returns have dwarfed those of the broader US stock market. This makes things tricky for 'active' investment managers with a US or global scope. Active managers pick stocks rather than simply aiming to track the overall market, and any manager who has deviated from their benchmark, staying away from the Magnificent Seven, will most likely have underperformed in recent history.

From our perspective, such narrow leadership in stock markets – where just a handful of stocks perform well – is a classic sign of being late in the economic cycle (see our first article, *On the lookout for green shoots of growth*, for more on this). As we move into the early-cycle phase of the global economy's perpetual fluctuations between periods of growth and recession, we would expect to see other companies potentially improving and starting to close the gap with the giants.

While we see this on the horizon, we don't think we're there yet. Reflecting this, our multi asset investment strategies currently have a neutral stance on shares, meaning that the proportion of assets we hold in stock markets is in line with our long-term averages. We're also neutral on the Magnificent Seven, as while we expect this prolific group to continue to make some gains, we are also mindful of the fantastic run they have had and their somewhat extended share price valuations.

Weathering financial markets amid conflict and upheaval

Financial markets can be challenging and fickle at the best of times. When geopolitical risk rises, so too do the challenges. At the moment, suffice to say that the risks are certainly elevated.

Should this environment worry investors, and how are we managing these risks within our own investment strategies?

Storm clouds of geopolitical risk in 2024

Armed conflict in Europe and the Middle East

Major elections in countries collectively representing 40% of the world economy

A move to the political far right in some European states

The threat of trade wars between three large trading blocs: the US, Europe and China

Given their diverse nature and varied effects on financial markets, it's very difficult to arrange investment strategies to account for geopolitical risks. The simple truth is that there is not one silver bullet that can form a defence against geopolitical risk and cushion against any ensuing market volatility.

However, we do believe that using a combination of 'diversifiers' gives us the best chance of cushioning our investment strategies when risks become realities. These diversifiers are different types of assets, built into our investment strategies in an effort to spread out risk and potentially serve a defensive purpose.

Let's take a look at some of the diversifiers at work in our strategies...

Bonds: suddenly more interesting

Amid the most aggressive interest rate hikes seen in more than four decades, bond prices have fallen, and bond yields (the yearly expected returns on bonds) have leapt up, moving from around 0% to 4.5% at the time of writing.

This move upwards in bond yields has put bonds back on the menu when it comes to the power of diversification. This is because it is expected that these yields would fall (and the market value of bonds would rise) in the event of heightened geopolitical risk. In the meantime, bond holders are paid (via higher yields) to wait.

Specialist protection strategies: need the perfect conditions

As you might expect, for investors keen to guard against risk, specialist financial products (typically only available to professional investors) have been created to act essentially as insurance. 'Tail-risk protection' is one example, and is designed to kick in and provide a financial return in the event of a sudden and meaningful market downturn.

Like most kinds of insurance, most of the time, you pay the insurance premiums and receive nothing in return. But when the house burns down or the roof comes off, the insurance kicks in and you feel relieved that you kept up those monthly insurance premiums. Unlike our other diversifiers, tail-risk protection requires a very specific set of events to produce the type of returns that justify holding a position for an extended period of time.

Within our own multi asset strategies, tail-risk protection helped us to cushion against the dramatic stock market falls at the height of the COVID-19 crisis. For the full potency of this protection to show up, markets needed to fall heavily (by 20% or more) and quickly (a sudden drop, rather than a 'death by a thousand cuts' scenario). And fall they did, allowing our tail-risk protection to kick in.

Today, it's a bit of a different story. For one thing, other assets (like bonds) now have more potency as diversifiers than they did in the run up to the COVID-19 crisis. As a result, we still hold tail-risk protection in our strategies, but not as much as we did back then.

Gold: a port in the storm... sometimes

Turning to the most well-known safe haven in financial markets: gold. It may often prove to be a good place to hide during market turbulence, but the long-term performance of the gold price shows that it's an unreliable port in a storm.

In the midst of the 2008 financial crisis, gold shone brightly. Taking a longer-term view, though, gold has sometimes provided a safe harbour for investors during periods of inflation or deflation worries… but sometimes not. Part of the problem is that it's very difficult to place a value on gold, as it does not create a yield (in the way that bonds do) and its demand and supply dynamics are very fluid.

Despite its sometimes fickle nature, we do believe that gold has a place in our multi asset investment strategies. We see gold as a traditional store of value, and part of our range of diversifying assets, particularly during periods of heightened geopolitical risk. Alternative specialist investment products like hedge funds were once seen as something of a panacea for diversity in investment portfolios, but their overall performance has been disappointing since the 2008 financial crisis. With this landscape in mind, we have increased our long-term strategic allocation to gold, partly funded by dropping our allocation to hedge funds.

US dollar: the world's go-to currency

The US dollar is another traditional diversifying asset, and is somewhat more reliable over the long term. This makes sense, given the dollar's status as the world's reserve currency – held by central banks and major financial institutions globally for use in international transactions, or as a relatively secure store of value.

Over the past few years, much has been said about the demise of the dollar as the go-to reserve currency, but this fall from grace has not materialised. Over the short to medium term at least, we think the dollar will maintain its status. Through the assets we hold within our investment strategies, we have higher exposure to the US dollar than our long-term average. We feel comfortable with this position in a world of heightened geopolitical risk.

Deploying a range of tools in our aim to protect your assets

As we noted at the start of this article, there is no silver bullet against the market effects of the myriad of possible geopolitical risks.

So, why would we pull on just one lever in our aim to protect our clients' assets, when we could pull on many? We believe that a blend of several diversifying asset classes can help to cushion investment strategies from some of the volatility in financial markets during periods of geopolitical turbulence.

> "We believe that using a combination of 'diversifiers' gives us the best chance of cushioning our investment strategies when geopolitical risks become realities."

Scott Ingham Investment Director

Investment team

Graham Bishop
Chief Investment Officer

David Absolon
Investment Director

Scott Ingham
Investment Director

Ben Matthews
Investment Director

Jaisal Pastakia
Investment Director

Nikki Howes
Investment Manager

Robert White
Investment Manager

Tom Griffin
Investment Manager

Andrew Bovell
Investment Performance & Risk Manager

Caroline Von Celsing
Investment Associate

Awards

2024 PAM NextGen Leader

Emma Savory, Associate Client Director – Private Office Team Leader

2023 MoneyAge Awards

Winner: Wealth Management Firm of the Year

2023 WealthBriefing European Awards

Winner: Marketing & PR Campaign

2022 WealthBriefing European Awards

Winner: Specialist Wealth Manager with assets under management between £2-5 Billion

The Asset Management Awards 2022

Winner: Multi Asset Manager of the Year award

2022 PAM Top 40 Under 40

Jaisal Pastakia, Investment Director

2022 Citywire Thirty Under Thirty

Nikki Howes, Investment Manager

To find out more please get in touch:

marketing.hwam@handelsbanken.co.uk

Assessing the performance of our investment strategies

Our ‘target return’ performance benchmarks

Most of our investment strategies aim to deliver financial returns at levels linked to the rate of UK inflation (measured by the Consumer Price Index, or CPI). Over any given five-year period, these strategies target returns which are a pre-defined level above the rate of inflation. Our CPI-linked goals are known as the strategies’ target return benchmarks, and are designed to help customers evaluate the strategies’ performance in a real-world context. These targeted returns range from CPI+1% for our lowest risk (Defensive) strategies up to CPI+4% for our higher risk (Growth) strategies. Our highest risk (Adventurous) strategy is the exception, as it does not use a CPI-linked goal. Instead, this strategy aims to beat the returns offered by the global stock market (represented by the MSCI All Country World Index).

If the strategies deliver total financial returns to investors (after all costs and charges have been taken) equivalent to the total return of their target return benchmarks, we consider the strategies to have achieved their targets.

Our financial market performance benchmarks

The performance of our investment strategies can also be compared to representative indices for two of the main asset types in which most of the strategies invest. These indices are ‘MSCI United Kingdom (£) – net total return’ (representing the performance of UK shares) and ‘BoA Merrill Lynch UK Gilts’ (representing the performance of conventional UK government bonds). These indices are known as the strategies’ comparator benchmarks, and are designed to help clients evaluate the strategies’ performance in a financial market context.

It is important to note that financial returns are not assured: there is no guarantee that the strategies’ performance objectives will be met, or that a positive return will be delivered over any time period. When you invest, your capital is at risk.