

copia:capital

Quarterly Performance Update

30 September 2021

For advisers only



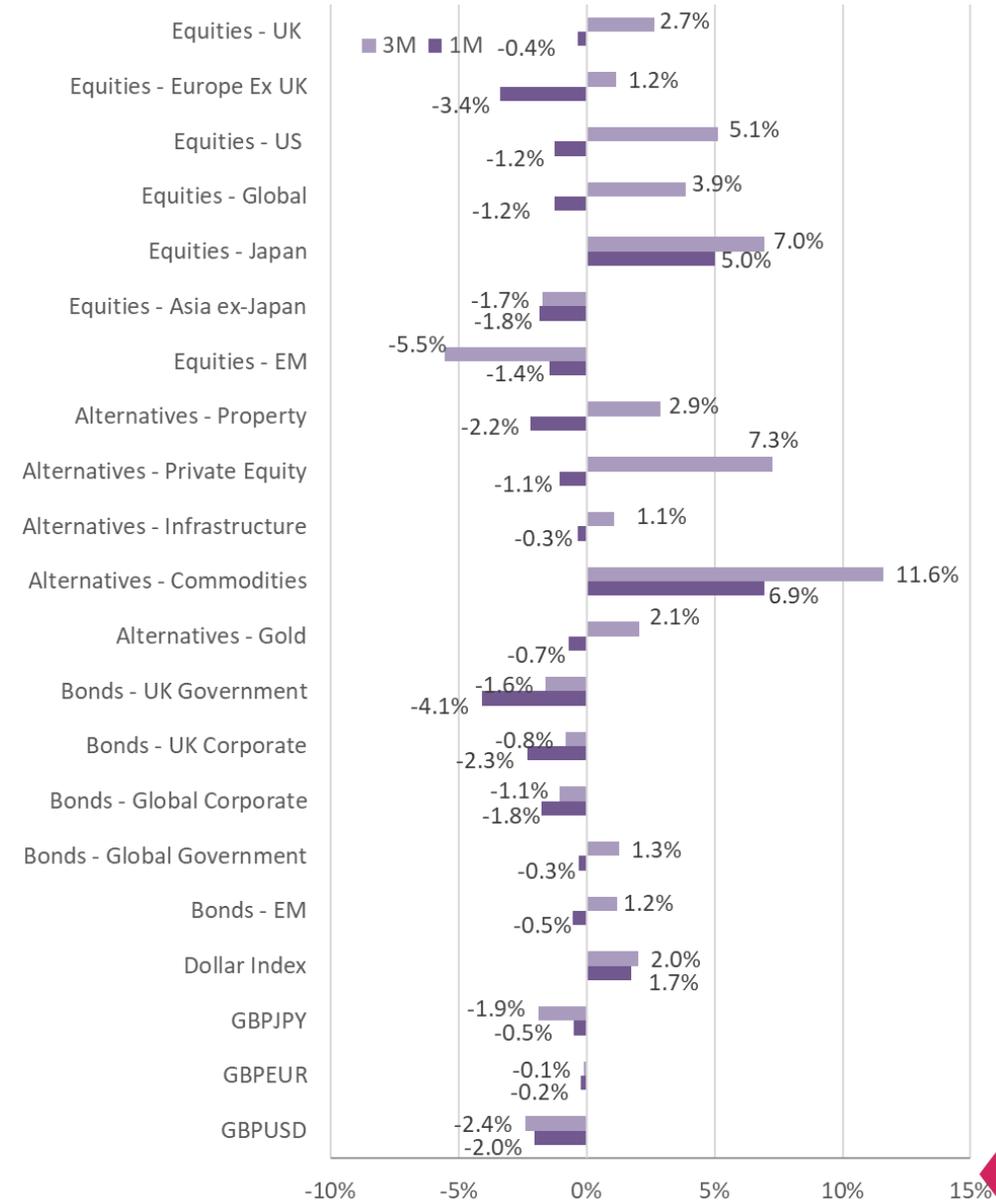
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Market performance

- Equity markets retreated from all time highs in September as investors became nervous about higher than expected inflation on supply chain issues which have hit almost all industries.
- The global supply chain issues have been exacerbated by factors ranging from factory shut downs in Covid hit emerging markets like Vietnam and labour shortages. UK's fuel crisis is one such example of supply chain disruptions.
- Risk off sentiment persisted in Chinese equities as Evergrande, world's most indebted real estate developer, is struggling to meet interest payments on its \$300bn debt. A complete failure of Evergrande could put a serious strain on the Chinese financial system and severely dent the Chinese economy. However, policy makers in China are well aware of these risks and may step in to contain the fall out.
- Bond yields in developed markets jumped as Central banks reiterated their view on scaling back bond purchases starting Q4 2021. Bond markets are also pricing in a transitory high inflation which may persist for much longer into 2022.

Market Performance

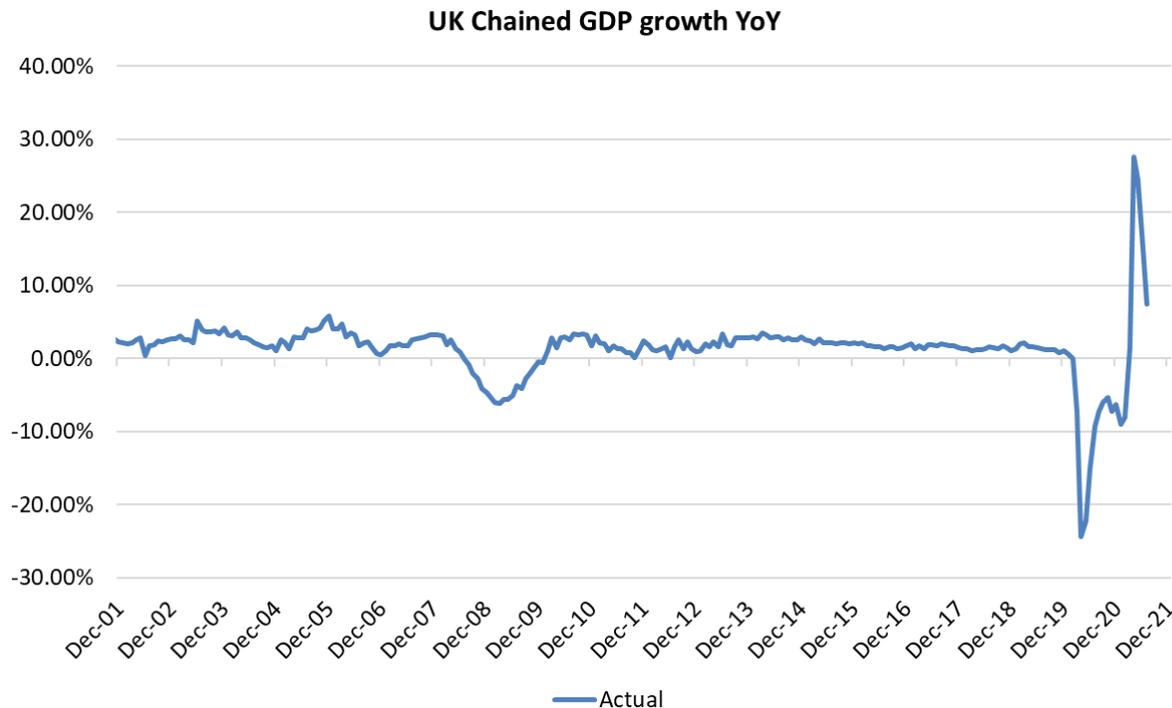


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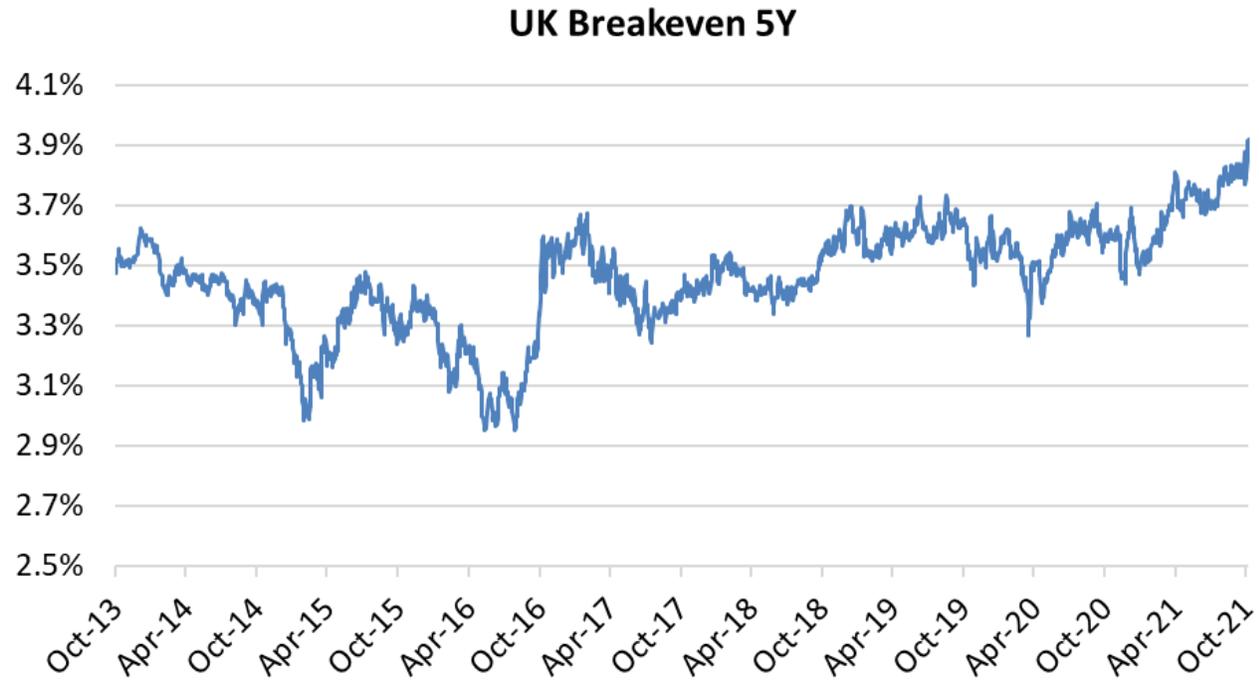
UK GDP growth expected in Q3

- UK GDP 5.5% on a quarterly basis in Q2 2021 was much higher than estimates, making it one of the highest it has ever been in the last century. A strong rebound has been possible as the country has opened up and vaccination rates are one of the best in the world. However, estimates for Q3 2021 have been lower as most of the economic rebound has already been captured.
- The UK Composite PMI held steady in Sep 2021 at 54.9, signalling a continued expansion in both services and manufacturing sectors. Analysts estimate we have now passed the peak expansion coming out of the recession and growth is expected to return to much more normal levels we have seen over the last decade.



Rising inflation expectations with slowing growth increases stagflation risks

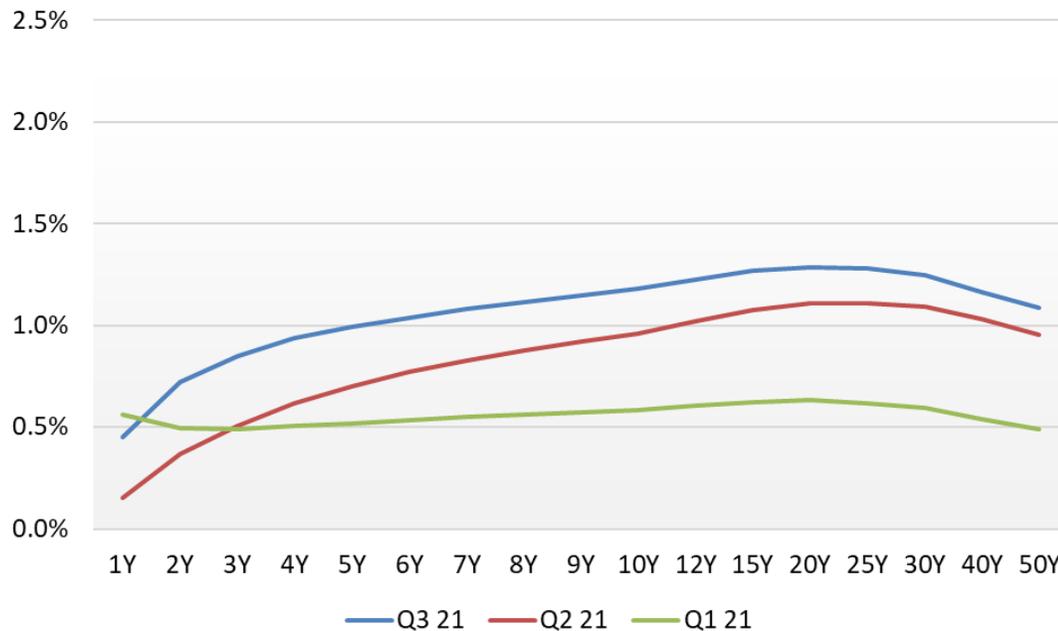
- UK 5 year inflation expectations jumped to 3.9% as prices from energy to food have substantially jumped over the last few months on supply chain issues. Labour shortages driven the pandemic as well as Brexit has exacerbated the situation in the UK. On the positive side, wage growth remains strong at 8.3% YoY in July increasing the ability of the population to withstand cost increases.
- UK unemployment rate continued to drop and is currently at 4.6% as of July 2021. Bankruptcies remain at multi-decade lows while business confidence remains high, which has kept stagflation at bay.



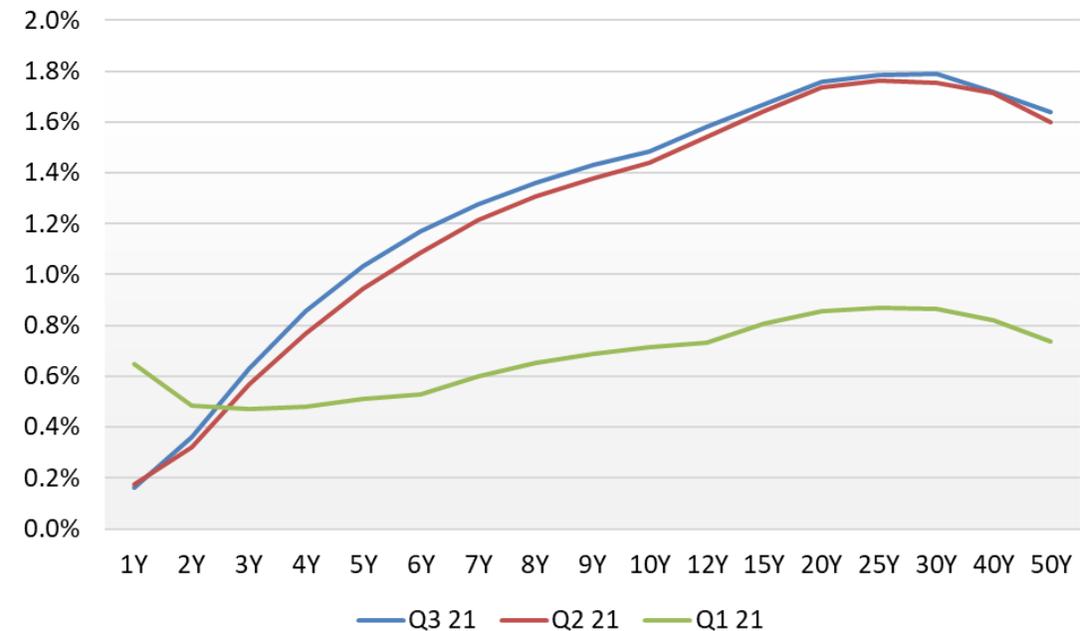
UK yield curve flattens while that of US remains steep

- With inflation running at high levels in the UK, the markets expect BOE to raise rates faster than previously anticipated. This has flattened the yield curve compared to last quarter but the curve continues to remain normal shaped.
- In the US, the curve is much more steeper as the US Fed continues to hold off on raising interest rates until 2023 even in the face of inflationary pressure. The Fed views the current inflation landscape as transitory and expects supply chain constraints to ease in 2022.
- The Fed has announced tapering on its bond buying programme which is likely to put further pressure on long term US bond yields. The US 10 year is expected to touch 2.0% over the next 6 months.

UK Yield Curve

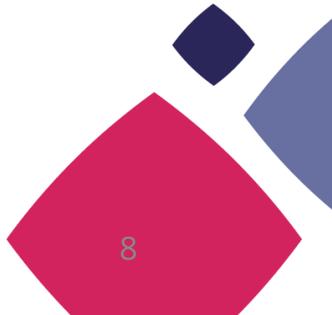
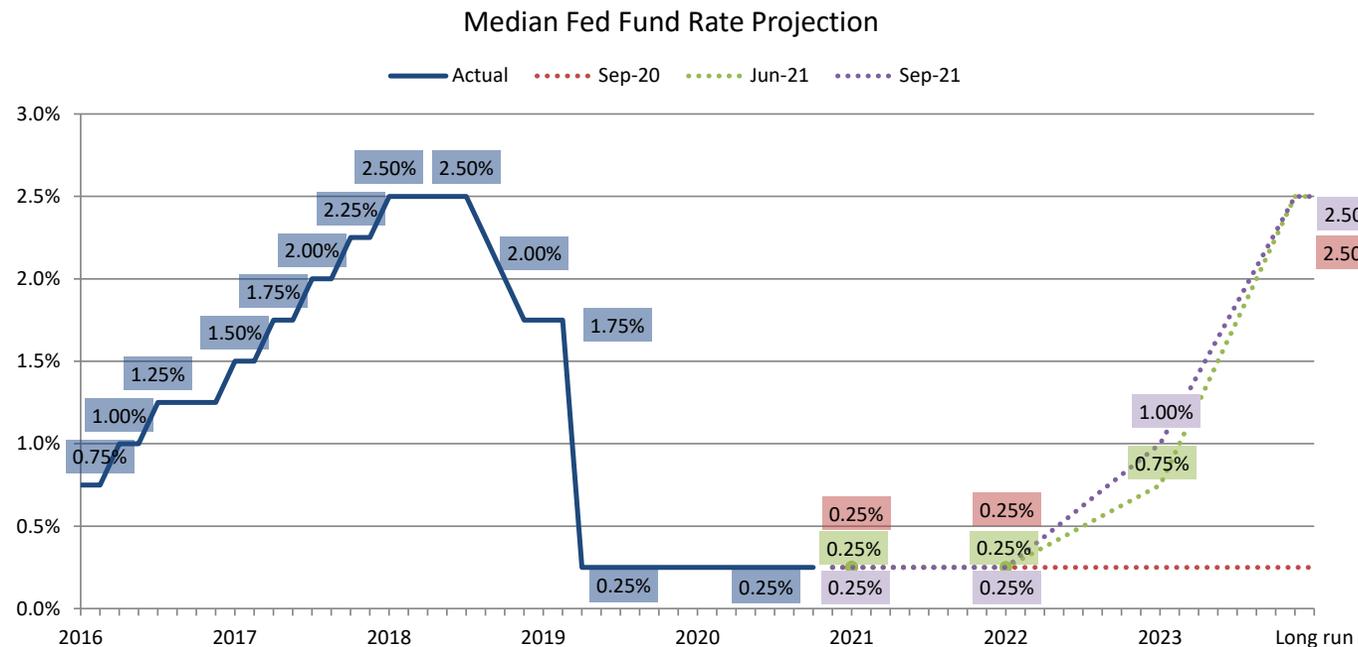


US Yield Curve



Fed maintaining rates at historic lows but adopts a hawkish tone

- The US Fed kept the federal funds rate target range unchanged at 0.00-0.25% but have increased its rate hike expectation for 2023 from 0.75% to 1.00%. There are clear signs of economic progress being achieved. Maximum employment and pricing stability are still the main goals and the central bank agreed that an inflation overshoot could be a risk in short-term while it has to remain accommodative to fulfil the "dual mandate" over long-term.
- Although, the monthly bond purchases were maintained at \$120bn, the Fed has indicated they will taper the bond buying programme starting in November 2021 and ending purchases completed by mid-2022. Long term bond yields are expected to rise in the near term.



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+0.65

As of 30-June-2021



+0.20

As of 30-September-2021

Based on our proprietary Prediction Algorithm the Copia Risk Barometer is now reading +0.20 as of 30-September-2021, a change of -0.45 from last quarter, moving to the Amber zone, indicating that the global economic outlook is neutral.

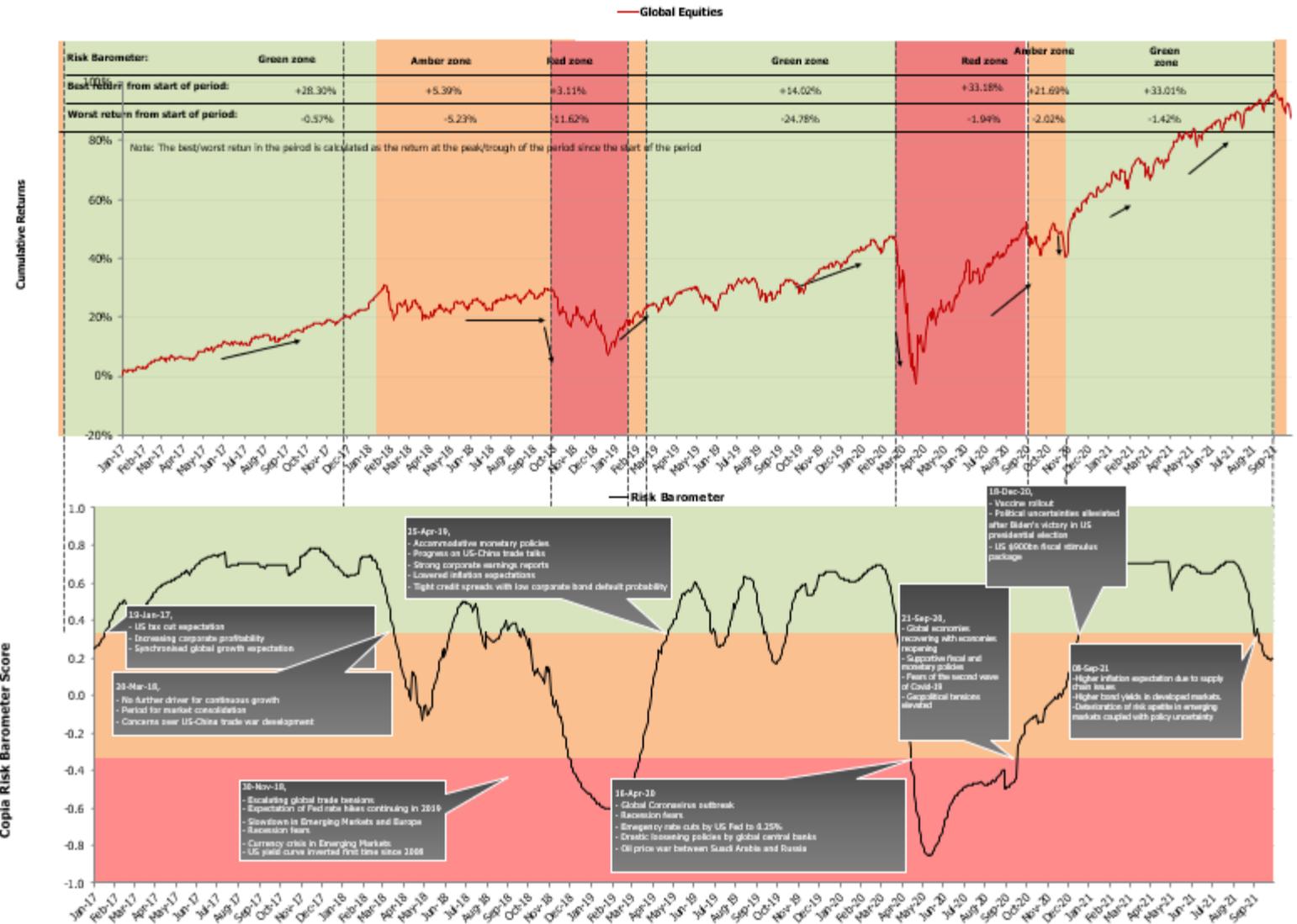
Primary drivers for the Risk Barometer:

- **Government bond markets:** Government bond yield curves around the world remain normal shaped with short term yields much lower than long term yields signalling a positive economic growth environment. However a sharp jump in long term bond yields are having a negative impact on valuation of risk assets like equities.
- **Equity market pricing:** Economic growth expectations have been tempered around the world as risks of stagflation have increased. Stagflation is a period of sluggish economic growth combined with high inflation. This has resulted in a cautionary outlook for risk assets like equities.
- **Credit Spreads:** Credit spreads continue to remain tight indicating corporate bond investors are not pricing in a systemic default of the bonds and signalling a very low probability of recession.
- **Overall:** Mixed positive and negative signals are being picked up by the Risk Barometer with a cautionary outlook toward risk assets.

Note: The Risk Barometer score varies between -1.0 and +1.0. A score of -1.0 indicates an extremely poor economic outlook, which is accompanied by a high probability of negative returns in risky asset classes. A score of 0 indicates a neutral economic outlook with almost equal probability of positive and negative returns in risky asset classes. A score of +1.0 indicates an extremely positive economic outlook, which is accompanied by a high probability of positive returns in risky asset classes.

Risk Barometer history

- The top chart shows the market performance (best and worst returns) during different Risk Barometer regimes.
- The bottom chart shows how the Risk Barometer has moved between different regimes and the triggers for regime changes.
- The Risk Barometer is a forward-looking quantitative model that provides a systematic rules-based approach for dynamic risk management.



Note: The Risk Barometer score varies between -1.0 and +1.0.

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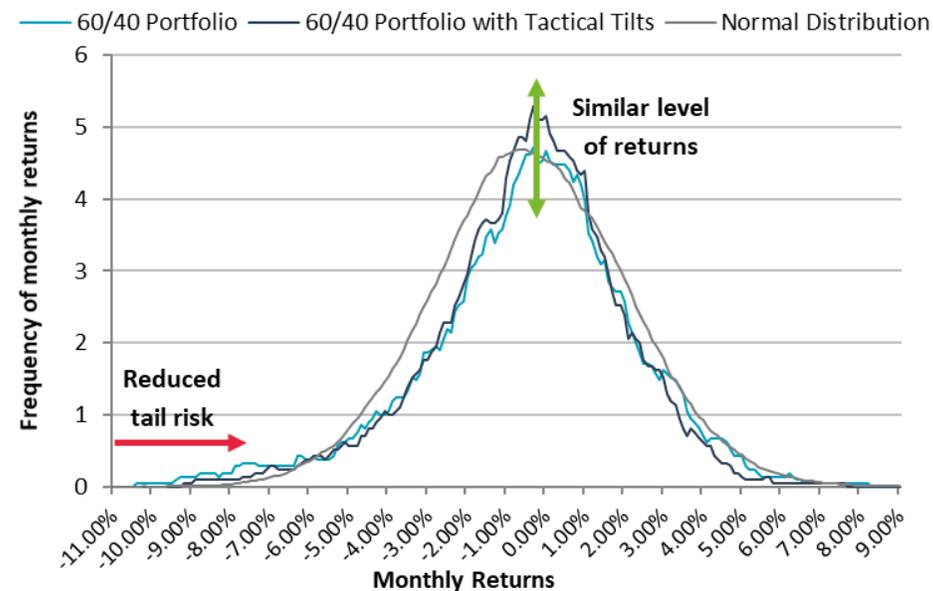
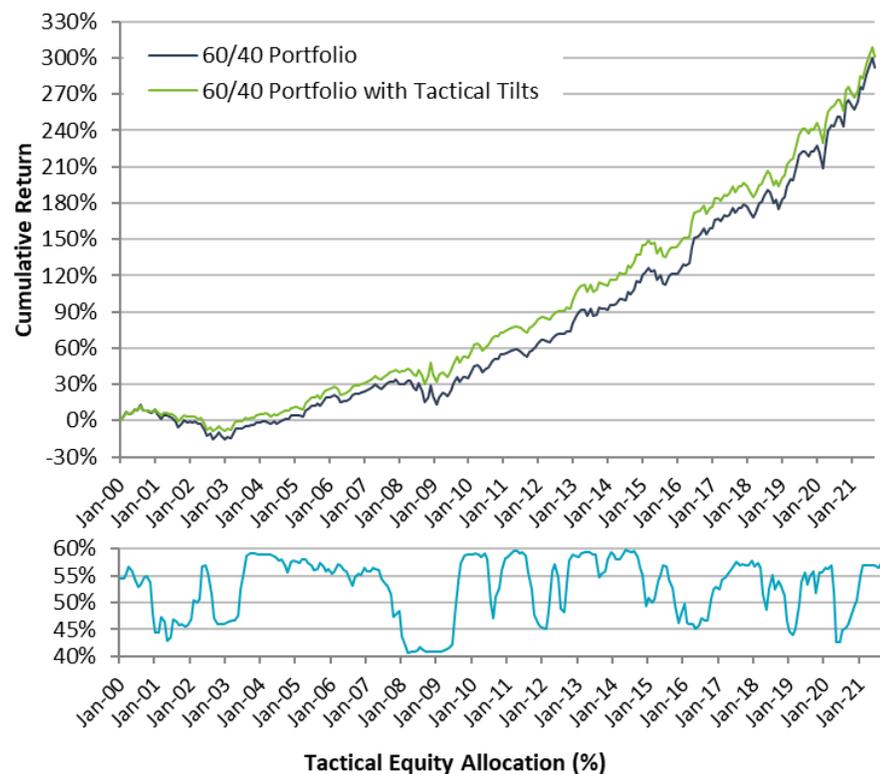
Source: Copia Capital Management, Refinitiv Datastream

Global Equities Returns is based on actual data of MSCI World Index for the period between 31-Dec-2016 and 30-Sep-2021.

Impact of dynamic risk management using the Risk Barometer

- Objective is to achieve similar levels of returns, with a narrower dispersion of returns (reduced tail risk)
- Can enhanced risk-adjusted returns
- Can deliver a smoother investment journey whilst mitigating downside risk
- We evaluate impact using a theoretical 60/40 portfolio with and without the Risk Barometer

	Annualised Return	Annualised Volatility	Sharpe Ratio	Maximum Drawdown
60/40 Portfolio	6.51%	8.21%	0.79	-25.40%
60/40 Portfolio with Tactical Tilts	6.62%	7.09%	0.93	-19.13%
Impact	→ 0.11%	↓ -13.69%	↑ 17.88%	↓ -24.68%



Note: 60/40 Portfolio consists of 60% allocation to MSCI World Index and 40% allocation US 10 year Bond Index rebalanced monthly. Figures are based on historic actual figures in GBP terms for the period 31-Jan-2000 and 30-Sep-2021. All return figures are before fees.

The 60/40 Portfolio with Tactical Tilts consists of dynamic allocation to MSCI World Index within a range of 40% to 60% driven by the Risk Barometer. The portfolio is rebalanced monthly and remaining allocation is to US 10 year Bond Index.

Source: Copia Capital Management, Refinitiv Datastream



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Select Acc. and Select ESG performance table

Select Acc. was previously known as Select

Select Accumulation	Discrete										
	3 M	6 M	1 Yr	3 Yr	Since Inception (31-Oct-2016)	Since Inception (31-Oct-2016) (Annualized)	1 Yr Volatility	Year 1 30-Sep-17 to 30-Sep-21	Year 2 30-Sep-18 to 30-Sep-21	Year 3 30-Sep-19 to 30-Sep-21	Year 4 30-Sep-20 to 30-Sep-21
Cautious	0.63%	3.04%	3.02%	15.60%	19.06%	3.61%	4.84%	2.68%	11.14%	0.97%	3.02%
Moderate	1.03%	4.62%	8.95%	21.48%	32.31%	5.86%	5.95%	5.44%	10.70%	0.73%	8.95%
Balanced	1.33%	5.90%	14.56%	24.62%	41.55%	7.32%	7.48%	7.13%	8.48%	0.28%	14.56%
Growth	1.50%	6.88%	18.23%	27.08%	47.53%	8.23%	8.72%	8.27%	8.22%	-0.68%	18.23%
Equity	1.76%	7.71%	21.12%	28.53%	53.39%	9.09%	9.72%	9.60%	6.30%	-0.17%	21.12%

Returns based on Total return, assuming income is re-invested immediately and rebalanced on due dates

Select ESG	Discrete										
	3 M	6 M	1 Yr	3 Yr	Since Inception (31-Mar-2020)	Since Inception (31-Mar-2020) (Annualized)	1 Yr Volatility	Year 1 30-Sep-17 to 30-Sep-21	Year 2 30-Sep-18 to 30-Sep-21	Year 3 30-Sep-19 to 30-Sep-21	Year 4 30-Sep-20 to 30-Sep-21
Cautious	0.83%	3.26%	1.96%	#N/A	9.13%	5.99%	5.35%	#N/A	#N/A	#N/A	1.96%
Moderate	1.32%	5.27%	7.92%	#N/A	19.89%	12.84%	6.78%	#N/A	#N/A	#N/A	7.92%
Balanced	1.85%	6.58%	12.95%	#N/A	30.62%	19.47%	8.31%	#N/A	#N/A	#N/A	12.95%
Growth	2.14%	7.68%	16.66%	#N/A	37.31%	23.51%	9.50%	#N/A	#N/A	#N/A	16.66%
Equity	2.49%	8.58%	19.30%	#N/A	42.11%	26.37%	10.63%	#N/A	#N/A	#N/A	19.30%

Returns based on Total return, assuming income is re-invested immediately and rebalanced on due dates

Select Decumulation performance table

Previously known as Retirement Income

Select Decumulation	Discrete										
	3 M	6 M	1 Yr	3 Yr	Since Inception (28-Feb-2017)	Since Inception (28-Feb-2017) (Annualized)	1 Yr Volatility	Year 1 30-Sep-17 to 30-Sep-21	Year 2 30-Sep-18 to 30-Sep-21	Year 3 30-Sep-19 to 30-Sep-21	Year 4 30-Sep-20 to 30-Sep-21
RP1/3-10Y	0.16%	1.25%	2.54%	6.82%	7.85%	1.66%	2.26%	1.53%	5.09%	-0.87%	2.54%
RP1/11-15Y	0.17%	1.95%	4.34%	7.87%	9.62%	2.02%	4.39%	2.04%	6.35%	-2.79%	4.34%
RP1/16-20Y	0.24%	2.59%	5.64%	9.73%	12.10%	2.52%	5.63%	2.49%	8.21%	-4.01%	5.64%
RP1/20-25Y+	0.51%	3.22%	6.82%	12.04%	14.93%	3.08%	6.37%	2.52%	9.18%	-3.93%	6.82%
RP2/3-10Y	0.52%	2.42%	6.13%	7.19%	8.86%	1.87%	4.50%	1.84%	4.75%	-3.57%	6.13%
RP2/11-15Y	0.42%	2.92%	8.16%	7.14%	10.12%	2.12%	6.76%	2.96%	5.84%	-6.40%	8.16%
RP2/16-20Y	0.61%	3.75%	9.54%	9.72%	13.55%	2.81%	7.62%	3.53%	7.64%	-6.94%	9.54%
RP2/20-25Y+	0.79%	4.24%	10.44%	11.80%	16.18%	3.32%	8.21%	3.57%	8.51%	-6.71%	10.44%
RP3/3-10Y	0.71%	3.60%	9.71%	6.44%	9.49%	1.99%	6.78%	2.84%	4.57%	-7.23%	9.71%
RP3/11-15Y	0.80%	4.41%	11.80%	7.54%	11.52%	2.40%	8.57%	3.51%	5.46%	-8.79%	11.80%
RP3/16-20Y	0.90%	4.91%	12.79%	9.95%	15.20%	3.13%	9.10%	4.23%	7.17%	-9.04%	12.79%
RP3/20-25Y+	1.00%	5.25%	13.37%	10.73%	16.48%	3.38%	9.52%	4.44%	7.34%	-9.01%	13.37%
RP4/3-10Y	1.24%	5.67%	15.46%	7.11%	12.37%	2.57%	10.14%	4.45%	4.38%	-11.13%	15.46%
RP4/11-15Y	1.33%	6.31%	17.40%	7.98%	13.85%	2.87%	11.41%	4.66%	5.29%	-12.65%	17.40%
RP4/16-20Y	1.22%	6.44%	17.16%	9.33%	15.65%	3.22%	10.83%	4.91%	5.62%	-11.65%	17.16%
RP4/20-25Y+	0.91%	6.12%	16.38%	8.16%	14.82%	3.06%	11.24%	5.33%	5.42%	-11.84%	16.38%
RP5/3-10Y	1.81%	8.09%	20.50%	12.17%	20.87%	4.22%	11.74%	6.65%	5.86%	-12.06%	20.50%
RP5/11-15Y	1.80%	8.12%	21.10%	10.38%	19.01%	3.87%	11.94%	6.68%	4.95%	-13.15%	21.10%
RP5/16-20Y	1.57%	7.86%	20.84%	9.63%	17.91%	3.65%	11.90%	6.42%	4.47%	-13.15%	20.84%
RP5/20-25Y+	1.16%	7.43%	20.34%	8.19%	15.98%	3.28%	12.33%	6.09%	3.85%	-13.43%	20.34%

Returns based on Total return, assuming income is re-invested immediately and rebalanced on due dates

Select Volatility	Cumulative Returns				Since Inception (28-Oct-2013)	Since Inception (28-Oct-2013) (Annualized)	1 Yr Volatility	Discrete Returns			
	3 M	6 M	1 Yr	3 Yr				Year 1 30-Sep-17 to 30-Sep-21	Year 2 30-Sep-18 to 30-Sep-21	Year 3 30-Sep-19 to 30-Sep-21	Year 4 30-Sep-20 to 30-Sep-21
Model 1	-0.60%	-0.35%	-0.95%	3.19%	9.81%	1.19%	1.01%	0.07%	3.36%	0.79%	-0.95%
Model 2	-0.65%	-0.31%	-1.38%	2.99%	9.23%	1.12%	1.49%	0.35%	3.71%	0.69%	-1.38%
Model 3	0.12%	0.90%	-1.03%	2.79%	15.82%	1.87%	2.62%	0.31%	5.08%	-1.16%	-1.03%
Model 4	0.27%	1.67%	0.28%	2.31%	20.34%	2.36%	3.43%	1.04%	4.41%	-2.30%	0.28%
Model 5	0.04%	2.28%	0.82%	0.52%	21.02%	2.44%	4.64%	2.87%	4.36%	-4.46%	0.82%
Model 6	0.47%	3.06%	2.42%	1.27%	23.52%	2.70%	5.33%	3.77%	4.97%	-5.80%	2.42%
Model 7	0.65%	3.99%	4.65%	2.49%	29.37%	3.30%	6.31%	5.53%	5.14%	-6.86%	4.65%
Model 8	0.92%	4.58%	6.12%	4.66%	34.62%	3.82%	7.23%	6.65%	4.47%	-5.59%	6.12%
Model 9	0.12%	4.27%	7.96%	3.92%	36.56%	4.01%	8.49%	6.66%	4.43%	-7.82%	7.96%
Model 10	-0.05%	3.91%	6.41%	4.72%	37.93%	4.14%	8.21%	7.39%	4.05%	-5.42%	6.41%

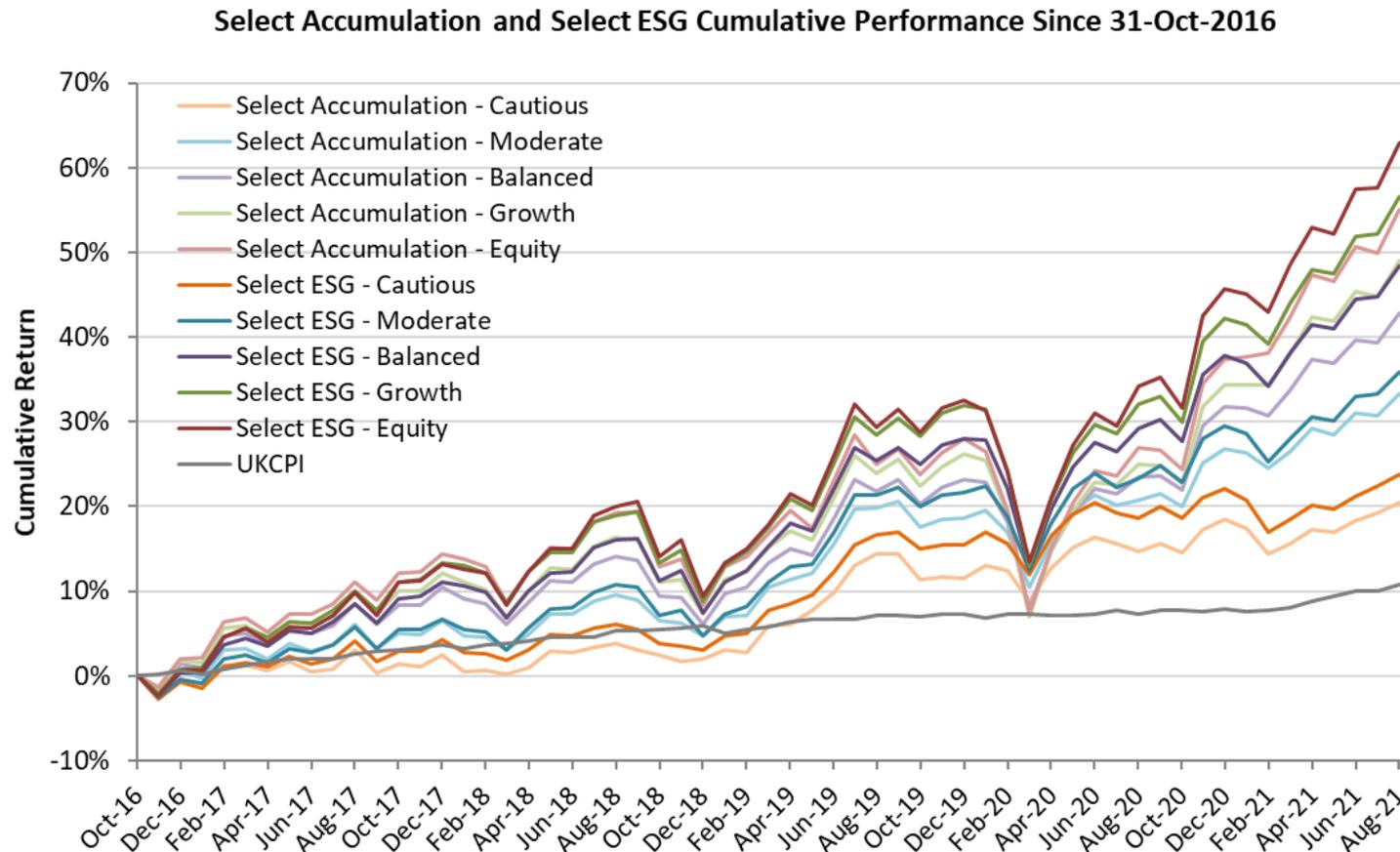
Returns based on Total return, assuming income is re-invested immediately and rebalanced on due dates

	Discrete										
	3 M	6 M	1 Yr	3 Yr	Since Inception (14-Mar-2016)	Since Inception (14-Mar-2016) (Annualized)	1 Yr Volatility	Year 1 30-Sep-17 to 30-Sep-21	Year 2 30-Sep-18 to 30-Sep-21	Year 3 30-Sep-19 to 30-Sep-21	Year 4 30-Sep-20 to 30-Sep-21
Copia Enhanced Equity	2.33%	7.20%	20.63%	19.49%	69.04%	9.92%	9.81%	5.92%	-0.36%	-0.59%	20.63%
Returns based on Total return, assuming income is re-invested immediately and rebalanced on due dates											

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Outcome (cumulative return) analysis as of 30 September 2021



Our 'Select Accumulation' portfolio was previously known as 'Select'.

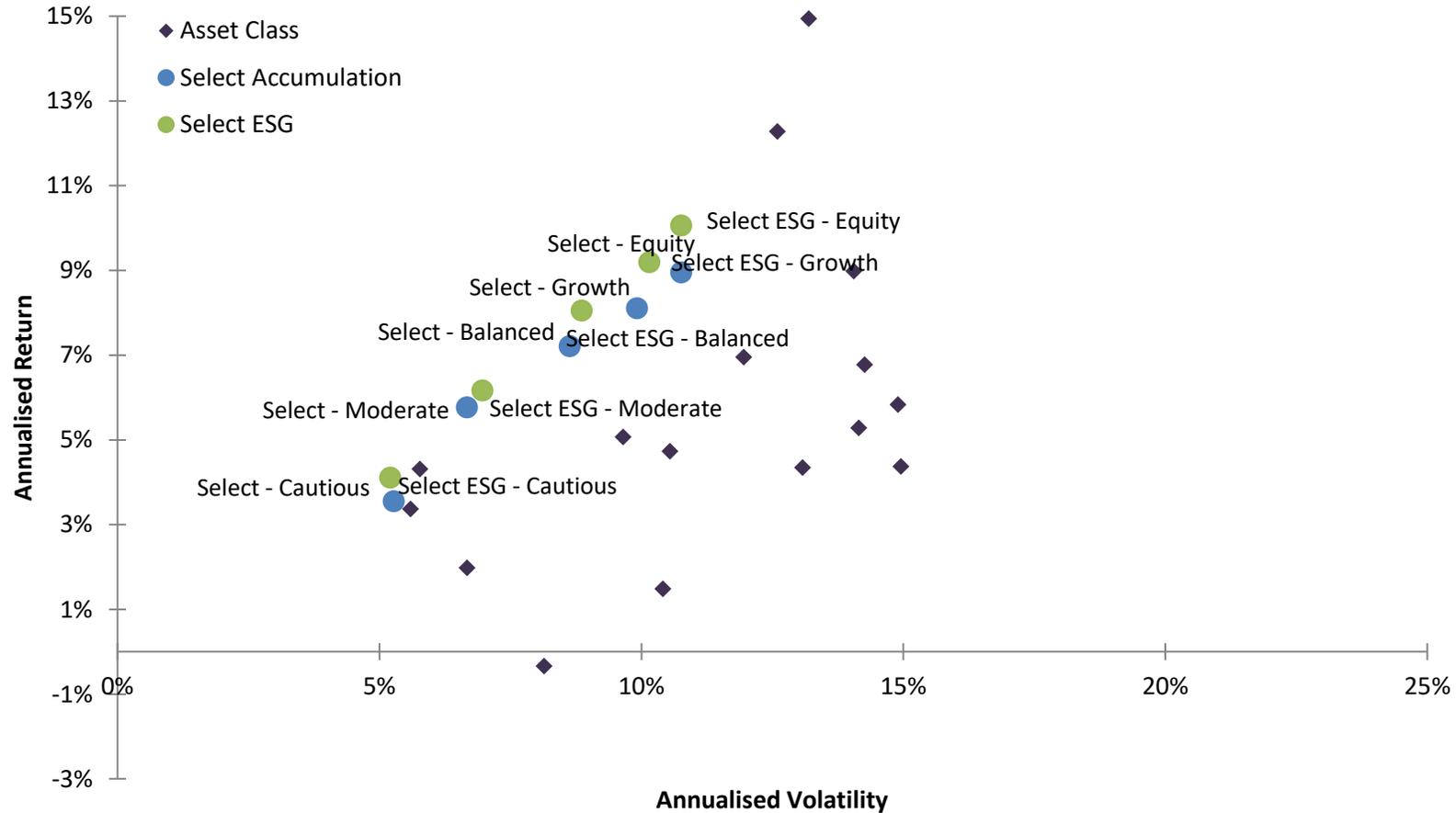
For illustration only.

Returns based on Total return, assuming income is re-invested immediately and rebalanced on due dates.

Available CPI data has been used as a comparator for real returns. CPI data for September 2021 is currently unavailable and not shown.

The cumulative returns are calculated based on the period from the inception date of the Select Accumulation portfolios (31-Oct-2016). The performance figures for Select ESG portfolios include simulated data before the inception date of the Select ESG portfolios (31-Mar-2020).

Outcome (risk-return) analysis as of 30 September 2021

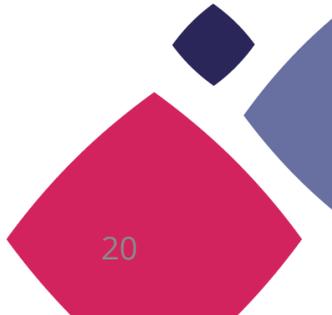


Our 'Select Accumulation' portfolio was previously known as 'Select'.

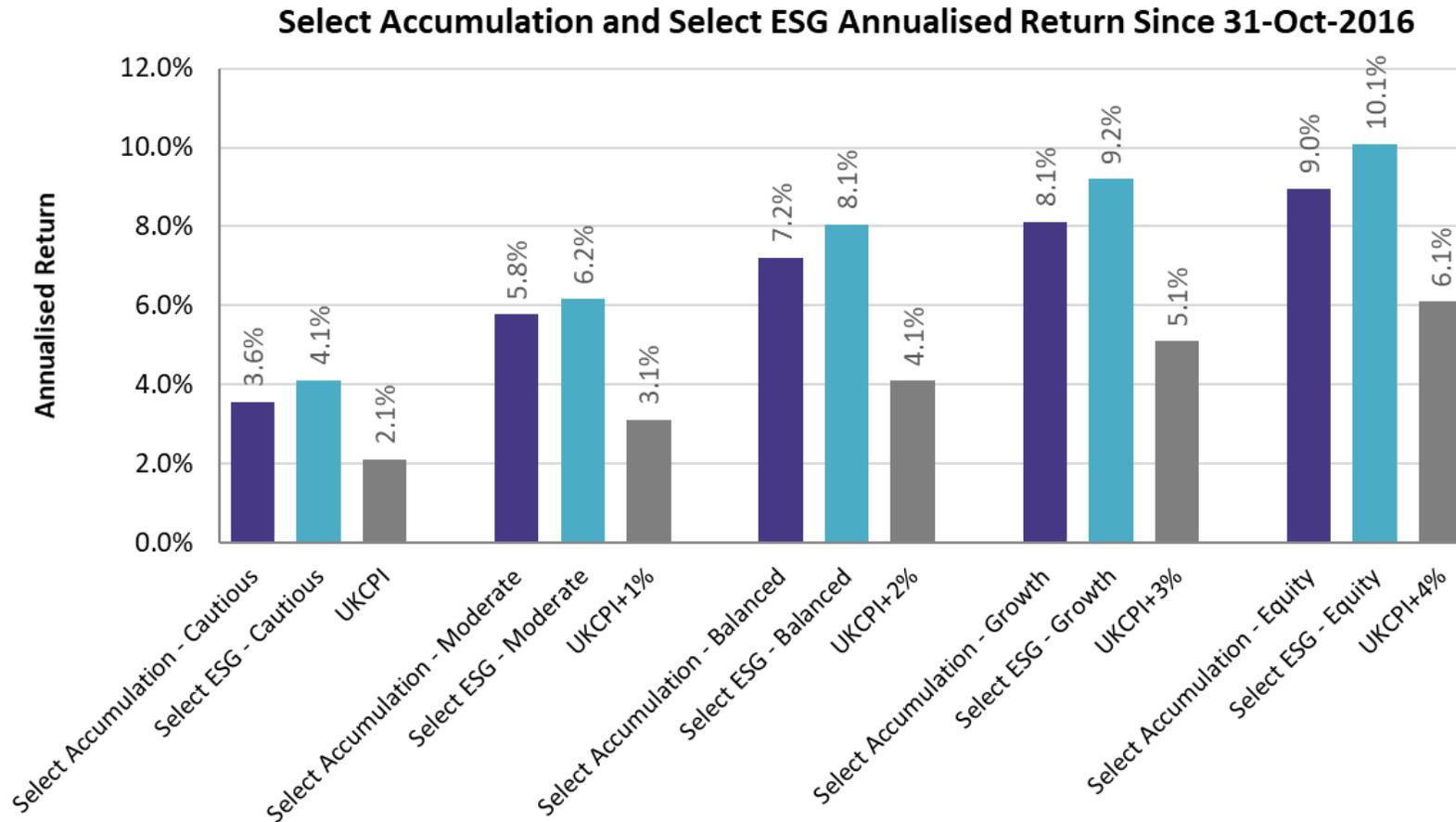
For illustration only.

Returns based on Total return, assuming income is re-invested immediately and rebalanced on due dates.

The annualised risk and return figures are calculated based on the period from the inception date of the Select Accumulation portfolios (31-Oct-2016) to 30-Sep-2021. The performance figures for Select ESG portfolios include simulated data before the inception date of the Select ESG portfolios (31-Mar-2020).



Outcome (annualised return) analysis as of 30 September 2021



Our 'Select Accumulation' portfolio was previously known as 'Select'.

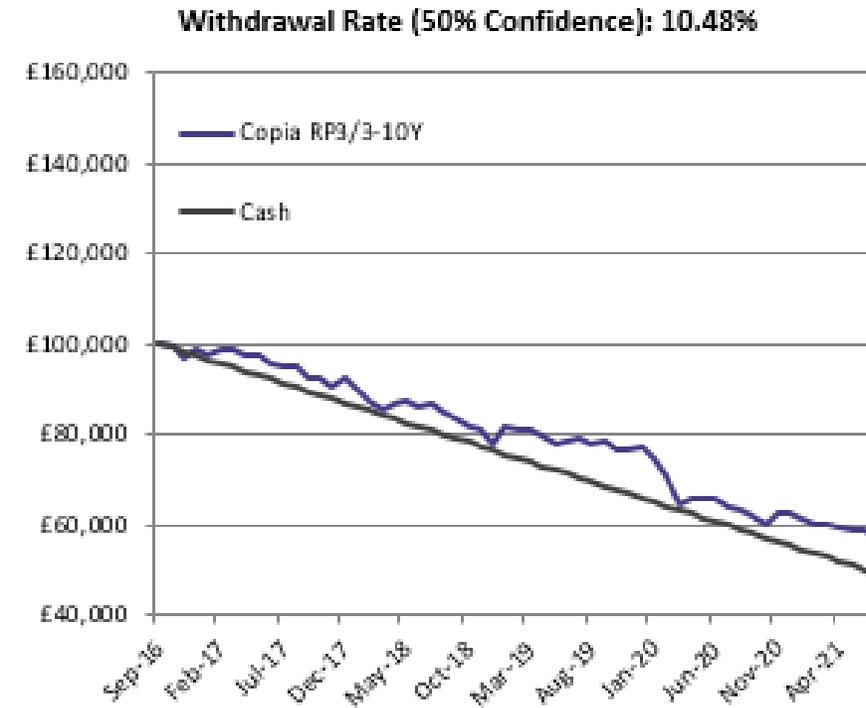
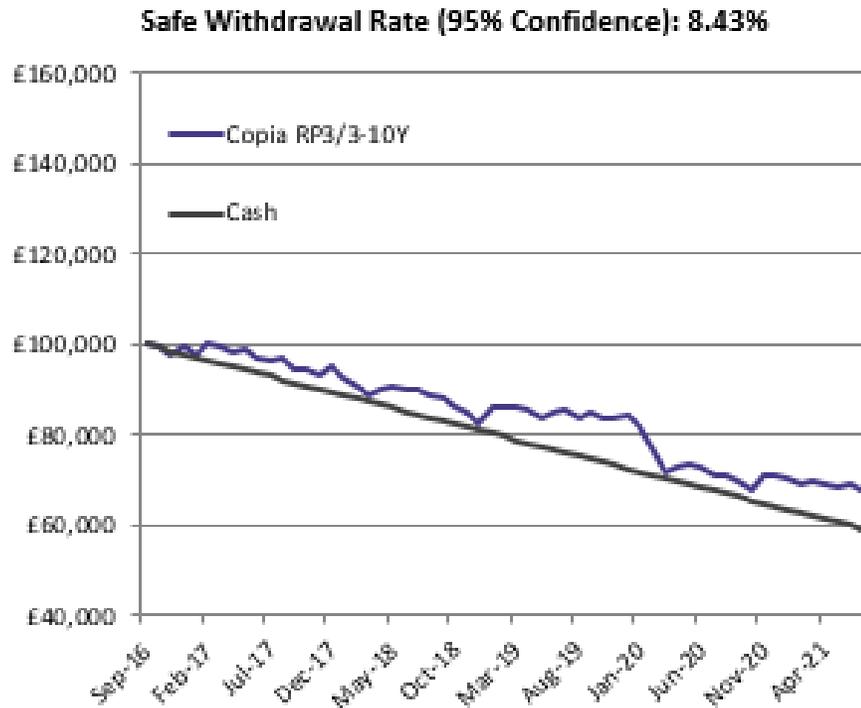
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Returns based on Total return, assuming income is re-invested immediately and rebalanced on due dates.

Available CPI data has been used as a comparator for real returns. CPI data for September 2021 is currently unavailable and not shown.

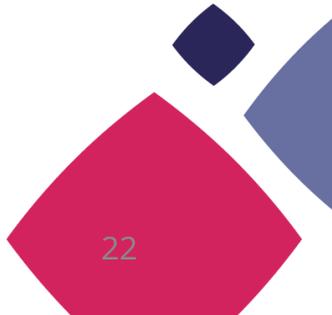
The annualised returns are calculated based on the period from the inception date of the Select Accumulation portfolios (31-Oct-2016). The performance figures for Select ESG portfolios include simulated data before the inception date of the Select ESG portfolios (31-Mar-2020).

Outcome analysis as of 30 September 2021

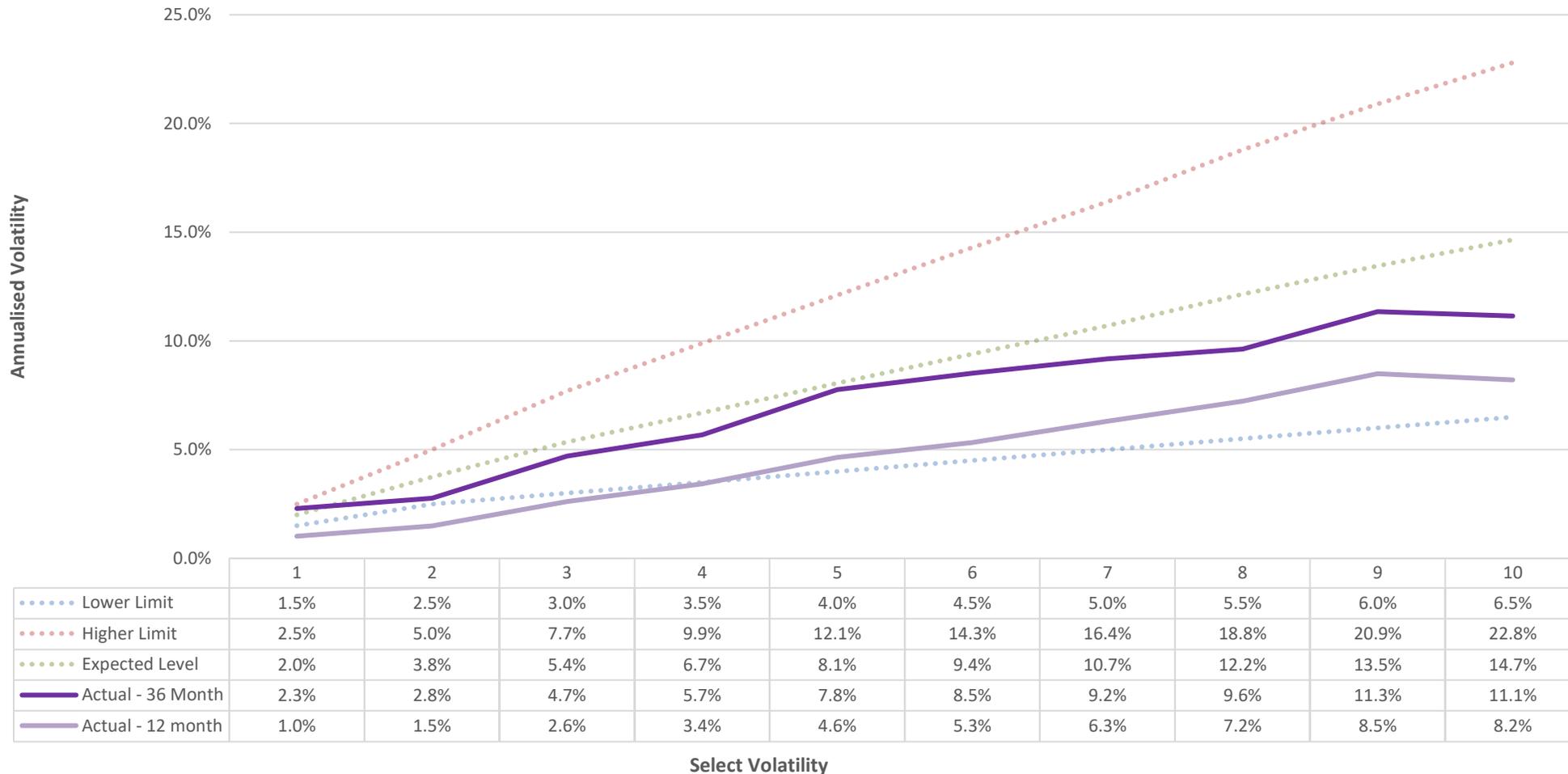


Our 'Select Decumulation' portfolio was previously known as 'Retirement Income'.

*For illustration only.
Returns based on Total return, assuming income is re-invested immediately and rebalanced on due dates.
Performance includes simulated performance for data prior to launch date (28-Feb-2017). Actual data is used from 1-Mar-2017 to Present.*

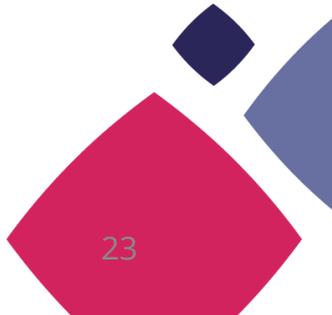


Outcome analysis as of 30 September 2021

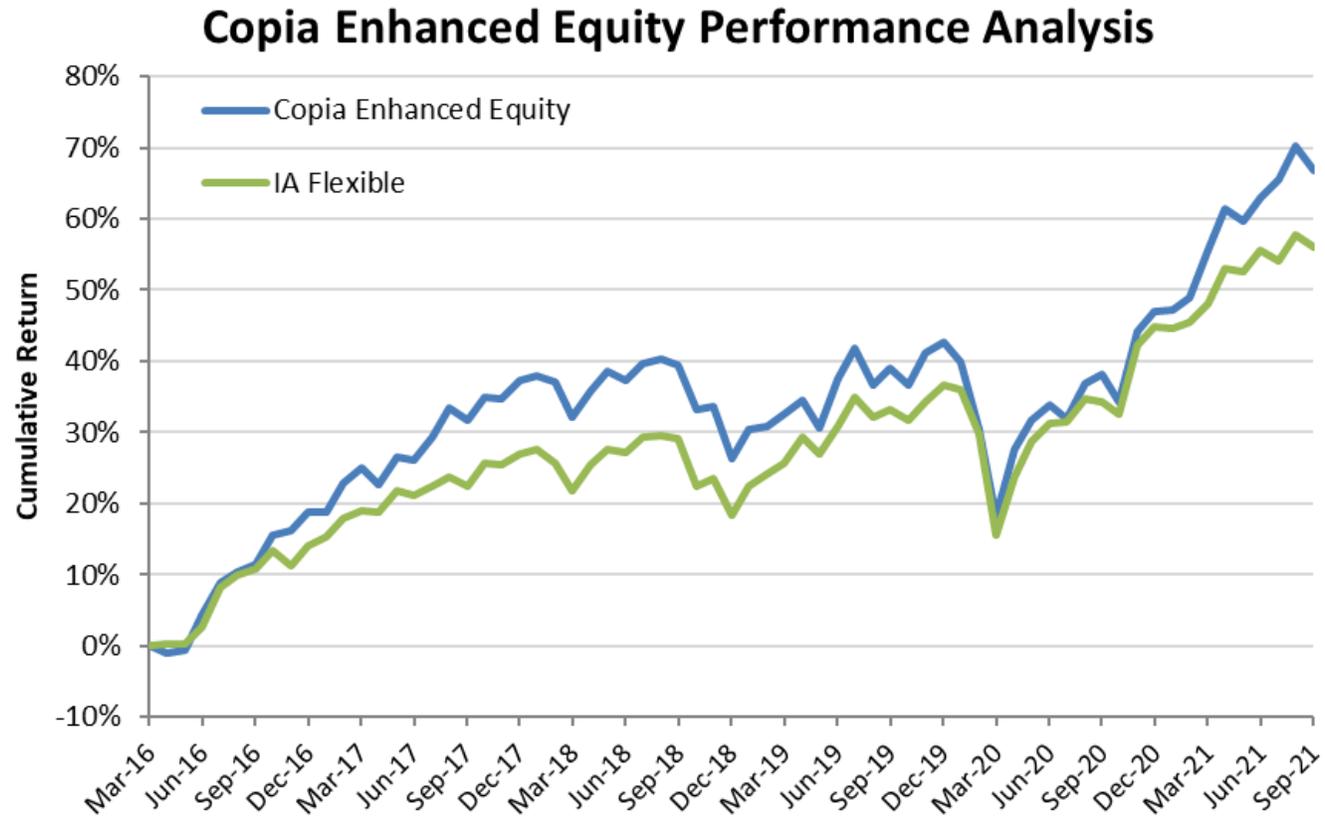


Our 'Select Volatility' portfolio was previously known as 'Volatility Focus'.

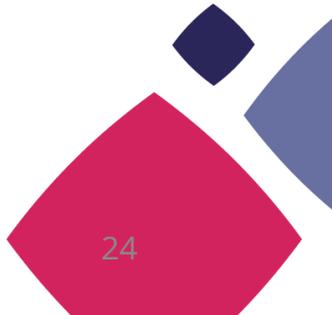
*For illustration only.
Returns based on Total return, assuming income is re-invested immediately and rebalanced on due dates.*



Outcome analysis as of 30 September 2021



*For illustration only.
Returns based on Total return, assuming income is re-invested immediately and rebalanced on due dates.*





Disclaimer

Some figures and numbers in this document are based on Copia's simulation data. Figures relating to simulated performance is not a reliable indicator of the future. Models are prepared in accordance with tolerance to risk and not client circumstances and information is from given sources and taken to be reliable and accurate, which Copia cannot warrant for accuracy or completeness.

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